

# Statement of Intent 2013-2016



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# Foreword from the Minister of Transport

The New Zealand transport system plays an important role in our economy. It supports trade and tourism, and connects us socially and in our work. Our transport system also has a crucial role to play in supporting the government's economic growth plans. The government's aim is for a high-performing transport system that contributes to economic growth.

To support this aim, I have four main priorities:

- investment in infrastructure
- better quality regulation
- a safer transport system
- opening markets.

## INVESTMENT IN INFRASTRUCTURE

Transport infrastructure and services are vital components of New Zealand's domestic and international supply chains, and an important enabler of economic growth. However, transport infrastructure is costly and may be in place for many years, meaning investments need to be carefully prioritised.

This government has initiated game-changing initiatives including the Roads of National Significance and the KiwiRail Turnaround Plan. We are now progressing the proposal for a new ferry terminal at Clifford Bay. The Government Policy Statement on Land Transport Funding 2015 will be updated to ensure that government transport system investments are focused on the government's priorities. There are other major issues the government will address such as the upper North Island's (including Auckland's) infrastructure and development, and developing an intelligent transport system action plan.

## BETTER QUALITY REGULATION

During 2013-2016, we will see warrant and certificate of fitness changes come into effect, as well as a new Land Transport Management Act and new Maritime legislation.

I will also be looking at reform of the driver licensing system, how regulatory changes might improve the quality of New Zealand's light vehicle fleet, and ensuring the transport regulatory framework is well-placed to adopt technological advances.

## A SAFER TRANSPORT SYSTEM

A safe transport system benefits us socially and economically. We have made considerable gains in reducing our road toll, with last year seeing the second lowest road toll in 60 years. However, the social cost of road crashes is still high. For the year to June 2012, the total social cost of all motor vehicle

crashes was approximately \$3.7 billion. The second Safer Journeys action plan for the 2013-15 period will continue on with progress already made and focus on areas such as speed management.

## OPENING MARKETS

More competitive and open domestic and international markets for transport operators and users drives down costs and enables new opportunities for economic activity and social interaction. Exploring the strategic choices of New Zealand's port sector and the drivers of our export transport costs will help us to better understand what influences these costs. Additionally, we will continue our work in negotiating new and more open air services agreements with other markets.

## RESPONDING TO OTHER ISSUES

Unforeseen issues can arise in the transport sector (such as the Canterbury earthquakes or the *Rena* grounding). I will continue to ensure that the Ministry of Transport and the transport Crown entities are well prepared to deal with any future transport emergencies, and are flexible to respond to other changes in priorities that may arise over the course of the next year.

## MINISTERIAL STATEMENT OF RESPONSIBILITY

I am satisfied that the information on future operating intentions provided by my department in this Statement of Intent and the Information Supporting the Estimates is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the government.



**Hon Gerry Brownlee**  
Minister of Transport

# Introduction from the Chief Executive

Over the past three years, the Ministry has made considerable progress in lifting its performance and managing costs. We have responded to the government's expectation for the public sector to deliver Better Public Services by doing something quite innovative: adopting a business model and culture based on the approach taken at a professional services firm. This operating model is believed to be a 'first' for a New Zealand public sector organisation.

As a policy organisation, the Ministry provides day-to-day advice, a programme of work that meets the government's priorities, and strategic long-term thinking for the sector. The professional services model has provided for these various demands by allowing the Ministry to be much more responsive to changing priorities, while still investing in its long-term thinking. New teams can be formed within hours of new work coming through the door, and there is much greater discipline in managing and delivering our work. These changes have enabled us to reduce costs and lift productivity.

We have had some great examples of rigorous policy work over the past year. Advice on the Clifford Bay ferry terminal business case, vehicle licensing reform and agricultural vehicle reform sit alongside the negotiation of a record number of air services agreements and completion of the most comprehensive review of Road User Charges undertaken since the system's inception.

Last year we undertook an exercise to more clearly define the Ministry's purpose. We involved Ministry staff and stakeholders to develop our 'philosophy page' (see facing page) which sets out our purpose as an organisation – ensuring a transport system that helps New Zealand thrive. It also describes what we collectively believe about the Ministry and the role of the transport system, and how we will work to deliver our greatest imaginable challenge of creating the environment to double the value from transport initiatives. We will seek to apply this challenge to all of the work that we do over the next three to five years.

The Ministry is continuing to pursue an active programme of organisational development and performance improvement. This programme, known as Shaping our Future, has three priorities in the coming year:

- embedding our purpose and philosophy
- leading together
- improving the quality of our advice.

The next three years will require the Ministry to work across the sector to address key transport issues. These include:

- continuing to improve the quality of transport regulation to ensure it is fit-for-purpose and does not impose unnecessary costs. This will include working with the New Zealand Transport Agency to implement the government's decisions on warrants/certificates of fitness, ensuring there are no barriers to the uptake of technology and improving the quality of the vehicle fleet

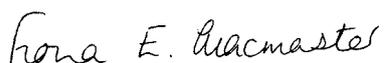
- advising on the government's approach to particular infrastructure proposals, including the Clifford Bay ferry terminal and the Auckland projects, and developing the next Government Policy Statement on Land Transport Funding
- implementing the next Safer Journeys' action plan with a focus on signature projects, speed management, unsafe vehicles and safe road users
- working to ensure that transport markets are open and efficient, in particular the liberalisation of air services and providing advice on freight productivity and port sector issues.

## CHIEF EXECUTIVE STATEMENT OF RESPONSIBILITY

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the Ministry of Transport. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2013/14 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



**Martin Matthews**  
Chief Executive, Ministry of Transport



**Fiona Macmaster**  
Manager Finance, Ministry of Transport

# Our greatest imaginable challenge

Creating the environment to double the value from transport initiatives

We see the big picture of the transport system



We are a great place to work

Transport connects us

We are caring

## ENSURING OUR TRANSPORT SYSTEM HELPS NEW ZEALAND THRIVE

We are rigorous

We are savvy

Ensuring quality, innovation & value

We are courageous

We are collaborative

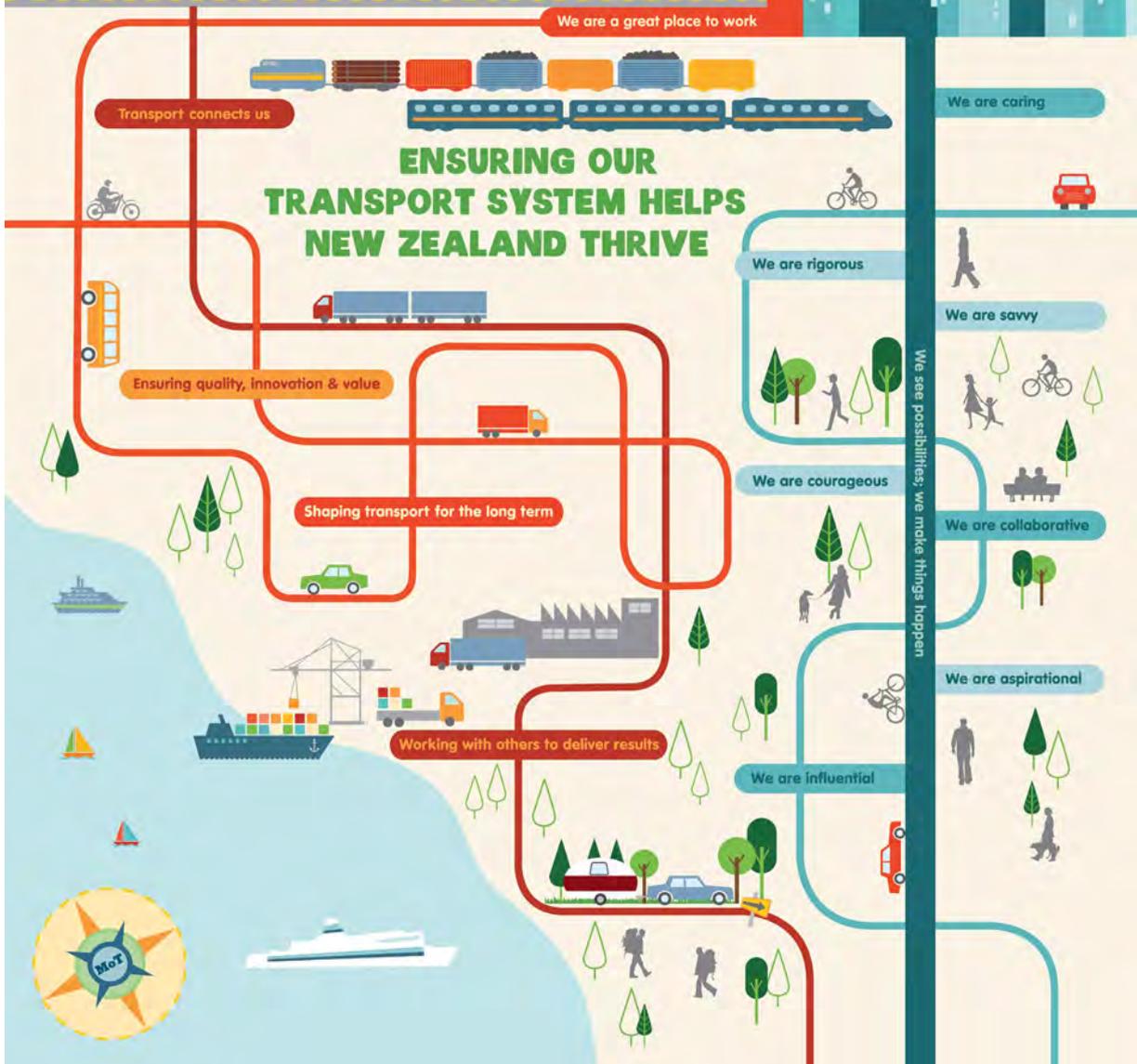
Shaping transport for the long term

We are aspirational

Working with others to deliver results

We are influential

We see possibilities: we make things happen



# Nature and scope of functions

As a trading nation, we rely on transport infrastructure and services to get our goods to our international markets, and to move goods around the country. The transport system is also an important enabler of economic growth and social connectivity within communities, and through this, is able to make an important contribution to the government's Business Growth Agenda.

However, the transport sector is an important part of the New Zealand economy in its own right. The sector employs more than 83,000 people, and the transport and storage industry accounts for 5.2 percent of New Zealand's GDP.

Transport is different from many other sectors of the economy in that the government directly invests approximately \$3 billion in it each year. This investment is primarily in the land transport system.

The Ministry of Transport's purpose is to ensure we have a transport system that helps New Zealand thrive. To achieve this, the Ministry is focused on developing a transport system that maximises the economic and social benefits to New Zealand and minimises harm. To do that, the Ministry needs a good base knowledge of the transport sector. It also needs to understand the future drivers for transport and their implications for government policy and investment decisions. The transport Crown entities have regulatory and service delivery roles to meet their statutory responsibilities and the government's objectives for transport.

## **THE MINISTRY'S ROLE IS TO ADVISE ON POLICY...**

The Ministry is the government's principal adviser on transport policy. The vast majority of its work is providing policy advice to the Minister and Associate Minister of Transport to shape transport policy for New Zealand. Our role is not dissimilar to that of a coach of a sporting team, sitting in the coach's box in the grandstand and being able to see the whole game being played in front of us. If we are effective, we can influence the 'transport game' in two ways:

- by seeing emerging issues and long-term trends, we can help the government ensure the 'rules of the game' are fit for purpose. That is, the regulatory, investment and policy settings are appropriate to ensure we have a transport system that helps New Zealand thrive
- by effective oversight of the government's transport agencies, we can help the government ensure its 'players on the field' are positioned to play their role effectively. That is ensuring they are well governed, strategically aligned and capable of doing what is required of them as part of the government's 'team'. This is a particularly important role, especially in the context of the government's drive for Better Public Services.

## **AND WE UNDERTAKE A NUMBER OF OTHER FUNCTIONS...**

In addition to our core policy and Crown entity oversight roles, the Ministry also has responsibility for other functions. These include:

- administering transport legislation, rules and regulations
- administering fuel excise duty refunds (contracted to the New Zealand Transport Agency)
- representing New Zealand at international fora
- licensing all international airlines operating to and from New Zealand
- managing the Milford Sound/Piopiotahi Aerodrome
- overseeing the Crown's interest in joint venture airports
- administering a contract with the Meteorological Service of New Zealand Limited (MetService) to provide a public weather warning and forecast service.

## **BUT WE NEED TO WORK WITH OTHERS TO ACHIEVE OUR OUTCOMES**

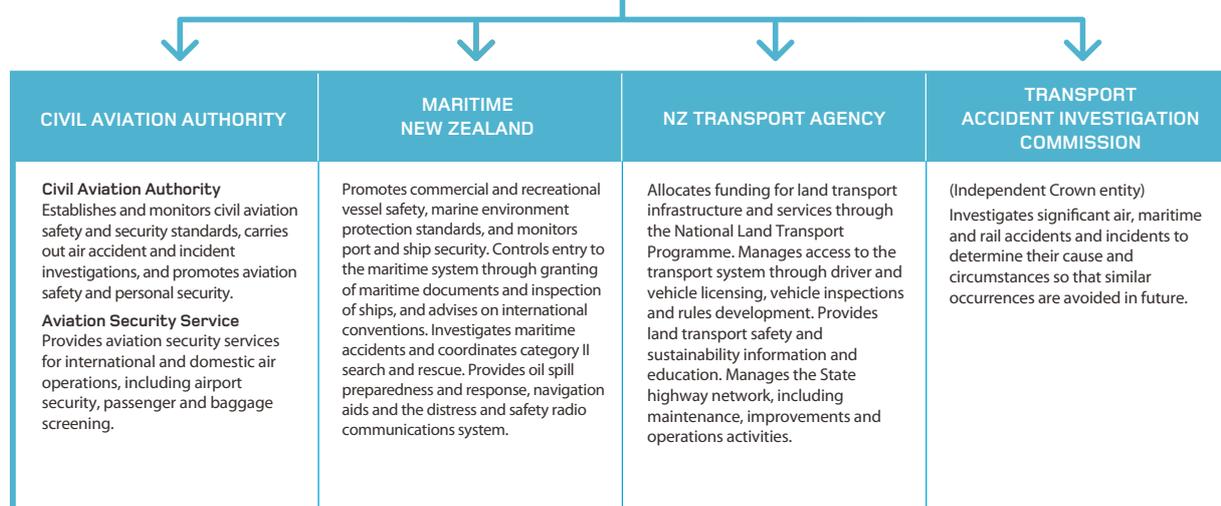
The Ministry has an important role in advising the government. However, we are only one of five organisations that make up the government transport sector, and one of many hundreds that make up the whole transport sector. As a policy agency, the Ministry is able to influence the policy and regulatory settings under which the transport system operates. But we need to work with other agencies, and need them to successfully undertake their own roles, for our outcomes to be achieved.

# What we are part of

## THE NEW ZEALAND GOVERNMENT TRANSPORT SECTOR

### MINISTER OF TRANSPORT AND ASSOCIATE MINISTER OF TRANSPORT

The **Ministry of Transport** provides impartial, expert advice to the government to help it meet its objectives for transport. This includes advice on legislative, regulatory and policy settings; funding levels and priorities; and Crown agency governance, performance and accountability. The Ministry also represents the government's transport interests internationally.



THREE STATE-OWNED ENTERPRISES WITH TRANSPORT FUNCTIONS	LOCAL GOVERNMENT	NEW ZEALAND POLICE
<p><b>Airways Corporation of New Zealand Ltd</b> Provides air navigation and air traffic management services on a commercial basis. It is also responsible for air traffic services in 30 million square kilometres of international airspace managed by New Zealand.</p> <p><b>Meteorological Service of New Zealand Limited (MetService)</b> Provides public weather forecasting services and provides meteorological information for international air navigation under contract to the Civil Aviation Authority.</p> <p><b>New Zealand Railways Corporation</b> Trading as KiwiRail Group. KiwiRail manages the rail and ferry businesses owned by the New Zealand government.</p>	<p>Local authorities own, maintain and develop New Zealand's local road network and perform important regulatory transport functions. Local government funds land transport infrastructure and public transport services alongside central government, and is responsible for transport planning and land use planning. Some local authorities own seaports and airports, or share ownership with the Crown.</p>	<p>Provides road policing services including speed management, drink/drugged driving enforcement, seatbelt enforcement, a visible road safety presence, and commercial vehicle investigation. Also provides maritime patrol units.</p>

# Strategic context

## **TRANSPORT IS CENTRAL TO THE SUCCESS OF OUR ECONOMY AND SOCIETY...**

As a trading nation, New Zealand is farther from the economic centres of the world than any other country. As a consequence, transport is a significant cost for our exporters, so we need to ensure the transport system operates as efficiently as possible. The decisions we take on investment and regulatory settings are central to this.

A flexible and resilient transport system that offers greater accessibility responds to changing patterns in demand. It provides improved journey times and reliability — necessary conditions for economic and social development. An effective transport system supports economic growth by:

- providing access to new and developing markets
- lowering delivery costs
- providing reliable delivery times essential for perishable and other higher-value goods, and allowing firms to operate without excess inventories
- increasing access to skilled labour, and attracting and retaining skilled people in production centres
- attracting investment as profitable business opportunities expand
- reducing accidents, deaths and serious injuries.

These outcomes align closely with the government's priorities for transport, which are discussed in more detail on page 9.

Transport is also critical to social connectivity — it allows people to participate in society, and access social networks, education, training and health services. Improving such access also lifts skill levels. At the same time, the transport sector has important impacts on the way our urban areas are developed and on the environment — through greenhouse gas emissions, air quality and noise.

## **WHILE THE GOVERNMENT'S PRIORITIES FOR THE NEXT THREE YEARS...**

The government's priorities are to responsibly manage the government's finances, build a more competitive and productive economy, deliver better public services and rebuild Canterbury. The government's Business Growth Agenda has a specific focus on six key ingredients that businesses need to grow and drive the economy.

## **ARE SUPPORTED BY THE WORK OF THE MINISTRY...**

The Ministry's work contributes to all of these priorities. The Ministry oversees approximately \$3 billion of government investment in transport infrastructure and services each year through Vote Transport.

The Ministry provides advice to the government on the opportunities for the transport system to increase its contribution to a more competitive and productive economy.

It also supports improved performance across the government transport agencies.

In addition, the Ministry and other agencies are assessing the funding required to rebuild Canterbury's transport infrastructure.

## **AND OUR FOCUS ON OUTCOMES**

Over the next three years, the Ministry will focus on the following six intermediate outcomes:

- better quality transport regulation and frameworks
- more open and efficient transport markets
- improved planning and investment in infrastructure and services
- decreased transport incidents and other harms
- improved government transport agencies' performance
- improved preparedness for, and management of, shocks and major events.

## **WE NEED TO MEET OUR OBJECTIVES AT A TIME WHEN NEW ZEALAND AND THE TRANSPORT SYSTEM FACE A NUMBER OF KEY CHALLENGES**

The choices we make over the coming years, as we improve the transport system, will need to occur against the backdrop of:

- ongoing financial constraint (as a result of the global financial crisis, and New Zealand's high debt levels)
- New Zealand's distance from its major export and tourism partners, and its limited influence on the international maritime and air transport sectors
- uncertain trading conditions for our exporters in overseas markets
- significant projected growth in the level of freight movements (freight is expected to double in the next 30 years)
- major demographic changes including:
  - an ageing population
  - population growth to five million by the mid-2020s
  - Auckland population growth to almost two million by 2031
  - a smaller workforce
- volatility in fuel prices
- changes in demand for public transport services
- improved efficiency of transport vehicles and alternative transport fuels which are expected to impact on revenue levels in the future
- the uptake of new transport technology that offers opportunities to lift the performance of the transport system.

# The Ministry's strategic framework

The strategic framework (see the diagram below) sets out what the Ministry is seeking to achieve for the transport system.

**Objective** – our objective is to develop a transport system that maximises the economic and social benefits for New Zealand and minimises harm.

**Long-term outcomes** – the long-term outcomes describe the 'future state', on which the Ministry focuses, and strongly align with the government's objectives for the transport system. The long-term outcomes are expected to be achieved over the next 20 or more years, as a consequence of the contributions made by the Ministry and a wide range of other stakeholders and transport system users. We can measure the progress the transport system is making towards those outcomes annually through our long-term indicators.

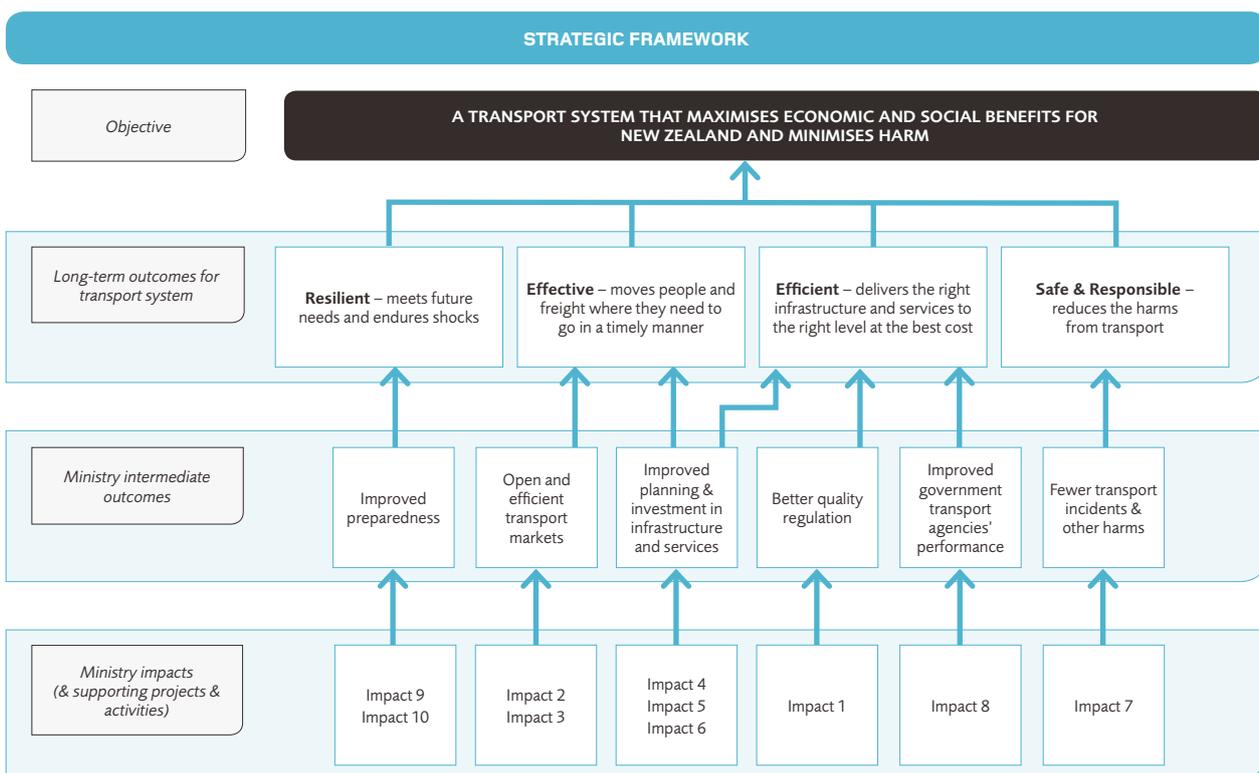
**Ministry intermediate outcomes** – intermediate outcomes also describe a 'future state' for the transport system and are important steps to achieving the long-term outcomes. The intermediate outcomes are expected to be achieved over the next 10 or so years, with contributions made by a wide range of participants in the transport system. While the progress that the transport system is making towards the intermediate outcomes can be measured annually, the nature of the outcomes means that progress is best viewed over a longer time period, for example, to avoid misinterpretation of results due to one-off impacts.

**Ministry impacts** – Ministry impacts describe how the Ministry's work will affect the transport system. They describe the intended results from the Ministry's work. The Ministry

can achieve its intended impacts through its own efforts and is not dependent on other organisations undertaking particular actions. However, other organisations may also undertake work that contributes to the impacts. The Ministry's projects and activities are our specific 'outputs' (work programmes) that will deliver our impacts. See the Appendix for a list of the impacts.

Projects, impacts and intermediate outcomes can all contribute to more than one item in the next higher level of the framework. However, for simplicity, we have shown the main relationships.

**Sector-wide outcomes** – the strategic framework outlined above was developed to reflect the outcomes and impacts that government (past, present and future) is typically seeking from its involvement in transport. It can be used to help understand the rationale for all interventions and agencies of government that have a transport focus. Our aim is for this framework to be used by all the government's transport agencies. We have commenced engagement with these agencies in the expectation that this framework will be progressively used and reflected in their Statements of Intent to help explain the underlying rationale for their strategic intent.



# The Ministry's long-term outcomes

## **WE HAVE FOUR LONG-TERM OUTCOMES...**

The Ministry has developed a strategic framework that supports the government's direction for transport and is flexible to respond to changes in priorities over time. The objective is a transport system that maximises economic and social benefits for New Zealand, and minimises harm. It is for the government of the day to determine priorities.

To support the objective, there are four long-term outcomes for the transport system that we will pursue over the next 20 or more years:

- effective
- efficient
- resilient
- safe and responsible.

**Effective** – moves people and freight where they need to go in a timely manner

This outcome captures the core function of the transport system which connects New Zealand domestically and internationally. The outcome links employees, employers and businesses together, and enables individuals to access services and make social connections. Transport is a critical part of the supply chain that delivers goods to domestic and international markets, and meets the travel needs of our international tourists.

**Efficient** – delivers the right infrastructure and services to the right level at the best cost

Better transport infrastructure and services can lower costs and increase accessibility for businesses by expanding markets and improving access to suppliers. The quality of infrastructure, and how comprehensive the transport network is, has a significant influence on the role transport plays and its contribution to the functioning of a successful, competitive economy.

Similarly, the quality of transport regulatory settings is also important for a well-functioning system. Funding for transport is, like funding for other areas of government expenditure, a scarce resource. We need to ensure the transport system delivers value for money by providing the right level of infrastructure and services, while achieving the best cost.

**Resilient** – meets future transport needs and endures shocks

Transport infrastructure often has a life span of many decades. With the investments we make today having such long-term impacts, it is important that the transport system is developed with an eye not only on current needs, but also on future needs. Decisions on government investment and regulatory settings need to be cognisant of the effect they will have on private investments that also have long life spans.

We need to have confidence that the transport system can resist and be resilient to intentional and unintentional dangers. The system needs to be flexible enough to quickly respond to security requirements that may be imposed on us by other countries or international organisations. It also needs to be resilient to deal with shocks, such as major earthquakes or extreme weather events.

Resilience will enable the transport system to continue to meet its economic and social functions into the future.

**Safe and responsible** – Reduces the harms from transport

The operation of the transport system also gives rise to a number of undesirable consequences. These include the social cost of road crashes, greenhouse gas emissions and other environmental impacts, and public health impacts (such as air quality, and noise). It is important, therefore, that these types of issues are mitigated in cost-effective ways. Achieving a safer transport system will also have positive economic benefits as it can, for example, improve travel reliability for business.

## **... AND WILL REPORT PROGRESS AGAINST THE LONG-TERM OUTCOMES ANNUALLY**

The Ministry will report progress against the long-term outcomes through its annual report. The Ministry's Transport Monitoring Indicator Framework is available on the Ministry's website ([www.transport.govt.nz](http://www.transport.govt.nz)). It provides detailed data on the performance of the transport system across most of the outcome areas. The Ministry also works across the transport Crown entities to monitor and report on progress against outcomes. We are working with the New Zealand Transport Agency and the National Infrastructure Unit of the Treasury to establish relevant infrastructure indicators for the transport sector. We will use these new indicators in our future reporting.

# Setting our priorities 2013–2016

The four long-term outcomes are supported by six intermediate outcomes that provide the Ministry with a focus for improvement in the transport system over the next 10 or so years. Stability in the choice of our intermediate outcomes enables us to monitor the progress the transport system is making over time.

However, in response to changing government priorities, the Ministry can adjust its level of focus on any aspect of our outcomes. We do this through the choice of Ministry impacts and the work programmes that underpin them. We understand not everything can be a priority and that the government, rightly, determines the Ministry's priorities. The balance within our work programmes reflects government priorities, as agreed with the Minister of Transport.

However, the link between our work programmes and our impacts and outcomes is complex. In practice, many of our policy initiatives contribute to more than one impact or

intermediate outcome. For example, our work to implement the new public transport operating model is expected to lead to increased levels of public transport use. This will improve the operation of our transport markets and, at the same time, contribute to decreased environmental harms from the transport system.

## ***The key elements of the Ministry's three-year work programme***

The next section of the Statement of Intent sets out the key elements of the Ministry's three-year work programme under each of our six intermediate outcomes. It includes the intended impacts from our work and the main projects and the performance measures that we will use to measure progress in our annual report.

The appendix shows how our appropriations support our impacts and intermediate outcomes.

## **BETTER QUALITY REGULATION**

### **Leading the development of better quality transport regulation and frameworks**

#### **BETTER QUALITY REGULATION IS IMPORTANT TO THE GOVERNMENT**

Well-functioning markets need both good regulation and good regulators. This section addresses the issue of good regulation, while 'good regulators' is addressed under the intermediate outcome 'Improved government transport agencies' performance'.

Improving the quality of regulation and removing any unnecessary regulation is an important part of the government's economic programme. It will enhance New Zealand's productivity growth and international competitiveness.

Regulation directly affects how markets, and firms in those markets, operate and allocate resources. Regulation can support markets operating effectively and reduce anti-competitive practices. Poor quality regulation can constrain growth by creating incentives for socially and economically unproductive activities and increasing the costs of doing business.

Across the world, governments are revisiting their approaches to regulation. As a sector, transport can make changes to create new and innovative ways of tackling policy problems.

Lifting the quality of transport regulation will help markets to function well by ensuring:

- regulatory costs and changes are minimised, so businesses and others are not burdened by unnecessary compliance costs or outdated regulation

- regulations do not inadvertently create barriers to entry, reduce the effective flow of information or confer monopoly rights
- transport regulation is well understood and compliance is maximised.

#### **THE MINISTRY'S ROLE IN BETTER QUALITY REGULATION**

The Ministry's role is to promote transport regulation and frameworks that represent good practice. It supports the government in achieving its policy objectives, recognising that transport Crown entities exercise statutorily independent roles and powers.

The Ministry contracts with the Civil Aviation Authority, Maritime New Zealand and the New Zealand Transport Agency each year for their annual rules development programmes. The Ministry needs to effectively manage the annual regulatory programme with the transport Crown entities. It also needs to ensure regulatory proposals represent the best solution, do not impose unnecessary costs on users and are prepared efficiently and on time.

#### **To deliver better quality regulation and frameworks the Ministry will:**

- **increase the efficiency of the transport regulatory system so it does not impose unnecessary costs on users or prevent effective operation of the market.**

## BETTER QUALITY REGULATION – MINISTRY IMPACTS AND ACTIONS

The Ministry's intended impacts in this area over the next three years, and the projects and activities that will deliver them, include the following:

### ***Impact 1: A more efficient transport regulatory system that does not impose unnecessary costs on users***

The Ministry will take a leadership role and work across the transport sector to consider whether the regulatory system is fit-for-purpose and, if not, what further opportunities might exist for improving regulatory outcomes. This will involve thinking more broadly about what constitutes regulation and what outcomes the government and the sector want from the regulatory system.

The Ministry's Regulatory Reform Programme has:

- identified several key areas for reform
- streamlined the regulatory design process so it is more efficient and timely
- brought increased rigour into the rules process so only matters that genuinely require a rule are included in the programme.

The Ministry has established a programme to periodically review transport legislation and subordinate regulation to ensure that it remains fit-for-purpose. This programme includes an initial assessment of whether particular aspects of the regulatory framework impose unnecessary cost on users.

The Ministry will examine transport regulation to identify whether the regulatory system may be inhibiting or preventing the effective operation of markets.

We will review a number of economic, safety and security issues relating to the Civil Aviation Act to ensure it is fit-for-purpose. We will also review the Airport Authorities Act for the same reason.

The Ministry will actively manage the annual rules programme with the Civil Aviation Authority, Maritime New Zealand and the NZ Transport Agency to ensure regulation is of good quality and to improve safety and environmental outcomes.

The allocation of funding for Crown entity rule development will be moved to a contestable basis. This will allow funding to be allocated flexibly, in response to shifts in government rule-making priorities, while also recognising the need to retain and develop the skilled people needed for efficient and effective rule-making across the transport sector. The Ministry will review the current Driver Licensing Rule, ensuring it reflects the needs of the transport system. The review aims to simplify and clarify the expression of the Rule, reducing and simplifying

compliance requirements and transactions. We will provide advice to the Minister and Cabinet on changes to the Rule in early 2014.

The Vehicle Licensing Reform project identified opportunities to reduce the regulatory burden of the four vehicle licensing regimes, while ensuring the ongoing robustness and safety of the transport system.

Following Cabinet's agreement to reform the warrant of fitness and certificate of fitness systems, the Ministry and the NZ Transport Agency are working on the implementation needed to realise an estimated \$1.8 billion in benefits to motorists and businesses over 30 years. The savings will come from reduced warrant of fitness inspection and compliance costs, justice and enforcement costs, and time spent by motorists getting a warrant of fitness, and will have a flow-on benefit for the wider economy. The certificate of fitness reforms will lead to productivity improvements for transport operators by reducing the time commercial vehicles are out of service. Further work is being undertaken to develop specific proposals to improve annual vehicle licensing compliance and to review the scope and management of transport services licensing to better target risk.

We will complete an evaluation of the new Road User Charges Act, following its first year of operation. Recent reforms were the first major change to the system in 30 years. The evaluation will help to assess the success of the changes in simplifying and modernising the system, removing opportunities for evasion, and reducing compliance costs for businesses and the public. It will inform ongoing implementation and maintenance of the new legislative framework.

## BETTER QUALITY REGULATION

### Outcome measures

Changes to transport regulatory environment are estimated to provide a net economic benefit to the economy.	This is a new measure and historical data is not available. Data will be drawn from Ministry regulatory impact statements to identify the aggregate benefits and costs of changes to the transport regulatory system.
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100 percent of transport regulatory impact statements are assessed as 'meets' or 'partially meets' quality criteria.	<p>In 2012/13 (to 31 March 2013) five of the Ministry's regulatory impact statements met the quality criteria and two partially met the quality criteria (100%)</p> <p>2011/12: 6 met, 11 partially met, 1 did not meet quality criteria;</p> <p>2010/11: 9 met, 1 partially met;</p> <p>2009/10: 15 met, 8 partially met.</p>
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### Impact measures – A more efficient transport regulatory system that does not impose unnecessary costs on users

90 percent of scheduled programme of periodic reviews of regulations and rules completed in scheduled review year.	The programme of periodic reviews is a new initiative. Data for previous years is not available.
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Reduced average timeframe for rule development (from commencement of rule development process to rule coming into force).	<p style="text-align: center;"><b>Average age of rules projects</b></p> <table border="1"> <thead> <tr> <th>2008/09</th> <th>2009/10</th> <th>2010/11</th> <th>2011/12</th> <th>2012/13</th> </tr> </thead> <tbody> <tr> <td>3.3 years</td> <td>3.9 years</td> <td>4.5 years</td> <td>4.9 years</td> <td>3.5 years</td> </tr> </tbody> </table>	2008/09	2009/10	2010/11	2011/12	2012/13	3.3 years	3.9 years	4.5 years	4.9 years	3.5 years
2008/09	2009/10	2010/11	2011/12	2012/13							
3.3 years	3.9 years	4.5 years	4.9 years	3.5 years							

## OPEN AND EFFICIENT TRANSPORT MARKETS

### More open and efficient transport markets

#### MORE OPEN AND EFFICIENT TRANSPORT MARKETS ARE IMPORTANT

Efficient and well-functioning markets produce significant benefits for society. Well-functioning markets allocate resources to their most valued use and, in doing so, facilitate competition. They promote the best use of scarce resources such as land, labour and capital in a manner that maximises output and the welfare of citizens.

Key components of well-functioning markets include:

- *ease of market entry and exit* – free entry and exit enables markets to function efficiently, while barriers to entry reduce competition and efficiency
- *absence of significant monopoly power* – the presence of a significant monopoly power in a market reduces competition and pressure for efficiency and innovation, resulting in reduced levels of choice and price protection
- *price signals* – timely and accurate price information enables appropriate supply responses from businesses and demands responses from purchasers, leading to better-quality products and services at the lowest possible prices
- *absence of externalities* – all of the costs and benefits of goods or services provided are fully captured within the market
- *widespread availability of information* – all parties in the market (businesses and consumers) need to be well informed if they are to make the most effective decisions.

#### THE MINISTRY'S ROLE IN CREATING MORE OPEN AND EFFICIENT TRANSPORT MARKETS

For the Ministry, this intermediate outcome primarily relates to its work in the areas of aviation, maritime and public transport. Much of the Ministry's other land transport work falls under the 'Improved planning and investment in infrastructure and services' intermediate outcome.

The Ministry has an important role in advising government on opportunities to improve the efficiency and competitiveness of our domestic and international transport markets (which supports the government's Business Growth Agenda). To do that, we need a strong understanding of how different transport markets work and how firms operate within them. This is particularly important in instances where a firm may have a near monopoly on providing transport infrastructure or services for an area.

The Ministry improves access to international markets through the international air services agreements it negotiates on behalf of the government. These agreements enhance New Zealand's attractiveness as a tourist destination and provide new capacity for time-sensitive freight exports.

Information is an important component of open and efficient markets. The information the Ministry can provide to transport operators and users can help them make more informed transport decisions. The Ministry has access to a range of information across the transport portfolio. It is bringing together the information in new ways and making it available to transport operators and the public to enable better decision-making.

#### To improve the openness and efficiency of transport markets the Ministry will:

- **reduce or remove barriers to entry to domestic or international markets**
- **provide the transport sector with access to more informed transport information.**

## OPEN AND EFFICIENT TRANSPORT MARKETS – MINISTRY IMPACTS AND ACTIONS

The Ministry's intended impacts in this area over the next three years, and the projects and activities that will deliver them, include the following:

### ***Impact 2: Reduced or removed barriers to entry to domestic or international transport markets***

The Ministry has developed a programme to engage more closely with non-government stakeholders in the transport system to strengthen the Ministry's understanding of how transport markets operate 'on the ground' and identify opportunities to further enhance the efficiency of those markets.

The Ministry will advance negotiations in accordance with the International Air Transport Policy, issued in August 2012, for new or amended air services agreements. The expected result of these negotiations will be increased numbers of international flights to New Zealand. This will lift tourist numbers, provide additional export capacity in departing aircraft for time-sensitive exports and increase New Zealand's connections to international markets.

To maximise our effectiveness at international transport forums, we will develop a New Zealand strategy for engagement with the:

- International Transport Forum
- International Civil Aviation Organization (ICAO)
- International Maritime Organization
- Asia Pacific Economic Cooperation (APEC) Transport Working Group.

This will provide a strong voice for New Zealand's preferred positions and minimise any negative impacts from the decisions taken by these institutions.

The Ministry considers the world has opportunities to achieve a better and more efficient air transport system. It is important that New Zealand participates in the collective discussions, which are emerging globally, that are focusing on modernising the current system of air services agreements.

The Ministry will actively participate in the international fora where these discussions are occurring, including ICAO, APEC and ICAO Worldwide Air Transport Conferences.

New Zealand will host the APEC Transport Working Group meeting in 2014. This will focus on trade liberalisation and

facilitation in the transport sector, economic and technical assistance, and capacity building. Important goals for the Working Group are to develop systems that ensure safe, secure and efficient movement of people and goods throughout the Asia-Pacific region.

Domestically, the government agreed in late 2011 to implement a new public transport operating model to encourage patronage growth and less reliance on public subsidies. The necessary legislation to give effect to the new operating model in the Land Transport Management Act is expected to be in place by mid-2013. The Ministry, in conjunction with the NZ Transport Agency and in consultation with the Public Transport Leadership Forum, will report on the operation of the public transport operating model, including a competition assessment, by the end of 2015.

### ***Impact 3: The transport sector has increased information available to it***

The Ministry will develop a research strategy to build its evidence base across the transport sector and to collect important data currently not captured. Areas of the Ministry's research will also be included in the NZ Transport Agency research programme.

Through our Freight Information Gathering System, the Ministry will continue to provide quarterly information on freight container movements through New Zealand's ports. We will also continue to monitor the container handling rates of New Zealand ports and publish quarterly information on them.

We will undertake a port case study which will include the identification of possible future scenarios and modelling to assess the impacts of those potential scenarios on freight flows within, and to and from, New Zealand.

Building on recently established Ministry information on port container handling rates, freight movements and the port case study, we will facilitate discussions with major industry players to establish a shared view of future freight services. This will help the NZ Transport Agency, ports and industry to have clear information on transport demand, performance, and development intentions on which to base their investment decisions.

The first National Freight Demands Study was undertaken in 2008. Given the changes that have occurred in the international economy since then, we will update the data underpinning the freight projections to provide a more accurate assessment of future demand, and opportunities for substituting freight modes. Alongside this, we will review the resilience, environmental impact and efficiency of international shipping services to New Zealand.

## OPEN AND EFFICIENT TRANSPORT MARKETS

### Outcome measures

Increased number of international passenger movements to and from New Zealand.		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	International passenger movements to and from New Zealand (millions)	9.0	8.9	9.3	9.6	9.7
Increased number of international flights that depart from New Zealand.	International flights departing New Zealand	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
		30,379	30,322	30,860	31,434	30,787
Increased public transport passenger boardings.	Increased public transport passenger boardings (millions)	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
		116	123	126	128	133

### Impact measures – Reduced or removed barriers to entry to domestic and international transport markets

International air services agreements provide for greater access to other countries, and for an increased number of services.	<p>New Zealand currently has air services agreements with 50 countries.</p> <p>In 2012/13, New Zealand negotiated new or enhanced air services arrangements with 11 countries: Indonesia, Chinese-Taipei, Brazil, Paraguay, Uruguay, Iceland, Kuwait, French Polynesia, Qatar, the United Arab Emirates and the United Kingdom.</p> <p>Cabinet mandates have been obtained for further negotiations with the Philippines, Cambodia, Ethiopia, Finland, Sweden, Denmark, Norway, India, Switzerland, Thailand, Vietnam, Colombia, Peru, Zambia and Argentina. Further negotiations will be pursued where opportunities arise.</p>					
Decreased ratio of subsidy to public transport passenger boardings <sup>1</sup> .		<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>
	Subsidy per passenger boarding (percentage of variation in subsidy)	100	107	107	106	115
	<p>The increase in variation in the 2011/12 year is due to extra activity in Auckland (Rugby World Cup, extra service start-ups, and the first stage of Auckland's Integrated Fares System ticketing commencing and the operational costs that result from this) and the full impact of the Canterbury earthquake, which caused a radical change in usage patterns and where people wanted to travel.</p> <p>The introduction of the Public Transport Operational Model will show a decrease in subsidies in later years as a result of more competitive, cost effective markets.</p>					
<sup>1</sup> Includes Super Gold Card, central and local government public transport contributions dollars. 2007/08 is base year.						

### Impact measures – Transport sector has increased information available to it

Increased range of freight information is captured within the Freight Information Gathering System.	The Freight Information Gathering System currently captures containerised freight movements through sea ports. Freight movements not currently captured include non-containerised freight through sea ports, and road and rail movements that do not go through a sea port. Further information on the Freight Information Gathering System can be found on the Ministry's website.
Container handling statistics for New Zealand's six largest ports is publicly available.	<p>The Ministry provides updated container handling statistics on its website, each quarter. These statistics include:</p> <ul style="list-style-type: none"> <li>• annual vessel rates (the number of containers moved on and off a container ship in an hour of labour)</li> <li>• annual crane rates (the number of containers a crane lifts on and off a container ship in an hour)</li> <li>• annual ship rates (the number of containers moved on and off a container ship in an hour).</li> </ul>

## IMPROVED PLANNING AND INVESTMENT IN INFRASTRUCTURE AND SERVICES

### Creating a system that improves planning and investment in infrastructure and services

#### **IMPROVED PLANNING AND INVESTMENT IN INFRASTRUCTURE AND SERVICES IS ESSENTIAL**

The Ministry has a large programme of land transport work that falls under this intermediate outcome. We also provide advice on aviation, maritime and rail modes that improves planning and investment in their infrastructure and services.

With the government investing approximately \$3 billion annually in land transport, and local government committing approximately \$1.2 billion annually, it is essential that the transport sector continues to lift the quality of transport planning and investment decisions. This includes the Ministry, transport Crown entities, local authorities and private sector participants in the transport sector.

As part of that, we need to ensure the transport system provides essential road and rail routes that connect well to our sea and air ports, and support New Zealand's exporters. We need roading networks that meet the needs of local communities and public transport that provides efficient and effective choice of modes in our metropolitan centres.

Some government transport infrastructure lasts for decades or longer, and it influences business investment and local urban development patterns. This means decision-making needs to consider these factors, and current and likely future demands, alongside capacity to fund transport priorities. Existing revenue sources for transport are coming under pressure for a number of reasons. We need to consider how we can best meet the cost of the transport system in the medium term.

It is critical that we continue to improve our planning and investment in transport infrastructure and services to get the best possible results for all New Zealanders.

#### **THE MINISTRY'S ROLE IN IMPROVED PLANNING AND INVESTMENT IN INFRASTRUCTURE AND SERVICES**

The Ministry's role is to analyse the transport system across all its transport modes to identify opportunities to enhance where, how and when investments should be made, particularly by the government. It also provides information to enable other participants in the transport system to make their own best transport choices. In fulfilling this role, the Ministry supports the achievement of the government's Business Growth Agenda.

The government land transport sector largely operates on revenue generated from taxation and local authority rates. This contrasts with the aviation, maritime and rail sectors that largely operate in competitive markets.

The Ministry needs to understand the drivers of transport demand in each sector, and how these drivers change over time and impact on the infrastructure and services we need in the future. We also need to be well connected to industry and remove unnecessary blockages in our transport supply chains.

#### ***Land transport sector***

The Ministry has a direct role in the land transport system with government investment of approximately \$3 billion a year.

The Ministry has to form a view on both what the right level of investment is in the land transport system, and when that investment should be made. However, we know that the investment equation is dynamic. It changes as the demand for and supply of transport adjusts over time, and in response to the country's fiscal constraints.

The Ministry has a role in advising the government on the demands for future passenger travel, as well as walkways and cycleways. Analysing changing demographics and the economic rationale for increasing expenditure in these areas informs our decisions for future policies.

The Ministry advises government on a range of planning and investment issues including:

- the design and operation of the planning and funding system as set out in the Land Transport Management Act
- the Government Policy Statement on Land Transport Funding, which sets out the government's priorities for expenditure from the National Land Transport Fund
- specific advice on large transport investment decisions outside the National Land Transport Programme
- how revenue for the land transport system can be raised efficiently and fairly to fund investment priorities.

#### ***Aviation sector***

The aviation sector includes domestic and international aviation. The government is a joint venture shareholder in six domestic airports. In addition, the government owns and the Ministry operates the Milford Sound/Piopiotahi Aerodrome.

Each year around 2.5 million visitors arrive in New Zealand, contributing nearly \$9 billion to the New Zealand economy. The vast majority of those passengers arrive by air. Aviation is also essential to the export of time-sensitive goods, which include fresh horticulture and seafood products. Effective air services allow firms to shorten delivery times, minimise inventory costs and limit interruptions to production.

International aviation is governed by the Convention on International Civil Aviation. As a party to the Convention, New Zealand has very clear obligations including having a comprehensive safety and security regime based on the standards and recommended practices prescribed by the International Civil Aviation Organization.

#### **Maritime sector**

The maritime sector operates in a competitive market, although most of New Zealand's major sea ports have a majority or significant shareholding that is held by local authorities.

International shipping carries the vast majority of New Zealand's import and export goods and the cruise industry plays an increasing role in our tourism market. With sea freight accounting for 99.5 percent of our exports and 99.4 percent of imports by volume, New Zealand is economically dependent on high-quality, timely, safe and cost-effective international shipping services.

These services in turn rely on efficient and competitive sea ports as the critical nodes that represent the land-sea interface, or gateways, for our exports and imports. Our port sector needs to be able to anticipate and respond to changing shipping patterns, vessel capacity, advances in freight handling technology and predicted future freight demands.

#### **Rail sector**

Government-owned KiwiRail has responsibility for the rail track network and moves approximately 15 percent of New Zealand's freight – largely high volume and heavy freight. The metro rail network also carries large numbers of urban commuters in Auckland and Wellington. Auckland Transport and the Greater Wellington Regional Council own the rolling stock that provides urban passenger services.

The rail system reduces the pressure on New Zealand's roads and can provide safety, health and environmental benefits.

The government wants KiwiRail to compete on a commercial basis with other freight transport modes, with services funded from customer revenue. To assist KiwiRail in achieving this, the government has invested \$750 million in the KiwiRail Turnaround Plan to 30 June 2013 and an additional \$94 million to 30 June 2014.

#### **To deliver improved planning and investment in infrastructure and services, the Ministry will:**

- **ensure central and local government have good frameworks for investment decision-making**
- **provide good investment advice that is in the national interest**
- **ensure enough money is raised efficiently and fairly to fund investment priorities.**

## **IMPROVED PLANNING AND INVESTMENT IN INFRASTRUCTURE AND SERVICES – MINISTRY IMPACTS AND ACTIONS**

The Ministry's intended impacts in this area over the next three years, and the projects and activities that will deliver them, include the following:

#### **Impact 4: Central and local government have good frameworks for investment decision-making**

The Ministry will develop advice to address the pressures on the transport funding system. This is a consequence of significant issues including the rebuild of Canterbury's transport infrastructure and Auckland's decisions on its future transport priorities as set out in the new Auckland Plan. In developing our advice, we will need to address a range of options, including reviewing priorities, timing of investments, setting revenue levels and the use of other funding mechanisms.

We will implement increases, agreed by the government, to the levels of fuel excise duties and road user charges on 1 July 2013, 2014 and 2015. We will monitor the effectiveness of these changes and additional short-term borrowing agreed in 2012. We will also monitor progress made towards a public-private partnership to construct the Transmission Gully route of the State highway network, ensuring the government's land transport priorities can be delivered as required.

The Ministry will continue its work to better understand the range of alternative funding approaches to land transport and provide advice as required.

The Ministry has a key role in ensuring that investment in the New Zealand transport infrastructure takes account of economic and population growth, and the opportunities that arise for coordinating road, rail and sea transport linkages (intermodal solutions). The Ministry will work with the key players (local and central government funders and regulators, the New Zealand Transport Agency, KiwiRail, port companies and others) to ensure that a strategic view of how best to deliver efficient and cost-effective long-term transport solutions is explicitly factored into decision making.

We will continue our work to understand, at a more detailed level, the relationship between good land transport planning and management, and economic development and productivity. We will also undertake further work to enhance our understanding of the drivers of future demand for transport across a range of areas, including future freight growth, demographic changes nationally and within our communities, and changes in urban form and population density. As part of this, we have commenced work to develop a 'forward look' to help the transport sector better plan their investments in the transport system.

New Zealand does not have an integrated network planning approach to the transport system and we will examine whether this gives rise to any inefficiencies in our transport system. We will also engage with business and the transport sector to better understand how they operate, and identify any blockages in our transport supply chains and remove these where they are unnecessary.

In the medium to longer term, new technology will offer New Zealand major opportunities to improve transport productivity and safety, and reduce harmful emissions and fuel use. The Ministry will develop an intelligent transport system action plan that will enable decisions to be taken on how new technology can be applied in the New Zealand context and when New Zealand should be looking to invest in and deploy new technologies.

***Impact 5: Ministry provides good investment advice (in the national interest)***

Auckland is forecast to account for over 60 percent of New Zealand's population growth to 2030. This growth will drive a significant increase in demand for travel. Making the necessary improvements to Auckland's transport system to enable it to work effectively, efficiently and safely is crucial to improving the contribution the city can make to national economic growth.

The Government is currently investing around \$1 billion a year in Auckland transport, including completing the Western Ring Route and improving and electrifying the metro rail network. This investment will deliver significant benefits across the Auckland transport system.

The Ministry will work with Auckland stakeholders on the next generation of major projects. We will provide advice to Ministers on projects where Crown investment beyond the National Land Transport Fund may be required, such as the next Waitemata Harbour Crossing.

We will explore opportunities for further work with Auckland Council on its transport strategy to address key concerns about affordability and effectiveness outlined in the Government Response to the Auckland Plan. In particular, there is a need to improve alignment on transport priorities and agree a common strategy for medium to long-term transport investment that meets both central and local government goals.

The Ministry will monitor progress of the Auckland City Rail Link project and provide advice to the Minister as required.

The Ministry will continue to work with the Treasury on progress in implementing the KiwiRail Turnaround Plan and its funding requirements.

In November 2012, Cabinet agreed that the business case developed by the Ministry of Transport for a proposal to

develop a ferry terminal at Clifford Bay was strong enough for further consideration of the project's potential feasibility. This involves testing assumptions around the commercial parameters in the business case with key stakeholders. The Ministry of Transport is leading this stage using a specialised project team, led by a Commercial Director. Further work may continue, depending on Cabinet decisions in mid to late 2013.

The Ministry will provide advice on proposed divestment of the six regional airports where the Crown has a joint venture partnership interest.

***Impact 6: Enough money is raised efficiently and fairly to fund investment priorities***

The Government Policy Statement on Land Transport Funding is a key lever for the government to deliver its land transport priorities. The next Government Policy Statement on Land Transport Funding needs to be prepared for 1 July 2015. This will provide certainty for the land transport sector for the subsequent 10 years by setting out the government's priorities for expenditure from the National Land Transport Fund. It will also determine how much funding is required, and how funding will be shared between activities such as road policing, road safety promotion, State highways, local roads and public transport.

As part of our work on the next Government Policy Statement, we will review the role of land transport in supporting social cohesion and public health benefits. We will also review the policy rationale for the levels and distribution of proposed funding.

We prepare regular forecasts of revenue for the National Land Transport Fund. These inform the Ministry's advice on funding pressures and options for managing these, including the required level of fuel excise duty and road user charges. We will also consider alternatives to revenue rate increases like reviewing priorities, altering the timing of investments and the use of borrowing or tolling. The forecasts are also used by the Treasury and for forward planning by the NZ Transport Agency.

We will continue to investigate the adequacy of the current funding system to meet long-term requirements and alternative revenue approaches that could be used in the future.

## IMPROVED PLANNING AND INVESTMENT IN INFRASTRUCTURE AND SERVICES

### Outcome measure

Decreased network congestion in the A.M. peak period in the five largest metropolitan areas.	Congestion index (min delay/km), November surveys					
		2008	2009	2010	2011	2012
	Auckland A.M. peak	0.60	0.70	0.65	0.51	0.40
	Tauranga A.M. peak	0.35	0.36	0.27	0.35	0.34
	Wellington A.M. peak	0.40	0.46	0.43	0.44	0.46
	Christchurch A.M. peak	0.57	0.59	0.66	<sup>1</sup>	<sup>1</sup>
<sup>1</sup> Comparable data not available due to impact of Canterbury earthquakes	Hamilton A.M. peak		0.37	0.38	0.49	0.52
Increased level of freight moved by KiwiRail.		2007/08	2008/09	2009/10	2010/11	2011/12
	Freight moved by KiwiRail (tonne-kms in billions)	4.6	4.0	3.9	4.2	4.6

### Impact measures – Ministry provides good investment advice (in the national interest)

Quality of final advice to government on major investment projects is externally assessed by New Zealand Institute of Economic Research as being 8.0 out of 10 or better.	This is a new measure. Not all of the Ministry's final advice papers on major investment projects were automatically assessed in previous years, but this will be picked up from 2013. The Ministry's average assessment by the New Zealand Institute of Economic Research was 7.3 in 2012, 7.0 in 2011 and 6.5 in 2008.
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### Impact measures – Enough money is raised efficiently and fairly to fund investment priorities

Growth in revenue (in real terms) remains stable in relation to growth in traffic volumes.	Revenue growth relative to kilometres travelled growth <sup>2</sup>					
		2007/08	2008/09	2009/10	2010/11	2011/12
	Fuel excise and light RUC revenue growth.	100	93	101	101	98
	Fuel excise and light RUC vehicles kilometres travelled growth.	100	99	100	99	100
	Heavy vehicle RUC revenue growth.	100	95	99	108	106
	Heavy vehicles kilometres travelled growth.	100	96	95	101	102
<sup>2</sup> 2007/08 is base year, calculations adjusted to 2011/12 dollars and percentages rounded.						
All questions or issues raised by the cross-agency forecasting group, that reviews the results of the Ministry's revenue forecasting model, are resolved to the satisfaction of the group prior to the next forecasting round.	This is a new measure. Data for previous years was not gathered.					

## FEWER TRANSPORT INCIDENTS AND OTHER HARMS

### Decreasing the rates of transport-related death and injury, and other harms

#### THE GOVERNMENT WANTS A SAFER TRANSPORT SYSTEM

The government has a strong commitment to delivering a safer transport system. Road safety is an important part of this because of the social cost of transport deaths and injuries, and the human cost that results from the number of deaths and injuries New Zealand suffers each year on its roads.

The government released the Safer Journeys road safety strategy in March 2010 and its first action plan in May 2011. These documents set out the government's vision for 'a safe road system that is increasingly free of serious injury and death'. They include the new comprehensive Safe System approach to improving safety on our roads over the next decade.

The government also recognises that, through its investment and other decisions, it can help to decrease the level of other harms from the transport system.

#### THE MINISTRY'S ROLE IN REDUCING TRANSPORT INCIDENTS AND OTHER HARMS

The Ministry seeks to reduce the rates of transport-related deaths and injuries through its policy advice to government across the transport modes. The Ministry's road safety policy advice covers the four dimensions of the Safe System:

- safe roads and roadsides
- safe speeds
- safe vehicles
- safe road use.

The Safe System approach differs from traditional approaches to road safety. Rather than always blaming the road user for causing a crash, it recognises that even responsible people sometimes make mistakes in their road use. Given that mistakes are inevitable, we need safe roads and safe vehicles to protect people from death or serious injury.

The Ministry led the development of the Safer Journeys road safety strategy, and coordinated the development of the 2013-15 action plan across a number of agencies for the National Road Safety Committee. The plan focuses on speed management, ensuring blood alcohol concentration limits appropriately reflect driver risk, drug driving impairment and vehicle safety.

The Ministry will lead implementation of the overall programme, as well as having direct responsibility for a number of actions in the plan.

The Ministry also continues to build its data resource on road safety issues to increasingly enable evidence-based advice to be provided to the government.

The Ministry provides policy advice on various issues that helps to reduce environmental and health harms from the transport system.

#### To reduce the harms from the transport system, the Ministry will:

- implement its Safer Journeys' actions.

## FEWER TRANSPORT INCIDENTS AND OTHER HARMS – MINISTRY IMPACTS AND ACTIONS

The Ministry's intended impacts in this area over the next three years, and the projects and activities that will deliver them, include the following:

#### ***Impact 7: Ministry road safety initiatives support a reduction in the number of deaths and serious injuries***

The Ministry will implement its actions under the *Safer Journeys Action Plan 2013-15*. These are actions that require a joint approach and wider partnerships to be successful.

The Ministry will, as part of a dedicated multi-agency group, develop and implement a national speed management programme. When current research on New Zealand's blood alcohol concentration limit is completed, we will develop advice on limits that reflect the actual risk that alcohol poses to drivers and riders.

We will advise government on options to reduce impairment related to drug use by moving New Zealand towards a robust, cost-effective approach to random roadside drug screening and testing, as soon as practicable and justified. This will be done by strengthening the current regime, building on existing research, undertaking further research and closely monitoring the effectiveness of drugged driving enforcement techniques internationally.

The Ministry will develop advice to government on options to improve the quality of the vehicle fleet. We will take into account the nature of the current fleet, technological developments, market trends and international experience. Over time, this will lead to cost effective policy measures that will see gradual improvements to safety, efficiency and levels of pollution from vehicles.

**Ministry work that helps reduce other harms from transport**

The Ministry will continue to contribute to the whole-of-government climate change response, including advising

government on the form and level of its post-Durban programme and binding commitment from 2020 and, more specifically, on the implications for the transport sector.

<b>FEWER TRANSPORT INCIDENTS AND OTHER HARMS</b>						
<b>Outcome measure</b>						
Reduced social cost resulting from transport-related deaths and serious injuries.		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
	Social cost of road crashes excluding non-injury crash costs (\$ billions)	4.20	3.84	3.67	3.57	3.05
Reduced number of road-related deaths.		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	Road deaths	366	385	375	284	308
There were 308 road deaths in 2012, the second lowest toll in 60 years. Changes are best viewed over a number of years to mitigate the impact on one-off influences.						
Decreased amounts of carbon dioxide emitted from domestic transport per kilometre travelled.		<b>2002</b>	<b>2004</b>	<b>2006</b>	<b>2008</b>	<b>2010</b>
	Carbon dioxide (grams) emitted per kilometre of road travel	305	303	307	314	313
<b>Impact measures – Ministry road safety initiatives support reduction in number of deaths and serious injuries</b>						
Reduced number of road-related deaths for target groups, where Ministry will initiate specific initiatives to reduce:		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	
• deaths in crashes involving young drivers		143	135	147	90	
• deaths in crashes involving alcohol/drug impaired drivers		121	140	145	86	
• deaths in crashes involving high-risk drivers.		123	129	122	Unavailable	
Reduced number of road-related serious injuries for target groups where Ministry will initiate specific initiatives to reduce:		<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	
• serious injuries in crashes involving young drivers		1,026	979	885	711	
• serious injuries in crashes involving alcohol/drug impaired drivers		613	585	557	470	
• serious injuries in crashes involving high-risk drivers.		566	520	491	Unavailable	

## IMPROVED GOVERNMENT TRANSPORT AGENCIES' PERFORMANCE

Enabling continuous improvement in the performance of transport agencies

### THE GOVERNMENT WANTS BETTER PUBLIC SERVICES

Delivering Better Public Services is one of the government's four key priorities for the next three years. This means that government agencies need to focus on improved performance, with services delivered in innovative and more effective ways, within the tight fiscal constraints that the government has to operate in over the coming years.

### THIS INCLUDES IMPROVED PERFORMANCE FROM GOVERNMENT TRANSPORT AGENCIES

Regardless of how transport agencies are funded, or how well they may be performing, there is an ongoing need to improve value for money and the quality of the services they provide.

The Ministry of Transport and the four transport agencies are responsible for approximately \$3 billion of transport expenditure annually. The government needs to be assured all those agencies are performing well and delivering value for money.

A number of the transport Crown entities also engage with citizens and businesses as regulators. These interactions need to be well managed with a strong customer focus.

### THE MINISTRY'S ROLE IN IMPROVING THE PERFORMANCE OF GOVERNMENT TRANSPORT AGENCIES

The Ministry advises on the most appropriate transport Crown entity arrangements to meet the government's objectives for transport. This includes establishing the role and regulatory powers of the entities, and their funding arrangements. The Ministry needs to have a clear understanding of the strategic direction of the entities as they evolve over time, and lead the transport sector when collective action is required.

An important role for the Ministry is to monitor the performance of the transport agencies (as regulators and service providers) and support the Minister to hold these agencies accountable for their performance and delivery of the government's economic, safety and security outcomes. To do this, the Ministry needs to understand the environment in which the agencies operate and have frameworks in place to be able to assess their performance.

#### To deliver improved performance by government transport agencies the Ministry will:

- provide ongoing assurance on the performance of government transport agencies.

## IMPROVED GOVERNMENT TRANSPORT AGENCIES' PERFORMANCE – MINISTRY IMPACTS AND ACTIONS

The Ministry's intended impacts in this area over the next three years, and the projects and activities that will deliver them, include the following:

### *Impact 8: Ongoing assurance on the performance of government transport agencies*

In 2012, the Ministry completed a review of its approach to assessing and assuring performance of government transport agencies. As a result of the review, we are embedding a better articulated approach within the Ministry and with Ministers and transport agencies. We are also developing a more systematic and strategic view on how each entity can improve performance over the medium-term (including seeking the views of agency stakeholders) and considering how best to address the Better Public Services Advisory Group Report.

The Ministry has an ongoing role in supporting the governance relationship between the Minister of Transport and Associate Minister of Transport and the government transport agencies. The Ministry advises the Minister of Transport on board appointments for all the transport Crown entities. The Ministry also advises on the government's expectations of each entity, and provides specialist advice to the Minister on how the entities are meeting these expectations, including performance, capability and strategic direction. The Ministry provides advice on entities' regular performance reports, draft statements of intent and annual reports.

We will continue to work with the Civil Aviation Authority and Maritime New Zealand to:

- establish, in consultation with their industry stakeholders, a sustainable basis for services and funding for these entities going forward
- ensure these entities have the capability and regulatory settings necessary to be effective and well-performing.

The Ministry is establishing a longer-term programme for formal reviews of transport agency services, capability and funding. This will not only include a schedule of when reviews should be undertaken, but help us to identify possible synergies that emerge from the reviews.

The Ministry also has an important leadership role in ensuring the government's transport agencies work effectively as a whole.

The Ministry's Chief Executive chairs a Transport Sector Leadership Group that comprises the Chief Executives of all the transport agencies and state-owned enterprises. This group is working together to ensure a 'joined up' approach is taken, when appropriate, to key transport issues. The Ministry will work with the transport Crown entities to develop a shared set of outcomes and measures for the transport sector.

The Ministry will continue to lead the transport Crown entities in exploring opportunities for shared business services, and subsequent implementation. The focus of this work is on business functions that will benefit from a transport sector perspective.

<b>IMPROVED GOVERNMENT TRANSPORT AGENCIES' PERFORMANCE</b>	
<b>Outcome measure</b>	
95 percent, or more, of government's and statements of intent performance expectations, are met.	This is a new measure. For the Ministry of Transport, 90 percent of its work programme was completed in 2011/12, 98 percent was completed in 2010/11 and 90 percent was completed in 2009/10. Data for preceding years has not been gathered in this manner across the transport Crown entities.
<b>Impact measures - Ongoing assurance on the performance of government transport agencies</b>	
Increased ministerial satisfaction on the performance of government transport agencies as a consequence of the timely, accurate, succinct nature of Ministry specialist governance and performance advice.	This is a new measure. We will base our assessment of progress against this measure on six-monthly assessments with the Minister and Associate Minister of Transport.

## IMPROVED PREPAREDNESS

### Improving preparedness for, and management of, shocks and major events

#### THE TRANSPORT SYSTEM NEEDS TO BE RESILIENT

The ability of the transport system to proactively plan for future needs and emergencies, and respond quickly to failures that disrupt or damage infrastructure, is a critical component of the success of the system. Much of the work the Ministry undertakes through the intermediate outcome 'Improved planning and investment in infrastructure and services' also contributes to improving the resilience of the transport system.

The transport system needs to be resilient to respond to unintentional and intentional damage. Over the last four years, the transport system has had to respond to a number of unplanned incidents including the Canterbury earthquakes and the *Rena* grounding. While we hope that we do not see repeats of these incidents over the next few years, we know that there will be unforeseen incidents to which the transport system will have to respond. The types of unintentional disruption or damage the transport system needs to be able to overcome include:

- floods, land slips and earthquakes
- major transport accidents
- failure in transport infrastructure.

A resilient transport system also needs to be well placed to respond to intentional damage caused by the actions of individuals that threaten the security of a transport service. The system also needs to be able to respond to new demands from other countries or international organisations. These demands often impose constraints or costs on operating our transport system and, through that, impact on the competitiveness of our exporters and our attractiveness as a tourism destination.

We also need the transport system to be responsive to the one-off demands placed on it by major events, such as the Rugby World Cup.

#### THE MINISTRY'S ROLE IN IMPROVING THE TRANSPORT SYSTEM'S PREPAREDNESS FOR, AND MANAGEMENT OF, SHOCKS AND MAJOR EVENTS

The Ministry improves the transport system's preparedness for, and management of, shocks and major events through its policy advice to government and its work across the government transport sector.

In its policy advice role, the Ministry supports the government's response to one-off incidents such as the *Rena* grounding or the Canterbury earthquakes.

The Ministry also leads the development of the transport emergency response plan and is the lead agency for the transport cluster that responds to national emergencies and planning exercises.

#### To improve preparedness, the Ministry will:

- reduce disruptions and loss of access to transport infrastructure and services
- reduce future risks for New Zealand from the grounding of ships.

## IMPROVED PREPAREDNESS – MINISTRY IMPACTS AND ACTIONS

The Ministry's intended impacts in this area over the next three years, and the projects and activities that will deliver them, include the following:

#### **Impact 9: Reduced disruptions to access to transport infrastructure and services**

At the strategic level we will undertake analysis to help shape and develop a common understanding of transport sector resilience, in collaboration with transport partners. At a practical level, we will continue to assess risks and resilience across the transport sector as part of our engagement in the National Security System and National Infrastructure Plan.

We will review the findings from the *Rena* grounding, including any recommendations from the Maritime New Zealand and Transport Accident Investigation Commission investigations. We will implement changes as appropriate to improve continuity of service and safety.

To improve our aviation security preparedness, we advise government on technology issues, including screening technologies, body scanners and future arrangements for liquids, aerosols and gels. Emerging issues we will advise on include technological advances in scanners and their ability to determine the contents of liquid, aerosol or gel containers, reducing the burden of current security arrangements on travellers.

#### **Impact 10: Reduced future risks for New Zealand from grounding of ships**

The Oil Pollution Levy collects monies from industry for the New Zealand Oil Pollution Fund. The Fund supports Maritime New Zealand's oil pollution preparedness and response functions as set out in the Maritime Transport Act. We will schedule a review in 2015 of the Oil Pollution Levy to ensure it is maintained at the appropriate level in the future.

## IMPROVED PREPAREDNESS FOR, AND MANAGEMENT OF, SHOCKS AND MAJOR EVENTS

### Outcome measure

Transport Response Team is ready to respond to all emergencies within one hour of being activated.	As at March 2013, no activations have been required in 2012/13.
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### Impact measures – Reduced disruptions to access to transport infrastructure and services

Increased percentage of lessons learned from post-project evaluations of major planned and unplanned events are applied to systems or frameworks to mitigate impacts of future events.	This is a new measure. Data for preceding years is not available.
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### Impact measures – Reduced future risks for New Zealand from grounding of ships

Increase in a shipowner's liability for the cost of future grounding of ships.	New Zealand's level of exposure is the costs that exceed the shipowner's liability. A shipowner's liability for maritime claims in New Zealand is, for visiting cargo ships in the typical size range, in the range of NZ\$11 million to \$15 million (actual amount determined under a formula specified by the Convention on Liability for Maritime Claims 1976). This level of shipowner's liability has remained unchanged for more than a decade. This measure is new as at March 2013. Legislation is in the House to increase the limit to \$39 million to \$56 million by 2015.
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# How our output classes contribute to our impacts and intermediate outcomes

Most of the work set out earlier in this Statement of Intent is either policy advice, governance and performance advice, or ministerial servicing work undertaken under our Multi-class Output Appropriation: Policy Advice and Related Activities. The Ministry has three other output classes that contribute to its intermediate outcomes. The Information Supporting the Estimates 2013/14 provides additional information on all the Ministry's output classes and their performance measures.

## **MILFORD SOUND / PIOPIOTAHU AERODROME OPERATION AND ADMINISTRATION**

One of the Ministry's operational functions is the operation of the Milford Sound/Piopiotahi Aerodrome in the Fiordland National Park. The aerodrome is predominantly used by tourism flight operators and the Ministry's role is to ensure the aerodrome's operational facilities comply with Civil Aviation Authority requirements and that they are maintained. This output class contributes to the 'Improved planning and investment in infrastructure and services' intermediate outcome.

## **FUEL EXCISE DUTY REFUND ADMINISTRATION**

This output class meets the costs associated with providing an administrative and accounting service for refunding fuel excise duty. The Ministry contracts the NZ Transport Agency to undertake this function on its behalf. This output class contributes to the 'Improved planning and investment in infrastructure and services' intermediate outcome, as it is part of the revenue collection system.

## **SEARCH AND RESCUE ACTIVITY COORDINATION PLAN**

The Ministry houses the secretariat function of the New Zealand Search and Rescue Council, which administers the search and rescue sector in New Zealand. The Secretariat reports to the New Zealand Search and Rescue Council, which is not part of the Ministry. This output class contributes to the 'Reduced transport incidents' intermediate outcome.

# Ministry health and capability

## BUILDING A FIRST-CLASS MINISTRY

The Ministry's purpose is to ensure the transport system helps New Zealand thrive. To focus our efforts, we have set ourselves a greatest imaginable challenge to 'create the environment to double the value from transport initiatives' over the next five years. Focussing on doubling the value from each piece of work we undertake is a significant challenge, and will require us to be innovative, to provide leadership to the sector and to deliver results.

The Ministry operates as a professional services organisation. That means that we have a flexible matrix structure that enables us to adapt quickly to meet the demands of the day and manage our people and time to work collaboratively to meet a demanding work programme.

As a Ministry, we want to focus our organisational development efforts on a small number of initiatives that will make the most difference to both our own performance and that of the transport system. Consistent with the conclusions of the recently completed Performance Improvement Framework Review, over the next two years the Ministry will focus on lifting our performance in three key areas:

### 1. *Strategic capability*

We will strengthen our strategic capability. This will include strengthening our focus on the longer term issues for transport, how these may impact on the system over time, and how the system can best respond to them. We will also enhance our understanding of the longer term opportunities to both lift the productivity of the transport sector, its contribution to economic growth and the overall wellbeing of New Zealanders.

### 2. *Sector leadership and engagement*

Our work to lift our strategic capability will support the Ministry to take a stronger leadership role within the transport sector. This will include leading the sector to establish a shared direction for the transport system and its development over time. Stakeholders have indicated their support for the Ministry taking a stronger leadership role, and for the need for greater clarity around the roles of the Ministry and other transport agencies (particularly the NZ Transport Agency in the land transport area).

### 3. *Building policy quality*

We will review our policy systems, capabilities and quality control mechanisms to identify the areas for improvement that will enable us to consistently deliver policy advice of the highest quality for Ministers. We will continue to externally benchmark the quality of our advice through the New Zealand Institute for Economic Research each year in order to understand how our advice compares with other agencies. We will augment that understanding with the results of the new policy benchmarking work that the Treasury is leading across government policy agencies. This will give us a clear understanding of our performance relative to other agencies.

## MANAGING IN A CHANGING OPERATING ENVIRONMENT

### *The Ministry's People Plan*

Recruiting and retaining a high quality workforce is central to the Ministry achieving its goals. Our People Plan provides an overview of the initiatives we have in place to manage capacity and capability over the next four years, including how we nurture and grow our staff, and how we attract and retain great people to work with us. We want to create a healthy flow into, up and out of the Ministry. We have a deliberate recruitment plan and competitive selection processes in place, along with targeted development programmes such as Lifting our Leadership and our applied Policy Adviser Development programme. We are confident we will have the necessary workforce capability to deliver on the Ministry's work programme over the next four years and beyond.

### *Shared business services*

In early 2012 the Ministry, along with the NZ Transport Agency, Maritime New Zealand, the Civil Aviation Authority and the Transport Accident Investigation Commission, established a joint initiative to develop a shared services programme for the delivery of a range of business services. The programme is led by a Steering Group reporting to the Chief Executive's Transport Sector Leadership Group.

The programme will provide a single view of functional business service delivery. It will include collaboration and common processes, shared capability and expertise, economies of scale, improved productivity, and increased agility and responsiveness.

The programme has had some early achievements in a number of areas and 2013 to 2016 will see a step change in how our business services are delivered.

### *Risk management*

The Ministry manages a broad range of risks that can affect our business, including organisational risks arising from our strategic direction and our operating environment. Our major risk is associated with a failure to deliver on our core role and to not be responsive to changing demands and the constrained fiscal environment.

The Ministry's risk approach is implemented through business processes such as strategy and priority setting, policy advice, operational planning, monitoring and reporting, and project management. Overseeing strategic risk is the responsibility of the Ministry Leadership Team.

Regular reviews of the Ministry's risk management framework ensure risks are continually identified and managed.

Organisational risks identified through this process are incorporated into the Ministry's development priorities under the Shaping our Future programme. Our primary mitigation strategy is to build a flexible, high-performing organisation.

The Ministry also has a well established Performance and Risk Advisory Group. This group provides advice to the Ministry Leadership Team on matters of strategic risk, and on performance improvement. The advice aims to challenge and complement Ministry leadership thinking, and has helped shape the success of the Ministry.

### **MANAGING OUR COSTS**

The Ministry has implemented a number of strategies to ensure we are able to manage within our appropriations from Parliament. Our flexible matrix operating model enables us to focus our resources on the highest priority issues for the government.

We have also voluntarily participated in government benchmarking exercises to help us better understand how our cost structures compare with others and where we could focus to find better value. We will continue to do this and to seek innovative ways of working to enable us to deliver value for money.

### **ASSESSING ORGANISATIONAL CAPABILITY AND HEALTH**

The Ministry uses a range of internal measures to assess its capability and health and to measure progress towards its goals.

The headline measures on which we provide year-by-year comparative data and information in our annual reports are as follows:

#### ***Core capacity***

- the total number of person-years applied, including permanent and contract staff, in our three broad activity areas of policy advice, specialist support, and business support
- a comparison of our actual profile with a desired profile of staff experience and attributes for the changing role of the Ministry
- the results of any external reviews conducted on the quality or efficiency of our core operating and information systems

#### ***Equal employment opportunities***

- the Ministry is committed to inclusive work practices and culture. As a member of the New Zealand public service, the Ministry bases appointments on merit, while recognising the employment aspirations of Maori, ethnic and minority groups, women and people with disabilities

#### ***Organisational health***

- trends in Gallup staff engagement survey results
- other measures of health, such as turnover, will be reported if trends demand it

#### ***Progress towards our Shaping Our Future programme goals***

- there is an improving trend in New Zealand Institute for Economic Research audits of the quality of our policy papers
- a baseline is set, and there is an improving trend in feedback from the Minister, central agencies, and key

Crown entities on the quality of our policy advice, the clarity of roles in the system and our contribution to Crown entity performance

- a project prioritisation and resource allocation system which meets our needs is in place and operating effectively
- a greater proportion of our effort is going into higher priority work
- everyone in the Ministry has a professional development plan in place
- there is improvement in answers to Gallup staff engagement survey questions about the individual goals of Shaping our Future.

### **DEPARTMENTAL CAPITAL AND ASSET MANAGEMENT INTENTIONS**

Each year the Ministry prepares a capital programme to ensure the Ministry has the infrastructure required to fulfil its functions. The draft programme is subject to approval by management. The assets of the Ministry and the capital programme are detailed briefly below.

#### ***Property, plant and equipment***

The Ministry of Transport operates from two offices, with the main site, and the majority of the staff, located in Wellington. All of its premises are leased, so the majority of the assets are leasehold improvements, computer equipment, fixtures and fittings.

#### ***Leasehold improvements***

The Ministry has no plans to incur significant leasehold improvement expenditure in the next four years. The Ministry moved into its Wellington office in April 2006 and into its Auckland office in July 2005.

#### ***Computer equipment***

The Ministry has a three-to-five-year rolling replacement programme for computer equipment.

#### ***Milford Sound/Piopiotahi Aerodrome***

The Ministry owns the infrastructure at Milford Sound/Piopiotahi Aerodrome.

#### ***Fixtures and fittings***

All of the Ministry's offices are fully equipped, but we need to make small ongoing purchases of replacement or additional equipment.

#### ***Intangible assets***

The Ministry has an investment in its own operational systems. A programme is in place to ensure systems continue to be fit-for-purpose.

## PROPOSED CAPITAL PROGRAMME

	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000
Property, plant and equipment	50	100	140	95
Intangible assets - software	450	410	210	360
<b>Total</b>	<b>500</b>	<b>510</b>	<b>360</b>	<b>455</b>

## RESILIENCE

The Ministry has in place emergency management plans and a business continuity plan which can be activated if there is a building, local, regional or national emergency.

In the event of a national emergency, we play a coordination role with transport agencies, providing strategic leadership to the sector to ensure it can respond quickly and effectively in an emergency. The Ministry manages this risk by maintaining the Transport National Emergency Response Plan which governs the work of the Transport Response Team.

This Team, managed by the Ministry, ensures the Ministry and transport agencies provide coordinated advice in a whole-of-government response to a national emergency. The plan continues to be developed, incorporating lessons learned from emergency exercises and events.

# Cost-effectiveness

## **COST-EFFECTIVENESS IS DIFFICULT TO ESTABLISH FOR A POLICY MINISTRY**

Cost-effectiveness is a measure of how well an organisation uses its inputs to achieve its desired outcomes. For policy agencies, such as the Ministry, demonstrating cost-effectiveness remains a challenge as it is difficult to establish the causal relationship between our outputs and progress towards the long term outcomes; outcomes are frequently impacted by the actions of numerous organisations and individuals. For example, the Ministry has led legislative changes to increase the driving age from 15 to 16. But actual reductions in the road toll will arise through a number of actions by other parties, including education and enforcement of the new driving age.

There are several constraints on the Ministry's ability to affect transport outcomes. First, the Ministry is only one player in a very large transport system. The Ministry is responsible for \$30 million of transport expenditure a year, out of total government transport expenditure of approximately \$3 billion a year. Secondly, while the Ministry has an important policy advice role, it does not have service delivery levers with which it can influence transport outcomes. Finally, the Ministry does not have complete control over the work it undertakes. The choices of the government of the day rightly have a significant influence on our annual work programme.

Notwithstanding the above, the Ministry is committed to increasing its overall effectiveness. The question that we need to be able to answer is 'are we doing the best job that we can with the resources available to us?' The Ministry addresses this question through its:

- input management
- quality management
- work programme management
- outcomes management.

### **INPUT MANAGEMENT**

Staff time, along with their skills, experience and knowledge, is the Ministry's main resource. We need our staff to value their time and get the most from every hour. To support this approach, we apply project management disciplines to our policy projects. We establish project timeframes and identify milestones that we can manage projects against to ensure projects do not consume more resource than is needed. We are looking to develop new performance management measures for different aspects of our work to enable us to benchmark our performance and then lift our productivity. In the meantime, we can measure how well we deliver our projects on time and to budget.

### **QUALITY MANAGEMENT**

We manage the quality of our work through our quality of policy advice standards. Each year we have a sample of our policy advice papers independently audited by the New Zealand Institute for Economic Research. This audit not only provides us with an independent view on the quality of our advice and areas that we could focus on for improvement, but it also enables us to see how the quality of our advice compares with other government agencies'. We have also implemented an internal review of all advice papers using the New Zealand Institute for Economic Research criteria. In addition to this, we measure the quality and subsequent cost of our advice using policy advice benchmarks set by the Treasury.

### **WORK PROGRAMME MANAGEMENT**

Our annual output plan is a statement of the results that the Minister wants from the Ministry. We manage the Ministry as a single resource to deliver on the whole output plan programme, and we record the actual percentage delivered in our annual reports. In 2011/12 we delivered 90 percent of the key initiatives in the annual work programme.

Delivering on the individual projects in the output plan enables the Ministry to achieve its intended impacts and, through them, make our contribution to the intermediate and long-term outcomes. Our intervention logic sets out the links between our outputs, impacts, intermediate and long-term outcomes.

### **OUTCOMES MANAGEMENT**

The Ministry monitors the progress that the whole of the transport sector is making towards the identified outcomes. While our impacts contribute to this, it is not always clear whether the Ministry's contribution can be singled out from other factors and, even if it could, it is likely to be too costly to undertake. So we use our outcome indicators to focus on the overall progress being made, and use a range of mechanisms to identify opportunities for us to make further contributions where needed.

### **KEY MINISTRY PERFORMANCE MANAGEMENT MEASURES**

The key performance management measures that the Ministry will use in 2013/14 are as follows:

#### ***Input management***

- percentage of policy projects managed within timeframes and allocated resources
- percentage of policy project milestones delivered each quarter
- percentage of staff time allocated to the Minister's priority projects

**Quality management**

- 90 percent of regulatory impact statements are assessed as 'meets' or 'partially meets' the required standards
- 75 percent of policy advice briefings are accepted first time by the Minister
- total cost of an hour of professional staff time devoted to policy advice and other policy unit outputs
- New Zealand Institute of Economic Research's audit of policy advice papers assesses average score for papers as 7.5 or better

**Work programme management**

- 95 percent or more of output plan delivered as agreed with the Minister
- 95 percent or more of Ministry impacts achieved through delivering underpinning projects

**Outcomes management**

- results of transport sector progress on intermediate and long-term outcomes published at least annually
- Ministry reviews outcome indicators that show less progress is being made and considers whether further Ministry action is needed.

**WE WILL REPORT ON THESE MEASURES ANNUALLY**

The Ministry will bring the results of these measures together in its annual report each year to provide an integrated assessment of its cost-effectiveness and identify areas for improvement in future years.

# Appendix: Links between government drivers, Ministry outcomes, Ministry impacts and Ministry appropriations

Government drivers	Ministry intermediate outcomes	Ministry impacts	Vote Transport Appropriation – output class
Better quality regulation	<b>Better quality regulation</b>	1 A more efficient transport regulatory system that does not impose unnecessary costs on users	Policy advice Ministerial servicing
Opening markets	<b>Open and efficient transport markets</b>	2 Reduced or removed barriers to entry to domestic or international markets	Policy advice Ministerial servicing Milford Sound /Piopiotahi Aerodrome operation and administration
		3 Transport sector has increased information available to it	Policy advice Ministerial servicing
Investment in infrastructure	<b>Improved planning and investment in infrastructure and services</b>	4 Central and local government have good frameworks for investment decision-making	Policy advice Clifford Bay ferry terminal Ministerial servicing
		5 The Ministry provides good investment advice (in the national interest)	Policy advice Ministerial servicing
		6 Enough money is raised efficiently and fairly to fund investment priorities	Policy advice Ministerial servicing Fuel excise duty refund administration
Safer transport system	<b>Decreased transport incidents and other harms</b>	7 Ministry road safety initiatives support reduction in number of deaths and serious injuries	Policy advice Ministerial servicing
Investment in infrastructure	<b>Improved government transport agencies' performance</b>	8 Ongoing assurance on the performance of government transport agencies	Policy advice Ministerial servicing Governance and performance advice on Crown agencies
Responding to other issues	<b>Improved preparedness</b>	9 Reduced disruptions to access to transport infrastructure and services	Policy advice Ministerial servicing
		10 Reduced future risks for New Zealand from grounding of ships	Policy advice Ministerial servicing

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