



**Statement of Intent**  
2014 -2018

OUR GREATEST IMAGINABLE CHALLENGE

# CREATE THE ENVIRONMENT TO DOUBLE THE VALUE FROM TRANSPORT INITIATIVE

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ASPIRATIONAL  
INFLUENTIAL  
CARING  
COURAGEOUS  
RIGOROUS  
SAVVY  
COLLABORATIVE

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## Foreword from the Minister of Transport

The New Zealand transport system connects us to each other. It links us from our homes to our families, our workplaces and our social lives. Transport helps us get to where we need to be, and enables us to get what we need to carry out our daily life.

Our transport system also has a crucial role to play in supporting the prosperity of New Zealand. Trade is reliant on efficient and reliable freight movements within New Zealand and to and from our ports. Our tourism sector is also dependent on an effective and safe transport system, connecting our environment with the rest of the world.

To achieve a better connected New Zealand, the government has set out 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. This government has invested substantially in the long term future of New Zealand to ensure that our transport infrastructure supports this growth.

Auckland transport is a major aspect of this growth, and we have announced plans to progress the next generation of Auckland transport infrastructure projects: the City Rail Link, the second Waitemata Harbour crossing, the Auckland Manukau Eastern Transport Initiative and the East-West Link. We have also announced our intention to provide additional funding to accelerate key State highway projects that will address congestion, capitalise on the benefits of the Western Ring Route and improve access to Auckland airport.

Nationally, the seven Roads of National Significance continue to progress well, with one already completed. We are continuing to build our understanding of freight infrastructure, through the National Freight Demand Study and the Freight Information Gathering System which will enable better planning and use of our freight network. This government is also developing an Intelligent Transport Systems Action Plan that sets our strategic aims for the use of technologies that will enhance our transport system.

This year we will issue a new Government Policy Statement on Land Transport. This will set out the government's priorities for expenditure from the National Land Transport Fund for the next 10 years, and will come into effect in 2015.

### Better quality regulation

Good regulation supports growth and minimises unnecessary costs and harm. This government has worked to reform the driver and vehicle licensing system, and during 2014-2018 we will continue to see warrant and certificate of fitness changes come into effect, as well as a new Land Transport Management Act and new Maritime legislation. We are in the process of reviewing the Civil Aviation Act 1990 and this will provide clearer and more accessible legislation for the aviation sector.

I will also be looking at how regulatory changes might ensure that the transport regulatory framework is well-placed to adopt technological advances.

### A safer transport system

A safe transport system benefits us socially and economically. In order to improve safety on our roads we have continued to implement the second Safer Journeys action plan for the 2013-15 period, focusing on speed management and vehicle safety. We have also worked to reduce the blood alcohol limit for adult drivers, with the aim of making our roads safer, saving lives and preventing serious injuries.

### Opening markets

Competitive and open domestic and international markets drive down costs and enable new opportunities for economic activity and social interaction. New Zealand currently has air services agreements with 64 states or territories. As part of our air services liberalisation programme, in the past year this government has negotiated new or enhanced air services arrangements with 18 states or territories. We are entering into negotiations for a further 8 new arrangements, and other negotiations will be pursued.

### Responding to other issues

Unforeseen issues can arise in the transport sector (such as the 2010/11 earthquakes or the *MV 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 have the flexibility to be able to respond to other changes in priorities that may arise over the next four years.

### 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 next four years, the Ministry of Transport will deliver on government priorities, in addition to building our strategic capabilities and capacity. The Ministry's purpose is to ensure the transport sector helps New Zealand to thrive. We have also set ourselves the challenge of creating the environment to double the value from transport initiatives. We want to strengthen our strategic capabilities to ensure that the New Zealand transport system is efficient, effective, resilient and safe for the long term.

Over the last year we developed several key pieces of work to help shape the future of the transport system. We provided advice to the Minister to support his decisions for the Auckland transport package, and to make a decision regarding a proposed ferry terminal at Clifford Bay. We also delivered a key reform package for vehicle licensing, developed an Intelligent Transport Systems Action Plan and coordinated a new approach to gathering information on freight movements around the country.

In addition to these key pieces of work, and in response to our Performance Indicator Framework review, we are strengthening our strategic knowledge and capability. As part of the Ministry's Shaping our Future programme, we have engaged new strategy directors, who will bring fresh thinking into the Ministry. We are deepening our understanding of our markets and developing an analytical framework to ensure that we appropriately support the New Zealand transport sector and the Minister of Transport.

We have developed a system map of the New Zealand transport sector and in future we will use this to gauge the effects of policy on different parts of the system. We are also engaging in environmental scanning and scenarios work in order to be best prepared for what the future may bring. Changing demographics, technologies, patterns in freight movements and social expectations each put pressures on the transport system and we are investigating how we should respond to these trends and pressures.

A key issue that we will be focusing on over the next four years is collaboration across the transport sector. We will work to strengthen the governance and leadership of the sector between Crown entities, the Ministry, the transport industry, key customers and other stakeholders to ensure that the sector delivers the best that it can within available resource.

We will also work to ensure that we collaborate to lift results across the entire sector. For example, the National Road Safety Committee is delivering good outcomes, with the road toll in 2013 being the lowest in 60 years. This is a result of the transport sector working together towards this common purpose.

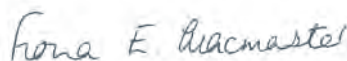
### CHIEF EXECUTIVE STATEMENT OF RESPONSIBILITY

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 [2014/15 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



## The Ministry's nature and scope

As a trading nation, New Zealand relies on transport infrastructure and services to get goods to international markets, to move goods around the country and to enable social connectivity within communities. In addition, the transport sector is an important part of the New Zealand economy in its own right. For example, the transport, postal and warehousing industry employs more than 85,000 people, and this 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 more than \$3 billion in it each year. This is primarily in the land transport system.

The Ministry of Transport has a broad responsibility to provide advice across the whole of the transport system and the regulatory framework that supports it. The Ministry is focused on developing a transport system that maximises the economic and social benefits to New Zealand and minimises the harm that arises from the system. 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 has a role in ensuring that activities are aligned across the transport sector.

### 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 advice to the Minister and Associate Minister of Transport. Our role is to:

- ▶ understand the transport environment and how firms and local authorities will respond to different settings
- ▶ lead thinking on strategy for the success of the overall system
- ▶ facilitate conversations with the transport sector to join up their activities to improve the performance of the transport system
- ▶ advise on the structure of the transport Crown entities and their capabilities (including funding and governance).

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
- ▶ representing New Zealand at international fora
- ▶ licensing all international airlines operating to and from New Zealand
- ▶ refunding fuel excise duty (contracted to the NZ Transport Agency)
- ▶ operating 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 to provide a public weather warning and forecast service.

### Working with others

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.



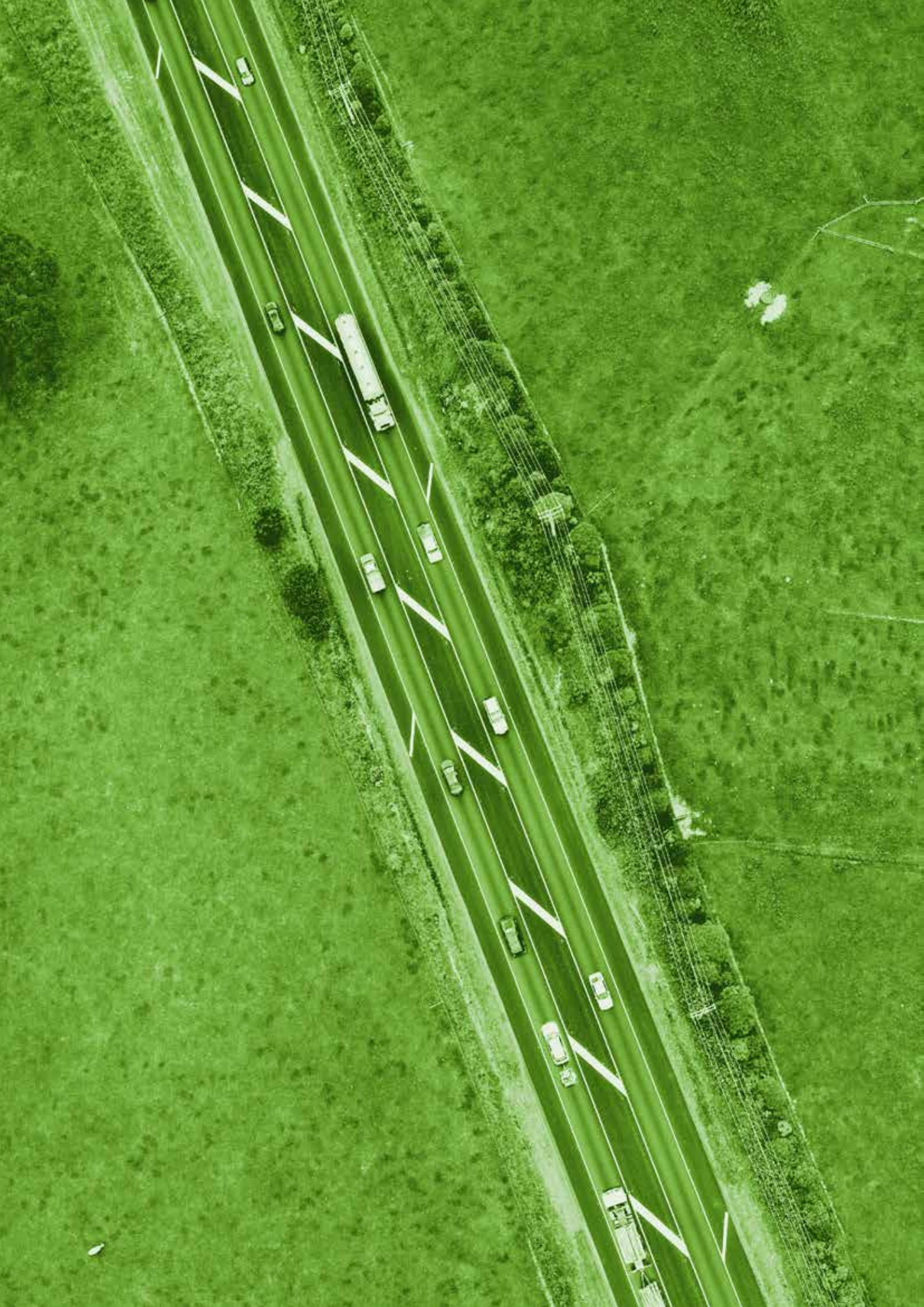
# THE NEW ZEALAND GOVERNMENT TRANSPORT SECTOR

## 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.

<b>CIVIL AVIATION AUTHORITY (INCLUDING THE AVIATION SECURITY SERVICE)</b>	<b>MARITIME New Zealand</b>	<b>NZ TRANSPORT AGENCY</b>	<b>TRANSPORT ACCIDENT INVESTIGATION COMMISSION</b>
<p><b>Civil Aviation Authority</b> Establishes and monitors civil aviation safety and security standards, carries out air accident and incident investigations, and promotes aviation safety and personal security.</p> <p><b>Aviation Security Service</b> Provides aviation security services for international and domestic air operations, including airport security, passenger and baggage screening.</p>	<p>Promotes commercial and recreational vessel safety, marine environment protection standards, and monitors port and ship security. Controls entry to the maritime system through granting of maritime documents and inspection of ships, and advises on international conventions. Investigates maritime accidents and coordinates category II search and rescue. Provides oil spill preparedness and response, navigation aids and the distress and safety radio communications system.</p>	<p>Allocates funding for land transport infrastructure and services through the National Land Transport Programme. Manages access to the transport system through driver and vehicle licensing, vehicle inspections and rules development. Provides land transport safety and sustainability information and education. Manages the State highway network, including maintenance, improvements and operations activities.</p>	<p>[Independent Crown agency] Investigates significant air, maritime and rail accidents and incidents to determine their cause and circumstances so that similar occurrences are avoided in future.</p>

<b>THREE STATE-OWNED ENTERPRISES WITH TRANSPORT FUNCTIONS</b>	<b>LOCAL GOVERNMENT</b>	<b>New Zealand POLICE</b>
<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 28.8 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>



# The Ministry's strategic context and framework

## Transport is critical to the success of our economy and society

Transport is a critical component of daily life for all of New Zealand's businesses and citizens. The transport system is New Zealand's primary mechanism for international connectivity, linking our businesses to their export markets and supporting New Zealand's \$23 billion-a-year tourism industry. Safe aviation and maritime systems underpin that by providing the confidence necessary for international aviation and maritime lines to operate in New Zealand. The aviation sector is responsible for the movement of almost \$5 billion of exports annually, while more than \$40 billion of exports are moved by sea.

The transport system is also vital for domestic connectivity. In the roading network, 18 billion tonne-kilometres of freight is moved each year, with a further 4.6 billion tonne-kilometres being moved by rail. Light passenger vehicles travelled an estimated 31 billion kilometres in 2012. The social cost of road injuries has reduced from \$3.9 billion in 2008 to \$3.3 billion in 2012, while the annual road toll has reduced from 384 in 2009 to 254 in 2013.

The transport system also has environmental impacts, with 19 percent of New Zealand's greenhouse gas emissions arising from domestic transport. There were 133 million public transport trips (bus, train, ferry) last year, with the number of trips rising by 3.3 percent per year on average over the last 10 years. Cars account for 96 percent of all vehicle trips (motorcycle, car or public transport).

In addition to its economic role, transport contributes to and enables wellbeing, social connectivity and the leisure pursuits of New Zealanders. New Zealand has 1,450 passenger vessels and 500,000 pleasure craft, while 100 commercial jet boats and 300 whitewater rafts carry around 450,000 passengers on our inland waterways annually. New Zealand also has 5,000 registered aircraft and more than 10,000 licensed pilots.

## The government's priorities for the next four 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. These are: export markets, innovation, infrastructure, skilled and safe workplaces, natural resources, and capital.

## The work of the Ministry supports these

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.

The Ministry also supports improved performance across the government transport agencies.

## Our focus on outcomes

Over the next four 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.

## Long-term influences

New Zealand and the transport system face a number of long-term issues. The choices we make over the coming years as we improve the transport system will need to occur against the backdrop of:

- ▶ major demographic changes including:
  - ▶ an ageing population
  - ▶ population growth to five million by the mid-2020s
  - ▶ significant forecast population growth in Auckland and to a lesser extent the rest of the upper North Island, and generally slower growth, stable or declining populations elsewhere
- ▶ changing trends in transport consumption per person in New Zealand
- ▶ projected growth in the level of freight movements
- ▶ an expectation of volatile fuel prices
- ▶ increased social expectations for the level of service from the transport system: reduced congestion, a safer system, greater resilience and less environmental impact
- ▶ decreased cost of information technology that offers new opportunities to lift the performance of the transport system.

## THE MINISTRY'S STRATEGIC OUTCOMES FRAMEWORK

The strategic framework 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.

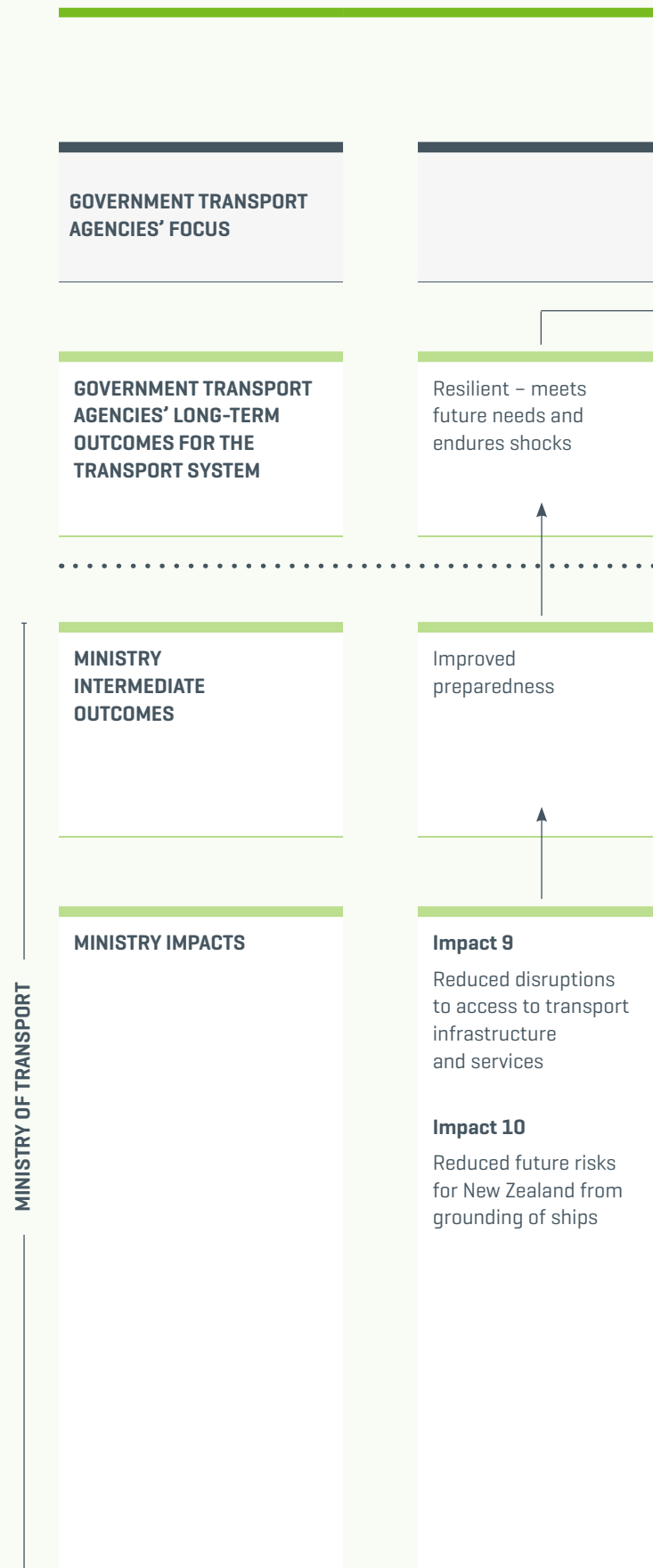
The long-term outcomes are expected to be achieved over the next 20 or more years, as a consequence of the contributions made by the Ministry and a wide range of other stakeholders and transport system users. At present we can measure the progress the transport system is making towards those outcomes annually through our long-term indicators. The Ministry is working with the government's transport agencies to develop a common set of performance measures that can be used to help us measure the achievement of our long-term outcomes across the transport sector.

**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.



## MINISTRY'S STRATEGIC OUTCOMES FRAMEWORK

A transport system that maximises economic and social benefits for New Zealand and minimises harm

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

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

Safe and responsible – reduces the harms from transport

Open and efficient transport markets

Improved planning and investment in infrastructure and services

Better quality regulation

Improved government transport agencies' performance

Fewer transport incidents and other harms

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

**Impact 3**  
Transport sector has increased information available to it

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

**Impact 5**  
The Ministry provides good investment advice [in the national interest]

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

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

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

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

## The Ministry's 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 circumstances, technologies and priorities over time. The objective is to create a transport system that maximises economic and social benefits for New Zealand, and minimises harm. It is for the government of the day to decide on the relative emphasis between these.

We have four long-term outcomes for the transport system that we will pursue over the next 20 or more years. We are aiming to create a transport system which is:

- ▶ 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 of transport services, has a significant influence on the role transport plays and its contribution to the functioning of a successful, competitive economy and a connected society.

It is also important for the transport system itself to have the right mix between lower costs and service quality, so it is not a burden on the country. Funding for transport is, like funding for other areas of government expenditure, a scarce resource.

### **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 and the related uncertainties.

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 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.

### **WE WILL REPORT PROGRESS 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]. The framework 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 transport Crown entities and the wider sector to improve our current set of performance measures and indicators for the transport sector. We will use these new measures in our future reporting.



## The Ministry's intermediate outcomes and what we intend to achieve

The four long-term outcomes are supported by six intermediate outcomes which 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 that 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.

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 four-year work programme

The next section of the Statement of Intent sets out the key elements of the Ministry's four-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

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.

Lifting the quality of transport regulation will:

- ▶ minimise regulatory costs and charges so businesses and others are not burdened by unnecessary compliance costs or outdated regulation
- ▶ help markets function well by ensuring regulations do not inadvertently create barriers to entry, reduce the effective flow of information, confer monopoly rights or inhibit innovation
- ▶ ensure 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 NZ and the NZ 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 – WHAT WE INTEND TO ACHIEVE

The Ministry’s intended impacts in this area over the next four 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

##### A fit-for-purpose regulatory system

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 and whether there are better alternatives, for example, less or no regulation, different regulation or non-regulatory policies. The Ministry is examining transport regulation to identify where regulations, or the application of these regulations, may be inhibiting the effective operation of markets and to better understand the factors contributing to such unintended effects.

### **Civil aviation law reform**

We are reviewing 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. We will provide advice to the Minister, and consult on proposed changes to these Acts by the end of June 2014.

### **Annual rules programme**

The Ministry will actively manage the annual rules programme with the Civil Aviation Authority, Maritime NZ 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.

### **Driver licensing reform**

The Ministry is reviewing the current Driver Licensing Rule, ensuring it reflects the needs of the transport system. The review aims to clarify the Rule, reducing and simplifying compliance requirements and transactions. We will provide advice to the Minister and Cabinet on changes to the Rule in 2015.

### **Vehicle licensing reform**

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 in early 2013, the Ministry and the NZ Transport Agency have been 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 less 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. The estimated \$160-460 million in benefits (to the commercial vehicle sector) over 30 years should start to be realised during 2015 with the first appointments of new inspection organisations, sites and inspectors.

Further work is being undertaken to develop specific proposals to improve annual vehicle licensing compliance.

### **Road user charges**

Following on from the first evaluation of the Road User Charges Act 2012 in 2013, we will complete the second scheduled evaluation in 2014. The second evaluation will focus on how well the new system is working and how this relates to the outcomes that were expected from the road user charges system reform. The evaluation will link with, and build on, the first cycle evaluation results. It will inform ongoing implementation and maintenance of road user charges legislation.

## BETTER QUALITY REGULATION – HOW PERFORMANCE WILL BE ASSESSED

<b>Outcome measures</b>					
Changes to transport regulatory environment are estimated to provide a net economic benefit to the economy.	Regulatory changes commonly involve a mix of monetarised and non-monetarised costs and benefits. An assessment of 16 regulatory impact statements in 2012 identified monetarised benefits of \$19.65 million per annum for 10 years.				
100 percent of transport regulatory impact statements are assessed as 'meets' or 'partially meets' quality criteria.	In 2013/14 (to 31 March 2014) all 9 of the Ministry's regulatory impact statements met the quality criteria [100 percent] 2012/13: 10 met, 3 partially met; 2011/12: 6 met, 11 partially met, 1 did not meet quality criteria; 2010/11: 9 met, 1 partially met; 2009/10: 15 met, 8 partially met.				
<b>Impact measures – a more efficient transport regulatory system that does not impose unnecessary costs on users</b>					
90 percent of the scheduled programme of periodic reviews of regulations and rules completed in scheduled review year.	100 percent of the 2012/13 programme of periodic reviews was completed during the year. This was a new measure in 2012/13. 2013/14 is tracking at 100 percent.				
Reduced average timeframe for rule development [from commencement of rule development process to rule coming into force].	<b>Average age of rules projects</b>				
	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
	3.9 years	4.5 years	4.9 years	3.5 years	3.3 years as at 31 March 2014



## Open and efficient transport markets

Efficient and well-functioning markets produce significant benefits for society. Well-functioning markets allocate resources to their most valued use. 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 (or there are subsidies or taxes to match the externalities)
- ▶ 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

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 providing transport infrastructure or services for an area.

Some transport markets are competitive (for example, road freight and taxis), in some there is a degree of domination by particular firms (for example road construction or aviation), and in urban transport there is a 'market failure' related to congestion. The Ministry, in consultation with stakeholders, is deepening its understanding of transport markets and of actions that could be taken on those that are not functioning well.

A market in which the Ministry is active is international aviation. Airlines can only operate to and from New Zealand by our agreement; and likewise, New Zealand can only operate to other sovereign territories by their agreement. 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 better information on the sector.

## **OPEN AND EFFICIENT TRANSPORT MARKETS – WHAT WE INTEND TO ACHIEVE**

The Ministry's intended impacts in this area over the next four 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**

#### **Stakeholder engagement**

The Ministry is focusing on collaborating more closely with non-government stakeholders in the transport system. This will strengthen the Ministry's understanding of how transport markets operate 'on the ground' and identify opportunities to further enhance the efficiency of those markets.

#### **International air services agreements**

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 and from New Zealand. This will reduce the cost of air travel, lift tourist numbers, provide additional export capacity for time-sensitive exports and increase New Zealand's connections to international markets.

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.

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 will actively participate in the international fora where these discussions are occurring, including ICAO and APEC. It will also consult with individual countries and airlines that, like New Zealand, are pressing for liberalisation.

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.

#### **Public Transport Operating Model**

Domestically, the legislative elements of the Public Transport Operating Model were enacted in mid-2013, and regions are now expected to progressively implement the new arrangements, including adopting a new public transport plan, and entering into new contracting arrangements with public transport operators. The Ministry, in conjunction with the NZ Transport Agency and in consultation with the Public Transport Leadership Forum, will report on the implementation and operation of the Public Transport Operating Model by the end of 2015.

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

#### **Research strategy and Domain Plan**

The Ministry will continue to build its evidence base across the transport sector and collect important data currently not captured. Over time, the aim is to develop a research strategy for the sector.

#### **Future freight services, scenarios and plans**

We will facilitate discussions with major industry players to establish a shared view of future freight services, building on recently released Ministry information on port container handling rates, freight movements and our recent study on the future of New Zealand ports. This will provide the NZ Transport Agency, ports and industry with clear information on which to base their investment decisions.

Through our Freight Information Gathering System, the Ministry will continue to provide quarterly information on freight container movements through New Zealand's ports.

The first National Freight Demand Study was undertaken in 2008. Given the changes that have occurred in the international economy since then, we have refreshed the study to provide a more current assessment of future demand.

## OPEN AND EFFICIENT TRANSPORT MARKETS – HOW PERFORMANCE WILL BE ASSESSED

### Outcome measures

Increased number of international passenger movements to and from New Zealand.	International passenger movements to and from New Zealand (millions): 2013 - 10.0 2012 - 9.7 2011 - 9.6 2010 - 9.3 2009 - 8.9
Increased number of international flights that depart from New Zealand.	International flights departing New Zealand: 2013 - 32,332 2012 - 30,787 2011 - 31,434 2010 - 30,860 2009 - 30,322
Increased public transport passenger boardings.	Public transport passenger boardings (millions): 2012/13 - 133 2011/12 - 133 2010/11 - 133 2009/10 - 128 2008/09 - 126

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

<p>International air services agreements provide for greater access to other countries, and for an increased number of services.</p>	<p>New Zealand currently has air services agreements with 64 States or territories.</p> <p>In the first nine months of 2013/14, New Zealand negotiated new or enhanced air services arrangements with 18 countries: Ethiopia, Finland, Hong Kong, Indonesia, Jamaica, Luxembourg, Mongolia, Norway, Papua New Guinea, Saudi Arabia, South Africa, Sri Lanka, Sweden, Switzerland, Cambodia, Togo, Vietnam, Zambia.</p> <p>Cabinet mandates have been obtained for further negotiations with the Philippines, India, Thailand, Colombia, Peru, Panama, Mexico, South Korea, and Argentina. Further negotiations will be pursued where opportunities arise.</p>
<p>Decreased ratio of subsidy to public transport passenger boardings<sup>1</sup>.</p>	<p>Subsidy per passenger boarding (growth relative to 2007/08, based on 2007/08 = 100):</p> <p>2012/13 -115</p> <p>2011/12 -115</p> <p>2010/11- 104</p> <p>2009/10 - 106</p> <p>2008/09 - 123</p>

<sup>1</sup> Includes SuperGold Card, central and local government public transport contributions dollars. 2007/08 is base year.

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

<p>Increased range of freight information is captured within the Freight Information Gathering System.</p>	<p>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.</p>
<p>Port productivity data for New Zealand's six largest ports is publicly available.</p>	<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).</li> </ul>



## Improved planning and investment in infrastructure and services

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 to improve 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, 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.

Transport infrastructure often lasts for decades or longer, influencing business investment and local urban development patterns. Decision-making therefore needs to consider these factors and current and likely future demand, 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.

### 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.

Road transport infrastructure is largely funded from revenue generated from fuel excise duty, road user charges and local authority rates. This contrasts with the aviation and maritime sectors that are largely self-funded. Rail freight, metro rail and bus public transport are funded from a mix of revenue and central and local government contributions.

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 that New Zealand will need in the future.

### 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, and for walking and cycling. Analysing changing demographics and the economic rationale for increasing expenditure in these areas inform 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

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

State-owned enterprise KiwiRail has responsibility for the rail track network and moves approximately 16 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 by doing so 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 \$844 million in the 10-year KiwiRail Turnaround Plan to 30 June 2014 and an additional \$198 million to 30 June 2015.

#### 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 – WHAT WE INTEND TO ACHIEVE

The Ministry's intended impacts in this area over the next four 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

##### National Land Transport Fund

The Ministry will develop advice to address the pressures on the transport funding system. The pressure is a consequence of significant issues including the rebuild of Canterbury's transport infrastructure and ongoing needs for significant improvements in Auckland's transport infrastructure. 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 2014 and 2015. We will continue to monitor the effectiveness of these changes and the ongoing need and use for the revenue generated. Work is underway on amending the short-term borrowing facilities available to the NZ Transport Agency so that the revenue collected can be spent as efficiently as possible. 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 their impact on demand, and the operation of the transport system.

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 NZ Transport Agency, the transport industry 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. This will include future freight growth, demographic changes nationally and within our communities, and changes in urban form and population density. We have started a demand modelling project to begin to improve our understanding of the demand across all passenger transport modes, which will help to assess where in the transport system investments are best targeted.

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 as necessary.

#### **Intelligent transport systems**

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 advised the government on 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. The action plan provides a strategic overview of the government's aims for the transport system and will help inform government and non-government decisions about investing in, and deploying, new transport technologies.

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

##### **Auckland transport**

Auckland is forecast to account for over 60 percent of New Zealand's population growth through to 2030. This growth will drive a significant increase in demand for travel. Improving 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 continue to work with Auckland stakeholders on the next generation of major projects, and provide advice to Ministers on projects where Crown investment may be required.

The Ministry will also monitor the implementation of the government's Auckland Transport Package. The package is focused on accelerating key State highway projects that will address congestion, capitalise on the benefits of the Western Ring Route and improve access to Auckland airport.

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

##### **KiwiRail investment**

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

##### **Regional airports**

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**

##### **Government Policy Statement on Land Transport**

The Government Policy Statement on Land Transport is a key lever for the government to deliver its land transport priorities. The next Statement is expected to be released in 2014 and will come into effect on 1 July 2015. This will set out the government's priorities for expenditure from the National Land Transport Fund for the next 10 years. It will also determine how funding will be shared between activities such as road policing, road safety promotion, State highways, local roads and public transport.

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 – HOW PERFORMANCE WILL BE ASSESSED

### Outcome measures

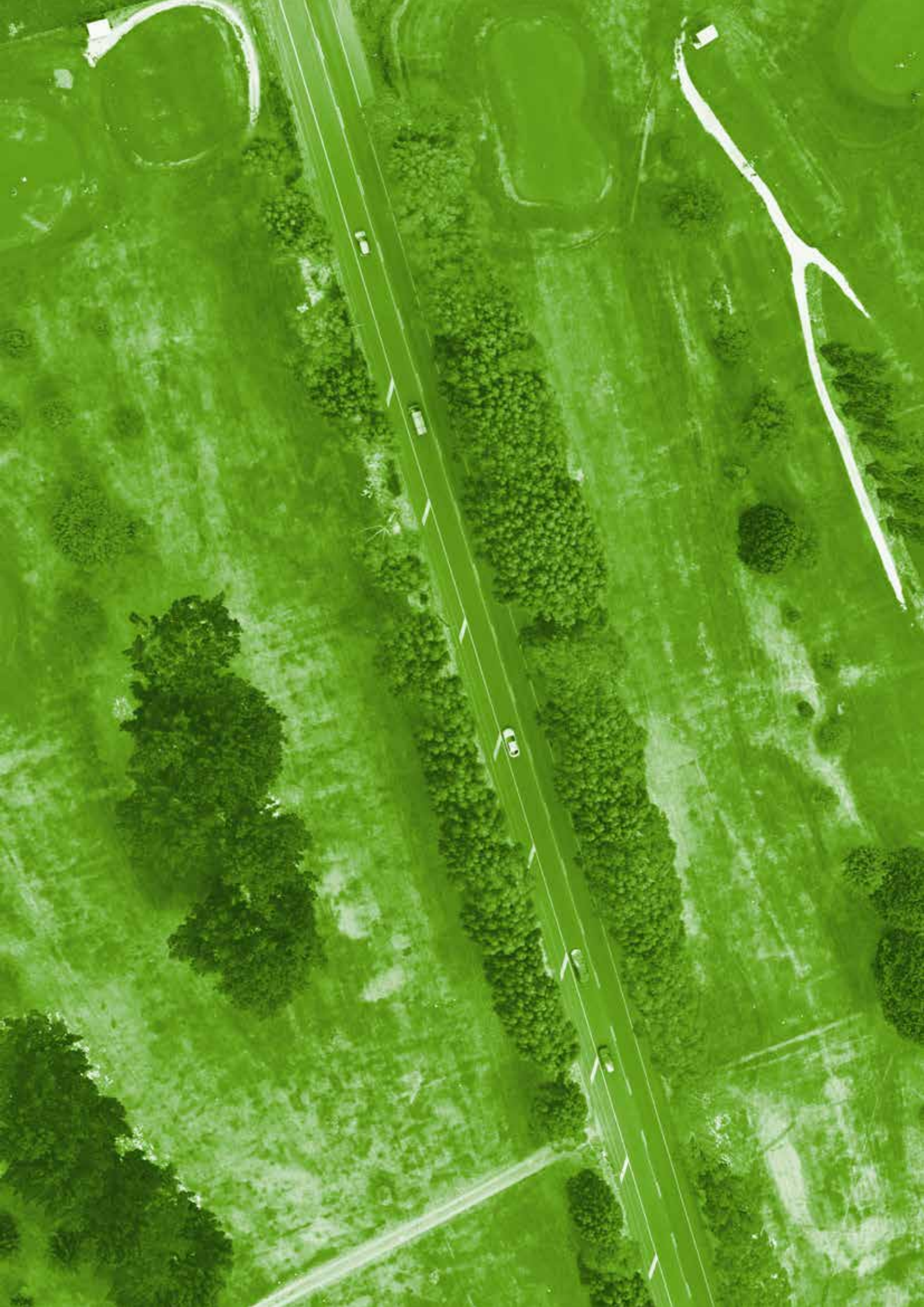
Decreased network congestion in the A.M. peak period in the five largest metropolitan areas.	Congestion index [min delay/km], March surveys					
		<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	Auckland A.M. peak	0.88	0.76	0.66	0.69	Not yet available
	Tauranga A.M. peak	0.35	0.27	0.33	0.37	Not yet available
	Wellington A.M. peak	0.42	0.57	0.55	0.54	Not yet available
	Christchurch A.M. peak	0.64	0.75	*	*	Not yet available
	Hamilton A.M. peak	0.52	0.40	0.52	0.50	Not yet available
*Comparable data not available due to impact of Canterbury earthquakes						
Increased level of freight moved by KiwiRail.		<b>2008/ 09</b>	<b>2009/ 10</b>	<b>2010/ 11</b>	<b>2011/ 12</b>	<b>2012/ 13</b>
	Freight moved by KiwiRail [tonne-kms in billions]	4.0	3.9	4.2	4.6	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.	The New Zealand Institute of Economic Research assessed two significant papers that related to major investment projects [relating to the Clifford Bay ferry proposal and KiwiRail] in 2012/13 and assessed both papers as 9 out of 10.
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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 change in traffic volumes.	Revenue growth relative to kilometres-travelled growth* in percentages.					
		<b>2008/ 09</b>	<b>2009/ 10</b>	<b>2010/ 11</b>	<b>2011/ 12</b>	<b>2012/ 13</b>
	Fuel excise duty and light RUC revenue growth	93	101	101	99	102
	Fuel excise duty and light RUC vehicles kilometres-travelled growth	99	100	99	99	100
	Heavy vehicle RUC revenue growth	95	99	108	106	105
	Heavy vehicles tonnes-kilometres growth	96	95	101	103	Not available
* 2007/08 is base year, calculations adjusted to 2011/12 dollars and percentages rounded.						
All questions or issues raised by a 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.	Achieved					



## Fewer transport incidents and other harms – Decreasing the rates of transport-related death and injury, and other harms.

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. There have been two action plans published to date; the first for 2011-12 and the second for 2013-15. 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 two action plans across a number of agencies for the National Road Safety Committee. The 2013-15 action plan focuses on speed management, ensuring blood alcohol concentration limits appropriately reflect driver risk, drug driving impairment and vehicle safety. The Ministry is leading the 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:

- ▶ continue to implement its Safer Journeys actions.

### FEWER TRANSPORT INCIDENTS AND OTHER HARMS – WHAT WE INTEND TO ACHIEVE

The Ministry's intended impacts in this area over the next four 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

##### Safer Journeys

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.

We will advise government on options to reduce drug impairment 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.

##### Improving the quality of the vehicle fleet

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, international experience and social impacts. 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 binding commitment from 2020 and, more specifically, on the implications for the transport sector. In addition, it will continue to contribute to the responses of the International Maritime Organisation and the International Civil Aviation Organisation to climate change.

## FEWER TRANSPORT INCIDENTS AND OTHER HARMS – HOW PERFORMANCE WILL BE ASSESSED

### Outcome measures

Reduced social cost resulting from transport-related deaths and injuries.	Social cost of road crashes excluding non-injury crash costs (\$ billions) in June 2012 prices	2009	2010	2011	2012	2013	
		3.75	3.70	3.16	3.19	2.93	
Reduced number of road-related deaths.	Road deaths	385	375	284	308	254	
	There were 254 road deaths in 2013, the lowest toll in over 60 years. Changes are best viewed over a number of years to mitigate the impact of one-off influences.						
Decreased amounts of carbon dioxide emitted from domestic.	Carbon dioxide (grams) emitted per kilometre of road travel	2002	2002	2004	2006	2008	2012
		366	366	385	375	284	308

### Impact measures – Ministry road safety initiatives support reduction in number of deaths and serious injuries

Reduced number of road-related deaths for target groups, where Ministry will initiate specific initiatives to reduce:		2009	2010	2011	2012	2013
	▸ deaths in crashes involving young drivers	135	147	90	87	81
	▸ deaths in crashes involving alcohol/drug-impaired drivers	142	144	87	102	78
	▸ deaths in crashes involving high-risk drivers	129	122	Data not available	Data not available	Data not available
Reduced number of road-related serious injuries for target groups, where Ministry will initiate specific initiatives to reduce:		2008	2009	2010	2011	2012
	▸ serious injuries in crashes involving young drivers	1,026	979	885	713	704
	▸ serious injuries in crashes involving alcohol/drug-impaired drivers	613	585	557	470	468
	▸ serious injuries in crashes involving high-risk drivers	566	520	491		Data not available

# Improving government transport agencies' performance

- Enabling and facilitating continuous improvement in the performance of transport agencies

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

The Ministry, and each transport agency, has an individual responsibility to identify and address its capability and capacity needs in order to lift its effectiveness and efficiency and deliver better value for money. This means transport agencies need to be focused on the future demands for the transport system, customer and government expectations, fiscal constraints and how they evolve their business models and capabilities to be fit-for-purpose in a changing environment.

The government needs to be satisfied that the agencies are performing well and delivering outcomes that represent value for money.

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

The Ministry advises the Minister and the government on the most appropriate government transport agency 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 will continue to develop 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.

A core 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 transport specific economic, safety and security outcomes. To do this, the Ministry needs to understand the environment in which the agencies operate, consider the strategic and funding implications and have frameworks in place to be able to assess their performance.

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

- ▶ provide rigorous analysis and robust advice on the performance of government transport agencies.

## IMPROVED GOVERNMENT TRANSPORT AGENCIES' PERFORMANCE – WHAT WE INTEND TO ACHIEVE

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 entities. 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, strategic, financial and risk planning, draft statements of intent and annual reports.

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

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

#### Reforming business and regulatory models

In 2013, the Ministry completed a review of its approach to assessing and monitoring performance of government transport agencies. As a result of the review, we are implementing a range of initiatives that will enhance the relationships between the Ministry and Ministers and transport agencies. We are 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 is now implementing 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.



### Improved sector coordination

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.

### Shared services

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 that capitalises on specialist expertise and best-practice models.

## IMPROVED GOVERNMENT TRANSPORT AGENCIES’ PERFORMANCE – HOW PERFORMANCE WILL BE ASSESSED

### Outcome measure

95 percent, or more, of the Statement of Intent’s performance expectation, are met.

For the Ministry of Transport, 90 percent of its work programme was completed in 2012/13, 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.

### Impact measures – ongoing assurance on the performance of government transport agencies

Increased Ministerial satisfaction on the performance of the government transport agencies as a consequence of the timely, accurate, succinct nature of Ministry specialist governance and performance advice.

Two Ministerial satisfaction surveys were completed in 2013. The Ministry average score was 60 percent.

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

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 few years, the transport system has had to respond to a number of unplanned incidents including the 2010-11 Canterbury earthquakes and the *MV 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 Cricket World Cup and the Under 20 FIFA World Cup in 2015.

### 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 *MV 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.

#### The Ministry will work to:

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

### IMPROVED PREPAREDNESS – WHAT WE INTEND TO ACHIEVE

The Ministry’s intended impacts in this area over the next four 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 national security and infrastructure arrangements.

We will continue to learn from the *MV Rena* grounding in order to reduce the likelihood or impact of similar incidents in the future, and to respond more effectively should they occur.

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. We aim to reduce the burden of current security arrangements on travellers.

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

Maritime NZ will test its strengthened maritime incident response capability by way of a national exercise, scheduled for May 2014. The Ministry will support Maritime NZ in its coordination of this whole-of-government test of agencies’ ability to respond to a significant oil spill incident.

The Ministry will support Maritime NZ in its current review of the New Zealand Marine Oil Spill Response Strategy.

In 2015 a review has been scheduled for the Oil Pollution Levy to ensure it is maintained at the appropriate level.

**IMPROVED PREPAREDNESS – HOW PERFORMANCE WILL BE ASSESSED**

**Outcome measure**

<p>The Transport Response Team is ready to respond to all emergencies within one hour of being activated.</p>	<p>The Transport Response Team was partially activated on 16 August 2013 when an earthquake occurred at Lake Grassmere. The team was ready immediately and a situation report was sent to the lead response agency after 1.5 hours.</p>
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**Impact measures – reduced disruptions to access to transport infrastructure and services**

<p>Lessons learned from post-project evaluations of major planned and unplanned events are applied to systems or frameworks to mitigate impacts of future events.</p>	<p>The Ministry will support Maritime NZ to make improvements to its maritime incident response capability, and on ways to ascertain the effectiveness of these improvements.</p> <p>The Rena grounding underscored the threat to maritime navigation and commerce from floating cargo and debris released in a maritime pollution event. Government has already appropriated funding for Maritime NZ to better track such floating or submerged objects, thereby mitigating their impact on shipping. The Ministry will support Maritime NZ to ensure this strengthened capability is effectively implemented.</p> <p>The Ministry will also address the Transport Accident Investigation Commission’s findings into the cause of the <i>MV Rena</i> grounding, and ways these recommendations can inform overall maritime incident response planning.</p>
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**Impact measures – reduced future risks for New Zealand from grounding of ships**

<p>Increase in a shipowner’s liability for the cost of future grounding of ships.</p>	<p>This measure is new as at March 2013. 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. Legislation is in Parliament to increase the limit to between \$39 million and \$56 million by 2015.</p>
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## How our output classes contribute to our 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-Category Expense Appropriation: Policy Advice and Related Outputs. The Ministry has three other output classes which contribute to its intermediate outcomes. The 2014/15 Budget documents provide additional information on the Ministry's output classes and their performance measures.

### **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 PLA**

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 intermediate outcomes 'Improved preparedness' and 'Fewer transport incidents and other harms'.

### **Milford Sound / Piopiotahi 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.

## Ensuring our transport system helps New Zealand thrive

The Ministry's clear sense of purpose, together with our spirit, character and beliefs are fast becoming infused in everything we do.

The Performance Improvement Framework review in early 2013 recognised the Ministry had made good progress operating as a professional services ministry, but also challenged us to look at ways to accelerate the pace with which we drive improvements.

As a result, the Ministry developed a 2 Year Plan which sets out by quarter the range of changes and development needed to achieve our goals. The plan was launched in August 2013, and is a key resource for the Ministry as we move through to June 2015 to keep us on track and focused on what we ultimately want to achieve.

The 2 Year Plan is part of the Ministry's ongoing Shaping our Future programme, and focuses on lifting our performance in five priority areas:

### 1. Embedding our purpose and philosophy

We have made good progress and will continue to work towards aligning our workplace culture with our purpose and philosophy. We are continuing to invest in the development of our leaders in the Ministry, following on from a marked improvement in leadership performance since we introduced these programmes in 2012. We are also working on better ways to recognise and celebrate success, which helps people to thrive.

### 2. Improving the operating model

The Ministry has refined and improved how new work is commissioned and prioritised. We are continuously looking at ways to make better use of our available capacity and capability, and we are developing stronger incentives. We will ensure everyone in a management role is clear about what actions and behaviours are required to get the best out of our people, and performance metrics and reporting will become much more robust.

### 3. Lifting our external engagement and reputation

The Ministry needs to ensure that its role in the transport sector is clearly and consistently understood. We have developed a targeted stakeholder engagement programme, which will be driven by our strategic policy and research programmes. We are investing in training and development to help us engage more meaningfully. The Ministry is also collaborating more

closely with government and Crown entities to ensure each organisation has the information and resources needed to perform their role. Relationships will be less about routine monitoring and more about alignment with overarching transport goals.

### 4. Lifting our strategic policy capability

The Ministry is working to ensure that our annual work programme is aligned with and focused on delivering the priorities of the government of the day, as well as thinking longer term and researching issues that will influence the future direction of government transport policy. The appointment of fixed-term strategy directors in early 2014 has helped bring new kinds of thought-leadership to the Ministry, and already our strategic policy programme is subject to much stronger leadership. We are also significantly refocusing our research and statistics programme to ensure it aligns more closely with the Ministry's purpose and outcomes framework.

### 5. Improving the quality and consistency of our policy advice

We are working to further improve the consistency and quality of our work by creating the right policy tools and techniques to ensure our analysis is always sound. We are pushing to build the culture and systems required to make sure our knowledge is better managed and shared.

### Managing functions and operations

#### A smart, strategic and responsive workforce culture

The Ministry's 2 Year Plan will help us to build an organisation that is responsive to change. As we embed the Plan, we expect our staff to become even more engaged and motivated. We have already started to see that trend emerge in the 2013 Gallup engagement results, with an increase of 0.12 to 3.98 in our engagement score.

The Ministry has recently updated our People Plan, with a continued focus on lifting leadership at all levels of the organisation. Our targeted recruitment approach, competitive selection processes and improved recognition of success continue to result in improved retention. We are also working on our ability to anticipate the need for additional capacity and buy it in quickly so our work is not delayed.

We have developed a new rotation strategy to ensure we give our people varied and challenging opportunities, and we will also develop proactive programmes for nurturing and growing talent.

Our focus on performance over the next 4 years, and the pride we take in everything we do, will help the Ministry to deliver consistently high-quality results.

#### **Shared business services**

The Ministry, along with the Civil Aviation Authority, Maritime New Zealand, and the NZ Transport Agency have established a joint programme to consider opportunities for collaboration across the transport sector. The Transport Sector Collaboration and Capability Strategy sets out six goals for the sector:

- ▶ increase agility and responsiveness
- ▶ improve organisational and sector knowledge
- ▶ enable our people to be effective
- ▶ work more effectively with customers and stakeholders
- ▶ improve efficiency and deliver maximum value for money
- ▶ build capability across the transport sector.

The initial phase of the programme has resulted in a number of successes. These have included infrastructure collaborations, expertise and resource sharing and greater informal networks across the agencies with a culture of collaboration emerging. This provides a solid foundation for future collaborative initiatives that will build capability across the transport sector.

#### **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 would be 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 Māori, 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**

	2013/ 14 \$000	2014/ 15 \$000	2015/ 16 \$000	2016/ 17 \$000	2017/ 18 \$000
Property, plant and equipment	100	140	95	95	95
Intangible assets – software	410	210	360	360	360
Total	510	350	455	455	455

**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.



## KEY MINISTRY PERFORMANCE MANAGEMENT MEASURES

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.

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 2014/15 are as follows:

#### Input management

- ▶ 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 the Ministry's impacts achieved through delivering underpinning projects

#### Outcomes management

- ▶ results of transport sector progress on intermediate and long-term outcomes published
- ▶ 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 appropriations
Better quality regulation	Better quality regulation	1 A more efficient transport regulatory system that does not impose unnecessary costs on users	Policy advice Ministerial servicing
Opening markets	Open and efficient transport markets	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	Improved planning and investment in infrastructure and services	4 Central and local government have good frameworks for investment decision-making	Policy advice 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	Decreased transport incidents and other harms	7 Ministry road safety initiatives support reduction in number of deaths and serious injuries	Policy advice Ministerial servicing
Investment in infrastructure	Improved government transport agencies' performance	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	Improved preparedness	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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