



Statement of Intent
2015 -2019

OUR GREATEST IMAGINABLE CHALLENGE

CREATE THE ENVIRONMENT TO DOUBLE THE VALUE FROM TRANSPORT INITIATIVES

ASPIRATIONAL
INFLUENTIAL
CARING
COURAGEOUS
RIGOROUS
SAVVY
COLLABORATIVE



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Minister of Transport's foreword

The New Zealand transport system has an important role to play for individuals, businesses and for a vibrant New Zealand economy. It connects businesses to their markets both in New Zealand and overseas, and connects people to their jobs, and educational, social and leisure activities.

With this in mind, I have asked the Ministry of Transport to focus on three overarching priorities:

- ▶ supporting economic growth and productivity
- ▶ delivering greater value for money
- ▶ improving safety.

I want to ensure that, as a country, we make the most of the advantages of new technologies that will help us connect more efficiently and effectively. New Zealand has the opportunity to improve its safety, efficiency and environmental outcomes through using intelligent transport system technologies, and we must be well positioned to capture these benefits.

Supporting economic growth and productivity

Transport supports our economic growth by providing the domestic transport networks and international connectivity necessary for the movement of people and goods. The transport system needs to be efficient and effective to ensure that our existing infrastructure assets are well utilised and that new investments deliver real results for New Zealand.

Delivering greater value for money

Transport is an important portfolio for us as a government. Transport agencies are responsible for more than \$3.5 billion a year in expenditure. Therefore, I have asked the Ministry of Transport to actively contribute to our Business Growth Agenda and the delivery of better public services by lifting performance, delivering results and managing costs.

Improving safety

Safety is a key dimension of a successful transport system. Users need to feel and be safe when they travel, and the international aviation and maritime lines that service New Zealand also need to have confidence in the safety and security of New Zealand's transport system. We must ensure that we have high performing transport regulators, supported by fit-for-purpose regulatory frameworks [this will contribute to my first two priorities], as a key foundation for a safe and secure transport system.

Areas of particular focus

To help achieve my overarching priorities, I intend on focusing my efforts in the following areas:

- ▶ taking a multi-modal approach to delivering transport solutions
- ▶ investing in economic growth in regions, including developing and implementing fit-for-purpose transport solutions for Auckland
- ▶ investigating and implementing existing intelligent transport systems
- ▶ investigating the potential for electric vehicles in New Zealand
- ▶ managing the environmental impacts of transport
- ▶ supporting New Zealand's export economy
- ▶ improving safety across the transport system.

Responding to other issues

We must also be flexible and ready to respond immediately to unforeseen events, such as earthquakes, cyclones and security threats. The Ministry of Transport and the transport Crown entities must be well prepared to deal with any future transport emergencies, and be flexible to respond to other changes in priorities that may arise over the course of the next three 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 Simon Bridges
Minister of Transport

Chief Executive's introduction

The transport sector plays an important role in ensuring that New Zealand is well connected, nationally and internationally. The Minister of Transport is clear in his expectations that we should have a transport system that supports economic growth and productivity, provides greater value for money and improves safety.

In order to deliver on these expectations, the Ministry has revised its intermediate result areas. These result areas are:

- ▶ improved management of the transport asset base
- ▶ higher returns from new transport initiatives
- ▶ more open and efficient markets
- ▶ fewer incidents and other harms.

To achieve these results, the Ministry will build on previous achievements and will continue to develop our organisational capacity and capability in both the medium and long term. This will allow us to play an even more effective leadership role within the wider transport sector.

The follow-up Performance Improvement Framework Review undertaken in 2014 recognised that the Ministry is becoming a stronger and more savvy organisation. Positive results in independent measures such as the NZIER review of policy advice and the Gallup Engagement Survey show that the Ministry is improving year-on-year in areas that matter — provision of robust policy and advice, and an engaged and motivated workforce. We recognise that we need to keep up the pace if we are to reach our 'greatest imaginable challenge' — which is that we will create the environment to double the value from transport initiatives. We will aim to continue this improvement in 2015 and beyond.

Our capacity to think and act strategically as an organisation was significantly enhanced with the introduction of our strategic policy programme in 2014. The Ministry will continue to develop this programme to ensure strong thought-leadership across the transport sector.

Technology is one area the Government has identified that has the potential to deliver improvements in safety, efficiency and environmental outcomes for transport. The Government's Intelligent Transport Systems [ITS] Technology Action Plan received international recognition when the Ministry was inducted into the ITS Hall of Fame in Detroit in 2014. In 2015 and beyond, our focus shifts to working across the transport sector to coordinate and deliver the actions outlined in the plan.

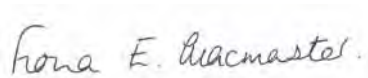
Providing sector leadership and driving overall improvements in the transport sector are important aspects of the Ministry's role. We will continue to encourage collaboration between Crown entities, the Ministry, the transport industry, key customers and other stakeholders to ensure the best results for New Zealand's transport infrastructure within the available resources.

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

Part One

Strategic Context



The Ministry of Transport's purpose is to ensure that our transport system helps New Zealand thrive

Transport gets people and goods to where they need to be. It links our homes, workplaces and social lives, and supports New Zealand's prosperity. Trade depends on efficient and reliable freight movements both within New Zealand, and to and from our ports. Businesses, services and tourism depend on an effective and safe transport system, connecting our country to the rest of the world.

The transport system is unlike many parts of the economy, in that the Government has a direct role as owner and investor. Much of the transport infrastructure is Government owned, including \$60 billion of road assets and more than \$1 billion of rail assets. Central and local government invest more than \$4 billion a year to maintain and develop this asset base, and to provide services that use these assets.

The Ministry administers New Zealand's transport legislation, comprising 270 pieces of law designed to keep users of the transport system safe, and minimise harm to the environment.

The Ministry is the Government's principal adviser on transport policy

Much of our work is providing policy advice to the Minister and Associate Minister of Transport. The Ministry advises Government on all issues relating to transport and the regulatory framework that supports it. We are focused on maximising the economic and social benefits to New Zealand from transport and minimising its harm. This requires us to maintain a good base knowledge of the transport sector, and an understanding of the factors that will affect transport in the future and of their implications for government policy and investment decisions.

The Ministry also advises the Government on the funding and governance of the transport Crown entities.

We undertake a number of other functions

In addition to our core roles in policy, regulation and Crown entity oversight, the Ministry's other functions include:

- representing New Zealand at international transport forums
- licensing international airlines operating to and from New Zealand
- negotiating air service agreements
- 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
- refunding fuel excise duty (contracted to the NZ Transport Agency).

We work with others to improve the transport sector

The Ministry advises the Government and influences the policy and regulatory settings under which the transport system operates. However, we are only one of five organisations that make up the Government transport sector, and one of many thousands that make up the whole transport sector.

Key players in the Government transport sector are the Minister and Associate Minister of Transport, the Ministry of Transport, four transport Crown entities and three State-owned enterprises. The roles of these organisations are set out in the diagram on page 6.

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.



CIVIL AVIATION AUTHORITY (INCLUDING THE AVIATION SECURITY SERVICE)

Civil Aviation Authority
Establishes and monitors civil aviation safety and security standards, carries out air accident and incident investigations, and promotes aviation safety and personal security.

Aviation Security Service
Provides aviation security services for international and domestic air operations, including airport security, passenger and baggage screening.

MARITIME NEW ZEALAND

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.

NZ TRANSPORT AGENCY

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.

TRANSPORT ACCIDENT INVESTIGATION COMMISSION

[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.

THREE STATE-OWNED ENTERPRISES WITH TRANSPORT FUNCTIONS

Airways Corporation of New Zealand Ltd 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.

Meteorological Service of New Zealand Limited (MetService) Provides public weather forecasting services and provides meteorological information for international air navigation under contract to the Civil Aviation Authority.

KiwiRail Holdings Limited (trading as KiwiRail Group). KiwiRail manages the rail and ferry businesses owned by the New Zealand Government.

LOCAL GOVERNMENT

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.

NEW ZEALAND POLICE

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.

The big challenges for the transport system

The transport system is confronting a number of big challenges over the coming years and decades. The Ministry has, over the last year or so, moved to strengthen its understanding of these issues and how we can support the Government to address them over time. The challenges include the following.

Understanding and responding to changes in future demand

In the past, there has been a clear pattern of growth in personal travel (vehicle kilometres travelled) but this growth has stalled in recent years. There is some debate whether this trend is the result of economic factors or a structural shift in attitudes towards personal transportation. This makes understanding the future demand for transport a major challenge.

As the choices people make about how and when they travel change, there are significant implications for where we choose to invest, and how we keep Auckland and our other urban centres moving. For the transport system to contribute to a thriving New Zealand, we need to recognise that we are trying to improve access, not just mobility. We can achieve this with good transport systems, with good spatial planning or by improving digital access.

How we integrate these approaches is critical.

To reduce the uncertainty we face around future demand for personal travel, we need to better understand the factors affecting the changing patterns of demand. These include social trends, as well as the speed in development, uptake and impact of new technologies.

There is also a need to build flexibility into the system where we can — this will allow us to respond more quickly to changing patterns of demand, and reduce the likelihood that we will make investments that will become unnecessary.

Finally, we need to recognise that the investment decisions we make will shape patterns of demand and not just respond to them. We should move away from the approach of seeking to simply predict future demand and then provide for it. We should instead debate the sort of access we want and decide how to invest to support the future.

How we fund the transport system in the longer term

Understanding how much investment to make in the transport system, and how to fund that investment, is a major ongoing challenge for the Government. It will become more complex over the next 10 or so years, as the model used to collect and distribute revenue from land transport users comes under increasing pressure. These

pressures will arise from a number of factors including changes in population (strong growth in Auckland, while other areas face depopulation), the capacity of some regions to meet their 'share' of transport investment, the rising cost of transport maintenance, and the need to better manage demand for transport and its externalities.

The Government's decisions on how much to invest in the transport system and how to raise the revenue to meet that expenditure impact on the future of our cities and regions, the efficiency of firms' supply chains and the externalities that arise from the operation of the transport system. The current land transport revenue-raising mechanisms should be sufficient to meet New Zealand's needs for the next 10 to 15 years.

While we have good data on the affordability of transport, we need better data to assist us to understand how much should be invested in the transport system. This includes enhanced data on asset conditions and whole-of-life costs, demand forecasts, system use and performance, and road users' willingness to pay.

Investing wisely to support economic growth

Understanding the relationship between transport and economic development, and therefore why and when to invest in transport infrastructure, is a key challenge for the Government.

Transport has a critical role in supporting economic growth. As a country, we depend on international aviation and maritime links to connect us to the global marketplace. Alongside that, the Government has a target of growing exports from 30 per cent to 40 per cent of GDP. We need to avoid unnecessary regulatory barriers to international freight and ensure that our policies encourage the smooth operation of our ports.

While investment in transport has historically been a driver for economic growth, that benefit is largely seen when an economy is developing, and as a country puts in place the necessary transport systems to support a modern economy. Once those networks are in place, the focus shifts to reducing the costs of doing business along these routes (addressing bottlenecks) to maintain relative economic competitiveness.

Transport investments that connect regions to other markets can have a two-way effect. New connections can allow the development of economic activity in a region or they can allow existing economic activity to be drawn away from the region. The impact is dependent on the competitiveness of the regions being connected. In regions that are growing, investing in the transport system

can reduce costs and increase relative competitiveness. However, in regions that are declining, investment in new transport systems on their own is unlikely to reverse their decline. While local transport investments might help to create jobs in the short term, in the medium term their maintenance costs may become an additional burden for a declining region. To successfully support declining regions, transport investments need to be part of a wider package of measures aimed at creating the local economic ecosystem necessary to support growth.

As part of our work on economic development and transport, we modelled seven different possible futures, and in all but one of them the relative share of economic activity in Auckland increased from 33 per cent today to more than 40 per cent.

Governments across the world have used investment in transport infrastructure as an economic stabiliser. As an economy has gone into decline, governments have increased the amount that they are investing in transport infrastructure as a mechanism to stimulate the economy. The problem with this has been timing. Typically, governments announce major programmes of investment as an economy goes into decline. But, by the time the new investments are through the necessary planning phases, the economy is again growing so the investment as a consequence ends up creating inflationary pressures when they are least needed.

Embracing the technology challenge and opportunity

Intelligent transport systems are revolutionising transport globally, and these technologies offer some of the best prospects for improvements in safety, efficiency and environmental outcomes. The Government, and regulators globally, will be challenged to keep up with the pace of technological change and ensure that transport rules and regulations or other barriers are not preventing a new technology or business model from being adopted, or deterring developers from investing in research and development. For example, we have seen a rapid increase in the use of remotely piloted aircraft (or ‘drones’), which are being used for an increasingly diverse range of civilian applications, including aerial photography, search and rescue, and agricultural crop spraying.

Another example will be the scope for ‘connected vehicles’ of the future to allow better utilisation of roading networks. This might fundamentally alter the nature of future transport solutions to address Auckland’s growing congestion challenge.

The Government will have an important role in helping to realise the benefits of these technologies — as an investor, facilitator and regulator. However, in most cases, the development of new technologies will be led by the private sector. Their success or otherwise will be determined by whether consumers value them, and there may not be any need for the Government to be involved.

Responding to transport’s environmental externalities

Transport faces a major challenge in responding to two environmental externalities: reducing its level of greenhouse gas emissions and meeting the growing cost of extreme weather events.

Transport produces around 18 per cent of New Zealand’s greenhouse gas emissions. Over the past 10 years, transport greenhouse gas emissions have stabilised. However, this is more closely linked to the flat demand for private vehicle usage that has been observed recently, rather than any fundamental improvement in fuel efficiency. We expect per capita road transport emissions will remain steady or drop slightly, but total transport emissions are expected to increase slightly due to population growth. Transport is likely to have an important part to play in the achievement of any new target for the reduction of greenhouse gas emissions that New Zealand may commit to internationally in the future.

Regardless of New Zealand’s greenhouse gas mitigation actions, our transport system will be affected by a changing climate. There is strong evidence to suggest that more frequent extreme weather events are already causing significant cost and disruptions to the transport network. Closures and repairs needed on transport corridors can have enormous flow-on effects for the affected communities through loss of mobility and access to services that enable productivity. Further climate change and related impacts are expected as greenhouse gas emissions continue to rise globally. This will increase expenditure for maintenance and repairs. Over time, this will reduce the amount of funding available for new infrastructure or create pressure for additional funding to be made available, either by increasing taxes on road users or by other means.

The Government will need to carefully consider the appropriate amount of resilience to build into the transport system. For strategically significant and vulnerable routes, it may be appropriate to invest in preventative measures to minimise the impact of extreme weather-related events before they occur. On other routes, it may be more cost effective to repair the infrastructure when required.



Part Two
Strategic Direction

Collectively working to achieve our strategic goals

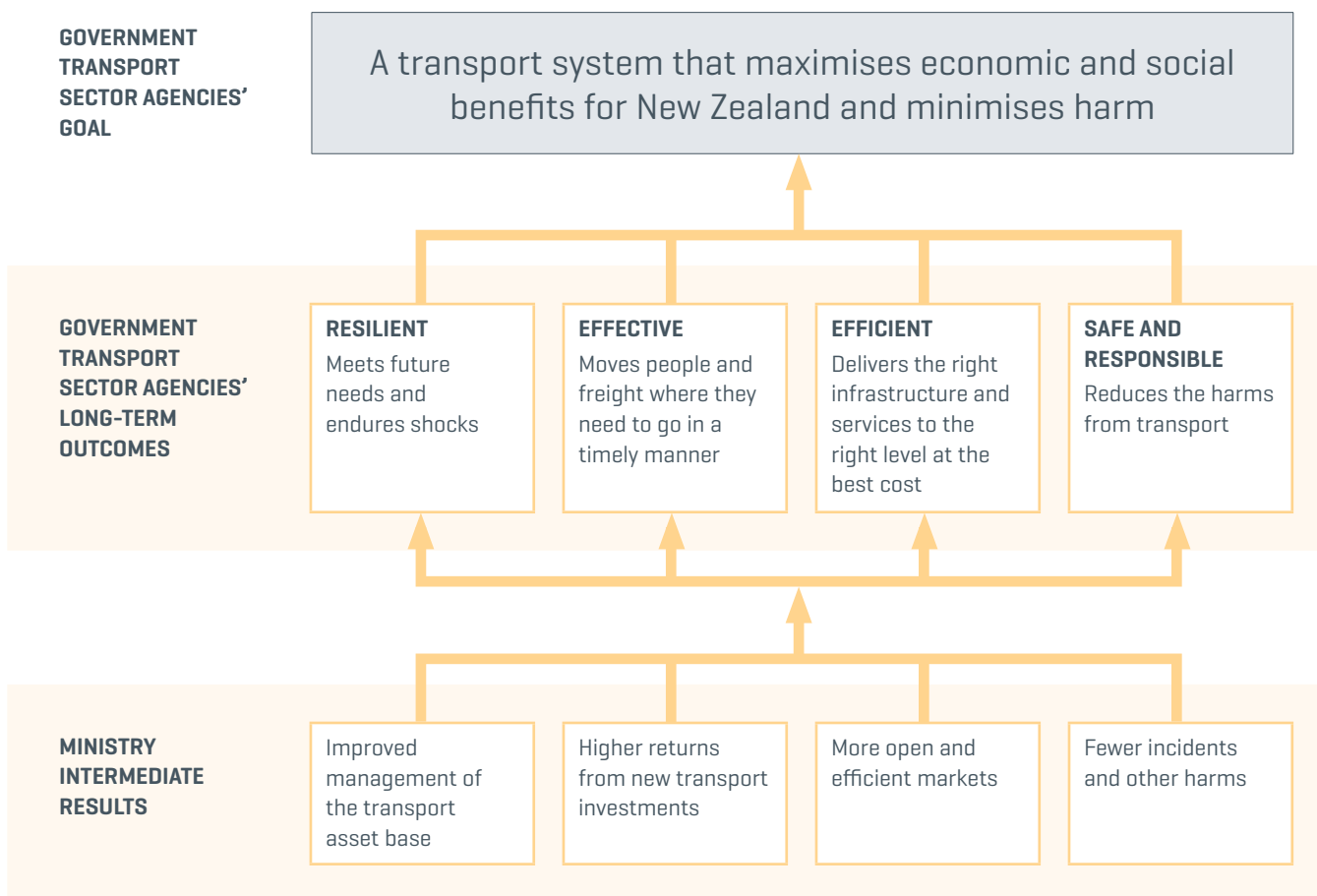
The Ministry’s strategic outcomes framework

To manage the future pressures and issues confronting the transport sector, the Ministry and the transport Crown entities have a shared sector objective and four long-term outcomes. These have been incorporated into a strategic outcomes framework. The framework sets out the outcomes that we believe are most important to New Zealand’s transport system. We aim to progress

towards these long-term outcomes through effective delivery in our intermediate result areas.

The Ministry reviewed its intermediate outcomes in 2014 to ensure that it is focused on the areas where it can make the greatest contribution to the Government’s goals. The four new intermediate result areas are shown in the framework below.

STRATEGIC DIRECTION FOR THE TRANSPORT SECTOR



Long-term outcomes for the transport sector

The long-term outcomes describe the desired 'future state' of the New Zealand transport system. These strongly align with the Government's objectives for the transport system and are expected to be achieved over the next 20 or more years.

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

The core function of our transport network is to connect New Zealand domestically and internationally. Transport links employees, employers and businesses together, and enables individuals to access services and make social connections. Transport also brings international tourists and is part of the supply chain that delivers goods to domestic and international markets.

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

The benefits of transport investment include its contribution to the functioning of a successful, competitive economy and a connected society. However, as with all public spending, in transport there are inevitably trade-offs between costs and service quality.

Resilient — meets future transport needs and endures shocks

Transport infrastructure often has a life span of many decades, so investments we make today must accommodate future needs and uncertainties as well as current requirements.

Our transport network should deal well with shocks such as natural disasters, like earthquakes or extreme weather events, as well as dangers caused intentionally or unintentionally by people. It also needs to be adaptable to security requirements that may be imposed on us by other countries or international organisations.

Safe and responsible — reduces the harms from transport

Transport can have undesirable consequences, including road crashes, greenhouse gas emissions and other environmental impacts (including on the built environment), and public health impacts (such as air quality, noise and heart disease).

We will report progress annually

The Ministry will report the progress of the transport system towards these intended long-term outcomes through its annual report.

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.

Intermediate results and what we intend to achieve

The four long-term outcomes are supported by the Ministry's intermediate result areas. These provide a focus for our actions to improve the transport system over the next 5 to 10 years.

The Ministry has four intermediate results that it will strive for in order to both deliver on the Government's priorities and better position the transport system to meet New Zealand's longer term needs, and achieve our 'greatest imaginable challenge', which is to 'create the environment to double the value of transport initiatives'. In confirming these new intermediate result areas, the Ministry had regard to its role, a range of processes for scanning opportunities and challenges, and detailed analysis of a number of aspects of the system.

The four result areas, which are set out in more detail on pages 14 to 23, are:

- improved management of the transport asset base
- higher returns from new transport investments
- more open and efficient markets
- fewer incidents and other harms.

The Ministry can adjust its level of focus on any aspect across the result areas in response to changing Government priorities. We do this through the choices that we make on the work programmes that underpin the result areas. We understand not everything can be a priority and that the Government, rightly, determines the Ministry's priorities. The balance within our work programmes reflects Government priorities, as agreed with the Minister of Transport.

The link between our work programmes and our result areas and outcomes is complex. In practice, many of our policy work programmes contribute to more than one intermediate result. For example, the implementation of the Intelligent Transport Systems Technology Action Plan is expected to lead to improved management of the transport asset base and, at the same time, contribute to fewer incidents and harms [through improved safety and reduced 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 five intermediate outcomes. It includes the main projects and the performance measures that we will use to assess our progress towards our intermediate results. That progress will be reported in our annual report. The Ministry's work programme also includes our work to improve the performance of the Government's transport Crown entities.

How our appropriations support our intermediate results and link to the Government's priorities is set out in the appendix on page 28.

An aerial photograph showing a railway line crossing a river. The landscape is arid and yellowish-brown. The river flows from the top left towards the bottom right, crossing the railway tracks. There are several train cars visible on the tracks. The overall scene is a dry, open landscape with sparse vegetation.

Part Three

Delivery on Result Areas

Improved management of the transport asset base

This result area supports the Government's priority for economic growth and value for money

A key feature of the transport system is that much of the land transport (road and rail) infrastructure is owned by the Government and utilised by other service providers and users.

This is a priority for the Ministry, as maintenance costs have been rising at roughly twice the rate of inflation. At the same time, public expectations of transport service levels have been increasing. Both of these trends have been occurring at a time when there has been a flattening in demand for personal travel – measured by vehicle kilometres travelled per capita – which has in turn impacted on revenue collected from motorists. There has also been a change in the patterns of transport demand; increased demand and consequent congestion is occurring in Auckland and other urban centres, while there are relative decreases in many rural areas. This means we will need to change the 'shape' of the asset base even if overall demand does not increase.

The Government has raised the level of taxation on transport users by 33 per cent over the last five years to respond to these pressures. However, continued transport tax increases at the rate observed are unsustainable. There is a need to better manage the existing transport asset base to support effective use by service providers and users, and to ensure that freight is moved efficiently through the transport networks.

Better management of the asset base will allow us to improve traffic flows, and safety and environmental outcomes, while partially mitigating the need for new infrastructure. This will in turn reduce the need to increase the level of fuel excise duty and road user charges to meet the increasing demands on the system.

The Ministry's role in improving the management of the transport asset base

The Ministry has two key roles through which it can drive improved management of the transport asset base. They are:

- policy advice to the Government — on transport funding and policy settings
- Crown entity governance and accountability — monitoring the transport Crown entities and supporting the Minister to set expectations and hold the Crown entities accountable for their performance.

What we intend to achieve

The following projects and activities over the next four years will enable our work to be a catalyst for improved management of the transport asset base.

Development of an investment strategy for the transport portfolio

The development of an investment strategy for the transport portfolio provides a real opportunity to maximise the return for the Government from its existing \$60 billion transport infrastructure asset base and the \$40 billion that the Government will invest in the transport system over the next decade.

The Government Policy Statement on land transport (GPS) sets out the investment strategy for land transport and the results that the Government expects over the short-, medium- and long-term horizons, but is constrained from shaping broader cross-modal investment.

The investment strategy will focus on ensuring that the balance of investments is right across all of the transport modes, so that the Government is clear about what it wants to achieve and why, and how different investment parameters can support that. It will address Government decision-making on Budget initiatives, the GPS, fees, charges and levies, and show trade-offs. The Government Policy Statement 2018 will be a key implementation mechanism for the new investment strategy.

Implementation of the new Government Policy Statement 2015 monitoring regime

The Ministry provides performance and investment oversight of the GPS on an ongoing basis. We have reassessed the manner in which the implementation of GPS 2015 will be measured, reflecting the substantial change in approach to the GPS that followed the enactment of the Land Transport Management Amendment Act 2013.

The effectiveness of the GPS investment strategy's delivery will be monitored within the context of long-term goals. As long run investments, there can be substantial lag between investment and benefit realisation within the land transport sector. We will ensure an appropriate mix of indicators is monitored — indicators that not only inform how effectively the current investment strategy is driving long-term results, but also inform future investment strategy, in particular the next GPS.

Promotion of active transport modes and public transport

The Ministry will work to deepen its understanding of how changes in personal travel might impact on the transport system over the coming decade and how we can best respond to this.

Public transport 2045

We are seeing new service models emerge to support people's transport needs. Changing travel preferences, the explosion of on-demand and shared services such as Uber and ZipCar, the use of smart phones and journey planning apps, and the introduction of autonomous cars in the future are among the developments that are changing the mobility paradigm that has lasted for many generations. The current models of how we regulate, plan and operate public transport may not be appropriate in a world where the distinction between public and private transport is becoming blurred.

The Ministry will open up a discussion about where these new technologies and initiatives are likely to take us as a society, and the implications for public transport. This will also raise questions about some of our fundamental assumptions about the role of the Government in planning, providing and funding public transport. We will also consider whether and how the Government should respond to [or perhaps shape] these developments.

Cycling Safety Panel

Cycling participation in New Zealand has been increasing over the past few years and, with additional investment being made into cycling infrastructure, it is important that all appropriate measures are taken to ensure cycling is as safe as possible.

In 2014, the NZ Transport Agency established an independent expert Cycling Safety Panel to make recommendations to central and local government for improving cycling safety in New Zealand. Over the next one to two years, the Ministry will be working with the NZ Transport Agency and local government to investigate and implement these recommendations. This may include legislative change, as well as amendments to investment criteria and other processes.

Urban Cycleways Programme

The Government has increased its investment in cycling infrastructure in order to make cycling a safer and more realistic travel choice. This includes a Government investment programme totalling up to \$100 million between 2014/15 and 2017/18.

The Ministry will provide advice on the programme, and will participate in the Urban Cycleways Investment Panel. This will include providing assurance to the Government that projects meet the criteria set out in the Government's investment strategy.

Assessment of key pinch points within the transport system

New Zealand has a mature transport network — it reaches almost everywhere New Zealanders regularly need or want to go. This means that less investment is likely to be needed to extend the network.

As times change, however, the amount of demand to go to certain places or along certain routes changes: when it grows, it creates pinch points. Investment is more likely to be needed to address these pinch points — whether it is in new infrastructure to expand capacity or in ways to better use and share demand across existing infrastructure to make the best use of what we already have.

The Ministry is working across the transport sector and with other infrastructure, energy and industry-related agencies to consolidate and improve our ability to forecast the scale, nature and locations of transport demand.

Publicising this information will support the sector in identifying likely pinch points and planning appropriately for them.

Implementation of the Intelligent Transport Systems Technology Action Plan

Intelligent transport systems (ITS) are systems where information, data processing, communication and sensor technologies are applied to vehicles, infrastructure, and operating and management systems to provide benefits for transport users. ITS are revolutionising global transport and have great potential to contribute to the achievement of the Government's and the Ministry's desired transport outcomes. They play a major role in making travel safer and more efficient, and reducing greenhouse gases and air pollution.

The Intelligent Transport Systems Technology Action Plan 2014–2018 sets out the Government's proposed actions to encourage the further development and deployment of ITS in New Zealand.

The Ministry will lead the implementation of the action plan to ensure the benefits of ITS are realised for New Zealanders as quickly as possible, where they support transport outcomes and it is cost effective to do so. Actions include a review of transport regulation to identify unnecessary barriers to the continued deployment of ITS technologies in New Zealand, exploring uses of transport data — including making it publicly available while still ensuring privacy and promoting harmonisation — open standards, and interoperability of technologies at an international level.

Resilience of the transport network

Resilience is a key issue for the transport network. Disruption in one part of the network can impact whole regions (for example, as in Northland following the July 2014 storms) or even nationally.

The Ministry of Transport and the NZ Transport Agency have a number of initiatives underway to develop a resilience evidence base.

A key output for the Ministry will be the development of a network-wide view of the most efficient and effective means of providing appropriate levels of resilience, locally, regionally and nationally. This is particularly important in situations where the preferred option may be the construction of duplicate infrastructure. Sometimes redundant infrastructure will be the right response, despite the cost; other times there will be more effective alternatives. The need is for a consistent approach that helps make the best choices.

How performance will be assessed

| |
|---|
| <p>RESULTS — the Ministry will know that it has achieved its stated result if, by 2025, there is:</p> |
| <ul style="list-style-type: none"> ▶ reduced risk of disruption at the most critical points in the roading network and disruptions are being dealt with efficiently ▶ increased productivity where there are constraints on main routes within our major metropolitan areas ▶ increased freight vehicle productivity across the network. |
| <p>SUCCESS — the Ministry will know that it has been successful over the next two to four years if:</p> |
| <ul style="list-style-type: none"> ▶ there is greater transparency for the implementation of GPS 2015 and its impact on the performance of the land transport asset base ▶ the application of ITS technology across the transport modes is delivering more efficient use of the existing transport infrastructure ▶ the Ministry understands the relative priority and timing for Government investment options across all of the transport modes (regardless of funding sources) to maximise efficient network performance and meet future needs ▶ the Ministry has enhanced its transport modelling capability and is providing more sophisticated advice on the impacts of different intervention options ▶ there is a clearer voice from road users (on what they want to pay for and what they would accept as charges or a charging system) and additional demand management tools are being considered for the medium term. |

Higher returns from new transport investments

This result area supports the Government's priority for economic growth and value for money

Even with an effective programme to achieve more from the existing asset base, we will need to change the shape of our transport system to accommodate changes in the location of demand and increasing expectations around service levels. Growth in our main urban centres, particularly Auckland, is driving much of the need for new investment. While most of New Zealand's land transport network has sufficient capacity to accommodate expected growth with only modest capacity enhancements, there are pinch points within the system that, once addressed, will improve the efficiency of the roading network as a whole.

Having a clear forward investment strategy is critical to ensuring that the investments made today will be robust for future needs and will not impose unnecessary costs on New Zealand. The key will be getting the right balance between making necessary investments and avoiding investment in underperforming assets, which will add unnecessary cost to the transport system and reduce the international competitiveness of New Zealand exporting firms.

As the owner of the rail network, which is responsible for the movement of 16 per cent of domestic freight tonne kilometres, the Government also has an important role in determining how it invests in the rail network for the future.

The Ministry's role in achieving higher returns from new transport investments

The Ministry has an important role in advising the Government on opportunities to achieve higher returns from new transport investments. This includes its advice on policy settings for the Government Policy Statement on land transport (that drives the NZ Transport Agency's investment decisions) and on other Crown funded investment opportunities within the transport portfolio.

What we intend to achieve

The following projects and activities over the next four years will enable our work to be a catalyst for higher returns from new transport investments.

Development of an investment strategy for the transport portfolio

The investment strategy, as discussed on page 14, will also make a significant contribution to this intermediate result.

Development of an Auckland future strategy

Current investments to provide the final links in the long-planned motorway network and to upgrade and electrify the metro rail network will result in a step change in the performance of Auckland's transport system. However, decisions on the next phase of large scale transport investment are more challenging.

Auckland Council and Auckland Transport both have statutory roles in planning the development of the city's transport network through the Auckland Plan and the Auckland Regional Land Transport Plan respectively.

The success of Auckland's transport network is important to the nation's economy. The scale of the transport challenges Auckland is facing to effectively accommodate forecast population growth dwarves that of other regions. This has significant ongoing implications for national transport funding demands. Even with the Auckland Council's planned investment in infrastructure and public transport, congestion will significantly worsen by the mid 2030s. Given the Government will inevitably be a significant funder of future transport initiatives there is a need to be satisfied that planned investments will deliver the best outcome for Auckland and the nation.

Part of the Ministry's role is to provide the Government with strategic advice on how Auckland's transport system will need to develop to meet the government's objectives, and the policy settings needed to achieve the best results. The Ministry intends to form a strategic view on how Auckland's transport network should develop over the next 30 years. This may involve engaging with Auckland Council to identify and test strategic options that could better meet both the Government's and Auckland Council's objectives for Auckland.

Development of a business case for the Auckland City Rail Link

The Government has committed to developing a joint business case for the City Rail Link with Auckland Council in 2017 and providing its share of funding for a construction start in 2020.

The Government has also signalled that it will consider an earlier start date if it becomes clear that Auckland's CBD employment and rail patronage growth will hit specified thresholds faster than current rates of growth suggest.

The Ministry will continue to monitor progress against the thresholds that could trigger an earlier start date, and will provide the Minister of Transport with six-monthly updates on these.

In 2017, the Ministry will work with Auckland Council, and other agencies as appropriate, to develop the business case for the City Rail Link.

Development of the Government Policy Statement 2018

The Minister of Transport has released GPS 2015 and the Ministry will work with the NZ Transport Agency to monitor its implementation and impact on land transport outcomes.

Building on the new investment strategy for the transport portfolio and our monitoring of the GPS 2015, the Ministry will aim to further sharpen its assessment and advice on how to optimise the investment priorities through the next GPS (which we expect will be effective from 2018).

Strengthening our oversight and assessment of all new investment/expenditure proposals

In addition to regulating road and other land transport investment decision-making through the GPS, the Ministry regularly considers other proposals to use new funding or undertake new services across the transport sector.

These come from reviews of third party funding like the MetService contract administered by the Ministry, from one-off events or initiatives like the Rena grounding, or other ongoing initiatives like the SuperGold Card policy.

Although these proposals often emerge at different times in the year, they all feed in to annual budget thinking. The Ministry will work to take advantage of developments and tools in other investment prioritisation areas – like the Better Business Case and investment logic mapping tools – to ensure the cohesion, consistency and rigour of the presentation and analysis of these proposals.

Examine accessibility issues

Digital technologies continue to promise new ways of improving access to many markets and opportunities for New Zealanders. At the same time, the physical movement of people and goods is also going to remain important.

How profoundly technological change will impact on accessibility issues is a major source of uncertainty for the transport sector.

Central to resolving this uncertainty is a good understanding of what people will want access to, why, and how transport fits into that.

Building on the scenarios developed in the Ministry’s 2014 Future Demand strategy project, the Ministry will investigate how to help the sector to acquire and maintain a systematic understanding of changes in access requirements, so that this insight can be made available to network planners.

How performance will be assessed

| |
|--|
| <p>RESULTS — the Ministry will know that it has achieved its stated result if, by 2025, there are:</p> <ul style="list-style-type: none"> ► higher average returns from new transport investment decisions taken by the Government transport agencies (including local government). |
| <p>SUCCESS — the Ministry will know that it has been successful over the next two to four years if:</p> <ul style="list-style-type: none"> ► GPS 2018 provides an enhanced investment strategy for the Government’s investment in land transport ► there is greater transparency and reporting on the trends in the level of benefit cost ratio being achieved from new Government investments across the transport system ► regulatory changes to support implementation of the new National Airspace and Navigation Plan by the Civil Aviation Authority are bedded in and understood by the aviation sector ► there are appropriate arrangements in place to support the Government’s investment in rail freight in the context of a multi-modal transport sector ► the Ministry has a deeper understanding of the potential for different modal investments to enhance the efficiency of the Auckland transport network ► the application of new ITS technology is improving the performance of existing transport infrastructure and deferring the need for investment in additional roading capacity. |

More open and efficient markets

This result area supports the Government's priority for economic growth and value for money

Open and efficient markets are essential to drive innovation and productivity in the provision of transport services so that New Zealand businesses remain competitive internationally.

Unlike many other sectors, some aspects of transport economic regulation are held under specific transport law rather than under general competition law. We need to ensure that adequate attention is paid to this part of the transport regulatory regime, particularly as thinking on the place of competition economics in a small economy continues to evolve.

While the aviation and maritime sectors largely function in a market environment, the international dimension of these sectors has a strong influence on their operation domestically. To keep our strong international reputation and connection to international markets, we need to ensure regulation provides the necessary international confidence in the safety and security of our maritime and aviation law.

The Ministry's role in more open and efficient transport markets

The Ministry has an important role in advising the Government on opportunities to achieve more open and efficient transport markets.

The Ministry has a leadership role to work across the transport sector to consider whether the regulatory system is fit for purpose and what opportunities exist for improving regulatory outcomes. This involves 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 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 costs on users and whether there are better alternatives, for example, less or no regulation, different regulation or non-regulatory policies. The Ministry examines 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.

What we intend to achieve

The following projects and activities over the next four years will enable our work to be a catalyst for more open and efficient transport markets.

Regulation 2025 reform programme

For the transport system to maximise its contribution to a thriving New Zealand, the regulatory framework needs to be fit for purpose. Otherwise, it is imposing costs on New Zealand. But more than that, transport is operating in a dynamic environment where there are increasing constraints on parliamentary time for making regulation; increasing pressure to reduce regulatory costs; and increasing new technologies that are changing the regulatory environment. It is important therefore that the regulatory framework and the associated design and implementation skills can deal with current and future demands.

As a first step, we will develop a desired future state for transport regulatory frameworks, in close collaboration with transport agencies and users. The current regulatory framework will be assessed against the agreed future state and a plan of actions will be developed to ensure future regulatory decisions will lead the sector to the desired framework.

The result of this work will be a clear vision and pathway to achieve a flexible regulatory framework that supports innovation and economic growth, but at the same time balances the need for certainty. Regulatory changes will be made more efficiently, and there should be less need to replace redundant legislation.

Offshore oil and gas installation matters

The Ministry will provide advice on improving the financial security for offshore oil and gas installations with an aim to ensure owners are able to meet the cost of undertaking their proposed activities and subsequent legal obligations. A financial security regime should:

- ensure the financial assurance requirement is appropriate to offshore installations
- ensure there is effective, prompt and adequate compensation for clean-up costs incurred by public agencies, and for other parties who suffer economic damage in the unlikely event of a significant oil spill
- increase protection for the Government from the risk of bearing any clean-up costs, and the public from bearing the damage from oil pollution
- minimise compliance costs.

Reform of the Vehicle Dimensions and Mass framework

The Vehicle Dimensions and Mass Rule 2002 has been amended regularly since coming into effect. The purpose of the Rule is to improve the safety of the road network by ensuring vehicles are fit for the surfaces and structures they move along, over or under.

The purpose of the current reform is to ensure that safety outcomes are delivered in a way that imposes the least possible administrative burden on heavy vehicles in particular.

The Ministry will work in conjunction with the NZ Transport Agency to build on the successes of the High Productivity Motor Vehicle and 50Max initiatives to further improve the operation and enforceability of the Rule.

As well as considering technical changes to the Rule, the reform will consider whether adjustments are also needed to the Land Transport Act 1998 to enable the Rule to better meet future needs.

Review of the Civil Aviation Act and Airport Authorities Act

The Ministry will provide final advice to the Government on proposed changes to the Civil Aviation Act 1990 and Airport Authorities Act 1966 to ensure that a number of economic, safety and security issues relating to these acts are fit for purpose for our future needs.

National Airspace and Air Navigation Plan

The Ministry will work with the Civil Aviation Authority and industry stakeholders on New Southern Sky — the programme to implement the National Airspace and Air Navigation Plan. The Plan sets out the pathway to modernise New Zealand’s airspace management system, and encompasses changes with a net benefit of almost \$2 billion over the next 20 years. The regulatory changes supporting the Plan’s implementation will help realise these benefits by enabling the industry to take advantage of new technologies safely and efficiently.

How performance will be assessed

RESULTS — the Ministry will know that it has achieved its stated result if, by 2025, there is:

- a 10 per cent increase in the productivity of businesses that provide transport services
- a 30 per cent increase in the movement of people and freight by international inbound and outbound flights.

SUCCESS — the Ministry will know that it has been successful over the next two to four years if:

- the Ministry has implemented a prioritised programme to remove regulation that unnecessarily imposes costs or acts as a barrier to market efficiency
- the Ministry knows how the transport regulatory system should change in order to support new business models and a rapidly changing technology environment, and has commenced work programmes to give effect to that
- the Ministry has implemented a prioritised programme to strengthen its understanding of the key factors that may be constraining productivity growth in transport subsectors — focusing first on construction and freight
- the Ministry understands how well the new Public Transport Operating Model has been implemented, and whether any changes are required for its benefits to be fully realised
- the Ministry has successfully concluded international air services agreements with countries that provide key market opportunities.

Fewer transport incidents and other harms

This result area supports the Government's priority for safety and security

The safe and secure operation of the transport system is an ongoing objective across all of the transport modes. However, the transport system has a number of negative impacts that need to be mitigated, where practicable.

There were 253 fatalities on our roads in 2013 and 297 fatalities in 2014. As such, New Zealand continues to have one of the highest levels of fatalities per kilometre travelled within Organisation for Economic Co-operation and Development (OECD) countries.

While New Zealand has seen massive improvements in road safety outcomes under the Safer Journeys road safety strategy, we must not see those gains slip away. The Ministry will look closely at where opportunities for change lie, whether in further policy reform or more operational approaches.

We will, though, need to broaden this focus out, as safety is equally important in other modes. Current areas of concern in the other sectors include the use of drugs and alcohol by those offering transport services in aviation, maritime and rail.

Reducing harms from the transport system goes beyond safety and security issues. New Zealand will be setting a new target for its greenhouse gas emissions in the lead up to the United Nations meeting in Paris in December 2015. Transport contributes 18 per cent of New Zealand's greenhouse gas emissions and, as such, it will need to contribute towards our new target. The introduction of the Emissions Trading Scheme has not led to a noticeable change in carbon output from the transport sector. Over the next four years, we will need to have a more focused look at how we can reduce transport's carbon footprint.

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

What we intend to achieve

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 to 2015 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 following projects and activities over the next four years will support fewer incidents and other harms from the transport system.

Implementation of the Safer Journeys action plan 2013–2015

The Ministry will continue to progress, in conjunction with its road safety partners, the remaining actions in the action plan 2013–2015. For 2015, these include the following:

- deliver speed management actions. In particular, revise the Setting of Speed Limits Rule and measures for better compliance with speed
- complete policy work for the review of drink drive sanctions, which includes alcohol interlock and drug driving provisions.

Safer Journeys action plan 2016–2020

The Ministry is leading an interim evaluation of Safer Journeys. This review will evaluate progress to date and contribute to the development of the third Safer Journeys action plan that will set out the next set of initiatives to be explored and implemented. This will help to continue improving the safety of the roading system for all of its users.

Driver licensing review

The Ministry will complete a review of the current Land Transport (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 Government on changes to the Rule in 2015, with any legislative changes to be progressed through a Land Transport Amendment Bill.

Aviation safety management system rule

Regulatory changes are being implemented to transition New Zealand’s aviation sector to a new risk-based safety management system [a formalised and systematic method to proactively identify, assess and control safety-related risks]. International research shows that additional safety gains are unlikely under the current regulatory regime, but that further safety gains can be achieved by moving to a new risk-based approach. The Ministry will advise the Minister of Transport on the final rule changes to give effect to the new system, and the Civil Aviation Authority will be responsible for implementing the new aviation safety management system. Once these changes are implemented, both the aviation and maritime sectors will be subject to risk-based safety management systems.

Reduce the greenhouse gas emissions profile of road transport

The Ministry will continue to work with other government agencies to identify cost-effective ways to reduce the greenhouse gas emissions profile of road transport.

How performance will be assessed

RESULTS – the Ministry will know that it has achieved its stated result if, by 2025, there is:

- a reduction in the number of deaths and serious injuries across the transport system of 20 per cent or more
- a continued reduction in the rate of growth of tonnes of carbon dioxide-equivalent emissions from domestic transport per capita over the medium term.

SUCCESS – the Ministry will know that it has been successful over the next two to four years if:

- the safety of the roading system has increased through the implementation of the Safe System approach [improved roads and roadsides; the availability of safer vehicles; and a reduced number of death and serious injury crashes from speed and impaired drivers]
- the transport sector and public understand the changes that will be required within the transport system over the next 20 plus years for New Zealand to meet any new greenhouse gas emissions reduction targets
- cost-effective technologies that reduce harm in the transport system are increasingly being adopted/mandated
- there is an appropriate regime in place to reduce the risks of alcohol and drug related impairment across transport’s commercial and recreational sectors
- the Ministry has a broader understanding of the transport and wider benefits that could arise through additional investment in the active modes.

How our output classes contribute to our intended intermediate results

Governance and performance advice

Most of the work set out earlier in this Statement of Intent is policy advice undertaken under our Multi-Category Expense Appropriation: Policy Advice and Related Outputs. Advice on Governance and performance of Crown entities is also included in this appropriation. The Ministry advises the Minister and the Government on the most appropriate 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 monitors the performance of the transport agencies (as regulators and service providers) and supports 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.

Other output classes

The Ministry has three other output classes that contribute to its intended intermediate results. The 2015/16 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 management of the transport asset base' intermediate result.

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 result 'fewer incidents and other harms'.

Milford Sound/Piopiotahi Aerodrome operation and administration

One of the Ministry's functions is the operation of the Milford Sound/Piopiotahi Aerodrome in the Fiordland National Park. The aerodrome is predominantly used for tourist flights. 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 management of the transport asset base' intermediate result.



Part Four Capability

The Ministry's health and capability

The Ministry has invested significantly in its capability over the last three years. We have improved our performance and capability by being clear about our purpose, employing an innovative operating model, focusing on quality and leading change well.

The Performance Improvement Framework [PIF] Review in early 2013 confirmed that the Ministry had set itself the right goals, but that it needed to step up the pace of change. The Ministry responded very positively to this review and set out to lift our strategic focus on a selection of major transport issues. The Ministry also aimed to improve the quality and consistency of our advice overall and engage more effectively with stakeholders through the delivery of a two-year organisational change plan.

The two-year plan focused on five streams of work: embedding our purpose and philosophy, improving our operating model, improving our external engagement and reputation, lifting our strategic policy capability, and improving the quality and consistency of our policy advice. The focus on these initiatives has paid off, with the follow-up PIF review in 2014 finding the Ministry had made significant progress and confirmed it was on track to achieving its vision.

The next phase of responding to the PIF will be the development of an organisational development plan for the Ministry, to be implemented from July 2015. This plan will aim to lift the strategic capability of Ministry staff, continue the focus on targeted professional development opportunities, and will include a future-focused approach on how we adopt new technologies to allow us to work more smartly and efficiently.

This next phase of organisational development for the Ministry will continue to nurture a culture where people are challenged and highly engaged in their work.

A future-focused Ministry

Over the next four years, strategic capability of our staff will be lifted by:

- significantly enhancing our focus on achieving our greatest imaginable challenge — to 'create the environment to double the value of transport initiatives'
- delivering more thought leadership projects
- strengthening our relationships with and understanding of our stakeholders.

Our focus on performance over the next four years will help the Ministry to deliver consistently high-quality policy advice that will help New Zealand thrive.

A smart, strategic and responsive workforce culture

The Ministry's operating model allows us to move resources around to ensure staff with the right skills are working on the right priorities. Over the last three years, the Ministry has focused on ensuring our teams are structured so we can operate effectively, and that our staff have the right capabilities. We have also made a significant commitment to staff development through initiatives such as:

- growing and developing our leaders through on-the-job learning, secondment and acting up opportunities, and targeted learning
- offering a structured development programme to lift policy capability for graduates through to principal advisers, as well as rotation, secondments and acting up arrangements.

A combination of the Ministry's unique operating model and strategic two-year change programme has resulted in a workforce that is highly engaged. Staff are motivated by the opportunities that a flexible work environment provides. This is shown by the Ministry's Gallup engagement score, which increased from 3.98 in 2013 to 4.08 in 2014 [the highest in the public sector].

Managing functions and operations

Shared business services

The Ministry works closely with the Civil Aviation Authority, Maritime New Zealand and the NZ Transport Agency. Together we have a Transport Sector Collaboration and Capability Strategy, which is a joint programme to consider opportunities for collaboration across the transport sector. This aims to:

- 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.

Risk management

The Ministry manages risk through business processes such as strategy and priority setting, policy advice, operational planning, monitoring and reporting, and project management. In particular, the Ministry's policy work programme is always at risk of reprioritisation as a result of the Minister's decisions.

Overseeing strategic risk is the responsibility of the Ministry's leadership team. Regular reviews of the Ministry's risk management framework ensure risks are identified and managed. The Ministry also has a well established Performance and Risk Advisory Group to provide advice to the Ministry's leadership team.

The Ministry has managed under a capped workforce baseline since 2009 by maintaining a flexible organisational structure. Any consequent risks become development priorities, and there is ongoing review to ensure we keep the skill sets that we need to fulfil our role and deliver our priorities.

Managing our costs

The Ministry's flexible matrix operating model enables us to focus our resources on the highest priority issues for the Government, and helps to ensure we can manage within our appropriations from Parliament.

We also participate in Government benchmarking exercises which compare our cost structures with others. We will continue to seek innovative ways of working to enable us to deliver value for money.

Equal employment opportunities

The Ministry is committed to inclusive work practices and culture. We have a robust recruitment approach and base appointments on merit, while recognising the employment aspirations of Māori, diverse ethnic and minority groups, women, and people with disabilities.

Assessing organisational capability and health

The Ministry uses a range of 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 shown below.

Core capability

- 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.
- The results of any external reviews conducted on the quality or efficiency of our core operating and information systems.

Organisational health

- Trends in staff engagement survey results.
- Other measures of health, such as turnover, will be reported if warranted by trends.

We will report on these measures annually

The Ministry will publish these indicators in its annual report each year to assess its organisational capability and health.

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 most staff at the main site 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 moved into its Wellington office in April 2006 and into its Auckland office in July 2005. The Wellington office lease expires in 2018, although there is a three-year right of renewal. The Ministry is participating in the All of Government Wellington Accommodation Project, which aims to benefit participants by:

- utilising economies of scale
- getting best value for money
- creating a robust framework for procurement of accommodation
- offering a central pool of expertise.

Therefore, the Ministry may be moving its Wellington office in 2018. As this is not certain, it has not been provided for in the capital programme shown below.

Computer equipment

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

Milford Sound/Piopiotaahi Aerodrome

The Ministry owns the infrastructure at Milford Sound/Piopiotaahi 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

| | 2014/15 \$000 | 2015/16 \$000 | 2016/17 \$000 | 2017/18 \$000 |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Property, plant and equipment | 265 | 210 | 182 | 201 |
| Intangible assets – software | 300 | 275 | 26 | 26 |
| Total | 565 | 485 | 208 | 227 |

Resilience

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

In a national emergency, the Ministry and transport agencies provide strategic leadership to the sector to ensure it can respond quickly and effectively. We maintain the Transport National Emergency Response Plan, which sets out procedures to activate 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

The Ministry is committed to increasing its overall effectiveness and ensuring that we are doing the best job we can with the resources available to us. The key performance management measures that the Ministry will use in 2015/16 are set out below.

Input management

The Ministry measures the quality and subsequent cost of our advice using policy advice benchmarks set by the Treasury. In 2013/14, the total cost of an hour of professional staff time devoted to policy advice and other policy unit outputs was \$154.00 [not including outsourced costs].

To maximise the value of staff skills, experience and knowledge, we apply project management disciplines to our policy projects, including explicit time frames and milestones.

We are looking to develop new performance management measures to enable us to benchmark our performance and improve productivity. In the meantime, we can measure how well we deliver our projects on time and to budget.

Our targets are:

- to maintain a total cost of an hour of professional staff time devoted to policy advice and other policy unit outputs at or below \$154.00 [not including outsourced costs]

- to have 75 per cent of policy project milestones delivered each quarter.

Quality management

Each year we have a sample of our policy advice papers audited by the New Zealand Institute for Economic Research. This audit provides us with an independent view of the quality of our advice and areas that could be improved, and compares the quality of our advice with that of other government agencies.

We have begun reviewing all advice papers ourselves, using the New Zealand Institute for Economic Research criteria.

Our targets are:

- at least 90 per cent of regulatory impact statements are assessed as ‘meets’ or ‘partially meets’ the required standards
- at least 75 per cent of policy advice briefings are accepted the first time by the Minister
- New Zealand Institute of Economic Research’s audit of policy advice papers assesses the average score for our papers as within a range of 7.2 to 7.5.

Work programme management

Our annual output plan is a statement of the results that the Minister wants from the Ministry. In our annual reports, we record the percentage of the whole output plan that has been delivered.

- Our target is to have 95 per cent or more of the output plan delivered as agreed with the Minister.

Outcomes management

The Ministry monitors the progress that the whole transport sector is making towards the long-term outcomes of a transport system that is effective, efficient, resilient, safe and responsible. We use our published outcome indicators as a measure of the overall progress being made, and to help identify further opportunities for the Ministry to contribute.

We will report on these measures annually

The Ministry will publish these indicators in its annual report each year to assess its cost-effectiveness and identify areas for improvement.

Appendix: links between Government drivers, Ministry intermediate results and appropriations

| Government drivers | Ministry intermediate result | Vote Transport appropriation — output class |
|--|---|---|
| Supporting economic growth and productivity | <ul style="list-style-type: none"> ▶ Improved management of the transport asset base ▶ Higher returns from new transport investments ▶ More open and efficient markets | <ul style="list-style-type: none"> ▶ Policy advice ▶ Ministerial servicing ▶ Milford Sound/Piopiotahi Aerodrome operation and administration |
| Delivering greater value for money | <ul style="list-style-type: none"> ▶ Improved management of the transport asset base ▶ Higher returns from new transport investments ▶ More open and efficient transport markets | <ul style="list-style-type: none"> ▶ Policy advice ▶ Ministerial servicing ▶ Fuel excise duty refund administration |
| Improving safety | <ul style="list-style-type: none"> ▶ Fewer incidents and other harms | <ul style="list-style-type: none"> ▶ Policy advice ▶ Ministerial servicing |

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