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# Briefing to the incoming Minister of Transport

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December 2011



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## 1.0 Summary

Better infrastructure and transport services are at the heart of the government's economic growth agenda. The NZ Transport Agency (NZTA) has made significant progress on implementing the policy direction set out in the Government Policy Statement on Land Transport Funding and the Safer Journeys road safety strategy.

Key achievements over the last three years include: establishing and initiating delivery of the roads of national significance; embedding the Safe System approach in our activities; aligning our investment direction to the Government Policy Statement on Land Transport Funding; working closely with the transport sector on action plans; and completion of state highway network improvements.

Looking ahead to the next three years, this document identifies the NZTA's areas of focus within the context of the next 3–6 months, and the next 1–3 years.

During the next 3–6 months, key areas of focus include contributing to the rebuilding of Canterbury, land transport regulation reforms, implementing an Operator Rating System for heavy vehicles, reviewing motor vehicle registration and road user charges fees, working with the Upper North Island Strategic Alliance on network planning, and conducting a number of business improvement reviews to enhance the effectiveness and efficiency of our business activities.

Looking at the next 1–3 years, key areas of focus include increasing the ability of the National Land Transport Fund to support the economic growth agenda, delivering the National Land Transport Programme (NLTP) 2012–15, supporting the growth of Auckland and the rebuilding of Christchurch, improving the effectiveness of public transport, addressing road safety and improving the efficiency of moving freight to market.

Progress during the next three years will in part depend on our ability to manage cash resources to deliver the NLTP 2012–15. Funding over these years is largely already committed and, compared to the previous three-year programme, there is little scope to accommodate new investment proposals. The planned fuel tax and road user charge increases for 2012 and beyond that were signaled in the Government Policy Statement on Land Transport Funding underpin the land transport investment programme for the next decade.

The NZTA delivers the NLTP within a 'pay-as-you-go' (PAYGO) system of cash disbursements. This funding model relies on expenditure for the construction and maintenance of roads and other infrastructure being closely linked to annual revenue generated, which in turn limits capital investment in that year. For NLTP investment, this means road and public transport users in a particular year fund the full amount of the investment made during that period. This is in contrast to the usual approach for funding capital projects of spreading the costs over the effective useful life of the asset.

Relying on cash revenue to pay for capital infrastructure improvements made in any given year is only appropriate if the network is neither expanding nor contracting, the condition of pavements and structures (such as bridges) is neither improving nor deteriorating, and where annual expenditures in connection with the assets do not vary in any significant way over time. These conditions do not apply to the land transport networks at present, given the government's goal to increase network performance on key national routes through a major investment programme.

The limitations of the PAYGO system include delaying projects that may be important to unlocking economic growth and productivity. If a project already has a favourable economic return, and the benefits are projected to occur early and not increase substantially in future years, then it should ideally be completed earlier rather than later. The current system also prevents some projects from being completed at the lowest possible cost, as construction timetables have to be extended to match revenue cash flows. An alternative to the cash-constrained or PAYGO system is to allow greater balance sheet flexibility for the National Land Transport Fund or the NZTA through raising debt matched against specific assets. We want to explore with you opportunities for this approach that are consistent with the government's debt objectives. This approach would be coupled with our current business improvement projects aimed at ensuring we achieve best value for money in NLTP investment.

The value that the NZTA brings to the government and the transport sector is to provide a 'whole of land transport system' view to the planning and investment task. This perspective ensures a portfolio of land transport investments across the regions that balances major local benefits with a significant contribution to net national benefit. Our whole of network perspective also positions us to ensure best value for money in National Land Transport Fund investment that both maximises the existing value of the current network and activities and ensures that further capital and operational investment is directed into those areas that provide the greatest value.

We will continue to develop our whole of network perspective and further embed it in our delivery activities to achieve greater system efficiencies and give transport users more for their money. The next big opportunity is to work more closely with other network providers – such as local government road providers, regional public transport service providers, KiwiRail and even ports and airports – to achieve synergies that generate improved economic and social benefits from their investment.

We seek to play our part in achieving a public sector that is more focused, efficient and productive and that delivers services differently and more cost effectively. Therefore, improving customer service, reducing compliance costs and improving value for money continue to be key drivers of our activities. We are currently focused on improving the transport outcomes from our investment in transport planning; how we plan and deliver major projects; public transport; the maintenance and operation of roading networks; and how we obtain greater value from the outsourcing of our professional services requirements. We also remain focused on achieving further cost reductions in our investment, administrative and support services, whilst ensuring that our service levels and outputs are maintained where they represent best value for money.

Planned changes to the Land Transport Management Act will assist with realising savings in transport governance and planning. Further work is also being undertaken to identify opportunities where legislation and regulatory changes could deliver improved transport results for the same or reduced costs to transport users. We see significant short-term opportunities to lower costs for transport users (and improve customer service) through changes to driver licensing and commercial transport services licensing regimes and changes to regional transport governance and planning.

## **2.0 Introduction to the NZ Transport Agency**

### **2.1 Who we are**

The NZ Transport Agency is a Crown entity set up to contribute to an affordable, integrated, safe, responsive, and sustainable land transport system for New Zealand as set out in the Land Transport Management Act 2003. We do this through four main functions:

#### ***Planning the land transport networks***

We are integrating land use and transport planning so that transport users have safe and efficient choices when moving themselves and their products around our provinces, towns and cities by walking, cycling, using public transport or motor vehicles. Our planning function enables us to influence the development of a land use and transport network structure that contributes to New Zealand's economic growth and productivity improvements and which provides value for money in investments.

As an example of our work in this area, we are contributing to the development of the Auckland Plan and the development and management of a 'one integrated network' approach. We are working with the Auckland Council on the integration of land uses, local road connections to the roads of national significance, and public transport developments across the Auckland region to ensure network efficiency and the realisation of economic benefits. Similarly, we are working with CERA and the Christchurch City Council on planning for the reconstruction of the city and ensuring we maximise our contribution to that process.

#### ***Investing in land transport***

We are making the optimal set of investments that represent best value for money in the use of the National Land Transport Fund (NLTF) and which deliver on the priorities in the Government Policy Statement on Land Transport Funding (GPS). We continue to work to ensure that our investments contribute to economic growth and productivity improvements and to a thriving New Zealand.

Next year we will deliver the National Land Transport Programme for 2012-15 that will specifically outline the projects and programmes for the nearly \$9 billion of resources that will be invested over the next three years to give effect to the GPS and to make a significant contribution to local economies and net national benefit.

#### ***Managing the state highway network***

The state highway network is one of the country's most important pieces of economic infrastructure and makes a significant contribution to New Zealand's prosperity and road safety. This strategic network is 12% of New Zealand's total road network but carries 50% of the vehicle traffic and around two-thirds of the kilometres driven by heavy vehicles. We are the system operator and take a whole of life approach to optimum asset management throughout the business. Over time we want to improve the experiences of drivers on our state highways and provide different service levels according to road function and to reflect the needs and expectations of freight movers, commuters, tourists, businesses and leisure travellers.

Delivering the roads of national significance programme (consistent with the GPS), focused on the heavily trafficked areas of our major metropolitan areas, is a key part of our state highway development and management function.

### ***Providing access to and use of the land transport system***

Our work under this function includes regulatory, licensing, registration and enforcement activities and the provision of information to land transport users. It's a key part of informing and shaping people's transport choices by providing them with clear standards and with good information, and encouraging them to travel safely and efficiently. We also work collaboratively with other network operators to make existing networks safer and more efficient.

### **The value we add**

We bring a whole of land transport system view to the planning and investment task. Adopting this 'one network' perspective means we are able to ensure a balanced portfolio of regional and national benefits, which represents best value for money. The next big opportunity is to work even more closely with other network providers, such as local government road providers, regional public transport service providers, KiwiRail and even ports and airports, to achieve synergies that generate improved economic and social benefits from our combined investment. It is crucial that we develop this one network perspective and approach further in our business activities.

### **Our role under the Land Transport Management Act**

The Land Transport Management Act (LTMA) outlines the role and functions of the NZTA and the instruments that define the relationship between the Minister and the Agency, including the GPS.

The LTMA sets out the NZTA's statutorily independent functions that include (among other things) the approval of procurement procedures, determining whether particular activities are to be included in a National Land Transport Programme and the decisions on the activities that qualify for payments from the NLTF.

The Crown Entities Act also provides the framework for the governance and operation of Crown entities. Crown entities are legal entities in their own right. A decision to assign a government activity or function to a Crown entity indicates that the function should be carried out at 'arm's length' from the government. Crown entities remain, however, instruments of the Crown.

### **Government objectives for the NZTA**

The government's immediate priorities for transport have been investment in infrastructure, better regulation, better public services, and road safety. The government has also laid out clear expectations for the public sector to demonstrate that it delivers value for money for New Zealanders. In addition, the Minister of Transport's letter of expectation to the NZTA outlines a number of specific objectives for 2011–12. These are for the NZTA to:

- continue delivery of the roads of national significance infrastructure programme
- develop and implement the state highway classification system
- seek more efficiency and value in infrastructure project design and consenting processes
- undertake full and timely implementation of rule changes
- work with the Ministry of Transport to review fees and charges for regulatory activities, and streamline transport regulation and rules
- achieve value for money in compliance and other costs including memorandum accounts, tolling, motor vehicle registry, road user charges and National Land Transport Programme administration
- implement the Safer Journeys road safety strategy
- develop a strong customer focus, particularly in road investment and in meeting road users' needs
- ensure effective engagement with sector stakeholders.

## **Our 2011-14 priorities**

Our 2011-14 *Statement of intent* reflects these objectives and the government's longer term goals as set out in the *Connecting New Zealand* policy direction. To track our progress the *Statement of intent* has the following key result indicators for 2011-14:

1. Deliver the roads of national significance programme to agreed performance standards and timeframes.
2. Ease severe congestion - decrease the number of minutes delay per kilometre during the AM peak in Auckland.
3. A resilient and secure network - reduce the number of road closures on the state highway network with a duration of 12 hours or longer.
4. Reduce the number of young drivers (15-24 year olds) killed on New Zealand roads (as part of a general reduction in number of road deaths and serious injuries).
5. Improve the effectiveness of public transport - increase the number of public transport boardings per NLTF \$ invested in public transport services.
6. Improve the efficiency of freight - increase the average daily measured weight of freight vehicles on the state highway network.
7. Improve customer service and reduce compliance costs - significantly increase the number of road user transactions completed online.
8. Ensure 100% availability of core systems.
9. Further reduce the cost of administrative and support services as a percentage of total expenditure (and remain in top NZ quartile).
10. Increase the levels of staff engagement and stakeholder satisfaction.

## Financial overview

The NZTA has budgeted revenue of \$2.679 billion in 2011/12 to fund:

- investment in land transport of \$2.432 billion, which includes the NZTA's investment in the state highway network, and funding the NZTA provides to approved organisations (usually a regional council, a local authority or another public organisation) for the delivery of services
- the Road Policing Programme. The NLTF funds the road safety and enforcement activities of the NZ Police through a programme that is negotiated between NZTA and NZ Police and recommended to you for approval
- the NZTA's operating activities of \$268.552 million (\$270.339 million less merger costs of \$1.787 million).

## Funding sources and expenditure 2011-12

Funding sources		Operating and capital expenditure						
		Investment in land transport			NZTA operating activities			
		Planning and investing in land transport	Managing the state highway network	Specific Crown projects	Planning and investing in land transport	Access to and use of land transport	Managing the highway network	Specific Crown projects
Direct from Crown	\$30.000m			\$28.552m				\$0.095m
National Land Transport Fund	Operating \$1,804.927m	\$1,010.600m	\$306.265m		\$68.400m		\$8.735m	
	Capital \$682.316m Borrowing \$18.457m		\$1,086.100m				\$39.900m	
Third parties for services*	\$143.717m					\$150.557m	\$0.865m	
		\$1,010.600m	\$1,392.365m	\$28.552m	\$68.400m	\$150.557m	\$49.500m	\$0.095m
<b>Totals</b>	<b>\$2,679.417m</b>	<b>Total \$2,431.517m</b>			<b>Total \$268.552m</b>			

\* For example, motor vehicle registry and road user charges administrative fees.

This table includes operating and capital.

NLTF investment also includes the Road Policing Programme, which is delivered by the NZ Police. As part of our investment function, we prepare the Road Policing Programme and recommend this to you as Minister of Transport for your approval. The value of NLTF investment in the Road Policing Programme in 2011-12 will be \$295.945 million which is not included in the table above because it is not delivered by the NZTA.

The \$30 million cost of managing the funding allocation system for the NLTF, including procurement procedures and our advice and assist role with local government now represents less than 1% of the NLTF's annual expenditure. We have progressively managed this cost down. The budget range for managing the NLTF was further reduced in the July 2011 GPS and we have implemented cost-efficiency improvements in our business to reflect this reduction.



## 2.2 The NZ Transport Agency Board

The Board is the independent governing body of the Agency. Board members are accountable to the Minister of Transport for performing their duties as members. The Minister appoints up to eight independent non-executive members to the Board. These appointments are for a two or three-year period that may be extended. The Board selects the membership of its three committees and has appointed the Secretary for Transport as a member of the Audit, Risk and Assurance Committee.



The NZTA Board supports the Minister by performing six functions that govern the operations and performance of the NZTA:

- Setting the direction of the NZTA.
- Setting plans and targets for services and financial performance.
- Reviewing and reporting on the NZTA's performance against plans and targets.
- Providing quality assurance of key operational policies, systems and processes.
- Making significant planning, investment and funding decisions.
- Influencing and contributing to the land transport sector.

The Board works to ensure that the organisation and its supply chain strive for better economic value in the interests of achieving the government's objectives. The Board and Board Chair advise the Minister every quarter on the performance of the NZTA in meeting its targets, and also provide advice on the implications of changes to the operating environment, emerging risks and opportunities for both the NZTA and the transport sector as a whole.

The biographies of the current eight Board members are set out in Attachment A of this briefing. An overview of our organisational structure and our Senior Leadership Team is provided in Attachment B.

## 2.3 Ensuring best value for money

We are progressing a range of internal reviews with the aim of increasing the transport results from our investments and increasing organisational efficiency. We have also undergone two significant reviews of the broader organisation performance:

- Performance Improvement Framework (PIF) review – This independent assessment considered alignment of priorities and core services with government objectives and organisational management dimensions (leadership, external relationships, people development, financial and resource management). The external reviewers rated NZTA as 'strong' and 'well placed' across many dimensions of our core business and priorities and in relation to our organisational management and capability. Over the last 12 months we have substantially completed our action plan to address the recommendations of the review.

- Better Administrative and Support Services (BASS) benchmarking reviews – These annual reviews test the efficiency of five key administrative and support areas (human resources, corporate and executive services, information systems, finance and procurement). While we have performed very well against most metrics, we continue to use the results to help us benchmark services and improve performance. We can offer efficient back-office support to other transport agencies and are keen to develop a shared services approach where it's warranted.

## 2.4 Recent achievements

We are proud of our key achievements over the last three years. We have established a new organisation and made major progress with reshaping the transport planning and funding system. We have delivered on a major infrastructure improvement programme and are recognised across the construction sector as an innovative procurer of major works.

### **Establishing and initiating delivery of the roads of national significance (RoNS) programme**

To achieve the aims of the GPS, we have re-prioritised the National Land Transport Programme (NLTP) to enable the delivery of the seven roads of national significance, which will bring significant economic and productivity benefits to the regions in which they are being constructed and to the wider national economy. Further information on the RoNS is given in section 4.3.

### **Embedding the Safe Systems approach in our activities**

To implement the government's Safer Journeys road safety strategy, we have embedded the Safe System approach in our business and we have been using our investment tools to ensure this approach is understood and accepted throughout the land transport sector. The NLTP 2012-15 will include investing in safe systems as an investment priority. Further information on the Safe Systems approach is given in section 4.9.

### **Aligning our investment direction to the GPS**

Over the last three years we have re-oriented our NLTP investment priorities to ensure their alignment with the directions stated in the GPS (section 4.2). These new investment priorities have been integrated with our funding criteria to incentivise changes in investment by our stakeholders and co-investment partners, including local and regional government and public transport service providers.

### **Working closely with the sector on action plans**

To provide better value for money and improve transport outcomes, we are implementing a new approach to implementation that involves a collaborative model with transport service providers and users (including the private sector). Key examples of our recent focus in this area include the development of a Public Transport Effectiveness Plan with public transport providers (as described in section 4.7) and an Upper North Island Freight Efficiency Plan with the road transport sector (see section 4.10). We intend to develop this approach further in the future.

### **Completion of state highway network improvements**

In the last three years, a number of state highway projects have been completed across the country that are bringing benefits to communities and road users. Many of these have been achieved ahead of time and below the expected budget. These projects include:

- Victoria Park Tunnel in central Auckland (the first RoNs project to be completed)
- Newmarket Viaduct in Auckland
- State Highway 20 Auckland ring route, including a second Manukau Harbour crossing and State Highway 1 to 20 connection
- Northern Gateway Toll Road from Orewa to Puhoi
- Kopu Bridge connecting to the Coromandel
- Matahoura Gorge realignment between Napier and Wairoa
- second Tauranga Harbour Bridge
- Bell Block Bypass and Rugby Road underpass in Taranaki
- Ohingaiti-Makohine realignment in Manawatu-Wanganui
- Hawke's Bay Expressway southern extension
- Arahura Road/Rail Bridge replacement between Greymouth and Hokitika.

## **2.5 Working with you**

As Minister you will set the working style, including how we build and maintain our relationship with you. In the past, frequent meetings between the Minister and the Chair and Chief Executive have enabled good information flows. The Ministry of Transport has previously asked us to provide your office with a weekly report on a range of matters, although any significant matters were raised directly at the Chair/CEO meeting. We would also encourage and welcome you to meet with the Board at a convenient time.

## **3.0 Areas of focus for the NZTA over the next 3 to 6 months**

### **3.1 Contributing to the rebuilding of Canterbury**

Damage caused to the transport network by the Canterbury earthquakes is covered in part by the NLTF through emergency reinstatement funding. The level of damage sustained to the network is of a completely different order to the emergency reinstatement costs that the NZTA normally funds in response to significant events which are typically weather related. The cost is estimated at around \$1.2 billion over the next 6 to 10 years with about \$950 million being eligible for funding assistance as emergency works. The Christchurch City Council has included transport initiatives in its central city recovery plan for which it is likely to seek further Crown funds of more than \$830 million to support its earthquake recovery aspirations.

The NZTA will assist the funding of earthquake recovery works for Canterbury in conjunction with contributions from the Christchurch Earthquake Recovery Fund (CERF) and local authorities. By far the largest component is required for reinstatement work in Christchurch city. At this stage in the recovery planning process, there is still a wide probability range around the total cost estimate for this work. The speed of the rebuild is uncertain and there could be substantial year to year fluctuations in cash flow required. The relationship between the NZTA, Christchurch City Council and CERA is strong, and we are fully engaged within the delivery 'alliance' structure and in relation to the funding and planning for the city's recovery.

To deal with this anticipated uncertainty and the need to deliver a balanced programme across the rest of New Zealand, we have been looking for ways to smooth the cash flow requirements over a longer time period without diminishing the overall funding commitment. We need to discuss with you the possible options for dealing with this issue.

Our contribution to the rebuilding of Canterbury will also include the construction of the Christchurch roads of national significance projects – the extension to the Southern Motorway, the Northern Arterial, and the Western Corridor.

Stage 1 of the Christchurch Southern Motorway is well underway. Once completed, the project will assist in the region's recovery and provide improved access from the south of Christchurch to Lyttelton Port and the new Christchurch CBD. Stage 2 is being planned. The Northern Arterial is well advanced in the planning stage as well.

The Western Corridor is partially underway, but there are still issues to be resolved regarding the appropriate level of service along Russley Road/Johns Road (State Highway 1) and the connectivity to local roads and the Christchurch International Airport. The Christchurch City Council has indicated that it wishes to meet with you and the Board on these issues.

The Canterbury earthquakes have also had a major impact on public transport patronage in the region, with about 13 million passenger trips for 2010/11 financial year compared with about 17 million passenger trips in 2009/10. The proportion of operating costs covered by fare revenue has dropped significantly from approximately 43% in September 2010 to 28% in September 2011. However, Environment Canterbury's budget allocation and the current NLTP budget allocation for the 2009-12 period have been able to cover the operating costs. Environment Canterbury is monitoring cost recovery closely.

An important component of the recovery of public transport services in Canterbury has been the reintroduction of through routing of bus services via a temporary interchange in the central city. The NZTA has contributed an additional \$750,000 to fund the set-up of this interchange. The interchange is expected to improve patronage and the focus of service changes has been on improving accessibility to new employment centres outside of the Christchurch CBD. The adoption of a Regional Public Transport Plan for Canterbury has been delayed by Order in Council until the end of 2012 and we have worked with Environment Canterbury to change its current Regional Passenger Transport Plan to enable it to implement the main components of the new contracting model for public transport services (the Public Transport Operating Model or PTOM).

### **3.2 Land transport regulation reforms**

A package of reforms designed to deliver substantial improvements to the land transport regulatory system are being investigated by a joint NZTA and Ministry of Transport project team. The potential reforms being scoped are:

- changing the frequency of warrant of fitness (WoF) and certificate of compliance (CoF) inspections to reflect the safety risk of vehicle use and age
- limiting the application of the transport services licensing (TSL) regime for classes of vehicles that do not pose additional public risk, for example rental car companies
- reconsidering the purpose and business model for vehicle licensing.

The objective is to reduce costs to transport users while maintaining or improving road safety outcomes by embedding a Safe Systems approach into the regulatory framework. Early next year we, with the Ministry of Transport, will be seeking feedback from you on the contents of the potential reform package and implementation options.

### **3.3 Implementing an Operator Rating System**

We are also working to implement an Operator Rating System that will rate commercial transport operators based on their compliance with relevant land transport safety legislation. The new system will go live in July 2012 and ratings will be made publicly available on the NZTA website. We expect that this Operator Rating System will have significant safety benefits and it represents an example of a market based initiative that is consistent with the Safe Systems approach. An increase to the TSL fee – approximately \$15 per vehicle per year – will also be implemented at this time to fund the costs of the system.

### **3.4 Concluding the review of driver licensing**

A review of the driver licensing and testing business model was completed by the NZTA and the Ministry of Transport in 2011. The outcomes of the review, which were reported to Cabinet in August 2011, included a number of possible changes to the current business model to reduce costs, improve efficiency, improve safety outcomes, reduce compliance burden and improve customer service.

A major constraint to improving business processes for driver licensing is the level of prescription in legislation – both in the Land Transport Act and the Land Transport (Driver Licensing) Rule. We have agreement from the Ministry of Transport that this legislation needs amendment or replacement, to allow greater flexibility in the modes of transaction the NZTA provides (including online for those transactions where identity can be appropriately established) and more efficient and robust processes.

Our expectation is that overall costs in driver licensing can be reduced, while increasing customer choice and improving safety outcomes.

### **3.5 Reviewing motor vehicle registration and road user charges fees**

The current motor vehicle registration fees have not been substantially revised since 1999. We are working with the Ministry of Transport on a review of the business model, fees and service levels for the motor vehicle register. As part of this review we are investigating management approaches that would see a shifting of registry users to lower cost channels (for example to online channels). We will be proposing a new fee schedule that includes a reduction in administration fees for motor vehicle registry users and a reduction in administration fees for road user charges. We have also identified with the ACC an opportunity to make changes to the motor vehicle licence administration fee that would lower ACC levy costs for road users.

We have a paper ready on this issue for your consideration.

### **3.6 Working with the Upper North Island Strategic Alliance on network planning**

The upper North Island (Northland, Auckland, Waikato and Bay of Plenty) is projected to accommodate the majority of New Zealand's population and economic growth over the next 30 years. There is increasing recognition of the need to strategically plan the upper North Island transport networks with a focus on the end-to-end journey requirements of users. The NZTA has a unique role in this respect because it has responsibility for the most comprehensive network infrastructure in the form of the state highway network. Along with KiwiRail we can bring a pan-regional and national perspective to discussions and act in a facilitation role to bring the key players together. Accordingly, we are working with the newly formed Upper North Island Strategic Alliance (comprising Auckland and the three regional councils) and other key players, including the port authorities, territorial and regional councils, KiwiRail and major freight movers, to increase awareness of the need to plan strategically across modes, networks and regions.

### **3.7 Business improvement reviews**

We have a number of business improvement reviews underway that aim to enhance the effectiveness and efficiency of our end-to-end business, from planning to delivery of projects to maintenance and operations to ensure value for money in NLTF investment. The key projects are described below.

#### **Road maintenance**

We are leading an industry task force that is identifying opportunities for efficiency gains and productivity increases in this activity class. Currently there are five areas of focus:

- Understanding the cost drivers of maintenance and renewals and their relative importance.
- Opportunities for getting better value for money.
- Innovation in asset management and procurement.
- Possibilities for standardisation/harmonisation of documentation and processes.
- Better understanding of risk and risk management – to better understand the cost implications of risk transfer associated with planning and delivery of operations, maintenance and renewals and identify examples of good practice in risk identification, management and allocation to deliver better value for money across the industry.

The task force will provide a report of its findings to you in March 2012.

## **Transport planning review**

This review is looking at how to improve the effectiveness and efficiency of integrated transport planning to enable investment in the right transport solutions. The review is examining how transport can be more effectively integrated into the wider planning system (see section 4.12), as well as improving process and practices, including planning activities proposed in the next NLTP. It will identify decisions that need to be taken to increase the effectiveness of planning activity and reduce waste in the process. The aim is to ensure that all transport planning investment in this activity is targeted on high priority areas or is delivering effective value for money. We have already adjusted the funding assistance rate for planning in the NLTP 2012–15 to achieve a better balance between local government and NLTP funding.

## **Professional services**

This review is taking a first principles review of the consultancy market and the way design and technical services are procured. The review aims to increase the benefits per dollar of investment and to reduce the overall cost of professional services.

## **Project development**

This review aims to identify efficiency gains in the entire process of taking larger road construction projects from concept to a pre-construction ready state. The current process of planning and developing projects from investigation to design can undergo several iterations. We are reviewing this process so that a more streamlined approach can be adopted. As an example, the review is likely to develop a process around a single business case to provide clear justification for the project.

## 4.0 Areas of focus over the next 1 to 3 years

### 4.1 Increasing the ability of the National Land Transport Fund to support economic growth

The National Land Transport Programme (NLTP) is funded by payments into the National Transport Fund (NLTF) – from fuel excise duty (FED), road user charges (RUC) and motor vehicle registration and licensing fees (MVR). Each year, the payments received into the NLTF are used to pay for the capital and operating costs of state highways, local roads and public transport, as well as other costs including road policing, management and planning, road user safety and walking and cycling. This current method of funding is called the PAYGO system.

Investing against a PAYGO cash constrained system means that annual cash disbursements are closely linked to annual revenue, setting the limit on capital investment in that year. Although there may be provision to allow for annual over-runs (for example through an overdraft facility), the expectation is that such an account will return to a positive balance within a short time period.

Under a PAYGO cash constrained system, revenue for any year is spent on the capital projects in progress during that year. Projects may have to be staged over several years due to the project's capital cost being larger than the available revenue in a single year. The PAYGO cash constrained system has the following limitations:

- It places pressure on the ability of the NLTF to meet all demands for new roads, which means that difficult trade-offs need to be made between funding state highways and local roads.
- It does not allow the NZTA the full flexibility to invest at the time when the value of a project's net benefits would be maximised. If a project already has a favourable benefit cost ratio, and the benefits are not projected to increase substantially in future years, then projects should be completed earlier rather than later.
- It prevents projects from being completed at the lowest possible cost if contractors could complete construction earlier but are prevented from doing so due to a lack of available cash.

An alternative to the cash-constrained or pay-as-you-go system is to allow greater balance sheet flexibility for the NLTF or NZTA through access to additional finance. Under this approach, the expected annual NLTF revenues would set the limit on the stock of capital the NZTA is able to carry. Annual revenues would be required to cover all operating expenses and the cost of capital, but there is no fixed link between the annual cash disbursements and the revenue in that year. This approach would help to resolve many of the issues currently faced by the NZTA in developing transport infrastructure by:

- providing flexibility to complete specific projects more efficiently if the cash constraint would otherwise require the project to be staged in more costly and less beneficial ways
- achieving a closer time alignment between costs and benefits. In essence, revenues received by the NZTA each year would cover the total cost of services derived from the investment programme in that year
- providing flexibility to respond to optimal project timing to maximise the net present value of the investment programme. This would in particular apply to projects in the NLTP where there is strong existing demand, and where delaying the project (due to cash constraints) has a negative economic welfare impact
- allowing for the intergenerational payment of long life land transport assets.



The NZTA would access finance within the same revenue constraint it currently faces. A portion of future revenues into the NLTF would be pre-committed, leaving less room for changing future priorities. This means the NZTA would need a high level of confidence that the projects being funded will provide the maximum benefits. Under this approach, financing costs would be incurred to repay the capital provided for new investments.

In the present PAYGO system, the amount of revenue hypothecated acts as a crude rationing constraint on NLTF expenditure. The adoption of an alternative model incorporating greater balance sheet flexibility would need to include an appropriate constraint and test framework to guide expenditure and ensure sustainable debt ratios over time.

Any changes in our balance sheet flexibility would be in addition to our current and future business improvement and value for money reviews aimed at ensuring we and the sector continue to extract best value for money from NLTF investment.

## **4.2 Delivering the National Land Transport Programme 2012- 15**

Under the Land Transport Management Act the NZTA is charged with the responsibility of preparing three-yearly National Land Transport Programmes (NLTPs) that give effect to the direction of the Government Policy Statement on Land Transport Funding (GPS). The NLTP specifies how the National Land Transport Fund (NLTF) will be invested across the various land transport activity classes as defined in the GPS.

The NLTP 2012–15 is currently under development. Local authorities and the NZTA (state highways) are proposing transport programmes and projects for regional land transport programmes, which are being prepared by regional land transport committees. After public consultation and approval by regional councils, these regional land transport programmes are to be forwarded to the NZTA by 30 June 2012.

The NZTA collates the regional land transport programmes, and together with the Road Policing Programme and its own nationally delivered programmes (eg road safety advertising), develops, assesses and prioritises the NLTP. We also ensure that the NLTP will give effect to the GPS. The Board must determine and adopt the NLTP by 31 August 2012.

Consistent with the GPS, the NLTP 2012–15 will make a significant contribution to economic growth and productivity improvements and will see the continued delivery of the roads of national significance.

Initial bids for the maintenance and renewal expenditure on local roads activity class for the development of the NLTP 2012–15 in total exceed the upper GPS range for that activity classes. While this is consistent with previous years, there is added pressure on local authorities to find efficiencies due to flat lining of activity class funding in the GPS. The Road Maintenance Task Force will seek to find where efficiencies can be achieved in the road maintenance and renewals activity classes.

The NZTA is explicitly preparing the next NLTP on the basis of the incoming government proceeding with an increase of 2 cents per litre in 2012 and 1.5 cents in 2013 for fuel excise duty and road user charges equivalent to meet the revenue requirements in GPS 2012/13–2021/22. These increases are required to maintain purchasing power from the previously deferred 1.5 cents petrol excise increase for this year. Any deferral of these increases would have implications for delivery of priorities in the GPS. Our ongoing business improvement and value for money reviews will ensure we obtain best value

for money from NLTF investment to assist in ensuring that fuel excise duty and road user charges increases are justifiable

### **4.3 Improving, maintaining and operating the national roading network**

The NZTA invests \$1.4–1.5 billion in the state highway network each year. Of this total, \$900 million–\$1.0 billion is spent on improvements of the network – mostly the roads of national significance (RoNS) – and over the next 10 years RoNS will absorb 65% of this funding. The remaining \$500 million is allocated to maintenance and operations, including absorbing costs of newer, higher performance solutions, such as technology-based ones, and safety features such as median barriers. Funding for state highways over the next two years is now largely committed and there is little scope to accommodate new investment proposals. Forecast progress on the seven RoNs is shown in the table below.

## FORECAST ROADS OF NATIONAL SIGNIFICANCE MILESTONES

RoNs project	2011/12 milestones	2012/13 milestones	2013/14 milestones
<b>Puhoi to Wellsford</b>	Complete scheme assessment report		Complete national consenting process
<b>Western Ring Route</b>	Complete tender process for SH20 tunnels Construction on the SH20 Tunnels commences	Construction of SH16 causeway commences	Construction of Te Atatu interchange commences
<b>Victoria Park Tunnel</b>	Construction complete		
<b>Waikato Expressway</b>	Construction of Ngaruawahia section commences	Complete Te Rapa section Construction of Rangiriri section commences Commence construction on Long Swamp section* Tender process for Cambridge section begins*	Complete Ngaruawahia section Commence construction on the Cambridge section*
<b>Tauranga Eastern Link</b>	Construction continues	Construction continues	Construction continues
<b>Wellington Northern Corridor</b>	Complete national consenting process for Mackays to Peka Peka and Transmission Gully projects	Commence construction on Ngauranga to Aotea Quay section*	Commence construction on Mackays to Peka Peka* Commence construction on Basin Reserve improvements Tender process for Peka Peka to Otaki commences*
<b>Christchurch Motorways</b>	Construction of Southern Motorway stage 1 continues Devise and implement the recovery plan	Construction of Southern Motorway stage 1 continues Devise and implement the recovery plan	Complete Southern Motorway stage 1 Devise and implement the recovery plan
<b>Indicative cost of RoNS programme**</b>	\$700-725m	\$775-800m	\$900-925m

\* These milestones reflect the indicative direction signalled within the 2012-15 GPS. It should be noted that neither the 2012-15 GPS nor the 2012-15 NLTP has yet been approved. Progress, particularly in years 2 and 3 (2012-2014), is dependent on the revenue from fuel excise duty and road user charges.

\*\* 2011/12 indicative level of expenditure is a result of work being completed earlier than previously planned on Victoria Park Tunnel, Tauranga Eastern Link and Christchurch Southern Motorway.

Given the size and complexity of the RoNS programme and the increasing costs of operating and maintaining these improvements, targeting investment for the national roading network is increasingly

important. We now have a significant number of high-cost projects in the programme, such as Waterview, Transmission Gully, Huntly and Hamilton sections of the Waikato Expressway, and the Kapiti sections of the Wellington Northern Corridor. Projects of this scale are carefully monitored at every stage of development to ensure delivery can be matched to the available funding. The emergence of these larger projects also places pressure on our ability to deliver smaller improvement projects, which often deliver significant benefits themselves. There is also significant pressure to be able to deliver the full, existing RoNS programme within the 10-year timeframe.

The State Highway Asset Management Plan is the key mechanism used by the NZTA to ensure state highway investment is targeted on areas of greatest need and benefit. The asset management plan provides a 3 to 10-year view on the service levels and customer needs for different parts of the state highway network according to their core function. This includes safety, travel time and network resilience service levels.

The asset management plan describes the programme of activities that will be implemented to address levels of service gaps – focusing on the biggest gaps on national strategic routes. It also describes how service levels will differ across the country, and that on some classifications there will be a managed decline in service level to allow investment in areas of greater need.

The state highway classification system differentiates state highways according to function, based on relative contribution to New Zealand's economic growth and productivity. Routes with higher classification carry higher traffic volumes, link larger centres of economic activity and often carry higher freight volumes and require higher service levels.

#### **4.4 Coordinating planning for national networks**

To help deliver on economic growth targets the NZTA is increasingly focusing on providing seamless end-to-end journeys for freight and long distance people movements. The NZTA is working to deliver on a one network approach that views all modes and networks as being part of a larger, integrated transport system. This means thinking beyond our own network and working with key players such as KiwiRail and port companies to ensure that transport planning and investment is joined up and mutually beneficial.

Because of our national perspective and extensive state highway network, we have a unique role in helping coordinate national planning with key players, particularly regional councils and freight, tourism and logistics operators. Accordingly we can take an integrated approach to ensure more efficient movements, leaving the private sector to determine how they wish to operate within the network.

Key upcoming challenges in this area include investigation of Clifford Bay as a southern terminus for the Cook Strait ferry, integrated planning work in the upper North Island and planning for future RoNs.

#### **4.5 Supporting the growth of Auckland**

The efficiency of Auckland's land transport infrastructure will continue to be a major focus for the NZTA, in view of the significant contribution the region makes to the national economy.

In August we refreshed our internal investment decision-making guidelines in response to the GPS 2012/13–2021/22. Our investment priorities that will enable Auckland to achieve economic and productivity improvements include giving higher priority to nationally significant solutions, a focus on

supporting public transport solutions that alleviate congestion in the major urban areas and the emphasis placed on integrated planning approaches (which closely aligns with Auckland Council's current spatial plan process).

Our view is that future NLTPs will likely be insufficient to fund the land transport system which Auckland aspires to and which is necessary to maximise economic growth and productivity improvements in the region and the broader economy. Various estimates using different methodologies put the region's land transport investment needs at between \$41 and \$57 billion over the next 30 years, although more detailed and independently verified costings and business case development is required. If this scale of investment is required in Auckland's transport system, our opinion is that new or modified revenue sources will need to be considered. We note that discussion on new revenue options is already occurring in the public domain following the recent release of the Auckland Spatial Plan, which considers Auckland's future infrastructure requirements and how they could be paid for.

#### **4.6 Ongoing focus on rebuilding Canterbury**

In addition to our immediate response to the rebuilding of Christchurch, we are contributing to longer term planning to maximise the contribution of transport infrastructure to the rebuilt city. We have been working with the Christchurch City Council in the development of the recovery plan for the Christchurch CBD, and with CERA on its draft recovery strategy. In both cases we want to ensure that these plans take account of and are integrated with transport planning, and that they reflect the best outcomes and benefits from investments across all infrastructure. It is important that the plan for the central city integrates with the surrounding transport network, and that the public transport network complements the rebuilt central city to achieve best value for money from our collective investments.

We will also monitor and have involvement in other recovery plans of interest, such as the economic and education recovery plans. Another opportunity to assist arises from our technical support for the reinstatement of horizontal infrastructure (sewers, water and other networks). We are utilising skills gained as New Zealand's major public infrastructure provider to help local agencies with management and procurement of the rebuild.

#### **4.7 Improving the effectiveness of public transport**

We are seeking to enhance the value of the co-investment we make with local authorities in public transport services and infrastructure to derive greater economic and productivity benefits.

Enhancing the effectiveness of public transport is one of our priorities and to progress this we have developed a Public Transport Effectiveness Plan in collaboration with the sector. Currently 78% of our expenditure in public transport services (exclusive of SuperGold funding) is being spent in Auckland and Wellington. With further investment required in both cities, primarily for rail service and rolling stock upgrades, this proportion will only increase across the next NLTP to assist both in the effectiveness of public transport in our largest urban centres and with severe congestion relief.

One initiative under the Public Transport Effectiveness Plan is our implementation of the public transport operating model (PTOM), which will increase competition and therefore efficiencies and service levels on public transport routes, particularly in large urban areas.

Automated fare collection and integrated ticketing (eg smart cards) are other important plan initiatives with significant potential for step change improvement in public transport service delivery. We are

leading this work and working closely with regional councils to optimise national and regional investment in ticketing technology. Over the past two years, trends in key indicators such as farebox recovery rates and cost per passenger kilometre have been positive and trending in the right direction nationally and across key networks, including Auckland, and many growing networks, including Bay of Plenty. These trends will be challenging to maintain, especially over the short term where additional investment is required. In the medium term and beyond, we are expecting even greater gains from this investment than are currently being achieved.

The benefits to be derived from PTOM and integrated ticketing will be strengthened by regulatory and legislative change to reflect the new PTOM requirements and the mitigation of revenue loss through fare evasion under new automated fare collection processes. Reforms of the Public Transport Management Act, which governs the sector, will clarify legislative PTOM requirements and provide enhanced opportunities for potential changes in funding and delivery models that would bring further increased efficiencies, cost savings and value for money.

We have recently revised our investment framework for public transport to reflect the government's priorities as stated in the GPS 2012. This will see us further prioritising our NLTF investment in public transport to where the greatest productivity benefits can be achieved, in particular the alleviation of severe congestion in major urban areas. We are also placing greater emphasis on farebox recovery ratios to incentivise increased service quality and efficiency.

#### **4.8 Optimising the value of our co-investment with local government**

We co-invest a significant proportion of the NLTF with local authorities in local land transport activities, including local roads and public transport services. We fund on average (across the nation) 50% of the capital and maintenance costs of local roads, although the funding assistance rate (FAR) for local roads varies from district to district. The NZTA is contributing approximately \$2.8 billion over the three years of the NLTP 2009–12 in local authority transport investments, about half of which is directed to local road maintenance, operations and renewals.

Cash flow management issues have resulted in our decision to impose a moratorium on new funding approvals for roading and other improvement projects from May 2011. Our commitments to fund other activities, including approved projects, public transport services and road maintenance and renewals, will continue to be met.

There are further opportunities to refine our investment directions and priorities to optimise the economic and productivity benefits that can be derived from the NLTF, including through the provision of funding assistance rates (FARs) for local roads and other land transport activities currently provided to local authorities.

We have signalled a substantive review of the FARs to the local government sector (including the rates themselves and potentially the underlying mechanism), and this review will be undertaken in 2013. We have also indicated to the sector that any changes in the FARs resulting from the 2013 review would be implemented through the NLTP 2015–18.

The Land Transport Management Act specifies that it is the role of the NZTA to set FARs and this must be consistent with any criteria provided by the Minister of Transport.

## **4.9 Addressing the key risk areas for road safety**

The Safer Journeys road safety strategy sets out the guiding philosophy of the Safe System approach, which specifies that the road transport system should be designed to recognise that human error is inevitable, and to minimise trauma when crashes do occur. A forgiving system that protects people from death and serious injury is the aim. We are currently embedding the Safe System approach in our business and using our influence to ensure this approach is understood and accepted throughout the transport sector.

The activities required to deliver Safer Journeys will be set out in a series of action plans. The first action plan covers 2011/2012 and we are the lead agency for 37 of the 107 actions. Our key deliverables include:

- strengthening driver licence tests. Changes to the restricted licence test will be implemented in February 2012
- developing and applying high-risk guides for rural roads, intersections and motorcycle routes
- constructing each road of national significance to 4 or 5 star KiwiRAP standards
- implementing changes to the give way rule – due to come into force on 25 March 2012
- increasing demand for and understanding of the importance of safer vehicles
- conducting a review of New Zealand's speed management framework to reflect a Safe System approach. This may result in changes to the Land Transport Rule: Setting of Speed Limits 2003
- working with police to extend the current speed camera programme – additional cameras are expected to be operational from mid-2012. The addition of demerit points to speed camera infringements would greatly enhance the effectiveness of this tool
- conducting New Zealand specific research on how driving performance is affected as blood alcohol levels rise. Research is due to be completed in September 2012 and could generate significant debate on the blood alcohol limit for drivers.

The next action plan will cover 2013–2015 and is a key opportunity to embed the ongoing gains for New Zealand from road safety investments. Changes to the warrant of fitness regime, vehicle import standards and actions to achieve safe speeds may be key components.

Two new give way rules will come into force on Sunday 25 March 2012 at 5am. An intensive public information campaign will run in the month leading up to the date of change, with national advertising starting 10 days before the change. The intent and timing of the campaign, which is based on lessons from Victoria, Australia when their rule changed in 1993, is to avoid public confusion and minimise the risk of people starting to use the new rules too early.

We will be sharing resources with key stakeholders to help ensure consistency of messages across the country, reduce the level of local spend required and reduce the likelihood of information being made available at the wrong time.

## **4.10 Improving the efficiency of moving freight to market**

More efficient freight supply chains are recognised internationally as a major contributor to economic growth and greater productivity. Improving the efficiency of freight movements is particularly important to New Zealand's economy, which relies on the export of large volumes of freight (including time critical freight like chilled meat) to distant markets.

Current forecasts indicate that freight movements are likely to double over the next 30 years. This growth will be experienced across the country but will be heaviest in the upper North Island, particularly within the Auckland, Waikato and Bay of Plenty regions. The increasing freight task along with growth in general traffic will place pressure on the transport network, particularly on the capacity of the strategic freight network that includes key local roads, state highways, rail lines and ports.

With the majority of New Zealand's import and export freight moved in and out of 13 ports, pressure on the network will be greatest on the routes to and from these ports, particularly on the key routes to New Zealand's busiest export ports in Auckland, Tauranga, Lyttleton and Port Chalmers. Currently around 70% of New Zealand's freight task (by tonnes/kilometres) is moved by road, 15% by rail and 15% by coastal shipping.

Because the complexity of freight supply chains and the large number of players involved in operating New Zealand's freight system, the NZTA has been working to develop a new approach to planning for freight which involves the owners and movers of freight earlier in the planning process. The private sector has been very supportive of this approach, with leading freight generators and transport operators participating. Private sector decision-makers have indicated that to allow them to make better long-term decisions and innovate their freight operations, they need a better understanding of the public sector's long-term plans for freight.

The main focus of this new approach to freight planning has been in the upper North Island, where New Zealand currently faces the greatest freight challenges and opportunities. The key focus in these regions is to provide additional capacity on key routes, particularly to and from the regions' major export and import ports. The current investment in the roads of national significance, approval of longer and heavier high productivity motor vehicles (HPMV) and the opening up of HPMV routes, along with the implementation of KiwiRail's turnaround plan will address some of the future capacity and service problems.

To maximise the value of these investments, we have been working with private sector representatives, local government and KiwiRail on additional network and regulatory improvements to the strategic freight network. These discussions have identified a range of possible improvements across the freight system including rail improvements, the location of strategic freight hubs, the future size and scope of port operations and the regulatory framework governing freight movements across all modes. We aim to continue this work and achieve greater alignment of planning across the public and private sectors through a sector-led freight forward plan.

#### **4.11 Investing in road policing**

Road policing is delivered by the NZ Police and funded from the NLTF. The annual investment is \$300 million, about 11% of the annual NLTF expenditure, and approximately 20% of NZ Police's annual operating budget.

Under the Land Transport Management Act, the NZTA is responsible for recommending a Road Policing Programme to the Minister of Transport, who in consultation with the Minister of Police, must approve or decline the NZTA's recommendations (but cannot separately determine the programme).

The focus in preparing the 2012-15 Road Policing Programme is to move to stronger outcome measures from road policing activities, to benchmark the NZ Police costs to allow greater transparency and scrutiny of the value for money of the range of services and how these can be best delivered. The new focus will require NZ Police to consider the internal trade-offs to keep within the GPS investment range while delivering against the investment outcomes.



9(2)(g)(i)

██████████ for one source of funding for all police activities. This is not an approach we would support, as it would be a substantial departure from the present arrangements whereby road policing activities are funded from the hypothecated transport revenues. Either the principle of hypothecation would have to be broken so that a portion of the funds went directly to NZ Police (and the legislation amended to allow this), or the road policing activities would have to be funded from general Crown revenue – where such an increase in spending (\$300 million) would be equivalent to a large portion of the annual savings being sought across the public sector.

9(2)(g)(i)

One source of funding is ██████████ because it would allow greater flexibility in the level of resources used for road policing and it would allow transport-based revenues to be used for non-road policing purposes. We have indicated that the one source of funding is a policy issue for the government to address.

## 4.12 Improving transport networks planning

The NZTA engages in planning because we recognise that transport (along with land use) is a fundamental enabler to help achieve integrated economic, social and environmental outcomes. Our planning occurs on a number of levels, and with a range of stakeholders (including local communities, local authorities, developers and other infrastructure providers).

We are involved in the investigation and planning for investments under the Land Transport Management Act and Local Government Act (including partnering with local authorities on joint transport studies and strategies), strategic growth planning with local authorities, and the development of regional and local land use plans under the Resource Management Act. We engage in land transport networks planning to:

- work collaboratively with stakeholders to get joined up thinking around the best solutions to deliver the outcomes sought
- achieve value for money for existing and planned investment by aligning growth and land use with infrastructure provision
- promote a long-term, integrated and spatial approach to decision-making which in turn provides increased certainty around the timing and nature of our investments
- achieve alignment with stakeholders early, avoiding costly litigation further down the track
- optimise the use of existing infrastructure and services, and clearly identify where there is a need for new investment.

Linked to the transport planning review noted above (see section 3.7) there is a range of other work programmes underway across government that has the potential to significantly enhance the planning system. Better integration of these workstreams may also improve how New Zealand plans, delivers and operates its transport network by increasing alignment across key legislation. Significant workstreams include:

- Resource Management Act Phase II reforms, including the role of spatial planning outside the current Auckland work
- Land Transport Management Act, including legislative reform
- Local Government Review, including initial policy problem scoping
- implementation of new planning frameworks, including Auckland Spatial Plan and the recovery of Canterbury, including through changes to regulatory plans and long-term plans
- independent work commissioned by government, including Productivity Commission reports into freight and housing affordability.

These workstreams cover a range of common policy issues despite having been developed with a large degree of independence. The majority of the workstreams are due to be reported back to Cabinet in March to June 2012, allowing an opportunity for work programmes to be better in step with each other. Work is currently underway across government to consider how the various workstreams might be best aligned to enable coherent discussions across the issues.

The NZTA is participating in these workstreams and will report back in 2012 on the outcomes that can be achieved.

## 5.0 Attachment A - NZ Transport Agency Board members



**Chris Moller**, Chair (Wellington)

Chris is a non-executive director who chairs the Meridian Energy Ltd and New Zealand Cricket Inc boards. He is also a director of SKYCITY Entertainment Group Ltd, NZX Ltd, Westpac New Zealand Ltd, International Cricket Council and Rugby New Zealand 2011 Ltd. Chris is a trustee of the Victoria University Foundation and the Westpac Regional Stadium Trust. He was chief executive of the New Zealand Rugby Union, deputy chief executive of Fonterra Co-operative Group Ltd, and a director of a range of joint venture and subsidiary organisations within the New Zealand dairy industry both domestically and internationally.



**Patsy Reddy**, Deputy Chair from 1 July 2011 (Wellington)

Patsy is a professional director and consultant and is a qualified lawyer. She is Chair of the New Zealand Film Commission, a director of Payments NZ Ltd and Active Equities Ltd and a member of the New Zealand Markets Disciplinary Tribunal. She is a chief Crown Negotiator for Treaty of Waitangi Settlements and is a trustee of the NZ International Arts Festival. Her previous directorships include Telecom Corporation of NZ Ltd, SKYCITY Entertainment Group, New Zealand Post and Air New Zealand Ltd.



**Gill Cox** (Christchurch) from 1 September 2011

Gill is a chartered accountant, currently serving on a number of boards of privately held companies, as well as chairing both MainPower (NZ) Ltd and Transwaste Canterbury Ltd. He also chairs the Advisory Body of Development West Coast and is on the CERA Community Forum in Christchurch and the executive committee of the Canterbury Business Leaders Group. Gill was formerly a partner of Deloitte for 25 years and President of the NZ Institute of Chartered Accountants.



**Bryan Jackson** (Waikanae)

Bryan is a non-executive director. He is Chairman of Vehicle Testing New Zealand; he was Chair of Transit NZ prior to the formation of the NZTA, and a former board member of KiwiRail. Bryan is a director of ING NZ Pty Ltd, IEF Ltd, Nees Hardware and Building Supplies Ltd and several other private companies.



**Tony Lanigan** (Auckland)

Tony is a professional civil engineer (FIPENZ), project management consultant and former general manager with Fletcher Construction. Tony was Chancellor of Auckland University of Technology and a director of Infrastructure Auckland. He is currently vice chair of Habitat for Humanity in NZ and chair of NZ Housing Foundation. He is a director of Watercare Services Limited.



**Adrienne Young-Cooper** (Auckland)

Adrienne is a businesswoman and professional director. She has a 30-year career in resource management and town planning specialising in spatial planning, metropolitan growth management including infrastructure planning and large projects. Adrienne was the Deputy Chair of Auckland Regional Transport Authority (replaced by Auckland Transport) and was a board member of Maritime New Zealand until earlier this year. She also is a director of Solid Energy New Zealand Ltd, Deputy Chair of Auckland Waterfront Development Agency Limited (Waterfront Auckland) and Deputy Chair of Housing New Zealand Corporation.



**Jerry Rickman** (Hamilton)

Jerry is a chartered accountant, a professional director and a consultant to the firm PricewaterhouseCoopers. Jerry currently chairs Alandale Life Care Ltd, EziBuy Holdings Ltd, HG Leach Ltd and Tidd Ross Todd Ltd. He is a member of Telecom's Independent Oversight Group. He has chaired the Waikato Regional Airport Ltd, Waikato District Health Board, and Innovation Waikato Ltd.

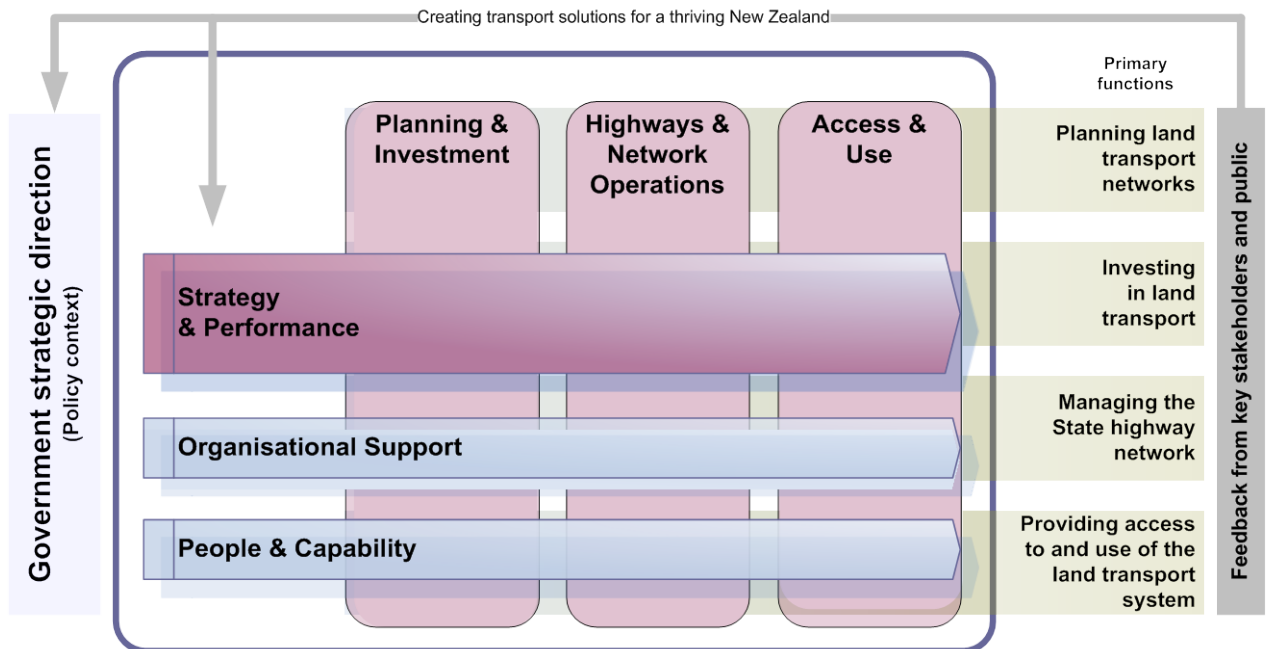


**Alick Shaw** (Wellington)

Alick works as an independent commissioner for hearings convened under the Resource Management Act and as a member of boards of Crown entities, council organisations, privately held companies and the cultural sector. He is a member of the NZ Parole Board and a former Deputy Mayor of Wellington City.

## 6.0 Attachment B - NZ Transport Agency organisational structure and management

### *NZTA organisational structure*



The NZTA is built around three functional business groups and three support groups.


### *Functional business groups*

- The Access & Use group provides users with access to the transport system (such as driver licences and motor vehicle registration) and regulates transport operators.
- The Planning & Investment group interfaces with local government to work in partnership on regional planning and programming processes.
- The Highways & Network Operations group is responsible for building, maintaining and operating the state highway network.

### *Support groups*

- The Strategy & Performance group is the primary interface with the Ministry of Transport government themes, objectives and strategies, and is responsible for advising the Board in relation to approval of the National Land Transport Programme.
- The Organisational Support group ensures that the NZTA has corporate strategies and policies to support strategy and organisational performance.
- The People & Capability group ensures that the NZTA can deliver on its outcomes through its people capability.

## NZTA Senior Leadership Team members

	<p><b>Geoff Dangerfield</b>, Chief Executive BSc, MSc (Resource Management)</p> <p>Geoff became the first Chief Executive for the NZTA in August 2008 and oversees the development of the new organisation and its approach to integrated transport development. He was previously Chief Executive of the Ministry of Economic Development and Deputy Secretary to the Treasury, and began his public sector career with the Ministry of Works and Development.</p>
	<p><b>Dave Brash</b>, Group Manager Planning &amp; Investment BSc (Hons) (Geography)</p> <p>Dave joined the NZTA in December 2008 and was previously General Manager of the Emissions Trading Group with the Treasury. His role at the Treasury was a secondment from the Ministry for the Environment, where he was General Manager responsible for central government policy. Dave has more than 23 years experience working with central and local government agencies on complex policy reforms and managing change.</p>
	<p><b>Jenny Chetwynd</b>, Regional Director Central Bachelor of Regional Planning (BRP Hons), MBA</p> <p>Jenny joined the NZTA in October 2008. Jenny has 20 years of experience in working with local government and businesses in both the policy development and project delivery fields focusing on environmental planning and public engagement.</p>
	<p><b>Colin Crampton</b>, Group Manager Highways &amp; Network Operations BE (Hons), Dip BA, FIPENZ</p> <p>Colin has worked in the NZTA since its inception in 2008 and, prior to that, for the legacy agency Transit New Zealand. Colin has over 15 years of experience in the transport sector.</p>
	<p><b>Allan Frost</b>, Group Manager Organisational Support Chartered Accountant</p> <p>Allan joined the NZTA in October 2008. Allan has had extensive experience in Chief Financial Officer and Chief Information Officer roles and has worked for 15 years in executive and senior management roles.</p>
	<p><b>Celia Patrick</b>, Group Manager Access and Use Grad. Dip. Business, MBA</p> <p>Celia joined the NZTA in October 2011. Celia has more than 20 years experience working in the financial services sector, including various executive roles with BNZ. Prior to joining NZTA, Celia worked for Housing New Zealand as Director of Operations for Auckland.</p>



**Jim Harland**, Regional Director Southern

BA Dip TP MTP(Hons) MNZPI

Before taking on this position in January 2011, Jim was the Dunedin City Council's Chief Executive for 11 years. He has held a variety of senior roles in local government and the private sector, specialising in strategic thinking and change management. Jim also worked as a tourism consultant for several years and initiated a tourism planning course at Auckland University.



**Liz Huckerby**, Group Manager People & Capability

BA Hons, Post Graduate Certificate in Education, Post Graduate Diploma in Personnel Management, Post Graduate Diploma in Human Resources, Masters in Business Studies

Liz joined the NZTA in October 2008. Liz has 15 years of experience in leading corporate service and people services in the private and public sector, in the UK, USA and New Zealand.



**Stephen Town**, Regional Director Auckland/Northland

Master of Business Administration (MBA)

Stephen joined the NZTA in October 2010 to support the newly established Auckland Council and Auckland Transport. Stephen was previously Chief Executive of Tauranga City Council for eight years and Chief Executive of Franklin District Council for four years. Before that he was in the education sector, having served four years as Chief Executive of the Wanganui Polytechnic before entering local government.



**Harry Wilson**, Regional Director Waikato/Bay of Plenty

Harry has had 30 years of professional leadership experience in central and local government. Harry was the Chief Executive of Environment Waikato before taking up this position with the NZTA in November 2008.



**Ernst Zöllner**, Group Manager Strategy & Performance

Masters in City & Regional Planning, BCom (Hons) in economics

Ernst has worked for 19 years in consulting, academia, as well as local and central government. Before joining the NZTA in October 2008, Ernst was the Director of Urban Development and Transport at Wellington City Council.