



Report Title:	Performance Improvement Review of the Ministry of Transport		
Report No:	2024-0233		
Date:	8 August 2024		
To:	Hon Nicola Willis, Minister for the Public Service		
Action Sought:	Agree to forward a copy of this report to the Minister of Transport.	Due Date:	22 August 2024
To:	Hon Simeon Brown, Minister of Transport		
Action Sought:	Provide your feedback on the attached draft report on the Performance Improvement Review of the Ministry of Transport.	Due Date:	2 September 2024
Contact Person:	Thor Gudjonsson, Deputy Commissioner, System and Agency Performance		
Contact No:	9(2)(a) privacy		
Encl:	Yes	Priority:	Medium
Security Level:	IN CONFIDENCE		

Executive Summary

1. This report briefs you on a Performance Improvement Review (the Review) of the Ministry of Transport (the Ministry). The draft report is attached in Appendix Two.
2. Performance Improvement Reviews are undertaken under the Performance Improvement Review Programme (the Programme). They are independent, future focused reviews which inform the strategic direction and capability needed in Public Service agencies to ensure they can deliver on current and future priorities. These reviews play a key role in the Public Service Commission's (the Commission) performance management system.
3. Brendan Boyle and Doug Craig (as independent Lead Reviewers) led the Review of the Ministry with Commission support. Together they have significant leadership experience across New Zealand's public and private sectors. The Review was one of three undertaken as pilots following a refresh of the programme in 2023, and most of the field work was undertaken later that year.
4. The Review concluded that the Ministry has been responding to Government Priorities effectively with opportunities for the Ministry to leverage its core functions to support its leadership role in the transport system, and opportunities to build or source the key capabilities it needs as an organisation.

5. The Review identified a range of internally and externally focussed opportunities and actions for the Ministry, including:
 - leveraging data and performance frameworks to develop insights and advice on performance, including making better use of financial and costing data in its policy, monitoring and assurance functions.
 - implementing or adjusting policy tools and processes to improve the alignment between short-term advice and longer-term policy objectives, and to improve links between its policy advice and how it would be delivered and implemented.
 - ensuring that its Crown entity monitoring is purpose-driven, built from a rich source of data, evidence and intelligence and focused on supporting improved performance, delivery and value-for-money.
 - planning how the Ministry will deliver on the existing expectations of its leadership role in the transport system in a way that ensures clarity of roles and responsibilities across transport agencies.
 - developing a strategic workforce plan to enable the Ministry to access critical expertise to resource key work programmes within a fiscally constrained environment, including considering approaches that can draw on existing talent and deep expertise in other transport agencies.
6. The Commission is continuing to work with the Ministry to support the ongoing planning, implementation, and monitoring of actions to respond to the Review's findings, including engaging with other central agencies to ensure that the implementation of these actions is supported across the system.
7. We met with the Minister of Transport, Hon Simeon Brown on 22 February 2024 to seek his input into the Review, and this has been incorporated into the draft report. We now seek the Minister of Transport's engagement on the attached draft report and will incorporate any feedback received ahead of publication. Additionally, if the Minister of Transport would like to meet again with the Lead Reviewers and Commission officials this can be arranged.
8. The report is planned for publication on the Commission's website in September 2024. We will work with the Ministry and Ministers' offices to ensure a communications plan for the release is in place.

Purpose of Report

9. This report briefs you on the Performance Improvement Review of the Ministry of Transport (the Ministry). A draft report of this Review is attached at Appendix Two.

The Performance Improvement Review Programme is a Public Service Commission initiative to lift agency performance

10. The Performance Improvement Review Programme (the Programme) provides independent, future focused reviews to inform the strategic direction and capability of public service agencies to ensure they can deliver on current and future priorities. It builds on the successful elements of the Performance Improvement Framework (PIF) introduced in 2009, and incorporates lessons learned from similar review programmes overseas. Three pilot Reviews were started in 2023, including the Review of the Ministry.
11. Performance Improvement Reviews aim to drive Public Service performance by:
- supporting senior leaders to lift the capability of their agencies by providing an independent perspective on future needs and insights into key challenges
 - embedding a culture of continuous improvement across the Public Service
 - ensuring agencies and systems are well-placed to deliver government priorities and outcomes for New Zealanders, and
 - providing useful insights to support wider shifts across the Public Service.
12. Reviews are undertaken by highly experienced independent Lead Reviewers, who bring a strong understanding of the public sector operating environment and how organisations can build capability to lift performance. Most are experienced former chief executives, senior leaders and/or governance specialists.
13. Reviewers are encouraged to bring a fresh perspective in order to help to stimulate ‘new thinking’ amongst agency leaders as they grapple with the critical issues and challenges that lie ahead for their agency. The reviewers consider the questions: “What is the contribution New Zealand needs from this agency? What is the performance challenge to make that contribution over the next four to five years?”
14. The Programme helps drive the Government’s priorities for the Public Service. Reviews provide Ministers with a lever to shape the long-term direction, focus and capability of their agencies to support delivery on Government priorities. Reviews provide chief executives with an independent, forward-looking view of how well their agency is positioned to address future challenges.
15. The Programme plays a key role in the Commission’s performance management system. The Commission publishes final reports on its website and incorporates review findings and recommendations into chief executive and agency performance management. Clear action plans and implementation plans to address issues identified through the reviews are developed. The Commission undertakes regular monitoring and assurance to assess implementation progress.

The Performance Improvement Review of the Ministry of Transport incorporates insights from a range of stakeholders

16. The Review assessed and considered the Ministry’s capabilities within the context of what success will look like for the Ministry over a five-year timeframe to identify the performance

challenges and opportunities for the agency. The Review used all aspects of the Performance Improvement Model (attached as Appendix One).

17. The Ministry of Transport Review was led by two independent Lead Reviewers with extensive leadership and governance experience within the Public Service (Brendan Boyle and Doug Craig) and supported by officials from the Public Service Commission.
18. The Review followed the standard process for Performance Improvement Reviews. The review process included analysis of the Ministry's corporate documents, publicly available documents, a self-review by the Ministry, and insights from interviews with Ministry staff, transport sector Crown entities, transport sector representative bodies, other government departments and Crown entities, and central agency officials. Most of the field work was undertaken in late 2023.
19. The Minister of Transport, Hon Simeon Brown, was interviewed on 22 February 2024 to inform the Review with some of the key points from that discussion included that the Ministry needed to:
 - make far greater use of data and hard evidence, including financial information, in their advice and across their core functions, such as Crown entity monitoring,
 - develop or acquire the analytical capability to use data and evidence in their advice
 - have stronger depth of understanding of the value-for-money and cost drivers across the transport system
 - be able to provide practical policy that can be readily translated into delivery.
20. These align to the findings of the Review and have been incorporated both in the report and in the areas of focus for the Ministry.

The Review found that the Ministry has successfully delivered on significant initiatives but there are opportunities for improvement in some of its core function areas

21. The Review found that that the Ministry's operating environment is challenging and will continue to be so in the future due to:
 - increasing fiscal pressure within the transport sector, with current funding models no longer being sufficient due to shifts in technology and transport patterns, infrastructure costs continuing to rise and the need for infrastructure to be increasingly resilient to future shocks
 - the ongoing tension created by the nature and roles of government transport agencies in the transport system, with a smaller Ministry and larger transport Crown entities that it monitors
 - the increased speed of technological change in transport outpacing relevant regulatory systems ability to adapt.
22. Over the next five years, the Review states that New Zealanders are likely to expect the transport system has the following features:
 - efficient and integrated across road, rail, ports, airports, intermodal terminals and key freight centres
 - designed around the needs of communities and customers and include a mix of timely, safe and affordable transport options

- resilient to shocks and stresses including from climate change, natural disasters, global instability, and economic shocks
 - supports greenhouse gas emissions reduction.
23. The Review noted that the Ministry has delivered a range of significant initiatives within the changing and complex context, including commitments in the Governments 100 Day Plan and Quarterly Action Plans, such as developing a new Government Policy Statement on Land Transport (GPS). The Ministry will continue to have a challenging work programme for the foreseeable future given its role in advising on options to address the fiscal challenges across the transport system, the need for assurance of value for money in the activities of transport Crown entities and in better understanding how investment is improving outcomes.
24. To meet these ongoing challenges, the Ministry will need to maintain its current focus on delivering the Government's priorities, leverage opportunities in its core functions to support its leadership role in the Transport system and build or source the capability it needs as an organisation.
25. A key opportunity for improvement across its functions is the need for robust and evidence-based understanding of the value and impact of transport spend, including more use of financial and cost data. The Ministry can also look at how its advice can proactively engage more widely with sectors that interact with the transport system (such as housing, urban development and local government). As it focuses on its core functions it can also look to clarify and focus its efforts on the key areas of value in its role as lead on the transport system.
26. The Review identified a range of future focus areas for the Ministry, including:
- leveraging data and performance frameworks to develop insights and advice on performance, including making better use of financial and costing data in its policy, monitoring and assurance functions
 - establishing clear performance frameworks to understand, assess and monitor the performance of transport regulatory systems, and refreshing the Transport System Regulatory Stewardship Plan to provide assurance that the transport regulatory system remains fit-for-purpose
 - implementing or adjusting policy tools and processes to improve the alignment between short-term advice and longer-term policy objectives, and to improve links between its policy advice and how it would be delivered and implemented
 - ensuring that its Crown entity monitoring is purpose-driven, built from a rich source of data, evidence and intelligence and focused on supporting improved performance, delivery and value-for-money
 - planning how the Ministry will deliver on the existing expectations of its leadership role in the transport system
 - developing a strategic workforce plan to enable the Ministry to access critical expertise to resource key work programmes within a fiscally constrained environment, including considering approaches that can draw on existing talent and deep expertise in other transport agencies.

The Public Service Commission will support the Ministry to make the shifts needed to achieve its Future Excellence Horizon

27. The Ministry has engaged proactively throughout the Review process, including providing comments and feedback on earlier drafts. The Ministry also provided a formal written response to the findings of the Review which accepts the findings of the review and describes some of the areas of work it has underway to address the opportunities identified in the report. The Ministry's response is included in the draft Report.
28. The report also includes a response from the Public Service Commission. The Commission will support the implementation of the Review's findings by:
 - supporting the Ministry's leadership in taking an outward focussed approach, including clarifying expectations for the Ministry's leadership role across the sector
 - working together with the other central agencies, identifying opportunities for the Ministry to draw on its sector leadership role to enhance outcomes, such as those driving the Implementation Plans for the Government's Targets, Quarterly action plan commitments, and the Economic Strategy
 - leveraging the Commission's expertise in facilitating the sharing of workforce resources across agencies, to support the Ministry to source the technical and sector skills it needs
 - providing the Ministry with guidance and advice to implement good practice governance and Crown entity monitoring
 - over a five-year horizon, supporting the Ministry with Machinery of Government advice, when considering whether the current configuration of the transport system is effective and aligned to the outcomes it needs to deliver.

We seek the Minister of Transport's views on the draft report ahead of its publication

29. A copy of the draft Ministry of Transport review is attached as Appendix Two. The Ministry of Transport provided feedback on previous drafts of this report which the Lead Reviewers have responded to.
30. We are seeking the Minister of Transport's feedback on the draft report before it is finalised for publication. Commission officials, as well as the Lead Reviewers, are available to discuss any aspect of the report and the Review process with the Minister.
31. Once we have received Ministerial feedback, we will incorporate it into the report and progress it through the design and publication process. We will share the final version of the report with you and the Minister of Transport ahead of its publication. We will also ensure that the Ministry and both Ministers' offices have agreed communication plans to support the public release of the report.
32. We plan to publish the final report on the Commission's website in September 2024.

Recommended Action for the Minister for the Public Service

We recommend that you:

- a **note** that the final report of the Performance Improvement Review of the Ministry of Transport is scheduled to be published on the Public Service Commission's website in September 2024
- b **agree** to forward a copy of this report to the Minister of Transport.
Yes / No

Hon Nicola Willis

Minister for the Public Service

Recommended Action for the Minister of Transport

We recommend that you:

- c **provide** your feedback on the attached draft report on the Performance Improvement Review of the Ministry of Transport
- d **indicate** if you would like to meet again with Public Service Commission officials and the Lead Reviewers to discuss the Review and any questions or feedback you may have
Yes / No
- e **note** that the final report – incorporating feedback you provide – is scheduled to be published on the Public Service Commission's website in September 2024.

Hon Simeon Brown

Minister of Transport