



Te Kawa Mataaho
Public Service Commission

Performance Improvement Review of the **Ministry of Transport**

SEPTEMBER 2024



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Lead Reviewers



Brendan Boyle

Brendan has an extensive public service background, with experience in both senior management and governance, leading change management projects and digital transformation within the Public Service.

Brendan has held a wide range of senior government roles. Between 2003 and 2018, Brendan held several Chief Executive roles, including Chief Executive of the Ministry of Social Development, Department of Internal Affairs and Land Information New Zealand and most recently as a member of the COVID-19 Taskforce within the Department of the Prime Minister and Cabinet.

Since 2018, Brendan has been involved in both the public and private sectors, as a serving panel member on the Ministerial Review into the Future for Local Government, a member of the COVID-19 Taskforce and a Council Member for the University of Otago Council. He is also the Director of Fair Way Limited, a dispute resolution and conflict management organisation.



Doug Craig

Doug brings strong experience as a senior public service leader in both New Zealand and Australia.

Doug previously held the role of Deputy Commissioner at the State Services Commission. He also held roles as Deputy Chief Executive at the Ministry of Social Development, and Deputy Secretary Policy and Strategy and Deputy Secretary-Housing in the Department of Human Services in the Victorian Public Service.

Doug has also been involved as a consultant in a number of significant reviews including reviews of organisational culture, Machinery of Government, governance and regulation as well as advising on organisational design and change for both central and local government organisations.

Table of Contents

<i>Executive summary</i>	5
<i>Responding to the challenge</i>	9
<i>Ministry of Transport response</i>	10
<i>Public Service Commission response</i>	12
<i>Context</i>	14
<i>Future Excellence Horizon</i>	24
<i>Delivery</i>	28
<i>Capability</i>	44
<i>Leadership, culture, and direction</i>	45
<i>Collaboration and delivery</i>	48
<i>Workforce</i>	52
<i>Public finance and resource management</i>	56
<i>Appendix One – Purpose of the Performance Improvement Reviews</i>	61
<i>Appendix Two – Description of ratings</i>	62
<i>Appendix Three – Ratings overview</i>	63
<i>Appendix Five – List of interviewees</i>	65
<i>Appendix Four – List of future focus areas</i>	66

Executive summary

About this Review

This Performance Improvement Review was undertaken in late 2023 and assessed all aspects of the Ministry of Transport (the Ministry) and considered the wider transport system which the Ministry operates within and leads. This report presents the findings of the Review which draws on the Ministry's self-review, Ministry corporate documents, and insights from interviews and workshops with Ministry staff, transport agencies, stakeholders, and central agency officials¹.

About the Ministry of Transport

The Ministry is the Government's system lead on transport. It supports the Government's land, air, and sea transport priorities by providing policy advice to Ministers, regulatory stewardship, advice and assurance on long-term infrastructure investment and Crown entity monitoring.

Transport infrastructure and services are delivered by a combination of central government, local government, and private enterprise (including large-scale businesses and, in some cases, many smaller businesses). This breadth means that the Ministry has a wide range of stakeholders across multiple transport modes with varying interests and roles. They include operators working directly in the land transport, maritime, and aviation sectors, industry groups, businesses that rely on transport, local authorities, mana whenua, and other members of the community who use and are impacted by the transport system.

Key findings

Over the last few years, the Ministry has delivered a range of significant initiatives within a changing and complex context. More recently, the Ministry has worked at pace to deliver commitments in the Government's 100 Day Plan and Quarterly Action Plans. These included repealing the Clean Car Discount Scheme, making amendments to the Land Transport Rule: Setting of Speed Limits 2022, and removing Central Government support for Auckland Light Rail and Let's Get Wellington Moving. The Ministry's leadership on the COVID-19 response is also a standout example.

The Ministry also developed a new Government Policy Statement on Land Transport (GPS) which was published in June 2024. The GPS sets out the Government's strategic intentions for transport investment, and how these investments will be funded and allocated.

Over the next few years, the Ministry will continue to have a challenging work programme. There are significant fiscal challenges across the transport system, which the Ministry will have an integral role in responding to. The National Land Transport Programme (NLTP) is facing significant cost pressures, reducing revenue streams and high expectations of infrastructure delivery. The maritime and aviation sectors are seeing increased cost pressures and funding difficulties due to a heavy reliance on third party revenue. The Government is looking to the Ministry to provide advice on reforms to transport funding and financing options to address these issues, assurance of value-for-money in the activities of the transport Crown entities, and how increased transport investment is improving outcomes.

To meet these expectations, the Ministry will need to maintain its focus on delivering on 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.

¹ Over 50 interviews or workshops were held, see Appendix Four for a list of the organisations or groups.

The Ministry increasingly needs a robust and evidence-based understanding of the value and impact of transport spend, which will mean greater focus on the use of data and evaluation across its core functions, in particular its Crown entity monitoring and policy advice. The Ministry will need to more consistently and prominently feature these elements in policy processes and decision-making to meet Ministerial expectations for more insightful quantitative data on system performance and value, including financial and cost data.

The scope of the Ministry's role as system lead on transport is unclear, with differing views between stakeholders and within the Ministry. The size and scale of the transport system means the Ministry needs to be deliberate and focused on how it provides system direction and leadership. Over time, it can plan out a course of action that defines its leadership role, balancing out the expectations of sector stakeholders with what the Ministry can deliver across a complex sector. The Ministry can look at the levers other sectors use to align priorities and programmes, and consider what works for transport ministries in other jurisdictions. These range from agreed sector wide outcomes supported by progress reporting (which can build from the work of its existing Transport Outcomes Framework) to system-level strategies backed up with clear and integrated delivery plans.

The Ministry should also ensure its policy advice is proactive, reflects the complexity of the transport system and can be translated into delivery. It needs to be able to connect long-term strategic thinking with actions and impact on the ground. There are also opportunities for the Ministry to play a wider role in aligning policy settings, investment and delivery in the transport system and across systems that intersect with transport. This would require the Ministry taking a more active engagement approach in bringing transport solutions to the table with other sectors, particularly in areas like urban development, housing and local government.

The Ministry's Crown entity monitoring is a critical role that needs to be better connected in with its other functions. We heard across a range of Crown entity interviews that the Ministry had made good progress to strengthen its performance in this area in the past, but in the last couple of years the function reverted to a more compliance orientated and

transactional approach. Reinvigorating capability and performance in this area will be critical to the Ministry's role driving performance in the transport system.

In recent years, the Ministry has been asked to have a greater role in providing oversight and assurance over major infrastructure investments. However, stakeholders raised questions about the Ministry's effectiveness in this area. Our view is that there is an opportunity for the Ministry to consider its role in this area to ensure that it is orientated towards better supporting Ministers to make strategic investment decisions and provide assurance on the delivery of benefits associated with these investments, rather than being involved in detailed project level governance. Delivering high value in this context will require the Ministry to think carefully about the mix of skills and capabilities it needs to advise Ministers in this area.

The Ministry has a good platform on which to build a committed and engaged workforce. Staff commented positively on the Ministry's culture and the way they are treated, that they felt respected, and that the Ministry's flat structure gave easy access to managers. There are opportunities for the Ministry to shift its behaviour from tending to be inward looking and insular to one that engages in a collaborative way with transport Crown entities.

Many stakeholders commented on whether the current configuration of the transport system – the roles, responsibilities, and associated powers of the various transport agencies – is still fit-for-purpose. This is an area that could be considered as a longer-term piece of work on ensuring an effective transport system remains organised and aligned to the outcomes it needs to deliver.

Future Excellence Horizon

Based on transport documents, including the Transport Outcomes Framework, and the insights gained from interviews, we consider that New Zealanders will expect the following outcomes from the transport system over the next five years:

- **Efficient and integrated** across roads, 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.**

As the system lead on transport, the Ministry is uniquely placed to enable the transport system to contribute to these outcomes through:

- providing advice to Ministers on options to ensure a sustainable revenue base to meet maintenance and new investment costs in the transport system over the medium to long term
- driving effective delivery, including through managing costs and understanding impact – to help ensure that transport agencies, and publicly-funded transport services, provide value-for-money and meet the needs of New Zealanders
- supporting transport infrastructure investments – to improve efficiency, integration and resilience of infrastructure, while being safe and resilient to shocks and stresses
- working with transport system partners such as local authorities to integrate transport needs with land use planning
- ensuring fit-for-purpose regulation – to optimise safety and economic efficiency across transport regulations and enable the timely adoption of new transport innovations.

Developing the Ministry's capability

Based on the findings of this Review, priorities for the Ministry over the next five years include the following, which are broadly listed in order of priority under each heading:

Responding to immediate priorities while advancing longer-term goals

- leveraging existing data and frameworks to develop insights and advice on performance and continuing to progress a system-wide approach to improve transport data and analytics. Data and information (including financial and costing data) should be more integrated with the policy, monitoring and assurance functions of the Ministry, with capability in using relevant data, tools and information resources leveraged across the Ministry
- working with transport agencies to establish clear performance frameworks to understand, assess and monitor the performance of transport regulatory systems, with a focus on connecting the performance of the transport regulators to the overall performance of the transport system
- implementing or adjusting policy tools and processes to improve the alignment between short-term advice and longer-term policy objectives and the link between its policy advice and how it would be delivered and implemented
- refreshing the Transport System Regulatory Stewardship Plan to provide assurance that the transport regulatory system remains fit-for-purpose

Funding, financing and delivering transport infrastructure investment

- embedding an investment lifecycle approach to ensure the Ministry can best support the Government as a purchaser of large-scale transport infrastructure

Maximising the leadership opportunity that exists within the transport system

- ensuring that its Crown entity monitoring is purpose-driven, built from a rich source of data, evidence, information 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 the transport agencies
- committing to deliberately shift to a more collaborative leadership approach and building a more outwards-focused culture with the capability and incentives to effectively engage externally, particularly at senior levels of the Ministry
- once the three bullets above actions are progressed, over time engage with transport agencies and other stakeholders to develop an overarching transport system strategy that would be supported by an integrated delivery plan. The proposal would be based on having one in place in three to five years and would be informed by examples in other jurisdictions, such as the transport strategy developed in New South Wales

Lifting capability within a challenging fiscal environment

- developing a strategic workforce plan to enable the Ministry to access critical expertise to resource key work programmes within a fiscally constrained environment
- piloting a “system teams” approach to advance key work programmes, drawing on existing talent and deep expertise in other transport agencies to access capability that the Ministry is unlikely to have internally, and providing a collaborative approach to addressing issues of common interest.

1

Responding to the challenge

This section contains the Ministry of Transport's, and the Public Service Commission's, responses to the findings of this Review. These responses provide the platform to build on the insights coming out of this report and review process.

In this section:

- Ministry of Transport's response
- Public Service Commission's response.

Ministry of Transport's Response

Introduction

An effective and efficient transport system is integral to New Zealand's success. Transport connects New Zealanders to work, education and social opportunities and serves as a critical enabler for our economic activity domestically and abroad.

Since commencing in my role as Secretary for Transport and Chief Executive in December 2022, I have seen the Ministry deliver a range of important work that will create significant benefits for New Zealand. At the same time, as we outlined in the Ministry's Briefing to the Incoming Minister of Transport, there are a range of opportunities and challenges facing the Ministry and wider transport sector.

The Review highlights the Ministry's strong record of delivering a large and varied policy work programme, including several priority projects under the Government's 100-day plan and the development of a new Government Policy Statement for Land Transport. Acknowledging the challenges facing the wider transport sector, the Reviewers also highlight that over the next few years "...the Ministry will need to maintain its focus on delivering on 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".

I accept the findings of the Review and agree these are appropriate areas of future focus to ensure the Ministry plays its part in improving transport outcomes for New Zealand.

The Review came at an opportune time for the Ministry. In parallel to the Review, I completed an organisational change process to align the Ministry's resources to areas of priority, taking account of baseline savings that were required of the department. While the Review was not finalised before decisions on the organisational change were made, I was able to take account of key themes and insights from the Lead Reviewers before making decisions. Consequently, I am confident that the Ministry's shape and priorities align well with the areas of focus set out in the Review and provide a strong foundation for us to build from when

responding to the opportunities presented in this report.

I thank the Lead Reviewers for their report and recommendations and all stakeholders who generously gave their time to contribute to the Review.

Looking ahead to the future

The Ministry is committed to making progress on areas where the Lead Reviewers have identified opportunities for improvement. While there are many specific suggestions made throughout the report, there are three core areas the Ministry will focus our efforts on initially.

Maximising the leadership opportunity within the transport system

The Review highlights the importance to the transport system of the Ministry performing its system leadership role effectively, while noting feedback from some stakeholders that there is some lack of clarity about our role.

We accept this feedback and will work to build towards a shared understanding of our role with both Ministers and stakeholders alike and translate this into consistent practice. We agree that the Ministry will be successful in our leadership role when we are aligning, co-ordinating and monitoring the transport sector to collectively deliver transport outcomes New Zealanders need today and in years to come. Our small size, combined with the breadth and complexity of the transport system, means we must adopt a range of approaches to do this, ranging from providing guidance through to direction setting.

Responding to priorities while advancing longer term goals

The Government has an ambitious transport work programme, including large scale infrastructure and service delivery in the land transport sector and improving outcomes in the maritime and aviation sectors.

We will provide advice to Ministers on new funding and financing tools – both to finance the delivery of significant infrastructure, and to modernise the revenue collection system for roading. The outcome

of these changes in the revenue system for land transport will be the most significant shift since the road user charges system was established in 1978. The effects of the large infrastructure investments funded by new funding and financing tools will last for decades. While the challenge of this work programme is significant, if we are successful, it will likely be the single biggest contribution we make to system performance for decades.

Alongside delivering the priorities of the day, the Review highlights the need for the Ministry to develop a clearer view about the performance of the transport system.

We agree that making greater use of data and evidence to build a system view of performance and inform evidence-based policy advice is essential, and this is a central focus for the Ministry. As an initial step, we have developed a Transport Sector Performance Dashboard, which measures key outcomes and network performance (e.g. capacity, reliability) for each transport mode, and the trends/progress being made against each. This is a novel way of reporting for the Ministry, building greater transparency of system performance and supporting clearer identification of areas where early intervention may be considered.

We will continue to evolve our system performance framework, including using this information more systematically in our policy advice and monitoring frameworks.

Workforce strategy

An overarching theme across the report is the need for the Ministry to ensure it has the right capabilities and capacity to fulfil our roles. We agree this is critically important.

The organisational change process was an important first step in ensuring we are maximising the use of the Ministry's resources to meet our responsibilities and deliver the priorities of the Government.

As a small agency, it is particularly important that we are thoughtful and deliberate in how we draw on talent held in other parts of the system, and we welcome the Reviewers suggestion of trialling 'system teams' to do this.

We have recently established a joint team with the New Zealand Transport Agency to progress the revenue work programme. The Ministry has

also established an interim aviation council that includes senior representatives from government agencies and the private sector to collaborate and steward much of the aviation work programme. The Ministry will refine these arrangements as the work programmes advance and explore opportunities to adopt suitable collaborative arrangements to progress other key work programmes.

Alongside this, we are developing a strategic workforce plan to ensure the Ministry is building and retaining the critical skills it will require in the medium term, within our baseline position. Initial strategic workforce planning is underway and is a key priority for the Ministry to complete this year.

Final thoughts

I thank the Lead Reviewers for their valuable insights and engagement in the Review. I am pleased with the progress that the Ministry has made in a short space of time, while being aware there is much still to do.

Sustained success will require the Ministry to continuously improve, and I am proud to lead the Ministry at this time and ensure we play our part in improving transport outcomes for New Zealanders.



A handwritten signature in black ink, appearing to read 'Audrey Sonerson'.

Audrey Sonerson

Secretary for Transport and Chief Executive,
Ministry of Transport

Public Service Commission response

Transport is critical to New Zealand and is a complex and challenging sector

A well-functioning transport system is critical to New Zealand's economy and society. The transport system faces a number of significant challenges, with rapidly changing technology, increased fiscal pressures, and a need to develop increased resilience due to the impacts of climate change as well as ageing infrastructure. The Ministry of Transport is the Government's system lead on transport and has a key role in helping to address these challenges.

The nature of the transport sector is complex, with many different stakeholders and interest groups, who bring different perspective and viewpoints across the three modes of land, air and sea. The Ministry is a relatively small organisation given the size and complexity of the sector and its role within it.

Since the Review commenced, there have been significant changes in the Ministry's work programme as it delivered key areas of work within the new Government's 100 Day Plan and Quarter 2 Action Plan, a new Government Policy Statement (GPS) for Land Transport, as well as changes to the way infrastructure is funded, delivered and supported.

The Review highlights positive delivery as well as opportunities for improvement

The Review highlights the good work the Ministry has done to respond to the Government's priorities, including its work to implement a number of key initiatives. It also highlights both the ongoing challenges and opportunities it faces in its role within the transport system.

Some of these opportunities are ones that the Ministry will have the key role in responding to, such greater use of data and evidence to inform its core functions, ensuring its policy tools and processes align short and long-term objectives, and developing a regulatory stewardship plan and a workforce strategy. Other opportunities will require the Ministry to work closely with sector

stakeholders in order to ensure planned work meets the expectation of them in their system leadership role, and considering the roles and responsibilities of the Public Sector agencies in the transport sector.

The Commission will support the Ministry in areas where we can be most useful

The Commission has considered how we can best support the Ministry in taking on the opportunities that the Review identifies. Based on our role, expertise and relationship with other Central Agencies, we will support implementation of actions to respond to the Review's findings through:

- assisting the Ministry's leadership in taking an outward focused 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, its quarterly plan commitments, and the Economic Strategy
- leveraging the Public Service 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 the 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.

The Commission is committed to supporting the Ministry to be effective in its role in the transport system. The Review provides the Ministry with a fresh perspective and new thinking on how to respond to the challenging question that underpins

these Reviews: “What contribution does New Zealand need from this agency?”. I look forward to working alongside the Ministry in the coming months as it works through the findings of the Review.



A handwritten signature in blue ink, appearing to read 'H. Baggott'. The signature is stylized and fluid.

Heather Baggott

Acting Public Service Commissioner

2

Context

This section presents context about this Review, and the Ministry of Transport's operating environment.

In this section:

- Scope of the Review
- Ministry of Transport's role and responsibilities
- Transport system context
- Ministry of Transport's organisational context.

Scope of the Review

This Review assessed all aspects of the Ministry of Transport using the Performance Improvement Review model. It also considered the wider transport system which the Ministry operates within and leads.

The review took place in late 2023, with most interviews and analysis completed by October 2023. Some updates were made in late 2023 and in 2024 to take account of the change of Government and ensure the review remained relevant in the new context.

Ministry of Transport's role and responsibilities

The Ministry is a department under the Public Service Act 2020. The Ministry describes its role as *the Government's system lead on transport*. Its purpose is to *enable New Zealanders to flourish, reflecting transport's role in shaping our society, economy, and environment*.² Its Strategic Intentions identifies three key functions:³

- policy advice
- Crown entity governance and monitoring
- sector leadership and stewardship.

The Ministry works with a wide range of agencies to set the direction and performance of the transport system

Table One below outlines the public sector agencies that operate within the transport system. These organisations hold roles including planning, funding, investment delivery, and regulatory compliance.

In addition, the Ministry works with:

- New Zealand Police – provides road policing and maritime patrol services
- New Zealand Infrastructure Commission – provides research, advice, support and data on both upcoming projects and infrastructure performance
- local authorities⁴ – own, maintain and develop New Zealand's local road network. They fund land transport infrastructure and public transport services alongside central government and are responsible for transport planning and land-use planning. Some local authorities own seaports and airports, or share ownership with the Crown.

In May 2024, the Government announced the establishment of a new National Infrastructure Agency to co-ordinate government funding, connect domestic and offshore investments with New Zealand infrastructure projects, and improve funding procurement and delivery. Transport infrastructure will be in scope of the work of the new agency. The GPS indicates that the new agency, along with the Infrastructure Commission and NZTA, will work together to develop a 30-year plan for transport infrastructure.

Strategic framework

The Ministry's strategic framework has two layers:

- transport system-wide strategies and frameworks
- Ministry-specific strategies and plans which seek to advance the system-wide strategies and frameworks.

² <https://www.transport.govt.nz/about-us/> retrieved 11 October 2023.

³ Defined in *He Rautaki Takunetanga 2021-25 | Strategic Intentions 2021-25*, Ministry of Transport, 2023, p13.

⁴ Local authorities include regional councils, territorial authorities, and council-controlled organisations such as Auckland Transport.

Table One: Overview of transport agencies

Type of entity	Organisation	Role
Public Service Department	Ministry of Transport	Advises the government on all policy and regulatory matters within the transport system and on funding and governance of the transport Crown entities. Advice includes legislative, regulatory and policy settings, funding levels and priorities.
Crown Entities	Civil Aviation Authority (CAA) (includes the Aviation Security Service)	Establishes and monitors civil aviation safety and security standards, carries out air accident and incident investigations, and promotes aviation safety and personal security. The Aviation Security Service provides aviation security services for international and domestic air operations, including airport security, and passenger and baggage screening.
	Maritime New Zealand (MNZ)	National regulatory, compliance and response agency for the safety, security and environmental protection of coastal and inland waterways.
	New Zealand Transport Agency Waka Kotahi (NZTA)	Funds and maintains land transport infrastructure. Manages road safety rules and licensing, as well as road safety education.
	Transport Accident Investigation Commission (TAIC)	Investigates significant air, maritime and rail accidents and incidents, to determine their cause and circumstances, to avoid similar occurrences in the future.
Crown owned companies	City Rail Link Limited (CRL)	Governance, operational and financial responsibility for the Auckland City Rail Link.
State Owned Enterprises	Airways Corporation of New Zealand Limited	Provides air navigation and air traffic management services on a commercial basis. It is responsible for ensuring the safe travel of all aircraft in 28.8 million square kilometres of international airspace managed by New Zealand.
	Meteorological Service of New Zealand Limited (MetService)	Provides public weather forecasting services and meteorological information for international air navigation under contract to the Civil Aviation Authority.
	KiwiRail Holdings Limited (trading as KiwiRail Group)	Owns and operates New Zealand's rail networks, including the Interislander ferry transport service. It also provides infrastructure and engineering services for maintaining and improving rail and ferry networks.

Transport system strategies and frameworks

Transport Outcomes Framework

The Transport Outcomes Framework (the Framework) was developed by the Ministry in consultation with transport system stakeholders in 2018.⁵ It is designed to identify what government is aiming to achieve through the transport system and to influence transport agencies' strategies, plans, and interventions. The Framework sets high level outcomes to guide the transport system, supported by a set of detailed indicators to track progress.

The Framework, including the five outcome areas is presented below.

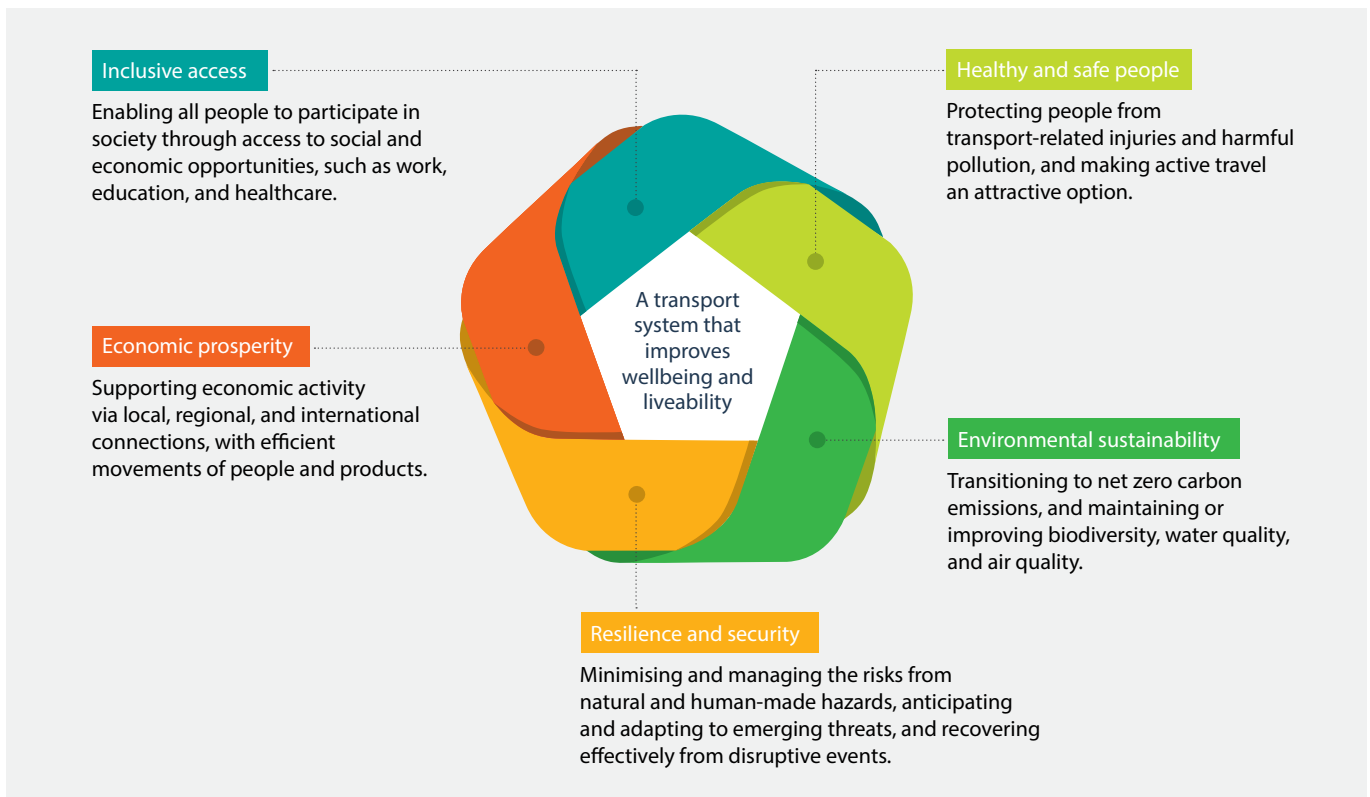
Government Policy Statement on Land Transport (GPS)

The Land Transport Management Act 2003 requires the Minister of Transport to issue a Government Policy Statement on Land Transport (GPS). The GPS 2024-34 was released in June

2024 and outlines the Government's land transport investment priorities, and guides expenditure of around \$7 billion from the National Land Transport Fund (NLTF), and around \$1.5 billion from local government, each year.⁶ It includes:

- what the government expects to be achieved from its investment in land transport through the NLTF
- what the government expects to be achieved from its direct investment in land transport
- how much funding will be provided and how the funding will be raised
- how it will achieve its outcomes and priorities through investment in certain areas, known as "activity classes" (e.g., the maintenance of state highways or road policing)
- a statement of the Minister's expectations of how NZTA gives effect to this GPS.

Figure One: Transport Outcomes Framework



Source: Ministry of Transport website

⁵ <https://www.transport.govt.nz/assets/Uploads/Paper/Transport-outcomes-framework.pdf>

⁶ The GPS for 2024 to 2034, was published in June 2024 and is accessible here: [Government-Policy-Statement-on-land-transport-2024-FI-NAL.pdf](https://www.transport.govt.nz/assets/Uploads/F.520MoT20Strategic20Intentions202021-252028Updated20May20202329.pdf)

⁷ <https://www.transport.govt.nz/assets/Uploads/F.520MoT20Strategic20Intentions202021-252028Updated20May20202329.pdf>

The GPS focusses on achieving four key strategic priorities:

- economic growth and productivity
- increased maintenance and resilience
- safety
- value-for-money.

Ministry of Transport specific strategies

The Ministry’s current strategic intentions are set out in He Rautaki Takunetanga 2021-25 | Strategic Intentions 2021-25 (updated in May 2023).⁷ This document sets out the Ministry’s priorities, and these – alongside further government and ministerial priorities – are used to develop its annual work programme. These priorities, and associated work programmes, will need to be considered in the context of the new Government. The priorities in its strategic intentions are outlined below:

- start to decarbonise the transport system
- improve road safety
- support liveable cities
- strengthen New Zealand’s supply chains
- enable emerging aviation technologies.

Transport system context

New Zealand’s transport system is complex and faces significant changes over the coming years. This section outlines the key themes to be factored into the Ministry’s Future Excellence Horizon.

New Zealand’s transport system is broad, complex, and interconnected with other systems

The transport system is multi-modal, spanning land, air, and sea, and includes:

- vehicles that move people and products
- physical infrastructure (e.g. ports, the rail network, roads, and car parks)
- digital infrastructure (e.g. satellite-based navigation infrastructure and aids, travel apps, communications technologies)
- mobility services (e.g. public transport, bike-sharing, ridesharing)
- institutions and regulatory systems that influence how the transport system functions and develops (e.g. through their structures, management practices, rules, policies, and funding/investment tools). Some parts of the transport system (aviation and maritime in particular) are subject to international regulation.

Table Two: Transport infrastructure ownership, funding, delivery, and operations

	Road (and public transport)	Rail	Ports	Airports
Ownership	Crown (NZTA), Councils	Crown (New Zealand Railways Corporation and KiwiRail)	Councils, private shareholders	Councils, Crown, private shareholders
Governance	Boards, councils	State-owned enterprise boards	Boards, councils	Boards, councils
Funding	NLTF, Crown, councils	Crown, NLTF, rail users	Port users, Crown, and councils	Users (airlines and passengers, commercial operations, land use)
Delivery and operations	NZTA, councils	KiwiRail, Regional councils (metro rail via operator)	Port companies	Airport companies

These features of the transport system are interconnected and work together to move people and goods, both nationally and internationally.

Ownership, funding, delivery, and operations of transport is spread across different organisations

Transport infrastructure and services are delivered by a combination of central government, local government, and private enterprise (including large-scale businesses and, in some cases, many smaller businesses). This complexity is shown in Table Two below. Together, these organisations are critical to delivering the system we have today, and in developing the transport system we need in the future.

The transport system impacts – and is impacted by – other related systems

The transport system, and transport-based solutions, are important enablers to New Zealand's economic and social prosperity in areas such as land use planning and resource management, urban design, local government, health, and climate change response.

Many of these areas face significant challenges. For example, many urban areas across New Zealand are grappling with housing and infrastructure challenges due to population growth. Transport infrastructure investments need to support and align with urban development plans and public transport to address issues such as congestion levels in major cities and towns.

These interactions support the delivery of a wide range of outcomes, including economic development, urban development, environmental sustainability, safety and resilience to increasing threats and hazards.

Transport agencies have had delivery challenges and regulatory issues

The last five years has seen delays and cost pressures in many significant investment programmes, such as the New Zealand Upgrade Programme, CRL, Transmission Gully, and other capital works within the wider land transport investment programme. Transport agencies have faced a number of challenges to their ability to perform and deliver major capital projects. These constraints include issues arising from

the COVID-19 response (which diverted agency resources), a tight labour market, supply chain issues, inflation, economic volatility, and funding challenges.

There have also been regulatory performance issues in the past. The most notable was identified in 2018, with NZTA providing inadequate oversight over vehicle inspectors and certifiers with one case resulting in a fatality. External reviews found shortcomings in the way NZTA was exercising its regulatory functions, and issues in the way the Ministry exercised its monitoring and oversight functions. The reviews resulted in significant changes in NZTA's regulatory functions and changes in the Ministry's monitoring practices.

In 2021, the Ministry commissioned an independent review into road safety investment and delivery. This Review found system level governance and oversight issues (including confused roles and responsibilities among partner agencies) limiting the system's ability to effectively deliver road safety investments. The review highlighted the need for the Ministry to play a more active leadership role within the Road Safety Partnership Programme. These findings were overlaid against delivery and performance issues by NZ Police and NZTA, which both agencies are working to address.

Integrated, long-term planning is essential

With different participants and challenges, there has tended to be a mode-specific approach to developing and managing transport infrastructure and assets (which is dominated in cost and size by road assets, compared to other asset types). However, getting the best results from the transport system requires considering how all assets (port, rail, mass transport) work together and what investments are required to support a suitable transport system that supports connections and freight (both at a regional and international level).

While some alignment across modes exists in current strategic planning documents, more can be done to align urban planning, infrastructure and development.⁸ Transport agencies and local government will have to apply long-term planning horizons to develop a clear, strategic pipeline of high-quality investment across the transport system. This will help drive national productivity

⁸ See <https://tewaihang.govt.nz/media/q33dg5m5/sector-state-of-play-transport.pdf>

through improved business efficiency, access and connectivity both domestically and internationally, and greater mobility of the workforce.

Weather events and natural disasters will continue to test transport resilience

Climate change is increasing the likelihood and frequency of extreme weather events. In 2023 alone, New Zealand experienced Cyclone Gabrielle, ex-Cyclone Hale, and the Auckland Anniversary floods which significantly impacted local communities and stressed transport systems.

Sea-level rise, floods, landslides, and non-weather-related disasters such as earthquakes and tsunami also present significant risks to the transport system. These risks vary across the country and all regions will have to consider how best to ready their transport infrastructure and services in light of these risks. This may involve upgrading existing infrastructure to ensure it is resilient to natural disasters and having contingency plans in place to meet transport requirements if disasters do occur.

The transport system will need to be resilient to economic and global disruptions outside of New Zealand's control

Transport investments need to respond to long-term international, national and regional trends such as demographic change and resilience requirements.

COVID-19 highlighted New Zealand's vulnerability to global trends outside of our country's control. There are several issues on the horizon which are similarly outside of New Zealand's direct control but could impact the transport system.⁹ These include:

- greater outward migration and significant infrastructure investment could put tension on parts of the labour market – particularly for skills needed to deliver infrastructure investment
- geopolitical tension fracturing supply chains and limiting access to goods and services needed to build, maintain, and operate critical infrastructure

- volatile energy prices which could increase the cost of transport, impacting the affordability of private and public transport¹⁰
- persistently high inflation contributing to increasing infrastructure input costs such as labour and material and restricting central and local government's ability to finance transport infrastructure through higher interest rates.¹¹

The transport system will need to overcome funding challenges

Local and central government face significant land transport funding challenges due to increasing infrastructure demands, increasing build and replacement costs¹² and declining revenue. Per-capita costs of infrastructure varies across regions due to local construction market conditions¹³ and variations in the risk of exposure to adverse weather events.

The NLTF has historically provided the largest source of funding for land transport, with additional Crown contributions and spending by local authorities making up the balance. The NLTF is funded from charges levied on road users, primarily through fuel excise duty, road user charges, vehicle and driver registration and licensing fees, and revenues from road tolling. Crown contributions are funded out of general taxation. Changes in travel patterns, improving fuel efficiency, and the use of alternate modes of transport (including walking, cycling and public transport) are contributing to the declining revenue base for the transport system. This has increased the need for Crown revenue to support the NLTF which will not be sustainable in the future.

Agencies in the land transport system will need to explore alternative sources of revenue for building and maintaining transport infrastructure. These could include time of use charges, value capture charges, mileage-based user fees, tolls, and Public Private Partnerships. Other jurisdictions are exploring these options and currently employ

⁹ <https://www.treasury.govt.nz/publications/improving-economic-resilience-productivity-commission-inquiry-material-2022-2024>

¹⁰ [Strengthening the resilience of Aotearoa New Zealand's critical infrastructure system](https://www.treasury.govt.nz/publications/strengthening-the-resilience-of-aotearoa-new-zealand-critical-infrastructure-system)

¹¹ <https://tewaihanga.govt.nz/media/ueojhtbe/inflation-what-are-the-implications-for-civil-construction.pdf>

¹² For example, the cost to maintain State highways rose 10 percent, and road maintenance costs rose 5 percent in 2020. Civil construction prices have been rising faster than the general consumer price which indicates ongoing demand-driven cost inflation. See <https://tewaihanga.govt.nz/media/q33dg5m5/sector-state-of-play-transport.pdf>

¹³ <https://www.treasury.govt.nz/publications/local-government-funding-and-financing-productivity-commission-inquiry-material-2018-2019>

alternative financing to deliver and fund transport projects.

The Government is looking to the Ministry to provide advice on reforms to transport funding and financing options to address these issues, assurance of value-for-money in the activities of the transport Crown entities, and how increased transport investment is improving outcomes.

The maritime and aviation sectors are also seeing increased cost pressures and funding difficulties due to a heavy reliance on third party revenue.

Transport technology disruption is likely to continue

Changing technologies, including new and improved drones, aircraft, vehicles, and vessels; autonomous piloting systems; and low carbon technologies will continue to change the way people and goods move. Advancements in areas such as artificial intelligence and blockchain can also have transport applications (blockchain has been trialled in container shipping providing visibility of containers and trade documentation).

These new technologies present significant positive opportunities for government and consumers. They can support cheaper and more affordable transport options and help advance priorities such as transport decarbonisation and productivity growth. New technologies such as digital driver licences and biometric facial recognition have the potential to improve regulatory enforcement and user convenience.

Regulation makers and regulators will have to be agile and forward looking to protect communities while unlocking the growth, productivity, and innovation potential of these technologies.

For instance, some technologies are adopted through consumer demand (for example, consumers adopted e-scooters as soon as they were affordable). In these situations, regulations need to anticipate adoption and get ahead of the risks presented to communities. Other technologies (such as biometric facial recognition) require aligned standards, legal frameworks, and systems for secure, robust data interoperability before wide scale adoption.

The transport system can help achieve New Zealand's greenhouse gas emission targets

The Government has set a target to reduce net greenhouse gas emissions by 2030.¹⁴ Transport is one of New Zealand's largest sources of greenhouse gas emissions, responsible for 17.5 percent of gross domestic greenhouse gas emissions.¹⁵

A range of shifts would be required to reduce emissions from the transport system. Some of these shifts can occur through consumer choices and private enterprises responding to consumer expectations.

The Government has stated that the Emissions Trading Scheme (ETS) will remain its key tool to reduce emissions.¹⁶ The ETS, along with supporting interventions, can encourage shifts in the transport system, such as the adoption of low-emissions vehicles and electric vehicles, and decarbonising heavy transport (by increasing the use of biofuels and zero-emissions heavy vehicles).

The Ministry of Transport's organisational context

The Ministry operates within a complex and challenging environment

Through its roles in transport policy advice, regulation and system leadership, the Ministry has a wide range of stakeholders across multiple transport modes with varying interests. This engagement context includes operators working directly in the land transport, maritime, and aviation sectors, industry groups, businesses that rely on transport, mana whenua, and other members of the community who use and are impacted by the transport system. Local government is also a significant stakeholder group given its role in providing transport infrastructure and public transport.

In addition, the shape of the sector, authorising environment, and variety of governance mechanisms enhances the leadership challenge for the Ministry. It emphasises the need for clarity of mandate to lead and support from the sector and central agencies.

¹⁴ Factsheet - Target 9 - Reduced net greenhouse gas emissions - 8 April 2024 (dpmc.govt.nz).

¹⁵ Based on estimates, cited in New-Zealands-second-emissions-reduction-plan-Discussion-document.pdf (environment.govt.nz).

¹⁶ GPS on Land Transport, 2024, p8.

The Ministry’s role has expanded beyond its transport advisor role

In recent years, an increasing level of Crown funding has been invested in the transport system outside of the NLTF. This has meant that Ministers have had a greater responsibility for overseeing investment decision making and delivery.¹⁷ This has resulted in:

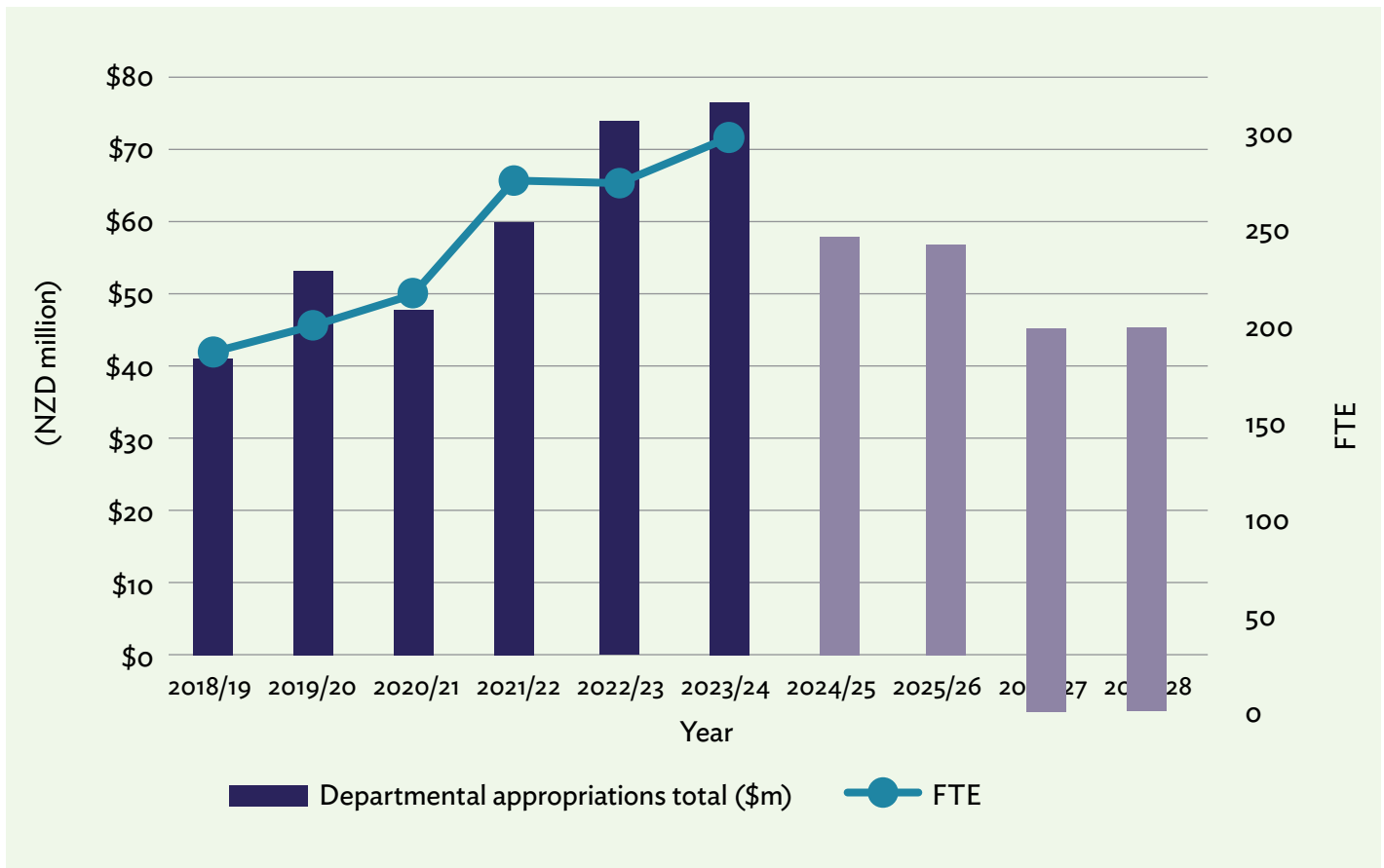
- Ministers engaging more in a Crown purchasing role with delivery agencies, such as NZTA and KiwiRail, and
- the Ministry needing to step beyond its traditional policy advisory role to provide purchasing advice and assurance on the delivery of significant transport infrastructure and investment.¹⁸ To fulfil this role, the Ministry has increased its commercial, investment management and assurance capability.

New organisational structure

In mid-2023, the Ministry’s Chief Executive announced an organisational change process to create a structure and operating model that is financially sustainable, positions the Ministry to support the Government to deliver its priorities, and is flexible to respond to any new or emergent priorities. The final decision document stated the change process was also an opportunity to:

- assess and confirm the Ministry’s core responsibilities and how those are delivered
- demonstrate value-for-money from the Ministry’s work
- incorporate different ways of working, enabling the Ministry to be more efficient and influential
- set a prioritised and realistic work programme, recognising the resource the Ministry has available.

Figure Two: Ministry of Transport workforce (FTE) and departmental funding (Vote Transport) 2018/19 – 2027/28



Source: Ministry of Transport (2024)

¹⁷ Ministers are more directly accountable for such Crown funded investment, with the Board of NZTA holding responsibility for delivery of investment made through the NLTF.

¹⁸ Examples include the Ministry’s involvement in the New Zealand Upgrade Programme and the Auckland Light Rail Project.

Funding and staffing have grown but are forecast to fall

Over recent years, the Ministry has had steady growth in its full-time equivalent staff and its departmental funding through Vote Transport. In the last financial year (2022/23), the Ministry received \$76 million in departmental funding (an 85 percent increase since 2018/19). The Ministry currently employs approximately 240 FTE. However, this is expected to decrease in coming years with the Ministry's baseline also forecast to reduce.

Departmental funding is a small proportion of Vote Transport, which totals approximately \$10 billion in 2022/23. Most of the Vote comprises non-departmental appropriations such as the NLTP (34 percent of the Vote for 2023/24).

Like all departments and public sector agencies, the Ministry will need to contribute to the savings sought in the Government's Fiscal Sustainability Programme. The Government is also seeking a significant reduction in spending on contractors and consultants. This will require significant changes from the Ministry given its relatively high¹⁹ (as a ratio of personnel spend) expenditure on contractors and consultants.

¹⁹ In December 2023, the Ministry of Transport's operating expenditure on contractors and consultants was 43.8 percent of its workforce spend.

3

Future Excellence Horizon

This section presents the Ministry of Transport's Future Excellence Horizon, as developed by the Lead Reviewers, in close consultation with the Ministry and the Public Service Commission. This aims to answer the question: What is the contribution New Zealanders need from the agency in the medium term?

This section outlines the future goal that the agency is working towards. Ratings and discussions in the rest of this report are framed in reference to the contributions defined in this section.

In this section:

- Outcomes New Zealanders expect in the future.

Outcomes New Zealanders expect in the future

We have drawn on the Transport Outcomes Framework and conversations with a wide range of stakeholders, to develop statements that summarise what we consider New Zealanders would expect from the transport system over a five-year horizon. The transport system should be:

- **efficient and integrated** across roads, rail, ports, airports, intermodal terminals, and key freight centres. This reduces the costs of goods and services, supports economic growth, and increases competitiveness and productivity. Planning and investment in the delivery of transport infrastructure and services is effective in future proofing and managing the transport needs of New Zealanders
- **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
- **able to support greenhouse gas emissions reduction** – the transport system plays its part in helping New Zealand meet its greenhouse gas emission reduction targets.

Agency contributions necessary to deliver these future outcomes

As the leader of the transport system, the Ministry is uniquely placed to enable the transport system to contribute to these outcomes through:

- **continuing to effectively progress the Government's priorities for transport** to build on its reputation for delivery
- **supporting transport infrastructure investments** to enable economic growth and improve productivity and efficiency, while being safe and resilient to shocks and stresses
- **working with transport system partners** such as local authorities to integrate transport needs with land use planning
- **providing advice to Ministers on revenue setting options** to ensure a sustainable revenue base to meet maintenance and new investment

costs in the transport system over the medium to long term

- **ensuring fit-for-purpose regulation** to optimise safety and economic efficiency across transport regulations and enable the timely adoption of new transport innovations, and
- **driving effective delivery** to help ensure that transport agencies, and publicly-funded transport services provide value-for-money and meet the needs of New Zealanders.

Government priorities

In the short-term, the Ministry should be:

- **proactively delivering against the Government's priorities** – leveraging on the Ministry's reputation for delivery, and building the trust and confidence of the Minister and the sector.
- **linking the delivery of Government priorities to its longer-term strategies and objectives** – the Ministry is able to manage the need for delivering on immediate priorities with its strategic work and thinking on the transport system so that both inform each other.

Core Function: System lead on transport

In five years, the Ministry should be:

- **connecting and integrating the transport system** – the Ministry leads transport system change as an integrator and connector, and across related systems (e.g. housing and urban development). The Ministry is recognised for its proactive leadership, external engagement and focus on connecting decision-making and delivery with long-term and intergenerational needs
- **supporting the translation of strategy into delivery** – the Ministry uses its influence and levers with transport agencies to ensure effective delivery to realise overall strategies and long-term aims for the transport system
- **engaging, informing and influencing stakeholders and communities** – the Ministry has the networks and connections it needs to engage and inform its policy development and delivery work with a wide range of transport stakeholders, including working through the

transport agencies to effectively engage with regional stakeholders and local communities

- **optimising transport system configuration** – the Ministry collaborates with transport agencies to optimise the effectiveness of roles and responsibilities and improves the way transport agencies work together
- **leveraging talent across the transport system** – people from across the system seek to work at the Ministry given its expertise and collaborative leadership approach to transport issues. It leverages expert skills across the transport sector to develop system-wide solutions to address transport challenges.

Core Function: Policy and funding advice

The Ministry has the mandate to position the transport system ahead of trends and changes through proactive policy and funding advice. In five years, the Ministry should be providing advice that is:

- **demonstrating a long-term focus** – the Ministry has a comprehensive view of transport funding, investment, and regulatory needs across short, medium, and long-term horizons
- **impactful, influential, and practical** – the Ministry translates its future-focused view of transport needs into practical advice that supports Ministers' decision making, reflects subject-matter expertise, and can be readily turned into delivery. The Ministry is respected and influential in transport-related decision making and policy discussions
- **informed by data, evidence and insights** – transport advice is informed by data, evidence, and insights, which are shared and used effectively by policy teams across the Ministry, and across the wider transport system to inform decisions made by transport agencies
- **integrated across wider systems and reform programmes** – the Ministry actively contributes to, and influences, policy debates in areas such as urban planning, local government and economic development, and can effectively shape and inform advice on the role transport can play in these areas.

Core Function: Advice and assurance on long-term infrastructure investment

The Ministry helps ensure transport Crown entities, delivery agencies and transport providers are making high quality, value-for-money and strategically aligned investments. In five years, the Ministry should have:

- **an expert long-term view on investments** – the Ministry is a trusted advisor to government in its ability to identify and prioritise investment in the transport system within the context of a clear and agreed direction and set of priorities for the system
- **a strong focus on value-for-money** – the Ministry effectively supports Ministers to drive investment in the transport system, informed by a clear and coherent view of investment needs at both a national and regional level. The Ministry enables strong alignment between transport outcomes, investment choices and delivery, and that an investment lifecycle approach is used to drive value-for-money and effective delivery execution
- **strong partnerships across transport agencies and the wider system** – the Ministry has close partnerships with transport agencies, local authorities, and commercial entities involved in the delivery of transport infrastructure. These partnerships provide the Ministry with information to understand the infrastructure market, as well as an opportunity to support and influence the execution of Ministerial purchasing intentions
- **effective assurance and oversight at the right level** – the Ministry provides assurance to Ministers that infrastructure investments are being delivered to plan, achieving agreed outcomes and ensuring value-for-money.

Core Function: Regulatory stewardship

The Ministry needs to regularly monitor and adjust regulatory settings to ensure the regulatory system is supporting the needs of the transport system. In five years, the Ministry should ensure:

- **roles, responsibilities, and decision-rights are clear** – and well understood across regulators (the transport Crown entities) and the Ministry to minimise duplication of effort and potential gaps

- **data informs performance monitoring and risk management** – the Ministry understands the outcomes sought from regulatory systems and has performance measures in place to report and inform improvements to these systems. Performance monitoring is supported by active engagement with regulators, regulated parties, and communities. The Ministry scans for regulatory risks and works with regulators to manage risks as soon as they are identified
- **effective engagement with regulators, regulated parties and stakeholders** – the transport regulatory system is shaped by close engagement with transport agencies, regulators, regulated parties, industry, and communities. The Ministry also has strong and consistent engagements with international standard setting bodies and foreign jurisdictions to keep up-to-date with international changes and best practice
- **regulatory stewardship is prioritised** – the Ministry prioritises effective delivery of regulatory stewardship functions through dedicated resourcing and managing competing short-term priorities to maintain and improve regulatory frameworks.
- **oversight balanced with enabling performance** – the Ministry applies a strategic approach to guide its assessment of governance, capability, delivery, performance, and risk within Crown entities. The Ministry supports Crown entities by using its transport system-wide context and draws on their perspectives to shape system policy settings and help manage constraints to delivery and performance
- **monitoring integrated with policy** – the Ministry sees its monitoring role as a critical lever to drive the delivery of transport system strategies and Government priorities. It uses data to inform its views, knows what questions it needs to ask and is alert to Crown entity constraints driven by policy and regulatory settings. It works with Crown entities to address these constraints and drive delivery and performance
- **effective entity governance is in place** – the Ministry actively supports Ministers to ensure Crown entity board capability and performance is effective.

Core Function: Crown entity monitoring

The transport Crown entities are primarily responsible for implementing and realising transport investments and operationalising regulatory systems and settings. As monitor, the Ministry has a significant role in ensuring that Crown entities are performing their functions and delivering against transport system priorities and strategies. In five years, the Ministry should have:

- **mature and valued relationships** – Ministers, transport Crown entities, and stakeholders understand and value the Ministry’s monitoring role and related advice. The Ministry and the transport Crown entities have a mature and reciprocal relationship based on mutual respect for each other’s roles and understanding of how they add value to the transport system

4


Delivery

This section assesses how the agency combines and uses its capability to deliver key functions. Ratings and rating justifications are provided, along with future focuses which identify factors which could impact capability over the time frame of the Future Excellence Horizon.

In this section:

- Responding to Government priorities
- Core function: System lead on transport
- Core function: Policy and funding advice
- Core function: Regulatory stewardship
- Core function: Advice and assurance on long-term infrastructure investment
- Core function: Crown Entity monitoring.

Responding to Government priorities

Question	Rating
How does the agency respond to Government priorities?	

What we found

The Ministry has successfully delivered a range of initiatives within a changing and complex context over the last few years. Some of the significant areas of delivery include:

- Government’s 100-Day Plan** – the Ministry delivered on transport commitments to support the new Government including repealing the Clean Car Discount Scheme, making amendments to the Land Transport Rule: Setting of Speed Limits 2022, and removing Central Government support for Auckland Light Rail and Let’s Get Wellington Moving
- transport strategies and plans** – the Ministry released the draft GPS on Land Transport for consultation in March 2024 and the final GPS in June 2024. The GPS sets out transport investment strategic intentions, and how these investments will be funded and allocated. In August 2023, the Ministry released the New Zealand Freight and Supply Chain Strategy which provides long-term strategic direction for the freight and supply chain system and involved extensive engagement with stakeholders in its development
- 2023 extreme weather events** – the Ministry, as part of the All-of-Government response, supported the co-ordinated efforts by central and local government to respond to communities affected by extreme weather events across the North Island
- aviation** – in 2023, the Ministry led the delivery of the Civil Aviation Bill: a large and complex piece of legislation which strengthened aviation safety standards and better enables New Zealand to meet its international aviation emissions obligations. The Ministry also supported the Air Navigation System Review panel, which published its phase two report in May 2023

- emissions reduction** – the Ministry developed the Transport chapter in the Emissions Reduction Plan which sets out the challenge of reducing transport emissions by 41 percent by 2035. In December 2022, the Ministry released the Decarbonising Transport Action Plan setting out the detailed actions needed to achieve the plan.

In our engagements, transport Crown entities and transport stakeholders were universally positive on the Ministry’s proactive and effective engagement approach in support of the Government’s COVID-19 response. The Ministry worked with the aviation and maritime sectors to ensure both freight and people were able to move effectively. The COVID-19 response also highlighted the transport system’s – and by extension the Ministry’s – critical role in managing the impacts of the pandemic on communities and the transport sector.

Over the last few years, the Ministry had been asked to respond to Government priorities by stepping into new functions and roles, and this had presented a challenge given the different nature of that work. This has been particularly challenging where the Ministry has been required to undertake more direct involvement in large-scale infrastructure investment. Stakeholders provided feedback on the Ministry’s ability to respond effectively to priorities that require capabilities outside of its traditional skill set (such as commercial and financial management related to support large infrastructure projects).



We have heard that the Ministry has been working with the Government to understand and respond at pace to their priorities. Over time we think it is likely that those priorities will shift towards the medium and longer-term. The range of shifts signalled throughout this report – particularly across the core functions – are key foundations which are needed if the Ministry is to effectively respond to Government priorities in the future.

Future focus

We recommend the Ministry focus on:

- continuing to proactively respond to the priorities of the Government to further build the Ministry's reputation for delivery
- as opportunities arise, seeking engagement with the Government and the sector to identify and put on the agenda longer-term issues
- assess and provide advice on whether it is the best placed transport agency to carry out any proposed new functions before committing to build new capabilities and capacity, and using that to engage on role and expectations.

Core Function: System lead on transport

Question	Rating
For each core function, how does the agency deliver value and make a positive impact for New Zealanders?	
For each core function, how does the agency demonstrate increased value and impact over time?	

What we found

The Ministry is the only agency positioned to be the system lead on transport as a whole. Its unique role was described by many of the stakeholders we interviewed as “if not the Ministry, then who?”. As such, we think all Ministry functions support, in some way, its role as system lead on transport. We also see part of this role is about stewardship, which means ensuring that transport system settings are fit-for-purpose both now and for future generations.

The Ministry’s actions to support the COVID-19 response demonstrated its system and stewardship capability. The Ministry understood what the government was trying to achieve, and interpreted and implemented this vision for the transport system. It did this through open and proactive collaboration with transport agencies, stakeholders and local authorities. It did not fall back on traditional roles, rather it identified the shifts that were required in the system and took active steps to address them.

The stakeholders we interviewed were all very positive about the Ministry’s leadership approach during the COVID-19 period. While it is not sustainable to operate in that way on an ongoing basis (due to excessive workloads and the need to defer other work), it demonstrates the value for the sector when the Ministry steps into its leadership potential. We discuss various opportunities it can pursue in this leadership role below.

The Ministry can build towards a shared understanding of its role with Ministers, transport agencies, and transport stakeholders

While we heard a consistent view from Ministry staff that it has a system leadership role for transport, we also heard multiple descriptions of that role and what it entails. The Ministry’s external stakeholders also had a variety of perspectives about its system lead on transport role, and what it ideally should be.

Our view is that the lack of a common understanding is leading to confusion for participants in the transport system. Some stakeholders doubted the Ministry’s capability to effectively be system lead or steward on the transport system given its small size, its current capability, and the complexity and challenges within the system. Others talked about the difference between calling yourself system lead on transport and earning and commanding respect in that role.

The Ministry has an opportunity to build a clear understanding internally and externally of its transport system leadership role. This shared understanding will ensure that it can focus on the capabilities and behaviours necessary to give full effect to this role. It also helps set expectations across the transport system, clarifying with its stakeholders what work it undertakes and what it does not undertake.

To build that understanding, the Ministry will need to work with Ministers, central agencies and the transport sector agencies to plan out the activities to give effect to its system lead role in a way that will also clarify, define and embed it. An iterative and collaborative approach is needed to ensure buy-in to the Ministry’s role, and ensure that the Ministry’s role is scoped according to the greatest needs across the transport system.

The Ministry could consider if the transport system’s configuration is fit-for-purpose

Many stakeholders questioned whether the current configuration of the transport system – the roles, responsibilities, and associated powers of the various transport agencies – is still fit-for-purpose. One stakeholder commented “there is friction all the way in how the system is set up.” We heard that the current system architecture (which features separation between policy and operations and separation by modes) causes significant tensions between transport agencies, partly because of size

and scope imbalances, and partly because of a lack of role clarity across agencies.

The Ministry is the best positioned agency within the transport system to ensure that roles and responsibilities are distributed in a way that supports the overall success of the transport system. While it is outside the scope of this Review to assess organisational functions and forms, the Ministry should consider whether changes in these areas are needed to optimise how functions in the transport system are being delivered.

Strategies and priorities should be aligned across the transport system

While some mode-based strategies exist, there is no overarching transport strategy and few strategies (with the GPS on Land Transport as a notable exception) which co-ordinate across modes. We heard that a focus on modal or sub-modal strategies (such as the Freight and Supply Chain Strategy)²⁰ has come about because of views that system-wide overarching strategies were difficult to develop.

We think an overarching system strategy is one method the Ministry could use to align the system and provide leadership. The Office of the Auditor General (OAG) recently endorsed a system strategy approach as one of five key pillars of system leadership.²¹ It is described as “...a strategy that has a vision and an action plan that all those in the system share and provides direction, prioritises initiatives, and aligns actions throughout the system”. The Future Transport Strategy released by Transport for New South Wales in 2022 provides an example of the level of system thinking that may be required.²²

The Ministry may decide to use another approach to providing system alignment and co-ordination, as an overarching strategy is not the only option and it is the result that is important. Transport agencies acknowledge the need for a more coherent and cohesive approach that provides a focus for investment priorities for government and the sector. This would help shift the focus from just the short-term to the strategic and longer-term.

There are also opportunities to better align the Ministry’s strategies. There is currently a range of strategy documents but no overarching and coherent approach that maps out the priorities within those documents towards outcomes, or how they interact with each other. Many specific strategies involve inherent trade-offs, for example, between reducing transport emissions and improving transport productivity. The absence of overall alignment across the variety of transport strategies reflects and reinforces a siloed approach to setting the direction for the transport system.

Long-term vision and strategies should carry through to delivery and implementation

There is a disconnect between the long-term, intergenerational thinking within the Ministry and decisions and delivery that is occurring within the transport agencies and others across the transport system. The Ministry has done a lot of thinking about long-term and intergenerational issues and opportunities in the transport system.

The Ministry-led Transport Outcomes Framework is a positive feature of the transport system, providing an agreed set of outcomes and reporting progress through a set of transport indicators published on the Ministry’s website. The Framework is used across the transport system agencies’ external documents and a recent OAG report²³ highlighted the system-wide framework as a feature that other sectors should develop.

We heard that the Framework has seemed to have had more limited impact in system decision-making or prioritisation, with a significant gap between the high-level outcomes it sets out, and how the sector operates to set and align priorities and work programmes to achieve those outcomes.

We heard that longer-term products produced by the Ministry such as the Generational Investment Approach have had a relatively limited impact on decision-making and delivery in the wider system.

The Ministry needs to be able to translate its long-term and intergenerational thinking to make it

²⁰ See <https://www.transport.govt.nz/area-of-interest/freight-and-logistics/new-zealand-freight-and-supply-chain-strategy/>

²¹ [Leading New Zealand’s approach to housing and urban development — Office of the Auditor-General New Zealand](#) (oag.parliament.nz), 2023. While these comments were reported in a housing context, they were general observations for any system leadership and would equally apply in a transport situation.

²² [Future Transport Strategy: Our vision for transport in NSW](#)

²³ [Transport sector: A case study of sector-level performance — Office of the Auditor-General New Zealand](#) (oag.parliament.nz)

useful and used in delivery in the system. Part of the challenge in this area is getting more clarity on the levers and relationships it has to do this effectively. As one stakeholder told us, *“It is not just creating a strategy – the hard yards start on delivering it”*.

The Future Transport Strategy from Transport for New South Wales provides an example of how the Ministry could develop a clear system vision that is supported by a clearer integrated delivery plan. Our view is that the Ministry could harness its system relationships to drive this type of strategic thinking in the New Zealand context.

The Ministry needs to connect and collaborate with transport agencies and stakeholders

Being an effective system lead on transport will require the Ministry to have an outward focus to operate as an integrator and connector with agencies and stakeholders in the transport system and other related systems. Stakeholders noted the Ministry’s response during COVID-19 as a good example of this type of relationship and engagement and want to see more of the proactive approach

that the Ministry displayed. Some transport Crown entities likened their relationship with the Ministry as hierarchical rather than a mature and trusting partnership. Other stakeholders in the wider system spoke to us about the Ministry’s current engagement approach as representing a “minimum viable product”.

While it is clear the COVID-19 operating model resulted in peak workloads that were not sustainable on an ongoing basis, the Ministry should consider how it can carry the best parts of that engagement approach forward. We discuss this further under the Engagement and Partnerships section of this report.

Furthermore, we see an opportunity for the Ministry to leverage the existing talent that exists across the transport system. System teams made up of a mix of staff from within the Ministry, and from across the transport agencies, could be formed to tackle complex and challenging policy issues that require a collaborative approach e.g. funding and revenue, the future of airports and ports.²⁴ More information on system teams is covered in the Workforce section.



Future focus

We recommend the Ministry focus on:

- reviewing, and updating if required, the outcomes sought by the transport system and articulated through the Transport Outcomes Framework and other documents to ensure they are relevant, clear and useful for monitoring and improving performance. This includes identifying the data, tools, and processes it has to monitor system performance and how these can improve alignment across priorities and programmes
- developing a plan for how the Ministry will undertake its leadership role in the transport system in a way that ensures clarity of roles and responsibilities across the transport agencies. The plan should describe what is in scope of that role, and what is out of scope as well as gaps and overlaps in roles and functions and between agencies
- engaging with transport agencies and other stakeholders on their support for a proposal (including timeline, process and resourcing) for developing an overarching transport system strategy that would be supported by an integrated delivery plan. The proposal would be based on having one in place in three years and would be informed by examples in other jurisdictions, such as that in New South Wales
- reviewing and updating the Ministry’s strategies and plans (including corporate plans and sector or mode strategies) to ensure they are similarly aligned and consistent with the outcomes and priorities for the system and the priorities of the Government
- working with Ministers, transport system agencies and the central agencies to identify opportunities for improving the system configuration, including roles, responsibilities and decision-rights in relation to transport regulation.

²⁴ See the Workforce Development element for more detail on system teams.

Core Function: Policy and funding advice

Question	Rating
For each core function, how does the agency deliver value and make a positive impact for New Zealanders?	
For each core function, how does the agency demonstrate increased value and impact over time?	

What we found

The Ministry received a positive score for the quality of its policy advice in the 2023 NZIER assessment (average of 3.5 out of 5, but down from an average of 3.8 in the previous year), good Ministerial satisfaction scores (4.2 out of 5) and timely responses to Official Information Act (OIA) requests (96 percent within the required timeframes). It has a Policy Quality Framework to monitor and improve its policy advice.

Some stakeholders provided examples of where the Ministry’s advice could have been faster, and where it could have better reflected the complexity of the transport system and how it would be translated into delivery. Ensuring greater consistency in these aspects of its advice would lift its impact and demonstrate the Ministry’s ownership of transport policy.

Our view is that the Ministry could be more proactive in providing advice on the long-term significant issues facing the transport system. This longer-term advice will need to retain the urgency and implementation focus that is expected by Ministers and stakeholders. Stakeholders told us such advice would be valued in areas such as funding and revenue sources, congestion charging and how transport policy can support economic, environmental, and social objectives. Given resource constraints, the Ministry will need to actively manage the expectations of its stakeholders in terms of the scale and depth of its policy programme.

The Ministry could lift its influence and impact on the transport system by:

- taking a more strategic approach to prioritise the matters it advises on, and the pace and timeliness of its advice
- ensuring deep subject-matter expertise underpin its advice

- more effectively and consistently use data and insights to inform its policy advice.

A long-term strategic approach should guide the Ministry’s policy advice

A more strategic and deliberate approach, underpinned by an overarching system strategy suggested in the system lead on transport section above, could help the Ministry create the space it needs to make headway on longer-term high impact policy issues.

We also see opportunities for a focus on the pace and timeliness of its advice. Sustainability of the transport funding base is one of the most important longer-term high impact policy issues that needs to be addressed to enable the shifts required from the transport system. Some stakeholders considered that the Ministry’s response to the funding issues they had raised was “too slow” and caused unnecessary concerns in relation to their ongoing financial viability. It would be helpful for the Ministry to communicate its policy approach and pace of the work to key stakeholders and respond to feedback where appropriate.

The Ministry can also look to ensure that its more long-term and future focused advice understands and accounts for implementation. The Ministry’s approach to its work on emissions reduction (where it helped shape the Emissions Reduction Plan, with a supporting Ministry-focused Action Plan) represents an example of this approach in action. We encourage the Ministry to build on this style of approach.

Advice needs to be underpinned by subject-matter expertise

Subject-matter expertise is a key ingredient to providing influential advice. In our view, the Ministry could look at how it can access expertise in areas that will support it in better understanding future impacts to the transport system. Such areas

of expertise might include market and network economics, infrastructure, and data and modelling, so the Ministry can better understand trends and shape advice that responds to the system's needs over the medium term.

The Ministry's high turnover²⁵ has (at the time of the Review) been a limiting factor to the Ministry's mainly generalist policy staff having the time to develop deep connections and experience with the transport system. The Ministry also struggles to access and retain specialist expertise (such as skills related to infrastructure investment). Our view on the solutions to these issues – including system teams – are discussed in the Workforce Development section of this report.

Data and evidence to support good policy advice

Data, evidence and evaluation are a key input to ensure the Ministry's policy advice is impactful and could be more consistently and prominently featured in policy processes and decision-making to help to meet Ministerial expectations, particularly in understanding the quality, impact and value-for-money of investment across the transport system.

The Ministry appreciates the importance of data and evidence. It has established foundational data 'architecture' in place to drive a system-wide approach, including establishing:

- MONTY²⁶ – an agency-based model of how people and businesses travel under different scenarios, to support better understanding of the likely impact of policy and regulatory decisions)
- Transport Knowledge Hub²⁷ – brings together a community of people to implement the Transport Evidence Base Strategy (TEBS) (external link)
- a small specialist data and evidence team.

There is an opportunity for the Ministry to co-ordinate data that already exists in transport agencies to provide an overall picture of transport system performance. Presenting a single authoritative view is a powerful tool to inform the Ministry's own policy, and the efforts of Crown

entities and transport stakeholders. This data set could reflect the approach we currently see in the Justice sector.

Transport advice needs to be integrated with related sectors

Transport plays a critical role in giving effect to economic and social outcomes and at a practical level this means transport advice needs to be based on wide engagement with other sectors. These key interdependencies with other systems do not seem sufficiently developed. We heard that the Ministry is insufficiently involved in key discussions where it should be influential at the table, for example, in high-profile programmes and reforms in areas such as housing and urban development and local government where transport solutions have a key role to play.

Given its relatively small size, the Ministry needs a clear understanding of its role with respect to other systems and a clear approach to its participation and impact in these systems. To be successful in bringing transport to the table, the Ministry needs a breadth of connections across sectors outside the transport system. This includes working actively with agencies like the Department of Internal Affairs (local government) and the Ministry for Housing and Urban Development (housing, land use and urban development) to ensure transport policy advice is being more effectively leveraged to shape the strategic agenda and work programmes in these portfolios.

Value-for-money

The Ministry has been reviewing its operations to identify savings. For example, the 2023 Change Decision Document describes a shift in the ratio of advisor/senior/principal advisor roles to ensure balance between policy expertise and costs.

A more significant aspect is how the Ministry drives value within the system settings it manages or influences through its policy advice. As we have noted, there is an opportunity for the Ministry to take a more systematic approach in how it advises on and monitors efficiency and value-for-money through system investment.

²⁵ In 2023, the Ministry's unplanned turnover was 34.3 percent, compared to the Public Service average of 15.9 percent. 2024 turnover figures were not yet available at the time this report was drafted.

²⁶ [Building an Agent Based Modelling capability for New Zealand - Arup](#)

²⁷ [About | Transport Knowledge Hub](#)

Some useful tools have been developed, including a value-for-money framework used for Budget bids in Budget 2022, which the Treasury subsequently identified as an example of good practice. Further opportunities to drive a greater focus on value-for-money include:



- ensuring that the government is a smart purchaser and is receiving value-for-money for the significant sums allocated to transport projects (this is covered in the ‘Advice and assurance on long-term infrastructure investment core function’)
- more active reviews of system investment to assess value and identify opportunities for reprioritisation. This includes stepping up ‘deep dive’ reviews into activity class expenditure through the GPS on Land Transport
- being able to show connections to results and outcomes for the system, including Crown funded investment programmes and funding reviews of transport Crown entities.

Future focus

We recommend the Ministry focus on:

- implementing or adjusting its policy tools and processes to focus on improving the alignment between short-term advice and longer-term policy objectives and the link between its advice, and how it is going to be delivered and implemented
- incentivising and enabling further opportunities for effective engagement between data experts and those working in policy and other areas. This shift towards greater data integration could be supported through training and upskilling, widening systems availability in the organisation and building a strong culture around the use of data and analytics tools
- prioritising and leading a transport system-wide approach to data and analytics, building from existing work already underway, including Project MONTY, the Transport Evidence Base Strategy and the Transport Knowledge Hub. This approach could include a ‘transport data hub’ that is operated and shared across the whole transport system (but may or may not be inside the Ministry)
- proactively engage with other relevant systems, such as housing and urban development, and local government, to ensure the transport solutions and settings are leveraged more effectively to deliver the wider outcomes sought in these areas.

Core Function: Regulatory stewardship

Question	Rating
For each core function, how does the agency deliver value and make a positive impact for New Zealanders?	
For each core function, how does the agency demonstrate increased value and impact over time?	

What we found

The Ministry is the steward of the transport regulatory system (which is made up of 26 Acts and 268 sets of regulations and rules). This system spans three main modes of transport: land (road and rail), aviation, and maritime. There are some regulatory components in common across all three modes, such as licensing and certification, regulatory compliance, and enforcement.²⁸

The Ministry’s regulatory stewardship efforts have been guided by the Transport System Regulatory Stewardship Plan.²⁹ Recent examples include the development and implementation of the Civil Aviation Act 2023, and ongoing work to review and update maritime legislation.

Notwithstanding these examples, we heard of significant challenges across the transport regulatory system. These are described below. Furthermore, we expect that trends such as technological disruption will place further stress and increase public expectations on regulatory systems. The Ministry has an opportunity to adapt the way it performs its regulatory stewardship role to meet these challenges.

The Government has established the Ministry of Regulation with one of its roles being to assess the quality of new and existing legislation, as well as consolidating regulatory quality work across the Public Sector where appropriate. The creation of the new Ministry provides an opportunity for the Ministry of Transport to both share its regulatory expertise in this area as well as support a more aligned approach to regulatory best practice across the Public Sector.

Regulatory stewardship efforts need to be targeted and strategic

We consistently heard comments from stakeholders that the transport regulatory environment is overdue for modernisation and urgent reviewing, as it is ‘neither enabling nor future proofed’. This aligns with the findings of the Infrastructure Commission:³⁰

The [transport] regulatory system requires constant review from the Ministry [of Transport] and renewal to cope with emerging risks, shocks, and changes in technology. Some changes have been made to the system in a piecemeal way. This raises the question of a risk of a lack of regulatory system coherence, limiting technology choices and a need from the Ministry to ensure that the regulatory powers are enabling and empowering.

We also heard that some of the legislative changes in previous years were not based on or guided by a clear set of priorities. The Ministry’s current Transport System Regulatory Stewardship plan expired in 2022, and while a new one is currently in development, it has been delayed due to competing priorities.

The Ministry should adequately resource its regulatory stewardship strategy and prioritisation efforts given the breadth of the transport regulatory system and the Ministry’s limited resources. The Ministry needs to work with regulators and regulated parties to form a strategic plan which phases review efforts and reflects future trends.

²⁸ For an overview of relevant legislation and regulations, see: <https://www.transport.govt.nz/footer/legislation/>

²⁹ <https://www.transport.govt.nz/assets/Uploads/Paper/Transport-System-Regulatory-Stewardship-Plan-2019-to-2022.pdf>

³⁰ Infrastructure Commission (2021) [Sector state of play: Transport | Te Waihangā](#)

The Ministry needs to ensure clear roles and responsibilities across regulatory systems

Several interviewees identified a lack of role clarity between the Ministry and regulators within the transport regulatory system. One interview noted that wherever there has been this lack of clarity there has also been duplication of effort.

We agree with the views we heard from some Crown entities that there seems to be an opportunity for greater delegation of decision-rights, with appropriate checks and balances in place. Currently, decision-rights in the transport regulatory system are set at high levels causing bottlenecks in timelines and sub-optimal use of resources across agencies.

These issues significantly impact the effectiveness of the regulatory system. Lack of clarity risks issues falling between the gaps, particularly where responsibilities are split across various agencies (such as health and safety and the regulation of dangerous goods which spans all transport Crown entities and New Zealand Police). Decision-making bottlenecks are also a concern given the rapid pace of technological development, and the speed that is required for the regulatory system to respond effectively.

The Ministry should consider undertaking a regulatory system review with a focus on clarifying and defining roles and responsibilities. This would require work with the regulators to define the best approach to deliver their respective regulatory roles and responsibilities, as well as the location of decision-rights. The new regulatory stewardship plan could be an interim step to help by describing the roles and responsibilities of agencies and setting out overall regulatory priorities.³¹

Monitoring regulatory performance is critical

As regulatory steward, the Ministry should also look at how it can drive better reporting on the transport system's regulatory performance, in particular, by supporting improvements in the reporting undertaken by the transport Crown entities. For example, a recent OAG report identified the following opportunity in NZTA's regulatory reporting:³²

The current suite of measures presents some useful information on how Waka Kotahi delivers its regulatory functions. However, they do not present a clear view of how Waka Kotahi has improved its performance or the effectiveness of its regulatory functions. For example, it is unclear whether the targets that are set relate to the number of compliance activities Waka Kotahi is resourced to undertake or whether the level of activity is appropriately benchmarked for a regulator of its nature.

As monitor, the Ministry can influence the information Crown entities report on so that they provide greater insight into regulatory performance. These insights, supplemented with transport system-wide performance measures, such as the ones used to monitor the Transport Outcomes Framework, need to be shared across the Ministry and integrated into policy and advice.

The Ministry should consider developing, with the relevant transport Crown entities, performance frameworks for the different regulatory systems that enable meaningful reporting on regulatory system performance. Such frameworks would set out the objectives of the system, and what performance information is being reported and by who. Through regular reporting, the use of such frameworks would provide insights for the Ministry and other agencies to improve regulatory systems as well as support public accountability (through more meaningful reporting to Parliament and the public).

Value-for-Money

The Ministry's current Regulatory Stewardship Plan describes how value-for-money is driven through cost benefit analysis in Regulatory Impact Assessments, and across the Ministry by co-ordinating regulatory changes. However, Crown entity comments about role duplication, and decision-making bottlenecks (as minor decisions take longer and can be caught in a bottleneck of limited senior official and Ministerial availability) suggest that there are opportunities to drive greater value-for-money.

³¹ A fundamental machinery-of-government style review of roles and responsibilities across the transport agencies may be necessary to fully achieve an effective and efficient regulatory system. This consideration, however, is beyond the scope of this Review.



³² Transport Sector: A Case Study in Sector Level Report, Office of the Auditor General, 2023 [Transport sector: A case study of sector-level performance \(oag.parliament.nz\)](https://www.oag.parliament.nz/publications/transport-sector-a-case-study-in-sector-level-report)

Future focus

We recommend the Ministry focus on:

- ensuring that regulatory stewardship activities – particularly those related to strategic planning and prioritisation of stewardship efforts – are resourced and prioritised. This should include finalising an up-to-date Transport System Regulatory Stewardship Plan that sets out a review programme to provide assurance on the health of the transport regulatory system
- working with regulators and regulated parties to undertake a regulatory system review, with a focus on clarifying roles and responsibilities. This includes identifying where gaps in roles and responsibilities may exist, addressing duplication, and ensuring that decision-making is set at a level that ensures effective operation of the system (provided suitable checks and balances are in place)
- working with the transport Crown entities to establish clear performance frameworks to understand, assess and monitor the performance of transport regulatory systems, with a focus on connecting the performance of the transport regulators to the overall performance of the transport system.

Core Function: Advice and assurance on long-term infrastructure investment

Question	Rating
For each core function, how does the agency deliver value and make a positive impact for New Zealanders?	
For each core function, how does the agency demonstrate increased value and impact over time?	

What we found

The Ministry has a role to help ensure that transport infrastructure investment is effective, sustainable, and aligned with Government priorities and long-term strategic objectives.³³ We comment on two primary aspects of this role below. We also note that the Government is establishing a National Infrastructure Agency and this could impact on the roles of the transport agencies. It has been signalled that the new agency will be working on a pipeline of transport infrastructure investment as described in the GPS 2024.

Guiding and prioritising a nation-wide transport investment pipeline

The GPS 2024 states that, once established, the National Infrastructure Agency and the Infrastructure Commission will work closely with the NZTA to develop a 30-year plan for transport infrastructure and connect local and offshore investors with transport projects. The Ministry needs to be well placed to support to this work given its system lead on transport role.

Some areas of the Ministry's advice and assurance have been effective. It has supported Ministers to develop a GPS on Land Transport, which has been a successful lever for prioritising NLTF investment towards strategic outcomes. However, we did not see evidence of the Ministry playing a consistent leadership role in aligning transport investments either within the transport system or with related systems.

The Ministry could consider how it can best support Ministers to both make and oversee investment in the transport system. In our view, the Ministry needs

to be able to confidently support Ministers through trade-off decisions, and there are opportunities for more active oversight of spend, particularly against the GPS.

Providing authoritative assurance of transport investments

In recent years, with the increase in direct Crown funding for transport investments, the Ministry has been required by the government to assume a more active role in developing and providing oversight of major investment programmes. We heard a range of views about the Ministry's role in this context, with stakeholders highlighting that the Ministry lacks the necessary technical capability to be an effective participant at the delivery and governance level.

Our view is that there is an opportunity for the Ministry to consider its role in this area so that it is orientated towards better supporting Ministers to make strategic investment decisions and providing assurance on the delivery of benefits associated with these investments, rather than being involved in detailed project level governance. Delivering high value in this context will require the Ministry to think carefully about the mix of skills and capabilities in this area it needs to advise Ministers.

Value-for-money

We heard of significant opportunities to drive better value-for-money in the way large scale transport investment is made, which the Ministry can help realise by taking a more active role in how it delivers advice to Ministers on investment choices and trade-offs.

Transport infrastructure stakeholders commented that increased costs have been driven by decision-

³³ Funding these investments is another important dimension of assuring transport investment. We consider this aspect separately under core function Policy and Funding Advice.

making on new developments, planning processes, and limited contracting competition within the infrastructure delivery market. The Ministry has an opportunity to work with Crown entities and other departments to better understand these cost drivers, and the system settings and levers needed to address them (e.g. planning requirements, level of competition).



The Ministry has relied heavily on contractors and consultants to source the technical expertise needed to provide investment advice and assurance. The Ministry will need to consider opportunities to develop some of these skills. It should also explore how it can better utilise existing capabilities within the transport Crown entities to reduce its outsourcing and contracting costs. There will be areas where the Ministry will need to strategically use external expertise and to be deliberate in how this is done.

Future focus

We recommend the Ministry focus on:

- clarifying and getting agreement to the Ministry's oversight and assurance role in large scale infrastructure and investment programmes. The Ministry's role should be orientated towards supporting Ministers to make strategic investment decisions and providing assurance on the delivery of benefits associated with these investments
- considering opportunities to source any technical assurance skills it needs to meet its oversight and assurance role, which could include basing those skills within the Ministry and leveraging capabilities within the transport Crown entities to reduce the Ministry's outsourcing costs
- supporting, if required, the National Infrastructure Agency, NZTA and the Infrastructure Commission in work planned to build a strategic national view of transport investment needs, which enables effective prioritisation, including value-for-money.

Core Function: Crown entity monitoring

Question	Rating
For each core function, how does the agency deliver value and make a positive impact for New Zealanders?	
For each core function, how does the agency demonstrate increased value and impact over time?	

What we found

The Ministry’s advice on Crown entities’ capability and performance needs to deliver strategic value and assurance to Ministers. Following the 2018 regulatory failure, the Ministry’s monitoring relationship with NZTA was independently reviewed.³⁴ This review resulted in changes to the Ministry’s monitoring to ensure a clear and well-articulated approach, supported by strong relationships across the entities at both a board and chief executive level. We heard from Crown entities that this approach had a positive impact, striking a balance between more active oversight while enabling entity performance.

We heard across a range of Crown entity interviews that over time, the Ministry’s monitoring has defaulted to a more compliance orientated approach, rather than working with and through the boards to ensure performance and delivery. There have been recent efforts to shift monitoring away from a compliance focused approach. The Ministry needs to continue this work, so its monitoring is purpose-driven, built from a rich source of data, evidence, information and intelligence, and focused on supporting improved performance, delivery and value-for-money.

The most recent stakeholder evaluation (July 2022) noted that Ministry-Crown entity relationships are ‘sub-optimal’ featuring non-strategic and disjointed interactions. Monitoring should be undertaken in a purposeful way together with, and through, the Crown entity boards.³⁵ This can be supported by having a clear annual monitoring programme that guides its approach, developed in consultation with

Crown entity boards and agreed with the responsible Minister.

Building a two-way relationship with Crown entities

To provide a successful monitoring function, the Ministry needs effective working relationships with the Crown entities. Crown entity board chairs and senior leaders acknowledged the importance of the Ministry’s governance and monitoring roles. They also noted that there will always be an element of constructive tension in the relationship.

Many thought these relationships and engagements would be more effective if the Ministry better understood their entities’ context, challenges, and direction. For example, the implementation effects of changing policy, emerging technology and regulatory context need to be clearly integrated with oversight of the entities’ capability, delivery, and performance. They wanted to see the Ministry support boards to drive transport Crown entity performance in line with wider transport system objectives.

Supporting good Crown entity governance

Appointing board members is one of the key strategic levers that Ministers have to influence the direction of Crown entities and operation of the transport system. The Ministry has a significant opportunity to influence the transport system through its role in advising on transport Crown entity board appointments.

The Ministry needs to continue to leverage its role to ensure transport Crown entity boards are building the capability and skills needed to effectively govern within their dynamic operating contexts. This focus

³⁴ Review of the Ministry of Transport’s monitoring of the New Zealand Transport Agency’s regulatory performance, Martin Jenkins, August 2019, see [Review-of-the-Ministry-of-Transport’s-monitoring-of-the-NZTA.pdf](#)

³⁵ For further information on Crown entity monitoring best practice <https://www.publicservice.govt.nz/assets/DirectoryFile/Guide-lines-for-Crown-Entity-monitoring.pdf>

needs to be owned and led by senior leaders in the Ministry and include ongoing advice on ensuring board skill mix is commensurate with the challenges the entities and sector faces over the medium and long-term.

Integrating monitoring with other Ministry functions

Insights generated from monitoring activity needs to be effectively shared across policy, data, and finance functions within the Ministry. This sharing of insights helps align high-level system settings with delivery information which is often held by Crown entities. However, Crown entities commented that they are often ‘joining the dots’ between those involved in monitoring and other work underway across the Ministry. The Ministry needs to find ways to drive these connections between monitoring and the wider organisation, such as processes for information sharing and wider involvement in projects that intersect with Crown entities.

Value-for-Money

The most significant value-for-money dimension lies outside the Ministry in the way that its monitoring activities drive better investments and service delivery across the transport Crown entities. There will be increasing need for the monitoring to focus on expenditure through investment programmes (in terms of outcome delivery for investment), assessment of value through funding reviews, and the value from Crown entity spending. To undertake this role, the Ministry will need to ensure it has the data to support its understanding of cost drivers, and the capability (including financial capability) to use it.

The independent review of the Ministry’s monitoring function in 2019 did not identify resourcing concerns. We think this will continue to be the case going forward.

Future focus

We recommend the Ministry focus on:

- developing and embedding a monitoring framework to ensure its approach enables strategic and insightful advice on entity governance, capability and performance. This includes ensuring there is strong senior leadership ownership for leading the monitoring function
- ensuring its monitoring approach and framework features ongoing engagement with policy teams and those with domain expertise, and is informed by intelligence and insights from external stakeholders and the use of robust performance information
- working with the Crown entity chairs to ensure clarity of understanding of the monitoring function and how the boards can assist the Ministry to discharge its statutory duty and ensure a focus on transport outcomes
- building the tools, frameworks and data to provide a stronger value-for-money focus within its monitoring approach and framework to ensure investment managed through Crown entities is effective, efficient, and well aligned to transport system priorities.

5

Capability

This section provides a targeted consideration of each element of an agency's capability. It considers the readiness of each capability to support the future contributions expected of the agency. Ratings and rating justifications are provided, along with future focuses which identify factors which could impact capability over the time frame of the Future Excellence Horizon.

In this section:

- Leadership, culture, and direction
- Collaboration and delivery
- Workforce
- Public finance and resource management.

Leadership, culture, and direction

	Rating
<p>Purpose, vision, and strategy</p> <p>6. What is the agency’s capability to develop and articulate a relevant and aligned purpose, vision, and strategy to staff and stakeholders?</p> <p>7. What is the agency’s capability to consider and plan for possible changes in its purpose or role in the foreseeable future?</p>	
<p>Leadership and governance</p> <p>8. What is the agency’s capability to exercise relevant system and sector leadership roles?</p> <p>9. What is the agency’s capability to implement and adapt governance arrangements to support effective organisational performance and delivery?</p> <p>10. What is the capability of the agency’s senior leadership team to provide collective leadership and direction and to implement change?</p>	
<p>Values, behaviour, and culture</p> <p>11. What is the agency’s capability to develop and promote the Public Service and organisational behaviours, values and culture needed for the agency to succeed?</p>	
<p>Continuous improvement</p> <p>12. What is the agency’s capability to encourage, use, and learn from evaluative activity?</p> <p>13. What is the agency’s capability to report, monitor and use performance information?</p>	

Future focus for: Leadership, culture, and direction

To build the Ministry’s leadership, culture, and direction capability, we recommend the Ministry focus on:

- updating the Ministry’s purpose statement to provide a stronger link to the transport sector, including supporting the Ministry’s role as system lead on transport. The updated purpose statement will need to be reflected in the Ministry’s organisational strategy, operating model, governance, and culture
- undertaking work with staff to identify, describe and promote the culture and capabilities the Ministry needs to be an effective system lead on transport (e.g. proactive, outward focused and resilient)
- identifying opportunities to enhance its monitoring and evaluation capability so that the Ministry can more consistently evaluate the value and impact of policy changes and system investment.

Purpose, vision, and strategy

We heard from Ministry staff that they believe in the Ministry's work, appreciate transport's links to economic and social wellbeing, and are committed to public service. Similar comments are also reflected in the Ministry's engagement survey and staff engagement during the Ministry's 2023 change management process.

We see an opportunity for the Ministry to update its purpose statement to build on the positive views of its staff. The Ministry's current purpose statement³⁶ is quite generic and could apply to any number of agencies. Interviewees told us that because of its generic nature the purpose statement does not help to motivate or align staff towards an overarching goal. The Ministry is aware of this and the 2023 Change Decision Document set out an intention to update the purpose statement.

As it progresses work on its purpose statement, the Ministry should engage carefully with staff, transport agencies, and transport system stakeholders. We think the purpose statement should reinforce the Ministry's clarified role as system lead on transport (an action which we cover in the core function section). Once the new purpose statement is in place, the Ministry should look to socialise it within the agency and the transport system, as well as incorporate it within its organisational strategy and planning and other organisational material (for example looking at including it, over time, in job descriptions).

The Ministry's opportunity to lead the sector in supporting a system wide strategic planning process is covered in the System Lead on Transport core function. Internally, the Ministry has a cascade of internal organisational strategies and plans, including its strategic intentions, output plan, and business planning, to align its annual planning process to longer-term objectives and Government priorities. As the Ministry starts to develop a system level vision and priorities, these will need to link into and drive internal Ministry strategy, governance and planning processes.

Leadership and governance

Many staff commented positively about the accessibility of the senior leadership team, which reflects the Ministry's flat structure and small size.

Interviewees also commented that having a relatively new chief executive provides an opportunity to refresh the Ministry's leadership approach.

We heard that the relationship between the Ministry's leadership and other transport system leaders has been inconsistent and at times difficult, which can be due to issues of trust on both sides, and this has reinforced an internal focus. We heard from one transport stakeholder:

"The Ministry needs to do collaborative leadership consciously and be trained how to do it as it is not something that is done naturally. It's an entirely different way of approaching things and they need to develop those skills and competencies."

As discussed in the System Leadership section, the Ministry's senior leadership needs to be outwards-focused and take a collaborative leadership approach to fulfil its system leadership role. This approach needs to balance collaboration with preserving the independence of the Ministry in undertaking monitoring and assurance of performance. It should support the Ministry to work with transport agencies to increase the alignment of their work with transport strategies and Government priorities, while also holding them accountable for performance.

The Ministry's senior leaders will need to be comfortable leading through influence, have strong relationship management skills and be resilient to working in a sector which can involve robust relationships. Developing more collaborative leadership will involve recruiting and building the right cultural fit at a senior level, based on a clearly defined desired culture. Training and development will also be important to help refine and reinforce the approach over time.

There is an opportunity to improve the effectiveness of transport system governance arrangements

The lack of clarity around the Ministry's system leadership role creates challenges for the effectiveness of the current transport system governance structures. For example, while the Transport Sector Leadership Group of transport chief executives provides a useful forum for discussion and sharing information, we heard it does not have the substance of decision-making that similar groups have in other sectors.

³⁶The Ministry's current purpose statement: Hāpaitia ana ngā tāngata o Aotearoa kia eke Enabling New Zealanders to flourish.

The Ministry has already identified opportunities to improve its support for system governance through its 2023 change process. We encourage the Ministry to review this area to help improve the effectiveness of governance arrangements.

Values, behaviour, and culture

Staff commented positively on the Ministry's culture and the way they are treated, that they felt respected, and that the Ministry's flat structure gave easy access to managers.

We also heard from staff that the culture and behaviours have a tendency to be inward looking and insular with what sometimes comes across as a hierarchical approach towards transport Crown entities. Stakeholders told us that the Ministry's tends to default to the Ministry's statutory levers, rather than a softer collaborative approach. Our impression is that the Ministry's staff can and often do work in an outward-focused way with their counterparts in the transport Crown entities, but issues and tensions have arisen at more senior levels.

To effectively lead the transport system, the Ministry will need to shift from seeing itself as a 'small policy agency' with an internal focus to system leader and steward with an external focus. This requires building a culture that is outward-focused, relationship-based, collaborative, constructive, mutually trusting, and open to new and alternative ways of thinking and is prepared to surface conflicting ideas.

Continuous improvement

The Ministry has an experienced evaluation and research team which has good relationships across the transport system and produces valuable system insights. As mentioned previously, two of the most valuable system level initiatives include the Transport Evidence Base and Transport Knowledge Hub.

An Office of the Auditor-General (OAG) case study on transport sector reporting³⁷ found several aspects of good practice that other sectors could learn from, such as its use of the Transport Outcomes Framework and accompanying indicators and reporting.

We also agree with the OAG that there is an opportunity for the Ministry to better connect the Ministry's own performance reporting framework – as set out in its strategic intentions – with the system-level reporting on the Transport Outcomes Framework.





The OAG also said that while the wide range of transport sector strategies, plans, initiatives, and programmes of work are often individually linked to the transport sector outcomes, there is no integrated account of how these strategies and plans "fit together" in contributing to common outcomes. This makes it difficult to understand how the sector intends to achieve its broad outcomes and how progress will be assessed and reported.

The Ministry has a strong programme of evaluation activities underway to support policy development, however, external stakeholder expectations are high and are not always met. Some stakeholders want to see the Ministry undertake and publish more evaluations of implemented policy. Some were concerned that the Ministry did not always follow through with committed evaluations, and that post implementation monitoring was limited. The Ministry could look to manage expectations with a clear and agreed pipeline of evaluations.

The Ministry should also continue leveraging the relationships, expertise, and resources of the wider transport sector. This outreach is critical given the Ministry's size and the breadth of the transport system. We understand that the Ministry is currently refining the Transport Knowledge Hub by reducing administrative overheads, and improving the way that the Ministry accesses the transport agencies' research capabilities. It should continue this work and look for similar opportunities.

³⁷ [Transport sector: A case study of sector-level performance \(oag.parliament.nz\)](https://oag.parliament.nz)

Collaboration and delivery

	Rating
<p>Customers, clients, and citizens</p> <p>14. What is the agency’s capability to understand customers, clients, and citizens’ medium and long-term needs, and using these to innovate and drive better experiences?</p> <p>15. What is the agency’s capability to employ service design, continuous improvement, and innovation in developing its services?</p> <p>16. What is the agency’s capability to be open, transparent, and accessible in actively engaging with stakeholders and citizens?</p>	
<p>Māori-Crown relationship</p> <p>17. What is the agency’s capability to develop and maintain its engagement with Māori and to understand and incorporate Māori perspectives?</p>	
<p>Operating model</p> <p>18. What is the agency’s capability to develop and adapt an operating model to support delivery of Government priorities and its core functions?</p> <p>19. What is the agency’s capability to evaluate service delivery options?</p>	
<p>Partnerships and external engagement</p> <p>20. What is the agency’s capability to contribute to the success of the agency’s wider operating system(s), including collaborating with partners and providers?</p> <p>21. What is the agency’s capability to manage its context with external stakeholders and the public?</p>	

Future focus for: Collaboration and delivery

To build the Ministry’s collaboration and delivery capability, we recommend the Ministry focus on:

- improving its ability to understand the views of citizens and reflect these in its advice. The approaches of delivery-focused agencies such as the Ministry of Social Development (MSD) would be useful for the Ministry to consider
- developing a stronger and deliberate connection to, and understanding of, transport system users, operators, designers and asset owners and integrate these perspectives into the Ministry’s advice
- reviewing the use of contractors and consultants with the objective of finding opportunities to reduce its reliance on them
- reviewing the current stakeholder engagement framework to ensure the Ministry is actively and consciously thinking about who it needs to work with and how it informs the sector, both on immediate policy and broader longer-term issues.

Customers, clients, and citizens

The Ministry does not have clients or customers in an operational sense because it does not directly provide services to the public. Its frameworks for guiding the policy consultation processes and public engagements it undertakes are fit-for-purpose.

We heard that the Ministry sometimes struggles to act proactively on others' insights (for example rapidly emerging issues within airports in relation to passenger wait times). Stakeholders commented that Ministry staff were often willing to hear those insights, but they were then frustrated when the Ministry failed to translate these insights into an action or response. This may in part reflect an inward-focused culture which was similarly noted in the Ministry's 2018 Performance Improvement Framework Review. It could also reflect a need for stronger communication from the Ministry to the sector to help manage expectations.

The Ministry should grow its ability to proactively understand citizens experiences and expectations and reflect these views in its policy advice. Improving its citizen lens will help it better understand issues such as the distributional impacts of transport system settings, transport users' needs and consumer behaviours. The Ministry can effectively do this by accessing and leveraging the expertise in transport Crown entities and agencies (such as MSD) that work closely with the public on policy matters.

The Ministry also has a role to play in supporting Crown entities in the transport system to implement modernised digital solutions that will provide efficiency benefits as well as enhanced customer experience.

Māori-Crown relationship

The Public Service Act 2020 requires the Ministry to develop and maintain its capability to engage and understand Māori perspectives. Staff and leadership are interested and enthusiastic about building their Māori capability, while appreciating the size of this challenge for the Ministry.

We were impressed by the Ministry's Kahui group, an external advisory group established to provide a te ao Māori perspective on policy work. This is a high calibre group, and we heard that its input is sought and valued across the Ministry.

The Ministry has also developed *Hei Arataki | Ministry of Transport Māori Strategy (2019)*, which outlines how

the Ministry will improve transport outcomes for Māori through better engagement with Māori. The strategy's immediate focus is to develop staff cultural competencies to better engage with Māori and understand their perspectives.

Notwithstanding these positive steps, there are significant challenges and stakeholders described the Ministry as not being mature in its Māori-Crown relationship capability. Only five percent of staff responded that they had a comprehensive understanding of the *Hei Arataki* strategy at the time of the 2022 staff engagement survey. Senior leaders will need to increase their understanding of the strategy, and also champion it to improve its influence across the Ministry.

In 2023, the Ministry appointed a Director Māori which should help to drive the work needed to address the capability gap it has in the Māori-Crown relationship. It is critical that the Ministry supports this role, as expectations may exceed what is realistic of one person to achieve.

Operating model

One of the Ministry's most significant challenges will be adapting its operating model to support delivering on immediate priorities and work programmes, while ensuring it is aligned and supporting its longer-term work, including its role as system lead for transport. We think it needs to develop an adaptable two-speed operating model so that it can simultaneously respond to the Government of the day while taking a longer-term intergenerational approach to the transport system.

The current operating model seems mostly focused on discharging statutory roles, rather than its system lead on transport role. An appropriate balance will need to be found to ensure it can strengthen its system leader role while also continuing to effectively deliver its core functions.

Over the coming years, the Ministry will need to plan how it will deliver on its transport system lead role, and use this to help shape its operating model (see Core Function system lead on transport). Without pre-empting the results of this process, we expect the future operating model is likely to feature:

- a strong focus on engagement skills and the capability to operate in a relational and collaborative manner to inform how it works with stakeholders and the wider sector to inform its policy advice

- robust monitoring and assurance processes that influence delivery and enable performance through the transport Crown entities
- processes and policies that reinforce and enable its system leadership role across the organisation (including recruitment and performance management)
- an ability to proactively engage and mobilise the sector through natural disasters and national crises, similar to the Ministry’s leadership approach during COVID-19.

Strategic use of contractors and consultants

The Ministry’s current resourcing model relies on buying in external expertise as contractors and consultants. Due to the small size of the Ministry’s workforce, its ratio of consultants to staff has been one of the highest in the Public Service.³⁸ A higher ratio may be appropriate given the specialised skills – such as finance and infrastructure invested related expertise – that the Ministry requires to fulfil its advisory and assurance functions in the investment area.

To respond to Government expectations in this area, the Ministry needs to consider how it can better use contractors and consultants more effectively and efficiently. The Ministry should focus on building sufficient internal expertise to effectively engage with these contracted experts – “enough to know what it should know” as one stakeholder commented. There needs to be sufficient internal expertise to be able to judge the effectiveness and value-for-money of the investment programmes it has a role advising on. There may also be opportunities to better leverage the specialist skills that exist within the transport Crown entities (e.g. secondments of investment management and assurance expertise from delivery agencies such as NZTA).

We are confident in the Ministry’s ability to adapt its operating model

During the COVID-19 pandemic, the Ministry adapted its operating model to work more closely alongside the transport sector, engaging in real time to ensure effective support for the government’s COVID-19 response. This required a significant change from the Ministry’s traditional mode of

operating. While the way of working during the COVID-19 pandemic was not sustainable from a resource perspective, the capability to adapt will serve the Ministry well as it refocuses its operating model around its system leader and steward role.

Partnerships and external engagements

Many stakeholder interviewees were positive about the engagement approach of Ministry staff – that they are open and willing to listen. Stakeholders were particularly positive about the Ministry’s engagement during COVID-19, commenting that the Ministry stepped up and out with the sector, and was proactive, curious, and engaged. The Ministry’s stakeholder insights report indicated that interactions between the Ministry and the system “are respectful and the intent and purpose of the Ministry’s ambitions cannot be faulted”.

The Ministry undertakes a biannual stakeholder evaluation process which includes a wider stakeholder survey and in-depth interviews with key senior stakeholders. This is a good process which provides rich information and insights on the Ministry’s engagement with its stakeholders and the opportunities for improvement.

Opportunities to better partner and engage with transport agencies and stakeholders

Several interviewees commented that the Ministry’s high turnover makes it hard to develop and maintain meaningful relationships with external stakeholders. Some stakeholders observed that in formal cross-agency meetings, the Ministry’s representatives often lack the experience and authority to contribute meaningfully to the discussion and this may be a consequence of high turnover.



Stakeholders also signalled their desire for faster, earlier and more meaningful engagement on policy issues. We heard the Ministry’s approach to engaging on policy can be seen more as communication rather than consultation. When the Ministry consults, it can and sometimes does undertake a good process of seeking feedback. For example, stakeholders commented positively on Ministry engagement within the Auckland transport context and would appreciate a similar approach more broadly.

³⁸In December 2023, the Ministry of Transport’s operating expenditure on contractors and consultants was 43.8 percent of its workforce spend.

We also heard favourable feedback from stakeholders who participated in the early stages of principles-led design projects e.g. the Freight and Supply Chain Strategy and the Civil Aviation Act 2023. However, we also heard that some stakeholders thought the Ministry did not always reflect on, or consider, the feedback they had provided. While the Ministry must maintain its independent policy advice role, it should ensure it is considering wider perspectives in its development of its advice

The Ministry should seek ways to implement more co-design and collaboration processes for key products where appropriate. Engagements should be proactive, early in policy processes, meaningful, and feature regular updates about current and upcoming engagements across the transport system.

Workforce

	Rating
<p>Workforce development</p> <p>22. What is the capability of the agency to develop its people (including its diversity and leadership)?</p> <p>23. What is the agency’s capability to anticipate and respond to future capacity and capability, and how are they organised to meet demand?</p>	
<p>Performance focus</p> <p>24. What is the agency’s capability to promote and develop a high performing workforce?</p> <p>25. What is the agency’s capability to manage or improve performance that is not meeting expectations?</p>	
<p>Workforce engagement</p> <p>26. What is the agency’s capability to maintain positive and effective relationships with its employees, employee networks, and unions and other groups?</p> <p>27. What is the agency’s capability to develop and maintain a safe, inclusive, and engaged culture and workforce?</p>	

Future focus for: Workforce

To build the Ministry’s workforce capability, we recommend the Ministry focus on:

- piloting a “system teams” approach to advance key work programmes, drawing on existing talent and deep expertise in other transport agencies to access the breadth and depth of capability that the Ministry is unlikely to have internally and using it as a collaborative approach to addressing cross-cutting policy and delivery issues
- developing a strategic people plan which addresses recruitment, retention, leadership development, talent acquisition, and performance management. The plan will need to have a focus on understanding and addressing the drivers of turnover, and how it can lift its recruitment brand to attract the talent the Ministry needs.

Workforce development

We heard that the Ministry is a good place for new staff to develop their skills. Its small size means it provides its people with a wide range of interesting work, compared to larger agencies, and several development courses are available for staff and managers. The Ministry prepares regular reports for the Senior Leadership Team which helps them strategically manage the Ministry's workforce. These reports cover key quantitative and qualitative information on workforce issues and opportunities, including turnover, recruitment, leave management, and health and safety.

Addressing high staff turnover

The Ministry has faced staff retention issues for the past several years:

- turnover has been consistently higher than the Public Service average rate for the past eight years. In 2023, unplanned staff turnover was at 34.3 percent (compared to the Public Service average of 15.9 percent)³⁹
- at the time of this Review, approximately 65 percent of staff had been at the Ministry for less than two years,⁴⁰ with average staff tenure of 3.7 years (compared to mean Public Service departmental tenure of 7.9 years)⁴¹
- the most recent staff engagement survey (July 2022) indicated that over 40 percent of staff intended to leave the Ministry within the next 12 months.

High turnover is a significant challenge for the Ministry as it limits the experience and expertise of its workforce. This impacts all Ministry functions, including its ability to influence and engage effectively and to provide influential policy advice. Current Ministry experts have also been diverted towards training and upskilling a constant intake of new staff.

The Ministry's exit questionnaires suggest that the key drivers for staff leaving are remuneration opportunities (both within and outside the transport system) and limited upward opportunities within the Ministry. It could be difficult for the Ministry

to significantly impact either of these drivers. The Ministry may have some ability to target pay towards critical roles, however, this would not address general dissatisfaction with remuneration.⁴²

The Ministry's flat structure provides challenges with limited leadership opportunities and wide spans of control, but it also means staff have easy access to senior leaders. A focus on enabling short-term movement of staff across the transport system would help in providing upward opportunities for Ministry staff and also support capability development through staff broadening skills and experience. Building a strong organisation that senior people want to work in, with interesting work and flexible working options may also assist with attracting and retaining high calibre staff.

Acquiring the technical skills needed for specialised functions

Looking ahead, the Ministry is likely to continue to need a wide range of specialist skills and capabilities that are outside of its general policy workforce. These skills and capabilities could include expertise in areas such as economic modelling, market economics, strategic finance, and investment management. Sourcing such skills could help enable the Ministry to deliver advice sought on key areas, such as the performance of the system and how it can deliver better value-for-money. Many of these skills are in short supply and there is always competition for specialist talent.

We heard that the Ministry has had difficulty getting the necessary technical skills to undertake its infrastructure mega-projects responsibilities, with some of the limiting factors including remuneration settings and not having an ongoing, consistent need for that specialist expertise.

A key aspect of the Ministry's Future Excellence Horizon is to develop and enhance its data and intelligence functions. Doing this well will require the Ministry to maintain its specialist expertise in data and analytics, while growing this capability to more effectively participate and provide insights into policy processes led by the Ministry.

³⁹ [Guidance: Data drilldown and technical guidance - Te Kawa Mataaho Public Service Commission](#)

⁴⁰ Ministry of Transport internal document

⁴¹ [Guidance: Data drilldown and technical guidance - Te Kawa Mataaho Public Service Commission](#)

⁴² The average annual salary for Ministry of Transport staff is \$125,000, compared to the Public Service average of \$97,200. Source: [Guidance: Data drilldown and technical guidance - Te Kawa Mataaho Public Service Commission](#)

To develop experience in, and relationships within and outside the system, the Ministry will need to support capability development across the organisation that ensures staff have the skills and confidence to engage across the system in a more deliberate way.

Addressing the need for specialist skills and engagement skillsets will require a range of approaches. We did not see a people plan for the Ministry and we think there is an opportunity to develop a strategic people plan that supports the Ministry to more deliberately articulate how it will develop, recruit, and retain the people it needs to achieve its objectives.

Leveraging transport system-wide talent through system teams

The Ministry may not necessarily be able (or need) to 'own' the specialist capability it needs, but it should be able to access it when necessary. The Ministry should explore how it can use secondments and exchange arrangements with industry, local authorities, and transport agencies to access and share specialist resources.

Crown entity leaders told us they are interested in developing explicit and flexible arrangements to share staff. This would help support the Ministry's leadership role and embed a stronger understanding of Crown entities within the Ministry, and build stronger relationships between agencies.

One option to share expertise across the transport would be to establish "system teams" to address more complex and sectoral issues where there would be benefit in having a wider mix of specialised skills and operational perspectives. These teams could be made up of people from across the system and the agency with the greatest expertise appointed to lead – this may not always be the Ministry. This type of arrangement could help the Ministry to leverage existing skills that lie within transport agencies (and potentially the private sector) and help to upskill Ministry staff who work within these teams. System teams would also help to build relationships and a more collaborative culture across participating agencies.

Opportunities to build greater diversity and develop its workforce

The Ministry's workforce is not as ethnically diverse as other Public Service agencies, with just 4.7 percent of the workforce identifying as Māori (compared to 16.8 percent across the Public Service) and 1.7 percent as Pasifika (compared to 10.7 percent across the Public Service).⁴³ Work is underway with the development of a new Diversity and Inclusion Strategy to create a workplace that values diversity and attracts staff and management from different backgrounds. Diversity and inclusion objectives should be grounded in the Ministry's strategy and operating model, with a view to lifting the performance of the Ministry in delivery for all New Zealanders. There are also opportunities to consider how the Ministry attracts staff and managers with a more diverse work background (for example those with careers outside of policy) and those that might have a wider lived experience.

We heard that development of staff is mixed. For policy staff, there is a more well defined and developed framework, but for administrative and technical project roles the opportunities are less clear. We also heard that the graduates recruited by the Ministry could be better supported by an improved level of development focus, similar to that seen in the established graduate programmes seen in other agencies.

Performance focus

The Ministry has an annual process for setting expectations for staff and managers, tracking progress throughout the year, and having end of year performance conversations. We heard that these processes are clear and accessible, but can be inconsistently applied.

In 2022, approximately one third of staff reported they did not have regular and effective performance discussions.⁴⁴ This was said to have partly been the result of work pressures on managers. We heard that teams have inconsistent workloads, with some teams being underutilised while others feeling 'under the pump'. In late 2023, the Ministry made changes to its organisational structure which also provided for more consistent spans of control. This should help with manager workloads, and reduce that as a barrier for

⁴³ [Guidance: Data drilldown and technical guidance – Te Kawa Mataaho Public Service Commission \(2023 data\)](#)

⁴⁴ This is an inference from July 2022 engagement survey results which indicated that that 64 percent of staff responded as having regular and effective performance discussions.

having performance conversations with staff.

Some interviewees attributed the variations in team workloads in part to the Ministry's reactive commissioning process. This was aimed to be addressed through the 2023 organisational review.

Workforce engagement

We heard from many staff that they are engaged with the work of the Ministry, invested in their own work, and generally believe in the value of what the Ministry does. These comments are reflected in their last staff engagement survey results from July 2022:⁴⁵





- 81 percent average score for the question 'I enjoy working for Te Manatu Waka' (the highest rated question in the survey)
- 79 percent average score for the question 'Te Manatū Waka is a great place to work' (second equal highest rated question in the survey).

Our discussions with staff indicated opportunities to improve union engagement, and in particular, considering how to improve the relationship between delegates and the Human Resources area. The Ministry's Chief Executive has met with Public Service Association delegates, and the delegates have appreciated this engagement.

We do not have data on the current level of staff engagement in the Ministry as the last engagement survey was undertaken in July 2022. The Ministry should consider seeking current staff engagement insights as this should help the Ministry address its high staff turnover rates.

⁴⁵ How are we travelling – Review and Recommendations (Ask your team) – Ministry of Transport, July 2022.

Public finance and resource management

	Rating
<p>Investment and asset management</p> <p>28. What is the agency’s capability to manage investment and assets to support service delivery and drive performance improvement?</p>	
<p>Data and technology</p> <p>29. What is the agency’s capability to manage and use information as a strategic asset?</p> <p>30. What is the agency’s capability to leverage technology to drive improvements in service delivery and outcomes?</p>	
<p>Public finance management</p> <p>31. What is the agency’s capability to understand, plan, direct and control financial resources to ensure sustainable value-for-money?</p>	
<p>Risk and assurance</p> <p>32. What is the agency’s capability to identify and manage agency, Crown, and system-wide risk?</p> <p>33. What is the agency’s capability to provide assurance that organisational risks are effectively managed and internal control environment improvements are appropriately prioritised?</p>	

Future focus for: Public finance and resource management

To build the Ministry’s public finance and resource management capability, we recommend the Ministry focus on:

- developing tools, infrastructure, processes and capability to improve the use of data and information (including financial) across the policy, monitoring and assurance functions of the Ministry
- engaging with the Treasury to consider if the Ministry’s Vote is optimally structured to support the Ministry to achieve Government priorities
- developing a data and information strategy that builds on the existing capabilities and data and information sharing arrangements. This should include identifying governance and oversight arrangements that reflect a system approach to the capture and use of data and information, rather than an individual agency-specific approach.

Investment and asset management

This section and the related capability focus on the Ministry's direct asset base. The Ministry's responsibility for wider transport system investment is discussed under core function: Advice and Assurance on Long-Term Infrastructure and Investment.

The Ministry invests in and manages a small asset base of office furniture and IT hardware through a range of standard processes. New assets are approved through business planning processes, and IT hardware replacement is managed through standard lifecycle management practices.

The Ministry also directly owns the Milford Sound/ Piopiotahi aerodrome. It operates this through a contract for services with Invercargill Airport, which was agreed in August 2023.

As a small, mostly policy agency, the nature of the Ministry's asset base is unlikely to change significantly over the medium term. At this point in time, we consider existing investment and asset management capability is at the level necessary to support the Ministry's operations.

Data and technology

The Ministry has an IT strategy and architecture underpinned by a shift to cloud-based services and applications. Operational IT, project, and cyber-security resources are managed through outsourced partnerships. This approach seems to be working well with service and hardware positively referred to by staff. The Ministry appears to get good IT support for a small agency at a reasonable cost. There is positive progress in the data and evidence area, including the knowledge hub and Project MONTY (see Policy and Funding Advice).

Leveraging data from the across the transport system is an opportunity

The most significant opportunity for the Ministry is leveraging data that already exists within the transport system, such as that held by the transport Crown entities. Gathering this data into one accessible place would provide a valuable resource for its own analysts and the wider transport system.

We found that arrangements for data access and sharing systems within the transport system are not as effective as they could be. For instance, transport

agencies that hold data for regulatory and/or other legitimate public service reasons are often reluctant to provide data access for policy development and research, despite this being possible under section 11 of the Privacy Act 2020.

Negotiations between legal teams (not data practitioners) have required specific use cases to be specified for access (e.g. a single policy question) rather than providing access for open policy research, analytics or insights purposes. There are also concerns on the level of assurance on IT security, and of analytical teams' access and use of private and confidential records.

Uneven IT investment across the transport system has also driven barriers in data sharing. Many of the significant datasets are held on and/or supported by legacy systems and contractors, which might be efficient within the Crown entity but makes it difficult for the Ministry to access. If the Ministry gains access to this information, it then must clean, store, and manage the data which can create double handling.

There are a number of possible solutions including:

- increasing transparency of data governance and security, including IT arrangements and employee accountability which can provide assurance to Crown agencies that third parties will be used and managed appropriately
- curated data sets – data which can be anonymised but retain important information such as travel patterns and location
- open data sets – a really positive initiative which can bring analysis of government data from third parties and private sector to the public's awareness. However, these typically strip out most of the information required to undertake any advanced policy analysis (e.g. equity) within government
- Memorandums of Understanding – can be useful and often utilised between the Ministry and others to agree ongoing data access. However, this often requires updates and expanding it can be difficult
- Assured Information Sharing Agreements – legislation which formally sets up data sharing and access between organisations. This can require significant resources including legal support. The

Ministry and NZTA have investigated this in the past but the project was stopped largely due to lack of resources.

Public finance management

This section focuses on the Ministry's systems, processes, and practices in managing both its departmental appropriations and its financial responsibilities in respect to non-departmental appropriations which includes the NLTF. For a broader discussion of the Ministry's role in guiding, driving, and assuring value-for-money infrastructure investment, see core function: Advice and Assurance on Long-term Infrastructure Investment.

Recent reports (including reports from MartinJenkins, KPMG, Probity Consulting and EY) have generally been positive about the Ministry's Finance Function. The KPMG report (2023) noted that the Finance team undertakes the right core activities, and its costs align with international benchmarks.

The Ministry's 2022/23 Audit Letter rating for financial information systems and controls was "needs development" and recommended improvements be made to its accounting treatment in particular areas and in the timeliness of providing its annual report.

The Ministry's Finance team has spent more time than expected getting new Ministry staff familiar with business processes and training new managers in internal budget systems. Maintaining finance capability is important to ensure adequate oversight and management of the Vote.

The Ministry has a coherent cascade between the departmental strategic intentions, output plan and its business plan. The business plan includes timing and FTE information to link resourcing decisions to the Ministry's priorities, and we understand it is extending the timeframe to three years to take a longer-term view and align to a multi-year budgeting approach. Capturing this information will help the Ministry to prioritise programmes to achieve outcomes and drive value-for-money. We were encouraged to hear of the Ministry's value-for-money assessment tool used in the budget bid process, and how it was provided as an example of good practice for other agencies.

We heard from the Ministry that the appropriation structure for Vote Transport has caused some additional workload and management issues and that the structure could be improved and streamlined. The Ministry should engage with the Treasury to consider if the Vote is optimally structured to support the Ministry to achieve its objectives.

Risk and assurance

The Ministry has a comprehensive set of risk and assurance guidance documents including:

- enterprise risk management guidelines
- enterprise risk management policy
- enterprise risk management framework
- Ministry of Transport risk appetite statement.

The Ministry engages EY to fulfil the Internal Audit function. With EY, the Ministry establishes an annual programme of assurance, including audit reviews, which are agreed by the Senior Leadership Team. The findings from these reviews help identify areas for improvement, address any capability gaps, and enhance the quality of the Ministry's function and performance.

The Ministry has a long-established Risk and Audit Committee (RAC) with three external members with extensive public management experience. The Auditor-General's guidance on committees⁴⁶ states that "Regularly rotating members allows fresh thinking and new skills to join the Committee. Members' terms can be staggered to overlap and provide some continuity, with members who have experience interacting with the department and newer members who bring fresh perspectives." In line with the Auditor-General's guidance, the Ministry could consider how it could regularly rotate RAC membership.

We heard the Ministry's use of outsourced assurance providers enables them to get a deeper and wider set of assurance skills than they would be able to source and afford internally. In our view, this capability will need to be balanced with the Ministry maintaining a core base of risk and assurance skills to avoid reliance on external assurance support.

⁴⁶ See [Getting the most out of your department's Audit and Risk Committee — Office of the Auditor-General New Zealand \(oag.parliament.nz\)](https://oag.parliament.nz/Getting-the-most-out-of-your-department's-Audit-and-Risk-Committee)

The Ministry's proposed future work programme is focused on transitioning the Ministry from being "risk aware to risk intelligent" as a pathway to organisational success which is an appropriate shift.

As the Ministry focuses on its system leadership and stewardship role, its management of risk will need to reflect this broader system-wide shift in focus. The Ministry has identified system-level risks and associated system assurance activities and processes as an area of opportunity. This is a positive step forward.

Appendices

Appendix One – Purpose of Performance Improvement Reviews

The Performance Improvement Programme (the Programme) is an initiative to lift agency and sector performance across the Public Service, to help advance the Government's priorities and drive results and outcomes for New Zealanders.

The Programme provides a consistent basis for driving performance of agencies and systems and identifying the actions necessary to lift their performance. Performance Improvement Reviews take a forward-looking approach to identifying what is expected from an agency or system over the following 4-10 years, the capability of an agency or system to meet those expectations and the challenges they may face along the way.

During an agency review, independent Lead Reviewers use the Agency Performance Improvement Model to evaluate the performance and capability of the agency and to identify priority areas for improvement. Each agency is rated on a number of elements, including its delivery of Government priorities and core functions and organisational management. Organisational management covers aspects such as leadership and direction, how the agency focuses on delivery for customers, clients and citizens, and how it manages key relationships, its workforce, finances and other resources.

The Programme provides independent, future-focused reviews to inform the strategic direction and performance of public service agencies. Reviews provide Ministers with an important lever to shape the long-term direction, focus and performance of their agencies, which helps position agencies to deliver on Government priorities and prepare for the future. Reviews also aim to:






- embed a culture of continuous improvement across the Public Service, and
- provide useful insights to support wider shifts across the Public Service to lift its performance.

Reviews are undertaken by highly experienced independent Lead Reviewers, who bring a strong understanding of the Public Service operating environment and how organisations can build capability to lift performance. Most are experienced former chief executives and/or governance leaders.

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 by the agency or system lead. The Commission undertakes regular monitoring and assurance to assess implementation progress.

Appendix Two – Description of ratings












Ratings help to clarify relative strengths and highlight the priority areas on which to focus, given the challenges, risks, and opportunities in the medium term. Ratings are applied in terms of the future the agency is preparing for (the Future Excellence Horizon) and how well positioned it is to deliver against this over the medium term.

Indicator/level	What it indicates
<p>LEADING</p> 	<ul style="list-style-type: none"> • Excellent current level of capability to support sustained and high levels of delivery • Strategic and systematic approach to forecasting future capability challenges and responding accordingly • Systems in place to monitor and build capability to meet future demands • Organisational learning and external benchmarking used to continuously evaluate and improve • Strong change management capability to deliver against Future Excellence Horizon
<p>EMBEDDING</p> 	<ul style="list-style-type: none"> • Comprehensive and consistently good current capability and practices, with future capability gaps identified • Demonstrates plans and activities to change and improve in areas of current and future capability gaps, and is well placed to continue improving • Mostly aligned to Future Excellence Horizon • Comprehensive and consistently good organisational practices and systems in place to support effective management
<p>DEVELOPING</p> 	<ul style="list-style-type: none"> • Weakness or gaps in current capability • Only partial or limited understanding of future state • Concerns in the agency's ability to have appropriate future capability and limited ability to execute change against the future state • Some current and future capability gaps not clearly identified and forecasting of future capability challenges needs to be improved
<p>WEAK</p> 	<ul style="list-style-type: none"> • Significant area(s) of critical weakness or concern in terms of delivery and/or capability and the agency has limited or no awareness of them • Weakness or gaps in current capability • Very limited or no view of future opportunities and challenges for the agencies • Strategies or plans to respond to areas of weakness are either not in place or not likely to have sufficient impact
<p>UNABLE TO RATE /NOT RATED</p> 	<ul style="list-style-type: none"> • No evidence available to make a credible judgement

Appendix Three – Ratings overview

The Future Excellence Horizon in this report outlines the contributions that the Ministry of Transport will have to deliver to meet the outcomes sought by New Zealanders. These ratings below assess whether – given current conditions – these aspects of delivery and capability are at the level required for the agency to deliver on its contributions.

Delivery

Element		Rating
Overall ability to respond to Government priorities		
Core functions	Rating	
	Impact	Value
Core Function: System lead on transport		
Core Function: Policy and funding advice		
Core Function: Regulatory stewardship		
Core Function: Advice and assurance on long-term infrastructure investment		
Core Function: Crown entity monitoring		

Capability

Capability area	Rating
Leadership, culture, and direction	
Purpose, vision, and strategy	
Leadership and governance	
Values, behaviour, and culture	
Continuous improvement	
Collaboration and delivery	
Customers, clients, and citizens	
Māori–Crown relationship	
Operating model	
Partnerships and engagement	
Workforce	
Workforce development	
Performance focus	
Workforce engagement	
Public finance and resource management	
Investment and asset management	
Data and technology	
Public finance management	
Risk and assurance	

Rating scale



Leading



Embedding



Developing



Weak



Unable to rate/not rated

Appendix Four – List of interviewees

Ministry of Transport

Staff and managers

Kahui group – an external advisory group established to provide a te ao Māori perspective on policy work

Risk and Assurance Committee

External agencies

Air New Zealand

Auckland Light Rail Limited

Auckland Transport

Board of Airline Representatives of New Zealand

City Rail Link

Civil Aviation Authority

Greater Wellington Regional Council

Ia Ara Aotearoa Transporting New Zealand

KiwiRail

Let's Get Wellington Moving

Maritime New Zealand

Ministry of Housing and Urban Development

New Zealand Airports Association

New Zealand Automobile Association

New Zealand Customs Service

New Zealand Infrastructure Commission - Te Waihanga

New Zealand Police

New Zealand Port Company Chief Executive Officers Group

New Zealand Transport Agency

Office for Māori Crown Relations – Te Arawhiti

Transport Accident Investigation Commission

The Treasury

Appendix Five – List of future focus areas

Delivery

Responding to Government priorities

- Continuing to proactively respond to the priorities of the Government to further build the Ministry's reputation for delivery.
- As opportunities arise, seeking engagement with the Government and the sector to identify and put on the agenda longer-term issues.
- Assess and provide advice on whether it is the best placed transport agency to carry out any proposed new functions before committing to build new capabilities and capacity, and using that to engage on role and expectations.

Core Function: System lead on transport

- Reviewing, and updating if required, the outcomes sought by the transport system and articulated through the Transport Outcomes Framework and other documents to ensure they are relevant, clear and useful for monitoring and improving performance. This includes identifying the data, tools, and processes it has to monitor system performance and how these can improve alignment across priorities and programmes.
- Developing a plan for how the Ministry will undertake its leadership role in the transport system in a way that ensures clarity of roles and responsibilities across the transport agencies. The plan should describe what is in scope of that role, and what is out of scope as well as gaps and overlaps in roles and functions and between agencies.
- Engaging with transport agencies and other stakeholders on their support for a proposal (including timeline, process and resourcing) for developing an overarching transport system strategy that would be supported by an integrated delivery plan. The proposal would be based on having one in place in three years and would be informed by examples in other jurisdictions, such as that in New South Wales.

- Reviewing and updating the Ministry's strategies and plans (including corporate plans and sector or mode strategies) to ensure they are similarly aligned and consistent with the outcomes and priorities for the system and the priorities of the Government.
- Working with Ministers, transport system agencies and the central agencies to identify opportunities for improving the system configuration, including roles, responsibilities and decision-rights in relation to transport regulation.

Core Function: Policy and funding advice

- Implementing or adjusting its policy tools and processes to focus on improving the alignment between short-term advice and longer-term policy objectives and the link between its advice, and how it is going to be delivered and implemented.
- Incentivising and enabling further opportunities for effective engagement between data experts and those working in policy and other areas. This shift towards greater data integration could be supported through training and upskilling, widening systems availability in the organisation and building a strong culture around the use of data and analytics tools.
- Prioritising and leading a transport system-wide approach to data and analytics, building from existing work already underway, including Project MONTY, the Transport Evidence Base Strategy and the Transport Knowledge Hub. This approach could include a 'transport data hub' that is operated and shared across the whole transport system (but may or may not be inside the Ministry).
- Proactively engage with other relevant systems, such as housing and urban development, and local government, to ensure the transport solutions and settings are leveraged more effectively to deliver the wider outcomes sought in these areas.

Core Function: Regulatory stewardship

- Ensuring that regulatory stewardship activities – particularly those related to strategic planning and prioritisation of stewardship efforts – are resourced and prioritised. This should include finalising an up-to-date Transport System Regulatory Stewardship Plan that sets out a review programme to provide assurance on the health of the transport regulatory system.
- Working with regulators and regulated parties to undertake a regulatory system review, with a focus on clarifying roles and responsibilities. This includes identifying where gaps in roles and responsibilities may exist, addressing duplication, and ensuring that decision-making is set at a level that ensures effective operation of the system (provided suitable checks and balances are in place).
- Working with the transport Crown entities to establish clear performance frameworks to understand, assess and monitor the performance of transport regulatory systems, with a focus on connecting the performance of the transport regulators to the overall performance of the transport system.

Core Function: Advice and assurance on long-term infrastructure investment

- Clarifying and getting agreement to the Ministry's oversight and assurance role in large scale infrastructure and investment programmes. The Ministry's role should be orientated towards supporting Ministers to make strategic investment decisions and providing assurance on the delivery of benefits associated with these investments.
- Considering opportunities to source any technical assurance skills it needs to meet its oversight and assurance role, which could include basing those skills within the Ministry and leveraging capabilities within the transport Crown entities to reduce the Ministry's outsourcing costs.
- Supporting, if required, the National Infrastructure Agency, NZTA and the Infrastructure Commission in work planned to build a strategic national view of transport investment needs, which enables effective prioritisation, including value-for-money.

Core Function: Crown entity monitoring

- Developing and embedding a monitoring framework to ensure its approach enables strategic and insightful advice on entity governance, capability and performance. This includes ensuring there is strong senior leadership ownership for leading the monitoring function.
- Ensuring its monitoring approach and framework features ongoing engagement with policy teams and those with domain expertise, and is informed by intelligence and insights from external stakeholders and the use of robust performance information.
- Working with the Crown entity chairs to ensure clarity of understanding of the monitoring function and how the boards can assist the Ministry to discharge its statutory duty and ensure a focus on transport outcomes.
- Building the tools, frameworks and data to provide a stronger value-for-money focus within its monitoring approach and framework to ensure investment managed through Crown entities is effective, efficient, and well aligned to transport system priorities.

Capability

Leadership, culture and direction

- Updating the Ministry's purpose statement to provide a stronger link to the transport sector, including supporting the Ministry's role as system lead on transport. The updated purpose statement will need to be reflected in the Ministry's organisational strategy, operating model, governance, and culture.
- Undertaking work with staff to identify, describe and promote the culture and capabilities the Ministry needs to be an effective system lead on transport (e.g. proactive, outward focused and resilient).
- Identifying opportunities to enhance its monitoring and evaluation capability so that the Ministry can more consistently evaluate the value and impact of policy changes and system investment.

Collaboration and delivery

- Improving its ability to understand the views of citizens and reflect these in its advice. The approaches of delivery-focused agencies such as the Ministry of Social Development (MSD) would be useful for the Ministry to consider.
- Developing a stronger and deliberate connection to, and understanding of, transport system users, operators, designers and asset owners and integrate these perspectives into the Ministry's advice.
- Reviewing the use of contractors and consultants with the objective of finding opportunities to reduce its reliance on them.
- Reviewing the current stakeholder engagement framework to ensure the Ministry is actively and consciously thinking about who it needs to work with and how it informs the sector, both on immediate policy and broader longer-term issues.

Workforce

- Piloting a "system teams" approach to advance key work programmes, drawing on existing talent and deep expertise in other transport agencies to access the breadth and depth of capability that the Ministry is unlikely to have internally and using it as a collaborative approach to addressing cross-cutting policy and delivery issues.
- Developing a strategic people plan which addresses recruitment, retention, leadership development, talent acquisition, and performance management. The plan will need to have a focus on understanding and addressing the drivers of turnover, and how it can lift its recruitment brand to attract the talent the Ministry needs.

Public finance and resource management

- Developing tools, infrastructure, processes and capability to improve the use of data and information (including financial) across the policy, monitoring and assurance functions of the Ministry.
- Engaging with the Treasury to consider if the Ministry's Vote is optimally structured to support the Ministry to achieve Government priorities.
- Developing a data and information strategy that builds on the existing capabilities and data and information sharing arrangements. This should include identifying governance and oversight arrangements that reflect a system approach to the capture and use of data and information, rather than an individual agency-specific approach.



Te Kāwanatanga o Aotearoa
New Zealand Government