
PERFORMANCE IMPROVEMENT FRAMEWORK

Formal Review of the New Zealand Transport Agency (NZTA)

MAY 2011

State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet

Lead Reviewers' Acknowledgement

As Lead Reviewers for this Performance Improvement Framework Review for the New Zealand Transport Agency (NZTA) we would like to acknowledge the input made by NZTA staff, the Board and the senior leadership team. The Minister of Transport, Stephen Joyce, and the Associate Minister, Nathan Guy, also made time to share views and information. In addition, we had considerable input from a cross section of NZTA's external partners and stakeholders, who were committed to building stronger connection and collaboration in the future. We also had the benefit of input from officials from the Department of Prime Minister and Cabinet, the State Services Commission and the Treasury.

We acknowledge the efforts of Greg Nicholls and the central agency team in the preliminary work and analysis undertaken.

NZTA recognised this as an opportunity to identify and make performance improvements and therefore volunteered to be the first Crown entity to be assessed. There was open and robust engagement in the process and we note that even as we undertook the assessment, the Board and the senior leadership team were responding to issues under active discussion. This bodes well for the future of land transport outcomes.

**Performance Improvement Framework
Formal Review: New Zealand Transport Agency**

**State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet
Wellington, New Zealand**

**Published May 2011
ISBN 978-0-478-36147-6
Web address: www.ssc.govt.nz/pif**

Crown copyright 2011

Copyright / terms of use



This work is licensed under the Creative Commons Attribution-Non commercial-No Derivative Works 3.0 New Zealand licence. [In essence, you are free to copy and distribute the work (including in other media and formats) for non-commercial purposes, as long as you attribute the work to the Crown, do not adapt the work and abide by the other licence terms.] To view a copy of this licence, visit <http://creativecommons.org/licenses/by-nc-nd/3.0/nz/>. Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

AGENCY'S RESPONSE & ACTION PLAN¹

The NZ Transport Agency was formed on 1 August 2008, and has been working to combine the predecessor agencies (Land Transport NZ, Transit NZ, and Land Transport Safety Authority) into a single organisation. We believe that we have come a long way in just over two years and agree with the reviewers that there are still some efficiency gains to achieve – both internally with the operating budget, and through the National Land Transport Fund investments. The Agency welcomed the opportunity to be the first Crown Entity to benefit from the Performance Improvement Framework initiative.

This performance review provides a very useful diagnostic for our improvement programme. The priority areas identified for action align very well with our own assessment of the work that lies ahead and provides some areas to refocus our attention to gain greater benefits for land transport in New Zealand. This will help us lift our focus on these improvements and on ensuring an improvement based culture within the Agency.

We are encouraged by the reviewers' findings that the Agency has made impressive performance on the Roads of National Significance, a government priority, that our relationships with our stakeholders is more open and responsive than previously, and that our Chief Executive and management team are highly regarded.

The nature of many of the recommendations for action in the report are at a general level, and touch on areas already underway with programmes of work. These recommendations for action identify where the Agency needs to keep the existing programmes in place or step up those programmes in terms of resourcing or pace. The Agency considers the Action Plan as a live document, and will review the required actions to ensure an optimal improvement programme is maintained.

The NZTA Board and management team have welcomed a fresh look into how the Agency operates, and the sense of direction we need to go to continue improving land transport within New Zealand. We consider that this has been a valuable exercise in clarifying where our performance is strong and where things can continue to be improved.

Chris Moller

Chair, NZTA Board

1. The detailed Action Plan is annexed as Appendix C

TABLE OF CONTENTS

Agency's Response & Action Plan	1
Table of Contents	2
Lead Reviewers' Summary	3
Central Agencies' Overview	6
Summary of Ratings	8
Agency Context	10
Results Section	12
Part One: Delivery of Strategic Priorities	12
Part Two: Delivery of Core Business	17
Organisational Management Section	24
Part One: Leadership, Direction and Delivery	24
Part Two: External Relationships	30
Part Three: People Development	34
Part Four: Financial and Resource Management	37
Summary of Priority Areas for Action	41
Appendix A	43
Overview of the Model	43
Lead Questions	44
Appendix B	45
List of Interviews	45
Appendix C	46
NZTA Action Plan	46

LEAD REVIEWERS' SUMMARY

Over two years, NZTA has come together in a centralised business group structure, largely based around the three predecessor organisations. There has been substantial work to integrate the organisation and its systems through HR interventions, appointment of a new management team and through development of a comprehensive set of strategy documents. The results have been positive.

The organisation has an impressive legacy of performance in a number of key areas:

1. In building and maintaining a state highway network – the contracting and procurement mechanisms are regarded as amongst international best practice.
2. Investment and funding of prioritised road decisions – NZTA is regarded as 'best of breed' in the infrastructure space.
3. In working with local government – there is close interaction with local government in its various forms in public transport and in transport planning.
4. In maintaining service levels in spite of old infrastructure, in registry services.

The Board and Chief Executive are held in high regard by the Minister and Associate Minister. The Chief Executive and the senior leadership team are very well regarded by external stakeholders, including customers. The senior leadership team presents as effective and task oriented. There has been impressive performance on the Roads of National Significance (RONS), and the need to achieve against the RONS part of the Government's Policy Statement on Land Transport Funding (GPS) is pervasive.

Relationships with stakeholders have been established and the organisation is seen as far more open and responsive than two years ago. Major stakeholders have been systematically identified and relationship managers (all senior managers) have been allocated for the top 20 stakeholders. Forums have been successfully established in public transport and freight and are being well received by the participants. As a result, the Chief Executive and the senior leadership team are highly regarded by participants in these forums.

There is strong incremental improvement of core competencies and capabilities, which has seen further development of the investment framework, to take better account of network effects and wider economic benefits, and the further development of alliances as a contracting approach in complex new highway builds.

There is considerable work in progress in the following areas, which should have positive outcomes:

- a new approach to planning and investment, called 'streamlining' is underway. This new approach aims to strengthen both delegations and accountability, including design of an integrated planning system and contracting with approved local government organisations. This work is likely to lead to greater clarity in regional planning, clearer accountability for investment and wider delegations and empowerment, as well as reduced cost
- enhancement of the management of NZTA's investment in Public Transport. Contracting systems, farebox returns and ticketing infrastructure have been identified as topics for review or implementation. These activities will likely lead to changes in underlying information infrastructure (e.g. national data warehouse(s)), different contracting models and, possibly, clearer investment horizons for public transport operators.

We see both short term and long term co-ordination issues in the approach to land transport planning. Our issues are as follows:

- Currently we see issues of role and accountability in the national/ regional planning interface as it currently stands. There are differing views about levels of involvement and degree of influence that NZTA should have or look for when working with local government. NZTA recognises the importance of this interrelationship and has appointed regional directors as part of the senior leadership team to develop the relationship with local government in particular. This preferred relationship approach is quite different from the directional attitude of the old organisations. We hope that the streamlining project will assist NZTA to clarify roles and accountabilities and assist to present more easily to local government
- There is a need to strengthen the long term planning approach in land transport and to further consider transport network development in the very long term (40-50 years).

Integration of NZTA regional and national offices needs further thought and reflection. We gained feedback that there is possible overlap between the regional and national offices that needs further consideration. In future, in Auckland in particular, there will be significant issues of demand management that will need to transcend national, regional and interagency boundaries. NZTA is well engaged to identify the issues but it is likely that its regional office in Auckland will need to develop substantial competence and capability to help make the supercity work (it may be that some of the national office is relocated to Auckland).

There is considerable need, evident from both internal and external interviews, for closer alignment of strategy and action. Sometimes external stakeholders referred to this as the head and shoulders moving, but not the body. Examples include relatively poor alignment with contracting direction in public transport, an enforcement approach in compliance and a mixed approach to customer focus.

The organisation has a major issue with several core IT systems, mainly in the registry function. They are weak, inflexible and likely not to be supported in the near (by 2013) future. There is a large issue over how some of this IT development will be funded.

Further, we are less convinced that the organisation has embraced the use of technology in other areas. For instance, we would give a higher priority to interfacing around high value datasets both across the sector and with expert users, and otherwise reducing compliance costs for users. Also, we would like to see a far more active approach to making use of technology in road safety.

There is a need to build additional capability in the following areas:

- behavioural solutions to road safety
- strategic oversight and implementation of public transport
- development of a longer term (40 – 50 year) land transport (versus road) approach, in partnership with the Ministry of Transport (MOT).

There are areas where NZTA is progressing to take more responsibility. Management of the revenue and cashflows into the National Land Transport Fund (NLTF) is one such area. Cash management could improve significantly and the finance team is aware of this need for improvement, particularly as reserves from past underspends are used up. We recommend that NZTA takes over management of the NLTF from the MOT as it has the greatest incentive to get it right, particularly as the fund is now hypothecated.

There is a lack of a co-ordinated approach with the MOT to refreshing the regulatory framework in operating rules and regulations as well as the shape and form of the Land Transport Management Act 2003. The sector needs clarity of roles, greater accountability and a much more productive and

functional relationship between MOT and NZTA. We suggest a minor redrawing of the organisation boundary so that operational regulations and rule setting become even more part of NZTA.

Integrated ticketing is a project initiated at a regional council level that is shifting from a regional focus into a national system. We see this project as a major risk to the organisation. Internationally, these systems have proven to be fraught in implementation. Despite these risks, the project is worth pursuing at a national level as, for instance, there are major customer benefits, and it will lead to a useful national database of public transport utilisation.

Possible areas of disinvestment/cost savings include:

- planning and investment – there were comments that Regional Partnerships and Planning work could be done with less – we have not validated these views but signal them as an area for further investigation. Integrated planning and streamlining should reduce/ reallocate resources
- compliance/ enforcement – there is a general view that the Police contract could be substantially changed to deliver the same outputs from less
- on Road User Charges (RUC), once legislation is passed leakage will reduce, and up to an additional estimated \$40 million may be available to the NLTF. (This initiative is being implemented and the necessary law change is being introduced)
- registry – technology change will reduce costs to both NZTA and customers (but will require regulatory change)
- in-house provision of expert and professional services, on an internal consulting model. This could include for example environmental law and/or design engineering services where NZTA is a significant purchaser and where the market is clearly ‘tight’.

There is considerable further work in progress in the back office and other supporting activities that we acknowledge but give a low ranking – it should happen anyway with good management. These include:

- Developing feedback loops generally, e.g. post implementation reviews of road safety, planning, major projects
- Risk management – the process is sound but there needs to be stronger engagement on how to resolve and manage the risks. The response to the risks as set out to the Audit, Risk and Assurance Board Committee appears weak in relation to the expressed possible impact of the problem; this needs attention from management and board members.

On the interaction between management and the Board, relationships are good, but information and analysis in board papers and performance reports could be improved, and the feeling is that the Board should be encouraged to become more actively involved in challenging management and monitoring performance.

Garry Wilson
Lead Reviewer

David Moore
Lead Reviewer

Paul Forward
Technical Expert

CENTRAL AGENCIES' OVERVIEW

This report is one of five comprising the 2nd tranche of Performance Improvement Framework reviews¹. In September last year we released the findings and responses to the Pilot and 1st tranche reviews². We want to thank the leaders, staff and stakeholders of the agencies that have been reviewed for being open to external review to provide both assurance and constructive criticism.

What is the Performance Improvement Framework and what are we trying to achieve?

The Performance Improvement Framework is a framework applied by a small group of respected organisational leaders to provide insights into agency performance, identifying where agencies are strong or performing well and where they are weak or need to improve. The framework covers both results (in terms of effectiveness and efficiency) and the organisational management factors that underpin sustainable superior performance.

Because a common framework is used, the reviews not only inform agency performance improvement plans, but also help us build a body of knowledge that provides us with a better picture of cross-system performance and identifies issues which we need to address at sector or system level.

The Performance Improvement Framework is an initiative developed by central agency and State services chief executives to respond to the need for improved effectiveness and efficiency in the State services. It is also important to acknowledge that the New Zealand State services operates from a position of strength and continues to be recognised internationally as among the top performers. However, we recognise that we must meet the ever-increasing and reasonable expectations of Ministers and the public generally, especially in these times of economic and fiscal stress.

What are we learning?

We now have 11 reviews completed.

In general, the reviews confirm that we have a 'can do' service, which is strong on delivering the results government wants now. We have a service that values probity and the systems and processes that support transparency and ensure accountability for the expenditure of taxpayers' funds. We have a service that recognises that its people, and their combined knowledge, experience and commitment, are our greatest assets. We are relatively good at putting in place the systems and processes (in particular human resources (HR) and financial management systems) that should support them to make their best contribution.

At the other end of the spectrum, we are not as good as we should be at working across internal and external silos, progressing the medium- to long-term work programmes that will position us to meet the future needs of governments and taxpayers and reviewing the ongoing need for, or methods of delivery of, the services we currently provide.

1. Ministry of Social Development, the Treasury, New Zealand Transport Agency (NZTA), New Zealand Trade and Enterprise (NZTE) and Inland Revenue.

2. Ministry of Agriculture and Forestry, Department of Internal Affairs, Department of Conservation, Ministry of Foreign Affairs and Trade, Te Puni Kōkiri and Land Information New Zealand.

We need to be better at measuring the results of what we do and comparing them to the results government was seeking to achieve. We need to bring together the information we have to make better decisions about what we do and how we do it. For example, we need to use our financial management systems to understand and manage the costs of the services we provide, rather than simply to develop and monitor budgets.

Next steps?

We have 11 agencies at various stages of implementation of their responses to their reviews. We will work with them to support and monitor their implementation of those responses and to evaluate whether their actions are having the improvement results anticipated.

As indicated above, we are looking across the Performance Improvement Framework review results to identify both the agencies that others can learn from and the areas of systemic weakness that we need to tackle as a service rather than on an agency by agency basis. Key to these will be our ability to monitor long-term effectiveness (are we actually achieving the outcomes as opposed to merely delivering the outputs?) and our ability to review the effectiveness and efficiency of what we do (are we providing services the best way we can or indeed can the services be better provided by someone else?).

Iain Rennie
State Services Commissioner

John Whitehead
Secretary to the Treasury

Maarten Wevers
Chief Executive
Department of the
Prime Minister and Cabinet

SUMMARY OF RATINGS

Results

STRATEGIC PRIORITIES	RATING
Plan for and deliver the roads of national significance	
Improve the road safety system	
Improve the efficiency of freight movements	
Improve the effectiveness of public transport	
Improve the customer service and reduce the compliance costs	

CORE BUSINESS	RATING (EFFECTIVENESS)	RATING (EFFICIENCY)
Planning land transport networks		
Investing in land transport		
Managing the state highway network		
Providing access to and use of the land transport system		
	RATING	
Regulatory impact		n/a

Rating System

 Strong	 Well placed	 Needing development	 Weak	? Unable to Rate
--	---	---	---	------------------

Organisational Management

LEADERSHIP, DIRECTION AND DELIVERY	RATING
Vision, Strategy & Purpose	
Leadership & Governance	
Culture & Values	
Structure, Roles and Responsibilities	
Review	

EXTERNAL RELATIONSHIPS	RATING
Engagement with the Minister(s)	
Sector Contribution	
Collaboration & Partnerships with Stakeholders	
Experiences of the Public	

PEOPLE DEVELOPMENT	RATING
Leadership & Workforce Development	
Management of People Performance	
Engagement with Staff	

FINANCIAL AND RESOURCE MANAGEMENT	RATING
Asset Management	
Information Management	
Efficiency	
Financial Management	
Risk Management	

Rating System

 Strong	 Well placed	 Needing development	 Weak	? Unable to Rate
--	---	---	---	------------------

AGENCY CONTEXT

In 2006/07 an independent review 'The Next Steps Review of the Land Transport Sector' was undertaken to address how the land transport system could enhance responsiveness, performance, capability and value for money. This led to the formation in 2008 of the New Zealand Transport Agency (NZTA) as a Crown entity. NZTA is responsible for maintaining an affordable, integrated, safe, responsive and sustainable land transport system for New Zealand.

NZTA's main functions are to plan land transport networks, to invest in land transport infrastructure and public transport services in conjunction with local government, to plan and deliver the national state highway network, and to manage access to the land transport system through setting standards and licensing drivers and vehicles. The Land Transport Management Act 2003 provides the governing legislation, under which medium term direction is issued by the Minister of Transport through the Government Policy Statement on Land Transport Funding (GPS).

In terms of sources of funds, NZTA collects all revenue that is dedicated to the National Land Transport Fund (NLTF), which is used to fund the investment and services programme on a three yearly basis. Crown revenue is provided for the collection of the NLTF revenue (in relation to road user charges and fuel excise duty) and for other regulatory and enforcement activities. Significant revenue comes from third party fees and charges for services that NZTA provides in relation to the motor vehicle registry and for licensing drivers and transport operators. The NZTA operating budget is approximately \$250 million. NZTA uses a range of outsourcing and contracting out arrangements for the provision of services to the public and the development of infrastructure.

NZTA staff establishment is 1,372 full time equivalents (FTEs), which compares to the FTE establishment of the previous entities of 1,427 FTEs. This staff reduction has been achieved in the context of an increasing work programme.

NZTA has responsibility for allocating over \$2.9 billion in Crown revenue to land transport activities each year. NZTA works with local authority partners in addressing transport and land use challenges, investing over \$650 million per annum in partnership with local authorities, to improve, maintain and renew roads, and around \$360 million to support public transport and build new transport infrastructure assets to meet changes in demand. NZTA also works with land use planners, urban designers, engineers, and businesses and communities to deliver desired transport solutions and land use patterns.

NZTA manages New Zealand's 10,984 kilometres of state highways, one of the country's most valuable assets with a current valuation (based on optimised replacement cost) of \$23 billion. NZTA improves, operates and maintains the state highway network through the building of new infrastructure, maintenance of road surfaces to a safe condition, and maintenance of bridges and tunnels, roadside lighting, signs and barriers. NZTA works with consultants and contractors to provide a safe and reliable state highway network and contributes to an integrated multi-modal land transport system which enables people to get to and from work safely, quickly and efficiently, providing a convenient and robust route for freight, and connections for communities.

NZTA has service delivery agents that support it to process over eight million motor vehicle and driver licensing transactions per annum. NZTA works with these agents to provide transport users with safe access to the land transport system by providing driver testing services, issuing driver and transport service licences, undertaking vehicle certification, registration and licensing activities, and collecting road user charges and other road revenue.

NZTA has a major role in education, compliance and enforcement of road safety. NZTA carries out direct enforcement activities through its taxi compliance audits and roadside heavy vehicle safety inspections. NZTA has various responsibilities for rail safety regulation, ensuring that all rail operators and those providing access to the rail network are licensed and have operational safety management systems in place. NZTA also delivers a road safety advertising campaign and education programmes that encourage safe use of the land transport network and raise public awareness of transport safety issues. NZTA also invests over \$280 million in the Road Policing Programme which in turn funds uniformed police presence on the road, speed cameras, drink driving detection and other activities.

RESULTS SECTION

Part One: Delivery of Strategic Priorities

This section reviews the agency’s current ability to deliver on its strategic priorities agreed with the government. It is based on the completeness of the agency’s plans, the stage at which the priority is at, and the capability and capacity of NZTA to deliver on the priority. The report is also informed by consideration of identified risks.

Plan for and deliver the roads of national significance	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>There is a clear focus and good progress on the RONS; three are being constructed, the Waterview Connection’s Environment Court filing has been completed and the remaining projects are in design.</p> <p>There is a full understanding of the financial impact of the build programme; communication with potential contractors is timely, of high quality and allows the industry to respond; procurement and contracting methods are well developed and well understood by the construction industry. The implications of the funding shortfall and the funding displacement caused by the RONS are understood and communicated to the sector.</p> <p>The relationship with the design engineering and construction industry is excellent.</p> <p>There are some minor negative comments from external stakeholders about the appointment and management of peer reviewers and agents that impose costs on both design and build contractors. Further, there is apparent duplication in the peer review process. Peer review can happen at different stages, times and be called for from different perspectives. There appears to be no common or timely conflict resolution process if experts differ. Such a process may assist NZTA in dealing with these issues.</p>

Improve the road safety system	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>There is a strong awareness of safety and an understanding of the integrated nature of safety; Safer Journeys (owned by MOT) is an interagency statement that provides a foundation for future work; the KiwiRAP road classification system developed with the Automobile Association is widely accepted and endorsed.</p> <p>We feel, however, that there is a lack of coordination and a need for more effective organisation ownership, for the following reasons:</p> <ul style="list-style-type: none"> • the matrix structure is not working well in delivering an obvious coherent and coordinated response from within NZTA – there is evidence of fragmentation of effort at the regional level and in co-ordination and expression of safety activities • there is no clear leadership for safety within NZTA – rather the responsibility is ‘owned by all’. The coordination of safety by Strategy and Performance is not regarded internally or externally as successful • there is a need for more co-ordinated analysis by NZTA and other agencies on safety opportunities. There is a lack of a common understanding of safety priorities and paybacks across different activities • NZTA may need to check that the costs in its Economic Evaluation Manual (which are based on a social value of life and willingness to pay surveys) appropriately measure the current economic cost of serious injury. For example the cost to ACC of a paraplegic 20 year old is around \$10-15 million life time cost • there may also be missed opportunities for closer integration of activities across the four safety partner agencies (MOT, Police, ACC and NZTA). The required broad analysis seems to be falling between the cracks. Also, there may be missed opportunities in the option set, such as retrofitting of wire barriers on dual carriageways to reduce head-on crashes • the Police contract is being more closely managed than previously, but there are impediments to achieve greater productivity through the use of modern technology. NZTA is working proactively with MOT, Police and Ministers to address these impediments. None of the agencies have found a way forward yet, but there is clearly a cheaper and more effective safety management option.

Improve the efficiency of freight movements	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>Communication around the efficiency of freight movements has improved and the GPS has a focus on economic development. The aspects of efficiency of freight movements that are happening well are:</p> <ul style="list-style-type: none"> • The RONS are focused on the high traffic routes • The economic analysis for road investment has been modified to include agglomeration and other economic development effects • The Vehicle Dimension and Mass (VDM) initiatives (brought in on 1 May 2010) should help; provided they can be effectively operationalised. There is cynicism from external stakeholders that the operationalisation of VDM will lead to planned efficiencies • There is a reasonable dialogue with rail and cross membership of the Boards • There is a level of engagement with stakeholder groups. <p>What could improve is:</p> <ul style="list-style-type: none"> • There is a need for a long-term sector freight plan that could connect with some of the future and potentially transformational projects • The dialogue with rail and ports is moving but it is not early and fast enough with the consequence that major stakeholders are not confident that they are taking the right modal decisions, and operators may not be making the right investment decisions • There is a concern that there is too much focus on planning for roads and not enough of an integrated focus on planning for freight transport • There is a lack of a clear freight champion within NZTA. <p>There is some opportunity for better use of existing technology to reduce compliance costs for operators. For NZTA, there may be opportunity for limited pilots with expert users to break-through the regulatory barriers.</p>

Improve the effectiveness of public transport	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>The main lead in public transport management is from the large metropolitan areas of Auckland, Wellington and Christchurch. NZTA has an important co-funding and regulatory role. At the time of this review NZTA was advertising key positions in this area.</p> <p>In Auckland, there is a new local government agency; it is too early to assess how the interaction between the Auckland public transport agency and NZTA will play out. However, both the national office and the regional office in Auckland are well engaged and very aware of the importance of the relationship.</p> <p>Areas to consider for improvement are:</p> <ul style="list-style-type: none"> • potentially make more use of funding as a lever to ensure that Government policy directions expressed in the GPS are followed • seek greater efficiency of funding of public transport and clarify the role of national funding versus local funding in the farebox mix; ensure that local authority contracts are efficient; ensure there is a stronger investment proposition for public transport by lengthening contract terms and adopting a wider range of contracting mechanisms • ensure there is stronger infrastructure (e.g. integrated ticketing and databases) and reduce effects of regional behaviours • integrate better with long term planning. <p>There are potentially big financial and reputational risks of the roll out of integrated ticketing under the current plan. Clearly, the project is in work-out, moving from an Auckland initiative into a national direction.</p>

Improve the customer service and reduce the compliance costs	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>The focus on customer service and the reduction of compliance costs varies across NZTA. In some areas it is good, but in others it needs to improve.</p> <p>The highlights are:</p> <ul style="list-style-type: none"> • the appointment of regional directors to attend to the integration of NZTA with local government (local government being intermediate customers) • NZTA has responded to a declining trend in recent stakeholder surveys with the identification and management of the top 20 stakeholders, which includes some major customers, and allocation of stakeholder management responsibilities to senior managers • The establishment of customer/ stakeholder forums on freight and public transport. The forums are well regarded. MOT also attends. <p>NZTA business groups have some great ideas on how to reduce compliance costs, including in modernising the registry and in providing added value service to, for instance, freight operators. We have not seen these ideas flow through to implementation yet.</p> <p>The areas to improve are:</p> <ul style="list-style-type: none"> • NZTA has organised its customer interfaces with a ‘customer channel strategy’, which is work in progress. There is an acknowledged underuse of modern internet based technology • MOT and NZTA need to establish the need and form of the motor vehicle register and the driver licensing system, before modernising registers • supporting IT infrastructure is old and, for example, the Registry system will shortly (2013) not be supported. There is no clear way forward as IT update and systems transformation requires regulatory change • there is ongoing standardisation of approach in compliance activities. This is work in progress (e.g. standard operating procedures for compliance are currently being rolled out), and there have been hiccoughs in implementation • major client groups, such as freight operators, feel there is disconnect between discussion and action. <p>Compliance costs could be significantly reduced with a modern approach to regulation. We see this modernisation as a shared responsibility with MOT; MOT and NZTA need to work more effectively together to progress changes to legislation, regulation and rules. Organisation agendas are not aligned which means that the co-ordinated effort to reduce compliance costs does not happen.</p>

RESULTS SECTION

Part Two: Delivery of Core Business

This section reviews the agency’s effectiveness and efficiency in delivering its core business. The report is based on a judgement about the current performance of the agency and the trend it has demonstrated over the last 3-4 years.

<p>Planning land transport networks Integrated transport and land use planning – national network plans and regional land transport plans</p>	
<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Needing development Performance Rating (Efficiency): Needing development</p> <hr/> <p>Effectiveness</p> <p>New Zealand’s transport planning is set for the medium term as there is some good road planning and a large, committed investment in rail. The RONS have been given national priority, and accelerated by the GPS, as they are a good fit with Government’s broader direction, are well placed within regional plans, and were well planned and therefore ready to proceed. NZTA worked well with the Minister to assist in identifying the roads of most national benefit.</p> <p>However:</p> <ul style="list-style-type: none"> • there is no long term transport approach and no forum for long term planning – arguably, this needs to be a joint responsibility with MOT, but NZTA has a major role as it has the larger planning capacity • there is no clear direction post RONS, which means after the next ten years, although this may be sorted by annual refreshing of the RONS. There is speculation around how a number of major other initiatives will be progressed (such as the second crossing of the Waitemata Harbour or the Kaimai road tunnel). We note that NZTA has begun the planning for these projects • the transport network implications of port developments are unclear. <p style="text-align: right;">contd...</p>

	<p>Better integration of transport plans with regional land use plans is underway; the appointment of the regional directors as part of the senior leadership team has assisted NZTA to play a broader role in this planning interface. At this time, only Auckland is undertaking ‘spatial planning’; however there is recognition of the need for spatial and land use plans for rural areas and cities (e.g. where the boundary sits between town and country) in, for example, Waikato, Bay of Plenty and Christchurch and NZTA is actively involved in that work. There is some confusion about NZTA’s role and engagement in the national / regional planning interface as it currently stands. We raised in our summary a cautionary note that accountabilities need to be discussed and made clearer.</p> <p>Efficiency</p> <p>The ‘Streamlining’ project (an internal project to streamline the land transport funding allocation process) has started but it is not clear how it will be implemented in detail. There is documentation going back three years but, internally, there does not appear to be an good understanding of the project and its implementation impact.</p> <p>There is a large investment (some \$88 million over three years in planning from the NLTF) and we are not able to get a clear expression of value for money. There were some views expressed that the planning effort is not always good value for money and there may be too much double up. Regional offices don’t necessarily see that planning resource is adequately allocated. Interviews indicate some evidence of over resourcing, especially at the national office level.</p>
--	--

Investing in land transport
 Development of the National Land Transport Programme; management of the funding allocation system – advice, assessment, evaluation, procurement, and audit of investment in networks and services in conjunction with approved organisations; sector training and research

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Strong Performance Rating (Efficiency): Well placed</p> <p>The core competency for a funding organisation is to have a well developed, well enunciated practice of assessment and evaluation of relative investment priorities.</p> <p>In our view, the practices in NZTA, which have developed over several decades, are excellent. There is a considerable level of standardisation of approach, local government has adopted largely the same evaluation system with the result that regional and national priorities can be assessed and compared using a common vocabulary.</p> <p style="text-align: right;">contd...</p>
---	---

	<p>There has been some incremental improvement to register agglomeration benefits, and some attention to environmental effects (although environmental effects are less easily measured).</p> <p>We support the overlay of three decision criteria, namely:</p> <ul style="list-style-type: none"> • strategic fit (i.e. it either fits or it doesn't) • efficiency (based on economic analysis) • effectiveness (all the other necessary network planning is complete). <p>We have spoken with several interviewees about the application of these criteria. One described it as a set of weightings, another as a "sieve", and a third as a type of sequential stage gating. We qualify our comments below with the observation that we may not have a full understanding of the way these criteria are used.</p> <p>There are some areas to attend to. The first is to make it very clear how the three criteria are used in the evaluative process. Others we have identified are:</p> <ul style="list-style-type: none"> • identification of analysis for key areas of infrastructure and more detailed analysis than is in the model, in a targeted manner • identification of possible gaps in the range of investment opportunities, particularly for midsized projects • a stronger statement of relative priorities across the operating groups (e.g. safety projects versus new build) • a clearer statement of priority of local road maintenance • consideration of a simple screening approach; with a rapid benefit cost analysis (2-3 days using standard road profiles) for all projects, and targeted investment in economic analysis only for material projects • further consideration of the lifetime cost of serious accident based on current ACC data, and in addition some monetary calculation of the reduced quality of life. <p>Evidence of efficiency includes:</p> <ul style="list-style-type: none"> • a high level of standardisation • incremental improvement over an extended period of time. <p style="text-align: right;">contd...</p>
--	--

	<p>We see a bigger problem in the integration of long term planning and investment option appraisal. For instance, we would like to see some further planning, and high level investment analysis, for projects that sit outside the RONS. Such projects include the Kaimai tunnel, Clifford Bay and the second Waitemata harbour crossing. These assessments might help inform the next round of RONS and the National Infrastructure Plans, as well as the regional land use and transport plans.</p> <p>We note there has been a positive, very recent change to the manner in which research studies are commissioned. They are now commissioned actively by NZTA rather than being proposed by the researchers. We strongly support this changed approach.</p>
--	---

<p>Managing the state highway network Network planning; new infrastructure for and renewal of state highways; maintenance and operations of state highways</p>
--

<p>PERFORMANCE RATING</p> <p>Effectiveness</p> <div style="background-color: #92d050; width: 20px; height: 15px; margin: 5px 0;"></div> <p>Efficiency</p> <div style="background-color: #92d050; width: 20px; height: 15px; margin: 5px 0;"></div>	<p>Performance Rating (Effectiveness): Strong Performance Rating (Efficiency): Strong</p> <p>With the available funds, there is some evidence that the balance between maintenance and build is about right, and that there is full awareness of where the trade-offs in maintaining roads versus new builds happens. The tension between RONS and the rest of the road network is transparent and understood, although the necessary trade-offs do not leave everyone happy.</p> <p>There are well developed contracting approaches for both new road builds and for maintenance.</p> <p>There is a growing understanding of the importance of the needs of end customers e.g. road users, rather than the traditional focus on engineering perspectives.</p> <p>We are confident of the planning for Highway and Network Operations, but less confident that there is an overview of transport priorities.</p> <p>There is a growing awareness of the need for traffic and demand management, particularly in Auckland. There is a strong desire from within Auckland for this focus to be integrated across state highways and local roads, particularly given the intra Auckland nature of highway traffic flows; and this is NZTA’s intention.</p> <p>Over time, this demand management functionality will need to integrate with the regulatory and policy framework, as it will not be possible long term to build enough new roads to control congestion in Auckland.</p>
---	--

Providing access to and use of the land transport system
 Road user safety programmes; regulatory implementation and enforcement; licensing activities; motor vehicle registry; road user charges collection, investigation and enforcement; refund of fuel excise duty

<p>PERFORMANCE RATING</p>	<p>Performance Rating (Effectiveness): Needing development Performance Rating (Efficiency): Well Placed</p>
<p>Effectiveness</p>  <p>Efficiency</p> 	<p>Customer survey information is positive for the registry operation. It appears to be well run within the constraints of the current IT systems. There has been incremental improvement within the limitations of these systems – such as internet based renewal of registration and internet based purchase of RUC.</p> <p>The system needs to be replaced to get further benefit from the registry operations. Initial analysis is underway but the option space fluctuates dramatically. Planning for the system is urgent and needs to be approached much more systematically.</p> <p>There are many negative comments about the implementation of compliance activities. In particular, some regulatory activities were seen by both public transport and freight users as pernicious, but this is seen as a reducing trend.</p> <p>There is a body of out of date regulations that have not been addressed, for many years. This is partly because of an out of date Land Transport Management Act, with a heavily prescriptive approach to regulation. Even though there has been agreement between MOT and NZTA about the need for quick wins, there remains a high degree of frustration within NZTA (and it seems within MOT) about the ability to move on these issues.</p> <p>We believe that in the two years of the new agency, real gains in reducing compliance costs could have been achieved. We recommend NZTA urgently work with MOT to ensure that substantial progress is made on these issues.</p> <p>We also recommend that the organisation boundary between NZTA and MOT be realigned. In particular, there are additional roles that NZTA could take on, including:</p> <ul style="list-style-type: none"> • the lead on operational regulations • management of the NLTF fund and forecasting of that fund • resolving funding and implementation issues for the new registry systems. <p style="text-align: right;">contd...</p>

	<p>On road user safety, NZTA's role is clear to us but there is confused implementation of that role. There is also a failure of co-ordination between government agencies that NZTA and others are now attempting to address.</p> <p>There is a strong view that there is too much emphasis on enforcement rather than education, and on physical road policing versus use of technologies. There is common view that the mix of interventions is not well optimised. This lack of co-ordination of a safety / compliance model is material; the Police contract is the largest intra-public sector contract at about \$280 million per annum.</p> <p>There are said to be nine different funding sources for the registry which is too many. There is prescription of charging and approach which leads to a number of undesirable features including:</p> <ul style="list-style-type: none"> • over and under recovery of registry costs • multiple unconnected sources of funding such as fees for service, recovery of fees for audit programmes, licence fees • payment on outputs that do not necessarily relate to outcome or costs (such as some inspection services). <p>Some other aspects are working well – there is a risk based approach to rail safety licences. The ideas around a risk based freight operator rating system seem sound – but proposed implementation date of 2012 (because Police can't implement relevant technology) seems sluggish.</p>
--	---

<p>Regulatory Impact How well does the agency's regulatory work achieve its required impact?</p>

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>We discuss above the need to improve the regulatory interface with MOT. To some extent, MOT feels that NZTA could do more without regulatory change. On the other hand, we are firmly of the view that lack of action is costing the country money, as well as undercutting trust in government.</p> <p>There is real potential to reduce compliance cost and to modernise regulations in well acknowledged areas.</p> <p>As an example, implementation of the Vehicle Dimension Mass rule has been problematic. There is a high cost to application which appears to not be reducing over the initial five months of operation. In addition, there are information difficulties in understanding what weights can be supported on road infrastructure, and a lack of transparency of what could be approved (possibly as there is a lack of precedent). There is a concern that the approvals are too precautionary. This will have a major impact on the future impact on the investment decisions of both coach and freight operators.</p> <p style="text-align: right;">contd...</p>
--	---

	<p>Some of the core activities, such as driver licensing, vehicle registration, review of RUC, licensing of rail, licensing and warranting of vehicles and operators, appears, with the exceptions noted above, to be proceeding well.</p> <p>There needs to be more and ongoing challenge of the regulatory system – for instance, why register a vehicle each year when there is an ongoing warranty of fitness test, and could a warranty of fitness test be replaced by an extended service obligation for a new car while the car is still under warranty?</p> <p>NZTA could test the overall responsiveness of the regulatory regime on all issues from design of regulation through to cost of compliance. This would require a more systematic discussion of the burden of regulation on, particularly, major users (e.g. Fonterra with its 400 vehicle fleet).</p>
--	---

ORGANISATIONAL MANAGEMENT SECTION

Part One: Leadership, Direction and Delivery

<p>Vision, Strategy & Purpose</p> <p>How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>There are a number of highlights:</p> <ul style="list-style-type: none"> • the Statement of Intent is well articulated • the senior leadership team and Board have aligned NZTA direction and energy to the GPS • there is a good suite of strategy documents including the strategy map • the new customer channel strategy is innovative and the relationship management strategy for major stakeholders is good practice • there is strong connection between the RONS and a large part of the organisation’s activity. <p>Although the documentation is good – the messaging around the strategic priorities is opaque. For example, it is not clear how a priority such as safety or freight will work across the organisation. The staff do not have the strategic priorities top of mind, other than RONS.</p> <p>The budgeting and allocation system will develop over time; currently NZTA is materially directed to spend within defined activity classes. NZTA needs to be in a good position to inform future allocation discussions for briefing incoming governments and for discussion around the options of future GPS.</p> <p>There is active planning for the moment, with quarterly performance review meetings. There is a device in place for planning for the future; namely the annual report of the NLTF. In future, strategy and vision could be articulated through the annual report for the land transport strategy as whole.</p> <p style="text-align: right;">contd...</p>

	<p>There are number of areas where improvement could occur:</p> <ul style="list-style-type: none"> • different areas across the organisation are not necessarily aligned between themselves, and do not always connect with the strategy (e.g. between the regional offices and the national office, within public transport, and between some of the strategic priorities and organisation activities) • There are some big differences between some areas. Where areas have been good performers, they remain good performers (e.g. building roads, prioritisation framework) • There is a need to integrate some activities better (e.g. compliance activity and attitude across the three major operating groups). <p>We don't think that senior managers have yet captured 'the hearts and minds' of all the staff. It is common for external stakeholders to reflect that 'the head and shoulders are moving, but the body is not'.</p>
--	--

<p>Leadership & Governance</p> <p>How well does the senior team provide collective leadership and direction to the agency? How well does the board lead the Crown entity?</p>
--

<p>PERFORMANCE RATING</p> <p></p>	<p>Performance Rating: Strong</p> <p>The Board is active and connected. It currently operates under four subcommittees, with this to be reviewed. Our inspection of the board papers, and our meetings with management and the Board, suggest to us that in some areas the level of direction and monitoring by the Board could be improved. Examples include:</p> <ul style="list-style-type: none"> • The content of the board papers was relatively transactional; there seemed to be little room for 'blue skies' debates • Several of the papers could be more analytical (they are too descriptive) and could look more at issues such as the wider cost to the programme of construction and/ or precedent effect of individual decisions • The papers sent to the Audit, Risk and Assurance Board Committee indicated good process in identifying risk but less rigour in identifying mitigation actions. <p>We support the shift in board appointments to appointment for governance and commercial skills.</p> <p>The Chief Executive is extremely well respected and is widely regarded to have made good selection at Tier 2 (the senior leadership team). There is clear senior executive involvement in stakeholder engagement and the Chief Executive leads by example.</p> <p>There is a gradual loosening of board delegations as there is a greater sense of where accountability and responsibility can lie. We support the gradual change in delegations.</p>
---	---

<p>Culture & Values How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>NZTA is an organisation of three cultures brought together (LTSA, LTNZ and Transit). Those three cultures persist in the three operational groups.</p> <p>Management has been active in bringing the organisations together:</p> <ul style="list-style-type: none"> • the regional director role is significant in ensuring that there is a more seamless external presentation, and an internal agent to promote regional integration • the previously separate LTNZ and Transit offices in Auckland, Wellington and elsewhere are or are being co-located • there is extensive investment in management and leadership training • there is a high commitment to management review of structure and organisation performance. <p>As a result, staff are tending to think of themselves as NZTA. However, the subcultures of the old organisations persist, with a possible distancing of regions from national office added to the mix.</p> <p>On the other hand, some of the old cultures are quite useful – the get on and do it attitude to road building, the measured approach to investment appraisal and a concern for safety. These aspects of the old culture need to be retained in the developing NZTA culture.</p> <p>The step change needed for the organisation is more significant than is initially apparent. NZTA still organises itself and its thinking around roads, investment/funding and regulation. In our view, it needs to organise its thinking a lot more around economic development, customer empowerment and safety from a systems perspective.</p> <p>Lastly, there is culture of road construction and maintenance in NZTA; there needs to be a culture of land transport. There is a clear indication from external stakeholders that much more integration is needed in planning for ports and rail, in a longer term freight strategy.</p>

Structure, Roles and Responsibilities
 How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business?
 How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>We support the decision to merge the two entities and consider that the benefits from integration (e.g. reduced transaction costs and greater goal alignment) are well worth the effort.</p> <p>There will need to be continued, incremental organisation restructuring and, in our view, there will be continuing change over the next three to five years. We recommend that the staff expectation is reset, from one of seeking stability, to one of seeking continuous improvement.</p> <p>There are some emerging organisation activities, e.g. network management particularly in the Auckland region, which will become more important over time, and may require ‘venturing’ and partnering with other parties.</p> <p>We have identified four other possible major shifts in the next 3-5 years:</p> <ul style="list-style-type: none"> • the shift to a customer focus and what that means for the organisation • the organisation response to closer integration with Auckland as the supercity develops the spatial plan, and with the organisations that support local roads and public transport • a stronger role in development of regulations • a stronger, more integrated focus on safety. <p>The regional director structure is designed as a regional ‘wrap’ over a national organisation. With the tight linkages to the Regional Land Transport Committees, there is currently a clear need for these positions. The appointments are senior and need to be. However, it is also clear that the roles are substantially changed and their effectiveness or not will emerge over time.</p>
--	---

<p>Review</p> <p>How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>Management has developed a quarterly reporting structure in the major areas of priority and activity. As a Crown entity, the Board has a significant role in monitoring and we would expect this monitoring to be relatively robust and independent. As the monitoring department, MOT also has a role.</p> <p>Our suggested areas for improvement are:</p> <ul style="list-style-type: none"> • we are not sure that the Board to date has been in a position to sufficiently challenge the organisation. In particular, there has been a lot to do to establish the organisation and, possibly, too much undertaken through sub-committees (there are signs that this is starting to be delegated out) • board members praised the performance of the organisation but our feeling was that there could be more constructive challenge • the executive believes that it needs to strengthen its post implementation reviews and evaluation activity, and provide more effective feedback to the Board. <p>MOT also has a role in monitoring. Stakeholders have expressed concern over the lack of active and effective monitoring by MOT. MOT has deliberately taken a hands-off approach in recognition of the role of the Board. However, we feel that the department would bring quite a different perspective, and that this would be valuable.</p> <p>Regarding relative spend in the 16 activity classes funded through the NLTF; we feel there is more work to do if NZTA is to effectively engage in a dialogue about relative benefit.</p> <p style="text-align: right;">contd...</p>

	<p>We believe there are possible improvements to the performance management framework and to Board reporting. In future, we would expect to see:</p> <ul style="list-style-type: none"> • a more refined statement of the cash flows into the NLTF both in the short term and long term, and better linkage to outflows from the NLTF integrating both commitment accounting for the highways and commitments to local roads • an easier to understand framework for reporting safety including serious injury crashes. To start, serious injuries need to be recorded. In future, serious injuries could be valued and the burden of failure attributed to different factors. At the least, morbidity and mortality could be reported. We acknowledge that safety is a shared outcome but, for road safety, the largest investor is NZTA • regular reporting on measures that are relevant to road users – e.g. real time performance (road outages, journey times) and burden of compliance cost and how that might have changed (e.g. to a coach operator). <p>Given that the business invests on a value of life framework, we would like to see some reporting that shows the likely return from the investment that takes place.</p> <p>The annual report of the NLTF exhibits some good aspects of public accountability and reporting. We would encourage NZTA to continue to develop this annual report as a vehicle for public accountability and to encourage debate.</p>
--	---

ORGANISATIONAL MANAGEMENT SECTION

Part Two: External Relationships

Engagement with the Minister(s) How well does the agency provide advice and services to its Minister(s)?	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>The Chair and Chief Executive meet weekly with the Minister. The Associate Minister attends, as does the Secretary of Transport.</p> <p>The Minister acknowledged satisfaction with the responsiveness of the Chair and the Chief Executive. He is pleased with the material provided to him, including the quality of the weekly full and frank report and the more formal quarterly performance reports. The Associate Minister acknowledged similar satisfaction.</p> <p>The Ministers were well briefed on key issues such as:</p> <ul style="list-style-type: none"> • the funding gap on RONS • the day to day issues of RONS including next steps • highway operations • the need to make the Police contract more transparent • the need to change minor regulations • the relationship between MOT and NZTA. <p>The Minister raised a challenge on value for money from NZTA and in particular from regulatory functions. The implication of that challenge is that the Minister may need to see the Board more active in ensuring value for money reviews and initiatives, and to ensure that such reviews are approached with sufficient energy. This value for money issue was shared by the MOT.</p>

Sector Contribution How well does the agency provide leadership to, and/or support the leadership of other agencies in the sector?	
PERFORMANCE RATING 	<p>Performance Rating: Needing development</p> <p>NZTA has established a good relationship with the sector, short term views are shared well, and there are avenues to express views.</p> <p>This good relationship translates into sector activity. There are joined up approaches in safety, stronger engagement in the end user space, stronger connections to public transport, and stronger linkages with the Regional Land Transport Committees at a senior level.</p> <p>The major relationships are with MOT, Police, ACC, MED, Treasury and regional and territorial authorities. Overall, our impression is that the relationships are quite sound and significantly improved over the two years. In particular, the general reflection is that NZTA has become more open, more willing to share information and more collaborative.</p> <p>On the other hand, the view was expressed that NZTA could go further and take a leadership role in land transport. Also, we observe that NZTA could be more proactive in sorting out the respective roles with MOT. We note that all stakeholders identified the MOT and NZTA roles as an issue and there is clear need for greater role differentiation.</p> <p>MOT and NZTA are seeking to clarify organisation boundaries and role accountability; we are less concerned about good relationships and more about the effectiveness of the relationships. MOT is the policy leader for the sector and its lack of priority given to some of the operational performance issues of NZTA concerns us. In contrast, MOT could be more effective if NZTA takes a stronger lead in integrated land transport planning while MOT focuses on systems issues (e.g. how to use the regulatory toolkit rather than undertaking the detail of regulation, or economic instruments such as congestion pricing as alternatives to further capital investment or additional regulation).</p> <p>Our suggestion is that there is consideration given to redrawing the boundaries of NZTA and MOT, as follows:</p> <ul style="list-style-type: none"> • full transfer of responsibility of the NLTF including day to day cash management and long term forecasting to NZTA • transfer of operation of the “rule book” (i.e. operational policy) and minor regulations from MOT to NZTA • establishment by MOT of a forum for long-term (40-50 years) land transport planning, in partnership with NZTA, but inclusive of rail and ports.

<p>Collaboration & Partnerships with Stakeholders</p> <p>How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>The collaboration and partnerships with stakeholders are excellent in some areas and developing in others. There are:</p> <ul style="list-style-type: none"> • excellent relationships and strong, managed collaboration in the design and construction of new roads • good through to excellent relationships with maintenance contractors • strong relationships with the Regional Land Transport Committees and associated local government. <p>There is a mix of new and developing interfaces with users. For instance, one industry association reported a systematic approach to issue identification and resolution. Other stakeholder groups did not report the same level of systematic management of the relationship. However, all felt they could approach senior levels of NZTA if there were critical issues.</p>

Experiences of the Public	
How well does the agency meet the public's expectations of service quality and trust?	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>The interaction with the public takes place at a number of levels, many of which are through intermediaries, as follows:</p> <ul style="list-style-type: none"> • the most immediate public interface between NZTA and the public is compliance on regulatory matters such as road user charges, driver licences and WOFs. In this area, notwithstanding the urgent need to modernise regulations and IT systems, we consider the registry is doing extremely well • the enforcement function through Police needs to be rewritten in a wider compliance context; the approach in enforcement and advertising needs to take account that 50% or more of people are law abiding citizens who make a mistake • engagement with the expert user, namely bus, coach and truck users, where the formation of the freight and public transport forums have been well received. However, there are some concerns about the nature and cost of compliance activity and the general level of engagement with the industry. The ability of NZTA to implement some of the good ideas from the expert users is yet to be tested • the least transparent connection is in the area that NZTA has identified as a key area of focus; namely recognition of freight and passenger as key users of the transport network. NZTA recognises the need to focus in on what those users see as most of value / pain. <p>The public's inability to access NZTA services through modern communication channels is recognised and needs to be speedily addressed.</p>

ORGANISATIONAL MANAGEMENT SECTION

Part Three: People Development

<p>Leadership & Workforce Development How well does the agency develop its workforce (including its leadership)? How well does the agency anticipate and respond to future capability requirements?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>There is a strong commitment to developing both managers and emerging managers with an array of projects and courses through the organisation. Management training of professionals will remain a high need.</p> <p>Staff noted there is opportunity for personal development beyond what was available before and they find this very motivational.</p> <p>A large number of staff are technically qualified in generally one of two broad areas – planning or engineering – and, as professionals, attend to their personal development and technical updating through the relevant professional organisations.</p> <p>We note that, in the interviews, there is a need for managers to know more about what other business groups do, and for national office to know more about regional offices.</p> <p>There may be a competency gap in logistics planning where industry freight experts as recruits may be useful. Likewise, executives with a commercial background would add value to NZTA. Executives are being appointed with local government and planning skills.</p> <p>Good progress is being made with management succession planning.</p>

<p>Management of People Performance</p> <p>How well does the agency encourage high performance and continuous improvement among its workforce?</p> <p>How well does the agency deal with poor or inadequate performance?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>Managers indicated widely that, although attention was now being given to performance management, to date it has been weak. Improved systems are being implemented but are yet to be tested.</p> <p>There is a residual concern whether there is adequate attention to performance management but management is aware of that. We note that the Chief Executive is active in seeking external feedback on the performance of senior managers.</p> <p>NZTA has been weak at managing poor performance. This is evidenced in interviews, and the distribution of performance ratings. Less than 1.2% of staff were identified in the non-performing category. Only one staff member was dismissed for poor performance last year.</p> <p>NZTA is starting to address these issues.</p>

<p>Engagement with Staff</p> <p>How well does the agency manage its employee relations? How well does the agency develop and maintain a diverse, highly committed and engaged workforce?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p>
	<p>There is a general feeling that the NZTA has ‘arrived’ (rather than being the combination of former entities). Part of what has reinforced the feeling of one organisation is the strong direction in road construction delivered in the GPS.</p> <p>There are examples of areas where there is not such clarity and a greater feeling of disconnect and/or discomfort; lack of security about what task needs doing, implementation of new systems and processes that may affect continuing employment (or may not) and feelings of views not being taken account of.</p> <p>In some way, the organisation needs to move from feeling ‘reorganised’, so that staff no longer feel that the change is being done to them, to feeling empowered by change and to change.</p> <p>We suspect this pattern is quite uneven; less at the top than in the middle and bottom of the organisation, and less in Highways and Network Operations than in other areas of NZTA.</p> <p>As a final point, a number of staff indicated a willingness to be engaged earlier in the development of standard operating procedures, for instance. Those staff indicated that documents were produced, sent out, problems found (e.g. not legal, not practical) and then rewritten with additional internal input.</p>

ORGANISATIONAL MANAGEMENT SECTION

Part Four: Financial and Resource Management

Asset Management How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?	
PERFORMANCE RATING 	Performance Rating: Well placed The management of the State highway network is covered in this report as a Core Business area. Therefore the comments here refer to the approximately \$40 million of NZTA organisation assets; in short, a relatively minor issue. Generally asset management is suitable. An issue is that there is no depreciation reserve to replace or assist with replacement of the registry systems.

Information Management How well does the agency utilise information & communications technologies to improve service delivery?	
PERFORMANCE RATING 	Performance Rating: Needing development Current IT operations meet today's needs but some key systems (e.g. registry systems) are inflexible and therefore expensive to change/ operate. They are also nearing the end of their supported life. NZTA has inherited this set of legacy systems. The systems include project and asset management systems such as PROMAN and RAMM, financial management systems and large registry systems. Some of these systems are not fit for future purpose. Management is aware of the issues and has in mind a staged approach but we are not convinced there is an adequately long term funded plan.

<p>Efficiency</p> <p>How robust are the processes in place to test for efficiency and make efficiency improvements? How well does the agency balance cost and quality when considering service delivery options?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>NZTA considers it has well developed systems and approaches for testing the efficiency of the outputs and services it is responsible for. For example, efficiency initiatives it has identified are:</p> <ul style="list-style-type: none"> • the reduction (and redirecting) of the Regional Partnerships and Planning effort by \$2 million per annum for three years – a total of \$6 million or 16% • absorbing the merger related costs (\$19 million), operational savings of \$3 million, targets to further reduce internal operating costs of 5% per year over three years • compliance and regulatory services – cost reduction of \$1.5 million within 2010/2013 • state highway operations and development services – cost reduction in the use of internal resources, and 2% efficiency improvement for maintenance and operations over forward years. <p>The organisation has a developing value for money perspective but we consider there are some further opportunities for savings. Issues to consider are:</p> <ul style="list-style-type: none"> • there have been some gains in managing the \$6 million per annum legal budget; we would recommend more work, and possibly an alliance to bring a new entrant into the market with a fixed share of work over a number of years • possibly, this could be extended to consideration of an in-house or alliance based consulting service in design engineering and planning • on IT systems, when looked from the NZTA professional user perspective, there is a feeling of a lack of productivity with clumsy user interfaces. <p>The finance team has identified the need for efficiency and effectiveness reviews. However, the team is heavily loaded with integration work at present. Output class reviews are being conducted, largely to identify what lies in each 'pot'.</p>

<p>Financial Management</p> <p>How well does the agency manage its financial information and ensure financial probity across the business?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>The core financial processes are robust and there is sufficient management information from the legacy systems. NZTA is meeting regulatory requirements although the cut-off could be shortened.</p> <p>There is a well developed plan of change which is being implemented to address some of the identified issues. We understand:</p> <ul style="list-style-type: none"> • There has not been a culture of managers taking responsibility for their numbers and therefore it is difficult to decentralise responsibility • FMIS systems are fragmented and weak • The project accounting system needs updating • Currently, the internal audit function is a traditional compliance check. <p>We understand that new project management reports have been implemented and that they are significantly better than previously. We understand there will be further effort to integrate closer financial management with project management.</p> <p>There is a systematic effort needed to understand what the regional spend is going to be compared with the allocation of NLTP matching funds to expected spend (i.e. the NLTP spend that is contingent on regional council funding and activity).</p> <p>There is a need to be much more proactive in management of the NLTF. We recommend elsewhere that responsibility for the fund transfers from MOT to NZTA.</p>

<p>Risk Management How well does the agency manage agency risks and risks to the Crown?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>NZTA has implemented a strong process of both review and record keeping. However, the management responses seem soft compared to the extent and probability of the likely impact. Also, we highlight above the need for the Audit, Risk and Assurance Board Committee to be very active in review.</p> <p>We feel that the internal audit function could take a broader performance auditing role.</p> <p>There are positive comments about NZTA’s management of probity issues.</p>

SUMMARY OF PRIORITY AREAS FOR ACTION

Our hierarchy of priority areas for action is as follows:

1. Tier 1 areas for action – those that are a fundamental threat to the organisation, of great interest to the board and senior management.
2. Tier 2 areas for action – those that, if attended to, could develop considerable value, of strong interest to all of the senior management team.
3. Tier 3 areas for action – where further value could be added or risk managed but the systems are largely in place.

TIER 1 AREAS FOR ACTION

	Recommendation
1	The need to strengthen the approach to long term integrated land transport network development in the long and very long term (40 – 50 years).
2	Renewal of the registry and its supporting information systems.
3	Resolving integrated ticketing.
4	Develop a co-ordinated approach to the regulatory framework and make changes happen faster – this may require redrawing the organisation boundary between NZTA and MOT.
5	Need to present more as “one NZTA” – body needs to move with head and shoulders.
6	Respond to customers by; first, making contact, identifying needs and costs to customers and delivering some initiatives promptly.

TIER 2 AREAS FOR ACTION

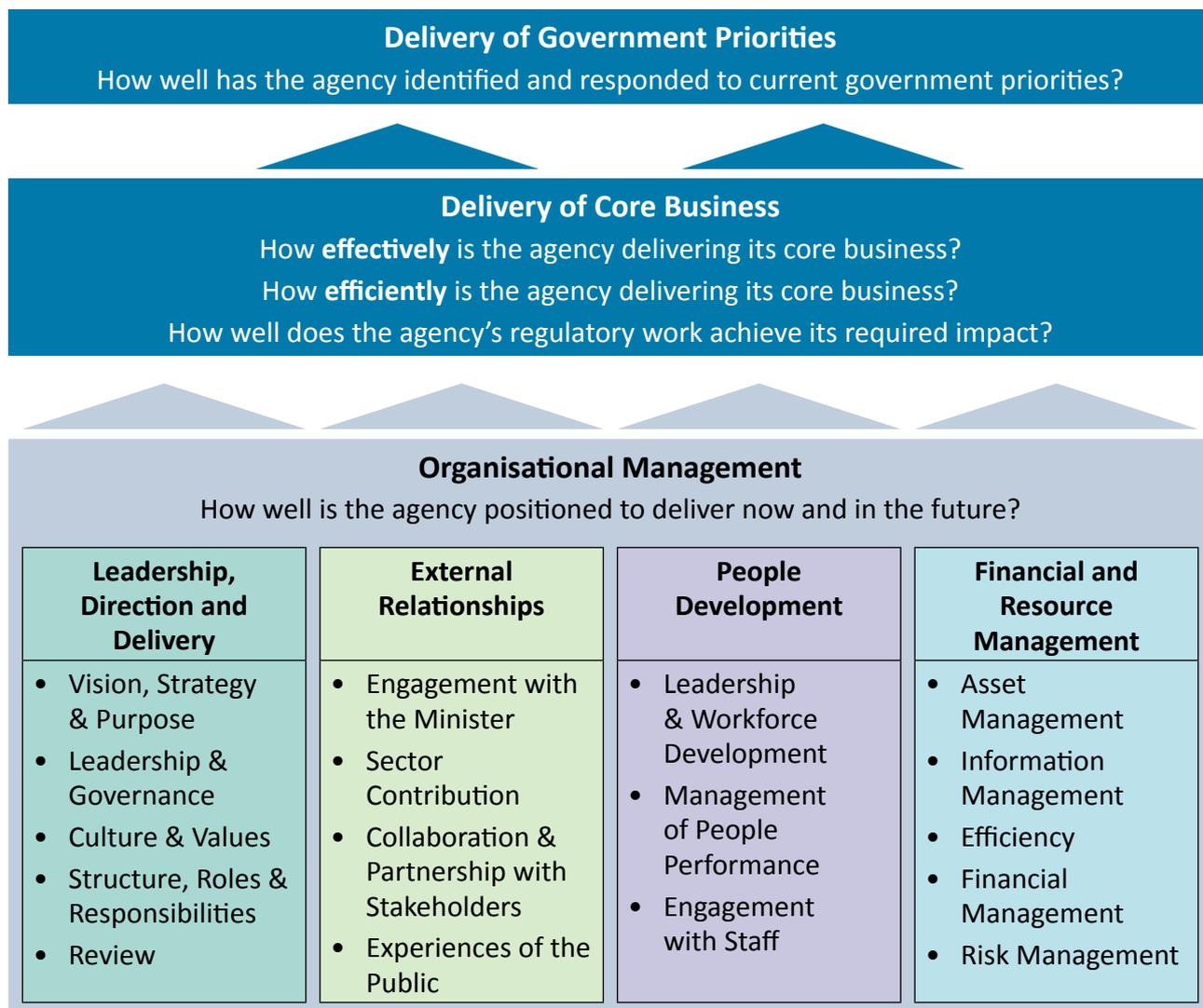
	Recommendation
1	Management of the NLTF including day to day cash management and longer term forecasting needs to move to NZTA.
2	Achieve savings through better use of technology and process improvement.
3	Investigate achieving value for money in the planning area through streamlining.
4	Develop a new way to work with Auckland Council and its entities.
5	Integrate safety response across the three operating groups and enhance analysis and performance reporting.
6	Integrate freight response across the three operating groups and enhance analysis and performance reporting.

TIER 3 AREAS FOR ACTION

	Recommendation
1	A greater focus on the content of the risk management system.
2	Renewal of the performance measures and performance reporting.
3	Be able to enunciate a set of medium term priorities and the assessed priority across all NLTP activity classes.
4	Implement better feed-back loops and post implementation reviews on all projects.
5	Governance to be more active in monitoring and more able to give a full expression of what is expected of the organisation.

APPENDIX A

Overview of the Model



Lead Questions

Results

Critical Area	Lead Questions
Government Priorities	1. How well has the agency identified and responded to current government priorities?
Core Business	2. How effectively is the agency delivering this core business area? 3. How efficiently is the agency delivering this core business area? 4. How well does the agency's regulatory work achieve its required impact?

Organisational Management

Critical Area	Element	Lead Questions
Leadership, Direction and Delivery	Vision, Strategy & Purpose	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership & Governance	7. How well does the senior team provide collective leadership and direction to the agency? 8. How well does the board lead the Crown Entity? <i>(For Crown Entities only)</i>
	Culture & Values	9. How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?
	Structure, Roles & Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? 11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?
	Review	12. How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?
External Relationships	Engagement with the Minister(s)	13. How well does the agency provide advice and services to its Minister(s)?
	Sector Contribution	14. How well does the agency provide leadership to, and / or support the leadership of other agencies in the sector?
	Collaboration & Partnerships with Stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?
	Experiences of the Public	16. How well does the agency meet the public's expectations of service quality and trust?
People Development	Leadership & Workforce Development	17. How well does the agency develop its workforce (including its leadership)? 18. How well does the agency anticipate and respond to future capability requirements?
	Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce? 20. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	21. How well does the agency manage its employee relations? 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?
Financial and Resource Management	Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?
	Information Management	24. How well does the agency utilise information & communications technologies to improve service delivery?
	Efficiency	25. How robust are the processes in place to test for efficiency and make efficiency improvements? 26. How well does the agency balance cost and quality when considering service delivery options?
	Financial Management	27. How well does the agency manage its financial information and ensure financial probity across the business?
	Risk Management	28. How well does the agency manage agency risks and risks to the Crown?

APPENDIX B

List of Interviews

This review was informed by input provided by a number of NZTA staff, the Minister of Transport and the Associate Minister of Transport, and by representatives from the following businesses, organisations and agencies.

Agency/Organisation
Accident Compensation Corporation
Association of Consulting Engineers NZ
Auckland Regional Transport Authority
Auckland Transition Agency
Automobile Association
Bus and Coach Association
Department of Prime Minister and Cabinet
Fletcher Construction
Fonterra
Fulton Hogan
Greater Wellington Regional Council
KiwiRail
Local Government New Zealand
Ministry for the Environment
Ministry of Transport
NZ Bus
New Zealand Contractors Federation
NZ Council for Infrastructure Development
New Zealand Police
Port of Tauranga
Red Bus
Road Transport Forum
Roading New Zealand
State Services Commission
The Treasury
TR Group
Wellington City Council

APPENDIX C

NZTA Action Plan

Recommendation 1.1: <i>The need to strengthen the approach to long term integrated land transport network development in the long and very long term (40 – 50 years)</i>	Action steps	Responsibility for Action	Timeframe Status at May 2011
<p>Context: <i>The land transport planning system needs to enable a long term and well integrated view across modes and regions. New instruments under the LTMA – the Government Policy Statement on Land Transport Funding in particular - guide the sector and the Agency on the outcomes the Crown wishes to achieve. There is work required to align and integrate the regional planning context with the development of national land transport networks.</i></p>	1.1.1 Complete the consultation on the proposed classification of the State highway system that will then guide the future development and management of the state highway network over the next 30 years.	GM S&P	May 2011 Completed
	1.1.2 Update NZTA's Integrated Planning Strategy, and provide long term direction and national context for the development of the Regional Transport Plans ahead of the development of the 2012-2015 National Land Transport Programme.	GM S&P, GM RPP	June 2011 On target
	1.1.3 Contribute to the development of the 30 year future transport view in the Auckland (Spatial) Plan, and the alignment of national and regional transport networks, services and priorities.	Regional Director Auckland	Jan-Oct 2011 On target
	1.1.4 Build on the existing “freight operators’ forum” to further engage with KiwiRail and key ports to contribute to the ongoing development of freight routes and modal choices that respond to stakeholder needs. Focus in the first instance on high-volume, high value networks Auckland – Bay of Plenty – Hamilton, and Wellington to Christchurch.	CE lead	Sept 2011 On target
	1.1.5 Work with the Ministry of Transport on the “statement of strategic direction” that is proposed for the Government Policy Statement and Land Transport Funding 2012-2015. This is anticipated to make the government’s expectations priorities for land transport expenditure over the 10 year period of GPS 2012 clearer.	GM S&P	July 2011 Completed

Recommendation 1.2: Renew the registry and its supporting information systems	Action steps	Responsibility for Action	Timeframe Status at May 2011
Context: A major project on the renewal of the NZTA registry systems is currently underway. It includes a review of the registry-based business services and delivery.	1.2.1 Complete the development of the business case to move the registry systems to open platform to mitigate technology risk and provide a basis for business modernisation.	GM A&U	March 2011 Completed
	1.2.2 Continue the development of specific proposals for renewed business delivery options that utilise the open platform and future development of the registry systems.	GM A&U	Sept 2012 On target

Recommendation 1.3: Resolve integrated ticketing	Action steps	Responsibility for Action	Timeframe Status at May 2011
Context: The national integrated ticketing project is underway. NZTA is supporting Auckland Transport to deliver the Auckland Integrated Fare System and is establishing the NZTA-based central processing system.	1.3.1 Continue with the formation of an Establishment Board, including Board members and independent business expertise, to oversee the creation of NZ Transport Ticketing Ltd (NZTTL), and related policy and business case.	GM RPP	April 2011 Draft circulated
	1.3.2 Complete the testing and compliance approach to National standards development.	GM RPP	June 2011 On target
	1.3.3 Agree integrated ticketing participation agreements with key Councils and suppliers.	GM RPP	Dec 2011 On target
	1.3.4 Develop a new MOU with Auckland Transport for the development and rollout of the Auckland Integrated Ticketing project.	GM RPP	March 2011 Draft circulated
	1.3.5 Develop and agree Auckland Integrated Fare System Scheme Agreement with Auckland Transport to define longer term integration with the National Programme.	GM RPP	June 2011 On target

Recommendation 1.4: <i>Develop a coordinated approach to the regulatory framework and make changes happen faster</i> Context: NZTA delivers the land transport regulatory environment – much of which requires modernisation to improve its effectiveness and reduce compliance costs. MoT and NZTA need to work more effectively together to progress changes to legislation, regulations and rules. The review suggests a minor redrawing of the organisational boundary between MoT and NZTA so that operational regulations become even more part of the NZTA.	Action steps	Responsibility for Action	Timeframe Status at May 2011
	1.4.1 Renew the current relationship protocol between the Ministry of Transport and the NZTA to clarify roles in relation to the regulatory work programme to improve delivery and accountability.	CE	Dec 2010 Completed
	1.4.2 Complete the development of the regulatory reform work programme with the Ministry of Transport that includes quick wins and medium term reform objectives.	GM S&P	March 2011 Initial completed Ongoing
	1.4.3 Identify potential cost reductions in the driver licensing / driver testing business area by undertaking a complete review of the business and service delivery models.	GM A&U	June 2011 Initial completed Ongoing
	1.4.4 Review the level of fees and the funding arrangements for the Motor Vehicle Register.	GM A&U	June 2011 On target
	1.4.5 Review the business and service delivery models for road user charges, and the funding arrangements.	GM A&U	Dec 2012 On target for July 2012
	1.4.6 Contribute to the Secretary of Transport's review of his statutory functions so that policy and delivery roles and responsibilities can be made clearer.	GM A&U GM S&P	June 2011 Completed

Recommendation 1.5: <i>Present more as “one NZTA” – the body needs to move with the “head and shoulders”</i>	Action steps	Responsibility for Action	Timeframe Status at May 2011
<p><i>Context: The NZTA was formed in mid 2008 and has embarked on a major programme to review its key strategies and approaches to business delivery. While the strategic direction is clear, there is still much to be done to align the whole organisation and to improve the cohesiveness of the NZTA interaction with stakeholders and customers.</i></p>	<p>1.5.1 Deliver a “One Agency” operational business planning process for 2011/12 and out years, that can integrate and optimise whole-of-organisation work programmes. Fully resource and embed all strategic priorities in the operational business plan over the next planning round.</p>	<p>GM HNO lead + SLT</p>	<p>Dec 2010 Process completed Ongoing</p>
	<p>1.5.2 Renew the Organisational Development Strategy with emphasis on the One Agency theme. Engage with staff to refresh and advance the NZTA medium term direction, further embedding the strategic priorities and functional strategies in order to clarify priorities and respond to the results from the engagement survey.</p>	<p>SLT</p>	<p>June 2011 Completed</p>
	<p>1.5.3 Engage the Leaders Forum to strengthen leadership capabilities focused on implementing the NZTA strategy system and operational plan.</p>	<p>GM P&C</p>	<p>Ongoing</p>
	<p>1.5.4 Refresh the role of the Regional Leadership Teams and their role to lead a cohesive and integrated NZTA and its interaction with regional stakeholders and customers</p>	<p>Regional Directors</p>	<p>April 2011 Completed</p>
	<p>1.5.5 Complete the co-location of all Christchurch and Hamilton office staff, and implement changes to the Central region offices.</p>	<p>GM OS</p>	<p>By Dec 2011 On target</p>

Recommendation 1.6: <i>Respond to customers by making contact, identifying customers needs and costs and delivering initiatives promptly</i>	Action steps	Responsibility for Action	Timeframe Status at May 2011
<p>Context: <i>The PIF review considered that the collaboration and partnerships with stakeholders are excellent in some areas and developing in others.</i></p>	<p>1.6.1 Complete the Channel Strategy, by undertaking customer focus groups across the country to identify our customer segments and their preferred communication and business delivery channels with the NZTA.</p>	<p>GM A&U, Relationship Managers</p>	<p>Dec 2010 Completed</p>
	<p>1.6.2 Continue implementing the streamlining project, which aims to change the way we interact with and fund approved organisations – away from an “assist and provide” methodology to one of “investing in outcomes”.</p>	<p>GM RPP</p>	<p>Ongoing</p>
	<p>1.6.3 Continue to implement the 3 year work programme on Customer Service Ethos – building the correct customer values throughout the Agency on the back of five customer excellence standards; customer insights, culture, information and access, delivery and timeliness and quality.</p>	<p>GM A&U</p>	<p>Ongoing</p>

Recommendation 2.1: <i>Move management of the NLTF cash management and longer term forecasting to the NZTA</i>	Action steps	Responsibility for Action	Timeframe Status at May 2011
<p>Context: The NZTA is accountable for the management of the National Land Transport Fund (NLTF), including all programming and investment decisions and all reporting. Recently the Government has approved NZTA borrowing for cash management purposes in order to more efficiently manage the NLTF. However NZTA currently does not have the responsibility for NLTF cash management and forecasting as these have been retained by the Ministry of Transport.</p>	2.1.1 Develop a plan with MOT for the transfer of the cash management and its associated forecasting and accounting for the National Land Transport Fund to NZTA.	GM OS	Apr 2011 Completed
	2.1.2 Embed the systems, capability and processes required to forecast and manage all aspects of the cash flow for the National Land Transport Fund.	GM OS	July 2011 Completed
Recommendation 2.2: <i>Achieve savings through better use of technology and process improvement</i>	Action steps	Responsibility for Action	Timeframe Status at May 2011
<p>Context: The major IT systems are in need of replacement – and that is being addressed in the registry modernisation project. That will enable better services and savings to customers. At the same time there is a need to continue to enhance the use of technology across the organisation in ways that will improve productivity and enhance process improvements.</p>	2.2.1 Complete the development of version 2 of the Information Services Strategic Plan, including the 3-5 year investment programme to reflect requirements to advance technology and process improvements across the business. Leverage from our All of Government tool for business architecture investment (Proview) to identify further opportunities for Technology Business Process Improvement.	GM OS	Oct 2011 On target
	2.2.2 Undertake a programme of business process efficiency reviews as part of the new operational planning and budget process.	GM OS	Feb 2011 Initial completed Ongoing

Recommendation 2.3: <i>Investigate achieving value for money in the transport planning area through streamlining</i>	Action steps	Responsibility for Action	Timeframe Status at May 2011
Context: <i>The Streamlining Project places emphasis on simplifying processes and reducing costs, and taking "churn" out of the present planning and funding system.</i>	2.3.1 Continue to implement the Streamlining project to reposition the NZTA effort towards the development of clear transport strategies and plans and clearer guidance on investment appraisal, and giving local authorities more confidence in the direction of their work subject to affordability.	GM RPP	Ongoing
	2.3.2 Update the indicative Investment and Revenue Strategy to be able to provide NZTA investment partners with indicative investment signals.	GM S&P	July 2011 On target
	2.3.3 Implement the Transport Planning Activity Class review to reflect clearer definitions around transport strategies, studies and plans.	GM RPP	Dec 2010 Completed
	2.3.4 Undertake a robust analysis of value for money and optimum funding required under the Transport Planning Activities Class for 2012-15 to ensure planning processes are focused on growth pressure regions, have a good evidence base and there is coordinated / integrated planning.	GM RPP	July 2011 On target

Recommendation 2.4: <i>Develop a new way to work with Auckland Council and its entities</i>	Action steps	Responsibility for Action	Timeframe Status at May 2011
Context: The Auckland Council and Auckland Transport were formed on 1 November 2010. During 2010 we have worked to reshape the NZTA's Auckland Office and strengthen our capability to collaboratively work alongside these new agencies.	2.4.1 Work on the development of the Auckland Spatial Plan with Auckland Council and participate in the Urban Oversight Group and Auckland Policy Office initiatives.	RD Auckland	Ongoing
	2.4.2 Develop a "Relationship Plan" with Auckland Transport to guide the future partnership between the two organisations.	RD Auckland	Feb 2011 Completed
	2.4.3 Work with Auckland Transport as a candidate for a streamlining high performing approved organisation.	GM RPP	June 2011 On target

Recommendation 2.5: <i>Integrate the safety response across the three operating groups and enhance analysis and performance reporting</i>	Action steps	Responsibility for Action	Timeframe Status at May 2011
Context: A whole of NZTA approach is underway as part of the Strategic Priority: Improving road safety. Road safety is delivered through programmes in all operational groups across NZTA – and with many external partners and stakeholders. There is a need to ensure the programme is well integrated and optimised.	2.5.1 Finalise, communicate and embed the NZTA "Safety Strategic Plan".	GM S&P	June 2011 Completed
	2.5.2 Develop a new model for regional safety coordination and integration, both internally and with the NZTA's key regional partners.	GM A&U	March 2011 Completed
	2.5.3 Review the Road Policing Programme, including setting a new strategic direction for road policing in NZ.	GM S&P	April 2011 Completed

<p>Recommendation 2.6: <i>Integrate the freight response across the three operating groups and enhance analysis and performance reporting</i></p> <p>Context: A whole of NZTA approach is underway as part of the Strategic Priority: Improving the efficiency of freight movements. There is a need for a long-term freight plan that could connect up with some of the future and potentially transformational projects.</p>	<p>Action steps</p> <p>2.6.1 Refresh the governance structure in regional offices to better coordinate freight related work and knowledge across the business groups.</p> <p>2.6.2 Use the revised operational planning process to optimise and integrate the freight related work programmes across the operating groups.</p> <p>2.6.3 Undertake a freight research programme to better understand freight supply chains and productivity.</p>	<p>Responsibility for Action</p> <p>RD Waikato as SP leader</p> <p>RD Waikato as SP leader</p> <p>RD Waikato as SP leader</p>	<p>Timeframe Status at May 2011</p> <p>Dec 2010 Completed</p> <p>March 2011 Ongoing</p> <p>March 2011 Ongoing</p>
<p>Recommendation 3.1: <i>Provide a greater focus on the content of the risk management system</i></p> <p>Context: The risk management system is capable of adding more value to the business performance by moving beyond the internal process review.</p>	<p>Action steps</p> <p>3.1.1 Renew the internal assurance programme to provide greater focus on strategic and business risks.</p> <p>3.1.2 Establish an external review of the NZTA risk management system to focus on the requirements to move system to next level of maturity.</p>	<p>Responsibility for Action</p> <p>GM OS</p> <p>GM OS</p>	<p>Timeframe Status at May 2011</p> <p>Dec 2010 Completed</p> <p>April 2011 Ongoing</p>

<p>Recommendation 3.2: <i>Renew the performance measures and performance reporting</i></p> <p>Context: A performance measures and reporting project is underway. The performance measures for some outputs need to be further developed to give a better indication of what is being delivered.</p>	Action steps	Responsibility for Action	Timeframe Status at May 2011	
	3.2.1	Renew the output performance measures in the context of the improvements being developed for the 2011-13 Statement of Intent.	GM S&P	March 2011 Completed
	3.2.2	Tailor the existing quarterly performance reporting regime for the needs of different stakeholders and enable more effective feedback and governance.	GM S&P	March 2011 Completed
	3.2.3	Consolidate the NZTA's Performance Framework into one data warehouse.	GM S&P	June 2012 On target
<p>Recommendation 3.3: <i>Enunciate a set of medium term priorities and the assessed priority across all activity groups</i></p> <p>Context: This recommendation is closely aligned with Recommendation 1.5, but the focus here is on the clarity and communication of the medium term priorities and alignment across the organisation.</p>	Action steps	Responsibility for Action	Timeframe Status at May 2011	
	3.3.1	Develop the "alignment plan" to articulate and connect up the NZTA's vision, values and strategy.	CE	May 2011 On target
	3.3.2	Complete the development of the "functional strategies" - the State Highway strategy and the Network Access and Use strategy – and enunciate those across all activity groups in the context of the 2011/12 business plan.	GM S&P	June 2011 On target

Action steps	Responsibility for Action	Timeframe Status at May 2011
<p>Recommendation 3.4: <i>Implement better feed-back loops and post implementation reviews on all projects</i></p> <p>Context: <i>While post implementation reviews are undertaken on a range of projects, the process is inconsistent and requires stronger planning and follow through.</i></p>		
3.4.1 Develop a work programme that uses existing programme and performance audits to better inform resource allocation and NLTIP development.	GM RPP	April 2011 Completed
3.4.2 Develop a work programme that embeds post implementation reviews on all major operational projects (internal and those commissioned externally) and establishes review requirements at the time projects are initiated.	SLT	Dec 2011 On target

Action steps	Responsibility for Action	Timeframe Status at May 2011
<p>Recommendation 3.5: <i>Governance to be more active in monitoring and more able to give a full expression of what is expected of the organisation</i></p> <p>Context: <i>As the organisation has matured and new Board members appointed, there is an opportunity to improve the Board's governance and strategic oversight roles.</i></p>		
3.5.1 Develop annual Board programme to enable review of key operating systems and value drivers, including the issues and work programme arising from the PIF review.	CE	March 2011 Completed
3.5.2 Further develop and tailor the existing quarterly reporting regime to enable the Board to focus on key performance parameters.	GM S&P	March 2011 Completed
3.5.3 Improve guidance and training for staff on shape and content of Board papers to improve clarity and effectiveness.	GM S&P	March 2011 Completed

