



# NZ TRANSPORT AGENCY STATEMENT OF INTENT 2018-22



## INTRODUCTION

This statement of intent presents a new direction for the NZ Transport Agency. Although the organisation is successful, our operating model can be positioned better to meet future challenges for New Zealand's transport system. Our strategy, supported by a new operating model and organisational structure, addresses these opportunities and comes into effect on 1 July 2017.

Our strategy positions us to meet rising expectations from our customers, businesses and the government and responds to significant changes in our operating environment. We must adapt to and make the most of emerging digital technologies and new transport services, and we must balance our response to the rapid pace of growth in urban areas with the needs of regions.

Our new direction enables us to more effectively deliver on the transport sector goal for a transport system that maximises economic and social benefits for New Zealand and minimises harm. It will also contribute to the government's wider priorities, providing modern infrastructure and services that support a more productive economy with more jobs, higher incomes and higher living standards.

Over the next three to five years, we'll be working to deliver three big changes that form the foundation of our new direction:

- **One connected transport system:** Transform the performance of the land transport system by integrating digital technology with physical infrastructure to create a safe, connected system that works for everyone.
- **People-centred services:** Simplify our customers' lives and our partners' work with innovative services and experiences that make it easy for them to do what they need to.
- **Partnerships for prosperity:** Unlock social and economic opportunities for customers, businesses and communities through targeted partnerships.

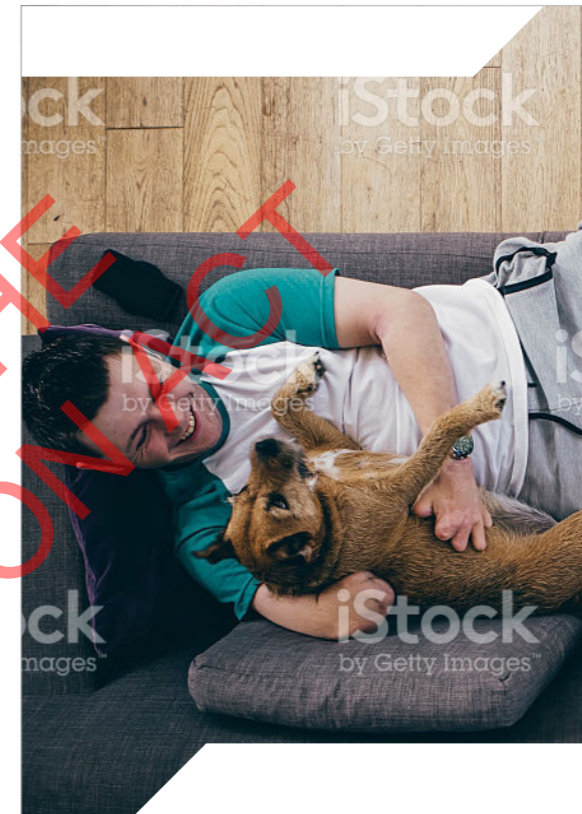
We'll make these changes through our focus areas, which capture the outcomes we aim to achieve for New Zealand.

In particular, we'll create digital solutions that make it easier to access and use the transport system and we'll improve customer experiences by designing and delivering services that are tailored to the needs. For people and businesses in high-growth urban areas, we'll aim to make travel more efficient and journey times more reliable by leveraging new technologies alongside improvements to the road network. We'll also work to improve the performance of the existing transport system to ensure predictable connections, as freight can reach retail shelves, consumers and factories on time.

Travel on regional and interregional networks will also be more efficient and more resilient (quicker to recover from adverse events) to facilitate the flow of goods to market and spread the benefits of tourism. We'll enable broader social outcomes in regional communities by improving access to transport and services it enables. To create a transport system that is increasingly free from harm, we'll work to reduce the impact of transport on the environment alongside our enduring focus to keep people safe on our roads.

This clear focus on outcomes not only drives our day-to-day work, it also supports our commitment to manage the public's money responsibly and transparently. Focusing on making a measurable difference, we invest in the activities that get the most value.

Every day transport has an impact on communities, businesses, the economy and the environment. Our strategy reflects our clear ambition and firm commitment to do our part in creating a better New Zealand.



## HOW WE'LL DELIVER OUR STRATEGY

Our eight focus areas describe what we will do in the next three to five years to make the changes signalled in our strategic responses. These areas confirm where we will direct our efforts and resources to deliver measurable outcomes for our customers and citizens.

The focus area Shape the land transport system sets the overall direction for our activities with specialist direction setting for safety coming from the Keep people safe focus area. That direction is delivered by the five areas: Target rapid growth, Connect and develop regions, Improve customer experiences, Deliver connected journeys, and Keep people safe. Our internal direction is set and delivered by the focus area Achieve organisational excellence. However, in 2017/18, the focus area Transform the Transport Agency will support our transition to our strategy and ways of working.

We will reflect our progress using indexes of time series data. This makes it easy to understand a change in performance from one period to the next, and it enables us to compare variables of different magnitude.

### SHAPE THE LAND TRANSPORT SYSTEM

Shape New Zealand's land transport system and influence its delivery

**WHAT WE'RE AIMING FOR**

Through Shape the land transport system we aim to develop a clear, shared and integrated view of New Zealand's land transport system with our partners and then to identify and enable the main changes to realise that shared view.

OUTCOME	MEASURE	KEY PERFORMANCE INDICATOR*	HISTORIC TREND	DESIRED TREND 2017/18
Transport sector decision-making, investment and regulatory and policy interventions are based on a shared long term view of the land transport system.	Partner experience	Index of collaborative relationship process maturity	New indicator	↑ Increase Baseline 38.8

\* See appendix 3 for technical details.

**HOW WE'LL GET THERE**

Our approach to planning and investing in the land transport system will be unified and have a focus that extends beyond physical infrastructure interventions. We will:

- influence and collaborate with our investment and delivery partners to develop an aligned view on the pressures, state and responses (including timing) at national and regional levels for an integrated land transport system
- plan with the whole transport system in mind (including the most important interventions required to enable one land transport system)
- take a consolidated and coordinated approach to the timing and progress of the agreed interventions, whether regulatory, policy, planning or investment focused.

NEW DIRECTION FOR THE TRANSPORT AGENCY

Regulatory-led, people-centred organisation that is fit for the future.

**OUR STRATEGIC OUTCOMES**

We have become a people-centred, strategy-led organisation that is supported by a robust strategic action process.

**MEASURES**

Organisational effectiveness  
Organisational culture

**KEY PERFORMANCE INDICATORS\***

Index of Performance  
Index of organisational culture  
Framework assessment ratings (effectiveness)

**DESIRED TREND**

Organisational effectiveness ↑ Increase Baseline 2.7  
We improve how effectively we use our resources to maximise the benefits we deliver to New Zealanders.  
Organisational culture ↑ Increase Baseline 61.0  
Our people's ability to be ambassadors for our strategy, culture and operating model will improve, delivering benefits for our customers and stakeholders.

\* See technical notes on page 20.

## HOW WE'LL WORK

To deliver our strategy we're changing the way we work internally with a new operating model and structure. We're also changing the way we work externally, through a new regional relationship model.

We will achieve these changes through our focus area Transform the Transport Agency (page 20). The focus area Achieve organisational excellence (page 19) will help us maintain our organisational health and capability to deliver our strategic and organisational changes.

**NEW STRUCTURE AND OPERATING MODEL**

In March 2016, we conducted a self-review based on the government's Performance Improvement Framework. The review identified that, while our organisation was successful, our operating model did not position us well to meet future challenges for New Zealand's transport system.

The review concluded that, to meet future demands, we needed to change how we think, act and organise ourselves. We needed a stronger focus on being one agency delivering integrated outcomes, becoming truly customer and citizen focused, enabling innovation and leveraging new technology fully.

On 1 July 2017, the Transport Agency moved to a value-chain operating model and organisational structure (see figure 1). There will be 11 groups, with strategy, systems and customer service functions at its core, alongside groups focused on customer experience and behaviour and on safety and the environment. These groups will be supported by corporate services, people, and governance, stakeholders and communications groups.

This operating model will enable us to lift our performance and work together across our internal functions to deliver our strategy. It will help us to be more efficient and agile and ensure we have the right resources in the right place to deliver our business plan.

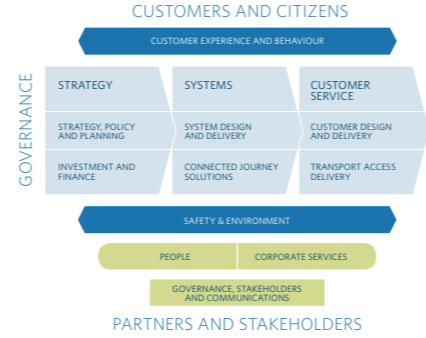


Figure 1 - Transport Agency value-chain operating model

## PROSPECTIVE FINANCIAL STATEMENTS

### PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDING 30 JUNE

	PROJECTED 2017/18 \$'000	BUDGET 2017/18 \$'000
<b>REVENUE</b>		
Funding from the Crown	129,537	181,734
Funding from the National Land Transport Fund	2,039,240	2,209,822
Revenue from other activities	196,375	205,623
Assets vested from local authorities	51,000	0
Total revenue	2,416,152	2,597,179
<b>EXPENSE</b>		
Personnel costs	100,095	104,202
Operating expenses	190,643	180,674
Land transport funding	1,652,778	1,730,313
Interest and finance costs	24,791	33,779
Depreciation and amortisation expense	441,800	448,460
State highway asset write-off	13,000	10,000
Assets vested to local authorities	0	88,800
Total expense	2,423,107	2,596,228
<b>SURPLUS/(DEFICIT)</b>	<b>(6,955)</b>	<b>951</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>		
Gain/(loss) state highway network revaluations	543,000	560,000
Net movement in cash flow hedges	100,543	5,416
Total other comprehensive revenue and expense	643,543	565,416
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>636,588</b>	<b>566,367</b>

### PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

	PROJECTED 2017/18 \$'000	BUDGET 2017/18 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	50,000	50,000
Debtor National Land Transport Fund	319,806	356,287
Debtor Crown	20,082	27,400
Receivables	91,630	93,450
Property assets held for sale	402,000	70,000
Other current assets	1,100	1,100
Total current assets	522,618	598,237
<b>Non-current assets</b>		
Debtor National Land Transport Fund	1,003,451	1,475,544
Property, plant and equipment	23,960	21,878
State highway network	31,586,438	31,444,482
Public-private partnership assets	545,504	1,014,250
Intangible assets	34,298	35,530
Loans and advances	1,400	1,400
Derivative financial asset	0	1,554
Total non-current assets	31,207,149	38,004,638
<b>TOTAL ASSETS</b>	<b>31,730,767</b>	<b>38,602,875</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	382,757	399,078
Taking funds held in trust	3,000	3,000
Employee entitlements	9,000	9,000
Borrowing	15,000	47,000
Total current liabilities	409,757	458,078
<b>Non-current liabilities</b>		
Payables	100	100
Public-private partnership liabilities	545,504	1,014,250
Employee entitlements	4,000	4,000
Borrowing	346,385	356,460
Derivative financial liability	112,432	104,158
Total non-current liabilities	1,008,421	1,480,968
<b>TOTAL LIABILITIES</b>	<b>1,418,178</b>	<b>1,939,046</b>
<b>NET ASSETS</b>	<b>34,311,589</b>	<b>36,663,829</b>
<b>EQUITY</b>		
General funds	5,606	5,606
Retained funds	18,296	16,388
Memorandum account - other fees and charges	11,066	8,425
Equity derived from the state highway network	34,307,681	31,619,314
Cash flow hedge reserve	(31,320)	(25,904)
<b>TOTAL EQUITY</b>	<b>34,311,589</b>	<b>36,663,829</b>