

## BOARD PAPER

<b>Paper no:</b>	2018/02/1211
<b>Meeting date:</b>	9 February 2018
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<b>Recommended by:</b>	Jenny Chetwynd, General Manager Strategy, Policy and Planning
<b>Board function:</b>	Setting sector and organisational direction
<b>Subject:</b>	Strategic alignment to government direction and implications for Statement of Intent/Statement of Performance Expectations, Investment Assessment Framework and Business Planning

# It is recommended that the NZ Transport Agency Board resolves to ...

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- **Note** the development of a new Government Policy Statement on Land Transport 2018-2021 (GPS).
- **Agree** that changes will be required to the NZ Transport Agency's Strategic Framework, Statement of Intent and Statement of Performance Expectations to reflect the new Government Policy Statement on Land Transport 2018-2021.
- **Note** details of proposed changes to the NZ Transport Agency's Strategic Framework, Statement of Intent and Statement of Performance Expectations will be presented to the Transport Agency Board in March 2018 (where the Transport Agency Board agrees changes will be required).

# The Government Policy Statement guides the Transport Agency's strategy and investments

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- The Government Policy Statement on Land Transport (GPS) sets out the Government's priorities for expenditure from the National Land Transport Fund (NLTF) over a ten year period. It sets out how funding is allocated between activity classes and directly guides the Transport Agency's investment in the land transport system
- The GPS is issued every three years to align with the development of the National Land Transport Programme (NLTP)
- The Transport Agency is required to engage with the Minister of Transport and demonstrate that it is positioned to deliver on the Government's priorities and ensure that the NLTP gives effect to the GPS
- The Transport Agency's current strategy was approved by the Transport Agency Board in December 2016. It is contained in the *NZ Transport Agency Statement of Intent 2017–21 (SOI)* and *NZ Transport Agency Statement of Performance Expectations 2017/18 (SPE)*
- The current strategy was created under GPS 2015, which was developed by the previous National-led government

# The Transport Agency's operating context is changing

- The Government Policy Statement on Land Transport (GPS) and the Minister of Transport's Letter of Expectations are the primary instruments that governments use to direct transport investment towards these wider outcomes
- The development of a new GPS (GPS 2018) by the Labour-led coalition Government requires the Transport Agency Board to re-examine the Transport Agency's strategy, so that assurance can be provided to the Minister of Transport that the Transport Agency is positioned to deliver on the Government's priorities
- Overall, it is expected that that Transport Agency will need to accommodate:
  - significant lift in public transport, walking and cycling as mechanisms for addressing multiple government outcomes (emissions; liveable cities; demand management)
  - new focus on rapid mass transit for high growth urban areas; future involvement of rail
  - road investment to prioritise regional connections; safety and resilience; focus on mode-neutrality and multi-modal solutions
  - environmental and health outcomes having significantly higher priority – greater parity with other outcomes
  - significant re-prioritisation of existing commitments
  - new targets and measures, including non-monetised benefits

# The strategic priorities of the new draft GPS align closely with the Ministers' direction...

STRATEGIC PRIORITIES		
Current strategic priorities – GPS 2015	Proposal for GPS 2018	Comment
Economic growth and productivity	Access	<p>This priority builds from the economic focus of GPS 2015 to incorporate a broad range of social and economic outcomes. It is very wide-ranging, and covers a range of concepts around access, accessibility and mobility – improved access to economic and social opportunities (including as a means to improve social inclusion and wellbeing), improved economic outcomes and productivity, improved transport choice and accessibility (mobility) for the disadvantaged (and indeed for everyone), and ensuring a transport system that is available and resilient. It is seen as key to delivering ‘liveable cities’ and ‘thriving regions’.</p> <p>This priority will be delivered through several objectives: access, transport choice, and resilience.</p>
Safety	Safety	<p>This priority is carried forward from GPS 2018, but calls for an increased and sustained effort to achieve a significant reduction in deaths and serious injuries. It signals a new approach that puts people first, and that reduces risk through system-wide interventions to address unsafe behaviours, infrastructure, environments, and vehicles across all transport modes.</p>
	Environment	<p>This is a new priority, and is focused on reducing greenhouse gas emissions from transport (that is, climate change mitigation).</p> <p>Other aspects of ‘environment’ are addressed in the related objective, including:</p> <ul style="list-style-type: none"> <li>• minimising adverse impacts on the local environment – including through better integration of transport and land use</li> <li>• improved public health – reducing harm to people from noise and particulates, and raising levels of physical activity (for example, through shifts to active modes)</li> </ul>
Value for money	Value for money	<p>This priority has been carried forward from GPS 2015, with an increased emphasis on valuing a full range of costs and benefits across all modes, and use of innovation and technology to improve the effectiveness and efficiency of the system.</p>

# There are also some changes to themes for the draft GPS...

THEMES		
Current themes – GPS 2015	Proposal for GPS 2018	Comments
A one transport system approach	A mode neutral approach to transport planning and investment decisions	This new theme reflects the new government's desire to see a modal shift from roads to public transport and active modes (and possibly also towards lower carbon modes); and to see all modes considered in decision-making about how best to deliver desired outcomes across the transport system.
Technology	Incorporating technology and innovation into the design and delivery of the land transport investment	This theme has been updated from the previous GPS to reflect the growing opportunities that technology and innovation can and will offer – for example, to support transport choice, provide alternatives to physical travel, optimise the way people and freight move between modes and across the transport system, manage demand, and keep people safer. It signals the need for planning and investment to optimise these opportunities as they arise and into the future.
	Integrating land use and transport planning and delivery	This new theme reflects the importance of central and local government agencies working together to integrate land use and transport planning and delivery. This is essential to achieve the full range of desired social, economic and environmental outcomes signalled in the GPS – including effective travel demand management – through coordinated and effective delivery of infrastructure and services to connect people to the places they work, live and play.

# The GPS 2018 will be further amended in 2019

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The Minister of Transport has indicated GPS 2018 is being developed in two stages:

- The GPS 2018 (an interim measure) is being swiftly drafted to accommodate the Government's new priorities for land transport and provide timely direction for the upcoming NLTP 2018-2021
- The Minister will release an amended GPS in 2019, which will specify the Government's direction for land transport in greater detail than currently indicated for the interim GPS. It is also likely to contain more fundamental changes to the GPS structure and framework

# Aligning the Transport Agency's Strategy to Government Direction

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- The Transport Agency's current Strategy is **well-positioned at a high level** to accommodate emerging Government direction, and how it is expressed in the interim GPS 2018 - given the current purpose, outcomes sought, and general flexibility of the Focus Areas
- It is important that the Transport Agency takes the opportunity at this point in the planning cycle to ensure its strategy and medium term priorities are as well aligned as possible, so that the Transport Agency's activities over the next three years deliver what the government is looking for from the Transport Agency
- Re-aligning the current strategic framework with Government direction will:
  - ensure business planning is seamlessly guided by Government direction through the Transport Agency's strategy, as set out in the SOI and SPE
  - enable the Transport Agency Board to demonstrate to the Minister of Transport that the Transport Agency can adapt to significant change and deliver on Government priorities



# Identifying emerging priorities

- Drawing on insights around the Government's direction since November 2017, the Transport Agency has identified six emerging priorities for the next three years that will enable the Transport Agency to deliver on the Government's expectations within the Transport Agency's Strategic Responses and Focus Areas Framework
- These six emerging priorities are:
  - designing and delivering a land transport system that significantly reduces harm to people, and minimises adverse impacts on the environment
  - integrating transport and urban development outcomes to ensure customers can easily access social and economic opportunities
  - enabling an optimised and more resilient transport network
  - improving customer experience, particularly by leveraging off digital technology solutions
  - enabling regional/community outcomes in partnership with Transport Agency stakeholders
  - implementing key people, process and system strategies and programmes to continue to lift the Transport Agency's performance

# A robust process was used to identify priorities

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- The process to identify the Transport Agency's medium-term (that is, 2018-2021) priorities began in November 2017 with the identification of key business internal strengths and weaknesses; and external opportunities and threats in the context of the new Government's direction
- This information, together with the insights from the initial findings from the Transport Agency's Performance Improvement Framework (PIF) review, customer insights, and early indications of Government priorities (through GPS discussions with Ministry of Transport and the Minister of Transport) enabled the Transport Agency to formulate a long list of opportunities to deliver on the Government's expectations
- As more information about Government priorities came to light in December 2017 through to January 2018, the long list was refined and consolidated to six emerging priorities that reflect the new Government's direction
- These emerging priorities will provide the focus for the Transport Agency's planning over the next three years and will be reflected in the Transport Agency's next Statement of Intent and Statement of Performance Expectations

# Implications of new priorities on the Transport Agency's Strategy Framework and SOI/SPE

- The Transport Agency will need to adjust its strategic framework and Statement of Intent and Statement of Performance Expectations to accommodate these six (emerging) priority areas
- These changes can be made however without impacting on the intent of the strategy and can be addressed within an amended Statement of Intent (SOI)
- The Transport Agency will retain the Strategic Responses and Focus Areas structure, but look to consolidate the Focus Areas and emphasise their role as the Transport Agency's long term results framework
- The six new priorities would be introduced as short/medium term results with corresponding targets
- These changes will then direct and focus the Transport Agency's planning and delivery as expressed in the Statement of Performance Expectations (SPE) 2018/19
- Specific changes to the strategy to reflect these priorities and new targets will be presented to the Board in March 2018

# This is the start of engagement on the Transport Agency's 2018/19 accountability documents

- The Board's decision about whether to amend the Statement of Intent 2017–21 will determine what materials are sent to the Board in the coming months

DOCUMENT CONTENT	BOARD	BOARD	BOARD	CONTENT ASSURANCE	BOARD	BOARD & ARA CHAIRS UNDER DELEGATED AUTHORITY BY 1 MAY
	9 FEBRUARY	1 MARCH	20 MARCH (TBC)	ARA 17 APRIL	20 APRIL	
<b>STATEMENT OF INTENT 2017-21 (IF NECESSARY)</b>						
📄 Document outline and design concept		✓				
✍ Amended statement of intent <ul style="list-style-type: none"> <li>• Revised focus areas</li> </ul>	Decision on whether to amend content		✓ draft	✓ final	✓ final	
📄 Amended statement of intent reflecting feedback from Minister						✓
<b>STATEMENT OF PERFORMANCE EXPECTATIONS 2018/19</b>						
📄 Document outline and design concept		✓				
✍ Revised focus area commentary (if necessary)			✓ draft	✓ final	✓ final	
✍ Significant Activities for focus areas			✓ draft	✓ final	✓ final	
🎯 Measures and targets for key performance indicators			✓ draft	✓ final	✓ final	
🎯 Measures and targets for output classes			✓ draft	✓ final	✓ final	
💰 Financial forecasts for output classes			✓ excluding business planning outcomes	✓ draft	✓ draft	
💰 Financial assumptions and principles		✓	✓ report on compliance	✓ report on compliance		
💰 Prospective financial statements				✓ draft	✓ draft	
📄 Final statement of performance expectations (including prospective financial statements) reflecting feedback from Minister						✓