

10 December 2002

Ms Margaret Shields
Chair
Wellington Regional Council
PO Box 11646
WELLINGTON

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Dear Margaret Shields

Government Transport Sector Review

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We are writing to inform you that the government has decided to review the government transport sector. Hon Trevor Mallard, the Minister of State Services, and Hon Paul Swain, Minister of Transport, recently made a public announcement about this review.

The Government *Transport Sector Review* encompasses the Ministry of Transport and the six transport Crown entities: Civil Aviation Authority (incorporating the Aviation Security Service), Land Transport Safety Authority, Maritime Safety Authority, Transport Accident Investigation Commission, Transfund New Zealand and Transit New Zealand. A Review team comprising officials from the State Services Commission, the Treasury, Department of Prime Minister and Cabinet and Ministry of Transport has been asked to report to Mr Mallard and Mr Swain by mid-April 2004.

A copy of the Terms of Reference for the Review is attached. You will see that the purpose of the Review is to (a) consider whether the government transport sector is best arranged and has the capability to implement the New Zealand Transport Strategy (NZTS) and to carry out its other requirements and obligations; (b) to consider ways to enhance the performance of the sector; and (c) to propose any necessary changes.

You will note from the Terms of Reference that there are two key drivers for the Review - the Review of the *Centre* and the NZTS. As part of the Review of the *Centre*, in December 2001 the government agreed to a series of initiatives to address fragmentation and improve the alignment of State sector agencies with the Government's objectives. A variety of sector reviews (including, now transport) are being undertaken within the framework provided by the Review of the *Centre* exercise.

As you are aware, the NZTS requires transport solutions that result from close coordination and cooperation between agencies across a wide range of issues. The Review provides an opportunity to consider whether there are improvements that can be made that will assist in implementing the NZTS in an integrated manner.

The Terms of Reference also note that a range of options will be considered for achieving the Review's purpose. These include the status quo, more effective and efficient joint provision of policy advice, implementation and administration, shared services (virtual administration), functional relocation and structural change. Structural options will only be put forward where the advantages can be clearly shown to exceed the disadvantages.

There are a number of initiatives currently underway within and outside the transport sector that are relevant to the Review. These include specific-issue initiatives (e.g. transport accident investigation, the development of national rail policy), and broader influences, such as the omnibus Public Finance (State Sector Management) Bill and the Crown Entities Bill.

All of this work will continue alongside, will influence, and may be influenced by, the Review.

The government recognises that it is important to ensure that the organisations that have a specific interest in the government transport sector have the opportunity to provide meaningful input to the Review. You will have good ideas, experiences and observations that the Review team should take into account. Accordingly, we encourage you to provide your views to the Review team. The Review team will need to have received any comments that you might have by 13 February 2004 (or earlier). They should be sent to:

The Transport Sector Review Secretary
State Services Commission
P O Box 329
WELLINGTON

or

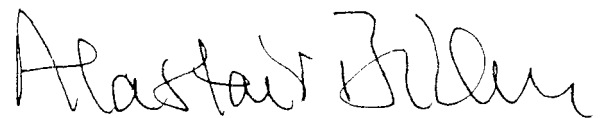
gtsr@ssc.govt.nz

In the meantime, if you wish to discuss the Review with a member of the Review team directly, please email or write to the above address and one of the team will contact you.

Yours sincerely



David Smyth
Deputy Commissioner
State Services Commission



Alastair Bisley
Secretary for Transport
Ministry of Transport

Government Transport Sector Review : Terms of Reference

Background

1. The government's transport sector consists of the Ministry of Transport and six Crown entities. The Ministry of Transport is the government's principal advisor on transport policy and plays a strategic co-ordination role. Three of the entities (the Civil Aviation Authority, the Land Transport Safety Authority and the Maritime Safety Authority) have policy, regulatory and supervisory functions in relation to transport safety. One (the Transport Accident Investigation Commission) carries out safety investigations into transport accidents. The other two fund land transport infrastructure and services (Transfund New Zealand) and manage the state highway system (Transit New Zealand).

2. The New Zealand Transport Strategy (NZTS) was released in December 2002. The NZTS vision is that by 2010 New Zealand will have a safe, affordable, integrated, safe, responsive and sustainable transport system. The strategy has objectives relating to economic development, safety and personal security, access and mobility, public health and environmental sustainability. Achieving the strategy will require a high degree of cooperation and coordination both within the sector and between sector agencies and a wide range of central and local government organisations, as well as local communities and the private sector.

3. The current structure and operating form of the government transport sector was largely established in the early to mid 1990s, although elements of it have been amended since that time. It seeks clarity of focus and efficiency through specialisation and contracting practices, places certain administrative decisions at arms length from government and relies to a significant extent on contractual arrangements (performance agreements) for accountability. There is a need to review the sector to see if it is best arranged to implement the NZTS and meet the expectations of the *Review of the Centre*.

Purpose

4. The purpose of the Review is to:
- (a) consider whether the government transport sector is best structured and has the capability to implement the New Zealand Transport Strategy (NZTS) and to carry out its other requirements and obligations;
 - (b) consider ways to enhance the performance of the sector; and
 - (c) propose any necessary changes.

Scope and General Propositions

5. The scope of the Review comprises the Ministry of Transport and the six transport Crown entities (Civil Aviation Authority (includes the Aviation Security Service), Land Transport Safety Authority, Maritime Safety Authority, Transport Accident Investigation Commission, Transport New Zealand and Transit New Zealand).

6. A range of options will be considered for achieving the review's purpose including the status quo, more effective and efficient joint provision of policy advice, implementation and administration, shared services (virtual administration), functional reorganisation and structural change. Consistent with the State Service Commission's general propositions for State sector reviews, structural change options will only be put forward where the advantages can be clearly shown to exceed the disadvantages.

Issues to be considered

7. The future government transport sector needs to ensure an effective contribution towards the government's overall transport objectives - as set out in the NZTS. Three key issues are:

- The government transport sector must be responsive to government policy:
 - Government transport organisations must be accountable to the government of the day and, where appropriate, give effect to its policies (in particular, to the NZTS)
 - Government transport organisations must have the capability, as appropriate, to contribute towards NZTS objectives.
- Policy development and service delivery must reflect an integrated approach, aligned with the government's objectives.
- The government transport sector must maintain and develop collaborative working relationships with the sector, local government, business, Maori and the community.

To this end the Review will consider the following issues:

- The strengths and weaknesses of current arrangements for delivering integrated policy advice and legislation
- The strengths and weaknesses of arrangements to deliver services to the wider sector, the public, business and communities
- The effectiveness of current contracting and accountability arrangements in the sector
- The effectiveness of collaborative arrangements both within and outside the sector in terms of policy development, services (e.g. in information management) and outcomes
- The application of the principles underpinning the Review of the Centre to the transport sector

Outcomes

9. The key outcomes of the Review, will be recommendations on:
- The most appropriate government transport sector CHIXI--III--ITS for meeting the NZTS objectives and improving performance
 - A&-rv sequencing and implementation issues associated with achieving the above.

The Review is not intended to target r-he, sector to cut cost.

Assessment criteria

10. The following guiding principles will be used to evaluate any recommendations for change in the transport sector.

- Integration: Transport policy must be coordinated, coherent, integrated and capable of being implemented across modes
- Alignment: Transport policy and service delivery needs to be defined by the government, and government transport sector agencies need to implement government policy effectively'
- Effective and Efficient: The government's transport sector must be capable of providing: the quality of advice, service and support necessary to develop and implement policy in a cost effective way including minimal compliance costs
- Accountable: The government's transport organisations need to be receptive to, aligned with, and accountable for their contribution to, the government's objectives
- 0 Responsive: The government's transport organisations need to be flexible, collaborative, and capable of being responsive to, and understanding: changing government, sector, community, and citizen expectations and needs
- Achievable: Any change needs to be achieved without undue cost or risks, is feasible, and will be effective
- State Sector Consistency : any outcome should be consistent with the general criteria for the placement of functions in the State sector.

Timing

12. The Review team will provide the Ministers of State Services and Transport with a draft report by mid-April 2004.

' The Transport Accident Investigation Commission has a different and more independent function and relationship with the Minister.

Communication and proposed consultation

13. The offices of the Ministers of State Services and Transport will handle Media queries. The Deputy Commissioner State Services and the Secretary for Transport will be the first points of contact for queries on the Review.

14. The transport Crown Entities, local government, and key industry groups will be offered an opportunity to provide their views to the Review team through being asked to comment on the issues raised in the Terms of Reference, and any other relevant points.

Review management

15. The State Services Commission and the Ministry of Transport will jointly sponsor and manage the Review.

16. The Review team comprises officials from the Ministry of Transport, Department of Prime Minister and Cabinet, the Treasury and the State Services Commission.