

# SECTION C CHIEF EXECUTIVE'S REPORT



# CHIEF EXECUTIVE'S REPORT

The Transport Agency's purpose is to create transport solutions for a thriving New Zealand.

We do this by:

- **integrating one effective and resilient network for our customers**

We take a 'one network' approach to integrating land use and transport planning so that there are many ways to get around our towns and cities easily and safely – walking, cycling, using public transport or motor vehicles. Our experience has shown that by integrating planning and operating the transport network more efficiently, we contribute to economic growth and social connectivity

- **maximising effective, efficient and strategic returns for New Zealand**

We make sound, independent investments in the national, regional, and local land transport system to achieve 'one network' transport solutions that best meet the needs of communities both today and into the future. Every day, we ensure that each dollar we spend delivers good transport results for New Zealanders and is cost effective. Every time we allocate funds from the National Land Transport Fund (NLTF) and co-invest with our local government partners, we do the right things, at the right time for the right price to achieve the results set out in the Government Policy Statement on Land Transport (GPS)

- **delivering efficient, safe and responsible highway solutions for New Zealand road users**

We ensure that each road in the state highway network is playing its part in making New Zealand a more prosperous and safer place, through an ongoing programme of renewal, maintenance and operational management. We are using the Safe System approach and One Network Road Classification to improve the experience that drivers have on the highway and recognise the different needs of freight, commuters, tourists, business and leisure travellers

- **shaping smart transport choices that are safe, efficient and responsible**

We're working cooperatively with our customers, suppliers and partners to help people and business make good choices about their legal obligations, driving, vehicles and travel. We are making compliance easier and empowering people to take responsibility for their actions and how they interact with the licensing and transport network, making the existing network safer and more efficient.

Over the past year, we have made good progress in each of these areas. We have continued to work with our partners to shape and deliver an integrated transport system that meets the needs of New Zealanders and our communities, now and into the future.

We have worked across a wide range of activities, from investing in new electric trains for Auckland to reforming the warrant of fitness requirements for vehicle owners. We have worked with every city, district and region to plan and invest in local transport networks that are integrated across different types of transport and across regions.

In Wellington and Christchurch, we have established new joint transport operations centres with our local government partners. These cities are now on a similar footing to Auckland – where we have had a joint venture with Auckland Transport for some years to manage our busiest urban networks. This helps make best use of existing capacity, make trips more reliable, integrate public transport services and lift patronage. We also seek to make travel more predictable for freight haulers. It is an integrated investment and operational approach – across different transport types and corridors.

**WE HAVE CONTINUED TO WORK WITH OUR PARTNERS TO SHAPE AND DELIVER AN INTEGRATED TRANSPORT SYSTEM THAT MEETS THE NEEDS OF NEW ZEALANDERS AND OUR COMMUNITIES, NOW AND INTO THE FUTURE.**

A highlight for the year has been our success in getting more freight travelling on fewer trucks, with the economic, safety and environmental benefits that brings. We have been working on developing high-productivity motor vehicle (HPMV) routes and introducing the 50MAX truck configuration. Getting more freight to travel on fewer trucks has meant millions fewer kilometres travelled by trucks on our roads.

We are now at the end of the second year of the 2012-15 NLTP. The programme is on track, with good results being achieved in the drive for more efficient delivery of road maintenance and a lift in public transport patronage in key cities. Some capital investment from local government has not yet been committed and that will be an area to watch in the coming year. Good road safety results are being achieved as we work with partners to develop a Safe System approach.

In July this year we signed the contract for the delivery of the Transmission Gully project to be delivered as New Zealand's first Public Private Partnership (PPP) for a state highway. The contract signing marked the completion of a contract negotiation process that began in December 2013. The Transport Agency's decision to procure the project as a PPP has delivered very good value – a lower 'whole of life' cost than the public sector could expect through conventional procurement. And the incentives around innovation built into the contract will improve road safety, travel time reliability and resilience – outcomes that will have a meaningful impact for New Zealanders for years to come. The new highway, a key part of the Wellington Northern Corridor, will be open for traffic by 2020.

Much more needs to be done to improve New Zealand's transport system than resources allow, which means we have to focus our efforts on our priorities. What follows is a summary of our achievements for the 2013/14 year. Many of these were achieved by responding to 'stretch' targets we set and I am pleased with our success in meeting these challenges.

## **A HIGHLIGHT FOR THE YEAR HAS BEEN OUR SUCCESS IN GETTING MORE FREIGHT TRAVELLING ON FEWER TRUCKS, WITH THE ECONOMIC, SAFETY AND ENVIRONMENTAL BENEFITS THAT BRINGS.**

### **MAKING THE MOST OF URBAN NETWORK CAPACITY**

Urban networks are complex and resource hungry. Keeping people and goods moving in our main urban centres has the potential to offer significant economic gains for the entire country. New Zealanders and their communities get social benefits from having urban transport networks that provide safe and reliable journeys – for drivers, cyclists, public transport users and pedestrians.

It also makes good financial sense to get the most value out of the existing network before looking at major improvements to create capacity. To unlock the benefits urban networks can offer, we are working more closely than ever with local government in our biggest cities to further integrate the planning, investment and operational activities for state highways, local roads and public transport. This year we completed network operating plans for our three largest cities. These plans have helped identify improvements to unlock the potential across all types of transport in these cities, for inclusion in the next NLTP.

We saw the Christchurch transport operations centre become fully operational; helping manage daily traffic flows affected by the infrastructure rebuild programme. Our transport operations centres in Auckland, Wellington and Christchurch show how we have partnered with local authorities to integrate network management and provide better travel experiences for customers, while also improving the reliability for all types of transport using the network. They already positively influence travel on city networks and all have plans to grow that influence.

Around 90% of public transport fare subsidies, paid for by the NLTP, are directed to the main urban areas of Auckland, Wellington and Christchurch. We have been working on a new planning approach to design better networks and a new contracting approach to get better value for money. Implementation of the new Public Transport Operating Model is well advanced in Auckland and further progress will be made in Wellington and Christchurch in the coming year. In Auckland, we have seen the completion of the integrated ticketing system. The central system processing facility will transfer to the Transport Agency in the coming year to form the core of other electronic ticketing systems in other centres.

Delivering public transport services goes beyond fare subsidies. The NLTP includes work such as developing dedicated bus lanes in the road development programme. In the coming year, we intend to provide a more comprehensive picture of the funding and delivery of public transport and supporting modes, across our main urban areas.

Another year of the RoNS programme means we are several steps closer to easing major pressure points in the national state highway network. We have seen the start of tunnelling for the Waterview Connection. When completed the connection will improve traffic flows around the Western Ring Route. We also saw the start of construction on the MacKays to Peka Peka project. These and other projects will reduce congestion for freight, commuters and bus users in and around our largest metropolitan areas; improve road safety and strengthen the links to our major sea and airports, an area to watch in the coming year. While the maintenance and renewals programme is progressing well, in some areas local infrastructure improvements are being delayed. We need to work closely with local government to ensure that they maintain the ability to invest in critical projects.

## MOVING MORE FREIGHT ON FEWER TRUCKS

Our goal this year was to lift HPMV use to 20% of all heavy-truck trips - we achieved that target. This represents around 280 million kilometres of HPMV travel, resulting in estimated savings of around 30–40 million kilometres, if standard trucks had been used instead.

Improving the efficiency of New Zealand's freight supply chains is key to reducing the cost of what we buy and sell, building a more productive and competitive economy. To help, we are working on how we can lift both the performance of the freight network and increase the productivity of freight vehicles using the network.

We have been developing freight plans so we can understand key routes, links between road and other transport types, land use and distribution patterns. We're working with the people who develop and use the freight networks, including major freight generators, importers, exporters, freight haulers, ports and KiwiRail. We are well advanced with our freight planning work in the upper North Island - central New Zealand and the South Island are following close behind.

To move more of New Zealand's freight with fewer truck trips and improve road safety, we have made it easier for HPMVs to use the road network. These longer or heavier combination vehicles are the next generation of trucks, designed to carry more goods with each trip. They have more advanced safety features than the older trucks they are replacing. With fewer truck trips on our roads, the crash risk is also lowered.

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**IMPLEMENTATION OF THE NEW PUBLIC TRANSPORT OPERATING MODEL IS WELL ADVANCED IN AUCKLAND AND FURTHER PROGRESS WILL BE MADE IN WELLINGTON AND CHRISTCHURCH IN THE COMING YEAR.**

We achieved our target of progressively opening up the state highway network to HPMVs, this year delivering over 1,500 kilometres to the high-productivity freight network, and also opening up around 5,000 kilometres of limited HPMV routes (providing access for trucks weighing more than 44 tonnes, but less than full HPMV).

We have also had excellent results in opening up the wider road network to 50MAX combinations, which are designed to travel on routes that are unsuitable for other HPMVs, particularly local roads. Since its launch in October around two thirds of local councils have signed up to the 50MAX permit system. This has seen 50MAX travel go from zero to more than 25 million kilometres over the past nine months.

Our success has relied heavily on ongoing collaboration with local government and industry to ensure we deliver economic and safety benefits for local communities, businesses and New Zealand as a whole.

## PUTTING CUSTOMERS AT THE HEART OF OUR BUSINESS

Over the year, we've continued to focus on our customers, keeping their interests at the top of our minds. Seeing transport from the customers' point of view means thinking about the needs of a range of people; those behind the wheel, on a bike, walking, riding a bus or train, running a company that needs to get goods to market and communities with changing needs.

We have put the customer at the centre of our major investments by introducing a new business case approach. The approach uses investment logic mapping to better identify the needs of all of our different customer groups earlier in a project. Our 'one network' journey approach is also helping us consider the needs of customers, ensuring that we optimise our management of the state highway network in the context of an integrated transport system. This is enabled by our new journey managers who are working directly with our customers and our partners.

We have made things easier for freight customers with a more responsive HPMV permitting system, reducing average permit processing time from nine weeks to just 19 working days. 50MAX permits are turned around even faster, in less than five working days usually. Interactive online maps for 50MAX mean operators can easily check where they can and cannot travel.

Changes made to warrant of fitness and certificate of fitness requirements will reduce costs for vehicle owners. The warrant of fitness changes alone are expected to benefit New Zealanders by up to \$159 million per year, while still keeping vehicles and roads safe.

We have continued to invest in our online systems, making it simpler for customers to deal with us online. As a result, we've seen more people using this service. Our customers have also found us on social media, giving them another way to get in touch with us, or keep up to date with the latest information about the transport network.

## SAFE SPEEDS TO REDUCE DEATHS AND SERIOUS INJURIES

We were ambitious when it came to safe speeds: we set a target to reduce deaths and serious injuries on open roads to fewer than 1,100 each year by 2016. Safer speeds are at the heart of a safe road system. Speed affects how likely a crash is and, even when not a cause, always affects the chances of a death or serious injury.



## SEEING TRANSPORT FROM THE CUSTOMERS' POINT OF VIEW MEANS THINKING ABOUT THE NEEDS OF A RANGE OF PEOPLE - THOSE BEHIND THE WHEEL, ON A BIKE, WALKING, RIDING A BUS OR TRAIN, RUNNING A COMPANY THAT NEEDS TO GET GOODS TO MARKET AND COMMUNITIES WITH CHANGING NEEDS.

For each percent the average open road speeds are reduced, fatalities reduce by 4% and serious injuries by 3%. We are tracking well towards our target with 1,208 deaths and serious injuries in the 12 months to March 2014, which is 9% fewer than at the same time in 2013, down from 1,438 in 2010.

This year we jointly led a cross-sector programme to build consensus among our many partners and stakeholders whose actions influence travel speeds. As part of the current Safer Journeys action plan, we took stock of the way speed is managed in New Zealand and the systemic problems and issues. We collaborated widely to forge a new national direction and guidance on speeds that are right for road function, design, safety and use.

Our 'Mistakes' advertising programme started to build public understanding that speed determines the outcome in every crash, no matter who is at fault. This innovative campaign has won international acclaim for starting to change the public conversation about speed. We have also provided practical guidance to the commercial sector to build the understanding that safer speeds are also more fuel efficient.

### EFFICIENT ROAD MAINTENANCE INVESTMENT AND DELIVERY

About 35% of the NLTP is invested in road renewals, maintenance and operations. This is around \$1.5 billion every year, with nearly 30% of that coming from local government. Getting better value for this expenditure by chasing efficiency gains has been our objective.

Two years ago, we established the Road Maintenance Task Force with the contracting sector and local government to look at ways of achieving this goal. We have subsequently built an implementation programme based on their recommendations. We are collaborating closely with local government, who also face the challenge of getting the most from their road investments. A new Road Efficiency Group sees us working together to reduce costs and innovate by managing local roads and state highways as 'one network'.

We have collaboratively developed the One Network Road Classification (ONRC), which identifies a common level of service and function for each category in the local road and state highway network. It helps us and our partners make smart, whole-of-life and value-for-money investment decisions and deliver the right level of service on New Zealand's roads for all road users.

The Road Efficiency Group has been trialling and sharing good practice in asset management across the sector while continuing to facilitate collaborative conversations and business case development between road controlling authorities.

We have also been shifting to new performance-based network outcome contracts for the state highways. Over the last year, we signed five of these contracts and are putting the ground work in place to sign up to 18 more in the next few years, as current contracts expire. We have also built our internal capability to align with our revamped approach to asset management, achieving \$120 million in efficiency savings through more targeted renewals and maintenance activity.

At year-end, we have nearly completed the review of the funding assistance rate (FAR) system, which will form the basis of the funding relationship with local government for the 2015-18 NLTP and subsequent years. We have focused on getting the balance right between national and local investment contributions, achieving the most value from maintenance and operations. Final individual FARs are expected to be determined later in 2014.

### REBUILDING CHRISTCHURCH

We are doing much to help Christchurch's recovery. In the last year, we invested \$111.2 million in earthquake-related emergency work projects and continued work on the critical Christchurch highway projects, which will support the changing distribution of population and activity to the north and south of the city.

We have been working closely with the Christchurch City Council (CCC), the Canterbury Earthquake Recovery Authority (CERA) and the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) to coordinate the repair and reconstruction of damaged roads and other infrastructure in the city to the tune of over \$473 million this year. Within the SCIRT programme approximately 27% of all road repairs, 61% of bridges and 20% of retaining wall repairs have been completed.

We have also been working with our Christchurch partners to plan the service and network upgrades for passenger transport in Christchurch, including the planning and funding for the new Christchurch Bus Interchange and the first phase of network changes in the central city.

**GIVEN THE TREMENDOUS GROWTH IN AUCKLAND, KEEPING PEOPLE AND FREIGHT MOVING IN THE REGION HAS CONTINUED TO BE A BIG FOCUS FOR THE TRANSPORT AGENCY.**



### INVESTING IN AUCKLAND

Given the tremendous growth in Auckland, keeping people and freight moving in the region has continued to be a big focus for the Transport Agency.

As part of the ongoing state highway improvements programme, we are bringing forward a number of projects through a loan mechanism. This means key highway and public transport improvements will be delivered for Auckland earlier than originally planned.

We have worked with Auckland Transport and Auckland Council on a range of initiatives to support Auckland, and the country, now and into the future - including contributing to the proposed Auckland Unitary Plan, the Auckland Housing Accord and the revised 30-year Integrated Transport Programme.

While we're focusing on the future, we have continued to deliver a range of improvements to the transport network to make moving around the region quicker, easier and cheaper. This has included the integrated ticketing HOP card, the arrival of new electric trains on the Auckland network and helping Auckland Transport implement the Public Transport Operating Model.

### ENSURING HEALTH AND SAFETY IN THE WORKPLACE

The health and safety of our people and the people we work alongside is important to the Transport Agency. We have adopted a zero harm policy, which changes the way we approach health and safety and meets our requirements under the Health and Safety Reform Bill.

Our goal is to have no fatal or lost time injuries to our people by 2020, including our contractors, while providing services to our customers.

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## OUR SUCCESS STARTS WITH OUR PEOPLE ACROSS THE COUNTRY. IT'S A PRIVILEGE TO LEAD A TEAM THAT IS DEDICATED TO CREATING INTEGRATED TRANSPORT SOLUTIONS FOR ALL NEW ZEALANDERS.

Our employees have reported more injuries than in the previous year, showing an improved reporting culture and better injury case management with ACC. For contractors where we were the principal for the contract, there were six serious harm incidents, including two fatalities in the last year. Although this was a decrease on the previous year, when there were nine serious harm incidents resulting in three fatalities, we need to work hard with our contractors to meet our zero harm objective. We want everyone to come home safely from work. The main sources of harm came from people working with machinery and motor vehicle incidents.

### TEAMING UP

What we have achieved this year has been possible only because of the hard work of many - not only our Transport Agency team, but also our suppliers, partners and stakeholders. They span local, regional and central government, the transport sector and beyond. To them I say thank you. Thank you for being committed to working with us to create integrated transport solutions for a thriving New Zealand.

We value and want to nurture these relationships. Over the last few years, we have been surveying our stakeholders to ask about their relationships with us. Since we began tracking the health of our relationships, we have seen a significant increase in the number of stakeholders who told us they were satisfied or very satisfied with their relationship with us - 72% this year, up from 50% in 2012. Their trust and confidence in us has also increased.

But our stakeholders are also clear about wanting more. The majority want to see their relationship with us grow. They want to have more involvement in our work at a strategic level and they want us to be joined up in the way different parts of our organisation work with them.

The other foundation of our team effort is the people that make up the Transport Agency. Together we are building a top performing organisation. We are getting better at sharing our information and knowledge so that we can make faster and better decisions. We are also working hard to apply new thinking to the many challenges and opportunities that present themselves.

Our success starts with our people across the country. It's a privilege to lead a team that is dedicated to creating integrated transport solutions for all New Zealanders.



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**Geoff Dangerfield**  
Chief Executive



## LEADERSHIP TEAM PROFILES

### Chief Executive

#### GEOFF DANGERFIELD

*MSc (Resource Management)*

Geoff became the first Chief Executive for the Transport Agency in August 2008 and leads the development of the organisation and its approach to integrated transport development. He was previously Chief Executive of the Ministry of Economic Development and Deputy Secretary to the Treasury, and began his public sector career with the Ministry of Works and Development.

### Senior Leadership Team

#### DAVE BRASH

GROUP MANAGER PLANNING  
AND INVESTMENT

*BSc (Hons) (Geography)*

Dave joined the Transport Agency in December 2008 and was previously General Manager of the Emissions Trading Group with the Treasury. His role at the Treasury was a secondment from the Ministry for the Environment, where he was General Manager responsible for central government policy. Dave has 35 years' experience working with central and local government agencies on complex policy reforms and managing change.

#### SARA BROADHURST

GROUP MANAGER PEOPLE AND CAPABILITY

Sara joined the Transport Agency in 2013, bringing more than 14 years' experience in human resources in New Zealand and the United Kingdom from a wide range of industries including infrastructure, telecommunications, housing, manufacturing, banking and not-for-profit organisations. She has a strong track record of managing organisational change, organisational design, employee relations, recruitment and remuneration.

#### JENNY CHETWYND

GROUP MANAGER STRATEGY,  
COMMUNICATIONS AND PERFORMANCE

*Bachelor of Regional Planning (BRP) (Hons), MBA*

Jenny joined the Transport Agency in 2008, and was previously the Environmental Strategy Manager for Transpower. Jenny has over 20 years' experience working with local government and business in relationship management, public engagement, policy development and project delivery fields.

#### ALLAN FROST

GROUP MANAGER ORGANISATIONAL  
SUPPORT

*Bachelor of Business Studies, Chartered Accountant, Fellow Certified Public Accountant*

Allan joined the Transport Agency in October 2008. Allan has extensive experience in financial and information management executive roles and has worked for over 15 years in senior leadership roles focusing on getting the best from people, information, systems and dollars.

#### JIM HARLAND

REGIONAL DIRECTOR SOUTHERN

*Bachelor of Arts, Diploma in Town Planning, Masters Town Planning (Hons), Member NZ Planning Institute, Fellow NZ Institute of Management*

Before taking this position in January 2011, Jim was the Dunedin City Council's Chief Executive for 11 years. He has held a variety of senior roles in local government and the private sector, specialising in strategic thinking and change management. Jim also worked as a tourism consultant for several years and initiated a tourism planning course at Auckland University.

#### TOMMY PARKER

GROUP MANAGER HIGHWAYS AND  
NETWORK OPERATIONS

*BA (Hons) (Urban Planning), Dip (Urban Planning Implementation), MSc (Transportation Planning and Engineering)*

Tommy has been with both Transit and the Transport Agency for over 10 years and has a well-established presence in Auckland. He has held various roles including Highways Manager for Auckland and Northland. Tommy has over 20 years' experience in transport planning in both the public sector and private consultancy. His recent appointment as Group Manager Highways and Network Operations provides Tommy with the exciting challenge of embedding many of the recent change initiatives across Highways and Network Operations.

**CELIA PATRICK**  
GROUP MANAGER ACCESS AND USE;  
DIRECTOR OF RAIL SAFETY

*Grad Dip (Business), MBA*

Celia joined the Transport Agency in October 2011. She has more than 20 years' experience working in the financial services sector, including various executive roles with the BNZ. Before joining the Transport Agency, Celia worked for Housing New Zealand Corporation as Director of Operations for Auckland.

**HARRY WILSON**  
REGIONAL DIRECTOR WAIKATO/  
BAY OF PLENTY; DIRECTOR OF FREIGHT

Harry has 30 years' professional leadership experience in central and local government. He was the Chief Executive of Waikato Regional Council before taking up this position with the Transport Agency in November 2008.

**ERNST ZÖLLNER**  
REGIONAL DIRECTOR AUCKLAND/  
NORTHLAND; DIRECTOR OF ROAD SAFETY

*Masters in City & Regional Planning, BCom (Hons)  
(Economics)*

Ernst has worked for 20 years as a consultant, in academia and for local and central governments, focusing on economic and strategic development, as well as infrastructure and urban planning. Before joining the Transport Agency in October 2008, Ernst was the Director of Urban Development and Transport at Wellington City Council.



# ORGANISATIONAL STRUCTURE

## OUR GROUP STRUCTURE

The Transport Agency is built around three functional business groups and three support groups.

### Business groups

- The Access and Use group (with approximately 470 staff) provides users with access to the transport system (such as driver licences and motor vehicle registration), sets standards for vehicles and drivers, and regulates transport operators and rail.
- The Highways and Network Operations group (with approximately 400 staff) is responsible for moving people and freight around the state highway network, and for improving the state highway network to maintain its condition, improve travel time reliability and reduce the risk of death or serious injury to motorists.
- The Planning and Investment group (with approximately 180 staff) develops regional and national partnerships that enable us to influence land-use planning and make the most of our investment in integrated transport solutions. The group manages how the National Land Transport Fund (NLTF) is invested to deliver integrated transport solutions. It does this by assessing and prioritising activities put forward by approved organisations and the Transport Agency for state highways.

### Corporate support groups

Approximately 340 staff make up the following corporate support groups:

- The Strategy, Communications and Performance group translates government and sector direction into organisational direction, then communicates this direction and our performance against it to staff and stakeholders.
- The Organisational Support group ensures that the Transport Agency has corporate strategies, policies and systems in place to support organisational health and capability.
- The People and Capability group ensures that the Transport Agency can deliver on its organisational direction through its people capability.

## NZ TRANSPORT AGENCY REGIONS

We have four regional areas that support a regionally focused planning environment

