

International freight transport services

May 2012

Introduction

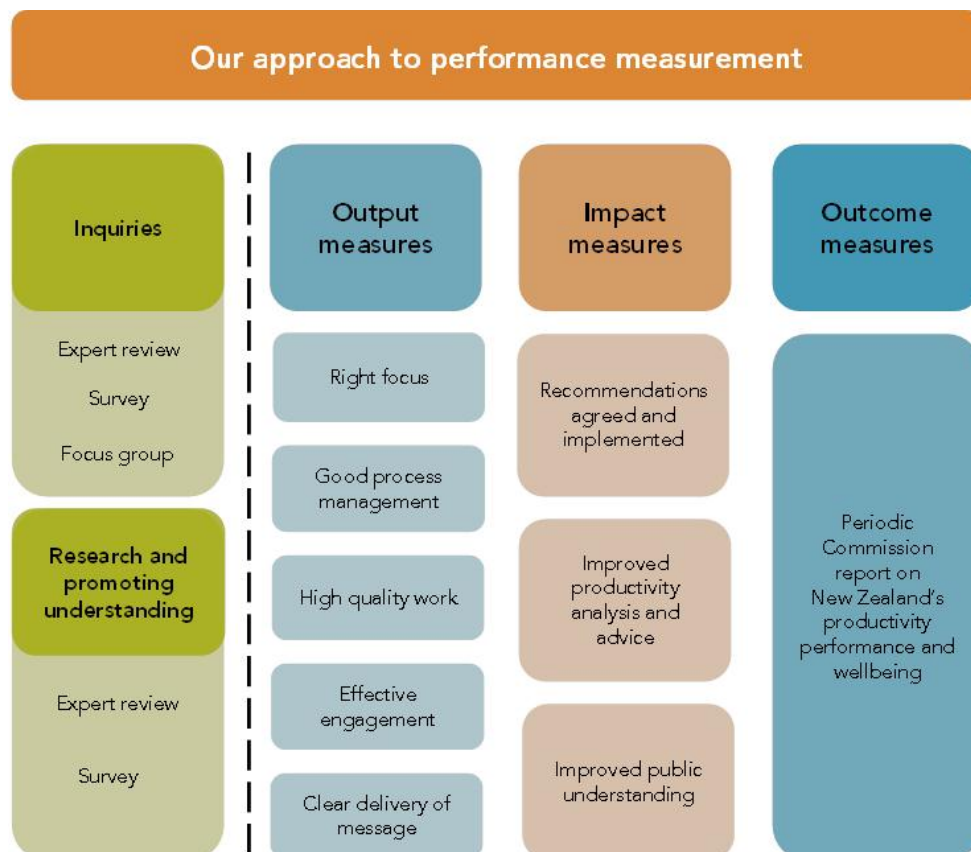
This document provides a summary of performance evaluation results from our inquiry into international freight transport services. There are three parts to this document:

- Part 1: Performance evaluation results;
- Part 2: General overview of the inquiry; and
- Part 3: How we make a difference – the wider context.

Our inquiry evaluation approach is summarised in the diagram below, with an overall aim to better understand how we are performing and to learn from results. Our inquiry performance evaluations inform how we run and undertaken future inquiries as well as our broader capability development work.

There are three facets to performance evaluation for each inquiry:

- Expert review;
- Survey of participants; and
- Independently-facilitated focus group.



Part 1: Performance evaluation results – International freight transport services inquiry

The performance evaluation results for the inquiry were completed in May 2012 and are summarised in the table below, comprising:

- **Expert review** – conducted by David Moore (Director of Sapere Research Group);
- **Survey of participants** – all inquiry participants were asked to completed an online survey (via “Survey Monkey”). 42 responses were received from the total of 141 participants (30%); and
- **Independently-facilitated focus group** – facilitated by Nick Hill and Hayden Johnston (from Martin, Jenkins & Associates Limited).

Full results of the independent expert review and the facilitated focus group are available on our website (see [Our performance](#) and [inquiry pages](#)).

Inquiry impacts

Participant Survey		
Measure	Survey Metric	Result
The Commission’s recommendations are agreed and implemented	<ul style="list-style-type: none"> ▪ Recommendations agreed ▪ Recommendations implemented 	<p>In response to our findings, the Government agreed in full, or agreed in principle, to 14 of the 26 inquiry recommendations. Of the remainder, the Government considered 1 recommendation reflected current practice; 2 were for local authorities to consider; and the remaining 9 were the subject of ongoing reforms or further policy review work.</p> <p>See full Government response here.</p>
Improved productivity analysis and advice in New Zealand	<p>Inquiry participants surveyed who agreed or strongly agreed that:</p> <ul style="list-style-type: none"> ▪ The inquiry helped set or lift the standard in NZ for high-quality analysis and advice on productivity issues ▪ As a result of the inquiry, future work on the inquiry topic will be better focused and use resources more effectively 	<p>66%</p> <p>57%</p>
Promotion of public understanding of productivity-related matters	<p>Inquiry participants surveyed who considered that the inquiry had increased their understanding of the following at least a little:</p> <ul style="list-style-type: none"> ▪ The inquiry increased their understanding of the inquiry topic ▪ The inquiry increased their understanding of the importance of productivity more generally 	<p>94%</p> <p>83%</p>

Inquiry process and report

Measure	Participant Survey		Independent expert review	Focus group	
	Survey Metric	Result			
Right focus					
Relevance and materiality of final inquiry reports	Inquiry participants surveyed who agreed or strongly agreed that:		<p><i>"The final inquiry report meets the standard that I would expect for relevance and materiality of findings. The report restarts an important debate around the institutional structure and governance of ports, helps point the policy compass on issues related to the long-standing conference in sea freight and helps affirm the current (correct) practice in infrastructure planning. The report identifies and evidences a material fall in productivity improvement from the mid 1990's."</i></p>	<p><i>"The Focus Group was complimentary about the Commission's overall focus given the complexity it was dealing with and the constraints it was working under. Because the report had a broad focus it meant some areas were covered better than others. It was suggested that in future involvement of stakeholders in the formation of the terms of reference might help to sharpen the focus."</i></p>	
	<ul style="list-style-type: none"> The Commission sourced all relevant research and information 	78%			
	<ul style="list-style-type: none"> The Commission engaged with the right people 	83%			
	<ul style="list-style-type: none"> The final report focused on the issues most significant to housing affordability 	78%			
	<ul style="list-style-type: none"> The final report went into sufficient depth on the issues it covered 	78%			
Good process management					
All inquiry issues papers, draft reports and final reports are delivered to schedule	All external milestones communicated in the Commission's inquiry process plan are achieved	Timelines met in full	<p><i>"The inquiry process is a robust and proven one. The process of progressively moving from issues identification to a draft view, and then to a final statement, is a proven process. The Commission kept to its promised timeframes. There is a clear expression of issues raised by stakeholders in the final report and, generally, a discussion of those views, particularly if the underlying logic or evidence is being challenged."</i></p>	<p><i>"The Commission managed the process effectively, although the timeframes were tight. It was suggested the use of focus groups to refine and shape the process along the way could be helpful in the future."</i></p>	
Participant satisfaction with the inquiry process	Inquiry participants surveyed who agreed or strongly agreed that overall, they were satisfied with the Commission's inquiry process	89%			
High-quality work					
Participant confidence in the Commission's inquiry findings and recommendations	Inquiry participants surveyed who considered the following aspects to be good or excellent quality:	<ul style="list-style-type: none"> The inquiry's analysis of information 	85%	<p><i>"The appropriate "lens" was applied to most of the issues. Taking into account the breadth of the issues, there was sufficient comment to follow the logic of the final views. There could, at times, have been a more explicit statement of options and a more formal weighing of costs and benefits. At times, the microeconomic analytical basis seemed to be "just enough", in some instances not quite enough. If I was to make a suggestion for the subsequent inquiries, it would be to move towards a more standard policy approach of problem identification, option analysis and recommendations to ensure that the full costs and benefits of any proposals are well worked through."</i></p>	<p><i>"Following on from the broad focus, the Focus Group considered some areas of analysis, findings and recommendations were better developed than others. The ports area was probably dealt with better than transport-to-the-port, for example. Greater depth over breadth would assist the Commission to offer more "angular" advice. Overall, the recommendations were good for "New Zealand Inc.""</i></p>
		<ul style="list-style-type: none"> The findings and recommendations 	76%		
	Inquiry participants surveyed who agreed or strongly agreed that:	<ul style="list-style-type: none"> The Commission's recommendations followed logically from the inquiry analysis and findings 	89%		
		<ul style="list-style-type: none"> The Commission's recommendations struck the right balance between suggesting change and avoiding making change for change's sake 	79%		

Measure	Participant Survey		Independent expert review	Focus group
	Survey Metric	Result		
Effective engagement				
Participant perception of the quality of engagement by the Commission	Inquiry participants surveyed who agreed or strongly agreed that: <ul style="list-style-type: none"> ▪ There was ample opportunity to participate in the inquiry ▪ The Commission was approachable ▪ The Commission communicated its views clearly ▪ The Commission understood their views 	89%	<i>"I examined the stakeholders that were engaged. My feeling was that there was good engagement at a number of levels. First, departments were engaged in the process, which is important as they would then need to take up the mantle for change from the Commission. Secondly, clearly, the forums had been attended by the appropriate industry bodies. There were, however, fewer submissions than I would have expected and there was less engagement on some of the issue topics (e.g. from local government on port ownership and management)."</i>	<i>"The Focus Group rated the Commission's engagement very highly. Commissioners listened to feedback (at times robust and challenging), and the quality of the final report reflected their genuine engagement."</i>
		94%		
		100%		
		74%		
Engagement meetings held	Number of parties the Commission engaged with during the inquiry, as noted in the final report appendix	98		
Submissions received	Number of parties who made a submission during the inquiry, as noted in the final report appendix	71		
Clear delivery of message				
Participant perception of the effectiveness of the Commission's presentation of inquiry findings and recommendations	Inquiry participants surveyed who agreed or strongly agreed that: <ul style="list-style-type: none"> ▪ The findings and recommendations were clear ▪ The style of writing and language used in the report was clear ▪ The summary material provided was useful 	100%	<i>"I found the report hard to read and hard to access. For me, the report starts on page 272. I felt the need for a strong integrative chapter. I found sections of analysis in areas separate to the issue being discussed. I found decisions had been made implicitly about prioritisation of issues but could not find an overall statement of what and why issues were kept, disregarded, or treated lightly. I would be keen to see a more formal expression of the materiality of the different recommendations."</i>	<i>"The three tiered report structure was valuable, while the reports themselves were well-written and presented. Participants were clear that the true measure of quality would be the degree to which the report led to action."</i>
		94%		
		89%		
Overall performance				
Independent expert evaluation of the overall performance of the inquiry	A report evaluating the overall performance of the inquiry from the final inquiry report (taking into account the focus of the report, process, analysis, engagement and delivery of message) with recommendations for future improvements	Report received – see independent expert's comment	<i>"Overall, the document is useful and relevant. I found the Freight inquiry a difficult document to access but, in the end, I found my way through the issues presented and came away thinking that it was a good job of work with material and relevant recommendations that are likely to have a durable effect. I found the thematic chapters from Chapter 6 on highly interesting and recommend starting the report with those thematic chapters and then working back to earlier background and context setting sections."</i>	<i>"The Focus Group considered that the Commission has set and reached some high performance standards, which was impressive for a new organisation. Its process management and engagement with stakeholders was rated highly. Managing the formation of the terms of reference and then the ongoing management of the scope of the inquiry was one area that the Focus Group identified that the Commission could refine and improve on in the future."</i>
Focus group evaluation of inquiry	Report from a focus group representative of inquiry participants, facilitated by an independent person with significant experience in inquiry-type work with feedback on the inquiry and recommendations for future improvements (taking into account the focus of the report, process, analysis, engagement and delivery of message)	Report received – see focus group evaluation		

Measure	Participant Survey		Independent expert review	Focus group
	Survey Metric	Result		
Participant evaluation of inquiry	Percentage of inquiry participants surveyed who rated the overall quality of the inquiry as good or excellent (taking into account the focus of the report, process, analysis, engagement and delivery of message)	62%		
	<i>Note: participants who rated the overall quality of the inquiry positively, as acceptable, good or excellent (a less demanding standard than the performance measure)</i>	91%		

Part 2: Overview of the international freight inquiry

What the Government asked us to do

The inquiry into international freight transport services was finalised in April 2012. The scope of the inquiry, as specified in the [Terms of Reference](#), included evaluating what factors influence the accessibility and efficiency of international freight transport services available to New Zealand firms, and opportunities for changes to New Zealand's infrastructure and regulatory regimes that could increase the accessibility and efficiency of international freight transport services for New Zealand firms.

How we went about it

We initially released an issues paper to tease out the key issues for the inquiry and what information was important. We then released a draft report for further public consultation and engagement, before delivering our final report to Ministers. Throughout the inquiry, we received 71 submissions and held 98 engagements with people or groups. Our reports were substantial pieces of work and, to reach as many people as possible, we supplemented the full reports with other information, such as 'cut-to-the-chase' versions, videos and summary media information.

What we found

The Commission found that freight costs affect the profitability of our exports, and the price we pay for imports, and matter more for New Zealand than most countries given our geographic remoteness. Our key recommendations to improve freight system productivity were:

- greater use of 'facilitated discussion' models to help coordinate investment planning;
- better governance of ports and airports. Councils should also be clear about the objectives they wish to pursue through port ownership, and what degree of ownership is necessary for those objectives;
- require shipping companies wishing to collaborate to fix prices or limit capacity to demonstrate to the Commerce Commission that there will be a public benefit which will outweigh any anti-competitive effects;
- build more productive workplaces at ports; however government policy changes aimed specifically at workplace relationships at ports are not warranted as the current regime provides an adequate framework for reaching agreements conducive to higher productivity; and
- to develop a richer set of performance information. For example, the Ministry of Transport should measure and publish assessments of the productivity of ports across various dimensions.

What the Government has done

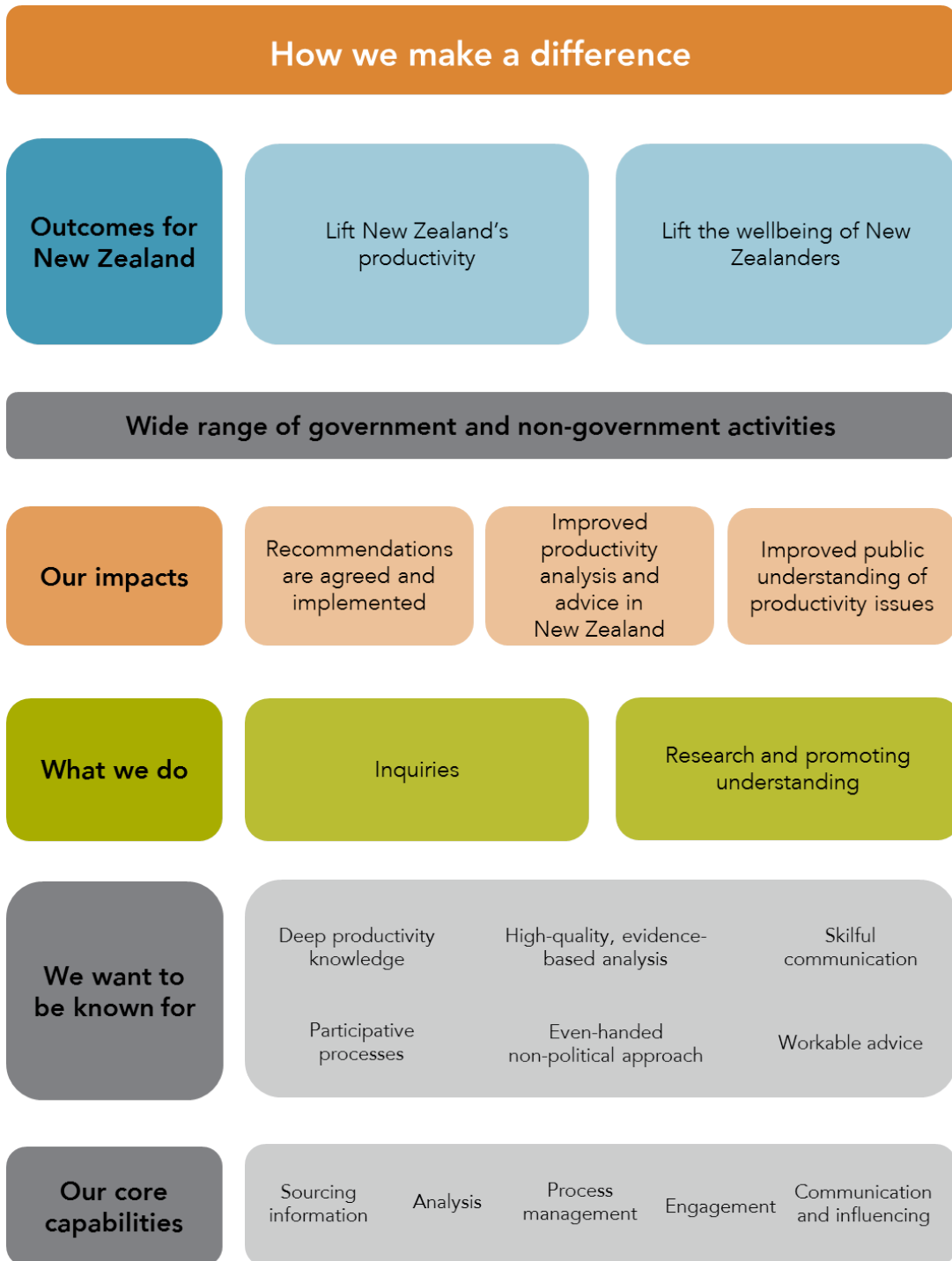
The Government issued its [response to the inquiry](#) in December 2012. As per our 2012/13 Annual Report update, the Government has acted on our recommendation to remove the exemption of international shipping lines from the competition provisions of the Commerce Act. The exemption permits shipping companies to collaborate to set cargo rates and quantities, potentially to the detriment of competition and choice for New Zealand exporters and importers. There are now provisions in the Commerce (Cartels and Other Matters) Amendment Bill to remove the exemption. The Bill is awaiting its second and third readings in Parliament. Shipping lines would nevertheless – as in other sectors and industries – be able to seek an 'authorisation' from the Commerce Commission for collaborative arrangements that have benefits for the public that likely

outweigh the detriments. The Bill also proposes a 'clearance' regime to allow applicants to test with the Commission whether a proposed collaboration would raise competition issues
See our [inquiry page](#) for more information.

Part 3: How we make a difference – the wider context

This section provides a summary of how we make a difference as an organisation, giving you some wider context to the inquiry performance information above.

The Commission completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues. The diagram below summarises our “performance framework” and sets out how we seek to make a difference as an organisation.



How we report our evaluations

We summarise individual inquiry evaluations each year in our Annual Report, including key “take-out” messages across. We also publish full results from each facet of the evaluation (ie expert review, survey and focus group results) on our website.

From 2013/14, we will also produce an “outcomes report” at least every three years, providing assessment of our performance and the outcomes of the Commission’s work over the longer term, including across multiple inquiries.

About the New Zealand Productivity Commission

The Commission—an independent Crown Entity—completes in-depth inquiry reports on topics selected by the Government, carries out productivity-related research, and promotes understanding of productivity issues.

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