

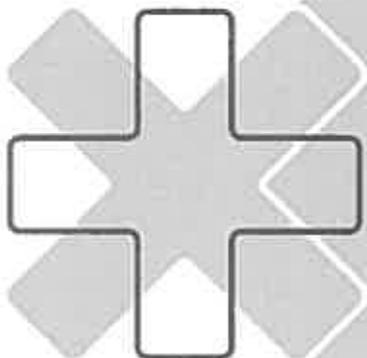
MARTIN
JENKINS



WELLINGTON TRANSPORT BUSINESS CASE

Scoping Report

4 April 2016



Introduction

MartinJenkins, Cranleigh and TDG have been commissioned by the Local Government Commission to evaluate local government transport model options using business case methodology. It is intended that this leads to a range of options to inform public engagement and targeted engagement with interested parties in June 2016. As such, the resulting business case will not identify a single preferred way forward.

This scoping report is provided to the nine councils in the Wellington Region and NZTA and sets out:

- The scope of the work
- The methodology
- Information and other inputs requested from stakeholders
- Timetable.

This work builds on work of LGC and the Wellington Regional Chief Executives Forum to identify opportunities to improve the region's transport governance and service. A first report, *Wellington Regional Transport: Options for Change* has already been prepared and identifies problems with current arrangements and high level options for change.

Methodology

The approach will be based on the Better Business Case (BBC) methodology for indicative business cases. Because of the range of perspectives it brings through the five cases model¹, the BBC methodology is well suited to the governance, planning and service delivery subject matter.

The BBC methodology is prescriptive with regard to both analytical frameworks and process (particularly with regard to stakeholder engagement). We do not anticipate major changes to the analytical frameworks, but will adapt the process to build on the work already done in the *Options for Change* report and avoid unnecessary duplication of consultations that have already taken place as shown in the following table:

¹ The five cases are: strategic, economic, financial, commercial and management.



Case	Work Done	Further Analytical Work Proposed	Implications for BBC process
Strategic	<p>High level description and analysis of regional institutional arrangements for transports and links to planning frameworks</p> <p>Includes issues identification</p>	<p>Development of problem definition and assessment of the case for change</p> <p>Consideration of contribution of transport to wider regional and local objectives</p> <p>Identification of critical success factors</p>	<p>Rather than hold further strategic case stakeholder workshops, we will develop the additional elements as a desktop exercise and then test with councils, including through interviews with senior officers, the CEs Forum (8 April), Mayoral Forum (22 April) and workshops with individual councils.</p>
Economic Case	<p>A range of high level options has been described and analysed</p>	<p>Develop a fuller description of the options, e.g. to include more details on governance, funding arrangements, asset ownership and planning arrangements</p> <p>Consider whether any non-structural options should be included</p> <p>Select a short list (to be confirmed at first economic case workshop)</p> <p>Assess short list options against investment objectives and critical success factors</p>	<p>Limited change from standard process. We expect to hold up to two economic case workshops with councillors, officers and NZTA.</p>
Commercial, financial and managerial	<p>These are beyond the scope of the work to date</p>	<p>Develop a high level assessment of the cost implications of the options</p> <p>Identify opportunities presented by the options to change the commercial arrangements</p> <p>Set out the mechanics of implementing the proposed options and the appropriate governance arrangements</p> <p>Develop a high level implementation plan for the options</p>	<p>Standard process.</p>

Council/NZTA engagement

The objectives of the engagement are:

- Ensure that a full range of council and NZTA perspectives are taken into account in developing the business case
- Information and data gathering
- Ensure that we have a full understanding of the issues in practice.

Stakeholder engagement will consist primarily of:

- Participation in LGCs scheduled workshops with full councils through April and early May
- Providing councils and NZTA with an opportunity to provide feedback on the draft report
- Interviews with senior officers and NZTA to ensure that we have a full and practical understanding of the current arrangements, the issues, and including their impact on wider regional objectives such as economic growth
- Use of standing meetings:
 - in the early stages (through the CEs Forum and Mayoral Forum) to test our work on the strategic case and the draft short list options¹ prior to the economic case workshops
 - once the draft indicative business case has been prepared (through the RTC and Mayoral Forum) to seek feedback.
- Two economic case workshops involving councillors and senior officials – these will be the critical event in developing an assessment of the short list options
- Follow up of any matters arising from the information provided.

We will work closely with LGC to ensure that, as far as possible, council and NZTA engagement builds on rather than repeats previous engagement.

In addition, we intend talking to a small number of councils that have implemented regional institutional arrangements for managing services with a strong network component – e.g. Auckland Council re Auckland Transport.

Information requirements

We will access the following publically available information:

- Regional Land Transport Plan

¹ The short list will be developed once the draft strategic case has been drafted. This will be part of the preparation for the economic case workshops and the short list will be confirmed at the first workshop.



- Regional Public Transport Plan
- Long term plans
- Regional policy statement and plans
- Annual report and financial statements
- District plans
- Council 30 year Infrastructure Strategies.

We request that each council and NZTA provide information for the analysis. Priority items (marked *) (and other information as far as possible) are requested by 22 April, with remaining items by 29 April. Where this causes undue problems, we are willing to discuss the level of detail required. The Wairarapa councils may not need to provide information at the same level of detail, depending on the options under consideration. The LGC will discuss this issue separately with the Wairarapa councils.

Information requested from each council is:

- 1 Additional relevant plans and strategies
 - a Procurement and asset management plans and strategies relating to transport
 - b Other transport related e.g. walking and cycling strategies, accessibility strategies etc.
 - c Plans and strategies in which there is a significant transport dimension e.g. growth strategies*
- 2 Transport functions*
 - a A description of all transport activities/functions currently undertaken
- 3 Organisational structure and staffing*
 - a Organisational structures relating to transport
 - b Staff numbers (FTEs) and positions relating to transport
- 4 Major transport contracts and projects (e.g. integrated ticketing)
 - a Value, timing and duration
- 5 Shared services relating to transport
 - a Details of any shared service agreements relating to transport

* = Priority item



- 6 Transport funding and expenditure*
 - a Transport opex, capex, depreciation for each year of the current 2015 – 2025 LTP
 - b Council overhead allocation to transport activities
 - c Funding sources including current levels of external transport related debt and internal council reserves if any

- 7 Asset management and condition
 - a Transport assets aggregated by class/category
 - i Valuation methodology and copy of valuation reports
 - ii Replacement cost
 - iii Written down value
 - iv Annual depreciation
 - v Life
 - vi Quantity
 - vii Condition profiles

- 8 Service standards
 - a current service and performance levels and targets
 - b results of any relevant customer satisfaction surveys

We request that NZTA provides, for the Wellington Region:

- *basic information on the physical networks managed by NZTA
- *a description of all transport activities/functions currently undertaken
- *organisational structure and staffing (FTEs)
- current service and performance levels and targets
- details of state highway projects (value, timing and duration)
- details of state highway operations and maintenance contracts (value, timing and duration)
- *details of funding provided to the region including forecasts
- *relevant strategies and policies.

It is possible that further information requests may arise as a result of interviews or issues identified during the development of the business case.

* = Priority item



Implications for Councils

Councils are requested to support the development of the indicative business case by:

- Providing the information and data set out under 'Information requirements' above
- Nominating:
 - one or two councillors and a senior official for the economic case workshops
 - a senior official (suggested to be CE or deputy) for interview
 - a senior official responsible for transport for interview
 - a contact point for information gathering.

Implications for NZTA

NZTA is requested to support the development of the indicative business case by:

- Providing the information and data set out under 'Information requirements' above
- Nominating:
 - a senior regional official for interview
 - a contact point for information gathering
 - a senior official (or two) for the economic case workshops.

Time frames

4 April	Scoping report
8 April	Outline investment objectives and critical success factors at CE's Forum
8 - 30 April	Main interviews
22 April	Investment objectives, critical success factors and short list at Mayoral forum
w/b 25 April (27 TBC)	First economic case workshop
w/b 2 May (4 TBC)	Second economic case workshop
20 May	Draft indicative business case
24 May	Presentation and feedback to Regional Transport Committee (subject to confirmation)
27 May	Presentation and feedback to Mayoral Forum (subject to confirmation)
10 June	Presentation and feedback to CE's Forum
17 June	Council and NZTA feedback on draft indicative business case
8 July	Final indicative business case complete.



Engagement with councils

In addition following workshops with councils and forum meetings can be used as an opportunity to engage on the development and finalisation of the business case:

- 19 April: WCC workshop
- 21 April: South Wairarapa DC (if required)
- 26 April tbc: Carterton DC (if required)
- 28 April: Upper Hutt CC workshop
- 28 April: Porirua CC workshop
- 4 May: Masterton DC (if required)
- 5 May: KCDC workshop
- 10 May: Hutt CC workshop
- 13 May: CEs Forum
- Date tbc: GWRC workshop

Contact

Contact for submission of information and any queries:

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021 810 464



Luke Troy

From: Kay Baxter <Kay.Baxter@dia.govt.nz>
Sent: Monday, 4 April 2016 1:13 PM
To: 'Lachlan Wallach'; 'Bruce Sherlock'; 'Stuart Parkinson'; Wayne Heerdegen; 'Anthony Wilson'; 'Geoff.Swainson@wcc.govt.nz'; Luke Troy; 'Sean Mallon'; 'David Hopman'; 'Mark Allingham - Group Manager Infrastructure Services'
Cc: Sarah Gunn; 'Baz Kaufman'; Don Mackay
Subject: Final report: Wellington Regional Transport: Options for Change (Castalia report)
Attachments: FINAL PDF Wellington Regional Transport Report.pdf; Collated council comments - Wellington Regional Transport (Castalia) report.pdf; FINAL Castalia Wellington Regional Transport (Tracked).pdf

Follow Up Flag: Follow up
Flag Status: Completed

Afternoon

Castalia report finalised

Just in case this didn't come through your internal system, please see email below to your Mayor/Chair. Thanks for your input and effort to help us put this report together.

Through February and March, we presented the report at workshops with all councils except WCC and KCDC.

Councillors' response was generally muted interest. A couple commented that the framework was useful considering the options and they appreciated having a broad range of options up for discussion. Most of the questions made it clear that more specificity was needed in terms of the challenges in practice and the options to resolve them (e.g. governance arrangements).

Information request coming

The next step will involve us asking you for detailed information to support an indicative business case, which will be more specific and practical than the Castalia report. I flagged this at CEs Forum last month. The timing and specifics of the request are TBC but it will likely involve significant work for you and your people this month.

Councillor and officer workshops planned

We would like to convene two joint council workshops to develop the economic case, involving one to two interested councillors and a senior officer from each council, and one to two NZTA officials.

Tentative dates for the workshops are 27 April and 4 May, 6.30-8.30pm.

Workshop participants would work with the consultants to:

- Confirm the short list of options, including the extent to which they provide a suitably complete description
- Confirm the critical success factors
- Assess short listed options against investment objectives and critical success factors.

As preparation for the workshops, the consultants will build on Castalia's work to:

- Develop the issues identified into a clear problem statement against which the case for change can be assessed
- Draft proposed investment objectives for any change
- Ensure that the options identified are suitably complete, for example by being clear about the governance arrangements
- Propose a short list of 3 or 4 options for more detailed consideration in the workshops.

The preparation work will be tested with CEs and Mayors at upcoming Forums on 8 April and 22 April.

I'll keep you updated as the work progresses and send you any papers.

Kind regards

Kay

From: Sandra Preston

Sent: Tuesday, 29 March 2016 10:07 a.m.

To: 'raewyn.bleakley@nzta.govt.nz'; 'ray.wallace@huttcity.govt.nz'; 'Ross Church'; 'chris.laidlaw@gw.govt.nz'; 'john.booth@cdc.govt.nz'; 'lynp@mstn.govt.nz'; 'wayne.guppy@uhcc.govt.nz'; 'themayor@swdc.govt.nz'; 'mayor@wcc.govt.nz'; 'mayor@pcc.govt.nz'

Cc: 'Wira Gardiner'; Kay Baxter; 'Tony Stallinger'; 'Greg Campbell'; 'Pat Dougherty'; Sarah Gunn; Don Mackay; 'Kevin Lavery'; 'Wendy Walker'; 'Chris Upton'; 'Pim Borren'; 'Paul Crimp - CEO'; 'Jane Davis'

Subject: Final report: Wellington Regional Transport: Options for Change (Castalia report)

Dear Wellington Mayoral Forum and NZTA Central Region Director

We are pleased to provide you with the finalised Castalia report on options for changing transport arrangements in the Wellington region.

The Wellington Mayoral Forum, the New Zealand Transport Agency and the LGC commissioned the transport report last year, as part of our collaborative process to investigate local government functions in the region. You will recall Castalia gave a presentation on the draft report to the Mayoral Forum meeting in December 2015. A similar presentation has also been made to most of the councils in the region. Most councils provided detailed comments on the draft report in January 2016.

We've also attached councils' comments and a version of the final report with tracked changes, showing how those comments were incorporated into the final version.

We would appreciate you sharing the final report with your councillors.

We are continuing with the next step of the transport work – to **develop an indicative business case for the options, which will also include governance options and implementation phasing**. The first step of that work is to consult with your chief executives and NZTA (at the next CEs forum next week) on a scoping report covering:

- how the business case process will be executed
- what information we would like to request from your officers, and
- how we continue to involve councillors in the development of the work.

We appreciate councils' collaboration in this project and your continued support for this work.

Kind regards,

Sandra

Sandra Preston | Chief Executive Officer | Local Government Commission

Department of Internal Affairs Te Tari Taiwhenua

Phone + 64 4 495 9326 | Mobile 027 807 9540

2 February 2016

Sandra Preston
Chief Executive Officer
Local Government Commission
46 Waring Taylor Street
P O Box 5362
WELLINGTON 6145

Dear Sandra

KĀPITI COAST DISTRICT COUNCIL COMMENTS ON THE DRAFT WELLINGTON REGIONAL TRANSPORT OPTIONS FOR CHANGE REPORT

Thank you for the opportunity to comment on the above report. Due to the timelines, these have been prepared by officers and signed by the Chief Executive. The contents will be discussed with Councillors in February.

We have structured our comments in three broad categories: Firstly, the strategic context; only some of which is directly relevant to the report but provides context to our thinking about it; some process concerns, and our detailed feedback on the report itself.

Overall our view is the report is high level and generic, and doesn't frame up either the benefits robustly such that they will create a compelling case for change; nor the disadvantages from the different perspectives of the different levels of local government, particularly around the consequences to agencies of arranging delivery of transport services differently.

It does provide a suite of options for consideration; however they are not yet well enough worked up to be presented as a long list of strategic options to be refined in a business case context. We note that in all options the new organisation will still be reliant on funding from the parent organisations. The fact that regional decisions will be constrained by funding pressure has not been properly acknowledged, nor that the governance required to agree funding and represent parent organisations must remain in order to meet accountability to ratepayers.

Strategic context

Governance issues not addressed

The report does comment on problems that are being experienced by local government entities in the region, and notes that there is not universal agreement. It does not however frame the report around a strong problem statement that sets out clearly what the effects of the problem are. Without that context, it is difficult to understand just what problem is being resolved (or how or even if it is being resolved) by the options proposed. For example, there is no clear statement that the challenges posed by complex governance arrangements require effort to maintain, and can lead to suboptimal investment decisions. Committees created on the basis

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of representative membership inevitably face accountability challenges – to the committee they serve and its terms of reference, and to the body they represent. None of the options fully address this problem.

Some of this thinking can be found in prior reports (the City Scope report and the LGC Greater Wellington Council Proposal), so it is disappointing that it has not been brought through.

Relationship to spatial planning

This Council's view remains that transport is an enabler of a robust resilient and well-functioning society, and must always be linked back to supporting growth and development of the regional community. This report suffers from being out-of-sequence; in that consideration of the benefits of spatial planning at the regional scale needs to be considered prior to how to arrange functions that will support it. The authors do note this aspect, however it is our view that it is difficult to assess fully the benefits of different transport service delivery arrangements (or even the full range of options) prior to that work.

Other options exist that are not canvassed

The arrangement of options on a continuum is useful as far as it goes; however other options outside of that continuum are not examined (e.g. GWRC's comments on non-structural options).

Some disbenefits not recognised

The analysis of benefits and disadvantages is light. One key disadvantage noted is the lack of recognition of consequences to individual agencies (and subordinate entities such as community boards) of removing transport service delivery, and especially planning – from the mix of functional responsibilities, other than to GWRC.

Although removing transport service delivery would not have a significant impact on this Council's overall capability, it would make Council completely reliant on external consultants for technical advice and support for projects across the organisation. Currently we use internal engineering service from the roading team to provide advice across a range of other functions, such as in our Parks and Reserves functions where support is provided on matters such as retaining walls, land stability, car parks etc.

Removal of the service delivery aspect, or service delivery and planning aspect still leaves a need for capability in the home agencies for strategic transport needs analysis. A certain degree of capability will need to be retained by each council to be able to understand, plan for and contract transport services. This strategic capability, and current challenges recruiting for this capability is recognised in the report as one of the challenges facing smaller councils in particular, but none of the options fully deals with the problem. The removal of inefficiencies – recognised as small but existing – may not exist in reality.

Loss of responsiveness and effectiveness at the local level is also poorly recognised. In addition, the role of transport in relation to local place shaping isn't given an adequate weighting. These are particularly important issues for this Council as we respond to changes deriving from the building of the expressway.

The report needs further development in this aspect, and particularly in developing pros and cons for each agency, rather than having multiple reports commissioned to address these components.

Cost of change

There is no commentary on the likely cost of change through the options. This must be a critical success factor – and some analysis is required even at a high level. One of the key issues to be addressed in considering any of the options is whether the long term benefits will outweigh the short term costs of disruption – which would be considerable. Continuing analysis without addressing this early could be unproductive.

Business Case Process

The purpose of the report as commissioned is to explore whether there is a case for change, by generating a long list of options to be considered as a step in a potential business case analysis. The analysis as presented does not provide sufficient detail for that purpose. As noted previously, there is no robust problem definition or clear statement of benefits that would assist with this analysis. We note that the terms of reference also request criteria that could be used to short-list options. The business case process requires identification of critical success factors (such as achievability, affordability, value for money, etc) so that options can be assessed and ranked. These have not been provided, therefore this report falls short as a step in the business case process.

These gaps will become critical if transport is to proceed as a stand-alone option, and any subsequent analysis will need to go back over this work.

Matters of detail in the report

The following are more detailed comments on the report:

P10 – Transport networks will also have to function in an emergency

Note that in the event of an emergency, people will also be putting pressure on the network to get in to critical facilities (such as hospitals, airport), not just out.

P10 – non-work related trips have a relatively small influence on transport demand.

This statement would need to be backed up with evidence. Most Wellingtonians would agree that holiday traffic is a very significant issue getting in and out of Wellington at key times; and weekend traffic presents a different suite of problems that should not be lightly dismissed or ignored in the analysis.

P17 Challenges and Opportunities

Note (as a general comment) that cross-boundary issues are not experienced by all TLAs – in KCDC's case the linkages are rail and State Highway, and boundary issues therefore do not occur in the way they might between for example, Wellington City and Porirua City.

P19 Transaction costs:

Care needs to be exercised that a reduction in transaction costs is not overstated. While there will be some efficiencies, having some form of rearranged service delivery will also add some new transaction costs that don't currently exist. These would be in terms of connecting local customers (or example in terms of complaints or enquiries) from a council to any new entity.

P26 – case studies

The case studies included have only limited relevance as in both cases they involve only 2 parties – a unitary council and NZTA. The complexity of the issues in the Wellington region are significantly greater – using Auckland as a case study would be far more relevant.

P30 Organisational capability benefits:

Note that the benefits of standardisation might be overstated – Standardisation of the approach to asset management through NZ Asset Management Support (NAMS) and the use of a standardised asset management system across the transport sector (RAMM) is already delivering this to some extent. The mandatory funding requirements from NZTA also require the use of nationally standardised documentation and processes.

P30/31: Proposal limited in scope and therefore benefits:

The consequences for agencies not included in this option are not recognised (i.e. what are the consequences for KCDC of being the only district in the region that is not part of this arrangement).

P31 – unresolved challenges could be addressed by mitigation strategies

Empowering committees such as the Regional Transport Committee more may make subtle improvements; but the consequences of multiple ownership and the accountabilities back to home agencies remain. Another improvement not considered in this discussion is increasing the status of regional transport strategies. This may influence planning decisions, both at the local level, and in the Courts.

P33 – Option F

There are some important issues in here that are treated lightly. The planning alignment needs to be further unpacked and discussed. In reality, this option has a strong dependency on alignment of land use planning via regional level spatial planning. This needs to be highlighted and analysed further.

Conclusion

We respectfully conclude that this report is not yet adequate to fulfil its purpose. The analysis is high and light, and does not provide the level of analysis needed to support the Forum in its decision-making on next steps. It does provide options, and some useful information, but in terms of taking the discussion forward, more work is required. We are very happy to meet and discuss what might need to happen to improve it.

Yours faithfully,



Pat Dougherty
CHIEF EXECUTIVE

From: Wendy Walker [<mailto:WWALKER@pcc.govt.nz>]

Sent: Monday, 1 February 2016 6:20 p.m.

To: Sandra Preston

Cc: Kay Baxter; Nick Leggett

Subject: Officer Comment from Porirua City Council on the DRAFT Wellington Regional Transport: Options for Change; Report to Local Government Commission; December 2015.

Dear Sandra

You asked for comment on the DRAFT Wellington Regional Transport: Options for Change; Report to Local Government Commission; December 2015.

These brief comments are from officers and have not been canvassed with elected members. The timing of this paper over December and January has made it difficult to get formal Council input. Our first committee meeting of the year is next week.

The "Options for Change" document is one of a series of inputs to a different approach to the regional amalgamation debate. As the large-scale boundary change has failed the logic is that looking at separate local government functions offers a way through the debate on local government effectiveness. Therefore this paper needs to be seen as one of a number that is seeking an overall solution by disaggregation i.e. consideration of functions.

This is the first of the workstreams to be considered and highlights some of the issues with this approach.

Problem Identification

Looking at the transport options paper does not give an overall sense of the problem we are trying to fix. The debate around amalgamation in the region was driven off a sense that the Wellington region is not thriving. It is a slow growth region and needs stronger joined-up leadership and a coherent regional strategy. Over the last decade or so the strategy direction has been driven through the Wellington Regional Strategy which has been described as the strategy everybody agrees to but nobody agrees with. While that is harsh it does give a sense that the strategy has not been successful in delivering change as was initially hoped.

So if the problem is one of strategy how is it that we have arrived at a set of discussions around service delivery?

Case for Change

The case for change in service delivery is not strongly made in this document. The impression left is that- all else being equal- that the need for change is not significant.

Delivering a multi-agency solution in a local government environment comprising 9 Councils

Organisational design principles typically argue for simplicity, legibility, customer focus, efficiency and effectiveness. A transport entity in addition to 9 Councils, Wellington Water and Wellington Regional Economic Development Agency offers none of this. The integration stream of work scheduled by the Local Government Commission needs to be part of the thinking on transport.

Future shape of local government

Stripping away the current functions of local government means at some point the remaining entity is not viable and the stranded corporate overheads, disparate functions and weakened voice become too significant and will force boundary changes leaving a sub optimal regional delivery structure. This makes it more difficult for customers to navigate for services and for residents and ratepayers to work out where decisions are made and accountability rests.

Detail in the document

- The specific comments made by Anthony Wilson from Wellington City Council are accurate and need to be incorporated

- It would be helpful to add an additional section or at least place the existing New Zealand transport solutions in context of the options provided (eg Marlborough Roads, SmartGrowth Bay of Plenty, Gisborne etc)
- It would be useful to sort the "Challenges and Opportunities" (largely drivers for change) into primary and secondary drivers
- A separate option should be included that amalgamates the 3 waters with transport – an infrastructure company

Where to next?

2016 is election year for local government. In the next few months (March-July) Councils are going to be working on their Annual Plans – a significant resource issue for most Councils – especially small ones. It would be helpful at the next forums (both CE and Mayoral) that the issue of how the Local Government Commission intends to advance the work programme over the next few months is discussed. Elected members in particular will have a view about this

I would be keen to discuss these issues with you Sandra if you have some time in the next week or so.

I will ring to see if you're available.

Regards
Wendy Walker

Wendy Walker
Chief Executive
Kaiwhakahaere Matua
DDI: (04) 237 1401

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"Together we're making Porirua Amazing"



Comments on LGC Draft Report on Transport Options for the Wellington Region

Executive Summary

GWRC has undertaken an assessment of the identified structural options as well as a range of non-structural options against the problems and issues. The benefits arising from the structural options increase as more functions are integrated together into the one entity, however at the same time the range of dis-benefits also increases. The more integrated the option the more complexity and cost is involved in the transitional arrangements and the greater the scale of consequential impacts to the local authorities. The potential complexity of any governance arrangements, with up to nine local authorities, is also a significant issue, as well as the need for appropriate public accountability.

Our view is that none of the structural options identified appear to provide an obvious way forward and changes to structures should only be considered where there are significant benefits that outweigh any dis-benefits.

However we have also identified a range of “non-structural” options. These should be included and considered in the draft report. A package of non-structural options (some involving amendments to legislation) would form a realistic alternative to structural change and avoid the considerable transitional costs of some of the structural options. We note that on their own no structural options achieve significantly improved integration between land use planning and transport in fact most of them worsen integration in this area, despite this being one of the most important issues determining the long term economic success of the region. A regional spatial plan would address this issue and should be considered a high priority and an essential part of any package of options to provide a strategic context for transport planning and project prioritisation.

Option A (Status Quo) should not be discounted. Whilst there are clearly inefficiencies and additional joint working arrangements are needed to ensure integrated outcomes, the system is not broken. Non-structural solutions could be found to address many of the identified integration and efficiency issues.

Options B and C (Wellington Roads etc) provide an obvious quick win of creating an integrated service delivery agency/road controlling authority for local roads that has already been initiated by four of the councils. However the benefits of these options are limited to economies of scale and capacity and do not address the other identified issues; in addition there are some transactional inefficiencies created for public transport.

Of the more integrated options, Option D adds further benefits by integrating service delivery functions across modes, but results in a complex and unwieldy ownership, funding and governance structure, and also doesn't address many of the other identified issues. We believe that for Option E to work effectively, it would need to be a road controlling authority with regulatory powers and should be an ‘approved organisation’ able to apply for NLTF funding. This would enable it to function in a similar way as Auckland Transport but would require new legislation. This option provides many benefits but also has high dis-benefits, including substantial consequential impacts on the local authorities from which functions are removed, and complex governance arrangements between up to nine authorities plus NZTA (unlike Auckland Transport which has only one governing council). A simpler and less costly alternative to Option

E would be to enhance the role of the RTC to give it delegated powers as part of a combined road controlling authority (sitting within the regional council).

Options that integrate the state highways functions into a transport authority (C1, D1 and F) provide some additional integration benefits but are considered very unlikely to be supported by the Government. They also raise the risk of local and even regional issues being subsumed by national perspectives.

If any option involving significant structural changes to Public Transport delivery were to be implemented, measures to avoid adverse impacts on the operational functions should be considered. Over the next few years there are significant changes proposed to the delivery of PT services through the PTOM process and the related transformation programme. Additional structural change could increase risks relating to the smooth transition of services to the new regime.

The draft report forms the equivalent of a Strategic Case and elements of a Programme Business Case (using the Treasury and NZTA business case process). It identifies the problem, some of the benefits of addressing this and some high-level options. However further work is required to formalise these, including an assessment of options against the identified problems. A next logical step is to develop an Indicative or Detailed Business Case, which would seek to examine the costs and benefits of the options in more detail. Considerable further work will be necessary to flesh out the detail of any options chosen for further consideration and their implications. Analysis should include a robust assessment of the implications of options both in terms of delivering on the identified transport problems as well as other consequential impacts. We do not believe that the information currently available in the draft report is robust enough to make firm decisions. We would be happy to work with the LGC's consultant to assist in this process.

1. Introduction

Thank you for the opportunity to make comments on the draft LGC report on Transport Options for the Wellington Region.

This is an important process to determine the best options for delivering transport in the Wellington region. GWRC has been an active participant in the process so far, with participation in the working group, at the CE Group and Mayoral Forum.

Overall we believe the report is a helpful overview of the issues and options. It presents the issues and potential options in a clear and plain English manner. Our comments are around providing more detailed information, identifying some additional considerations, further comment on the evaluation of the options and identification of additional non-structural options. Comments are structured around the following headings:

1. Introduction
2. Assessment of options
3. Non-structural options

2. Assessment of proposed options

2.1 Current situation

We agree with the draft report that the current system is not broken. One of the key factors coming out of the draft report is that no structure on its own is perfect and that given the complex nature of the transport network and its inter-relationships with other urban networks and functions there will always be a necessity for some joint working arrangements to bridge gaps.

We note that a number of transport functions are already planned and delivered regionally, including: regional transport planning and major project prioritisation; public transport planning and service delivery; and, state highways planning and implementation. We believe these functions are already delivered at the appropriate scale, with a reasonable degree of effectiveness and efficiency. The identified issues with these functions relate more to their interactions with other aspects of the transport network – for instance how local road planning and delivery integrates with state highways and public transport and the fact that some service delivery performance (for example bus service speed and reliability) is very much a function of local road planning and delivery.

2.2 Problems and issues

The problem statements outlined in the draft report are generally supported. However, there are some more specific but important points that need to be drawn out under some of the generic headings. One overriding issue that the report needs to consider in greater depth is the extent to which the options enable the economic growth and development of the region.

The draft report makes initial reference to the expectations of the general public as customers of the planning and service delivery functions provided by the various organisations, yet analysis of the how the options serve the public is lacking in the draft report. We believe that it is important to consider the problems and proposed options from the user and customer view point as well as from a network management and economics perspective – to this end we suggest some additional problem statements under 'User/Customer perspective' below.

GWRC's believes the key problems can be summarised as follows:

Enabling economic development

- Transport, as a core part of the region's infrastructure, plays an important part in enabling economic growth. The current lack of alignment in planning and delivery across all the various roles and responsibilities, may mean that the region is not delivering the right transport to the right places at the right time to support economic development and related land use development objectives. This is an overriding issue that is underpinned by the more detailed issues outlined below.

Scale

- Planning and delivery of local road functions have issues associated with capacity and expertise and don't take advantage of potential economies of scale and improved consistency. The practical delivery of local road functions generally have a good track record however staff resource is limited and succession planning for staff is a potential issue. Conversely the planning function is generally focused on the delivery aspects rather than longer term strategic planning reflecting limited staff and the specialist nature of this skill set.

Integrated planning

Lack of aligned decision making due to:

- Lack of alignment between regional and local transport planning processes (for example between the RLTP and local transport plans), and a range of decision makers.
- Lack of integration between strategic transport planning and land use planning and economic development strategies (for example between the RLTP, District Plans and regional/local growth strategies).
- Absence of a regional spatial plan to provide strategic context and direction on future economic development and related land use development throughout the region that strategic transport infrastructure should support.
- Key transport data (especially from transport models) being analysed inconsistently by different agencies.

Delivery

- The successful delivery of some large transport infrastructure projects is impacted by overlapping jurisdictions. This leads to a lack of multi-modal thinking, the need for complex working arrangements and potential conflict. Further benefits could be achieved from the coordination and better phasing of projects as part of a wider regional transport programme. Decisions on major infrastructure typically involve considerable capital expenditure and long lead times that rely on consistency over time and between organisations for successful delivery.
- The issue of overlapping boundaries of ownership, artificial geographic council boundaries and complex funding rules also extends to the non-infrastructure issues around travel demand management. Here it is often the case that this can result in inefficient travel demand management programmes and activities that fail to capture the truly intra-regional scale of travel in the region.

Regional effectiveness

- Regionally important projects can be stalled by conflicting priorities held by the delivery agencies with no mechanism to resolve this.

- Current investment in relation to the region's transport network is largely driven by an investment decision making process that places greater value on the delivery of national priorities and a locally created programme of projects. Both of which place less emphasis on the strategic requirements of the region.
- Significant projects are sometimes considered in isolation rather than as part of wider integrated transport network and urban system leading to potential inefficiency and ineffectiveness. Some decisions are made from a relatively narrow frame of reference, without due weight given to regional perspectives and priorities.

User/Customer perspective

- Responsibility for parts of the transport network is fragmented, lacks transparency and can be confusing.
- There is an inconsistent level of service for road users.

2.3 Specific Public Transport Considerations

For public transport, there are existing mechanisms (e.g. the RLTP and RPTP) that deal with the high level objectives and planning across the region and planning is undertaken at an appropriate regional level reflecting the inter-connectedness of the network. Therefore the issues are at a more operational level, where the current structure allocates control of the road corridor to agencies that are not responsible for public transport outcomes. As a result, decision makers who are not familiar with the operational realities of public transport are incentivised to optimise the roading corridor rather than to achieve the overall transport outcomes.

In a typical example, road controlling authorities are faced with regulatory decisions that weigh up improving the safety, convenience, cost effectiveness, or the speed of public transport against other uses of the road corridor space such as parking or amenity improvements. The public transport benefits (convenience, operational cost savings and increased revenue) are experienced by the passengers, bus companies, and the Regional Council. However the costs are borne by the road controlling authority, which fund the capital and maintenance costs of road works and may also face political pressure relating to any changes in local parking or public space. It is therefore hardly surprising that negotiations to relocate bus stops make bus routes more direct, or introduce bus priority measures are difficult and progress slowly.

In another example, the use of high capacity buses (such as double decker buses) on major routes can significantly reduce public transport operating costs while increasing customer service levels, but the heavier buses increase the wear on the pavement which increases maintenance costs. In Auckland, Auckland Transport identified corridors where the benefits outweighed the costs and made a swift decision to introduce double decker buses. In Wellington the benefits and costs accrue to different organisations, and progress in introducing high capacity buses has unsurprisingly been much slower. As a result, the overall cost to the public sector of the Wellington transport network is higher than necessary.

In the same way, TLAs considering urban development are not informed or incentivised to consider the practicality or cost effectiveness of servicing green field developments with public transport, although at a strategic level all parties agree that public transport mode share should be maintained or grow. Some developers proactively engage with the Regional Council to understand potential bus routes, ensure that their subdivisions are designed so that buses can navigate corners and that road space is allocated for stops; however this is voluntary. A more typical example involves an approach from the community or local council requesting services be provided to a newly developed area, but on subsequent investigation public transport services prove to be impossible or very expensive to provide.

More integrated planning and delivery would assist in addressing these operational issues, and ensure that decision making on transport corridors consider costs and benefits across all modes, including public transport.

2.4 Process for assessment

It is recommended that a more systematic analysis of the range of structural options as well as non-structural options is undertaken against the defined problems. An example of this evaluation is attached as Appendix 1.

This analysis will help to determine a shortlist of potential options for further detailed investigation. This should include consideration of affordability and the practicality of implementation of the proposed options and any consequential impacts.

The draft report forms the equivalent of a Strategic Case and elements of a Programme Business Case (using the Treasury and NZTA business case process). It identifies the problem, some of the benefits of addressing this and some high-level options. However further work is required to formalise these, including an assessment of options against the identified problems. A next logical step is to develop an Indicative or Detailed Business Case, which would seek to examine the costs and benefits of the options in more detail. Considerable further work will be necessary to flesh out the detail of any options chosen for further consideration and their implications. Analysis should include a robust assessment of the implications of options both in terms of delivering on the identified transport problems as well as other consequential impacts.

2.5 Comments on structural options

GWRC has the following comments on the identified structural options:

We have undertaken an assessment of the identified structural options as well as a range of non-structural options against the problems/issues. The benefits arising from the options increase as more functions are integrated together into the one entity. However the more integrated the option the more complexity is involved in the transitional arrangements and the greater the scale of consequential impacts to the local authorities. We believe that changes to structures should only be considered where there are significant benefits that out-weight any dis-benefits.

Option A (Status Quo) should not be discounted. Whilst there are clearly inefficiencies and additional joint working arrangements are needed to ensure integrated outcomes, the system is not broken. Non-structural solutions could be found to address many of the identified integration and efficiency issues.

Options B and C (Wellington Roads etc) provide an obvious quick win of creating an integrated service delivery agency/road controlling authority for local roads that has already been initiated by four of the councils. However the benefits of these options are limited to economies of scale and capacity and do not address the other identified issues. There are some transactional inefficiencies created for public transport by this option. In many cases implementing major bus service improvements will require decisions from road controlling authorities that are essentially regulatory (i.e. they cannot be delegated to a CCO). We note that the establishment of any transport CCO that does not include public transport will increase the number of parties that need to reach agreement on any given issue and will further slow the decision making process. Consideration also needs to be given to how the role of roads as important public spaces and as an integral part of the urban fabric will be taken into account in this new structure. It has been noted by a number of organisations that the current age profile of roading staff in this region is high compared to other councils in the country. This raises issues of succession planning, however any structural changes may in fact quicken the pace of staff turnover and retirement undermining the ability of any new organisation to deliver high quality services in the short to

medium term. Nevertheless if this option is supported by the relevant territorial authorities, GWRC would not object.

One suggestion has been to start with Option B and over-time progress through to the more integrated structural options. Whilst this view seems attractive on the surface, we question whether in fact there is a logical progression through the options, as the setup and governance structure for each is quite distinct.

Of the more integrated options, Option D (Wellington Transport) adds further benefits by integrating service delivery functions across modes, but results in a complex and unwieldy ownership and funding structure, and also doesn't address many of the other identified issues.

We believe that for Option E (Wellington Transport with enhanced powers) to work effectively, it would need to be a road controlling authority with regulatory powers and should be an 'approved organisation' able to apply for NLTF funding. This would enable it to function in the same way as Auckland Transport but would require new legislation. This option provides many benefits but also has high dis-benefits, including substantial consequential impacts on the local authorities from which functions are removed and complex governance arrangements between multiple authorities. A governance board representing up to nine local authorities could be cumbersome and ineffective, unlike Auckland Transport which has only one governing council.

Options that integrate the state highways functions into a transport authority (C1, D1 and F) provide some additional integration benefits but are considered very unlikely to be supported by the Government. They also raise the risk of local and even regional issues being subsumed by national perspectives.

If any option involving significant structural changes to Public Transport delivery were to be implemented, measures to avoid adverse impacts on the operational functions should be considered. Over the next few years there are significant changes proposed to the delivery of PT services through the PTOM process and the related transformation programme. Additional structural change could increase risks relating to the smooth transition of services to the new regime.

2.6 Dis-benefits of options

Consideration must also be given to any undesirable impacts from the implementation of the options. This will be an important factor in deciding whether the pros outweigh the cons. We note that several of the structural options have potential dis-benefits or have aspects that appear not to have been considered.

One consistent dis-benefit across all of the structural options is the creation of a fracture between local decision making on transport and other matters (including land use planning, urban design and community issues). Roads fulfil a critical public space function, they are not just transport corridors consequently decisions on use of road-space and design have widespread impacts on local communities and other urban planning objectives. Separating these functions from one another would necessitate additional joint working relationship and decision-making frameworks to be established.

Another dis-benefit which is likely to arise for some of the structural options is the potential for ineffective governance arrangements with nine local authorities (and in some cases a Government agency) involved in joint decision-making. Without further detail on the precise nature of proposed governance arrangements it is difficult to assess this. It is however clear that some options will increase transaction costs. Auckland Transport has only one council to coordinate with, whereas a similar Wellington Transport agency could have nine.

The current legislative framework places regulatory functions with local councils for such activities as setting speed limits, parking controls etc. Options B and C do not address this and in fact create a new layer of complexity in dealing with service providers and regulatory bodies given transport operators could have to deal separately with a regional scale road controlling authority as well as the regulatory function of each council.

A further issue that is likely to arise is the tension between effective decision-making in a separate transport authority and local accountability. It is unclear at this stage what processes would be in place for community involvement in Board decisions.

2.7 Consequential Financial impacts

Some of the more substantive structural options (Options D, E and F) will have consequential financial impacts on GWRC as well as the territorial authorities. GWRC has done a preliminary analysis of the financial impacts of removing public transport and regional transport planning functions from the regional council, using assumptions based on the draft LGC Report options. This shows the following:

Option D

- Minor financial impacts on GWRC.
- The new entity Greater Wellington Transport will develop some of its own systems and corporate functionality over a period of time and some charges may no longer be passed on, however this can be phased.

Option E and F

- Major financial impacts on GWRC due to 'stranded' corporate overheads, internal charges and taxation losses for which charges cannot be passed on, as the new entity Greater Wellington Transport will develop its own corporate resources and systems.
- Initial estimates show a potentially substantial impact on regional rates and affordability. Whilst some costs will be able to be reduced, it is estimated that a majority will remain. The increased costs could result in a significant increase in regional rates of around 5-9%; this would be on top of the projected rates increase of around 8% in 2016/17 and 9% in 2017/18.
- Mitigating projected rates increases through cost reductions could impact on service levels affecting other core GWRC activities.
- A potential further impact on a new entity has also been identified. Currently GWRC borrows for public transport capital expenditure through the LGFA, of which it is a founding member. A CCO (ie GWT) is unable to access funds through the LGFA under current structure. The implications of this could be a potentially significantly increased cost of borrowing for capex.

2.8 Further Information Required for Decision-Making

We do not believe that the information currently available in the draft report is robust enough to make firm decisions. Before decisions can be made it is essential that further information on the benefits, impacts and consequential impacts of the options are obtained. This will require additional work by the consultant and relevant agencies. Whilst some of this information may be able to be resolved during any implementation phase, part of it is needed to inform strategic decision making.

The draft report forms the equivalent of a Strategic Case and elements of a Programme Business Case (using the Treasury and NZTA business case process). It identifies the problem, some of the benefits of addressing this and some high-level options. However further work is required to formalise these, including an assessment of options against the problem/criteria. A next logical step is to develop an Indicative or Detailed Business Case, which would seek to examine the costs and benefits of the options in more detail. Considerable further work will be necessary to flesh out the detail of any options chosen for further consideration and their implications. Analysis should include a robust assessment of the implications of options both in terms of delivering on the identified transport problems as well as other consequential impacts.

It is suggested that the following additional information be provided:

- An assessment of the options (both structural and non-structural) against the identified problems
 - Identification of benefits and dis-benefits
 - Development of an Indicative/Detailed Business Case
- Detailed outline of the shape of the governance body for each option, including:
 - Proposed representation on any joint committee or board
 - Functions to be delegated/transferred to any joint committee/board
 - Limitations on functions that can be delegated/transferred
 - Public input to decision-making by any joint committee/board
- Financial impacts
 - Consequential financial and other impacts on the remaining organisations (GWRC, TA's, NZTA) from the proposed options
 - Likely costs/savings arising from any of the options
 - Transitional costs and issues
- Dispute resolution
 - Consideration of how differences of opinion will be resolved between (a) rating agencies and a transport authority on budgets; (b) transport authority and territorial authorities on urban roads.
- An understanding on what aspects of all the options require legislative changes
 - Timelines
 - Consideration at a high level of likely Regulatory Impact Statement issues
 - Any alternatives to legislation

We have also noted areas where the draft report could be clarified, where there may be minor errors or where we feel the report presents information based upon inaccurate assumptions in Appendix 2.

3. Non-Structural Options

Amalgamation of councils in the region could have provided an effective means to resolve many of the problems of integration identified in the draft report. With this option now off the table, the structural solutions that have been identified in the draft report provide an alternative but less effective structural means to resolving these issues. Our analysis indicates that none of these provide an obvious solution.

The draft report also touches on some non-structural options, but does not analyse or discuss these in further depth. We believe that the non-structural options may have just as much validity (if not more) than the structural options and need to be drawn out into a specific section of the report and evaluated as part of the overall set of options.

Some of the non-structural options are critical to resolving one or more of the identified problems which, in some cases, the structural solutions do not achieve or indeed worsen. Non-structural options build on the existing governance arrangements in the region and avoid the political and organisational upheaval that would be associated with some of the proposed structural options.

Each non-structural option can also be seen as a standalone improvement option to the current process or can be seen as a set of inter-related improvements where the sum of the parts is far greater than each part in isolation.

The key non-structural options are as follows:

1. **Integrated planning** – one of the identified problems is the lack of alignment between planning processes. There are several options that could be considered to address this:

(a) *Integrated regional scale spatial planning* – The RLTP is currently prepared without a corresponding regional scale plan for future land use and growth. The Regional Policy Statement is a statutory plan under the RMA which provides a policy framework for integrated management of the region’s natural and physical resources. It does not provide a spatial framework for future growth. This creates difficulties in determining what the preferred land use allocation is across the region and how economic development may drive patterns of activity. Currently, the RLTP references the land use and growth aspirations of each local council, taken from a variety of non-statutory urban development strategies and plans. This is not ideal and results in potentially ‘competing’ development aspirations. This approach means there is a risk that major transport infrastructure decisions either end up leading land use development and investment decisions or that transport is unable to accurately plan and respond to emerging demands due to a lack of integrated direction. This can lead to inefficient and ineffective regional decision-making. The development of a statutory Spatial Plan would be a suitable mechanism to overcome this issue – allowing the RLTP to focus on effective delivery of transport solutions to achieve the overall goals. This is mentioned in the draft report as a separate work stream (section 4.2 footnote 31 page 18) however we believe it is fundamental to the effectiveness of regional transport planning and as such needs to be specifically addressed in this work stream.

- **Recommended Non-structural option (II) – Regional Spatial Plan**

(b) *Integrated regional and local planning* – there is currently no formal mechanism for the RLTP to be taken into account in local land use planning. This creates uncertainty in the delivery of regional priorities and does not appropriately reflect the close inter-relationship between land use and transport planning. The recent Board of Inquiry decision on the Basin Reserve Bridge highlighted the very low weight given to the statutory RLTP (regional land transport strategy as it was then) in making a decision under the RMA.

The RMA already has a requirement for District Plans to “have regard to” a Regional Policy Statement or other Regional Plans prepared by a regional council under the RMA in s74(2)(a). This could be broadened to include a Regional Land Transport Plan prepared under the LTMA. We understand that in previous assessments this statutory link may have been rejected by the Ministry for the Environment on the basis that the RLTP process does not have a further submissions process. This would essentially rule out any statutory link to plans and policy prepared under the Local Government Act or LTMA. Given the importance of linking transport and land use planning in achieving successful outcomes for both processes, it is essential that some mechanism be found to work around this constraint.

- **Recommended Non-structural option (III) – statutory requirement in RMA to “have regard to” a Regional Land Transport Plan prepared under the LTMA**

Under the LTMA, there is no requirement for local authorities to prepare a local transport plan. In practice many local authorities do prepare some sort of local transport plan, however, due to the lack of statutory specification these are very varied in nature and include: multi-modal transport strategies/plans, plans for individual modes (i.e. cycling, walking) and integrated transport and urban development strategies. These transport plans often form the foundations of the RLTP programme of projects and activities. There is no requirement for any of these plans to be consistent with the statutory RLTP or to seek to deliver the strategic objectives set out in the RLTP. This can result in conflicting priorities and a lack of implementation of regional priorities identified in the RLTP.

One option would be to amend the provisions in the LTMA to add the requirement for all road controlling authorities to submit (to the RTC as part of the RLTP development) a statement/assessment of how their overall proposed programme of transport activities will 'give effect to' the objectives and policies in the RLTP. This would go beyond the current requirement for organisations to identify the strategic objective that a proposed individual activity would deliver upon. This would provide a specific mechanism for the RTC to discuss alignment and any gaps between draft local transport programmes (and NZTA HNO programmes) with regionally agreed transport priorities as part of developing the RLTP and prior to councils finalising their LTPs. This would address some concerns voiced by the Ministry and NZTA about the lack of alignment from national down to local transport plans and ensure joined-up planning.

- **Recommended Non-structural Option (IV) – statutory requirement in the LTMA for each Approved Organisation to submit a statement of how their proposed RLTP programme of activities seeks to give effect to the objectives and policies of the Regional Land Transport Plan.**

2. **Formalised working arrangements** – one of the barriers to improved integration and delivery of major projects is the lack of formalised working arrangements between the parties. Instead programme/project-specific arrangements are constituted on an as-needs basis, often following emerging issues and conflict being identified. An example of this is the recently developed Ngauranga to Airport programme. This constitutes working arrangements between three agencies (GWRC, WCC and NZTA) at a political and officer level. A more formalised and consistent working arrangement for major transport projects in the region, put in place at the beginning of a project, would assist in minimising conflict and increase integration and alignment, although with the potential to add transaction costs. This could take the form of a MoU between the relevant parties. This might even be developed into a form of charter with region's population in order to ensure the delivery of better working arrangements.

- **Non-structural option (V) – formalised working arrangements between transport authorities for major regional projects.**

3. **Enhancing the role of the Regional Transport Committee** – currently the RTC role is limited to developing the RLTP (which in this region includes detailed sub-regional Corridor Strategies), monitoring its implementation and prioritising transport projects submitted to it by the respective agencies across the region for submission to the NLTP process managed by NZTA that determines NLTF funding approvals. The role and function of RTC could be enhanced to include:
 - (a) a stronger role in requesting agencies to consider the development and delivery of particular programmes or projects to deliver agreed regional priorities;

- (b) a stronger role in monitor the implementation and delivery of agreed regional projects;
- (c) a stronger role in reporting to Council meetings on RTC policy, regional priorities and the regional transport programme in order to better integrate with local decision making.

A further option would be to enhance the role of the RTC to give it delegated powers as part of a combined road controlling authority (sitting within the regional council). This would be a simpler, less complex and less costly alternative to Option E. This would bring together the road controlling functions of the local authorities providing economies of scale and capacity benefits, as well as allowing for integration of planning, decision-making and project delivery between the multiple transport modes. It would also ensure public accountability through the committee process.

- **Non-structural option (VI) – Enhance the role of the Regional Transport Committee.**

4. **Establishing regional outcomes as part of the NLTP decision making process** - There is evidence that the current “Investment assessment Framework” strategic fit element takes a very national level view and the application of strategic fit is not wholly transparent at a lower level, indeed the influence of regional outcomes and priorities currently appears largely absent. There is a need to consider the transport network system at a spatial level with a 30 – 40 year view of outcomes both inter-regional and regional. Amending the definition of strategic fit would reinforce the need to demonstrate the ability of local transport projects in explicitly delivering regional objectives and give the RLTP more status. The RTC and RLTP are best placed to define regional outcomes and provide this strategic function. In addition this would not only enable better investment outcomes but provide better alignment between the GPS and RLTP.

- **Non-structural option (VII) – NZTA amends the definition of strategic fit to recognise national and regional (short and long term) outcomes.**

5. **Establishment of an integrated data, analytics and modelling function** – currently key transport data and transport model analysis is undertaken by a range of different agencies. GWRC manages the regional strategic transport and public transport models (WTSM and WPTM), NZTA in conjunction with some of the territorial authorities have built and maintained a range of area-based transport models (SATURN) for parts of the region and more detailed analysis models (PARAMICS) for parts of the Wellington central city. Many of the area-based models are maintained by a specific consultancy on behalf of the agency.

Whilst the common base of information from the regional strategic models, feeding down to the more detailed models, has ensured a level of consistency, the range of agencies providing information and analysis of key transport data has resulted in some issues around differences of interpretation and accuracy between the various transport agencies. Models do not provide ‘the answer’ and the results flowing from them need to be carefully analysed in the light of the assumptions underlying them and other influencing factors. This is made more difficult where the analysis is undertaken some distance removed from the original model assumptions. This has created the impression of a lack of alignment and results in a lack of confidence in the results.

There are a range of options from creating an oversight mechanism for the existing GWRC modelling team to a more structural change. This could range from a direct report to the RTC or a board of transport managers from all relevant agencies through to the creation of a fully independent transport modelling and data analysis team or unit that could work on behalf of the transport sector accompanied by an agreement that all transport modelling is overseen through that unit.

- **Recommended Non-structural option (VII) –Investigation of options to establish a more integrated data, analytics and modelling function.**
6. **Establishment of an integrated regional travel demand management function** – travel demand measures are critical to helping create a more economical and resource-efficient transport system. Behaviour change programmes or pricing mechanisms should provide a first step, reducing the peaks of congestion and smoothing travel times across the network without the need to invest large sums of capital in infrastructure. Travel demand activities are also vital to ensure maximum value is extracted from any new infrastructure that is constructed. The current scale and scope of programmes in this region is limited both by legislative mandate and by their incremental delivery by multiple agencies. This requires complex relationships between agencies to achieve integration, but even with this lacks sufficient scale and influence. Forming an integrated travel demand management function for the region could improve efficiency and effectiveness in delivery within this set of activities and has the potential to significantly improve value for money in the overall transport programme within the region.
- **Recommended Non-structural option (IX) –Investigation of options to establish a more integrated travel demand management function.**
7. **Implementing all the non-structural option I through to VIII** –Whilst the non-structural option numbers 1 to 6 can be considered as separate standalone improvements in reality their power and value comes from implementing them as an entire suite of improvements such that the effect is multiplied through economies of scale and the agglomeration of benefits. As a package of non-structural options these are likely to be as effective (if not more) than any of the structural options at addressing the identified issues/problems. Their implementation also avoids the considerable transitional costs of some of the structural options.
- **Recommended Non-structural option (I) – Implement all the non-structural options as an improvement package.**

Appendix 1: Preliminary assessment of options against problems and issues

Key: scale of overall benefit rated from + to +++, with greater overall benefits accrued by +++ compared to +

Assessment criteria	Structural Options										Non-Structural Options								
	Option B	Option C	Option C1	Option D	Option D1	Option E	Option F	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.			
Option B Wellington Roads / Waitemata Roads		Greater Wellington Roads	Greater Wellington Roads + State Highways	Greater Wellington Transport	Greater Wellington Transport + State Highways	Greater Wellington Transport Authority	Greater Wellington Transport Authority + State Highways	Implement all the user-structural options as an improvement package	Spatial Plan	Statutory link to RMA	Amend LTMA to require RCAs to demonstrate overall alignment of programmes with RLTP policy framework	Formalised working arrangements	Embarked RTC role	Amended definition of strategic fit.	Establish an integrated data, analytics and modelling function	Establish an integrated travel demand function			
Enabling economic development				+	+	+	++	+++	+++	+	+		++	+		+			
Scale - insufficient scale, capacity and expertise for local roads	+	++	+++	++	+++	++	+++	+++	++				+++						
Integrated planning - alignment between regional and local transport planning processes		+	+	+	+	+++	+++	+++	++	+	++	+	++	++	+	+			
Integrated planning - alignment between transport and land use planning								+++	+++	+++	+	+	+			+			
Integrated planning - Lack of a regional spatial plan								+++	+++	+	+	+	+						
Integrated planning - Inconsistent analysis of key transport data						++	+++	+++	+++			+++	+	+++	++	+			
Delivery - inefficient and ineffective delivery caused by overlapping jurisdictions			+	+	+++	++	+++	++	++		+	++	++	+	+	+			
Delivery - impact on transaction costs																			
Regional effectiveness - Insufficient priority for regionally important projects			+	+	++	+++	++	+++	+++		++	+	+++	++	+	+			
Regional effectiveness - Isolated planning and		+	+	++	++	++	+++	+++	++		+	+++	++	++	++	++			

		Structural Options							Non-Structural Options								
		Option B	Option C	Option CI	Option D	Option DI	Option E	Option F	I.	II.	III.	IV.	V.	VI.	VII.	VIII.	IX.
Assessment criteria		Greater Wellington Roads	Greater Wellington Roads + State Highways	Greater Wellington Transport	Greater Wellington Transport + State Highways	Greater Wellington Transport Authority	Greater Wellington Transport Authority + State Highways		Implement all the non-structural options as an improvement package	Spatial Plan	Statutory link to RMA	Amend LTMAs to require RCAs to demonstrate overall alignment of programmes with RLTP policy framework	Formalised working arrangements	Enhanced RTC role	Amended definition of strategic fit.	Establish an integrated data, analysis and modelling function	Establish an integrated travel demand function
delivery of significant projects																	
Customer/User perspective - Disjointed/confusing responsibility for parts of the transport network			+	++	+++	++	+++	++	+++	+		++	+	+++			+
Customer/User perspective - Lack of accountability to implement agreed regional policy						++		++	+++	+		++	+	+++	++	+	+
Customer/User perspective - Inconsistent standards and level of service		+	+	++	++	++	++	++	++	+	+	+	++	++	+		

Appendix 2: Areas for clarification or correction in draft report

Report reference	Comment (suggested changes in italics)
Executive Summary Para 2 under heading “the current system is complex	<p>“Funding comes from local rates, from regional rates, and from the central funding <i>sources</i> of the National Land Transport Fund <i>or other Government funding</i>”.</p> <p>KiwiRail receives direct Government funding for some rail capital projects to enable the operation of public transport services</p>
Section 2.3 Para 3	The “wider objective for Greater Wellington: to encourage regional economic growth” is not correct – as it reads it appears that this is an overarching objective instead of one objective among a number
Section 3.1 Figure 3.1	Rail planning (for both infrastructure and services) also occurs at the regional level (eg see Wellington Regional Rail Plan 2010 – 2035 available at www.gw.govt.nz) and this should be reflected in figure 3.1.
Section 3.1 Para 3 under “Different stakeholders ...”	<p>“... while the GWRC owns <i>and manages</i> the rolling stock, <i>most stations, maintenance depot, pedestrian bridges and underpasses etc.</i></p> <p>The GWRC cleans and maintains infrastructure, which is not privately owned, at bus stops (shelters, signage etc.) across the region. GWRC also owns the majority of the bus stop infrastructure across the region with private companies and TLAs owning the remaining. TLAs control the location and regulation of the stops. GWRC owns all railway stations except Wellington Station, and park and ride facilities may be owned by GWRC or other parties.</p>
Section 3.1 Para 3 under “Planning responsibilities ...”	<p>“The main decision-maker (a local authority) plans the roads in the respective district through their <i>District Plan, transport plan or asset management plan</i>”</p> <p>Note that a transport plan is not a statutory requirement and some TLAs do not have a plan that is separate from the district plan or AMP.</p>
Section 3.1 Final para under “Co-funding models...”	<p>“Public transport support infrastructure is mostly funded by the owners of the assets – e.g. local councils for footpaths [delete <i>and bus stops</i>]</p> <p>Local authorities have regulatory control of the stops and own the roads. GWRC funds and manages the cleaning and maintenance of all public transport bus stop infrastructure across the region which is not privately owned. Over the last 5 years ownership of public transport infrastructure has been transferring from TLAs to GWRC. The current situation being that there are very few shelters outside of Wellington City still in TLA ownership. In Wellington City when shelters are replaced the ownership transfers to</p>

Report reference	Comment (suggested changes in italics)
	GWRC.
Section 3.1 Para 4 under “Service delivery ...”	<p>“These include <i>multiple contracts with public transport operators who operate bus, ferry, and rail services</i>”</p> <p>As written this is unclear - the 45 bus contracts referred to are with a limited number of operators i.e. the 8 public transport operators include the bus companies, and TranzMetro is part of KiwiRail but is the only part that operates public transport services.</p>
Section 3.2	<p>The following could usefully be added to the list of collaborations:</p> <ul style="list-style-type: none"> • Cooperation and collaboration between the GWRC sustainable transport team and TLAs on behaviour change programmes to increase active transport (particularly cycling and walking)
Section 4.1 Para 3	<p>The example given is inappropriate and should be removed (“For example, the reasoning not to prioritise”). While the RTC has on occasions not supported particular roading projects it has not been on the basis that the project will reduce public transport use, although that may be one of the factors taken into account along with issues such as whether the project was cost effective (i.e. had a positive cost benefit ratio), the effect on congestion etc.</p>
Section 4.2 Para 4	<p>“There are risks of national investment priorities and regional [delete <i>public</i>] transport planning undermining each other”.</p> <p>The following sentence references the GPS and RLTPs, which is correct – the regional priorities could be any area of transport, not just public transport.</p>
Section 5.2 Option B	<p>The report doesn’t make clear whether Option B (or Option C) would be purely a service delivery agency for local roads, or whether it would be the Road Controlling Authority. In the former the relevant TA would still be required to process and approve bylaws, road stopping notices and traffic resolutions, so introducing transactional complexity. Changes to legislation are likely to be required to transfer road controlling authority functions to a CCO.</p>
Section 5.2 Options D and E	<p>The report is unclear on whether GWT is an ‘approved organisation’ and able to claim its own funding directly from NZTA (similar to Auckland Transport). This needs to be clarified.</p>
Section 6.3 Para 2 under “Additional scale or scope ...”	<p>“The GWRC would achieve benefits in the form of savings for a single <i>additional</i> touch point for the delivery of public transport on local roads”.</p> <p>As outlined in the main body of the submission, many of the decisions required for the delivery of public transport on local roads will be retained by</p>

**Report
reference**

Comment (suggested changes in italics)

councils (either because they are unable to delegate many RCA functions or because they are determining service levels) and the impact of creating Wellington Roads or Greater Wellington Roads will be to increase the number of organisations that must reach agreement.

From: Wayne Heerdegen [<mailto:Wayne.HeerdeGen@nzta.govt.nz>]

Sent: Friday, 5 February 2016 10:25 a.m.

To: Kay Baxter; Don Mackay; Don Mackay

Subject: Transport Decision making - putting it together v2.docx

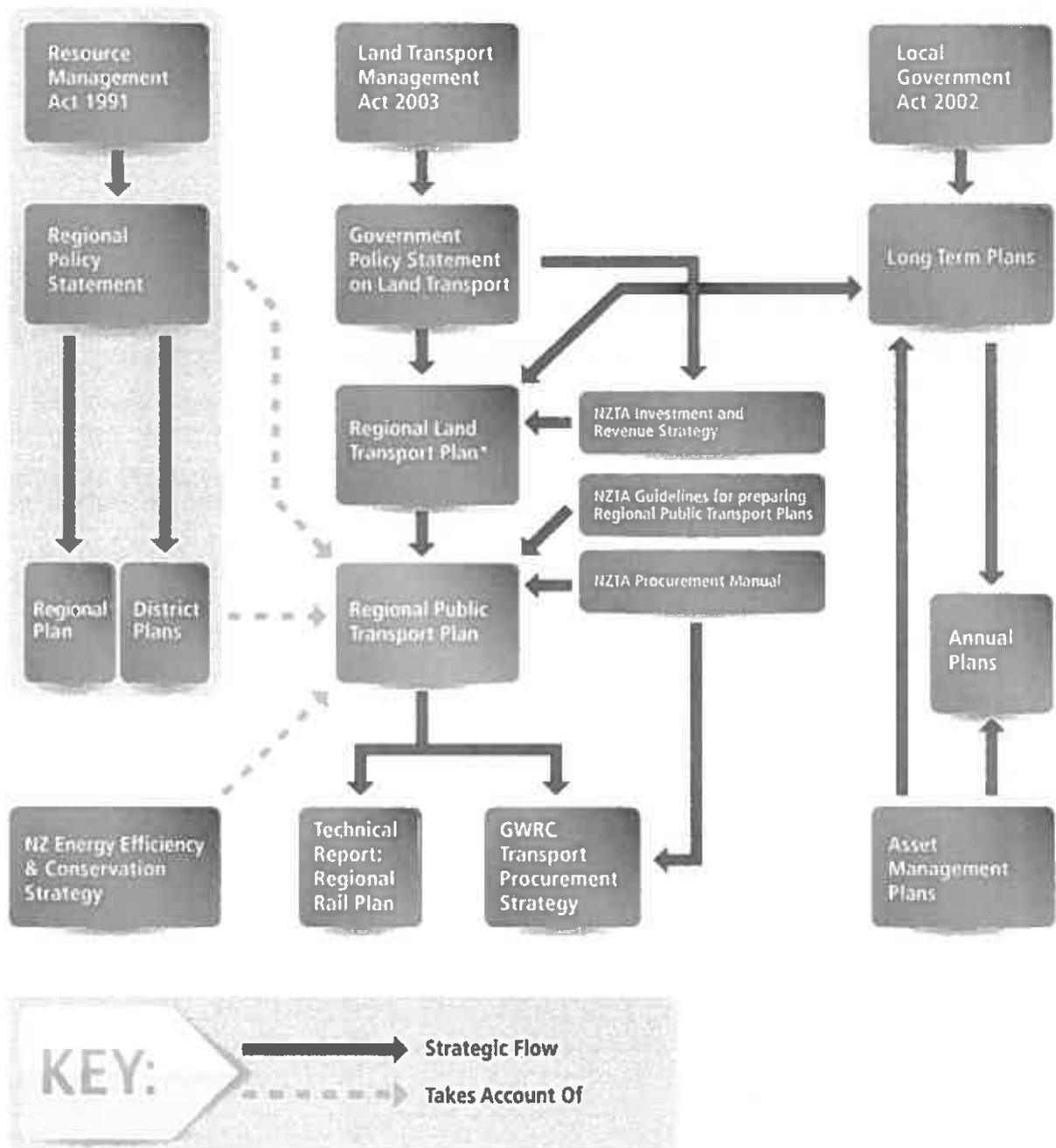
Importance: High

Hi Kay and Don

Please find attached information from NZTA on the existing structure for Land Transport Funding, Planning and Decision making, to inform the Castalia report on Wellington Transport options. There are legislative and decision making process implications in some of the options outlined in the Castalia report, that could do with some additional information/refinement to ensure that in any public consultation, the public and decision makers have an informed understanding of those legislative and decision making implications.

Not currently included in the document is a diagram putting together the full set of regional and local planning that impacts on transport decision making, a more high level LTMA>GPS>NLTP>RLTP version is provided.

The below diagram extracted from the GWRC RPTP nearly provides this full set and potentially with amendment to include the NLTP could be included into the document at or after the section on regional transport committees, strategies and plans.



Please note that the relationship between planning and investment is interlinked. The workstream on spatial planning has equal importance to delivering transport outcomes as does the workstream on transport structures.

As has been discussed this week, we look forward to discussing this further with you.

Regards

Wayne

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Find the latest transport news, information, and advice on our website:
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1 Land Transport Funding, Planning and Decision Making

Wayne Heerdegen
22 January 2016
VERSION 1.

1. CONSTITUTIONAL STRUCTURE FOR LAND TRANSPORT

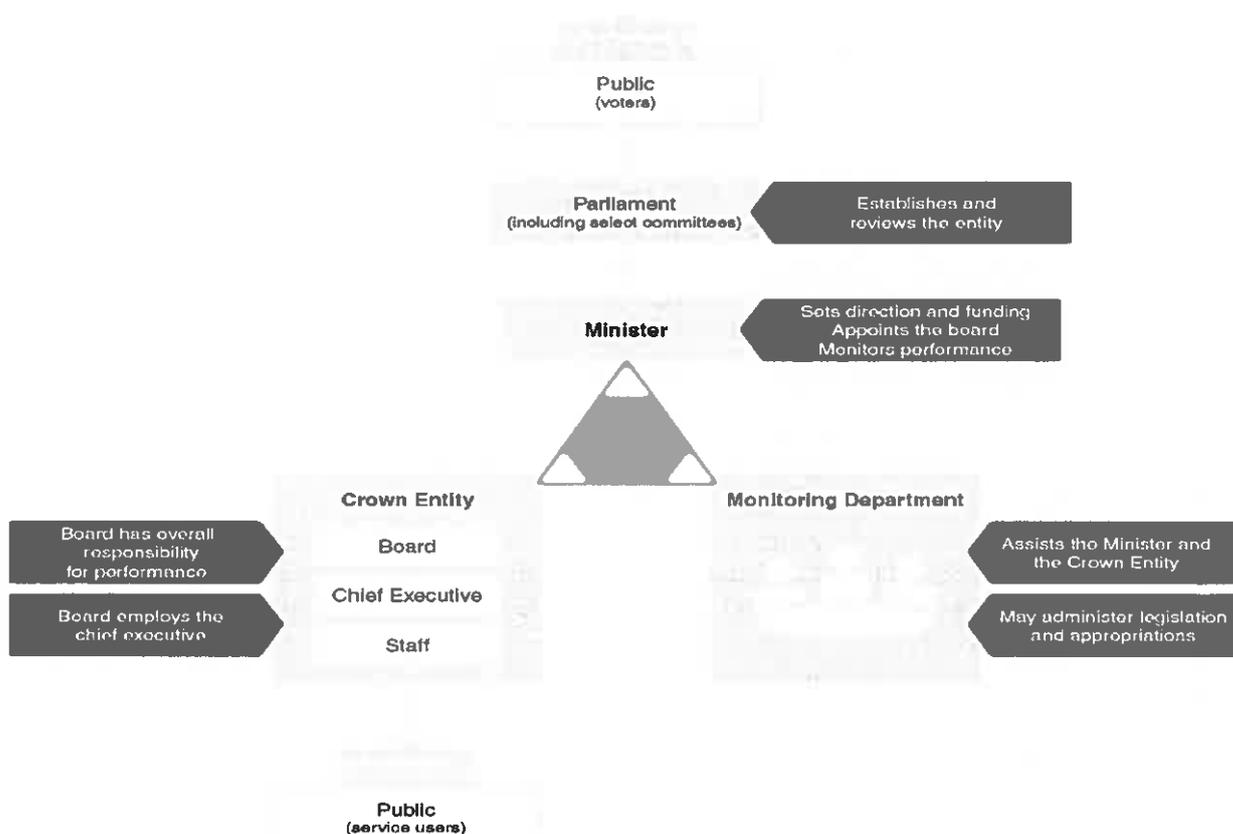
Under a Westminster-style of government, no expenditure of public money by the Government can take place without the prior approval of Parliament. The Constitution Act 1986 and Public Finance Act 1989 reflect this requirement. The requirement for appropriation ensures that Parliament, on behalf of taxpayers, scrutinises how public resources are to be used and ensures that the Government is held accountable for how resources entrusted to it are used. Appropriation limits what Ministers can spend on, limits how much can be spent, and is supported by information on the performance expected in return for the resources appropriated.

As a Crown Entity the NZ Transport Agency (NZTA) operates within this constitutional structure supporting the delivery of outcomes set by the Government and is expected to report on delivery against these outcomes. This occurs through the Board of NZTA advising the Minister of Transport every quarter on the performance of the NZTA in meeting its targets; and select committee review of the NZTA financial performance and operations.

All Crown entities are governed by the Crown Entities Act and each statutory Crown entity also has its own enabling legislation, for the NZTA this is the Land Transport Management Act 2003 (LTMA). The Crown entity board's role includes:

- operating in accordance with the Crown Entities Act and its own legislation
- monitoring and reporting on its performance

The roles, relationships, responsibilities and expectations for between the public, Parliament, Ministers, Government Departments and Crown Entities are illustrated below.



Local authorities are largely autonomous and not part of the state sector. They are financially independent from the central government, run their own financial management systems, and are not part of the Government reporting entity.

1.1 Land Transport Functions

The Land Transport Management Act 2003 (LTMA) sets out the roles and functions of the NZ Transport Agency which include (among other things) the approval of procurement procedures, determining whether particular activities are to be included in a National Land Transport Programme (NLTP), and deciding which activities qualify for payments from the National Land Transport Fund (NLTF).

1.2 State Highway Functions

The State Highway function is established within the NZTA under the LTMA 2003 and the Government Roding Powers Act 1989.

DELEGATION OF FUNCTIONS

The Government Roding Powers Act 1989 allows for the delegation by the NZTA of any of the functions, duties, and powers of construction, maintenance, and control with respect to any State highway or portion of a State highway to the territorial authority in whose district the State highway or portion of it is situated. The underlying asset of the State highway remains an asset of the NZTA.

This delegation is only to a territorial authority, which is defined under the Local Government Act as a City or District Council, but not a regional council. This is a limiting restriction and under current legislation excludes a council controlled organisation (CCO) formed of one or more territorial authorities. A joint venture whereby State Highway functions are contracted in conjunction with a CCO is possible under the LTMA, for example Tairāwhiti Roads.

Despite delegation of functions under both the LTMA and the Government Roadway Powers Act, the NZTA is ultimately responsible for ensuring that the delegation is exercised in a way that delivers on the purposes set out in legislation and on the government priorities set through the Government Policy Statement for Transport (GPS).

APPROVAL OF STATE HIGHWAY ACTIVITIES

Whilst State Highway functions maybe delegated, the approval of activities and funding allocation via the NLTP remain functions for the NZ Transport Agency. Activities of any joint venture need to be developed by each individual 'approved organisation' and included in the Regional Land Transport Plan, which the NZ Transport Agency considers when preparing the National Land Transport Programme (NLTP). The NLTP allocates funding to individual roading projects.

1.3 Land Transport Funding

Two permanent legislative authorities, one capital and one operating, are provided under the Land Transport Management Act (LTMA) and recognised in the Public Finance Act 1989 (PFA). The NZTA uses these authorities to deliver the National Land Transport Programme. These authorities are reported annually in the legislative appropriations of the Ministry of Transport as part of Vote Transport. Collectively these legislative appropriations and those of the wider state sector are known as the "Budget".

The NZ Transport Agency via the LTMA works as the legislated agent of the Crown to make investments that deliver on the purposes specified by the Crown. Under the LTMA these investments must collectively represent optimal value for money, and deliver on the government priorities set through the GPS

The LTMA requires the Agency to have policies and procedures to determine value for money. The two key procedures are; the Investment Assessment Framework incorporating the Economic Evaluation Manual (EEM), and the NZ Transport Agency procurement manual.

The value of money test for both the EEM and procurement manual is based on national benefits. This may exclude a project which provides regional benefits, but not net national benefits. In addition the prioritisation of projects and programmes is on a national basis. Any regional project or programme needs to demonstrate how relative to other projects nationally it is delivering greater value for money.

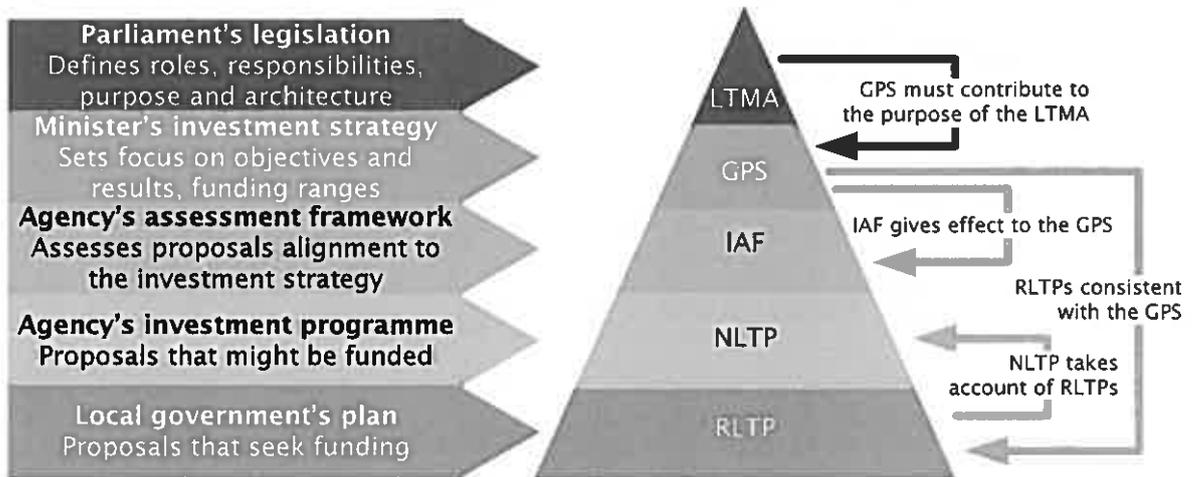
REGIONAL FUNDS

The Crown has specific appropriations providing separate funding outside of the NLTP, for projects or as grants to local and regional authorities. These specific appropriations and the outcomes sought have been administered by both the Ministry of Transport and the NZTA within their own separate reporting requirements. These reporting requirements include obligations by the Ministry and the Agency to provide information and appear before parliament annually on the delivery of these appropriations.

1.4 Land Transport Planning

The LTMA also defines the process for developing the NLTP. All land transport activities that might be eligible for investment in a geographic region need to be included in Regional Land Transport Plans (RLTP) that are assembled by Regional Transport Committees. This includes any activities (the most significant being state highway activities) that may be delivered by the Agency in the region. RLTPs must be consistent with the GPS and take account of the Agency's prescription of assessment when submitting activities for inclusion to the NLTP. RLTPs must be prepared every 6 years. Regional Transport Committees must also indicate the priority of significant activities

within the region where the method of prioritisation may be independently determined by the Regional Transport Committee while remaining consistent with the GPS. An overview of the overall architecture of funding and planning described in the LTMA is shown below.



1.5 Regional Transport Committees, Strategies and Plans

The LTMA establishes the role of the regional transport committee (RTC), The RTC prepares regional land transport strategies and regional land transport programmes and provide advice as requested by the regional council. Committee members must include:

- two representatives of the particular regional council
- one representative of each local council in the region
- one representative of the NZTA

The LTMA also requires regional councils to:

- approve regional land transport strategies (RLTS) that establish the transport outcomes regions wish to achieve
- approve the regional land transport programmes (put forward by regional transport committees) that list and prioritise activities proposed by councils in the region and the Transport Agency for state highways (a different process applies in the Auckland region)
- assess the programme as a whole against the regional land transport strategy and the GPS
- make changes as required to the programme
- plan for and deliver public transport activities.

Under the Public Transport Management Act, regional councils and others that provide public transport (eg Auckland Transport (AT) in Auckland) must prepare regional public transport plans.

In the case of AT legislation provides that the Board of Auckland Transport is the RTC. Therefore AT prepares a regional land transport plan and adopts the RLTP.

An Auckland RLTS is prepared by Auckland Council. The role of AT is to give effect to that RLTS

The LTMA allows for adjoining regional councils or AT and 1 or more adjoining regional councils to agree in writing to establish a joint regional transport Committee and prepare a regional land transport plan

Wellington City Council comments

(tracked comments on 4 December 2015 version of draft report)



DRAFT

**Wellington Regional
Transport:
Options for Change**

**Report to Local Government
Commission**

**December
2015**

Acronyms and Abbreviations

CCO	Council-Controlled Organisation
CDC	Carterton District Council
GWRC	Greater Wellington Regional Council
GW	Greater Wellington
HCC	Hutt City Council
KDC	Kāpiti District Council
LGC	Local Government Commission
NLTF	National Land Transport Fund
NLTP	National Land Transport Plan
NZTA	New Zealand Transport Agency
MDC	Masterton District Council
PCC	Porirua City Council
RTC	Regional Transport Committee
RLTP	Regional Land Transport Plan
SWDC	South Wairarapa District Council
TLA	Territorial Local Authority
UHCC	Upper Hutt City Council
WCC	Wellington City Council
WR	Wellington Roads

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Executive Summary

The Local Government Commission (LGC) and the Wellington Region Chief Executives' Forum are considering ways to strengthen the delivery of transport services to the Wellington region.

The LGC, in consultation with the chief executives, has engaged Castalia to explore the challenges and opportunities to the delivery of transport services in the Greater Wellington (GW) region¹. These services include governance, planning, funding, and service delivery roles for local roads, state highways and public transport networks.

This report examines issues and challenges with the current institutional arrangements, describes what options are available for improving transport services in the greater Wellington region, and explains the gains and losses generated by each option.

The councils and the Commission will use this report as an input into developing their respective positions on the way forward for transport in the region. While the councils and the Commission may come to different positions, the process will be greatly enhanced by having a single report as an input. This is particularly the case if the parties are able to reach agreement on the opportunities and challenges that need to be addressed.

The current system is complex, but functional

Users of the region's transport network frequently cross the boundaries of several different 'networks' in the course of a single journey. Local roads, state highways, and public transport systems are often all required for a single commute into or out of Wellington city, for example. Current network management areas are the result of various legislative frameworks that govern the local and central government agencies responsible for transport delivery and funding. Whether transport outcomes are best managed by the current framework, or whether a more integrated management framework is preferable, is the central focus of this report.

The current array of management organisations and networks that deliver on the GW transport needs are complex. Local roads are managed by local authorities and overlaid by state highway networks, public transport networks and rail networks. Funding comes from local rates, from regional rates, and from the central funding source of the National Land Transport Fund (NLTF). Planning occurs at the regional level, the local level and the national level for different aspects of the system.

There are many positive aspects of the current system in terms of regional delivery and local accountability; for example:

- There is a regional network of state highways and public transport and these regional networks function to a high level (What does high level mean? Is it the regional networks that function at a high level and the local ones do not or do the regional networks only function at a high level but not at a low level – whatever that means?)
- There is a regional committee and prioritisation process that sets priorities and seeks to reconcile the overall strategy for regional level decisions

¹ The Greater Wellington region includes nine councils: Carterton District Council, Hutt City Council, Kāpiti Coast District Council, Masterton District Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council and Wellington City Council. (I note there are only eight councils listed GWRC has been missed.)

- There is local accountability for place shaping functions within the road corridors.

The current arrangements reflect the fact that opportunities for integration and improvement have been taken in the past. (I do not believe this is correct. The current arrangements are exactly the same as those for the whole of the rest of New Zealand except Auckland. What the current arrangement reflects is a national approach to transport being imposed on the Wellington Region without any recognition of its local characteristics, particularly very high inter TLA commuting (with attendant high use of PT), national freight movements and constrained topography.)

Issues identified suggest room for improvement

We have talked to road and asset managers, chief executives and corridor users (Which corridor users were spoken to? I am not aware of any such research/input. Page 6 talks about talking to representatives from RTF – whoever they are, Kiwirail and Wellington Electricity. The relevance of the last escapes me.) to identify the issues with the current management regime. Through these discussions we have identified that:

- Organisational scale in some councils is too low – the small size of some organisations can undermine their ability to have a resilient workforce and achieve purchasing economies of scale. Some local road organisations are collaborating already to deal with this issue
- There are difficulties in creating enough specialisation and therefore organisational capability within local road organisations, in particular, and this difficulty increases as processes become more complex
- Multiple different organisations create transaction cost inefficiencies – much resource is tied up in negotiations and interactions, creating double-handling, additional interfaces and cost
- Planning is not entirely aligned – the region and the local area might have different plans, for example, and the Regional Transport Committee is not always best placed to reconcile these situations
- Regional investment effectiveness is not always seen as optimal – there is a risk that local optimums or lowest common denominator of agreement determines regional strategy.

Stakeholders have different views on which issues are the most pressing. There is broad agreement, however, that these are all issues within the system to varying degrees. The issues fall into two categories of either organisational issues on the one hand (scale and capability) and choices that the system makes on the other (planning and investment effectiveness). These issues relate to the efficiency and effectiveness statutory objectives under the Local Government Act.

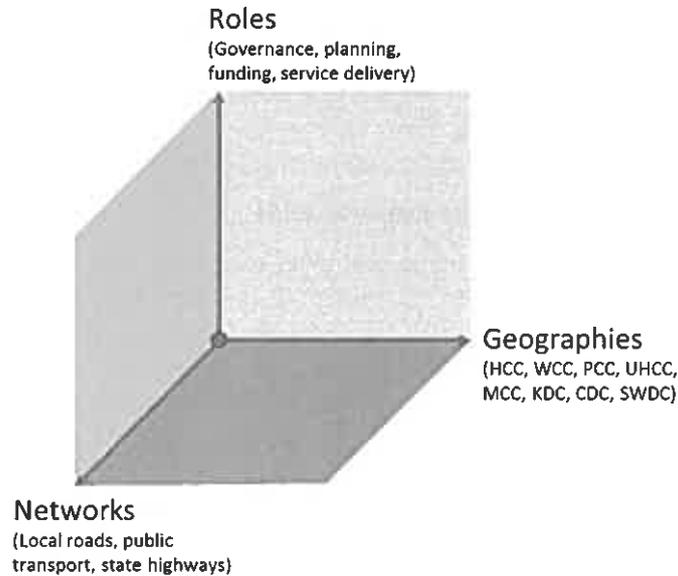
There is a wide range of options for additional integration

Opportunities for joined-up or integrated processes can be thought of across three dimensions:

- Geography (the council areas that are included in any option),
- Networks (or modes) (the different networks that are included in any option—local roads, public transport, state highways), and
- Roles (governance, planning, funding and service delivery).

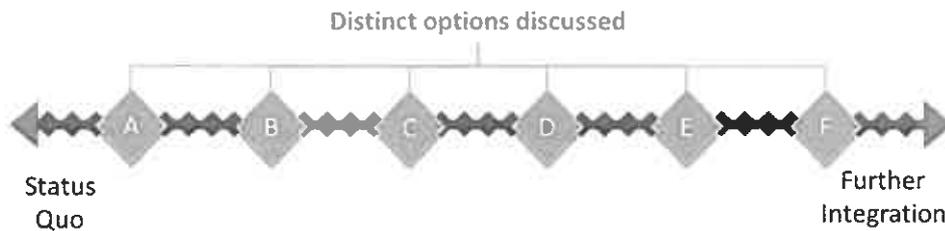
Figure E.1 represents each of these dimensions along separate axes, creating a three dimensional space from the status quo to a fully integrated authority.

Figure E.1: Option Dimensions Expressed as Three Axes



The various options for integrated processes can be thought of as sitting on a spectrum ranging from the status quo to complete integration of all geographies, networks and roles (as shown in Figure E.2). The options we discuss are distinct points along that spectrum and each can be amended slightly to create a new option (represented by the smaller points along the spectrum). We selected distinct points on this spectrum as our options to stimulate debate, rather than being most practical or attractive options. We also acknowledge that there are options to improve services without making structural changes, such as increasing the role of the RTC. (Improve services for whom and which modes? Simply increasing the role of the RTC could well reduce the level of service at a local level.)

Figure E.2: Options Discussed are on a Continuum of Possibilities



Six distinct options described

We develop our options by moving along each of the three axes. Starting from the status quo, we then move to integrate service delivery across the four metro councils in a common local road organisation ‘Wellington Roads’ (WR). Variations of this option have been proposed by the four metro councils prior to the LGC’s process. The next logical option may be to consider a region-wide service delivery provider: Greater Wellington Roads (GWR). The third option considers adding networks and modes to the

organisation to create Greater Wellington Transport (GWT). A variation to this option would be to include NZTA's state highways management role in a joint organisation either instead of, or as well as, public transport.

The next option then moves along the roles axis to increase the number of roles to be integrated from just one (service delivery) to also include governance, planning and funding. The final option considers the inclusion of state highways and funding into the organisation to unify the management of all transport networks in the region.

Table E.2 describes the options below:

Table E.1: Summary of Options

Option	Geographies	Roles	Modes
A: Status Quo	No change	No change	No change
B: Wellington Roads (and Wairarapa Roads)	4 metropolitan councils 3 Wairarapa councils duplicate model	Service delivery	Local roads
C: Greater Wellington Roads	All local councils	Service delivery	Local roads
D: Greater Wellington Transport	All region	Service delivery	Local roads Public transport (and/or state highways)
E: Greater Wellington Transport with full decision making powers	All region	Service delivery decision-making Asset owners (What is meant by this? Does this imply asset transfer? Better to talk about governance and funding)	Local roads Public transport
F: Greater Wellington Transport with integrated state highways	All region	Service delivery decision-making Asset owners As above	Local roads Public transport State highways

Options can address identified issues but also create trade-offs

Table E.3 below maps Options against issues that the Option can address and identifies the trade-offs that are involved in each Option.

Table E.2: The Issues that each Option can Address

Option	Issues addressed	Issues created or remaining
A: Status Quo	<ul style="list-style-type: none"> ▪ Low risk ▪ Avoid costs from pursuing greater integration 	<ul style="list-style-type: none"> ▪ Missed opportunities to create efficiency and effectiveness of the network

B: Wellington Roads	<ul style="list-style-type: none"> ▪ Organisational scale is increased ▪ Organisational capability is increased 	<ul style="list-style-type: none"> ▪ Transport planning alignment issues unresolved ▪ Potentially foregoing opportunities for greater integration ▪ Few transaction cost benefits ▪ Not all councils benefit
C: Greater Wellington Roads	<ul style="list-style-type: none"> ▪ Further organisational scale ▪ Provides the opportunity for other councils to benefit from scale and capability 	<ul style="list-style-type: none"> ▪ Transport planning alignment issues unresolved ▪ Potential to create a more complex system with another organisation to interact with
D: Wellington Transport	<p>As above and:</p> <ul style="list-style-type: none"> ▪ Intermodal alignment including planning alignment ▪ Transaction cost benefits 	<ul style="list-style-type: none"> ▪ Sub regional perspectives remain as the key decision makers because they own and govern the assets ▪ Potential to continue to have a large amount of resources involved in liaising between councils and this organisation
E: Wellington Transport with enhanced roles	<p>As above and:</p> <ul style="list-style-type: none"> ▪ Regional investment effectiveness across most modes/networks is enhanced ▪ Reduced organisational relationships in the system ▪ All management roles in one entity 	<ul style="list-style-type: none"> ▪ Risk of reduced local investment effectiveness (reduced feedback loop and connectedness with local areas) ▪ Risk of reduced transparency
F: Greater Wellington Transport with integrated state highways	<p>As above and:</p> <ul style="list-style-type: none"> ▪ Further reduced organisational relationships ▪ Further increased regional investment effectiveness ▪ Further intermodal alignment 	<ul style="list-style-type: none"> ▪ Greater risk to local investment effectiveness (decisions are made at furthest distance from local communities) ▪ Complex implementation considerations

Overall Comparison of Options

Assessing the gains and losses from the options leads to two natural groups. Options either:

- Make relatively small economic gains and do not resolve all of the key issues identified by stakeholders, but avoid reducing the level of local control over local decisions (Options B, C and D), or,
- Make relatively significant gains, and resolve the key issues identified by stakeholders, but increase the distance from communities at which decisions are made (or require mitigation strategies to manage this risk) (Options E and F). (This is only true if the governance issues – in particular, the current two-tier system are addressed. The overarching goal must to achieve a step

change in economic growth with coordinated spatial planning and transport planning and delivery as enablers.)

2 Introduction

The Local Government Commission (LGC) and the Wellington Region Chief Executives' Forum are considering ways to strengthen the delivery of transport services to the Wellington region.

The LGC, in consultation with the chief executives, has engaged Castalia (with support from Rationale), to explore the challenges and opportunities to the delivery of transport services in the Greater Wellington (GW) region.² These services include governance, planning, funding, and service delivery roles for local roads, state highways and public transport networks.

This report examines what options are available for improving transport services in the greater Wellington region and the provides the pros and cons of each.

Councils in the Greater Wellington region have provided input throughout the process of developing and assessing options. Workshops were held on both the issues and the options with representatives from councils' asset and road managers, as well as the New Zealand Transport Agency (NZTA). Interviews with councils' chief executives and with key stakeholders³ were held in October 2015, November 2015, and December 2015.

The purpose of this report

This report has been prepared to inform discussions between the LGC and the Mayoral Leaders Forum on options for improving transport arrangements in the region.

The councils and the Commission will use this report as an input into developing their respective positions on the way forward for transport for the region. While the councils and the Commission may come to different positions, the process will be greatly enhanced by having this single report as an input. This is particularly the case if the parties are able to reach agreement on the opportunities and challenges that need to be addressed.

This report will be presented to councils in December 2015 to move towards a short list of options. The assessment of the short list is planned for March 2016.

To achieve this outcome, this report:

- Provides context on the current state of the transport network in Wellington (Section 2)
- Describes the arrangements currently used by councils to make decisions on transport planning, governance, funding, and service delivery (Section 3)
- Identifies challenges faced under the current arrangements and opportunities for improvements (Section 4)
- Identifies possible options to change transport arrangements in the Greater Wellington region (Section 5)
- Assesses the possible changes at a high level based on their relative strengths and weaknesses (Section 6).

² The Greater Wellington region includes nine councils: Carterton District Council, Hutt City Council, Kapiti Coast District Council, Masterton District Council, Porirua City Council, South Wairarapa District Council, Upper Hutt City Council and Wellington City Council.

³ Representatives from the RTF (What is the RTF? It is not listed in the list of acronyms and abbreviations), Kiwi rail and Wellington Electricity.

3 Transport in the Greater Wellington Region

Transport encompasses the land, sea, air, and rail networks used by businesses, commuting workers and those travelling for recreational purposes. These networks work together as one regional network to enable the movement of goods and people within, and to and from Greater Wellington.

Understanding the current state and use of transport assets is useful when considering what an effective network means in the Greater Wellington region—whether that is networks that prioritise particular outcomes such as low peak congestion, or safety.

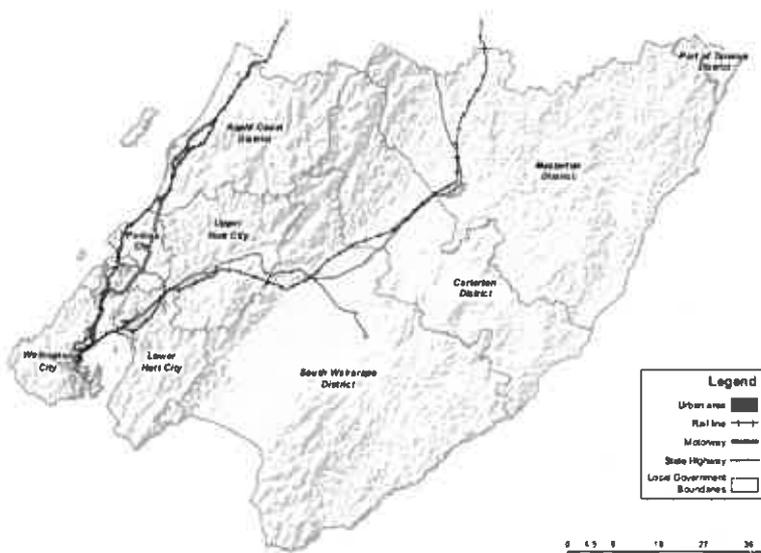
3.1 The Physical Transport Network

The physical transport network is made up of four individual networks: state highways, local roads, public transport (bus, ferry, and rail services), and support infrastructure (footpaths and bus stops).⁴ Figure 9.1 shows the state highways and rail networks that connect the region via two main corridors:⁵

- The north corridor connects the Kāpiti Coast, Porirua City, and Wellington City via State Highway 1, and the North Island Main Trunk Rail Line
- The eastern corridor connects the Wairarapa region, Upper Hutt, Hutt City, and Wellington City via State Highway 2 and the Wairarapa Rail Line.

These networks then link to the local road networks in each district, which are also used by different modes (such as buses). Buses also use state highways where they connect local networks (for example, between Wellington and the Hutt Valley).

Figure 3.1: The Main Regional Transport Links



Source: Greater Wellington Regional Council, Wellington Regional Land Transport Plan 2015, p. 16.

⁴ Air and sea services also link the region with the rest of New Zealand, and connect the districts within Greater Wellington, but are not owned or operated by councils so fall out of the scope of this report.

⁵ There is also a smaller link between Porirua and the Hutt Valley via State Highway 58.

The physical assets that comprise the networks have varying characteristics. Some, such as motorways, are fixed assets with long lives. Other assets, such as buses, have relatively short lives and can be transferred from one task or location to another. In some cases, transport networks feed into each other, such as state highways linking to local roads, while some networks overlap with other modes and are interdependent, such as local roads being used by public transport.

(One matter that needs careful thought about the physical assets is the land beneath the transport corridors. In addition to enabling the construction of transport network thereupon, it provides a universal 'commons' providing legal access to each property. Whereas it might be possible to transfer the ownership of the built assets into some entity, it would probably not be wise to consider such a transfer of the land as it would raise all sorts of legal issues).

3.2 Use of the Transport Networks

Approximately 1.15 million trips are made every day in Greater Wellington,⁶ for purposes including commuting to work, moving freight, avoiding adverse events, and partaking in leisure activities.

The region's transport networks are frequently used by those commuting to Wellington City

There is considerable commuter flow to and from Wellington City from the rest of Greater Wellington. The 2013 Census found that 60 percent of work trips end in Wellington City, an increase from 56 percent in 2006.⁷ Residents in Upper Hutt and Porirua tend to commute, with over half of these residents' work trips heading to destinations outside of their districts.

Commuting contributes to transport network peaks, with work trips representing 80 percent of all peak period trips in the region.⁸ However, the modes used for commuting have changed considerably between 2001 and 2013. While the percent increase for work trips has only risen by 5 percent for cars, much larger increases were made by public transport (20 percent), and walking and cycling (36 percent).⁹ For those commuting to Wellington City from other districts, the rail network accounts for 45 percent of these work trips, removing stress from the road network.

Travel time reliability is important for users of the transport system, and is indicated by the variability of travel time on the network. Between 2010 and 2014, the variability of travel time during Wellington's morning peak has decreased from 27 percent variability to 19 percent, while variability during the evening peak increased from 19 percent to 22 percent.¹⁰

⁶ This number excludes rail freight. Wellington Transport Strategy Model in Greater Wellington Regional Council, Wellington Regional Land Transport Plan 2015, p. 23. See <http://www.gw.govt.nz/assets/Transport/Regional-transport/Wgtn-RLTP-2015.pdf>.

⁷ CityScope, 2014, p. 5. See http://www.productivity.govt.nz/sites/default/files/using-land-for-housing-final-report-full%20%20PID1%20%204511Kb_0.pdf.

⁸ Greater Wellington Regional Council, Wellington Regional Land Transport Plan 2015, p. 23. See <http://www.gw.govt.nz/assets/Transport/Regional-transport/Wgtn-RLTP-2015.pdf>.

⁹ Ibid.

¹⁰ Ministry of Transport, Transport Indicators: Network Reliability. See <http://www.transport.govt.nz/ourwork/tmif/networkreliability/nr003/>.

Road and rail networks also support the national and regional freight industry

Freight encompasses the transport of any goods as part of commercial arrangements. Wellington's geographic position means that its road and rail networks provide a crucial link for getting goods to the port to transport from the North Island to the South Island, and vice versa. In 2012, 5.1 million tonnes of freight was moved in or out of the Wellington region. Road and rail trips that were entirely within the region moved approximately 6.4 million tonnes of goods.¹¹ The region's freight is expected to grow to 14 million tonnes by 2042.¹²

Transport networks will also have to function in the event of an emergency

The regional transport network is also an evacuation route should a natural disaster affect the region, or districts within the region. This is particularly pertinent for the population based in Wellington City, which have fewer routes in and out of the area. However, given that both the region's hospital and airport are based in Wellington, accessing these services places similar pressures on the network if a natural disaster affects other districts.

The Regional Land Transport Plan's (RLTP) strategies to manage these risks are to establish a regional risk resilience risk register to prioritise resilience activities, develop alternative routes that will be more robust than current routes, and continue preventative maintenance.

Non-work related trips have a relatively small influence on transport demand

Transport networks also link retail, education, residential and leisure activities. On the road network, most off-peak trips relate to shopping and leisure activities.¹³ As a result, these activities have a smaller impact on the demand for capacity on the transport network. However, as Wellington City positions itself as a tourism centre, and a base for exploring the Greater Wellington region, non-work related trips may become more important. (There is already serious congestion in the weekends in parts of Wellington. This is not a tourism issue but simply a reflection of the capacity of the existing network. NZTA are now reporting a consistent south-bound delay at the Terrace tunnel on Sundays)

The rising popularity of living in the city has also meant that greater emphasis has been placed on supporting walking and cycling activities, using support infrastructure to do this.

Transport decisions also affect other regional developments

The shape of the current transport networks has been a significant driver of current patterns of land use across the region. An example of this is the current plans for the Petone to Grenada road link, to improve the east to west corridor. The proposed new link will make a considerable area of land available for development by providing transport access. This has potentially very significant implications for future decision making around land use. These decisions will in turn drive changing patterns of demand for transport infrastructure into the future.

¹¹ Ministry of Transport. "National Freight Demand Study" March 2014. <http://www.transport.govt.nz/assets/Uploads/Research/Documents/National-Freight-Demand-Study-March-2014.pdf>

¹² Ibid.

¹³ Greater Wellington Regional Council, Wellington Regional Land Transport Plan 2015, p. 23. See <http://www.gwr.govt.nz/assets/Transport/Regional-transport/Wgtn-RLTP-2015.pdf>.

3.3 Objectives for the Delivery of Transport Services

The objectives for the regional network are formally set through the RLTP process, which includes collaboration with local councils and NZTA. The objectives for the networks that make up the regional network are set by the respective owners of the assets.

The vision for Greater Wellington's transport sector (as defined in the RLTP) is "to deliver a safe, effective and efficient land transport network that supports the region's economic prosperity in a way that is environmentally and socially sustainable".¹⁴

These objectives fit in with the wider objective for Greater Wellington: to encourage regional economic growth. Transport services enable this growth through shaping land-use, and connecting people and businesses with their workplaces, and goods and services.

4 Current Institutional Arrangements for Delivering Transport Services

Transport services in the Greater Wellington region are managed by the territorial local authorities (TLAs) with their local roads and by a regional council managing public transport across all networks and overlaid by national management of state highways and rail track networks.

4.1 The Management of the Transport Networks

The management of transport assets and services can be broken down into four key roles:

- **Governance:** Who owns the assets, and how is ownership and control expressed through decision-making processes?
- **Planning:** Who makes the decisions on future transport investments, and how are those decisions made?
- **Funding:** Who bears the costs of transport investments?
- **Service delivery:** Who is responsible for providing services, such as road maintenance, network expansion and rehabilitation, and public transport rides?

Each network (or mode) has an agency with primary responsibility, with NZTA responsible for state highways, the Greater Wellington Regional Council (GWRC) responsible for public transport, and the TLAs responsible for local roads and support infrastructure. Figure 10.1 summarises how the management roles are allocated for each of the transport networks: state highways, local roads, public transport (rail and bus services), and support infrastructure.

Only one network (state highways) holds all four management roles within one agency (NZTA). (This is not strictly correct. NZTA rely on approval from WCC for some traffic resolutions on parts of the SH network (e.g. parking prohibitions within the CBD.) For other networks, multiple agencies have overlapping responsibilities. This is shown in Figure 10.1 where there are multiple icons for one management role within one network. For example, in local roads, two funding icons represent the funding sources at a local

¹⁴ GWRC, Greater Wellington Regional Land Transport Plan 2015

level (through local rates), and at a national level (from the National Land Transport Fund, which is approved by NZTA).

Figure 4.1: Summary of Management Roles Across Different Networks

Agency level	State Highways	Local Roads	Public Transport		Support Infrastructure
			Rail	Bus	
National (NZTA)*					
Regional (GWRC)					
Local (TLAs)					

Key
 Governance Funding
 Planning Service Delivery

* For rail services, the relevant national agency is KiwiRail (For rail there needs to be a planning icon in the GWRC box as almost all PT planning is done by GWRC not Kivirail)

Source: Adapted from CityScope, 2014

Private sector companies are also contracted by agencies to perform specific tasks (for example, NZTA contracts private firms to carry out maintenance of the state highways network). (This is not unique to NZTA. Most TLAs use a mix of internal and external service providers. Indeed NZTA (the funding arm) procurement rules effectively mandate external competitive contracts)

The following sections describe how the physical transport network is managed in Greater Wellington using the four management roles as a framework.

Different stakeholders own different networks

NZTA is the road controlling authority for the 11,000 kilometres of the state highway network spanning New Zealand.¹⁵ These roads do not necessarily have to be owned by the Crown.¹⁶ NZTA is governed by a statutory board, which is chosen by the Ministry of Transport. The NZTA Board allocates funds from the National Land Transport Fund, and produces the network’s investment programme (the National Land Transport Programme).¹⁷

Local authorities own the local road network, excluding state highways and privately-owned roads. Transport committees control decisions made about local road planning. These committees have (in reality very limited) input into wider land zoning decisions in district planning processes as well as producing transport plans and performance measures for transport. While councils control the local road network, as democratically elected organisations, they are held accountable for their decisions by the public. This is a feedback loop that enables decisions on local road networks to align with the views of local ratepayers. (but exposes them to competing agenda and risks sector capture)

The Greater Wellington Regional Council (GWRC) controls the network of public transport services (brought together under Metlink). However, the actual assets have

¹⁵ See <https://www.nzta.govt.nz/planning-and-investment/planning/planning-for-state-highways/>.

¹⁶ See <https://www.nzta.govt.nz/planning-and-investment/planning/planning-for-state-highways/>.

¹⁷ See <https://www.nzta.govt.nz/about-us/about-the-nz-transport-agency/our-board/>.

different owners. The rail network infrastructure (track, overhead power supply, signals and platforms) is owned and managed by KiwiRail, while the GWRC owns the rolling stock.¹⁸ The GWRC is also responsible for providing bus services, and does this through 45 contracts with private operators for bus services, and 14 contracts for school buses. (Actually, it is even more complex than this with the electrical network for the trolley bus network being owned by the Wellington Cable Car Company - a CCTO 100% owned by WCC for the overhead component and Wellington Electricity for the underground and substation components) Decisions on public transport are made by GWRC through the Wellington Regional Public Transport Plan. This involves consultation with public transport operators, NZTA, TLAs, KiwiRail, and the Ministry of Education.

The GWRC is also accountable to ratepayers. However, the GWRC's constituents span the Greater Wellington region, and therefore overlap with those of the local councils. There are, therefore, two different layers of democratic accountability.

Support infrastructure in the roading corridor (footpaths, bus stops, and traffic signals) are typically controlled by TLAs. Like local roads, decisions on these parts of the network are made within council committees, such as transport and urban development. However, support infrastructure outside the road corridor, such as Wellington's railway station and park and ride facilities next to railways stations, are usually owned by the GWRC. (The Wellington Railway Station is not owned by GWRC.)

Planning responsibilities generally lie with the owner of the asset, although most networks have some interaction with regional-level strategic planning

The NZTA Board produces the national network's investment programme (the National Land Transport Programme) every 3 years.¹⁹ This programme involves some public consultation including with local councils. Under the Land Transport Management Act 2003, NZTA must assess the programme so that it fulfils its three key requirements to:

- Contribute to the purpose of achieving an effective, efficient and safe land transport system,
- Give effect to the Government Policy Statement on Land Transport (GPS), and
- Take into account relevant strategies, programmes and plans, including regional land transport programmes.²⁰

There are multiple types of planning activities that relate to local transport networks. For instance, transport planning relates to specific plans for transport networks, while land-use planning and spatial planning overlap with transport, but have wider responsibilities.

Local transport planning occurs at two levels. The main decision-maker (a local authority) plans the roads in their respective district through their transport plan. This is also influenced by related planning through the district plan (which includes public consultation).

Road network planning also occurs at a regional level through the RLTP. The RLTP prioritises projects (identified and designed by TLAs, with a minimum spending

¹⁸ See <http://www.transport.govt.nz/rail/metro-rail/>.

¹⁹ See <https://www.nzta.govt.nz/about-us/about-the-nz-transport-agency/our-board/>.

²⁰ See <https://www.nzta.govt.nz/planning-and-investment/2015-18-national-land-transport-programme/the-investment-framework/transport-agency-assessment-of-the-national-land-transport-programme/>.

threshold of \$5 million) for the region's transport network (spanning local roads, public transport and support infrastructure). The Plan is prepared by the Regional Transport Committee, which includes two members from GWRC, one representative from each council in the region and one representative from NZTA²¹. The RTC, in effect, applies a regional lens to prioritising projects, while the role of identifying and implementing projects are local responsibilities.

The GWRC also carries out the planning (the Regional Public Transport Plan) and the procurement of bus, rail and ferry services. Given that the bus networks use the local road network, the planning for bus services is essentially also a local planning process.

Co-funding models are used for local roads and public transport

NZTA is responsible for funding the development and maintenance of the state highway network. This funding is applied for through the National Land Transport Fund (NLTF). Revenues from fuel excise duties, road user charges (RUC) and motor vehicle registrations are dedicated to the NLTF.²² In 2013/2014, NZTA spent around \$250 million on state highways in the Wellington region.²³ Between 2015 and 2018, Wellington state highways will receive a further \$114 million for maintenance and renewals.²⁴

Local authorities fund their local road activities through two funding sources: local rates and funding from the NLTF (as determined by NZTA). Local rates can either be general (the cost is spread across all ratepayers) or be targeted (the cost is spread across those identified as benefiting from a specific service). Councils in the Greater Wellington region use both general (for example, Wellington City) and targeted rates (such as Hutt City and Kāpiti Coast). Councils can also submit claims for funding from the NLTF.

The funding assistance rate (FAR) is set based on the overall co-investment rate, and the relative position of approved organisations. The co-investment rate sets the percentage of the overall costs from eligible activities that will be met through the NLTF. Following a review of the FAR, the co-investment rate has been set at 53 percent.²⁵ Councils requiring additional assistance can receive a FAR above the co-investment rate. These councils are identified by assessing what must be spent to maintain a council's network, relative to the rating base that can be used to raise the local share (incorporating a deprivation index to prioritise poorer communities).²⁶ The maximum normal FAR is set at 75 percent to ensure that councils contribute financially to their networks. Councils in Greater Wellington have FAR ranging from 47 percent Kāpiti Coast to 57 percent in Masterton.²⁷

In 2013/2014, TLAs in the Wellington region contributed 34 percent (This number looks wrong – too low. If the range of FAR is 47% to 57% how can the local share be

²¹ See <http://www.gw.govt.nz/regional-transport-committee-2/>.

²² See <http://www.beehive.govt.nz/release/largest-ever-three-year-transport-funding-programme>.

²³ See <http://www.nzta.govt.nz/assets/userfiles/transport-data/fundRoadImprovement.swf>.

²⁴ See <http://www.nzta.govt.nz/planning-and-investment/2015-18-national-land-transport-programme/nltp-in-the-regions/wellington/>.

²⁵ See <https://www.pikb.co.nz/home/nzta-investment-policy/funding-assistance-policy-and-rates-for-the-2015-18-nltp/>.

²⁶ See <http://www.nzta.govt.nz/assets/planning/investment/docs/far-final-decisions-201410.pdf>.

²⁷ See <https://www.pikb.co.nz/home/nzta-investment-policy/funding-assistance-policy-and-rates-for-the-2015-18-nltp/>.

only 34%? Do these numbers take into account the expenditure not eligible for subsidy or subsidisable expenditure above each TLA's cap?) of the \$18.6 million spent on local roads, with the remainder from NZTA.²⁸ Across all of New Zealand's local roads, TLAs contributed to 48 percent of the total costs.

Public transport also has multiple funding sources. Buses are funded through regional rates (which are collected by local councils), NZTA assistance, and service fares. In 2014/2015, total revenue was made up of 55 percent fare revenue, 24 percent NZTA investment and 21 percent GWRC rates revenue.²⁹ These funds are used to pay bus and rail contractors.

Public transport support infrastructure is mostly funded by the owners of the assets—local councils for footpaths and bus stops, and the regional councils for assets outside of the road corridor.

Service delivery and governance are combined for all networks, although service delivery contracts are used

For each network, the stakeholder responsible for service delivery is also responsible for governance. This makes sense because decisions on networks set service delivery standards.

NZTA is responsible for the operation of the state highways. It frequently uses contractors, consultants, and service providers and pays for these activities based on certified invoices, certificates of work done, or progress reports. (As noted above so do all the TLAs)

TLAs are responsible for service delivery for local roads and for related infrastructure, such as footpaths and cycle ways.

Through Metlink, the GWRC partners with multiple organisations to deliver transportation, ticketing, information, and infrastructure. These include 45 contracts with private bus operators, eight with public transport operators in the Wellington region including KiwiRail, and TranzMetro.³⁰

4.2 Existing Integration Initiatives

Agencies collaborate when carrying out their responsibilities for transport in the Wellington region. Identifying ways to improve coordination in the delivery of transport services requires an understanding of the existing ways in which stakeholders collaborate.

Existing collaboration is largely driven by the structure of certain activities and processes

Collaboration is already strong where it is enforced through existing planning processes. For example, members from each TLA, the GWRC and NZTA sit on the RTC, which prioritises the region's investments. The co-ordination through this process is further strengthened by having technical input (from local and regional experts) into the RLTP process, as well as at the local planning level.

²⁸ See <http://www.nzta.govt.nz/assets/userfiles/transport-data/FundRoadImprovement.swf>.

²⁹ See <http://www.rw.govt.nz/assets/Transport/Regional-transport/RLTP/WGNDOCS-1386111-v1-1FinalRLTPdocWEBversion.PDF>.

³⁰ See <https://www.metlink.org.nz/about-us/>.

The GWRC and its contractors also interact, and spread their specialist knowledge, with TLAs. This is driven by the regional nature of the public transport network, which means there is overlap between the GWRC's and TLAs' decisions and operations.

There are individual cases of collaboration driven by the councils themselves

Where councils have identified that their local problems overlap with other local councils, ad hoc collaboration has also occurred. Collaboration is particularly strong in specific functions or over specific events. Examples of collaboration include:

- Joint procurement, and aligning procurement specifications and processes, by Upper Hutt and Hutt City councils, and between Wairarapa councils.
- Masterton City managing Carterton roads
- Alignment of decisions on commuter parking made by local and regional entities
- Major event and emergency response, such as the 2015 ANZAC day celebrations where road and public transport service delivery teams shared information and undertook shared planning to deliver a high quality transport experience

5 Challenges and Opportunities

The challenges and opportunities for regional transport management are diverse, ranging from scale issues in service delivery through to the governance processes for regional prioritisation and decision making. There is not a shared view that the system is dysfunctional, but there is a common view that there are gains to be made—albeit across many different areas.

To build an understanding of the challenges and opportunities facing the provision of transport in the Wellington region, we held workshops, interviewed stakeholders, reviewed previous stakeholder submissions on the proposal to amalgamate the Wellington councils. There was not universal agreement on the challenges and opportunities faced—and there is still a valuable discussion to have on how to prioritise the challenges to address.

We have grouped the themes broadly within five main concerns over the efficiency and effectiveness of transport services.

5.1 Regional Investment Effectiveness

Effective and efficient investment decisions require scrutiny of all services offered to seek the best returns available. Such decisions are made irrespective of where an investment is located and what the nature of the investment is in the region. There is a sentiment that the current arrangements undermine the ability for investments that are regionally beneficial to be promoted and pursued.

Local-level decisions in many cases need to be managed by local councils. However, these local decisions also collectively shape the options available for implementing regional plans that are focussed on providing journeys that cross TLA boundaries. For example, the strength and width of local roads might define public transport options on those roads.

The RTC could be an opportunity to improve investment efficiency. However, it struggles from a lack of a clear mandate to promote the best transport outcomes for the region. Instead, the mandate of councillors is to represent their own district's priorities, and they can only prioritise the investments put before them by district or city councils. This results in sub-optimal outcomes from a regional investment perspective. For instance, the reasoning not to prioritise a particular road investment was that it was likely to reduce use of public transport, rather than balancing this decision against other factors such as the investment's contribution to the network's efficiency, resilience, and efforts to reduce congestion.

There is a perception that without a united regional front on investment, funding priorities will shift to other regions with stronger 'growth' opportunities and more effective and efficient processes for obtaining funding and implementing projects.

The pursuit of improved regional effectiveness can come at the cost of local effectiveness

Roads are more than just regional transport networks. They are also the local environment for the residents. Input into this environment by the local residents (in terms of their choices over elements of their investment, maintenance or upgrade) is an important aspect of local level investment effectiveness (making the right choices). Any model to manage and deliver transport networks needs to ensure that the right balance is struck between regional investment effectiveness and local investment effectiveness.

While councils face different challenges and opportunities based on their location (rural or urban), and their size (large or small), there is cross-boundary demand for consistent levels of service, and meeting that demand is important. However, consistency should be specified at an appropriate level (efficient and effective) that still provides communities with the ability to influence the place shaping function of the transport corridor.

Both minimum standards, and additional place shaping have costs. These costs also need to be considered in the context of maintaining rates affordability, particularly where demand and services cross TLA boundaries.

5.2 Aligning Planning Activities

There are two levels at which planning alignment has been identified as an issue. Firstly, transport planning at the regional and local levels does not necessarily have aligned priorities, which leads to issues with implementing regionally significant projects. There are also issues aligning transport planning (at regional and local levels) with the spatial planning process, which is currently carried out by individual councils producing spatial plans for their local areas.³¹

Although the RLTP process bring multiple councils together, there are difficulties in flowing the benefits of this process through into outcomes for the system. There are no direct statutory requirements for RLTP priorities to be adopted in local council transport decisions. Bottom-up local transport planning and top-down regional transport planning need to align for some projects to go ahead. Projects may be stalled due to either process, rather than a single process.

Greater alignment is also needed between transport decisions and other local decisions, especially long-term land use planning. Land use planning decisions collectively drive the need for regional transport services. (WCC does not agree. It is economic growth which drives both the need for land use planning decisions and hence the need for transport services. The big issue facing the Wellington Region is not a lack of planning - we already have too many strategies and plans, but not enough operationalising and implementation of these plans. We need to stimulate, not constrain development.) Public transport operates in the same public space currently used or potentially used for a range of other public services (for example car parks, cycle ways, public spaces, road beautification). In addition, some public transport decisions may not be spatially overlapping but be upstream or downstream of another local decision, creating additional issues. Some uses compete with public transport and some uses are complementary—for example, commuter parking. There needs to be a robust framework for ensuring alignment across decisions that use public space and in land use planning.

These challenges in aligning planning aims and efforts are not unique to the interaction of regional and local councils. There are risks of national investment priorities and regional public transport planning undermining each other. This includes the Government Policy Statement on Land Transport (GPS) and RLTPs.

Fragmentation at any level creates difficulty in delivering on regional strategic plans and priorities. A particular example of the lack of alignment between parties has been the section of the Ngauranga to Airport corridor adjoining the Basin Reserve. This involves a section of State Highway 1 intersecting local roads through a densely developed and

³¹ Whilst arguably beyond the scope of this study, there has been a specific body of opinion that at least part of the solution to these alignment questions lies in some over-arching spatial planning process rather than in changes to the governance and delivery of transport. We understand that the Local Government Commission is advancing a separate work stream on this.

populated part of the central city and which is also part of the public transport spine linking the southern and eastern suburbs of Wellington to the central city. This example not only involves multiple decision makers with transport responsibilities (NZTA, Wellington City, and Greater Wellington Regional Council) but also intense intermodal competition for road space and does so in an area where there are strong competing urban design drivers and values.

5.3 Transaction Costs

Some level of transaction costs are necessary in order to manage multiple transport networks. However, there are concerns that some of these costs are being generated by the unnecessary number and complexity of relationships that need to be maintained by different organisations.

Each council has to manage multiple relationships with NZTA staffers (for example, highway operations, regional planning, and funding) that may be consuming more resources than the benefits delivered. Similarly, multiple local road authorities have to be dealt with by NZTA. More organisations involved in the delivery of transport services leads to more organisational interfaces and this consumes more resources. These can be referred to as transaction costs of the system.

Fragmented multiple decision-making processes at local, regional, and central levels raise the risk of unnecessary duplication.

5.4 Organisational Scale and Capacity

Councils vary in size and may face capacity (scale) issues that limit their ability to effectively communicate on regional issues and other complex forums and processes. Attracting staff, funding pressures, and small scale drives significant resourcing issues, with staff often moving to larger entities and consultancies. There are difficulties in retaining and developing staff, in providing career pathways, and in meeting workload pressures.

Having larger organisations was identified as a potential opportunity to achieve greater economies of scale, deepen the resources pool, and resolve some of the organisational resilience issues. There is also the potential for larger organisations to achieve greater purchasing economies by increasing their buying and negotiating power in procurement discussions.

5.5 Organisational Capability

Related to organisational scale and capacity, organisation capability is specific to the pressure on councils to have access to increasingly specialised skills.

This has been noted particularly when interacting with the RTC and NZTA (particularly information requirements). For example, councils acknowledged that NZTA's processes were becoming more robust, with the aim of improving the quality of decisions—but they 'raised the bar' for the council capability needed to respond. Councils are often having to buy services from consultants to meet increasing demands, which can be less cost-effective than permanent staff, and does not improve organisational capability or resilience.

There are opportunities to share best practices and build capability across the region. Councils and other stakeholders have particular skills and experiences that others in the region could benefit from, and improving the ability to share best practices and build capability would be beneficial.

(It might be useful to highlight the step change in organisational capability that Wellington Water has been able to provide by having a large enough entity to attract specialist staff. Particular areas of strength are in asset management, investment discipline, procurement and resilience planning.)

6 Options

The challenges described in Section 4 (such as, a lack of alignment between regional and local planning, and the complexity of managing multiple relationships) suggest that there are benefits to be had from greater integration. There are also trade-offs to be faced in seeking any of these benefits.

In designing possible solutions, we take a systematic approach to identify and describe what options exist for greater transport integration in the Wellington region. We first introduce a framework for analysing different dimensions of transport decision-making that can either be integrated or separated. We then describe six options that represent different levels of integration.

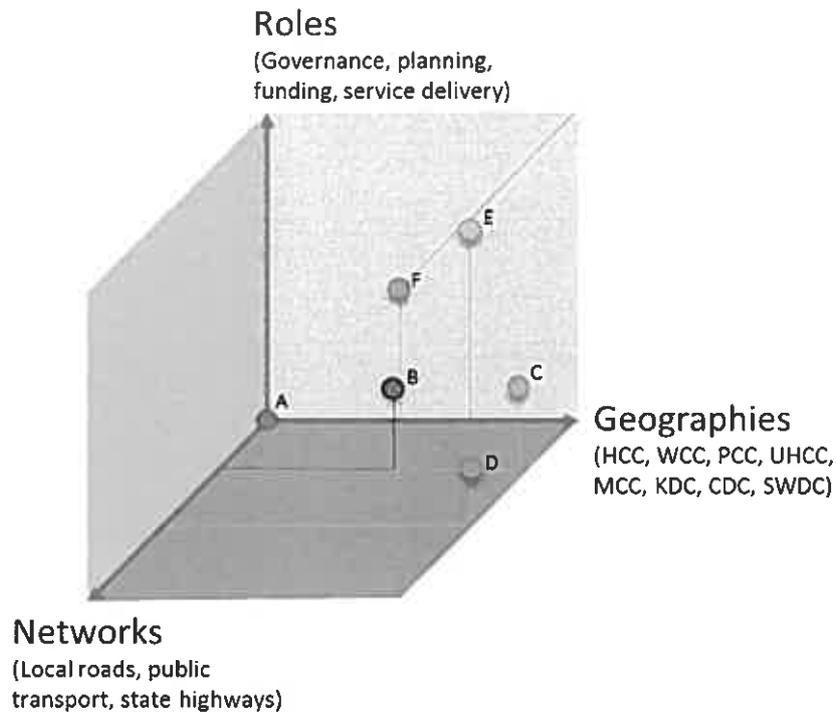
6.1 Our Framework of Analysis

To identify the viable arrangements for more integrated transport services, we have characterised the scope of greater integration along three dimensions:

- Geographies: the districts in the Greater Wellington region that will be involved
- Networks: the transport networks to be managed: local roads, public transport and state highways
- Roles: the responsibility or functions required to manage and deliver transport services: governance, planning, funding and service delivery.

Figure 12.1 shows how options are identified by moving along the axis of each dimension—increasing or decreasing integration across the number of geographies, modes or roles.

Figure 6.1: Framework of Analysis for Transport Integration



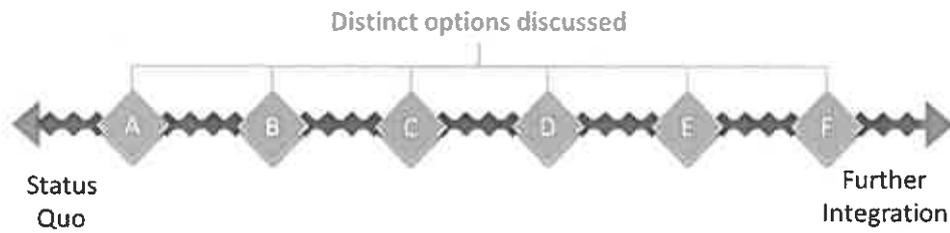
For instance, treating the centre point as the status quo (Option A), we first integrate the service delivery role for local roads (moving along the three axes to Option B as it involves most councils, integrates the service delivery role, and would apply to one mode: local roads). Option C expands on Option B by moving along the geographies axis, increasing the number of councils involved under one organisation to eight. Option D introduces public transport as an additional mode to be managed. An alternative variation of Option D could be to also include state highways as an additional mode here.

Option E moves along the roles axis to increase the number of roles to be integrated from just one (service delivery) to also include governance, planning and funding. Option F then adds an additional mode (state highways) to Option E, so that it would be the greatest point of integration across geographies, modes and roles.

6.2 Description of Options

We describe each option in terms of the three axis and in terms of what changes it entails relative to current arrangements. In reality, the options available are a continuum of changes from the status quo to complete integration of all modes, all geographies and all roles in a single transport authority. The options we discuss are distinct points along that spectrum and each can be amended slightly to create a new option. The purpose of our option selection is to enable discussion of the merits of step changes in the degree of integration of any new solution. Figure 12.2 shows the options on a continuum of possible changes.

Figure 6.2: Options Analysed are on a Continuum of Possible Options



Option A: Status Quo

This option would continue the existing arrangements for governance, planning, funding and service delivery of transport services. Details on these arrangements are described in Section 10.

Option B: Wellington Roads

Under this option, an integrated provider would provide service delivery for local road networks. The councils involved would likely be Wellington City, Hutt City, Upper Hutt City, Porirua City (whose provider would be Wellington Roads) with councils in Wairarapa having their own provider (Wairarapa Roads) following a similar model. This model has been proposed by the 4 metropolitan councils. This option excludes councils in Kāpiti and does not cover the public transport network.

The core role of Wellington Roads and Wairarapa Roads (both abbreviated as WR) will be to carry out the maintenance, operation and improvements of public roads in the TLAs. Councils would own WR and would have voting shares and income shares allocated amongst them according to the funding they contribute.

TLAs would keep their responsibilities in planning activities and participating in regional processes. However, the CCO would also have some input in the regional and local planning processes (and public transport planning) due to its expertise and standardised council information. As a result, WR will have to maintain good communications with regional and local councils and NZTA.

WR would receive funding from each council based on the CCO's expenditure in different council areas. Councils would approve and regulate funding for maintenance, operations, and new investments proposed by WR. In turn, councils would continue to source funding from their districts and from NZTA.

Table 12.1 summarises how this option for greater integration would differ from the current arrangements, and what would remain the same under Option B.

Table 6.1: Option B Summary of Changes from the Status Quo

Aspect of integration	What changes in this option?	What remains the same?
Geographic Scope	HCC, WCC, PCC, UHCC, MCC, CDC, SWDC	KDC (plus GWRC and NZTA)
Networks	<ul style="list-style-type: none"> ▪ Local Roads 	<ul style="list-style-type: none"> ▪ Public transport managed by GWRC ▪ State highways managed by NZTA
Governance	<ul style="list-style-type: none"> ▪ Assets and service delivery managed on behalf 	<ul style="list-style-type: none"> ▪ Councils retain ownership of the assets and financial responsibility
Planning	<ul style="list-style-type: none"> ▪ WR would provide additional input into planning processes (regional and local) ▪ WR would advise the parent councils on transport matters 	<ul style="list-style-type: none"> ▪ Local land-use and spatial planning ▪ RLTP ▪ RTC ▪ NLTP
Funding	<ul style="list-style-type: none"> ▪ Councils purchase their own work programmes/services from WR 	<ul style="list-style-type: none"> ▪ Local rates fund local roads ▪ Regional rate and fares fund public transport ▪ NLTF co-funding
Service delivery	<ul style="list-style-type: none"> ▪ Working towards standardised management of assets across the councils under each provider ▪ Resources to manage local roads networks are pooled in one organisation for each area (What 	<ul style="list-style-type: none"> ▪ Councils are responsible for variations in their service level ▪ Public transport ▪ State highways

is meant by 'each area'? Does this mean one organisation for metropolitan Wellington and one for the Wairarapa?)

Option C: Greater Wellington Roads

This option extends Option B (The Wellington Roads Proposal), so that councils in Kāpiti and Wairarapa are included under one organisation. This option would have one service delivery provider for local roads across the Greater Wellington region.

Table 12.2 summarises how Option C differs from the status quo. Like Option B, service delivery would not cover public transport and state highways networks. The governance, planning, funding, and service delivery arrangements are the same as Option B. Although the four councils would instead be eight.

Table 6.2: Option C Summary of Changes from the Status Quo

Aspect of integration	What changes in this option?	What remains the same?
Geographic Scope	HCC, WCC, PCC, UHCC, MCC, KDC, CDC, SWDC	GWRC and NZTA
Networks	<ul style="list-style-type: none"> ▪ Local roads 	<ul style="list-style-type: none"> ▪ Public transport managed by GWRC ▪ State highways managed by NZTA
Governance	<ul style="list-style-type: none"> ▪ Assets and service delivery managed on behalf 	<ul style="list-style-type: none"> ▪ Councils retain ownership of the assets and financial responsibility
Planning	<ul style="list-style-type: none"> ▪ Greater Wellington Roads would provide additional input into planning processes (regional and local) ▪ Greater Wellington Roads would advise the parent councils on transport matters 	<ul style="list-style-type: none"> ▪ Local land-use and spatial planning ▪ RLTP ▪ RPTP ▪ NLTP
Funding	<ul style="list-style-type: none"> ▪ Councils purchase their own work programmes/services from Greater Wellington Roads 	<ul style="list-style-type: none"> ▪ Local rates fund local roads ▪ Regional rate and fares fund public transport ▪ NLTF co-funding
Service delivery	<ul style="list-style-type: none"> ▪ Working towards standardised management of assets in the eight councils ▪ Resources to manage eight local roads networks are pooled in one organisation 	<ul style="list-style-type: none"> ▪ Councils are responsible for variations in their service level ▪ Public transport ▪ State highways

Option D: Greater Wellington Transport

This option would maintain the integration of service delivery in one organisation. However, another mode (public transport) would be added to create Greater Wellington Transport, which would operate across the Greater Wellington region. Given that the public transport network is region-wide, it is practical to include public transport once the provider services the whole region. A variation on this option would be to also integrate the service delivery for state highways.

TLAs would continue to own the local roads, and GWRC would continue to own the regional public transport network. TLAs and the regional council would together own Greater Wellington Transport, which would be funded by these councils. Council funding bases would remain unchanged, with councils using their rates base and NLTF co-funding, while the GWRC would fund public transport activities (after approving Greater Wellington Transport's proposals) using the existing regional rate for public transport.

Planning processes would ultimately remain the same, with TLAs having the responsibility for local plans, GWRC for the Regional Public Transport Plan, and the RTC for the RLTP. However, planning processes would incorporate input from Greater Wellington Transport for local roads and public transport.

Table 6.3: Option D Summary of Changes from the Status Quo

Aspect of integration	What changes in this option?	What remains the same?
Geographic Scope	<ul style="list-style-type: none"> ▪ HCC, WCC, PCC, UHCC, MCC, KDC, CDC, SWDC, GWRC 	
Networks	<ul style="list-style-type: none"> ▪ Local roads ▪ Public transport 	<ul style="list-style-type: none"> ▪ State highways managed by NZTA
Governance	<ul style="list-style-type: none"> ▪ Assets and service delivery managed on behalf 	<ul style="list-style-type: none"> ▪ Councils retain ownership of the assets and financial responsibility
Planning	<ul style="list-style-type: none"> ▪ Greater Wellington Transport would provide additional input into planning processes (regional and local) ▪ Greater Wellington Transport would advise the parent councils on transport matters 	<ul style="list-style-type: none"> ▪ Local land-use and spatial planning ▪ RLTP ▪ NLTP
Funding	<ul style="list-style-type: none"> ▪ Local rates paid to Greater Wellington Transport for services at current funding levels and services delivered by area ▪ Regional rate and fares for public transport paid to Greater Wellington Transport for services 	<ul style="list-style-type: none"> ▪ Local rates fund local roads ▪ Regional rate and fares fund public transport ▪ NLTF co-funding
Service delivery	<ul style="list-style-type: none"> ▪ Working towards standardised management of assets in the eight TLAs and GWRC ▪ Resources to manage 8 local roads networks, and 1 regional public transport network are pooled in one organisation 	<ul style="list-style-type: none"> ▪ Councils are responsible for variations in their service levels ▪ State highways (could be added to option)

Option E: Greater Wellington Transport with Enhanced Roles

This option is a considerable jump from Option D, by increasing the number of roles to be integrated from just one (service delivery) to also include governance, planning and funding. These three roles are not introduced individually as they are interdependent. Option E would extend integration by having asset management and ownership roles 'at arm's length' from participating councils, similar to Auckland Transport. Funding, programming and service levels are determined by the board rather than by the councils.

Asset ownership could be governed by a board appointed by shareholding councils. This is a more corporate model, rather than committee model. Greater Wellington Transport would be funded directly from councils' existing funding sources (local and regional rates, fares, and NLTF co-funding).

The RTC would be folded into this organisation, which would be accountable to its shareholding councils for delivery of an annual plan/statement of intent and performance management contract. District transport plans would also be carried out by the organisation, in consultation with districts developing their local land-use and spatial plans.

Variations in service and standards (such as local amenity enhancements) would be managed through service level agreements for core services, with additional payments for higher levels of service. This option would require legislation to implement.

Table 6.4: Option E Summary of Changes from the Status Quo

Aspect of integration	What changes in this option?	What remains the same?
Geographic Scope	<ul style="list-style-type: none"> ▪ HCC, WCC, PCC, UHCC, GWRC, MCC, KDC, CDC, SWDC 	
Networks	<ul style="list-style-type: none"> ▪ Local roads ▪ Public transport 	<ul style="list-style-type: none"> ▪ State highways managed by NZTA
Governance	<ul style="list-style-type: none"> ▪ Has ability to own assets ▪ A board appointed to manage regionally with shareholding represented by the asset owners or the funding agents 	
Planning	<ul style="list-style-type: none"> ▪ Greater Wellington Transport has additional input in planning processes including economic development planning and input into spatial planning ▪ RLTP (and the RTC), and RPTP subsumed into a new process in the new organisation 	<ul style="list-style-type: none"> ▪ Local land-use and spatial planning ▪ NLTP
Funding	<ul style="list-style-type: none"> ▪ Local roads and public transport would be funded regionally ▪ An explicit mechanism would be needed to enable this (e.g. a regional rate levied by the regional council or a levy of TLAs like the regional water levy) ▪ Local rates delivered by area to fund local service enhancements and variations to the standard ▪ Regional rate and fares for public transport for services 	<ul style="list-style-type: none"> ▪ Additional local rates paid for enhanced corridor or amenity services only ▪ NLTF project by project
Service delivery	<ul style="list-style-type: none"> ▪ Consistent management of all assets ▪ Resources for all management of public transport and local roads networks are pooled 	<ul style="list-style-type: none"> ▪ State highways

Option F: Greater Wellington Transport with Integrated State Highways

This option would be a fully integrated transport management organisation with delegated statutory powers to make decisions. It would also require NZTA to delegate decisions to this organisation. Any rates funding would be provided through an agreed long-term rate using a hypothecated fund. This would create democratic accountability via the organisation by treating this as a feedback loop with users of transport services, and by having an elected board that would be a political entity.

Table 6.5: Option F Summary of Changes from the Status Quo

Aspect of integration	What changes in this option?	What remains the same?
Geographic Scope	HCC, WCC, PCC, UHCC, GWRC, MCC, KDC, CDC, SWDC	
Modes	<ul style="list-style-type: none"> ▪ Local roads ▪ Public transport ▪ State highways in Greater Wellington region 	
Governance	<ul style="list-style-type: none"> ▪ Has ability to own assets ▪ A board appointed to manage regionally with shareholding represented by the asset owners or the funding agents 	
Planning	<ul style="list-style-type: none"> ▪ Greater Wellington Transport has additional input in planning processes including economic development planning and input into spatial planning ▪ RLTP (and the RTC), and RPTP subsumed into a new process in the new organisation 	<ul style="list-style-type: none"> ▪ Local land-use and spatial planning
Funding	<ul style="list-style-type: none"> ▪ Regional rates for local roads to deliver regional prioritisation process ▪ Local rates delivered by area to fund local service enhancements and variations to the standard ▪ Regional rate and fares for public transport for services ▪ NLTF bulk funded 	<ul style="list-style-type: none"> ▪ Additional local rates paid for enhanced corridor or amenity services only
Service delivery	<ul style="list-style-type: none"> ▪ Consistent management of all assets ▪ Resources for all management of all networks are pooled 	

An alternative way to implement a variation of Option F is to transfer roles that are currently the responsibilities of local or regional bodies to NZTA. This model is used in Marlborough and Gisborne. Box 12.1 describes how these arrangements work.

Box 6.1: Experiences of Combining Responsibilities for Local Road and State Highway Networks

Marlborough Roads

Marlborough District Council has a contractual arrangement with the local NZTA office (Marlborough Roads). The contract was established in 2002 and is renewed periodically, with the next renewal in 2018.



Under this, NZTA provides services for the management of transportation functions including state highways and local roads. Services provided include virtually all aspects of local roads: planning, operation, asset management, service delivery (including capital works), consent submissions, corridor access requests, and road safety management. Maintenance work is undertaken though one combined network outcomes contract. Marlborough District Council is still responsible for the total mobility scheme, passenger transport management, and elements of the parking portfolio.

NZTA and Marlborough District Council retain the statutory responsibilities for their respective networks. For instance, Marlborough District Council provides local road policy and strategic direction, and sets the levels of service. Marlborough Roads recommends Activity Management Plans and develops budgets in consultation with council.

There is a direct relationship between the council's general manager of infrastructure (as the client) and Marlborough Roads manager as provider. While Marlborough District Council is a client of Marlborough Roads, it does not take a role in its governance or the appointment of staff.

Tairāwhiti Roads

Gisborne District Council and NZTA established a shared Business Unit: Tairāwhiti Roads. The unit employs staff from both organisations, and is co-managed by a Joint Governance Group.

Tairāwhiti Roads manages local roads and state highways operations, asset management, and service delivery. The unit contracts for local road and state highway maintenance work under the NZTA Network Outcomes Contract model.



Source: Rationale Ltd

As noted above a Box on Wellington water might be useful here

7 High Level Analysis of Options

Decisions to further integrate regional transport services will involve trade-offs. The evolution of the existing arrangements over time, including the RTC and RLTP, suggests that some of the gains in efficiency and effectiveness from integration have already been achieved. However, the challenges identified with the current arrangements also suggest further gains could be realised by finding new ways to work together.

Understanding the implications of change for the region (both gains and losses) is essential to enable decision makers to make informed choices about the future of transport services in the region. The high level options analysis presented in this section focusses on understanding the issues that any option can potentially address, identifying any additional risks that it might create, and describing how those risks could be mitigated. Given the scope of our work, we do not make any recommendations on which option best serves the needs of the region—this decision clearly has a political dimension that is not considered in this report.

Options are assessed on their ability to resolve the identified challenges

We explain what each option does or does not improve, in terms of resolving the challenges identified in Section 4. Options should aim to improve:

- **Regional investment effectiveness:** ensure the decisions are made for the best interests of the region, noting this may come at the cost of local investment effectiveness
- **Planning alignment:** develop common goals and implementation priorities in different plans at different levels (national, regional, local)
- **Organisational scale and capacity:** enable resilient workforces, economies of scale and purchasing economies
- **Organisational capability:** enable access to specialist skills
- **Transaction costs:** minimise inefficient costs from interactions between multiple organisations.

We identify where options have other consequences not covered by the above challenges. For instance, we identify implementation trade-offs between incremental steps that are agreed to improve the status quo and larger more complex changes that are less certain in their outcome for all parties. Organisational change carries a transaction cost, and these costs should only be borne when there is sufficient payoff to warrant it.

We also highlight where strategies or tools can be put in place to mitigate the size, or impact of the identified losses.

7.1 Option A: Status Quo

There are few gains to be made from maintaining the status quo. These include avoiding the costs imposed by options that involve greater integration. This option is also relatively low risk in that it is unlikely to create unintended consequences.

However, there will be missed opportunities to improve the efficiency of the regional network. There will also be continued effort and expenditure on considering regional integration options in transport services if problems persist with the existing structure.

There may be some ways to minimise these losses within the current arrangements:

- Continue local collaboration where councils identify common local problems and ways to resolve them

- Encourage greater levels of information sharing between districts and with the GWRC to improve links between regional interests and district interests
- Agree to the status quo for a defined period of time before integration may again be reviewed

7.2 Option B: Wellington Roads

The key advantage of Wellington Roads is the savings offered in service delivery by pooling resources and standardising activities related to organising service delivery. This scale is limited to the extent that it includes only some of the councils in Greater Wellington, and that it only applies to local roads. This option incentivises Wellington Roads to deliver services that meet the quality set out by councils as councils remain the owners and funders for the organisation.

There are potential gains from increased organisational scale

The scale of the organisation will be larger than the combined council road departments that currently undertake the task. Why? Does this mean to say that the capability of the combined entity would be greater than the parts (but with the same level of resources) or does it mean that the new entity would have to employ more people than the existing council operations? If the latter where is the analysis and what is the rationale for such a statement? This increased scale should help the organisation carry out its assigned tasks, and to attract and retain staff. There is an expectation of purchasing economies of scale from having one service provider in procurement negotiations. However, there might be limited savings from this, particularly if councils are already contracting to the same company and have advanced procurement strategies in place.

There are organisational capability benefits

The increased scale of the organisation could also enable a higher degree of specialisation in roles within the organisation. These include the asset management and interaction with NZTA processes. Benefits could also come from the various specialist roles within the organisation that did not justify four separate roles within each council including software and other support services. Greater standardisation of the information on the local road networks, from having dedicated service providers, would also help improve the quality of decisions.

There are clear implementation benefits

This proposal (Wellington Roads) is already a tractable proposal, with support, and it therefore has a high prospect of being implemented. This option could act as a foundation for integration opportunities or options to be pursued in the future. However, there is also a risk with this option in that it potentially forgoes opportunities from greater integration when change is delayed.

The proposal is limited in its scope and therefore benefits

The downside of Option B is that it only makes gains within a limited area.

- The problems with the interaction of regional and local planning processes persist
- There is no incentive to develop cross-boundary solutions that benefit the region. Councils will be responsible for funding Wellington Transport's activities within their specific district (and some contribution to the organisation's overheads)

- Transaction costs are likely to rise rather than fall as additional organisations now must liaise with councils to provide service delivery, input into local and regional planning processes, and communicate with NZTA. (WCC does not agree and our experience with Wellington Water is that although careful attention needs to be placed on stakeholder engagement, liaison costs with external organisations is actually lower as there is a ‘single point of contact’)

7.3 Option C: Greater Wellington Roads

Option C has a greater geographic scale than Option B. As a result, the provider will be servicing areas with very different characteristics.

Additional scale or scope economies are modest compared with Option A

Economies of scale from integrating the service delivery role will be limited by the size of the additional areas. Administrative cost savings and integration benefits may be only slightly larger than Option B, as the dedicated resources may vary amongst all councils.

The GWRC would achieve benefits in the form of savings from a single organisational touchpoint for the delivery of public transport on local roads.

Local territories would benefit from the organisational capability

The organisational scale and subsequent specialisation of roles and tasks within it will be available to the all councils with this option. They will benefit to varying degrees as the existing level of capability is varied. Kāpiti in particular has a lot of large-scale projects being undertaken in the area and has a high degree of focus on roads currently and high engagement with NZTA as a result. Wairarapa councils would potentially benefit more directly from the specialty services that could be offered from Option C.

The costs and benefits are similar to those of Option B

Similar to Option B, having one service delivery provider would help to standardise data, which would improve the quality of decisions. This option also maintains each TLAs’ role in place-making, as they will still be able to vary their levels of service and be individually responsible for funding Greater Wellington Roads to deliver these services.

However, without an incentive to consider regional benefits, these decisions would be limited to those benefiting individual districts. This option also fails to resolve the intermodal transport planning issues, and would still introduce transaction costs from Greater Wellington Roads having to interact with multiple organisations and planning processes.

This option will take longer than Option B to implement as it is not an established proposal.

Unresolved challenges could be addressed by mitigation strategies

There is scope within Option C to improve regional investment effectiveness by changing the RTC process. This might be achieved simply by having the RTC able to play a more direct role in identifying projects (where currently, this is the responsibility of TLAs). This would give the RTC the power to require territorial authorities to develop proposals for projects that are seen as potentially important from a regional perspective.

7.4 Option D: Greater Wellington Transport

Option D achieves greater economies of scale for service delivery of services, by including all geographies serviced by local roads and public transport (or state highways).

This option does not change the planning processes or the governance of these planning processes or the funding arrangements for the transport networks.

The organisational scale and capability benefits from previous options are achieved with this option also.

There are additional benefits from network integration across public transport and local roads

Bringing together local roads and public transport will help to align the management of these two networks. Benefits will be made where there is current double handling of issues or alignment issues between public transport services that use local roads. Pooling the specialist skills for service delivery in local roads and public transport would provide modest administrative savings and integration benefits, as the local roads and public transport networks frequently interact.

This option does not resolve all the planning issues

These gains are limited to the service delivery space, and do not resolve any fundamental disconnects at the planning stage between the local road and public transport plans, and local and regional transport plans. However, combining the service delivery across two modes, may highlight where plans conflict. This might at least avoid unnecessary costs from overlapping investment. Option D could also alter the RTC processes, as described under Option C to generate some regional investment effectiveness.

Organisational scale in one organisation creates trade-offs in other organisations

Public transport is a significant component of the GWRC. Organisational-scale benefits to Greater Wellington Transport will come at the expense of organisational-scale losses at GWRC. The operating division that is responsible for public transport at present will, however, be in a closer working relationship to local road network management than is currently the case. This will help to reduce the transaction costs required to maintain multiple relationships.

7.5 Option E: Greater Wellington Transport with decision-making powers

The scale benefits in purchasing and organisational capability of combining service delivery are also achieved with Option E. The geographical and network extent of this option allows for further enhancement of the role of the new entity.

These are in addition to the benefits from being able to operate the RLTP and local transport planning processes into processes run by one organisation.

Regional planning and regional funding are aligned

Effectiveness of decision-making is enhanced when the planning decisions are aligned with the funding base. In this option, there are benefits from the fact that the organisation can rate regionally for regional-level projects and locally for local-level projects. Currently public transport investment decisions are made regionally and are funded regionally, from a regional rate. However, there are many local roading projects that also have significant regional benefits but which are funded locally from TLA rates. What is considered a local decision and what is considered a regional decision can evolve as the system develops and matures.

For this to work effectively, the governance of the organisation should reflect the investment in the organisation when regional decisions are made, or via a formula that gave effect to this. For example, the level at which RLTP decision thresholds are invoked can be aligned with the governance of the decision and the regional rate level.

Planning alignment should help achieve further efficiency gains

Integrating planning roles should help achieve savings in meeting planning and reporting requirements. However, communication between planning entities would still be necessary to ensure joined-up decisions. Having one organisation responsible for most of the transport in the region would reduce transaction costs, particularly in interacting with NZTA.

Regional investment is likely to be efficient and effective

Option E offers the ability to invest efficiently at a regional level, as the controlling organisation will be able to balance capital and operating expenditure when planning investments and providing services. This will include having the ability to plan across modes and geographies and to make the trade-offs across funding, networks and modes.

This option should also help to develop networks concurrently with a resilience perspective that will allow for the combined transport network to manage in the aftermath of an adverse event.

Local decision making also needs to be effective

Not all decisions are regional and a regional organisation that is governed on a regional basis increases the distance between local ratepayers and local decisions. This increases the potential for reducing the effectiveness of the local decisions.

Rationalising the funding source will also reduce councils' flexibility in how they use their rate bases to fund the range of council services they provide.

Combining the management roles into one organisation would risk simply moving debates currently held in a public forum to behind closed doors. Reducing transparency undermines customers' ability to influence decisions, and hold their decision-makers accountable.

The organisation might widen options available to it

Internalising the trade-offs and consolidating the funding source might increase opportunities to explore alternative funding and investment options. For instance, the organisation could explore the relative costs and benefits of rates, or the organisation recommending charging users pay fees, or a mix of charging options to incentivise optimal use of the network.

The option can be designed to mitigate reductions in local accountability

Loss of control over regional transport planning process could be mitigated by the organisation continuing the RTC, where representatives for each affected network (TLAs for local roads, GWRC for public transport, NZTA for state highways) develop the plan. Governance arrangements can be established that strike the right balance in decision-making at the regional level between contribution and representation. One such arrangement is to ensure a minimum of one representative per network, while, scaling certain voting rights to other factors including contribution to funding.

Local councils could have the ability to contract services (funded by local rates), in addition to a regionally established baseline service (funded by a regional rate, or other single funding source), which would allow them to pursue local place-making objectives that interact with their district planning aims. In this way, the entity would act as a service delivery agency for decisions below the regional threshold, funded by local rates and determined by local ratepayers.

To ensure procedural transparency, the organisation could be required by legislation to release documentation of decision-making processes. This could also include public

consultation on elements of decisions to also help manage any reduction in democratic accountability.

7.6 Option F: Greater Wellington Transport with Integrated State Highways

This option offers additional investment efficiency gains over Option E. By including state highways, there are a greater number of networks that can be co-optimised across. These benefits are limited, relative to Option E, due to level of benefits that would already be achieved through NZTA having one organisation to deal with for regional transport.

This option has significant downsides however, in that such an organisation would be significantly removed from communities it would be servicing: Conversely, it would be sufficiently at ‘arm’s length’ to avoid parish-pump politics and sector capture.

- This would result in standardised services that would not necessarily reflect the needs and objectives of the community
- There would not be a direct feedback loop to the provider from the customers
- There would also be risks to procedural transparency.

Mitigation strategies include allowing for additional local service contracts, and legislating to ensure public transparency.

7.7 Overall Comparison of Options

Table 6.1 compares the option’s relative strengths and weaknesses. The options that change from the status quo broadly fall into two categories:

- Options that make relatively small economic gains and do not resolve all of the key issues identified by stakeholders, but avoid undermining local investment effectiveness (Options B, C and D)
- Make relatively significant gains, and resolve the key issues identified by stakeholders, but increase the distance from communities at which decisions are made (or require mitigation strategies to manage this risk) (Options E and F)

Table 7.1: Descriptive Comparison of Options' Strengths and Weaknesses

Option	Strengths	Weaknesses	Potential Mitigation Strategy
A: Status Quo	<ul style="list-style-type: none"> ▪ Low risk of unintended consequences ▪ Avoids costs of pursuing greater integration 	<ul style="list-style-type: none"> ▪ Missed opportunities to improve the efficiency and effectiveness of the network 	<ul style="list-style-type: none"> ▪ Continue collaboration ▪ Share information and experiences
B: Wellington Roads	<ul style="list-style-type: none"> ▪ Capacity and capability efficiencies (only in local road service delivery in some areas) ▪ Preserves options for further development 	<ul style="list-style-type: none"> ▪ Issues with aligning intermodal transport planning are unresolved ▪ Potential increase in transaction costs ▪ Little incentive to consider regional benefits ▪ Potentially foregoes opportunities for greater benefits from integration by delaying change 	<ul style="list-style-type: none"> ▪ Consider an infrastructure combination of roads and water ▪ Reform the RTC including the projects it governs and how it votes
C: Greater Wellington Roads	<ul style="list-style-type: none"> ▪ Capacity and capability efficiencies (only in local road service delivery) ▪ Regionally-standardised information 	<ul style="list-style-type: none"> ▪ Intermodal transport planning issues unresolved ▪ Little incentive to consider regional benefits ▪ Potential increase in transaction costs 	<ul style="list-style-type: none"> ▪ Reform the RTC including the projects it governs and how it votes
D: Greater Wellington Transport	<ul style="list-style-type: none"> ▪ Capacity and capability efficiencies (only in service delivery) ▪ Transport planning alignment between modes ▪ Capability gains from pooling specialist skills ▪ Transaction cost gains 	<ul style="list-style-type: none"> ▪ Spatial planning issues unresolved ▪ Little incentive to consider regional benefits 	<ul style="list-style-type: none"> ▪ Reform the RTC including the projects it governs and how it votes
E: Greater Wellington Transport with decision making roles	<ul style="list-style-type: none"> ▪ Capacity and capability efficiencies across two modes and all management roles ▪ Ability to co-optimize investment across networks, which also has resilience benefits ▪ Rationalisation of funding source opens options to explore alternatives ▪ Reduced transaction costs from reducing number of relationships 	<ul style="list-style-type: none"> ▪ Reduced feedback loop from communities to planners/providers ▪ Risk of reduced transparency ▪ New transaction costs from establishing local consultation processes 	<ul style="list-style-type: none"> ▪ Councils can pay for additional levels of service ▪ Legislate to ensure debates occur in public fora
F: Greater Wellington Transport Integrated with State Highways	<ul style="list-style-type: none"> ▪ Capacity and capability efficiencies ▪ Investment efficiencies across all modes and geographies ▪ Established link between service delivery and planning 	<ul style="list-style-type: none"> ▪ Decisions are made at furthest distance from communities, reducing connectedness and accountability ▪ Risk of reduced transparency 	<ul style="list-style-type: none"> ▪ Councils can pay for additional levels of service ▪ Legislate to ensure debates occur in public fora

7.8 Conclusion

There are gains to be made from regional transport integration. These gains range from the modest—purchasing economies and organisational scale—to potentially large changes in the regional prioritisation process and in the scale and speed of investment decisions.

It can be difficult to see the potential gains that could have been made from projects that haven't happened in the past or if they have happened, all too slowly.

The current system is not dysfunctional—so the gains from integration and change should not be overstated. Several opportunities to make gains from integration have been taken in the past. The current system now reflects those changes. Nevertheless, all participants report the potential to do things in a more streamlined fashion and with greater collaboration and integration.

The greater the ambition for integration, the more difficult it is to get agreement. Each council starts from a different position, some with large national projects already underway, some with varying degrees of asset management capability, understanding and investment histories.

Economic efficiency and effectiveness, and, therefore, the institutions that are designed to achieve these goals, will look to take the best transport option irrespective of geography, network or role. However, any solution needs to deliver on the various levels of local, democratic accountability that local rates funding demands. Not all decisions are regional in scale or scope and local communities are the best placed to make the calls on how much they spend on those decisions. On the other hand, some decisions are regional in scale and scope and those decisions should not be made on the basis of a lowest common denominator of agreement, or, on the basis of a local optimum. An optimal solution for regional transport management would achieve the balance between these decision levels and deliver the funding and governance structures aligned to each.

Upper Hutt City Council comments

(tracked comments on 4 December 2015 version of draft report)