

AUCKLAND TRANSPORT NETWORK FUNDING PROJECT

Progress Report to Mayoral Forum 11 July 2003

Introduction

On 30 May 2003 the Mayoral Forum met with Ministers Cullen, Swain and Tizard to discuss proposals for funding the development of Auckland's transport network. Ministers agreed to the establishment of a joint Auckland-Government officials group to develop and oversee a work programme aimed at resolving the funding issues outlined in earlier papers to the Mayoral Forum and Regional Land Transport Committee (RLTC).

The purpose of this paper is to update the Mayoral Forum on progress since that meeting, and to present a broad outline of the work program that is in the process of being developed. This paper also details progress that has been made against each of the 24 May 2003 resolutions of the RLTC.

Establishment of Joint Officials Group (JOG)

A joint officials group (JOG) has been formed, and has now met three times. The JOG has established a schedule of fortnightly meetings. Membership is as follows: from Auckland, Jill McPherson, Tony Garnier and Barry Mein; and from Wellington, Chris McKenzie (Michael Cullen's office), Michael Parker (Paul Swain's office), Elise Webster (Ministry of Transport), Rosemary Cook (Treasury), and Peter Martin (Department of Prime Minister and Cabinet). Local Government NZ will also be represented.

JOG meetings to date have focused on establishing a framework for the work of the group, an agreed set of roles and responsibilities (attached), and an outline work programme. This has been supplemented by meetings with officials to identify in more detail the deliverables associated with each of the work streams, and the resources required to achieve this. It is anticipated that the JOG will be in a position to finalise this work programme at its next meeting scheduled for 21 July 2003. In the mean time, initial work associated with a number of the work streams is already underway.

As Mayoral Forum members will be aware, an Auckland officers' Funding Steering Team ("FaST") has already been established to oversee the Auckland input to the project. Membership of FaST is shown in the attached schedule.

Work Programme

The JOG has identified a total of 9 work streams necessary to progress the project. These differ from the work streams that had been previously reported by FaST to the Regional Land Transport Committee, but the differences are mainly to do with the structure of the work, rather than any substantive differences in content. All of the work streams that have been identified by FaST had been included in the JOG work stream definitions.

The work streams identified by JOG are as follows:

1. **Network completion** – this has been identified as the major work stream, and includes agreement as to what is needed to further develop the network, both roading and public transport, for which funding is required over the next 10 years and beyond. This work will include an alignment between the Auckland Regional Land Transport Strategy (RLTS) and the Government's NZ Transport Strategy (NZTS) and other policy initiatives (including the sustainable development plan of action). It will also include a clear indication of the costs and timing of each of the strategic projects included in the network. This will build on, and be more detailed, than the earlier work included in the Mayoral Forum paper.
2. **Interim funding** – this will include an examination of additional short term or interim funding mechanisms, including regional petrol tax, capital injection etc.
3. **Debt financing** – this work stream will identify the mechanisms by which any debt would be raised and held, including any necessary entity to hold debt. The work stream will also consider revenue raising and distribution mechanisms.
4. **Transport demand management; non pricing options** – this work stream will outline the opportunities for non pricing travel demand management measures to be incorporated into transport plans to compliment the funding and pricing measures identified as part of this project.
5. **Transport demand management; pricing options** – this work stream has been referred to as network pricing in the Auckland documentation. It covers longer term pricing mechanisms which will both raise revenue and potentially have some impact on managing demand, including various forms of tolling, congestion pricing, parking charges, etc. The work stream involves a thorough feasibility study of each of the options.
6. **Mitigation and consents** – this work stream will identify, in a general manner, the level of mitigation that will be required for major projects, and identify opportunities for streamlining the time and cost associated with both regulation and mitigation activities. The work stream is also aimed at identifying which parties should bear the responsibility for the costs of mitigations.
7. **Social and economic impacts** – this work stream is designed to identify the social and economic impacts of the funding proposals under investigation, to ensure that these are fully taken into account in the decision making process.
8. **Communications** – this work stream will ensure that progress of the JOG is clearly communicated to all relevant parties.
9. **Business plan** – this work stream is designed to pull all of the other work together into a clear set of recommendations and an implementation pathway for recommendation to Ministers and Auckland representatives.

An outline of these work streams and the JOG process has been reported to the Infrastructure Ministers Committee. As a measure of the importance that Ministers are attaching to the project, the matter is to be referred to Cabinet for its approval later this month.

As noted above, the JOG is currently in the process of identifying the specific resources associated with each of these work streams, and developing a critical path to ensure that they can be completed within the overall timeframe. At this stage, the JOG is targeting a completion of the Business Plan, incorporating all of the above work streams, by the end of November 2003. This will allow for consideration of recommendations and policy decisions prior to Christmas, to fit with the Budget 2004 process. Government officials have noted, however, that the timetable for policy decisions will be influenced by the Government's obligations to consult with other parties on transport issues.

Financial Business Plan

At its 24 May 2003 meeting, the RLTC resolved to ask officers to prepare a Financial Business Plan for the funding project. This was supported at the 5 June 2003 special meeting of the Mayoral Forum, which resolved "*that the region, with central Government, urgently develop a financial business plan for Auckland in consultation with all stakeholders including Transit, Transfund, ARTNL and the local authorities of the region and the ARC*", and "*that the offer of Infrastructure Auckland to fund the financial business plan be accepted*".

Infrastructure Auckland (IA) has agreed to fund the preparation of a Financial Business Plan (FBP), subject to some conditions relating to the manner in which the work is managed, and the commitment of other parties (including the councils of the region) to the process. A draft request for proposal (RFP) for a consultant to undertake an advisory role for this work has been prepared in line with those conditions.

The work programme agreed with Government, as outlined above, includes the preparation of a Business Plan. JOG has agreed that IA's input and assistance should be incorporated into that joint work stream.

Progress on RLTC Resolutions

At its 24 May 2003 meeting, the RLTC passed a number of resolutions which formalise the basis on which the network funding project is progressing. These are set out below, together with a brief comment on progress made to date.

- a) *That the report be received*
- b) *That the resolutions of the following organisations be received and their comments noted:*
 - *Auckland City Council*
 - *Auckland Regional Council*
 - *Franklin District Council*
 - *Manukau City Council*
 - *North Shore City Council*
 - *Papakura District Council*
 - *Rodney District Council*
 - *Waitakere City Council*

- c) *That the RLTC supports the Proposal for Funding the development of the transport network, as outlined in the Regional Land Transport Strategy, for the Auckland region's key planks namely:*
- i. *An option of using Infrastructure Auckland's grants to fund debt repayment for the four years beginning July 2003, in association with one off capital contributions from the Central Government budget surplus and the Central Government consolidated fund (short-term measures).*

Progress:

- Infrastructure Auckland (IA) has confirmed the provision in its 2003/04 Annual Plan and 2003-2013 Long Term Funding Plan for a new notional allocation of \$136 million towards servicing debt for the Auckland transport network. IA proposes to undertake a borrowing programme itself to cover the region's transport-related debt servicing needs for a four-year period. This would be securitised against IA's income from POAL dividends, and/or up to 24.9% of the value of its POAL shares.
 - IA's debt servicing facility is available from 1 July this year. In order for the region to utilise the allocation, however, it will need to secure an ongoing revenue stream for the period beyond IA's four-year commitment, and determine an appropriate entity to hold the transport-related debt. These issues are being progressed as part of work streams 2 and 3 above. The need for such a debt facility will also be considered a part of the joint work programme set out above.
 - Consideration of a one-off" capital contribution is also being addressed as part of work stream 2 above. The recent release of the final Transfund and Transit 10 year programmes on 30 June 2003 has highlighted the need for an Auckland catch-up, given the shift in project priorities away from Auckland since the draft Transit programme was released.
- ii. *Investigating and using some interim, capital and revenue options to meet the funding gap such as:*
- *regional fuel tax (to be pursued with greater urgency)*
 - *regional RUC levy*
 - *Transfund debt servicing contribution*
 - *project specific tolls (short-term and medium-term measures)*

Progress:

- Auckland officers have forwarded to Wellington reports setting out options and expressions of the urgency the region for rapid decisions on these aspect of the resolution. In response, Government officials have proposed the inclusion of a wide range of potential interim revenue options in work stream 2, including those outlined in the RLTC resolution.

- Work undertaken to date by FaST suggests that a regional petrol tax would meet the objective of providing a secure, adequate and sustainable revenue stream to support future debt servicing (for example, a 10c per litre charge in Auckland would generate approximately \$100m per annum, sufficient to service debt of around \$1billion).
 - Government officials have highlighted some concerns about regional petrol tax, in particular whether its incidence would indeed be contained within Auckland, or spread across the country (as occurred on the last occasion that regional petrol taxes were in place). These issues will be fully canvassed in work stream 2, together with a comparison of the effectiveness of alternative interim revenue options.
- iii. *Undertaking a comprehensive feasibility study to evaluate the implementation of a network pricing model with significant opportunity for consultation and debate prior to any design and implementation (long-term measure).*

Progress:

- This matter is being progressed through work stream 5 above. Note that work streams 4 and 7 are also closely related to this work. It is not expected that this work will have advanced sufficiently to allow definitive decisions on network pricing to be taken prior to Christmas, as there is a significant amount of policy development work and debate necessary to reach that point. It is intended, however, that sufficient work will have been taken to allow decisions in principle on the way forward at that time.
- iv. *That officers prepare a work programme, taking into account the comments raised in response to the paper, and develop a financial business plan for Auckland (with Transit New Zealand and Auckland Regional Transport Network Limited) to raise at least \$5 billion from existing and new sources, and provide for funding agreements with Transfund, Infrastructure Auckland, and local authorities.*

Progress:

- Progress on the work programme and financial business plan is reported in earlier sections of this paper.
- v. *Working in partnership with the Government on the above work programme.*

Progress:

- As reported above, a joint officials group (JOG) has been established, and is well advanced in the preparation of a joint work programme.

- d) *That all local authorities be requested to ensure through their annual plan processes that this work is properly resourced in 2003/04.*

Progress:

- As noted above, IA has agreed to fund the preparation of the Financial Business Plan, on the condition that councils contribute to the other workstreams. A total budget of \$630,000 for the Auckland input to the other work streams has been estimated. Most councils in the region have either formally committed funds to the project as part of their 2003/04 annual plans, or have identified a process by which funding will be made available during the year. In addition, a significant input of officer time has been made available from councils and IA.

That the Committee Chair continue to work with the Chair of the Mayoral Forum to communicate this position and progress the issue with Government.

Progress:

- The RLTC Chair and the Chair of the Mayoral Forum have jointly circulated material on the funding initiative to all councillors in the region.
- The FaST has engaged a communications specialist, Rob Crabtree, to advise on all aspects of communications and advocacy in relation to the project. Implementation is ongoing in a strategic way broadly to highlight the region's case for a package of measures to address the funding gap, and to advocate the region's views on the solution.
- Media commentary has been widespread, including strongly supportive editorials encouraging the region's initiative and the sense of urgency and speed required to engage with central government to achieve resolution.

DRAFT

**REGIONAL TRANSPORT NETWORK FUNDING PROJECT:
BORROWING STRUCTURE WORK STREAM**

PROCESS, DECISION-MAKING CRITERIA AND SCOPE

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REGIONAL TRANSPORT NETWORK FUNDING PROJECT: BORROWING STRUCTURE WORK STREAM

PROCESS, DECISION-MAKING CRITERIA AND SCOPE

CONTEXT

Purpose of Report

1. This paper aims to:
 - Provide a background and some context to the borrowing structure work stream
 - Define the desired work stream outcome
 - Outline a recommended process for achieving the outcome
 - Investigate the possible range of functions which a single debt servicing entity could carry out and the issues associated with scope
 - Provide a proposed list of principles and criteria which should guide decision-making around a preferred debt servicing structure for the region
2. It is intended that this paper would form the basis of material to go to the Regional Land Transport Committee for feedback and approval as required by the steering group.

Background

3. The Regional Land Transport Committee has identified a significant funding gap between current funding levels (available on a PAYGO basis) and the funding levels needed to complete the transport networks identified in the Regional Land Transport Strategy (RLTS). The planned network has a capital cost of \$5 billion, and the funding gap to complete it within 10 years is approximately \$2.4 billion.
4. Work to date has concluded that debt financing is needed to ensure that the RLTS networks can be completed within the 10 year planning horizon. A Technical Paper prepared by the Steering Team has concluded that with appropriate debt servicing options this gap can be filled through an integrated approach by central government, Treasury, Transfund, Transit NZ, Infrastructure Auckland and the territorial local Councils led by the Mayoral Forum and Regional Land Transport Committee. The Minister of Finance and the Minister of Transport have indicated their support for this work. This work stream is dedicated to investigating possible structures and entities for debt raising and servicing for these projects.
5. At present, there is no agency in the region that is mandated to carry debt of the magnitude required, for projects of a regional nature. This work stream is required to assess the options available for such an entity, and to also address the relationship between this entity and the related functions of funding distribution and revenue raising.

6. The work stream does not cover the identification of sources of revenue to service debt, although the selection of a preferred structure is closely linked to this issue. Unless sufficiently secure revenue streams can be identified and guaranteed, the ability of a debt servicing entity or structure to raise debt on behalf of the region will be limited. Our work is progressing on the basis that Transfund will meet existing funding commitments for identified RLTS projects. We also assume that it is possible for Infrastructure Auckland to provide a revenue stream to repay debt for the first 3-4 years of project implementation (beginning July 2003) and that other sources of revenue will be available beyond that.

Other Workstreams

7. There are many interconnections between this work stream and the others as outlined below:

- Financial Business Plan – Provides the analysis required to support a proposal for borrowing.
- Regional Petrol Tax – Determines the feasibility of this revenue source as a revenue stream to be channelled through an appropriate borrowing structure.
- Network Pricing – Determines the feasibility of a long term revenue source as a revenue stream to be channelled through an appropriate borrowing structure.
- Network Completion – Determines the timing of projects which will determine the timing and amount of draw down on borrowed funds and revenue streams.
- Mitigation – Helps to determine the amount required from revenue or debt sources.

Transport Governance Work

8. This work stream is linked to the Auckland Regional Transport Governance project. That project initially encompassed three work streams:

- Evaluation of 3 passenger transport governance and funding options:
- Monitoring and evaluation of changes to the development and management of the roading network
- Evaluation of regimes for road user charging and implications for governance.

9. The immediate focus of the governance project has since been narrowed down to passenger transport governance and funding arrangements. Work on the second two work streams has not yet begun within the context of that project. However, the Regional Transport Funding Strategy Project has now effectively picked up the third work stream (but outside of the Auckland Regional Transport Governance and Funding project structure). Work on the debt servicing entity is part of that.

10. The entity work stream team is aware of the importance of defining and identifying an interim regional debt servicing entity which is not at odds with the progress being made within the transport governance and funding project. In particular, we are acutely aware of the emphasis which has been placed within that project on:

- strategy driving funding;

- accountability (to regional and local ratepayers); and
- transparency.

Desired Outcome

11. The desired outcome for this work stream is:

"To reach agreement on a preferred borrowing, revenue raising and distribution structure which has regional and central government support. In the course of identifying a preferred structure, the project will address the issues of debt management, capital distribution and revenue raising, and appropriate entities and arrangements to deal with these issues."

PROCESS AND TIMELINE

12. The broad time frame set by the Steering Team for this project is as follows:

- Initial assessment of the options to JOG 1 September 2003
- Preferred borrowing structure identified October 2003
- Final report to JOG 31 October 2003
- Implementation Plan 27 February 2004
- Structure operational 1 July 2004

The above timetable aligns with the current Financial Business Plan timetable. It is envisaged that a formal signoff process of a preferred borrowing structure would occur from October to December 2003. This would fit with central government's approval process. Consultants will be engaged to assist in order to meet these milestones.

13. There are three points of note in regard to the outlined process:

- Where political input is required in developing a shortlist or preferred borrowing structure, Councillor workshops may be held or meeting of the existing Passenger Transport Governance Political Sounding Board may be held.
- Some central government involvement in this work stream will be required. This is being developed by the Joint Officials Group of Auckland and central government officers.
- Consultation requirements for this workstream have yet to be confirmed. As part of the broader project, consultation requirements will be assessed to determine what decisions are required for consultation, with whom and the time frame involved.

14. The project milestones, a timeline and approval process are detailed below.

Date	Milestone/objective	Approval/consideration by
August 2003	Approval of decision-making process.	TA's, ARC, RLTC
September 2003	Approval of short list of structural options	TA's, ARC, RLTC
September 2003	Discussions with short-listed parties and analysis of arrangements, risks and benefits.	Work stream and Steering Team
October 2003	Agreement on one preferred option based on analysis presented	TA's, ARC, RLTC
1 November 2003	Final report on borrowing structure arrangements	JOG
November – December 2003	Formal approval process to select a preferred borrowing structure. Consultation with stakeholders.	TA's, ARC, RLTC, Government, preferred entity/entities
December - January 2004	Develop implementation plan with the preferred entity/entities	Work stream and Steering Team
March 2004	Implementation plan adopted	Preferred entity/entities

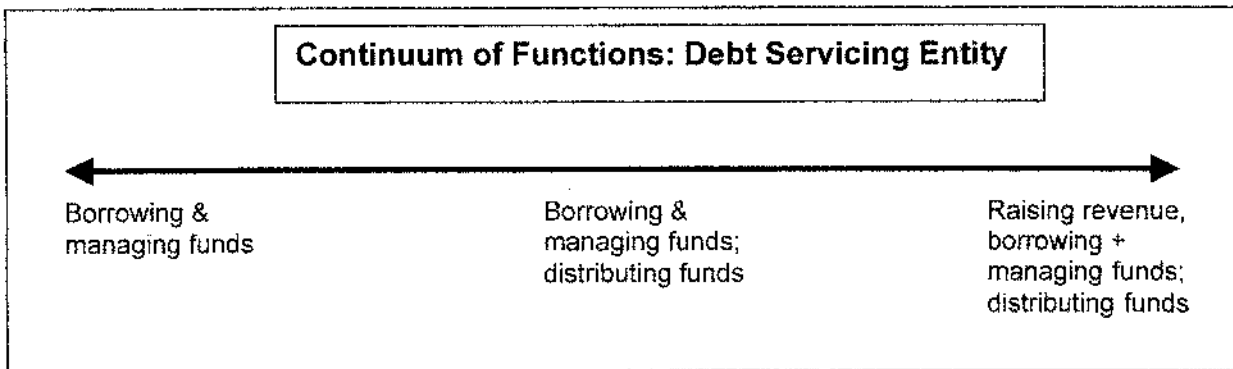
SCOPE OF ENTITY

15. A borrowing structure could incorporate a range of agencies or a limited number of parties. The number of agencies involved will depend to a large extent on the functional scope of the entity which actually borrows the funds on behalf of the region.

16. There are three broad clusters of functions (defined below) which a borrowing structure needs to incorporate:

- raising revenue,
- borrowing and managing funds,
- distributing the borrowed funds.

A single entity could do all or just some of these functions (with any remaining clusters of functions sitting elsewhere within an overall debt servicing structure.) The scope of the entity will emerge as the work of this, and other related work streams progress¹. The selection process will involve first identifying a possible entity which meets the essential qualities for borrowing and assessing the possible arrangements for borrowing, revenue raising and distribution.



17. An issues paper will be prepared outlining the issues that will affect the scope of an entity/entities and the arrangements for borrowing, revenue raising and distribution.

¹ There is a direct correlation between the scope of the entity and the criteria adopted. The appropriateness of the criteria are to some extent upon the agreed functional scope of a debt servicing entity (this could be limited or wide). The scope of functions which central government and the region will entertain for the entity will depend to some extent on whether the entity being considered is a regional, central government, private sector or some other type of entity. This may not be known until later in the decision-making process.

CHOOSING A PREFERRED ENTITY

Range of Entities to be Considered

18. Officers consider that the following list of entities should be considered during the decision-making process for this work stream:

- Treasury
- Crown SOE (new)
- Transfund
- Transit NZ
- ARC
- IA
- TLAs (Jointly or severally)
- Transport Council Controlled Organisation (e.g. ARTNL or new CCO)
- IA 100% subsidiary
- Transport Authority (new)
- Private sector

A key issue for any of these entities to be considered appropriate to assist in funding the planned network is timeliness in light of the anticipated start date of July 2004 for this facility.

Principles

19. As noted above, the decision-making process for the identification of a preferred debt servicing structure/entity will be underpinned by an agreed set of principles. Decision-making criteria will be drawn from those principles. Notwithstanding the scope of the entity, officers consider that the following list of principles encapsulate the broad aims and characteristics which it will be desirable for the entity/structure to have. A brief description of each principle and the linkages between them is included where appropriate.

PRINCIPLE	EXPLANATION
<i>Accountability</i>	<ul style="list-style-type: none"> • to those who collect and contribute revenue • to the people of the Auckland region
<i>Transparency</i>	<ul style="list-style-type: none"> • of structures and decision-making processes • includes financial transparency in the handling of funds • transparency underpins accountability and perceptions of accountability
<i>Simplicity</i>	<ul style="list-style-type: none"> • structures and decision-making processes should be simple and streamlined where possible and appropriate • simplicity can facilitate efficiency, timely decision-making and implementation, and low cost processes • simplicity of structures and decision-making processes has

	implications for transparency
<i>Protection and recognition of stakeholders rights in relation to their relative interests</i>	<ul style="list-style-type: none"> Entity should have a regional focus Includes the ability to ensure that capital revenue is applied to the Auckland region Recognises that central government and other stakeholders may have interests and responsibilities in relation to the entity and that these interests should be accommodated where possible
<i>Ability to carry out core functions</i>	<ul style="list-style-type: none"> Ability to carry out core functions
<i>Strategy drives funding</i>	<ul style="list-style-type: none"> The functions of the entity should be responsive and consistent with the strategy direction set by the Auckland region
	<ul style="list-style-type: none"> This principle underpins accountability and the ability of stakeholders to ensure that their rights and interests are recognised and protected

Criteria

20. The principles listed above have been used to identify the criteria which will inform decision-making. The criteria are set out in the table below which will later be used to grade possible borrowing entities. The criteria do not preclude either a limited or an expanded scope for the entity. However, the manner in which the criteria are applied, and the rating of the entity in relation to the criteria may change if its scope is significantly different. For example, if the entity is required to distribute borrowed funds to a variety of applicants, it will require a higher level of sophistication in terms of its distribution function than if it passes the funds to another body for distribution. The criteria could be expanded at a later date if there are significant changes in the entity scope and it is considered necessary.

21. It is acknowledged that some criteria will be considered more important to the decision-making process than others – trade offs between criteria may have to be made. The criteria will therefore be graded as to perceived importance, on the following scale –

- essential qualities
- desirable qualities
- useful qualities

Application of the criteria would be by way of a simple yes or no. Where the response is not clear an explanation will be provided.

	ESSENTIAL QUALITIES	Explanation of criteria
(a)	Power to borrow	Entity must have structure and governance powers to raise and support debt in a banking context.

(b)	Ability to service and repay debt ie. access to revenue stream	Need power to manage various income streams to meet financial commitments to bankers and to manage repayment or assignment of debt if entity not to be a long term holder.
(c)	Ability to manage capital grants	Need an effective process for determining project/ programme priorities and timing or access to alternative decision making body. The entity may have an existing capability/ skills and experience in managing capital grants or it need to be able to easily and effectively attract these skills.
(d)	Acceptability to Central Government	The entity must be acceptable to central government agencies such as Treasury, Transfund and Transit. It is possible that special legislation would be required in some circumstances. In addition, central government will have an interest in equity issues surrounding revenue raising.
(e)	Acceptability to the Auckland region	Need for all, or a majority of, regional stakeholders to agree on the basis for the entity being the appropriate body to raise, manage, service and distribute debt in order to increase the effectiveness of partnership with central government
(f)	Maximises regional influence	The Auckland Region needs to have appropriate input to managing the debt servicing function and distribution of the funds in order to give effect to regional land transport priorities and strategies, and in order to ensure that the structure is in keeping with regional transport governance trends.
(g)	Clearly defined governance/accountability (processes and structure)	Rules in place or able to be put in place to ensure stakeholders' interest are implements and protected.
(h)	Ability to respond positively and easily to directions through the Regional Land Transport Strategy.	The entity will need to distribute funds to projects in accordance with the RLTS and changes to the RLTS.
	DESIRABLE QUALITIES	
(i)	Ability to source finance at a low borrowing cost and in accordance with other borrowing requirements.	Must be able to source 'the best deal' for the region.
(j)	Ability to effectively manage debt	The entity will require either existing skills in borrowing and repayment of principal and interest, or be able to hire

		<p>those skills easily.</p> <p>The entity would also need to be able to demonstrate that clear and effective processes for managing debt can be put in place quickly and easily.</p> <p>The scope of the entity will determine the extent to which the entity will require debt management skills.</p>
(k)	Ability to distribute capital.	<p>The entity will either require existing skills in allocation of funds or it must be able to hire those skills easily.</p> <p>The scope of the entity will determine whether the body will merely pass capital to one other body, or whether it will need to have the ability to distribute various amounts to different applicants/projects.</p>
(l)	Effective and efficient.	<p>The entity should be able to carry out its functions effectively and efficiently. Amongst other things, the following factors should be considered:</p> <p>The ability of the entity to demonstrate sound business practices and processes to ensure effectiveness and efficiency</p> <p>The ability of the entity to minimise operating costs while maximising quality outcomes</p> <p>The ability of the entity to take advantage of economies of scale</p> <p>The ability of the entity to manage change or ultimate exit from funding process ;</p> <p>Tax efficiency</p>
(m)	Open decision-making processes and transparency of information where appropriate	Decision making and information needs to be open to scrutiny to stakeholders, as appropriate.
(n)	Ability to make timely decisions	Decision making concerning borrowing and distribution needs to undergo proper process but should not be unduly delayed by bureaucracy within the entity or its owners.
(o)	Ability to become operational by July 2004	
	USEFUL QUALITIES	
(p)	Ability to change over time	The requirements of a borrowing entity may change over time. It would be desirable for the entity to be capable of responding to these changing requirements in a timely and effective

		manner.
(q)	Capacity to raise revenue if required as part of the functional scope of the entity	If the scope of the entity includes revenue raising functions, the entity must be flexible enough and be qualified to accept and manage income from diverse sources; petrol tax, congestion levy; parking charges; diversion of FBT on parking charges, etc.
(r)	Good relationship with Auckland users where appropriate	If the entity is required to carry out revenue raising and distributions functions, it would be desirable for it be able to effectively manage communications and to develop a good relationship with transport users. Users will need to understand the requirement for charging, accountability for the proceeds, alternatives, key players.

RECOMMENDATIONS

22. The Steering Team recommends the following for endorsement by Territorial Local and Regional Councils and the Regional Land Transport Committee:
 - a. The process detailed for the selection of a regional short term borrowing entity;
 - b. The timeline for a policy decision identifying a preferred borrowing entity and related arrangements;
 - c. The approach to defining the scope of the borrowing entity and other structural arrangements;
 - d. The list of principles outlined in this paper and their descriptions;
 - e. The list of criteria which has been developed to form the basis of the decision-making process for the selection of a short term regional borrowing entity;