



Waitakere City Council  
*Te Taiao o Waitakere*

## NOTICE OF MEETING

# POLICY AND STRATEGY COMMITTEE

I hereby give notice that a Meeting of the Policy and Strategy Committee will be held on:-

**DATE:** Thursday, 6 December 2007 **TIME:** 9.30 am

**VENUE:** Waitakere Central, 6 Henderson Valley Road, Henderson, Waitakere

to consider the business as set out herein and to take any necessary action connected therewith.

29 November 2007

Emma Joyce  
**COMMITTEE SECRETARY**

Telephone (09) 836 8000 extn 8950

### MEMBERSHIP:

Deputy Mayor	PA	Hulse (Chairman)
Councillors	LA	Cooper, JP (Deputy Chairman)
	DQ	Battersby, JP
	BA	Brady, JP
	MFP	Chan, JP
	JM	Clews, QSO, JP
	RI	Clow
	AK	Corban, OBE, JP
	RP	Dallow, QPM, JP
	WW	Flaunty, QSM, JP
	MM	Jolley
	JP	Lawley, JP
	PG	Mitchell
	VS	Neeson, JP
Mrs	M	Te Huia

Mayor RA Harvey, QSO, JP (ex officio)

(Quorum 5 members)

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(The reports and recommendations contained in all agendas are reports and recommendations only and are not to be construed, in any way, as Council policy until adopted.)

**AGENDA FOR A MEETING OF THE POLICY AND STRATEGY COMMITTEE TO BE HELD AT  
WAITAKERE CENTRAL, 6 HENDERSON VALLEY ROAD, HENDERSON, WAITAKERE,  
ON THURSDAY, 6 DECEMBER 2007 COMMENCING AT 9.30 AM**

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**1 APOLOGIES**



**2 URGENT BUSINESS**

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 provides that where an item of business is not on the agenda, it may only be dealt with at the meeting if:

- (i) the Committee by resolution so decides; and
- (ii) the Chairman has explained at the beginning of the meeting (when open to the public) that the item will be raised for discussion and decision, why the item is not on the agenda, and why it cannot be delayed until a subsequent meeting.

The Committee may make a decision on a matter determined to be urgent.

**NOTE:** Urgent Business need not be dealt with now and may be delayed until later in the meeting.



**3 CONFLICTS OF INTEREST**

The Council has acknowledged in its Code of Conduct that Elected Members need to be vigilant to stand aside from decision making when a conflict arises between their role as a member of the Council and any private or other external interest they might have. This note is provided as a reminder to members to check that no such conflicts arise in relation to any items on this agenda.



**4 CONFIRMATION OF MINUTES**

Extraordinary Meeting Minutes - 8 November 2007

**RECOMMENDATION**

That the minutes of the Extraordinary Meeting of the Policy and Strategy Committee held on Thursday, 8 November 2007, as circulated, be taken as read and now be confirmed.



## 5 PUBLIC TRANSPORT MANAGEMENT BILL

### GLOSSARY

Auckland Regional Transport Authority	(ARTA)
Central Business District	(CBD)
The Public Transport Management Bill	(the Bill)

### PURPOSE OF THE REPORT

The purpose of this report is to seek the Policy and Strategy Committee's endorsement of a policy position on public transport procurement reform as the basis for a submission on the Public Transport Management Bill (the Bill).

### BACKGROUND

The deregulation of public transport in 1991 created a two-tier system of competitively tendered, publicly-funded (contracted) and free-market provided (commercial) public transport services. The intention of the reform legislation was to drive down the public subsidy cost of public transport by introducing competitive tension to the marketplace. This would allow savings to be reinvested in additional contracted services. The role of the public sector was confined to that of contracting services to fill gaps unable to be provided by the free market.

This was part of a suite of local government and transport legislation that sharply curtailed the role of the then Auckland Regional Council (the bulk of whose transport functions were assumed by the Auckland Regional Transport Authority (ARTA). While other publicly-owned bus operations were required to be converted into Local Authority Trading Enterprises, the Auckland Regional Council was required to privatise The Yellow Bus Company.

#### **The Yellow Bus Company Privatisation**

The privatisation of The Yellow Bus Company included the sale of the New Lynn and Otahuhu bus terminals, as this same legislation forbade regional councils from owning public transport infrastructure. There was some discussion about Waitakere City Council about taking over ownership of the New Lynn Transport Centre. However, the Council at that time was not prepared to take on this function and the privatisation proceeded as planned. The privatisation had the impact of having the then-dominant bus operator in a position of controlling access to one of the region's key public transport interchanges. This power was used in the early years of deregulation to exclude Commercial Buses Ltd from the New Lynn Transport Centre. Their customers wishing to board or alight in New Lynn were required to do so at a stop on Totara Ave by the Lynnmall cartdock where there is no footpath. Later, when Stagecoach acquired the Yellow Bus Company, other operators were permitted to use the New Lynn Transport Centre against payment of a fee per movement.

#### **Initial impacts of privatisation**

The initial impact of privatisation was apparently positive. The public subsidy cost of Auckland's public transport network reduced from approximately \$50 million to \$30 million per annum. This was largely achieved with new entrants into the market whose cost structure was lower, mainly due to paying lower wages and having a lower quality of vehicle. This in turn led to a major reduction in wages and conditions for the staff of The Yellow Bus Company so that they could competitively price public transport tenders.

While the public subsidy cost fell sharply, investment in new buses was virtually frozen for a number of years. The first new buses to enter the fleet were in 1995 in Manukau City and in 1997 on the Auckland isthmus. These buses were minimum-cost vehicles with a low level of customer amenity and very poor environmental performance.

While the commercial service model was designed to encourage innovation and to grow public transport's market share, public transport operators took a very conservative approach, often only making marginal changes to service within existing bus resources. This was to avoid the large capital expenditure required to acquire new buses.

During the early to mid-1990s, the bulk of Monday to Saturday daytime bus service was operated commercially. The Auckland Regional Council's role was largely that of gap-filling late evening, Sunday, crosstown and local services with a more strongly social focus. The effect of this was that the commercial operators defined the service structure through commercially registering the bulk of services. This was abetted by the maximum fare schedule set by the Auckland Regional Council, which de facto defined the fares charged to customers for both commercial and contracted services. This fare structure charged comparatively low prices for short-distance trips and quite high prices for long-distance trips. The consequence of this was that bus operators focussed on long-distance trips from across the region to the Auckland Central Business District (CBD) while neglecting local trips to town centres, peripheral employment areas and subregional CBDs. This meant that rail remained very limited in its role as bus operators had a strong commercial interest in carrying customers long distances, and discouraged making optimal use of rail. It also led to very inefficient use of peak bus resources with peak buses often able to do a single trip in the peak period. In an integrated network, a more sensible use of peak bus resources would be for buses to feed a line-haul mode such as rail or ferry unaffected by peak-hour congestion, allowing multiple feeder bus trips to be provided with a single bus resource in less-congested suburban areas.

### **Fly-by-night Operators**

Another issue from the deregulation was the difficulty in dealing with "fly-by-night" operators who could easily enter the market due to the low barriers to entry. These operators could import buses cheaply into New Zealand and win contracts due to their low cost structure. Often, the service reliability and quality provided by these operators was such that captive public transport customers would choose not to travel at all rather than travel with them.

Inevitably, these operators either withdrew from commercial service as very few customers chose to pay to use them or, in the case of contracted services, eventually had their contracts cancelled for ongoing non-performance. Often, commercial services were withdrawn with the legally-required minimum notice of 21 days, leaving the Auckland Regional Council struggling to award an emergency contract to replace the service and to advise impacted customers of the change in service operator.

### **Game-playing**

The deregulated public transport market led to a large amount of game-playing by bus operators, especially around the tender rounds for contracted services. Services were often registered commercially not because there was enough patronage to run services without subsidy, but for strategic reasons of protecting what individual operators perceived to be their "patch" and to hinder other operators from filling gaps in service through selective registration of trips. This made it very difficult for competing operators to bid for contracted services with a sensible use of bus resources and frequently guaranteed that the incumbent commercial operator would win the fringe contracted service work on the same service.

The procurement framework provides perverse incentives for individual operators to see each other and other modes of public transport as competition, rather than seeing public transport as a whole competing for mode share against the private motor vehicle. There is no mechanism to encourage integration of fares, timetables and operators and every incentive to do the opposite.

### **Patronage Data**

It also leads commercial public transport operators to treat patronage data as commercially sensitive information and are reluctant to share this information for fear that their competitors will use this in an attempt to win some of their contracted service work from them. The lack of good information about existing public transport patronage levels has made it very difficult to properly plan the development of public transport.

### **Deregulation Successes**

That is not to say that there were no success stories from deregulation. The introduction of the Link bus service in central Auckland in 1997 was driven by commercial investment in new buses in an innovative service concept that quickly grew to carrying two million passenger per annum. The introduction of significant bus priority measures on key Auckland isthmus corridors was also supported by extensive provision of commercial bus service. For example, bus patronage increased by 80 per cent on Dominion Road in the four years after the introduction of extensive peak-period bus priority measures in 1998, largely driven by increased commercial provision, backed by public sector investment in supporting infrastructure.

The commercial model was reasonably effective during the surge in patronage in the late 1990s and the first years of this century, driven significantly by a then-booming export education industry in the Auckland CBD. However, the significant shrinking in this market led to a vicious circle of commercial service withdrawals leading to unbudgeted significant extra expenditure on a lower level of replacement bus service. Thus, bus service was significantly reduced at significantly increased cost to rate- and taxpayers.

### **Patronage impacts of deregulation**

While some responsibility can be attributed to the Auckland Regional Council for not effectively managing the deregulated public transport system, there are quite a number of structural problems with the procurement legislation that makes it very difficult to strategically plan an integrated, multi-modal public transport network.

It is worthy of note that since deregulation, Auckland has moved from being the second-highest user of bus services to the second worst when compared with other large Australian and New Zealand cities. On a per capita basis, bus patronage has dropped by a third during this period. In comparison, cities with contracted procurement arrangements have achieved very substantial per capita patronage growth. For example, Christchurch with virtually a fully contracted public transport network, has doubled per capita public transport boardings. Without a rail system, Christchurch now carries the same per capita public transport patronage as Auckland. (Note that a variety of factors have impacted on public transport patronage, including increased dispersal of destinations; the large-scale import of cheap used vehicles from Japan and increasing average trip lengths, in addition to the impacts of the deregulated public transport procurement framework.)

In Auckland, only those services showing significant patronage growth are where the procurement framework most closely matches those that the region aspires towards and where there has been the highest level of public sector investment in supporting infrastructure.

These services are:

- The rail network where the region owns the rolling stock and funds Veolia to operate services on a management contracting basis. Rail patronage in September 2007 was 10.6 higher than the previous September;
- The Northern Express, operated as a gross contract with the revenue accruing to ARTA. Patronage in September 2007 was 20% higher than the previous September.

In fact, ARTA reports that the rapid transit network, made up of rail and the Northern Express, is responsible for 99.9% of patronage growth in the 2006/2007 year.

In contrast, bus patronage overall in September was 2.27% lower than the previous September. Without the Northern Express, this figure would have been worse still.

### Procurement Reform Options

In 2006, the Ministry of Transport consulted on a range of options for addressing a range of issues with public transport procurement. These four options were:

1. A slightly enhanced version of the status quo with the ability to impose quality standards in return for funding concessionary fares and to contract over commercial services that do not meet regional standards.
2. This option allowed consideration of a wider range of matters when considering applications for new commercial services and to decline commercial registrations inconsistent with regional public transport planning documents. However, it does not allow for variation or withdrawal of existing commercial services, except by negotiation.
3. As per option two above with the inclusion of a sunset clause over existing commercial services.
4. This option, provides the region with the ability to specify how public transport services would be delivered, including criteria for the acceptance or rejection of commercial services.

Council officers were involved in, and strongly endorsed, the development of the regional submission supporting the ability to have a “fully contracted” approach as per option four above.

Option four was unanimously supported by the Auckland region and strongly endorsed by the Council at its meeting on 14 June 2006 via the following resolution:

- “1. That the Public Transport Procurement Legislation Review report be received.
2. That the submission of the Regional Transport Executive Group be endorsed as the Council’s submission on the Public Transport Procurement Legislation Review.
3. That the Council’s submission includes support for the amended (as tabled) Auckland Regional Transport Authority’s submission on the Public Transport Procurement Legislation Review.
4. That the Chief Executive Officer be delegated authority to sign the submission on behalf of the Waitakere City Council.”

1019/2006

This resolution endorsed the “fully contracted” approach sought by ARTA to public transport procurement for the Auckland region. This approach was supported unanimously by local government in the Auckland region and by Local Government New Zealand in its submission on public transport procurement reform.

## **STRATEGIC CONTEXT**

The reform of public transport procurement, if well implemented, would have a strong positive influence on the Council’s strategic platforms, particularly integrated transport and communications; urban and rural villages; strong innovative economy; strong communities and sustainable energy and clean air.

### **Integrated transport and communication, *Te Whakaurunga Waka Te Whakawhiti korero***

The current public transport procurement framework provides no mechanism for achieving an integrated, multi-modal public transport system, except by negotiation between parties with widely disparate perspectives.

### **Urban and rural villages, *Nga kainga taone, tuawhenua***

Town centres are served by a variety of different bus and train operators whose timetables do not integrate with each other. Operators have differing fare structures and there is very limited ability to use multi-journey tickets on more than one operator. This does not support public transport having a stronger role in sustainable town centres.

### **Strong innovative economy, *He tupuranga kaha ihi wana***

One of the biggest barriers to Waitakere’s economic development is accessibility and the costs that congestion imposes on the city’s economy. Procurement reform would allow key barriers to developing the public transport system to be addressed. This would facilitate a stronger public transport system, thereby improving accessibility and reducing congestion.

### **Strong Communities, *He iwi kaha***

The ability to have integrated ticketing and a seamless public transport system, where modes and services integrate with each other at key interchanges, is an important tool to building strong communities.

### **Sustainable energy and clean air, *He kaha motuhake. He hau ora pai***

The reform of public transport procurement would allow environmental factors, such as supporting low-emission or alternative fuel vehicles, to be considered when evaluating whether or not to accept commercial registrations.

## **ISSUES**

The ARTA Passenger Transport Network Plan requires the development of a high-quality integrated public transport network that provides a real alternative to car travel. This involves integrated services, tickets and fares and a very substantial level of public sector investment. However, current procurement legislation effectively leaves public transport service planning in the hands of private sector service providers, whose goals all too often do not align with those of the region. Critical system integration elements such as integrated ticketing and modal integration – for example between buses and trains at New Lynn and Henderson – are very difficult, if not nearly impossible, to achieve under the current legislation.

A1-A9

ARTA's position on The Bill is attached at pages A1 to A9.

The current situation where public transport patronage overall is either static or slowly declining will not deliver on the Passenger Transport Network Plan.

## Key elements of The Bill

The Bill provides for some improvement in the existing public transport procurement arrangements that is closer to option two. It goes some way to addressing the problems of the current deregulated procurement framework by providing greater regulatory powers to ARTA but does not go as far as what was sought by the region in its submissions on the current procurement framework, nor meets the city and the region's shared aspirations for a procurement framework that would facilitate implementation of ARTA's Passenger Transport Network Plan.

It would allow ARTA (and regional councils in other parts of New Zealand) to apply controls to commercial services. It also requires preparation of a Regional Public Transport Plan that includes:

- Service frequencies, routes and times;
- Quality standards for public transport vehicles, including the use of alternative fuels;
- Performance standards including reliability and punctuality;
- Controls that would apply to commercial services.

Integrated ticketing would be facilitated through:

- Requiring the adoption of specified technology by public transport operators;
- The ability to charge customers regional integrated fares;
- Requiring operators to accept integrated fare revenue apportionment.

Notice periods for commercial registrations would be changed and restrictions introduced to prevent a recurrence of bus operators manipulating the tendering process for contracted services. There would be a maximum time between registration and the service starting operation as well as a minimum period prior to the withdrawal of a commercial registration.

Currently services can be registered, varied or withdrawn by public transport operators with just 21 days notice. This tight timeframe makes it very difficult to organise and publicise alternative public transport service in the event of a commercial service withdrawal .

## Issues with The Bill

The level of change proposed in the Bill meets a minimum requirement for improving the current public transport procurement arrangements. However, it takes a "one size fits all" approach to address a wide range of procurement needs across New Zealand. This puts large regions such as Auckland, Wellington and Canterbury in the same basket as smaller regions such as the West Coast, Gisborne and Taranaki where the needs are not the same.

A better approach would be a context-sensitive solution that addresses the needs of a particular region. This would allow each region to choose the model most appropriate for its needs.

There are also some concerns about the details of the Bill. Of particular concern is the seven-day notice requirement for service registrations and variations. This gives no time to consult with territorial local authorities, nor to carry out the multi-criteria assessment foreseen in the legislation, such as compliance with the Regional Public Transport Plan.

Other concerns are around the process for deregistering a non-complying commercial service. Under the proposed legislation, the only options available are:

- To deregister the service, or
- To apply to the District Court to submit a notice of non-performance

This provides no commensurate remedy, such as a monetary penalty, for minor offences.

### **Grouping Provisions**

The Public Transport Management Bill provides for individual services to be grouped for contracting or commercial registration purposes. It is important that this grouping provision remains intact and be clearly defined to remove the anti-competitive behaviour and tendering process manipulation that occurs in the current system. This is key to achieving operational and cost efficiency as it avoids the situation, which has happened frequently in the past, where bus operators strategically commercially register some bus services, especially around a tendering round for contracted services, to make it difficult for other operators to win the services being tendered.

It is vital for Waitakere and the region that significant public transport procurement reform be implemented at the earliest possible time. This is needed to facilitate the implementation of integrated ticketing and integration of bus and rail services. The enormous public sector investment in the New Lynn Transit Oriented Development project will simply not be optimised without the ability to integrate public transport journeys in time (e.g. where buses are timed to meet trains and other buses); space (buses and trains are co-located in multi-modal interchanges) and price (one ticket covers both bus and train journeys).

To this end, officers continue to support the Council's previous stance in support of regions having a choice of procurement model for public transport services. This would require the Public Transport Management Bill to be amended to include the ability for ARTA and regional councils in other parts of New Zealand to decide on a procurement model suited for individual service requirements, specific procurement constraints and local market conditions.

### **RESOURCES**

No resources apart from staff time and travel to Wellington to present the Council's submission to the Select Committee are required.

### **CONCLUSION**

While the Bill makes some progress in addressing public transport procurement issues, important issues of detail are not fully addressed. In addition, the draft legislation does not go far enough to achieve the city and the region's shared goals for a fully-integrated, seamless public transport system.

Officers believe that the draft legislation needs to be amended to give ARTA in Auckland and regional councils in the rest of New Zealand the ability to choose the public transport procurement model best suited to their region's needs.

The Public Transport Management Bill as currently drafted could prevent ARTA from achieving regionally important goals except through negotiation or contracting other commercial services. Both options have been extensively attempted in the past and it has proven to be difficult to achieve good outcomes in practice.

It is proposed that the Council's submission will continue to support option four, which officers believe would effectively address these issues.

### **RECOMMENDATIONS**

1. That the Public Transport Management Bill report be received.
2. That the Council endorse the contents of the Public Transport Management Bill report as its policy position on public transport procurement reform.
3. That, based on the contents of this report and its conclusions, a submission be prepared on the Public Transport Management Bill, to be signed off by the Chairman of the Policy and Strategy Committee.
4. That the Council be represented at the select committee hearings to present oral submissions on the Public Transport Management Bill.

Report prepared by: Darren Davis, Senior Strategic Advisor: Transport.



## **6 LAND TRANSPORT MANAGEMENT AMENDMENT BILL**

### **GLOSSARY**

Land Transport Management Amendment Bill (LTMA Bill)  
Auckland Regional Transport Authority (ARTA)

### **PURPOSE OF THE REPORT**

The purpose of this report is to outline the Land Transport Management Amendment Bill (LTMA Bill) and to propose the basis for a Council submission on the LTMA Bill.

### **BACKGROUND**

The Next Steps Review of the Land Transport Sector identified a number of concerns in the transport sector, including that the sector is:

- not achieving value for money;
- not fully delivering on the New Zealand Transport Strategy;
- not fully delivering on the Government's wider agenda, for example economic transformation and sustainability;
- not sufficiently responsive;
- is creating ongoing fiscal risk for the Crown.

Local government has requested additional revenue tools for funding transport projects.

The LTMA Bill is an attempt to create efficiencies in the transport sector through governance changes at national and regional levels and procedural changes in development of regional transport strategies and programmes. The LTMA Bill also enables regional fuel taxes to be applied which will allow regions to fund new road and passenger transport projects.

The following are some of the key changes that are proposed. The LTMA Bill will:

- merge Land Transport New Zealand, Transit New Zealand, and the office of the Director of Land Transport, into a single statutory entity (to be known as the New Zealand Transport Agency) to achieve “more integrated decision making and better accountability”;
- dedicate the fuel excise duty for land transport purposes (described as full hypothecation) and change the way that fuel excise is set to provide more certainty for future investment;
- allow a regional fuel tax to be levied, following a prescribed decision-making process, to be used only for new public transport infrastructure and new roading projects (The maximum tax will be ten cents per litre, with a limit of five cents per litre available for roading projects; and in the case of Auckland, up to 5 cents a litre to be determined by the Auckland Regional Land Transport Committee and up to 5 cents a litre to be determined by the Ministers of Finance and Transport);
- add an additional element of ‘affordability’ to the purpose of the Land Transport Management Act;
- provide for a government policy statement to set out the government's planned investment and funding priorities for the next 3 to 6 years to provide more strategic guidance to the transport sector;
- require Regional Land Transport Committees, but in the case of Auckland it will be ARTA, to prioritise transport projects in their region, including State highways;
- change the composition of Regional Land Transport Committees throughout New Zealand, but preserve existing arrangements in relation to the Auckland Regional Land Transport Committee;
- require National and Regional Land Transport Programmes to be produced every 3 years, rather than annually, in order to rationalise land transport planning documents and to reduce planning churn;
- require regional land transport strategies to be produced every 6 years, rather than every 3 years, and have a planning horizon of at least 30 years to recognise the long-term nature of transport investment.

A10-A15

The Minister of Transport, Annette King, provided an explanation of the LTMA Bill in a media statement on 18 October 2007, attached at pages A10 to A15.

Significant planning work on electrification of the Auckland rail network is being done by ONTRACK and Auckland Regional Transport Authority (ARTA) in anticipation that a regional fuel tax will be levied in the Auckland region and applied to rail electrification including the purchase of electric trains. In the 2007 Budget, the Minister of Finance noted that *‘the Auckland Regional Council has identified the electrification of the rail system as its top transport priority’* and *‘Subject to Parliament agreeing to the necessary funding mechanism the Government has decided to proceed with the electrification of the Auckland urban rail system. In addition, the Auckland Regional Council will need to purchase new rolling stock’*.

The Minister of Transport, Annette King, announced on 22 May 2007 that *‘The Government has indicated its intention to use some of the fuel tax to contribute to the cost of roading, including the Western Ring Route and Penlink.’* The Waterview Connection of State Highway 20 is not able to be constructed without an additional funding source.

At its meeting on 5 July 2007, the City Development Committee discussed the proposed regional fuel tax and resolved:

*“That the Waitakere City Council requests that the Auckland Regional Council investigate the social and economic impacts of levying a regional fuel tax for priority public transport infrastructure projects and consult accordingly.”*

2086/2007

## STRATEGIC CONTEXT

The Government’s focus on economic transformation, sustainability and value for money are key strategic drivers of the LTMA Bill. Key matters affecting Waitakere City are the alignment of national and regional agencies with the New Zealand Transport Strategy, the urgent need for additional funding for electrification and completion of the Waterview Connection of State Highway 20, and the need for State Highway and rail infrastructure projects to align with regional priorities.

The reforms set out in the LTMA Bill, if well implemented, would have a strong positive influence on Council’s strategic platforms, especially integrated transport and communications; urban and rural villages; strong innovative economy; and sustainable energy and clean air.

### **Integrated transport and communication, *Te Whakaurunga Waka Te Whakawhiti korero***

Alignment of regional and national strategies, with an additional funding tool that could fund electrification of the rail network, would support a public transport systems and an integrated, innovative and environmentally responsible transport system.

### **Urban and rural villages, *Nga kainga taone, tuawhenua***

A regional fuel tax that could fund electrification of the rail network would support intensification in town centres with low noise and emissions from trains.

### **Strong innovative economy, *He tupuranga kaha ihi wana***

One of the biggest barriers to Waitakere’s economic development is accessibility and the costs that congestion imposes on the city’s economy. A regional fuel tax could potentially apply to electrification of the rail network and part of the State Highway network. These projects could be significant contributors to economic development in Waitakere and the Auckland region.

### **Sustainable energy and clean air, *He kaha motuhake. He hau ora pai***

A regional fuel tax could potentially apply to electrification of the rail network. This would support low-emissions in respect of train trips and the Government’s goal of sourcing 80% of electricity from renewable sources.

## ISSUES

A16-A21

Council officers have participated in the development of the Auckland regional submission on the LTMA Bill. It is proposed that the Council supports the regional submission on the LTMA Bill. A copy of the proposed regional submission is attached at pages A16 to A21.

In addition to the regional submission, it is proposed that the Council’s submission includes the following specific submission points:

**Regional Land Transport Committee** – The Council strongly supports the need for a change in the voting structure of the Auckland Regional Land Transport Committee to ensure that only those representatives from transport funding agencies (i.e. Auckland Regional Council, Territorial Authorities, Land Transport New Zealand/New Zealand Transport Agency) have the right to vote in relation to matters that affect funding of transport programmes/projects. Members of that Committee who represent each objective of the current Land Transport Management Act will have the opportunity to present their views, but should not be able to make decisions about funding. The composition of the Auckland Regional Land Transport Committee should be subject to the same rules as are proposed to apply to other Regional Land Transport Committees in New Zealand.

**Regional Fuel Tax** – The Council supports the consultation process set out in the LTMA Bill in respect of proposed decisions to set a regional fuel tax and the projects that it is to be applied to. The Council submits that the Ministers' decision regarding the allocation of up to 5 cents of the regional fuel tax to projects in the Auckland region should also be subject to a similar consultation process. The Ministers' decision regarding the application of the regional fuel tax in the Auckland region should have regard to the Auckland Regional Land Transport Strategy and the priorities set by ARTA in the Auckland Transport Plan. The LTMA Bill should require that an assessment of the impacts of a proposed regional fuel tax should include social impacts of the proposed decision.

**Regional Fuel Tax revenue risk** – The Auckland Regional Council may face a risk that future revenue from regional fuel tax may reduce over 35 years as demand reduces in response to increases in oil prices and as fuel substitutes result in greater use of hybrids, LPG, CNG and electric vehicles. The LTMA Bill should allow for a substituted revenue stream in the future, such as road user charges.

**Support for ARTA's role** – The merger of Transit New Zealand and Land Transport New Zealand into a New Zealand Transport Agency should not alter ARTA's role in relation to prioritisation of the regional land transport programme, the processing of funding requests on behalf of the Auckland region, or ARTA's ability to receive funding. ARTA has developed and prioritised the regional land transport programme and provided assistance to councils in respect of their funding applications. While there may be opportunities to reduce duplication in the processing of funding applications, it is appropriate that ARTA continues to carry out this work on behalf of the New Zealand Transport Agency, particularly in relation to block funding for maintenance, community programmes, and other activity areas.

**New Zealand Transport Agency** – The Council is concerned about the potential conflict of interest that the New Zealand Transport Agency will have when allocating funding between State Highway projects, which it will be responsible for, and other transport projects to be carried out by other organisations. The LTMA Bill should require the New Zealand Transport Agency to establish a clear policy and transparent process for allocation of funds for State Highway projects in accordance with regionally set priorities. The Council's submission on the New Zealand Transport Agency structure should not prejudice the region's ability to be delegated responsibilities in relation to management of the State Highway network in the Auckland region. The Royal Commission's investigation into Auckland regional governance is expected to make recommendations on the responsibilities that a regional entity should have.

**ONTRACK** – The Council submits that the LTMA Bill should require ONTRACK's programme in relation to the Auckland region, once ONTRACK is established as a Crown entity, to be submitted to ARTA for prioritisation and inclusion in the Auckland Regional Public Transport Plan. The achievement of transit oriented development around train stations is critical to the achievement of sustainable transport outcomes.

## RESOURCES

No resources are required apart from Council officers time and travel to Wellington to present the Council's submission to the Select Committee.

## CONCLUSION

The LTMA Bill should be supported, with some modifications, to provide a funding tool and a clear focus for transport agencies on achieving the objectives of the New Zealand Transport Strategy.

## RECOMMENDATIONS

1. That the Land Transport Management Amendment Bill report be received.
2. That a submission be prepared based on the contents of this report, to be signed off by the Chairman of the Policy and Strategy Committee on behalf of the Council.
3. That the Council be represented at the select committee hearings to present oral submissions on the Land Transport Management Amendment Bill.

Report prepared by: Kevin Wright, Manager Transport Strategy.



## 7 RECOMMENDATIONS FROM THE COMMUNITY BOARDS

### RECOMMENDATION FROM HENDERSON COMMUNITY BOARD

That consideration be given to increasing the maximum amount to be spent on any one project from \$10,000 to \$20,000 for Community Board Minor Parks Projects.

### RECOMMENDATION FROM NEW LYNN COMMUNITY BOARD

That consideration be given to increasing the maximum amount to be spent on any one project from \$10,000 to \$20,000 for Community Board Minor Parks Projects.

### RECOMMENDATION FROM MASSEY COMMUNITY BOARD

That consideration be given to increasing the maximum amount to be spent on any one project from \$10,000 to \$20,000 for Community Board Minor Parks Projects.

