

## Part 6

# Transport Governance in Auckland

### *SITUATION ANALYSIS*

Prepared for the Royal Commission on Auckland Governance

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## EXECUTIVE SUMMARY

### **Purpose and scope**

This paper provides a review of the current governance arrangements for transport in the Auckland region, and identifies issues relevant to consideration of future governance options from a transport perspective.

### **Background**

Transport and local government reforms between 1989 and 1992 reduced the number of territorial authorities in the Auckland region to seven. Transport functions were generally divided along modal lines: territorial authorities had responsibility for local roads, Transit New Zealand (Transit) for State highways, and the Auckland Regional Council (ARC) for public transport and the regional land transport strategy (RLTS).

These arrangements remained until 2004, although there were a number of changes to transport asset ownership and funding arrangements during that period. Significant concerns over transport funding and governance arrangements emerged, however, as the regional institutions found that they severely constrained the ability to implement the major policies of the RLTS. This problem was particularly acute for public transport, where the need for significant improvements had been identified, but the main organisations responsible were not able to make progress on implementation.

The Government took steps to remedy this concern in 2004, with the establishment of a new Auckland Regional Transport Authority (ARTA), together with a significant increase in funding for transport. ARTA took over the ARC's public transport service planning and funding role, and responsibility for preparing an annual land transport programme, which consolidates all of the territorial authority local roading expenditure together with ARTA's own public transport expenditure, with the requirement to give effect to the RLTS.

Further legislative and policy changes are likely to strengthen the role of regional decision making and prioritisation. Legislative provision for the merger of Transit and Land Transport New Zealand to form a new New Zealand Transport Agency is also imminent.

### **Current state description**

A large number of organisations have a statutory responsibility for transport in the Auckland region. The division of responsibilities for transport between the various organisations is mainly according to mode, but in some areas, especially public transport, responsibility for asset ownership and operations is divided between different organisations and is not vertically integrated.

The two areas with the greatest potential for confusion are strategic planning and funding, where responsibilities are divided between different statutory bodies. The Regional Land Transport Committee prepares the RLTS, but is not permitted to refer to individual activities or their prioritisation, and has no statutory authority to require other parties to comply with the RLTS. Funding responsibilities are also split for local roads and public transport.

It is in the area of public transport infrastructure that arrangements are most complicated. Responsibilities for passenger rail are divided between ONTRACK (for right of way, track and signals) and ARTA (for stations, trains, and service planning). For bus and ferry infrastructure, responsibilities are split between ARTA and the territorial authorities.

In addition to the statutory organisations with transport responsibilities in the region, there are a number of other Government agencies and regional or project-specific groups and forums that engage in transport matters from time to time. These include a number of ad hoc groups established to coordinate the actions of different statutory bodies.

Local government has a substantial financial investment in the Auckland transport system, and its maintenance and development consumes a significant and growing proportion of local government resources. In 2007, the value of local roads in the region was assessed at \$9.6 billion, and \$166 million was spent on local road maintenance. Over \$5.7 billion in capital expenditure is planned for local roads over the next decade.

Transit also has a substantial investment in State highways in the region. Although only 6% of the network, State highway maintenance totalled \$70.5 million in 2007 (almost 30% of the regional total) and capital investment totalled \$345 million (75%).

Expenditure on public transport is also significant, and growing. ARTA plans to spend about \$190 million on public transport planning and operations in 2008/09. It is also managing a substantial capital works programme, with around \$2.4 billion planned for the next 10 years, mainly on rail.

Transport rates are projected to more than double over the next decade, from a total of \$248 million in 2006/07, to \$550 million by 2015/16. Transport's share of total rates in the region is also expected to increase, from 20% to 24% for territorial authorities, and from 50% to 57% for the ARC.

### **Transport governance issues**

A number of transport issues facing the region are relevant to the consideration of future governance arrangements. These are summarised below, and discussed in more detail in the case studies in Section 5.

#### ***Fragmented decision making***

- Despite the advent of ARTA, there remains fragmented decision making and a lack of clear regional leadership on transport, as responsibilities for transport functions are split between a range of organisations, and no one organisation has overall control.
- The management of arterial roads in the region lacks consistency, and there are concerns that their contribution to overall network performance is constrained as a result.
- The wide range of organisations that have a role in transport decision making is reflected in the membership of the Regional Land Transport Committee, which has 23 members plus three observers.

- Individuals and organisations that wish to participate in the decision-making process face a complex planning landscape, which adds to transaction costs and reduces the value of public input.

### ***Responding to future needs***

- International trends in transport planning have involved a shift away from the previous “predict and provide” model to a greater emphasis on the efficient management of existing capacity. Future decisions will involve a greater emphasis on operational matters, network management, and pricing.
- Because of New Zealand’s reliance on international trade, the transport system needs to be able to respond to international trends in logistics and tourism. Current strategies are heavily focused on the movement of people rather than goods. Supply chain issues need to be given greater prominence if the economic transformation objectives are to be met.
- There is a need to look beyond Auckland’s regional boundaries when considering future transport needs, particularly how to plan for the growth challenges in the northern North Island (including Northland, Waikato, and Bay of Plenty). At present, many of the organisations with a role in transport decision making do so from a relatively narrow frame of reference, reflecting their limited jurisdiction and constituencies.
- Decisions on major transport infrastructure typically involve large capital expenditure and long lead times, and rely on a consistent approach not only between organisations, but also over time.
- The strategic policy environment for transport is becoming more multifaceted, with a broader range of objectives, which may sometimes be in conflict, requiring trade-offs to be made. Decision-making frameworks need to be able to respond to the increased emphasis on economic transformation and sustainability.

### ***Barriers to integration***

- There is an increasing need to develop integrated solutions and a network-wide approach to transport issues, which often involve actions across modes and across jurisdictions. In the past, these cross-organisational matters have often been addressed through ad hoc, situation-specific responses to decision making.
- Transport and land use decisions are becoming increasingly interdependent. However, the timing of transport investments and land use changes are often misaligned.
- Internalising decisions within a single large organisation does not necessarily guarantee effective integration, as institutional silos can and do exist.
- Governance frameworks should seek to maintain an appropriate level of policy contestability, to provide sufficient checks and balances, and to ensure that decisions reflect a robust consideration of all options.

### ***The role of central government***

- The integrity of the nationally strategic networks is important to the Government's economic transformation and sustainability agendas, and needs to be adequately reflected in regional governance structures. It is also important to recognise and accommodate the Government's role in transport funding.
- Recent initiatives have highlighted the importance of an open dialogue between central and local government on transport and urban development issues, to ensure that the strategic direction adopted in the region is consistent with national policy objectives, and to enable funding to be more closely aligned.
- Legislative and policy changes are placing greater emphasis on regional decision making, especially in the area of project prioritisation, and changes to Crown transport agencies should provide opportunities for a more streamlined interaction with central government, and the potential to develop a structure that more closely integrates the operations of State highways and arterial roads.

### ***Geographic context, skills, and capability***

- The appropriate geographic context for transport functions differs, as do the skills, capability and community interactions needed for these decisions (both for staff and elected officials).
- There is general acceptance that major transport infrastructure such as strategic and arterial roads and public transport should be planned and coordinated at the regional level.
- It is important not to overlook local community issues, however. They collectively make up a substantial proportion of the region's transport budgets, staff time, and public interaction, and are the potential source of some significant outcome gains.
- There is some evidence of transport decisions being based on a perceived "sharing" of resources between territorial authority districts, rather than a rational allocation according to need across the region as a whole.
- Concerns have been expressed over the ability for local government to retain specialist staff in the transport sector. This is particularly important given the long-term planning horizons that exist for most transport projects. Small councils can be particularly vulnerable.
- The established practice of including representation from all organisations on officer working groups does not always represent the best use of staff resources, and can greatly increase transaction costs.

### ***Mandate***

- The lack of a clear organisational mandate to take all of the actions necessary to implement a particular transport policy has often been cited as a reason for lack of progress in transport in Auckland.

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- Regional transport planning institutions are not necessarily responsible for the funding and implementation of their plans, and there has been a tendency to develop “wish lists”.
- ARTA has provided a regional focus for coordination and prioritisation, but there are limits to its ability to fulfil its statutory role. ARTA’s influence over State highways and local roads (including regional arterials) remains indirect, and it lacks a clear mandate for rail network development, where it must negotiate agreements with ONTRACK.
- ARTA’s Auckland Transport Plan has provided a degree of coordination by bringing all land transport projects into one document, with priorities, but it is not currently driven from an assessment of the strategic requirements of the regional transport system.
- Although ARTA intends a “top down” approach in the next Auckland Transport Plan it is not clear how this will ensure that the priorities established in the plan are actually implemented by Transit, ONTRACK, and the territorial authorities.
- Structural changes are of value only if they are linked to effective implementation tools (including asset ownership, funding, procurement, and enforcement) and a legislative mandate to use them.

### **Funding**

- Land transport decisions are inextricably linked to funding. Many of the transport governance problems that have been identified in Auckland have stemmed from a lack of alignment between desired actions and the ability or willingness to pay.
- There needs to be clear accountability to road users and ratepayers. This has been a problem in the past, when expenditure decisions are removed from those who have the political accountability for raising the money.
- There is a need to ensure that capital and operating expenditure decisions are efficient and effective use of public funds. Some recent transport decisions have been criticised because of their lack of consideration of affordability issues, and a trading of scope for time.
- Local government’s reliance on rates creates a constraint on the ability to invest in growing the transport system. This is particularly the case for public transport, which relies on ARC rates, and is responsible for over 50% of the ARC rate take.
- The “compartmentalised” funding arrangements for land transport provide opportunities for disagreement between funders, and can lead to distortions in the allocation of funds. Ideally, project selection should be independent of funding sources.
- A review of governance arrangements in Auckland may provide some opportunity to move to a “bulk funding” or “block funding” approach for transport in the region, rather than the current project-specific funding approach.

- ARTA's role in the preparation of the regional land transport programme has been criticised by some territorial authorities as adding "process churn" without necessarily delivering any corresponding improvement in outcomes.

### International approaches

A review of international approaches to transport governance in metropolitan regions has highlighted the following implications for Auckland.

- Problems are similar elsewhere. Auckland's transport governance issues are not unique, and it is apparent that similar challenges are being faced by metropolitan areas around the world.
- The increasing complexity of issues associated with urban mobility and sustainability has led to a much stronger focus on transport operations and demand management.
- Integrated solutions to transport problems are required in the future, across modes, between disciplines, and between transport and land use planning and decision making.
- Governance structures appear to be more successful where decision makers are obliged to represent the interests of the metropolitan area as a whole. For Auckland, this suggests that political accountability should be at the regional level rather than to a federation of local councils.
- The more successful overseas models have the mandate to both develop and implement strategic plans. For Auckland, this implies a stronger alignment between the RLTS and a broader range of regional responsibilities including public transport, major roads, and demand management.

### Governance principles and evaluation criteria

The following set of principles and evaluation criteria are proposed for the evaluation of transport governance options.

- **Accountability:** Does the option enable public authorities to be held to account for their actions by stakeholders, the public, ratepayers, and funders?
- **Representation:** Does the option enable the effective representation of different stakeholder and community interests at national, regional, and local levels?
- **Coherence:** Does the option provide public authorities with clear and simple roles and accountabilities, and enable policies and actions that are coherent and easily understood?
- **Efficiency and effectiveness:** Does the option enable effective and timely policies, delivering what is needed on the basis of clear objectives, with structures that minimise transaction costs, make best use of staff resources, and ensure value for money?

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- **Mandate:** Does the option provide public authorities with a clear mandate and the statutory authority to take the necessary actions to implement current and future transport plans?
- **Risk and funding alignment:** Does the option provide for an alignment between decisions and the financial risks that they impose?
- **Integration:** Does the option enable integration between modes, and between transport and other activities, particularly land use?
- **Openness:** Does the option enable public authorities to work in an open and transparent manner, and actively communicate about their activities and decisions?
- **Responsiveness:** Does the option enable effective responses to emerging international trends, national policy objectives, and future transport challenges?
- **Continuity and consistency:** Does the option provide for policy continuity and consistency, over time and between different parts of the regional network?

### Conclusions

Transport will remain a significant issue in Auckland, and there will continue to be a high level of public interest and scrutiny of local government transport decisions.

The governance arrangements for transport in Auckland remain fragmented, and there is no clear leadership. This is out of step with the need for integrated and cross-regional approaches to solving problems.

There is a strong expectation amongst transport stakeholders that this fragmentation should be addressed as part of the current governance review process, allowing better consistent transport decisions, and reduced transaction costs.

The current separation of asset management responsibilities and associated funding arrangements along modal lines constrains the ability of decision makers to take an integrated view, and can lead to suboptimal outcomes. This problem is particularly acute for public transport and rail.

Existing governance structures do not appear well equipped to address some of the major infrastructure projects in the region, and the types of decision required to manage demand and maximise the performance of existing assets.

The major elements of the transport system operate as a regional network, and decisions on the development and operation of the network should be made regionally.

Future governance arrangements will need to successfully encompass State highways, local roads, public transport, walking, and cycling, together with funding and pricing arrangements.

It is essential that national objectives and financial accountabilities are not compromised. A strengthened regional organisation may allow for a greater degree of regional self-

determination, but will need to include adequate checks and balances in place to protect the Government's investment, and maintain political accountability to taxpayers.

A key issue to be resolved is whether transport should be the responsibility of a single-purpose agency, or part of a larger organisation with a wide range of responsibilities. Another related dimension to consider is the nature of decisions that need to be made by elected officials.

A separation of strategic and tactical decisions between a political body and an appointed board is common, but relies on an appropriate level of board accountability to the political body. This can be assisted by the involvement of an independent commissioner.

Many of the governance issues that have been identified in Auckland have related to the lack of an adequate connection between decision-making and funding powers. Structural changes are of value only if they are linked to effective implementation and funding tools. For Auckland, this should include consideration of the following:

- the potential to consolidate transport rates into a single charge
- the desirability of future governance arrangements to incorporate new revenue sources, including regional fuel taxes, tolling, and road pricing
- the potential for central government funding arrangements to be delegated to the region in future, possibly through some form of "bulk funding" for transport.

## 1. INTRODUCTION

### 1.1 Purpose and scope

The Royal Commission on Auckland Governance (the Commission) has been established to receive representations on, inquire into, investigate, and report on

the local government arrangements (including institutions, mechanisms, and processes) that are required in the Auckland region over the foreseeable future in order to maximise, in a cost effective manner,—

- (a) the current and future well-being of the region and its communities; and
- (b) the region's contribution to wider national objectives and outcomes.

The Commission has called for submissions, and has commissioned independent research into a number of aspects of governance. It has also identified transport as a significant issue for regional governance, and has signalled the need to thoroughly examine options for future transport governance as part of its wider investigations.

This paper forms part of that process. It provides a review of the current governance arrangements for transport in the Auckland region, and identifies issues relevant to consideration of future governance options from a transport perspective. It is intended that the paper will form part of the background material to be used by the Commission, and will identify the key transport issues that need to be taken into account in the Commission's assessment of future governance options for Auckland.

The transport situation analysis covers all modes of transport, with a focus on those parts of the transport system that are influenced, to a greater or lesser extent, by the actions of local government. This means that the primary focus of the report is on land transport (the statutory definition of which includes harbour ferries), where local government has a wide range of responsibilities, including planning, ownership, investment, funding, maintenance, and operations. The paper also addresses port and airport activities to the extent that these are influenced by, and have an influence on, local government decisions. It also examines the interrelationships between transport and other areas of local government activity, with a particular focus on land use/transport integration.

In addition to the issues raised in this paper, the Commission's consideration of transport governance options needs to be informed by the public submission process, and the approach that the Commission decides to adopt for other local government functions. For this reason, the paper explores issues that should be addressed in future governance arrangements, but does not provide an evaluation of alternative options, and no attempt has been made to arrive at a transport governance "solution".

## 1.2 Sources

The paper has drawn on a range of sources, including

- a review of plans, strategy and policy documents, and the annual reports of relevant organisations (including an analysis of related statistical information)
- a review of the literature on transport governance within metropolitan regions
- relevant material provided to the Commission through its preliminary interactions with stakeholders and other organisations
- interviews with a small number of key informants, selected to provide a range of perspectives from individuals who have background knowledge and experience, but are independent from the existing local government agencies in Auckland.

## 1.3 Report layout

The paper includes the following sections:

1. **Introduction:** the purpose and scope of this paper
2. **Background:** a brief historical overview of transport planning and governance in Auckland, to the extent that this is relevant to the current context and possible future arrangements
3. **Current state description:** a description of the current governance arrangements for transport in Auckland, including the organisations involved, their roles and responsibilities, interactions, and expenditure levels
4. **Transport governance issues:** an outline of the recent, current, and likely future transport issues facing the region, with an emphasis on those that have or are likely to impact on governance arrangements for local government
5. **Case studies:** a series of case studies that illustrate current transport responsibilities, governance arrangements, and issues
6. **International approaches:** an overview of some of the international approaches to transport governance in metropolitan regions
7. **Options and evaluation criteria:** outline of the governance principles and related evaluation criteria that should be taken into account, from a transport perspective, in assessing future governance options for Auckland
8. **Conclusions:** implications for future governance arrangements arising from this paper.

## 2. BACKGROUND

This section provides a brief historical overview of transport planning and governance in Auckland, to the extent that this is relevant to the current context and possible future arrangements. It mainly focuses on the changes that have occurred since the 1989 local government reforms, and an analysis of the reasons for those changes and an assessment of how well they addressed the region's transport issues.

### 2.1 Pre-1989 reforms

Prior to the 1989 local government reforms, there were 26 territorial authorities in the Auckland region, in addition to the Auckland Regional Authority. The regional authority had a much larger role in transport than the current Auckland Regional Council (ARC), with responsibility for the Auckland International Airport (until 1988), and bus operations, public transport funding, strategic transport planning, and regional roads. The port operation was also undertaken by a regionally elected body, the Auckland Harbour Board.

Territorial authorities had similar transport responsibilities to now, with management of local roads. Because there were more territorial authorities, some issues arose over the consistent treatment of arterial roads that traversed territorial authority boundaries. As a result, some roads (notably Greenlane-Balmoral Road and Pakuranga Highway) were designated as regional roads, under the control of the Auckland Regional Authority. State highways were controlled by the National Roads Board.

### 2.2 1989–1992 reforms

The 1989 local government reforms reduced the number of territorial authorities in the Auckland region to seven, and led to the formation of the ARC. These changes, in combination with other legislative changes in the late 1980s and early 1990s (including the Transit New Zealand Act 1989, the Transport Services Licensing Act 1989, the Resource Management Act 1991, and a further round of reforms to the governance and functions of the ARC in 1991), led to a shift in transport operational responsibilities away from regionally elected bodies (the ARC and the Auckland Harbour Board) to corporatised or privatised companies. This included

- the formation of Auckland International Airport Ltd as a publicly listed company in 1988, with an initial 48.4% shareholding by Auckland local authorities (approximately half of which has since been sold)
- the formation of Ports of Auckland Ltd in 1988, with shares held by the Auckland (80%) and Waikato (20%) regional councils

- the corporatisation of the ARC bus operation into the Yellow Bus Company, and its later privatisation through sale to Stagecoach New Zealand (since sold to NZ Bus)
- the transfer of some regional roads from the Auckland Regional Authority into the control of the relevant territorial authorities.

Further reforms to the ARC in 1992 led to the transfer of regional assets (notably, in transport terms, the region's 80% share in Ports of Auckland Ltd and ownership of the Yellow Bus Company) to the newly formed Auckland Regional Services Trust. The trust was a directly elected body, originally established with the intention that it would dispose of its assets in order to retire debt. Through a combination of prudent management, improved economic conditions, and significantly improved earnings, it was able to retire its debt without the need to fully sell down the assets. While the Yellow Bus Company was privatised, as noted above, the 80% share of Ports of Auckland Ltd was retained.

The reforms during the 1989–92 period focused the ARC into a regulatory, planning, and funding role, with an emphasis on land transport. In addition to its specific regulatory responsibilities under the Resource Management Act (including the preparation of a regional policy statement), the ARC was also responsible for preparing a regional land transport strategy from 1992, and for planning and procuring public transport services through a competitive process.

### 2.3 Expansion of the transport funding base

With the Auckland Regional Services Trust having achieved its primary aim of retiring debt, attention then turned to whether or not to dispose of its remaining assets, and what to do with the proceeds. Mounting concerns over the lack of funding for key transport infrastructure in the region had been highlighted in the 1993 and 1995 regional land transport strategies, and in the “Keep Auckland Moving” campaign by Auckland's local authorities in 1996. Funding for public transport was particularly constrained at this time, with a funding cap of \$28.6 million from the National Land Transport Fund and a small amount of regional petrol tax revenue (approximately \$7 million per annum) the only funds available other than rates. As a result, there was very little opportunity for capital investment in public transport infrastructure, despite the strategic policy of the region being supportive of this.

The potential to manage the remaining regional assets in a manner that enabled funds to support capital investment in transport provided an opportunity to at least partially address this problem. As a result, Infrastructure Auckland was formed in 1998 as the custodian of the remaining Auckland Regional Services Trust assets, with a statutory responsibility to use the fund for the benefit of the region by making grants for transport projects and stormwater infrastructure.

In contrast to the regionally elected Auckland Regional Services Trust, Infrastructure Auckland was governed by a board appointed by an Electoral College of local authority

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appointees, which also monitored its performance. Territorial authority voting entitlements on the Electoral College varied with the size of the council; the ARC had one of the 14 votes. This highlighted a shift in political accountability away from regionally elected bodies (the ARC and the Auckland Regional Services Trust) towards a “collective” governance model involving territorial authority representation. A similar approach was adopted for the governance of other regional infrastructure, notably Watercare Services Ltd.

The mid-1990s also saw changes to the roles and responsibilities of central government agencies, notably the formation of Transfund New Zealand in 1996, which took over the funding role, previously held by Transit. Transit’s role was therefore focused onto management of the State highway network. A dedicated National Roads Fund was also established at this time.

These changes led to an increase in the quantity of land transport funding, both nationally, through increases in the size of the fund, and to Auckland, through an increased share of national funding, and through Infrastructure Auckland grants. This provided the impetus for the development of some key public transport projects, including the extension of rail to a new Britomart station and the development of the Northern Busway.

### 2.4 Organisational interactions

The processes for developing and implementing large transport projects remained highly fragmented, however, particularly in relation to public transport planning and development. At the strategic planning level, the ARC, with support from the territorial authorities, had identified the need for a major improvement in the region’s public transport system, with a particular emphasis on developing the passenger rail network and the Northern Busway to form a “rapid transit network”.

Because of the divided responsibilities between the ARC, territorial authorities, Transit, and other government agencies, however, no single organisation could take responsibility for implementing this strategy, and progress was often dependent on ad hoc agreements between a range of organisations with differing responsibilities. For example, the implementation of the Northern Busway required the agreement of four organisations through a heads of agreement (see case study in section 5.3).

The development of the region’s passenger rail network necessitated an even more complex set of ad hoc arrangements because of the statutory limitations on regional councils’ ability to own transport assets. Although the ARC was involved in negotiations to purchase access rights from Tranz Rail (with the support of territorial authorities and Infrastructure Auckland), no suitable organisation existed to hold those assets once acquired. To overcome this problem, another ad hoc solution emerged, with the formation of Auckland Regional Transport Network Ltd (ARTNL), a council-controlled organisation

jointly owned by the territorial authorities, with a shareholders representative group to oversee the board (similar to Watercare Services Ltd).

The involvement of the ARC, Infrastructure Auckland, territorial authorities (both individually and jointly through ARTNL), and later central government agencies in the planning phases for rail development meant that a large number of organisations had a role, but none had overall control of the situation. Perhaps inevitably, given the different constituencies being represented and the level of political focus on the issues at hand, this fragmented arrangement led to a number of disagreements over the nature, scale, and timing of rail improvements.

The lack of progress on transport issues also raised concerns in the private sector, and led to the formation of some pressure groups that were specifically focused on transport issues in the region. Examples include the Auckland Transport Action Group, a voluntary group of private and public sector chief executives, which presented a report to the Prime Minister in 2001 calling for the Government and the Auckland region to strengthen arrangements to provide a single decision-making and priority-setting process for regional transport projects, supported by a set of process improvements to allow effective progress on implementation of key transport projects in the region (Auckland Transport Action Group, 2001).

## 2.5 Engagement with central government

One area where the Auckland councils were able to achieve some cohesion, however, was over the issue of transport funding, where the focus was on the inadequacy of funding available to achieve the strategic objectives that had been set in the Regional Land Transport Strategy (RLTS). The 2003 RLTS brought this issue to a head, with the clear articulation of a funding gap that, unless addressed, meant that progress on key projects could not be achieved. The joint involvement of the Regional Land Transport Committee and the Mayoral Forum and a stronger central government focus on Auckland led to the establishment of a Joint Officials Group in 2003 to examine the funding issues associated with Auckland's transport system.

By this time, the Government had prepared a new New Zealand Transport Strategy, which broadened the focus of transport to address five key objectives: economic development, safety and security, access and mobility, public health, and environmental sustainability. These objectives were given statutory weight in the Land Transport Management Act 2003. By reviewing the RLTS against these objectives, the Joint Officials Group was able to identify the need for a funding injection to speed the transformation of Auckland's transport system, especially public transport (Joint Officials Group, 2003). As a result, the Government announced a new funding package at the end of 2003, which contained a Crown allocation and a new regional petrol tax.

As part of that package, the Government also announced its intention to reform transport governance in the region through the formation of a new agency, the Auckland Regional Transport Authority (ARTA). Although the reasons for this decision are manifold (and the

matter was not specifically addressed in the Joint Officials Group report), the Government was clearly concerned to ensure that its new funding commitments were not subverted by a continued lack of cohesion in planning, funding, and asset ownership. As a further part of the package, the Government also introduced legislation to require greater integration between land use planning and transport (as part of the Local Government (Auckland) Amendment Act 2004).

The Government also took on a more active role in rail infrastructure at this time, with the repurchase of the rail track network from Toll Holdings in September 2004. The New Zealand Railways Corporation, trading as ONTRACK, took responsibility on behalf of the Crown for the ownership and maintenance of the railway infrastructure from this date.

### 2.6 The Auckland Regional Transport Authority

ARTA was formed in December 2004, pursuant to the provisions of the Local Government (Auckland) Amendment Act 2004. That legislation also led to the dissolution of Infrastructure Auckland and the transfer of its assets to Auckland Regional Holdings. In a shift from the previous territorial authority-dominated structures, both new organisations were established as subsidiaries of the ARC, although the territorial authorities are represented on the ARTA appointments panel, which appoints the ARTA directors (territorial authorities have seven of the 15 representatives, and the ARC eight).

ARTA took over the ARC's public transport service planning and funding role, although the ARC still provides a large proportion of ARTA's funding through rates and Auckland Regional Holdings dividends. ARTA has also taken over most of the public transport assets previously owned and managed by ARTNL. This includes a number of ferry wharves (others are owned by territorial authorities) and rail stations.

ARTA has responsibility for the "above track" rail assets in the Auckland region, including rail stations and passenger trains. The other rail infrastructure assets (right of way, tracks, signals, bridges, and tunnels) are owned and managed by ONTRACK.

As part of a shift towards a greater degree of coordination in transport planning and funding, ARTA also has statutory responsibility for preparing the annual regional land transport programme, which consolidates all of the territorial authority local roading expenditure and ARTA's own public transport expenditure into a single regional programme that forms the basis of the Auckland region's funding "bid" to Land Transport New Zealand (LTNZ). The land transport programme must give effect to the RLTS.

The inclusion of local roads in the land transport programme means that Auckland territorial authorities no longer have a direct funding relationship with LTNZ, unlike other territorial authorities in the country. This is a potential source of tension, especially if ARTA's views on priorities differ from territorial authorities, or where LTNZ funds are insufficient to meet key priorities. ARTA's statutory mandate enables it to take on the functions of a road controlling authority in future, by agreement with the relevant

territorial authority, but this step does not appear to be contemplated by any of the parties at this stage.

With the transfer of public transport functions to ARTA, the ARC's role is now mainly focused on preparation and approval of the RLTS, which sets the broad direction for transport policy and investment over the next 10 years. The RLTS is prepared by the ARC Regional Land Transport Committee, which has a broad membership including representatives of the ARC, territorial authorities, and appointees to represent the five transport objectives identified in the Land Transport Management Act, and other stakeholders. The result is a very large committee (currently 23 members plus three observers), with a mix of elected and unelected members, which has caused some tensions in the past.

## 2.7 Airport and port company ownership

Recent developments in the shareholding of both Ports of Auckland Ltd and Auckland International Airport Ltd have highlighted the role of local government in the ownership of strategic infrastructural assets. After the reversion of the previous Infrastructure Auckland shareholding of 80% of Ports of Auckland Ltd to Auckland Regional Holdings (an ARC subsidiary), that entity (with ARC support) has since acquired the remaining 20% shareholding to become the 100% owner of Ports of Auckland.

Recent takeover bids for Auckland International Airport Ltd have also led to a focus on strategic assets by the two territorial authority shareholders, Auckland City Council (which has a 12.75% shareholding), and Manukau City Council (10.05%). Both councils nominated successful candidates to the board election in 2007, and both voted not to support a takeover bid by the Canada Pension Plan Investment Board in early 2008, which ultimately failed to receive Ministerial approval. The status of both the airport and port as strategic assets is likely to influence future ownership options for local government.

## 2.8 Further legislative and policy changes

Further legislative and policy changes are under way in the land transport sector, which are likely to strengthen the role of regional decision making and prioritisation, allow regions greater control over the operation of public transport services, and provide a stronger focus on the Government's economic transformation and sustainability agendas. The Land Transport Management Amendment Bill, which introduces changes to the funding and prioritisation of land transport activities, proposes a further strengthening of the regional planning function for land transport, by bringing the prioritisation of all expenditure (including State highways) into an expanded land transport programme. The bill proposes that ARTA retain responsibility for this function in Auckland. The Government intends to provide a stronger direction to transport planning and funding decisions through the preparation of a Government Policy Statement.

## Part 6. Transport Governance in Auckland

Another significant change proposed in the Land Transport Management Amendment Bill is the merger of Transit and LTNZ to form the New Zealand Transport Agency. This change is planned to take place from 1 July 2008, subject to the passage of the bill. The bill provides for the new agency to take over Transit's existing responsibilities for State highway management and operations, as well as LTNZ's funding and safety management functions.

The Government intends to publish an update of the New Zealand Transport Strategy in mid-2008, and issued a discussion paper in December 2007 as part of this process. The update is intended to

- provide direction for the transport sector until 2040 in the context of the Government's sustainability agenda and other Government strategies in the areas of energy and energy efficiency
- translate that direction into high-level targets for the transport sector and intermediate targets for sub-sectors (air, sea, road, vehicle fleet, rail, freight, public transport, walking, and cycling) to help achieve the high-level targets
- provide clearer guidelines for decisions about funding allocations
- contain an action plan, including accountabilities for actions, reflecting how the Government intends to reach the transport targets.

The discussion paper proposes some ambitious targets for the transport sector, including a halving of greenhouse gas emissions from transport, a significant increase in travel by public transport, walking, and cycling, and an increase in the proportion of freight carried by rail and coastal shipping. These targets are likely to have a major influence on the future direction of transport policy and funding allocations.

The Government has also introduced a Public Transport Management Bill, which is intended to enable regional councils to have a stronger degree of influence over the scheduled public transport services in their regions, including the ability to introduce controls over non-subsidised "commercial" services. If passed, this will allow ARTA to exert a more direct influence over the way in which the whole public transport network operates. At present, ARTA has limited control over the operation of commercial services, which has constrained attempts to improve the level of system integration (including, for example, the introduction of integrated ticketing).

### 3. CURRENT STATE DESCRIPTION

This section provides a description of the current governance arrangements for transport in Auckland, including the organisations involved, their roles and responsibilities, interactions between agencies and disciplines (statutory and non-statutory), expenditure levels, and governance structures.

### 3.1 Statutory authorities active in Auckland

A large number of organisations have a statutory responsibility for transport in the Auckland region. Table 1 lists the main organisations, and summarises the roles that they play. The table highlights the fact that a number of organisations are involved in similar functions. Although some of these responsibilities are divided geographically (especially for territorial authorities), in other cases there are overlaps between organisations.

The division of responsibilities for transport between the various organisations involved is mainly according to mode. This is highlighted in Table 2, which presents a summary of the existing arrangements for transport infrastructure asset ownership and operations in the region, for each of the main transport modes.

Table 2 reveals that for the port and airport there is a strong degree of vertical integration, with a single organisation having primary responsibility for asset ownership, operations, planning, programming, and funding. State highways also have a relatively strong degree of vertical integration, where Transit has primary responsibility for most elements except funding. With the proposed formation of the New Zealand Transport Agency, the State highway asset management and funding role will be incorporated into a single agency.

Territorial authorities have primary responsibility for local roads and walking and cycling infrastructure, although ARTA has an indirect planning role, and is responsible for preparing the regional land transport programme, which includes (and prioritises) all regional projects that are submitted to LTNZ for funding.

The information in Tables 1 and 2 shows that the two areas with the most potential for confusion are strategic planning and funding, where responsibilities are divided between different statutory bodies. Although the Regional Land Transport Committee plays a role in strategic planning for most land transport assets through its preparation of the RLTS, its role is relatively indirect at present as the RLTS is not permitted to refer to individual activities or their prioritisation. While this restriction is proposed to be relaxed somewhat under the Land Transport Management Amendment Bill currently before Parliament, the Regional Land Transport Committee has no statutory authority to require other parties to comply with the RLTS.

Funding responsibilities are also split for most land transport activities (other than State highways). For local roads, funding is sourced from a combination of council rates and other sources, including development contributions, and LTNZ financial assistance. As noted above, ARTA has a prioritisation role.

It is in the area of public transport infrastructure that arrangements are most complicated. Table 2 shows that for many of the functions there are multiple organisations with a role. For passenger rail, the primary responsibilities are divided between ONTRACK (track, signals, and corridor infrastructure) and ARTA (stations, passenger trains, and service planning). For bus and ferry infrastructure, responsibilities are split between ARTA and the territorial authorities. In some cases, particularly for ferry infrastructure, operational management is contracted to the private sector operator.

**Table 1 Roles of Statutory Bodies involved in Auckland Transport**

Organisation	Statutory mandate	Infrastructure asset ownership	Operations & management	Strategic planning	Expenditure programming	Funding	Regulation & enforcement
Auckland Regional Council (ARC)	Local Government Act 2002	Indirect		Approves regional land transport strategy (RLTS); prepares non-statutory plans (e.g. Regional Freight Strategy, Regional Parking Strategy)	Prepares annual plan & long-term council community plan (LTCCP)	Funds ARTA from regional rates & ARH	RMA plans
Auckland Regional Transport Authority (ARTA)	Local Government (Auckland) Amendment Act 2004	Owns some passenger transport assets (rail stations, wharves)	Indirect, via operating contracts	Prepares Regional Passenger Transport Plan (statutory), and non-statutory plans including Auckland Transport Plan (ATP), Regional Arterial Road Plan, Passenger Transport Network Plan, Sustainable Transport Plan	Prepares annual land transport programme (LTP)	Indirect: LTNZ funds allocated to TAs via ARTA	
Auckland Regional Holdings (ARH)	Local Government (Auckland) Amendment Act 2004	Owns 100% Ports of Auckland				Provides funds to ARC for transport	
Regional Land Transport Committee (RLTC)	Land Transport Act 1998			Prepares RLTS (for approval by ARC)			
Rodney District Council	Local Government Act 2002	Owns local roads, car parks & bus infrastructure	Local road controlling authority	Non-statutory transport plans	Input to LTP Prepares annual plan & LTCCP	Rates funding	District plan Bylaws Local enforcement
North Shore City Council	Local Government Act 2002	Owns local roads, car parks & bus infrastructure; ferry wharves; busway stations	Local road controlling authority	Non-statutory transport plans	Input to LTP Prepares annual plan & LTCCP	Rates funding	District plan Bylaws Local enforcement

Table 1 continued

Organisation	Statutory mandate	Infrastructure asset ownership	Operations & management	Strategic planning	Expenditure programming	Funding	Regulation & enforcement
Waitakere City Council	Local Government Act 2002	Owns local roads, car parks & bus infrastructure	Local road controlling authority	Non-statutory transport plans	Input to LTP Prepares annual plan & LTCCP	Rates funding	District plan Bylaws Local enforcement
Auckland City Council	Local Government Act 2002	Owns local roads, car parks & bus infrastructure; 12.75% share AIAL; wharves & airfields	Local road controlling authority	Non-statutory transport plans	Input to LTP Prepares annual plan & LTCCP	Rates funding	District plan Bylaws Local enforcement
Manukau City Council	Local Government Act 2002	Owns local roads, car parks & bus infrastructure; 10.05% share in AIAL	Local road controlling authority	Non-statutory transport plans	Input to LTP Prepares annual plan & LTCCP	Rates funding	District plan Bylaws Local enforcement
Papakura District Council	Local Government Act 2002	Owns local roads, car parks & bus infrastructure	Local road controlling authority	Non-statutory transport plans	Input to LTP Prepares annual plan & LTCCP	Rates funding	District plan Bylaws Local enforcement
Franklin District Council	Local Government Act 2002	Owns local roads, car parks & bus infrastructure	Local road controlling authority	Non-statutory transport plans	Input to LTP Prepares annual plan & LTCCP	Rates funding	District plan Bylaws Local enforcement
Transit New Zealand	Land Transport Management Act 2003	Owns State highways	Road controlling authority: State highways	State Highway Strategy (non-statutory)	Prepares State Highway Forecast	Bylaws Statutory access controls	Bylaws Statutory access controls
Land Transport New Zealand (LTNZ)	Land Transport Management Act 2003		Prepares various national plans, guidelines & procedures	Prepares national land transport programme	Allocates road user funds to land transport	Safety regulations	Safety regulations
New Zealand Railways Corporation (ONTRACK)	State-Owned Enterprises Act 1986	Owns rail track and corridors	Manages rail operations via operator access arrangements	Prepares non-statutory rail development plan (Developing Auckland's Rail Transport)	Prepares annual expenditure plan	Rail access & safety regulations	Rail access & safety regulations

Note: The explanation of all abbreviations (including those defined in the table) may be found in the Abbreviations section.

Table 2 Transport Infrastructure Asset Management and Operational Responsibilities, by Mode

Mode	Asset ownership	Operations & Management	Strategic planning	Expenditure Proposals	Expenditure Programming	Public Funding	Regulation of use
Port	POAL	POAL	POAL	POAL	POAL	NA (commercially funded)	POAL
Airport	AIAL	AIAL	AIAL	AIAL	AIAL	NA (commercially funded)	AIAL
State highways	Transit	Transit	Transit RLTC (via RLTS)	Transit	Transit	Land Transport NZ	Transit bylaws & access controls
Arterial roads	TAS	TAS	TAS RLTC (via RLTS) ARTA (via RARP)	TAS	ARTA	TA rates Land Transport NZ	TAS via District Plan & bylaws
Other local roads	TAS	TAS	TAS RLTC (via RLTS)	TAS	ARTA	TA rates Land Transport NZ	TAS via District Plan & bylaws
Footpaths/cycleways	TAS	TAS	TAS RLTC (via RLTS) ARTA (via STP)	TAS	ARTA	TA rates Land Transport NZ	TAS via District Plan & bylaws
Car parks	TAS	TAS	TAS	TAS	TAS	TA rates	TAS via bylaws & direct charges
Rail track	ONTRACK	ONTRACK	ONTRACK RLTC (via RLTS) ARTA	ONTRACK	ONTRACK	Government (via Treasury)	ONTRACK via access agreements
Rail (above track)	ARTA; ARTNL (Britomart station)	ARTA (via operator); ARTNL (Britomart)	RLTC (via RLTS) ARTA (via PTNP) ARTNL (Britomart)	ARTA ARTNL (Britomart)	ARTA	ARC rates & ARH Land Transport NZ	ARTA via service agreements
Northern Busway	Transit (busway) NSCC (stations)	Transit (busway) NSCC (stations)	RLTC (via RLTS) Transit (busway) ARTA (via PTNP) NSCC (stations)	Transit (busway) (stations) ARTA (services) NSCC (stations)	Transit (busway) ARTA (stations & services)	TA rates ARC rates & ARH Land Transport NZ	Bylaws: Transit (busway) NSCC (stations); ARTA bus contracts
Bus infrastructure	TAS	TAS	RLTC (via RLTS) TAS ARTA (via PTNP)	TAS ARTA	ARTA	TA rates ARC rates & ARH Land Transport NZ	TA bylaws; ARTA bus contracts
Ferry infrastructure	ARTA TAS	ARTA (via operators)	RLTC (via RLTS) TAS ARTA (via PTNP)	ARTA TAS	ARTA	TA rates ARC rates & ARH Land Transport NZ	TA & ARTA access agreements & charges

Note: The explanation of all abbreviations may be found in the Abbreviations section.

Funding arrangements are also more complex for public transport, with input from the ARC and Auckland Regional Holdings via ARTA service contracts, territorial authority rates, and LTNZ. ONTRACK is also subject to a different set of programming and funding arrangements from the rest of the land transport system, as it is funded directly from the Government rather than through LTNZ.

### 3.2 Other organisations and groups

In addition to the Crown transport agencies listed in Table 1, a number of other Government agencies play a role in Auckland's transport system. These include

- Ministry of Transport
- Ministry of Economic Development
- The Treasury
- Maritime New Zealand
- Civil Aviation Authority
- Aviation Security Service
- Transport Accident Investigation Commission.

There are also a number of regional or project-specific groups and forums within the region that involve local government-elected members or officers that engage in transport matters from time to time. These include

- Auckland Mayoral Forum
- Auckland Regional Chief Executives Forum
- Regional Transport Executive Group, a group of senior managers with responsibility for transport, which provides support to the Regional Land Transport Committee
- RLTS Technical Advisory Committee, a group of transport officers that provides technical input to regional transport plans and strategies, including the RLTS, Auckland Transport Plan, and Regional Arterial Road Plan
- Traffic Management Unit (TMU), which provides for the collective management of the region's traffic signals
- Roadsafe Auckland (a regional working group convened by ARTA that represents all the road controlling authorities in the region, LTNZ, Transit, Police, Accident Compensation Corporation, Ministry of Health, Auckland Public Health Research Unit, and SafeKids)
- Project- or corridor-specific steering groups (e.g. Northern Corridor Steering Group, Auckland-Manukau Eastern Transport Initiative Steering Group).

### 3.3 Scale of local government operations

Local government has a substantial financial investment in the Auckland transport system, and its maintenance and development consumes a significant and growing proportion of local government resources.

#### 3.3.1 Local roads

The major area of investment is in local roads, where the total assets value of local government road infrastructure (including land under roads) in the Auckland region in 2007 was assessed as \$9.6 billion. Table 3 summarises key statistics for these local road assets, and highlights the following points:

- On a per capita basis, rural councils (Rodney, Franklin, and to a lesser extent Papakura) have a much higher amount of roading to maintain than urban councils (see Figure 1).
- Approximately 7.8 billion vehicle kilometres were travelled on Auckland local roads in 2007. This represents about 38% of total New Zealand travel on local roads. Vehicle density is much higher on Auckland City roads.
- Approximately \$166 million was spent on local road maintenance in 2006/07. On a per lane km basis, maintenance expenditure is more intensive on urban roads, particularly Auckland City (see Figure 2).
- In their 2006–16 long-term council community plans, Auckland’s territorial authorities signalled their intention to invest over \$5.7 billion in capital expenditure on local roads over the next decade. Almost half of this capital investment is planned in Auckland City (see Figure 3).

#### 3.3.2 State highways

Transit manages 327 km of State highways in the Auckland region, with 1,064 lane km. The State highway network makes up only 6.3% of the total length of roading in the region (lane km), but carries approximately 24% of the vehicle km (mainly on the motorway system).

The State highway network is also responsible for a significant proportion of the investment in road maintenance and capital investment in the region. In 2006/07, Transit expenditure on State highway maintenance totalled \$70.5 million, almost 30% of the region’s road maintenance expenditure. Capital investment on State highways (excluding the Northern Busway) totalled \$344.9 million, which represented 75% of the regional total (LTNZ, 2007).

State highways are fully funded from LTNZ, and do not receive any funding from local government (although there are occasionally some cost-sharing arrangements between Transit and local authorities for works at the intersection of State highways and local roads).

Transit has recently embarked on a programme to introduce ramp signalling on motorway on-ramps in Auckland, which aims to keep traffic flowing on the motorway and to reduce

Table 3 Statistical Summary, Auckland Local Roads

District	Usually resident population 2006	Local roads length (km)	Lane km	Lane km per 1000 pop.	Annual vehicle km travelled (m)	Asset value 2007 (\$m)	Maint. exp. 2007 (\$m)	Maint. exp. per lane km (\$000)	Projected capital expenditure 2006-16 (\$m)
<i>Data source</i>	<i>Census</i>	<i>LTNZ</i>	<i>LTNZ</i>		<i>LTNZ</i>	<i>AR</i>	<i>LTNZ</i>	<i>LTNZ</i>	<i>LTCCP</i>
Rodney	90,200	1,707	3,200	35.5	581	727	27.8	8.7	490
North Shore	207,600	685	1,430	6.9	997	1,056	19.1	13.4	881
Waitakere	186,300	786	1,563	8.4	971	950	17.5	11.2	509
Auckland	419,400	1,426	3,173	7.6	2,757	3,507	54.5	17.2	2,824
Manukau	329,800	1,267	2,650	8.0	1,697	2,358	28.3	10.7	723
Papakura	44,800	289	579	12.9	270	203	4.8	8.3	153
Franklin	59,200	1,622	3,244	54.8	495	803	14.3	4.4	168
Total	1,337,300	7,783	15,839	11.8	7,768	9,604	166.3	10.5	5,748

Notes: Data sources: *Census*: Statistics New Zealand, 2006 Census of Population and Dwellings; *LTNZ*: 2007 Land Transport New Zealand Statistics and Road assets reports; *AR*: 2006/07 council annual reports; *LTCCP*: 2006-16 long-term council community plans. Abbreviations: pop.: population; m: million; maint.: maintenance; exp.: expenditure.

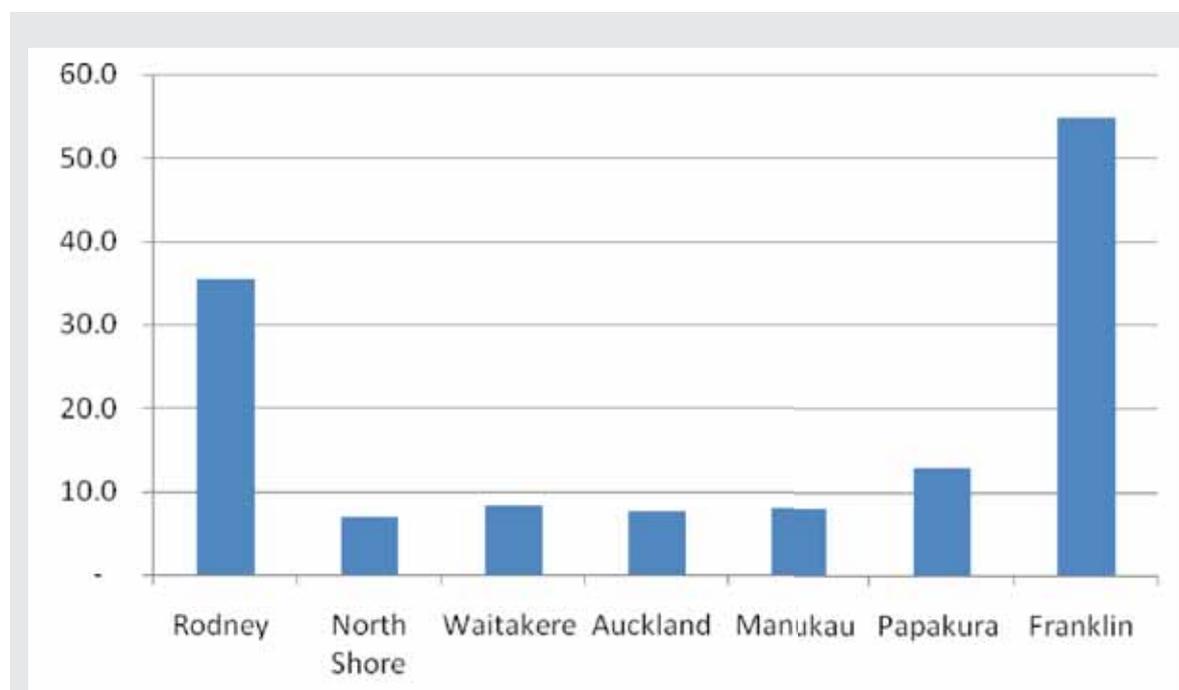
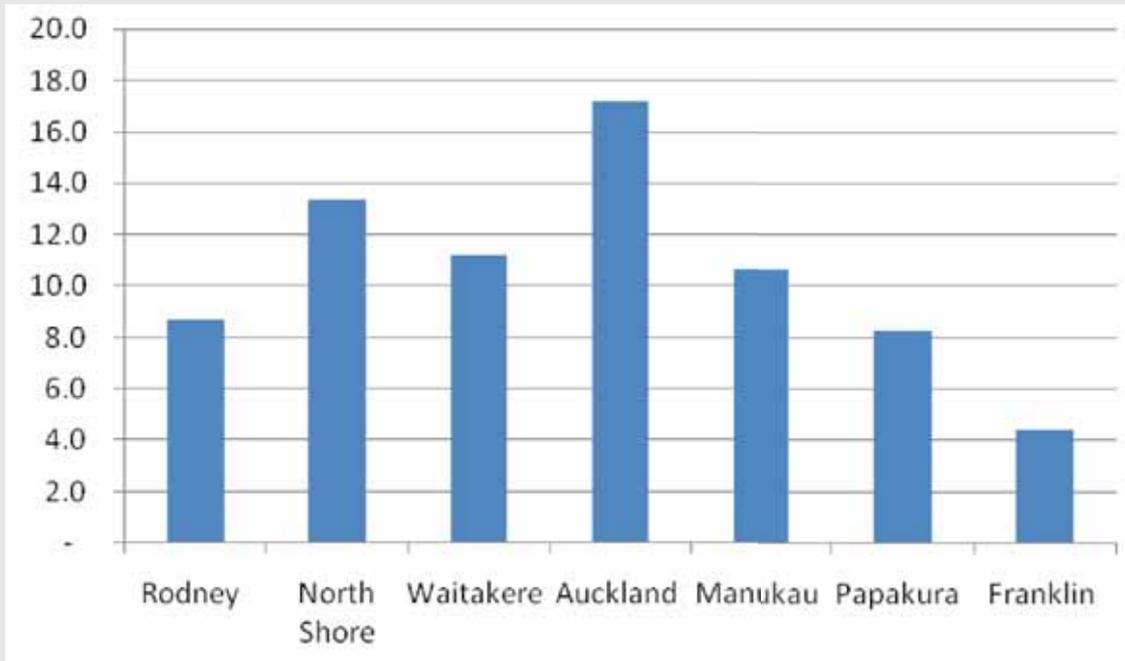


Figure 1 Local road lane km per 1000 population

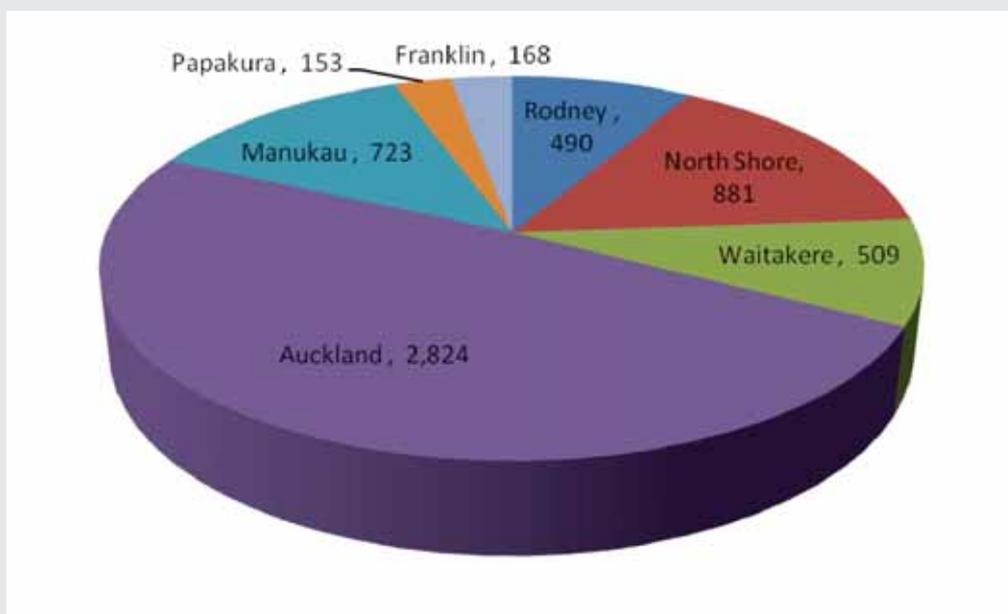
Source: Land Transport New Zealand.

**Part 6. Transport Governance in Auckland**



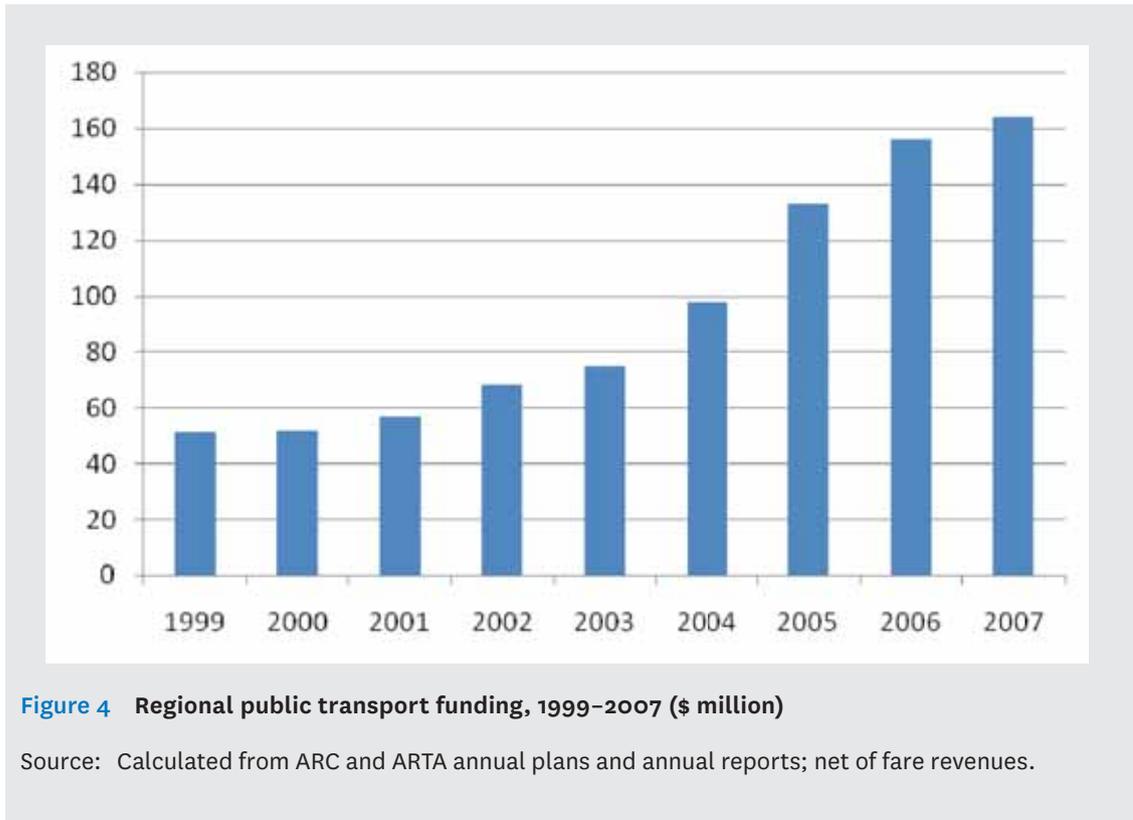
**Figure 2** Local road maintenance expenditure per lane km, 2006/07 (\$000)

Source: Land Transport New Zealand.



**Figure 3** Local roads: proposed capital expenditure 2007–2016 (\$ million)

Source: 2006–16 long-term council community plans.



accidents. Ramp signalling is designed to provide a smoother flow of motorway traffic, and to minimise stop-start conditions on the motorway by regulating the amount of traffic entering the vehicle stream at on-ramps to one or two vehicles at a time. The introduction of ramp signals involves queuing at on-ramps, which can have implications for the surrounding local road network during busy times, necessitating a network-wide approach to traffic management.

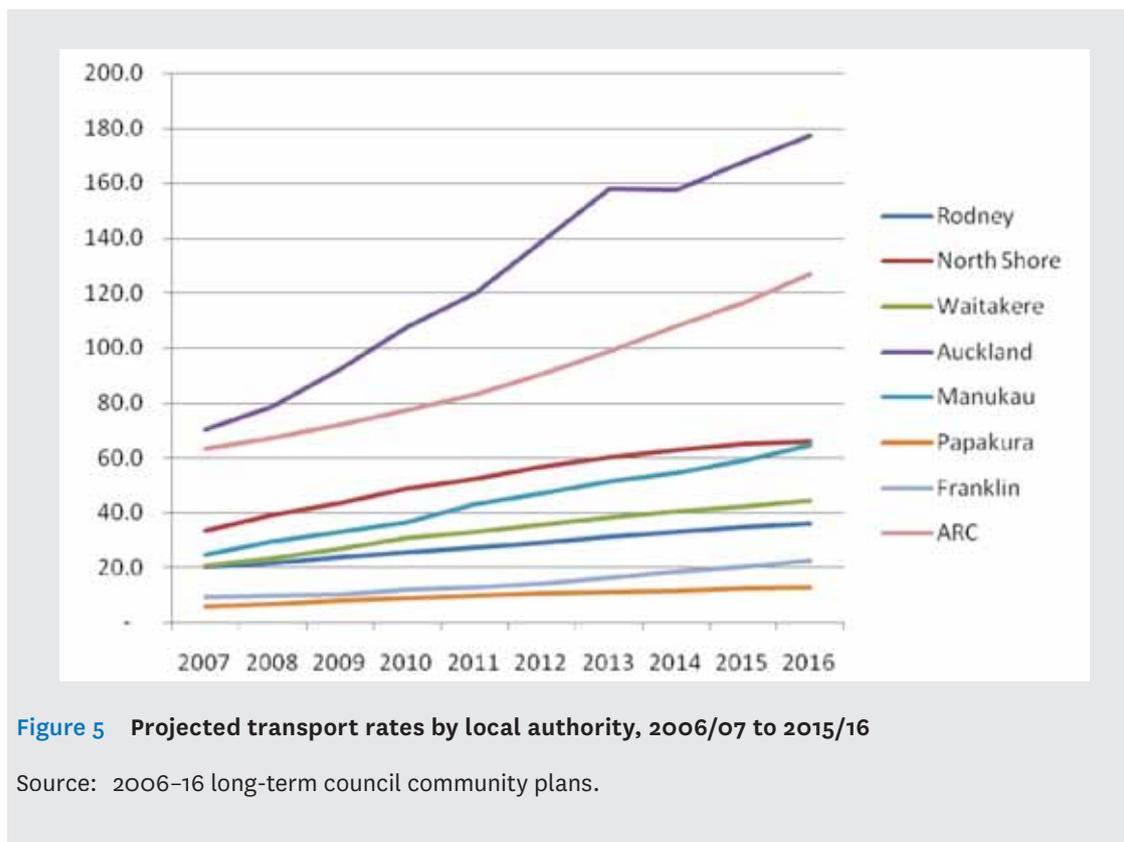
### 3.3.3 Public transport

Since its formation in 2004, ARTA has had responsibility for public transport planning and procurement in the region. This function was previously undertaken by the ARC. The public transport system in the region carried 52.4 million passengers in the year to 30 June 2007, on bus, rail, and ferry services. Most of these services are operated under contract to ARTA, which specifies service requirements and procures the services from private transport operators through a tender process.

The total cost of these service contracts, including supporting planning and professional services, is estimated to be \$190 million for the 2008/09 year (ARTA, draft 2008/09 LTP, December 2007). In addition to these contracted services, a number of “commercial” services are operated without public subsidies. ARTA has relatively little control over these services, although most are operated in a manner such that the public would not be able to distinguish between the two service types.

Public expenditure on public transport services has increased substantially over the past decade, as shown in Figure 4. Further significant increases are projected in the future as

## Part 6. Transport Governance in Auckland



**Figure 5** Projected transport rates by local authority, 2006/07 to 2015/16

Source: 2006–16 long-term council community plans.

the planned improvements to the public transport system are implemented. As a result, ARTA's total operating expenditure is projected to increase from \$226 million in 2008/09 to \$394 million by 2017/18 (ARTA, Proposed 2008/09 Budget, January 2008).

As noted above, ARTA is also responsible for the above-track elements of the Auckland passenger rail upgrade, in partnership with ONTRACK (which is responsible for the right of way, track, and signalling elements). This includes the core network upgrade currently under way, with the extension of double tracks on the western line, station upgrades, and the purchase of new rolling stock to increase train frequencies and capacity. The next phase of the project will involve the electrification of the network. The total capital investment in the rail upgrade is approximately \$2 billion over the next 10 years.

ARTA receives its funds from the ARC and LTNZ. In 2006/07, ARTA's total operating expenditure was \$179.7 million and income totalled \$194.4 million. This included ARC operating grants of \$71.3 million, and LTNZ operating grants of \$75.8 million. Other significant revenues were from capital grants (ARC \$21.3 million and LTNZ \$8.3 million), and bus and rail fare revenues (\$15.8 million).

The large increase in expenditure on public transport over the past few years has resulted in a substantial increase in regional transport rates, from around \$30 million per annum in the late 1990s to over \$60 million by 2006/07. This is supplemented by capital distributions from Auckland Regional Holdings (\$21 million in 2006/07). As discussed below, further significant increases in regional transport rates are projected in future.

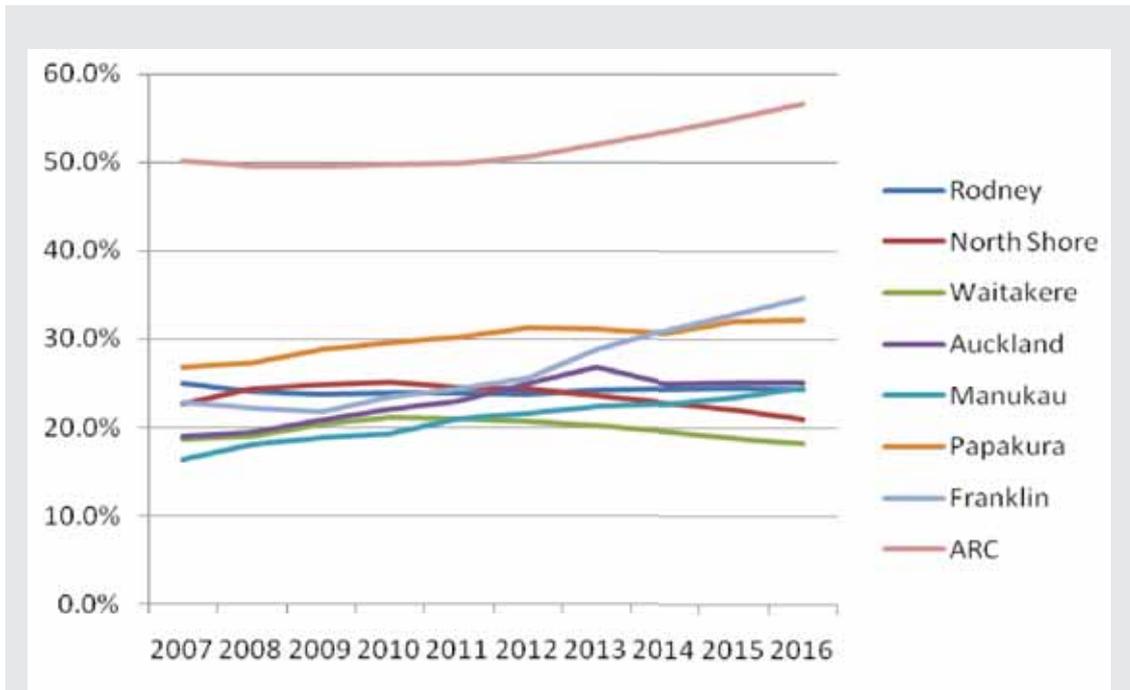


Figure 6 Transport share of council rate income, 2006/07 to 2015/16

Source: 2006–16 long-term council community plans.

In addition to ARTA and the ARC, territorial authorities are also responsible for ownership and maintenance of a significant amount of public transport infrastructure, including bus stops, shelters and signage, bus lanes and bus priority facilities (e.g. signal pre-emption), bus stations (e.g. the Northern Busway stations, or bus interchange facilities at town centres); some ferry wharves (especially in North Shore City); and, through ARTNL, the Britomart station (pending its transfer to ARTA; see rail case study in section 5.4).

### 3.4 Transport rates

Figure 5 shows the total amount of transport rates that are expected to be levied by Auckland local authorities to 2016. In line with the strong growth in operating expenditure, transport rates are projected to more than double over the period, from a total of \$248 million in 2006/07, to approximately \$550 million by 2015/16.

Figure 6 shows the projected changes in the proportion of overall council rates that are expected to be allocated to transport over the next decade. For most territorial authorities, transport accounts for less than a quarter of total rate income (weighted average 20%), but this proportion is expected to gradually increase in future, to a weighted average of 24% by 2016. For the ARC, however, half of the council’s total rate

income is allocated to transport at present, and this proportion is projected to increase to almost 57% by 2016.

### 3.5 Regional plans and strategies

Table 4 summarises the large number of regional plans and strategies that influence transport decisions in Auckland at present. The table is in two parts: general regional strategies and plans of which transport is a part; and transport-specific strategies and plans. Note that the table lists only regional documents, and does not include the ARC long-term council community plan or annual plan. Many of the plans listed are non-statutory, but are mandated by the RLTS, which provides the overarching strategic planning framework for land transport in the region.

In addition to the documents listed, there are also a number of national plans and strategies that have relevance to transport in Auckland, including

- New Zealand Transport Strategy (and its proposed update in 2008)
- New Zealand Rail Strategy
- New Zealand Coastal Shipping Strategy
- New Zealand Energy Strategy
- National Energy Efficiency and Conservation Strategy
- New Zealand Coastal Policy Statement
- State Highway Strategy
- State Highway Forecast
- National Land Transport Programme.

At the local level, each of the territorial authorities also prepares local plans and strategies to guide decisions in its own district. Those that influence transport decisions include

- district transport strategies (most territorial authorities have developed these, and some, such as Auckland City, have strategies for different modes of transport)
- district plans
- long-term council community plans
- annual plans.

Table 4 Regional plans and strategies

Plan/Strategy	Status	Prepared by	Content and impact
<b>A: General strategies and plans</b>			
Regional Policy Statement (RPS)	Statutory (RMA)	ARC	Overarching resource management policy for the region, including policies on infrastructure. Recent proposed changes contain objectives and policies that seek to improve the interrelationship between land use and transport. The RLTS must not be inconsistent with the RPS.
Auckland Sustainability Framework (ASF)	Non-statutory	Regional Growth Forum (now Regional Sustainable Development Forum)	Identifies a 100-year vision and long-term sustainability goals for the region, shifts required and potential strategic responses. Intended to guide and integrate all regional strategies (including RGS, RLTS) and to align regionally agreed actions.
One Plan (in preparation)	Non-statutory	Regional Sustainable Development Forum	Intended to provide an overarching 50-year strategic vision for the region, a prioritised set of projects & programmes of regional significance, and funding and implementation parameters.
Regional Growth Strategy (RGS)	Statutory (LGA)	Regional Growth Forum (now Regional Sustainable Development Forum)	50-year framework for accommodating regional growth. The RGS growth concept aims to concentrate a bigger proportion of the region's population and employment in growth centres and along the major passenger transport corridors. Under the Local Government (Auckland) Amendment Act 2004, the RGS growth concept must be incorporated into the RPS and district plans.
Auckland Regional Economic Development Strategy (AREDS)	Non-statutory	ARC (now Regional Economic Development Forum)	Provides a framework for building alignment, collaboration, and a common direction for the region's economy, and includes eight elements for improving regional economic performance.
Metro Auckland Plan	Non-statutory	Regional Economic Development Forum	Action plan for implementing AREDS. Includes transport infrastructure projects.
<b>B: Transport strategies and plans</b>			
Regional land transport strategy (RLTS)	Statutory (LTA)	Regional Land Transport Committee (RLTC), approved by ARC	The RLTS provides the strategic framework for transport in the region, and sets out objectives, and policies. ARTA must ensure that its land transport programme gives effect to the RLTS, and Crown transport agencies must take the RLTS into account.
Auckland Transport Plan (ATP)	Non-statutory	ARTA	The ATP provides for the preparation of annual work programmes using a consistent integrated approach to prioritise transport projects and packages. An update of the ATP is currently in preparation.
Regional Passenger Transport Plan (RPTP)	Statutory (TSLA)	ARC (now ARTA)	Sets out the public transport services that are proposed to be provided and publicly funded in the region. Services that receive funding via ARTA must be specified in a Regional Passenger Transport Plan.
Passenger Transport Network Plan (PTNP)	Non-statutory	ARTA	Sets the framework for public transport development in the region, and is the first stage in ARTA's new Regional Passenger Transport Plan. It identifies a three-tier passenger transport network for the region, which includes the rapid transit network, quality transit network, and local connector network.

## Part 6. Transport Governance in Auckland

Table 4 continued

Plan/Strategy	Status	Prepared by	Content and impact
Sustainable Transport Plan (STP)	Non-statutory	ARTA	Sets a 10-year programme of actions to help Aucklanders make safer and more sustainable transport choices, including walking and cycling networks, travel plans, and neighbourhood accessibility plans.
Land transport programme (LTP)	Statutory (LTMA)	ARTA	The land transport programme prioritises future investment and operating expenditure for the local road network and public transport. Includes all activities for which LTNZ funding is sought.
Regional Road Safety Plan	Non-statutory	ARTA, via Roadsafe Auckland	Sets out regional and local road safety targets, and education, enforcement, and engineering strategies for reducing crashes.
Regional Freight Strategy	Non-statutory	ARC	Identifies freight issues and sets out objectives, policies, actions, and priorities for freight movement across the region.
Regional Parking Strategy	Non-statutory	ARC	In draft at present. Provides a framework to align district parking policies and methods and improve integration between the supply, management, and pricing of parking and land use, transport, economic, social, and environmental outcomes.
Rail Development Plan	Non-statutory	ARTA	Describes work needed to upgrade the region's passenger rail system over next 10 years, and beyond.
Regional Arterial Road Plan	Non-statutory	ARTA	In draft. Ten-year plan for development and operation of Auckland's non-State highway arterial network.

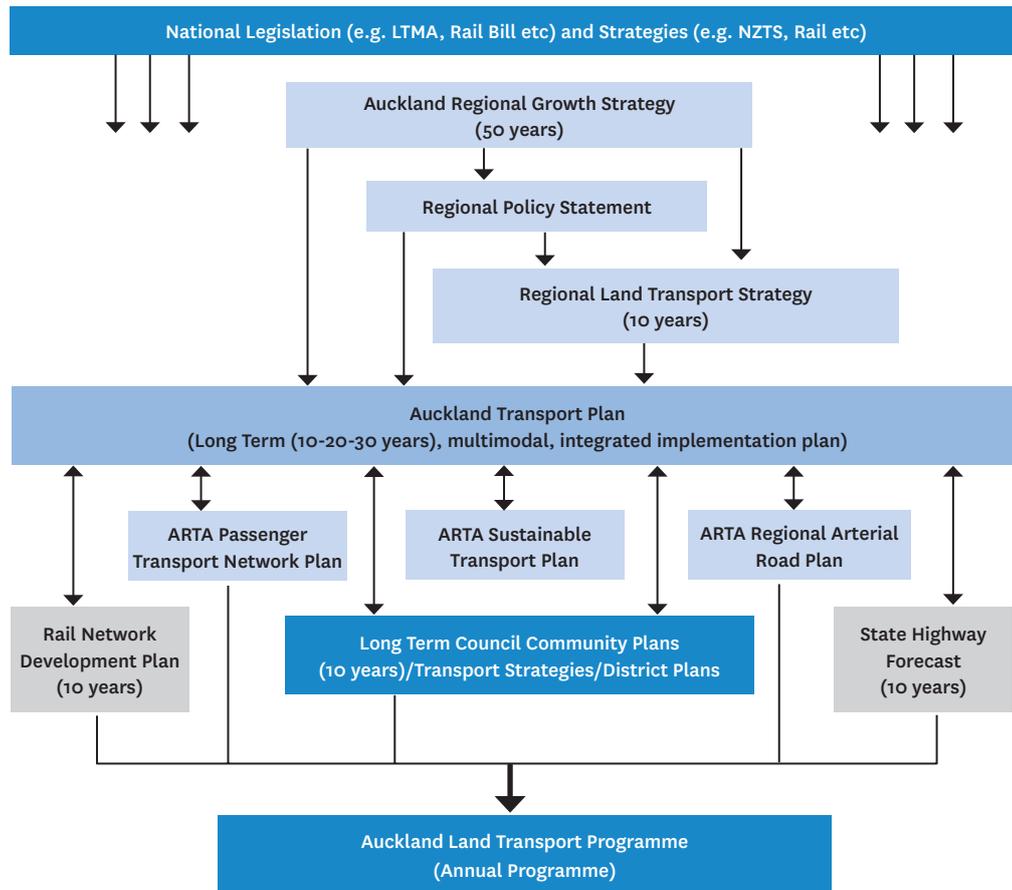
Note: The explanation of all abbreviations (including those defined in the table) may be found in the Abbreviations section.

The diagram opposite was prepared by ARTA to illustrate how these documents are connected.

## 4. TRANSPORT GOVERNANCE ISSUES

This section presents an outline of the recent, current, and likely future transport issues facing the region, with an emphasis on those that have or are likely to impact on governance arrangements for local government. The issues have been distilled for a combination of current transport strategies, the case studies presented in Section 5, a review of international literature on transport governance, and key informant interviews.

Although the issues have been arranged into a series of common themes, it is important to recognise the interrelationships between them. For example, the issues listed under the theme of fragmented decision making are closely related to many of the funding and mandate issues.



Source: ARTA. Note this graphic describes the situation at May 2008 at the time of preparing the paper.

#### 4.1 Fragmented decision making

Despite the advent of ARTA, there remains **fragmented decision making and a lack of clear regional leadership** on transport, as responsibilities for transport functions are split between a range of organisations, and no one organisation has overall control. Because different organisations have different constituencies and objectives, this can result in cross-jurisdictional inconsistency, different standards and requirements, inconsistent timing of actions, or disagreement over decisions that need to be taken jointly (in extreme cases, leading to an effective power of veto by some organisations). This is particularly the case for public transport projects (as outlined in the case study on the Auckland rail upgrade in section 5.4). Other examples where this has the potential to occur include bus priority implementation, the Auckland-Manukau Eastern Transport Initiative project, and planning for a new Waitemata Harbour crossing.

The management of **arterial roads** in the region lacks consistency, and there are concerns that their contribution to overall network performance is constrained as a result. Regional arterials form the second tier of the roading network next to motorways, and should play an important role in the movement of people and goods within the region. However, they have a variable “look and feel”, and lack consistent operational standards, traffic management, and signage. These routes are increasingly important for public transport

and freight movement, but there is no consistent regional approach to the allocation of road space to competing priorities. As a result, local demands for access can prevail over the wider regional needs for the movement of people and goods. ARTA has prepared a Regional Arterial Road Plan (due for release in draft form in mid-2008), but there are no mechanisms to ensure territorial authority conformity with its policies (see case study in section 5.2).

The wide range of organisations that have a role in transport decision making is reflected in the membership of the **Regional Land Transport Committee**, which has the statutory responsibility for preparing the RLTS. While the membership of the Regional Land Transport Committee must meet legislative requirements, the specific membership is open to some discretion by the ARC. The current Regional Land Transport Committee has 23 members plus three observers, and includes six elected representatives from the ARC, one from each of the territorial authorities, nine non-elected members appointed to represent New Zealand Transport Strategy objectives and cultural interests, and a staff member from LTNZ. ARTA, Transit, and ONTRACK are represented by staff observers.

Another problem with the fragmented nature of planning and decision making is the **complex planning landscape** faced by individuals and organisations that wish to participate in the decision-making process (through public submissions etc). Table 4 listed the large (and growing) number of regional strategies and plans, most of which involve some form of public consultation. In addition to these, the public are invited to consult on plans and strategies at both the national and district level. Considerable resources and expertise are required to do this effectively, which adds to transaction costs and reduces the value of public input.

### 4.2 Responding to future needs

International trends in transport planning, which are also evident in Auckland, have involved a shift away from the previous “predict and provide” model of investment in additional capacity, towards a model that places greater emphasis on the efficient **management of existing capacity**. (See for example Stough, 1999; Straatemeier, 2008; Hull, 2008.) This suggests that the nature of future decisions will involve fewer major capital investments, but a greater emphasis on operational matters, network management, and pricing. These operational elements tend not to be organised regionally under current arrangements.

Because of New Zealand’s reliance on international trade, the transport system needs to be able to **respond to international trends in logistics and tourism**, and governance structures need to reflect this. Despite the importance of the region’s transport network for freight, supply chain issues receive a very small amount of attention in regional and local transport planning. The RLTS is heavily focused on the movement of people rather than goods, and passenger transport issues dominate most of the decisions of ARTA.

Although some territorial authorities have addressed the issue of freight transport, they tend to approach it from the perspective of managing adverse effects, rather than

facilitating economic development. The ARC has prepared a freight strategy, but it contains little specific policy that is likely to influence supply chain efficiency. Because a large proportion of the cost of the supply chain is related to infrastructure, which is the responsibility of public organisations, it is important that supply chain issues are given greater prominence if the economic transformation objectives are to be met.

The absence of an effective overall regional approach to supply chain issues is illustrated by the lack of an obvious organisational “champion” for the proposal to establish an inland port at Wiri. Although this has the potential to significantly reduce truck movements on the motorway network, there appears to be no agency with a sufficiently wide-ranging mandate (or interest) to ensure that it is developed.

Related to this, is the need to **look beyond Auckland’s regional boundaries** when considering future transport needs, particularly how to plan for the economic and demographic growth challenges that are emerging in the northern North Island (including Northland, Waikato, and the Bay of Plenty). This is especially important for planning and prioritisation of State highway and rail freight projects, and decisions over the future development of port and airport infrastructure, which must respond to international logistics decisions and the dominant role of major shipping companies. At present, many of the organisations with a role in transport decision making do so from a relatively narrow frame of reference, reflecting their limited jurisdiction and constituencies.

Decisions on major infrastructure can have a strong influence on the direction of future regional development. Typically, transport infrastructure projects involve large capital expenditure and **long lead times**, and rely on a consistent approach not only between organisations, but also over time (which can be difficult to achieve within a three-yearly political cycle, especially when infrastructure issues are politically charged). Advance route protection is needed for long-term network development (e.g. a new Waitemata Harbour crossing, or a central business district rail loop), but the multimodal and multi-agency nature of these projects can make this process difficult, especially where there is not an alignment between organisational mandate and desire.

The strategic policy environment for transport is becoming more multifaceted, with a **broader range of objectives**, which may sometimes be in conflict, requiring trade-offs to be made. The current objectives in the New Zealand Transport Strategy and the Land Transport Management Act are relatively general in nature, however, and need to be translated into more specific evaluation criteria at the regional level, to allow decisions to be made in a more clear and transparent manner. At present, many of the strategic objectives remain open to interpretation, with a risk that the decisions of different organisations can be inconsistent.

Decision-making frameworks need to be able to respond to this wider set of objectives, including the stronger **emphasis on economic transformation and sustainability** in the update of the New Zealand Transport Strategy, and the associated targets relating to reducing non-renewable energy consumption and greenhouse gas emissions from transport, increasing mode share of public transport and walk/cycle travel, increasing the

proportion of freight carried by rail and coastal shipping, improving the reliability of links to key centres of economic activity, and improving the safety performance of the network.

### 4.3 Barriers to integration

The literature highlights an increasing need to develop **integrated solutions and a network-wide approach** to transport issues, which often involve actions across modes and across jurisdictions. One of the results of the fragmented governance arrangements in Auckland has been a perceived lack of integrated decision making on key regional issues.

The decisions of one agency can have major impacts on other parts of the network that are managed by others. For example, Transit's introduction of motorway ramp signalling has resulted in more traffic queuing on local roads, including arterials. In the past, these cross-organisational matters have often been addressed through **ad hoc, situation-specific responses** to decision making. A more formalised approach will be needed in future, to ensure that decisions on State highways and local roads are well integrated, and that public transport needs are effectively integrated with road operations.

As noted in the case study on **transport and land use** (section 5.7), the performance of the transport system is closely related to the way in which land uses develop, and transport and land use decisions are becoming increasingly interdependent. However, town centre intensification has not followed as quickly as had been intended in the Regional Growth Strategy (RGS), and there are timing issues associated with aligning transport investments with land use changes.

Internalising decisions within a single large organisation does not necessarily guarantee effective integration, however. **Institutional silos** can and do exist within organisations, especially between different disciplines. Governance structures need to ensure that effective internal and external communication is possible.

Notwithstanding the need for better integration, governance frameworks should seek to maintain an appropriate level of **policy contestability**, to provide sufficient checks and balances to ensure that decisions reflect a robust consideration of all options, and avoid being captured by a single organisational agenda. Currently, the organisational fragmentation in the transport sector, together with the statutory duties to consult and consider alternatives, can provide this contestability.

### 4.4 The role of central government

The integrity of the **nationally strategic networks** (State highways, rail ports, and airports) is important to the Government's economic transformation and sustainability agendas, and needs to be adequately reflected in regional governance structures. Central government also has a key role to play in transport funding, and future governance structures need to recognise and accommodate this. For its part, the Government has recognised the important role that Auckland must play in New Zealand's future, and

has taken steps to improve its direct engagement with the region (e.g. through the establishment of the Government Economic and Urban Development Office in Auckland, and the involvement in regional processes and forums, including the Regional Sustainable Development Forum).

Recent initiatives such as the Joint Officials Group in 2003 and the Auckland Transport Strategic Alignment Project in 2007 have highlighted the importance of an open dialogue between central and local government on transport and urban development issues, to ensure that the strategic direction adopted in the region is consistent with national policy objectives, and to enable funding to be more closely aligned. In the past, there has been a tendency for Auckland local government and central government to “talk past” each other, or to communicate in a very fragmented and inconsistent manner. This can be a recipe for inaction. From central Government’s perspective, a smaller number of agencies to deal with in Auckland is advantageous, and a single point of contact would have benefits.

Recent **legislative and policy changes** at the central government level (and legislation currently before Parliament) place greater emphasis on regional decision making, especially in the area of project prioritisation. In addition, changes to the structure and functions of **Crown transport agencies**, including the advent of the New Zealand Transport Agency, should provide some opportunities for a more streamlined interaction between the region and central government. This may also provide opportunities to develop a structure that more closely integrates the operations of the Auckland State highway and arterial roads networks.

#### 4.5 Geographic context, skills, and capability

Transport decisions by local authorities range from multimillion-dollar investments that have the potential to shape the future development of the region (e.g. harbour crossings, rail electrification, road pricing) down to local road management issues that have localised effects but are nevertheless important for the local communities that are affected. The appropriate geographic context for transport functions therefore differs (e.g. regional decisions are appropriate for the public transport network, and local decisions are appropriate for footpaths). Similarly, the skills, capability, and community interactions needed for these decisions (both for staff and elected officials) are quite different.

There appears to be a general acceptance that the provision of major transport infrastructure such as strategic and arterial roads and public transport should be planned and coordinated at the **regional level**. This is supported in the international literature, which generally takes the need to organise transport decision making at the metropolitan level as a given.

It is important not to overlook **local community issues**, however. Although individually small in scale, they collectively make up a substantial proportion of the region’s transport budgets, staff time, and public interaction. They are also the potential source of some significant outcome gains (e.g. walking school buses, cycle initiatives, travel planning).

Effective community engagement (supported as appropriate by specialist skills at the regional level) is essential to determining local issues, the range of possible responses, their likely impacts on the community, and the opportunities to mitigate such impact. It is also a necessary ingredient in ensuring the successful local implementation of regional initiatives, such as bus priorities.

There is some evidence of transport decisions being based on a perceived **“sharing” of resources between territorial authority districts**, rather than a rational allocation according to need across the region as a whole. For example, ARTA’s Sustainable Transport Plan includes a priority list of town centres for neighbourhood travel plans that includes at least one from each district, even though some of these centres may not have been prioritised on the basis of the other criteria applied. A similar approach was adopted in the initial allocation of rail station upgrades by ARTNL.

Concerns have been expressed over the ability for local government to **retain specialist staff** in the transport sector, especially in a tight labour market. High turnover rates have implications for the ability of organisations to retain institutional knowledge, and the consistency and continuity of professional advice to decision makers. This is particularly important given the long-term planning horizons that exist for most transport projects. Small councils can be particularly vulnerable to the loss of specialist skills, and often need to rely on consultants to fill this gap.

A related issue involves the established practice of including representation from all organisations on officer working groups established to address regional transport issues. While this ensures that all organisations are “around the table”, it does not always represent the best use of staff resources, and can greatly increase transaction costs.

### 4.6 Mandate

The lack of a clear organisational mandate to take all of the actions necessary to implement a particular transport policy has often been cited as a reason for lack of progress in transport in Auckland. This not only frustrates the ability to implement plans, but can also have an adverse impact on the quality of the plans themselves.

Regional transport planning institutions are not necessarily responsible for the funding and implementation of their plans, and there has been a tendency to develop **“wish lists”** and expect other organisations (especially central government) to take responsibility for funding and/or implementation. Because the Regional Land Transport Committee is not responsible for the implementation or funding of the RLTS, it has not had any particular incentive or obligation to ensure that the RLTS it prepares is realistic or affordable.

While this situation should be improved under the proposed changes to the RLTS legislation under the Land Transport Management Amendment Bill, which will require consideration of affordability, the lack of a specific implementation mandate means there is an ongoing risk of misalignment between planning and implementation. A shift away

from this approach to one that requires genuine financial trade-offs and prioritisation would be advantageous.

ARTA has provided a regional focus for coordination and prioritisation, but there are **limits to its ability to fulfil its statutory role** “to plan, fund, develop and operate an integrated regional land transport system that contributes to an integrated, safe, responsive and sustainable transport system for the Auckland region”. ARTA has a statutory mandate to plan and procure public transport services, but its influence over State highways and local roads (including regional arterials) remains indirect. It also lacks a clear mandate for the development of the Auckland rail network, where it must negotiate agreements with ONTRACK.

As an example, the **Auckland Transport Plan** prepared by ARTA in 2007 has provided a degree of coordination by bringing all land transport projects into one document, with priorities. By its own admission, however, the first Auckland Transport Plan represents a “bottom up” collection of existing expenditure programmes from Transit, ARTA and the territorial authorities, rather than a “top down” programme driven from an assessment of the strategic requirements of the regional transport system.

It is ARTA’s intention to develop more of a top-down approach in the next Auckland Transport Plan (due late 2008), but it remains unclear whether and how this will ensure that the priorities established in the plan are actually implemented by Transit, ONTRACK, and the territorial authorities, especially where these organisations differ from ARTA in their priorities. ARTA will have a strengthened role in prioritising funding applications in future (which may allow it to effectively veto funding for projects that are not part of the regional priority), but it does not ensure that regionally significant projects are in fact brought forward by the other organisations in the first place.

Structural changes are of value only if they are linked to **effective implementation** tools, and a legislative mandate to use them. This includes asset ownership, funding, procurement, and enforcement, all of which have presented some constraints for regional organisations (especially the ARC) in the past.

## 4.7 Funding

The need for public funding and management of land transport infrastructure assets and the large amount of expenditure required to develop and maintain those assets means that transport decisions are inextricably linked to funding. Many of the transport governance problems that have been identified in Auckland have stemmed from a lack of alignment between desired actions and the ability or willingness to pay. This misalignment has been exacerbated by the separation of governance responsibilities for planning and funding between local, regional, and central government agencies.

Land transport funding involves indirect charges to road users and ratepayers. There needs to be clear **accountability** to those that pay. This can be difficult when expenditure decisions are removed from those that have the political accountability for raising the

money. A particular concern in Auckland has been the potential for the decisions of one organisation to have significant impacts on the costs of another. This has been an issue in the past with public transport capital investments, where the obligation to fund ongoing operating costs and renewals is generally recovered via operating subsidies provided by ARTA and the ARC. This issue became a major source of disagreement between ARTNL and the ARC in relation to rail infrastructure improvements, and remains an unresolved issue in relation to the Britomart station.

Land transport represents a major (and growing) share of public sector expenditure in Auckland. There is a need to ensure that capital and operating expenditure decisions are **efficient and effective use of public funds**. Some recent transport decisions have been criticised because of their lack of consideration of wider **affordability** issues, and a lack of any obvious consideration of the opportunity cost of applying limited public funds to any given project (i.e. if additional funds are applied to mitigate a problem with a project, that money is not available for other projects that may be more worthwhile).

The Ministerial Advisory Group on Roothing Costs highlighted this problem in its 2006 report, and identified examples where project managers have effectively traded scope for time (i.e. added to the scope (and cost) of a project to remove or reduce the time delays associated with consenting and other approvals). Pressure to adopt this approach can often come from local government, which does not have to directly bear the costs of the mitigation.

Local government's **reliance on rates** creates a constraint on the ability to invest in growing the transport system. This is particularly the case for public transport, which relies on ARC rates, and is responsible for over 50% of the ARC rate take. Any increase in spending on public transport will form a significant proportion of the ARC rate, even though it may be a relatively small proportion of total transport expenditure in the region (especially if private vehicle operating costs are included). The resulting political focus on this component of transport rates may not result in the best overall decisions on funding allocations. In its Passenger Transport Network Plan, for example, ARTA identified a \$700 million shortfall between the funds available from the ARC and the amount needed to fund the improvements needed to achieve RLTS targets.

The “**compartmentalised**” **funding arrangements** for land transport provide opportunities for disagreement between funders, or for a different set of criteria needing to be satisfied by applicants. This was most obvious when Infrastructure Auckland was part of the funding equation, but the need to satisfy both LTNZ and ratepayer requirements can add complexity. More seriously, it can lead to distortions in the allocation of funds, as projects may be chosen according to the funding levels available, or the ease of the approval process. Ideally, project selection should be independent of funding sources.

A review of governance arrangements in Auckland may provide some opportunity to move to a “**bulk funding**” or “**block funding**” approach for transport in the region, rather than the current project-specific funding approach. This would have the advantage of ensuring that trade-offs between different expenditure categories and modes were made regionally,

on a consistent basis. Any move to such a system would require sufficient checks and balances to ensure that the Crown's objectives and requirements were met, however.

ARTA's role in the preparation of the regional land transport programme, which prioritises local roading and public transport funding, has been criticised by some territorial authorities as adding another layer to the funding approval process. This "process churn" may have **increased transaction costs** without necessarily delivering any corresponding improvement in outcomes. There have also been concerns about a process that places regional priorities on local projects, when the accountability for the local ratepayer share of those projects sits with the territorial authority.

## 5. CASE STUDIES

### 5.1 Introduction

This section presents a series of case studies, which are designed to illustrate the current transport responsibilities and governance arrangements in the Auckland region, and highlight the issues (positive and negative) that exist with those arrangements. The case studies include a mix of roading and public transport examples, funding issues, local, regional and national decision making, and different governance arrangements, as follows:

- planning, funding, and operation of regional arterial roads
- Northern Busway
- passenger rail upgrade
- travel demand management
- road pricing
- integration of transport and land use.

### 5.2 Regional arterial roads

Regional arterial roads are defined as major arterial roads (not including State highways) that link districts or urban areas within the region, and connect regionally significant facilities. Along with State highways, they play a critical role in the movement of people and goods within the region.

#### 5.2.1 *Current responsibilities*

The management and operation of arterial roads is currently the responsibility of territorial authorities. Funding arrangements are the same as for all local roads, with approximately half of the required funding from LTNZ, and the remainder from territorial authority sources (rates, development contributions, or borrowing). LTNZ funding for

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local roads is paid via ARTA, which is responsible for preparing a single land transport programme for the region, incorporating (and prioritising) all local road expenditure for which LTNZ funding is sought.

Prior to local government reform in 1989, some regional arterials (notably Greenlane-Balmoral Road and Pakuranga Highway) were designated as regional roads, under the control of the Auckland Regional Authority. These arrangements for “regional roads” arose from the more fragmented pattern of territorial authority districts that existed at that time, where some arterial roads traversed a number of territorial authority boundaries. Although this is less of an issue now, there are still inconsistencies in the treatment of major arterials between different territorial authorities, and no consistent set of management practices and operational standards.

This issue is becoming more acute as traffic volumes grow and the level of congestion on the region’s road network increases, and the interface between State highways and local roads becomes more critical. For example, Transit has recently commenced the introduction of ramp signalling on motorway on-ramps, with consequent impacts on the arterial road network. Another significant change has been the emphasis on bus priority measures on the major arterial routes, as part of the development of a quality transit network to support the rapid transit network.

In some parts of the region, arterials provide a strategic function, connecting significant activities that are important for economic development. Routes to the port and airport are particularly important in this regard. Despite the strategic function of these routes, there are limited processes to manage these routes in a regionally consistent manner, or in a way that integrates their management with that of the State highway network.

### **5.2.2 Traffic Management Unit**

Each road controlling authority is responsible for the traffic signal control of intersections and signalised pedestrian crossings in its district. Traffic signals are linked through a computerised control system, which adaptively changes the assignment of green time for the various movements depending on throughput and preset conditions. In 2003, the TMU was established to centrally control traffic in the region. This involved linking the separate territorial authority signal control systems to a regional server to enable full access to the whole network. The TMU also provided for the integration of motorway and local road control, and the use of remote closed-circuit TV to monitor on-road traffic conditions and incidents.

Despite these improvements, the TMU appears to have suffered from limited resources and the lack of a clear governance structure, and its influence over road operations is therefore limited. This means that the potential benefits from a more coordinated approach have not been realised. The draft Regional Arterial Road Plan (see below) has recognised this issue, but ARTA lacks the mandate to drive the necessary changes.

### **5.2.3 Regional Arterial Road Plan**

Over the past 18 months, ARTA has been engaged in the preparation of a draft Regional Arterial Road Plan, which will soon be subject to a formal consultation process, from

which a final plan is expected to be prepared in late 2008. The development of the Regional Arterial Road Plan arises from policies in the 2005 RLTS which recognise the important role that regional arterial roads play in Auckland's transport network. Regional arterials link districts or urban areas within the region, and connect regionally significant facilities, and play a critical role in the movement of people and goods within the region. It is essential that they operate efficiently and effectively, and that they are managed and developed in a manner that is sensitive to the surrounding environment.

The stated purpose of the Regional Arterial Road Plan is

- to define the existing and future role and function of regional arterials
- to provide a framework for the integrated management of regional arterials, and their interaction with surrounding land uses and other parts of the road network
- to provide a basis for project prioritisation
- to develop a rationale for more appropriate funding for regional arterials.

The plan will set out ARTA's policies for regional arterials, which aim to ensure that these roads are able to be managed in a more effective, integrated manner, and provide guidance for road controlling authorities in the development of more detailed corridor management plans. The policy framework recognises that the responsibility for ongoing development, operations, and management of the regional arterial network lies with territorial authorities, while ARTA has a funding and regional coordination role.

Relatively few of the policies in the Regional Arterial Road Plan are directly under the control of ARTA, however, and there is no certainty that territorial authorities, as road controlling authorities, will heed the policies in the future development and management of regional arterials. Although ARTA has some influence over funding priorities, it cannot force a territorial authority to bring forward a project for funding if the council is reluctant to do so. Because the LTNZ financial assistance rate for arterials is the same as for other local roads, there is no particular incentive for territorial authorities to promote improvements on arterials over other roads.

A recent "clear routes" initiative by Auckland International Airport Ltd has focused attention on the need to provide a "clear" route between the central business district and the airport, given its strategic importance to the regional and national economy. The initiative has highlighted the lack of a consistent regional approach to routes of strategic importance. Although Auckland City Council and Transit are responsible for the primary route as the relevant road controlling authorities, there is no specific regional policy to guide these agencies in the development of this route, other than some relatively general statements in the RLTS and the Auckland Transport Plan. In the absence of such a policy framework, the development of this route is left to the individual decisions of the specific road controlling authorities.

### 5.3 Northern Busway

Planning for some form of busway alongside the Northern Motorway has had a very long history, and was part of regional transport plans as early as 1989. The busway featured in each of the RLTS documents from 1993 on, but very little progress was possible on implementation because of the limits on public transport funding and asset ownership that existed in the 1990s. This situation changed in 2001 when the Government indicated support for the project, and Transit indicated a willingness to assist in its implementation. Transfund and Infrastructure Auckland both approved funding contributions for the project in late 2001.

By this time, the planning focus had broadened out from the busway itself to the wider implementation of a bus rapid transit system for the North Shore and Rodney, with the busway and stations acting as the focal point for a new service model, encompassing new and more frequent services, integrated ticketing, and bus priorities on local roads in both North Shore City and Auckland City.

Because no one organisation had the responsibility or statutory authority to deliver all of these project elements, an ad hoc collaborative approach was developed. Four organisations (Transit, North Shore City Council, Auckland City Council, and the ARC) signed a heads of agreement that established a jointly funded project management structure, reporting to an officers' implementation executive and to a political steering group. These bodies had no formal authority to make decisions on the project itself, however, as these still needed to be made by their respective councils or boards for key elements of the project, as follows:

- Transit (busway right of way)
- North Shore City Council (stations and local road improvements)
- ARC and subsequently ARTA (procurement of services)
- Auckland City Council (roading and terminal improvements).

LTNZ and Infrastructure Auckland were also involved in funding decisions that, because of the nature and scale of the project, were not straightforward, and often lacked precedents in the New Zealand context.

Although this structure has been praised as a model of regional collaboration, its success was heavily dependent on the continued participation and goodwill of the individual parties, and their willingness to take mutually supportive decisions at key stages of the project. At various stages, there was criticism of the reluctance of one or other of the parties to meet its obligations. In some respects it was this threat of being “named and shamed” by the project partners that appears to have been the key driver of progress.

The busway finally opened in February 2008, some 20 years after it was first proposed in regional transport plans. There remain some important issues that are still to be resolved, however, including the introduction of a fully integrated ticketing system (an interim paper-based ticketing system has been introduced in advance of a promised wider regional ticket). A decision will also be needed on the future use of the busway by high-

occupancy vehicles, but it is not clear from the current governance arrangements whose decision this should be.

#### 5.4 Passenger rail upgrade

Proposals to develop passenger rail services in the Auckland region have a long and chequered history, which has frequently been characterised by a lack of financial, operational, or governance ability to implement the plans that have been developed.

The Auckland rapid rail system promoted by Sir Dove Myer Robinson in the 1970s reached an advanced stage of planning, but was abandoned when the Government of the day turned down funding requests. Without investment, the use of passenger rail in the region continued to decline to a low point in the early 1990s, when the ARC took up an opportunity to fund the purchase of a set of diesel multiple units from Perth. This enabled a more frequent timetable to be offered, and patronage doubled to around 2 million passengers per annum.

This highlighted the opportunities for improved rail services in the region, and successive RLTS documents included reference to the need to improve rail services to increase the people-moving capacity of the southern and western corridors. There was, however, no lasting consensus within the region on the way in which this upgrade should proceed. During the 1990s, much of the focus was on extension of the rail network to a new station at Britomart (originally conceived as a surface station), and the development of a light rail network on the southern and western corridors, linked through Queen Street.

Because the ownership of the rail network had passed to a private company (Tranz Rail), however, there was no ability for local government to implement these proposals without the expensive buy-back of access rights and capital investment in right of way and rolling stock, neither of which had any realistic chance of being funded under the regimes that existed for land transport funding at that time.

Despite this, a significant amount of effort was focused on planning and negotiation. A new entity, ARTNL, was formed to enable the region to take ownership of rail assets purchased from Tranz Rail, as the ARC was prevented by law from doing so. A number of organisations and multi-agency groups were tasked (or specifically formed) to address this issue, but the lack of a credible and mandated leadership role by any of the parties involved meant that progress was limited and subject to high transaction costs.

Against this backdrop, the advent of Infrastructure Auckland in 1998, with a new, dedicated regional funding stream allowed some significant progress to be made. With funding from Infrastructure Auckland and Transfund, Auckland City was able to commit to the development of a new \$200 million underground Britomart station and rail extension, even though there was no firm commitment at the time from the ARC in relation to the upgrading of rail services.

RLTS rail policies since 1993 highlight the changes in emphasis and the multiple (and unclear) responsibility for implementation. Not until 2005 was the responsibility for

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implementation focused onto one organisation, ARTA. Successive RLTS policies for rail from 1993 to 2005 are listed below:

- 1993: Protect the ability to construct light rail transit in the southern and western rail corridors (responsibility: New Zealand Rail Ltd, ARC, territorial authorities).
- 1995: Give urgency to upgrading passenger transport to a light rail transit system in the southern and western rail corridors, linked through Queen Street. Particular issues that need to be resolved are sources of funding, appropriate timing, ownership, and legal issues, a financial analysis and agreement on the type of land use that would be necessary in the longer term to justify the investment (responsibility: ARC in partnership with territorial authorities).
- 1999: Implement a rapid transit system as identified in the Passenger Transport Action Plan; resolve issues concerning utilisation of the rail corridor for passenger services; carry out investigations to determine the technology or mode for the corridor (responsibility: ARC, Tranz Rail, Infrastructure Auckland and territorial authorities).
- 2003: Develop and enhance the passenger transport routes along the corridors of the proposed Rapid Transit Network; ensure the routes identified are serviced by high frequency, high capacity passenger transport services (responsibility: ARC and ARTNL in partnership and consultation with territorial authorities).
- 2005: Implement rapid transit in the existing rapid transit corridors (responsibility: ARTA).

A breakthrough for passenger rail came in 2001, when the Government agreed to take responsibility for funding the purchase of rail network assets in the Auckland region from Tranz Rail (the Crown subsequently repurchased the entire national rail network from Toll Holdings in September 2004, and these assets are now under the control of ONTRACK). The Rail Network Bill was introduced into Parliament in March 2005 to change ONTRACK from a State-owned enterprise to a Crown entity, tasked with giving effect to Government policy. The bill is still under consideration by Parliament, but is likely to be reconsidered after the Government's recent announcement that it is to purchase Toll Holdings' rail operations. The purchase may require a more fundamental reorganisation of ONTRACK than provided for in the bill.

ONTRACK has responsibility on behalf of the Crown for the ownership and maintenance of the rail right of way and track infrastructure, while the above-track passenger rail assets in Auckland are owned and managed by local government. At the time that the assets were repurchased, legislative restrictions prevented the ARC from taking ownership of any transport assets. Accordingly, the region's local authorities agreed to establish a jointly owned council-controlled organisation, ARTNL, to hold and manage the above-track assets.

Having acquired the rail assets, the focus turned to how the passenger rail system should be developed, and where the decisions on the rail upgrade should be made. There were differing views between the ARC and ARTNL (and its territorial authority owners) over some of the fundamental elements of the upgrade, particularly around the manner in which rolling stock should be upgraded, the procurement arrangements for the system, and the ongoing financial liability for asset renewals and replacements.

This lack of agreement between the ARC and ARTNL over the nature of the rail upgrade led to the appointment of a mediator in 2002, and the subsequent development of a rail business plan by those organisations (and Infrastructure Auckland) in 2003. The rail business plan articulated a “core network upgrade”, and recommended a delivery structure for the upgrade project, recognising the different tasks (and structures) required for the business development activity and the rail operations activity. However, there remained disagreement over the development path to be followed (especially in relation to the purchase of new trains or the refurbishment of existing rolling stock), the timing of electrification of the network, and the delivery structure.

Having facilitated the purchase of the rail assets, the Government was reluctant to maintain the existing fragmentation of governance arrangements for transport in the region. Furthermore, the rail business plan and the Joint Officials Group process had highlighted the significant additional funding input that would be needed to implement the rail upgrade. There was therefore a risk that the Government’s investment would not achieve its potential unless a more streamlined governance system was in place. These concerns contributed to the decision to form ARTA in 2004.

The rail upgrade proved much more difficult, with significant disagreements between the parties on the nature of the investment required and the resulting ownership and funding structures. While this was due in part to the ownership of key rail assets by the private sector (subsequently purchased by the Crown), the lack of a clear mandate for any one organisation to plan and develop the system led to significant delays and additional costs. Because different organisations had responsibility for decisions on major capital investment and the supporting operational expenditure, these were poorly integrated, and disputes arose.

The formation of ARTA in 2004 provided the opportunity for key public transport assets to be brought under its control, thereby removing the previous division of responsibility for asset management and service provision. The issue of financial responsibility for renewals of the Britomart station delayed the transfer of rail assets from ARTNL to ARTA, however, and has yet to be fully resolved. The lease of the above-track rail assets was transferred to ARTA from ARTNL on October 2007, together with ARTNL’s ferry terminal assets. ARTNL still exists, but its only remaining role is to hold the lease for the Britomart station from Auckland City Council. The ARC and Auckland City Council are still in discussion over the future ownership arrangements for the Britomart station, and have yet to resolve the key issue of where the financial responsibility for depreciation and renewals should lie.

The advent of ARTA has allowed a stronger regional focus on implementation, but there are still integration issues with ONTRACK. ARTA is responsible for above-track passenger

rail infrastructure, and for the specification and procurement of passenger services from the operator, Veolia. ONTRACK owns and manages the rail network on behalf of the Crown and is responsible for all below-rail components of the rail network in Auckland.

Although ONTRACK has indicated its intention to take account of the RLTS, it is under no statutory obligation to do so, and its funding and governance accountabilities are separate from other transport agencies in the region. The clear separation of above- and below-track responsibilities is also difficult to apply to projects that rely on both infrastructural and service components, such as the electrification of the network. Given the large amount of investment required for the upgrade of the rail network in Auckland, there is an ongoing risk of a misalignment of priorities between ONTRACK and ARTA.

### 5.5 Travel demand management

The international literature highlights a paradigm shift that has gathered pace in transport planning in recent years, involving a move away from a “predict and provide” approach to transport issues towards a future policy environment that places a stronger emphasis on demand management. This not only reflects the increasing difficulty and expense of adding more capacity to the transport system, but also the increasing focus on sustainability. In the New Zealand context, these themes are reinforced in the recent sustainable transport discussion paper (Ministry of Transport, December 2007), which sets out ambitious targets that will require a much stronger demand management focus in the future.

Demand management is also a central theme of the 2005 Auckland RLTS, which identifies the need for more specific attention to be paid to walking and cycling, travel planning, and other sustainable transport initiatives. The RLTS identifies an indicative allocation of 4% of the region’s land transport funding for demand management activities over the next decade. Following from this ARTA’s Sustainable Transport Plan (ARTA, February 2007) sets out a programme of actions designed to give effect to the RLTS, including walking and cycling networks, travel plans, and neighbourhood accessibility plans.

The successful implementation of these initiatives relies on the ability to implement a number of relatively small-scale improvements within local communities. For example, a school travel plan may identify obstacles to sustainable travel practices that require road or footpath improvements to resolve, in combination with information, education, and enforcement initiatives. These are often the responsibility of different agencies, or different departments within the same organisation with different priorities. In these circumstances, resourcing and aligning actions can be difficult.

A review of recent funding applications by territorial authorities and ARTA suggests that this alignment is not being achieved in some parts of the region, and the intent of the RLTS and Sustainable Transport Plan is not always matched by organisations responsible for implementation. For example, the draft 2008/09 ARTA Land Transport Programme includes a much smaller allocation of funds to travel demand management projects than

the RLTS indicative allocation would suggest. A number of submitters, including LTNZ, have raised this as an area of concern.

In part, the apparent under-investment in travel demand management may arise from the different interpretation of both the concept and its application between the various transport agencies in the region. For example, a strong aspect of Transit's approach to demand management has been the implementation of motorway ramp signalling which, combined with better road user information, is designed to better manage the demand for the State highways during peak periods.

ARTA's focus has been mainly on the development of walking and cycling initiatives and travel plans (particularly for schools), but there is nothing in the current arrangements to require territorial authorities to implement the actions in the Sustainable Transport Plan (other than the incentive of available funding). As a result, the uptake of initiatives such as walking school buses, cycleways, and bus priorities is very different between different parts of the region.

## 5.6 Road pricing

The Ministry of Transport published the Auckland Road Pricing Evaluation Study in 2006. This study evaluated a range of possible road pricing options for the region, and the ministry is currently following that work with more detailed investigations.

Road pricing can be defined as a system of direct user charges for the use of vehicles in specified locations and at specified times. This is different from the existing system of charges for vehicle use, such as vehicle registration, fuel excise, and road user charges for heavy vehicles, which are not location- or time-specific. Road pricing relates to a system of charges that may apply to a route network, or for travel into or within a specified area.

From a policy perspective, there are two main reasons for road pricing:

- **Demand management:** Pricing by location and time provides an opportunity to manage travel demand, which has become increasingly important in urban areas as traffic volumes increase and where the economic, social, and environmental costs of providing additional infrastructure to cater for demand peaks can be unacceptably high.
- **Revenue raising:** Road pricing provides an opportunity to generate additional user-based revenues for transport investment to supplement the traditional funding sources (fuel excise, road user charges, and rates).

The successful implementation of road pricing would require a wide range of decisions, particularly for schemes that are focused on demand management. To address road pricing in the future, transport governance structures will need to be able to deal with three key types of decision:

- whether or not to implement road pricing, and the type of scheme to be implemented

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- the charges to be levied (who, when, where, and how much)
- the allocation of net revenues.

Current legislation permits tolls to be levied only on specific new roads, subject to a number of conditions being met (including the existence of an untolled alternative). Decisions relating to the legislative provision for a more comprehensive system of road pricing, including the delegation of any powers to specific institutions to implement pricing, rest with central government. It is reasonable to expect that any future legislation to permit road pricing would delegate certain powers to regional organisations. At present, however, none of the existing organisations in the region have a sufficiently broad mandate to take responsibility for the range of pricing decisions that would be required.

An important matter that needs to be taken into account in relation to pricing governance (and major transport decisions in general) is continuity and consistency of decision making. This is particularly important for pricing schemes that are expensive to implement and are intended to be part of a long-term demand management strategy. In these cases, a strong degree of policy stability will be required to achieve the desired demand management outcomes. Governance structures that allow key pricing decisions to be relitigated according to political cycles will be less attractive in this regard. Similarly, structures should avoid the inconsistent application of pricing in different parts of the regional network.

### 5.7 Integration of transport and land use

The performance of the transport system is closely related to the way in which land uses develop, and transport and land use decisions are becoming increasingly interdependent. Within the Auckland region, this has been driven at the regional level by the ARC with the development of the RGS (ARC, 1999), and transport planning is increasingly linked to the need to support the selective intensification and urban containment approach of the RGS. For example, one of the seven RLTS objectives is “supporting the Auckland RGS”, which has been influential in increasing priority for rail improvements and the walking and cycling projects that support town centre development.

Town centre intensification has not followed as quickly as had been intended in the RGS, however, possibly because of the difficulties encountered by territorial authorities in translating the broad regional strategy into local circumstances, and formalising this through district plan changes. This lack of effective implementation of the RGS led to a statutory requirement as part of the Local Government (Auckland) Amendment Act 2004 for councils to notify changes to district plans and the regional policy statement to provide for the integration of land use and transport planning. These changes are still under appeal, and the nature and timing of intensification and the transport investment to support it remains rather unclear.

Because of the mixed responsibilities for transport provision and land use planning, there have been difficulties in coordinating the timing of new transport infrastructure with land

use development. In some cases, territorial authorities have not been able to promote planning changes to introduce land use intensification necessary to support public transport investment. Examples include Panmure, where local community opposition delayed attempts to intensify to support rail investment, and Dominion Road, where ARTA has been reluctant to commit funds to develop a 24-hour bus lane unless Auckland City Council is prepared to introduce more intensive zoning provisions alongside the corridor.

In other examples, Transit has resisted attempts by territorial authorities to encourage land use development where this has the potential to bring forward the timing of State highway projects.

The 2006 update of the Transport Sector Strategic Directions document identified the need for an integrated approach to planning for transport as a key strategic priority (Ministry of Transport, February 2007). Work undertaken on this project since the release of that document has confirmed the current lack of integration of New Zealand institutions with transport and planning responsibilities, explored the reasons for this, and identified some recommended actions to overcome the problem.

A consistent theme identified in the project was the need for stronger regional governance, and for statutory planning documents to be aligned. This will enhance vertical and horizontal integration of agencies, plans, and policies. At the institutional level, the project recommendations included the review and clarification of organisational responsibilities, relationships, and accountabilities. However, the project team stopped short of recommending major structural changes, and noted that even within organisations, internal silos often act as a barrier to effective integration (TSSD Planning Task Force, 2007).

## 6. INTERNATIONAL APPROACHES TO TRANSPORT GOVERNANCE

This section presents a brief overview of some of the international approaches to transport governance in metropolitan regions, and draws some conclusions on the implications for Auckland.

### 6.1 European Union

A white paper on governance by the European Union (EU) has defined the concept of governance as the “rules, processes and behaviour that affect the way in which powers are exercised” (Commission of the European Communities, 2001). A number of governance models exist, but “good governance” will generally reflect the principles of openness, participation, accountability, effectiveness, and coherence.

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Although these principles apply in a generic sense, they are also relevant within a specific urban transport context. For example, Transport for London (TfL) on its website (<http://www.tfl.gov.uk>) defines corporate governance as “the system used to direct, manage and monitor an organisation and enable it to relate to its external environment”. TfL lists the fundamental principles of corporate governance as openness, inclusivity, integrity, accountability, and effectiveness.

The EU white paper notes that establishing good governance models is particularly important in modern urban environments, where achieving social, economic, and environmental outcomes increasingly requires mobility to be managed. The complexities associated with managing mobility (including rules and restrictions, economic incentives, fees, service provision, and the active participation of citizens) requires a more sophisticated approach to governance.

Recent European governance guidelines for sustainable mobility noted that “traditional forms of normative top-down practices of government have not been able to produce the trust in institutions needed to cope with the issues of a complex society” (Mo.Ve, 2003).

The guidelines call for an inclusive decision-making process when two conditions are present:

- when the intervention produces significant external consequences, which are potentially disagreeable for some social groups
- when technical and scientific analyses are not able to dispel uncertainty as to the extent of the consequences.

These conditions are often present in transport decisions, which can involve significant adverse impacts on some groups, some of which may be difficult to identify in advance through technical analysis.

The guidelines note:

It also seems paramount that one single authority is responsible for the management of mobility issues in a metropolitan area, .... A governance model conferring administrative powers, also of extraordinary nature, to a single authority is therefore urgent. [Mo.Ve, 2003]

### 6.2 London

TfL is a statutory body created by the Greater London Authority Act 1999. That Act gives the Mayor of London a wide range of executive powers, including a general duty to develop and implement policies to promote and encourage safe, integrated, efficient, and economic transport facilities and services to, from, and within London. TfL’s role is to implement the Mayor’s Transport Strategy and manage transport services across London.

TfL is directed by a management board whose members are chosen for their understanding of transport matters and appointed by the Mayor of London, who also chairs the board.

TfL is accountable for both the planning and delivery of transport facilities. It manages London's buses, the London Underground, Docklands Light Railway, and London Trams. It also runs London's congestion charging scheme, and manages a 580-km network of main roads, and all of London's traffic lights, and has a range of regulatory and enforcement roles.

The TfL model relies on the wide executive powers of the Mayor of London, which provide a strong mandate for turning plans into action. Amongst other things, this has allowed progress on politically difficult issues such as congestion pricing, which arguably would not have been introduced in London without the existence of the mayor's executive powers, and a strong individual determination by the Mayor of London to implement the scheme.

### 6.3 Canada

A number of Canadian metropolitan regions have undergone governance changes in recent years, and these provide some contrasting examples of how transport is organised and governed in different cities. In some cases (e.g. Toronto and Vancouver) a new transport authority has been created to undertake regional transport functions with a number of municipalities remaining; elsewhere (e.g. Ottawa and Calgary) transport is one of the functions of a single city council covering the entire urban area. In contrast to Auckland, the major elements of the public transport system are owned and operated by the public sector in each of the Canadian cities reviewed here.

The following overview of governance arrangements in Canada draws on material from Transport Canada (2004), Meligrana (1999), and Hatzopoulou (2008).

#### 6.3.1 Toronto

Recent governance reforms in Toronto have led to the formation of the Greater Toronto Transportation Authority, known as Metrolinx. The organisation was created by the Government of Ontario in 2006, and is responsible for transportation planning and public transport in the Greater Toronto Area, and Hamilton, Ontario.

Metrolinx's statutory responsibilities are similar to those of ARTA, and include:

- providing leadership in the coordination, planning, financing, and development of an integrated, multimodal transportation network that conforms with transportation policies of metropolitan growth plans
- acting as the central procurement agency for the procurement of local public transport system, including vehicles, equipment, technologies and facilities, and related supplies and services, on behalf of Ontario municipalities

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- in future, taking over responsibility for the existing Toronto rail network, and implementation of an integrated ticketing system.

MetroLinx is governed by a board made up of appointees from provincial, regional, and city government in the Greater Toronto area. Some critics have argued that this structure is flawed, as the local constituencies of board members constrain their ability to make effective decisions in the interests of the wider metropolitan area (Soberman, 2007).

### 6.3.2 *Vancouver*

Transport in the Vancouver metropolitan area is planned and managed by the South Coast British Columbia Transportation Authority (TransLink), which has responsibilities to plan, finance, implement, and operate an integrated transportation system for the Metro Vancouver area. Translink provides public transport services through contractors and its own wholly owned subsidiaries including Coast Mountain Bus Co, SkyTrain, and West Coast Express commuter rail.

TransLink is governed by a board of directors who are selected based on their skills and expertise and must act in the best interests of TransLink. They do not represent any other interests or constituencies. Twelve of the 15 board members are appointed by the Mayors' Council on Regional Transportation, which is made up of the 21 mayors of municipalities within Metro Vancouver. The other three board members are appointed by the provincial government. The governance structure allows for TransLink to expand beyond its current area to include other municipalities in future, subject to provincial agreement.

The Mayor's Council on Regional Transportation approves plans prepared by TransLink, including the transportation plan, regional funding, and borrowing limits. It also appoints an independent commissioner who is responsible for approval of fare increases where these are above inflation, approval of TransLink's plans for annual customer satisfaction surveys, its customer complaint process, and any proposed sale of major assets. The commissioner reports annually to the council on the performance of TransLink.

TransLink's strategic plans and local funding (property taxes, toll charges, parking, and vehicle levies) are approved by the Greater Vancouver Regional District, a federation of the 21 municipalities in the region with responsibility for regional strategic planning, and the delivery of regional infrastructure and services including water, drainage, solid waste management, parks, and housing.

### 6.3.3 *Ottawa*

Transport in Ottawa (population 850,000) is one of a wide range of responsibilities of a single Ottawa City Council, after the 2001 amalgamation of previous municipalities and the regional municipality of Ottawa-Carleton, mandated by the provincial government. The council includes standing committees for transportation and transit, the latter having a governance oversight over the operations of OC Transpo, the public transport service provider in the city. OC Transpo had previously been part of the Ottawa-Carleton municipality, but is now department of the new city.

## 6.4 United States

A number of metropolitan areas in the United States have metropolitan planning organisations (MPOs). These have evolved over the past 50 years, from initially being established as collaborative organisations to undertake joint urban transport studies and planning exercises (Haynes et al., 2005), into the organisations that are responsible for developing integrated metropolitan transport strategies, which are a requirement for certain categories of federal transport funding. The Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991 increased the powers of MPOs, by requiring cooperative strategic planning across metropolitan areas.

The ISTEA also made MPOs the lead authorities in selecting projects for certain categories of federal funding, including the Congestion Management and Air Quality Improvement Program, and the regional component of the Surface Transportation Program. Despite the increase in powers, MPOs are not mandatory, and they operate as consensus-based organisations. Some observers have noted that these arrangements have led to some governance problems, including a non-proportional “one government/one vote” institutional structure, and a tendency for decisions to be driven by extra-regional priorities and the availability of funding (Haynes et al., 2005).

Most MPOs have a limited role in the day-to-day operational management of the transport systems for which they have planning responsibility. Their primary focus is on achieving consensus in order to meet federal funding and environmental requirements. This “mandated collaborative” approach to transport planning in the United States has led to some benefits, often unintended, especially in situations where network or environmental externalities transcend regional boundaries, or where the political clout of a higher level government authority is required to enforce locally unpopular decisions (Taylor and Schweitzer, 2005).

## 6.5 Australia

Transport governance arrangements in Australian urban centres are characterised by the strong involvement from state governments in transport planning and funding decisions, and also in operations. State transport departments are active in the planning and provision of public transport in all of the major Australian cities, and the states each have main roads departments that operate extensive highway networks within these cities (in some cases, also including urban arterials). Even in Brisbane, where the city council has jurisdiction over a large part of the metropolitan area, the Queensland State Government has a major role in transport governance.

### 6.5.1 South East Queensland

South East Queensland is often quoted as an example of integrated planning of land use and transport. This is largely because of the role of the South East Queensland Regional Plan and the associated Infrastructure Plan, which set a clear direction for future urban growth and the infrastructure needed to support it. Both plans are mandated by state

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legislation, and have been prepared by the state government (which has also established an Office of Urban Management for South East Queensland, specifically to address urban growth management issues). A further feature of the planning regime is the requirement for municipal governments to prepare their own growth management plans to give effect to the regional plan. Failure to do so risks losing state funding for infrastructure.

In addition to the moves to integrate planning and infrastructure, there have also been steps to improve the integration of transport at an operational level. The public transport system in South East Queensland has developed in a relatively fragmented manner, including Brisbane City Council's bus and ferry operations, other bus operations outside the Brisbane City area, and urban rail services operated by Queensland Rail. A state government agency, TransLink, coordinates these arrangements, and provides a single public transport network covering the whole South East Queensland region. To achieve this, however, it needs to ensure the cooperation of Brisbane City and Queensland Rail.

### 6.5.2 VicRoads

The Victorian VicRoads model has been identified as an example of a structure that more closely integrates the operations of state highway and arterial roads networks. VicRoads manages 22,320 km of highways and arterial roads in Victoria (around 15% of the total length of state and municipal roads in Victoria; in contrast, Transit manages only 6% of the Auckland network).

VicRoads uses the following principles to determine whether an arterial road or freeway should come within its jurisdiction (section 14(3), Road Management Act 2004):

- (a) provides a principal route for the movement of people and goods—
  - (i) between major regions of the State; or
  - (ii) between major centres of population or between major metropolitan activity centres; or
  - (iii) to major transport terminals; or
  - (iv) across or around cities; or
- (b) is a major route for public transport services; or
- (c) has State-wide economic or tourism significance; or
- (d) provides necessary connections between arterial roads.

## 6.6 Implications for Auckland

The brief scan of international examples summarised in this section raises the following implications for transport governance in Auckland:

- Problems are similar elsewhere. Auckland's transport governance issues are not unique, and it is apparent that similar challenges are being faced by metropolitan areas around the world.
- The increasing complexity of issues associated with urban mobility and sustainability has led to a much stronger focus on transport operations and demand management. There are strong parallels between this trend and the

policy approach foreshadowed in the update of the New Zealand Transport Strategy. As a key focus of that strategy, governance arrangements in Auckland will need to be able to respond to these challenges in future.

- Integrated solutions to transport problems are required. The previous focus on mode-specific or area-specific governance models will have less relevance in the future, where integrated approaches will be required: across modes, between disciplines, and between transport and land use planning and decision making.
- The governance principles developed in overseas jurisdictions appear to be relevant in the Auckland context.
- Overseas examples suggest that there are benefits from a governance structure that allows decisions on the major components of the land transport system to be taken at the metropolitan level. Governance arrangements also appear to be more successful where decision makers are obliged to represent the interests of the metropolitan area as a whole, rather than its constituent parts. For Auckland, this reinforces the need for regional transport decision making to be retained, and suggests that the political accountability for these decisions should be at the regional level rather than to a federation of local councils.
- The more successful overseas models appear to be those that have established a governance structure that has the mandate to both develop and implement strategic plans. At the extreme, the executive powers of the Mayor of London provide this mandate, but other models (e.g. Vancouver) include some of these elements. For Auckland, this implies a stronger alignment between the RLTS and implementation responsibilities, and also suggests a broadening of implementation responsibilities at the regional level to include public transport, major roads, and demand management.
- In a number of overseas jurisdictions, the state or provincial government plays a major role in transport funding, and major decision-making frameworks are often part of the state or provincial government structure (especially in Australia). The equivalent in New Zealand is a stronger involvement from central government. This suggests that a successful transport governance structure for Auckland will need to ensure the strong support of central government agencies (especially the new New Zealand Transport Agency).
- Of the overseas jurisdictions assessed, there are likely to be some useful lessons for Auckland from Canadian cities, a number of which have undergone transport governance reforms in recent years. The Royal Commission on Auckland Governance may wish to examine the pros and cons of these approaches in more detail, although it is important to note the more direct public sector involvement in public transport service provision in Canadian cities. The Australian examples probably have less relevance to New Zealand, given the strong influence of state governments in metropolitan transport decisions and funding.

## 7. GOVERNANCE PRINCIPLES AND EVALUATION CRITERIA

This section presents an outline of the governance principles that should be taken into account, from a transport perspective, in assessing future governance options for Auckland. It also identifies the matters that should be considered in the option evaluation process, and the criteria that should be taken into account in that evaluation. As noted above, the scope of this paper does not extend to a formal evaluation of the future governance options, but the contents of this section are intended to provide guidance for any such evaluation.

### 7.1 Transport governance principles

The EU has identified five principles of good governance, which are listed below (Commission of the European Communities, 2001). Although the principles are relatively generic, they are relevant to the issues identified in Section 5, and provide a useful starting point for an assessment of transport governance options:

- **Openness:** Institutions should work in an open manner, and should actively communicate about their activities and the decisions they take. They should use language that is accessible and understandable for the general public.
- **Participation:** Institutions should ensure wide participation throughout the policy chain, from conception to implementation, and follow an inclusive approach when developing and implementing policies.
- **Accountability:** Roles must be clear, and institutions must explain and take responsibility for what they do.
- **Effectiveness:** Policies must be effective and timely, delivering what is needed on the basis of clear objectives, and evaluation of future impact, and where available, past experience.
- **Coherence:** Policies and action must be coherent and easily understood.

The Local Government Act 2002 places similar governance obligations on local authorities. Section 14 requires each local authority to “conduct its business in an open, transparent, and democratically accountable manner”, and “give effect to its identified priorities in an efficient and effective manner”. Section 39 sets out the governance principles that local authorities are required to adhere to, and includes an obligation to “ensure that the governance structures and processes are effective, open, and transparent”.

Within the Auckland context, there was considerable discussion on transport governance in the period leading up to the formation of ARTA in 2004. This arose from a level of dissatisfaction from a number of stakeholders over the fragmented nature of transport

decision making and funding in the region, and associated disagreements and delays in the implementation of key transport projects.

Appendix A summarises the governance principles that emerged from the consideration of these issues by various groups within the region between 2002 and 2004, including the Auckland Transport Action Group, the joint Auckland Transport Governance Working Party, and the Transport Funding and Strategy workstream for the Joint Officials Group, which examined the potential for a new transport borrowing entity for the region. In each case, a similar set of themes underpinned the consideration of governance. These can be summarised as follows:

- **accountability** (to stakeholders, the public, ratepayers, and other funders)
- **representation** (of different stakeholder and community interests at national, regional, and local levels)
- **clarity and simplicity** (clear and simple roles and accountabilities)
- **efficiency and effectiveness** (structures that minimise transaction costs and enable value for money)
- **mandate** (the authority to fund and deliver core functions and outcomes)
- **alignment of risk and funding** (ensuring that those who carry the financial risks are also those who make the decisions)
- **integration** (between modes, and between transport and other activities, particularly land use).

The themes of accountability, representation, clarity and simplicity (or coherence), and efficiency and effectiveness are all reflected in the EU principles outlined above. Although the fifth EU principle, openness, did not emerge as a theme in the Auckland governance discussions, it is included as one of the requirements of the Local Government Act 2002.

The final three themes (mandate, alignment of risk and funding, and integration) are more specifically related to transport governance in the Auckland region, and highlight the fragmented nature of Auckland's transport and planning institutions that existed at the time the principles were developed. The issues associated with these principles remain important, as illustrated by the discussion in Section 5.

A review of the issues in Section 5 suggests that two further principles should be added: responsiveness, and consistency and continuity.

**Responsiveness** reflects the need for governance structures to be able to deal with emerging trends and issues that will impact on transport in the region in the future. These include the need to respond to international trends and technologies, and a broader set of national policy objectives incorporating economic transformation and sustainability principles. It also relates to the need to accommodate the shift towards integrated, multimodal operational and demand management approaches rather than mode-specific asset development, and the ability to respond to new technologies and management techniques, including road pricing.

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**Table 5 Proposed governance principles and evaluation criteria**

Principle	Evaluation criteria
<b>Accountability</b>	Does the option enable public authorities to be held to account for their actions by stakeholders, the public, ratepayers, and funders?
<b>Representation</b>	Does the option enable the effective representation of different stakeholder and community interests at national, regional, and local levels?
<b>Coherence</b>	Does the option provide public authorities with clear and simple roles and accountabilities, and enable policies and actions that are coherent and easily understood?
<b>Efficiency and effectiveness</b>	Does the option enable effective and timely policies, delivering what is needed on the basis of clear objectives, with structures that minimise transaction costs, make best use of staff resources, and ensure value for money?
<b>Mandate</b>	Does the option provide public authorities with a clear mandate and the statutory authority to take the necessary actions to implement current and future transport plans?
<b>Risk and funding alignment</b>	Does the option provide for an alignment between decisions and the financial risks that they impose?
<b>Integration</b>	Does the option enable integration between modes, and between transport and other activities, particularly land use?
<b>Openness</b>	Does the option enable public authorities to work in an open and transparent manner, and actively communicate about their activities and decisions?
<b>Responsiveness</b>	Does the option enable effective responses to emerging international trends, national policy objectives, and future transport challenges?
<b>Continuity and consistency</b>	Does the option provide for policy continuity and consistency, over time and between different parts of the regional network?

The principle of **consistency and continuity** reflects the long-term nature of transport decisions, the need to avoid policy “about-turns” wherever possible (unless there is a clear public mandate for change, and the implications are clearly understood), and the need to adopt a consistent approach across the entire regional transport network. This issue has particular relevance for major infrastructure projects and future decisions such as road pricing, as discussed in section 5.6.

## 7.2 Evaluation criteria

The resulting governance principles and evaluation criteria that are proposed for the evaluation of transport governance options are shown in Table 5.

# 8. CONCLUSIONS

This section identifies the main implications for future governance arrangements in Auckland that have arisen from this paper. Clearly, there will be a range of considerations other than transport that will need to be taken into account by the Royal Commission on Auckland Governance in developing a final governance proposal. For this reason, there has been no attempt to identify or evaluate future governance options for local government. Instead, this section presents some conclusions, from a transport perspective, on some of the dimensions that will need to be addressed.

The following themes have emerged from the analysis in this paper.

**Transport will remain a significant issue** in Auckland, because of its impact on the daily lives of Aucklanders, the costs involved (both public and private), and the impacts that public sector decisions will have on the well-being of Aucklanders. Because of this, there will continue to be a high level of public interest and scrutiny of local government transport decisions.

Despite recent changes, particularly the advent of ARTA, the **governance arrangements for transport in Auckland remain fragmented**, and there is no clear leadership. No organisation has the overall mandate to plan and implement for transport in the region, and responsibilities remain divided on a modal and geographical basis. This is out of step with an environment that increasingly demands integrated and cross-regional approaches to solving problems.

There is a strong expectation amongst transport stakeholders that this fragmentation should be addressed as part of the current governance review process, and that this would allow better and more consistent transport decisions, and reduce transaction costs.

The current **separation of asset management responsibilities and associated funding arrangements** along modal lines constrains the ability of decision makers to take an integrated view, and can lead to suboptimal outcomes. This problem is particularly acute for public transport and rail, where asset management and operational responsibilities are also split between different organisations.

Significant transport **infrastructure decisions** are needed in future, but the existing governance structures do not appear well equipped to address some of the major projects in the region. Examples include

- Waitemata Harbour crossing
- central business district rail tunnel

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- extension of rail to Auckland airport or the North Shore
- development of a commercial airport at Whenuapai
- an inland port at Wiri.

Although there are still some additions to the network that will be needed, the nature of the transport system in Auckland, and internationally, means that increasing emphasis will need to be placed on how the network is operated, rather than adding further capacity. Again, the current governance structures do not appear well equipped to address the types of decision required to **manage demand and maximise the performance of existing assets**. Examples include

- allocation of space between modes on arterial roads
- road pricing and/or tolling
- development contributions for transport
- increasing the role of rail freight and coastal shipping.

Internationally, there is a strong tendency in metropolitan areas for a single organisation to be responsible for the key elements of the transport network, especially public transport and often major arterial roads. For example the EU governance guidelines note that it “seems paramount that one single authority is responsible for the management of mobility issues in a metropolitan region”. Auckland is no different. The major elements of the transport system operate as a regional network, and **decisions on the development and operation of the network should be made regionally**. This is reflected in Auckland with strong stakeholder support for an effective transport governance structure at the regional level.

Adopting a more holistic **network-wide approach** to transport management appears to be inevitable in future, together with a more complex relationship between funding and service provision. Within this context, future governance arrangements will need to successfully encompass State highways, local roads, public transport, walking, and cycling, together with funding and pricing arrangements.

Although a regional organisation is appropriate, it is essential that any regional governance structure is able to ensure that **national objectives and financial accountabilities** are not compromised. While there has long been a desire in Auckland local government to have transport decisions made within the region, there has been an equally strong desire for the financial impacts of those decisions to be borne by central government. A strengthened regional organisation may allow for a greater degree of regional self-determination, but the Government will need to be sure that there are adequate checks and balances in place to protect its investment, and maintain political accountability to taxpayers.

A key issue to be resolved is whether transport should be the responsibility of a **single-purpose agency, or part of a larger organisation** with a wide range of responsibilities. The tendency in most overseas jurisdictions has been to establish a stand-alone transport

authority, as it allows a more focused approach to resolving transport issues, and tends to attract specialist management and governance expertise. On the other hand, a single-purpose agency can reduce the level of integration with other local government functions, especially land use planning, unless formal steps are taken to ensure alignment.

Another related dimension to consider is the nature of decisions that need to be made by elected officials. Because land transport is publicly funded, and decisions involve a range of community impacts, some degree of **political accountability** is essential. However, there is also a need for policy continuity and consistency, to avoid the potential for transport decisions to become “political footballs”, where issues are not adequately resolved or decisions delayed. At a more detailed level, decisions will often require a degree of technical expertise that is more appropriately delegated to an appointed board.

For this reason, there is often a **separation between strategic and tactical decisions**, where the major strategic decisions are made by a political body and the more specific tactical decisions are made by an arms-length, appointed board. This model requires an appropriate level of board accountability to the political body. In some cases (e.g. Vancouver) this can be assisted by the involvement of an independent commissioner. In the Auckland context, a commissioner could also be of value in maintaining accountability to central government.

Many of the governance issues that have been identified in Auckland have related to the lack of an adequate **connection between decision-making and funding powers**. It is important that this dimension is not overlooked in any future governance arrangements. Structural changes are of value only if they are linked to effective implementation and funding tools. For Auckland, this should include consideration of the following:

- the potential to consolidate transport rates into a single charge
- the desirability for future governance arrangements to incorporate new revenue sources, including regional fuel taxes, tolling, and road pricing
- the potential for central government funding arrangements to be delegated to the region in future, possibly through some form of “bulk funding” for transport.

## Abbreviations

Note that some of the following abbreviations are used only in tables and figures.

AIAL	Auckland International Airport Ltd
ARC	Auckland Regional Council
AREDS	Auckland Regional Economic Development Strategy
ARH	Auckland Regional Holdings
ARTA	Auckland Regional Transport Authority

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ARTNL	Auckland Regional Transport Network Ltd
ASF	Auckland Sustainability Framework
ATP	Auckland Transport Plan
EU	European Union
ISTEA	Intermodal Surface Transportation Efficiency Act (USA)
LGA	Local Government Act 2002
LTA	Land Transport Act 1998
LTCCP	long-term council community plan
LTMA	Land Transport Management Act 2003
LTNZ	Land Transport New Zealand
LTP	land transport programme
MPO	metropolitan planning organisation (USA)
NA	not applicable
NSCC	North Shore City Council
POAL	Ports of Auckland Ltd
PTNP	Passenger Transport Network Plan
RGS	Regional Growth Strategy
RLTC	Regional Land Transport Committee
RLTS	regional land transport strategy
RMA	Resource Management Act 1991
RPS	Regional Policy Statement
RPTP	Regional Passenger Transport Plan
STP	Sustainable Transport Plan
TA	territorial authority
TfL	Transport for London
TMU	Traffic Management Unit
TSSD	Transport Sector Strategic Directions
TSLA	Transport Services Licensing Act 1989

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## Appendix: Themes from previous work on transport governance in Auckland

Theme	Regional Transport Governance Review (November 2002)	Auckland Transport Action Group (February 2003)	Joint Officials Group: Transport Funding and Strategy Workstream (July 2003)
Accountability	Accountability to stakeholders and public		Accountability to those who collect and contribute revenues, and to the people of the region
Representation	Recognition and protection of stakeholder rights relative to interests  Representation that fairly reflects interests  Transparency of information	No taxation without representation	Transparency of structures and decision-making processes (includes financial transparency in the handling of funds)  Protection and recognition of stakeholders' rights in relation to their relative interests
Clarity and Simplicity	Clarity of roles, responsibilities and accountabilities  Simple structures	Accountabilities should be clear and simple.  The objectives of all the parties involved need to be aligned (by reducing the number of parties involved and/or providing one body with responsibility for coordinating decision making).	Simplicity: structures and decision-making processes should be simple and streamlined where possible and appropriate.
Efficiency and Effectiveness	Efficient decision-making processes  Minimisation of transaction costs  A drive to achieve maximum agreed service outputs while seeking to reduce costs	There needs to be an optimum use of capital and corridors.	

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Theme	Regional Transport Governance Review (November 2002)	Auckland Transport Action Group (February 2003)	Joint Officials Group: Transport Funding and Strategy Workstream (July 2003)
Mandate		Governance should support the speedy implementation of regional land transport strategy.	Ability to carry out core functions
Risk and funding alignment	Strategy driving funding	Funding risk should be aligned with decision making.  Funding should be integrated with strategy.	Strategy drives funding
Integration	Integration with wider issues (land transport, land use, regional growth)  Alignment of objectives/ integration	Passenger transport should be integrated with roading, and transport with land use and economic development.  Decisions and trade-offs between services and infrastructure expenditure should be integrated.	
Other	Development of current and future capability	There needs to be a focus on the regional network.	

### Footnote to the document, September 2008:

The New Zealand Transport Agency was established on 1 August 2008, bringing together the functions of Land Transport New Zealand and Transit New Zealand.

The national transport strategy update, New Zealand Transport Strategy 2008, is available on the Ministry of Transport website.