

**Land Transport NZ**  
Report on Shared Services in  
Transport

April 2007



# Contents

1	Executive Summary	4
2	Introduction	1
	2.1 Background	1
	2.2 The Nature of Shared Services	1
3	The Policy and Legislative Context	2
	3.1 Recent Initiatives	2
	3.2 The NZ Transport Strategy	3
	3.3 The Local Government Act 2002	4
	3.4 The Land Transport Management Act 2003	4
4	Why Shared Services?	6
5	Questionnaire Results	8
6	Drivers for Change	12
7	Key Issues	13
	7.1 Costs	13
	7.2 Obstacles	14
	7.3 Key Learnings	14
	7.4 Summary of Questionnaire Results	16
8	Assessment Framework	17
	8.1 Options	17
	8.2 Assessment Criteria	19
9	Future Opportunities	20
	9.1 More Use of Joint Capital Works	21
	9.2 Packages of Activities	21
	9.3 Policy Development	21
	9.4 Network Planning	22
	9.5 Strategic Planning	22
10	Conclusion	23



## Appendices

- A Current Arrangements
- B Tables of collated data from Shared Services Questionnaire
- C Questionnaire on the Joint Delivery of Roading and Transport Activities

## Figure Index

Figure 1 Do you have any form of existing joint delivery of transport activities?	8
Figure 2 Existing joint delivery arrangements	9
Figure 3 Councils that have previously considered joint delivery but have not proceeded with them	10
Figure 4 What services were proposed but were not proceeded with? 10	
Figure 5 Are you currently considering the joint delivery of transport activities?	11
<b>Figure 6 Drivers of joint services identified by Councils with current arrangements</b>	<b>12</b>



# 1 Executive Summary

Land Transport NZ and Local Government NZ commissioned this report to gain a better understanding of the current practices for the joint delivery of transport services. This will allow Land Transport NZ and Local Government NZ to determine if there are ways they can assist local authorities and whether to further promote shared service delivery initiatives. For the purposes of this report, shared services are defined as more than one local authority and/or a transport agency working together within the current legislative framework.

In 2000, the Ministry of Transport considered whether some aggregation of the current transport providers might lead to better outcomes for users and the community. There was a view that across the national roading network, it is difficult to take a strategic review of investments and clustering could facilitate integrated solutions and streamline decision-making processes. It was also suggested that cost savings could be made through the concentration of management functions and the aggregation of contracts. On the other hand, it was also argued that large clusters could be less in touch with local communities and those communities could find it difficult to influence their decisions. The form of clustering considered included a specialist land transport agency that could have its own statutory and legal form. The clustering initiative did not proceed any further at this time.

However, clustering was referred to in the NZ Transport Strategy in 2002 where it was indicated that allowing clustering was a “work in progress”.

Both the Local Government Act 2002 and the Land Transport Management Act provide an enabling environment for sharing services and actively encourage collaborative planning and delivery of transport networks.

The reasons for local authority undertaking shared services can be many and varied and can be summarised by 10 C's – consistency, cost, capability, capacity, coordination, cooperation, collaboration, clustering, constraints and contracts and 6 S's – suitability, sustainability, structure, savings, scale and strategies.

Of the 85 local authorities throughout New Zealand, 51 (60%) responded to the Questionnaire. Of the 51 respondents, 6 were regional councils and 45 were territorial authorities.

75 percent of the authorities that responded have indicated that they have some form of existing joint delivery of transport activities. The major types of these activities are sharing of a road safety coordinator (25%), professional services (19%), network maintenance (18%), joint capital works (18%), and network planning (11%).

41% of the 51 councils have previously considered the joint delivery of transport activities but did not proceed with them. This included network management (48%), and capital works (22%). The reasons for these services not proceeding range from little or no political will, parties not wanting to commit resources, the risk of higher



costs, and Transit NZ withdrawing from the proposal. Of the 51 local authorities, 29% suggested that they are currently considering the joint delivery of transport activities.

The main drivers for change have been economies of scale (40%), and more efficient management (30%).

In terms of the costs of these arrangements, generally most councils reported that the cost is either minimal or that there were no costs at all. Only three of the 34 councils with existing joint delivery arrangements stated what the arrangement had cost them financially and these range from less than \$5,000 up to \$150,000. The obstacles encountered in achieving successful joint delivery arrangements are common in multi-party relationships – the need to align timeframes and programmes to ensure that those parties' goals are achieved, and ensuring that buy-in is obtained at all levels.

Some of the reasons for not proceeding with joint service delivery arrangements included the failure to agree on the governance model, the withdrawal of Transit NZ, differences between the parties are too great, and lack of senior management and political buy-in. Transit NZ has indicated that they have withdrawn on a number of cases because most of the cost savings have resulted from a better procurement model rather than the shared arrangement and there was insufficient reason to continue with a proposal.

It is clear that for a successful shared service arrangement, councils should record the goals of the arrangements and the commitments of resources in a formal agreement or Memorandum of Understanding. But it is also clear that these forms of arrangements are relationship based and face many of the challenges of relationships – suspicion, lack of trust and poor communication. Potentially, a 3<sup>rd</sup> party could assist in a facilitative role.

In developing an assessment framework, councils need to consider Section 77 of the Local Government Act 2002 on decision-making. This will require councils to consider the economic impacts (costs of options), the impact on community outcomes (quality of service) and the ability to meet statutory needs. Options for shared services include:

- » Joint committee
- » A joint council controlled organisation
- » Joint principals to a contract
- » Formal agreement – a parent partner
- » Statutory empowered delegation
- » Sharing staff

This report suggests that assessment criteria that can be used for assessing both whether a shared service option is appropriate, and also the most appropriate form of that shared service.

These key criteria are suggested as follows:



- » Financial costs – short term establishment costs and annual costs.
- » Quality of services – requires levels of service and performance measures.
- » Customer service
- » The ability to attract and retain staff
- » The parties degree of control
- » Impact on other activities and responsibilities

It may also be an advantage to consider additional issues such as financial risks, political risks, flexibility of the arrangement, strategic alignment with people and geographical areas, alignment with the service delivery market place, and the ability to monitor effectiveness.

It is our view that future opportunities go well beyond the most popular applications of sharing of road safety coordinator, network maintenance and joint capital works. We believe that there are significant future opportunities in the following categories:

- » More use of joint capital works – given the more enabling environment, the emphasis on integration and alternative funding sources, the future provides a better environment for agencies to fund and implement the development of the network.
- » Packages of activities – it is the view of Land Transport NZ that packages should increasingly emerge from regional land transport strategies, long term community plans, and local transport plans.
- » Policy development – local authorities need to development transport outcomes and policies jointly with other transport agencies in order to take a multi-modal approach to transport.
- » Network planning – commencing from the role of regional land transport strategies, Transit NZ has recently indicated that it is now working to ensure regional priorities and expectations are aligned with national priorities and that planning cycles are better aligned.
- » Strategic planning – local authorities and Transit NZ need to work collectively to plan the future of a district from economic, social and environmental perspectives.

Accordingly, it is recommended that:

- » Further work be undertaken to identify if there are legislative impediments to Transit NZ being more actively involved in the joint delivery of transport initiatives.
- » Shared services be supported by the development of a model MOU setting out goals, and the commitment of resources.
- » Consideration be given to the provision of a facilitation service being made available for councils wishing to negotiate shared services arrangements.



- » Guidance be provided for sub-regional interagency land transport policy development.
- » Guidance be provided on the assessment of the joint delivery of transport activity options by promoting the criteria as outlined in this report.
- » Shared services be promoted for developing packages of activities, joint policy development, network planning and strategic planning.
- » Joint central and local government strategic planning as per the Bay of Plenty and Christchurch models be actively promoted for other areas of New Zealand.



## 2 Introduction

### 2.1 Background

In recent years, there have been a number of developments in the joint delivery of road activities – notable examples include Marlborough Roads and the Bay Roads in the Bay of Plenty.

Also recently there has been a significant change in the transport sector promoted by the NZ Transport Strategy and the Land Transport Management Act 2003. These call for an integrated approach to transport management, and have created an environment where collaborative arrangements for the management of transport have taken on a renewed prominence.

It is within this context that Land Transport NZ and Local Government NZ would like to gain a better understanding of the current practices for the delivery of transport services and commissioned GHD to undertake a survey of current and potential practices. Information on potential issues or obstacles will allow Land Transport NZ and Local Government NZ to determine if there are ways that they can assist local authorities and whether to further promote shared service delivery initiatives.

The Controller and Auditor General is currently reviewing shared services – particularly the current network management arrangements between Transit New Zealand and local authorities, to assess their effectiveness. It was recognised that this project should not overlap or duplicate that work.

This project's focus is to survey the current practices of local authorities and to identify why some proposals have not proceeded. Another important part of this study is to consider what future opportunities there are to promote collaboration in the sector.

Part of this project is also to develop a set of principles for a decision making framework to assist an approved organisation undertake an analysis of costs, benefits, risks, to evaluate options for shared service delivery initiatives.

It should be noted that the analysis and views expressed in this report are those of GHD, not those of Land Transport NZ and Local Government NZ.

### 2.2 The Nature of Shared Services

Local authorities working together can be described in a number of ways – examples include clustering, shared services, and joint arrangements. For the purposes of this report, we have taken the view that any arrangements where more than one local authority and/or a transport agency work together in some form, within the current legislative framework, fall within the terms of reference of this Report. The model considered in previous clustering proposals as envisaged by the Ministry of Transport in 2000, such as a specialised land transport agency, fall outside this study.

Regional land transport committees are in many respects, a form of shared services, collaboratively planning regional transport networks, and are a statutory requirement.



As such, they have not been covered by this report, but do form one of the key elements of integrated planning in New Zealand.

However, subject to this constraint, there is still a wide variety of models and options available to land transport agencies that extend from the relatively modest example of joint contracting to a separate joint company (a Council Controlled Organisation) potentially covering a significant geographical area. The drivers for local authorities working together are many and varied. Examples include economies of scale resulting in cost savings, and overcoming skills shortages by the sharing of staff. Part of this study is to provide a better picture of these drivers.

## 3 The Policy and Legislative Context

### 3.1 Recent Initiatives

In 2000, the Ministry of Transport developed policy papers on clustering of roading controlling authorities and consulted with a wide variety of transport agencies. The key question was whether some aggregation of the current providers might lead to better outcomes for land transport users and the community. It was made clear by the government at that time that the clustering proposed would not involve commercial companies and it would be voluntary. It also pointed out that it wanted to ensure that local communities continue to have a strong influence over the way transport infrastructure is managed. However, within these limits, it was suggested that there were a number of different approaches to clustering, ranging from increased cooperation of the current providers to potentially new, separate agencies.

At that time, the Ministry pointed out that projects were funded individually and there were a multitude of players with potentially conflicting priorities, and decision-making was protracted and complex. It was argued that across the national roading network, it was difficult to take a strategic view of investment, and any investments that were made may not have fully taken into account the impacts of the works. It was suggested that clustering could facilitate integrated solutions to particular transport problems, and streamline decision-making processes.

It was also suggested that cost savings could also be made through the concentration of management functions and the aggregation of contracts for maintenance and capital expenditure. It was also suggested that the use of future tools such as mobility charging could more successfully be used in large cities through clustering and coordination between adjacent networks.

On the other hand it was also argued that large clusters could be less in touch with local communities and those communities could find it more difficult to influence their decisions. Likewise, road users may find it more difficult to influence large players.

It was also suggested that state highways and local roads are quite different products, catering for different types of use. Transit had developed considerable expertise in



managing a specialised network including the management of large projects. Clustering may not be to provide benefit to these areas.

There were a number of approaches to clustering suggested, ranging from increased co-operation to separate legal entities. There were current clustering arrangements for local authorities under the Local Government Act and alternatively a cluster could be a specialist land transport agency that could have its own statutory and legal form.

One of the most significant constraints to any regional cluster would have been the existing reliance on rates funding and other sources of revenue such as the fuel excise tax, road user charges and road vehicle registration licensing fees. This raised questions about how a regional cluster could charge road users.

The issues of state highways raised a number of particular issues. Transit NZ manages these on behalf of the Crown and disposal of state highways to another entity seemed an unlikely option. Apart from the examples of delegating management of state highways, there were significant issues with potential new arrangements such as:

- » What are the advantages or disadvantages of combining state highways and local roads in one region in a single network?
- » Does this raise the possibility of different answers for major urban areas and provincial areas?
- » Are there any possible direct financial benefits of managing these networks collectively?
- » How would the partnership between local authorities and the Crown be expressed in the governance structure?
- » What should be the size of these networks and the term of the management?
- » Is there a case for having a smaller strategic network managed by Transit NZ and transferring some state highways to regional clusters?
- » What agency might have responsibility for setting minimum standards for roads and what would happen to the technical and advisory services, and specialised skills currently provided by Transit NZ?

These initiatives did not proceed further at this time, until mentioned in the NZ Transport Strategy.

### **3.2 The NZ Transport Strategy**

The issue of clustering was next raised in the NZ Transport Strategy in 2002 as a “work in progress”. This indicated that the Ministry of Transport were considering simplification of the management of the road network, including allowing clustering of road management agencies and introducing new legislation covering road management powers. The NZTS pointed out that clustering would enable the sharing of skills and resources and the adoption of innovative approaches to managing roading networks.



The NZTS also stated that simplifying road management powers would help reduce the cost of managing the road network.

### **3.3 The Local Government Act 2002**

The Local Government Act 2002 has a number of provisions encouraging local authorities to work together.

- » Section 12 provides that a local authority in exercising its powers is not prevented from doing so by providing for two or more local authorities to engage in a joint undertaking, joint activity, or a cooperative activity.
- » Section 14 provides that a local authority should collaborate and cooperate with other local authorities and bodies, as it considers appropriate.
- » Section 15 provides for triennial agreements to be entered into between councils in a region and these are to contain protocols for communication and coordination between the councils.
- » Section 6 provides that a council controlled organisation may comprise of one or more local authorities.

The Act also provides for local authorities to work with other agencies of government under the community outcomes process (Section 91). That process requires the council to identify other organisations capable of influencing either the identification or promotion of community outcomes, and to secure the agreement of those organisations.

### **3.4 The Land Transport Management Act 2003**

The Land Transport Management Act 2003 also provides some direction on shared services:

- » Section 3 – the purpose of the Act provides an integrated approach to land transport funding and management, and promotes long term planning and investment. These require collaboration.
- » Section 15 – the consultation provisions require reciprocal consultation between Transit NZ and local authorities.
- » Section 15 requires local authorities to take into account relevant regional land transport strategies and this requires collaboration.
- » Section 77 – the objectives of Transit NZ provides that Transit NZ must exhibit a sense of social and environmental responsibility, which includes providing early and full opportunities for local authorities to contribute to its land transport programmes.
- » Section 77 - The objective of Transit NZ – this also requires that Transit NZ operate the state highway system in a way that contributes to an integrated land transport system.

It is clear from this analysis that the current policy and legislative framework for both local authorities and Transit NZ provides an enabling environment for shared services



and is encouraged at a number of levels. This includes policy development, planning, funding and management.



## 4 Why Shared Services?

The reasons for local authorities undertaking shared services can be many and varied. From a high level perspective, these reasons can be captured by 10 C's – consistency, cost, capability, capacity, coordination, cooperation, collaboration, clustering, constraints and contracts and six S's – suitability, sustainability, structure, savings, scale and strategies. These are explained further as follows:

### **The 10 C's**

**Consistency.** There are benefits in terms of (reduced) costs and comparisons through identifying common contracting processes, levels of service, and monitoring indicators and reporting requirements.

**Cost.** Financial savings can be made depending on local circumstances through packaging activities to improve competitive processes, leverage off available plant, etc. Cost savings can also be realised by service providers through common or single contracting processes. On the other hand getting together to decide whether there is benefit in working together has a cost. This cost may initially be invisible (such as meeting time, analysis of meeting agenda items, creating and considering information, etc).

**Capability.** Joint delivery of transport activities may be one way to manage (competing) demands on the staff in two or more local authorities. Each partner council, however, needs to retain the ability to be a "smart purchaser" to ensure value for money - over time.

**Capacity.** Joint delivery of transport activities may be one way to manage competing demands on finite skills available between two or more local authorities. Each partner council, however, needs to develop and retain the ability to be a "smart purchaser" to ensure value for money - over time.

**Coordination.** Coordination can lead to presenting suppliers with a more attractive package, which in turn can improve value for money (e.g. reduced prices, improved service quality and/or level). Examples of packages include synchronising physical works to make the most of expensive mobile capital equipment. Coordination can have a cost, so the total costs and benefits need to be considered.

**Cooperation.** Cooperation can lead to presenting suppliers with a more attractive package, which in turn improve value for money (e.g. reduced prices, improved service quality and/or level). Examples of packages include working together to tender out similar contracts at similar times using similar processes. Cooperation can have a cost, so the total costs and benefits need to be considered.

**Collaboration.** Collaboration takes cooperation one step further by identifying common goals and identifying optimal processes to improve value for money. Collaboration can have a cost, so the total costs and benefits need to be considered.

**Clustering.** Depending on the circumstances it can be beneficial for local authorities to get together to work on processes, systems, service delivery, etc. The term clustering



has been used in the past in a pejorative way to refer to forced collaboration (reduced local political representation to enable economic efficiencies).

**Constraints.** There are constraints to achieving additional value from working together. Constraints can range from local political interests, timing of contracts, differences in pavement conditions, compliance (e.g. management and administrative) costs, expectations about levels of service, and uncertain costs and benefits. In addition the impetus for making changes may not be present (e.g. rates pressures are manageable, there are no skill shortages).

**Contracts.** The contract form can help determine the value to be gained from councils working together. Land Transport NZ has to approve procurement procedures for land transport activity that receives financial assistance (a statutory requirement under the Land Transport Management Act 2003). Land Transport NZ's regional staff work with local authorities to identify procurement procedures and contract forms that optimise value for money and enable innovative joint delivery arrangements.

### **The 6 S's**

**Suitability.** Local circumstances may influence determine the suitability of services to be jointly delivered (e.g. timing, potential efficiency gains, local capacity and capability, governance interests). Some services may be more suitable to be jointly delivered than others.

**Sustainability.** Levels of service need to encourage sustainable use of the land transport system. Investment needs to reflect long-term needs, provide efficient networks (e.g. each mode playing its part, operators are able to improve their productivity and competitiveness), encourage travel that reduces fossil energy use, mitigates emissions (e.g. local air quality, particulate, Co2), improves health, etc. Any improvements in processes, planning, systems, governance arrangements, etc that could improve longer-term outcomes could be explored.

**Structure.** All structures incur costs (e.g. financial, management, transaction), and create tension. Structures to organise the delivery of transport should minimise costs and maximise value. Tension should be set to ensure effective stewardship, value for money, evidence based decision-making, etc. Structures can be "soft-wiring" (e.g. collaboration between people to achieve something) or hard wired (e.g. shared service company created to deliver objectives). Soft-wiring is highly dependant on relationship management skills and cannot ensure all the value available is realised. On the other hand hard-wiring is usually comparatively expensive.

**Savings.** Economic considerations are a powerful motivating factor in decision-making. If financial savings can be made through collaboration, and they are significant and outweigh risks, it would be rational to capture them. Sometimes forecast savings can be within a margin of error – and they are forecasts. The costs, however, are usually real, and need to be expensed up front in advance of uncertain benefits.

**Scale.** Conventional wisdom is sometimes expressed as scale creates economies (i.e. economies of scale). This does not always hold true, especially where customers are



segmented broadly and have many different expectations. Sometimes there is a loss of flexibility or responsiveness to achieve economies of scale. In local government terms, it is sometimes said that (hard-wired) restructuring is required to achieve economies of scale. Sometimes, however, scale benefits can be achieved through collaborative arrangements without sacrificing local representation (and associated flexibility or responsiveness).

Strategies. Joint services can be a means to a broader objective. Creating strategic alignment between agencies can be an optimal way to identify potential benefits, manage challenges that arise along the way, and sustain benefits over time.

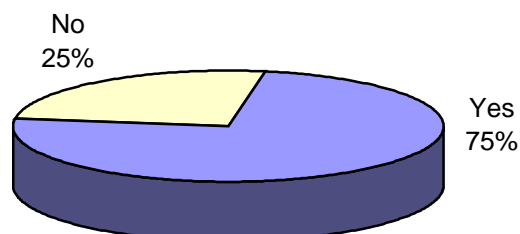
The following survey questionnaire responses, and subsequent discussion develops these issues further.

## 5 Questionnaire Results

Of the 85 local authorities throughout New Zealand, 51 (60%) of them responded to the Questionnaire on the “Joint Delivery of Roading and Transport Activities”, see Appendix C. Of the 51 respondents, 6 were Regional Councils and 45 were Territorial Local Authorities. The analysis of the questionnaire is split between the next 3 sections, firstly where existing and possible future arrangements are analysed in terms of their structure and outcomes, secondly the benefits of the existing arrangements to the parties involved, and thirdly the actual and potential costs/disadvantages incurred by existing and proposed arrangements.

It is beneficial to analyse the broad results of the questionnaire in terms of existing arrangements, proposed arrangements and possible future arrangements. Figure 1 below, illustrates that 75% of the authorities that responded to the survey already have some form of existing arrangement in the delivery of shared transport activities.

**Figure 1 Do you have any form of existing joint delivery of transport activities?**



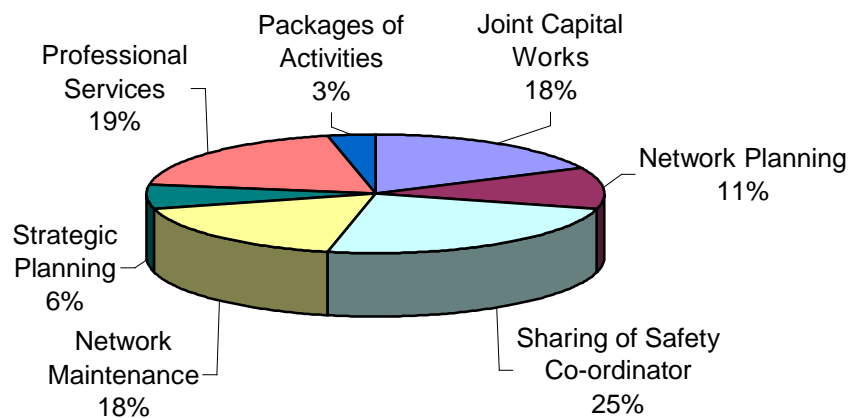
Existing arrangements as indicated through the survey are tabulated in Appendix B, and indicate the range of services that local authorities share. Other known existing



arrangements are also included in the tables, which were not necessarily obtained through the survey. Differentiation is made between arrangements that involve central government agencies such as Transit New Zealand and those arrangements that are just between local authorities.

From the survey, there are a range of roading and transport activities that are being shared by local authorities and Transit New Zealand and these are shown in Figure 2. Mostly the arrangements are related to joint capital works, network planning, sharing safety co-ordinators, professional services and network maintenance.

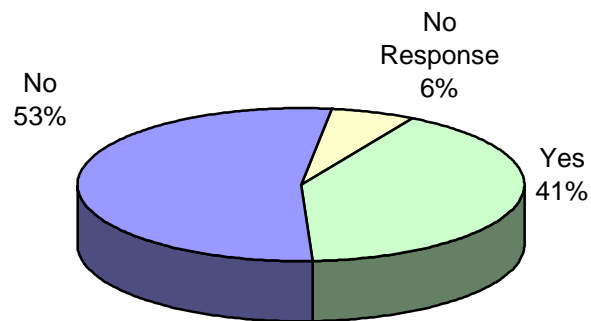
**Figure 2 Existing joint delivery arrangements**



There doesn't appear to be any significant difference between the joint arrangements that have formed between local authorities and central government and the arrangements that have formed between local authorities, in terms of the services provided.

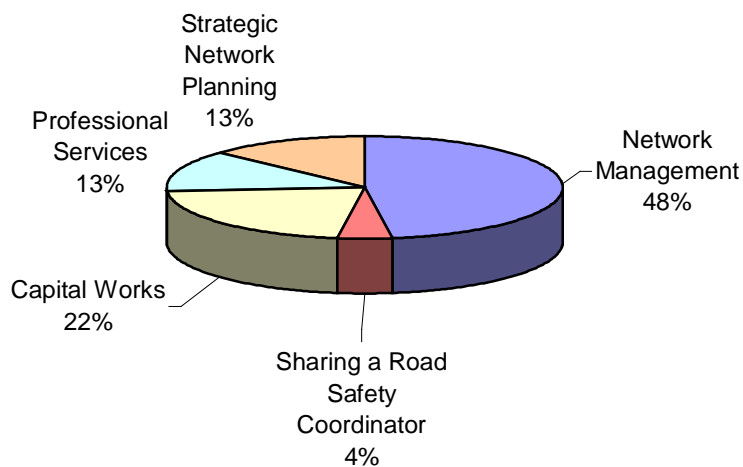
Figure 3 below indicates that 41% of the 51 councils have previously considered joint delivery of transport activities, but did not proceed with them. Survey respondents cited a variety of reasons for not proceeding with the joint delivery of transport activities and are presented in Table 3 of Appendix B. The most common reasons cited for not proceeding with a joint arrangement were that the financial benefits could not be justified and some cited "political" reasons. Sections 5 and 6 further discuss the drivers and costs encountered when initiating a joint delivery of transport or roading activities.

**Figure 3 Councils that have previously considered joint delivery but have not proceeded with them**



From Figure 1, 25% of the authorities that responded to the survey stated that they do not have any form of existing shared arrangement, but may have previously considered a joint arrangement but have not progressed with it for variety of reasons. In figure 4 below, it is seen that nearly half of those services that were considered but not proceeded with were the joint delivery of network management arrangements, with strategic network (13%), professional services (13%), capital works (22%) and sharing a road safety coordinator (4%) also identified.

**Figure 4 What services were proposed but were not proceeded with?**

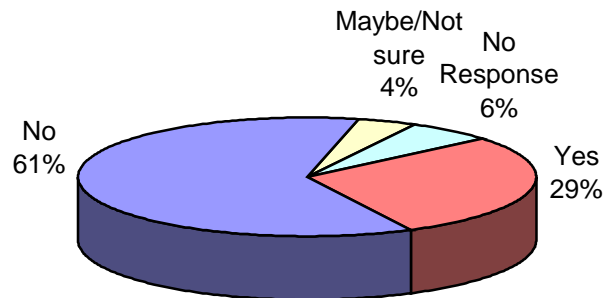




A number of reasons why these services weren't proceeded with were given in the survey responses. They ranged from little or no political will, parties not wanting to commit resources, the risk of higher rates, the work was more cost efficient to tender separately and Transit New Zealand withdrawing from the proposal. Obstacles and barriers are discussed in more detail below in Section 6. Even though the proposals didn't proceed, many of the councils remain optimistic that the proposal will go ahead in the future.

Of the 51 local authorities that responded to the survey, 29% suggested that they are currently considering the joint delivery of transport activities, whether they have existing arrangements or not.

**Figure 5 Are you currently considering the joint delivery of transport activities?**



Of those councils who are contemplating the establishment of joint services, eleven local authorities provided details of possible future joint delivery of transport activities and they perceive the main benefits of forming a shared delivery arrangement are:

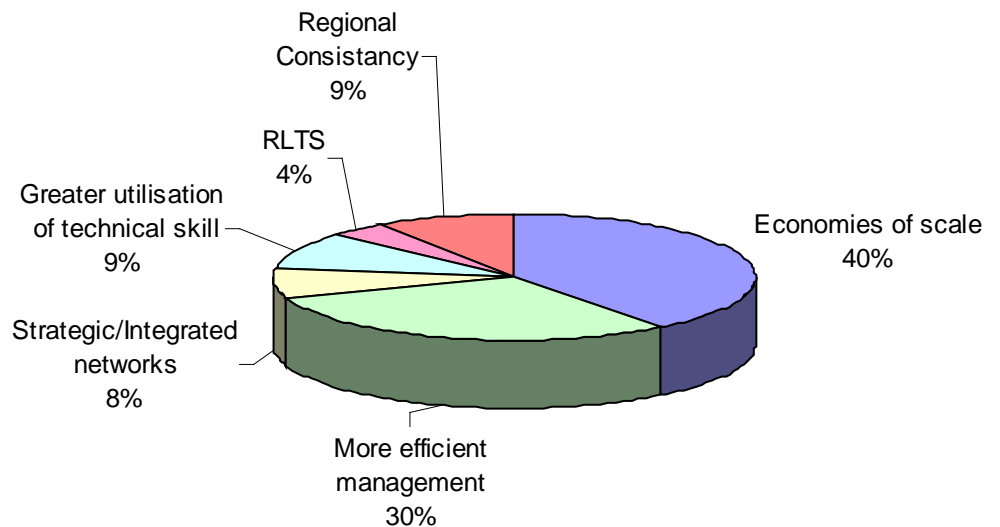
- » More effective management – greater coordination;
- » Greater transport efficiency;
- » Lower costs; and
- » Improved service to ratepayers.

However, each authority is aware of the potential obstacles that may prevent the arrangement from progressing. Costs and obstacles are further discussed in detail in Section 7.

## 6 Drivers for Change

The key factors that have driven local authorities to form joint arrangements are varied and specific to each arrangement. Primarily though, economies of scale and more efficient management of roading and transport projects were reoccurring themes from the survey. For example, the Marlborough Roads arrangement was described as a 'one stop shop', which provides greater customer service. Some authorities also suggested that cross boundary issues was the driver to forming a joint arrangement eg; Selwyn District Council and Hutt City Council, and that regional consistency is important. Figure 5 below illustrates the key drivers to forming a joint delivery, as indicated by local authorities with existing arrangements.

**Figure 6 Drivers of joint services identified by Councils with current arrangements**



Since many of the local authorities that responded to the questionnaire are already within an existing shared transport arrangement (73%) there are clearly perceived benefits to entering shared arrangements. The survey highlighted a number of benefits and advantages, they included:



- » Council has the opportunity to have a major influence on a project at a relatively low cost;
- » Getting early agreement on scope, design, and funding;
- » Reduces council workload and costs, as tender processes do not have to be administered;
- » Better levels of service;
- » Better communication and working towards creating a consistent standard across the district;
- » Recruitment and retention of staff;
- » Improved transparency; and
- » Better decision making and alignment with LTCCP's.

Existing arrangements that have been formed to share strategic, integrated land transport strategies, stated that the key drivers were better growth management outcomes and the earlier provision of lead infrastructure. For example Tauranga City's 'Smart Transport' was driven to create consistent strategic land use and transport outcomes. By entering the shared arrangement the parties involved have been able to more rapidly progress in delivering core infrastructure, contain the scope of major projects and reduce costs by saving time.

Notably there is a range of administration and procedural drivers/benefits that have encouraged local authorities to enter into shared transport arrangements. From a financial perspective, few have actually quantified the savings that have occurred through entering a joint delivery. Many of the respondents suggested that it is difficult to identify the true savings or that they simply haven't evaluated them. For those that have calculated the financial savings of entering a joint arrangement, the savings range from \$15,000 to estimated millions of dollars. Three councils indicated that approximately 10% of the overall project cost was saved through entering a joint delivery agreement.

However, Waitakere City Council identified an arrangement where costs actually increased through entering into a joint delivery. They identified that costs increased because of delays and changes in design as a result of the parties involved not working together to their optimum. Similarly, Waikato District Council suggested that the two arrangements that they have entered did not reduce the overall costs of the projects, but redistributed the cost among the parties involved. However this ensured buy in.

## 7 Key Issues

### 7.1 Costs

Despite the numerous benefits of shared transport arrangements discussed in Section 5, a number of councils in the survey highlighted a range of establishment costs and



obstacles to developing such an arrangement. This section discusses the financial establishment costs that councils have faced in the initial set up of shared arrangements and secondly the managerial and administrative obstacles that have been encountered.

The establishment costs of a joint delivery range considerably from no costs to \$150,000. Generally most councils reported that the costs were either minimal or that there were no costs at all. Three of the 34 councils with existing joint delivery arrangements stated what their arrangement had cost them financially. These financial costs included sums of <\$5000, <\$100,000, and \$150,000 and were made up of staff, consultant and legal costs. Six councils identified insignificant administrative costs as being the total cost of establishing a joint delivery. Furthermore, the survey results didn't highlight that the scale or intended outcome of the projects were proportionate to the establishment costs. For instance Marlborough District Council stated that the establishment costs of Marlborough Roads were <\$100,000. In comparison other well established joint arrangements indicated their establishment costs were minimal or virtually no cost at all.

## **7.2 Obstacles**

During the establishment of successful joint delivery arrangements (Part 2 of the Questionnaire) many of the councils surveyed encountered obstacles. These obstacles generally fall within the themes of funding and politics. The list below summarises some of the typical obstacles the councils stated in the survey.

- » Trying to align timeframes and financial programmes, eg; Local Authorities and Transit;
- » Ensuring funding and agreement on funding shares;
- » Ensuring that the goals of those involved are catered for and fairly represented;
- » Moving from a political exercise to a professional programme;
- » Obtaining council buy-in;
- » Gaining public trust – overcome with extensive community consultation; and
- » Lack of communication – overcome through the establishment of protocols.

It is clear that many of the obstacles are common to multi-party relationships – the need to align timeframes and programmes, ensuring both parties' goals are achieved, and obtaining buy-in at all levels.

## **7.3 Key Learnings**

From these identified obstacles, councils offered the key learnings that they have identified from the process of establishing joint delivery of transport projects. The majority of the key learnings that councils identified relate to communication between the parties involved and the management of resources. The quotes below are taken from survey responses and provide an indication of some of the key learnings of establishing a shared arrangement of transport services.



*“The venture takes commitment. At times you know the spilt of resources and service delivery is not always even, but you have to accept it. There has to be a willingness to make the venture succeed.”*

(Kawerau District Council)

*“There is an ongoing need for discussion. Possibly it needs to be more rigidly structured with expectations more fully worked through.”*

(Palmerston North City Council)

*“It is often difficult to bring diverse interests together but it is worth persisting as the final result is more likely to be robust.”*

(Greater Wellington Regional Council)

*“A MOU at the early stages of the project would have clarified the project scope, responsibilities and funding obligations. A cooperative approach rather than a competitive approach would have assisted with this.”*

(Waitakere City Council)

Clearly, open transparent discussion at the initial stages of developing a joint arrangement is a key learning that has come from the councils with existing arrangements. Flexibility in scoping, establishing responsibilities and financial contributions are also important factors to consider when initiating shared deliveries of transport services.

The survey also asked councils with existing arrangements what they would have done different to the approach taken. Most councils suggested that they wouldn't have done anything differently. Of the councils that responded to this section of the survey, Waikato District Council suggested that the goals of the arrangement should be clearer at the outset and Palmerston North City Council suggested regular re-examination of the projects key principles would be worthwhile.

Part 3 of the questionnaire asked councils whether they had previously considered a joint arrangement of transport services but had not proceeded with them and this also provides some insights on key learnings. Forty one percent of the 49 councils surveyed stated that they had considered some form of joint delivery but had not proceeded. Some of the reasons why they did not proceed are listed below.

- » Prioritisation of other jobs;
- » Failure to agree on a governance model;
- » Central government agencies withdrew;
- » Differences between parties were too great; and
- » A lack of Senior management and political buy in

Transit NZ were cited in a number of cases as withdrawing. Discussions with Transit NZ have indicated that in a number of cases, most of the cost savings have resulted



from a better procurement model, rather than the shared arrangement. This has left insufficient reason to continue with the proposal.

Interestingly, not one of the 17 councils that responded to this section mentioned that funding was a reason for not proceeding with the delivery of joint services.

It is clear that for councils to have a successful arrangement, at the outset the goals of the arrangement and commitments of resources should be clear and recorded in some form of initial agreement or Memorandum of Understanding. A model MOU could be of assistance.

Options need to be developed and assessed against agreed criteria and this is discussed in the following sections.

However, in addition to these formal processes, it is clear that these arrangements are relationship-based, and face many of the challenges of relationships – suspicion, lack of trust, and poor communication. Potentially, a 3<sup>rd</sup> party could assist in this process in a facilitative or mediation role.

#### **7.4 Summary of Questionnaire Results**

As seen in the graphs and discussion above, a significant proportion (75%) of the councils surveyed already have existing joint delivery arrangements. A wide range of roading and transport services are included in these arrangements. However, the sharing of road safety coordinators, joint capital works, and network planning/maintenance are the main activities that are currently being shared. Numerous benefits and obstacles were highlighted by councils with existing joint services, with more efficient management and economies of scale being the main benefits identified. Generally the main obstacles encountered by councils establishing joint delivery of services has been politics and funding, in particular trying to align financial programmes and allocations.

Of the Councils that responded to the survey with existing arrangements, key learnings were offered from their experience of establishing joint arrangements. The key learnings included open communication at initial stages of the arrangement and allowing for flexibility in the initial start up of the arrangement.

Overall, the participating councils generally supported the establishment of joint arrangements with the benefits of the arrangements out-weighting any initial or ongoing obstacles that were encountered.

In the future, assistance could be provided by development of a model MOU incorporating goals, resource commitments of the parties, and communication protocols.

Shared services arrangements are very much relationship based, and it could be useful to use a facilitator to assist in the negotiation of agreements.



## 8 Assessment Framework

### 8.1 Options

Assessing options for service delivery arrangements against a set of principals is an important step in deciding the most appropriate form of joint arrangement for shared services.

In the report of the Controller and Auditor General – “local authorities working together”, in May 2004, it was reported that only four of the 12 case studies were based on a formal analysis of costs and benefits. The OAG pointed out that a key to any business case is comparing the financial and non-financial costs and benefits of working together with those of acting alone.

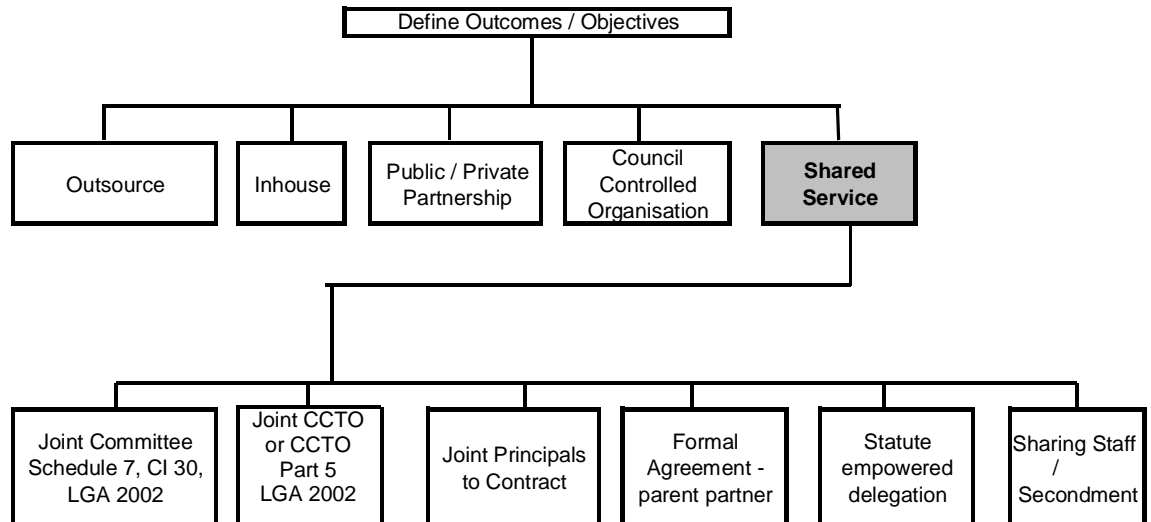
The provisions of the Local Government Act 2002 – Section 77, in relation to decisions, points out that local authority must in the course of its decision making process:

- » Identify all reasonably practicable options.
- » Assess those options by considering the benefits and costs of each options in terms of the present and future social, economic and environmental and cultural well-being of the district
- » The extent to which community outcomes will be promoted or achieved by each option
- » The impact of each option on the local authority’s capacity to meet present and future needs relating to statutory responsibilities.

In this type of analysis, it is unlikely that there will be social, environmental and cultural impacts, but the councils will need to consider the economic impacts (costs of options), impact on community outcomes (quality of services) and the ability to meet statutory needs (quality of services).

However, before considering the best form of shared service, the first step to consider is whether sharing services in some form is the most appropriate mechanism to deliver services. This requires the definition of the overall wider outcomes and objectives to be provided for the service and then to consider the various options for delivery of these services. This is shown in the following diagram:

**The Decision to Share Services.**



The main options or shared services are as follows. These include a mix of governance and management options:

**Joint Committee**

Under the provisions of Schedule 7, Clause 30 of the Local Government Act 2002, a local authority may appoint a joint committee with another local authority, which is subject to the control of each local authority. Clause 32 provides powers of delegations to joint committees. A joint committee is essentially the governance framework between two local authorities and will still require a management and service delivery framework.

**A Joint Council Controlled Organisation**

Under the provisions of Section 6 of the Local Government Act 2002, a council may establish a joint Council Controlled Organisation (CCO). This is a company in which one or more local authorities hold equity securities carrying 50 percent or more of the voting rights. A Council Controlled Trading Organisation is a Council Controlled Organisation that operates for the purpose of making a profit. Part 5 of the Act outlines the requirements for the governance and accountability of CCOs.

**Joint Principals to a Contract**

One of the simple forms of working together is for agencies to enter into a contract with a sole service provider. This can either be with the same service provider having an individual contract with each principal, or alternatively the service provider having a



contract with one principal, and a separate agreement between the two principals provides for shared funding.

### **Formal Agreement – A Parent Partner**

Under this arrangement one organisation is the principal with the other partner funding their share of the service. An example of this is Marlborough Roads (which is a business unit of Transit NZ) and Transit New Zealand is the employer or staff. Another example is the North Shore Bus Rapid Passenger project, which is also a Business Unit of Transit New Zealand

### **Statute Empowered Delegation**

Under the provisions of Schedule, Clauses 21 and 22, Transit NZ may delegate its powers with the consent of the Minister. The delegation must be for a specified period and it does not affect the responsibilities of Transit NZ. An example of this is the delegation by Transit NZ to the Rotorua District Council for management of the state highway network in Rotorua.

### **Sharing Staff**

This is often undertaken on an informal basis with a simple arrangement for meeting the costs of the staff member.

## **8.2 Assessment Criteria**

In developing assessment criteria, should these be for the broader options (outsourcing, in-house etc), or for the shared services options? While in the previous section, we have presented this as two distinct steps; they are, in reality, options that all need to be assessed. Accordingly, assessment criteria need to be generic enough to apply at both levels.

In a number of studies of joint arrangements, councils have used varying criteria. Assessment by necessity will consist of quantitative data (cost savings), and qualitative assessment (customer service). The following have been drawn from an analysis of the approach taken in a number of those studies and as a result it is suggested that the following key criteria would be appropriate for assessing models:

- » Financial costs – this includes short-term establishment costs and annual costs. Financial savings are identified by the differences in the costs of each option. In some cases, a subjective assessment of costs may be appropriate.
- » Quality of services – this requires the development of performance measures and targets. Assessment of different models may highlight different levels of service.
- » Customer service – this may include the responsiveness to customer concerns, the ability to have a call centre, and the extent of local knowledge.



- » The ability to attract and retain staff – this will be particularly important for skilled staff and retaining the professional capability and critical mass to deliver the service.
- » The parties' degree of control – with more than one party sharing responsibilities, each has their own responsibilities and accountabilities. Each party needs to assess to what extent the arrangement would ensure that their responsibilities are met and their degree of influence on the new arrangement, particularly to changing circumstances (applicable only to shared services options).
- » Impact on other activities and responsibilities – this will require an assessment of whether the arrangement may enhance or erode other services, may impact on statutory responsibilities and may impact on community outcomes.

These are suggested as the key criteria but it may be an advantage to consider additional issues, for shared services options in particular, such as:

- » Financial risks – how reliable is the assessment of costs and benefits, and will these be realised over the medium term?
- » Political risks – What will be the perceptions of a change, and how will elected members react?
- » Flexibility to reverse, or broaden the services – if circumstances change, is it feasible to revert to the status quo – or alternatively could the successes of this arrangement be extended to other services?
- » Strategic alignment with people and geographical areas – is the arrangement particularly suited to the skills and abilities of existing staff, and does it align with geographical constraints and communities of interest?
- » Alignment with the service delivery market place – does the arrangement suit contractors economies of scale and/or local small contractors?
- » Ability to monitor effectiveness – will the cost savings and benefits be able to be monitored, including possible reductions in indirect or overhead costs? Will changes in levels of services be able to be evaluated?

## 9 Future Opportunities

The opportunities for collaboration in transport projects are considerable within the current policy and legislative context. It is our view that these opportunities go well beyond what are the current most popular applications – i.e., road safety coordinators, shared professional services, network maintenance and capital works.

Future opportunities fall under the following categories:

- » More use of joint capital works
- » Packages of activities
- » Policy development



- » Network planning
- » Strategic planning

These are discussed below.

### **9.1 More Use of Joint Capital Works**

As shown in earlier sections of this report, there are a considerable number of transportation studies that have been undertaken or are underway between local authorities and Transit NZ. In addition, the current State Highway Forecast identifies projects that have joint funding between local authorities and Transit NZ and these are shown in Appendix A. To some extent, joint capital works have always been part of the way projects have been funded. However, given the more enabling environment, the emphasis on integration, and alternative funding sources such as development contributions, the future provides a better environment for agencies to implement development of the network.

### **9.2 Packages of Activities**

In recent years, Land Transport NZ has been actively encouraging agencies to develop packages of inter-related and complementary activities. In its view, packages have the following advantages:

- » Packages encourage organisations to adopt an integrated approach to managing land transport networks
- » A package approach offers a way of presenting and justifying proposals consisting of multiple activities, including those eligible for financial assistance from Land Transport NZ, that will give effect to local strategies, that evaluated together will provide value for money, and that will enable a reduction in compliance costs
- » Packages can provide additional benefits beyond that to be realised from each activity where concurrent or planned implementation leads to improved value for money overall.

Packages should increasingly emerge from regional land transport strategies, long term council community plans, local transport plans, and be given expression in land transport programmes.

### **9.3 Policy Development**

In order for local government to play its role in collaborating with Transit NZ, and to be more strategic and network focussed, local government needs to develop transport outcomes and policies. This needs to be collaborative, as at a minimum, it would need to involve Transit NZ and the relevant regional council.

While currently, the key council policy document is a long-term council community plan, for many Councils there is a significant policy gap between this and the annual land transport programme submitted to Land Transport NZ for project funding.



In order for local authority to ensure their transport initiatives are aligned with a council's wider objectives, to take a multi-modal approach to transport, and to integrate their transport policy thinking with the state highway, it is our view that councils need to improve their approach to transport by developing a transport policy document – the local equivalent of a regional land transport strategy. In many cases, it will be advantageous for councils to do this together – but still at a sub-regional level.

In turn, Land Transport NZ has a role to play in supporting a collaborative agency approach to integrated transport planning. In the recent report from the Ministerial Advisory Group on roading costs, it is suggested that Land Transport NZ processes could be focussed on strategic alignment, rather than project specific approvals.

#### **9.4 Network Planning**

It is our view a significant opportunity for more collaboration in the future lies with transport agencies collectively planning the transport network.

This commences with Regional land transport committees developing land transport strategies that involve all agencies collectively designing a regional transport network, integrating all transport modes.

Transit NZ has recently acknowledged the collective planning approach in the new draft Land Transport programme and 10–year Financial Forecast. They have indicated that their integrated planning cycles will become aligned with that of local authorities. Their future full updates of the state highway forecast will be carried out at three year intervals and will coincide with the planning and production of long-term council community plans. Transit NZ have also been working closely with regional land transport committees to ensure regional priorities and expectations are aligned as closely as possible with national priorities.

A challenge remaining for integrated network planning is to include the other components of the transport network in transport planning, - rail and rail operators, ports and airports. The form of transport networks needs to take into account the collective demand of all key industry players so the network can be designed to support strategic economic and social goals. It is noted that the Ministry of Transport has initiated an integrated approach to planning. This project will consider all aspects of planning for domestic transport including aviation and maritime infrastructure issues and their inter-relationships with land use planning. In many respects, this project will provide a platform for future joint arrangements for transport activities.

#### **9.5 Strategic Planning**

Transit NZ's objectives under the Land Transport Management Act 2003 include the requirement for Transit NZ to meet the NZTS objectives (eg. economic), to contribute to an integrated transport system, and exhibit a sense of social and environment responsibility. This wide role for Transit NZ provides the mandate to be involved in the drivers of transport demand, and strategic and growth planning.



Local government also has the responsibility to influence land use changes and to work with Transit NZ to collectively plan the future of a district from economic, social and environmental perspectives. The Smartgrowth integrated transport and land use planning arrangement between Tauranga City, Western Bay of Plenty District Council, Environment Bay of Plenty and Transit NZ, as explained in Appendix A, is a model arrangement of integrated transport planning.

The other example of note is the Greater Christchurch Urban Development Strategy involving Christchurch City Council, Environment Canterbury, Selwyn District Council, Waimakariri District Council and Transit NZ.

To achieve a more holistic approach to transport, it would be of considerable benefit for these models to be replicated in other areas of New Zealand.

## 10 Conclusion

Although, clustering was being considered in the late 1990s and the early 2000s, it is clear that currently there is a very enabling environment for transport agencies to work together. The NZ Transport Strategy, the Local Government Act 2002, and the Land Transport Management Act actively encourage local authorities and Transit NZ to work together at a number of levels. The local government legislation is particularly encouraging and enabling, but it was beyond the terms of reference of this report to consider if any legislative barriers exist for Transit NZ.

It was clear from the Questionnaire that there is wide-spread practice of local authorities working together with 75 percent of respondents stating that they already have some form of existing arrangement for the delivery of shared transport activities. While this is happening at a number of levels, the principal areas are at operational level – sharing of road safety coordinators, professional services, network maintenance, and capital works.

It was also interesting to note that 41 percent of respondents had previously considered joint delivery and not proceeded and that currently, 29 percent of respondents are considering the joint delivery of transport activities. It is not possible to determine if there has been a recent increase of interest in recent years but it is clear that currently, shared services arrangements are actively considered by councils.

Councils clearly perceive benefits from joint arrangements and the survey indicated this is primarily through the economies of scale (40%) and more efficient management of roading and transport projects (30%).

On the other hand, a number of obstacles have been encountered mostly relating to the willingness of the parties, rather than any legislative impediments. A common theme is that generally it is important to get buy in of the parties at all levels – political and senior management in particular. It is interesting that not one of the councils that considered some form of joint delivery but had not proceeded, mentioned that funding was the reason for not proceeding.



Key learnings include open communication and allowing for flexibility at the initial start-up. Overall, the participating councils were positive about arrangements with benefits outweighing any initial or ongoing obstacles.

In the end, it needs to be recognised that shared services are based on relationships of individuals.

In the future, assistance could be provided by development of a model MOU, and the promotion of the use of a facilitator.

It is relatively straightforward to establish assessment criteria for assessing a shared arrangement, but it is important to recognise that the decision to select a shared service arrangement is the second order of decision making – it is important to decide in the first place that a shared services arrangement is the most appropriate mechanism to achieve predetermined outcomes and objectives.

Recognising that collaboration is currently actively practised at the operational level, it is our view that in the new policy and legislative environment, that there are much greater opportunities for the joint development of transport networks. At one level, these involve collectively planning and delivering network projects. But at a higher level, it is our view that the strategic planning of the economic and social future of a district provides significant opportunities for agencies to work collectively, and design a transport network that will serve the needs of that district.

Accordingly, it is recommended that:

- » Further work be undertaken to identify if there are legislative impediments to Transit NZ being more actively involved in the joint delivery of transport initiatives.
- » Shared services be supported by the development of a model MOU setting out goals, and the commitment of resources.
- » Consideration be given to the provision of a facilitation service being made available for councils wishing to negotiate shared services arrangements.
- » Guidance be provided for sub-regional interagency land transport policy development.
- » Guidance be provided on the assessment of the joint delivery of transport activity options by promoting the criteria as outlined in this report.
- » Shared services be promoted for developing packages of activities, joint policy development, network planning and strategic planning.
- » Joint central and local government strategic planning as per the Bay of Plenty and Christchurch models be actively promoted for other areas of New Zealand.



Appendix A  
Current Arrangements



## Description of Some Current Arrangements

There are a number of current arrangements for shared services in New Zealand. Major arrangements are detailed as follows:

### **Bayroads**

This is a 10 year, \$140M performance-based road maintenance contract with the Western Bay of Plenty District Council and Transit NZ as the Principals. The contract involves the performance measures and a monitoring framework. At the Bayroads Conference, it was noted that the success of this arrangement are streamlined service delivery, and 22 percent cost savings over current performance.

### **Marlborough Roads**

This is an agreement between Marlborough District Council and Transit NZ for managing the local roads and state highways. This involves transport strategic planning, administration of all road operations (hybrid contract) and also road safety requirements. This arrangement has produced savings of \$500,000 per annum and improved the ability to attract and retain staff.

### **Rotorua District Council**

Under the provisions of the Land Transport Management Act, the Rotorua District Council has been delegated powers by Transit NZ for the operation and maintenance of the state highway network in the Rotorua area. This has not involved a merging of state highway and local road maintenance contracts. There have been significant savings from the joint road maintenance arrangements although the financial benefits have not been quantified.

### **The Auckland Traffic Management Unit**

This arrangement between Auckland City Council, North Shore City Council, Manukau City Council, Waitakere City Council and Transit NZ. The Unit integrates the Traffic Control Systems of the councils and Transit NZ to coordinate traffic management in the Auckland metropolitan transport network. It is operated from a traffic control centre with operators monitoring the system 24 hours a day, seven days a week.

### **Smartgrowth – Bay of Plenty**

This involves the Tauranga City Council, the Western Bay of Plenty District Council, Environment Bay of Plenty, Land Transport NZ and Transit NZ. A Smartgrowth implementation committee has been established with delegated authority to implement the Smartgrowth strategy and implementation plan. The arrangement includes an implementation management group with a key role of progressing relevant initiatives in the growth strategy, coordinating the activities of all the agencies, and collectively managing the strategy.



### **Greater Christchurch Urban Development Strategy**

This arrangement involves the Christchurch City Council, Waimakariri District Council, Selwyn District Council, Environment Canterbury and Transit New Zealand. The UDS is a collaborative initiative to manage the forecast growth for the greater Christchurch area. Still in its development, the UDS seeks to strategically integrate land use and transport on a regional scale. Specific and carefully framed policies, initiatives and programmes, are the desired outcomes for the development strategy. A draft strategy is proposed to be launched in April, 2007.

### **Auckland Manukau Eastern Transport Initiative (AMETI)**

The Auckland City Council and the Manukau City Council have entered a joint arrangement for the investigation of an eastern arterial route for the eastern suburbs of Auckland. These parties involved in the early stages of the project have signed a memorandum of understanding between them to formalise the arrangement.

### **North Shore Bus Rapid Transport**

This is an arrangement between North Shore City Council, Auckland City Council, Auckland Regional Council and Transit NZ to collectively cooperate in the development, design and implementation of the Bus Rapid Transport project. Since 1998, they have been a series of Memorandum of Understandings and the role the collective arrangements include obtaining designations and consents, property acquisitions, development of designs, funding applications and letting contracts for physical works.

### **Land Transport NZ and Local Authorities**

Land Transport NZ has been working with local authorities that have developed joint arrangements for road policing and delivery. This has resulted in the councils with joint arrangements as follows:

- » Tauranga and Western Bay of Plenty Districts
- » Hauraki, Matamata-Piako and Thames-Coromandel Districts
- » Otorohanga, Waikato, Waipa and Waitomo Districts
- » Kawerau, Opotiki and Whakatane Districts
- » South Waikato and Taupo Districts
- » Gisborne and Wairoa Districts
- » Masterton, South Wairarapa and Carterton Districts
- » Porirua City and Kapiti Coast District
- » Nelson City and Tasman District
- » Marlborough and Kaikoura Districts
- » Timaru, Waimate, and MacKenzie Districts
- » Central Otago and Queenstown-Lakes Districts
- » Invercargill City, Gore and Southland Districts



In a similar vein, Land Transport NZ has worked with local authorities who have joined together to manage funding for community focused road safety activities. This is arranged either through one of the councils acting of behalf of all members or through setting up a Road Safety Trust.

In addition to those in the above list, the following are also are involved in community focused road safety activities:

- » Three councils in Northland.
- » Six councils in the Auckland region.
- » Three councils in the Hawkes Bay
- » Three councils in Taranaki.
- » Eight councils in Manawatu-Wanganui



### **Apex**

Apex is a Council Controlled Organisation jointly owned by New Plymouth District Council (70%) and South Taranaki District Council (30%). Apex is a professional engineering consultancy providing professional engineering technical services across a wide range of local authority services including roading. Apex have a number of other offices located in other centres.

### **Infracom**

Infracom Ltd is a Council Controlled Organisation with ownership of the Tararua District Council (66%) and Central Hawkes Bay District Council (34%). Infracom Ltd is a parent company of four separate contracting divisions and provides both professional engineering consultancy services and civil contracting services. It also supplies aggregates. Its four divisions are United Contracting, Tararua Roothing, Central Hawkes Bay Works, and Infracom Aggregates.

### **Joint Capital Works – Transit NZ and Local Authorities**

Currently, there is a range of projects undertaken by Transit NZ in conjunction with local authorities. These projects are identified in Transit NZ's current Land Transport programme and 10 year financial forecast. The current projects are as follows:

- » Kamo Bypass – Whangarei DC / Transit NZ
- » Warkworth Stage 1 – Rodney DC / Transit NZ
- » Hobsonville Deviation – Waitakere City Council / Transit NZ
- » Manukau Extension – Manukau CC / Transit NZ
- » Tauranga Easter Motorway – Tauranga City / Western BOP DC / Transit NZ
- » Katikati Bypass – Western BOP DC / Transit NZ
- » Christchurch Southern Motorway Extension – Christchurch CC / Transit NZ



Appendix B

# Tables of collated data from Shared Services Questionnaire



**Table 1. Existing Specific Joint Arrangements - Local Authorities and Central Government**

Parties	Activity
Western Bay of Plenty D.C. and Transit New Zealand (Bay Roads)	Road Network Maintenance (PSMC).
Marlborough DC and Transit New Zealand (Marlborough Roads)	Road Network Maintenance (hybrid)
Rotorua DC and Transit New Zealand	Delegated to Rotorua DC for SH road maintenance (traditional)
Tauranga City Council and Transit New Zealand	Delegate to Tauranga CC for SH road maintenance (traditional)
Christchurch City Council, Environment Canterbury, Waimakariri District Council, Selwyn District Council, Transit New Zealand	Greater Christchurch Urban Development Strategy - Planning and implementation of transport options to support growth strategy
Transit NZ, Land Transport NZ, Tauranga CC, Western Bay of Plenty DC., Environment BOP (Smartgrowth)	Planning and implementation of transport to support growth strategy
Transit NZ, North Shore CC, Auckland RC, Auckland CC, and Auckland Regional Transport Authority	North Shore Bus Rapid Transport development, design and implementation
Land Transport NZ and 13 groups of Councils (2 - 3 per group)	Planning road policing and delivery.
Auckland RC / Auckland Regional Transport Authority /LTNZ / and Auckland T.A.s.	Planning and funding passenger transport, local roads, and travel behaviour change.
Land Transport NZ and 6 groups of Councils (3 - 8 per group)	Community road safety education.
Wellington CC, Greater Wellington Regional Council, Transit New Zealand	Joint Strategic Study
Wairoa DC and Transit New Zealand	Network Maintenance
Taupo DC, Neighbouring Authorities, Transit New Zealand	Sharing of community road safety projects.
Kawerau DC, Regional Council and Transit New Zealand	Sharing of Road Safety
Environment Waikato, Hamilton CC, Waikato DC, Waipa DC, Taupo DC and Transit New Zealand	Development and operation of regional transportation model
Wellington CC and Transit New Zealand	Maintenance of Council and Transit traffic signal equipment
Westland DC, Transit, NZ Police, LTNZ	Shared road safety coordinator



**Table 1. Existing Specific Joint Arrangements - Local Authorities and Central Government**

Wellington CC, Greater Wellington Regional Council, Transit New Zealand	Joint Strategic Study
Wairoa DC and Transit	Network Maintenance
Taupo DC, Neighbouring Authorities, Transit New Zealand	Sharing of community road safety projects.
Southland DC, Invercargill CC, Gore DC and Transit New Zealand	Road Safety, Professional Services and Holyford Road Maintenance
Kawerau DC, Regional Council and Transit New Zealand	Sharing of Road Safety
Environment Waikato, Hamilton CC, Waikato DC, Waipa DC, Taupo DC and Transit New Zealand	Development and operation of regional transportation model
Wellington CC and Transit New Zealand	Maintenance of Council and Transit traffic signal equipment
Palmerston North CC and Transit New Zealand	Signal management and maintenance, street lighting and professional services
West Coast Regional Council, Three DC's, Police, LTNZ, Community and Public Health, ACC and Transit New Zealand	Road safety coordination
Wanganui DC, Ruapehu DC, Rangitikei DC and Transit New Zealand	Development of a joint SMS policy document and network management
Waimakariri DC, Hurunui DC, Selwyn DC, ECAN, Christchurch CC and Transit New Zealand	Network maintenance, Transport model development
Dunedin CC and Transit New Zealand	Network Management
Kaipara DC, Far North DC and LTNZ	Joint funding contribution to Road Safety Coordinator
Far North DC, Central Government (Ministry for Culture and Heritage) and LTNZ	Capital works
Waitakere City, ARTA, ONTRACK and ARTNL	Design and Construction of Public Transport Facilities
Gore DC, Invercargill CC, Southland DC and Transit New Zealand	Road Safety Coordinator and Professional Services



**Table 2. Existing Specific Joint Arrangements – Between Local Authorities**

Local Authorities	Activity
Thames Coromandel DC and Hauraki DC	Joint Tenders of Professional Services, Operations and Maintenance and Reseals
Otorohanga DC and Waitomo DC	Shared road safety coordinator
Opotiki DC and neighbouring TLA's	Shared road safety coordinator
Nelson CC and Tasman DC	Community focussed road safety activities, total mobility and the Late Bus
Hauraki DC and neighbouring DC's	Shared road safety coordinator, maintenance works and professional services
Palmerston North CC and Manawatu DC	Joint development of transportation and planning issues at a strategic level
Otago Regional Council and Dunedin CC	Provision and maintenance of bus service infrastructure.
Invercargill CC, Gore DC and Southland DC	Shared road safety coordinator and Total mobility services
Hutt CC and Upper Hutt CC	Sharing of costs for ongoing maintenance and capital works of the Silverstream Bridge.
Central Otago DC and Queenstown Lakes DC	Shared road safety coordinator
Stratford DC, South Taranaki DC and New Plymouth DC	Sharing of a road safety coordinator and clustering of ALTP
Waikato DC, Waipa DC and Hamilton CC	Shared Road Safety coordinator, Sub-regional Growth Strategy
South Taranaki DC, Stratford DC and New Plymouth DC	Sharing of a road safety coordinator and the clustering of the ALTP
Waitaki DC and Waimate DC	Not given



**Table 3 Specific Joint Arrangements - Local Authorities and Central Government That have Not Proceeded**

Parties	Activity	Reason for Not Proceeding
Transit N.Z. and Queenstown Lakes D.C. (Remarkable Roads)	Road Network Maintenance	Not Justified by financial benefits
Transit NZ,Thames, Coromandel DC, Matamata Piako D.C. (East Waikato)	Road Network Maintenance	Not Justified by financial benefits
Transit NZ and Tasman D.C.	Road Network Maintenance	Not Justified by financial benefits
Westland DC, Grey DC, Buller DC and Transit	Modelled on Marlborough Roads (same services)	No political will. It was seen as a Transit takeover
Waitakere CC, Auckland CC and Transit	Joint feasibility study	Auckland CC prioritised other jobs.
Taupo DC, neighbouring TLA's and Transit	Combined Resealing Contract	Not Justified by financial benefits and different specification for different parties.
Southland DC and Transit	MOU to explore future service delivery opportunities	Failure to agree on governance model
South Taranaki DC, neighbouring local authorities and Transit	Land transport programme cluster	Transit withdrew from the proposal
Ruapehu DC, Transit NZ	Road Maintenance	Views diverged on the real requirements for the contract
Opotiki DC and Eastern Bay TLA's	All roading activities	The results were flawed and a lack of will by the participants
Franklin DC and Transit New Zealand	Network maintenance	Not given
Wanganui DC, Rangitiki and Ruapehu DC's	Network management, capital works and professional services	Because of a lack of buy in at senior management and political levels
Timaru DC and Three other TLA's	Road seal contract	Attitude
Kaipara DC, four Northland LA's, plus LTNZ	Multi year design-build contracts for road upgrades	Costs would not be lower or even to the traditional design and tender process
Hutt CC, Upper CC	Capital and Maintenance Works	No further economies to scale were to be gained
Central Otago DC, Queenstown Lakes DC and Transit New Zealand	Joint governance, network management, professional services and physical works contracts.	The parties objectives change and the proposal didn't meet our needs



Appendix C

# Questionnaire on the Joint Delivery of Roading and Transport Activities



## Questionnaire on the Joint Delivery of Roothing and Transport

### Introduction

Land Transport NZ and Local Government NZ would like to identify actual and potential collaborative arrangements between two or more local authorities, and between local authorities and Transit NZ, for the joint delivery of transport related activities (e.g. roading, passenger transport, road safety programmes and joint professional services).

### Why your answers to this questionnaire are important

Your answers to this questionnaire will be an important input to a report that will include a stocktake of existing arrangements, initiatives that did not proceed, and others that are being considered – and importantly their reasons, analysis of that information, and advice for local government decision makers and land transport professionals.

The report will be made available to all local authorities as part of the Society of Local Government Manager's Shared Services Across Local Government conference 16/17 April 2007.

### Improving the evidence base

The purpose of the report is to provide local government decision makers and land transport professionals with better information about the actual and potential value, opportunities, risks, issues and obstacles associated with collaborative arrangements between two or more local authorities, and between local authorities and Transit NZ. The information will also help Land Transport NZ and Local Government NZ determine if there are ways they can better assist local authorities.

How services are aligned with strategy, planned for, and delivered impact on or are subject to a number of aspects, including: value for money, capability, stewardship of assets over whole of life, performance, costs, and levels of service. There is a need for an improved evidence base about collaborative arrangements for the joint delivery of transport related activities to inform land transport decision making.

### Part 1 - General

1.1 Name of Council?

1.2 Do you have any form of existing joint delivery of transport activities? (Y/N)  
If yes, fill in Part 2 of the questionnaire in addition to Part 1.

1.3 Have you previously considered joint delivery of transport activities but not proceeded with them? (Y/N)  
If yes, fill in Part 3 of the questionnaire in addition to Part 2.

1.4 Are you currently considering the joint delivery of transport activities? (Y/N)  
If yes, fill in Part 4 of the questionnaire in addition to Part 1

1.5 If your authority does not have any joint delivery of transport activities please explain why in the rows below - use additional rows if required.

1.6 Do you have any other comments about the joint delivery of transport activities? (Please use additional rows if required).

**IF YOU HAVE ANY FORM OF EXISTING JOINT DELIVERY OF TRANSPORT ACTIVITIES PLEASE FILL IN PART 2 OF THE QUESTIONNAIRE.**

**IF YOU HAVE PREVIOUSLY CONSIDERED A JOINT DELIVERY OF TRANSPORT ACTIVITIES BUT NOT PROCEEDED WITH THEM PLEASE FILL IN PART 3 OF THE QUESTIONNAIRE.**



## Part 2 - Existing Joint Delivery

2.1 What is the name of the joint delivery arrangement (eg, Bay Roads)?

2.2 Who are the parties to the agreement (eg, Local Authorities, Transit NZ)?

2.3 What services are involved (eg, network management, sharing a road safety co-ordinator, capital works, professional services)?

2.4 What is the period of the arrangement?

2.5 What is the management and governance model (eg, CCO, Joint Committee)?

2.6 What is the nature of the agreement between the parties (eg, formal contract, memorandum of understanding, exchange of letters)?

2.7 What were the primary drivers or reasons for the arrangement (eg, technical skill shortage, economies of scale, more efficient management)?

2.8 Did you use some form of evaluation framework to assess the costs/ benefits/ risks of the arrangement (if so what, and is a copy available)?

2.9 What have been the key benefits of the arrangement?

2.10 What were the main obstacles, and how were they overcome?

2.11 If there are identifiable cost savings, what were they on a per annum basis?



2.12 What were the establishment costs?

2.13 What are the key disadvantages of the arrangement?

2.14 What are the key learning's?

2.15 What would you do differently?

2.16 Any other comments?



### Part 3 - Previous Joint Delivery Proposals that have not Proceeded

3.1 Was there a proposed name for the joint delivery arrangement?

3.2 Who were the proposed parties (eg, Local Authorities, Transit NZ)?

3.3 What services were proposed (eg, network management, sharing a road safety coordinator, capital works, professional services)?

3.4 What was the proposed period of the arrangement?

3.5 What was the proposal management and governance model?

3.6 What was the proposed nature of the agreement between the parties (eg, formal contract, memorandum of understanding or exchange of letters)?

3.7 What were the primary drivers or reasons for considering an arrangement (eg, technical skill shortage, economies of scale, more efficient management)?

3.8 Was some form of evaluation framework used to assess the costs/ benefits/ risks of the arrangement, and if so what?

3.9 What were the assessed cost savings on a per annum basis?



3.10 What were the assessed establishment costs?

3.11 What would have been the key benefits?

3.12 Why did the proposal not proceed?

3.13 What were the obstacles, and how were these overcome (or not)

3.14 Is it likely to be considered again in the future?

3.15 What would need to be different for the proposal to proceed?

3.16 Any other comments?



#### Part 4 - Possible Future Joint Delivery

4.1 Is there a proposed name for the future arrangement?

4.2 Who are the proposed parties (eg, Local Authorities, Transit NZ)?

4.3 What services are proposed (eg, network management, sharing a road safety coordinator, capital works, professional services)?

4.4 What is the proposed period of the arrangement?

4.5 What would be the proposed management and governance model if it did

4.6 What is the proposed nature of the agreement between the parties (eg, formal contract, memorandum of understanding or exchange of letters)?

4.7 What have been the main obstacles, and how have these been overcome?

4.8 What are the primary drivers or reasons for considering an arrangement (eg, technical skill shortage, economies of scale, more efficient management)?

4.9 Is some form of evaluation framework going to be used to assess the costs/ benefits/ risks of the arrangement, and if so what?

4.10 What do you assess the key benefits of the arrangement will be?

4.11 What are the assessed cost savings on a per annum basis?

4.12 What are the assessed establishment costs?



**GHD Limited**

Level 11, Guardian Trust House  
15 Willeston Street, Wellington  
T: 64 4 472 0799 F: 64 4 472 0833 E: wellington\_mail@ghd.co.nz

**© GHD Limited 2007**

This document is and shall remain the property of GHD Limited. The document may only be used for the purposes for which it was commissioned and in accordance with the Terms of Engagement for the commission. Unauthorised use of this document in any form whatsoever is prohibited.

**Document Status**

Rev No.	Author	Reviewer		Approved for Issue		
		Name	Signature	Name	Signature	Date
	Tim Davin			Tim Davin		