

Document No: A602765

Report To: Council



Meeting Date: 22 February 2022

Subject: **Waikato Regional Council Public Transport Business Improvement Review**

Type: Decision required

Purpose of Report

- 1.1 The purpose of this business paper is to seek approval from Council of the response to the Waikato Regional Council's (WRC) Public Transport Business Improvement Review, which seeks to review how public transport is delivered in the Waikato Region.

Background

2.1 THE WRC PROPOSAL

- 2.2 WRC have commissioned an independent review of how public transport is delivered in the Waikato Region (the review). The review report is attached as **Attachment 1** and the request from WRC to comment on the review is attached as **Attachment 2**. The review assessed the WRCs existing performance and has made recommendations on operations, organisational arrangements and funding that will improve the WRCs ability to deliver the public transport system to communities in the Waikato Region.
- 2.3 The review found that operationally the existing WRC approach is proceeding in the right direction, but that the WRC are limited by overly complex structures for funding and decision making and a lack of coordination between investments in public transport services and infrastructure (i.e. WRC provided the bus service, territorial authorities provide the transport infrastructure, and the co-ordination between the two can be disjointed).
- 2.4 The review recommends the following improvements:
- Practical actions – implementing electronic ticketing and transitioning to higher frequency patronage-based services.
 - New tools – these are changes to the scope of WRC's activities and funding arrangements, but do not necessarily impact on the functions of any other organisation. This includes rating for public transport services and infrastructure regionally.
 - Institutional arrangements – ranging from the co-location of staff and governance through to new transport entities, these recommendations can only be advanced in collaboration with territorial authorities and Waka Kotahi.
- 2.5 WRC is now seeking our feedback on:
- Whether WDC would support taking a regional approach to rating for public transport and what the scope of the new funding should cover (e.g., no infrastructure, all infrastructure, strategic infrastructure).
 - Whether you think we should start working toward local institutional reforms in all or part of the region and to what degree.

Commentary

3.1 **RATING FOR PUBLIC TRANSPORT**

- 3.2 Currently, the Waitomo District does not receive any public transport services from WRC, nor does it provide any funding toward public transport through rates.
- 3.3 WRC rates Hamilton City residents for public transport services, while the other territorial authorities in the Waikato Region who receive public transport services from WRC are rated for public transport and pass this through to WRC who designs and contracts the services. While regional councils are responsible for public transport services, territorial authorities are responsible for public transport infrastructure.
- 3.4 The review considers that the current system makes it difficult to plan and deliver an integrated regional network where investments in infrastructure and services are well aligned.
- 3.5 The review suggests that the current funding model needs to change, and that the WRC should rate regionally for public transport services and infrastructure.
- 3.6 It is considered that as the Waitomo District does not currently receive any public transport services from WRC, this proposal could not be supported. Also, before any such proposal could be considered by WDC, the WDC would need to understand the value for services it would receive, and given the small ratepayer base, the level of rating that would be applied.

3.8 **LOCAL INSTITUTIONAL REFORMS IN ALL OR PART OF THE WAIKATO REGION AND TO WHAT DEGREE?**

- 3.9 The review recommends that the Waikato Region as a whole should work together to bring public transport into a more integrated delivery model so that it is able to be managed in a more unified and strategic way.
- 3.10 The review presents a spectrum of options ranging from co-location of staff, management, and governance, through to establishing a region-wide transport authority similar to Auckland Transport.
- 3.11 The review also presents options for public transport services and infrastructure only, and options that would encompass all transport functions (including roads, footpaths etc). The review suggests that the maximum benefits would be from a whole of region and all of transport authority approach. The review provides a "road map" to assist transport partners to have constructive conversations about these types of changes and the degree of appetite there is for change.
- 3.12 It is considered that there is potentially merit in an integrated approach to public transport planning in the Waikato Region. However, as WDC receives no public transport services, this proposal would not be supported.

Analysis of Options

4.1 **OPTION 1 – DO NOTHING**

- 4.2 Council could opt not to respond to the request. However, this could mean that WRC ultimately proceed with development of a proposal that may be detrimental to WDC.

4.3 **OPTION 2 – RESPOND TO WRC AND AGREE TO PARTICIPATE IN THE DEVELOPMENT OF THE PUBLIC TRANSPORT REVIEW**

- 4.4 Council respond to the request from WRC as outlined in **Attachment 3**.

Considerations

5.1 **RISK**

- 5.2 There is the potential that if Council does not provide a response to the Review that WRC may ultimately decide to proceed with rating for public transport on a regional scale through WRC rates.

5.3 **CONSISTENCY WITH EXISTING PLANS AND POLICIES**

- 5.4 A decision by Council to consider this matter is in accordance with Council's plans and policies.

5.5 **SIGNIFICANCE AND COMMUNITY VIEWS**

- 5.6 This decision is not a significant decision in terms of the Council's Significance and Engagement Policy.

Suggested Resolutions

- 1 The business paper on the Waikato Regional Council Public Transport Business Improvement Review be received.
- 2 Council approve the response to the Waikato Regional Council Public Transport Business Improvement Review (Attachment 3).



ALEX BELL

GENERAL MANAGER – STRATEGY AND ENVIRONMENT

18 February 2022

- 1 Waikato Regional Council Public Transport Review A602763
- 2 Letter to Waitomo District Council requesting response on the Waikato Regional Council Public Transport Business Improvement Review A602766
- 3 Response to the Waikato Regional Council A602764

Waikato Public Transport Business Improvement Review

Final Report

Prepared for Waikato Regional Council

Prepared by Beca Limited

14 October 2021



Revision History

| Revision N° | Prepared By | Description | Date |
|-------------|---------------------------------|-------------------------|-------------------|
| 1 | Annika Lane/Holly Keen-O'Leary | Strategic Context | 24 September 2021 |
| 2 | Andy Lightowler | Benchmarking | 27 September 2021 |
| 3. | Robert Brodnax/Chris Ballantyne | Draft for Client Review | 4 October 2021 |
| 4. | Robert Brodnax/Chris Ballantyne | Final | 21 October 2021 |

Document Acceptance

| Action | Name | Signed | Date |
|--------------|---------------------------------|--------|-----------------|
| Prepared by | Robert Brodnax/Chris Ballantyne | | 21 October 2021 |
| Reviewed by | Annika Lane | | 21 October 2021 |
| Approved by | Robert Brodnax | | 21 October 2021 |
| on behalf of | Beca Limited | | |

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Executive Summary

The Waikato Region Public Transport Plan (2018 -28) has an ambitious vision for public transport.

Our vision for the Waikato region is to build a public transport system that enhances the vitality of our communities, strengthens our economy and helps create a healthier environment.

This report was commissioned by Waikato Regional Council to explore the challenges and opportunities that will need to address in order to achieve the vision. Benchmarking analysis indicates that current public transport patronage use/mode share in the region is low, and the gap to achieving the aspiration of the vision is large. Other similar regions in New Zealand and in broadly comparable regions overseas have encountered this challenge, but few have successfully made the transition to a modern public transport system that achieves all the outcomes inherent in such a vision.

Analysis undertaken for this review, and by others, indicates that the policy architecture is in place to support the vision with strong alignment through all the major policy and strategy documents from territorial authorities to regional authorities and central government. The only discrepancy of significance is the lack of strong key performance indicators and measures to guide decision making and evaluate progress. This is particularly the case in terms of articulating the role of public transport in terms of non-transport indicators such as greenhouse gas emissions or indicators of social wellbeing (such as sense of community or access). It is recommended that next iteration of the Regional Public Transport Plan should strive to achieve alignment of KPIs and measures with the Treasury's Living Standards Framework and Ministry of Transport's Transport Outcomes Framework.

Through our analysis, the review of the strategic context and interviews with stakeholders we have concluded that to deliver this vision the region will require new ways of thinking and working.

The key challenges or opportunities that must be addressed in order to achieve the vision are:

- Implementation of activities to support public transport is delivered by multiple agencies and is not always fully aligned with respect to timing and form of delivery. Consequently, interdependent activities are delivered out of sequence, not delivered at all or not fit for purpose and the vision is unable to be realised,
- The complex funding environment means that it is difficult to co-ordinate and sequence funding of activities so that they deliver expected outcomes,
- Land use planning, public transport network planning and infrastructure planning activity is not aligned and allocation of space on the network is between different modes is not agreed. As a consequence, the step changes in service efficiency necessary to achieve the vision cannot occur.

The expected benefits for the region if these opportunities and challenges can be addressed are:

- Public transport becomes an attractive mode choice,
- Increased funding certainty for initiatives that achieve the vision,
- Mode shift and accessibility in the metro spatial plan area is improved,
- Support increased density in urban areas and increase housing supply,

- Improved ability to deliver viable intra and inter regional public transport services.

The report then explores a range of governance, organisation and funding interventions that could address these opportunities and assesses those options against Critical Success Factors developed after engagement with stakeholders. The available solutions fit on a continuum from an enhanced business as usual model to the creation of a single entity to manage the region's transport system as a whole.

While the optimal solution is probably to create a single transport entity to manage the region's transport system as a whole such a step would require legislative change and would need to be acceptable to all the parties involved in the governance of the system. Getting to a point where such a model was agreed by all parties will take time and has no certainty of outcome. Striving for perfection is the enemy of progress.

The report therefore suggests a range of actions that represent essential "least regrets" first steps in the process such as a new funding model for local share of public transport services and infrastructure and/or advocacy for greater participation in the design of the region's public transport system by crown agencies like the Ministry of Health and Ministry of Education. These actions can be undertaken while engagement about the longer-term future operating model continue between the parties – and are potentially considered by the government's review of the functions of local government.

A "roadmap" is provided that plots the key decisions all the partners will need to agree on during the transition from business as usual to a model more likely to achieve the vision. This roadmap allows the organisations involved to move at their own pace and decide together when the potential benefits of change outweigh the risks. At that point the partners (or a subset of the partners) can take the next step in the road map together.

1 Introduction

1.1 The Commission

Waikato Regional Council (WRC) has an ambitious vision for the transformation of public transport in the region, as stated in the current (2021-2051) Regional Land Transport Plan (RLTP), namely it “is on a mission to improve the delivery and performance of the public transport network and services across the Waikato region”.

Delivery of this vision will require change to the way public transport is planned, invested in and managed at all levels in the region. The purpose of this review is to develop a roadmap that helps WRC move towards achieving its vision in a co-ordinated way - where we understand the actions, investments and partnerships that are required for success.

WRC commissioned Beca Limited (Beca) and Inviser Limited (“the consultants” or “we”) in March 2021 to undertake a strategic review of the Waikato Public Transport Business, with the key outcome required being to confirm a cohesive vision for the future of the regional public transport network with a clear roadmap for success. The primary objectives of this Review are to:

- Assess current public transport business performance in the Waikato
- Develop a set of prioritised, practical and actionable recommendations on key strategic, operational, organisational, funding and condition issues necessary to deliver on the objectives.

The scope of this piece of work allowed only limited stakeholder engagement focussed on engagement with WRC and Hamilton City Council (HCC) elected members directly involved in public transport, WRC and HCC executives and technical staff from Hamilton City Council (HCC), Waipa District Council, Waikato District Council, WRC and Waka Kotahi. We have also engaged with the consultant team leading the preparation of the Metro Spatial Plan Transport PBC recently commissioned by HCC on behalf of the Futureproof partners. The emerging findings of the review were tested with the Regional Connections Committee at its September meeting.

As the commission progressed, we explored the role of this project alongside the Hamilton Metro Spatial Area Transport Programme Business Case (PBC). It became clear that that business case would largely address issues and actions associated with network design to encourage mode shift. As a consequence, WRC agreed that the consultants should focus its recommendations on matters related to strategic, organisational and funding issues. The review was undertaken in four stages.

- Strategic Alignment - A desk top review of the national regional, and local policy setting to test alignment around the vision
- Benchmarking - An assessment of the region’s public transport performance compared to other regions in New Zealand and similar regions overseas (delivered as a separate technical report).
- Stakeholder Engagement - Interviews and workshops with public transport staff and transport staff from the metro spatial plan area and Waka Kotahi, WRC and HCC executives and Councillors and a presentation to the Regional Connections Committee to define problems/opportunities and test concepts
- Analysis and Recommendations - Analysis of these factors by the transport and advisory specialists in the consultant team.

2 Current State

2.1 Hamilton Metro Spatial Plan Area

About 290,000 people currently live within Hamilton and surrounds (subregion). The subregion is among the fastest growing areas in New Zealand. Most trips are made by car and often single occupancy vehicles. Public transport patronage is low compared to major metropolitan centres but on a par with rural centres of a similar scale.

The combination of these factors is giving rise to significant challenges. WRC and its partner organisations are unanimous in their intent to increase public transport mode share to enhance urban liveability, support a more sustainable urban form and enable a healthier environment. However, results to date are falling well short of expectations with declining public transport utilisation on a per capita basis.

The Metro Spatial Plan identifies a future settlement pattern for a population of 500,000. Urban centres are to be linked by high frequency public transport and potentially Mass Rapid Transport on some corridors. The Transport PBC has been commenced to develop further the concept for new services to support this settlement pattern. International and New Zealand experience suggests that the way in which public transport operates and is delivered will need to be transformed to support a population of this size and avoid grid lock often associated with large urban centres. Key aspects of this transformation are likely to include:

- A public transport system focused on increasing ridership particularly on high frequency routes connecting places of work and where people live,
- High frequency public transport corridors with higher densities of dwelling and employment along them,
- A boundaryless approach to investment,
- Integration between land use decisions and public transport planning.

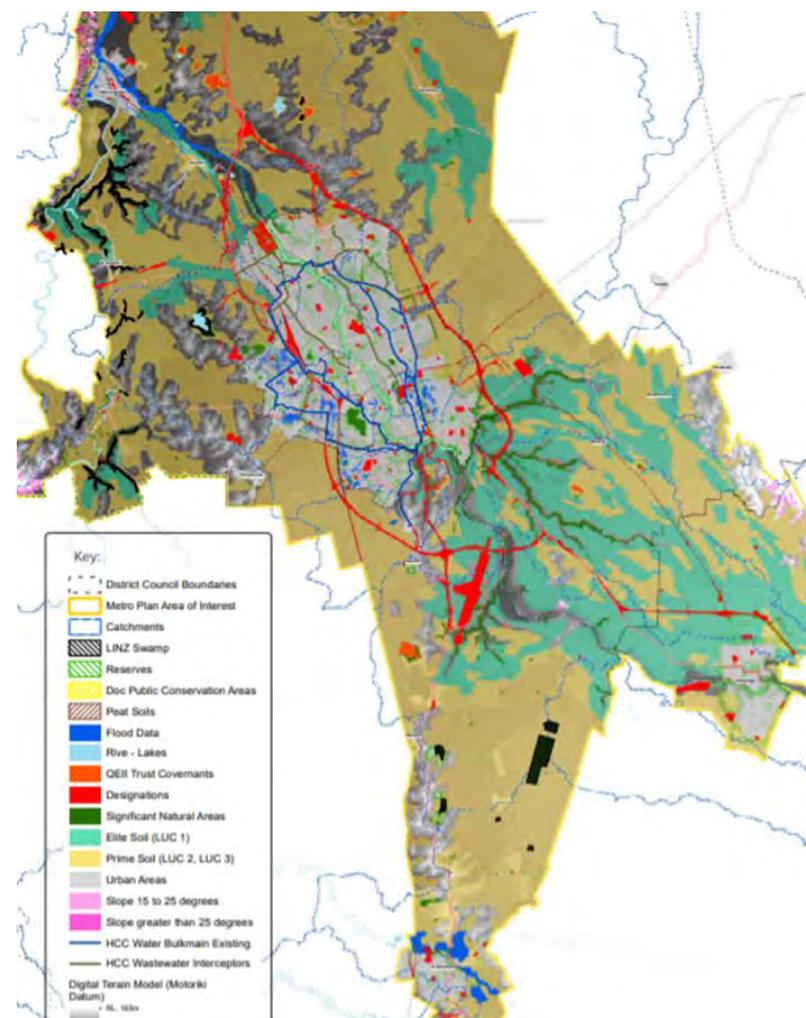


Figure 1 Hamilton Metro Spatial Area

2.2 Regional / Rural Area

About 180,000 people live within our smaller towns and rural areas. For many people living in smaller towns and rural areas there is a need to travel long distances to access work, essential services or to visit family and friends in neighboring towns. For many people this is a significant challenge and can have life changing implications. Isolation and inability to participate in society is most acute for people who:

- Have limited or no access to an independent means of transport
- Live rurally
- Have a disability.

The number of people within our region that identify with one or more of the above factors is set to grow significantly in the coming years. A key driver of this is population ageing with the number of people aged over 65 more than doubling over the next 20 years. With ageing comes:

- An increased proportion of people with disability
- Lower rates of independent mobility (more people being unable to drive a car)
- Lower household incomes resulting in less ability to pay for things such as transport.

The transport needs of people in our smaller towns and rural areas are changing and our public transport system needs to adapt and evolve with the changing need. It is likely that demands for services particularly linkages between main urban centres will increase over time.



Figure 2 Map of Regional and District Boundaries

2.3 Inter-regional Connections

There has been substantial growth in population and employment in the Waikato and Auckland regions, and an associated increase in inter-regional travel including to/from the Western Bay of Plenty. These growth trends are forecast to continue.

Commuting demand between the Waikato and Auckland is dominated by private car travel and travel times and travel time reliability by road are forecast to deteriorate. Passenger rail can deliver reliable and competitive travel times, move large numbers of people efficiently, reduce adverse environmental impacts, open up housing, business and employment opportunities and relieve pressure on the motorway system.

Central Government has developed an interim business case on the potential for rapid rail to help deliver the Government's aspirations for growth and economic development in the Auckland – Hamilton corridor. Further to this, Cabinet agreed in July 2020 that it will develop the next stages of the project, which include:

- Understanding the extent of the costs and benefits
- Aligning rapid rail with other proposals and work happening in the Hamilton to Auckland Corridor
- Stakeholder engagement, and
- Developing a framework for the funding and implementation of future investment in rapid rail.

Cabinet also included a mandate to initiate an investigation of a separate business case for extending rapid rail to Tauranga. Investment in rapid rail between Auckland, Hamilton and Tauranga would be nationally significant, and any such project would take a decade or more to plan and deliver.

In the meantime, there is a need to improve the initial Te Huia passenger rail service as a key stepping-stone to higher speed frequent passenger rail connecting New Zealand's fastest growing cities.

In March 2018, WRC adopted its current RPTP. The RPTP sets the objectives and policies for public transport in the region and contains detail of the public transport network and development plans for the period 2018 – 2028

2.4 Deprivation

A recent report on socio-economic deprivation in the Waikato prepared for WRC¹ found that that the level of social-economic deprivation in the Waikato region is slightly worse than the New Zealand average. This analysis has shown that the Waikato region is made up of very disparate communities.

Over the period 1991 – 2018 overall deprivation improved at a sub-regional level for four districts (Waipa, Waikato, Thames-Coromandel, Taupo). Marginal increases in deprivation were seen in Matamata-Piako, Hamilton, Otorohanga and Hauraki districts. However, more substantial increases in deprivation were seen in South Waikato and Waitomo districts. In 2018, one Waikato district (South Waikato) ranked among the 12 most deprived districts in the North Island

¹ WRC Technical Report 2021/14: Socio-economic deprivation in the Waikato region, Prepared for Waikato Regional Council by Annie Chiang Jessie Colbert and Associate Professor Daniel J Exeter (The University of Auckland). June 2021

with more than 74% of their population living in areas of NZ Dep quintile five deprivation. Three districts have over 70% of their population in high deprivation areas: Waitomo (100%), Hauraki (75.2%) and South Waikato (74.4%).

The report notes that higher levels of socio-economic deprivation are associated with worse health. Deprivation may have different impacts in rural areas compared to urban areas. Three types of deprivation have been recognised as contributing to this: Resource deprivation (low income, housing); Opportunity deprivation (lack of availability of services such as health, recreation); and Mobility deprivation (higher transport costs, inaccessibility of jobs, services, facilities).

It is noted however that this situation may be changing rapidly, given the increasing 'halo effect' from Auckland that is impacting on these areas, resulting in increasing house prices. For example, towns like Waihi, Putarau and Tokoroa are all beginning to experience growth.

The relevance of the above to the conversation about public transport is that any discussion about future delivery models need to be cognisant of the need to address deprivation issues and consider access to core services such as health, education, and employment. Given the disparate nature of the Waikato communities, public transport interventions may need to be specific to address unique factors in each locality, rather than a blanket regional approach.

Providing people with better transport options to access social and economic opportunities is a strategic priority under the latest Government Policy Statement on Land Transport (GPS 2021). The Land Transport Management Act (LTMA) 2003 also requires that the needs of the transport disadvantaged must be considered in developing the RLTP and this has been identified as a key challenge in the RLTP 2021-2051. RLTP Policies to address these challenges include²:

- Maintain the existing rural public transport network and expand where there is identified demand and available funding.
- Support and progress mobility as a service and local community-led transport initiatives to improve access in rural areas.
- Pursue new and alternative funding sources and co-investment opportunities to sustainably fund access and mobility initiatives in rural communities.

2.5 Current Public Transport Delivery

The delivery of public transport services in the Waikato is a complex mix of planning, funding, service delivery and infrastructure provision. WRC provides policy, network planning, ticketing, marketing, customer service, contracting/procurement and contract management for contracted bus, total mobility and rail service providers who are responsible for the day to day service delivery. Infrastructure for public transport services is provided by Waka Kotahi for state highways, KiwiRail for the rail network and by the 10 territorial authorities in the region. Public Transport in Rotorua (which partly falls within the Waikato Region) is delivered by Bay of Plenty Regional Council and Rotorua District Council and is not within the scope of this project.

To work effectively, this arrangement requires a high degree of strategic alignment across all agencies with significant co-ordination of respective funding priorities and on-the-ground co-operation. In practice the required degree of alignment across these crucial areas is not always achieved although both WRC and HCC staff and Councillors agree that the partnership around public transport has never been stronger. Problems identified by staff at workshops on this

² Draft RLTP 2021-2051 pg 60

project were things new bus services not coming on at the time anticipated, bus priority lanes not being funded on high priority routes or bus stops being delayed or not installed where planned affecting timetabling and customer experience.

There are multiple funding plans that are often either not well aligned, or not fully integrated.

The total current year budget of \$36.2m for public transport, as defined in the current RLTP, is distributed as follows³:

- \$23.9m public bus services,
- \$6.0m passenger rail,
- \$0.7m total mobility,
- \$5.6m planned improvements, support systems, facilities and staff.

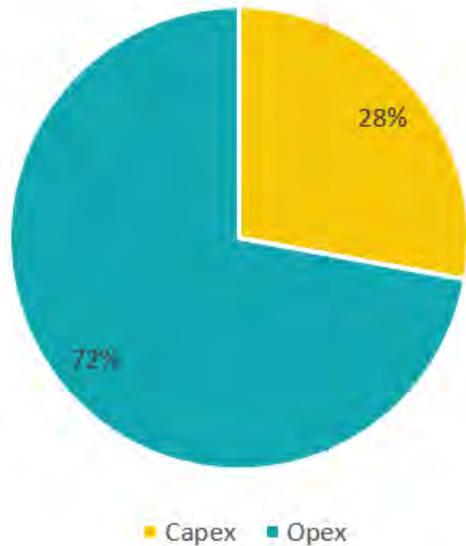


Figure 3 Capex vs Opex Proportions of Investment on Public Transport in the 2021-24 National Land Transport Programme across the Waikato region

³ Information provided by WRC (insights PowerPoint as part of the RFP Feb 2021)

Of the total budget, Hamilton urban services makes up 76% (\$18.2m), between Hamilton and neighbouring towns 18% (\$4.2m) and regional services 6% (\$1.4m).

The funding subsidy is split between Waka Kotahi (51%) and local share (49%). The local share is funded by WRC where the service is wholly within Hamilton and the relevant district council where the service is wholly within its district. Without this funding it is likely that few (if any) of these services would be provided. New bus services, such as The Comet, can be delayed due to the time required to negotiate co-investment with Waka Kotahi.

Where services connect between Hamilton and neighbouring towns, the local share funding is split between WRC and relevant district councils. In the 2018/21 NLTP period only three territorial authorities claimed subsidy for public transport infrastructure through WRC, meaning the other local authorities either delivered no infrastructure or claimed from Waka Kotahi directly under non-public transport activity classes – but we are unable to confirm their expenditure from NLTP reports provided to us by WRC. Table 2-1 identifies the public transport infrastructure services delivered by the three local authorities that claimed subsidy via WRC for the last three years.

Table 2-1 Public Transport Infrastructure Services delivered by local authorities but claimed via WRC 2018-21

| | | | | 2018/19 | 2019/20 | 2020/21 | 3-year LTP |
|--------------------------------|--------------------------------|--|---|------------|------------|------------|------------|
| South Waikato District Council | Regional Public Transport Plan | PUBLIC TRANSPORT Infrastructure e.g., bus shelters | Construction / relocation / upgrade / removal of bus stop(s) / shelter(s) | | | \$ 23,404 | \$ 23,404 |
| Waikato District Council | Regional Public Transport Plan | PUBLIC TRANSPORT Infrastructure e.g., bus shelters | Construction / relocation / upgrade / removal of bus stop(s) / shelter(s) | \$ 13,019 | | | \$ 13,019 |
| Waikato District Council | Regional Public Transport Plan | PUBLIC TRANSPORT Infrastructure e.g., bus shelters | Construction / relocation / upgrade / removal of bus stop(s) / shelter(s) | \$ 157,390 | \$ 172,801 | \$ 208,264 | \$ 538,455 |

The RLTP 10-year forecast for the Waikato region has a total cost of around \$8 billion for transport. The diagram below illustrates that there is significant investment going into state highway maintenance and local road maintenance which together account for approximately 63% of total regional transport spend over the 10-year period. The other significant investment is in Road to Zero which accounts for 13% of total spend. In comparison, the regional allocation for public transport and active modes remains relatively low compared to other activity classes at 10% of the spend over the 10 years.⁴

Since the adoption of the RLTP councils have adopted their Long-Term Plans for the period 2021-2031. and Waka Kotahi has approved the 2021-24 National Land Transport Programme (NLTP).

The tables below identify the local authorities that have public transport infrastructure and active mode projects identified as approved, probable, or possible in the 2021 – 24 NLTP. HCC is by far the most significant investor in infrastructure services for the region.

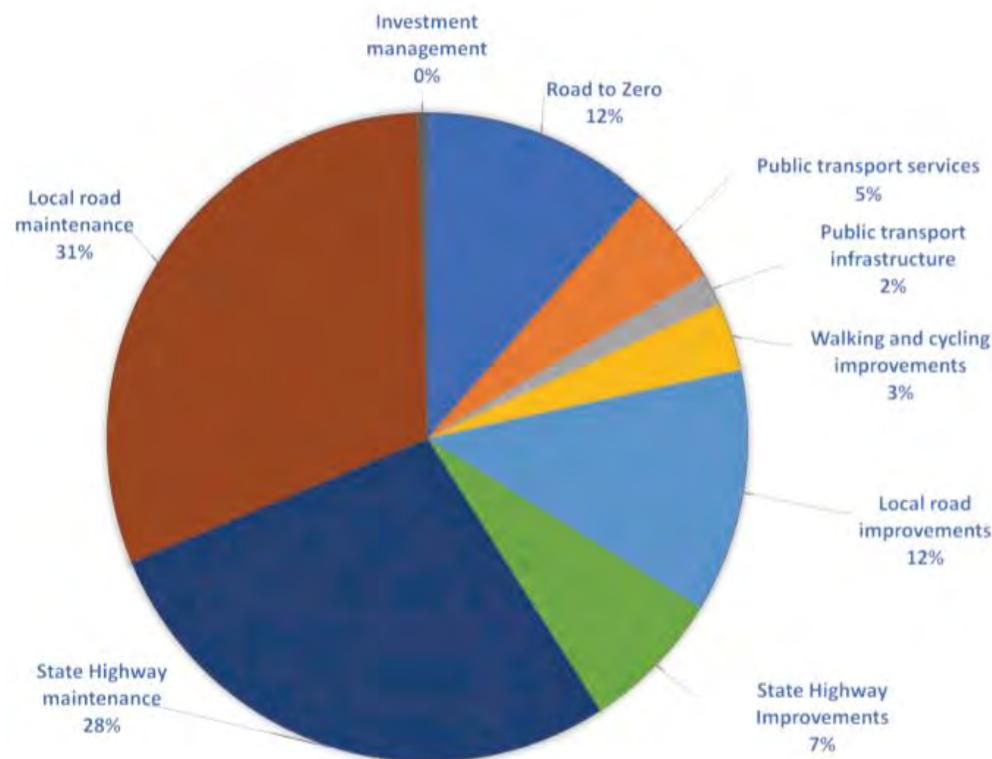


Figure 4 Proportion of Investment in Transport in the Waikato Regional Land Transport Plan 2021 – 31 by activity class

⁴ Waikato RLTP 2021-2051 pg 85.

NLTP 2021–24 Funding in Waikato Approved

Table 2-2 NLTP 2021–24 Funding in Waikato Approved

| Activity Class | HCC | WDC | Waipa | Matamata-Piako | South Waikato | Taupo | Otorohanga | Thames-Coromandel | Hauraki | Waitomo |
|------------------|----------|---------|-----------|----------------|---------------|-----------|------------|-------------------|---------|---------|
| Public Transport | \$152.3m | \$3.2m | \$200,000 | \$71,000 | - | \$140,000 | - | - | - | - |
| Active Modes | \$15.98m | \$8.49m | - | \$2.35m | - | - | - | 0 | 0 | \$3.55m |

NLTP 2021–24 Funding in Waikato Possible

Table 2-3 NLTP 2021–24 Funding in Waikato Possible

| Activity Class | HCC | WDC | Waipa | Matamata-Piako | South Waikato | Taupo | Otorohanga | Thames-Coromandel | Hauraki | Waitomo | Rotorua |
|------------------|-------|---------|--------|----------------|---------------|---------|------------|-------------------|---------|---------|---------|
| Public Transport | - | - | - | - | - | - | - | - | - | - | - |
| Active Modes | \$85m | \$4.48m | \$9.5m | \$154,200 | - | \$3.75m | - | 0 | 0 | - | - |

NLTP 2021–24 Funding in Waikato Probable

Table 2-4 NLTP 2021–24 Funding in Waikato Probable

| Activity Class | HCC | WDC | Waipa | Matamata-Piako | South Waikato | Taupo | Otorohanga | Thames-Coromandel | Hauraki | Waitomo | Rotorua |
|------------------|---------|-----|-------|----------------|---------------|-------|------------|-------------------|---------|---------|---------|
| Public Transport | - | - | - | - | - | - | - | - | - | - | - |
| Active Modes | \$29.8m | - | - | \$2.35m | - | - | - | 0 | 0 | - | - |

NLTP 2021–24 Funding in Waikato Total

Table 2-5 NLTP 2021–24 Funding in Waikato Total

| Activity Class | HCC | WDC | Waipa | Matamata-Piako | South Waikato | Taupo | Otorohanga | Thames-Coromandel | Hauraki | Waitomo | Rotorua |
|------------------|-----------|---------|-----------|----------------|---------------|-----------|------------|-------------------|---------|---------|-----------|
| Public Transport | \$152.3m | \$3.2m | \$200,000 | \$71,000 | N/A | \$140,000 | N/A | N/A | N/A | N/A | \$243,000 |
| Active Modes | \$130.83m | \$4.48m | \$17.99m | \$154,200 | N/A | \$3.75m | N/A | N/A | N/A | \$3.55m | \$2.7m |

3 Aligning the Vision with Strategy

3.1 Alignment of Vision, Mission, Outcomes and Objectives

The first challenge for the review was to understand how well aligned the public transport planning done in the region is internally and with key government directions. In this section we summarise an assessment of the connectivity between the local and regional level planning and the signals coming from central government. An infographic showing this relationship is attached as Appendix A.

Some key themes coming through the national, regional and local plans are that there is not clear alignment in relation to language use and document structure. The lack of consistent terminology across the plans and policies (vision, mission, outcomes, objectives, KPIs etc.) makes the interpretation across all of the policy documents unclear.

We note that at the strategic level (vision, outcomes and objectives) most documents are clear. The outcomes and objectives of all policy documents are generally aligned but the quantitative baseline targets that sit below them are often missing. At the more detailed level (KPIs and measures) there is often a lack of consistency and measures across national, regional and local plans.

The newly adopted Waikato RLTP 2021-2051 is much more aligned with the national direction compared to the previous plan. It covers strategic objectives relating to:

- Strategic corridors and economic development,
- Road safety,
- Access and mobility,
- Climate change and environmental sustainability,
- Integrated land use and transport planning.

Beneath those objectives sit measurable targets. With the newly adopted Waikato RLTP a case for broader investment could be made. Especially in relation to transport as there are objectives within access and mobility that relate directly to public and active transport modes. The access and mobility objective has clear targets beneath it to increase the use of public transport and active modes on a year-on-year per capita basis whilst simultaneously reducing the use of private vehicles.⁵

⁵ Waikato RLTP 2021-2051 pg 20.

3.2 Key Performance Indicators and Measures

There tends to be clear alignment at the national policy level in relation to KPIs. However, as we cascade to the regional and local plans there is generally a lack in clear measurable KPIs to assist in demonstrating how the region is going to achieve the outcomes set by government investment documents such as the GPS 2021.

Across the regional and local policy documents qualitative measures tend to be used rather than quantitative measures. This makes measuring the KPIs extremely hard and poses challenges when arguing for investment in the Waikato over other regions.

For example, Arataki has a measure for access (access to key social destinations - all modes) which aims to have a proportion of population living within travel threshold (15, 30, 45 mins) of education, health care, supermarkets by different modes (walking, cycling, public transport, private motor vehicle).⁶ Ideally there would be a corresponding measure and KPI in the regional planning documents to demonstrate investment alignment.

At the regional level both the Waikato Regional Mode Shift Plan and Regional Public Transport Plan (RPTP) 2018-2028 lack measurable KPIs, with the regional mode shift plan lacking both KPIs and measures. The Waikato Wellbeing policy document included a climate change related outcome and relevant KPIs, however lacked any outcome or KPIs related to transport. At the local level, the Hamilton Waikato Metrospatial Plan lacks clear KPIs but refers to less challenging generic outcome statements (e.g., ‘the proportion of trips being made by public transport and active modes (walking and cycling) is increasing’).⁷

3.3 Confirming a Cohesive Vision

WRC has commissioned this report to confirm its objectives set out in its current RPTP, adopted in March 2018 and to confirm a cohesive vision for the future of the regional public transport network. Through our process of workshops and interviews with key staff we have observed strong support for the current vision and objectives which remains fit for purpose as a vision provided it is well supported by objectives, Key Performance Indicators and Measures. The vision is:

Our vision for the Waikato region is to build a public transport system that enhances the vitality of our communities, strengthens our economy, and helps create a healthier environment.

The objectives of the RPTP are to:

- Deliver a layered network of public transport services that meets a diverse range of travel needs,
- Transition to a mass transit-oriented network over time,
- Provide the infrastructure necessary for an accessible, effective, and efficient public transport network,
- Provide high quality and intuitive public information,
- Provide a fares and ticketing system that is easy to use and affordable for passengers,

⁶ Waka Kotahi Arataki (version\ 2) 2021-2031 pg 36.

⁷ Hamilton Waikato Metrospatial Plan pg 13.

- Provide public transport services that are affordable for passengers and funders,
- Develop and maintain partnerships that obtain best value for money in the delivery of transport solutions.

3.4 Future Vision and Objectives

When asked to describe their vision the kinds of public transport aspirations expressed by stakeholders at the workshops were:

- Our public transport patronage looks like Auckland,
- Public transport is the first choice for travel to and around the city,
- People can get to where they want to go even if coming from the country,
- Schoolchildren can get safe transport to school,
- Bottlenecks are removed,
- Fast, frequent, and reliable services,
- Regional centres connected by public transport,
- Everyone in region can access core public services via public transport,
- Infrastructure to support services delivered in a seamless/integrated way,
- Sustainable funding for services,
- Use of rail for metro services around Hamilton,
- Use of rail in the region – Te Awamutu, Morrinsville, Te Kuiti,
- Inter-regional transport – long term goal to see greater Upper North Island connectivity (rail) – Rotorua, Tauranga, Auckland,
- Integration of land-use and transport - lead infrastructure and services for new developments,
- Climate change and decarbonisation is a key driver.

Participants consistently agreed the current RPTP has been overtaken by emerging strategic drivers such as climate change response and the work on the Hamilton to Auckland Corridor and does not fully match these statements, noting that the new RLTP and WRC Long Term Plan Strategic Direction was much more aligned. The general consensus was that the current vision was aspirational and clear, and the focus should be on defining clearer objectives, KPIs and measures.

The national direction for transport is focused on achieving broader wellbeing outcomes for New Zealanders. The vision could be refined to acknowledge these wider outcomes. For example, the Ministry of Transport (MOT) Outcomes Framework provides a set of core outcomes that government is seeking to achieve through the transport system. These are: Economic Prosperity, Inclusive Access, Resilience and Security, Health and Safety and Environmental Sustainability.

Since June 2018, the MOT framework has been progressively embedded in the strategic frameworks used by the transport sector. It has also been used to inform a number of policy initiatives, including the road safety strategy, Road to Zero and the Future of Rail review.⁸

The Treasury's Living Standards Framework also provides a structure that can assist public transport investment decisions. This structure enables an assessment of investment that fall under Natural, Social, Human and Financial/Physical Capital - assets that underpin our current wellbeing and our ability to sustain future wellbeing. Similarly, the GPS 2021 refers to primary outcomes and co-benefits that cover environmental sustainability, economic prosperity, resilience and security, inclusive access.

We note that in developing policies or plans, there are many approaches, with often confusing mix of terminology (vision, mission, outcomes, objectives, KPIs etc.). For the purposes of this review, we have adopted the general characteristic of a vision statement in that it refers to a future position, can be achieved, but over a period of time, while outcomes or goals are what you hope to achieve when you accomplish the vision. Objectives are a set of specific, quantifiable results, achieved within a time frame, with available resources. KPIs are ways to measure performance using metrics and measures.

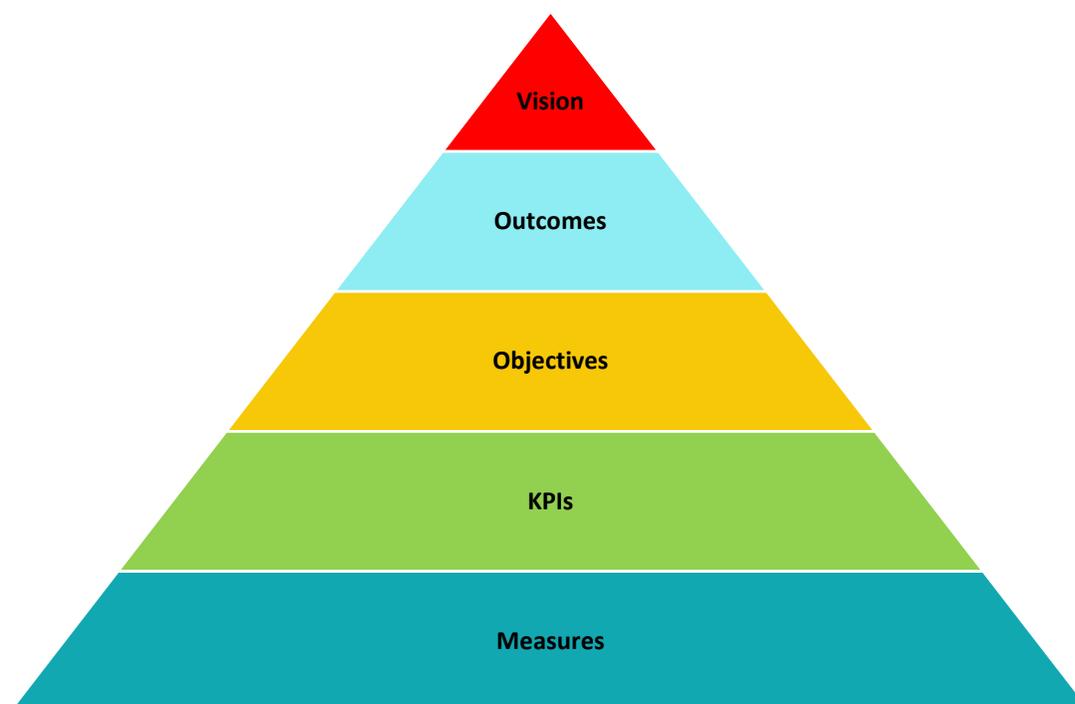


Figure 5 Hierarchy of vision outcomes, objectives, KPI's and measures

⁸ <https://www.transport.govt.nz/area-of-interest/strategy-and-direction/transport-outcomes-framework/>

The current RP Vision should be more aligned with the RLTP 2021 – 2051 Vision which is *“An integrated safe and resilient regional transport system that delivers on the well-being of our diverse Waikato Communities”*. This vision could be tweaked to be specific to public transport, and also align with the national direction.

For example: A new Vision statement could be *“A public transport system for the Waikato region that is integrated, safe, strengthens our economy and helps create a healthier environment”*

The Outcomes could be expressed as a mix of:

- *A public transport network that is more attractive for many Greater Hamilton Metro residents and is better integrated with the settlement pattern;*
- *An inter-regional network that links Hamilton to Auckland and potentially Tauranga regularly, efficiently; and*
- *An intra-regional network that provides connectivity between centres/communities and core services.*

In addition to these system-based outcomes the strategy could confirm the following process-based outcomes:

- More Aligned decision making at a system level,
- Diversification of funding sources and increase in quantity of funding,
- Better Integrated delivery of public transport infrastructure and services,
- Broader partnerships with other Agencies that deliver outcomes relevant to public transport.

The Vision and Outcomes could be supported by a set of Objectives framed around strategic, organisational, operational, funding and infrastructure condition themes. Subsequent business cases such as the Metro Spatial Plan Transport PBC or the Te Huia Extension Single Stage Business Case (SSBC) could then refine KPIs and measures that are specific to their area of focus.

4 Key Findings from Public Transport Performance Benchmarking Analysis

The factors that drive decisions to use public transport are complex.

The current transport system in the Waikato, and the way it is planned and funded, has generally been designed for a region with less use of public transport, particularly in Hamilton City, and evidence of the transition in transport from a coverage based service to a more patronage focussed model where resources are invested in a way which maximises use and gives the public more viable choices about mode is limited.

Today's challenges for public transport, include supporting significant growth in the region in a cost effective way, investments to reduce transport emissions and building resilience to increasing congestion, and the use of economic and planning levers to influence and encourage improved public transport patronage will require a different way of thinking about how we invest in public transport to allow our community to better move around our cities and regions.

The infrastructure required for some of the Metro area transport demands and to overcome increasing network capacity and congestion problems is becoming more expensive and complicated to fund/implement as a consequence of these challenges.

4.1 Growth

Over the last decade, the pace and scale of urban growth has often exceeded central and local government's abilities to plan effectively for this growth and fund the public transport services and infrastructure needed to support it. It has been difficult to justify lead investment in public transport under existing cities meaning that public transport interventions are often "add-ons" or "nice to haves" when investments are being prioritised. In the Waikato most transport investment has been road focussed, notably construction of the Waikato Expressway. These road focussed projects which will make it easy to travel around Hamilton in private vehicles and will probably undermine the attractiveness of public transport as a mode of choice for many years to come.

In many of New Zealand's fastest growing cities, including Hamilton, housing supply shortages have exacerbated housing affordability problems. The response has often been urban expansion without accompanying investment in public transport services – encouraging a reliance on cars or generating hidden affordability issues as people have fund costs of longer transport trips to get from where they live to their place of work with few public transport options.

Conversely public transport services are often overcrowded at peak times, typically where commuters and school children are seeking to use the same services and limited capacity. Many bus routes are underutilised the rest of the time. Consequently, public transport services often cannot provide a time or cost (or both) competitive alternative to private vehicles for many trips.

4.2 Demand for New Solutions

Faster and more regular services to a wider number of destinations will improve the time competitiveness of public transport and reduce the attractiveness of private vehicles. However, the levels of service required to lift public transport patronage/mode share by attracting users away from private vehicles are expensive and can often deliver lower value for money estimates than capacity improvements using current economic evaluation techniques.

The combination of low project economic benefits, and often underwhelming public transport patronage outside peak times, overall suggests that investment in new public transport services may not deliver value for money in the short term if only current evaluation techniques and investment criteria are used.

The size of the gap between how much money is planned to be spent on public transport in the longer term, and how much of the transport burden it is projected to shoulder, is likely to grow. Factors external to the public transport programme – the very demand for public transport itself – does not seem to exist in sufficient quantities to support the proposed public transport programme that some wish to see.

The benchmarking work demonstrated that for similar cities Hamilton is not unusual in its pattern of low patronage and the service offered to the rest of the region is generally similar to other parts of the country.

The initiatives used in the centres benchmarked, including the examples used from overseas, that had better performing public transport and which might increase patronage and support the region's public transport vision include:

- Development of high frequency public transport services focussed on maximising patronage, linking areas of higher density housing with the places people want to travel to work, learn or play,
- Balancing of the typically higher immediate costs of public transport by supporting policy measures, such as increasing car parking costs, road pricing, appropriate fare levels, and providing public transport priority measures when allocating road space etc.
- Improving service reliability and information,
- Electronic ticketing,
- Providing a level of service in terms of journey time and customer experience for public transport users that is competitive with the private car,
- Funding public transport services as lead investment, so that new residents have immediate access to public transport options and do not become irreversibly dependant on the private car, this may require developing tools to enable developer contributions to public transport services.
- Invest in integrated walking and cycling networks to support public transport services.

4.3 Integrated Governance

One of the most important lessons from the delivery of large-scale public transport projects internationally and affirmed via the benchmarking work and engagement with officials is that governance matters. Poor governance is often cited as the most significant, yet avoidable cause of failure to achieve a vision.

Good governance relies on having the right building blocks in the system. These include clear roles and aligned incentives, the right commercial tensions, and an open and accountable culture. Bigger and more complex projects will require innovation and commitment from every agency involved.

Large rapid transit systems are among the most complex and demanding infrastructure projects to deliver, and New Zealand's transport sector, and the Waikato region in particular, has limited experience in these. Although there are successful examples (e.g. Auckland's Northern Busway and the Hamilton Transport Centre), central and local government need to scale up their abilities to plan and deliver major projects. The Waikato region will also need to maximise the urban development opportunities around rapid transit corridors and stops. Planning and delivering better public transport requires multiple agencies within central and local government to work closely together, including the Ministry of Transport, Waka Kotahi, KiwiRail, councils, and other local entities.

The large number of entities involved in the transport system in the region requires a strong focus on collaboration, with the Regional Council growing and strengthening its relationships with partners and key stakeholders to ensure success.

Transport will remain a significant issue in the Waikato, and there will continue to be a high level of public interest and scrutiny of local government transport decisions. The governance arrangements for transport are currently 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.

The current separation of transport 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 sub-optimal outcomes. This problem is particularly acute for public transport.

Existing governance structures do not appear well equipped to address some of the major infrastructure projects in the region or make the types of integrated decisions required to manage demand and maximise the performance of existing public transport assets. This is because such decisions rely on multiple independent agencies making interdependent decisions in a carefully planned sequence. The anecdotal evidence reported to the review team suggests that this has proved an insurmountable challenge due to the conflicting priorities of each organisation.

4.4 The Role of Technology

The brief specifically requested consideration of the potential role of technology in achieving the vision. It is certain that technological change will impact on the attractiveness of public transport as a service. The pace of technology change and innovation in the transport sector is rapid. New fuels, new mode options, intelligent transport networks, ticketing technology, real time information and autonomous vehicles could all come available to public transport operators in the next 10 years. Each of these technologies has the potential to improve the performance of the public transport system. However, the timing of their introduction and costs are often highly uncertain, and many of the changes anticipated could benefit other modes as much if not more than public transport.

Waiting for technology to solve the region's existing and burgeoning public transport challenge is not a realistic option for many Councils in New Zealand. Few cities or countries globally have developed a cohesive and comprehensive policy response to still emerging public transport technology, though many are grappling with this with mixed results.

New Zealand's transport authorities have, arguably, been at the forefront of policy development. In 2014 the MoT developed a pioneering ITS Action Plan which is focused on ensuring New Zealand can respond to sector developments, particularly in relation to public transport. This approach is considered to be in line with global best practice.

The approach recommended in the Waikato is for Business Cases such as the Metro Spatial Transport Programme Business Case to evaluate available information on "known" technologies and data to understand whether technological options exist to resolve particular problems or opportunities within the system at the time the business case is being prepared. This would typically be captured through appropriate assumptions (e.g. demand/efficiencies), the uncertainty logging process, assessed through sensitivity and scenario testing and monitored through KPIs and Triggers. The key is to create a governance and management system for public transport that is flexible and adaptive without the current barriers to aligned investment and implementation activities.

Another such business case to respond to emerging technology and climate change related issues would be one related to the issues associated with the transition to electric buses – where matters such as integrated depot facilities for recharging, ownership of fleets and associated capital costs/risks can be resolved.

4.5 Solutions are context and outcome specific

The benchmarking work completed as part of this study demonstrates that there is no ‘silver bullet’ and that solutions are likely to be context and outcome specific. Even with dramatic improvements in land use and transport alignment, it should not be expected that public transport will automatically become significantly more than a commuting and education (i.e. travel to and from work/education) option for the vast majority of journeys, at least in the short term.

It is noted that for the immediate future, by far the majority of the regions’ residents will continue to own at least one private vehicle. Trips using this vehicle are therefore typically valued by users at the marginal cost, essentially the cost of fuel, as opposed to the average total cost of ownership, operation, and maintenance. This makes many people’ perception of private vehicles as being extremely cheap to run in comparison to public transport.

The overall effect is often that co-location of development, with even very good public transport (often termed rapid transit) services, is no guarantee of reduced reliance on the car as the primary mode of transport. Far more comprehensive actions is therefore likely to be essential if the region is to address congestion and social equity/environmental issues via a shift to public transport, walking and cycling.

There is however hope that WRC’s vision for public transport can be achieved in the medium to longer term. In Auckland, for example, the spatial plan identified the need for increasing densification combined with high frequency public transport. Patronage has increased as densities have increased alongside new high frequency bus routes designed for ridership, electronic ticketing, and a wide range of other integrated investment decisions by Auckland Transport and Waka Kotahi. The Auckland case study suggests that increasing density in urban areas and the provision of good public transport services are inextricably linked. Access to convenient, affordable and frequent public transport is a key enabler for land use outcomes such as density (and vice versa).

At the moment public transport in the Waikato Region does not offer this benefit and competes against additional capacity for light passenger vehicles being provided by significant capital expenditure. Funding for roading initiatives far outweighs funding allocated to public transport infrastructure and operation, indicating that private light vehicles are prioritised ahead of other modes including public transport.

Recent route changes and plans for the future are likely to increase the role public transport could play in enabling the metro spatial plan settlement pattern, achieving mode shift and reducing emissions as per government priorities. However, such a model will likely require much closer alignment between infrastructure providers, land developers and service providers than currently exist, which is largely dependent on personal relationships and reliant on aligning governance decisions across more than a dozen organisations. Increased collaboration at a system level will be required to deliver the public transport vision.

5 Findings from Stakeholder Interview and Workshop Feedback

Our review of the strategic documents combined with the feedback from the interviews and workshops suggests that while the region has a coherent public transport vision within the RPTP that is well aligned with the government's strategic frameworks there is more work to be done to address the gap between the vision and implementation.

While collaboration between the partners at both an operational level and political level is strong there are a number of challenges to delivery that remain to be resolved. The feedback received identified issues and barriers with respect to strategy, organisational factors, operational issues and funding.

5.1 Strategic

Most of the strategic issues and barriers focus on governance, complex local government structure (no single voice) and Resource Management Act (RMA) impediments such as the lack of requirements for public transport in District Plans with no incentives for developers to provide for public transport and the lack of ability to protect long-term routes via structure plans. Unplanned growth and lack of public transport alignment with urban form, unwieldy consultation processes and public perception public transport were also identified as key barriers. The lack of clear targets and measures to assess whether objectives were being met was a common theme.

5.2 Organisational

Issues include complex local governance structure for transport, lack of integrated planning and service delivery for public transport, other modes and associated infrastructure – especially the delivery of services to meet the different needs of the Region's District Councils (e.g. Taupo, Tokoroa, Thames) and for greenfield sites. Flaws with the current collaborative/non statutory/non-binding process to reach agreement on a settlement pattern (Future Proof). Mechanisms for including other stakeholders such as District Health Board, University, Polytechnic, Waikato-Tainui, Raukawa, Developers, Kainga Ora, Kiwi Rail, Cycling Community, Grey Power, Access Hamilton.

A lack of partner commitment also appears to be an issue.

5.3 Operational

Lack of easy alternatives to active modes, ability to get agreed standards and routes for new builds, staff capacity and capability, misalignment of delivery timeframes amongst agencies/councils and complexity at regional boundaries (e.g. delivering Te Huia, or providing bus services into Pokeno and Tuakau). Operational issues include the ability to provide optimal services in the following areas:

- Rideshare services/on demand services,
- Park and Ride sites,
- Frequent, regular and reliable services,

- Interventions to make 'first and last mile' trips easier,
- Real time network management/signage,
- Integrated ticketing,
- Bus lanes, public transport priority measures, dedicated lanes,
- Interventions to address bottlenecks at bridges,
- The low cost and availability of car parks,
- Fleet size and type,
- Decarbonisation of the bus fleet and need for stabling and charging facilities,
- Regional community service delivery,
- The emergence of mobility as a service.

5.4 Funding

There is a general concern about the appropriateness of the current funding model for public transport, with over-dependency on Waka Kotahi processes, multiple funding parties, clear incentives for cost shifting between agencies and lack of alignment in infrastructure investment decisions with services. For instance, with five Road Controlling Authorities in the Hamilton metro and multiple layers of decision-making creates a very disjointed funding mechanism. This disjointed decision making system is not assisted by the fact that the costs of delivering public transport infrastructure – both to greenfield sites, and to retrofit existing networks are significant when compared to other competing uses of road space. As a result, it is no surprise that there is sometimes little or no alignment across councils who may have very different priorities when it comes to funding public transport.

Central Government is developing new approaches and tools to support the issues New Zealand is having with progressing high cost, long lead complex multi-party infrastructure and in particular initiatives that will assist in developing the journey to zero CO2 emissions. In particular, the Ministry of Transport (MOT) has developed the Generational Investment Approach (GIA) which is an initiative to understand and develop large scale long term, step change projects and find ways to support qualifying opportunities, assist with their development and provide confidence to progress them. There is the potential to engage with MOT GIA team to investigate using the Waikato Region and a pilot in the development of the GIA. For additional information see: <https://www.transport.govt.nz/area-of-interest/infrastructure-and-investment/generational-investment-approach-gia/>. There are also likely to be new funding sources available for mode shift through the increased effort that the Government is making to tackle climate change and it is recommended that WRC prepare for future opportunities to access funding that will support its objective and outcomes.

6 The Opportunities and Potential Benefits of addressing the issues

The opportunity to take a transformation leap in the delivery of the region's public transport vision depends significantly on the quality of governance, organisational capacity and capability and funding.

Specific operational decisions likely to be required are well understood and will be identified in detail the transport business cases already underway in the region that have the potential to define specific interventions to address place-based challenges or opportunities. Specifically, the Metro Spatial Plan Transport PBC is expected to develop a comprehensive suite of interventions to address the challenges it has identified and a new detailed business case for faster inter-regional rail is being proposed under the auspices of the H2A corridor work.

This report will not address these specific interventions likely to emerge from these business cases – although the accompanying benchmarking report offers some insight for those pieces of work. This includes showing the gap between where public transport is in the Waikato, and where it could potentially be given a greater focus on a network which is focused on patronage rather than coverage, and investment in the right solutions including services and technology.

Instead, the remainder of this review focuses on the institutional and delivery arrangements likely to be necessary to deliver on the Public Transport Vision.

Through the benchmarking and analysis process and partner engagement completed to date the consultant team have identified the following key challenges or opportunities for the region:

- **Implementation of activities to support public transport is delivered by multiple agencies and is not always fully aligned with respect to timing and form of delivery. As a consequence, interdependent activities are delivered out of sequence, not delivered at all or not fit for purpose and the vision is unable to be realised,**
- **The complex funding environment means that it is difficult to co-ordinate and sequence funding of activities so that they deliver expected outcomes,**
- **Land use planning, public transport network planning and infrastructure planning activity is not aligned and allocation of space on the network is between different modes is not agreed. As a consequence, the step changes in service efficiency necessary to achieve the vision cannot occur.**

The expected benefits for the region if these opportunities and challenges can be addressed are:

- Public transport becomes an attractive mode choice,
- Increased funding certainty for initiatives that achieve the vision,
- Mode shift and accessibility in the metro spatial plan area is improved,
- Support increased density in urban areas and increase housing supply,
- Improved ability to deliver viable intra and inter regional public transport services.

The optimal business model for delivering the vision across the region will need to be flexible enough to deliver on the different roles public transport assumes at different scales and in different parts of the region. The model will also need to deliver on strategies that are aligned with the prevailing national strategic frameworks, including the Living Standards Framework (LSF), Transport Outcomes Framework (TOF), GPS 2021.

Successful achievement of the vision will be different when considering:

- Intra-regional outcomes (Thames, Taupo, Tokoroa, Tè Kuiti and possible connections to Hamilton or neighbouring centres),
- Metro-spatial area outcomes,
- Inter-regional public transport outcomes (i.e. Auckland – Hamilton, Hamilton to Tauranga).

Such a business model is likely to have a range of specific attributes related to function, business requirements and governance. In the next session of the report, we explore the attributes required of an effective business model, critical success factors and alternatives, before developing a road map for the clients to consider and a suite of recommendations.

7 Desired Attributes of the System Required to Deliver the Vision/Realise the Benefits

From our analysis of the strategic and operational planning context, and the interview and workshop process, we have identified a range of functional requirements/attributes for effective delivery of the public transport vision as articulated above. In developing these requirements, we have not been constrained by current institutional or contractual arrangements noting that the current government is reforming many aspects of local government, but instead identified the attributes or design principles that the ideal institutional system should be based around, and which current and alternative arrangements should be assessed against.

The attributes are arranged around three themes Operational (day to day operations of running the system), Business Requirements (corporate management and leadership, administration of funding, procurement etc.) and Governance (community representation, equity, and ultimate accountability). Through consultation with client-side officials these functional requirements were distilled into five critical success factors (CSFs) that any potential new way of operating could be assessed against. The CSFs and the underpinning functional requirements are presented in Table 7-1.

Table 7-1 Critical Success Factors and Model Requirements

| Critical Success Factor | | | | |
|--|---|--|--|--|
| 1. Shared long term commitment, accountability and collaboration (inability to veto) | 2. Single Programme driven from shared vision, outcomes, benefits, objectives, KPIs and measure (transparent IDMF). Tied back to LSF, TOF, GPS and wider government outcomes. | 3. Single voice for the participating organisations with the ability to democratically and equitably represent the community and funders across the urban, intra and inter regional systems. | 4. Delegated joint decision making and management (funding, network planning an operations and resources) <ul style="list-style-type: none"> a. System control (kerbside activity, road space allocation, network operations) b. Simplified funding – regional rate, pooled funding, capex, opex and maintenance c. integrated teams (assigned on a best for project basis from supporting organisations first then market) | 5. Scalable and flexible to meet range of system and community needs, able to interface with land use and other growth initiatives and wider local authority model |

Governance Requirements

- Whole of system approach from strategy to implementation that is focussed on outcomes
- Transparency of decision making
- Boundaryless decision making
- Single point of accountability for delivery of an integrated programme
- Equitable and democratic representation of beneficiaries & core funders (local government, crown)
- Systems, processes and capability to manage significant multi-year investment programme
- Influence transport & land use decisions across the transport system (incl. post RMA & Local Government reform)
- Able to govern various funding arrangements/models and different contracting and procurement approaches

Business Requirement

- Programmes and funding are linked to agreed outcomes – facilitating investment from a wider range of government and partner funding sources than Waka Kotahi (e.g., Health, Education, Work and Income, iwi)
- Funding is pooled centrally & allocated across capex, opex and maintenance to achieve desired outcomes
- Funding sources include public & private sector contributions (e.g., development contributions for services & infrastructure from new developments)
- Capability & capacity to enter complex alternative funding & delivery models such as PPPs, Alliances or cross boundary delivery agreements with other regions/transport entities (e.g., AT)
- Access to the full range of local government funding tools (incl. debt, targeted rates, user charges etc.)
- Access to a comprehensive pool of technical services & expertise.
- Funding levels are sustainable and affordable taking into account whole of life costs
- Able to manage/influence access to the network
- A focus on customer service delivery

Operational requirements

- Ensure integrated & aligned delivery of projects and services in accordance with a single integrated long term investment plan that is focussed on clear outcomes
- A comprehensive delivery programme that fully integrates capex, service delivery, customer service & behaviour change/incentive measures to encourage mode shift
- Delivers a decarbonised public transport fleet and the infrastructure to support it
- A single set of Outcome measures, KPIs, data sets & analytics to support strategic and operational decision making
- Capable of delivering services & infrastructure across local authority boundaries (either directly or in partnerships)
- Efficient & effective procurement approaches that support a competitive market
- Plan & deliver operational & strategic initiatives at a system wide level within the region at different scales based on local community need/outcomes
- Simple to administer, efficient & transparent funding and operational mode
- Flexibility to make operational decisions without undue formality

8 Potential Delivery Models

Taking a first principles base not constrained by current statutory frameworks allows consideration of a range of possible delivery forms. From the benchmarking exercise the interviews and through consultation with officers, 12 options for operational models were developed, as set out in point a) through to k) below.

The range of models can then allow form to follow function by evaluating a range of potential future operating models against the critical success factors to determine the closest to optimal institutional arrangements to deliver the vision and the implications of selecting each model. It is important to note that the models are specifically designed to be flexible and adapt to any future regulatory changes such as modification of the Public Transport Operating Model or any new funding regime.

In reality there are many hybrid forms that could be developed within and between these broad forms, but that level of detail is beyond the scope of this initial investigation. That level of detail can be determined by subsequent analysis or business cases once the preferred model is selected. We have therefore developed a continuum of operating models to represent points on a spectrum from a simple (no change) approach through progressive enhancement to models that require legislative change and are a radical departure from the business as usual. These are intended to represent possible scenarios that would represent different abilities to collaborate, fund the model and ultimately influence the collective outcomes.

- a) **Business as Usual** (no change to current operating model)
- b) **Enhanced Business as Usual** (no change to current operating model but some new initiatives related to funding and cross agency collaboration)
- c) **Delegated Partnership** (delegation of some low cost/low risk responsibilities to a single group or committee for decision making, no new entity, funding aligned with LTP cycle)
- d) **Public Transport Shared Responsibilities** (for example, potentially under LASS, public transport responsibilities, decision making, and funding assigned to new entity, aligned with LTP cycle)
- e) **Transport Shared Responsibilities** (for example, potentially under LASS, all transport systems responsibilities, decision making, and funding assigned to new entity, aligned with LTP cycle)
- f) **Public Transport Contracted Partnership** (contractual commitment, such as an alliance, between partners with public transport responsibilities, decision making, and funding assigned to new entity, longer term funding commitment)
- g) **Transport Contracted Partnership** (contractual commitment, such as an alliance, between partners with public transport responsibilities, decision making, and funding assigned to new entity, longer term funding commitment)
- h) **Regional/Subregional Transport CCO** (new public entity created through legislative change similar to Auckland Transport, covering participate area of Waikato)

- i) **Multi-region Transport CCO** (new public entity created through legislative change similar to Auckland Transport, covering participate regions)
- j) **National Public Transport Agency** (Crown entity to plan an operate all passenger transport across NZ)
- k) **National Transport Agency** (Crown entity to plan an operate all transport across NZ – such as an extension of Waka Kotahi functions)

Options a) to g) are possible now, probably without legislative change. Options h) to k) represent more substantial legislative reform and would probably take several years to implement.

8.1 Model Assessment Against Critical Success Factors

The delivery models set out above have been assessed qualitatively against the critical success factors through a strategic merit test (SMT). This process assesses each model against the CSIs and provides a subjective assessment focussing on the implications of selecting each model. The SMT is intended to reflect the merits and limitations of each model rather than rank them against each other. This information allows decision makers to make an informed choice against the level of change they are willing to make and to assess the risks, opportunities, limitations, and merits of each potential model.

On the surface, this assessment suggests that while a full Transport CCO might be a logical end point that provides the best opportunity to deliver the vision. A number of the specific interventions described in the enhanced BAU, Delegated Partnership and Regional Public Transport entity might offer a transitional path to the full Transport CCO and these options would be addressed in the next phase of any transition. Implementation of these initiatives could be staged as the maturity of the collaboration between the partners grows and the implications of the various strands of local government reform evolve. However, all functionality of any model is achievable depending on the level of collaboration that exists.

There is a point after a fully contracted alliance model (or equivalent) where further transition will require a legislative change involving central government. A road / decision map to assist with deciding on the appropriate model is set out in Figure 6 of this report. Based on the assessment it is evident that there are alternative models of delivery and operation that can be utilised to create a 'step change' for public transport depending on the level of commitment to making a change. Each option can provide benefits, but each also has implication that need to be addressed in order for them to be successful.

A key decision that needs to be made by participating organisations is the level of delegation decision makers are willing to transfer to a new model or entity and the scope of the transport system that it will cover (for example, PT only or the whole of transport system, or some mid-point in between). This will heavily inform which model is preferred at this stage.

8.2 Strategic Merit Test Summary

The models, as described above, were assessed against the CSFs. The full assessment table is provided in Appendix C and a summary of the assessment is set out below.

Table 8-1 Summary of the Model Assessments Against the Critical Success Factors

| Evaluation Criteria | Able to be achieved through participation using existing mechanisms | | | | | | | Requires Legislative Change | | | |
|---|---|---|--|---|--|---|--|--|---|---|--|
| | a) Business as Usual (no change to current operating model) | b) Enhanced Business as Usual (no change to current operating model) | c) Delegated Partnership (Delegation of responsibilities to a single group or committee for decision making, no new entity, funding aligned with LTP cycle) | d) Public Transport Shared Responsibilities (For example, potentially under LASS, public transport responsibilities, decision making, and funding assigned to new entity, aligned with LTP cycle) | e) Transport Shared Responsibilities (For example, potentially under LASS, all transport system responsibilities, decision making, and funding assigned to new entity, aligned with LTP cycle) | f) Public Transport Contracted Partnership (Contractual commitment, such as an alliance, between partners with public transport responsibilities, decision making, and funding assigned to new entity, longer term funding commitment) | g) Transport Contracted Partnership (Contractual commitment, such as an alliance, between partners with public transport responsibilities, decision making, and funding assigned to new entity, longer term funding commitment) | h) Regional / Subregional Transport CCO (New public entity created through legislative change similar to Auckland Transport, covering participate areas of Waikato) | i) Multi-region Transport CCO (New public entity created through legislative change similar to Auckland Transport, covering participate regions) | j) National public transport Agency (Crown entity to plan an operate all public transport across NZ) | k) National Transport Agency (Crown entity to plan an operate all transport across NZ – likely an extension of Waka Kotahi) |
| Summary of implications of model with to critical success factors | No change from current situation. | No change from current situation | Depending on the level of delegation and support this model would improve co-ordination and collaboration but is at risk of members undermining decisions and activities. Model is likely to be negatively influenced by LTP funding cycle. | Model has the ability to deliver co-ordinated public transport improvements and operation but does not have the ability to managed network operations at a system level due to lack of control over the corridor. Instead, it must rely on other agencies to enable outcomes to be delivered. Model is likely to be negatively influenced by LTP funding cycle. | Model has the ability to deliver co-ordinated public transport improvements and operation, as well as a system wide operation and management. Model is likely to be negatively influenced by LTP funding cycle, however the set-up of a new entity could mitigate these issues. Model is at risk of members undermining decisions and activities if disagreement arises. | Model has the ability to deliver co-ordinated public transport improvements and operation but does not have the ability to managed network operations at a system level due to lack of control over the corridor. Instead, it must rely on other agencies to enable outcomes to be delivered. Model is likely to be negatively influenced by LTP funding cycle. | Model has the ability to deliver co-ordinated public transport improvements and operation, as well as a system wide operation and management. The contractual arrangements should provide long term certainty and confidence for funding and planning. | Model meets all critical success factors and can provide public transport and system wide transport planning, operations, management, and governance. Transition to this will require legislative change and co-ordination with Central Government. | Same as for regional / subregional CCO, however involves more administrative and legislative change to deliver. | | |
| Scenarios that would suite this model | Business as usual public transport operations, unlikely to be able to deliver any complex or step change initiatives. | Business as usual public transport operations, unlikely to be able to deliver any complex or step change initiatives. | Small scale public transport operational and capital improvements or changes across participating jurisdictions, most likely to be targeted rather than whole pf route or network. Large and complex initiatives would require additional management and governance. | All public transport specific opex and capex decisions and improvements including major complex initiatives. would need to negotiate with RCAs for access and approval of schemes. Has the ability to deliver and manage largely segregated services (busway / ferry / rail) independently. | All transport functions across the assigned networks (potentially whole of system or specific priority routes). Has the ability to decide on priority by mode and manage interface between any segregated system and the wider network. High level of control. | All public transport specific opex and capex decisions and improvements including major complex initiatives. would need to negotiate with RCAs for access and approval of schemes. Has the ability to deliver and manage largely segregated services (busway / ferry / rail) independently. | All transport functions across the assigned networks (potentially whole of system or specific priority routes). Has the ability to decide on priority by mode and manage interface between any segregated system and the wider network. High level of control. | All transport functions across the assigned networks (potentially whole of system or specific priority routes). Has the ability to decide on priority by mode and manage interface between any segregated system and the wider network. High level of control. | | | |

9 Potential Funding Options/Tools

Funding of PT services, new and replacement infrastructure and maintenance has for some time been a limitation on the ability for the PT and wider transport outcomes in the Region being realised. As noted through the engagement phase the funding system for public transport is unnecessarily complicated.

Currently funding is sourced as follows:

- Waikato Regional Council rates for public transport services within Hamilton City via a targeted rate
- Hamilton City rates for public transport infrastructure
- The other territorial authorities rate for public transport services on behalf of Waikato Regional Council and for infrastructure that they deliver. The Councils then pay WRC for the services.
- Waikato Regional Council receives the 51% Funding Assistance Rate from Waka Kotahi for public transport services and infrastructure delivered outside Hamilton for some but not all local authorities and reimburses those authorities.

This model is unduly complicated given that the Regional Council can rate for both public transport services and infrastructure and is the agency directly accountable to the public for the quality of those services. There are four other funding models that deserve further investigation.

9.1 WRC funds all public transport services and infrastructure via a regional rate

An administratively simpler model would be for the Waikato Regional Council fund all public transport infrastructure and services from a targeted rate across the region. The WRC's funding policies in its Long-Term Plan already enable rating of this nature – and the region already collects a rate for stock truck effluent management (including infrastructure).

Whilst the detail for how this rate works needs to be further developed conceptually the rate could vary from District to District depending on the level of service provided and benefits received or could be differentiated between Hamilton, the metro spatial plan area and the rest of the region with the funding allocated across the region via the Regional Council's Long-Term Plan in accordance with priorities set within the Regional Public Transport Plan.

Where infrastructure investment is required, it can either be fully or partially funded from the Regional Rate with the Road Controlling Authority in question making up the balance of the local share. The exact allocation of costs being negotiated between the partners on the basis of beneficiary and exacerbator. This framework may allow projects with a regional benefit within one district (for instance a public transport interchange in Hamilton that serves the entire region to be recognised by allocating regional share to that project.

Not only will this arrangement simplify the administration of the National Land Transport Programme, but it will clearly establish accountabilities and provide the community better transparency in terms of the roles of local authorities.

A robust investment decision making framework would be required with appropriate governance and oversight/investment assurance to provide transparency to ratepayers over how the rate was allocated and spent and what benefits were realised. A decision making framework of this nature would need to, as a minimum:

- Set out the expected outcomes to be achieved from the funding
- Detail funds would be allocated (eg a grant, a funding agreement, potential for conditions to be imposed)
- Establish a prioritisation model for competing proposals
- Detail assurance and reporting requirements

9.2 Bulk Funding for Public Transport Delivery

The other option would be for Waka Kotahi to move to bulk funding all public transport services and infrastructure activity. In practice this would mean Waka Kotahi would identify the total quantum it was prepared to invest in the Waikato Region for the three years of an NLTP based on the Regional Public Transport Plan programme of services and infrastructure. Whichever Approved Organisation was accountable for public transport services and infrastructure would then be able to act within that funding allocation without further approvals being required from Waka Kotahi.

This model would remove the uncertainty experienced by local authorities waiting approval of business cases by Waka Kotahi. The model however may not be viable under current frameworks for managing the National Land Transport Fund. To date Waka Kotahi has only entertained this sort of approach for Auckland Transport projects up to \$15 million in value (under a delegation from the Waka Kotahi Board) and to local authorities for their minor improvement programmes. Further discussions should be had with Waka Kotahi to explore whether this option is able to be considered.

There are likely to be preconditions to qualify for such an arrangement. These preconditions would probably cover matters such as:

- The robustness of Council's internal business case and quality assurance process
- Assurance of staff and governance capability and capacity to manage the allocation in accordance with government practice
- Conditions around minimum requirements for planning, procurement procedures, financial management, the level of delegations
- Monitoring and reporting requirements (including independent assurance)

The risk that bulk funding is withdrawn and the financial consequences of that happening would also need to be considered.

9.3 Third Party Funding of Lead Services by Developers

Currently territorial authorities can levy financial contributions under the Resource Management Act or development contributions under the Local Government Act against developers to fund public transport infrastructure in new subdivision areas provided that infrastructure is identified in their Long Term Plan and benefits the development. This option is not available for the provision of public transport services into new development areas. As a consequence the Regional Council must either deliver a service for very low patronage rates until development is substantially complete or provision of the new service is delayed until population thresholds are reached. The consequence of this is that the first residents of new subdivisions are effectively forced into car dependency until the service becomes viable in terms of patronage numbers. Once the habit of driving is established it is difficult to shift behaviour.

The alternative model would be for the Regional Council to collect funding via financial contributions or development contributions from developers to cover the set up phase and early operating costs of public transport services to these new communities. Effective implementation of this tool would probably require

legislative amendment or substantial changes to existing District Plans but could be considered as part of future planning instruments under the new emerging planning legislation.

9.4 Crown Grants

To date Crown grants for transport initiatives outside of the National Land Transport Fund have been for the construction of new infrastructure (roads, walking and cycling networks, rail) rather than service provision. However, it is possible in the future that the Crown may offer grants for initiatives that reduce vehicle emissions of greenhouse gases. These initiatives could include public transport services or infrastructure necessary to support transition to low emission fuels for the public transport fleet. Such funding mechanisms would assist significantly in reduce transport system greenhouse gas emissions.

In addition to the obvious benefits of public transport in terms of greenhouse gas emissions it is also noted that the Ministry of Education, Work and Income New Zealand and Ministry of Health as well as other crown agencies invest in forms of public transport (school bus networks, community health shuttles, Total Mobility, supplementary benefits etc). The opportunity exists to leverage funding from rates, the National Land Transport fund and Total Mobility to improve the levels of service provided via these other crown agencies through a more centralised approach to funding at a regional level.

There is merit in advocating to government for additional funding via crown grants to facilitate the growth of an effective public transport network. The chances of this advocacy succeeding would be assisted if the Regional Public Transport Plan was more clearly linked to the indicators and measures expressed in the government's living standards framework and transport outcomes framework particularly in terms of greenhouse gas emissions, access to services and participation in communities.

10 The Recommended Option and Implementation Stages

The analysis of the model options considered indicates that the point so the continuum of options that gives greatest opportunity to deliver a 'step change' for PT in the Region while performing well against the CSFs sits around the contracted whole of transport model or the setting up of a new CCO. A new CCO would likely require legislative change which sits outside of the control of WRC and would require significant time to achieve as well as involvement from the Crown. It is therefore recommended that the partner organisations which wish to participate in a new model aim to agree on a collaborative model as close as possible to (or at) a long term contracted arrangement. There are benefits from any progressive change in operation, however if a fundamental shift is desired, as has been assessed to be required, then a mid-point is unlikely to allow a significant change in outcomes for the communities in the Region.

The diagram below shows the road map of decisions that need to be made as you move along the continuum. The road map asks decision makers to consider options with respect to their willingness and openness to make changes to the current operational state or business as usual.

The decision tree is best used in conjunction with the Strategic Merit Test table above, this allows cross referencing of the end point with a point on the model continuum to understand the implications of different decisions at different branches of the map.

Roadmap to future model

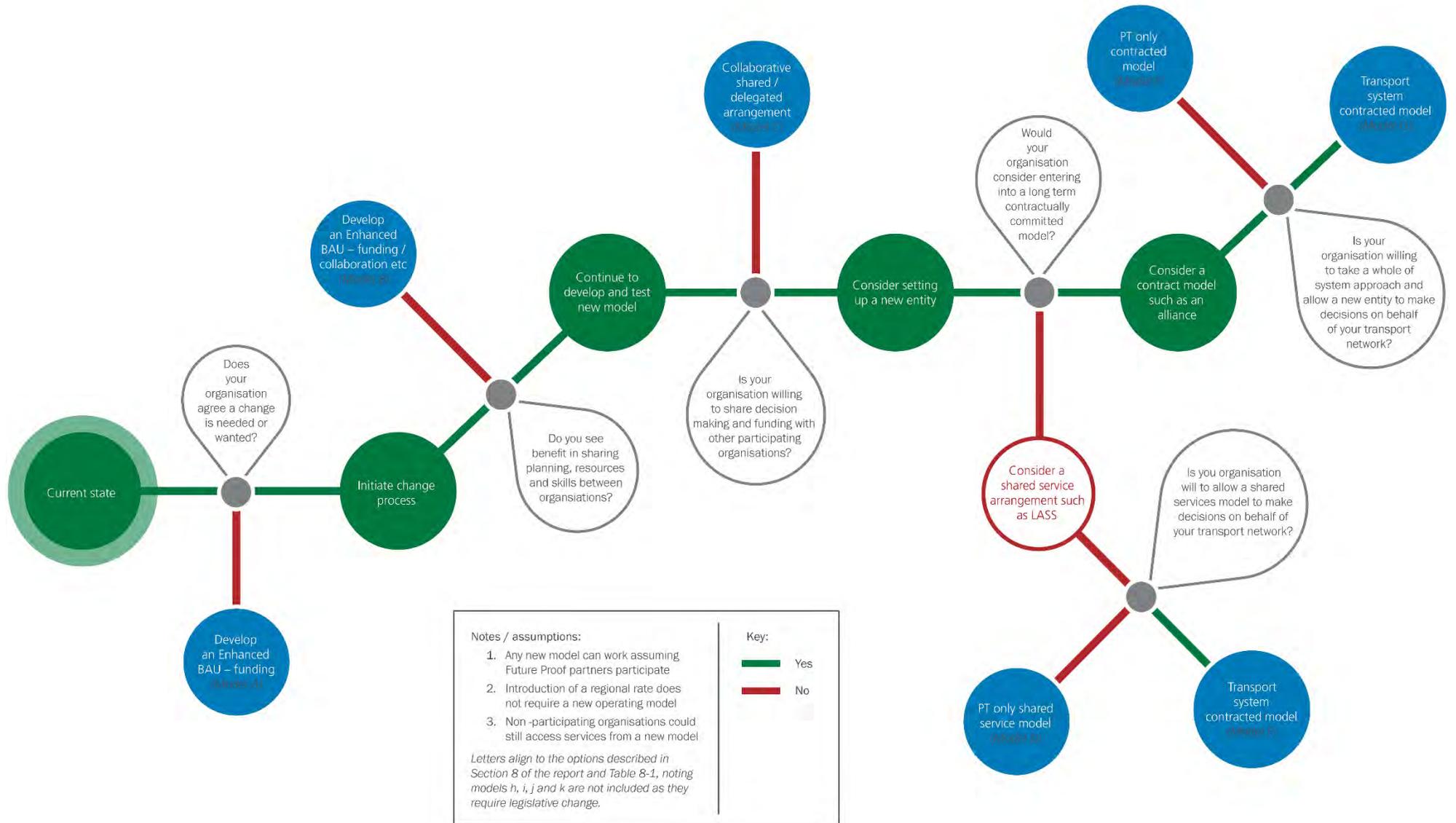


Figure 6 Roadmap / decision tree to assist determining future operating model choice

11 Risks, Opportunities, Interdependencies and Assumptions

The implications of each model allow different levels of control over the ability to achieve outcomes and benefits. The review has highlighted that the greater the degree of centralised and shared planning, funding, operations and capital decision making across boundaries the greater the ability of the Region to meet not only its PT outcomes but enhance wider transport and community benefits. This of course come with a range of risks, opportunities, and interdependencies which must be managed and monitored with underlying assumptions. The following table highlights key / critical considerations which fall under these headings.

Table 11-1 Critical Considerations

| Consideration | Description (Risk / Opportunity / Interdependency) | Management / Mitigation / Assumption |
|---|--|---|
| Regional Transport Rate | There is an opportunity to implement a regional PT rate with the discretion to be applied across the Region through an agreed transparent framework. These funds could top up existing project or deliver new projects in their entirety (capital and operational) It is likely that smaller Councils / partners could access funds to deliver outcomes they would otherwise not be able to afford through cross subsidisation. It needs to be ensured that there is equity in the allocation of the rate take over the period of Council's LTP. It will be important to check that Waka Kotahi don't view access to these funds as a reason to reduce NLTP regional allocation. | The design and roll out of any new regional rate needs to be consulted up on and a clear decision-making and funding allocation framework to be developed. Discussion also needs to be had with City and District Councils that local and regional rates are transparent and equitable, |
| Level of partner participation | Ideally all eligible organisations (Regional, City and District Councils, Waka Kotahi, KiwiRail and other entities such as iwi, and providers of social, health and education related transport) within the Region who can participate in a new model would engage and collaborate. There is however a risk that not all will wish to engage. There are opportunities to scale the participation to provide a proportional benefit to those not wishing to fully engage as long as there is not penalty for this. | The level of participation does not necessarily need to be 100% there will be a requirement to ensure that non-participating organisations still have access to any services that are required to be provided by the Regional Council or other entitlements. It is envisaged that at a minimum the Future Proof partners need to participate to facilitate the 'step change' in the metro area. There are, however, scenarios where rural councils may not wish to participate but could purchase skills and resources they might otherwise not have access to through the partnership. This is similar to the approach already taken to asset management via RATA. It is anticipated that a more collaborative and shared model should reduce cost and improve outcomes and benefits realisation for all participants. |
| Integration with major regional land inter-regional transport initiatives | There are several large scale and complex initiatives underway and likely more in the future that will require significant investment, collaboration, and alternative ways of working from the business as usual. These include the outcomes of the Future Proof MSP Transport Programme Business Case, the Hamilton to Auckland Rail and any initiatives coming out of central government focussing on emissions reduction through mode shift (both urban and rural PT). There is a delivery risk for these transformation projects in that the current model is having difficulty in maximising outcomes under | The assumption is that irrespective of the desire to change the model that as new and more complex project evolve and have different demands on partners, there will be a requirement to alter how the PT and transport is administered in the Region. It is prudent to prepare in advance of any necessary changes rather than be instructed by central government or find that changes need to be expedited with little or no time for proper consideration, resulting in sub-optimal outcomes. |

| Consideration | Description (Risk / Opportunity / Interdependency) | Management / Mitigation / Assumption |
|--|--|--|
| | business-as-usual model and that that the current way of operating will not be able to adequately meet the requirements of more complex initiatives and demands. | |
| Degree of control transferred, and governance retained | There is a risk that organisation will not wish to delegate or release control over some or part of their functions or allow and different body or decision-making group to make decision over funding allocation or other operational or capital priorities. There is a risk that this causes deferment in decisions and or lost opportunity | A critical success factor is that any future operating model must be able to “to democratically and equitably represent the community and funders”. This approach should provide confidence to decision makers and embed in any model design process that adequate balance between release of day-to-day control and the ability to direct strategy and policy to reflect the wishes and needs of communities. |
| Compatibility with local government reform | It is anticipated that there will be some form of local government reform including transport on the horizon. There is an opportunity to prepare the Region for any changes and be ready to influence change rather than to be instructed as to the what the change will be. | The management of preparing for any change should look at future scenarios and assess these against a set of agreed outcomes or actions. Engaging in the next step to look at future option is a proactive action that will allow engagement with any potential local government reform and not require any immediate decisions without adequate information. |
| Cross boundary outcomes and benefits | Cross boundary problems and opportunities, including Metro Spatial areas, the rural sub-regions and the inter-regional with Auckland and Bay of Plenty are currently addressed on an as needed basis. There will be an increasing need for these connections to be considered as the norm and the business-as-usual approach is not adequately equipped to address this. | The need to address the ‘big picture’ issues cannot eclipse the need to ensure that less acute, but equally important equity and social connectivity matters are addressed. However, as social, health, commercial and education services are increasingly being centralised or consolidated outside of traditional local authority boundaries there is a need for the service provided by the transport partners to evolve. |
| Social license | Any decisions, even deciding to do nothing’ are likely to require community engagement and consultation. The scale of any decisions will likely invoke significance thresholds for each council, and it could be viewed that any organisation willing to engage would be taking opportunities away from its communities rather than involving them in the larger discussion. In any event having ‘social license’ is a critical factor in civic discussion such as this. | Irrespective of the decision and or the level of participation this is a matter that has a direct impact on all communities in the Region. Service provision and benefit is being constricted by arbitrary boundaries and need to instead be considered by the outcome or the benefit they provide. Increasingly communities and society seeing the need and benefit of new ways of accessing services in different ways, which will need to be accounted for. |

The above are a selection of critical considerations that need to be understood and addressed though the next phases of the process to look at future ways of operating the PT and potentially the transport system. These are not exhaustive but indicate the types of questions and topics that are likely to manifest through any consultation and further development process.

It is important to note that this review has not made a firm conclusion on the model to be developed but attempts to present the merits of different options and the imperative to review the business as usual, as it is view that making no change is unlikely to deliver the shared vision of the regional partners, meaning that some change is likely required. The section below presents the recommendations of this review.

12 Findings and Benefits of Change

This review has found that the Waikato region is at a crossroads on its path to achieving its public transport vision, especially given the opportunity presented by the changing land use and growth patterns that are being seen in the Region, .

The benchmarking work completed as part of the review has displayed that there is a significant gap in the outcomes that the current public transport system provides and those that it could provide. The strategic, operational and funding barriers to addressing this gap and steps required to overcome these barriers have been identified. The steps required can be expressed as a continuum from relatively minor actions to improve alignment to a fundamental shift in governance of the system.

While some of the identified actions can be undertaken without a fundamental shift in the regional transport delivery model (such as deploying a regional transport rate and enhancing inter-organisational collaborations and working) the key changes require a different delivery model that is more collaborative and integrated and treats the transport system holistically. From the engagement process there is an openness across all the partner agencies to exploring this opportunity

It is therefore recommended that the region move to a regional delivery model for transport, shifting progressively through the continuum of options and getting as close to a fully contracted whole of transport system model (akin to option g in Section 8 and Table 8-1). This model would provide the greatest opportunity for a fundamental change in quality of delivery and significant benefits for the communities of the Region.

The key benefits of initiating the investigations necessary to develop a new transport operating model include:

1. Better targeting of transport planning, investment, operation, and delivery to the areas of need across the Region and across local authority boundaries, including for enhanced inter and intra-regional issues,
2. Developing an approach that can provide efficiencies of scale and building a 'centre of excellence' and a platform for stronger influence and advocacy for the region, that all partners will benefit from,
3. Development of a region wide programme with the ability to self-fund initiatives and more effectively guide investment,
4. Proactive thinking in the market and positioning for support from Central Government for items such as the Climate Emergency Response Fund (CERF) and the Generational Investment approach (GIA), and other planning, funding and market participation activities,
5. Advancing the conversation and thinking on transport sector reform, to that the Waikato Region can be at the forefront of any discussion with Central Government and influence future changes from the outset.

The growth pressures, demands to decarbonise transport, affordability and integration issues being experienced in the region, particularly in the Hamilton to Auckland corridor provide the right political and market conditions to discuss a potential change in model with the other partners in the system. A collaborative approach is possible in these circumstances if the partners can agree on the outcomes and benefits of change and work together to design a future framework

that delivers these benefits. If the collaborative intent of the partners is aligned significant change can be achieved without legislative change or government intervention. The degree and pace of change is in the control of the road controlling authorities, Waikato Regional Council, and other key stakeholders (Waka Kotahi, KiwiRail, and crown agencies such as Ministries of Education and Health),

13 Recommendations and Next Steps

In order to shape the identified changes to the way public transport in the region is delivered to achieve the region's public transport vision it is recommended that the Waikato Regional Council:

- a) Consults with local authorities, Waka Kotahi, KiwiRail and other potential partners over the future operating model for public transport and potentially the transport system as a whole with the aim of determining how far along the roadmap local authorities are prepared to go
- b) Investigates further the costs, risks and potential benefits of co-locating transport staff, combining management and governance in the form of a Transport System Alliance
- c) Through the upcoming review of the Regional Public Transport Plan to establish specific, target based key performance indicators, measures and outcomes for inter-regional, intra-regional and metro area services that support the vision and are aligned with the Living Standards Framework, Transport Outcomes Framework and emerging national targets for greenhouse gas emissions.
- d) Proactively tracks emerging thinking from government with respect to mode shift and climate change response and aligns its planned work programme to take advantage of any new funding opportunities.
- e) Establishes a Regional Rate for public transport services and infrastructure and uses the revenue to co-invest with Waka Kotahi and local authorities to deliver infrastructure and services required to achieve the vision. This rate should be accompanied by a decision-making framework that connects to the vision and gives the regional community clarity as to how the different needs of the many communities in the region are being considered.
- f) Investigates further the costs, risks and potential benefits of moving the funding of public transport services and infrastructure to a "bulk funding model and work with Waka Kotahi to understand how the identified risks can be managed appropriately.
- g) Advocates for greater alignment in government investment in public transport via the Ministry of Education, Ministry of Health and other crown entities with the services able to be provided via a single regional public transport entity.
- h) Supports a boundaryless approach to service design and delivery in the metro spatial plan area
- i) Advocates that projects to deliver high frequency mass transit corridors in this the Hamilton to Auckland corridor and the metro spatial plan area are delivered using a single procurement body of the relevant local authorities and Waka Kotahi using an alliance framework
- j) Appoint an Implementation Manager to drive actions identified in this report, supported by an implementation team of staff from WRC, Waka Kotahi and interested local authorities to progress this work collaboratively.
- k) Investigate and if appropriate make (or complete where already underway) the following system changes:
 - i. Development of high frequency public transport services focussed on maximising patronage, linking areas of higher density housing with the places people want to travel to work, learn or play,

- ii. Balancing of the typically higher immediate costs of public transport by supporting policy measures, such as increasing car parking costs, road pricing, appropriate fare levels, and providing public transport priority measures when allocating road space etc.
- iii. Improving service reliability and information,
- iv. Electronic ticketing,
- v. Providing a level of service in terms of journey time and customer experience for public transport users that is competitive with the private car,
- vi. Funding public transport services as lead investment, so that new residents have immediate access to public transport options and do not become irreversibly dependant on the private car, this may require developing tools to enable developer contributions to public transport services.
- vii. Invest in integrated walking and cycling networks to support public transport services.
- viii. Electrifying the bus fleet in the most efficient and cost-effective manner possible (this may include creation of depots with charging facilities and ownership of depots).
- ix. Increased advocacy to ensure that public transport impacts are considered as part of land use consent applications, structure plans and related business cases.



Appendix A – Infographic



National guidance



Climate Change Commission Report

The Commission's final advice sets out the total amount of emissions New Zealand must cut over the next 15 years and provides three different pathways the Government could follow to keep within the proposed emission budgets.

Commitment to reach net zero emission of long lived gases by 2050.

Transport (including heavy transport and EVs)

- Provide affordable, reliable and convenient low-emission alternatives to high emission vehicles
- Introduce measures to make sure vehicles entering the fleet are efficient and to accelerate the uptake of electric vehicles, including options to decarbonise heavy transport and freight.
- Reduce distance travelled by households by 7%
- Increase Public Transport and active transport usage.

Treasury's Living Standards Framework

Objectives

Promoting higher living standards and greater intergenerational wellbeing for New Zealanders.

Outcomes

The Country's four capitals need to be strong in their own rights to work well together

Natural Capital – all aspects of the natural environment that support life and human activity. Includes land, soil, water, plants, animals and energy resources

Social Capital – The norms, rules and institutions that influence the way in which people live and work together and experience a sense of belonging.

Human Capital – The capabilities and capacities of people to engage in work, study, recreation and social activities. Includes skills, knowledge, physical and mental health.

Financial and Physical Capital – Financial and human-made physical assets, usually closely associated with supporting material living conditions. Includes factories, equipment, houses, roads, buildings, hospitals, financial securities.

KPI's

Indicators relevant to PT

- Air quality
- Perceived environmental quality
- Health status
- Mental health
- Leisure and personal care
- Loneliness
- Net greenhouse gas emissions
- Climate regulation
- Total net fixed assets
- Net intangible fixed assets.

MOT Transport Indicators

Objectives

A transport system that improves wellbeing and liveability.

Outcomes

Economic Prosperity

- Contributing to economic development through transport and freight sector activities
- Supporting economic activity through local regional and international travel connections

Inclusive Access

- Providing viable transport options for people to access work, education and healthcare, and to participate in society
- Reducing barriers for people to access social and economic opportunities and essential services
- Improving public transport and active travel modes, so they are perceived as good options

Resilience and Security

- Ensuring transport users are protected from security risks
- Ensuring that the transport sector has the capability and options to respond to disruptive events

Healthy and Safe People

- Improving physical and mental health through physically active travel
- Protecting people from exposure to harmful pollution from the transport system

Environmental Sustainability

- Supporting NZ's transition to net zero carbon emissions.

KPI's

Measurable Indicators

- Household spending on transport (% of income)
- Population with access to frequent public transport services
- Access to jobs
- People unable to make a beneficial transport journey
- Unmet need for GP services due to lack of transport
- Perception of public transport
- Perceived safety of walking and cycling
- Security incidents
- Perceived personal safety while using the transport system
- Response capability
- Preparation for loss of traditional transport options
- Time spent by travelling active modes
- Harmful emissions from fuel combustion
- Exposure to elevated noise levels from the transport system
- Greenhouse gasses emitted from the NZ transport system
- Vehicle fleet compositions
- Mode share of short trips.

Government Policy Statement

Objectives

Better Travel Options priority: Providing people with better travel options to access places for earning, learning, and participating in society

Climate change: Developing a low carbon transport system that supports emissions reductions, while improving safety and inclusive

Outcomes

Primary outcome: The primary focus of this priority is to improve people's transport choices in getting to places where they live, work and play, and to make sure our cities and towns have transport networks that are fit for purpose and fit for the future.

Co-benefits:

Environmental sustainability People will have better options for low emissions travel modes, including active modes and public transport.

Economic prosperity High capacity and rapid transit systems and multimodal travel options in urban centres will help to manage road congestion and enable efficient flows of people (and products).

Resilience and security Supporting alternatives to key routes and modes will improve the resilience of the network. Better and more diverse travel options can reduce localised resilience risks for communities.

Primary outcome:

Investment decisions will support the rapid transition to a low carbon transport system, and contribute to a resilient transport sector that reduces harmful emissions, giving effect to the emissions reduction target the Climate Change Commission recommended to Cabinet until emissions budgets are released in 2021

Co-benefits:

Inclusive access – Mode shift in urban areas from private vehicles to public transport, walking, and cycling will support efforts to reduce emissions. Higher density, mixed use and transit-oriented development where people live in closer proximity to where they work, learn and play, will help reduce emissions by making public and active transport more feasible.

What will be delivered by 2031 (short to medium term results)

- Public transport and active modes that are more available and/or accessible
- Increased share of travel by public transport and active modes
- Reduced greenhouse gas emissions.

KPI's

Access: Providing viable transport options for people to access work, education, and healthcare, and to participate in society:

- Household spending on transport (% of income)
- Population with access to frequent public transport services
- Access to jobs.

Air and Noise Pollution: Protecting people from exposure to harmful pollution from the transport system:

- Harmful emissions from fuel combustion
- Exposure to elevated levels of noise from the transport system.

Air Quality / Climate Change: Supporting NZ's transition to net zero carbon emissions

- Greenhouse gases emitted from a NZ transport system.

Arataki

Objectives

Step changes as the basis for action:

Transform urban mobility: shift from our reliance on single occupancy vehicles to more sustainable transport solutions for the movement of people and freight.

Tackle climate change: support the transition to a low-emissions economy and enhance communities' long-term resilience to the impacts of climate change.

Our approach to reducing transport greenhouse gas emissions is shaped by the Avoid – Shift – Improve Model:

1. Avoid/reduce: help people avoid or reduce reliance on private motor vehicles through integrated land-use and transport planning.
2. Shift the travel of people and freight to low-emission modes, public transport, active and/or shared transport modes.
3. Improve the energy efficiency of the vehicle fleet, through things like fuel standards and incentives to support the uptake of low/no emissions vehicles.

Outcomes

Making shared and active modes of transport more attractive: improving the quality, quantity and performance of public transport facilities/services and walking and cycling facilities so more people use them.

Influencing travel demand and transport choices: changing behaviour may also require a mix of incentives and disincentives to either discourage use of private vehicles or by making people more aware of their options and incentivising them to try something new. A wide variety of interventions can influence a shift in transport modes.

KPI's

Tackle Climate Change – Pollution and Greenhouse Gases (CO2 Emissions): Tonnes of CO2 equivalents emitted

Improve Urban Form:

Access - access to key social destinations (all modes): Proportion of population living within travel threshold (15, 30, 45 mins) of education, healthcare, supermarkets by different modes (walking, cycling, public transport, private motor vehicle)

Spatial Coverage - Public transport resident population: % of recently built residential dwellings with access to public transport services (subset of number of people living within 500m of a bus stop or 1km from a rail or bus rapid transit station).

Regional and Local Context



Regional Context

Outcomes

Waikato Wellbeing

Reduce carbon emissions, on the path to net carbon zero by 2050
Reduce rates of non-communicable diseases and mental illness and improve associated health equity outcomes for target groups.

Draft Waikato Regional Land Transport Plan 2021-2051

The ILM process identified three priority transport problems for the RLTP to address, with an assigned weighting of importance:

Growth in the upper North Island is impacting on strategic corridors and hindering economic development

- 40 per cent

System failures and user behaviours expose road users to risk, resulting in a disproportionate number of deaths and serious injuries

- 35 per cent

A changing social, demographic, economic and technological landscape is impacting some community's ability to access the transport system

- 25 per cent.

Waikato Regional Council's Long-Term Plan 2021/2031 Strategic Direction

- People and communities are well connected to each other, essential services and opportunities such as recreation, education and employment.
- People feel their communities are a valued part of the Waikato and take pride in the region.
- New investment is attracted to the region through improved reputation and partnerships.
- Achieving the three long term community outcomes of a healthy environment, strong economy and vibrant communities.

Waikato Regional Public Transport Plan 2018-2028

- **Increasing the use** of the PT system;
- **Improving customer satisfaction** with using the PT system;
- **Improving community access** to PT so more people can access employment educational, and community activities; and
- **Enabling greater integration** of the PT with development and high growth areas.

Waikato Regional Mode Shift Plan

- Shaping urban form – Encouraging good quality, compact, mixed-use urban development will result in densities that can support rapid/frequent transit (and vice versa), shorter trips between home and work/education/leisure, and safe, healthy and attractive urban environments to encourage more walking and cycling.
- Making shared and active modes more attractive – Improving the quality, quantity and performance of public transport facilities and services, and walking and cycling facilities will make more people want to use them. This can involve both optimising the existing system (e.g. through reallocating road space) and investment in new infrastructure and services, and providing better connections between modes.
- Influencing travel demand and transport choices – Changing behaviour may also require a mix of incentives and disincentives (or 'push' and 'pull' factors) to either discourage use of private vehicles (by making them less attractive relative to other options) or making people more aware of their options and incentivising them to try something new. This may include parking policies, road pricing, travel planning and education.

Objectives

Our people will be doing their part to transition to a cleaner, healthier, climate resilient region.

Achieving our Target Means That:

Our people are healthy and well. We live in an environment that is conducive to good health, and we keep active with a range of sporting, cultural, creative and artistic activities which is a gateway to emotional happiness.

- A transport system that provides an inclusive range of integrated, safe, accessible, quality travel choices for people to meet their social, economic and cultural needs.
- An environmentally sustainable, energy efficient and low-carbon transport system that delivers emissions reductions and enhances communities' long-term resilience to the effects of climate change.
- Providing better transport options for our people, in our urban and rural communities.
- Ensuring we are making every effort to meet our climate change responsibilities under a national policy framework that has set net carbon emissions targets and is steering towards a low carbon transport system.
- Provide an inclusive transport system, including public transport in and between centres, rapid and high frequency public transport on core corridors in greater Hamilton.
- Promote initiatives that support travel behaviour change, mode shift and compact urban form.
- Continuing to build a network in Hamilton with frequent and direct bus routes, and trialing on demand public transport.
- Improving connections between Hamilton and surrounding towns.
- Supporting and enabling our regional communities by way of better access to essential services and employment.
- Commencing Te Huia, the passenger rail service between Waikato and Auckland.
- Deliver a layered network of public transport services that meets a diverse range of travel needs.
- Transition to a mass transit-oriented network over time.
- Provide the infrastructure necessary for an accessible, effective and efficient public transport network.
- Provide high quality and intuitive public information.
- Provide a fares and ticketing system that is easy to use and affordable for passengers.
- Provide public transport services that are affordable for passengers and funders.
- Develop and maintain partnerships that obtain best value for money in the delivery of transport solutions.
- Move towards a frequent and fast bus network to create a public transport network that is competitive to making the same trip using private car.
- Improve passenger information at stops to create consumer confidence in bus services and to create the right environment for further frequency increases.
- Allocate bus infrastructure in accordance with bus service frequencies, with investment in frequency dovetailed with infrastructure delivery.

KPI's and Measures

Regional Mode Shift Plan

Can't find any KPIS, targets or measures.

Waikato Regional Land Transport Plan 2021-2051

- Number of public bus trips per capita increases year on year. (data source: WRC)
- Increase public transport, walking and cycling travel to work mode share in Hamilton from 2018 levels. (data source: Census)
- No statistically significant decline in ambient air quality (NO₂, PM_{2.5}, and benzene) at key traffic sites in urban centres from 2015 levels. (data source: WRC).

Waikato Wellbeing

- Climate Action: Reduce carbon emissions by a minimum of 25% by 2030 (from 13.8 mega tonnes CO₂e to 10.3 mega tonnes CO₂e), on the path to net carbon zero by 2050
- Good Health and Wellbeing: By 2030, reduce rates of non-communicable diseases and mental illness and improve associated health equity outcomes for target groups.

Waikato Regional Council's Long-Term Plan 2021/2031 Strategic Direction

- Year on year passenger rail growth – Year 1: Develop baseline
- Percentage of customers who are 'satisfied' or better with passenger rail – Year 1: 90%
- Number of public bus trips per capita (Hamilton) – Year 1: Number of first boardings per capita increase year on year
- Number of public bus trips per capita (regional total outside of Hamilton) – Year 1: Number of first boardings per capita increase year on year
- Percentage of arrivals at bus stops that are on time in accordance with the timetable – Year 1: 75%
- Percentage of customers who are 'satisfied' or better with the bus transport service – Year 1: >95%
- Percentage of surveyed passengers who believe bus fares represent good value for money – Year 1: >80%

Regional Public Transport Plan 2018-2028

- Increased patronage per head of population
- Increased provision of transport infrastructure and public transport services in growth areas
- Increased public transport, walking, cycling travel to work mode share in Hamilton
- Improved perception ratings across the region for public transport
- Improved public transport journey times on key routes
- Increased access to employment and education in rural communities
- Increased provision of transport infrastructure and public transport services in rural communities
- Increased public transport, walking and cycling travel to work mode share in rural communities.

UTILISATION

Average boardings per trip – all periods - 2018 Actual:

- * 8.9 - Increase utilisation through patronage growth.

Average boardings per trip - peak periods - 2018 Actual:

- * 17.89 - Increase utilisation through patronage growth.

COST

Gross cost per in-service kilometre - 2018 Actual:

- * \$3.61 - Reduce through network optimisation.

Gross cost per passenger boarding - 2018 Actual:

- * \$4.80 - Reduce through patronage growth

Net cost per passenger boarding - 2018 Actual:

- * \$3.60 - Reduce through patronage growth

Gross cost per passenger kilometre

- * To be assessed following implementation of the new ticketing system that can more accurately track passenger kilometre travelled.

Net cost per passenger kilometre

- * To be assessed following implementation of the new ticketing system that can more accurately track passenger kilometre travelled.

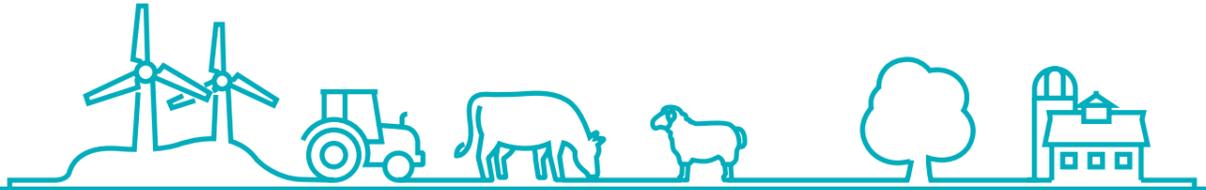
FARE REVENUE

Farebox recovery - 2018 Actual: 36.6%

- * Increase through network optimisation and patronage growth.

USER EXPERIENCE OF SAFETY AND ACCESSIBILITY

- Safety and ease of getting on and off the bus - 2018 Actual: 95% - Maintain to 2017 level
- Personal Security during the trip - 2018 Actual: 94% - Maintain to 2017 level
- Availability of bus stops - 2018 Actual: 92% - Maintain to 2017 level
- The walking routes to the bus stops - 2018 Actual: 92% - Maintain to 2017 level
- Safety and quality of bus stops - 2018 Actual: 85% - Maintain to 2017 level.



Local Context

Outcomes

Metrospatial Plan

A radical transport shift: a multimodal transport network, connecting the metro area and facilitating a radical shift to using public transport through the establishment of a rapid and frequent public transport network shaped around where and how our communities will grow

A vibrant metro core and lively metropolitan centres: growing Hamilton central city as our civic, administrative, cultural and commercial metro core, alongside lively metropolitan centres, well connected by public transport and safe walking and cycling networks, where people can afford to live, work and play.

Access Hamilton

Manage incremental change in the transport and land use system necessary to achieve Hamilton's strategic objectives

Objectives

- Assist emission reductions and build climate resilience.
- Improving access to employment, public services and amenities.

- Safe, compact, sustainable, highly connected and attractive urban environments
- Land use, transport and infrastructure is integrated
- Safe and efficient multi-modal transport corridors that are accessible to all users, provide for choice with good connections between destinations and maximises opportunities
- Minimising private motor vehicle use
- Pedestrian, cyclist and public transport opportunities are maximised.

KPI's and Measures

Metrospatial Plan

- Transport emissions in the metro area reducing per capita
- The proportion of the metro area population living within 30 minutes of work, education and other services is increasing by using a range of modes
- The proportion of trips being made by public transport and active modes (walking and cycling) is increasing.

Access Hamilton 2010

| Key Performance Indicators | 10 years | 30 years |
|---|-----------|---|
| • Inter-peak network reliability, min delay/km | 0.36 | 0.36 |
| • Single occupancy vehicles | 70% | Reduction of trips in single occupancy vehicles to 60%. Increased vehicle occupancy, active modes, PT to around 40% mode share |
| • Mode share by walking/cycling | 22% | |
| • Mode share by public transport | 7% | |
| • Percentage of short trips less than 2km on foot | 50% | |
| • Customer perceptions on the ease of access to public transport. | 85% agree | |

Analysis of alignment at National, Regional and Local levels

| National, Regional and Local Context | Strategic Level (Outcomes and Objectives) alignment | KPIs, Baselines, or Targets alignment |
|---|---|---------------------------------------|
| National | | |
| Living Standards Framework | ✓ | ✓ |
| MOT Transport Indicators | ✓ | ✓ |
| Government Policy Statement | ✓ | ✓ |
| Arataki | ✓ | ✗* |
| Regional | | |
| Regional Mode Shift Plan | ✓ | ✗ |
| Draft Waikato Regional Land Transport Plan 2021-2031 | ✓ | ✗* |
| Waikato Wellbeing | ^ | ^ |
| Waikato Regional Council's Long-Term Plan 2021-2031 Strategic Direction | ✓ | ✓ |
| Regional Public Transport Plan 2018-2028 | ✗+ | ✗* |
| Local | | |
| Metrospatial Plan | ✓ | ✗* |
| Access Hamilton | ✗+ | ✓ |

* Has measures but no targets or KPI's.

^ Has clarity in regard to CO2 but is lacking in any transport related aspects - no specific transport outcomes but PT is an enabler of a number of the outcomes and this is something that might need further exploration.

+ Doesn't address any climate change actions as directed in the GPS.

Key Themes

Aligned at the high level (*National Policy*), however as it cascades to Regional and Local context there is misalignment as there are no clear measurable KPI's or targets to assist in forming the outcomes set by the GPS.

Aligned in regard to reducing CO2 emissions in objectives and outcomes, however missing quantitative baseline targets.

Across all National, Regional and Local contexts there is a gap in any clear measurable KPI's.

There tends to be more use of qualitative measures rather than quantitative (*therefore, hard to measure*).

At the strategic level there is alignment across the board, however at the detailed level there is no consistency or real measures across the board (*National, Regional and Local contexts*).

B

Appendix B – Interviews and Workshops

- 1 June, WRC Elected Members: Chair Rimmington; Councillor Vercoe (Chair Regional Transport Committee); Councillor Strange (Chair, Regional Connections Committee). WRC Staff: Andrew Wilson (Manager Public Transport), Mark Tamura (Manager Integration & Infrastructure) Beca: Annika Lane, Robert Brodnax.
- 3 June, WRC Executive: Chris McLay (CEO); Tracey May (GM Strategy and Science); Janine Becker (CFO). Beca: Annika Lane, Robert Brodnax.
- 17 June, Technical Workshop: Kelly Jiang (Waka Kotahi), Erik Van der Wel (Waipa DC), Andrew Wilson (WRC), Nigel King (WRC), Andy Carnell (WRC), Robyn Denton (HCC), Dave Billam (?). Vincent Kuo (WRC dialled in), Martin Parkes (HCC dialled in), Phil Hazeldine (HCC arrived 1:10pm), Annika Lane (Beca), Robert Brodnax (Beca), Andy Lightowler (Beca), Holly Keen-O'Leary (Beca).
- 23 July, Hamilton City Council Executive and Managers: Eeva-Liisa Wright (GM Infrastructure Operations); Chris Allen (GM City Development); Blair Bowcott (Executive Director Special Projects); Luke O'Dwyer (City Planning Manager), Chris Ballantyne (Inviser), Rob Brodnax (Beca);
- 27th July Hamilton Metrol Spatial Plan Programme Business Case Alignment: James Tinnon More and others (Aurecon team), Phil Hazeldene (HCC), Vincent Kuo (WRC), Nigel King (WRC), Andrew Wilson (WRC), Chris Ballantyne (Inviser), Rob Brodnax (Beca)
- 16th August Optioneering Workshop: Kelly Jiang (Waka Kotahi), Mark Tamura (Waikato Regional Council), Andrew Wilson (Waikato Regional Council, apologies Phil Hazeldine (HCC), Peter Winder (Futureproof), Chris Ballantyne (Inviser), Robert Brodnax (Beca), Andy Lightowler (Beca)
- 17th August Optioneering Workshop Interview: Peter Winder (Futureproof), Chris Ballantyne (Inviser), Robert Brodnax, (Beca)
- 8th September, One Network Steering Group (Eeva Liisa Wright (HCC), Robyn Denton (HCC), Kelly Jiang (Waka Kotahi), Michelle Te Wharau (Waka Kotahi), Liam Ryan (Waka Kotahi), Mark Tamura (WRC), Andrew Wilson (WRC), Chris Ballantyne (Inviser), Robert Brodnax (Beca)
- 17th September, Regional Connections Committee: Councilor Representation, Mark Tamura (Waikato Regional Council), Andrew Wilson (Waikato Regional Council), Chris Ballantyne (Inviser), Robert Brodnax, (Beca)

A large, white, sans-serif capital letter 'C' is centered on the right side of a teal horizontal band. The band is a solid teal color and spans the width of the page.

Appendix C – Strategic Merit Test

| Evaluation Criteria | Able to be achieved through participation using existing mechanisms | | | | | | | Requires Legislative Change | | | |
|--|---|---|---|---|---|--|--|---|--|--|---|
| | Business as Usual (no change to current operating model) | Enhanced Business as Usual (no change to current operating model) | Delegated Partnership (Delegation of responsibilities to a single group or committee for decision making, no new entity, funding aligned with LTP cycle) | Public Transport Shared Responsibilities (For example, potentially under LASS, public transport responsibilities, decision making, and funding assigned to new entity, aligned with LTP cycle) | Transport Shared Responsibilities (For example, potentially under LASS, all transport system responsibilities, decision making, and funding assigned to new entity, aligned with LTP cycle) | Public Transport Contracted Partnership (Contractual commitment, such as an alliance, between partners with public transport responsibilities, decision making, and funding assigned to new entity, longer term funding commitment) | Transport Contracted Partnership (Contractual commitment, such as an alliance, between partners with public transport responsibilities, decision making, and funding assigned to new entity, longer term funding commitment) | Regional / Subregional Transport CCO (New public entity created through legislative change similar to Auckland Transport, covering participate areas of Waikato) | Multi-regional Transport CCO (New public entity created through legislative change similar to Auckland Transport, covering participate regions) | National public transport Agency (Crown entity to plan an operate all public transport across NZ) | National Transport Agency (Crown entity to plan an operate all transport across NZ – likely an extension of Waka Kotahi) |
| Shared long term commitment, accountability and collaboration (inability to veto) | No change from current model to develop a long terms commitment other than through goodwill. | No change from current model to develop a long terms commitment other than through goodwill. | Stronger commitment from participating organisations to support long term planning and operational decision making. Subject to short term LTP cycle. Potential legal political and risks with delegation | Potential vehicle exists now. Commitment to set up new entity involves reasonable investment and strong commitment; however, lack of system control could undermine effectiveness. Potential legal and political risks with existing governance models. | Potential vehicle exists now. Commitment to set up new entity involves reasonable investment and strong commitment. All of system control creates longer term confidence in model. Funding likely not committed on a long-term basis. Potential legal and political risks with existing governance models | Model would require contractual commitment with long term obligations between participating parties, however, lack of system control could undermine effectiveness. Consequences of failure to meet contract agreements unclear. | Model would require contractual commitment with long term obligations between participating parties. All of system control creates longer term confidence in model. Consequences of failure to meet contract agreements unclear. | All of these would be set under new legislation with an indefinite commitment and operating model. | | | |
| Single Programme driven from shared vision, outcomes, benefits, objectives, KPIs and measure (transparent IDMF) | No single programme, model relies on multiple programmes being co-ordinated and working together. No requirement to create shared vision. | No single programme, model relies on multiple programmes being co-ordinated and working together. No requirement to create shared vision. | Combined programme supported by participating organisations LTP and guided by RLTP. No direct ability to control programme make up from participating organisations, Process required for activities outside of delegation. | Single integrated public transport programme for all participating organisations and priorities based on the prevailing RLTP, no ability to control whole of system. | Single integrated transport programme for all participating organisations and priorities based on the prevailing RLTP and RPTP with confidence for the LTP cycle. | A singular public transport programme covering the participating jurisdictions with long terms funding and ability to prioritise benefit realisation in line with RPTP. | A singular transport programme covering the participating jurisdictions with long term funding and ability to prioritise benefit realisation in line with RLTP and RPTP. | All of these would require a single programme with a common investment decision making framework. | | | |

| | | | | | | | | | |
|---|---|---|--|---|--|--|---|---|--|
| <p>Single voice for the participating organisations with the ability to democratically and equitably represent the community and funders across the urban, intra and inter regional systems.</p> | <p>Multiple organisations with potentially different strategic goals and vision. No single voice representing regional / subregional priorities. Individual organisation may have varying views, strong advocacy for local communities.</p> | <p>Multiple organisations with potentially different strategic goals and vision. No single voice representing regional / subregional priorities. Individual organisation may have varying views, strong advocacy for local communities.</p> | <p>Single decision-making group giving effect to combined objectives and representing participating organisation and communities. Subject to short term LTP cycle subject to changing political pressures. Vulnerable to criticism that non-elected officials are making decisions undemocratically.</p> | <p>Single representation for participating areas / organisations. Only covers public transport and is subject to short term LTP cycle and underlying associated funding commitments or changes. Vulnerable to criticism that non-elected officials are making decisions undemocratically.</p> | <p>Single representation for participating areas / organisation across transport system and is subject to short term LTP cycle and underlying associated funding commitments or changes. Vulnerable to criticism that non-elected officials are making decisions undemocratically.</p> | <p>Single representation for participating areas / organisations. Only covers public transport and is underpinned by longer term contractual arrangements between participating entities. Clearer line of accountability back to local representatives because programme determined by contract.</p> | <p>Single representation for participating areas / organisations. Covering whole of transport system and underpinned by longer term contractual arrangements between participating entities. Clearer line of accountability back to local representatives because programme determined by contract.</p> | <p>Single representation for areas covered by model. Covering whole of transport system and underpinned by legislation to fund, govern and manage the entity.</p> | <p>Single representation for areas covered by model. Covering whole of transport system and underpinned by legislation to fund, govern and manage the entity. Scale of coverage could dilute local representation.</p> |
| <p>Delegated joint decision making and management (funding, network planning and operations and resources)</p> | <p>Ability to deliver shared services however it relies on goodwill and has no mechanism to ensure long term funding, collaboration, and commitment.</p> | <p>Ability to deliver shared services however it relies on goodwill and has no mechanism to ensure long term, funding collaboration and commitment.</p> | <p>Delegation of responsibilities allows integrated planning of capex, opex and maintenance, however, relies on individual organisations to deliver workstreams.</p> | <p>Public transport responsibilities controlled centrally with dedicated resources however no ability to manage system wide activities.</p> | <p>Whole of transport system planning and operations, management, and governance with committed funding. Subject to LTP cycle of funding and commitment which reduces long term confidence.</p> | <p>Public transport responsibilities controlled with committed funding. Supported by contractual arrangements between participant organisations. Relies on other parties to fulfil transport system which reduces long term confidence and short-term operational effectiveness.</p> | <p>Whole of transport system planning and operations, management, and governance with committed funding. Supported by contractual arrangements between participant organisations. Contractual arrangements could be broken if disagreements between parties developed.</p> | <p>Whole of transport system planning and operations, management and governance with committed funding. Supported and empowered by legislation.</p> | |
| <p>Scalable and flexible to meet range of system and community needs, able to interface with land use and other growth initiatives and wider local authority model</p> | <p>No change from current situation.</p> | <p>No change from current situation.</p> | <p>Able to address multiple needs and interfaces depending on the political support at the time.</p> | <p>Only able to address public transport needs and input on public transport perspective into other activities or initiatives. Able to act for all participating organisations</p> | <p>Able to address multiple needs and interfaces on a whole of system approach, requires support of wider local and regional government 'system' to be effective.</p> | <p>Only able to address public transport needs and input on public transport perspective into other activities or initiatives. requires support of wider local and regional government 'system' to be effective which could be embedded in agreement between participating parties.</p> | <p>Able to address multiple needs and interfaces on a whole of system approach, requires support of wider local and regional government 'system' to be effective which could be embedded in agreement between participating parties.</p> | <p>All models would be able to provide scale and flexibility to respond to system and community needs. Interface with wide government system would be underpinned by legislation.</p> | |

| | | | | | | | | | |
|---|--|--|---|---|---|--|---|---|--|
| <p>Summary of implications of model with to critical success factors</p> | <p>No change from current situation.</p> | <p>No change from current situation</p> | <p>Depending on the level of delegation and support this model would improve co-ordination and collaboration but is at risk of members undermining decisions and activities. Model is likely to be negatively influenced by LTP funding cycle.</p> | <p>Model has the ability to deliver co-ordinated public transport improvements and operation but does not have the ability to managed network operations at a system level, relying on other activities to enable outcomes to be delivered. Model is likely to be negatively influenced by LTP funding cycle.</p> | <p>Model has the ability to deliver co-ordinated public transport improvements and operation, as well as a system wide operation and management. Model is likely to be negatively influenced by LTP funding cycle, however the set-up of a new entity could mitigate these issues. Model is at risk of members undermining decisions and activities if disagreement arises.</p> | <p>Model has the ability to deliver co-ordinated public transport improvements and operation but does not have the ability to managed network operations at a system level, relying on other activities to enable outcomes to be delivered. The contractual arrangements between participating entities could mitigate this issue.</p> | <p>Model has the ability to deliver co-ordinated public transport improvements and operation, as well as a system wide operation and management. The contractual arrangements should provide long term certainty and confidence for funding and planning.</p> | <p>Model meets all critical success factors and can provide public transport and system wide transport planning, operations, management, and governance. Transition to this will require legislative change and co-ordination with Central Government.</p> | <p>Same as for regional / subregional CCO, however involves more administrative and legislative change to deliver.</p> |
| <p>Scenarios that would suite this model</p> | <p>Business as usual public transport operations, unlikely to be able to deliver any complex or step change initiatives.</p> | <p>Business as usual public transport operations, unlikely to be able to deliver any complex or step change initiatives.</p> | <p>Small scale public transport operational and capital improvements or changes across participating jurisdictions, most likely to be targeted rather than whole pf route or network. Large and complex initiatives would require additional management and governance.</p> | <p>All public transport specific opex and capex decisions and improvements including major complex initiatives. would need to negotiate with RCAs for access and approval of schemes. Has the ability to deliver and manage largely segregated services (busway / ferry / rail) independently.</p> | <p>All transport functions across the assigned networks (potentially whole of system or specific priority routes). Has the ability to decide on priority by mode and manage interface between any segregated system and the wider network. High level of control.</p> | <p>All public transport specific opex and capex decisions and improvements including major complex initiatives. would need to negotiate with RCAs for access and approval of schemes. Has the ability to deliver and manage largely segregated services (busway / ferry / rail) independently.</p> | <p>All transport functions across the assigned networks (potentially whole of system or specific priority routes). Has the ability to decide on priority by mode and manage interface between any segregated system and the wider network. High level of control.</p> | <p>All transport functions across the assigned networks (potentially whole of system or specific priority routes). Has the ability to decide on priority by mode and manage interface between any segregated system and the wider network. High level of control.</p> | |

21 December 2021

Private Bag 3038
Waikato Mail Centre
Hamilton 3240, NZ

john.robertson@waitomo.govt.nz
chrisr@waitomo.govt.nz

waikatoregion.govt.nz
0800 800 401

Tēnā kōrua Mayor Robertson and Mr Ryan

Waikato Regional Council Public Transport Business Improvement Review Feedback

Our vision for the Waikato region is to build a public transport system that enhances the vitality of our communities, strengthens our economy, and helps create a healthier environment.

To make sure we're up to the task, we have commissioned an independent review of how public transport is delivered in the Waikato – the Public Transport Business Improvement Review.

The review assessed our existing performance and has made recommendations on operations, organisational arrangements and funding that will improve our ability to deliver the public transport system our communities have asked for.

The review has found that operationally we're heading in the right direction but that we are limited by overly complex structures for funding and decision making and a lack of coordination between investments in public transport services and infrastructure.

To our operating model, the review recommends several improvements:

- **Practical actions** – many have already been implemented or are being investigated, such as implementing electronic ticketing and transitioning to higher frequency patronage-based services.
- **New tools** – these are changes to the scope of regional council's activities and funding arrangements, but do not necessarily impact on the functions of any other organisation. This includes rating for public transport services and infrastructure regionally.
- **Institutional arrangements** – ranging from the co-location of staff and governance through to new transport entities, these recommendations can only be advanced in collaboration with Territorial Authorities and Waka Kotahi.

There is a spectrum of implementation options for several recommendations with different resource requirements, timeframes, and implications for councils, operators, and stakeholders. This is why your feedback is so important. We are particularly interested in understanding:

- Whether you would support taking a regional approach to rating for public transport and what the scope of the new funding should cover (e.g., no infrastructure, all infrastructure, strategic infrastructure).

- Whether you think we should start working toward local institutional reforms in all or part of the region and to what degree.

With this letter is a list of questions to guide your feedback and high-level summary of the review, its findings, and recommendations. The full report is available on the Waikato Regional Councils website at: waikatoregion.govt.nz/transportreview

I know that this is a large body of work, and I would welcome the opportunity to answer any questions that might assist in informing your feedback. Feedback to be received by the end of February 2022, this could take the form of an in-person briefing with you and a group of your colleagues if you would like, or alternatively please feel free to contact me by email transport@waikatoregion.govt.nz with the subject *Public Transport Business Improvement Review* or phone Lorna-Jean (LJ) – 07 859 2853.

I look forward to hearing from you.

Ngā mihi nui,



Mark Tamura
Director Regional Transport Connections

Waikato Regional Public Transport Business Improvement Review

A good public transport network helps regions to become more successful by providing better connections and accessibility. It is a major contributor to economic, social and environmental goals.

To reduce greenhouse gas emissions, provide transport options for aging communities, and manage traffic congestion in fast-growing urban areas, the need for more journeys to be made by public transport has never been more pressing.

Making public transport an attractive alternative to single occupancy vehicles means public transport must be accessible, efficient, comfortable, and reliable. It also means that the design of our urban areas must make it easy to provide efficient public transport .

The Public Transport Business Improvement Review was commissioned by the Waikato Regional Council to help understand whether the way public transport services are currently funded and delivered is up to the task.

The primary objectives of the review have been to:

- a. Assess Waikato Regional Council's current public transport business performance
- b. Develop a set of prioritised, practical, and actionable recommendations on key strategic, operational, organisational, funding, and condition issues designed to ensure the objectives can be achieved.

To inform the review, benchmarking was undertaken against both New Zealand and international comparators across a range of patronage, quality, cost, and performance measures.

The results show that performance when measured by patronage is poor, but that many of the challenges are shared by other New Zealand regions. Against international comparators the Waikato performance is fair.

While there is an increasing need to improve patronage, maintaining coverage to connect people and communities to one another and essential services is also important.

Improvement recommendations

The report contains 18 recommendations that can be broken into three classes.

Practical actions. Some of which are already planned or implemented, indicating that the regions public transport services are already heading in the right direction. These include:

- a. Electronic ticketing.
- b. Transitioning to higher frequency patronage-based services.
- c. Improving service reliability and information.
- d. Transitioning to a zero emissions bus fleet.
- e. Reviewing parking policies.
- f. Investing in bus priority measures and connecting walking and cycling networks.

New tools. Within the Waikato Regional Council's existing ability to implement unilaterally and without affecting the mandate or function of other agencies and represent expansions in the scope of activities. Such as:

- a. Implementing a revised approach to key performance indicators, measures, and outcomes in the upcoming review of the Regional Public Transport Plan.

- b. Implementing a regional approach raising local funds (rates) for public transport services and infrastructure.
- c. Developing new funding tools to enable developer funding of public transport as a lead investment.
- d. Growing capacity to engage in land use planning policy and decision making to improve transport outcomes.

Institutional reforms. Requiring the active collaboration of other agencies, in particular Territorial Authorities and Waka Kotahi New Zealand Transport Agency. Several reform options could be sub-regional or whole-of-region including:

- a. Investigating establishing a regional or sub-regional transport alliance co-locating staff, management, and governance.
- b. Investigating changing the fundamental operating model across a spectrum of options ranging from enhanced collaboration (e.g., an alliance) through to a full regional transport council controlled organisation.
- c. Investigating the possibility of moving to a bulk funding model for public transport and infrastructure.

What next?

There is a spectrum of options for how funding for public transport services and infrastructure could be funded and for institutional reform – with different resource requirements, timeframes, and implications for Territorial Authorities in particular.

The council also acknowledges that institutional reform requires close collaboration and cannot be implemented by one organisation acting alone.

This is the start of a process and to help inform our next steps, we are seeking feedback from key stakeholders on the report, its findings and recommendations by the end of February 2022. In particular, we would like to understand:

- a. The level of support there is for taking a regional approach to rating for public transport services and infrastructure and what the scope of the new funding mechanism could cover (e.g., no infrastructure, all infrastructure, strategic infrastructure).
- b. The appetite there is to enter into dialogue about institutional reforms for transport services in all or part of the region and to what degree.

This feedback will inform an implementation plan which will be reported to Council in April 2022 which will set out the next steps for this work.

Waikato Region Public Transport Business Improvement Review

Questions to guide feedback

We want your feedback on the findings and recommendations of the regional Public Transport Business Improvement Review.

These questions are intended to assist you to provide feedback. If there are aspects of the review, its findings, or recommendations that you would like to provide feedback on and that you feel are not covered by the questions below – please feel free to provide this too.

Please send your feedback by the end of February 2022 by Email to transport@waikatoregion.govt.nz with **PT Business Improvement** in the subject line.

Preliminary

- 1. Do you agree with the review that there is a need to change how public transport is funded and delivered?*
- 2. Are there other problems or opportunities with the way that public transport is funded and delivered in the Waikato that you think are not adequately covered by the review?*

Rating for public transport

At present the Regional Council rates Hamilton City residents for public transport services, while in the rest of the region Territorial Authorities rate for public transport and pass this through to Regional Council who designs and contracts the services. Further, while regional councils are responsible for public transport services, Territorial Authorities are responsible for public transport infrastructure.

This makes it difficult to plan and deliver an integrated regional network where investments in infrastructure and services are well aligned.

The review suggests that this needs to change and that the Regional Council should rate regionally for public transport services and infrastructure.

- 3. Would you support the Regional Council rating for public transport region-wide (not just within Hamilton City)?*
- 4. If the regional council was to decide to rate regionally for public transport, do you agree that this should be for public transport services, and public transport infrastructure, or just services?*
- 5. If the Regional Council was to decide to rate for and invest in public transport infrastructure, there are a range of ways this could be done:*

- *As the sole investor instead of territorial authorities – or as a co-investor alongside territorial authorities.*
- *As an investor (in part or full) in all public transport infrastructure or just major infrastructure (such as park and ride facilities).*

If the regional council was to start investing in public transport infrastructure, how do you think it should be done and why?

6. *Do you have any views on how the costs of public transport services and infrastructure should be spread having regard to the Local Government Act that requires councils to consider – among other things:*
 - *the distribution of the benefits between the community as a whole, any identifiable part of the community, and individuals*
 - *the period in or over which those benefits are expected to occur*
 - *the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity*
 - *the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.*

Institutional arrangements

The review recommends that the region as a whole should work together to bring public transport into a more integrated delivery model so that it is able to be managed in a more unified and strategic way.

The review presents a spectrum of options ranging from co-location of staff, management, and governance, through to establishing a region-wide transport authority similar to Auckland Transport.

The review also presents options for public transport services and infrastructure only, and options that would encompass all transport functions (including roads, footpaths etc). The review suggests that the maximum benefits would be from a whole of region and all of transport authority.

The review provides a “road map” to assist transport partners to have constructive conversations about these types of changes and the degree of appetite there is for change.

7. *Do you think that these options and their potential benefits should be investigated further?*
8. *Do you have any views on when and how this process should be undertaken?*
9. *If the Regional Council started a dialogue with transport partners in the Waikato region about what roles and responsibilities could look like – how would you like to see that initiated?*

22 February 2022

Waikato Regional Council
160 Ward Street
Private Bag 3038
Waikato Mail Centre
Hamilton 3204

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RESPONSE TO THE WAIKATO REGIONAL COUNCIL PUBLIC TRANSPORT BUSINESS IMPROVEMENT REVIEW FEEDBACK REQUEST

Thank you for your letter of 21 December 2021 inviting feedback from the Waitomo District Council (WDC) on the Waikato Regional Council Public Transport Business Improvement Review.

WDC has now reviewed your request, and wishes to make the following comments:

1. Currently, the Waitomo District does not receive any public transport services from WRC. Therefore, WDC would not support taking a regional approach to rating for public transport. Also, before any such proposal could be considered by WDC, the WDC would need to understand the value for services it would receive, and given the small ratepayer base, the level of rating that would be applied.
2. The WDC understands that there is potentially merit in an integrated approach to public transport planning across the Waikato Region. However, at this time, such an approach cannot be supported by WDC, as there is no public transport services available to the WDC.

Please do not hesitate to contact me if you wish to discuss.

Yours faithfully,



ALEX BELL
GENERAL MANAGER – STRATEGY AND ENVIRONMENT