

West Coast Regional Transport Efficiency

Draft Indicative
Business Case

(to Options Framework
stage)



Document Title:

West Coast Regional Transport Efficiency:
Draft Indicative Business Case (to Options Framework stage)

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LOCAL GOVERNMENT COMMISSION

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Foreword

The Local Government Commission and the West Coast councils are pleased to release this report on options for strengthening transport arrangements in the West Coast region. The report was prepared by Rationale after discussions with local government, the New Zealand Transport Agency, iwi, stakeholders and service providers.

The report arose from the Local Government Commission's offer to assist the West Coast councils with actions in their *Commitment to Regional Efficiency* work programme. This work programme identified several services currently being delivered individually by each council with the aim of investigating whether there were any efficiencies to be gained by combining these services regionally. The West Coast councils and the Local Government Commission identified two of the services, transport arrangements and Resource Management Act services, as priority areas for joint work on possible options. A separate report has been prepared on Resource Management Act services.

This report identifies the current challenges and opportunities for delivering cost effective and efficient transport arrangements in the West Coast region, together with a list of possible options for change. This is an opportunity to build on the collaboration already occurring across several areas, including the Regional Transport Committee, joint tender evaluation for roading contracts and joint funding for the Road Safety Promotion and Education contract.

The next step is for the councils, together with the Commission, to decide whether further work on a potential option or options should be done. Increasing the amount of collaboration in this area is a potential way of improving on the status quo and bringing about better services to benefit West Coast residents, ratepayers and businesses.

The Local Government Commission looks forward to continuing to work with the West Coast councils as we further develop our thinking about the best approach for transport arrangements on the West Coast.

Finally, our thanks go to all those who made themselves available to talk to Rationale in the development of this report.

Dr Suzanne Doig
Chief Executive Officer
Local Government Commission

Acronyms			
BBC	Better Business Case	MoU	Memorandum of Understanding
BDC	Buller District Council	NOC	Network Outcome Contract
CCO	Council Controlled Organisation	NLTP	National Land Transport Plan
DOC	Department of Conservation	NZTA	NZ Transport Agency
FAR	Financial Assistance Rate	ONRC	One Network Road Classification
FTE	Full Time Equivalents	RLTP	Regional Land Transport Plan
GDC	Grey District Council	RTP	Regional Transport Committee
GPS	Government Policy Statement on Land Transport	RCA	Road Controlling Authority
HNO	NZTA Highway Network Operation	REG	Road Efficiency Group
HPMV	High Productivity Motor Vehicles	RTAG	Road Technical Advisory Group
ILM	Investment Logic Mapping	SH	State Highway
KPI	Key Performance Indicators	TLA	Territorial Local Authority
LoS	Level of Service	WCRC	West Coast Regional Council
LG Act	Local Government Act	WDC	Westland District Council
LGNZ	Local Government NZ	50 max	50 tonnage maximum load vehicles

Executive Summary

In April 2015, West Coast Regional Council, Westland District Council, Grey District Council, and Buller District Council and the Local Government Commission signed a memorandum of understanding (MoU) seeking to introduce positive change, as evidenced by their *Commitment to Regional Efficiency*. The first tranche of this commitment is to explore regional efficiencies in roading arrangements and Resource Management Act functions. These areas represent commonality across the councils and the potential for significant gains to be made in how these services are delivered. The New Zealand Transport Agency, whilst not being a signatory to the MoU, is supportive of the process.

This report considers roading arrangements for local roads and state highways and uses the New Zealand Treasury's Better Business Case (BBC) process to understand the case for change could be and the range of options for delivering efficient and cost effective roading for the region. While the initial focus has been on roading arrangements, to maximise efficiency opportunities, the business case widens the scope to include all transport-related functions.

The purpose of the report is to achieve a shared understanding of transport in the region in order that a potential case for change can be developed. The report is intended to be used to inform discussion between the West Coast councils and the Commission about how more efficient and cost effective transport arrangements for the region could be delivered. Reflecting the requirements in the *Terms of Reference*, this report does not provide any specific recommendations concerning the way forward.

The West Coast region extends over a distance of 600 kilometres with significant landscapes and features that present both challenges and opportunities to the economic and social wellbeing of the West Coast communities. Population decline, loss of industries, and significant exposure to natural hazards and extreme climatic conditions create ongoing uncertainty and cost for the region.

One part of the challenge of dealing with a changing West Coast regional economy is an increasing tourism sector being attracted to the experiences available in the large conservation estate. This is shifting some of the expectations delivered by transport activities contributing to the need to review service delivery.

Transport collaboration is already occurring across several areas including governance and decision-making through the Regional Transport Committee, joint tender evaluation for roading contracts, and joint funding for the Road Safety Promotion and Education contract. National transport initiatives through the 'Top of the South' Regional Efficiency Group such as the One Network Road Classification are also being explored.

An extensive partner, stakeholder, customer and user engagement process has been undertaken to gauge the issues and opportunities, with workshops using BBC methodology to agree on the main problems and benefits being sought.

The case for further change to the current arrangements is influenced significantly by the following:

- The environmental challenges of the West Coast and the need to increase the resilience of the transport network.
- The proposed changes to the Funding Assistance Rate for maintenance and improvements and for the Special Purpose Roads in Westland and Buller.
- Increasing national expectations for greater collaboration and better business case development to support investment in transport outcomes.
- The inherent inefficiencies with a roading network that was not designed for large freight load and movement requirements, and on which High Productivity Motor Vehicles (HPMV) routes are requiring substantial upgrades.

Development of problem statements and investment objectives with key stakeholders overwhelmingly identified resilience of the network as the biggest issue and potential biggest gain that could be achieved from greater collaboration.

The problem statements are outlined below with scoring percentages emphasising the weight associated with each statement.

Problem One: Isolation, natural hazards and poor communications impact on journey reliability, safety, response times and customer experience. (40%)

Problem Two: The transport system, amenities and communications have not kept up with tourism growth, compromising experience and safety. (25%)

Problem Three: Available skills, training, succession and investment, limits the value for money gains available through technology, asset management and specialist decision-making. (20%)

Problem Four: Assets are ageing, lack resilience, do not meet customer needs nor provide confidence, meaning opportunities for the West Coast are potentially missed. (15%)

By addressing these problems, the following benefits are expected;

Benefit One: Improved journey reliability, resilience and safety. (40%)

Benefit Two: Improved tourism and customer experience. (25%)

Benefit Three: Improved capability and capacity. (20%)

Benefit Four: An efficient and cost effective freight network. (15%)

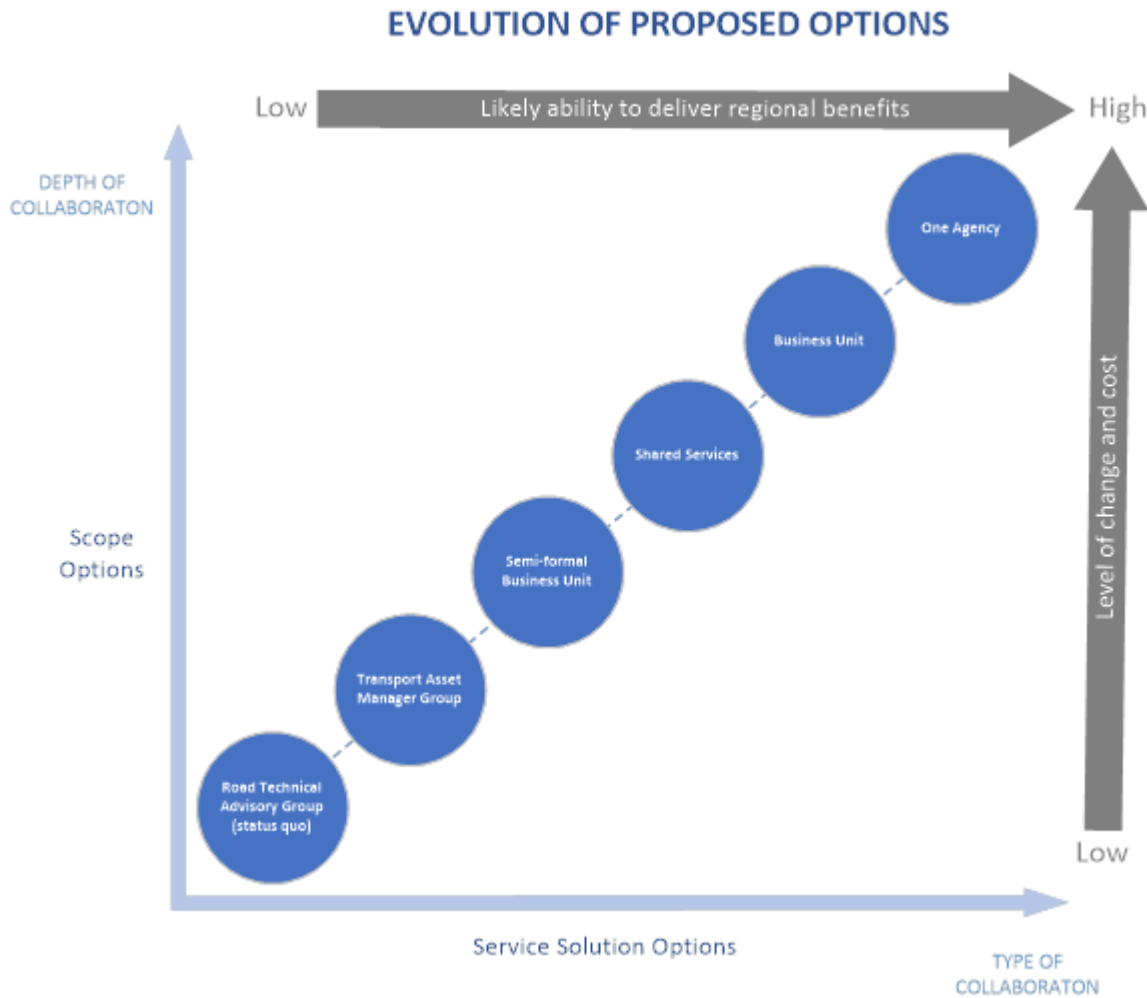
The options for change traverse all aspects of the transport function and explore a range of collaboration approaches, many of which can build on learnings from other similar models delivered in regions across New Zealand.

The six options are as follows:

1. Road Technical Advisory Group - status quo and already established.
2. Transport Asset Manager Group – addition of joint programmes and joint procurement processes operating under a more formalised meetings and terms of reference framework.
3. ‘Transport centre of excellence’ - a semi-formal arrangement whereby Councils collaborate and share resources on identified priority areas guided by an MoU.
4. Shared Services - a professional services business unit combining internal and external expertise, which may be undertaken by one Council, or a combination, with the option to procure certain disciplines with other service providers.
5. Business Unit - A combined formal business unit for transport arrangements with co-location arrangements for some staff.
6. One Agency - A formal separate entity established either under the Local Government Act or a separate entity such as a joint venture, that includes transport planning, management and operations.

Governance arrangements for options 1-4 would not require any significant change. Options 5-6 begin to get more complex in terms of potential staff employment issues and would require more careful consideration of governance arrangements such as whether there is a requirement to establish an independent board.

The six options defined could be considered as cumulative, in that they provide the opportunity to build on the outcomes of each previous option to create an evolutionary rather than revolutionary outcome. The graphic below shows the possibilities of this continuum, building the trust and test/trial nature before a more ambitious and permanent solution is settled on. The higher the levels of formal collaboration going up the continuum the more likely that benefits identified will be attained. What potential scope options and what the service solutions could be designed to deliver these, is compared in more detail in Appendix 7.



NZTA Highway Network operations (HNO) have demonstrated a desire to participate in the future arrangements with the West Coast local authorities. From previous experience, there are some limitations to this including being part of a Council Controlled Organisation (CCO) or Combined Business Unit. The limitations extend from the 'centrally planned regionally delivered' aspect of the HNO's business model. Essentially HNO wish to retain control of the decision making on their network. There are examples where this need has been overcome including Gisborne's Tairāwhiti Roads (shared management), Marlborough Roads (HNO delegation), Northland Transportation Alliance (co-location) and Westlink BOP (shared maintenance contract and management). All future options and optioneering should consider the participation of NZTA HNO.

The advantages and disadvantages have been assessed and evaluation criteria have been suggested to evaluate these options against the critical success factors of strategic fit and business needs, potential value for money, capability and capacity, affordability and achievability using a multi criteria template.

The template or tool breaks down the assessment into the following areas;

- Delivery on benefits being sought
- Cost
- Time
- Risks
- Dis-benefits
- Dependencies
- Other benefits

It is recommended that the evaluation criteria and process outlined in this report, be further developed and then applied to determine a short list of options or a preferred option that would then require further assessment and detailed consideration using the Better Business Case process.

1 Purpose

This *Indicative Business Case* is the first stage of a process to assess possible options for improved efficiency and effectiveness of transportation services in the West Coast Region.

The **principal** objective of this first stage is to establish and document the range of options available and set out the way forward for further analysis of those options.

To ensure the credibility and integrity of the outcomes, the methodology employed follows the general principles of the *Better Business Cases* framework promoted by New Zealand Treasury. For this stage of the process that means the report:

- outlines the **strategic context** and fit of the proposed options
- outlines the **case for change** and the need for investment of resources (time, effort, cost) to achieve change
- recommends an **indicative way forward** for further development of the business case; supported by a full range of options that could be considered and a framework for evaluation.
- provides an opportunity for all key stakeholders to understand the case for change and potential responses to this, and
- ensures that effort is focused on agreed options that could proceed to development of a detailed business case.

In accordance with the terms of reference, this stage of the process specifically excludes ranking, prioritisation or comparative analysis of the options. Such analysis will follow in a subsequent stage should that be the preferred course of action of the key stakeholders.

For further information on the Business Case approach as it relates to this stage of the process refer to Appendix 1.

2 Introduction

The West Coast Regional Council, Westland District Council, Grey District Council, and Buller District Council (the Councils) are the local authorities with jurisdiction in the West Coast Region. New Zealand Transport Agency (NZTA) has responsibilities for management of state highways as well as being the funding agency for subsidised transportation activities.

The Councils have adopted a unified approach to improve the efficiency of local government service delivery within the region. Collaborative projects are underway in a range of areas with the key goal of achieving greater cost effectiveness and efficiency in the delivery of public services.

The Local Government Commission and the Councils have agreed to work together to identify the potential for regional efficiencies for transport. This represents an area of local government expenditure where there is commonality across the Councils. Experience across New Zealand indicates there is potential for significant gains to ratepayers and businesses from reviewing how transport services are delivered. While the initial focus has been on roading arrangements, to maximise efficiency opportunities, the business case widens the scope to include all transport-related functions.

This indicative business case (to options framework stage) outlines the following:

- Current transport arrangements for all aspects of the transport function.
- Challenges and opportunities for delivery of efficient, cost effective and aligned transport.
- Options for improving efficiency and cost effectiveness of transport.
- Advantages and disadvantages of each option.
- Evaluation criteria for assessing a preferred option (or options) for further investigation.

3 Strategic Context

The strategic context provides an overview of the transport outcomes that participants seek to achieve, or contribute to, through their operation and management of the land transport system and networks.

3.1 Organisational overview

The West Coast Region has three district council boundaries. These, along with the state highway network and main centres and towns, are shown in Figure 1.

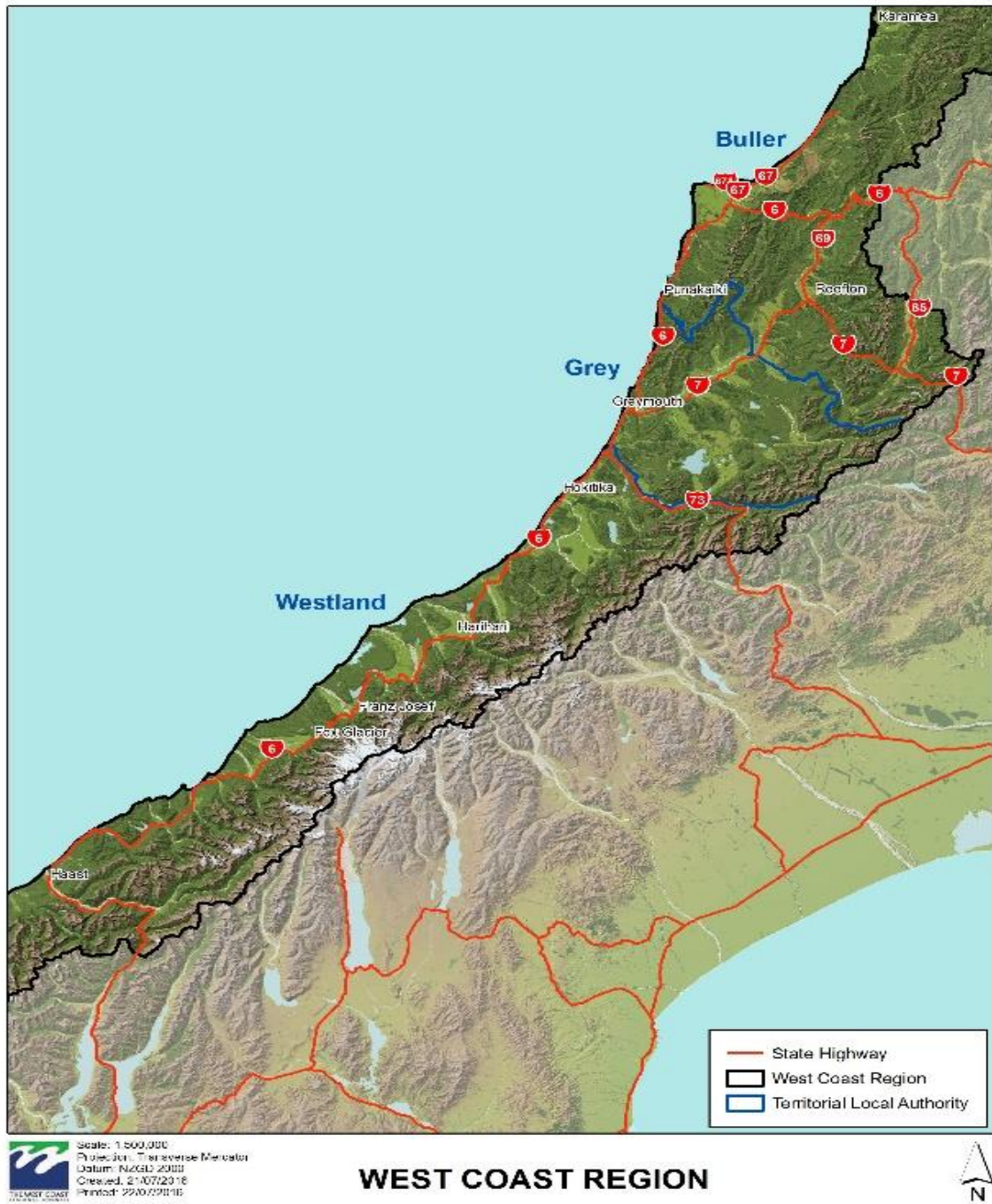


Figure 1: West Coast Region

Table 1: Responsibilities of Transportation Agencies in the West Coast Region

Agency	Role	2016/17 Programme Value
WCRC	Responsible for coordinating safe, efficient, responsive and sustainable transport systems through the Regional Land Transport Plan (RLTP). Co-ordinates the Regional Transport Committee consisting of representatives of the TLAs and NZTA, which are responsible for the development of the RLTP.	\$166,870
NZTA	Delivers transport solutions on behalf of the government. Responsible for planning the land transport network, providing access to the land transport system, managing the state highway network and co-investing in land transport with Territorial Local Authorities.	\$40,100,000
TLAs	Responsible for planning and managing land use development; developing, maintaining and operating the local transport system and network; and delivering transport solutions on behalf of the respective council and community. TLA roles and specific issues are discussed in more detail below.	\$17,900,000

3.1.1 Territorial Local Authorities

The three Territorial Local Authorities (TLAs) all operate traditional but relatively ‘lean’ structures in the transportation area. In-house staff are supported on an as-needed basis by external consultant resources. Transport staff also assist regulatory functions relating to or impacting on the road corridor including approval of temporary traffic management plans, corridor access and High Productivity Motor Vehicles (HPMV) permits. Resources for each council are detailed in Table 7 (Section 5.2).

Common themes from TLAs’ Long Term Plans and Annual Plans relevant to transport arrangements include:

- Affordability to ratepayers of building, operating and maintaining infrastructure assets.
- Renewal or replacement costs for ageing bridge assets.
- Needing to plan for and fund resilience responses.
- Impact of natural hazards on infrastructure.
- Impact of One Network Road Classification (ONRC) on levels of service and potential funding implications of this.
- Ability to strengthen bridges/roads to cater to HPMV and 50 max (50 tonnage maximum load vehicles).
- Impact of reductions in the Financial Assistance Rate (FAR) from NZTA, particularly about the funding of Special Purpose Roads.

These themes are reflected further in the issues section of this report. Further information on the Territorial Local Authorities transportation activities is summarised in Table 2. Appendix 2 provides further background in the form of demographic information and key economic information about each district. It should be noted that NZTA contributes between 57-63% transport funding assistance to each West Coast council, with the remaining local share paid for by the District ratepayers.

Table 2: Summary of key statistics for district councils

District	2013/2043 (forecast) population	Land Area	Size of roading network	2016/17 Budget	Council focus for Transport Services Activity
Westland	8,304 / 8,244	11,880 km ²	673 km Road 269 Bridges	\$5.9 million	To ensure the safe, efficient and sustainable maintenance, operation, renewal and upgrading of roads and bridges, and to work in conjunction with other transportation agencies.
Buller	10,473 / 9,773	8,574 km ²	604 km Roads 153 Bridges	\$5.5 million	This activity recognises that a safe, efficient roading system is vital to Buller to assist in overcoming isolation, for health and safety, for communication, and to help promote development.
Grey	13,371 / 12,921	3,513 km ²	610 km Roads 212 Bridges	\$6.5 million	This activity recognises that access is important as it enables the convenient movement of people and goods to places of work, trade, health services, education and recreation. Promotion of road safety is also important to avoid damage to property, injury and deaths while people are using land transport.

Key Issue: Change to Special Purpose Roads Status & Reduced Funding

Westland District: Haast Jackson Bay Road Special Purpose Road

The area of road between Haast and Jackson Bay was designated as a Special Purpose Road qualifying for 100% funding from NZTA. NZTA have notified Westland District Council of the intention to reduce this funding to 58% in 2018/19 which will have a significant impact on the local share component or level of service currently provided.

Buller District: Karamea Highway Special Purpose Road

The Karamea Special Purpose Road was previously state highway and was proposed to be transferred to Buller District Council management with 100% subsidy from NZTA. The road provides a vital lifeline to the Karamea community, Heaphy Track terminus and takes daily dairy tanker traffic. NZTA have indicated that the road may lose this designation and revert from 100% subsidy to 63%, with a three-year phase in period. This would add a considerable maintenance liability to Buller District Council and could have a large impact on the general rate from year four of their Long-Term Plan.

3.2 Strategic Drivers

A range of strategic drivers at the national level are influencing change in local government and transport sectors throughout New Zealand.

3.2.1 Local Government Act 2002

The Act seeks to ensure local government services are provided in the most cost effective way, and encourages greater collaboration and cooperation to improve effectiveness and efficiency. Recent additions to the legislation such as Section 17A require Councils to review service delivery with these objectives in mind.

The October 2015 Cabinet paper '*Local Government – better local services reforms*' scope for consideration of changes is to drive:

- *regional economic growth and to encourage councils to improve their organisation of functions and structures*
- *more effective and efficient delivery of services and infrastructure.*

The Local Government Act 2002 Amendment Bill (No 2) seeks to implement a set of reforms to enable improved service delivery and infrastructure provision arrangements at the local government level. This includes two 'pre-approved' regional and local Council Controlled Organisation models for transport, and capacity for bespoke models to be developed subject to approval from the Ministry of Transport.

3.2.2 Land Transport Management Act 2003

The purpose of this Act is to contribute to an effective, efficient and safe land transport system in the public interest. Amendments enacted in 2013 include replacement of Regional Land Transport Strategies and Regional Land Transport Programmes into one single regional planning document, to help streamline transport related planning information.

3.2.3 Government Policy Statement 2015/16 – 2024/25

The Government Policy Statement on Land Transport (GPS) continues the national drive for improved performance and focuses on three priority areas: economic growth and productivity, road safety, and value for money. National land transport objectives, and the results that these will deliver, are summarised in Table 3.

Table 3: GPS Strategic priorities, national land transport objectives and primary long term results

Priorities	National land transport objectives	Primary long term results
Economic growth and productivity	A land transport system that addresses current and future demand for access to economic and social opportunities	Support economic growth and productivity through the provision of better access to markets, employment and business areas Support economic growth of regional New Zealand through provision of better access to markets
	A land transport system that provides appropriate transport choices	Provide appropriate travel choices, particularly for people with limited access to a private vehicle Increased safe cycling through improvement of cycle networks
Road safety	A land transport system that is resilient	Improved network resilience at the most critical points
	A land transport system that is a safe system, increasingly free of death and serious injury	Reduction in deaths and serious injuries
	A land transport system that mitigates the effects of land transport on the environment	Mitigation of adverse environmental effects
Value for money	A land transport system that delivers the right infrastructure and services to the right level at the best cost	Delivery of the right infrastructure and services to the right level Improved returns from road maintenance Improved returns from public transport

3.2.4 National Requirements

Table 4 provides a summary of several national requirements that seek to achieve greater collaboration and improved efficiencies and cost effectiveness:

Table 4: National Requirements Driving Change in Transportation

Driver of Change	Description
ONRC	The One Network Road Classification (ONRC) categorises all roads based on their function and agreed customer levels of service for each function. ONRC will make it easier for RCAs to collaborate, as it provides a consistent framework to benchmark performance and to develop shared strategies to deliver better value for money. RCAs are currently implementing ONRC to inform the 2018-2021 Regional Land Transport Plan. As the evidence grows, the ONRC and its performance measures will enable RCAs to compare performance, identifying varying levels of customer outcome. This may involve a change in the existing levels of service and reallocation of maintenance funding.

Driver of Change	Description
Business Cases	NZTA require that the Business Case approach <u>must</u> be used to support all investment applications and asset management thinking. There are higher expectations for development of better quality evidence and rigorous analysis, and strengthened activity management and asset management planning information. RCAs will need to ensure they have the appropriate skills and expertise to deliver to these standards. This will require a significant investment in time, expertise and resources with the intended outcomes being delivery of better ‘joined-up’ thinking and increased value for money.
National Infrastructure Plan	The New Zealand National Infrastructure Plan vision to 2045 is for our infrastructure to be resilient, coordinated and contribute to a strong economy and high living standards. The plan classes the required responses into three categories: strengthening asset management practices, increasing understanding of levels of service and future drivers of demand, and optimising decision making.
30yr Infrastructure Strategies	Development of 30-year Infrastructure Strategy to outline the ‘most likely scenario’ for the management of council infrastructure assets, and identify significant issues, options and financial implications. It is likely that there should be strong alignment between strategies of adjacent networks that are subject to similar environmental and developmental impacts.
Asset Management Capability	There is an increasing requirement to deliver improved planning and to support this with advanced asset management based on robust evidence and analysis. Asset management capability and capacity has been identified as a key issue throughout the country by several bodies, including councils, Local Government New Zealand (LGNZ), NZTA, the National Infrastructure Unit and the Office of the Auditor General.
Regional Development	LGNZ – Mobilising the Regions paper (September 2015), which identifies that regional prosperity will be enhanced by transport decision-makers applying consistent criteria across all modes, and by local communities and regional leaders working with transport decision-makers to highlight regional priorities and impacts. This requires a strong and cohesive approach by all RCAs.

3.2.5 National Collaboration Models

Partly as a result of the drivers of change noted above, transport collaboration is becoming the norm across New Zealand. There is no “one size fits all” with each area developing a model that is fit for purpose and relevant to their local needs. Consideration of new ways of working spans the spectrum of transport related functions from governance through to service delivery. There is an increasing expectation that RCAs identify collaboration opportunities, taking into consideration learnings from existing models in place across the country. Whilst none of the initiatives below are necessarily directly applicable, they give some indication of what is happening elsewhere; and what might be achievable for the West Coast.

Initiative	Benefits
Waikato Road Asset Technical Accord	Collaborative data asset management delivered \$170,000 savings to the participants in the first 12 months and achieved a much-improved data collection and management approach.
Tairāwhiti Roads	Shared Services Business Unit delivers \$900,000 (6%) annual maintenance cost savings to Gisborne District and \$2,400,000 (21%) annual maintenance cost savings to NZTA through collaborative contract model.
Mid/South Canterbury Region	A range of collaborative procurement initiatives showed savings of 10-15% at the tender box.
NZTA Network Outcome Contracts	Improved procurement, economies of scale return savings of 15-20% in various examples across New Zealand.
Manawatu	Aligned maintenance contract conditions and procurement processes. Did not result in cheaper pricing, but participant councils receiving more value for money through scale of contract allowing contractor to respond with specialised resources on a regional basis.
Marlborough Roads	Local NZTA office known as Marlborough Roads provides management of all local roads under a contractual arrangement with Marlborough District Council, alongside their state highways responsibilities. During the initial procurement of the maintenance contracts there were considerable savings gained from reducing 11 contracts down to 4. At that time, Marlborough Roads contracts achieved some of the lowest costs in the country for maintaining state highways. This number was reduced to one combined Network Outcomes Contract in 2013.
Northland Transportation Alliance	Shared Services Business Unit for 3 TLAs with co-location and collaboration of NZTA and regional council. Business Case identifies potential economic benefits of \$18-34 million plus over 10 years. Improved asset management and decision making, increased capacity and capability through shared resources and economies of scale.

3.3 Alignment to existing strategies

This section outlines existing strategies in place for the West Coast Region that must be considered in the consideration of any new service delivery.

3.3.1 National Land Transport Programme 2015-2018 (for the West Coast region)

This programme includes the West Coast in the southern region along with Canterbury, Otago and Southland. Safety and route resilience, particularly for freight and tourists, are identified as the greatest challenges facing the southern region. The long travelling distances, terrain and climatic conditions all impact significantly on the condition and use of the transport network. Investment in the West Coast over the three-year period focuses on safety improvements (Taramakau Bridge replacement and visitor safety initiatives) and improving the resilience of State Highway 6.

3.3.2 West Coast Regional Land Transport Plan 2015-2021

This plan is developed by the Regional Land Transport Committee as a requirement of the Land Transport Management Act. The plan recognises the importance of collaborative relationships between key stakeholders to achieve a safe, effective and efficient land transport network. Identified transport priorities are:

- A secure land transport network resilient enough to withstand the natural events the West Coast is susceptible to.
- Safety for increasing diverse user types on a constrained network.
- A fit for purpose land transport network.

Much of the projects prioritised in the plan seek to enhance the resilience of the network and involve several bridge replacement projects and construction of slow vehicle bays.

3.3.3 Draft South Island Freight Plan – July 2015

This plan has been prepared to help decision-makers improve their coordination and dialogue across the South Island's freight system. The plan recognises that most freight in the South Island is moved by road, with a small percentage moved by rail, coastal shipping or air. This is forecast to continue and will impact on planning and investment decisions for the transport network.

The West Coast region has the lowest freight task (tonnes of freight moved) in the South Island with a slight increase forecast over the next 20 plus years¹. Most freight movement occurs within the region, and to the east, accessing the domestic and international connections provided within the Canterbury region. West Coast region specific actions from the draft plan are led by NZTA and focus on bridge replacements and enhancing network resilience.

3.3.4 West Coast Regional Public Transport Plan 2015

The West Coast Regional Public Transport Plan 2015 (RPTP) sets out the Regional Council's intentions regarding public transport for the West Coast over the next three years. It reflects the limited public transport services available on the West Coast, which includes the Total Mobility scheme and the financial assistance provided by the Buller and Westland District Councils to ensure the ongoing viability of their local taxi services.

3.3.5 West Coast Regional Walking and Cycling Strategy 2009

Development of this strategy was overseen by a steering group made up of the three district councils, West Coast Regional Council, NZTA, community and public health representatives. This document aims to provide a framework that will guide local action to improve the environment for walking and cycling in the region. The strategy recognises that the economic future of the region relies on strong transport networks, and that walking and cycling are being increasingly considered as important choices within this transport mix. The strategy sets the framework for future aspirations and recognises that collaboration and partnerships are vital to making progress towards these aspirations.

3.3.6 West Coast Regional Economic Development Plan 2014-2030

This plan aims to grow jobs in the region to increase population and income, particularly export income. Increasing job numbers are expected to strengthen the resilience and sustainability of communities on the West Coast. Amongst other things, the vision includes the need to stay near the forefront of modern living, communications, transport and technology trends. The plan promotes improved alignment as a region and collective advocacy to central government partners to assist with achieving long term targets relating to growth in population, regional GDP, exports and job numbers.

3.3.7 Regional Growth Programme 2016

The West Coast is one of five regions included in the Regional Growth Programme. This programme is commissioned jointly by the Ministry of Business, Innovation and Employment (MBIE) and the Ministry for Primary Industries (MPI) working in partnership with stakeholders: businesses, iwi and Māori, and councils in each region. This looks at the potential to attract further investment, raise incomes and increase employment opportunities. One of the key themes raised in the West Coast Growth Study Opportunities Report (September 2016) is cross cutting infrastructure opportunities, in particular;

¹ <http://www.nzta.govt.nz/assets/resources/draft-south-island-freight-plan/docs/draft-south-island-freight-plan.pdf>

- transport improvements to support tourism “...the case for investment in upgrades on routes to key visitor icons should be assessed. The roads to be assessed would depend on the priorities determined through the tourism strategy and plan.”
- Information and Communications Technology (ICT) “...the key opportunity is for the West Coast to secure funding support for the extension of UFB/RBI and mobile network coverage and for the roll-out of the extension and digital enablement initiatives to be undertaken as soon as feasible”.

A Regional Economic Action Plan will be developed as an outcome of this work.

3.3.8 West Coast Councils – A Commitment to Regional Efficiency 2015

The members of the West Coast ‘Mayors and Chairs’ forum have entered into a memorandum that signals their commitment to working together collaboratively. The memorandum documents the range of collaborative approaches already in place between the four councils and sets out future intentions for further collaboration (including a road maintenance centre of excellence). One of the goals is to achieve greater cost effectiveness and efficiency in the delivery of public services. The Regional Transport Plan is identified as a recent collaborative project that has strategically focused regional effort on improving the Taramakau Bridge and State Highway 73, east of Arthurs Pass.

3.3.9 Local Government Commission reorganisation application

The Local Government Commission received an application for establishment of a simplified and unified local government system on the West Coast, with a view to this creating more efficient and cost effective local government arrangements. To assist the Commission understand the level of community support for change to local government arrangements it undertook community engagement in June 2016. Taken overall, the results of the engagement indicated a sufficient level of support for continuing the reorganisation process.

3.4 Existing collaborations

The *West Coast Councils – A Commitment to Regional Efficiency* identifies several collaborative regional approaches to public services. Collaboration is already occurring within the transport activities of councils (and NZTA) both in terms of decision-making and service delivery. Existing collaborations that are specific to transport include:

- Joint funding with NZTA for the Road Safety and Education promotion contract.
- Regional Road Safety Committee.
- Regional Transport Committee and Regional Transport Advisory Group.
- Joint tender evaluation for roading contracts.
- Collaboration in applying ONRC categorisation.
- Support for the Regional Transport Committee to collaborate with Regional Transport Committees across the South Island to develop and implement a shared programme of work.
- Development of a regional strategy for walking and cycling.
- Joint approach to central government on the two national cycleways.
- Informal information sharing with the Tasman/Nelson/Marlborough regions through the ‘Top of the South’ Roothing Efficiency Group.

Other collaborations that have relevance to transport include:

- Civil Defence West Coast.
- Regional approach to natural hazards planning and investigation (Lifelines).
- Joint development of the Digital Enablement Plan for the region – enabling Ultra-Fast Broadband and cell black spots throughout the region to be addressed (with local funding from Development West Coast).
- Joint funding of Tourism West Coast.

-
- Joint funding of a Regional Economic Development Agency.
 - Planning and Operations managers group of eight second tier managers drive various shared initiatives at an operational level, meeting on a quarterly basis.

This highlights the willingness of the West Coast councils (and other organisations) to explore and action opportunities that seek to achieve improved outcomes for their communities.

4 Case for Change

Exploring whether there is a case for change starts with consideration of the current situation within the existing strategic context. We consider all the issues that impact on service delivery and from this identify a concise list of ‘problems’ the case for change might seek to overcome. Using the Investment Logic Map process, we then define the benefits that may be achieved by overcoming the identified problems; as well as the KPIs that might be used to measure progress towards achievement.

4.1 West Coast overview

Approximately 84% of the 23,000 km² West Coast Region is administered by the Department of Conservation, with several national parks contributing to the tourism offer available from this region. This places considerable demand on all council services including the transport network, particularly on state highway and local roads that provide access to key tourism destinations such as Franz Josef and Fox Glacier towns and The Pancake Rocks at Punakaiki.

Tourism continues to grow with Tourism West Coast forecasts showing a 5.4% increase in guest nights over the next three years. While this is good for the local economy, it does increase demand and place pressure on the capacity of services and there is no direct ability to recover the costs associated with this increased demand.

The population at the 2013 Census was 32,148, an increase of 2.6% from the 2006 Census. Statistics New Zealand medium population projections show a near static population for the region up to 2043. The West Coast is New Zealand’s most sparsely populated region, exacerbating the problems noted above about recovery of costs associated with increased tourism demand on services. The median household income amongst the three Districts ranges from \$53,000-56,000, which is considerably lower than the national level of \$64,000. However, The West Coast is tracking in a similar way to national trends with similar increases to the median household income over time (see Appendix 2).

The biggest contributors to economic growth in the region over the last ten years are mining, agriculture, forestry and fishing. The dairying industry is the largest employer, with accommodation and hospitals tracking second and third respectively. Dairy product manufacturing had the greatest increase in employment over 2014/2015 with the coal mining industry seeing the greatest decrease in employment over this time period². The closure and reduction in traditional extract industries, such as timber, coal mining and concrete processing, has impacted the regional centres especially Greymouth and Westport.

The West Coast region has a rail network primarily used for transporting milk products, coal, aggregate and limestone/cement/fertiliser. Regional river ports are located at Westport and Greymouth, with the primary regional airport at Hokitika, and a smaller airport at Westport.

Local roads and state highways provide important linkages and are a key enabler of economic development throughout the region. The road network is made up of 870 km of state highway and 1,640 km of local roads. The main access routes into the region are State Highway 6 from the north and south, and State Highway 73 from the Canterbury region. Development of new alternative routes in and out of the region are constrained by topography and national park status. A proposal for private development of a 136 km road connecting the West Coast with Milford Sound is currently under consideration, with Southland District Council and Westland District Council supporting further evaluation of the financial and environmental implications. There have also been several proposals in recent times for a northern route connecting Nelson with Karamea for tourism and freight purposes. The most recent proposal is a route from Little Wanganui (18 km south of Karamea) using part of the DOC Wangapeka Track to Tapawera (58 km south-west of Nelson). The proposal is at a very early stage with Business Case using NZTA Better Business Case criteria being commissioned.

² Infometrics – West Coast Region Economic Profile

The changing nature of the West Coast Region economy, combined with challenges associated with the large proportion of conservation estate and increasing tourism numbers placing pressure on capacity of existing infrastructure, contributes to the need to review service delivery options.

4.2 Efficiency benchmarking

The performance of the West Coast TLAs, regarding expenditure on maintenance, operations and renewals of the local roading network, has been benchmarked against other rural and semi-urban councils in New Zealand. This plots the total cost of all maintenance, operations and renewals (sealed and unsealed, excludes non-subsidised activities) averaged over six years, against the level of usage of the network.

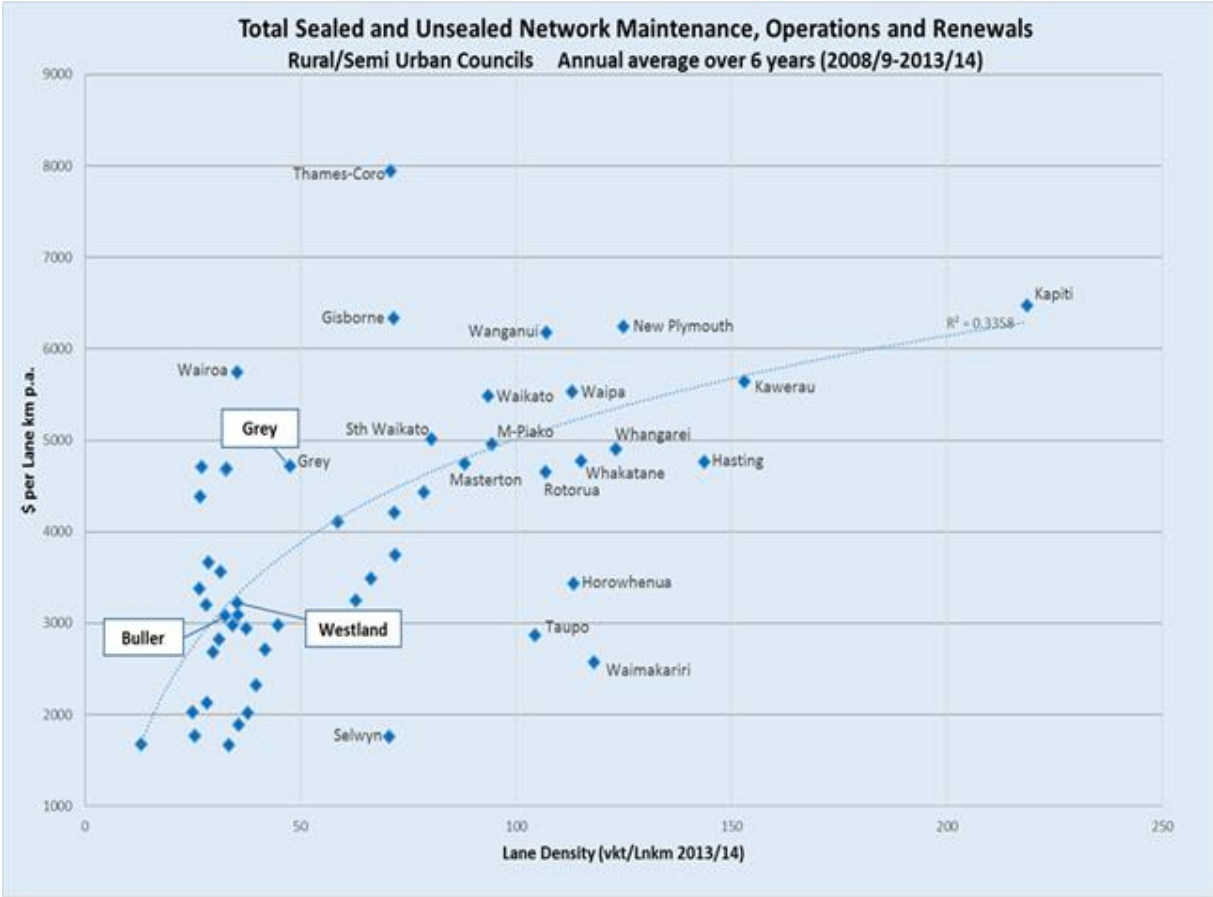


Figure 2: Comparative analysis of New Zealand Rural/Semi Rural Network Maintenance, Operations and Renewals

Figure 2 highlights the wide variation in the cost per lane kilometre across different New Zealand networks. For example, while some areas may have the same level of usage, the costs may vary considerably. The graph shows that Buller District Council and Westland District Council are performing well in terms of maintenance investment relative to the amount of use that the roading network receives, sitting slightly below the average line of best fit. While the investment is slightly higher for Grey District Council relative to the amount of use, this is not enough to highlight any specific areas of concern.

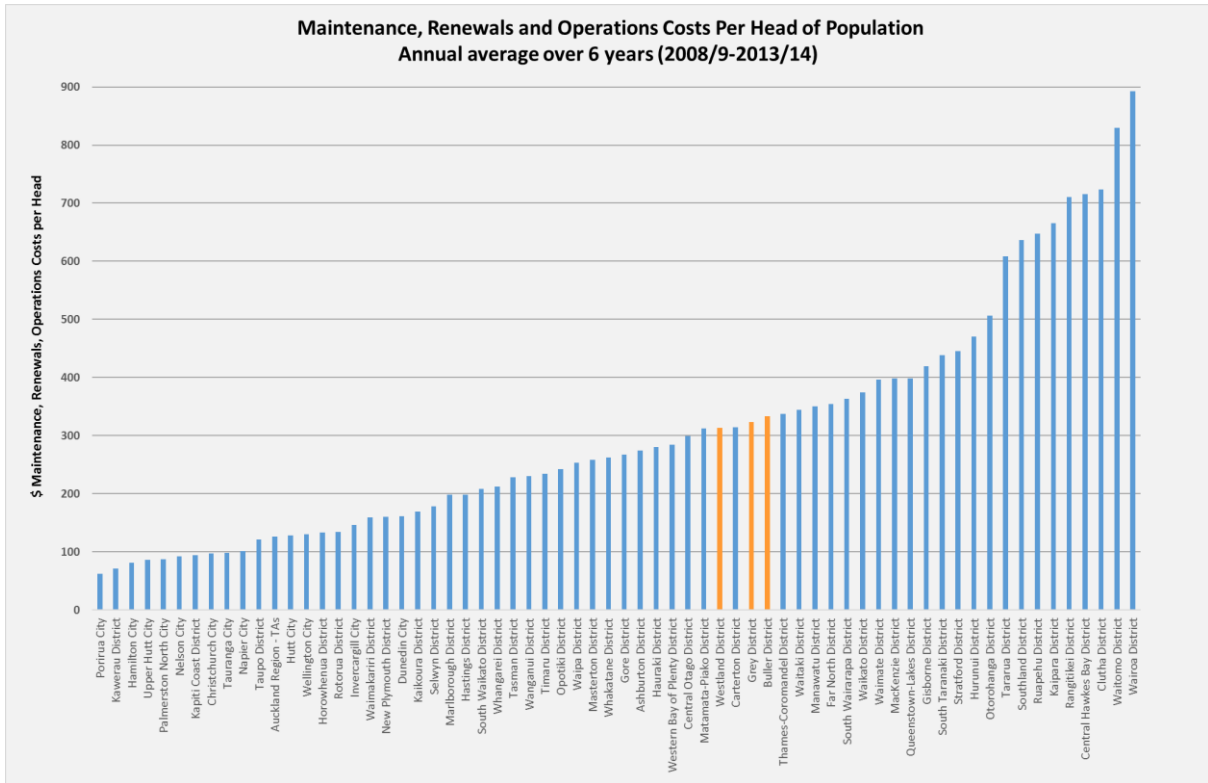


Figure 3: Comparative analysis of New Zealand road maintenance, renewals and operations cost per head of population

Further benchmarking of maintenance, renewals and operations costs per head of population against other rural/semi-urban councils places all three councils in a similar position, within the medium range of spend relative to population.

Whilst benchmarking indicates local road networks are generally efficiently maintained by the councils, recent analysis by the Ministry of Transport confirms that councils across New Zealand have made improvements in cost effectiveness over the past 5-6 years; with the underlying message that even councils that have traditionally been seen to be 'doing OK' cannot afford to rest on their laurels.

4.3 Issue Identification

Multiple avenues for engagement with stakeholders were initiated to gain the widest possible feedback:

- Facilitated workshop with senior representatives from councils and NZTA.
- Drop in days where stakeholders could learn about the process and provide feedback
- User surveys for those stakeholders who could not attend drop in days.

The facilitated workshop was held on Tuesday 21 June 2016 with council and NZTA representatives to understand the key issues and the case for change. This built on the work undertaken by the Road Efficiency Group with Rationale in 2014 looking at transport sector collaboration where issues and challenges, and objectives and opportunities were identified.

The chief executives of Tourism West Coast and Development West Coast and senior representatives from Westland Milk, Fulton Hogan, and Westroads Ltd all provided considerable feedback through the drop-in sessions.

Te Rūnanga O Makaawhio - Natural Resources Coordinator attended the drop-in day and provided a detailed background of the challenges around transport resilience and rūnanga cultural and business interests in the Westland area.

The Department of Conservation (DOC) operations manager provided an overview of the department’s role both as joint custodians of the conservation estate and in a community supporter role such as providing civil defence leadership in the towns of Franz Josef and Fox Glacier. There was an indication that increased collaboration with the TLAs and NZTA was supported, especially around the asset management and business case requirements for DOC as an ‘approved organisation’ and recipient of NZTA financial assistance. Both Buller and Westland District Councils already collaborate with DOC to manage the maintenance of several roads that receive the FAR, with an agreement in place to financially compensate the councils for this role.

Customer representatives from groups such as Federated Farmers and Minerals West Coast who were not able to make the drop-in sessions, were all sent user surveys to fill out and were encouraged to send them back. Follow up phone calls were placed with many of these groups to gain a wider perspective of the issues and opportunities for the West Coast transport arrangements.

A summary of key issues identified from the workshop is outlined in Table 5. Issues identified at the drop-in sessions and user surveys are outlined in Table 6.

Table 5: Summary of Key Issues from Workshop

Issue	Key comments
Affordability	Funding infrastructure required especially for visitor economy and dairy industry puts considerable strain on affordability of this for ratepayers.
Competitive market	Reduced number of contractors due to the Network Outcomes Contract (NOC) has potential impacts on competition. (On the other hand, this arrangement benefits all parties as local contractors access a greater range of skills and knowledge, delivering improved levels of service on isolated roads, and the NOC benefits from local experience and knowledge).
National transport standards	National transport standards such as ONRC impacts on levels of service and funding.
Isolation	The cost of goods and services are higher and harder to source as a result of geographical distance.

Issue	Key comments
Network resilience	Environmental challenges such as earthquakes, coastal and river erosion rainfall, flooding and wind makes infrastructure vulnerable and can cause closures or reduced level of service.
Ageing assets	A key consideration for transport is the large amount of bridge structures that do not meet today's seismic and fit for purpose standards, impacting on carrying capacity of the bridge.
Changing land use activities	Extraction industries, dairy farms and increased tourism has changed the nature of the use of what the transport infrastructure was originally designed for.
Increasing demands and changing expectations	Increasing demands and changing expectations of people that live and travel through the region such as high speed broadband, locational access to mobile coverage and availability of goods and services.
Attracting skills and expertise	Ability to attract, maintain, train and provide succession planning for the right capability and expertise to the region, especially considering the technology and knowledge based needs of the transport sector, and the particular expertise required to respond to locational issues (such as river engineers to improve resilience).
Data requirements	Current data inconsistencies and the need to define data requirements, ensure data validity for the level of investment required.
Future unknowns	Uncertainty and assumptions about the future, particularly where technology and innovation will take the sector.
Safety	Use of roads by international tourists unfamiliar with West Coast roading conditions. Need for more education through communications and road signage. Cycle tourism has increased substantially in numbers, however the facilities to make the popular routes safer such as increased shoulder widths have not been allowed for.
Communication networks	Limited communication networks impact across the board – tourism (customer expectation), businesses, local community, transport safety for road closures, and overall efficiencies of the operation of the transport network.
Tourism amenity	There is a growing need and expectation for tourism amenity which required additional investment e.g. well maintained rest areas, ability to pull over to view attractions and scenery.
Availability of materials	Availability of materials especially rock and aggregate plus the cartage costs increase expense (although contractors stated that there are no issues with availability of materials).
Advocacy	Ability to deliver effective advocacy for the West Coast on transport issues.
Timing	The ability to align works and funding is difficult due to the types of approvals required, impact of emergency events and contractor commitments.

Table 6: Summary of Key Issues from Drop in Sessions and Surveys

Issue	Key comments
Freight efficiency	Improving freight efficiency through reduced travel demand and the number of 50Max and HPMV trucks. Freight efficiency is reduced due to unequal demand between incoming and outgoing – pushing fresh air on return trips to the West Coast.
Network resilience	Network resilience to ensure continued freight support for certain areas particularly where perishable goods are involved.
Freight movement	The continual viability of rail as a frequent freight option and the pressure this would place on the transport network should a change occur.
Tourism safety	Contractors and freight operators are concerned for tourism safety especially on the popular Coast Road from Westport to Greymouth. Appropriate safety and amenity features such as scenic pull over areas and passing lanes are required. There is also an increase in the popularity of commercial and informal cycle touring.
Telecommunications	West Coast telecommunications are limiting the ability to implement new asset data and management field technologies and therefore exploit opportunities for improved efficiency.
Sustainability of Professional services	Need to be able to maintain a stable, talented, local resource with strong knowledge of the West Coast environment.
Tourism amenity	Upgrading roading around new tourism icons to support safer travel and improve the experience (through increased amenity).
Alignment of funding applications	Timing of funding applications and procurement requests are not aligned and lead to upgrades not being programmed at the appropriate time.
Department of Conservation roading requirements	DOC also need to provide data collection and consistent business cases for NZTA FAR improvements and maintenance (they would consider entering into an agreement to deliver roading upgrades and maintenance with a wider roading group).

This information has been used to form the basis of an Investment Logic Map (ILM). The ILM is a succinct and logical way of identifying problems, and the benefit of investment in working towards resolution of these problems.

4.4 Defining the problems

From the issue identification process detailed above the problem statements are developed through the Investment Logic Map (ILM) process. The ILM is a succinct and logical way of identifying the common themes within the wide range of identified issues and consolidating them into problem statements.

A weighting is then applied to highlight the relative importance of each problem in comparison to the others.

The problem statements and weightings in the ILM were discussed and agreed to at a second workshop with Council and NZTA representatives held on 12 July 2016.

Problem	Weighting
Isolation, natural hazards and poor communications impact on journey reliability, safety, response times and customer experience.	40%
The transport system, amenities and communications have not kept up with tourism growth, compromising experience and safety.	25%
Available skills, training, succession and investment, limits the value for money gains available through technology, asset management and specialist decision-making.	20%
Assets are ageing, lack resilience, don't meet customer needs nor provide confidence, meaning opportunities for the West Coast are potentially missed.	15%

The problems are similar to those faced by many, if not all, councils in New Zealand. However, the West Coast environment, isolation, reliance on tourism amongst other things mean the problems are more pronounced than in other regions

How the issues identified within the workshop and drop in sessions match the problem statements is referenced in Appendix 3.

4.5 Support for considering options for improvement

Key stakeholders and organisations that contributed to development of this business case are supportive of initiating processes that achieve greater collaboration for transport arrangements. All participants could see value in achieving improved outcomes through working together, particularly in terms of improving the resilience of the transport network across the region.

A consistent theme from councils and other key stakeholders was the need for proactive planning and collaborative action to address regional challenges. This was seen as more of an evolutionary process, using a collaborative approach to gather data and evidence first and foremost for improved and more effective planning and business case development. The aim being to achieve improved outcomes particularly in terms of funding infrastructure investment in the region.

5 Investment Objectives

5.1 Defining the benefits of change

The ILM identifies the potential benefits of successfully investing in a response to addressing the problems identified. The benefits and weightings were discussed and agreed to at the second workshop with the Councils and NZTA representatives held on 12 July 2016.

The benefits highlight the importance of efficient transport arrangements to the economic development of the West Coast region, particularly in terms of tourism and freight movements. The achievement of the benefits could be measured through the following Key Performance Indicators (KPI):

Benefit	Weighting	KPI
Improved journey reliability, resilience and safety.	40%	1. Availability and restoration of road function 2. Death and serious injury
Improved tourism and customer experience	25%	3. Satisfaction Survey 4. Visitor related crashes
Improved capability and capacity	20%	5. Cost benchmarking 6. Skills metrics 7. Ability to fill roles
Efficient and cost effective freight network	15%	8. VKT by HPMV and 50Max 9. Extra freight costs 10. Economic loss

Many of the Key Performance Indicators are already being collected by several West Coast councils and partnering organisations such as Tourism West Coast. Additional thought and preparation would need to be considered for indicators such as ‘skills metrics’, ‘ability to fill roles’ and ‘extra freight costs’. During the internal workshops it was stressed that the monitoring needed to be consistent, simple and not onerous. This would require a coordinator to be assigned to monitor and evaluate the key performance indicators post any proposed changes, much like the role the West Coast Regional Council already performs in coordinating outcomes of the Regional Transport Plans.

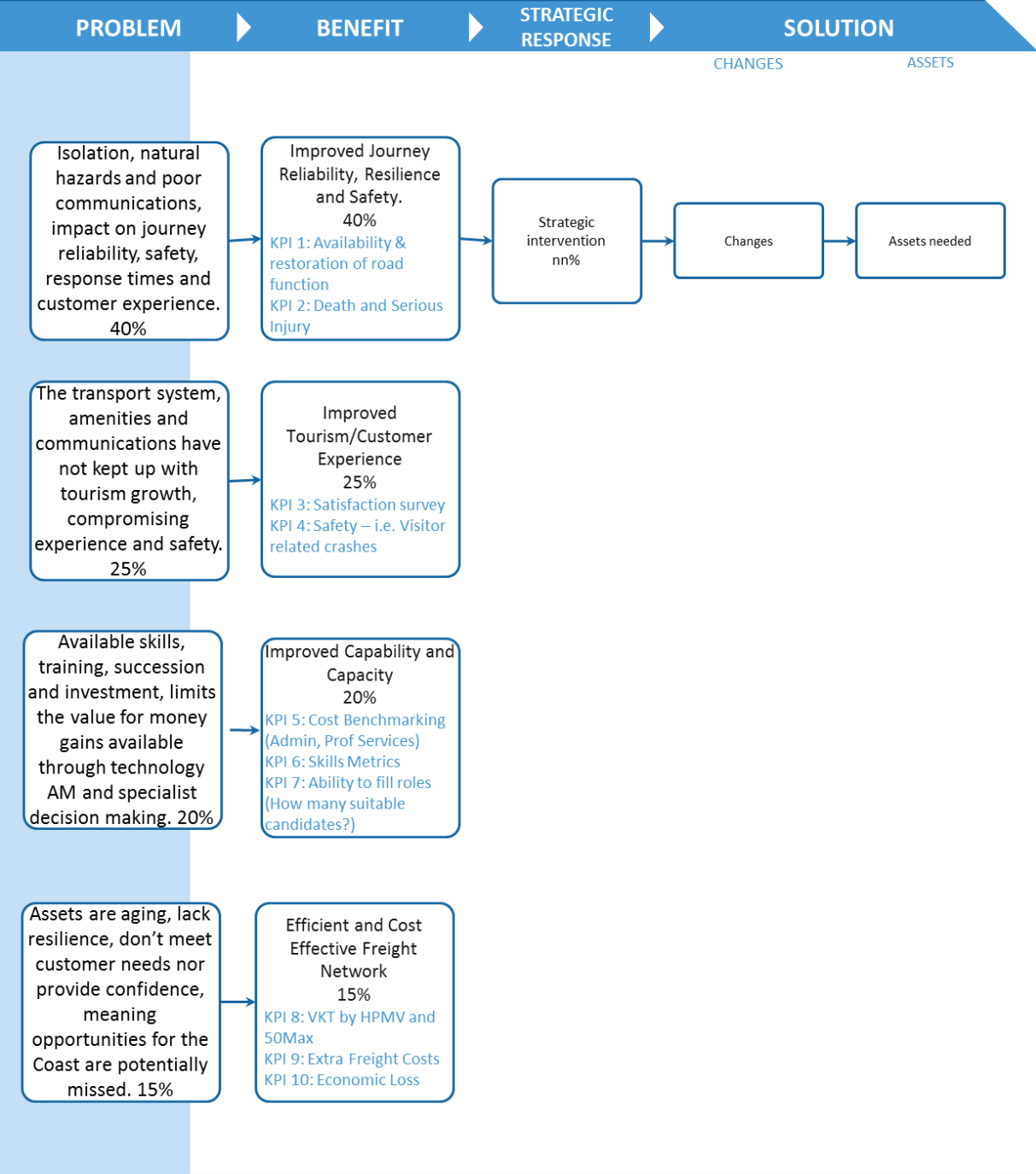
Problem Statements, benefits, weightings and KPIs are summarised in the graphical ILM representation in Figure 4, below.

WEST COAST COUNCILS

West Coast Regional Transport Efficiency

INVESTMENT LOGIC MAP

Initiative



Investor: West Coast
Facilitator: Tom Lucas
Accredited Facilitator: No

Version no: 0.2
Initial Workshop: 13 July 2016
Last modified by: Gavin Flynn
Template version: 5.0

Figure 4: Investment Logic Map (ILM) for the West Coast Regional Transport Efficiency

5.2 Existing arrangements and future business needs

For each of the benefit statements, a snapshot is outlined below of what the current state is relative to the area of benefit, and what the business gap is between the existing arrangements and the desired future state.

Table 7 – Existing arrangements and future business needs

Benefit	Existing Arrangements	Business Needs
Improved journey reliability, resilience and safety	The TLAs, through their key performance indicators, measure the condition of roads and footpaths, perceived and actual safety, customer request responses and public satisfaction with how the road network is being maintained (two have these measures). There is one performance measure for resilience and reliability, which GDC reports on, that being the maximum number of reported local road closures due to surface flooding per year.	<p>Improved processes for working closely together on planning, programming of work, and procurement to ensure consistency across the region.</p> <p>The TLAs maintain a similar amount of roading (610-674 km), with similar types of assets (bridges, footpaths, culverts) and are impacted upon by an increasing amount of climate change events. In addition, NZTA have a larger total asset base, but are dealing with similar assets (large percentage of one lane bridges, culverts etc). There is opportunity to undertake a more consistent and robust asset management approach such as bridge and structural life cycle management, learning from neighbouring councils and the NZTA, to assist with business case development and funding applications in the future. This would assist with regional consistency, best practice and successful funding applications. This approach could also apply to joint funding applications and the roll out and future extension of broadband and mobile services implementation, as highlighted in the West Coast Growth Study Opportunities Report (2016).</p>

Benefit	Existing Arrangements	Business Needs
<p>Improved tourism and customer experience</p>	<p>Visitor experience management has been starting to get more focus and funding. There are a low number of official passing lanes (as opposed to truck passing lanes) within the state highway and local road network. A large amount of feedback commented on this deficient, citing the Coast Highway as a world famous scenic destination with limited passing opportunities and layby areas. Westland District Council are looking to upgrade the final section of the Hokitika Gorge Road, a popular tourist attraction in 2017/18.</p>	<p><i>Collaborative environment where transport/tourism/customer outcomes are considered on a cohesive, regional basis.</i></p> <p>Tourism West Coast are releasing a new tourism promotion strategy which looks to extend the promotion of three icons – the Franz Josef & Fox Glacier towns, Pancake Rocks and Oparara Arch, Karamea. There needs to be focus on aligning the tourism promotion with the customer experience for both the driver experience (i.e. upgrading a metal road to seal) and amenity experience (laybys, toilets) for the additional icons. The Government through NZTA have recognised the additional tourist numbers and safety concerns with drivers unfamiliar with New Zealand driving conditions. The West Coast has been identified as one of three regions that qualify for special funding assistance for visitor education and improvement projects. A transport customer experience strategy should be investigated that looks at opportunities around improving the driver experience, amenities, signage, wayfinding, cyclists, hard shoulders and passing lanes.</p>

<i>Benefit</i>	<i>Existing Arrangements</i>	<i>Business Needs</i>
<p>Improved capability and capacity</p>	<p>The Councils have adopted a lean number of roading or transport specialists which are broken down as follows;</p> <ul style="list-style-type: none"> • WDC employing 1.5 full time equivalents (FTE) broken down to two people with 75% each of their time • BDC employing 3.5-4 FTE with one person dedicated with an additional 3 people assisting or managing • GDC employing 3.5 FTE with three people dedicated and 50% of the Assets Manager time. <p>External consultants are required for assisting with procurement document preparation/review, road safety promotion, road performance rating and bridge inspections. OPUS International Consultants are the primary engineering consultant firm based on the West Coast. They have a staff of 13 consultants working in the Greymouth office and 2 in the Westport office.</p>	<p><i>Improved strategic planning and asset management sophistication. Improved HR resilience and succession planning.</i></p> <p>The small number of in-house transport specialists covering large geographic areas, coupled with the tendency to undertake several procurement contracts (when budgets are confirmed), changing nature of the funding environment and impending retirements for several BDC infrastructure staff are placing quite a challenge on the resilience of the human resource. The key gaps from workshop issue identification and user surveys is the lack of specialisation mainly in the business case development space, coupling of procurement contracts (i.e. reseals contract, bridge inspections) and sharing of information to inform planning and decision-making. In addition, consideration about the need for external resource and how this could be programmed on to add certainty to the limited consultant market and their contractual commitments.</p>

Benefit	Existing Arrangements	Business Needs
<p>Efficient and cost effective freight network</p>	<p>Key freight links between the West Coast to Nelson and West Coast to Christchurch are limited by restrictions on state highway bridges reducing the effectiveness of the HPMV permitting system.</p> <p>Examples are outlined below:</p> <ul style="list-style-type: none"> • State Highway (SH) 73 – Jackson to Kumara - Griffins Creek & Big Wainihinihi River Bridge, <ul style="list-style-type: none"> - Restrictions on both bridges mean that no HPMV permits have been issued for this section of road. Detour for this route is 77 km. - SH73 is the main freight route to the West Coast and is used extensively by freight companies. Road Transport NZ believes that prioritising the strengthening of these bridges would link existing HPMV networks with SH73 and complete the network for the West Coast. • SH 67 - Mokihinui River Bridge – This Bridge allows access to the Buller District Council roads. No HPMV permits have been issued to cross this bridge restricting freight movement in and out of Karamea – no alternate route exists. • SH6- Iron Bridge- is subject to HPMV restrictions and is the main road link between Nelson and the West Coast Region. <p>In addition, 50 Max is not available as an open permit on any West Coast District Council local roads. This has resulted in a higher reliance being placed on the HPMV network to increase transport efficiency.</p>	<ul style="list-style-type: none"> ▪ Efficient and effective transportation decisions and investment that meets regional challenges and supports growth. Improved community and NZTA confidence of responsible stewardship of the networks and delivery of outcomes. ▪ Improving the viability of transport outcomes to match funding abilities by reducing the costs of provision and taking a consistent approach to levels of service and interventions. <p>Through the drop-in sessions, subsequent user surveys and visibility of the Road Transport NZ submission to the Draft South Island Freight Study, there was a concern that the restriction of higher freight loads was often forcing drivers to take circuitous routes. NZTA are investigating tranche two of HPMV route upgrades, which will focus on sections of the Westport to Nelson and Hokitika to Greymouth SH6 routes (see Appendix 5). The impacts of inefficiency within the roading network needs to be quantified before a collective case can be pursued. In conjunction with the outcomes of the Freight Study, a collective approach to the impacts of freight use and how NZTA and the local councils prioritise and assess necessary upgrades should be undertaken to reinforce programme business cases and future funding applications.</p>

6 Scope and Service Solution Options

The range of options available for consideration cover both what could be done (the scope options) and how this could be done (the service solution options). The summary of the advantages and disadvantages, discussed in the two workshops are outlined for the scope and service solution options below. More detail of advantages and disadvantages is contained in appendix 6.

Table 8: Scope Options identifying what could be achieved, with pros and cons

Scope Options	Description	Advantages	Disadvantages
1. Skills taskforce	All RCAs represented on a taskforce to identify skill requirements, skill shortages, and collaborative opportunities to respond to this.	Utilises people’s biggest strengths in the areas that have the greatest need. Starts to get cross fertilisation of ideas and attempts to get a consistent approach. Starts to improve resilience from a greater understanding.	No formalisation of the roles and therefore no imperative to work across boundaries or work areas. Could add time and cost to satisfy multiple decision-makers and allow for differing needs, challenges, and opportunities.

Scope Options	Description	Advantages	Disadvantages
<p>2. Data collection and analysis</p>	<p>RCAs working together to collect data, establish system commonalities, data storage and licencing, data analysis and management.</p>	<p>Regional consistency approach that is easier to roll out quickly due to most Councils having similar systems and requirements.</p> <p>Politically defensible e.g. business case justification.</p> <p>Likely to achieve political buy in if there are cost savings and proven future proofing of the data process.</p> <p>Smarter investment decisions.</p>	<p>Developing consistent framework can be resource intensive in the beginning.</p> <p>Alignment of contractual obligations and Council performance measures.</p> <p>IT relationships to untangle.</p> <p>Difficulties in cost allocation across councils.</p> <p>Risk to integration with other council functions.</p>
<p>3. Consistent level of services</p>	<p>RCAs develop a consistent approach to specifications of levels of service for transport arrangements. This would include ONRC, procurement models and contract specifications.</p>	<p>Consistent specifications across Councils.</p> <p>Can assist with matching budgets to the level of service.</p> <p>Would help with regional prioritisation.</p> <p>Better certainty for supplier market.</p>	<p>Resources required to develop.</p> <p>Potential for different interpretation.</p> <p>Potential for some wins and losses for each Council.</p>
<p>4. Asset management</p>	<p>All RCAs collaborate on asset management information including business case development, programming, interventions and proactive planning.</p>	<p>Improved innovation and technology.</p> <p>Better alignment with ONRC.</p> <p>Less duplication of process.</p> <p>Stronger rationale for undertaking transport investment.</p>	<p>Length of time to upskill around business cases and aligning asset management can be costly in the beginning.</p>

Scope Options	Description	Advantages	Disadvantages
5. Professional services	All RCAs develop a professional services panel and/or one council undertakes specific services, utilising the appropriate mix of skills, experience and expertise relevant to what is being considered. For example, bridge inspections and sub-regional reseal contracts.	<p>Greater specialisation and concentration of expertise.</p> <p>More ownership of the issue with formalised professional partnerships.</p> <p>Gaining critical mass has the potential to improve industry standards for example, in health and safety training.</p>	<p>Would need to be consideration around competitive market place if there was too much work taken in-house.</p> <p>Delivering to expectations if consultant market has existing commitments.</p>
6. Network management	All RCAs operate on a whole of network approach for transport planning, transport regulatory approvals, improvements, emergency management and procurement/contract management.	<p>Opportunity to group similar activities i.e. maintenance & reseals with larger player like NZTA to gain economies of scale.</p> <p>Greater contractor /consultant response during emergency events.</p>	<p>Less ability to change contract rates once locked in.</p> <p>Potentially longer contract periods.</p>
7. Advocacy	All RCAs collaborate to advocate for West Coast transport requirements, particularly to central government in order to present a unified voice for potential investment.	<p>Cross-agency coordination.</p> <p>Reduce engagement fatigue</p> <p>More likelihood of success where a collective voice is promoting regional view. Government agencies have less organisations and individuals to negotiate and communicate with.</p>	<p>Individual council priorities or local needs may be neglected in favour of regional perspective. Requires strong leadership to align requirements and communicate “best for region” approach.</p>

Table 9: Service Solution Options identifying how this could be achieved, with pros and cons

Service Solution Options	Example	Description	Advantages	Disadvantages
1. Road Technical Advisory Group (status quo)	Existing group set up to provide technical advice on regional transport initiatives.	A working group of transport technical advisors responsible for delivering a collaborative approach to decision-making processes such as programme prioritisation in the Long Term Plan and Regional Land Transport Plan (RLTP) processes and procurement advice. \$ Negligible Investment	Already has some level of collaboration, is easy to organise and coordinate. No change management required. No transition costs.	Only meet on an-needs basis. No formal requirement for council officers to collaborate. Potential benefits from other options are missed
2. Transport Asset Manager Group	'Top of the South' group	As per the RTAG with the addition of joint programmes and joint procurement processes operating under a more formalised meetings and terms of reference framework. \$ Negligible Investment	Consistency and conformity with standards. Encourages specialisation of specific area of knowledge and engenders increased ownership. Areas for collaboration can be identified, evaluated and aligned as required.	Collaboration progress can be slow, if there is not a strong Chairperson and willing parties Trade-offs with other priorities. No formal requirement to collaborate. Extra time and effort needed to collaborate can result in re-prioritisation of work programme. Uncertainty of ongoing continuation. Risk of unclear direction.

Service Solution Options	Example	Description	Advantages	Disadvantages
3. Transport Centre of Excellence	Waikato's Road Asset Technical Accord – RATA*	<p>A semi-formal arrangement whereby Councils collaborate and share resources on identified priority areas guided by a MoU between the participating organisations. For regional consistency, the group could expand to include some NZTA and DOC components. This Unit could be established either virtually, co-locational or combined approach.</p> <p>\$\$ Moderate Investment</p>	<p>Next level of accountability, capability, leverage for contracts, funding and advocacy.</p> <p>Test and trial approach so can see how this goes without requiring significant expense.</p> <p>Retains option of doing more later.</p> <p>Could enable quick wins – easily achievable, minimal transition costs, low risk</p> <p>Allows a climate of trust to be built.</p> <p>Very easily reversible.</p>	<p>Diminishing competitive marketplace with potentially more in-house capability.</p> <p>Requires strong leadership and monitoring by governance structure.</p> <p>Requires some time and cost to establish</p> <p>Less certainty of ongoing continuation (often a period is specified and can be extended though)</p> <p>Need to consider: resourcing, commitment from current staff, funding, up-front time and costs to plan and establish</p>
4. Shared Services	Waikato's Local Authority Shared Services Limited – LASS*	<p>A professional services business unit combining internal and external expertise, which may be undertaken by one Council or a combination with the option to procure certain disciplines with NZTA in a co-located arrangement.</p> <p>\$\$ Moderate Investment</p>	<p>Capability and dedicated resource.</p> <p>Greater negotiation leverage for procurement contracts.</p> <p>Consistent approach across region.</p> <p>Provides more certainty to professional services suppliers and potentially better value.</p>	<p>Risk if there is a change from incumbent suppliers and transfer of the knowledge base.</p> <p>Relies on supplier's ability to serve the demands of multiple clients.</p>

Service Solution Options	Example	Description	Advantages	Disadvantages
5. Business Unit	Northland Transportation Alliance	<p>A combined formal business unit for transport arrangements with co-location arrangements for some staff. This could have NZTA staff included if there was benefit of aligning work practises.</p> <p>\$\$\$ Significant Investment</p>	<p>More accountability, capability, structure and capacity.</p> <p>Leverage for contracts, funding and advocacy.</p> <p>Faster results of KPIs because of co-location and less duplication of processes.</p> <p>More resilience for staff as other staff can fill in for sickness, leave and job vacancies.</p> <p>Broader focus and potentially less silos.</p> <p>Ability to second and share incremental resources.</p>	<p>May not achieve immediate cost efficiencies by coupling contracts as many contracts have different expiry dates.</p> <p>Requires RCAs to delegate responsibility to sign-off work.</p> <p>Further analysis is required to determine if there are significant economies of scale and may require additional infrastructure components (i.e. three waters).</p> <p>Requires a shift in governance to a more commercial performance basis away from a council services basis.</p>

Service Solution Options	Example	Description	Advantages	Disadvantages
6. One Agency (Council Controlled Organisation or separate entity)	Gisborne's Tairāwhiti Roads* and Marlborough Roads.	A formal separate entity established either under Local Government Act (two pre-approved transport Council Controlled Organisation models under consideration in the LGA Amendment Bill) or a separate entity such as a joint venture. These types of arrangements could include all transport planning, management and operations. It would require physical relocation of staff to one place of business, as it operates as a separate entity to councils, with its own board and management structure. \$\$\$\$ Significant Investment	Dedicated expertise and resource with a single focus on transport. Greater ability to achieve consistency in levels of service and whole approach to management of the network. Professional board and environment. Potential for one approach to strategy and planning. Potential to access central government incentives or funding.	High implementation costs and longer timeframe to establish (although LGA amendments likely to speed this up from current situation). Complexity of asset ownership arrangements. Loss of institutional knowledge. Unknown extent of potential efficiency gains under this model given significance of change required and transition investment needed. Conflict between Council Controlled Organisation purpose and local decisions.

Governance Arrangements

Typically, Service Solution Options 1-4 would not require any significant change to existing governance arrangements. Staff remain employed by their own council organisation and are accountable to the CE. MoUs or agreements of that nature would set out the intentions of the parties and the roles and responsibilities. Options 5-6 begin to get more complex in terms of potential staff employment issues and would require more careful consideration of governance arrangements. In the case of a Council Controlled Organisation, there is likely to be guidance or prescribed arrangements under governing legislation.

* See: <https://www.nzta.govt.nz/assets/Road-Efficiency-Group-2/docs/rata-collaboration-case-study.pdf>

<http://www.hamilton.govt.nz/our-council/about-council/councilcontrolledorganisations/Pages/default.aspx>

<http://www.nrc.govt.nz/Your-Council/Council-Projects/Northland-councils-working-together/future-local-government-in-northland/>

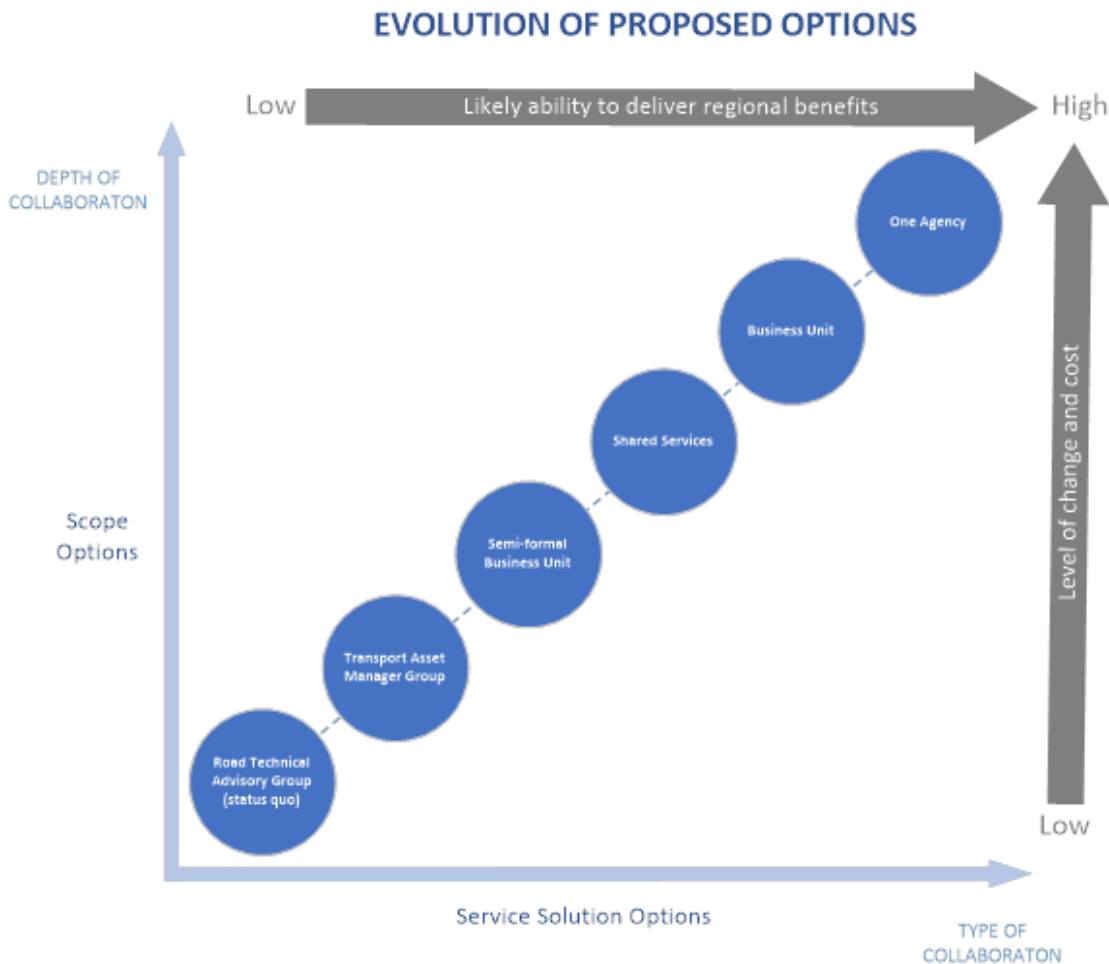
<https://www.nzta.govt.nz/assets/Road-Efficiency-Group/docs/REG-Best-Practice-AMP-Case-Study-Summary-Tairawhiti-Roads2.pdf>

7 Defining the Option

While there are no 'hard boundaries' between the various options, the breadth or depth of collaboration increases with each scope option and service solution option. The ability to achieve the options could occur over time, as an evolutionary process. This means that easier to implement options such as development of a transport asset manager group are likely to be more achievable with less cost and time involved in set up, and the ability to still achieve good outcomes through collaboration in areas such as data collection and analysis, and asset management planning.

Figure 5 illustrates the scale of change that could occur, recognising that greater degrees of collaboration are required as a greater range of transport functions are considered. The higher the levels of formal collaboration going up the continuum the more likely that benefits identified will be attained. What potential scope options and what the service solutions could be designed to deliver these is compared in more detail in Appendix 7.

Figure 5: Evolution of Possible Options along collaboration continuum



8 Options Assessment Process

Appendix 8 is a template for a typical assessment process for an options analysis of this nature. It can be tailored to suit the specific requirements of the participants and is provided for information. The assessment process to refine the indicative business case is outlined below.

8.1 Establish Assessment Criteria

Options need to be assessed against a range of criteria that will be developed in a facilitated discussion with key stakeholders. Common criteria developed within a Better Business Case process includes critical success factors such as:

- Strategic fit and business needs (GPS, Political expectations, Community Outcomes).
- Potential value for money (right thing, right time, right price).
- Capability and capacity (can we deliver – NZTA, Councils, Suppliers, other agencies).
- Affordability.
- Achievability.

To assess these critical success factors, the multi criteria analysis template or tool to undertake the assessment has been broken down into;

- Benefit Statements (from the ILM) – the four statements plus the key performance indicators.
- Cost – set up costs, operational costs and other cost indicators.
- Time- range of timeframes.
- Risks- political, economic, sociocultural, technological, environmental, legal, business risks and service risks (refer to these risks within the template).
- Dis-benefits – drawing from possible disadvantages out of the table in Appendix 6.
- Dependencies – factors which might influence cost, time, risk and benefits.
- Other benefits – drawing from possible advantages out of the table in Appendix 6.

The assessment criteria will be tailored to suit the specific circumstances of the business case and the requirements of the participants; hence it is a key requirement that senior decision makers are part of the decision-making to refine and agree the assessment criteria.

8.2 Apply Assessment Criteria

Applying the assessment criteria to the Scope Options and Service Solution Options will result in a 'scoring' or 'ranking' of options. It is typical that this would reduce the option list identified in this indicative business case to a more manageable shortlist to take through for further assessment.

A concerted effort has been made to define what the scope and service solution options could look like in Appendix 7. The second TLA and NZTA workshop helped gain an understanding of how the West Coast transport component options could be defined. By attempting to define what the options look like, it is hoped that the recipients of this report have a clearer understanding of what the collaboration opportunities under each option look like and which (if any) might be pursued. This information is intended to assist with gaining a level of understanding for the assessment stage, which would be used at a future workshop alongside the strategic options assessment worksheet in Appendix 8 to test and assess the indicative options.

The next stage of assessment would typically involve a more quantitative analysis of the potential costs and benefits of the shortlisted options.

9 Next Steps

As noted in Section 1, The '*Terms of Reference for Rooding Arrangements*' identifies this indicative business case as the first in a series of work required to determine a preferred option for change (if any). It is recommended that the evaluation criteria and process outlined in this report, be further developed and then applied to determine a short list of options or a preferred option that would then require further assessment and detailed consideration using the Better Business Case process.

Annexes:

Appendix 1 – Business Case framework

Appendix 2 – Household Industry Statistics

Appendix 3 – Investment Logic Map Issue Statements

Appendix 4 – Key Stakeholders

Appendix 5 – NZTA High Productivity Freight Network and proposed upgrades

Appendix 6 – Scope and Service Solution Options Advantages and Disadvantages Table

Appendix 7 – Defining the options

Appendix 8 – Strategic Options Assessment worksheet

Appendix 1: Business Case Framework

This business case is being developed collaboratively by the participants, generally following the New Zealand Treasury Better Business Case framework. This commences with the strategic case and builds into five interlinked components. This sets out that the proposal:

1. is supported by a compelling case for change – the **‘strategic case’**
2. optimises value for money – the **‘economic case’**
3. is commercially viable – the **‘commercial case’**
4. is financially affordable – the **‘financial case’**, and
5. is achievable – the **‘management case’**.

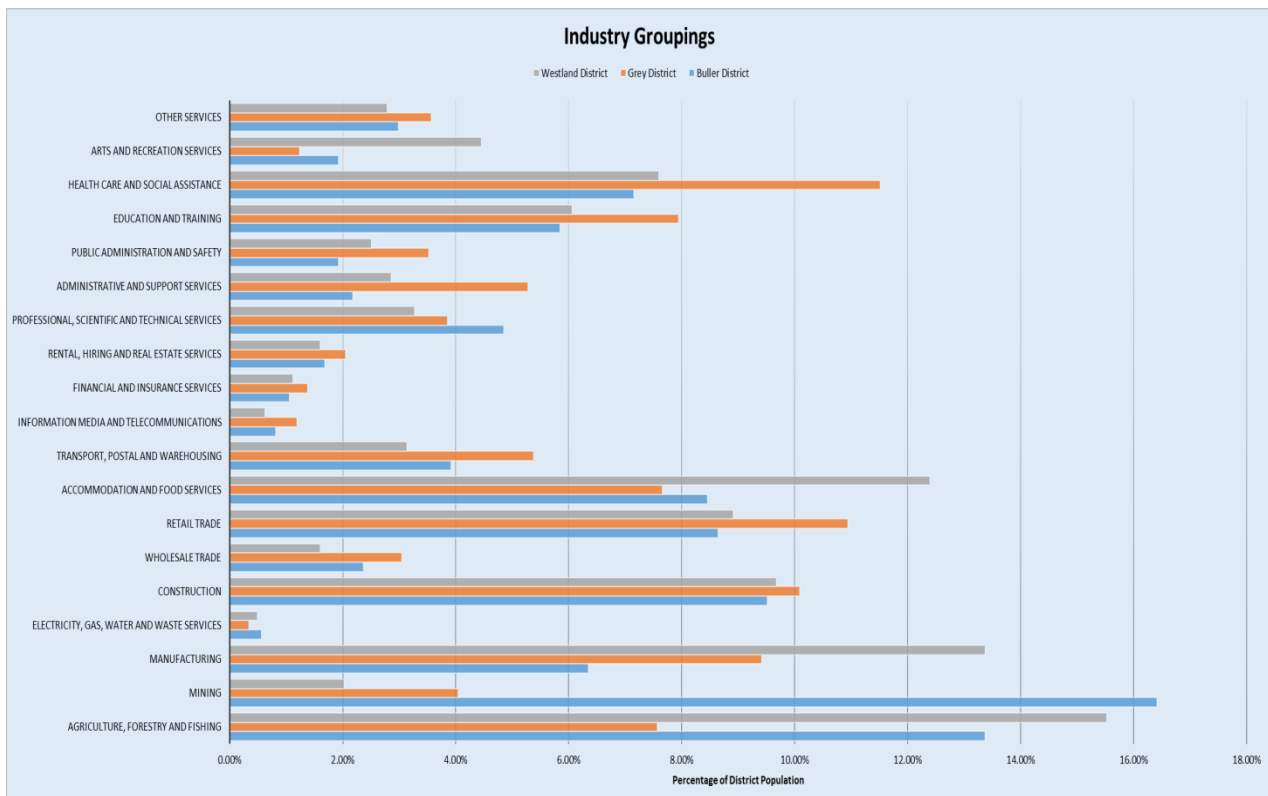
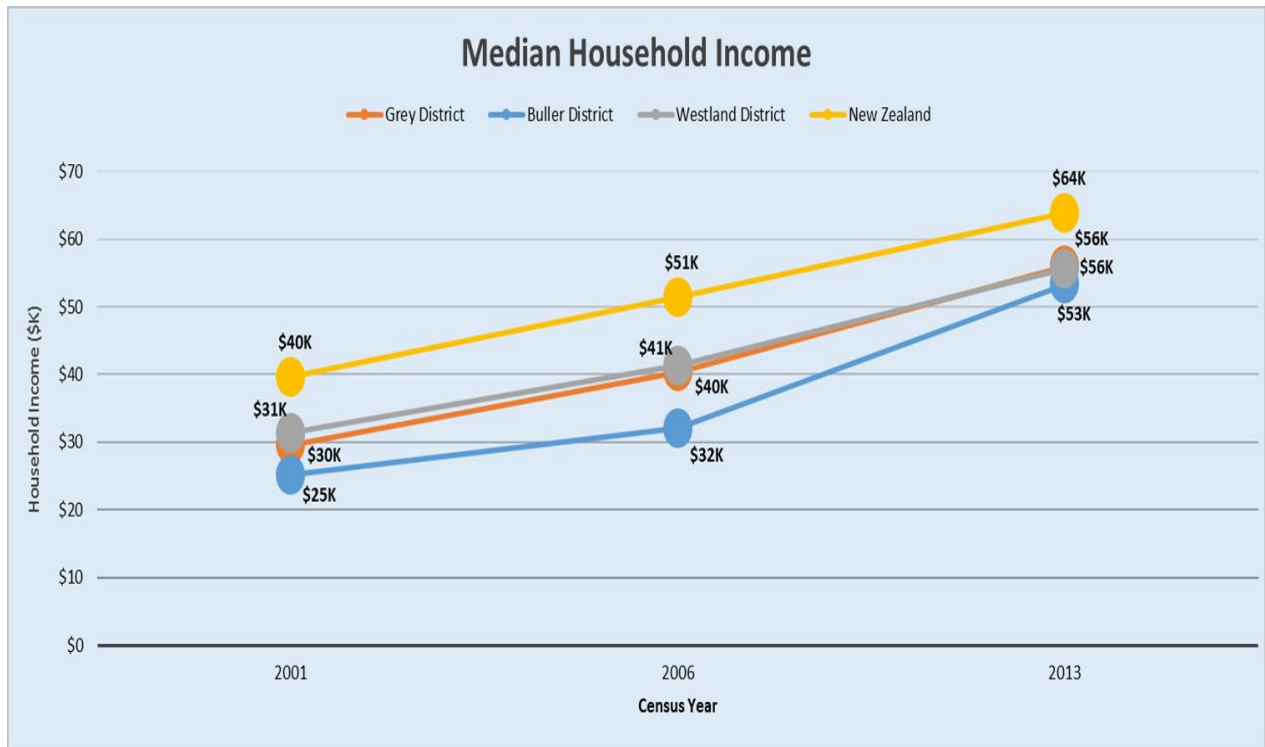
This document looks to complete the strategic case and part of the economic case to identify feasible options and how these options could be assessed against an ‘assessment criteria’ in the next stage of the process.

The business case is indicative at this stage and in accordance with the terms of reference for this stage of the process no recommended options are provided. Further detail is required as the next stage of the better business case process, once options are refined further by the participants.

The flowchart of the process and the approval gateways for this stage of the Business Case development is set out below.



Appendix 2: Household Income and Industry Statistics



Appendix 3: Investment Logic Map process

Issue Statements

ILM Problem	Item	Issues
4	1.	Funding infrastructure required especially for visitor economy and dairy industry puts considerable strain on small ratepayer base with limited amount of rateable land available.
3	2.	Reduced number of contractors due to NOC has potential impacts on competition. (On the other hand the local contracting companies are receiving improved training and have delivered an improved LOS on isolated local roads)
3	3.	National roading standards such as ONRC impact on levels of service and funding.
1	4.	Isolation - cost of goods and services are higher and harder to source as a result of geographical distance.
1 & 4	5.	Network resilience - Environmental challenges such as earthquakes, coastal and river erosion, rainfall, flooding and wind makes infrastructure vulnerable and can cause closures or reduced level of service.
2 & 4	7.	Aging assets - such as the large amount of bridge structures that do not meet today's seismic and fit for purpose standards.
2 & 3	9.	Increasing demands and changing expectations of people that live and travel through the region such as high speed broadband, locational access to mobile coverage and availability of good and services.
3	10.	Ability to attract, maintain, train and provide succession planning for the right capability and expertise to the region, especially considering the changing needs of sector for technology and knowledge based needs of the transport sector and engineers to improve resilience i.e. river engineers
3	11.	Current data inconsistencies and the need to define data requirements, ensure data validity for the level of investment required.
3 & 4	12.	Uncertainty and assumptions about the future , particularly where technology and innovation will take the sector.
2	13	Safety – Use by International Tourists – more education through communications and road signage to assist drivers unfamiliar with the West Coast roading conditions

2	14	Limited communication networks impact across the board – tourism (customer expectation), businesses, local community, transport safety for road closures and efficiencies.
2	15	There is a growing need and expectation for tourism amenity which requires additional investment, however the limited rating base makes this difficult to fund.
1	16	Materials availability especially rock and aggregate plus the cartage costs cause higher costs (not an issues according to contractors?)
1	17	Ability to deliver effective advocacy for the Coast i.e. specking with one voice on roading issues
<p>In attendance: NZTA: Janice Brass – Planning and Investment, Richard Topham – Highway and Operations, John Richards – Planning and Investment, Margarita Gonzalez-Borrero – Highway and Operations Grey District Council: Paul Pretorius - Chief Executive, Mel Sutherland – Infrastructure Services, Karl Jackson – Roading Services Buller District Council: Stephen Griffin – Manager Operations West Coast Regional Council: Nichola Costley – Manager Strategy and Communication, Mike Meehan – Chief Executive Westland District Council: Vivek Goel – Group Manager: District Assets Rationale Ltd: Edward Guy (Facilitator), Gavin Flynn, Cheryl Steiner</p>		
Other Stakeholders		
4	18	Improving freight efficiency through reduced travel and the number of trucks using 50max and HPMV.
1	19	Freight efficiency is reduced due to unequal demand between incoming and outgoing - pushing fresh air on return trips to the West Coast.
4	20	Network resilience to ensure continued freight support for certain areas particularly where perishables goods are involved.
2	21	Tourism Safety – contractors and freight operators are concerned especially on the hugely popular ‘Coast Road’ (Westport to Greymouth). Appropriate safety and amenity features such as scenic pull over areas and passing lanes.
3	22	West Coast telecommunications are limiting the ability to implement new asset data and management field technologies and therefore exploit opportunities for improved efficiency.
3	23	Professional Services sustainability – maintaining a stable, talented local resource with strong knowledge of West Coast environment
2	24	Upgrading roading around new tourism icons to support safer travel and better experience (amenity)

3	25	Timing of funding applications and procurement requests are not aligned and lead to upgrades not being programmed at the appropriate time
3 & 4	26	DOC like all the West Coast District Councils need to provide data collection and consistent business cases for continually NZTA FAR improvements and maintenance (they would consider entering into an agreement to deliver roading upgrades and maintenance with a wider roading group).
<p>In attendance at drop in session or subsequent interview/user survey:</p> <p>Tourism West Coast – Jim Little</p> <p>Development West Coast – Chris McKenzie</p> <p>Westland Milk Products – Scott Alison</p> <p>Fulton Hogan / Buller Holdings / Westreef – Stephen Lowe</p> <p>Westroads Ltd – Graham Kelly</p> <p>Department of Conservation – Wayne Costello</p> <p>Te Runanga o Ngati Waewae – Paul Wilson</p> <p>Road Transport Association – Richard Niederer</p> <p>Federated Farmers – Paul Langford</p> <p>Opus International Consultants – Mark Healy</p> <p>Buller Electricity – Eamon Ginley</p>		

Appendix 4: Key Stakeholders

West Coast Regional Transport Efficiency Report on Roding Arrangements Stakeholder Structure

Councils and Agency – Workshop

NZ Transport Agency, Westland District Council, Grey District Council, Buller District Council, West Coast Regional Council

Partners – Workshops/Hui

Department of Conservation, Tourism West Coast, Development West Coast, Iwi - Te Rūnanga o Ngāti Waewae, Te Rūnanga o Makaawhio, Mawhera Inc., West Power, Buller Electricity

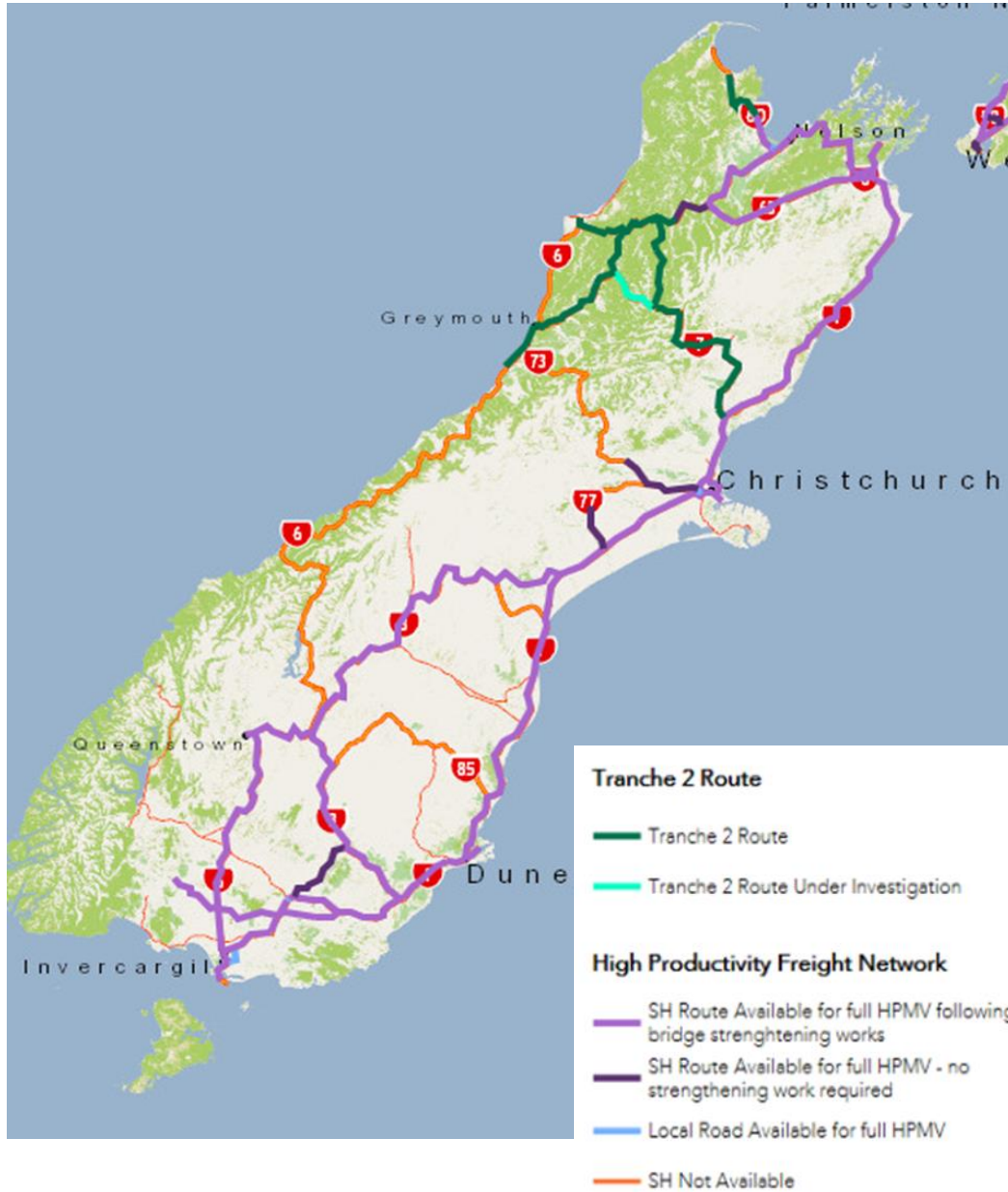
User Groups – drop in session, survey & follow up call

NZ Sustainable Forest Products, West Coast Timber Assoc., NZ Coal & Carbon Ltd, Minerals West Coast, Forest & Bird, Federated Farmers, Westland Milk Products, Tranz Link

Industry Groups – drop in session, survey & follow up call

Buller Holdings/West Reef, Westroads Ltd, OPUS, Fulton Hogan

Appendix 5: NZTA High Productivity Freight Network and proposed upgrades



Appendix 6: Scope and Service Solution Options Key Advantages / Disadvantages (West Coast context)

Strategic Options (Service Solution Options)

	Road Technical Advisory Group (status quo)	Road Infrastructure Managers Group	"Transport centre of excellence"	Shared Services	Combined Business Unit	One Agency
Strategic Interventions (Scope Options)						
Skills Taskforce	Easy to organise and coordinate. No change management. No formal requirement for council officers to collaborate.	Consistency and conformity with standards. Begins with stocktake of all skills within the region i.e. existing river engineers	Ability to take learnings of taskforce groups and RTAG and trial in a hub.	Ability to formalise taskforce groups and RTAG into a more formalised unit.	More accountability, capability, structure and capacity.	Highest level of accountability, capability, structure and capacity.
Data Collection and Analysis	Basis of investment. Begins to get a regionally consistent benchmark. No incentive for councils to join up aside from possible cost savings.	Cost savings if there is agreement on the type of data and mix of internal / external data collection and management. Would need a level of trust if operating under a ToR.	Developing consistent framework can be resource intensive in the beginning. MoU would allow Councils to remove themselves under a certain time period if not successful.	Longer term agreements could be entered into therefore increasing the cost efficiency. Possible IT relationships would need to be untangled.	More accountability and leverage for contracts.	More accountability and leverage for contracts.
Consistent level of service	Potentially difficult to implement with no formalised approach as some of the LOS are rapped up in maintenance contracts and could effect annual plan / LTP reporting.	Can assist with matching budgets to LOS. One Network first step. Potential for different interpretation.	Potential to trial and work out winners and losers to agree regional consistency before more formalised arrangements are agreed.	Easier to align ONRC with investment funding applications with NZTA co-located component.	Greater leverage/economies of scale for contracts, funding and advocacy. Changing established processes and contracts will require repriorisation or additional resource.	One point of contact for customers and suppliers. Less duplication and consistency of services.
Asset Management	Difficult to implement without formal approach. Informally meeting at present for Programme BC. Currently different data and inspection systems.	Less duplication of process. Could be difficult to implement as requires a mind change to an individual council approach.	Ability to introduce additional agencies such as NZTA and DOC to trial collaboration to see if there is mutual benefits.	More specialisation of disciplines and consistency of approach. Could take some time to align programme and budgets.	Greater access to broader range of skills and ability to argue for dedicated resource for specific functions (i.e. RAMM data specialist).	High implementation costs and longer timeframe to establish.

Strategic Options (Service Solution Options)

Strategic Interventions (Scope Options)	Road Technical Advisory Group (status quo)	Road Infrastructure Managers Group	"Transport centre of excellence"	Shared Services	Combined Business Unit	One Agency
Professional services	Requires four previous interventions to have occurred. Consideration around the depth of the professional services market and NOC.	Need to decide on level of ownership around intellectual knowledge	Maybe difficult to organise initially with outside agencies as there is contractual obligations. Possible for staged approach.	Alliance models could be investigated with NZTA. Risk around taking too much in-house thereby reducing marketplace.	More certainty for professional services market with a longer term programme with possible additional scope from NZTA & DOC	More bargaining power with one legal body. Possibly less economics of scale if NZTA unable to formal collaborate.
Network Management	Specialisation of transport services with more opportunity to group activities to gain efficiencies. Difficult to achieve without some sort of co-location and formalised agreement in place.	Strong specialisation opportunities. Could be trade-offs with other priorities. No formal requirement to collaborate.	Could apply more specialisation in the business case, emergency event and for upgrade of structures.	May not be worthwhile given the small number of roading/infrastructure personnel without three waters included (further analysis required to determine).	Would need to eventually align contracts into a regional model.	Unknown extent of potential efficiency gains under this model given significance of change required and likely investment required.
Advocacy	Currently the RTC provide a regional transport voice but only meet on an needs basis. West Coast Mayoral Forum and the respective Councils provide the political advocacy.	Main advocacy benefits in aligning political champions with technical knowledge ('hand in glove'). Relies on strong Chair and political champions.	RTC governance would need to be updated and delegated responsibilities reviewed. Respective Councils would still provide financial reporting and approvals.	Creation of a Regional Transport Manager position would provide strong support for political governance.	Creation of a Regional Transport Manager position would provide strong support for political governance.	Role of Board and management structure would have to be tailored for West Coast operating environment

Appendix 7: Defining the Options

A concerted effort has been made to define what the scope and service solution options could look like. The second TLA and NZTA workshop helped gain an understanding of how the West Coast transport component options could be defined. By attempting to define what the options look like, it is hoped that the recipients of this report have a clearer understanding of what the collaboration opportunities under each option look like and which (if any) might be pursued. These six options are defined below:

Scope Options	Service Solution – Option 1 RTAG (Status Quo) – Negligible Investment
1. Skills taskforce	Not considered at this stage.
2. Data collection and analysis	Investigating collaboration on collecting and analysing the right data for future business cases and investment applications.
3. Consistent level of services	This has started within the REG One Network Regional Classification work.
4. Asset management	This has recently started with the 'Top of the South' group sharing information on an informal basis to assist with programme business case.
5. Professional services panel	Not considered at this stage.
6. Network management	Not considered at this stage. West Coast District Councils were given the opportunity to collaborate with NZTA as part of preparing the NOC in 2013.
7. Advocacy	RTC and Mayoral Forum are the main bodies that are advocating for transport priorities.

Scope Options	Service Solution – Option 2 RAMG – Negligible Investment
1. Skills taskforce	An Asset Managers' group could be established to determine skills priorities for delivery of National Land Transport Plan (NLTP) 2015-18.
2. Data collection and analysis	Standardised data collection and analysis approach.
3. Consistent level of services	Investigating consistent specifications and opportunities for joint procurement approach (i.e. reseals contracts).
4. Asset management	Joint transition plan to align activity management plans for 2018-2020 RLTP/NLTP.
5. Professional services panel	Skills assessment across the TLAs matched up against NLTP and gaps identified. Professional services models investigated.
6. Network management	Implementation of transition plan includes investigating new models of network management.
7. Advocacy	RTC and Mayoral Forum are the main bodies that are advocating for transport priorities.

Scope Options	Service Solution – Option 3 ‘Transport centre of excellence’– Moderate Investment
1. Skills taskforce	The Informal Business Unit would incorporate established groups, identify gaps and align to form activity areas.
2. Data collection and analysis	Shared resource with delivery on agreed data collection and analysis programme.
3. Consistent level of services	Standardisation across all Council service levels supported by reliable data.
4. Asset management	Joint transition plan with formalised milestones which are carried into Personal KPIs.
5. Professional services panel	Transition plan developed to assess best option for professional services including how to retain and upskill.
6. Network management	New network management is tested with smaller scale contract and assessed to see if the approach is fit for purpose.
7. Advocacy	RTC and Mayoral Forum are the main bodies that are advocating for transport priorities.

Scope Options	Service Solution – Option 4 Shared Services – Moderate Investment
1. Skills taskforce	The Shared Services Unit would incorporate established groups, identify gaps and align to form activity areas.
2. Data collection and analysis	Opportunity to investigate a variety of models such as alliance or varying existing contracts.
3. Consistent level of services	Level of service is clearly defined and existing service delivery is evaluated for enhancements.
4. Asset management	Investigate opportunities to apply a regionally consistent asset management approach include DOC & NZTA.
5. Professional services panel	Opportunity to implement joint procurement / vary existing larger contracts with NZTA and DOC.
6. Network management	Collective approach to network management strategy developed with opportunities to implement as contracts expire or align.
7. Advocacy	RTC and Mayoral Forum are the main bodies that are advocating for transport priorities.

Scope Options	Service Solution – Option 5 Business Unit – Significant Investment
1. Skills taskforce	The Business Unit would incorporate established groups, identify gaps and align to form activity areas.
2. Data collection and analysis	Opportunity to investigate a variety of models such as alliance or varying existing contracts.
3. Consistent level of services	Delivery of LoS is rolled out throughout region with best practice performance and monitoring approach.
4. Asset management	Delivery of 2018-2020 RLTP including NZTA, TLAs and DOC for all the Region’s improvements and maintenance.
5. Professional services panel	Delivery of professional services panel or alliance contract for a longer term with NZTA, DOC and Utilities providers.
6. Network management	Implement collective approach to asset management i.e. regional bridge lifecycle management plan
7. Advocacy	New governance body has mandate to speak with one collective voice on transport issues.

Scope Options	Service Solution – Option 6 One Agency – Significant Investment
1. Skills taskforce	The entity would incorporate established groups, identify gaps and align to form activity areas.
2. Data collection and analysis	Opportunity to investigate a variety of models such as alliance or varying existing contracts.
3. Consistent level of services	Delivery of LoS is rolled out throughout region with best practice performance and monitoring approach.
4. Asset management	Delivery of 2018-2020 RLTP including NZTA, TLAs and DOC for all the Region’s transport improvements and maintenance.
5. Professional services panel	Delivery of professional services panel or alliance contract for a longer term with NZTA, DOC and Utilities providers.
6. Network management	Implement collective approach to asset management i.e. regional bridge lifecycle management plan.
7. Advocacy	New governance Board which has a mandate to speak with one collective voice on transport issues.

Appendix 8: Strategic Options Assessment Worksheet

West Coast Regional Transport Efficiency						
						Investor: West Coast Councils/NZTA Facilitator: Edward Guy/Tom Lucas Initial Workshop: 21/06/2016 Version No.: 3 Last Modified by: Gavin Flynn 04/08/16
DEFINING THE OPTIONS						
Strategic options (Service Solution Options) Informal to Formal						
	Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
Road Technical Advisory Group (status quo) - A working group of roading technical advisors responsible for delivering a collaborative approach to decision-making processes such as programme prioritisation, RLTP process and procurement advice.	Transport Asset Manager Group - as per the RTAG with the addition of joint programmes and joint procurement processes with a terms of reference	'Transport centre of excellence' - an arrangement whereby Councils collaborate and share resources on identified priority areas. This could have NZTA staff included if there was benefit of aligning work practises.	Shared Services - a professional services business unit combining internal and external expertise, or an in-house professional services business unit with the option to procure certain disciplines with NZTA. This shared services option may involve one Council	Business Unit - A combined formal business unit for transport with co-location of some staff. This could have NZTA staff included if there was benefit of aligning work practises.	One Agency - A formal separate entity established under Local Government Act (recognising the three pre-approved CCO models under consideration in the LGA Amendment Bill).	
Governance - reporting to the Regional Transport Committee and respective TLAs for financial approvals. No formal terms of reference currently established for RTAG.	Governance - reporting to the Regional Transport Committee (with an agreed terms of reference) and respective TLAs for financial approvals.	Governance - reporting to the Regional Transport Committee with accountability agreed via a Memorandum of Understanding. Option to expand representation to NZTA and DOC. Financial approvals sit with the TLAs.	Governance - reporting to a Regional Transport Committee with appropriate representation. Financial approvals sit with the TLAs.	Governance - reporting to a newly established governance arrangement like a Transport Board with appropriate representation and delegated responsibility under a statement of intent.	Governance - reporting to a newly established governance arrangement like a Transport Board with appropriate representation and delegated responsibility under a statement of intent.	
Strategic Interventions (Scope Options)						
Skills Taskforce - All councils represented on a taskforce to identify skill requirements, skill shortages and collaborative opportunities	Not considered at this stage.	An Asset Managers group could be established to determine skills priorities for delivery of NLTP (2015-18).	The Informal Business Unit would incorporate established groups, identify gaps and align to form activity areas.	The Shared Services Unit would incorporate established groups, identify gaps and align to form activity areas.	The Business Unit would incorporate established groups, identify gaps and align to form activity areas.	The entity would incorporate established groups, identify gaps and align to form activity areas.
Data Collection and Analysis - All councils working together to collect data, establish system commonalities, data storage and licencing, data analysis and management.	Investigating collaboration on collecting and analysing the right data for future business cases and investment applications.	Standardised data collection and analysis approach.	Shared resource with delivery on agreed data collection and analysis programme.	Opportunity to investigate a variety of models such as alliance or varying existing contracts.	Opportunity to investigate a variety of models such as alliance or varying existing contracts.	Opportunity to investigate a variety of models such as alliance or varying existing contracts.
Regionally consistent level of service - All councils develop a consistent approach to defining and delivering levels of service for transport. For instance ONRC, procurement models, and contract specifications.	This has started within the REG One Network Regional Classification work.	Investigating consistent specifications and opportunities for joint procurement approach (i.e. reseals contracts).	Standardisation across all Council service levels supported by reliable data	Level of service is clearly defined and existing service delivery is evaluated for enhancements.	Delivery of LoS is rolled out throughout region with best practice performance and monitoring approach .	Delivery of LoS is rolled out throughout region with best practice performance and monitoring approach .
Asset Management - All councils collaborate on asset management planning including business case development, forward work programming, interventions framework and improvement planning.	This has recently started with the 'Top of the South' group sharing information on an informal basis to assist with programme business case.	Joint transition plan to align activity management plans for 2018-2020 RLTP/NLTP.	Joint transition plan with formalised milestones which are carried into Personal KPIs	Investigate opportunities to apply a regional consistent asset management approach include DOC & NZTA.	Delivery of 2018-2020 RLTP including NZTA, TLAs and DOC for all the Region's transport improvements and maintenance.	Delivery of 2018-2020 RLTP including NZTA, TLAs and DOC for all the Region's transport improvements and maintenance.
Professional services - All councils develop a professional services panel, utilising the appropriate mix of skills, experience and expertise relevant to what is being considered. For example, utilise for bridge inspections and valuations.	Not considered at this stage.	Skills assessment across the TLAs matched up against NLTP and gaps identified. Professional services models investigated.	Transition plan developed to assess best option for professional services including how to retain and upskill.	Opportunity to implement joint procurement / vary existing larger contracts with NZTA and DOC.	Delivery of professional services panel or alliance contract for a longer term with NZTA, DOC and Utilities providers.	Delivery of professional services panel or alliance contract for a longer term with NZTA, DOC and Utilities providers.
Network Management - All councils operate on a whole of network approach for transport planning, improvements, emergency management and procurement/contract management.	Not considered at this stage. District Councils were given the opportunity to collaborate with NZTA in the NOC back in 2013.	Implementation of Transition Plan includes investigating new models of network management.	New network management is tested with smaller scale contract and assessed to see if the approach is fit for purpose.	Collective approach to network management strategy developed with opportunities to implement as contracts expire or align.	Implement collective approach to asset management i.e. regional bridge lifecycle management plan	Implement collective approach to asset management i.e. regional bridge lifecycle management plan
Advocacy - level of unified advocacy for West Coast transport requirements, particularly to Central Government for potential investment.	RTC and Mayoral Forum are the main bodies that are advocating for transport priorities.	RTC and Mayoral Forum are the main bodies that are advocating for transport priorities.	RTC and Mayoral Forum are the main bodies that are advocating for transport priorities.	RTC and Mayoral Forum are the main bodies that are advocating for transport priorities.	New governance body has mandate to speak with one collective voice on transport issues.	New governance body has mandate to speak with one collective voice on transport issues.

West Coast Regional Transport Efficiency

Investor: West Coast Councils/NZTA
 Facilitator: Edward Guy/Tom Lucas
 Initial Workshop: 21/06/2016
 Version No.: 3
 Last Modified by: Gavin Flynn 04/08/16

		Strategic options					
		Option 1	Option 2	Option 3	Option 4	Option 5	Option 6
		Road Technical Advisory Group (status quo) - A working group of	Transport Asset Manager Group - as per the RTAG	'Transport centre of excellence' - an	Shared Services - a professional services	Business Unit - A combined formal	One Agency - A formal separate entity
Benefits		0%	0%	0%	0%	0%	0%
Percentage of full benefit to be delivered		0%	0%	0%	0%	0%	0%
Benefit 1	Improved Journey Reliability, Resilience and Safety KPI 1: Availability and restoration of road function KPI 2: Death and Serious Injury	40%					
Benefit 2	Improved Tourism/Customer Experience KPI 3: Satisfaction survey KPI 4: Safety - i.e. visitor related crashes	25%					
Benefit 3	Improved Capability and Capacity KPI 5: Cost Benchmarking (Admin & Prof Service costs) KPI 6: Skills Metrics KPI 7: Ability to fill roles /how many	20%					
Benefit 4	Efficient and Resilient Freight KPI 8: VKT by HPMV and 50Max KPI 9: Freight Costs KPI 10: Economic Loss	15%					
Cost To be advised at next stage							
Investment cost (Range)		\$n mil - \$n mil	\$n mil - \$n mil	\$n mil - \$n mil	\$n mil - \$n mil	\$n mil - \$n mil	\$n mil - \$n mil
Operational costs if significant (Range)		\$n mil - \$n mil pa	\$n mil - \$n mil pa	\$n mil - \$n mil pa	\$n mil - \$n mil pa	\$n mil - \$n mil pa	\$n mil - \$n mil pa
Time (indicative depending on extent of scope)							
(Range)		Existing	2 mths-4 mths	3 mths -6 mths	3 mths - 6 mths	3 mths -9 mths	9 mths - 12 mths
Dependencies (next stage)							
Risks (to be determined in workshop)							
Risk 1 Political - Senior Executive and Political buy in is not able to be agreed between all Councils, resulting in reduced collaboration opportunity.		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Risk 2 Economic - Sufficient funding to transition to a new set-up is not able to be secured which reduces the effectiveness of a new set up.		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Risk 3 Socio-cultural - Staff who move to co-location have less ability to interact with their parent organisation counterparts.		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Risk 4 Technological - The time it takes to transition to a new asset management and electronic systems (i.e. IT platform) goes over schedule to a point where renewals and improvements are delayed.		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Risk 5 Legal - Potential health and safety / liability risk to Council if there is a sudden loss of capable staff and institutional knowledge, if transition is not properly managed.		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Risk 6 Business Risks - Compromises and the extra time required for collaborative planning inhibits		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Risk 7 Service Risks - Staff morale is affected resulting in increased turnover of valuable		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Risk 8 -		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Other benefits (refer to advantages table)							
Dis-benefits (examples below - refer to disadvantages table)							
Dis-benefit 1 Reduced contact between transportation staff in other TLA departments		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Dis-benefit 2 Demands on staff to serve two TLAs may lead to conflicting priorities		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Dis-benefit 3 Developing new shared systems to align operations may compromise other parallel systems within the parent TLAs.		<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>	<Insert description>
Overall Assessment:							
Short-listed options:							
Status Quo option							
Do Minimum Option							
Less Ambitious							
Preferred							
More Ambitious							
Recommendation:							