

SH-8-8

18 December 2003

Mr H V O'Rourke
Chairman
Auckland Region Chief Executive Officers' Forum
c/- Waitakere City Council
Private Bag 93109
Henderson
Waitakere City 1231

Dear Mr O'Rourke

AUCKLAND TRANSPORT

Thank you for your letter of 12 December concerning the process for moving forward on the Auckland transport package. I appreciate your offer to establish a group of Auckland officers to continue the dialogue with central government officials about how best to implement the package. My colleagues and I are keen to see that this work progresses rapidly and smoothly in the interests of the Auckland region.

I understand that the Auckland Mayoral Forum is meeting tomorrow to discuss how best to progress the work needed to implement the package effectively. Given this meeting, I thought it might be useful if I set out how my colleagues and I are seeing the way forward. I understand that there is still some uncertainty about the matters which Ministers consider are "givens" as part of the total package, and where there is need for further work. In this context, I thought I would first reiterate the key points from last Friday's presentation in Auckland which Ministers have agreed should underpin the Auckland transport package. Secondly, I will outline the work streams that we have asked officials to progress.

Key points

In summary, we have agreed that the Auckland transport package will:

- Be an integrated package of funding, governance and regulatory measures. While the fundamental elements of the package are not open for relitigation, we look forward to Auckland's assistance in finding the best ways of making the package as a whole work effectively for the region.
- Include funding in the form of increases in fuel excise and road user charges, to be allocated on a regional basis; a separate Crown contribution; tolling on some new roads; and debt being used to finance new roads in some cases. Further work is needed on the feasibility and desirability of pricing existing roads.

- As a condition of the new funding, include the following governance arrangements:
 - The ARC will have overall responsibility for the integrated planning and delivery of Auckland transport, including accountability for the new transport entities, and will remain responsible for strategic planning including the Regional Growth Strategy and the Regional Land Transport Strategy.
 - The Auckland Regional Transport Authority (ARTA) will be established from 1 July 2004 as a wholly-owned subsidiary of ARC, responsible for the delivery of a sustainable transport system for Auckland in line with relevant strategic documents and Government policies. Its key functions will be *operational planning* of integrated transport infrastructure and services; *funding* of projects and services, including all roads other than state highways; and *implementation* of operational plans.
 - Transit will remain responsible for state highways and the future TrackCo will be responsible for rail track and related infrastructure (i.e. they will be outside ARTA). However, ARTA, Transit and TrackCo will need to closely co-ordinate their operational plans, with all entities ensuring that their plans reflect both the Regional Land Transport Strategy and Transfund's priorities under the Land Transport Management Act, and contribute to the goals of the New Zealand Transport Strategy.
 - ARTA will be governed by a Board appointed by a panel consisting of the Chair of the ARC as panel Chair, seven other ARC members and one member from each of the territorial authorities. The panel will ensure that the Board has appropriate professional expertise, and shall not be elected representatives or staff of the appointing bodies, nor have direct financial interests in ARTA.
 - Auckland Regional Holdings (ARH) will be established from 1 July 2004 as a wholly-owned subsidiary of ARC, responsible for prudently managing investments and assets in the long term interest of the region. Its key functions will be *managing investments* and *owning and managing regional infrastructure assets*. ARH's income and capital will be exclusively available to the ARC. We are open to considering exactly where, under ARC's overall responsibility, specific assets are best located to achieve the best possible transport outcomes and urban development outcomes for the region. ARH will be governed by a Board appointed by the ARC, with similar restrictions (expertise, etc.) that apply to ARTA.
 - Infrastructure Auckland will be disestablished from 1 July 2004 and its assets and liabilities transferred to ARH or similar entity (but retaining similar obligations to those that currently apply). We look forward to working with Auckland on how best to manage this transition, and within what timeframes.
 - Further work is needed on the implications and timing of transferring transport infrastructure assets to ARH, including those currently managed by ARTNL.
- Before any new funding is allocated, the following regulatory matters should be addressed:

- The Regional Policy Statement should be updated expeditiously to integrate policies relating to transport priorities and land use.
- The Regional Land Transport Strategy should be reviewed in accord with the Land Transport Management Act. We envisage this as a review at the margins, not a recasting of the whole strategy.
- The Regional Policy Statement, Growth Strategy and Land Transport Strategy should be appropriately aligned, and changes to District Plans notified where necessary.

I hope that these key points will be helpful to the Mayoral Forum discussion tomorrow.

Further work and process from here

[s9(2)(f)(iv) and g(i)]

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Finally, I understand that Auckland is working towards responding to the Government's proposed package by 10 February 2004. I look forward to receiving this response.

I hope that this letter is helpful to you in your discussions tomorrow.

Yours sincerely

Hon Dr Michael Cullen
Deputy Prime Minister

Cc: Rt Hon Helen Clark Prime Minister
 Hon Paul Swain Minister of Transport
 Hon Marion Hobbs Minister for the Environment
 Hon Chris Carter Minister of Local Government
 Hon Judith Tizard Minister for Auckland Issues