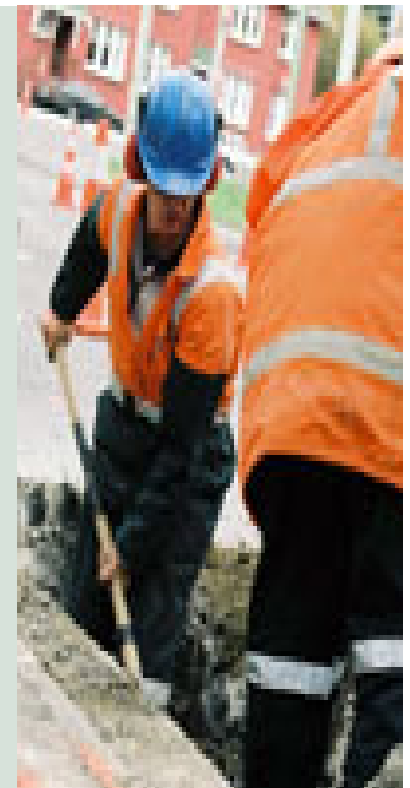




‘Assessing arrangements for jointly maintaining state highways and local roads’

Presentation to:
Road Controlling Authorities Forum
10 August 2007

Gareth Ellis – Sector Manager





What we looked at in the audit:

- how well collaborative agreements between Transit and district councils for jointly maintaining state highways and local roads are working
- what cost savings and other benefits they bring
- what makes collaboration successful

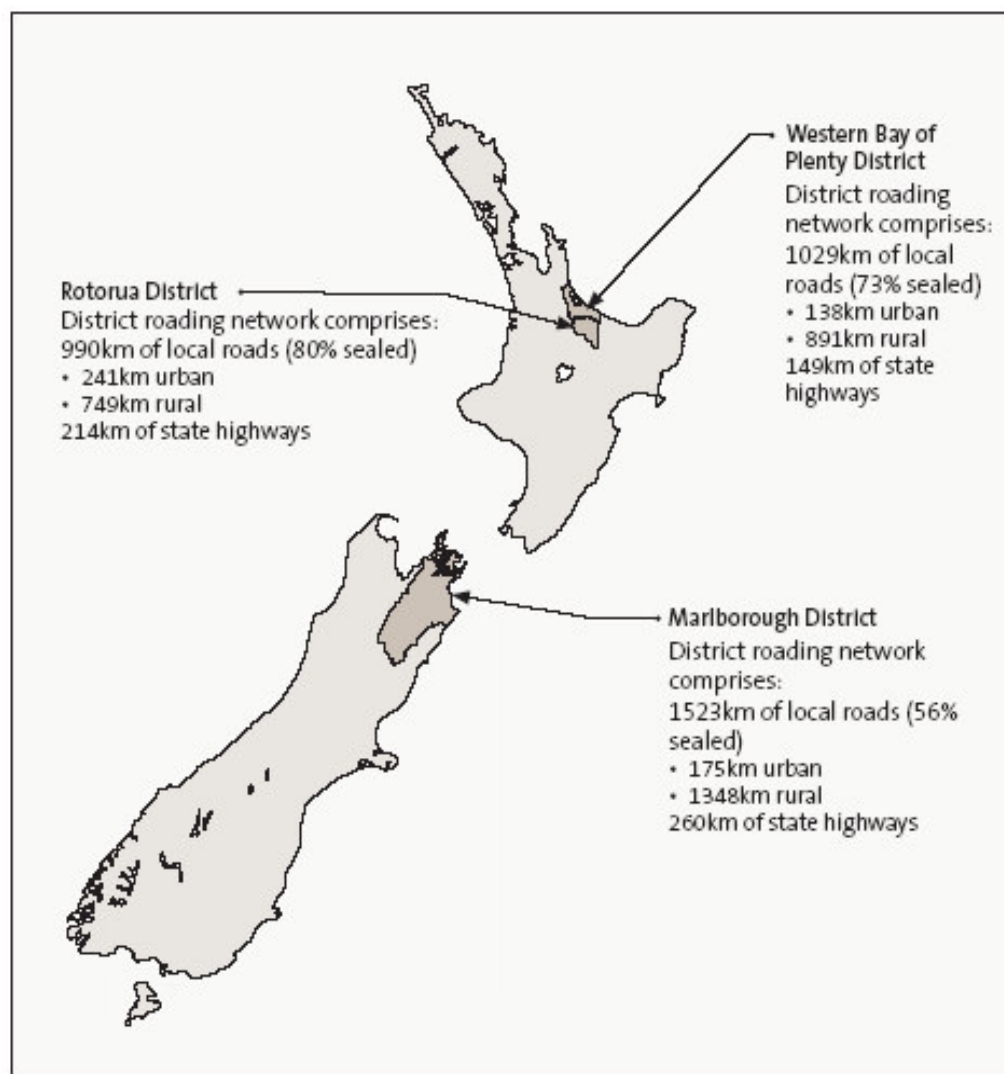


What we looked at in the audit

Three existing collaborative agreements:

- whether set up in a robust way;
- whether functioning well;
- whether resulting in effective maintenance at lower cost.

Four proposed collaborative agreements that had not proceeded in Central Otago, Taranaki, Southland and Tasman





What we did not look at:

- collaboration between Transit and district councils in the areas of transport planning and construction
- whether the existing collaborative agreements were the most cost-effective way of maintaining state highways and local roads
- whether different types of collaborative agreement were more cost-effective than others



What we found – whether the agreements were set-up in a robust way:

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Agreements set-up in different but robust ways

Set-up	Delegation from Transit to Rotorua District Council	Agreement between Transit and Marlborough District Council	Joint contract let by Transit and Western Bay of Plenty District Council
Term	<i>Open ended</i>	<i>Shorter term – five years</i>	<i>Longer term – ten years</i>
Scope	<i>Operational activities</i>	<i>All main roading functions</i>	<i>Maintenance and some construction</i>
Contractual arrangements	<i>Separate contracts</i>	<i>Combined contracts</i>	<i>Single performance-based contract</i>
Management structures	<i>Separate managers within the council</i>	<i>Local Transit office</i>	<i>Joint management structure</i>



What we found – whether the agreements were functioning well:

- common theme of agreement objectives was cost-effective management of state highways and local roads
- agreements included features to facilitate this
- agreements were generally functioning well:
 - Rotorua delegation was working well, with little ongoing input from Transit;
 - Transit’s agreement with Marlborough District Council was working well; and
 - the Western Bay of Plenty contract and arrangements for managing it were working better over time.



What we found – whether resulting in effective maintenance at lower cost:

- district councils getting greater cost savings than Transit, although savings not being comprehensively tracked
- Transit believed that cost savings were not substantial from national state highway viewpoint



What we found – whether resulting in effective maintenance at lower cost:

- district councils also noticing more non-financial benefits, through greater input to more co-ordinated and locally responsive integrated management of state highways and local roads
- no general pattern to suggest that state highway or local road condition in the agreement areas was discernibly different from, or improving more than, in other areas



What we found – whether resulting in effective maintenance at lower cost:

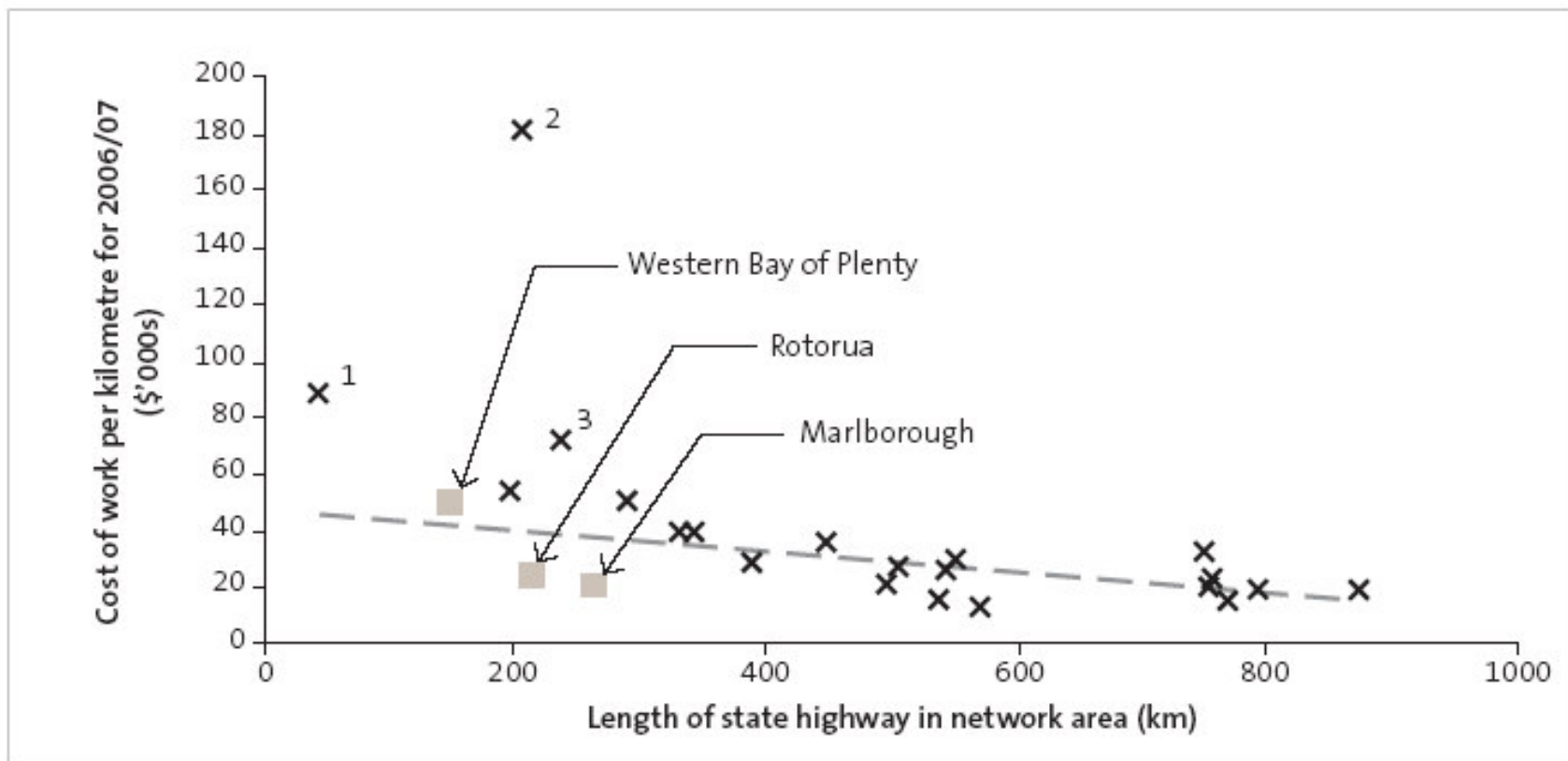
- Transit saw significant drawbacks to wider collaboration
- Transit had not formally compared costs and benefits of collaborative agreements with other network management approaches
- Transit has decided not to pursue further collaborations



What we found – whether resulting in effective maintenance at lower cost:

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The cost of work for each kilometre for 2006/07 for different areas of the state highway network





What we found – on proposed agreements that had not proceeded:

- no new collaborative agreements between Transit and district councils since 2002
- feasibility studies on proposed agreements concluded there were benefits to be had, including cost savings
- differences in view on the proposed model for collaboration, which centered around concerns about giving up authority, were an important factor in agreements not proceeding



What we found - what makes collaboration successful:

- commitment and trust
 - support and commitment from council staff and councillors
 - confidence and trust in key personnel
 - addressing concerns about losing control



What we found - what makes collaboration successful:

- preparation
 - planning, testing and data collection
 - choosing the right model and refining it
 - openness to involving more than one council
 - setting up a framework for working together
 - analysing and tracking costs and benefits



Our recommendations:

- Transit and Rotorua District Council review the delegation
- Transit and Marlborough District Council strengthen succession planning and performance reporting
- Transit and Western Bay of Plenty District Council track whether savings are being realised and how they are being used



Our recommendations:

- Transit, in consultation with local authorities, and Land Transport NZ:
 - more fully assess the value of collaborative agreements and how they affect efficient and effective management of the state highway network as part of an integrated land transport system
 - use this assessment to inform future decisions on whether and how to collaborate
- use the success factors as a guideline to help inform decisions on whether and how to collaborate