



Report 03.646
Date 30 October 2003
File TP/1/6/4

Committee Passenger Transport
Author Dave Watson Divisional Manager Transport

Land Transport Management Act

1. Purpose

To advise the Committee of the implications of the Land Transport Management Act.

2. Comment

A report went to the full Council on 30 October setting out the key differences between the original Bill and that reported back on 13 October. A report is going to the RLTC providing information of specific interest to that Committee. The matters that will be raised in this report are matters of specific interest to the Passenger Transport Committee.

2.1 Purpose of the Act

The Act's purpose remains unchanged, it is to contribute to the aim of achieving an integrated, safe, responsive, and sustainable land transport system. Passenger transport is a key element in achieving this aim.

2.2 Definition of public transport service

A public transport service is defined as meaning the carriage of passengers for hire or reward by means of:

- Vehicles as defined by section 2 (1) of the Land Transport Act 1998; or
- Coastal ships

Clearly coastal ships includes harbour ferries and presumably the Interisland ferry.

2.3 Use of national land transport account

The national land transport account may be used to provide funds to:

- Regional councils for approved activities (other than activities relating to state highways or local roads)

- Territorial local authorities for approved activities (other than activities relating to state highways or public transport services).

There is a clear distinction of function between regional councils and territorial local authorities.

2.4 Needs of transport disadvantaged

No change to the original Bill. The needs of persons who are transport disadvantaged must be considered by all approved public organisations involved with land transport.

2.5 Procurement procedures

The procurement procedure has been rewritten and now reads:

- “(1) For the purposes of the Port, Transfund must approve one or more procurement procedures that are designed to obtain best value for money spent by approved organisations, having regard to the purpose of the Act.
- (2) In approving a procurement procedure, Transfund must also have regard to the desirability of:
- (a) Enabling persons to compete fairly for the right to supply outputs required for approved activities, if two or more persons are willing and able to provide those outputs; and
 - (b) Encouraging competitive and efficient markets for the supply of outputs required for approved activities.”

2.6 Payments exempt from procurement procedures

The same areas are exempt such as:

- Where the cost of following the procurement procedure is disproportionate to the value of the activity
- Approved administration costs
- In house professional services.

The new Act changes the length of time a regional council has to retender a passenger transport service from two months to six months after the service operator has withdrawn from providing that service.

2.7 Interest or ownership of passenger transport services and infrastructure

This has been materially altered from the original Bill which involved Ministerial approval. Now a regional council can hold an interest in, or acquire ownership of, a public transport service or any public transport infrastructure. Any interest in a service must be held in a council controlled trading organisation.

This means that the Council can own passenger transport infrastructure. It therefore can own Petone railway station, the legality of the Council's ownership of Waterloo is resolved and if the Council wishes it can seek the return of infrastructure it purchased and vested in territorial local authorities.

The spirit of the Local Government Act is for local authorities and other public bodies to work in partnership. I would suggest that Council ownership of infrastructure is not essential as long as the infrastructure vested in territorial local authorities remains available for the purpose of which it was originally funded. Under the previous Act the Council was unable to impose any requirements on the continued use of the infrastructure as to do so would have implied that the Council had an interest. I suggest that when the Council invests in future passenger transport infrastructure that it considers:

- Ownership, with a preference for the local council
- Imposing conditions on third party ownership in consultation with the specific third party.

If any current owner of passenger transport infrastructure wished to invest that infrastructure back in the Council then the Council should be prepared, except in exceptional circumstances, to take up the offer.

3. Communications

The Council has already made some media comment on the Bill. However a further communication should now be made to cover the issue of infrastructure ownership, in particular the legalisation of the Council's ownership of the Waterloo interchange.

4. Recommendations

1. *That the report be received.*
2. *The Council should when funding new passenger transport infrastructure consider:*
 - (a) *The ownership of that infrastructure, with a preference for local council ownership*
 - (b) *Applying conditions on third party ownership to ensure ongoing use of the infrastructure for the purpose intended at the time of purchase.*

Report prepared by:

Dave Watson
Divisional Manager Transport