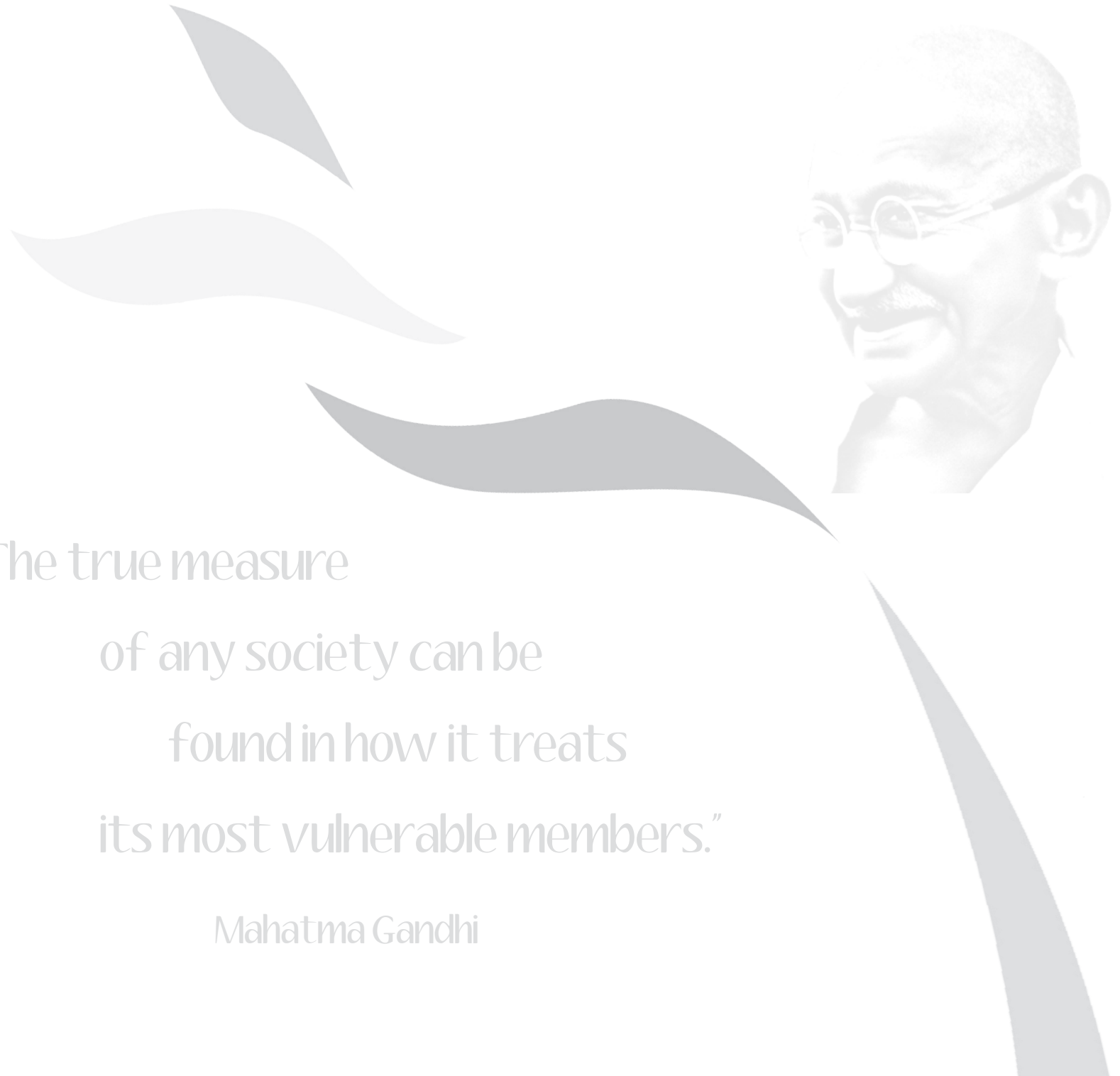


# Making Rail Work

Golden Triangle Growth Corridor  
Proposed Development Co-operative Approach



Katrina Ramage  
October 2022



"The true measure  
of any society can be  
found in how it treats  
its most vulnerable members."

Mahatma Gandhi

# Making Rail Work

Golden Triangle Growth Corridor

Initial thoughts on designing and managing New Zealand's  
first growth development co-operative

Interim Report - Full report planned for February 2023

Drafted in relation to Tarakin Global Limited's  
Making Rail Work (May 2022)

Katrina Ramage, Author

October 2022

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“A developed country is not a place where the less well off drive cars. It's where the more affluent use public transport”

*Gustavo Petro, Former Mayor of Bogotá*

# About Making Rail Work

While the **Making Rail Work** Initiative was set up to focus on the passenger rail line between Hamilton and Tauranga, the community movement itself was formed more than a decade ago. The Rail Opportunity Network (TRON) worked with communities and politicians to ensure the passenger rail line between Auckland and Hamilton (Te Huia) was re-established with the communities in mind.

Today, **Making Rail Work** has four primary leaders: Susan Trodden, Communications; Katrina Ramage, Strategy and Governance; Michael van Drogenbroek, Rail and Infrastructure; and, Mary Abiad, Rangitahi Engagement. In the coming months our team will be growing to including housing, iwi engagement and environment.

## Acknowledgements

As a community-driven initiative, **Making Rail Work** prides itself on being organised and presenting itself professionally. We could not do that without our amazing project manager, Kira Soeberg, and meticulous tech and design specialist, Vin Porter from Judea Tech.

We would also like to thank James Llewellyn from Taith Consulting for playing a critical role in helping our regional councils in the Bay of Plenty and Waikato understand our proposals during the Regional Transport Plan consultation process. Industry experts like Cooperative Business NZ CEO Roz Henry; Ākina CEO Nicola Nation; Former Cooperatives Europe Vice President Ed Mayo; General Secretary UK Co-operative Party Joe Fortune have also played a significant role in fine-tuning our advice and recommendations.

In addition, Save Our Trains, The Urban Advisory and SCOOP NZ have engaged with us and provided many useful insights into how we can work together in future.



### Katrina Ramage

**Geopolitical Strategist | Tarakin Global Limited**

**Global Ambassador | World Values Day**

**Strategy and Governance Lead | Making Rail Work (New Zealand)**

Katrina has held a variety of senior civil service and advisory posts in the UK Government over the past 25 years, mostly within regeneration and growth policies. As Global Ambassador for World Values Day, she engages with communities in over 100 countries and provides strategic support to ensure their advice and stories are heard by global leaders and policy officials at international events like the G20. She has lived in New Zealand for six years.







From left Sir Paul McCartney, Andrew Garfield, Claire Danes, Tom Hanks, Olivia Wilde, Keanu Reeves, Neil Patrick Harris, Peter Dinklage, Hugh Jackman, Jessica Alba, to right Tyra Banks, Karlie Kloss, Dame Helen Mirren  
Sources: <https://www.hotcars.com> October 2022

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"If I have seen further it is by standing on  
the shoulders of giants"

*Sir Isaac Newton, circa 1700*



# Introduction

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*The momentum created by the **Making Rail Work** Proposal in May 2022 has been encouraging and humbling for all of those who contributed. No one expected it would trigger the announcement of a Select Committee Inquiry into inter-regional passenger rail.*

The original intention of the **Making Rail Work** proposal was to discuss the idea that a single policy, like passenger rail, should not be considered in isolation of other policies in a government's remit. In fact, in any country where passenger rail does work, it has succeeded as a result of considering the wider social and economic impacts and implications. These countries also have better records of managed housing strategies, health and wellbeing standards, and more success with raising the attainment levels and professional accomplishments of those who have been born into disadvantaged or disconnected environments.

The capital costs of establishing an organisation that can deliver a passenger rail network within New Zealand's current geo-political climate, is almost impossible to answer. Please don't expect a balance sheet in this document. Without access to government data, it is ludicrous to suggest that **Making Rail Work** could afford to provide a consummate assumption into those costs, despite the fact that we have access to the expertise to appraise that information if it was accessible to us.

What we can do is provide advice as to how we can help organise all of the various community groups on the ground as a way of reducing costs of public engagement and communications when it comes to developing a united strategy for inter-regional passenger rail. This would also provide legitimate and measurable insight into future passenger rail usage, and provoke behaviour change in terms of modal shift to public transport options.

We believe that the Golden Triangle is the most strategically important economic growth opportunity in New Zealand, and those we speak to agree. Given the amount of money that is being invested in the Golden Triangle port strategy, and freight rail strategy, it seems nonsensical that enabling the line for passenger rail is not in the budget. As such, this report relates specifically to a governance model that is tailored to the 'Golden Triangle Growth Corridor'. It seeks to ensure that future governments and councils are not left footing the bill for disruption subsidies if passenger rail on the line between Hamilton and Tauranga is suddenly considered viable and economically advantageous, and then has to be retrofitted.

We are fortunate that our local Community Trusts, like BayTrust and Trust Waikato believe in our ambitions and invest in **Making Rail Work** so we can start the process of managing and analysing the groundswell of interest that exists in our communities in the Golden Triangle. This includes positive relationships with Tangata Whenua and other migrant communities.

It is also worth noting that our global peers are watching with interest and investing time and expertise where they can. This is a real opportunity for New Zealand to show we can build through a potential recession and create a truly sustainable economy for all. We urge all New Zealand Political Parties to agree that there is no time to play election politics on these matters, especially in Hamilton. Keeping communities engaged and involved is key to the future success of New Zealand's urban and rural communities. Please help us increase positive civic engagement, as opposed to amplifying public apathy, decent and distrust.



"A good compromise, a good piece of legislation, is like a good sentence; or a good piece of music. Everybody can recognize it.

"They say, 'Huh. It works. It makes sense.'"

*Former U.S. President Barack Obama (2004)*

# A way forward

*We do not have to invent a new way of doing things; nor should we assume that a model from elsewhere in the world will fit the needs of our unique communities and cultures in New Zealand. The solutions exist, we just have to pick the things we like make them work for us.*

## Community inspired policy models

Fig 1.1 shows some of the top-down and community-up models that were considered while compiling this report.

The governance framework that **Making Rail Work** is proposing involves combining key elements of two distinct models: the Development Corporation model and the Cooperative business model.

The former model is best known for its use in regeneration and growth areas where land ownership, management and remediation create barriers to development and inward investment.

Traditionally, it involves appointing a board that is made up of the local, regional and parish councils, in the area that is identified for development and investment. Major local employers, existing inward investors and significant educational authorities are often offered seats on the board as well.

Community and cultural groups are often included but tend to be engaged when issues specific to their interests arise. This tends to be because they

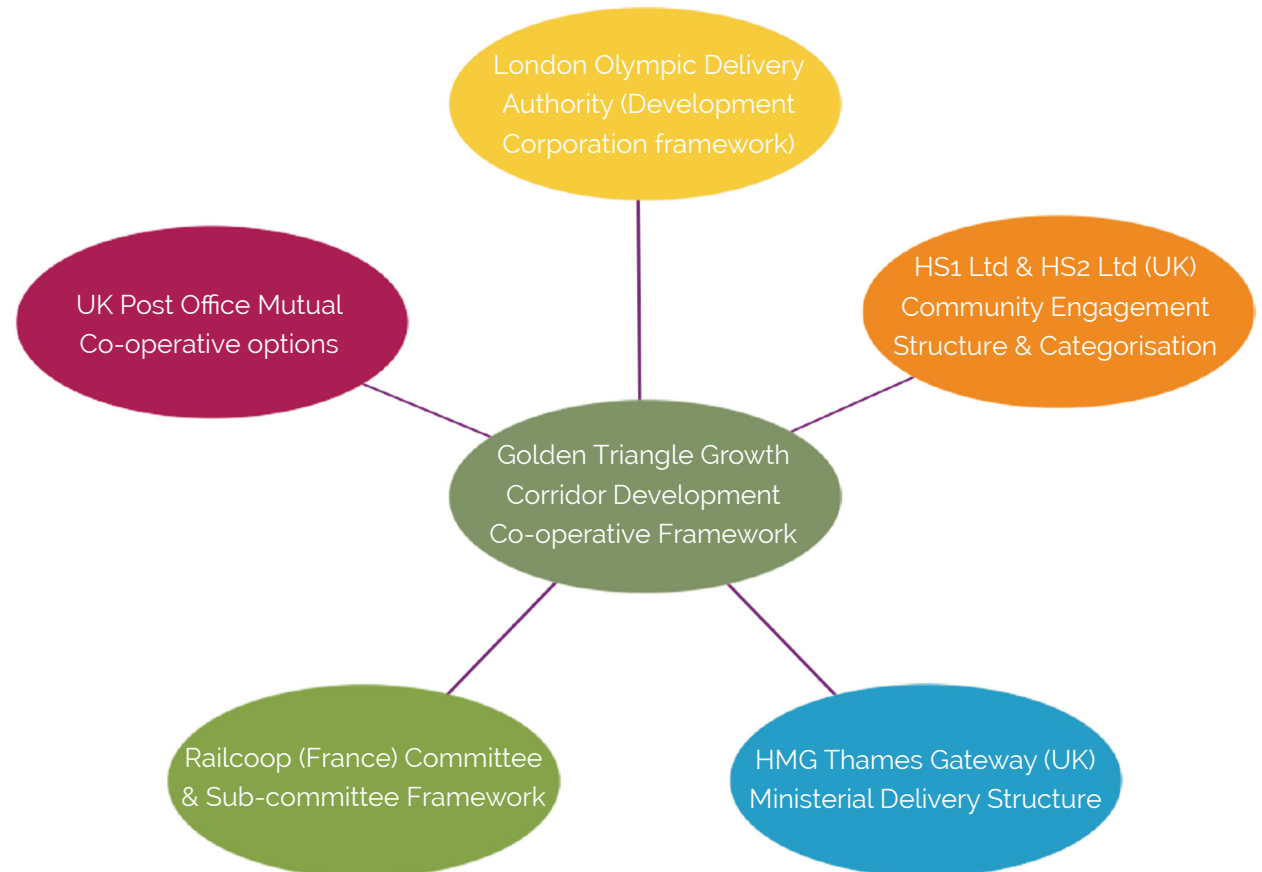


Fig 2.1: Community inspired frameworks

do not have the resources to fund a dedicated engagement officer, who is equipped with the experience and skills to take on this type of role.

Understanding this challenge, Development Corporations often pool their council public consultation budgets so they can increase the

amount of community engagement activities needed to compensate for under-representation.

Survey fatigue and activism is rife in these areas, and development areas are often battlegrounds when it comes to achieving community consensus.

## Benefits of Development Corporations

From a community perspective, they often look like they are quangos that have been set up to give retired senior officials an extra income and more reasons to have lunch with old friends.

However, that is definitely not always the case. The mechanics of government decision making is riddled with rigor and appraisal. Some suggest too much, while others say there is not enough.

Figure 1.2 shows a very basic pathway that a policy that is approved in Parliament takes every time a major decision has to be approved.

When you consider the fact that growth policy affects multiple different government departments, you begin to realise how information and messages get lost along the way.

It also becomes obvious as to why complex policy that sits across more than one policy area is so expensive to administrate.

If designed intuitively, for the specific project and location in mind, a Development Corporation can be used to streamline this process, which has two benefits:

- It ensures that multi-Ministerial initiatives do not distract a Ministry from their business-as-usual workload
- It provides regional and local council with a way of ensuring local context is understood sooner rather than later, which saves on unnecessary policy revisions prior to public consultation or media engagement



Fig 2.2 Development Corporation Cycle

In some cases, planning powers are granted to Development Corporations as a way of expediting decision-making across regional and local boundaries but that is not always necessary.

## Political Influence

At a regional and local level, political leaders tend to be on the Board of the Development Corporations, within reason. We will discuss stakeholder prioritisation in Chapter 3.

From a Central Government perspective, there should be no political intervention whatsoever. Only the Minister appointed by Cabinet to oversee the project should be engaged. This might be the planning minister, or in the case of **Making Rail Work**, the Transport Minister.

That said, as suggested in our original report, it is also worth considering the idea of identifying a 'Minister without Portfolio', who is given responsibility for finding ways of creating collaborations and cost-savings across all Ministries. This would be similar to the idea of having a COVID Minister, for example.

## Lifespan and legacy

Development Corporations should not live long. In fact, if they are structured well, they will do themselves out of a job and come in under budget!

In today's world, most of their responsibilities can be conducted remotely. If they have to work on the ground then they can usually find space in local and regional council offices and schedules.

This entirely depends on the location, the project, and the people appointed to the Executive Board.

## The Kiwi Cooperative Factor

As you will see from Fig 1.1, many countries have started to use cooperative principles in their thinking when it comes to government engagement; with a varying degree of success.

This is because our communities have changed. And community engagement must change as well.

Nowhere in the world is better at running co-operatives than New Zealand. And nowhere in New Zealand is better than the Golden Triangle.

If we use a co-operative model to underpin a Development Corporation to lead the enhancement of all rail and the port strategy in the Golden Triangle, then we could create a growth corridor that would be able to fast track housing, inward investment and social equity as well.

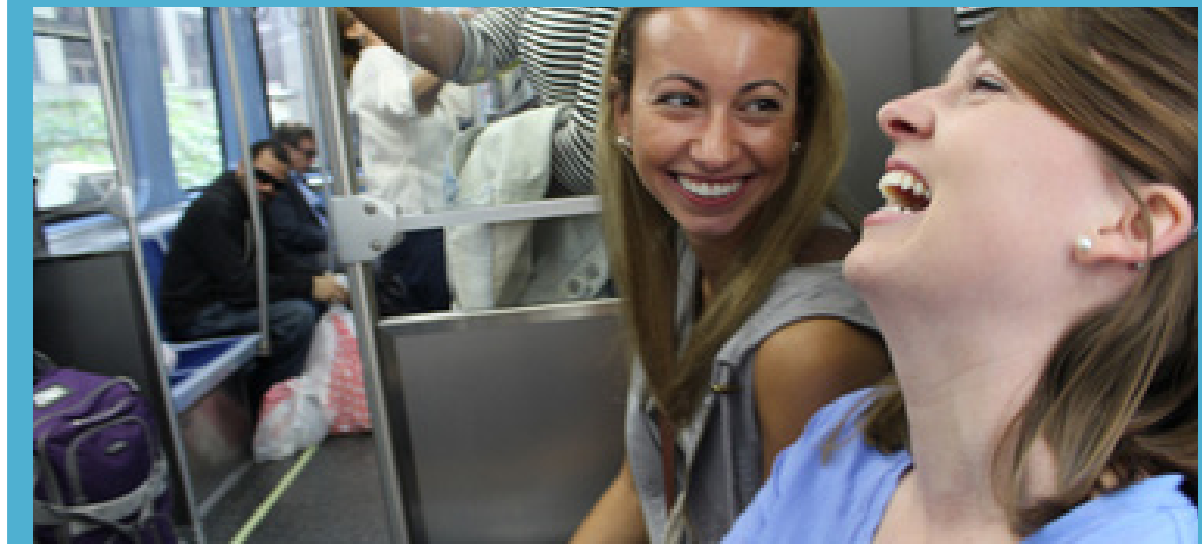
## Appetite for a new approach

Given NZ Herald's reporting on Tainui Group Holding's about a new inter-regional rail authority, it's clear that the current system is not working.

However, if established, an inter-regional rail authority would require multiple masters to succeed from a growth perspective.

It would only create more costly bureaucracy, jobs that cannot be sustained, and evoke yet more separation from the people the line and growth corridor should serve.

It is our belief that a Development Co-operative model is the most cost effective and sensible way for a solution to New Zealand's Rail Network and cost of living challenges.



Source: [www.dnainfo.com](http://www.dnainfo.com)

“Coming together is a beginning;  
keeping together is progress;  
working together is success.”

*Attributed to Henry Ford (1863-1947) and  
Edward Everett Hale (1822-1909)*



# Governance structure

The idea of a Kiwi-owned rail network is not new. However, the idea of an opt-in process for all residents is new. As every teenager will tell you, FOMO (fear of missing out) is real so Kiwis will take an interest. However, there is another incentive: the idea foreign investors could come in and own infrastructure that our future generations depend on is too a big gamble for many. The co-operative model, combined with the development corporation framework ensures that no Kiwi misses out, and that our country's assets cannot be held to ransom.

## Community ownership

As any public limited company will tell you, managing your shareholders is your first job.

Accepted, looking after your customers are key to and keeping profits coming in, but ultimately it is the share value that makes decisions in the boardroom when it comes to finance, operational delivery and organisational reputation.

That is why co-operatives are smart. They make the people doing the consuming and the operational deliver owner-members. And they give them all an equal vote on strategic matters.

If that sounds like a terrifying prospect that would never work in the real world then just ask New Zealand's very-own Mitre10 or Fonterra if they are concerned about their choice of business model.

New Zealand is the best in the world at running co-operatives, and we should be proud of that.



Source: [www.paperspast.natlib.govt.nz](http://www.paperspast.natlib.govt.nz)

## Public-Private Partnerships (PPPs)

Old-school public-private partnerships, or private finance initiatives (PFIs) divide responsibility for policy implementation between government delivery bodies and a corporate organisation; or a consortium of corporate organisations.

There is no reason that a PPP could not be forged with a co-operative or a consortium of co-operatives and private sector organisations.

The difference with a co-operative approach is that the end users and those building and delivering the structure would be part of the statutory decision-making process.

Chapter 3 sets out the prioritisation process that governs the management of stakeholders. However, when managed transparently and consistently, there are rarely major challenges because everyone is given early sight of information in a timely and controlled environment.

The only disadvantage to adopting a model of this nature would be in relation to inward investment from foreign sources.

Many countries like to offset their assets and currency fluctuations by buying land, property and infrastructure overseas. This provides them with more economic security but it does mean that they can sell the assets to anyone in the world that they want to; within diplomatic parameters, of course.

The point is, a development co-operative would keep the asset owned by the people at the same time as allowing international investment. And it would keep leadership within the New Zealand Government.

Investors put off by the idea of being accountable to New Zealand's future generations should not be allowed to invest. This is one way to test intentions.

## The Development Co-operative

Fig 2.1 Shows the way **Making Rail Work** proposes to breakdown the process of delivering core infrastructure.

The 'Parliament' 'Cabinet' and 'Government' elements (below) would be for New Zealand's Mandarins to determine and establish.

In practice, it would be about identifying mid-high-level government or policy officials, from each of the relevant department or arm's-length bodies, to form a cross-government committee that is answerable to a Ministry or Minister.

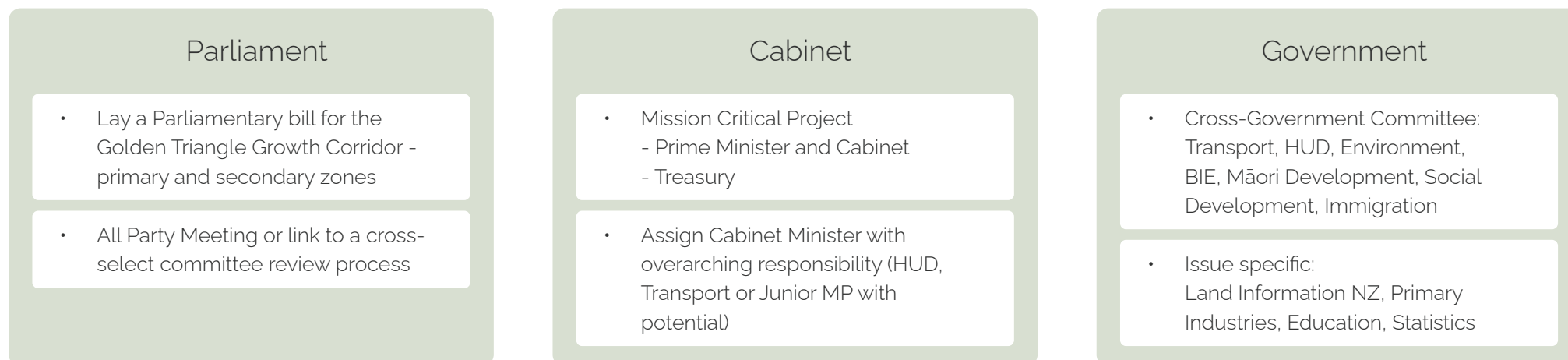
Regional and local councils would conduct a similar process, which mostly already exists within Transport Strategy Planning Groups and other equivalent policy groups. Economic development agencies would be key to this process as well.

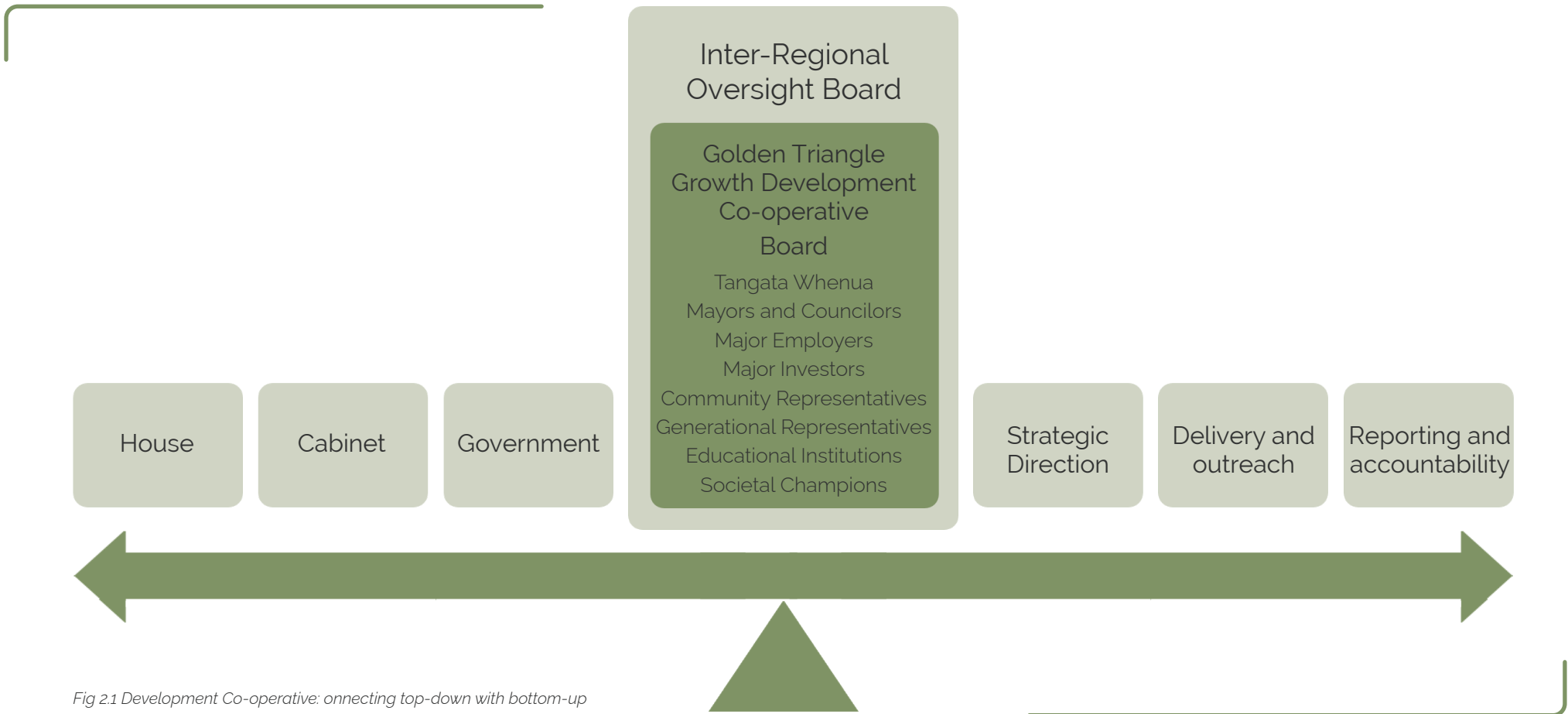
The community groups underpinning this work are discussed in the next section of this chapter.

## Inter-regional Oversight Board

Fig 2.1 shows the balance of top-down and bottom-up governance. This Board would oversee the Development Co-operative.

A good example of this model was established for the delivery of the Olympic Park in East London. The Olympic Delivery Authority evolved into the Olympic Legacy Company after the London 2012 Olympic Games.





### Strategic Direction

- Industry Specialists
- Community Representatives
- Global Advisors

### Delivery and Outreach

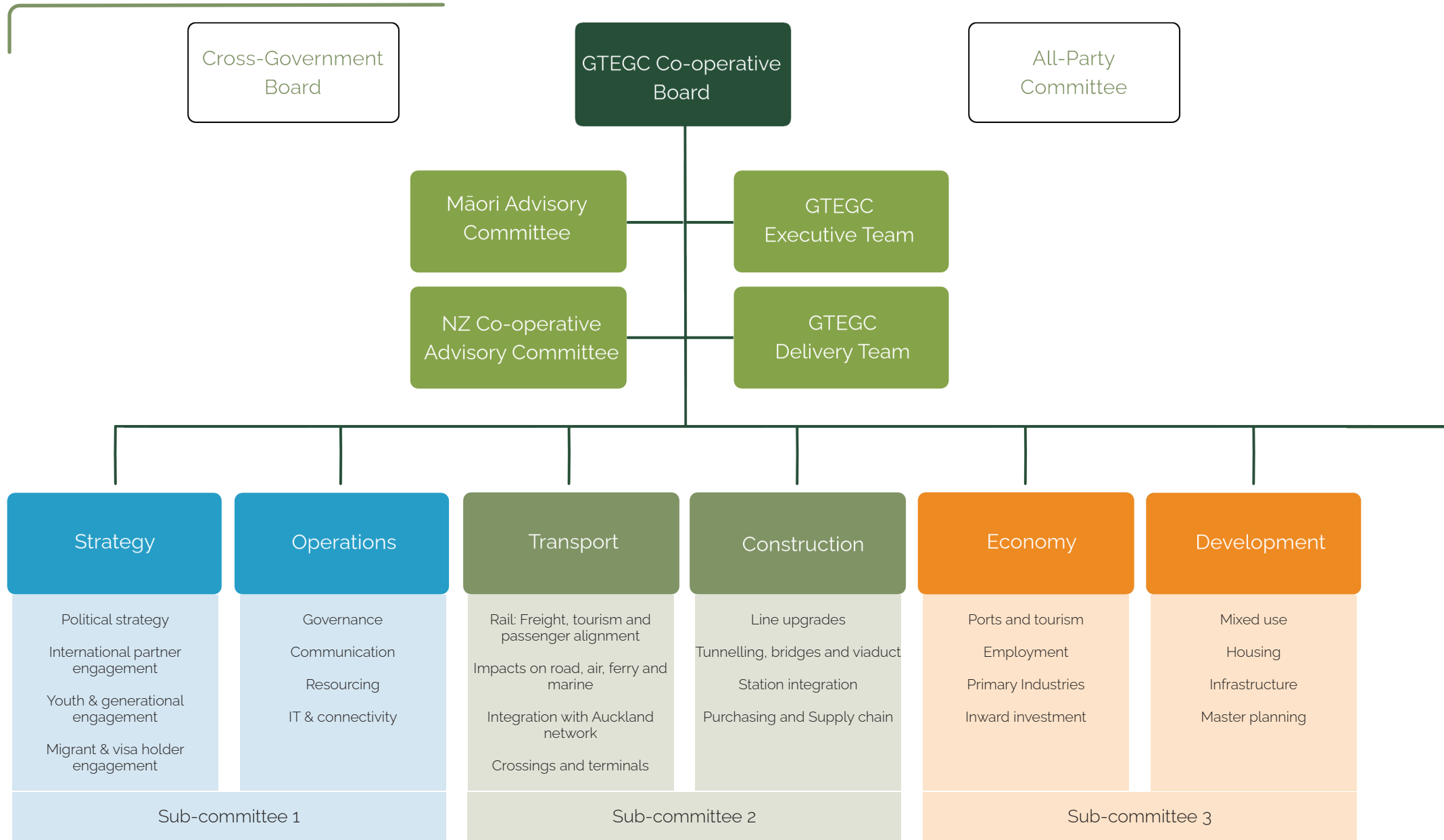
- Seconded representatives from Ministries and non-departmental public bodies
- Empowered local community engagement networks

### Reporting and Accountability

- Audit NZ and Auditor General's Office
- Co-operative Advisory Group (Cooperative Business NZ)

Fig 2.2 Breakdown of owner-member development co-operative engagement

This diagram shows the management structure that would connect with government with the co-operative sub-committees that owner-members would be invited to engage with. Votes would be cast within sub-committees and then presented to the board for approval. Owner-members would be allowed to vote in more than one sub-committee. Government officials would be invited to be owner-members, but would not be obliged to do so.



Strategic direction, management of assets and reporting would be conducted by the bottom-up wing of the Development Co-operative.

It would have publicly appointed officers who would be approved by the Oversight Board and it would manage all owner-member engagement.

### Integration with local government

Regional and local government officials in the Bay of Plenty and Waikato will already have community engagement frameworks for these policy areas. This work should be done in conjunction with that work, if it is not led by them.

The only major difference would be that, on a quarterly basis, the regional groups would get together with the relevant central government officials to make decisions on any issues that need to be raised with the GTG Board.

Co-operative owner-members would be invited to attend but would also be able to engage online, via survey, or just receive meeting notes after the meeting. This would ultimately mean that the need for an entirely new Inter-regional passenger rail organisation would not be required.

Essentially, if officials were seconded from all of the relevant organisations for a day or a few days a month at minimum, then it would only require a skeleton Executive Team to run the Development Co-operative.

### Securities

Fig 2.2 Allows for a sub-committee that manages securities. This is rarely required but must be considered.

Global and domestic threats are real. Having space to discuss these potential threats is responsible.

### HR and legal responsibility

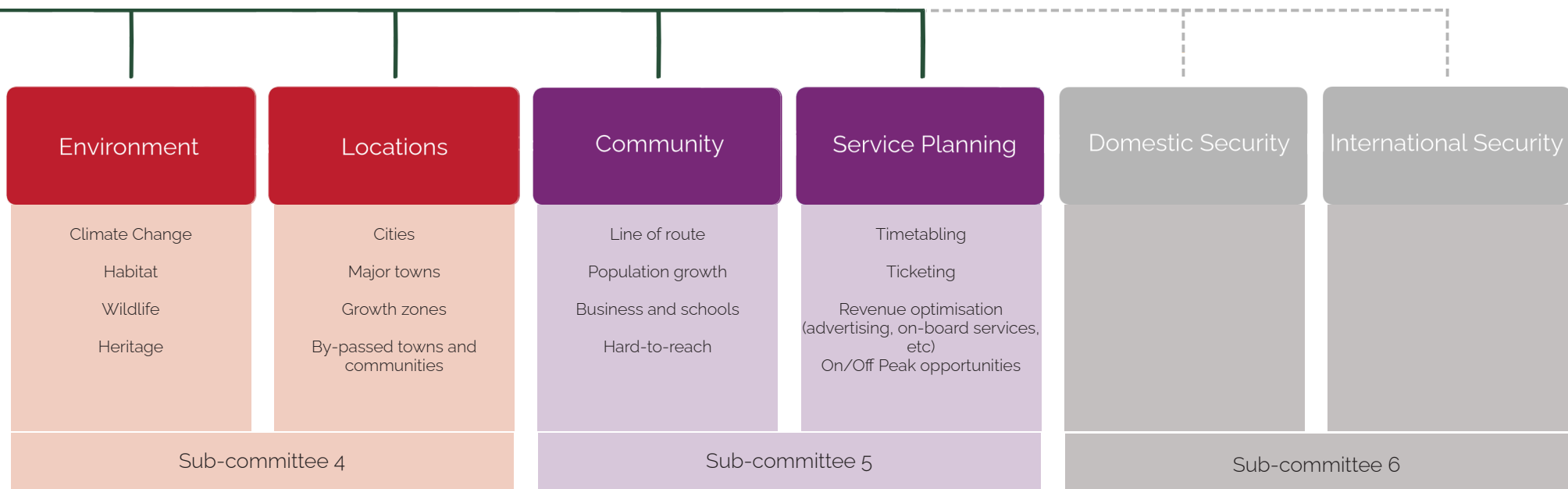
If this were owned by the Local Government Association then all seconded staff members would not be affected by contractual changes.

New employees would be employed on a contractual basis, depending on the life-expectancy and reach of the project.

Following the completion of workstreams associated with the project, the assets could be retained by a legacy company, which would continue as an independent co-operative.

Or, in the case of the line, for example, assets could be returned to the relevant government body, KiwiRail in this case, or the relevant local authority for ongoing management.

We suggest that a legacy company is not required.



“Time is precious. Make sure you spend it with the right people.”

*Anon*



# Stakeholder prioritisation

*Simply put, anyone who is affected by the enhancement of rail in the Golden Triangle should be given the opportunity to engage with the development process. Those affected by the line, freight or passenger, should be encouraged to participate so their expectations and concerns can be understood, addressed and managed; regardless of the outcome for inter-regional passenger rail for New Zealand.*

## Transparent stakeholder management

The right stakeholder prioritisation process can make the difference between completing a project on time and on budget, or facing blockages and hold-ups that can cause unnecessary upset, delays, inflated costs and statutory investigations or legal proceeding.

Most government officials are used to being on the receiving end of complaints from people who believe they require premier care, above and beyond all others.

Fire-fighting enquiry call lines that are not managed openly can be one of the most stressful things about working for a public sector organisation.

If a Development Co-operative were to be used to deliver the Golden Triangle Growth Corridor, then we would need to ensure that every person who wishes to engage with the project transparently receives the level of communication that is appropriate and fitting for them.



Source: [www.mycommunitydirectory.com.au](http://www.mycommunitydirectory.com.au)

More importantly, stakeholders must understand and have the opportunity to challenge the prioritisation level used for determining how they are connected to the project.

### Complex stakeholder management

To manage this process, especially for primary and secondary stakeholders, the Tarakin Prioritisation Tool provides an approach that is both easy to implement and transparent (Fig 3.1 and 3.2).

Put simply, the tool is used to grade each stakeholder in terms of their importance in the three categories: Strategy, Delivery and Influence. Their average rating determines their level as on the stakeholder listings.

Contrary to popular assumptions, not everyone expects to be, or wants to be, a primary stakeholder. Those in very senior positions tend to prefer to be graded as a 3-3-1, which allows them to be kept abreast of everything that it going on

without adding any diary expectations to their day jobs.

Conversely, stakeholders with a fleeting interest in the project tend to want more engagement but rarely invest more than the completion of feedback surveys and polls. Ultimately, and in an ideal world, everyone would want to be a tertiary stakeholder so they can receive information in the knowledge that their feedback is being incorporated into the decision-making process.

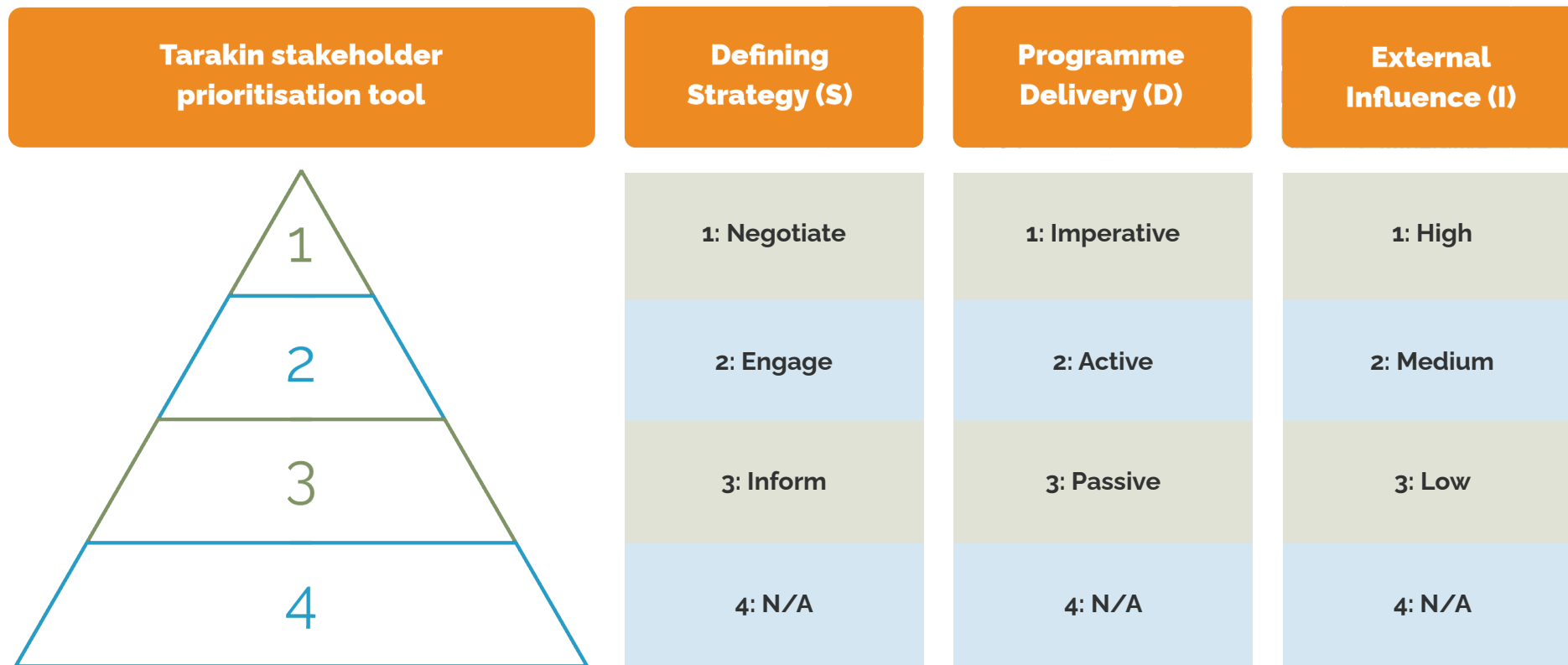


Fig 3.1 Prioritisation tool

This is also the most cost-effective way to garner their views without too much cost in terms of time and resources to either them or officials.

### Primary and secondary stakeholders

Once lower secondary and tertiary stakeholders have been determined, those with responsibilities for defining strategy and delivering it are graded.

Operationally, this means staff relevant to the project become imperative to the process, which aligns with the way they are viewed in a co-operative environment. This processes reduces, or removes, the need for unions.

It also means that government officials and public sector strategy officers opinions are prioritised over media and vocal activists, in certain circumstances.

### Grading transparency

Once an initial list of stakeholders has been identified for a project, internal teams conduct an initial grading for each. This is based on their profession and location.

The grading is only one of the categorisations that should be captured about each stakeholder.



Fig 3.2 Prioritisation breakdown

All data captured is confidential and subject to data protection laws. However, it is shared with the stakeholders directly in the form of a survey.

The information they choose to share is used to ensure they are invited to the forums that are relevant to them.

The cross-societal data also helps officials identify gaps in stakeholder mapping so they can focus their efforts on outreach in these areas. In most cases, existing stakeholders support this outreach because they feel secure and confident in the engagement process.

The process also ensures that engaging with critics is just as important as engaging with those who are advocates for the project.

### Applied to the Golden Triangle

Fig 3.3 shows the broad spectrum of engagement used for each grouping, based on average ratings.

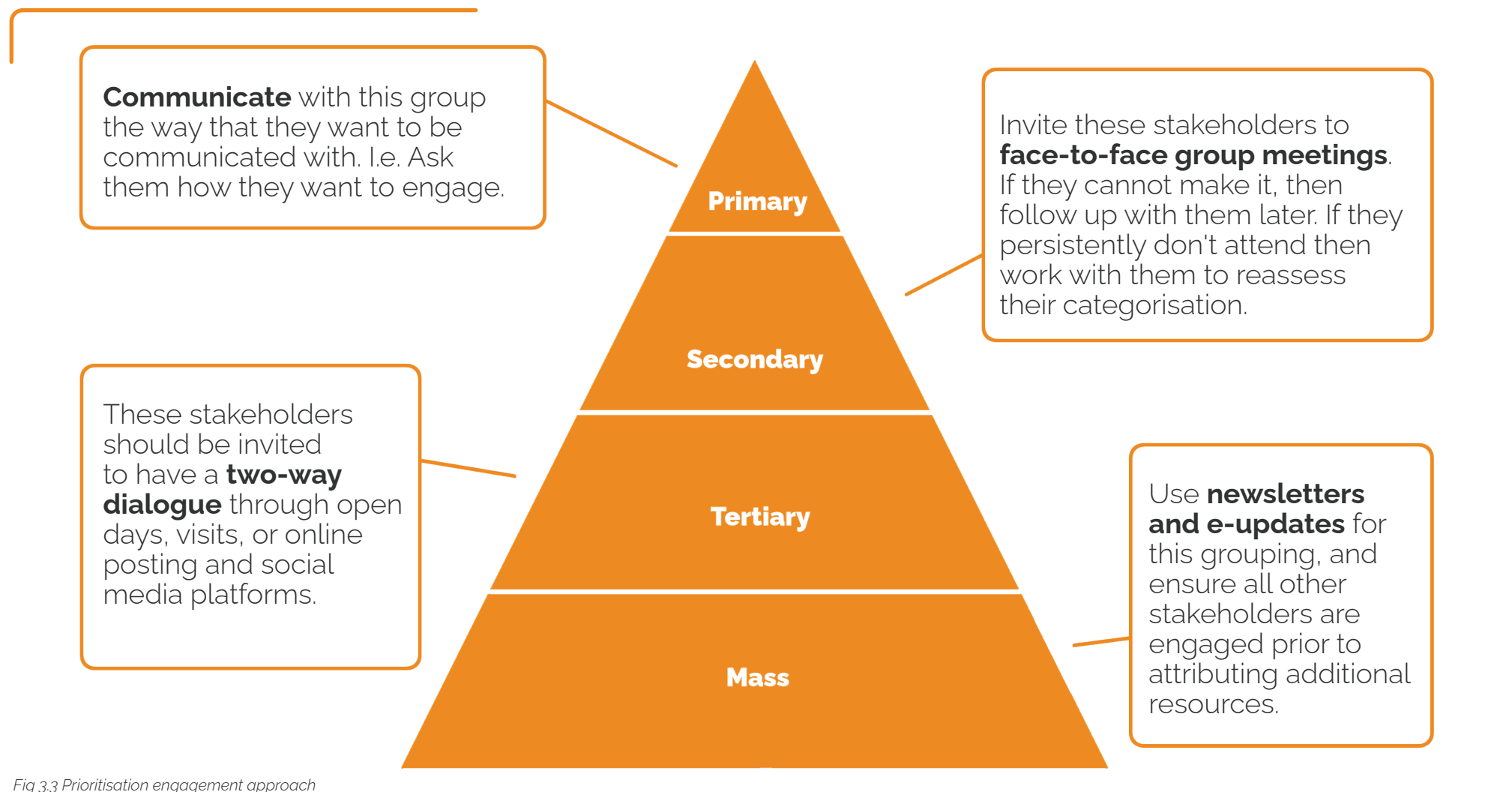


Fig 3.3 Prioritisation engagement approach

- Primary stakeholders should be on the Inter-Regional Board, or closely associated with it.
- Secondary stakeholder would make up the sub-committees.
- Tertiary stakeholder would be invited to attend sub-committees or provide considerations in advance.
- Mass stakeholders would be added to mailing lists or invited to social media pages.

### Relating this to owner-membership

All primary, secondary and tertiary stakeholders would be invited to become owner-members of the Development Co-operative.

If a stakeholder changes their job then they would not lose their membership. They would simply update their engagement preferences.

### Expressions of interest

Before time and resources are assigned to setting up a Development Co-operative, it is important to conduct an expression of interest survey with current stakeholders and interested parties.

**Making Rail Work** has been granted funding to start this work in Waikato, but requires additional support to ensure a thorough investigation is done.

### Willingness to Participate

This requires less money, but more advocacy. Government organisations and officials would be required to suggest how much of their time they could contribute to the Development Co-operative set up and management process



Fig 3.4 Potential membership groups

### Māori engagement

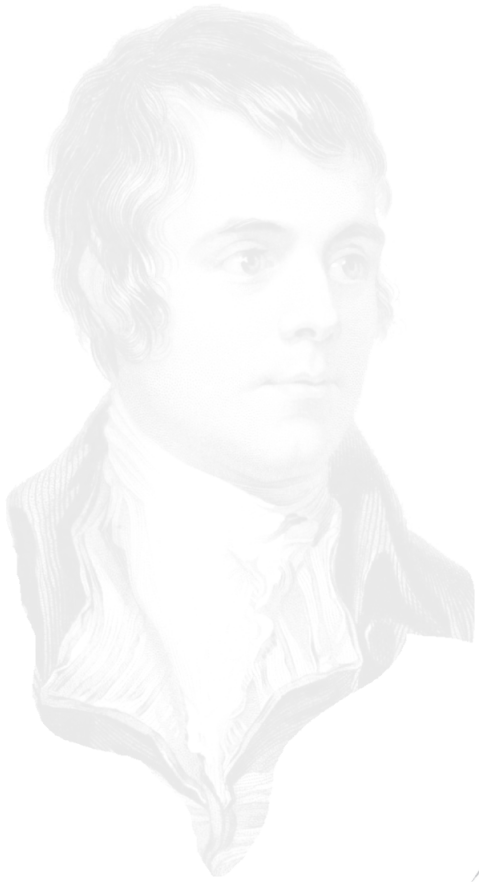
Discussions so far has been positive. Iwi are keen to engage based on the conclusions of the Select Committee Inquiry and Government response. The full document we intend to publish will include more detail on integrated governance.

### Final document

All going well, our final document will include the outcomes of stakeholder appraisals outlined in this interim report. It will also include housing, inward investment chapters, as well as proposals for engagement in other related growth policy areas.







"O wad some Pow'r  
the giftie gie us  
To see oursels as ithers see us!  
It wad frae mony a blunder free us."

Robbie Burns

