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Report to the Passenger Transport Committee
By Dr D J Watson, Division Manager Transport

Review of the Council's Transport Funding Policy

1. Purpose

To initiate a review of the Council's current Transport Funding Policy.

2. Background

The Council agreed to review the current Transport Funding Policy before setting the 2001/2002 transport rate.

3. Comment

Under the current Act the Council has to go through a three stage process when developing its funding policies, which are:

- (1) Theoretical allocation of costs
- (2) Modifying the theoretical model
- (3) Selection of funding tools

Stage 1 is based on economic principles and results in an "economically efficient funding mechanism". The Council hired a consultant to undertake Stage 1 in the previous review. This analysis remains valid today. There is no reason to undertake this work again.

... **Attachment 1** shows the current transport funding policy for the three functions:

- Planning and Monitoring the Transport Network
- Funding Total Mobility
- Funding Public Transport Services

The first two are more straight forward than the third. I see no need to review these two. The third, funding public transport services is the largest component of transport.

Stage 2 of the process is where Councillors can adjust the theoretical allocation of Stage 1 to take account of a number of matters specified in the legislation.

These are:

- An obligation to act in the interests of residents and ratepayers
- Fairness and equity
- Lawful Council policies
- Legislative constraints and
- Any significant adjustment issues

The Council can change the Stage 1 analysis as long as it is able to articulate and record its reasons for making such changes. The final funding policy is clearly completely in the hands of the Council.

4. **Proposal**

The Committee needs to spend time considering what it wishes to achieve. What is fair and equitable, for example. Each member of the Committee may have different views on this and they need to be debated to resolution. The best way of proceeding from here would be to allow that discussion to take place and then for any outcomes to be used to develop a proposal for future consideration. A special workshop of the Committee may be the best form for that discussion.

5. **Communication**

There is nothing to communicate at this stage.

6. **Recommendation**

That a workshop of the Passenger Transport Committee be held to consider Stage 2 of the development of a revised Transport Funding Policy for the function "Funding Public Transport Services".

Report Prepared by:

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Attachment : 1