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## **Report 00.505**

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

### **Patronage Funding**

#### **1. Purpose**

To inform the Committee about patronage funding.

#### **2. Background**

The Labour Party pre-election manifesto proposed an increase in public transport funding support of some \$20 m a year. Helen Clark as opposition leader at the launch of the Auckland Region's Growth Strategy and Regional Land Transport Strategy referred to this increase in funding and its relevance to Auckland.

Since the beginning of the current Labour-Alliance coalition government Regional Councils have been involved in discussions with the Minister of Transport, Mark Gosche, and his departmental staff over how these pre-election promises might be delivered. Useful and meaningful meetings have been held between officials.

Mark Gosche, in a pre-budget announcement launched the patronage funding policy. In simple terms the government funding for passenger transport that goes to Regional Councils will in the future be based on patronage and the growth of patronage rather than the expenditure of Regional Councils on services.

... At a meeting of the Transfund Public Transport Advisory Group (PTAG) held on 27<sup>th</sup> June 2000 an official of the Ministry of Transport gave a brief explanation of the policy (see **attachment 1**). This has been communicated to Transfund New Zealand in the ministerial agreement for 2000/2001. We have requested a copy of the statements in that agreement related to patronage funding.

... Transfund New Zealand are currently working on a project to put in place the government's policy by October 2000. A steering group and a technical group have been established for this work. Anthony Cross is on the technical group and I am on the steering group. **Attachment 2** is a copy of the overheads used by Transfund to explain the project to the steering group.

### 3. **Comment**

Environment Canterbury have entered into an agreement with Transfund to act as a prototype for the new funding approach. From 1 July 2000 they will be paid on patronage data not expenditure. The rates at which they are to be paid will be equivalent to the amount they would receive under current funding policies. That is they gain no advantage from being the prototype. The purpose is to test the administrative arrangements, to focus Environment Canterbury on patronage data collection and on the need to review their contractual arrangements with operators so as to target patronage growth. Their experiences will be useful for those that will follow in October.

Committee members will notice by looking through attachment 2 that there are a good number of issues to be resolved and some basic technical work to be undertaken. Nobody is suggesting that all the issues will be resolved by October. The start up months of the new approach to funding will flush out other problems which will need to be tackled on the run.

Initial take up of patronage funding will be voluntary. Auckland and ourselves are seeking to join the scheme at the earliest opportunity. The consequence of this for the Council is the need to have good patronage data. Work to achieve this is already underway.

The output class "social services" is excluded from package funding. Social services includes total mobility, school bus services and concessionary fares. These will continue to be funded under the present arrangements. Their future will be addressed in the legislative review being undertaken over the next several months.

### 4. **Communications**

There is nothing to communicate at the moment.

### 5. **Recommendation**

*That the report be received.*

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**Attachment : 2**