

Patronage Funding Project



Project Steering Group
27 June 2000

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Patronage funding: *External work streams*

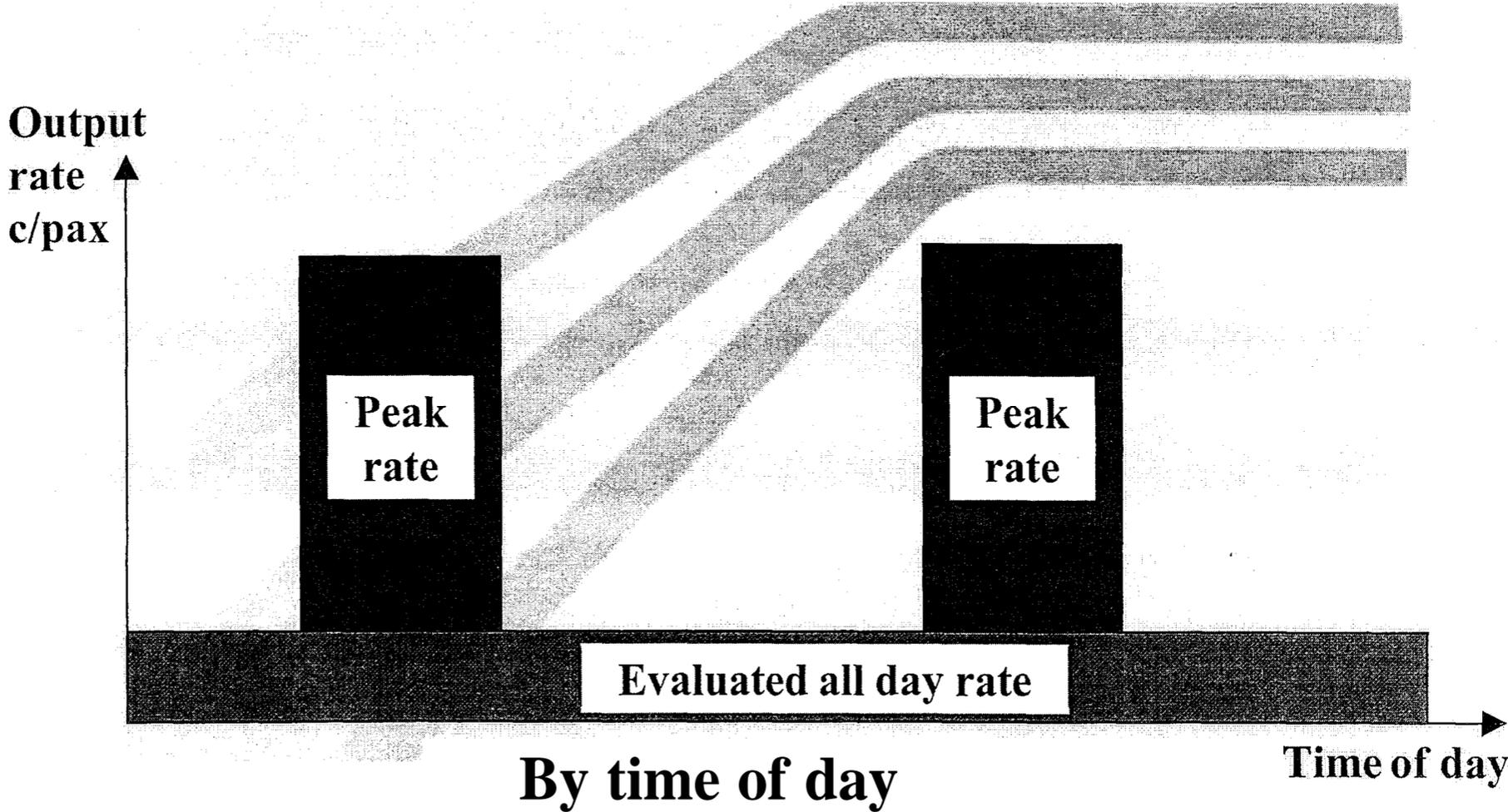
Technical

- congestion values
- patronage measures
- service impacts

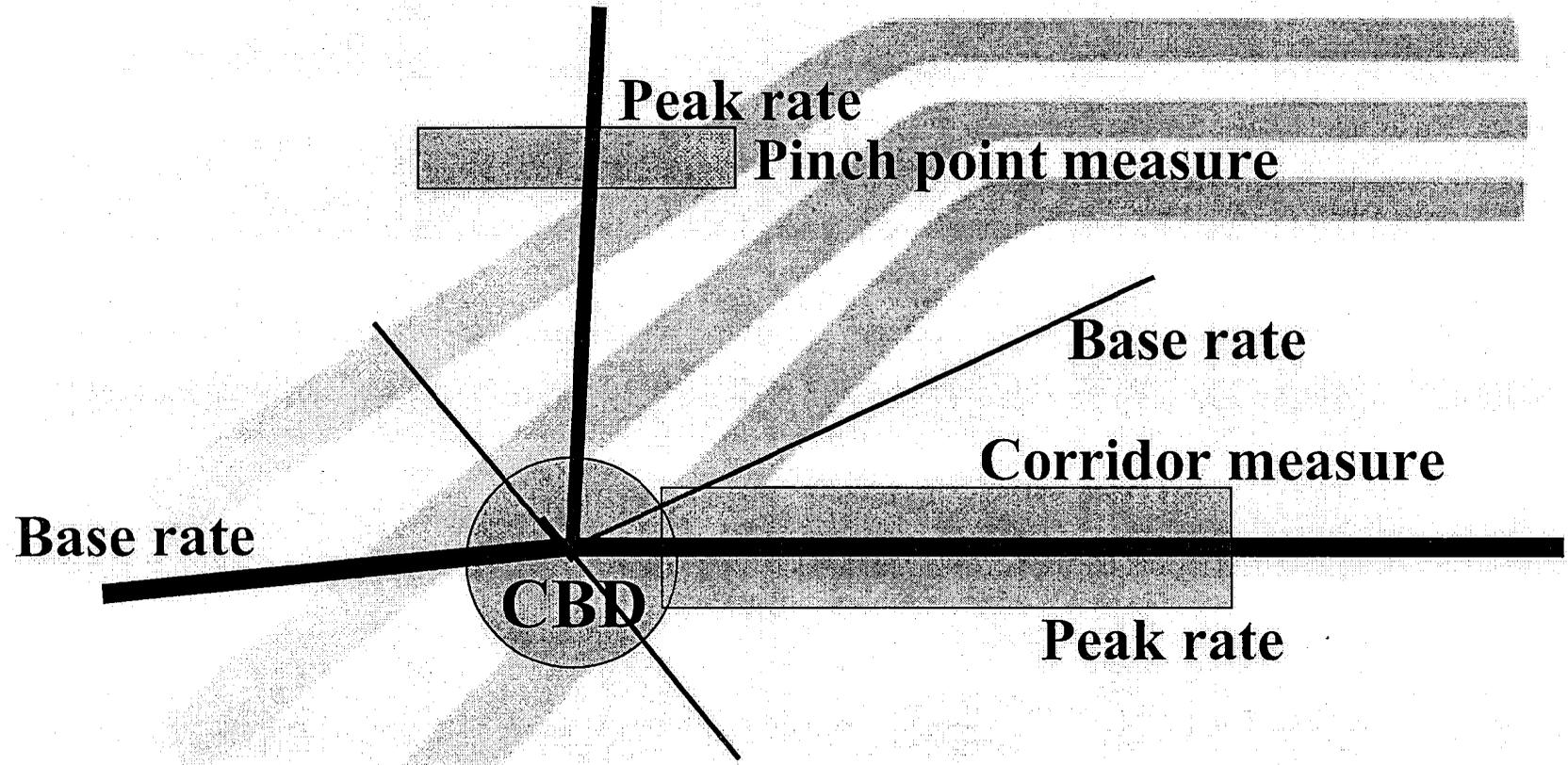
Economic

- evaluation framework incl other benefits
- rating schedule
- FAR policy
- making infrastructure consistent
- funding impacts and transition issues

Skeleton level and pattern



Possible output rate - by geography



By transport corridor

Possible outputs

- (peak) pax boarding (short trips)
- (peak) pax kilometre (few long routes)
- pax on board at key points (sharp cutoffs)
- combination (complexity)

Economic project

- **evaluation framework and total expenditure**
- **rating schedule**
- **financial assistance rate**
- **incentives (including competitive market issues)**
- **consistency with infrastructure**
- **prediction of impacts**

Economic project: evaluation framework

Limited budget: how to ration?

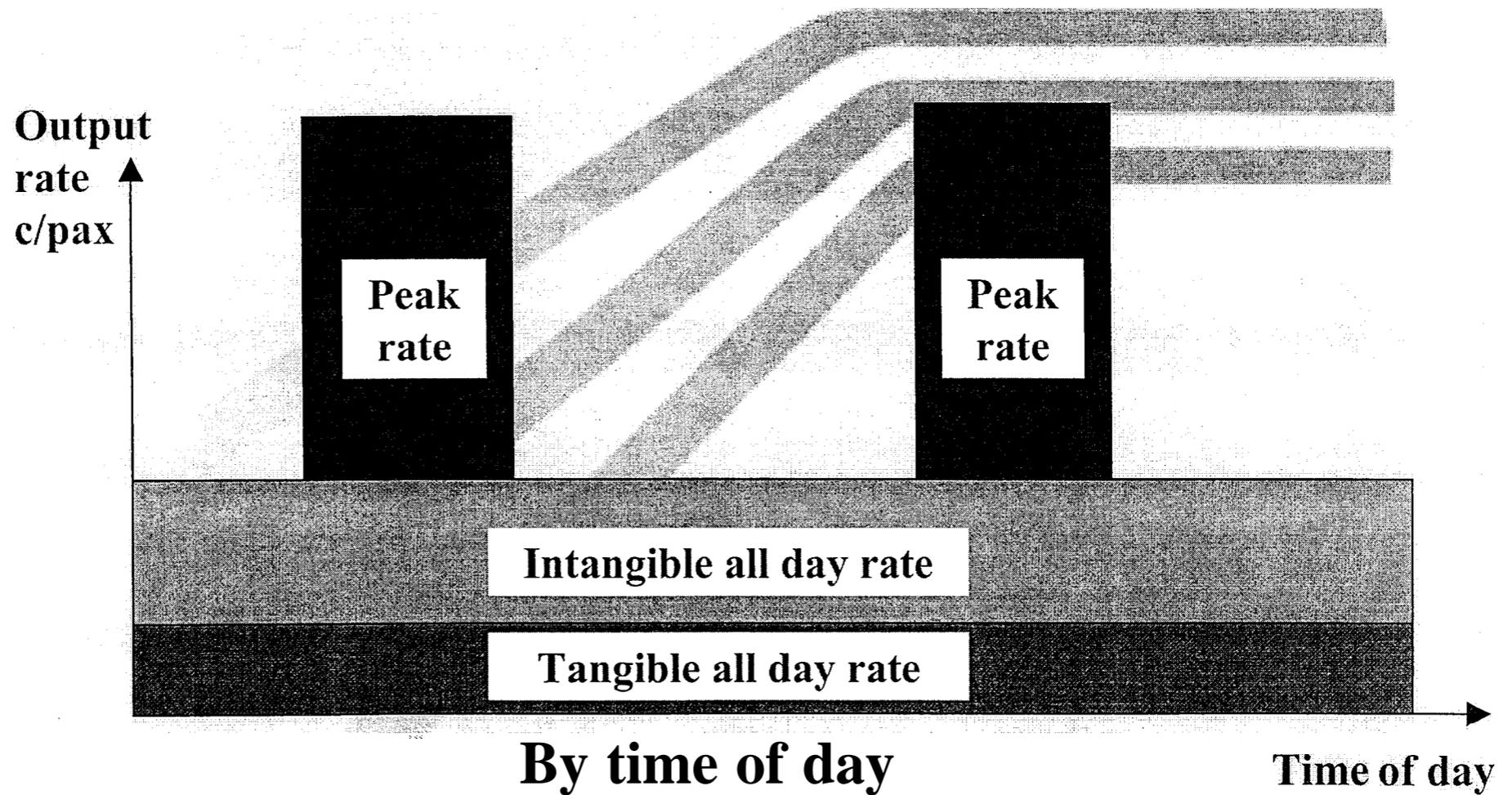
Top down = target expenditure level - how to update?

Bottom up = evaluated expenditure level - how to achieve suitable level?

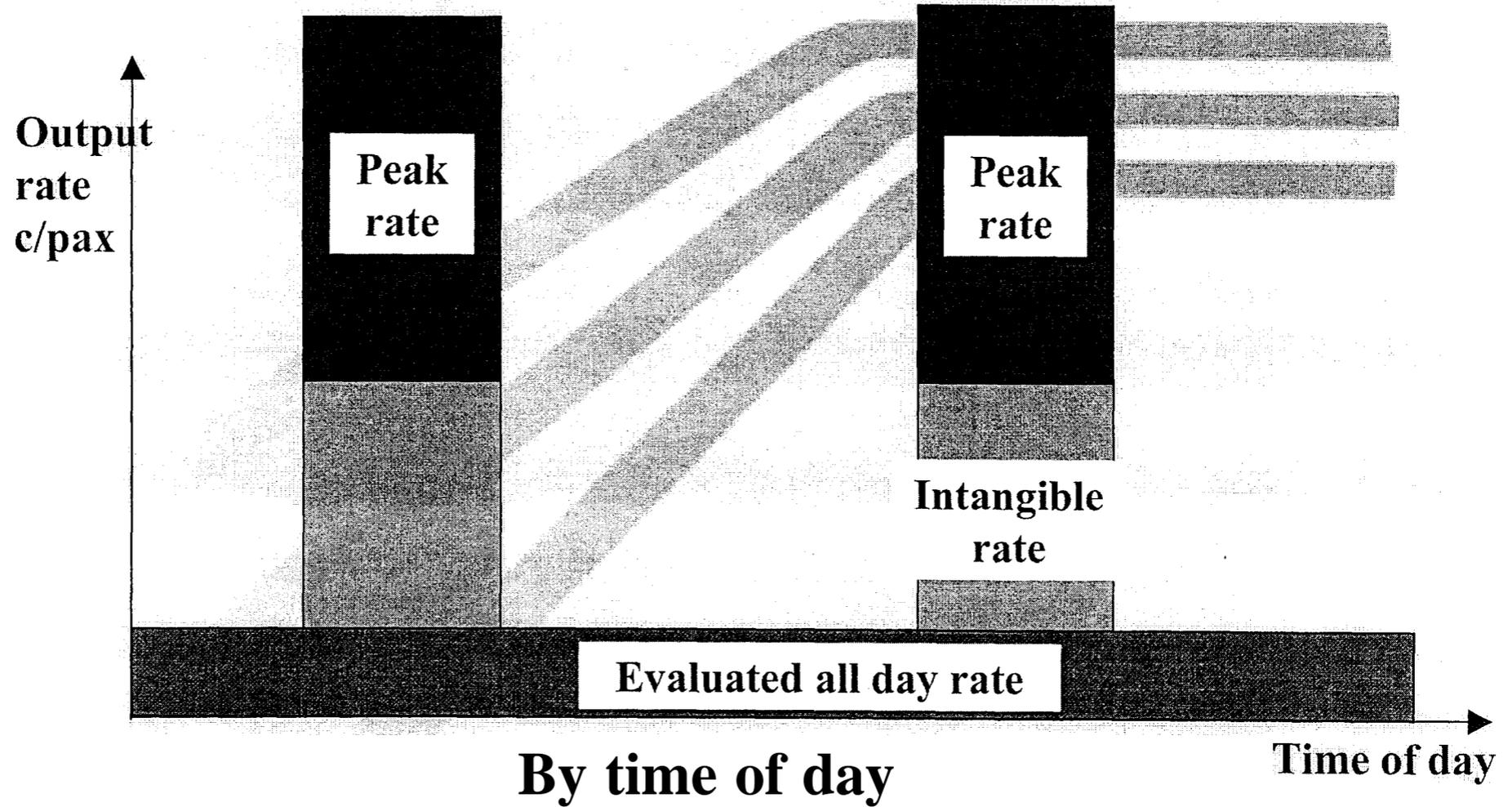
Explore ways to meet the two

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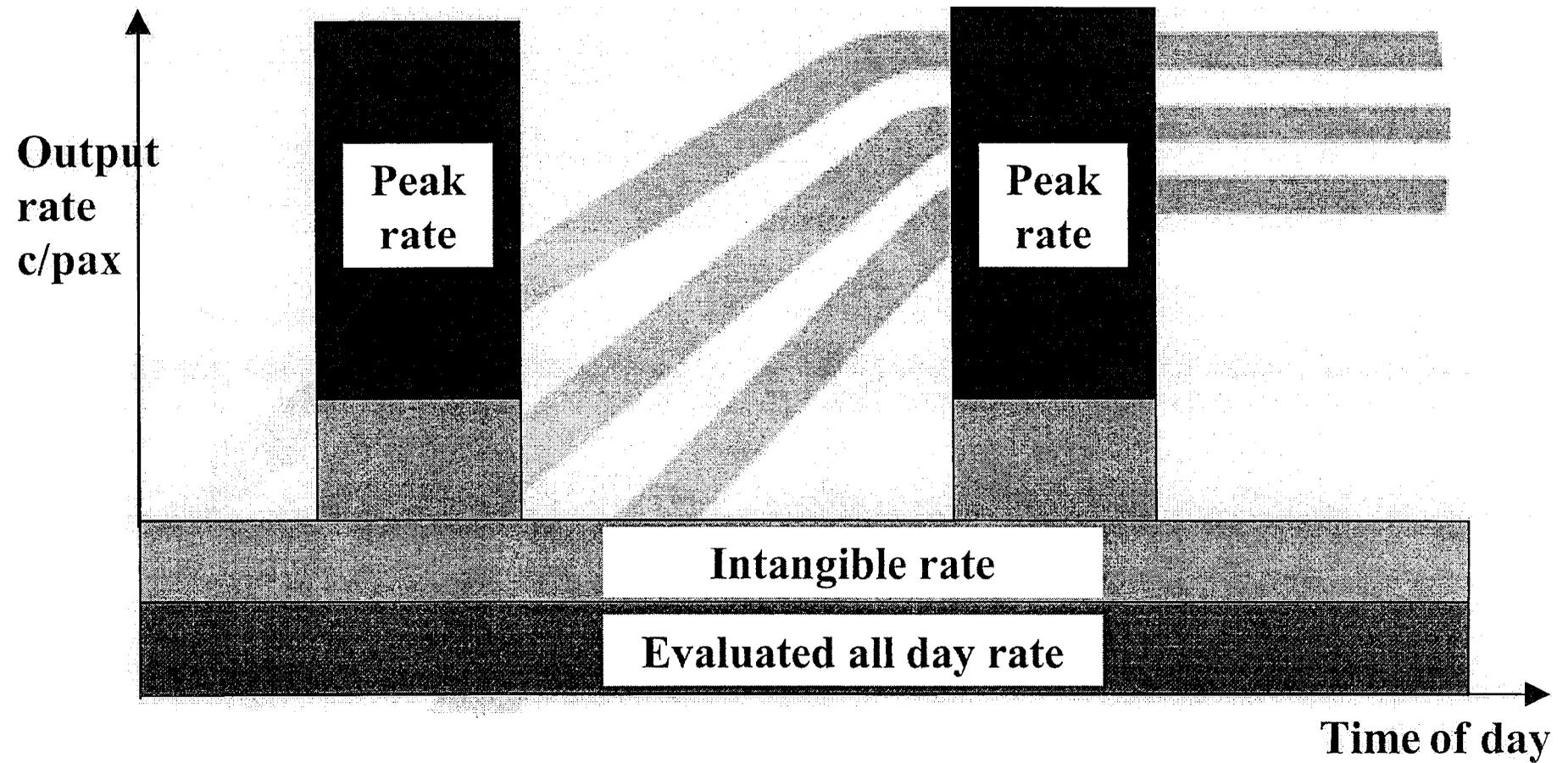
Level adjusted as all day base rate



Level adjusted as congestion peak rate



Level adjusted for mixed outcomes



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By time of day

Key features: as described to PTAG

Payment method: 'bums on seats'

- issues - should all services be patronage funded?

Partial evaluation: external benefits/PT cut-off

- how should a funding cut-off be included and what should it be?

Output basis: commercial+contracted (total system)

- what if there is no funding gap?

Risk

- how to reflect lower risk of funding outputs?

Output rate schedule: varies with congestion

- **one rate for all passengers, or two-tier rate for existing and new passengers?**
- **should it vary by other factors?**

Output rate level: aim at government target

- **what is the current base?**
- **what is fair allocation between regions · Dunedin vs Wellington issue**

FAR: based on total quantity of expenditure

- **how to reward reinvestment?**

FAR is a mechanism to...

- **equitably divide benefits to each party**
- **efficiently extend the scarcest funds**
- **incentivise RCs to manage expenditure increases**
- **align incentives**
- **target' funds to regions with a greater need**