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## **Report 00.686**

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Report to the Passenger Transport Committee  
By Dr Dave Watson, Divisional Manager Transport

### **Public Transport Policy Development by the Ministry of Transport**

#### **1. Purpose**

To provide the Committee with information on the Ministry of Transport's public transport policy work programme aimed at further legislative change early in the new year.

To seek comments on the issues raised by the Ministry of Transport's discussion documents.

#### **2. Background**

... The Ministry of Transport is reviewing land transport policy and with the support of the government new legislation will be introduced early in the new year. The discussion documents relating to stage one of the review were presented to the 31<sup>st</sup> August Regional Land Transport Committee. Stage two discussion documents have now been received. **Attached** to this report are those papers covering passenger transport only. These are the documents headed "Public Transport Funding and Management Consultation Framework and Land Transport Funding Systems".

#### **3. Comments**

The following are some comments on the first document under the headings used in the discussion document.

**(a) Implementation of Patronage Funding**

There seems to be some confusion between 'Patronage Funding' which is to be used to provide Regional Councils with a national funding source and 'output funding' which is a procurement strategy for Regional Councils to use when purchasing services. If services were to be purely funded on a 'per passenger basis' as suggested this is merely a revenue subsidy to operators. Some services would be very profitable to the operator – commercial and near commercial services - and others would remain unprofitable.

There is no doubt that Regional Councils should consider shifting some of the risk of Patronage Funding by linking their income to their contract expenditure where possible. This will occur overtime if area contracts, as suggested, become possible and existing route based contracts expire.

**(b) Funding from the National Roads Fund**

The government should make a decision on the level of funding support that should go to Regional Councils from the National Roads Fund for public transport based on their overall land transport objectives and priorities as expressed through a national strategy. Patronage funding would then be used to allocate that nationally based sum between Regional Councils.

There should be no restrictions placed on its expenditure except that it must go to support passenger transport. If a Region Council wishes to spend more then it is at liberty to raise a rate and in time impose some form of congestion charge, where justified in a Regional Transport Strategy.

**(c) Social Services**

The current total mobility system is a user side subsidy. Unfortunately of those who qualify for the total mobility the better off can gain the greatest benefit because they are more able to fund their share of the cost.

There are some known cases where users are funded in full for their use of the system, receiving half the cost from the Regional Council and half from another organisation supported by public funds.

The Total Mobility service is bound to come under greater strain as more and more people fall into the user category due to the ageing population. It will become necessary to further target those in greatest need.

The Ministry of Transport proposals would go along way towards achieving this.

**(d) Integrated Ticketing**

Overtime it should be possible to have a national ticketing system for public transport. Christchurch is soon to invest in a new ticketing system for its passenger services. Auckland hopes to move to smartcards for its total mobility system over the next twelve months. It is to be hoped that any move

to a nationally funding total mobility scheme does not need to await the national ticketing system.

(e) **Integrated Management of Management and Funding**

It is hard to get to grips with the issues here without some understanding of the Ministry of Transport thinking on management structures and governance structures. My professed personal long term preference is for an Area Transport Authority with responsibility for all land transport within a defined area. Funding would be from national and local sources. Some form of output based funding related to the national and regional strategies would drive the national contribution. Locally funding would be sourced from rates and congestion changes.

4. **Other Comments**

Committee members many have a variety of views on the matters raised in the MOT discussion document. The RLTC has established a subcommittee to develop its input into this ongoing debate. The Passenger Transport Committee may wish to do likewise or may be happy to express its views at this meeting so that they can be conveyed to the Ministry of Transport through the various channels available, including the RLTC sub-committee.

5. **Communication**

There are no communication issues or opportunities to consider.

6. **Recommendation**

- (1) *That the report be received.*
- (2) *That any comments expressed by the Committee be input into the ongoing consultations with Ministry of Transport officials.*

Report prepared by:

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**Attachments : 3**