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Report 00.864

11 December 2000

File: T/2/11/8

[00864.djw]

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

Kick Start Funding

1. Purpose

To keep the Committee informed of progress on obtaining Transfund New Zealand's approval for Kick Start funding.

2. Background

At the last meeting of the Committee the following resolutions were adopted:

- "(1) That the Council elect to join the hybrid form of the Transfund "Patronage Funding" scheme from 1 November 2000.*
- (2) That the officers implement as many new passenger service improvements as are practical during the remainder of the 2000/01 year as long as they attract Transfund Kick Start funding.*
- (3) That the officers report back to the Committee, including the negotiation of the baseline arrangements."*

...

A set of applications for Kick Start funding was sent to Transfund New Zealand. A meeting was held with the Central Regional Manager of Transfund on Monday 20th November 2000 to discuss aspects of the applications. The Newlands bus changes application was re-submitted within a few days. A revised set of applications for the remainder was sent to Transfund on Monday 4 December 2000. **Attachment 1** is a copy of those applications (without the detailed forms). Committee members will note that the real time information project has been withdrawn. This is now programmed to be implemented from 1 July 2001 and will

therefore feature in the Regional Programme for 2001/02. The commuter carpark application has also been deleted from the previous indicative list as this does not qualify. The proposal for an extra peak train from Masterton has been deferred until next year as it requires extra carriages to be available. Some additional items have been added such as additional bus services, bus shelters, signage and timetable displays. Some of the costings have changed as detailed information has come to hand over the past month. The total increase in expenditure for the remainder of this year is \$2.5m against the \$1.5m shown in the indicative costings of October.

... As requested by Transfund we also supplied an indicative statement of projects and services for the 2001/02 and 2002/03 years (**Attachment 2**). These out years will become part of the annual Regional Programme submitted to Transfund for inclusion in their annual National Rooding Programme. These indicative programmes will be included in the Transport Division's Annual Plan and Business Plans.

... At the time of writing, Transfund has approved the Newlands bus application, which is being implemented prior to Christmas (**Attachment 3**). Approval of the other applications is anticipated before the end of the year.

3. **Comment**

The four main urban Regional Councils approached the Minister, Mark Gosche a year ago to ask how they could assist him fulfil the Labour Party Manifesto proposal to provide extra funding for passenger transport. He asked the Councils to bring forward a proposal. The Councils suggested a two stage approach. A quick fix for the short term and a more in-depth system for the long term.

The long term solution is seen to be part of the proposed legislative changes for land transport being considered for sometime next year. The short term proposal was to lift the "Financial Assistance Ratio" (FAR) and let the Councils get on with it. A change to the FAR would have given the regions more money to invest in passenger transport. The FAR had been at a high rate some years ago therefore a change back to these levels had no legal barrier.

Transfund New Zealand and MOT were not prepared to go along with a FAR change. After a year of debate and analysis we now have Patronage Funding and Kick Start Funding. The Regions are still going to implement the same services they intended to a year ago but the procedures are much more complex and the risks are higher. On top of this the Regions cannot take up all the offered government support this year because of the shortened time scale and the need to provide 20% of the additional expenditure.

PricewaterhouseCoopers are the consultants we have hired to establish the baseline patronage data and to set up the ongoing patronage data collection methodology. Once they have completed their work, the resources needed to maintain the collection process can be assessed. The first patronage growth data is to be collected for the period 1 November 2000 to 31 March 2001. After that it will be collected every quarter.

Once the extra work for Kick Start funding is over, the question of baseline finding will be tackled. This should occur in the early part of next year.

4. Communication

Each service change will be advertised as normal through the media, timetable drops and through the internet site.

5. Recommendations

- (1) That the Committee note the Kick Start Finding application sent to Transfund New Zealand on 4th December 2000.*
- (2) That the Committee note that the Newlands bus service alterations has received Kick Start funding approval and will be implemented later this month.*
- (3) That the Committee note that the baseline funding negotiation will be entered into early next year.*

Report prepared by:

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Attachment 1 : Kick Start Funding Applications List

Attachment 2 : Projects for 2001/02

Attachment 3 : Approval of Newlands Bus Application