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

Applying the Adopted Transport Funding Policy to Calculate the 2001/02 Transport Rate

1. Purpose

To obtain the Committee's agreement to the methods to be used to apply the adopted Transport Funding Policy to calculate the 2001/02 Transport Rate.

2. Background

The Council at its 7 December 2000 meeting resolved to retain the existing Transport Funding Policy and review it again in two years. This means that the 2001/02 transport rate for the eight rating districts will be calculated using the existing funding policy.

3. Comment

The introduction of the new Transfund New Zealand community public transport services funding scheme "Patronage Funding" from 1 November 2000 means that application of the current transport funding policy will result in a different rating outcome for these services than if Transfund's previous cost subsidy approach had been in place. Some elements remain the same and some are different, for example the Total Mobility and the planning activities do not change. Also the bulk of Transfund New Zealand's funding for community public transport services remains the same for 2001/02. This is the part they call the baseline funding. This amount is based on the services existing prior to 1 November 2000. The rating outcome for these services will therefore not change.

What is new is the kick start funding and the patronage growth funding. Kick start projects are separately identified and the special rate of funding is assigned to them. Once this funding is netted off the cost then that which remains can be allocated in accordance with the funding policy.

Patronage funding is derived from patronage growth. It will not be possible to align growth to individual services. It is therefore intended that additional funding derived from extra patronage be applied across all public transport net costs pro rata.

4. **Recommendation**

That the Committee agree to the following application of kick start and patronage growth funding in the calculation of the 2001/02 Transport Rate:

- (a) kick start funding be netted off the cost of the individual kick start projects.*
- (b) patronage growth funding be applied on a pro rata basis to the net cost of all public transport services.*

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