



Land Transport Policy Development: Public Transport Funding and Management Consultation Framework

This paper is provided for discussion purposes only. It does not represent Government policy.

Objectives

1. The Government's objectives for public transport are:
 - To help people without personal transport to improve their access to social and economic opportunities
 - To contribute to the improvement of the environment in our major urban areas
 - To contribute to the reduction of traffic congestion in major urban areas by enhancing the availability of appropriate alternative transport services
 - To contribute to the safety of personal travel in our major urban areas.

2. In achieving these objectives the Government wants to:
 - Integrate funding of passenger transport services and infrastructure
 - Maintain an integrated approach to corridor management
 - Maintain accountability for expenditure of public funds
 - Focus on moving people rather than vehicles.

Key issues

3. To achieve the above goals, the Government sees a number of areas for action building on the existing passenger transport system:
 - The implementation in October 2000 of the patronage funding system already approved by the Government and any consequential changes
 - Development of the process by which passenger transport funding is allocated from the National Roads Fund and the long term level of that funding

- Development of funding systems and accountabilities for social services (including the Total Mobility system)
- Development of an integrated ticketing system
- Integrated management of passenger transport infrastructure

Implementation of patronage funding

4. The Government has recently approved the introduction of patronage funding of Regional Councils for public transport services, and is concerned to see that this takes place on time in October 2000. It is accepted that the system will then need ongoing development as information sources improve.

5. A possible consequential issue may arise in the licensing system, which deals with services on a route by route basis rather than area by area (Transport Service Licensing Act 1989). An area-based approach to contracts may be more consistent with patronage funding, but could raise a number of fundamental competition issues. Transfund consider that area-based contracts could be introduced through changes to the CPP process, but this needs to be further examined in view of the competition implications and the likely response of operators.

6. There may also need to be an examination of any barriers in the current system to funding all operators on a “per passenger carried” basis.

Funding from the National Roads Fund

7. Currently all outputs in the National Road Programme are ranked against a common efficiency test. However, comparing Total Mobility funding with motorway development, for example, has proved virtually impossible, and the practice has tended to become the setting of different funding thresholds for outputs covering public transport services, road maintenance, road construction and alternatives to roads. Cost effectiveness requirements then apply *within* each of these outputs.

8. The Government believes that the funding system may need to formally recognise the need for different efficiency tests for some of the outputs within the total National Road Programme. Patronage funding has already introduced this approach for passenger transport. Previous funding limits have been removed, and Regional Councils will be funded in relation to the levels of passenger carryings they actually achieve. This income is additional to that from rates, other local sources (such as Infrastructure Auckland), and the potential for income from various forms of congestion pricing.

9. Specific dedication of outputs from the NRF could also similarly apply to possible new funding outputs for modes such as walking and cycling. Expenditure on these modes is currently “hidden” within general road outputs.

Social services

10. A proportion of current public transport funding is directed at social services for the transport disadvantaged, including the funding of beneficiaries, school children and Total Mobility services for those with significant physical and intellectual disabilities.

11. Services such as these are under severe financial pressure as demand increases, particularly as a consequence of demographic changes and relocation of health services. A number of regional councils have previously favoured full government funding of social services and management by a national agency. Social welfare agencies have preferred the funding liabilities associated with providing transport assistance for the transport disadvantaged to remain with the NRF and the regions.

12. The Government believes that there is a significant opportunity to review the provision of funding for social services and to put these services on a long term basis to provide transport that maximises the accessibility of a wide range of community groups both in urban and rural areas. The Government sees this approach as a potentially key element of its *Closing the Gaps* programme.

13. Travel assistance of this sort could be delivered directly to users, possibly through some form of travel card, which could be used for specialised door-to-door services by taxis and shuttle vans as well as more traditional scheduled bus, train and ferry services.

Integrated ticketing

14. The Government believes that ticketing technology has now reached the point at which a single integrated passenger transport ticketing system could be developed throughout New Zealand. This system would not merely improve the management of urban transport services, but would also provide a platform for the social services approach outlined in the previous section.

Integrated management of management and funding

15. Management of appropriate infrastructure for public passenger transport is also an issue that needs attention, so as to ensure that the management of passenger transport interchanges and appropriate corridor assets is handled in an integrated way to maximise user benefits. An important element of this approach will be to ensure that passenger transport facilities are properly integrated into land transport management structures.

Issues for discussion

- The implementation in October 2000 of the patronage funding system

- Development of the process by which passenger transport funding is allocated from the National Roads Fund and the long term level of that funding
- Development of funding systems and accountabilities for social services (including the Total Mobility system)
- Development of an integrated ticketing system
- Integrated management of passenger transport infrastructure