

Draft Submission on the Transfund New Zealand Patronage Growth Funding Holding Package

General comments

The Wellington Regional Council appreciated the extra time provided to consider the Patronage Funding Holding Package and the workshop held on 29 April to address the issues raised by local government. The Council understands that the package is designed to retain as many features of the existing scheme as is possible within the current funding allocation for passenger transport. The Council notes that the Government could change the allocation for the 2003/04 year as its February 2002 transport policy package only made specific financial allocations up to 30 June 2003.

The Council suggests the back to basics review of passenger transport funding and recognises that this review is unlikely to be completed earlier enough to be implemented for the 2003/04 year but should inform councils of the likely funding arrangements for future years.

Features retained from the existing scheme

The Council generally supports the retained features. The policy of no “double funding” for ATR projects is not supported. Transfund has never consulted with local government on this policy and our understanding is that the policy was only to apply to three projects, namely Britomart, Lambton Interchange and Hamilton Bus Centre.

Kick-start funding

As this is a holding package the Council sees no reason to end kick-start funding at 30 June 2003 for new services. The Government’s policy direction seeks ongoing improvement in passenger transport. Kick-start funding has been the main stimulus for recent passenger transport improvements. Stopping the scheme without our knowledge of the results of the back to basics review will limit future initiatives, particularly in the smaller regions.

The continuation of kick-start funding at 40% for existing services for 2003/04 provides this Council with approximately \$750,000 less funding in that year than the original patronage funding scheme achieved. The original scheme amalgamated the average level of kick-start and patronage funding into the baseline at 30 June 2003. The holding package does not do this amalgamation. This is not of concern to those regions where patronage growth has been high (eg Auckland and Christchurch) because their funding is capped at 100% of the cost of new services and they have been allocated credits for any patronage growth funding above that which will be less after 30 June 2004. The Wellington region does not have high patronage growth so the proposed reduction in the “baseline” funding expectation has a material effect. If this policy were to be extended into the 2004/05 year and beyond the Wellington region would receive approximately \$3.5 million less Transfund funding a year.

Another concern is that this 40% kick-start funding in 2003/04 will not extend to non service related initiatives such as real time information. The Council intends to introduce such a scheme in 2003/04 with it funded over a six year period through a service agreement with a provider rather than over one year as a capital item. This holding package implies that kick-start funding of 40% will apply only to the 2003/04 service payment but if the Council were

to fund the project entirely in 2003/04 it would apply to all the project costs. This is again a result of the 'baseline' adjustment at 30 June 2003 of the original scheme not being carried through into the holding package.

Infrastructure projects

The package does not deal with infrastructure projects leaving that to the review. A one off arrangement for urban passenger rail carriage refurbishments is proposed and this is funded from the passenger transport output. The Council suggests that the under \$400,000 infrastructure projects previously funded as kick-start projects and the urban rail carriage refurbishment programmes be funded from the ATR output. The under \$400,000 capital projects being evaluated to the same degree as was necessary to attract kick-start funding. Implementation of this proposal would release some funding in the passenger transport output that could be applied to the recommendations made on extending the kick-start programme mentioned earlier.

Recommendations

The Council recommends to Transfund that the proposed patronage growth funding holding package be adjusted as follows:

- a) Infrastructure projects under \$400,000, previously funded as kick-start projects, be funded as ATR projects from 1 July 2003.
- b) Urban rail carriage refurbishment in Auckland and Wellington be funded as ATR projects from 1 July 2002.
- c) Kick-start funding be extended into the 2003/04 year at 40% for all qualifying and approved projects.
- d) The Wellington region's baseline for 2003/04 be adjusted to accommodate the level of funding anticipated by the original scheme for its ongoing kick-start projects.