



Report **03.303**
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Committee **Passenger Transport**
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Transfund Proposed Patronage Funding Scheme

1. Purpose

To make a submission to Transfund New Zealand on their proposed new patronage funding scheme which is to start on 1 July 2004.

2. Background

Transfund New Zealand is currently operating a patronage funding holding scheme pending a “Back to basics” review of passenger transport funding. A discussion document on the proposed new scheme was circulated to all Councillors after the stakeholders workshop run by Transfund on 16 April. Since then we have held our own in house workshop for Councillors, met with colleagues in Auckland, had a meeting with Transfund officials and on 19 June will be talking to all regional transport officers at a meeting being held in Christchurch for that purpose.

3. Comment

Attachment 1 is a possible draft submission. The key issues raised by the draft submission are that the scheme:

- Is not a back to basics review
- Is focused only on achieving a budget balance
- Has conflicting objectives
- Promotes perverse incentives
- Leaves regions with more risk and uncertainty
- Does not reduce administrative costs

The submission proposes a return to a cost sharing approach with some modification to recognise service performance. This suggested scheme will overcome most of the above problems with the Transfund scheme. In particular it will:

- Reduce administration costs
- Encourage regions to strive towards New Zealand Transport Strategy objectives
- Provide funding certainty
- Leave the regions to promote transport in their area

4. Communications

At this point the views of the Committee need to be used at the meeting of the Regional Transport Officers.

5. Recommendations

1. *That the report be received.*
2. *That the draft submission, as amended by the Committee, be forwarded to Transfund New Zealand.*

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Attachments:

1. Draft submission