

Report No.	19-99
Decision Required	

REPORT ON TOTAL MOBILITY FARE REVIEW 2018-19

1. PURPOSE

- 1.1. This report is to inform the committee on the **Total Mobility (TM)** fare review work recently undertaken and to seek a decision on whether subsidy levels need to be increased.

2. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 19-99 and Annex.
- b. recommends that the maximum subsidy available for all districts remain at current levels;
- c. notes that as part of the 2021-31 **Long Term Plan (LTP)** and **National Land Transport Programme (NLTP)** development process, the maximum subsidy available for the Feilding TM scheme will be re-evaluated to consider whether it needs to be increased.
- d. notes that notwithstanding recommendation c. officers will continue to work with **New Zealand Transport Agency (NZTA)** officials to investigate securing additional funding earlier than the 2021-31 NLTP, to allow for earlier subsidy increases if necessitated.

3. FINANCIAL IMPACT

- 3.1. There is no financial impact as a result of this report.

4. COMMUNITY ENGAGEMENT

- 4.1. No community engagement is required as a result of this report.

5. SIGNIFICANT BUSINESS RISK IMPACT

- 5.1. There are no significant business risks.

6. GENERAL UPDATE

- 6.1. A fare review of the current TM subsidies has been carried out with figures and an analysis report appended to this item. It is recommended members consider the findings of the appended report first before considering the recommendations in this item.

7. BACKGROUND

- 7.1. Subsidies are provided throughout the country on a 50% subsidy of the total fare up to a cap. These vary depending on the size of the city or township being serviced by operators. The 50% fare subsidy is co-funded by NZTA (60%) and Council (40%).
- 7.2. The current district subsidies for the TM scheme have been in place since 2003 and were based on an evaluation of bus fares and transport costs at the time. The exception being Levin where the maximum subsidy was increased from \$5 to \$10 in 2011.
- 7.3. Horizons subsidies are among the lowest in New Zealand (a comparison is provided at the end of the appended report).

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- 7.4. Feilding and Marton currently have a subsidy of up to \$5.00 and the rest of the Horizons region, where a service is provided, have a subsidy of up to \$10.00.
- 7.5. The purpose of the Total Mobility fare review is to determine whether or not the current 50% fare subsidies maximums are sufficient or if they need to be increased.
- 7.6. The NZTA recommend in the TM Scheme Policy Guide for Local Authorities, that a fare review of some type is carried out every three years. This is the first TM fare review in our region as the previous TM system (voucher based) did not provide an efficient method in which to undertake a full fare review. As noted above however the subsidy maximum for Levin was increased from \$5 to \$10 in 2011.

8. INFORMATION GATHERING

- 8.1. TM clients have been surveyed in the past about the quality of the TM scheme. Although not specifically asked about the subsidy, consistent comments have been noted suggesting an increase would be helpful. This was especially prevalent in Feilding and Marton where the subsidy of \$5.00 is the lowest in the country.
- 8.2. As such, to support undertaking the fare review, all trip data collected since 1 October 2018 through to 30 April 2019 was gathered and analysed. This data set was collected from the new Ridewise electronic system which provides the functionality of collecting the total costs of every TM trip taken, as well as the subsidy collected. Ridewise was only implemented in October which is why the data set commenced then.
- 8.3. Ridewise provides officers the ability to look at the distribution of all fares in each TM scheme. It also allowed officers to highlight the number and percentage of trips taken where the maximum subsidy allowable did not cover 50% of the total trip fare. This provides the ability to see whether the current subsidy maximum is sufficient for the trips being taken and if not, provides an indication of what the maximum subsidy level could be to cover a higher percentage of tips.
- 8.4. Officers also undertook a survey of all registered scheme users to provide some qualitative analysis and user perspective of the current subsidy levels. The questions asked of users are provided in the appended report.

9. SUMMARY OF FINDINGS

- 9.1 This report provides findings from data retrieved from the Ridewise database and a questionnaire sent to all Total Mobility clients in the Horizons Region.
- 9.2 The Ridewise data shows that 85+% of all trips taken are less than double the 50% maximum subsidy. The exception is Feilding where the percentage drops to 66%.
- 9.3 Exploring the Feilding data further, it shows that for the 34% of trips that are paying more than double the maximum subsidy offered, 99% of those trips would be covered if the subsidy offered was increased to \$10.00.

10. COST IMPLICATIONS

- 10.1 Policy 9 of the **Regional Public Transport Plan 2015-25 (RPTP)** reads as follows:

Policy 9

Horizons will subsidise eligible Total Mobility trips by 50% up to a set maximum fare subsidy and may also set limits on the number of vouchers issued in order to manage expenditure levels.

Supporting text is provided and reads as follows:

A maximum fare subsidy will be agreed for each area in which Total Mobility operates to ensure equitable allocation of funds to users.

Specific Action:

a. Review the maximum fare subsidy at least every three years to take into account tariff rates and operating costs.

- 10.2 The policy provides for the setting of a maximum subsidy which is required to be reviewed every three years. There is no restriction on what the maximum subsidy can be, nor is there any guidance on the percentage of trips that should be fully met by the maximum subsidy offered. It is clear that the committee and ultimately Council have the discretion to set maximum subsidies at a limit they consider appropriate, subject to funding availability.
- 10.3 Considering the summary findings in section 9, we have attempted to calculate the financial impact of increasing the subsidy level for Feilding to \$10.00. Based on the number of trips between the fare review period (7 months) and calculating this impact over a full 12 month time period, the estimated financial impact would be approximately \$26,000.00 total (being \$10,400.00 to Horizons after NZTA subsidy is deducted). This is assuming all of the trips would claim the maximum subsidy.
- 10.4 The Year 2 Annual Plan budget has been set and so immediately increasing the maximum subsidy as a result of this fare review would not be accommodated in the Year 2 Horizons Budget. The other significant consideration is the impact on NZTA's budget. The Year 2 and 3 NLTP budget for Horizons is fully subscribed and so additional funding from NZTA to cover their portion of the fare increase (estimated \$15,000.00) is not guaranteed. Having spoken with NZTA officials, it is likely that the earliest additional funding would be available, if at all, would be later in the NLTP 3 year funding round (once surplus funding is able to be confirmed later in the national programme delivery). As such it is recommended that no maximum subsidy increases occur until the next NLTP funding period in 2021 (unless surplus funding is made available by NZTA in which case staff would come back to the committee so they can consider possible subsidy increases).

11. RECOMMENDATION

- 11.1 Based on the findings of the TM fare review and the current funding availability, it is recommended that the maximum subsidy available for all districts remains at current levels. Notwithstanding this, officers consider that as part of the 2021-31 LTP and NLTP development process, the maximum subsidy available for the Fielding TM scheme should be re-evaluated to consider whether it needs to be increased. Furthermore staff will continue to work with NZTA to see whether additional TM funding is available earlier than the 2021 NLTP.

12. SIGNIFICANCE

- 12.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

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ANNEXES

- A Total Mobility Fare Review Subsidy Analysis