



AGENDA

PASSENGER TRANSPORT SUBCOMMITTEE

Tuesday, 17 August 2010 at 1.00pm

Notice is given of a meeting of Horizons Regional Council to be held on
Tuesday 17 August, 2010 at 1.00pm in the

Missoula Room, Palmerston North City Council,

32 The Square, Palmerston North

Business to be discussed includes:

- Review of Passenger Transport Activities for 2009-10
- Review of Total Mobility and Health Shuttle Activities for 2009-10
- New Zealand Transport Agency Farebox Recovery Policy Update
- Update on Passenger Rail Developments
- Update on Wanganui Urban Bus Services Review

**RECOMMENDATIONS IN REPORTS ARE NOT
COUNCIL POLICY UNTIL ADOPTED BY COUNCIL**

NEWS EMBARGO

Items in this agenda may be subject to amendment or withdrawal at the meeting. Items are embargoed until two days before the date of the meeting.

Reporters who do not attend the meetings should seek confirmation of the agenda material or proceedings from the Chief Executive prior to any media reports.

for further information regarding this agenda, please contact:
Julie Kennedy, 06 9522 800

CONTACTS	24 hr Freephone : 0508 800 800	help@horizons.govt.nz	www.horizons.govt.nz	
SERVICE CENTRES	Kairanga Cnr Rongotea & Kairanga-Bunnythorpe Rds, Palmerston North	Marton Hammond Street	Taumarunui 34 Maata Street	Woodville Cnr Vogel (SH2) & Tay Sts
REGIONAL HOUSES	Palmerston North 11-15 Victoria Avenue	Wanganui 181 Guyton Street		
DEPOTS	Levin 11 Bruce Road	Taihape Torere Road Ohotu		
POSTAL ADDRESS	Horizons Regional Council, Private Bag 11025, Manawatu Mail Centre, Palmerston North 4442			
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PASSENGER TRANSPORT SUBCOMMITTEE MEMBERS

Cr Vern Chettleburgh QSM ED (Chair) Mayor Brendan Duffy (Horowhenua District Council)
Cr L Bailey Cr A Anderson QSM JP (Wanganui District Council)
Cr A Main Cr B Wilson (Palmerston North City Council)

AGENDA

17 August 2010
1.00pm

PART ONE

Page No

1. Apologies
2. Public Speaking Rights
Notification to speak is required by 4pm on the working day prior to the meeting. Further information is available on www.horizons.govt.nz or by phoning 0508 800 800
3. Late Items:
To consider, and if thought fit, to pass a resolution to permit the Committee to consider any further items which do not appear on the Order Paper of this meeting and/or the meeting to be held with the public excluded. Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:
 - (i) The reason why the item was not on the Order Paper, and
 - (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.
4. Members' Conflict of Interest
Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.
5. Minutes of the Meeting held on 18 May 2010 1 - 6
6. Review of Passenger Transport Activities for 2009-10 7 - 16
Report No: 10-122
File No: TPP 1 01
7. Review of Total Mobility and Health Shuttle Activities for 2009-10 17 - 22
Report No: 10-123
File No: TTM 2 00
8. New Zealand Transport Agency Farebox Recovery Policy Update 23 - 44
Report No: 10-124 (Incl. Annexes A and B)
File No: TPP 1 01

- | | | |
|-----|--|---------|
| 9. | Update on Passenger Rail Developments
<i>Report No: 10-125</i>
<i>File No: TPP 1 01</i> | 45 - 46 |
| 10. | Update on Wanganui Urban Bus Services Review
<i>Report No: 10-126</i>
<i>File No: TTP 2 07</i> | 47 - 48 |
| 11. | Members' Questions | |

PART TWO - PUBLIC EXCLUDED SECTION

The public is to be excluded from the remainder of the Council meeting as the general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution is as follows:

General subject of each matter to be considered	Reason for passing this resolution	Grounds under section 48 (1) for passing this resolution
PX1 Minutes of meeting held on 18 May 2010 <i>Pgs 49 - 50</i>	As disclosure would not be in the public interest because of the greater need to enable Council to carry on without prejudice or disadvantage commercial negotiations.	That the exclusion of the public from that part of the meeting is necessary to prevent the disclosure of information for which good reasons for withholding exist.

M J McCartney
CHIEF EXECUTIVE



Minutes of the eleventh meeting, seventh triennium, of the Passenger Transport Subcommittee of Horizons Regional Council held in the Tararua Room, Regional House, 11-15 Victoria Avenue, Palmerston North at 1.00pm on Tuesday, 18 May 2010.

PRESENT Crs VJF Chettleburgh QSM ED (Chair), L Bailey, GP Murfitt MNZM JP, and Cr B Wilson.

IN ATTENDANCE Manager Transport Services Ms A Redgrave
Committee Secretary Mrs JA Kennedy

ALSO PRESENT Ms K Lowe (Transport Planner), Mr W Wallace (Transport Planner), Dr C Cheyne (Environmental Sustainability to 2.10pm), Mr R Malley (Palmerston North City Council), Mr P Barris, Mr G Goodman, (to 1.19pm), Mr J Beard (ratepayer from 1.17pm to 1.36pm).

APOLOGIES

Apologies were received from Crs A Main (unwell), A Anderson, and Mayor B Duffy.

PT 10-82 *Moved* **Bailey/Wilson**

that apologies be received from Crs Main (unwell), Anderson, and Mayor Duffy.

CARRIED

PUBLIC SPEAKING RIGHTS – Mr Paul Barris

Mr Barris addressed the Subcommittee and advised he would like to see an investigation into the option of establishing a great rail network between Wellington, Palmerston North, and Wanganui, and provide a terminal at Palmerston North airport. At present he believed there was not a user-friendly rail service established between those areas. He would like investigations into the costs involved for the current rail network that has been completed from Wellington to Waikanae to be extended as far as Wanganui, and also possibly through to Napier. Members considered and supported the request, and expressed concerns around funding support for the proposal, in particular from central government.

PT 10-83 *Moved* **Chettleburgh/Bailey**

that the matter be referred to the Chief Executive for consideration in the Regional Public Transport Review.

CARRIED

LATE ITEMS

There were no Late Items advised.

MEMBERS' CONFLICTS OF INTEREST

There were no Conflicts of Interest.

MINUTES OF PREVIOUS MEETING

Members asked for the following amendments to the minutes:

- page 1, last paragraph, 2nd line, delete and replace wording – ...regard to the ~~relocation of a public bus shelter~~, should read ...regard to the **rewording of a private property sign** currently located in the grounds of IPC.
- page 2, third paragraph, add – **She acknowledged that some work was underway in regard to achieving that.**

PT 10-84

Moved

Bailey/Wilson

that the minutes of the Passenger Transport Subcommittee meeting held on 16 February 2010, as circulated, be received and confirmed as a correct record, with the following amendments

- *page 1, last paragraph, 2nd line, delete and replace wording – ...regard to the ~~relocation of a public bus shelter~~, should read ...regard to the **rewording of a private property sign** currently located in the grounds of IPC.*
- *page 2, third paragraph, add – **She acknowledged that some work was underway in regard to achieving that.***

CARRIED

REGIONAL PUBLIC TRANSPORT PLAN REVIEW

Report No. 10-64

This report outlined a proposed process and timeline for the review of the Regional Public Transport Plan (RPTP).

Ms Lowe (Transport Planner) presented the report and answered questions of clarification on advertising and opportunities for consultation with key stakeholders.

PT 10-85

Moved

Wilson/Bailey

that the Subcommittee:

- a. **receives** *Report No. 10-64 on the regional public transport plan review; and*
- b. **approves** *the timeline and process for the regional public transport plan review.*

CARRIED

'txtBUS' SYSTEM INVESTIGATION

Report No. 10-65

This report sought approval to proceed with investigations into a shared txtBUS system with Greater Wellington Regional Council.

Ms Lowe (Transport Planner) explained how the txtBus system currently operated in the Greater Wellington region and advised of an opportunity for Horizons to share spare capacity within the database and text message allowance. Cr Bailey regarded the proposal as positive and would like to see investigations into the service progress as soon as possible. Members asked

questions of clarification on the future capacity of the database, and whether the system could be extended to other areas of the region as future demand warranted. Cr Wilson said he was in support of proceeding with investigations into the txtBUS system; however he reminded the Subcommittee that not all members of the community used txt messaging.

Cr Bailey said it was pleasing and positive to see the sharing of communications across boundaries.

PT 10-86 **Moved** **Bailey/Wilson**

that the Subcommittee:

- a. **receives** Report No. 10-65 on improved public transport information systems; and
- b. **instructs** officers to proceed with investigations into a 'txtBUS' system with Greater Wellington Regional Council.

CARRIED

REVIEW OF LINTON SHOPPER' SERVICE

Report No. 10-66

This report informed Members of the review of the Linton shoppers' service.

Mr Wallace (Transport Planner) outlined the reasons for discontinuing the Linton shoppers' service and the withdrawal of the Linton late night service. There was discussion around the value of introducing a commuter service at some stage in the future. Cr Bailey believed it was important that the interests of SuperGold card holders and total mobility users be supported, and encouraged any continuing discussions with the Army in regard to proposals for an alternative service.

PT 10-87 **Moved** **Chettleburgh/Wilson**

that the Subcommittee:

- a. **receives** Report No. 10-66 on the review of the Linton shoppers' service;
- b. **agrees** to remove the service taking effect as soon as is practicable; and
- c. **notes** the withdrawal of the Linton late night service.

CARRIED

REVIEW OF WANGANUI URBAN BUS SERVICES

Report No. 10-67

This report provided an update on the review of the Wanganui urban bus services contract.

Mr Wallace (Transport Planner) introduced the report and outlined the request from Wanganui District Council (WDC) that the review of the services be postponed for 18 months in order for the re-tendering of the contract to tie into the development of the Regional Public Transport Plan. As it was proposed that the Castlecliff school contract be integrated with the urban

services contract, the Subcommittee was required to make a decision to also extend that contract for 18 months.

Members considered the impacts to the people of Wanganui and ultimately agreed that the current services be continued for a period of 18 months.

PT 10-88 **Moved** **Murfitt/Gordon**

that the Subcommittee:

- a. **receives** Report No. 10-67 into the update of the Wanganui urban bus services review;
- b. **approves** the request to extend the current Wanganui urban services contract for 18 months; and
- c. **approves** the request to extend the Castlecliff school contract for 18 months.

CARRIED

MEMBERS' QUESTIONS

There were no Members' questions.

PT 10-89 **Moved** **Chettleburgh/Bailey**

that the Subcommittee:

agrees that Mr R Malley (Palmerston North City Council) remain for the public excluded part of the meeting to enable him to participate in discussions around the Palmerston North Bus Terminal Project.

CARRIED

PT 10-90 **Moved** **Bailey/Chettleburgh**

that the public be excluded from the remainder of the Subcommittee meeting as the general subject matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution is as follows:

General subject of each matter to be considered	Reason for passing this resolution	Grounds under section 48 (1) for passing this resolution
PX1 Passenger Transport Update Report No. 10-63	As disclosure would not be in the public interest because of the greater need to enable Council to carry on without prejudice or disadvantage commercial negotiations.	That the exclusion of the public from that part of the meeting is necessary to prevent the disclosure of information for which good reasons for withholding exist.

CARRIED

The meeting adjourned to the public excluded part of the meeting at 2.10pm and resumed at 2.31pm.

PASSENGER TRANSPORT UPDATE
(Continued from Public Excluded – Paragraph nine onwards)
Report No. 10-63

During the public excluded consideration of the Passenger Transport Update, Resolution *PX PT 10-24 (b)* determined that discussion on paragraphs ten onwards, should be in the public domain.

PX PT 10-24 ***Moved*** ***Wilson/Chettleburgh***

that the Subcommittee:

- b. **moves** to the public domain for consideration of paragraph 10 onwards of the Passenger Transport Update, Report No. 10-63.*

CARRIED

The following discussion on the urban services facility had taken place in the public excluded section of the meeting, before resolution *PX PT 10-24* was agreed to. Ultimately, Members agreed that the discussion was relevant in the public domain, and therefore agreed that the discussion be released from public excluded.

“Members discussed the issues associated with the urban services terminal located in Main Street. With the significant increase in patronage since February 2010, and the increases in bus length to cater for increased demand, the Subcommittee agreed that support be given to Palmerston North City Council for urgent remedial and safety measures to be undertaken as soon as possible, to ensure the safety of passengers using the terminal in the short-term.”

Accordingly, the following recommendation was suggested to reflect the discussion.

PT 10-91 ***Moved*** ***Wilson/Bailey***

that the Subcommittee:

- a. **expresses** support to the Palmerston North City Council for urgent action to maximise pedestrian safety in respect of the present urban services terminal.*

CARRIED

Cr Bailey noted her disappointment around the lack of progress in obtaining a meeting with the Minister of Transport and Associate Minister of Transport to discuss issues around the long-term future to the Capital Connection service. She believed it was important to identify and record the Subcommittee’s disappointment in that regard.

PT 10-92

Moved

Bailey/Chettleburgh

that the Subcommittee Chairman:

- a. **discusses** with the Chairman of the Regional Transport Committee about an update press release on the Capital Connection, noting disappointment at the delay in obtaining a meeting with the Ministers.

CARRIED

PT 10-93

Moved

Chettleburgh/Bailey

that the Subcommittee:

- b. **receives** the information in paragraph nine onwards of the Passenger Transport Update, Report No. 10-63.

CARRIED

The meeting closed at 2.41pm

Confirmed

MANAGER TRANSPORT SERVICES

CHAIRMAN

A Significant decision? If Yes	N
Do recommendations meet Significance Policy (contained within the LTCCP)	

Item No: 6
Date: 17/08/2010
Report No: 10-122
File No: TPP 1 01

REVIEW OF PASSENGER TRANSPORT ACTIVITIES FOR 2009-10

PURPOSE

1. This report is to inform Members of the performance of subsidised services in 2009-10.

FINANCIAL IMPACT

2. The cost of passenger transport services has been accounted for in the 2009-10 budgets. All prices quoted in this report are GST exclusive unless otherwise stated. The total cost referred to throughout this report is made up of 50% New Zealand Transport Agency (NZTA) subsidy with the remainder from local rates and where applicable, third party contributions from organisations such as Massey University and Universal College of Learning (UCOL).

PALMERSTON NORTH BUS SERVICES, MASSEY UNIVERSITY UNLIMITED ACCESS SCHEME AND PALMERSTON NORTH UCOL UNLIMITED ACCESS SCHEME

3. Urban services in Palmerston North have been operated by Transit Coachlines since July 2007 through a five year composite gross/net contract. The Fernlea Height trial bus service was incorporated in the main urban services contract in November 2008, taking the total number of urban routes to twelve.
4. A total of 431,670 trips were made on the urban network in 2009-10, up from 373,367 in 2008-09 which equates to a 15.6% increase in patronage. Patronage on the urban services grew significantly in 2008-09 and this growth has continued over 2009-10 as shown in figure one below.

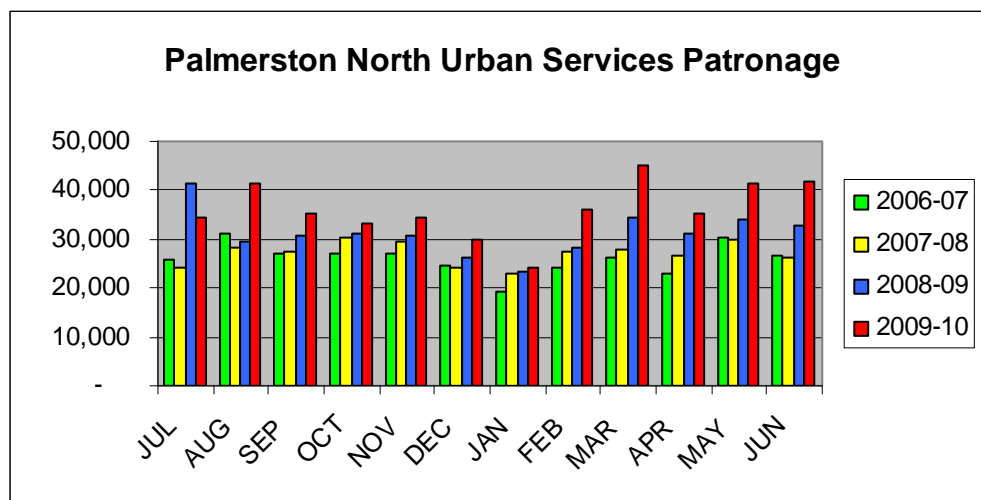


Figure 1. Palmerston North urban bus services patronage

5. Major improvements to the urban services commenced on 15 February 2010. Weekday peak¹ services now depart the Main Street bus terminal every 20 minutes and off-peak services depart every 40 minutes. Response to the new timetable has been very positive; figure two shows monthly patronage (urban, Massey and UCOL) trends over the last three years.
6. The Massey University Unlimited Access Scheme (MUUA) began operation on 14 February 2005 and entitles internally enrolled Massey University students and staff in Palmerston North (approximately 2,000 staff and 7,500 students) to free public transport trips in the city. Massey contributes towards the cost of making this service free for staff and students. 544,715 trips were recorded in 2009-10, compared to 494,891 in 2008-09 and since the scheme was implemented, over 2.61 million trips have been made.
7. While the major scope of the improved Palmerston North bus services was to increase the frequency of the urban services, some improvements to the Massey services were also made. These included incorporating the Hokowhitu-Turitea campus shuttle (previously contracted by Massey University) into the main timetable, adjusting the semester, non-semester and summer semester timetables for better all year round consistency of services, additional services during peak times and ensuring better connection between urban and Massey services to facilitate transfers.

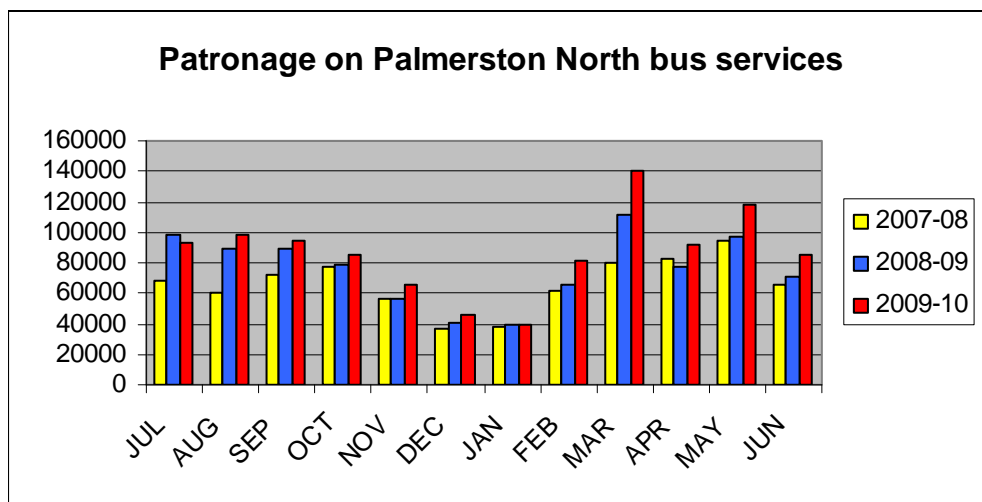


Figure 2. Monthly Palmerston North bus services patronage

8. The UCOL Unlimited Access Scheme began operating in March 2002 and entitles staff and students to free public transport trips in the same way as the Massey Unlimited Access Scheme. The Scheme continues to be supported by UCOL and UCOL Students Association, meaning that there is no cost to Horizons Regional Council for this free travel.
9. Passenger trips for the 2009-10 year were 63,338 up from 45,950 in 2008-09. Recent timetable improvements to the Palmerston North urban services may explain this increase.
10. In summary, trips taken on all Palmerston North bus services totalled 1,039,723 at a total net cost (after fares) of \$1,825,907. Horizons Regional Council, the New Zealand Transport Agency, Massey University and UCOL all contribute to the cost of this service.

¹ Peak weekday services run before 9am and between 3-6pm.

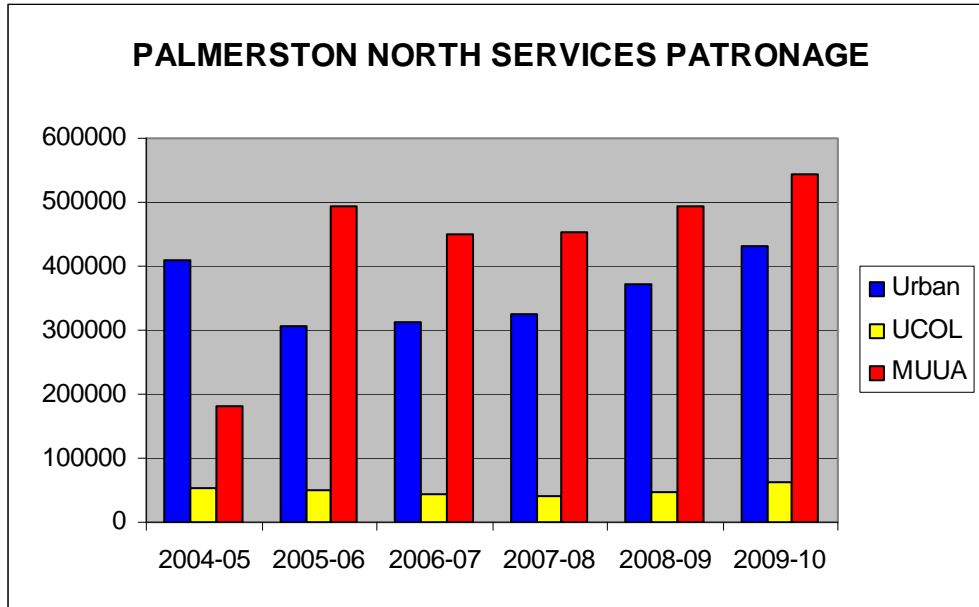


Figure 3: Annual patronage trends on Palmerston North bus services

ASHHURST BUS SERVICE

11. The Ashhurst bus service operated on Tuesdays, Thursdays and Saturdays until March 2009 when the service was re-tendered. The new three-year net contract operates Tuesdays and Thursdays only; however passengers are still able to access the Saturday service as it operates as part of the daily Transit Coachlines service from Masterton to Palmerston North. Transit Coachlines remains the service provider and operates the services at a cost of \$79.50 per day.
12. A total of 1,192 trips were made in 2009-10, a decrease from 1,689 in 2008-09. Average daily patronage remains consistent so the decrease is largely due to reduction to two days per week rather than three under the previous contract.

LINTON AND MASSEY LATE NIGHT SERVICES

13. The Linton part of this service operated year round on Friday and Saturday nights, while the Massey portion operates Thursday and Saturday nights during semester only. Massey University funds the local share of the Massey late night services so there is no cost to Horizons. The New Zealand Defence Force provided the local share of the Linton late night service, again meaning there was no cost to Horizons.
14. Members will recall that the Defence Force advised Horizons that they would like to cancel the running of the Linton Late Night portion of this service. The Police were informed of the Defence Force's withdrawal of this service and were satisfied that the measures taken to replace this service, such as reduced taxi fares through one of the local taxi companies, were adequate.

15. Patronage on the Massey portion of this service increased by 243 compared to 7,127 in the previous year. On the Linton service, 1,577 trips were made for the year until the termination of the contract in May 2010.

LINTON SHOPPERS SERVICE

16. In October 2008, the Defence Force formally requested a re-establishment of the shopper service that was dropped in 2002. A trial service was tendered for alongside the Linton/Massey late night services and in February 2009, this Committee accepted the tender price from Madge Coachlines of \$153.22 per day (gross). The trial commenced in April 2009.
17. At the May Passenger Transport Services Committee (PTSC) meeting the committee decided to cancel the service as soon as was practical, and the service was terminated in June 2010. During the 15 months of the trial a total of 679 passengers were carried.

FEILDING SERVICE

18. The service has been contracted by Horizons Regional Council to Tranzit Coachlines since January 2009. Two superlow floor wheelchair accessible vehicles are now available on the service
19. 82,978 trips were recorded on the service, an increase from 67,987 for 2008-09. The total cost of the service in 2009-10 was \$159,945. A 7.30 am overload service from Feilding to Palmerston North has been operating since May 2010 to facilitate increasing patronage and address overloading issues at this time of the day. This will continue during school terms to ensure that there is sufficient capacity to increase commuter patronage of the service.
20. A new road link between Airport Drive and Railway Road is now open and it is intended that the service continues from Bunnythorpe to Palmerston North via this link rather than using Kairanga-Bunnythorpe Road. This will allow the Feilding buses to pass near the airport and provides a bus service to businesses in Railway Road, the North East Industrial area etc., while removing a rural portion of the route where no passengers are collected. Palmerston North Airport Limited is supportive of this change and has agreed to allow the installation of bus stops along Airport Drive. The route change will take place as soon as the bus stops can be installed by Palmerston North City Council.

WANGANUI URBAN SERVICE

21. The bus service in Wanganui has been provided by Tranzit Coachlines under contract to Horizons since November 2000. The current five-year net contract has been in place since November 2005 and the total cost of the service in 2009-10 was \$301,390. The Wanganui Urban service contract is under review, the details of which are discussed elsewhere in this agenda.
22. A total of 122,379 trips were recorded on the Wanganui urban services during 2009-10 compared to 121,804 in 2008-09. Good growth was achieved in 2008-09 and this has been sustained throughout the 2009-10 year.

WANGANUI CASTLECLIFF SCHOOL SERVICE

23. This service has been contracted by Tranzit Coachlines since February 2008 at a daily price of \$218.23 (net). Passenger numbers have increased slightly from last year 21,117 to 22,288 for the year ending 2009-10. This service is being reviewed in conjunction with the Wanganui Urban review.

24. Information posters will again be distributed to schools in Wanganui at the commencement of the school year.

WANGANUI UCOL UNLIMITED ACCESS SCHEME

25. This service began operating in August 2003 and operates in the same way as the Palmerston North UCOL Unlimited Access Scheme. The price for this is now incorporated into the Wanganui Urban contract. In total, 14,279 free trips were made in 2009-10, an increase of 1,917 over the previous year.
26. The Scheme continues to be supported by UCOL and UCOL Students Association meaning there is no cost to Horizons for this free travel.

DURIE HILL ELEVATOR

27. The Durie Hill Elevator provides pedestrian and cycle transport from Anzac Parade to the top of Durie Hill in Wanganui. Wanganui District Council owns and maintains the elevator and contracts out the daily operation. 24,407 trips were taken on the elevator in 2009-10 compared to 26,117 in 2008-09. While there is some usage by tourists and sightseers, the majority of trips are taken by Durie Hill residents using the elevator as a form of public transport to access the town centre. The local share (cost after NZTA subsidy) of the cost of the service continues to be met by Wanganui District Council.
28. In summary, trips taken on all Wanganui public transport services supported by Horizons Regional Council totalled 183,353 at a total cost of \$369,505. Figure four below shows the patronage trends on all Wanganui services since 2004-05.

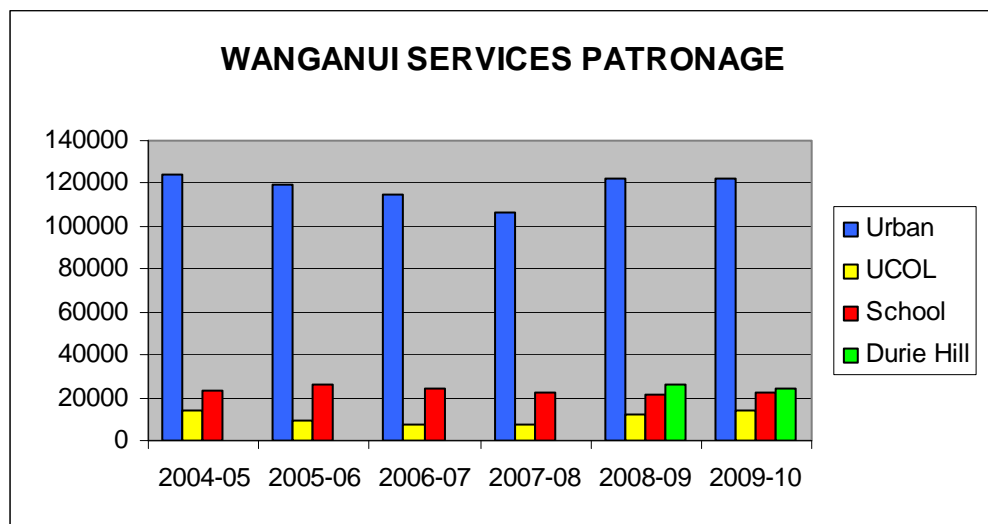


Figure 4: Annual Wanganui public transport services patronage trends

LEVIN URBAN SERVICE

29. This service operates on Thursdays on the eastern side of Levin. In January 2010, the urban bus services were reduced from two days to one day per week with a larger capacity bus replacing the transit van and adult fares were raised from \$1.50 to \$2 per trip. Madge Coachlines operate the service at a daily price of \$174.75 (gross).

30. Patronage on the service continues to decline, with 1,307 trips made in 2009-10 compared to 1,943 in 2008-09. A further review and recommendation on the future of this service will be brought to the next meeting of this committee.

LEVIN COMMUTER SERVICE

31. This service operates Monday to Friday between Levin and Palmerston North with stops at Foxton and Himatangi. The service was re-tendered in February 2010 and a three year gross contract awarded to Tranzit Coachlines at a daily cost of \$289.
32. Passenger numbers have declined with 6,944 trips made in 2009-10 compared to 9,969 in 2008-09. A promotional free week run in May carried a total of 218 passengers. Figure 5. below shows patronage on all Levin services since 2004-05.
33. A promotional flyer was distributed in the Horowhenua district to promote services supported by Horizons Regional Council, it is hoped this will raise awareness of services available. Further promotions of commuter services are planned in 2010-11.

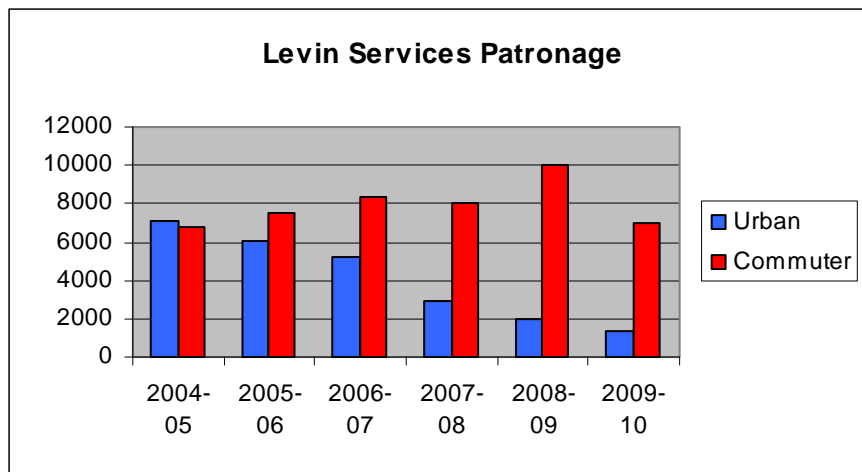


Figure 5: Annual Levin services patronage

MARTON COMMUTER SERVICE

34. This service operates between Marton and Palmerston North on weekdays with stops at Bulls, Sanson and Awahuri. This service was re-tendered in December 2009 and a three year gross contract awarded to Tranzit Coachlines at a daily price of \$200.
35. 3,868 trips were made on this service during 2009-10 at a total cost of \$37,922.00. Patronage has decreased by 513 compared to 2008-09. In 2008-09 considerable growth was achieved largely due to the rising costs of fuel. Now that fuel prices have dropped and remained relatively stable, patronage on the commuter service has dropped back to levels similar to that seen in 2007-08.
36. A promotional free week was run at the end of April carrying 106 passengers; Tranzit Coachlines also entered a float at the Marton Christmas Parade and distributed timetable and service information.

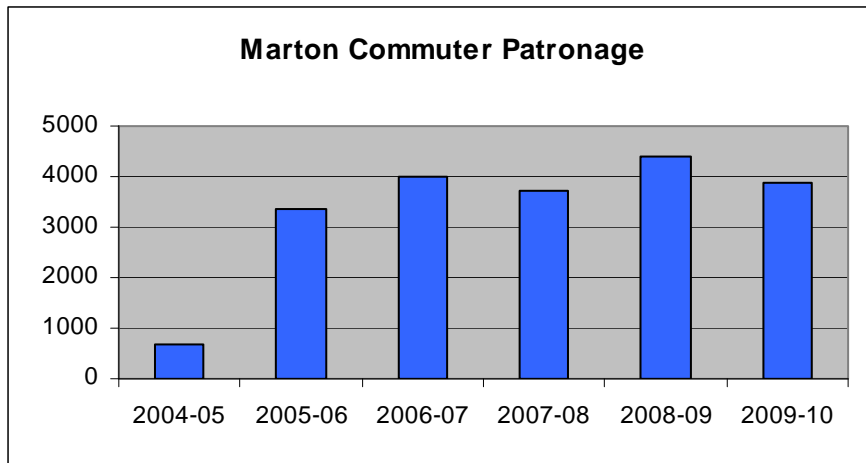


Figure 6: Annual Marton commuter service patronage

RAETIHI-OHAKUNE SERVICE

37. This service runs fortnightly, under a three-year contract awarded to Dempsey's Buses in September 2008. The contract cost is \$66 per day (net).
38. Passenger numbers on the service remain fairly static with 176 trips made in 2009-10 compared to 190 in 2008-09. Horizons provides the Raetihi information centre with posters outlining trip dates and information on the service on a regular basis.

FOXTON MOTOR COACH MUSEUM SERVICE

39. This service operates every Wednesday from Foxton to Foxton Beach and is run by Christina Little. Horizons supports the service by way of a concessionary fare agreement paying \$1.85 per eligible passenger carried (eligible passengers are school children, tertiary students, people over 65, holders of Community Services Cards and people with disabilities).
40. A total of 774 trips were made on the service up until May 2010, a slight decrease from 874 in 2008-09.

FOXTON BEACH COMMUNITY VAN SERVICE

41. The Foxton Beach Community Van provides transport to hospitals and clinics in Foxton, Levin and Palmerston North and is supported via a concessionary fare agreement with Horizons. The service is operated by volunteer drivers and receives a payment of \$1.85 for each passenger carried.
42. Officers met with Foxton Beach Community Centre and Horowhenua Health Shuttle representatives in June 2010 to see if the opportunity existed for the Foxton shuttle to act as a feeder service for the Horowhenua shuttle. Both groups indicated their willingness to work together as required and the service coordinators remain in contact.
43. A total of 989 trips were made in 2009-10 at a total cost of \$1,830. 1,530 trips were made in 2008-09.

LEVIN COMMUNITY VAN SERVICE

44. The Levin Community Van Service provides a service around Levin, taking passengers to the town centre for shopping two days per week. Until February 2008, it also ran a service to Palmerston North Hospital one day per week, however, it now feeds into the Horowhenua Health Shuttle. The service is subsidised via a concessionary fare payment of \$1 per passenger.
45. Patronage has declined during 2009-10, with 884 trips made on the service compared to 1,490 in 2008-09.

PRISONERS' AID AND REHABILITATION SOCIETY (PARS)

46. PARS is a non-profit organisation based in Palmerston North which assists prisoners and their families, both while in prison and upon release.
47. The concessionary fare payment per passenger is \$1.85 and in 2009-10, 775 trips were made at a cost of \$1,433. In 2008-09 a total of 685 trips were made.

SUPERGOLD CARD USAGE

48. In 2008, the government announced funding of \$18 million per year for four years for free off-peak bus, rail and ferry travel for SuperGold Card holders. The Scheme was launched on 1 October 2008 and the results per service are shown below.

Service	SuperGold Card Patronage (1 July 2009–30 June 2010)	Total Patronage (1 July 2009–30 June 2010)	Percent SuperGold Patronage (%)
Palmerston North Urban	46,660	431,670	10.8
Wanganui Urban	30,631	122,379	25.0
Feilding	4,825	82,978	5.8
Levin Urban	1,150	1,307	87.9
Ashhurst	394	1,192	33.0
Linton shoppers	212	630	33.6
Total	83,872	640,156	13.1

49. A review led by the New Zealand Transport Agency commenced early in 2009-10. The Ministry of Transport has now taken over the review process and a proposal from the Minister of Transport is expected in the near future. A verbal update may be able to be provided at the meeting.

SHELTER AND TIMETABLE INFORMATION INSTALLATION PROGRAMME

50. A total of 75 new timetable holders were installed across Palmerston North in 2009-10 at a cost of \$13,799.40. These holders have been placed at key stops on all routes and provide information on bus arrival times, fares and public holiday services. There are no immediate plans to install further timetable holders in Palmerston North as Palmerston North City Council has allocated funds for this purpose. Horizons will revert to shelter installation for the next financial year.

51. Funds have been allocated for a programme of timetable holder installation in Feilding during 2010-11.

RECOMMENDATIONS

52. That the Committee recommends that Council:
- a. **receives** the year end report on subsidised passenger services in the Region.

K Lowe
TRANSPORT PLANNER

D Webber
TRANSPORT OFFICER

A Significant decision? If Yes	N
Do recommendations meet Significance Policy (contained within the LTCCP)	

Item No: 7
Date: 17/08/2010
Report No: 10-123
File No: TTM 2 00

REVIEW OF TOTAL MOBILITY AND HEALTH SHUTTLE ACTIVITIES FOR 2009-10

PURPOSE

1. This report is to inform Members of the performance of subsidised services in 2009-10.

FINANCIAL IMPACT

2. The cost of passenger transport services was been accounted for in the 2009-10 budgets. All prices quoted in this report are GST exclusive unless otherwise stated. The cost for Total Mobility services referred to throughout this report is made up of up to 60 % New Zealand Transport Agency (NZTA) subsidy with concessionary fare schemes attracting a 50 % subsidy, with the remainder from local rates.

GENERAL UPDATE

3. Total Mobility schemes operate in seven towns within the Region with 5,598 people currently utilising the scheme, a net increase of 438 over the past financial year. There have been 973 ID cards issued to users over this period.
4. Each scheme has an advisory committee which is made up of assessors from disability agencies (57), taxi companies (10) and the Total Mobility co-ordinator. One assessor is independent.
5. In line with the recommendations from Phase 2 of the Total Mobility Review we have entered into contracts with assessment agencies and taxi companies.
6. The next step from the recommendations is to review the maximum subsidies in each area. We are currently gathering trip data from the taxi companies in order to determine the number of trips taken that exceed the existing subsidies.
7. Two taxi companies have closed over the past twelve months. Dannevirke Taxis and Manawatu Taxis. The closure of Dannevirke has had a significant impact on those residents who relied on the taxi service. However the affect has been mitigated by the Order of St John shuttle service which is providing transport to medical appointments.
8. Two suspensory loans were granted in the 09-10 financial year.
9. The flat rate payment, of \$10.00 to operators for each time a hoist is used was introduced in our region on 1 November 2007. The payment is to compensate operators for the increased costs associated with operating a hoist vehicle, vehicle replacement, dead running time, loading time (previously charged to the passenger) and ensures that people who require a hoist vehicle are not paying a higher tariff than other Total Mobility users. This payment comes from NZTA but is administered by regional councils.
10. In this financial year 16,806 hoist trips were made across the Region at a cost of \$149,405.00.

PALMERSTON NORTH TOTAL MOBILITY

11. 66822 passengers have been carried over the 2009-10 financial year, which is a decrease of 6390 on the same period last year. There are now 2,131 people using Total Mobility in the city, a net increase of 177 in the past year.
12. The average voucher subsidy is currently \$5.89 (including GST) an increase of 15c in the past year.
13. Palmerston North finished the financial year 9.09% under its budget of \$365,600.00, with \$22,478.00 spent on the purchase and installation of a new hoist for a van which previously only had a ramp.
14. The trend of fewer trips, steady growth in user numbers and increases in average voucher subsidies is one that we have seen repeated across most of the schemes in our Region this year.

WANGANUI TOTAL MOBILITY

15. Passenger trips in Wanganui have shown a slight increase from 39,548 in the 2008-2009 year to 39,865 in the last financial year.
16. The final expenditure for 2009-10 was \$173,467.00 from a total budget of \$209,000.00. Although \$20,000 had been earmarked for a hoist installation, there were no applications for suspensory loans from Wanganui, this year.
17. The average voucher subsidy also increased by 04 c to \$5.74 (including GST).
18. On the Wanganui scheme there are 1,415 current users which is a net increase of 130 people in the last 12 months.
19. Two companies operate in Wanganui with five mobility vans between them.

HOROWHENUA TOTAL MOBILITY

20. The Levin scheme finished the financial year 7.0% over its budget of \$113,400.00 with expenditure of \$121,543.00. The additional expenditure was for the purchase and installation of a replacement hoist.
21. Passenger trips in Levin also showed a decrease this year with 33,549 trips, down from 36,000 last year.
22. There are 977 people currently using the scheme in Levin which is a net increase of 77 in the past year.
23. The average vouchers subsidy has remained stable at \$3.80 (including GST) this year.

MANAWATU TOTAL MOBILITY

24. Feilding Total Mobility user numbers continue to show steady growth with 531 current users, a net increase of 58.
25. Expenditure for the year was \$46,932.00, which was 10.00 % below their budget of \$52,500.00.
26. The average voucher subsidy has reduced slightly from \$3.43 to \$3.26 (including GST).

27. Two taxi companies provide the service in Feilding, with one also providing a hoist service.

TAUMARUNUI TOTAL MOBILITY

28. Taumarunui passenger numbers showed a marked increase in 2009-2010 year increasing from 3588 to 5789.
29. Expenditure has shown a corresponding increase with expenditure of \$22,765.00 from a budget of \$23,100.
30. Taumarunui has 251 current users on the scheme, a net increase of 21 people in the past year.

RANGITIKEI TOTAL MOBILITY

31. The Marton scheme now has 161 users, an increase of 19 on the previous year and 2375 passenger trips were made in the 2009-2010 year. The average voucher subsidy was \$3.61 (inc. GST).
32. Expenditure for the year was \$7,903.05, which is 54% of the \$14,700.00 budgeted.
33. The Marton Taxi service is now owned by Taxis Palmerston North, with two drivers based permanently within the town.
34. Marton has had only one assessor for a number of years but the recent establishment of a branch of Wanganui Age Concern, in Marton, allows us the option of extending assessment services.

TARARUA TOTAL MOBILITY

35. In December 2009 the taxi service in Dannevirke closed down.
36. Expenditure for the 6 months of the 2009-10 financial year in which the service was operating was \$2078.00. 733 passenger trips were taken over this period with an average voucher subsidy of \$3.65 (including GST)

CONCESSIONARY FARE SCHEMES

TAUMARUNUI MOBILITY VAN TRUST

37. The Taumarunui Mobility Van Trust has been operating in and around Taumarunui since 1997 providing transport to medical appointments; day-care, school and physiotherapy for those people who need to use a hoist van.
38. The van is staffed by a number of volunteers and operates on a pre-booked system.
39. During the 2009-10 financial year 2426 passenger trips were made on the service up from 2111 the last financial year. Expenditure was \$8491, up from \$7388 in 2008-09.

HOROWHENUA HEALTH SHUTTLE

40. The instigation of a health shuttle, in February 2008, between Horowhenua and Palmerston North was the culmination of many years of planning, lobbying and fund raising by a committee of stakeholders whose vision was to provide a sustainable, economic and reliable health shuttle service between Horowhenua and Palmerston North.
41. The Trust operates two Transit vans and has recently purchased a new Toyota which brings the number of wheelchair enabled vehicles, to two. The addition of this second hoist van will make a significant reduction to the amount of time people, who use wheelchairs, will spend waiting at the hospital for return trips. The shuttles make an average of 5 trips per day to Palmerston North as well as transporting passengers to GP appointments between Levin, Foxton and Shannon.
42. The Trust now has 50 volunteers, who are either drivers, support staff or office staff.
43. Defibrillators have been purchased and are carried on each shuttle with staff/volunteers trained by staff from the DHB.
44. The Trust has negotiated with the PHO to move their base onto the PHO grounds. As well as a larger office space there will also be secure garaging for the vans.
45. In the 2009-10 financial year 7,755 trips were subsidised under the concessionary fare agreement at a cost of \$31,000.00. Trips which are funded through the health budget are not eligible for a subsidy under the Concessionary Fare Agreement.

ORDER OF ST JOHN FEILDING HEALTH SHUTTLE

46. The Order of St John operates a transport service for people with disabilities in Feilding and surrounding districts. It owns two vans equipped with wheelchair hoists. One of these is a Toyota Hiace van capable of carrying 2 wheelchairs or 10 people and the other is a Ford Transit van, which can carry 11 people or three wheelchairs.
47. St John has just taken delivery of a new van and it's their intention to utilize the van that has been replaced, in another area, possibly Otaki. The vans are making around 10 trips per day, Monday-Friday.
48. The service is well known in the area and doctors' referrals and word of mouth make for the vast majority of the clientele.
49. The 2009-10 year reflected the results of the previous year with 3271 passenger trips and expenditure of \$ 4530.00.

ORDER OF ST JOHN DANNEVIRKE HEALTH SHUTTLE

50. In February 2005, The Order of St John started a mobility service to assist the people of Tararua access medical appointments at Palmerston North Hospital and locally.
51. The concessionary fare payment was increased in the 2008-09 year to \$5.00 per trip for trips between Tararua and Palmerston North to compensate for the increased fuel costs. The subsidy for local trips remained at \$1.
52. With the closure of the Dannevirke taxi service this organisation has become even more vital by allowing residents to access medical services within Tararua and beyond.

53. After the instigation of the south Tararua shuttle in 2008, patronage on this service saw a slight reduction, however trips in the past financial year have again increased from 2170 to 2276 at a cost of \$10,864.00.

ORDER OF ST JOHN SOUTH TARARUA (BUSH) HEALTH SHUTTLE

54. The south Tararua shuttle service started operating out of Pahiatua in March 2008, and provides transport on an as required basis to Palmerston North Hospital and to medical appointments within Tararua.
55. Trips numbers have shown a steady increase as word of the service spreads with 2-3 trips to Palmerston North every day.
56. The service has recently taken delivery of a new van which has the capacity to carry 2 wheelchairs.
57. In this financial year the shuttle carried 1619 passengers, an increase of over 400 on the previous year, with an operating expenditure of \$5606.00.

RECOMMENDATIONS

58. That the Committee recommends that Council:
- a. **receives** the year end report for Total Mobility and health shuttle services in the Region.

V Patton
TOTAL MOBILITY COORDINATOR

A Significant decision? If Yes	N
Do recommendations meet Significance Policy (contained within the LTCCP)	

Item No: 8
Date: 17/08/2010
Report No: 10-124
File No: TPP 1 01

NEW ZEALAND TRANSPORT AGENCY FAREBOX RECOVERY POLICY UPDATE

PURPOSE

1. This report is to inform Members of the final New Zealand Transport Agency (NZTA) Farebox Recovery Policy.

FINANCIAL IMPACT

2. No financial impact as a result of this decision.

BACKGROUND

3. In November 2009, the NZTA Board instructed that a review was to be undertaken into national public transport farebox recovery ratios (the amount of revenue generated through fares as a proportion of the total operating cost of a service) to address the following concerns:
 - That public transport users contribute their fair share to the cost of providing services;
 - That the national farebox recovery ratio has been falling for a number of years and is forecast to decline (the current ratio is 46%);
 - The wide variation in regional authority approaches to farebox recovery policy;
 - Whether some regional authorities are being subsidised fairly based on their public transport performance;
 - That the NZTA is clearer on its expectations around the contribution public transport users should make to the cost of providing services; and
 - That the NZTA is more transparent in how it uses farebox recovery ratios when assessing funding applications.

A copy of the submission prepared on behalf of this committee is attached at Annex A.

THE NZTA FAREBOX RECOVERY POLICY

4. The NZTA adopted the final policy in April (Annex B) and has also released a fare policy decision making guide for regional councils to take into account when reviewing fare policies or fare structures.

5. Key points of note from the policy are:
- All regional councils must have a farebox recovery policy in their Regional Public Transport Plan (RPTP) by 1 January 2012 as a condition of funding approval. The policy must set a farebox recovery target or target range ratio and explain why the target has been chosen and how it will be applied.
 - The target should be achieved within three years of the date it was set, or by the end of the 2012-15 National Land Transport Programme (NLTP) cycle, or by agreement with NZTA.
 - The national ratio should be at least 50% by the end of the 2012-15 NLTP (currently 46%).
 - Regional councils must undertake at least annual fare price reviews and six-yearly fare structure reviews.
 - Regular performance reporting requirements to NZTA.
6. When developing the farebox recovery policy and target, it is important to consider that the cost of providing public transport services should be shared equitably between users, ratepayers and contributors to the national land transport fund. The policy should be consistent with central and local government fare and funding policies, and recognise the wider benefits of providing public transport services. It should also take into account the affordability of public transport for users, ratepayers and the likely funding available through the national land transport fund.

REGIONAL FAREBOX RECOVERY RATIO

7. Fares in most centres have not increased in a number of years as Horizons has attempted to keep the cost of travel competitive with private vehicle travel to encourage those who have other transport options to use the services.
8. The regional farebox recovery ratio for all services supported by Horizons in 2008-09 was 37.4% and increased to 40.3% in 2009-10. This has been achieved through the natural growth of some services, as well as planned service improvements in other areas. The GST increase in October 2010 and any changes resulting from the Ministry of Transport review of the SuperGold Card scheme¹ will however impact on future farebox ratios.

MEASURES TO INCREASE THE FAREBOX RATIO

9. There are a number of measures that regional councils can undertake to increase the farebox recovery ratio.
- a. Increase the average ticket price.

This can be achieved by revising the fare structure or raising the fare level. While this may result in some increase in the farebox ratio, increasing fares will usually result in some reduction in patronage as users shift to other more attractive methods of travel. The standard elasticity calculation is that for every unit of increase in fares, a -0.4% decrease in patronage occurs.

¹ Possible changes to the SuperGold Scheme include lowering the reimbursement rate (currently 75%). This has yet to be confirmed by the Ministry of Transport which is conducting a review into the scheme.

b. Improve service quality

This involves improving the public transport network of services, providing the opportunity for transfers, increasing frequency and service time and simplifying fare structures.

Service improvements have been made in Palmerston North and others are planned for Feilding and Wanganui (pending the outcome of the Wanganui service review in 2011).

Monthly passes are now available in Palmerston North which offer the regular user discounted travel on bulk trips. Free transfers introduced in 2008 have also contributed to a growth in services by removing cost barriers to passengers travelling across town.

c. Improving information availability and service marketing

This aims to raise awareness of services and also to target specific passenger types.

A programme of timetable information provision via printed timetables and stops and shelters and improved usage of the Horizons website is also underway which aims to increase awareness of services.

Better marketing and promotion of services can also increase patronage. Officers are currently working with the Communications and Promotions team to develop a series of promotional and marketing tools as part of the transport promotions strategy which aim to target current non-users of urban and commuter bus services.

WAY FORWARD

10. NZTA staff are available to assist councils in determining any potential changes in patronage as a result of increasing fares. The NZTA is also encouraging regional councils to undertake planned, small and regular fare reviews rather than sporadic and large changes to reduce potential impacts on passenger demand.
11. Members will recall that the Regional Public Transport Plan (RPTP) is due to be adopted by this committee in November 2011. The draft RPTP will contain a farebox recovery policy as required by NZTA as well as policies relating to fare levels and structures made which the public will have the opportunity to comment on through the consultation process.
12. In order to ensure that the potential effects of any future fare changes are well understood before any changes are made, it is proposed that officers commence a region-wide in depth review of fare structures and levels as part of the RPTP review and develop a programme of fare reviews as required.

RECOMMENDATIONS

13. That the Committee recommends that Council:
- a. **receives** Report No. 10-124 on the New Zealand Transport Agency Farebox Recovery Policy; and
 - b. **instructs** officers to undertake a region-wide review of fare structures as part of the Regional Public Transport Plan review.

K Lowe
TRANSPORT PLANNER

ANNEX

- A Copy of submission to NZTA Draft Farebox Recovery Policy November 2009
B NZTA Farebox Recovery Policy

30 November 2009



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Dear Chad

SUBMISSION ON NEW ZEALAND TRANSPORT AGENCY (NZTA) DRAFT FAREBOX RECOVERY POLICY

Thank you for the opportunity to comment on the above. Some general comments are set out below, followed by an attachment with more specific comments in response to the NZTA consultation questions.

Horizons are concerned about the lack of evidence the NZTA has to support the proposed policy. The policy aims to improve the effectiveness and efficiency of public transport services yet does not acknowledge that operators and councils are continually seeking to improve efficiency and patronage. The policy also seeks to ensure that the costs of providing a service are fairly apportioned between users and non-users but provides no evidence as to what a 'fair' amount should be. We strongly urge NZTA to undertake the necessary research before councils are required to set a farebox recovery ratio target, so that the targets can be based on solid evidence and best practice.

In setting a target, regions must be given flexibility to reflect the varying circumstances and nature of services in the region. The proposed option one (where each council sets their own target) seems the preferable option in that it will take into account these regional variances. We would prefer to set a range target rather than a single figure which will allow the region to do tradeoffs between poor and better performing services which fits within the current bulk funding model. It is important that the NZTA takes into account that setting of the target and funding of transport services is a three-way partnership between user, ratepayer and central government, not just an agreement between councils and the NZTA as the policy implies.

There are also timing issues associated with the proposed policy. The policy must first be incorporated into the regional public transport plan which is subject to a lengthy consultation and development process. Following this the farebox recovery ratio must be calculated which cannot be completed until the end of year. If the target is then not met, the intervention hierarchy must be applied, the effects of which will take years to see. The policy is silent on what happens if the target is still not met and what the impact on subsidy will be but councils need to have surety to plan for the impacts on budgets.

Kairanga

Marton

Palmerston North

Taihape

Taumarunui

Wanganui

Woodville

Thank you once again for the opportunity to submit. Please do not hesitate to contact Kelly Lowe on (06) 9522 869 or kelly.lowe@horizons.govt.nz should you wish to discuss this further.

Yours sincerely



Vern Chettleburgh
CHAIR, HORIZONS PASSENGER TRANSPORT SUBCOMMITTEE



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NZTA Consultation Questions

Question 1 Are the objectives and principles appropriate? If not, why not?

The policy aims to improve the effectiveness and efficiency of public transport services. Regional authorities and operators constantly strive to make services more efficient however, a service can be running efficiently and still have a low farebox recovery rate, and this would be the case in smaller services which are provided primarily for social reasons rather than economic (i.e. easing congestion).

The other policy objective is to ensure that the costs and benefits of public transport services are fairly apportioned between users and non-users. Research is required to determine what a "fair" contribution may be before the NZTA policy is progressed further. There is no evidence to support requiring higher farebox recovery rates and the rationale behind the proposed 50 % figure for Auckland, Wellington and Canterbury? What is an appropriate ratio in regions such as Horizons, Hawkes Bay and Taranaki which have one or two urban services and the remainder largely community focused social services?

Question 2 Are there any objectives or principles that should be added, amended or deleted? If so, what are your suggested changes?

See question one.

Question 3 Is the content required for the policies appropriate? If not, why not?

The Public Transport Management Act requires regional councils to be satisfied that the public transport plan contributes to the aims of the Land Transport Management Act (LTMA) and takes into account the relevant GPS. As the policy is required to be included in the regional public transport plan, we feel that it is not necessary to reiterate the contribution the policy makes to the LTMA objectives and the GPS as this will be clearly outlined within the plan.

Question 4 What should be included or excluded?

As per question four, the contribution the policy makes to the LTMA objectives and GPS should be excluded.

Question 5 What of the two suggested options should be included in section 3, and why?

We would like to see some research conducted into optimal fare and subsidy settings nationally before the NZTA policy is progressed further. There is no evidence to support requiring higher farebox recovery rates and the rationale behind the proposed 50% figure for Auckland, Wellington and Canterbury? What is an appropriate ratio in regions such as Horizons, Hawkes Bay and Taranaki which have one or two urban services and the remainder largely community focused social services? As most regional councils currently have a farebox recovery policy, we question the need for a national policy to be put in place.

With regards to option two, Wellington is currently achieving a ratio in excess of 50 % while Canterbury may struggle to move from 41.1 % in 2007-08 to the proposed 50%. All regions should have a target ratio that reflects the different circumstances and nature of services in each region.

In setting a target, regions should have the option to set a range target rather than a single figure. This will give some flexibility to allow smaller social services to continue to be provided to the community.

As the policy will be included in the regional public transport plan, we would like some clarification on the process if a community determines (through the consultation process as required under legislation) that it is willing pay 'X' for a

service while NZTA believes that the contribution should be 'Y'. If users contribute 40 % of the cost of a service, the remaining 60% comes from rates and NZTA subsidy so in effect, the NZTA subsidises only 30% of the cost of providing a service. It is therefore important to remember that the funding principle is a three-way arrangement between user, ratepayer and central government and that regional authorities are required to consider the needs and willingness to pay of the community when setting fares and rates.

Question 6 Is a 50 percent farebox recovery ratio target for Auckland, Wellington and Canterbury appropriate? Why?

As per question five, we would like to see research conducted into optimal fare and subsidy settings before the NZTA policy is progressed further to determine the rationale behind the proposed 50 % figure.

Question 7 Is it appropriate for all regional authorities to set a farebox recovery ratio target? Why?

Yes, as long as there is flexibility in target setting and the target reflects the different circumstances and nature of services in each region.

Section four sets out an intervention hierarchy that should be applied to increase the farebox recovery ratio. While these measures can be used partially to increase patronage, patronage and farebox recovery are heavily influenced by factors that are out of the control of regional authorities such as fuel prices, population growth and new housing development. As an example, in 2008-09, 8.02% of costs paid out to the operator of the Palmerston North network were for inflationary payments. This has lowered our farebox recovery ratio. These factors must be taken into account when setting targets.

The policy is silent on what happens if a region does not meet the ratio target. It is not clear when the intervention hierarchy is to be implemented and how much time will be allowed to see if the measures work.

Question 8 Are the proposed operating principles appropriate? Why?

The intervention hierarchy set out under the proposed operating principles seems appropriate however we would like clarification on the timeframes that will be given to allow regional authorities to apply the hierarchy and meet the target ratio.

Under the intervention hierarchy, regional authorities are expected to consider whether the networks are operating as efficiently as they could be. To review services, implement changes and determine the impact of these changes on farebox recovery will take time. Secondly, we are required to improve patronage by improving service or information quality and introducing simplified fare and ticketing structures. Again, this will take time to implement and see results. The last step is to increase fares. In the case of the smaller services provided primarily for social reasons, this would almost certainly result in a decline in patronage.

Failing this, regional would have to cancel marginal services (those outside the urban areas) yet regional authorities and the NZTA have a legal requirement to take into account the needs of the transport disadvantaged in the regional public transport plan and when preparing funding programmes. Many services in our region are provided for social reasons and primarily for the transport disadvantaged. It is unclear how the policy will take this into account.

Question 9 Are there any principles missing that should be included?

No but we would like further clarification on the implementation of those proposed (see question eight).

Question 10 Given the information available to regional councils; is the proposed formula for calculating the farebox recovery ratio appropriate? If not, how would you calculate it?

Yes, the proposed formula is appropriate.

Under section 14 of the Public Transport Management Act, regional councils are now able to require information from commercial operators. This information is essential to gaining an understanding of the network as whole.

Question 11 Does your regional council currently receive revenue data from commercial services? The Public Transport Management Act 2008 provides for regional authorities to obtain this data, but if you do not, what are the barriers that prevent you from doing so?

We do not currently collect revenue data from commercial services but under the amended Public Transport Management Act, we will endeavour to do so. We would like some clarification on what is included under the definition of commercial services – does this include inter-regional, long distance services?

Question 12 In the absence of commercial service farebox revenue data, is the alternative method for calculating commercial services' farebox revenue appropriate (commercial services patronage × average fare on contracted services)? If not, how should it be calculated?

Yes, this is an appropriate method in the absence of commercial data.

Question 13 Do you think SuperGold card revenue should be treated as fare revenue? Why?

Yes, as the subsidy from central government is in lieu of fares that would normally have been paid by card holders it is logical to treat this as a type of fare revenue.

Contributions from Universities and Polytechnics to allow free travel schemes for staff and students should also be treated as fare revenue.

Question 14 Please identify any difficulties in calculating operating subsidies across regions, including rail contract payments.

There must be clear guidance provided to regional authorities to determine what is included in "operating costs" and what is to be excluded. Capital costs for bus services are included in our council contracts but as we understand it, rail capital costs, council administration costs or costs associated with real-time information systems, integrated ticketing etc are not included in any farebox recovery calculations across the country.

Question 15 In future iterations of the policy, should other system operations and maintenance costs and administration costs be included in the farebox recovery ratio formula? Why?

No, this would be very complex to work out for very little gain. Regional authorities like Horizons have limited resources and this would add another layer of complexity to what information is already required by the NZTA for funding claims and reporting.

There does need to be some clear guidance from the NZTA if the policy is to go ahead on determining what is included in operations and maintenance costs and what is to be excluded. As an example, some regions cover the costs of ticketing systems while in the Horizons region, this is incorporated into the contract costs. Rail capital costs are funded separately in the Wellington region, while for most bus contracts; capital costs are included in the contract price. There is a need to ensure

that there is consistency in the way the formula is applied, particularly if the NZTA is going to compare the performance of regional authorities across the country when assessing funding applications.

Question 16 In future iterations of the policy, should public transport capital expenditure associated with the long-run replacement of assets be included in the farebox recovery ratio formula? For ARTA and Greater Wellington Regional Council: Please comment regarding rail specifically.

This should also be included as operating costs on most contracts will include depreciation of major assets. Where rolling stock is to be owned by the Council under a separate arrangement, then only including contract operation costs does not give a full picture of the cost of the service. Where the operator owns the fleet (as in our case) we are paying for the depreciation of the assets through our contract price - therefore other regions appear to have a better farebox recovery ratio.

Question 17 Are the proposed fare review requirements appropriate? Why?

Yes, the proposed review requirements seem appropriate as long as regional authorities are supported with extra funding to cover administrative costs associated with this.

Question 18 Are the proposed reporting requirements appropriate? Why?

The policy requires regional authorities to provide information to NZTA on b) the aggregate farebox recovery ratio for each centre within an organisation's region and d) the farebox recovery ratio and services where the ratio is falling below 25 percent.

If regions are to set a ratio target that is for the network as a whole, then reporting to NZTA should be on the network as a whole. Regions should monitor individual services and have the flexibility within the ratio target to have some services performing below target as long as the overall target is met.

Question 19 Should the NZTA monitor services that are not achieving a farebox recovery ratio of 25 percent? Why?

No. In setting a target for the network of services, regional authorities should have the flexibility to set a target range that reflects the difference circumstances and nature of each of the services. NZTA should look at the region's farebox recovery ratio as a whole and it should be up to the region to do tradeoffs between poor and better performing services, which fits within the current bulk funding model. To have NZTA involve itself on an individual service basis would be totally unworkable, expensive and at odds with the current funding model for core services.

Question 20 Should the NZTA research optimal fare and subsidy settings for public transport systems in New Zealand? Why?

Yes. This should be done before any further work on a national policy is undertaken. It is important for the NZTA and regional authorities to understand what an optimal fare should be before policies are developed. What is the rationale behind the proposed 50% figure for Auckland, Wellington and Canterbury? What is an appropriate ratio in regions such as Horizons, Hawkes Bay and Taranaki which have one or two urban services and the remainder largely community focused social services?

Question 21 Are there any other issues with the draft policy?

It is important to ensure that there is consistency across the country in the way the policy is applied and that the same factors are included when determining operating costs (see questions 14-16).

Question 22 Does the draft policy enable regional councils to fulfil their obligations under the Local Government Act 2002?

Yes.

Question 23 How will regional councils and ARTA implement this policy? How long will this take? (See section 1.12.)

If required, the policy will be incorporated into the regional public transport plan review, commencing late 2009.

Question 24 What do you consider to be the relationship between developing commercial services, where possible, and farebox recovery? (See section 1.6.2.)

See question 25.

Question 25 Do you think increasing the number of commercial services would help improve your farebox recovery ratio? If not, why not?

Increasing the number of commercial services may not necessarily increase the farebox recovery ratio. Commercial operators may cherry pick only the most profitable services, leaving regional authorities to contract the remaining less profitable services (where there is a need) which would actually decrease the farebox recovery ratio.

National Farebox Recovery Policy

Introduction

The NZTA has adopted a National Farebox Recovery Policy following consultation with approved organisations and other stakeholders. The main features of this policy are:

With respect to the NZTA's advocacy role

1. The NZTA's desire is to work collaboratively with regional councils to achieve a national farebox recovery ratio of no less than 50 percent in the medium term¹.
2. Regional councils should aim to achieve the farebox recovery ratio target within three years from the date it has been set as part of the regional council's new or revised RPTP or no later than the end of the 2012/13 – 2015/16 NLTP, or as otherwise agreed with the NZTA.
3. There should be regular fare price reviews and six yearly reviews of fare structures.

With respect to the NZTA's guidance role

4. The farebox recovery policy conforms to the requirements set out in the NZTA's national farebox recovery policy.
5. All regional councils should set a farebox recovery ratio target or target range for the public transport system as a whole and for each mode (where applicable) as part of their policy.
6. The regional farebox recovery policy should explain why the target/target range has been chosen, and how it will be applied, as well as how the policy contributes to the RPTP, RLTS, GPS and LTMA.
7. The farebox recovery policy will include a strategy describing how the target will be achieved and the timeframe for doing so.
8. The farebox recovery ratio will be calculated according to a standard formula developed by the NZTA (refer to the full policy).
9. There will be regular reporting to the NZTA for calculating the farebox recovery ratio performance of each region, by system and by mode.

With respect to the NZTA's funding policy

10. As a condition of funding approval, all regional councils will have a farebox recovery policy in place as part of their adopted RPTP.
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¹ Within two cycles of the NLTP.

The NZTA will formally engage with each regional council at the pre-consultation draft RPTP stage and also by making a final submission on the consultation draft Plan as per the consultation processes outlined in the Public Transport Management Act 2008.

NZTA expectations regarding the farebox recovery policies of regional councils

National farebox recovery policy objective

The objective of the NZTA's national farebox recovery policy is:

'to work collaboratively with our regional partners to assist them to establish a farebox recovery policy that provides for an equitable sharing of costs, that recognises that fares should reflect the private benefits that users of public transport receive, while subsidies should reflect the 'spill over' benefits to the road users, the wider community and for the environment, having regard to the objectives and circumstances of their region.'

Principles and guidelines

It is expected that any gains in farebox recovery ratios from recent or upcoming network or service improvements or reviews can take – depending on the scale of the changes – some years to materialise.

The NZTA expects regional councils to consider the following principles when developing farebox recovery policy and farebox recovery ratio targets:

- Fares should reflect the level of private benefits that users receive from public transport, while subsidy levels should reflect the 'spill over' benefit to the road users, ratepayers and the wider community, environment and economy.
- The cost of providing public transport services should be shared equitably between users, ratepayers and contributors to the National Land Transport Fund.
- Farebox recovery policies should be consistent with central and local government fare and funding policies, and recognise the wider benefits of public transport.
- Farebox recovery policies should reflect the community's desire to meet social needs, including the provision of services for the transport disadvantaged, and the willingness of affected communities to pay.
- Farebox recovery policies should not be the only driver of the pricing of fares, but be part of a wider assessment of all of the relevant factors when reviewing fares.

High-level considerations when developing a farebox recovery policy

The NZTA expects regional councils to consider a number of high level considerations when developing their farebox recovery policies. These include:

- how public transport fits into regional strategies including the growth strategy, land use policies and the Regional Land Transport Strategy
 - the maturity of the public transport system, infrastructure and quality of the vehicles
 - the historical farebox recovery ratio performance
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- the history of fare changes
 - the relativities between modes
 - the procurement strategy (net versus gross contracts eg who benefits from increased fare revenue)
 - the proposed investment in public transport infrastructure, services and vehicles
 - the affordability of public transport for public transport users, ratepayers and the likely funding available in the NLTP.
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Definition of 'equitable' in the farebox recovery policy objective

'Equitable' means that having weighed and taken into account all of the relevant factors a result which, on balance achieves the fairest overall outcome, accepting that that may result in a degree of 'unfairness' to one or more parties.

Process for determining what is equitable

The NZTA expects that the process for developing a farebox recovery policy, including weighing and accounting for 'relevant factors' will be completed as part of the development or review of a region's Regional Public Transport Plan (RPTP). The NZTA will formally engage with each regional council at the pre-consultation draft RPTP stage and also by making a final submission on the consultation draft Plan as per the consultation processes outlined in the Public Transport Management Act 2008.

The NZTA expects that the factors of interest to the NZTA will be considered by the regional council as part of the farebox recovery policy development, within the context of developing the RPTP.

Where the NZTA's funding and farebox policy expectations connect

While the NZTA acknowledges the importance of regional councils having to consider a wide range of factors, factors of interest to the NZTA regarding its funding policy objective typically relate to maintaining or growing patronage, particularly where it reduces congestion and supports economic growth and productivity, with the same or less resources (see funding policy section of this policy below). In other words, the objective from the NZTA's funding perspective is to focus more attention on improving efficiency, through the RPTP, the development of farebox recovery policies, and through monitoring, than has been the case in the last eight years (the last eight years have been focused on growing total patronage, with less emphasis on improving efficiency). Factors of interest to the NZTA (among other things) include the following measures and trends:

- Farebox recovery ratios (national and by region) and farebox recovery ratios by mode (national and by region).
 - Subsidy per passenger/per passenger kilometre.²
 - Revenue per passenger/per passenger kilometre.
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² 'Passenger kilometres' is the ideal measure of output. However, the NZTA recognises that there are some limitations and inconsistencies in the measurement of passenger kilometres, and therefore we will take into consideration the data that is the most reliable for the purpose.

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- Patronage growth.
 - Changes in operating costs (eg total operating cost per passenger/passenger kilometre (includes fares and subsidies)).

While the farebox recovery policy and the ratio target are set in consultation with the NZTA, by the communities (through regional councils), the NZTA may impose any 'relevant and reasonable' conditions in accordance with section 20B of the LTMA. Any conditions the NZTA imposes in respect to funding public transport activities, will be likely (depending on the individual circumstances of each regional council) to link back to these expectations (among other things).

The NZTA is currently developing research that will work towards an evidence base and methodological framework that can be used by regional councils to help inform decisions made on what constitutes an equitable distribution of costs.

Farebox recovery policy content

A farebox recovery policy must at a minimum include the following:

- A statement of the contribution it makes to the LTMA, GPS, RLTS and RPTP.³
- A farebox recovery ratio target or target range in accordance with the 'Farebox recovery ratio target' section below.
- An explanation of why a particular farebox recovery ratio target or target range has been chosen, and how it will be applied, eg its role and assessment in fare reviews, planning and monitoring.
- How the regional council plans to reach that target, together with any milestones to measure progress.
- Any relevant transition period.

Total mobility services are outside the scope of this policy.

Farebox recovery ratio target

- Regional councils must set a farebox recovery ratio target for the public transport system as a whole.
 - Behind the overall 'system' target there must be separate targets set for each mode (where relevant/appropriate).
 - Regional councils may set a target range rather than a single target figure.
 - The target must be consistent with the objectives and principles of this Policy.
 - Farebox recovery ratio performance should be reviewed regularly (ie at least yearly).
 - The farebox recovery ratio target must be reviewed with each review of the RPTP.
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³ We do not expect a detailed explanation of how the policy meets or does not meet each and every objective of the LTMA, GPS, RLTS and RPTP, but rather a simple summary of how the policy contributes to the RPTP and the objectives of the RLTS, and the responsibilities of regional councils under the law, and any relevant operating conditions such as funding pressures.

Improving farebox recovery ratios

Comment

The following variables can be used in any order or combination depending on the circumstances to improve farebox recovery ratios. However, before consideration is given to changing fare structures/prices, and in order to limit the potential negative impact from fare increases, it is useful to focus on:

- whether any further operating efficiencies ('doing more with the same or less resources') can be made, and/or

whether support can be obtained to develop initiatives designed to increase patronage or remove/mitigate the impediments to increasing patronage.

Farebox recovery ratio formula

The farebox recovery ratio (FRR) must be calculated using the formula below:

$$FRR = (F_T + S_3) / (F_N + S_T)$$

Definitions and data requirements	
Item	Notes
Farebox revenues	
F_N Farebox revenues	Farebox revenues – net contract + commercial services
F_G Farebox revenues	Farebox revenues – gross contract services
F_T Total farebox revenues	$F_N + F_G$
Operating subsidies	Cover total payments to operators, from whatever source (apart from farebox)
S_1 Contract payments	Contracted services
S_2 Concession fare payments	Contracted and commercial services (as applicable)
S_3 SuperGold card payments	Contracted and commercial services
S_T Total subsidy payments	$S_1 + S_2 + S_3$

NOTES

Issue	Notes
Operating subsidies	As direct cost information is not generally available, operator incomes (from farebox revenue and public funding) are used as a proxy for operator costs, including profit margins.
SuperGold card revenue	Treated as fare revenue. It is Crown support to SuperGold card holders to replace the fares they would have paid on public transport services.

Other sources of revenue to cover fares	Contributions from businesses/organisations to cover fares are to be included as farebox revenues, but should be identified separately where feasible in LTP Online. Examples include: Massey University scheme which uses campus parking fees to cover 'free' services for students, regional council or operator agrees with employers to a set price for monthly/yearly passes.
Free services	Are services provided free of charge to the user, and are included in the description of services in the RPTP. Must be included in 'contract payments'.
Commercial service	In addition to the legal definition, and to avoid doubt, a commercial service is also a service that is included in the description of services in a RPTP.
Commercial services' farebox revenue	Can be obtained from operators using section 14 of the Public Transport Management Act 2008. Alternatively, this can be calculated by: commercial services patronage × average fare on contracted services.
School services funded by regional authorities	Are to be included in S ₁ 'contract payments'.
GST	All farebox revenues and operating subsidies figures must be GST exclusive.

The farebox recovery policy must set out how the regional councils will obtain data on the relevant commercial services operating in their jurisdiction (eg section 14 of the Public Transport Management Act 2008).

Fare reviews

Regional councils must (at a minimum):

- annually review fare price levels, discounts, concessions and ticket types within the existing fare structure
- review fare structures at a minimum approximately once every six years or to coincide with RLTS and/or LTCCP reviews.

Nothing in this policy compels regional councils to increase average fare prices on an annual basis.

It is desirable that any changes to fare price levels be managed incrementally to minimise the impact of the price elasticity of demand.

Reporting

The farebox recovery policy must provide for the necessary information to allow the NZTA to calculate (on an annual basis):

- the aggregate farebox recovery ratio across the organisation's public transport system(s), and

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- farebox recovery ratio by mode (ie bus, rail and ferry).

The NZTA will calculate the farebox recovery ratio for each region, but regional councils may opt to report on the performance of 'distinctly separate' public transport systems separately, if identified as separate systems in the RPTP.

'Distinctly separate' means physically separate systems in different centres and/or which are financially separate eg if the local share is funded by a different set of ratepayers.

Data is to be provided in raw form – the NZTA will set up a formula for the calculation – as part of the normal LTP online annual reporting process.

NZTA funding policy related to the farebox recovery policies of regional councils

Introduction to funding policy section

Given the NZTA's responsibilities to evaluate activities and allocate NLTP funds, regional councils' responsibilities to plan, procure and manage public transport services, including the contribution from public transport users through fares and rates, it is necessary to separate the NZTA's funding policy (which governs how the NZTA makes decisions in relation to its obligations under the relevant legislation) from the NZTA's expectations regarding the farebox recovery policies of regional councils, and clarify where the policies connect.

Funding policy objective

The NZTA's funding objective with respect to the farebox recovery policies of regional councils is:

'to achieve better value for money from public transport services and infrastructure by seeking to maintain or grow patronage, particularly where it reduces congestion and supports economic growth and productivity, with the same or less resources.'

Comment:

The objective should not be interpreted as the NZTA planning to cap the subsidy provided for public transport services and infrastructure to a fixed dollar amount, rather that the NZTA is seeking to maximise the benefit from the resources used in meeting the needs of the NZTA and the other parties involved.

Funding policy

The NZTA intends that (subject to any relevant individual regional circumstances of a regional council), public transport services funding sourced from the National Land Transport Fund will be subject to conditions such as:

- regional councils have a farebox recovery policy in place for public transport services (ie the NZTA expects all regional councils to have a farebox recovery policy in place as part of their RPTP or revised RPTP by 1 January 2012).
 - the farebox recovery policy conforms to the requirements set out in the NZTA's national farebox recovery policy contained in this Manual, and cross-referenced in the NZTA's RPTP guidelines.
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- regional councils will aim to achieve the farebox recovery ratio target within three years from the date it has been set as part of the regional council's new or revised RPTP or no later than the end of the 2012/13 – 2015/16 NLTP, or as otherwise agreed with the NZTA.

Comment:

The NZTA has determined that one important measure of 'value for money' will be the achievement of a national farebox recovery ratio of no less than 50 percent in the medium term. The NZTA will work collaboratively with each regional council to achieve an equitable farebox recovery ratio with the objective of the achievement of the national target.

Funding decisions

Comment

While the NZTA will consider farebox recovery performance as part of its funding allocation methodology, as it does now, it will not be the only criterion of any funding decisions relating to the next National Land Transport Programme (NLTP). The NZTA will continue to make its decisions on the basis of a range of criteria under the strategic fit, effectiveness and efficiency categories, as well as an assessment of affordability.

However, increased attention will be given to evidence of better or worse value for money from public transport services and infrastructure over the course of this and the next NLTP and the performance of regional councils against any relevant targets, including the farebox recovery ratio target. If any issues arise, the NZTA will work with regional councils in the first instance, but the NZTA retains the ability to set funding conditions or levels (funding assistance rates) where appropriate. As part of the development of the public transport funding assistance policy we will develop a clear position on the level of funding to be provided in circumstances where the NZTA disagrees with the farebox recovery policy that has been established.

The NZTA is also investigating other funding processes that may better target the NLTP resources according to the outcomes sought by the government (eg congestion reduction, more efficient transport systems and increased commercialisation). The NZTA will, as appropriate, consult with the sector should any proposals for change eventuate. The NZTA acknowledges that any funding process changes are unlikely to be implemented by the end of the current NLTP, but it is our intention to at least complete the investigation within the current NLTP period.

Interpretation

ARTA means the Auckland Regional Transport Authority of the Local Government (Auckland) Amendment Act 2004. Reference to ARTA in this document includes any successor organisation to ARTA.

Farebox means the revenue collected from tickets (cash, prepaid, passes and electronic purses) purchased by travellers of a public transport system and includes SuperGold card revenue.

Farebox recovery ratio measures the contribution fares make to the cost of providing public transport services, and is typically expressed as a percentage, and is based on the formula set out in the 'Farebox recovery ratio formula' section of this policy.

Farebox recovery policy means a policy adopted by a regional council complying with this policy.

Fare structure is the structural approach taken to fares and the specific fare levels. It refers to a flat or distance-based structure, with consideration for zones, sectors, trip kilometres or point-to-point fares. Further differentiation within a fare structure could be different fares for different times of the day, different levels of service, or fares designed to cater for a particular market such as tourists.

Regional council means a regional council within the meaning of the Local Government Act 2002, and includes ARTA, and any territorial authority to which a regional council has transferred the functions, powers, and duties of a regional council under the PTMA, and a unitary authority but excludes the Auckland Regional Council and the Waikato Regional Council (in respect of that part of its region within Franklin District).

Other terms used in the National Farebox Recovery Policy section of this document have the same meaning as in section 4 'Interpretation' of the Public Transport Management Act 2008.

Amendments to existing policy

The *Planning, programming and funding manual* (PPFM) contains the NZTA's policies, some of which apply to public transport. The NZTA's national farebox recovery policy will have a bearing on some of these. These are listed below together with the way the national farebox recovery policy will be taken into account when the PPFM is updated.

- Pg B1-15 - The NZTA's Strategic Investment Direction, section 4 Public transport services. Add reference to the NZTA's national farebox recovery policy
 - Pg C6-3 – Applications for a public transport programme – Parts of a Public Transport Programme. Delete the word 'contracted' from in front of the word 'fares' in the section Passenger transport statistics and again in the section Supporting information.
 - Pg C6-4 - Data for passenger transport services – Passenger transport statistics - Group Details. Delete the word 'known' from in front of the word 'commercial' in two places and delete the word 'known' from in front of the word 'fares'. Amend the words 'Farebox recovery' to read 'Farebox revenue'.
 - Pg E5-17 - E5.11 Passenger transport statistics, continued. Reference will be made to the NZTA's farebox recovery policy under each mode. Amend the wording after 'financial information (fares received on contracted and contracted school services)' by including the word 'commercial' ahead of 'contracted' in each mode.
 - Pg E5-21 - Passenger transport statistics. Add reference to the NZTA's national farebox recovery policy.
 - Pg G1-12 - Guidance on strategic fit rating. Add reference to the NZTA's national farebox recovery policy.
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- Pg G9-6 - Passenger transport programme: strategic fit. Add reference to the NZTA's national farebox recovery policy.
 - Pg G9-8 - Passenger transport programme: economic efficiency. Add reference to the NZTA's national farebox recovery policy.
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A Significant decision? If Yes	N
Do recommendations meet Significance Policy (contained within the LTCCP)	

Item No: 9
Date: 17/08/2010
Report No: 10-125
File No: TPP 1 01

UPDATE ON PASSENGER RAIL DEVELOPMENTS

PURPOSE

1. This report is to inform Members of the investigation into Horizons' long-term role in passenger rail services should the daily Capital Connection rail service between Palmerston North and Wellington become commercially unviable.

FINANCIAL IMPACT

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

BACKGROUND

3. Members will be aware that at the March 2010 Regional Transport Committee (RTC) meeting a subcommittee was established to investigate Horizons' long-term commitment to passenger rail services.
4. The subcommittee met for the first time on 15 April 2010 and endorsed a two-phase strategic study to look into the long term viability of passenger rail services in the Region.
5. Stage one will define and determine the broad social, environmental and economic benefits of regular passenger rail services in the lower Horizons Region (broadly encompassing the Palmerston North, Manawatu, Rangitikei, Tararua and Horowhenua districts) against the investment required to ensure a 50-year commitment to the provision of such services.
6. Should the first stage of the study conclude that the RTC does have a part to play in the provision of passenger rail long-term, then the second stage of the study will determine the RTC's preferred option should KiwiRail withdraw the Capital Connection as a commercial service.

UPDATE ON PHASE ONE OF INVESTIGATION

7. Tiffany Gray, a Massey University Honours Planning student, has undertaken the report. She has been supervised by Dr Christine Cheyne. Management of the report has been overseen by Horizons and Palmerston North City Council officers.
8. The report is due to be tabled at the next meeting of the Rail Passenger Services Subcommittee on Thursday 12 August.
9. Due to the Rail Passenger Services subcommittee meeting being held on the 12 August a verbal report will be given to the Passenger Transport Sub Committee meeting to advise of the findings of the report and the subcommittee's recommendation(s).
10. The September 2010 RTC meeting will make a decision on its preferred strategic direction and will adopt the final recommendations. The stage two report will be considered at the December 2010 meeting.

MEETING WITH MINISTER AND ASSOCIATE MINISTERS OF TRANSPORT

11. On Wednesday 30 June 2010, a delegation led by Horizons Chair Garrick Murfitt met with the Transport Minister, Hon Steven Joyce and Associate Minister of Transport, Hon Nathan Guy to discuss the future of the Capital Connection rail service at the Beehive.
12. The delegation included Fran Wilde the Chair of Greater Wellington Regional Council, Mayor Jenny Rowan of Kapiti Coast District Council as well as representatives from Manawatu District and Palmerston North City Councils. Mayor Brendan Duffy of Horowhenua District was present via phone.
13. The feeling of those present was that the Ministers want the service to be a success and KiwiRail to promote the service as much as possible.
14. A further outcome from the meeting is to meet with the new General Manager Passenger, Deb Hume. Ms Hume has recently replaced Ross Hayward who has left KiwiRail. However, Ms Hume has been on annual leave for most of July so at the time of writing this report a meeting had yet to be arranged.

RECOMMENDATIONS

15. That the Committee recommends that Council:
 - a. **receives** the report into the update of passenger rail developments.

W Wallace
TRANSPORT PLANNER

A Significant decision? If Yes	N
Do recommendations meet Significance Policy (contained within the LTCCP)	

Item No: 10
Date: 17/08/2010
Report No: 10-126
File No: TTP 2 07

UPDATE ON WANGANUI URBAN BUS SERVICES REVIEW

PURPOSE

1. To provide an update on the review of the Wanganui urban bus services.

FINANCIAL IMPACT

2. The review of the Wanganui urban bus services has been accounted for in the current Long-term Community Council Plan 2009-19.

BACKGROUND

3. Members will recall from the May 2010 subcommittee meeting, the Wanganui District Council (WDC) had requested Horizons to delay the review for 18 months to tie into the development of the Regional Public Transport Plan (RPTP).
4. The subcommittee therefore approved a maximum 18-month extension of both the urban services and Castlecliff school services contracts.
5. The 18-month extension would therefore mean that both services would be re-tendered around November/December 2011 and the new contract (as it is planned to combine both contracts into the one contract) would begin in June 2012.

UPDATE ON REVIEW

6. Since the May 2010 subcommittee meeting, officers have considered the timing of other contracts both locally and nationally. The Palmerston North urban services contract will be due for re-tender at about the same time, as will a number of large contracts in both Auckland and Wellington. Therefore, in order to encourage competition and to get best value for money, officers have been in contact with WDC to request that the extension be changed to 12 months rather than the 18 months as originally proposed. WDC has agreed to the new extension time of 12 months.
7. Officers have also liaised with Transit Coachlines, the current operators of the services, who have also agreed to a 12-month extension.
8. Therefore the contract will now be re-tendered, subject to the approval of this subcommittee, in May/June 2011 with the new contract beginning in November/December 2011.
9. Members will also recall from the May 2010 subcommittee meeting that the reason WDC requested the 18-month extension was so the review could take place after the RPTP development, to ensure full public consultation.
10. With a 12-month extension, it is acknowledged that the public consultation phase of the RPTP will take place after the Request for Tender (RFT) process; however Horizons will be undertaking early consultation with the Wanganui community later this year and also

liaising with WDC officers throughout the preparation of the RPTP process. Furthermore, after doing the initial review work in late 2009/early 2010, Horizons already has a good indication of what the Wanganui community expects from its public transport services.

11. WDC is currently undertaking an Urban Transportation Strategy. This Strategy is a 30-year long-term sustainable strategy that aims to integrate all transport modes. The public transport component of the Strategy aims to identify a centralised public transport hub and identify areas of improvement in the urban network.
12. A preferred tenderer to undertake the Strategy should be known by the time of the subcommittee meeting. The timeframe for completion of the Strategy is 30 March 2010. Any proposals emanating from the Strategy could be incorporated into the RFT for the urban bus services.

RECOMMENDATIONS

13. That the Committee recommends that Council:
 - a. **receives** the report into the update on the Wanganui passenger transport services review;
 - b. **approves** the request to extend the current Wanganui urban bus services contract for 12 months rather than 18 months as originally requested; and
 - c. **approves** the request to extend the Castlecliff school contract for 12 months rather than 18 months as originally requested.

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