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| TO | ELT |
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FOR information

# Public Transport Funding Review

## Purpose

To inform ELT that work is to commence on a review of the public transport funding model, as an input into a wider review of Council’s revenue and finance policy.

## Discussion

In July this year ELT considered a paper requesting work begin on the PT funding review. The decision at that time was that it would be preferable to wrap the PT funding review into a wider review of Council’s revenue and finance policy proposed to commence in early 2017-18.

Given the complexity and importance of the PT funding model, it is proposed that work starts now, ahead of the wider revenue and financing policy review. This will enable option development and modelling to inform the detailed planning and budgeting for the 2018-21 Long Term Plan.

The revenue and financing policy review (led by Finance) will address the general approach, policy principles, consistency of approach between activities, links with the Long Term Plan, impact on community wellbeing, and public consultation.

The current public transport funding model is based on a targeted rate set on capital values and apportioned principally on the basis of a surrogate congestion charge. The model is complex and hard to explain, and requires review as the public transport transformation project will change the nature of the input data used to calculate rates under the current policy.

The work on the public transport funding model will focus on:

* Clarifying the policy rationale for raising rates funding for public transport services
* Understanding the economic benefits of public transport and the distribution both spatially and to passengers, businesses and community, and other road users
* Consideration of options for rates funding, including whether a targeted rate is the most appropriate method of rating for public transport, and analysis of how costs could be allocated to different areas and classes of ratepayers.

The following working objective for the public transport funding review has been developed:

To establish a public transport funding policy that is fair, simple and transparent, with a defensible rationale based on the distribution of benefits. In doing so, the policy should:

* Anticipate new PTOM contracts and allow for future changes in service levels
* Consider the possibility of future governance changes (e.g. creation of a CCO and boundary changes)
* Aim to achieve stability in rating levels for groups of ratepayers (i.e. should not be based on factors that are highly variable).

As part of the wider revenue and financing policy review, the public transport review must also meet statutory requirements under the Local Government Act 2002.

The review of the public transport funding model will be managed by the Public Transport Planning team, in consultation with Finance and Strategy. The project lead is Helen Chapman, with peer review support from Tass Larsen.

A full scoping document is available [here](http://ourspace.gw.govt.nz/ws/trapl/_layouts/15/DocIdRedir.aspx?ID=TRPL-14-47)

**Recommendation**

**Note** that the Public Transport Group is initiating the review of the public transport funding model. The review will clarify the policy rationale and consider rate funding options for public transport as an input to the wider review of the revenue and financing policy.