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## **Report 01.823**

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Report to the Passenger Transport Committee  
From Dr Dave Watson, Divisional Manager, Transport

### **Patronage Growth Funding**

#### **1. Purpose**

To explain the patronage growth funding scheme and to advise the Committee of the assumptions made on patronage growth income and how this compares with actual income.

#### **2. Background**

In October 2000 Transfund New Zealand launched its patronage growth scheme. This scheme resulted from a ministerial, hence government, request in the Transfund performance to fund passenger transport so as to encourage patronage growth.

The scheme came into force on 1 November 2000. It consisted of three elements:

- services existing before 1 July 2000 would continue to receive funding at current rates (baseline funding)
- new patronage above that of the baseline year (1999/2000) would attract additional Transfund funding
- approved new services provided from 1 November 2000 would attract 'kick start' funding at the rate of 80% of their cost up to 30 June 2001, 60% up to 30 June 2002 and 40% up to 30 June 2003.

Patronage growth funding was to be calculated either on passenger boardings only or a hybrid of passenger boardings and passenger kilometres. Each Regional Council could choose the funding approach applied to their area. The Regional Councils did not have to join the scheme immediately but it would be compulsory from 1 July 2003.

The Wellington Regional Council resolved to join the scheme on 1 November 2000 and be funded on the hybrid method.

The payment rates for the hybrid method in Wellington are:

	\$
Peak passenger	1.05
Off peak passenger	0.15
Peak passenger kilometre	0.17
Off peak passenger kilometre	0.06

We had our first kick start project up and running before Christmas 2000. We received \$646,879 in the 2000/01 year for patronage growth funding. This was less than the \$800,000 we assumed in our 2000/01 annual plan.

### 3. **The Council's Assumptions on Patronage Growth Funding**

The assumptions in the Council's 2001/02 Annual Plan (page 38) show patronage growth on an annual basis of 2%. The plan goes on to predict income from patronage growth funding of \$1.8m in 2001/02, \$2.6m in 2002/03 and then remaining at that level through to 2010.

### 4. **Actual Patronage Growth**

The baseline (1999/2000) patronage totals are:

Peak passengers	15,185,948
Off peak passengers	12,728,559
Peak passenger kilometres	219,967,770
Off peak passenger kilometres	131,657,278

Growth in patronage from the baseline for the first quarter of 2000/01 (1 July to 30 September) is:

Peak passengers	19,626
Off peak passengers	478,794
Peak passenger kilometres	678,511
Off peak passenger kilometres	4,319,261

This growth provides patronage growth income of \$466,929 as against a budget income of \$450,000.

The growth is mainly in passenger kilometres. This shows that the region's population is drifting away from the Wellington city area.

### 5. **Recommendation**

*That the report be received.*

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