

Preparing a public transport funding proposal for the 2012–2015 NLTP

Purpose

These notes are intended to assist approved organisations, regional councils, regional transport committees (RTCs) and those involved in planning and developing public transport proposals for inclusion in 2012–15 RLTPs. They provide guidance about the basis on which the NZTA will invest in public transport proposals.

NZTA regional office staff can provide extra support, information and advice as needed.



Giving effect to the GPS through the 2012–15 NLTP

In developing a public transport funding proposal for the 2012–2015 National Land Transport Programme (NLTP), keep in mind that this NLTP will give effect to the Government Policy Statement on Land Transport Funding (GPS) by focusing on activities that best promote economic growth and productivity, provide value for money and improve road user safety.

Higher priority will be given to activities with nationally significant impacts and more emphasis will be placed on effectiveness in the overall assessment of proposals. There's a change in emphasis from funding outputs to investing for outcomes. We'll move the emphasis from assessing individual activities towards endorsing and supporting plans and programmes that integrate land use and transport, partnering for investment and enhancing performance.

Our investment in land transport will be targeted where it is most needed. To deliver best value for money, the NLTP will continue to focus investment on operating and maintaining New Zealand's transport network and services, and to continue progress on high priority improvement activities.

Our commitment to the core activities to operate and maintain transport networks and services and on investing in high priority transport improvements means funding for other activities will be limited. To ensure best value from our transport investments, cash flow and programme management will be more important than ever.

The NZTA's regional staff will continue to support approved organisations and regional transport committees to help align their planned activities with national priorities, and to assist the development of their programmes and regional land transport programmes.

Investment partners that demonstrate they have good planning, financial, asset and monitoring management systems may be delegated greater control over the delivery of their transport programmes.

NLTP 2012–15: Investing in public transport

A table at the end of this document includes a summary of key investment messages specific to different sizes of regional operation. Those key messages can be further summarised as:

- the NLTP investment priority is to improve modal choice in congested major urban centres

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- there is very little additional funding but at this stage the intention is that funding for public transport services in each region will not be reduced below the 2009–2012 levels (inflation means in real terms that this is a slight reduction) unless a reduction is sought through RLTPs
 - while there is an increase in the indicative public transport NLTP ranges supplied to councils, most of this is required for increased costs in metro rail in Auckland and Wellington
 - NLTP investment proposals need clear evidence of the contributions proposed activities make to the government's priority outcomes (economic growth and productivity, value for money and safety)
 - any additional NLTP investment sought for public transport services will require reprioritisation or reallocation of funding across regions
 - new off-peak services have very low priority for NLTP funding
 - existing services should be optimised within existing budgets and be consistent with the Investment and Revenue Strategy used by the NZTA to assess proposals. Network reviews should identify efficiencies that can be reinvested
 - sound strategic and integrated planning is important (linkages between regional strategies, land use and network plans, statutory plans and other supported strategies eg RPS/RLTS/RPTP/RLTP/long term plan/corridor plan).

Building a funding proposal

In preparing your funding proposal, we recommend your assessment be consistent with our Investment and Revenue Strategy by doing the following:

- State the proposal's strategic fit – how it fits with the NZTA's interpretation of the government's desired outcomes, including relieving congestion by improving modal choice in congested environments.
- Demonstrate effectiveness – improving modal choice in a congested environment and optimising networks (including farebox recovery rates).
- Demonstrate economic efficiency – primarily the BCR for changes or new proposals, or performance indicator trends over time for public transport services (as measured by standard indicators, eg total government investment/passenger km, and compared to similar regions).
- The NZTA can provide detailed analysis and summaries of regional public transport performance information, as needed, to enable meaningful comparison with other similar regions (benchmarking). Contact your regional office for assistance.

Operational matters

Public transport operating model (PTOM) and requirements for urban buses (RUB)

- Show that you have considered PTOM planning and procurement implications when designing the public transport network and planning for the procurement of services.
- Network planning needs to be consistent with PTOM.
- Demonstrate robust approaches for tendering and contracting public transport services.
- If you want a higher standard than the RUB, work with your regional office and apply for a variation. Funding for requirements that are higher than the RUB may need a regional funding source.

Solid strategic planning

- Show that proposals for new or additional investment are backed by sound strategic planning.
 - Maximise potential synergies between regional planning and central government strategies. The key is integration with land use and considering the transport network as a whole, including all modes.
 - Have a Regional Public Transport Plan (RPTP) in place, with key areas of the plan reflecting RLTP proposals.
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- Back the RPTP with a robust funding plan, explanation of options and evidence that the solution proposed is the optimal one.
 - Ensure plans, funding proposals and procurement strategies identify all upcoming activities looking forward for the minimum three years (eg tender rounds and associated costs, reviews of plans and strategies, or large sporting or cultural events).

Benefit cost ratios

- Include incremental BCR analysis for proposed significant changes (including network restructuring and new service additions).
- Explain how proposals contribute to government priorities, eg contribution to economic growth by getting people to work, or to other economic opportunities, and better integration with complementary land use and other transport.

Demonstrating effectiveness

Work with what you've got and consider a range of funding options

- Investigate alternative revenue sources (eg some regions use city parking fees to subsidise public transport).
- Make the most of what you've got
- Explain network reviews you have undertaken, demonstrating how you optimise existing services.
- Explain how existing services contribute to getting people to work or to services that generate economic growth and productivity.

Consider where benefits lie and who should pay

- Clearly identify services proposed for social and accessibility reasons.
- Consider alternative revenue streams and regional funding sources for those services, noting that NLTP priorities are economic growth and productivity.

Sound benchmarking/performance measures

(Performance indicators: farebox recovery rate, cost/passenger km, fares/passenger km, government investment/passenger km)

- Compare your current performance and recent trends with other regions, and set targets for the next three years.
 - Provide clear reasons for existing trends and future targets, within the context of your region, (eg some regions have made recent large investments, and usage is only now starting to grow in response).
 - Set reasonable targets for farebox recovery rates, based on the situation in your region. Explain your current situation and the rationale for the targets you have set.
 - The NZTA must achieve a 50% farebox recovery nationally, which requires Auckland, Wellington and Christchurch (as the largest public transport networks) to achieve average 50% recovery rates. Farebox recovery rates will vary between regions and between services within regions. Peak services in major urban areas should have farebox recovery rates well in excess of 50%, while dispersed services in smaller centres may remain below 50%.
 - Optimise fares per passenger kilometre, and costs per passenger kilometre.
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Public transport investment messages by regional grouping

Type of regional public transport operation	NLTP public transport investment messages
Large (Auckland, Wellington)	<ul style="list-style-type: none"> ▪ There is very little additional funding, but at this stage the intention is national investment in public transport services will not be reduced below the 2009-2012 level for the 2012-15 NLTP (inflation means in real terms this is a slight reduction) unless a reduction is sought through RLTPs. ▪ While there is an increase in the indicative NLTP ranges supplied to councils, most of this is required for increased costs in metro rail. ▪ The priority is congestion relief, with a possible reprioritisation of public transport investment for this. Services that don't contribute to compelling benchmarking and performance improvement in congested environments may not attract NLTP investment. ▪ At this stage there is no intention of NLTP investment in new off-peak services – a very strong business case would be needed, and even then, regional councils may need a regional or other funding source. ▪ Network reviews should identify efficiencies that can be reinvested and existing services should be optimised within existing budgets to provide network efficiency gains, and maximise value for money. ▪ Any proposals for extra NLTF investment in additional peak or shoulder peak services need a business case that justifies the contribution to economic growth and productivity, and providing improved mode choice in congested environments.
Canterbury	<ul style="list-style-type: none"> ▪ Generally the Auckland and Wellington messages also apply to Christchurch. ▪ While there is an increase in the indicative NLTP ranges supplied to councils, most of this is required for increased costs in metro rail in Auckland and Wellington. ▪ There may be a need to reprioritise projects and funding in the region as part of the earthquake recovery. However, it remains important to the government that transport investment is targeted to where it is needed most to get the best value for money.

Medium

(Waikato, Bay of Plenty, Otago)

- There is no additional funding, but at this stage the intention is national investment in PT services will not be reduced below the 2009-2012 level for the 2012-15 NLTP (inflation means in real terms this is a slight reduction) unless a reduction is sought through RLTPs.
- While there is an increase in the indicative NLTP ranges supplied to councils, most of this is required for increased costs in metro rail in Auckland and Wellington.
- The priority is congestion relief in major urban areas, with a possible reprioritisation of public transport investment for this. Services in medium centres, which don't contribute to congestion relief, may not attract NLTP investment if they don't contribute to strong benchmarking and performance.
- At this stage there is no intention of NLTP investment in new off-peak services as the focus is on congestion relief in major urban areas.
- Network reviews should identify efficiencies that can be reinvested and existing services should be optimised within existing budgets to provide network efficiency gains, and maximise value for money.
- Any additional NLTP investment in peak or shoulder peak services needs a business case that demonstrates value for money, optimisation of networks and/or contribution to economic growth and productivity.

Small

(Northland, Hawke's Bay,
Taranaki, Manawatu, Nelson, Southland)

- There is no additional funding, but at this stage the intention is national investment in public transport services will not be reduced below the 2009-2012 level for the 2012-15 NLTP (inflation means in real terms this is a slight reduction) unless a reduction is sought through RLTPs.
- While there is an increase in the indicative NLTP ranges supplied to councils, most of this is required for increased costs in metro rail in Auckland and Wellington.
- The priority is congestion relief in major urban areas, with a possible reprioritisation of PT investment to larger urban areas for this.
- Recognising that services in smaller centres do not contribute to congestion relief in large urban areas, any services that don't contribute to compelling benchmarking and performance improvement may not attract NLTP investment.
- At this stage there is no intention of NLTP investment in new off-peak services as the focus is on congestion relief in main metropolitan areas.
- Network reviews should identify efficiencies that can be reinvested, and existing services should be optimised within existing budgets, to provide network efficiency gains and maximise value for money.



NZ Transport Agency

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