

TE KAUNIHERA Ā-ROHE O TE MATAU-A-MĀUI

Meeting of the Regional Transport Committee

Date: 6 December 2024

Time: 12.30pm

Venue: Council Chamber

Hawke's Bay Regional Council

159 Dalton Street

NAPIER

Attachments excluded from the Agenda

available online only

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Changes to the 2022 RPTP policy are shown as blue or purple mark-ups

Significance Policy

This policy sets out how to determine the significance of variations to this Plan, in accordance with the requirements of Section 120(4) of the Land Transport Management Act.

Application

This Plan can be varied at any time. However, public consultation as set out in Sections 125(1) and 125(2) will be required if the variation is found to be significant under this policy.

The approach to consultation will reflect the level of significance of any proposed variation. Consideration will be given to the costs and benefits of any consultative process or procedure, and the extent to which consultation has already taken place.

However, HBRC may undertake targeted consultation on matters or proposed changes affecting specific communities and stakeholders, even if the significance threshold outlined in this policy is not invoked.

General determination of significance

The significance of variations to this Plan will be determined on a case-by-case basis. When determining the significance of a variation, consideration must be given to the extent to which the variation:

- Signals a material change to the planned level of investment in the public transport network
- Affects the consistency of this Plan with the RLTP or any of HBRCs' long-term plans
- Significantly affects residents (variations with a moderate impact on a large number of residents, or variations with a major impact on a small number of residents will have greater significance than those with a minor impact); and
- May not have a significant impact is not considered to have a material impact for a certain
 community based on the needs of that community because the proposed change has previously
 been the subject of following targeted engagement and consultation and was largely acceptable
 to the community.
- Affects the integrity of this Plan, including its overall affordability.

Significant and non-significant matters

Matters that will always be considered 'significant' are:

- Any variation that amends this policy on significance; and
- Any variation that introduces a new public transport unit
- Any material variation to the current contract/s that alters-increases the cost of the provision of
 public transport services by more than 10% in one financial year, unless previously signalled in
 the current RPTP.

Matters that will always be considered 'not significant' are:

Minor editorial and typographical amendments to this Plan; and

· Minor changes to fare levels in accordance with current policy and funding levels

Matters that will usually be considered 'not significant' are:

- A matter that has already been consulted on, including the addition, removal, or amendment of any matter on which there has already been consultation in accordance with the special consultative procedure.
- Minor changes to the description of services following a service review, e.g. changes to the
 route, frequency and hours of a service that may include a <u>reductionchange</u> in service levels
 on a route or routes, but which result in the same, or better, overall level of service across
 the network
- Changes to the description of services or grouping of services as a result of an area wide service review, provided that there is no significant increase in cost
- Any variation that alters the <u>overall</u> cost of the provision of public transport services in one financial year by less than 10%. <u>This clause specifically excludes any change to a contract's</u> value due to annual indexation.

Targeted consultation on non-significant variations

Where HBRC determines that a proposed variation is not significant, HBRC may still undertake targeted consultation as follows:

- · Consultation for minor changes in the delivery of public transport services
- Minor changes in service delivery that are required to improve efficiency, such as the addition or deletion of trips and minor route changes that have only a local impact. In these cases, consultation will generally be undertaken at a low level with the operators involved and may also include the relevant territorial authoritylocal Councils and passengers who use the service.
- Consultation for service reviews: as service reviews may impact only a certain community or part
 of the operational area, full consultation will not be required. Instead, key stakeholders
 (including the relevant operators, territorial authorities, and community boards / committees, as
 applicable and appropriate) will be included in preliminary planning as the review or changes are
 being developed. Targeted public consultation may follow once options have been developed,
 on a case-by-case basis.
- Changes to procurement policies, processes, or procedures: HBRC may be required, from time to time, to update its procurement policy and strategy in response to national or local government policy changes. In this instance, targeted consultation will take place on an updated version is available.
- Other non—significant variations: HBRC will work through any proposals for changes that affect
 only a sector of the public transport network with those most likely to be affected, as well as
 other relevant stakeholders.

In these cases, consultation will generally be undertaken at a local level with the operator/s involved, the relevant territorial authority and passengers who use the services.

Other non-significant variations

Any proposals for changes that affect only a sector of the community or the industry (e.g. a change in Total Mobility provision, or a change to specific vehicle quality standards) will be worked through with those most likely to be affected by the proposed change.

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Draft Hawke's Bay Regional Council Bus Advertising Policy

1. Purpose

The purpose of this policy is to outline the conditions under which advertising space on buses operated by Hawke's Bay Regional Council may be sold. The policy is designed to ensure that bus advertising aligns with the Council's values while generating revenue to support public transport services.

2. Advertising Opportunities

The Council offers the following advertising opportunities on its buses:

- Rear of the Bus: Advertising will predominantly be placed on the rear of the bus, as this
 location offers high visibility and minimises distraction to passengers and drivers.
- Sides of the Bus: Advertising on the sides of buses will be permitted on occasion, at the
 discretion of the Council. This will be considered for campaigns of significant size or
 importance.
- Full Bus Wraps: In exceptional circumstances, full bus wraps (covering the exterior of the
 bus, excluding windows where it could hinder safe sightlines) may be allowed. Such requests
 will be assessed on a case-by-case basis.
- Inside the bus: On surfaces, including any video & audio display, as long as the
 advertisement or the medium does not interfere with the operation of the vehicle nor the
 quiet enjoyment of travel by passengers or the driver.

3. Prohibited Advertising

The following types of advertising are not permitted on any Hawke's Bay Regional Council buses:

- Alcohol, Tobacco or Vaping Advertising: The Council will not accept any advertisements
 promoting alcoholic beverages, the consumption of tobacco or related products, or use of
 vaping products.
- Political Advertising Related to the Council: While political advertising is generally allowed, advertisements for political candidates or causes directly associated with the Hawke's Bay Regional Council, including from or by current councillors or council officers, or individuals seeking election to the Regional Council, are prohibited.

4. General Conditions

- All advertisements must comply with relevant national laws and standards, including those relating to decency, public safety, electoral rules and the protection of vulnerable groups.
- Advertisements should not contain offensive, discriminatory, or misleading content.
- The Council reserves the right to review and approve all advertising content before it is
 placed on its buses.

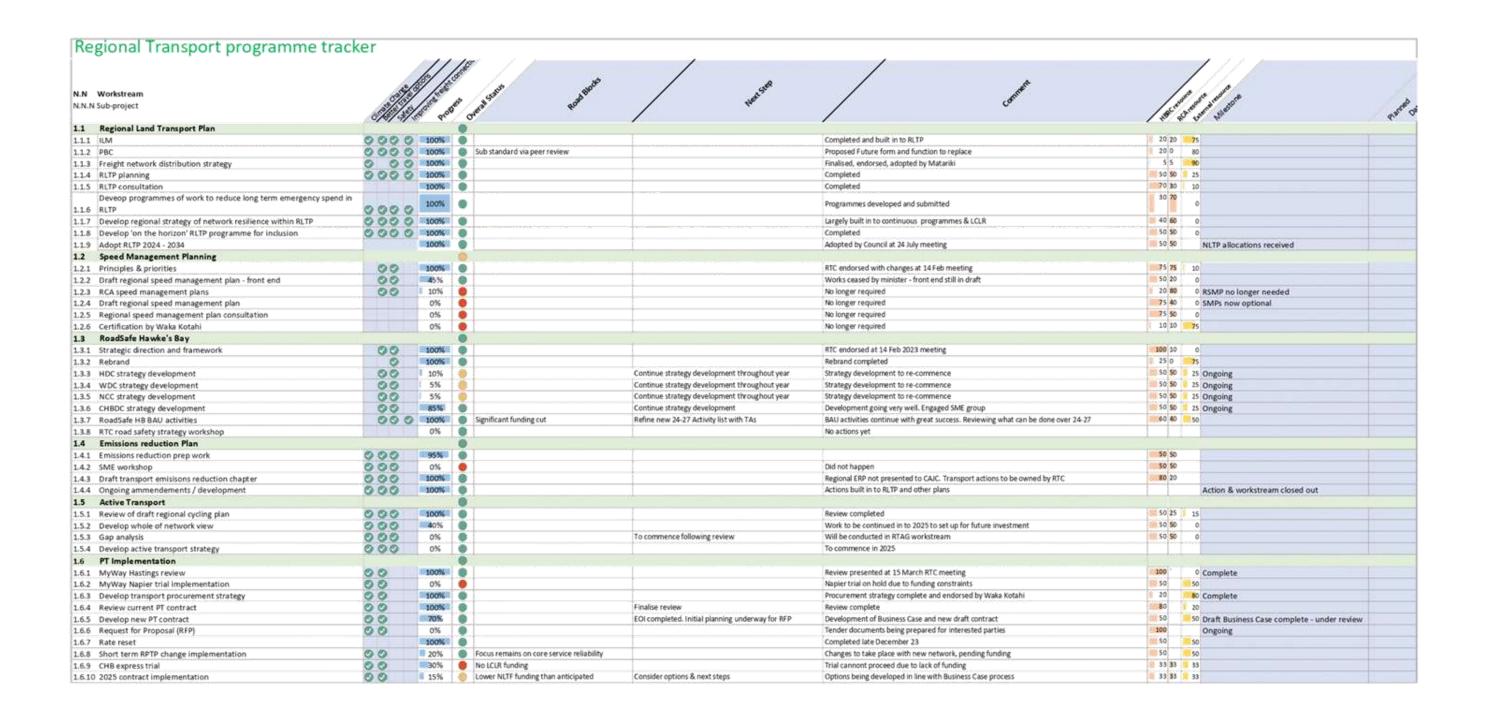
5. Exceptions and Discretion

In cases where proposed advertising falls outside the scope of this policy, exceptions may be considered by the Council on a case-by-case basis, provided the content aligns with the Council's values and does not contravene the prohibited advertising categories.

6. Review

This policy will be reviewed periodically to ensure it remains aligned with the Council's strategic objectives and public expectations.

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Item 6 Regional Transport Programme December 2024 update



Hawke's Bay Project Updates

Activity	Est Value	Key date(s)	Progress	Commentary
SH50 Prebensen Hyderabad Intersection Upgrades	\$3.95m	Complete FY25		 Shared path and lane changes; split into separate portions to facilitate delivery. We have successfully delivered one of these sections, which is performing well as designed. This project is undergoing a rejuvenation and NZTA is working with Kiwirail to develop a solution for the last section that will comply with the specification and will fit within the remaining budget. Work planned to commence circa March 2025. The last section involves a pedestrian crossing over the rail line at Prebensen Drive. This will connect the shared user paths on either side of the crossing and create a safe crossing point for pedestrians and cyclists who use the shared path.
SH38 Tall Oil Pitch Application (Stage 2)	\$8m	Ongoing		 Project includes safety improvements and resilience work as well as treatment of the road with Tall Oil Pitch Delivered in partnership with Ngāi Tūhoe All safety improvements are complete, and two of the three Tall Oil Pitch sites are now complete. Work to treat the final site between Tuai and Mangapapa Bridge is now underway Target completion date has been pushed out to Jan 2025 due to weather impacts.

Hawke's Bay Project Updates - 2

Activity	Est Value	Key date(s)	Progress	Commentary
SH2 Mohaka slow vehicle bay	Part of \$35m SH2/SH35 Passing Opportunities Project	Pavement remediation planned for January 2025.		 A slow vehicle bay stretches 650 metres after the Mohaka viaduct, about 2 kilometres from Raupunga. The slow vehicle bay was opened in March 2024. The pavement did not hold up well in the wet winter and contractors will return 2024/25 season to complete. Date for remediation has been set for January 2025, pending weather conditions.
SH2 Kakariki slow vehicle bay	Part of \$35m SH2/SH35 Passing Opportunities Project	Complete.		

SH38 Nature's Road Tall Oil Pitch Application

- Work to treat SH38 Nature's Road with Tall Oil Pitch is progressing well, with two of the three sites now complete.
- The third and final site between Tuai and Mangapapa Bridge, south of Lake Waikaremoana, is expected to be complete early 2025.
- Work will pause for the holiday period and crews will be back on site in early in the new year to treat the remaining section of road.
- As work will be undertaken throughout the Lake Waikaremoana Great Walk season, we will ensure visitors to the area are aware of the works and traffic impacts through communications to tourist operators, Department of Conservation, and local I-Sites.
- The newly treated sites will be monitored for technical performance with a view to extending the treatment to other gravel pavement locations. Further work will be dependent on funding being secured in the next NLTP



Map of sites being treated with Tall Oil Pitch

SH5 Napier to Taupō safety improvements

\$15M funded by the National Land Transport Fund

8 sites completed November 2024

Centreline and road shoulder widening, and installation of new roadside safety barriers to make the road safer at:

- · Tarawera curves
- Marshall's Bridge between Eskdale and Glengarry
- Te P\u00f6hue: At a section of SH5 between the school and Ohurakura Rd
- · South of Dillon's Hill between Eskdale and Glengarry
- Between Te P
 ö
 hue and Te H
 āroto: At, and south of, the passing lane near Mohaka Rafting

Also complete are minor safety improvements to the Tarawera slow vehicle bay by widening the centreline and road shoulder, and painting new structured line markings.





Bridge Repairs

SH51 Waitangi Bridge (Tutaekuri Bridge)

- Currently in design, programmed construction start is March 2025.
- · Proposed TREC recovery scope:
 - Repair the damaged piles above the waterline and replace the damaged cycleway bracing.
 - Clear debris away from bridge and install and maintain road settlement monitoring sensors.

SH50 Ngaruroro Bridge - Fernhill

- · Funding application pending.
- Waihua River Bridge SH2
- Temporary traffic management is in place as remedial design is currently underway. Work is scheduled for 16-18 December, with night time full road closure.



Waitangi Bridge (top)

Maintenance & Operations update

Pothole response

Government expectation:

- 95% of potholes on high classification roads to be repaired within 24 hrs of identification
- 85% of potholes on lower classification roads to be repaired within 24 hrs of identification

Pothole response Hawke's Bay October 2024

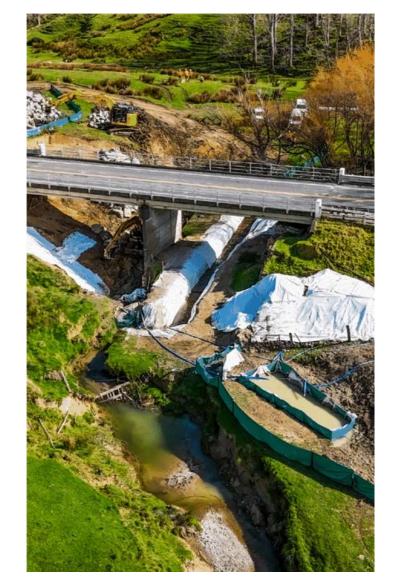
	Completed	Total	% Completed	% Target
High classification roads (95%)	284	284	100%	100%
Low classification roads (85%)	42	42	100%	100%





2024-27 NLTP: Next Moves

- We're gearing up for our biggest summer maintenance season about
 1800kms of lane renewals planned across the country.
- The first NZTA's Temporary Traffic Management (TTM) performance measures, including TTM cost and inspections data, will be included in the NZTA Q1 performance report.
- This will establish a baseline to help NZTA make further improvements to safety, efficiency and effectiveness.
- We have the biggest NLTP ever to deliver \$32.9b it's important our teams work together across the country to ensure success.



People update

- Group General Manager Transport Services, Brett Gliddon, has been appointed by the Board as the acting Chief Executive for NZ Transport Agency Waka Kotahi (NZTA) from 30 October.
- Brett brings extensive experience to this role, with 15 years in senior executive
 level roles within NZTA and more than 25 years' sector experience.
- He is looking forward to continuing to work closely with stakeholders around
 New Zealand to ensure he understands local issues and transport challenges.
- Vanessa Browne, National Manager Portfolio and Standards, has been appointed as the acting Group General Manager Transport Services.
- The Board have a recruitment process well underway for a new chief executive.



Roads of National Significance (RoNS)

- More on Hawke's Bay Expressway on separate slide.
- An expanded package was confirmed in November for the State Highway 1 Wellington Improvements Road of National Significance which will include a second parallel Mt Victoria Tunnel, network improvements, and a duplicate Terrace Tunnel and Basin Reserve upgrades.
- Geotechnical work is underway on Warkworth to Te Hana the most advanced of the three Roads of National Significance that make up the Northland Corridor.
- The NZTA Board has approved funding for the detailed design of the State Highway 1 Belfast to Pegasus Motorway and Woodend Bypass Road project, and a request for tender has been released.



Setting of Speed Limits

Land Transport Rule 2024

- New Rule is now in force and guidance is on the NZTA website. (Search "guidance for RCAs")
- Key deadlines:
 - 1 May 2025 list of roads in scope for reversal
 - 1 July 2025 reversals implemented
 - 1 July 2026 VSL by school gates implemented
- Questions about implementation?
 - Email speedmanagementprogramme@nzta.govt.nz (inc. for help updating National Speed Limit Register with reversals)
 - Attend the RCA Forum
- Update on state highway speed limits pending



Road Safety Objectives

- The Government has released its new Road Safety Objectives Paper, replacing the Road to Zero strategy, to improve road safety.
- · There are 4 key objectives:
 - I. Safer roads: lift the quality of our roading infrastructure
 - II. Safer drivers: ensure road users are alert, unimpaired and comply with the road rules
 - III. Safer vehicles: improve the safety performance of our vehicle fleet
 - IV. Resetting speed: a balanced and targeted approach to speed limits.
- More information, including the Road Safety Objectives paper, is available on the Ministry of Transport's website at https://www.transport.govt.nz/about-us/news/government-releases-new-zealands-road-safety-objectives

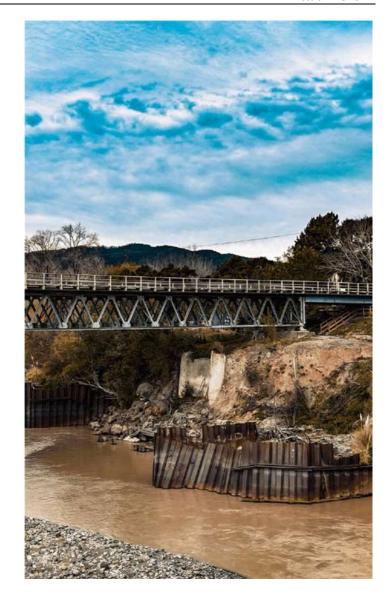




Crown Resilience Programme

- A \$226.2 million package of resilience improvement projects for state highways and local roads has been announced by the Minister of Transport.
- Known as the Crown Resilience Programme (CRP) previously known as the Transport Resilience Fund.
- The CRP is a 7-year investment package to build climate resilience across the national roading network.
- There will be \$419 million split into the following categories of funding:
 - Low-cost, low risk (LCLR projects less than \$2 million) resilience projects on state highways.
 - Small to medium resilience projects on state highways.
 - Local road resilience projects.
- The focus of the CRP is on both state highways and local roads, to advance resilience improvements in the near-term to minimise damage caused by future weather events.
- The severe weather events of 2023 highlighted how crucial it is to invest in early preventative works to protect our transport network.





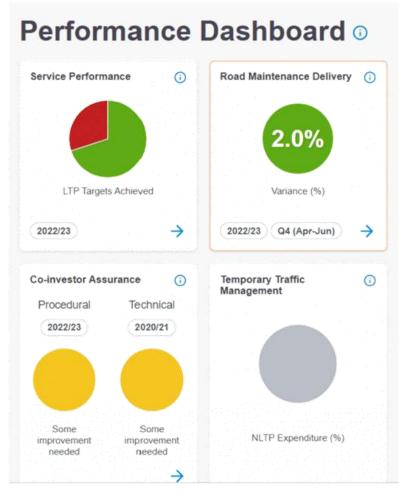
National Ticketing Solution

- The National Ticketing Solution (NTS) will provide a range of easy-to-use and consistent payment methods for all public transport in New Zealand.
- Easier payments will encourage people to use public transport more often.
- The pilot of Motu Move as NTS will be known to the public begins on Christchurch's airport to city bus route.
- A Transport, Ticketing and Payments team has been established within NZTA to support day to day operations of the programme on behalf of our public transport authority partners.



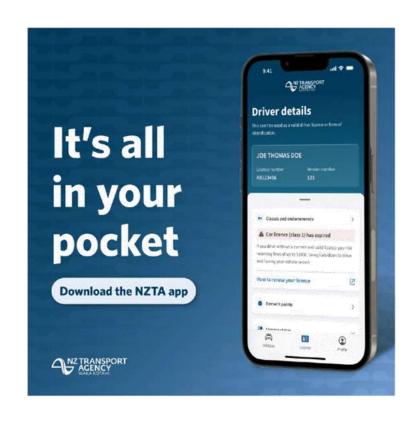
Road Efficiency Group

- The Road Efficiency Group Te Ringa Maimoa (REG) has developed temporary traffic management (TTM) reporting metrics in the Transport Insights web portal for RCAs to upload TTM financial performance and site effectiveness data.
- TTM data has been uploaded for every RCA for Q1 (July to September 2024). This data will be included in the NZTA Q1 performance report then released in Transport Insights next month. TTM Q2 data is due 20 January 2025.
- In response to GPS 2024, a number of measures are being incorporated into Transport Insights, including efficiency, effectiveness and value for money, as well as quarterly road maintenance delivery and TTM reporting.



NZTA App

- Launched in August, the NZTA App is the new, easy way for New Zealanders to engage with us on a secure platform.
- In time, the NZTA App will enable you to manage everything related to your vehicle, from licensing to road user charges and warrant of fitness through to updating your driver's licence and paying tolls.
- Through the NZTA App, you can already view your driver's licence status, conditions and demerit points.
- You can also keep up to date with at least 10 vehicles by seeing registration and WoF expiry dates, Road User Charges end distance with links in app to pay.



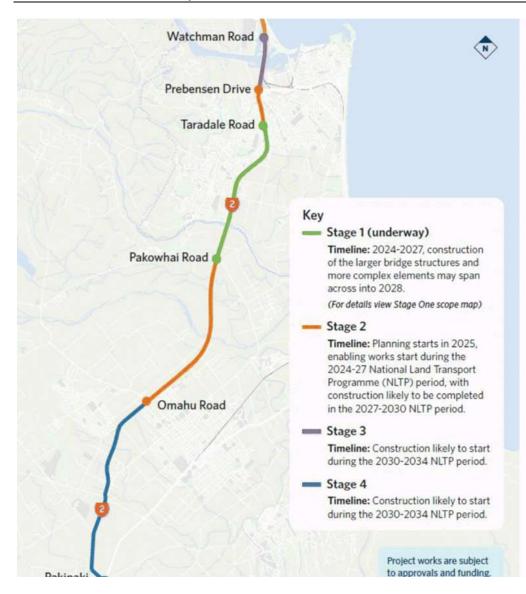
Hawke's Bay Regional Update – RLTP Significant Related Activities 24-27

	Activity	Activity description	Status	On track
1	RoNS SH2 Hawke's Bay Expressway	Hawke's Bay Roads of National Significance as identified in GPS. See separate slide.	Following an NZTA Board decision on 18 October 2024, enabling works began on two sections of land adjacent to the expressway near the Kennedy Road overpass. These works will be completed before Christmas.	
2	Waikare Gorge	The project includes a 4km realignment and a new 160m bridge across the Waikare Gorge on SH2. See separate slide.	We expect a decision from the NZTA Board on potential timelines for the project at its meeting in December	
3	Napier Port commercial vehicle safety centre (CVSC). Previously Weigh Right.	The Commercial Vehicle Safety Programme will change how we monitor and regulate heavy vehicles, going from manual weigh pits to data-driven, risk-based regulation.	Planning work is ongoing, with resource consents and designs almost complete. Geotechnical testing and design of in-road screening sites expected to be underway soon.	
4	Public Transport service improvements	HBRC step-change in public transport services being delivered mid-2025. Business case to assess effectiveness post implementation and identify opportunities for improvement.	Single Stage Business Case under review and Investment Quality Assurance process.	
5	SH2 Waipukurau revocation	CHBDC seeks revocation of SH2 through Waipukarau town centre, swapping a local road to re-route freight traffic around the town centre. Improving freight reliability while emphasising place functions and safety within the town centre.	To begin later in NLTP period.	

Renewals Programme

- The 24/25 Renewals Programme is now underway including the following (approximately, subject to change):
 - Rebuilds (where the road surface is replaced) throughout the region – 10 lane km
 - Reseals 87 lane km
 - Rumble strips 34 lane km
 - Drainage 13 sites (6 for culvert renewals)





Hawke's Bay Expressway

Roads of National Significant project

- Planning and design underway for Stage 1, working with councils. Stage 1 targeted to be completed in next three years (6.5km of SH2 between the roundabouts at Taradale Road and Pākowhai/Links Road)
- Stage 1 Investment Case and land requirement plans developed. Enabling works started in October at Kennedy Road offramp site. Further enabling works programmed to start in January including works at Tutaekuri River Bridge site
- Project speed assessment completed, tolling assessment in preliminary stages. Inception meeting with professional service and physical works suppliers held in October, following issuing of ROI
- Next steps present Stage 1 investment case to NZTA Board and seek pre-imp funding; begin Stage 2 investigations and development of stage 2 investment case.
- Project is implementing new 'decision-led' approach to project development
- Work is subject to NZTA Board approval and securing funding

Waikare Gorge Realignment

- Approx 4km realignment of SH2
- 160m 'Network Arch' bridge
- More resilient, safer, greater security of access
- Included in 2024-27 NLTP as 'probable'
- If funding is confirmed, we will progress detailed design, consenting applications and property
- · Aim is to be ready to go when implementation funding is secured
- · Bailey bridge maintenance to ensure resilience of existing route.









TREC update

Regional Transport Committee – Hawke's Bay

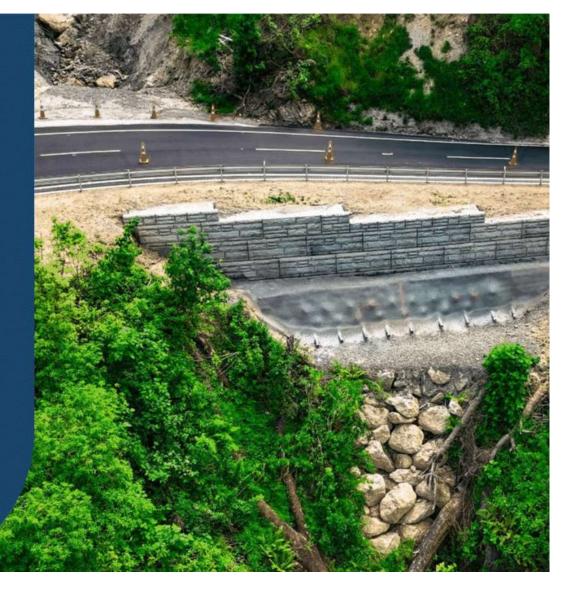
Chris Mahoney, Owner Interface Manager

Transport Rebuild East Coast



KiwiRail #

Te Kāwanatanga o Aotearoa New Zealand Government

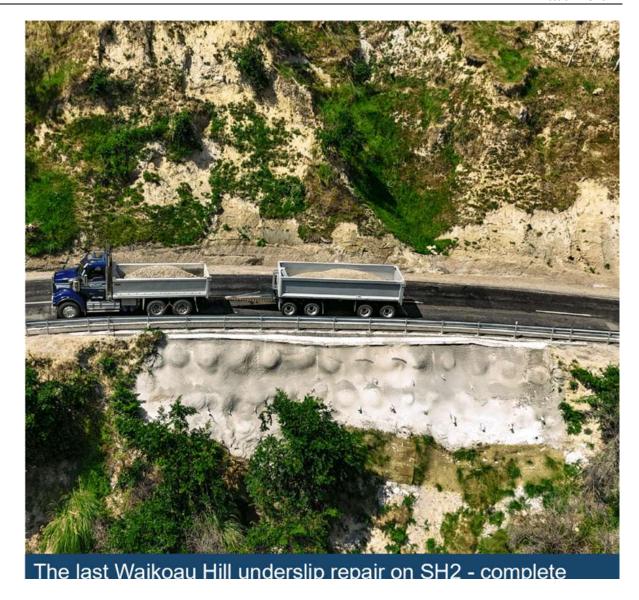


TREC update/recap

- TREC has right-sized the Alliance to align with the funding and work to complete we are 55% through the Recovery work programme
- Recovery funding allows us to continue delivering a large programme of work in Hawke's Bay
- We have a busy summer construction season ahead of us and TREC work is expected to be mostly completed in Hawke's Bay by mid 2025 (will continue in Tairāwhiti until 2026)
- There will still be one large project at Devil's Corner continuing through to the end of 2025
- TREC is committed to seeing Recovery work continuing to be delivered by local contractors and suppliers. Working closely with them, helping to upskill in best quality practices, use of industry standards and specifications on state highways
- We continue to run the Southern TREC Liaison Group (councils, lwi, Heritage, DoC)
- We will soon have a public facing GIS map which will show the work programme digitally across the region

Recovery work – progress update

- In October, TREC had 17 active sites on the Hawke's Bay network
- 12 sites from the last two months have been completed and handed back to NZTA
- As new Recovery sites start, we expect to have approximately 15 sites running at any one time through November – December



SH5 recovery

Completed

- Dillon's Hill sheet pile wall
- Captain's Culvert
- North of Hill Road Culvert

In construction

Dillon's Hill Culvert – one side is complete

Starting early next year

- Tarawera Culvert repairs
- Three underslips at Māori Gully



SH38 recovery

Completed

- Waikaretakehe slips #3 and #4 repair
- Waiau slip repair
- Piripaua scour repair
- Culvert 33
- South of Mangakino Scour repair

In design

- South of Kaitawa underslip
- Mangakino Bridge scour repair
- Rosie Bay underslip
- Whatapo Bay underslips #1, #2, #3

Transport Rebuild East Coast ANZ TRANSPORT KiwiRail #



SH50 recovery

Completed

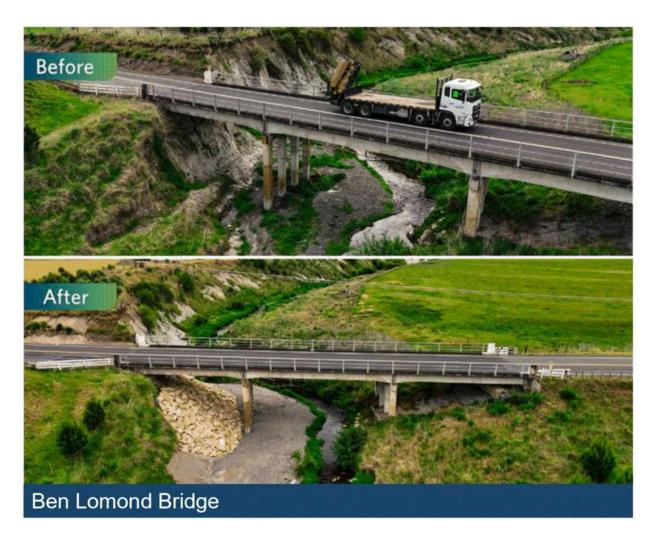
- Chesterman's Bridge
- Ben Lomond Bridge
- Glencoe Culvert repair
- Mangamate Stream Bridge

In construction

Ashcott Bridge

Remaining recovery work

Glencoe Gorge underslip



SH2 – completed

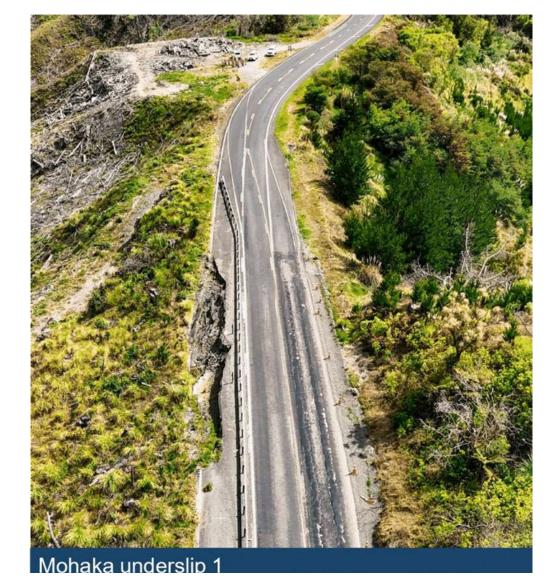
Some sites completed this year

- Mohaka Coach Road slip repair
- Waikare Gorge retaining wall
- Kotemaori culvert 48 repair
- Sandy Creek 2 retaining wall
- ✓ Waikoau Hill underslip repairs x 3
- ✓ Devil's Elbow rock scaling, culvert, underslip repairs x 5
- White Pine Bush North
- 🔽 Tangoio Falls Steep underslip



SH2 – in construction

- Mohaka underslip 1
- White Pine Bush underslip
- Tangoio Falls Reserve underslip
- Stage 2 Devil's Elbow (3 projects)



Transport Rebuild East Coast



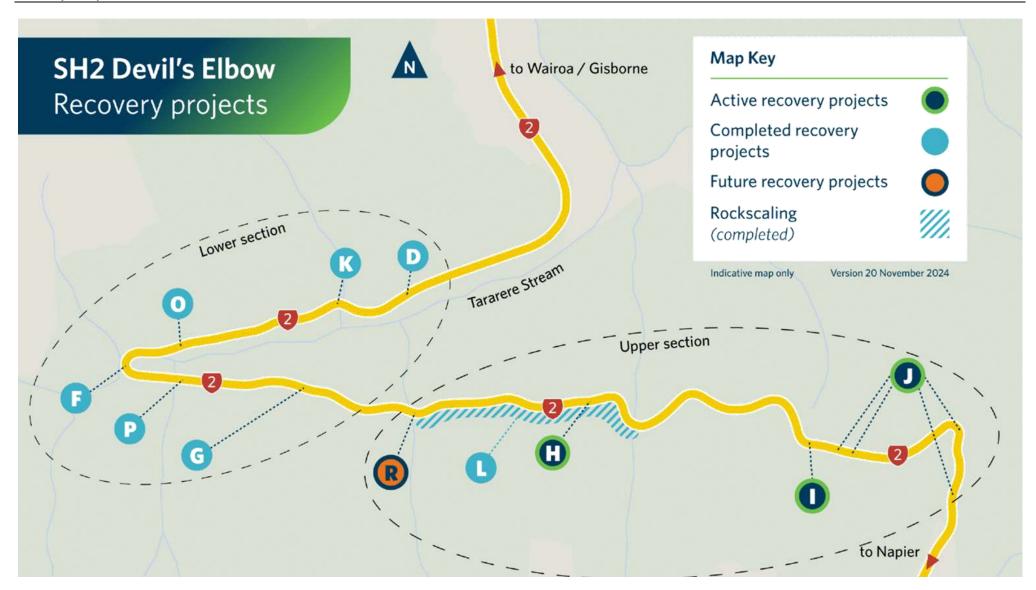
SH2 – remaining recovery work

Most to be completed by June 2025

- Mohaka Underslip 2
- Mohaka Rail Viaduct repair
- Sandy Creek 1 slip repair
- Sandy Creek new pavement
- Stage 2 Devil's Elbow project
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Transport Rebuild East Coast







Transport Rebuild East Coast

Project I Devil's Corner

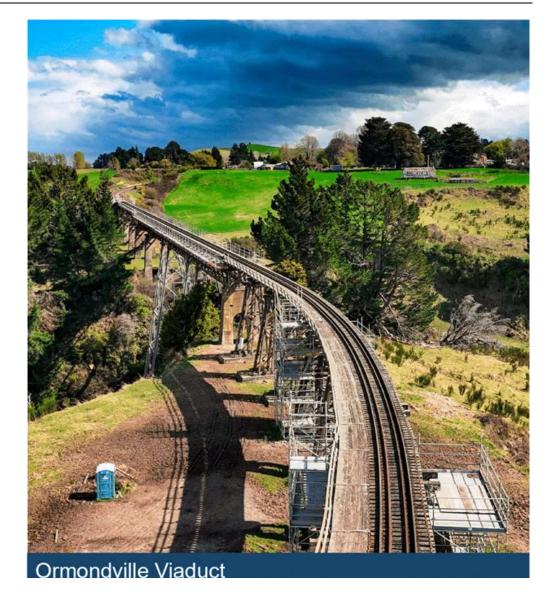
The last and most complex Devil's Elbow recovery project

- Cyclone Gabrielle caused a 40m long and 10m high underslip that significantly damaged the southbound lane of SH2. It has been down to a single lane since.
- In early November, TREC widened the single lane and shifted it over into the hillside. This was to create more space for workers to undertake the repair project.
- Stage 1 Enabling Works have started.
 This stage involves significant material excavation and soil nailing.

Rail

- There are 23 rail sites to be repaired between Palmerston North and Hastings.
- These will start at the beginning of December and are programmed to finish in June.
- Leading up to Christmas we are planning to start work at some of these sites, located in Ashhurst, just north of Dannevirke, and at Kopua south of Takapau.

Transport Rebuild East Coast



Thank you

Transport Rebuild East Coast





Increasing the private share of public transport operating expenditure

Discussion document

18 November 2024







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More information

NZ Transport Agency Waka Kotahi Published November 2024

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If you have further queries, call our contact centre on 0800 699 000 or write to us:

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This document is available on NZTA's website at www.nzta.govt.nz

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1 Introduction

Public transport services are funded from both private and public revenue sources. The ratio between these sources is dynamic and changes over time depending on several factors including policy, passenger demand, network service levels and revenue sources.

Private share is a measure of cost recovery and represents the proportion of public transport operating expenditure funded from private revenue sources. Government aims to increase private share to support increased levels of public transport expenditure and reduce pressure on ratepayers and taxpayers. The policy framework for private share is broader than the previous farebox policy, with a more tailored regional approach and some important differences in how cost recovery is measured.

Private share is calculated as revenue divided by operating expenditure. Private share revenue includes passenger fares, private fare substitutes and commercial revenue. Operating expenditure includes the management and operation of passenger services and the maintenance and operation of public transport facilities and infrastructure. Operating expenditure does not include capital renewals or infrastructure improvement projects.

1.1 Purpose

The primary purpose of this discussion document is to provide context and information to support public transport authorities (PTAs) in setting and agreeing regional private share targets with NZTA.

1.2 Audience

The primary audience for this document is public transport authorities. We are seeking the following from public transport authorities:

- Discussion and feedback review this document, engage with us and provide feedback on changes we are proposing and to support future private share policy and guidance
- Setting of private share targets actively engage with us in setting agreed regional private share targets by 19 December 2024
- Initiatives to increase private share actively work with us to increase the private share
 of public transport operating expenditure.

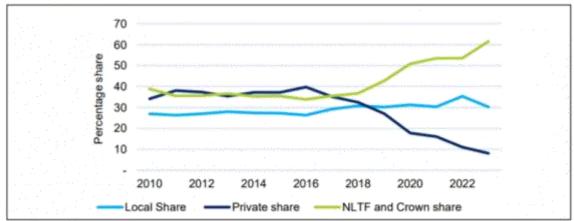
2 Background and context

2.1 Government policy statement

The <u>Government policy statement on land transport 2024</u> (GPS 2024) sets an expectation for increased private share revenue to support increased levels of public transport expenditure and reduce pressure on ratepayers and taxpayers.

The GPS 2024 strategic priorities include the delivery of an effective public transport system that provides commuters with more choice and helps to reduce travel times, congestion, and emissions. There has been a significant increase in Crown and NLTF funding over recent years, as shown in Figure 1. As a result, the GPS 2024 expects local government to increase passenger fare revenue and third-party revenue to help support the increased costs in the public transport sector.

Figure 1 GPS 2024 figure showing local, private, NLTF and Crown share of public transport funding from 2009/10 to 2022/23



2.2 Ministerial expectations and specific requirements

The GPS 2024 includes a statement of <u>ministerial expectations</u> that apply to NZTA and approved organisations. NZTA is expected to ensure public transport authorities take appropriate steps to meet these ministerial expectations and comply with self-assessment and reporting requirements.

The <u>ministerial expectations for public transport</u> include the following expectations for public transport authorities:

- Actively work towards increasing public transport private share by 30 June 2027, including setting targets each year. This includes operating within approved funding of public transport continuous programmes, reviewing services that are delivering very low farebox recovery and considering appropriate fares.
- Support and actively work towards the transition to, delivery and operation of the National Ticketing Solution, in partnership with NZTA. This includes aligning concessionary fare structures with national policy to make the National Ticketing Solution cost effective and value for money for customers.

To meet these expectations public transport authorities are required to meet the following <u>specific</u> requirements:

 Actively work towards increasing the private share of public transport expenditure on an annual basis (e.g. ensuring passenger fares and third-party revenue covers a greater portion of public transport expenditure).

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- Actively engage with NZTA to agree and set interim private share targets for 2024/25 and 2025/26 and indicative targets for 2026/27 by 19 December 2024 and longer-term targets, including reviewing and confirming 2026/27 targets, by 19 December 2025.
- Demonstrate support for the National Ticketing Solution and actively work towards delivering and operating the National Ticketing Solution in partnership with NZTA, including by meeting NZTA fares and pricing requirements set out in the development guidelines for regional public transport plans.

Public transport authorities are also expected to provide quarterly reporting, starting with the quarter ending December 2024. This reporting includes:

- Reporting private share of public transport expenditure for the quarter. Provide an explanation if there has been a decrease during the quarter.
- Identify initiatives taken during the quarter to increase private share.

These requirements relate to public transport continuous programmes and public transport improvement funding.

2.3 Current fares and pricing policy

Our <u>development guidelines for regional public transport plans</u> sets out current NZTA policy for fares and pricing. The following are key elements of the fares and pricing policy relevant to increasing private share:

- Public transport authorities must prepare a fares and pricing policy and include this in their regional public transport plan
- Public transport authorities must undertake annual pricing reviews and six-yearly fare structure reviews
- Public transport authorities must consider effectiveness of alternative interventions for achieving the fare and pricing policy objectives when undertaking reviews
- Public transport authorities must specify any measures or targets advised by NZTA, including cost recovery measures such as private share

We note that while there is an expectation that public transport authorities' current regional public transport plans incorporate private share measures and targets, this does not need to occur immediately provided the public transport authority is otherwise meeting the requirements.

2.4 Previous farebox recovery policy

The NZTA previously had a farebox recovery policy that set a national farebox recovery target of no less than 50%, to be achieved over two three-year funding cycles from 2010. The policy was introduced with the objective of providing an equitable cost sharing between public transport customers, local government funding and the NLTF. The intent was to:

- Improve cost recovery for public transport services, given concerns at the time that farebox recovery rates had been falling
- Drive a more transparent and equitable approach to the development of farebox recovery policies across regions
- Ensure national consistency in the calculation of costs and revenue associated with public transport services.

The national farebox recovery target was achieved nationally in 2015/16. A change in government and priorities saw the policy rescinded in 2018/19. There are some important differences between our approach to private share and the previous farebox recovery policy, as set out in Appendix

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B.3.1. The main difference is that the policy framework for increasing private share is broader than the previous farebox recovery policy and can be better tailored to the different circumstances and context for each region.

2.5 National Ticketing Solution

We are currently working with public transport authorities to implement the <u>National Ticketing</u> Solution (NTS).

The implementation of national ticketing coincides with the need to increase private share. It is important that public transport authorities progress initiatives to increase private share while also meeting delivery timeframes for national ticketing. This will require some consideration, particularly given many private share initiatives will likely require new fare products or changes in fare structure.

Given the potential overlapping demands of making fare structure and pricing changes to increase private share and the efficient implementation of national ticketing, we intend to work closely with public transport authorities to support them through this change process.

2.6 Public transport authority feedback

In September 2024, we requested information from public transport authorities regarding current expenditure and revenue along with issues and opportunities associated with increasing private share. Key insights are summarised below:

- Current reporting practices do not provide a complete and accurate picture of public transport revenue and expenditure, with reporting primarily focused on net costs and providing little information on third-party revenue. This limits the effectiveness of national and regional oversight of the public transport system.
- Most public transport authorities are or intend to implement initiatives to increase private share funding. When public transport authorities do collect third-party revenue, it is used to offset public transport service costs.
- Currently the primary source of third-party revenue for public transport authorities is advertising
 on public transport vehicles. A small number of public transport authorities also generate
 revenue from advertising on public transport facilities, such as bus shelters and interchanges.
- Several regions have well developed initiatives that attract third party funding to discount
 passenger fares for certain user groups, as detailed in section 3.3.1 on private fare substitutes.
- There were limited examples of third-party funding initiatives beyond advertising and private
 fare substitutes. Several challenges were identified that hinder the ability of public transport
 authorities to boost private share through third-party revenue sources. These include lack of
 staff capacity, insufficient funding to develop and progress initiatives, the specific context for
 regions and difficulties in articulating a value-add for prospective third-party funders.
- Some public transport authorities highlighted barriers related to roles, responsibilities, and
 revenue retention. Many public transport authorities noted that territorial local authorities
 generate third-party revenue from public transport-related facilities, such as advertising on bus
 shelters and interchanges, leases at interchanges, and public transport-related infringement
 fines.
- The current funding model was identified as something that could be changed to better incentivise public transport authorities to increase private share through both cost-side initiatives and revenue-side initiatives.

This feedback has informed this discussion document and will guide further work.

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3 Understanding private share

This section defines how we measure private share and provides information on the various elements of private share revenue. This section also covers other funding sources that are not private share but could help reduce the funding required from ratepayers or taxpayers.

3.1 Private share measure

Private share is a measure of cost recovery. It is calculated as revenue divided by operating expenditure as set out in Table 1. Revenue includes passenger fares, private fare substitutes and commercial revenue. Operating expenditure includes the management and operation of passenger services and the maintenance and operation of public transport facilities and infrastructure. Operating expenditure does not include capital renewals or infrastructure improvement projects. Further detail is provided in Appendix B.

Table 1 Private share of public transport operating expenditure

Revenue		Calculation	Notes		
A	Passenger fares		Passenger fare revenue, including fare revenue from net contracts or exempt services receiving financial assistance.		
В	Private fare substitutes		Third-party revenue from private fare substitutes such as corporate, tertiary and Health NZ (previously DHB) fare schemes.		
С	Commercial revenue		Third-party revenue from commercial sources including advertising, sponsorship, rental or investment income generated from the delivery of the public transport system.		
D	Enforcement fees		Revenue generated from enforcement associated with the public transport system, eg fines of unpaid tickets		
E	Total private revenue	E = A+B+C+D			
Exp	enditure				
н	Passenger services		Total gross expenditure on public transport services, prior to applying any subsidies. Operating expenditure needs to include recognition of any revenue that is retained by transport operators or other contracted parties, such as for net contracts or exempt services that receive financial assistance. Include activities funded under work categories 511, 512, 515.		
ĺ	Operations and maintenance		Total gross expenditure on the maintenance, operations and management of public transport services and infrastructure, prior to applying any subsidies. Include activities funded under work categories 514, 524, 525 (excluding any technology renewals under work category 525).		
J	Total operating expenditure	J = H + I			
Mea	sures				
ĸ	Private share of operating expenditure	K=E/J			

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3.2 Passenger fares

Passenger fares are paid in exchange for use of public transport services. Passenger fares are included as fees and charges under the Local Government Act 2002 (LGA), these are applied to an individual user in exchange for the use of a service or activity for which the user receives a direct benefit and where public transport authorities are required to take on expenditure.

3.3 Fare substitutes

Fare substitutes refer to revenue provided in lieu of passenger fares. For example, an organisation might provide funding in exchange for discounted travel on public transport for its employees. Fare substitutes are different to fare concessions as set out in Appendix B.2.1.1.

Fare substitutes can be either be included as private share (private fare substitutes) or public share (public fare substitutes) depending on the nature of the organisation providing the funding. Fare substitutes are also different to fare concessions as discussed below.

3.3.1 Private fare substitutes

Private fare substitutes are a form of third-party revenue provided by organisations in exchange for free or discounted travel for a group of people. Examples include, but are not limited to, funding from entities to reduce passenger fares for nominated user groups (e.g., a university providing funding to enable free travel for their students).

Private fare substitutes may come from organisations that are publicly funded, such as education and health providers. These are still categorised as private share as funding of the fare substitute is ancillary to their primary purpose (e.g. providing education) and the entity is funding the fare substitute in exchange for a benefit that accrues to that entity. This is as opposed to Crown funding specifically for the purpose of providing a fare substitute such as SuperGold.

Table 2 Examples of private fare substitutes

Private fare substitutes	Description
Corporate fare schemes	Corporate fare schemes are where a private organisation funds fare discounts for their nominated user groups (e.g., staff, clients, patients, or students).
	Many public transport authorities currently have corporate fare schemes in place with private organisations. We note that the term "benefit programme" is used by NTS for corporate fare schemes.
Tertiary fare schemes	Tertiary fare schemes are equivalent to corporate fare schemes except the organisation providing the funding is a tertiary institution, generally in exchange for free or discounted student and/or staff fares.
Health NZ fare schemes	Health NZ (previously DHB) fare schemes are equivalent to corporate fare schemes except the organisation providing the funding is a DHB, generally in exchange for free or discounted staff and/or patient travel.
	In the case of DHB fare schemes discounted travel is often limited to travel to and from healthcare facilities. Noting that this can also be a feature of any other fare substitute.

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3.3.2 Public fare substitutes

Public fare substitutes are not private share but rather a form of subsidy. The SuperGold scheme is an example of a public fare substitute, in this case the Crown provides funding in exchange for public transport authorities providing free off-peak travel to SuperGold card holders. This is not third-party revenue as the scheme is directly funded by taxpayers through a Vote Transport appropriation.

Table 3 Examples of public fare substitutes

Public fare substitutes	Description
SuperGold fare concession	The <u>SuperGold fare concession</u> scheme is a public fare substitute that allows card holders to travel free on most off-peak public transport services. The SuperGold card is a discount and concession card issued free to everyone 65 years and over, and anyone under 65 who receives New Zealand Superannuation or a veteran's pension.
Community Connect fare concession	The Community Connect fare concession scheme is a public fare substitute that provides Community Service Card (CSC) holders a 50% discount when travelling on most public transport services.

3.4 Commercial revenue

Commercial revenue is a form of third-party revenue, provided by an organisation in exchange for a benefit derived from the public transport system. For example, a corporate sponsor might want to associate their brand with good environmental outcomes, or an organisation might want to advertise a product on the back of buses. Table 4 provides further examples.

Table 4 Examples of commercial revenue

Commercial revenue sources	Description
Advertising revenue	Advertising revenue is revenue earned from promoting products or services through various media channels. This generally involves creating and placing ads that directly market a product or service to customers.
	Vehicles - advertising revenue on public transport vehicles is the most widely utilised source of third-party revenue. Historically, this source was mostly utilised by public transport operators but is now becoming a more common revenue source accessed by public transport authorities to offset public transport operating costs.
	Facilities – advertising revenue from public transport facilities (e.g. bus stops, shelters, interchanges, stations) can be used to offset the cost of operating and maintaining those facilities.
	We note there are existing examples of advertising revenue generated from public transport facilities, for example bus shelter advertising, but this is generally unrecorded as facilities are often owned by territorial authorities and revenue is not reported to public transport authorities.

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Sponsorship revenue	Sponsorship revenue is generated when an organisation pays to associate its brand with an event, service, or product.				
	For example, a sponsor may contribute funding towards public transport for an event in return for brand recognition. Sponsorship may be financial or in kind, for example, a power company may offer free or discounted power. Both forms of sponsorship positively influence private share.				
Commercial access fees	Commercial access fees are charges to commercial transport operators or other companies for the use of public transport infrastructure or facilities. For example, berthing fees for operators to use public ferry terminals.				
Commercial retail income	Commercial retail income is revenue generated from the sale of goods and services within a public transport facility or vehicle. For example, a café within a transport facility or a café on train services such as Capital Connection or Te Huia where the revenue from sales comes back to the public transport authority.				
Commercial rental income	Commercial rental income is revenue generated from leasing or renting out public transport facilities for commercial use. This would be most applicable to larger public transport facilities (e.g. hubs and interchanges).				
Electricity grid sales	There is a potential emerging opportunity to generate revenue through leveraging public transport energy infrastructure by making bus charging infrastructure available to other users for a fee and utilising retired bus batteries as an energy store to support the grid during times of high demand or low supply.				

3.5 Enforcement revenue

The purpose of enforcement fees is to promote compliance and mitigate behaviours that impose cost or inconvenience on other members of the community, rather than to raise revenue. Often fines and penalties are solely used to offset the cost of enforcement.

Some enforcement revenue may be considered private share while other enforcement revenue may not, as indicated in Table 5.

Table 5 Enforcement revenue sources

Enforcement revenue sources	Description
Enforcement fees (passengers)	Enforcement fees charged to passengers, e.g. for not paying a fare, can be considered private share as directly related to the delivery of public transport services. These are separated from passenger fare revenue but are paid by passengers and therefore included as passenger revenue.
Enforcement fees (other)	Other enforcement fees are generally not private share, such as fines for using bus lanes. For example, bus lane and parking enforcement undertaken by territorial local authorities is not private share. This is an area we want to explore further and welcome feedback.

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3.6 Other funding sources

Private share refers to the revenue or income generated from public transport activities but does not include other funding sources where the income is not directly generated by the public transport system. The following are funding sources not considered private share but could be considered to reduce the funding required from ratepayers and taxpayers:

- development and financial contributions
- interest and/or dividends from investments (e.g. shares in port companies)
- · property development and uplift
- value capture initiatives
- parking revenue
- congestion charges

We welcome discussion on whether any of these funding sources should be considered private share. For example, could some development and financial contributions be considered private share or would they be better to be considered part of local share.

Other than any feedback on the above these other funding sources are not considered further in this document as they are not directly related to the private share of public transport operating expenditure, but they are important to consider as part of the overall funding of the public transport system.

4 Private share performance and trends

This section provides information on private share trends and benchmarking. We note that while private share is an important financial measure it also needs to be considered in the context of other financial and non-financial performance measures. Appendix B provides further information on measure definitions.

4.1 International context

Cost recovery is an issue everywhere, not just New Zealand. The following are some insights from earlier analysis looking at predominately Australian sources:

- In recent years, fare levels have not kept up with cost increases. Compounded by COVID-19 disruptions, cost recovery from fare income has decreased
- Public transport funding needs are increasing significantly due to growing supply, rising
 costs and inflationary pressure. The innovation required to maintain and improve levels of
 service and environmental performance contributes to these costs
- Good fare regulation to ensure costs are equitably shared between public and private sources can generate the necessary margins to maintain and improve service levels and meet safety, reliability and quality standards
- In Australia since the end of the 1990s cost pressures have grown a lot and cost recovery has generally declined in all cities to 20-30%

Comparing cost recovery between jurisdictions on a like-for-like basis is difficult due to different definitions and treatment of factors such as capital charges.

4.1.1 Comparison with Australia

New Zealand overall cost recovery has historically been high compared to Australia, as shown in Figure 2, although this has not been the case in recent years. New Zealand and Sydney track a similar trend, with the only divergence bring the faster recovery out of covid-19. This is likely due primarily to the extended lockdown period in Auckland.

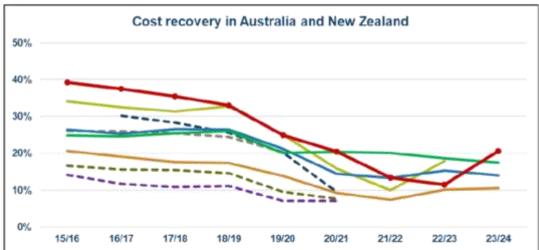


Figure 2 Cost recovery in Australia and New Zealand

Sydney

--- Darwin

Source: Australian Productivity Commission public transport pricing research paper (2021), annual reports of transport authorities and NZTA estimates.

--- ACT

- Brisbane

-- -- Adelaide

New Zealand

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- Melbourne

Hobart

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Perth

4.2 National and regional performance

Trends associated with New Zealand's national and regional levels of private share of operating expenditure chart a change in fare and pricing priorities and policies, and extended disruptions including COVID-19 contributing to low ridership. In recent years, the trend is starting to shift upwards on a national level.

4.2.1 Private share national trend

At a national level, the private share of operating expenditure in New Zealand has fallen significantly in recent years, since around 2015/16 as shown in Figure 3. There are several reasons for recent private share trends, including the following:

- NZTA set a national farebox recovery target in 2011/12, with a target date of 2016/17. The target was met, with private share remaining relatively stable over this period.
- There was subsequently a lesser focus on farebox recovery targets and with a change in policy settings in 2017/18, the previous farebox recovery policy lapsed.
- This was followed by Covid-19, which impacted the last three months of 2019/20 and resulted in a significant decline in private share due to reduced demand and additional Crown and other support payments.
- Private share reduced to 11.6% in 2022/23. Patronage was beginning to recover from COVID-19 during this period with the low private share largely due to the Crown half-price fares policy during that year. We estimate private share would have been near 25% without any Crown fare concessions (excluding any demand impacts of higher fares).
- During this 2022/23 driver shortages also required additional Crown and local share expenditure to raise bus driver wages, affecting the private share ratio.
- The increase in private share to 20.6% in 2023/24 was due to demand returning to precovid levels and a more targeted approach to Crown fare concessions through Community
 Connect (half price fares for those under 25 or with a Community Services Card and free
 fares for those aged under 13). We estimate private share would have been near 27%
 without any Crown fare concessions (excluding any demand impacts of higher fares).

This shows the impact of Crown fare concession on private share. From the start of 2024/25 Crown fare concessions only apply to SuperGold Card and Community Services Card holders, this is expected to further reduce the Crown fare substitute share from 6.3% to 3% of public transport operating expenditure.

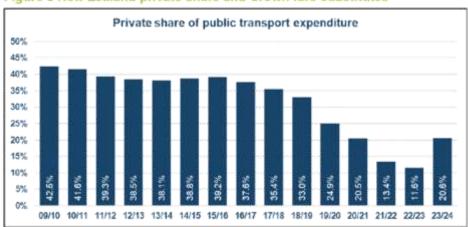


Figure 3 New Zealand private share and Crown fare substitutes

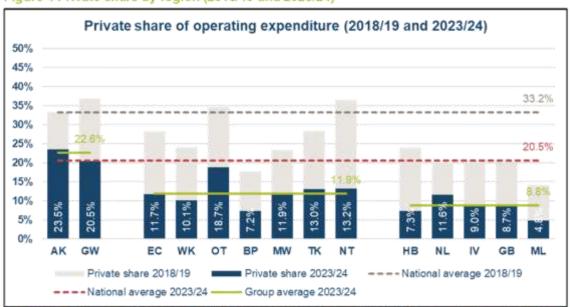
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4.2.2 Private share regional performance

Private share has reduced across all regions between 2018/19 and 2023/24 as shown in the two figures below. The biggest reduction has been amongst the medium and smaller regions with a 50-60% reduction overall while Auckland and Wellington private share has reduced by around 33%.

Figure 4 Private share by region (2018/19 and 2023/24)



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

Table 6 Private share by region (2018/19 and 2023/24)

Public transport authority	Code	Private share 2018/19	Private share 2023/24
Auckland	AK	33.2%	23.5%
Wellington	GW	36.9%	20.5%
Subtotal		34.3%	22.6%
Canterbury	EC	28.2%	11.7%
Waikato	WK	24.1%	10.1%
Otago	OT	34.5%	18.7%
Bay of Plenty	BP	17.7%	7.2%
Horizons	MW	23.4%	11.9%
Taranaki	TK	28.4%	13.0%
Nelson-Tasman	NT	36.6%	13.2%
Subtotal		27.1%	11.9%
Hawkes Bay	HB	24.0%	7.3%
Northland	NL	20.1%	11.6%
Invercargill	IV	20.3%	9.0%
Gisborne	GB	19.9%	8.7%
Marlborough	ML	14.1%	4.8%
Subtotal		21.8%	8.8%
Total		33.2%	20.5%

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Impact of Crown fare substitutes 4.2.3

Crown fare substitutes can have a significant impact on private share. Crown fare substitutes comprise funding from the Crown provided in lieu of passenger fares.

The Crown has provided fare substitute funding for the SuperGold card scheme for the last 15 years, with SuperGold card funding equating to 2.7% of public transport operating expenditure in 2018/19. Crown funding has increased in recent years with SuperGold Card and Community Connect funding equating to 6.3% of public transport operating expenditure in 2023/24.

The impact for Crown fare substitutes on private share varies significantly between regions, depending on the number of people who quality for those schemes.



Figure 5 Crown fare substitutes and private share by region (2018/19 and 2023/24)

AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

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Table 7 Crown fare substitutes and private share by region (2018/19 and 2023/24)

Public transport authority	Code	Private share 2018/19	Crown fare substitutes 2018/19	Private share + Crown fare substitutes 2018/19	Private share 2023/24	Crown fare substitutes 2023/24	Private share + Crown fare substitute s 2023/24
Auckland	AK	33.2%	2.4%	35.6%	23.5%	6.3%	29.8%
Wellington	GW	36.9%	2.9%	39.8%	20.5%	6.2%	26.6%
Subtotal		34.3%	2.5%	36.9%	22.6%	6.3%	28.9%
Canterbury	EC	28.2%	4.5%	32.6%	11.7%	6.1%	17.8%
Waikato	WK	24.1%	3.4%	27.5%	10.1%	5.9%	16.0%
Otago	OT	34.5%	3.2%	37.7%	18.7%	7.2%	25.9%
Bay of Plenty	BP	17.7%	3.6%	21.3%	7.2%	7.4%	14.7%
Horizons	MW	23.4%	2.4%	25.8%	11.9%	4.7%	16.6%
Taranaki	TK	28.4%	2.9%	31.2%	13.0%	8.9%	21.9%
Nelson-Tasman	NT	36.6%	8.0%	44.6%	13.2%	6.5%	19.8%
Subtotal		27.1%	3.9%	30.9%	11.9%	6.5%	18.4%
Hawkes Bay	HB	24.0%	5.9%	29.9%	7.3%	4.1%	11.4%
Northland	NL	20.1%	4.8%	24.8%	11.6%	5.3%	17.0%
Invercargill	IV	20.3%	1.7%	22.0%	9.0%	7.6%	16.6%
Gisborne	GB	19.9%	2.2%	22.0%	8.7%	6.5%	15.2%
Mariborough	ML	14.1%	8.4%	22.5%	4.8%	11.1%	15.9%
Subtotal		21.8%	4.7%	26.4%	8.8%	5.3%	14.0%
Total		33.2%	2.7%	35.9%	20.5%	6.3%	26.8%

5 Setting of private share targets

Public transport authorities are required to set with NZTA agreed private share targets. We are proposing a regional approach to setting targets to ensure targets reflect the specific context and circumstances of each region. We require interim regional targets be set and agreed with us for each of the next two years and an indicative target for 2026/27.

5.1 Key expectations

We expect private share targets to deliver a meaningful increase in private share, but targets should also be achievable. The following are our key expectations for public transport authorities in setting private share targets:

- Private share targets for each region are expected to meet or exceed 2018/19 levels, subject to any material changes in regional context
- Private share targets are set on a regional basis, accounting for differences in public transport system size, need and resources
- Private share targets are set on an interim basis for 2024/25 and 2025/26 and on an indicative basis for year 2026/27
- Public transport authorities are responsible for identifying and implementing initiatives to increase private share

5.2 Key considerations

The following are relevant matters to consider when setting private share targets and will be key considerations for NZTA in agreeing regional targets with each public transport authority:

- National economic context
- Boardings and expenditure
- · Private share levels
- Passenger fare levels
- Third-party revenue levels
- · Crown fare concessions

The rest of this section provides a regional comparison and analysis of each of these key considerations, with a focus on the 2018/19 and 2023/24 financial years. We have used this analysis to develop proposed targets for discussion and agreement with public transport authorities. The proposed targets will be shared separately to this discussion document.

5.2.1 National economic context

The national and regional economic situation is an important consideration when setting private share targets. For example, economic conditions influence the ability for passengers to pay for travel and the number of trips they might take. It also influences pressure on ratepayers and taxpayers and the ability to develop and grow third-party revenue streams.

The national economic situation is complex, for example, at the time of writing the <u>ANZ economic outlook</u> indicates further cuts to the official cash rate and stabilisation of inflation but also ongoing pressures from the labour market, consumer confidence and economic growth. <u>Statistics NZ</u> is also showing the cost of living for the average household continues to increase.

We recognise impacts will vary by regions and are looking to discuss with public transport authorities the potential impact on private share targets. As a starting point and on a national basis, we have assumed the potential for a 0.5 percentage point increase per annum in private share associated economic conditions generally.

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For context, a 0.5 percentage point increase in private share would require approximately a 2% increase in private revenue or a 2% reduction of operating expenditure, or some combination thereof.

5.2.2 Boardings and expenditure

Patronage oriented networks (comprising rapid and frequent serves) typically have higher boardings and operating expenditure per capita and higher private share, whereas coverage-oriented networks typically have lower boardings and operating expenditure per capita and lower private share. These factors are highly correlated and can be used to inform appropriate private share targets across different regions.

By way of summary, Auckland and Wellington have relatively high levels of patronage-oriented services. They also have the highest per capita levels of passenger boardings (refer Figure 6) and operating expenditure (refer Figure 7).

We expect Auckland and Wellington to have the highest levels of private share nationally, followed by Canterbury and Otago and then other medium sized regions with the smaller regions having the lowest relative levels of private share.

Refer to the <u>strategic context</u> section of our <u>public transport framework</u> for further information on patronage and coverage oriented services. Further information on population catchments and per capita measures is also provided in Appendix B.3.4.



Figure 6 Passenger boardings per capital





AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Mariborough

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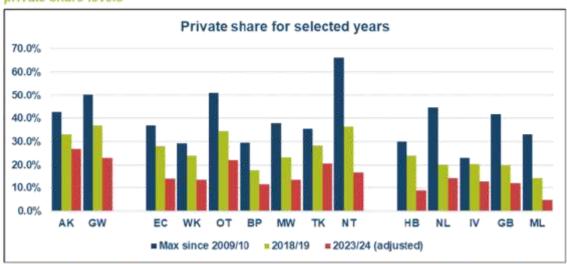
5.2.3 Private share levels

The consideration of historic private share levels for each region is a good indicator as to the extent to which each region might be able to increase private share in line with previous performance. It is noted that some networks will have changed which will need to be considered, for example Nelson-Tasman (NT) has had significant network changes that may mean a historic comparison is less meaningful.

Figure 8 shows current private share compared to 2018/19 private share and the maximum private share level in that region since 2009/10. The term adjusted private share is used to reflect adjustments made to exclude the impact of recent Crown fare substitutes on the comparison. The lower percentages theoretically mean more room for increases in private share. The main comparison for interim targets should be the percent of 2018/19 while the percent of maximum private share may be more indicative of longer-term changes in private share targets.

As previously indicated, regions are expected to move to 2018/19 private share levels, which for most regions is a significant increase.

Figure 8 Private share 2023/24 (adjusted for Crown concessions) compared to previous private share levels



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

Table 8 Private share 2023/24 (adjusted for Crown concessions) compared to previous private share levels

Public transport authority	Code	Private share 2023/24 (adjusted)	Private share 2018/19	Max private share since 2009/10
Auckland	AK	26.9%	33.2%	42.7%
Wellington	GW	23.1%	36.9%	50.3%
Canterbury	EC	13.9%	28.2%	36.9%
Waikato	WK	13.4%	24.1%	29.4%
Otago	OT	22.1%	34.5%	51.2%
Bay of Plenty	BP	11.5%	17.7%	29.4%
Horizons	MW	13.4%	23.4%	37.9%
Taranaki	TK	20.6%	28.4%	35.5%
Nelson-Tasman	NT	16.8%	36.6%	66.3%
Hawkes Bay	НВ	8.8%	24.0%	30.0%
Northland	NL	14.1%	20.1%	44.8%
Invercargill	IV	12.7%	20.3%	23.2%
Gisborne	GB	12.1%	19.9%	41.8%
Marlborough	ML	4.8%	14.1%	33.1%

5.2.4 Passenger fare levels

The current average fare per boarding for each region is shown in Figure 9. This figure also includes average third-party revenue for boarding to reflect where private fare substitutes may be leading to lower average fares.

Please note that for simplicity we have included total third-party revenue and have not attempted to separate out private fare substitutes from commercial revenue. Ideally, these would be separated.

Figure 9 Average fare per boarding



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

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Fares and general inflation

Passenger revenue is the primary source of private revenue. This essentially means passenger fare levels need to increase in line with operating costs just to maintain current levels of private share. Regular fare increases in line with the consumer price index (CPI) will maintain real fares relative to the cost of other goods and services over time. Increasing fares by less than the rate of inflation is the same as a reduction in real fare levels.

We recommend annual fare increases that at a minimum are in line with general inflation. Figure 10 shows the change in average passenger fares levels and CPI over time, indicating that during the period 2009/10 to 2016/17 fare levels generally increased in line with CPI, but passenger fares levels have not kept up since 2017/18. Figure 11 shows that nationally passenger fares have decreased in real terms from 2015/16 to 2023/24





Figure 11 Average fare per passenger boarding since 2009/10 after adjusting for inflation



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Fares and operating costs

The cost of operating services is also an important consideration when setting fares and seeking to maintain or increase private share. Operating costs have historically increased at a faster rate than general inflation (e.g. in line with the NZTA public transport cost index). This means increasing fares in line with the CPI will not maintain current levels of private share with increases needing to instead be in line with increases in operating costs.

Increasing fares above the general rate of inflation can impact demand due to price elasticities. We recommended passenger fares be increased at a rate that at least maintains current levels of private share and that manages demand impacts through regular smaller increases rather than less regular higher increases in passenger fare levels.

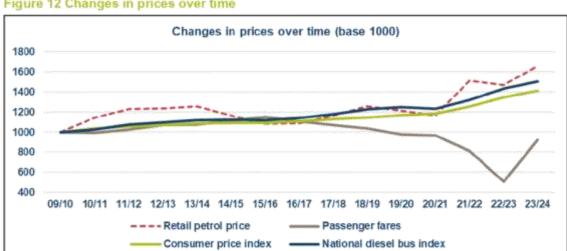


Figure 12 Changes in prices over time

Fares and cost of alternatives

Public transport is an alternative to private car and therefore the cost of driving is a useful comparator for passenger fares on public transport. The bigger the gap means potentially more room to increase fares, assuming private cars is the main alternative. Figure 13 shows passenger fares compared to private car costs for average public transport trip distance1.

Auckland and Otago appear to have the highest average fare compared to private car operating costs, noting this doesn't take account of parking or other costs. Most other regions public transport fares are significantly lower than the average cost of travelling in a single occupancy vehicle. This would indicate room to increase fares and remain competitive to the cost of driving for most regions. However, care must be taken as public transport and driving are not always comparable. For example:

- For households, car trips often cost less per person when more people share the ride, while public transport typically costs more with each additional person.
- People are generally more willing to pay higher fares where public transport is convenient, quick, and safe compared with other options such as driving.

Note: Private car costs have been calculated using a simplified methodology which is simply the IRD 2023/24 per kilometre rate for running costs only (\$0.30 excl. GST) multiplied by the average public transport trip length in each region. This comparison excludes costs such as parking and congestion

Comparison to private car operating costs depends on context and is a policy decision for each public transport authority.

Figure 13 Passenger fares compared to private car costs for average trip distance



AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargill, GB=Gisborne, ML=Marlborough

5.2.5 Third-party revenue levels

Current third-party revenue levels are shown in Table 9 for those regions that have indicated third-party revenue, given as a percent of gross operating cost. This would seem to indicate around 1% of operating expenditure as the appropriate starting point for expected private share of third-party revenue. Those regions with higher third-party revenue generally have tertiary institute funded fare concessions.

There is an expectation that third-party revenue levels increase each year, for example those currently with no or limited third-party revenue might target at least 0.5% in the first year, 1% in second year and 1.5% in the third.

Table 9 Third-party revenue as a proportion of total operating expenditure

Public transport authority	Third-party revenue (approximate)		
Auckland	3.0%		
Wellington	0.3%		
Canterbury	0.7%		
Waikato	1.0%		
Otago	1.0%		
Bay of Plenty	0.4%		
Horizons	6.9%		
Taranaki	2.8%		
Nelson-Tasman	0.3%		
Hawkes Bay	-		
Northland	-		
Invercargill	-		
Gisborne	-		
Marlborough	0.5%		

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5.2.6 Crown fare concessions

Crown fare concessions, like SuperGold and Community Connect, reduce private share by substituting passenger fares with Crown funding. Recent policy changes, such as reducing the scope of Community Connect, influence the starting point for identifying private share targets. Table 10 shows the estimated impact on private share resulting from policy decisions already made.

Overall, changes to Crown fare concessions are expected to increase private share by 3.2 percentage points nationally, with regional variations. For example, Marlborough is not affected as it is not part of Community Connect, while Taranaki will see the highest increase due to relatively high Community Connect usage.

The adjusted private share for 2023/24 in Table 10 serves as a baseline for setting 2024/25 targets. Actual targets need to be higher to account for initiatives to increase private share, such as fare increases, third-party revenue initiatives, and cost-saving measures.

Table 10 Crown fare substitutes impact on private share (2023/24)

Public transport authority Code		Actual private share 2023/24	Impact of removing Crown fare substitutes ^(a)	Adjusted private share 2023/24
Auckland	ickland AK 2		3.5% 3.4%	
Wellington	GW	20.5%	2.7%	23.1%
Subtotal		22.6%	3.2%	25.8%
Canterbury	EC	11.7%	2.2%	13.9%
Waikato WK		10.1%	3.3%	13.4%
Otago	OT	18.7%	3.4%	22.1%
Bay of Plenty	ay of Plenty BP		4.3%	11.5%
Horizons	MW	11.9%	1.5%	13.4%
Taranaki	aranaki TK		7.6%	20.6%
Nelson-Tasman NT		13.2%	3.5%	16.8%
Subtotal		11.9%	3.0%	14.9%
Hawkes Bay	Hawkes Bay HB		1.5%	8.8%
Northland NL		11.6%	2.5%	14.1%
Invercargill IV		9.0%	3.7%	12.7%
Gisborne	orne GB		3.4%	12.1%
Marlborough	ML	4.8%	0.0%	4.8%
Subtotal		8.8%	2.2%	10.9%
Total		20.5%	3.2%	23.7%

⁽a) Demand impact of change in fares has not been factored in as many regions may retain equivalent discount as a regional concession

5.3 Other considerations

The following is a list of other matters not covered above that could potentially be considered in setting regional targets.

- Average fare revenue per passenger kilometre
- Current levels of funding share and FAR rates
- · Efficiency of network passenger kilometres per service kilometre
- Gross operating cost per passenger kilometre
- Gross operating cost per service kilometre
- Travel patterns and mode share e.g. household travel survey, census journey to work and journey to education
- <u>Economic and demographic factors</u> e.g. economic activity, population growth, socioeconomic deprivation

5.4 Regional private share targets

The previous sections outline expectations and considerations for setting private share targets. These, along with any other relevant information, will need to be considered by public transport authorities and NZTA when agreeing regional targets.

As a starting point, we have proposed private share targets for each region, which we will share separately with each public transport authority.

Based on our analysis and consistent with historic trends, Auckland and Wellington are expected to have higher private shares, while other regions may have lower targets depending on their characteristics.

While targets will vary by region based on relevant context, we expect the national private share to be within the target ranges set by the NZTA Board, as outlined in Table 11.

When agreeing targets, it will also be necessary to document the high-level inputs and initiatives required to achieve them. This may include any combination of patronage and fare revenue growth, fare increases, third-party initiatives, and cost-saving measures.

Table 11 Regional private share targets to be agreed with NZTA

Public transport authority	2018/19 Actual	2023/24 Actual	2024/25 Interim Target	2025/26 Interim Target	2026/27 Indicative Target		
Auckland	33.2%	23.5%					
Wellington	36.9%	20.5%					
Canterbury	28.2%	11.7%					
Waikato	24.1%	10.1%					
Otago	34.5%	18.7%					
Bay of Plenty	17.7%	7.2%					
Horizons	23.4%	11.9%	To be set and agreed				
Taranaki	28.4%	13.0%	with each public transport authority				
Nelson-Tasman	36.6%	13.2%					
Hawkes Bay	24.0%	7.3%					
Northland	20.1%	11.6%					
Invercargill	20.3%	9.0%					
Gisborne	19.9%	8.7%					
Marlborough	14.1%	4.8%					
Total	33.0%	20.5%	24-26%	28-33%	35-40%		

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6 Embedding a more commercial approach

Private share is part of a broader focus on embedding a more commercially oriented approach and improving national and regional oversight of public transport.

6.1 Public transport oversight

One of NZTA's statutory functions under the LTMA is to oversee the planning, operation, implementation, and delivery of public transport (oversight function). This is addition to our regulatory and funding roles.

While we provide national oversight, public transport authorities are responsible for regional oversight and delivery, primarily through:

- regional public transport plans and regional land transport programmes prepared under the LTMA, and
- annual and long-term plans and revenue and financing policies prepared under the LGA

However, these documents often lack alignment and relevant information on public transport activities. They do not fully account for contributions from other organisations, such as local councils or national projects like the NTS. Additionally, NZTA reporting requirements for public transport authorities needs to be streamlined and improved. We observe that much of the current reporting is focused on funding claims from NZTA, rather than offering a comprehensive view of public transport that is useful to authorities and drives improvements to the system.

To improve oversight, we aim to enhance the alignment, monitoring, reporting, and setting of both financial and non-financial measures nationally. By improving these elements, we aim to create a more cohesive and useful oversight framework that better reflects all parts of the public transport system and performance at both regional and national levels.

In many instances we anticipate that this involves NZTA aligning better with regional best practice and processes that public transport authorities must adhere already to under the LGA.

6.2 Commercial approach

By focusing on customer satisfaction, revenue generation, cost efficiency, and innovative technologies, public transport can become more sustainable and attractive to users. This approach enhances operational performance, drives growth, and ensures public transport is a vital and competitive part of our transport system.

Practices currently vary across the sector, and we aim to align with regional best practice and foster this nationally. This is not just about focusing on revenue; it's about improving the overall system. The follow are key aspects of what we consider to be a more commercially oriented approach:

- Customer and purpose ensuring clarity of purpose, understanding customer needs and
 desired outcomes is important. Clearly defining these elements for each network is
 essential for cost-efficient network design and meeting customer needs in a way that
 attracts and retains patronage. Leveraging data and insights to understand customer needs
 and the effectiveness of achieving desired outcomes is key to optimising the deployment of
 limited resources, funding, and maximising value for money spent.
- Efficiency and effectiveness this is about meeting customer need and achieving desired outcomes in the most cost-effective manner possible. This includes fostering innovation, improving procurement practices, fostering supplier market competition, and optimising networks to maximise value from each dollar spent on public transport.

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- Financial oversight and reporting oversight and regular monitoring and reporting of
 financial and non-financial performance, including setting and tracking of relevant targets
 and regular reporting against budgeted and forecast revenue and expenditure is critical to
 effective delivery and being able to respond to changing circumstances.
- Growing revenue sources initiatives to grow revenue sources, particularly increasing
 private share through third-party and other revenue sources are a key focus. This may
 include a stronger focus on revenue management and need for better understanding of the
 structure of demand and segmentation options for passenger fares and opportunities for
 greater use of private share substitutes.

This discussion document focuses on the last two points, financial oversight and reporting and developing revenue sources, primarily third-party revenue sources.

6.3 Financial oversight and reporting

We understand that so far, NZTA and the sector have mainly focused on funding and claiming requirements under the LTMA. However, to meet GPS 2024 expectations for increasing private share, a more thorough approach to financial oversight is needed.

We are intending to undertake further work to this end. For example, we are considering whether developing a model chart of accounts to serve as a basis for NZTA reporting could be beneficial. We note that such an approach:

- · would better align with financial reporting requirement under the LGA
- should enable expenditure and revenue to be coded in a way that meets NZTA claiming and reporting requirements without the significant manual adjustments that currently are required across many public transport authorities.
- should enable NZTA to retire or streamline other reporting requirements

We note that most public transport authorities in Australia prepare and publish financial statements, whether as a reporting group in a state department report or separate business unit, for example refer Metro Tasmania annual reports.

6.3.1 Statement of revenue and expenditure

We propose introducing regular quarterly reporting of operating revenue and expenditure both at a summary level as illustrated in the example statement of revenue and expenditure in Table 12 and more detailed level through supported notes as illustrated in Appendix B.1.

Our aim is to streamline and improve existing financial reporting requirements to enable better oversight of the public transport system while reducing the administrative effort for public transport authorities.

Table 12 Example statement of revenue and expenditure for fictitious region

Example Public Transport Authority			
STATEMENT OF REVENUE AND EXPENDITURE			
	Notes	Actual 2023/24	Budget 2024/25
Revenue (sources of operating funding)			
Fees and charges	1(a)	4,928,828	5,175,269
Third-party revenue	1(b)	678,219	702,130
Grants and subsidies			
Crown funding	1(c)	4,916,004	5,161,804
NZTA funding	1(d)	27,352,459	28,720,082
Other funding	1(e)	0	10,000
General and targeted rates	1(f)	35,423,840	37,195,032
Other income		0	0
Total operating revenue		73,299,350	76,964,317
Expenditure (applications of operating funding) Passenger services			
Contract management	2(a)	5,319,267	5,585,230
Operator payments	2(b)	55,144,810	57,902,051
Revenue recognition	2(c)	1,550,858	1,628,401
Operations and maintenance			
Operations and management	2(d)	8,416,807	8,837,647
Facilities and infrastructure	2(e)	962,086	1,010,190
Technology system operations	2(f)	1,905,522	2,000,798
Total operating expenditure		73,299,350	76,964,317
Surplus (deficit)		0	0

6.3.2 Removing or streamlining other reporting requirements

While not within the scope of this document, we see value in consolidating and streamlining NZTA financial and non-financial reporting requirements for public transport authorities. Doing so would aim to make reporting easier, enable better information and embed a more commercially oriented approach. To achieve this, we see significant potential to better align with existing statutory requirements across the LTMA and LGA as opposed to creating additional policy requirements.

For example, Table 13 provides a summary of public transport authority funding sources for public transport operating expenditure identified in their 2024 revenue and financing policies, which is relevant to the consideration of the private share of public transport operating expenditure.

We note these is not a category for third-party revenue although this would likely fall within the fees and charges category.

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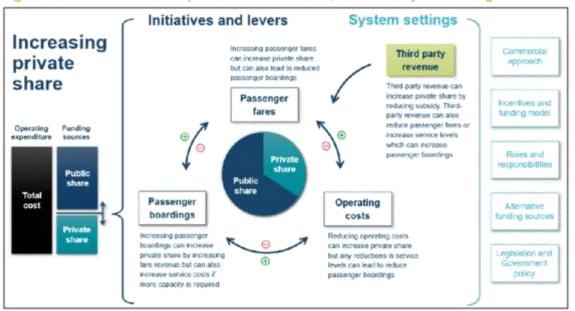
Table 13 Sources of funding for public transport operating expenditure based on funding sources defined under the Local Government Act 2022

Funding source	Auckland	Nellington	Canterbury	Waikato	Otago	Bay of Plenty	Horizons	Faranaki	Nelson-Tasman	Hawkes Bay	Northland	Invercargill	Gisborne	Marlborough
General rates	1	-		1	1	-	-		1			1	-	-
Targeted rates	1	\checkmark	✓	\checkmark	✓	\checkmark	\checkmark	\checkmark	*	\checkmark	\checkmark	1	V	1
Lump sum contributions	-	-	-	-	-	-	-	-	~	~	~	~	-	-
Fees and charges	1	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	*	\checkmark	\checkmark	\checkmark	\checkmark	1	\checkmark	1
Investment income (interest and dividends)	-			-	-	-	-	-	*	-	-	-	-	1
Borrowing	-		*	*	+	*	+	*	\checkmark	*	*	*	*	
Proceeds from asset sales	-	-	-			~	~	~	-	*	*	-	~	-
Development contributions	-	-			-	-	-	-	-	-			-	-
Financial contributions	-	*		*	*	*	*	*	-	*	*		*	*
Grants and subsidies	1	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	1
Other sources	-	-	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark	-					-	4
Regional fuel tax (repealed)	1	-	~				*	*		-				
Reserves	-	+	*			\checkmark			*	*	*		+	-

7 Initiatives to increase private share

There is a complex interaction between private share initiatives, levers and system settings, as illustrated in Figure 14. The section explores potentially initiatives to increase private share taking account of the dynamic interaction between passenger fares, passenger boardings, operating costs and third-party revenue. The potential to increase private share is also impacted by current and future system settings.

Figure 14 Interaction between private share initiatives, levels and system settings



7.1 Initiatives and levers

Private share is expected to increase annually which will require public transport authorities to identify and implement initiatives to increase private share as soon as possible.

7.1.1 Passenger fares

Increasing passenger fares can increase private share but can also lead to reduced passenger boardings. The NZTA fares and pricing policy in the development guidelines for regional public transport plans requires public transport authorities to undertake annual pricing reviews and regular fare structure reviews. These reviews provide an opportunity to increase passenger fares on an annual basis.

Passenger fares comprise a significant proportion of private share funding for public transport and are based on private share benefit of public transport, as set out in the public transport authorities' revenue and financing policies, prepared under the Local Government Act 2002. The extent to which this cost is recovered is subject to circumstance. Fares should be adjusted at least annually and balance transparency with flexibility. For context:

- Maintaining fare levels relative to the price of other goods and services requires regular
 increases in line with inflation. Any increases above the rate of inflation may have an impact
 on demand but will be required to maintain private share if operating costs are increasing
 faster than the general rate of inflation.
- Experience shows that fares should be adjusted incrementally and regularly, at least annually. In the event of abrupt and steep fare increases, the elasticity of demand is likely

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to be much higher and the drop in ridership could be significant. From a public acceptance point of view, small regular variations generate fewer reactions than large increments. (UITP 2012).

- Many cities (such as Singapore, Cape Town, Hong Kong, Sydney) take a relatively
 prescriptive, formulaic approach to fare reviews, including directly linked to inflation, service
 cost increases etc (Cape Town 2014, Lipscombe 2016, TTF 2016).
- The advantage of using a fare adjustment formula is that it increases transparency and reduces uncertainty. On the other hand, circumstances not foreseen in the formula may arise, meaning there is a need to balance between transparency and flexibility. (UITP 2012, TTF 2016).
- Passenger boardings are more likely to be increased by changes to the services themselves, rather than by decreased fare levels. Reducing fares can increase boardings. But customers generally value high levels of service more than reduced fares.

7.1.2 Passenger boardings

Increasing passenger boardings can increase private share by increasing fare revenue but can also increase service costs if more capacity is required. Demand can be increased through a variety of initiatives.:

- Improving service performance
- Improving customer experience
- · Network improvement within existing funding allocations
- Marketing and promotion to make best use of existing capacity

Each initiative has its own trade-offs that affect overall private share. Context differs by region and identifying initiatives to increase demand in a way that positively impacts private share is an important consideration for public transport authorities.

7.1.3 Operating costs

Achieving greater cost efficiency is an important part of increasing private share. Cost side initiatives include, but are not limited to:

Improving procurement practices

Fostering a competitive and efficient supplier market can significantly influence the cost of providing public transport services by increasing competition. This is a key focus area for NZTA.

The following figure show current public transport operating cost per service-km. This is higher in Auckland and Wellington mainly due to higher train costs, but bus costs are also higher than in other regions, with Auckland bus costs being \$7.89 and Greater Wellington \$10.49 per service-km.



Figure 15 Operating cost per service-km

AK=Auckland, GW=Wellington, EC=Canterbury, WK=Waikato, OT=Otago, BP=Bay of Plenty, MW=Horizons, TK=Taranaki, NT=Nelson-Tasman, HB=Hawkes Bay, NL=Northland, IV=Invercargitl, GB=Gisborne, ML=Marlborough

Optimising services and networks

This involves amending network to maximise cost efficiencies within existing funding. This can reduce costs for the same patronage and revenue or increase patronage and fare revenue for the same cost. Larger public transport authorities continuously focus on optimisation due to their changing environment.

Reducing service levels

This will reduce operating costs and all else being equal, increase the private share funding ratio. However, there is a risk it can also trigger patronage and fare revenue decline and be counterproductive overtime.

Note that reduced service levels can lead to reduced demand which in turn reduces passenger fare revenue and therefore can reduce private share.

Optimising networks and/or reducing service levels can be implemented within the shorter term, whereas the benefits of increased competition and better procurement practices will be realised overtime as the sector progresses through procurement cycles.

The most significant improvement to private share can be achieved through increases in passenger demand, as savings through network optimisation and reducing service levels are generally reinvested by the public transport authority into better performing services. In turn, that increases demand and indirectly contributes to an increase in private share.

7.1.4 Third-party revenue

Third-party revenue can increase private share by reducing subsidy. Third-party revenue can also reduce passenger fares or increase service levels which can increase passenger boardings. Example initiatives include:

- Increase advertising
- Increase sponsorship
- Corporate fare schemes
- Develop rental income
- Operator access fees

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Business/commercial opportunities.

By increasing third-party revenue, public transport authorities can access more funding for public transport operating costs without the same potential trade-offs associated with increasing passenger boardings and fares and reducing operating costs. But increasing third-party revenue may or may not increase the private share as a proportion of total costs, for example using third-party revenue to increase service levels or reduce passenger fares will not increase private share.

Potential initiatives to increase third-party revenue are outlined in Table 14. Currently only advertising is widely used as a source of third-party revenue although there are various cost-share arrangements in place with transport operators.

Table 14 Initiatives to increase third-party revenue

Initiative	Description
Increase commercial	Many public transport authorities have arrangements in place with private media companies to provide advertising on public transport vehicles.
advertising	Currently, most public transport authorities do not have access to advertising revenue generated from bus shelters or public transport interchanges and stations. This is due to the ownership of these assets typically falling on territorial authorities (i.e. city and district councils).
	NZTA recommends that public transport authorities investigate opportunities to partner with territorial authorities to expand their opportunity to increase advertising revenue from public transport infrastructure, such as bus shelters.
Increase commercial sponsorship	Promote opportunities for commercial sponsorship of public transport services or facilities (e.g. naming rights).
Develop and promote corporate fare schemes	Corporate fare schemes help increase public transport patronage and private share, reducing the need for public subsidies. They offer many benefits for both companies and the public transport system. However, the advantages for private companies aren't always obvious, so highlighting these benefits can attract more participation.
	Corporate fare schemes can help reduce the need for car parking at workplaces, meet sustainability goals, and provide a benefit that can help attract and retain employees, students or clients.
	Since April 2023, employer contributions to employees' public transport costs for commuting can be exempt from fringe benefit tax.
Develop rental income opportunities	There are avenues to generate income from renting out public transport facilities under public transport authority or territorial local authority control.
Charge commercial operators access fees	Public transport authorities can recover operator access fees from operators of commercial and exempt services, where a public transport authority or territorial local authority is providing access / use of their facilities. Examples include charging for use of bus facilities or wharf access charges.

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7.2 System settings

In addition to the above which have direct impact on private share there are core system setting challenges that have a wider impact and if addressed could potentially unlock significant increases in private share that are not currently possible.

7.2.1 Commercial approach

As set out above, embedding a more commercially oriented approach to the planning, procurement and delivery of public transport services and infrastructure is key to growing private share funding. The capacity and capability to do so varies between public transport authorities. We intend to further consider initiatives to address this, such as sharing resources across public transport authorities, and improving national guidance and requirements.

7.2.2 Incentives and funding model

Providing incentives for public transport authorities to grow third party revenue streams is an important consideration. Presently NZTA deduct third-party revenue from NLTF funding which dilutes the benefits for growing third party revenue from the perspective of public transport authorities. Evolving the funding model for public transport could yield better results for both NZTA and public transport authorities.

7.2.3 Roles and responsibilities

In many regions responsibilities with respect to the provision of public transport services and infrastructure are spread across multiple different entities, each with different drivers' objectives and priorities. This complicates the efficient and effective planning, procurement, and delivery of public transport. While there is some guidance in the LTMA, for example public transport authorities are required to collaborate with territorial authorities when preparing region public transport plans there is no obligation on territorial authorities to do the same in respect to their infrastructure.

7.2.4 Alternative funding sources

Investigate opportunities for alternative funding sources. These might not relate directly to private share but could potentially reduce ratepayer and taxpayer funding requirements.

These are particularly relevant to public transport infrastructure and high-capacity public transport corridors. These can include:

- Public private partnerships (PPP)
- Financial contributions
- Development contributions
- Property development and uplift
- Value capture transit-oriented development
- Parking revenue hypothecation
- Congestion charges hypothecation
- Off-setting emission reduction obligations

These opportunities are being explored through other NZTA projects.

7.2.5 Legislation and Government policy

We are seeking discussion on any barriers or issues associated with legislation or government policy that could be addressed to incentivise increased private share and use of alternative funding sources.

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Appendix A Glossary

Term	Definition
Commercial revenue	Commercial revenue is a private share funding source derived from money provided by private entities in exchange for a benefit directly associated with public transport services or infrastructure. These 'benefits' are generally ancillary to the delivery of the public transport system.
Community Connect fare concession	The <u>Community Connect fare concession</u> scheme is a public fare substitute that provides Community Service Card (CSC) holders a 50% discount when travelling on most public transport services.
Community transport services	These are generally operated through community trusts and rely on volunteers, catering for the transport needs of a particular group of customers, or to provide transport services locations where regular scheduled public transport service may not be considered viable.
Enforcement fees	Enforcement fees are a form of passenger revenue (not fare revenue) charged to public transport passengers discourage undesirable behaviours.
Farebox recovery ratio	We no longer use this term, to avoid confusion with previously methodology for calculating farebox recovery. We now use the term private share, which is a financial measure of cost recovery
GPS	Government Policy Statement on Land Transport Funding
LGA	Local Government Act 2002
LTMA	Land Transport Management Act 2003
Operating expenditure	Operating expenditure includes public transport services and the maintenance and operation of infrastructure but does not include capital renewals or infrastructure improvement projects.
Passenger fares	Passenger fares are collected from passengers in exchange for use of a public transport service.
Passenger revenue	Passenger revenue refers to revenue generated from public transport passengers. This includes passenger fares and enforcement fares.
Private fare substitutes	Private fare substitutes are fare substitutes that are derived from private entities i.e., a company or organisation that is not Crown-affiliated. Private fare substitutes are still 'private,' even when paid by ostensibly private organisations that receive some (but not exclusively) funding from the Crown.
Private share	Private share is a measure of cost recovery. It is calculated as revenue divided by operating expenditure. Revenue includes passenger fares, private fare substitutes and commercial revenue. Operating expenditure includes the management and operation of passenger services and the maintenance and operation of public transport facilities. Operating expenditure does not include capital renewals or infrastructure improvement projects.
Public fare substitutes	Public fare substitutes are fare substitutes derived from public funding i.e., Community Connect. These are typically eligible for certain groups to make public transport use easier and cheaper.

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This is generally in the form of local share funding derived from a region's ratepayers, funding derived from the National Land Transport Fund, and Crow subsidies derived from taxation. Subsidy Under Part 5 of the LTMA, subsidy means any funding from the National Land Transport Fund or local authority (LTMA s5). Local authorities include regional councils, city councils and district councils. Refer public transport framework definition of "subsidy" on the regulation of public transport page. SuperGold fare concession scheme is a public fare substitute that allows card holders to travel free on most off-peak public transport services. The SuperGold card is a discount and concession card issued free to everyone 65 years and over, and anyone under 65 who receives New Zealand Superannuation or a veteran's pension. Third-party revenue is derived from private – or third-party – entities, including private share substitutes and commercial revenue. Total Mobility The Total Mobility scheme will have a separate private share calculation as the		
Transport Fund or local authority (LTMA s5). Local authorities include regional councils, city councils and district councils. Refer public transport framework definition of "subsidy" on the regulation of public transport page. SuperGold fare Concession scheme is a public fare substitute that allows card holders to travel free on most off-peak public transport services. The SuperGold card is a discount and concession card issued free to everyone 65 years and over, and anyone under 65 who receives New Zealand Superannuation or a veteran's pension. Third-party revenue is derived from private – or third-party – entities, including private share substitutes and commercial revenue. Total Mobility scheme will have a separate private share calculation as the scheme has a fixed private share and the interventions to manage this are ve	Public share	ratepayers, funding derived from the National Land Transport Fund, and Crown
card holders to travel free on most off-peak public transport services. The SuperGold card is a discount and concession card issued free to everyone 65 years and over, and anyone under 65 who receives New Zealand Superannuation or a veteran's pension. Third-party revenue is derived from private – or third-party – entities, including private share substitutes and commercial revenue. Total Mobility scheme will have a separate private share calculation as the scheme has a fixed private share and the interventions to manage this are verified.	Subsidy	
Total Mobility scheme will have a separate private share calculation as the scheme scheme private share substitutes and commercial revenue. The Total Mobility scheme will have a separate private share calculation as the scheme has a fixed private share and the interventions to manage this are verified.	fare	SuperGold card is a discount and concession card issued free to everyone 65 years and over, and anyone under 65 who receives New Zealand
scheme scheme has a fixed private share and the interventions to manage this are ve	, ,	Third-party revenue is derived from private – or third-party – entities, including private share substitutes and commercial revenue.
		The Total Mobility scheme will have a separate private share calculation as the scheme has a fixed private share and the interventions to manage this are very different to bus, train and ferry services.

Appendix B Private share considerations

B.1 Operating revenue and expenditure

An example statement of revenue and expenditure based on existing long-term plans is provided in Table 15, along with an example of using financial notes as is common practice in Australia to provide a detailed breakdown for multiple financial reporting purposes. This reporting can be generated from a template such as that shared with public transport authorities in September 2024. We believe there is merit in aligning, where possible, public transport authority long-term plan financial requirements and NZTA funding and claiming requirements. This will require changes to current reporting processes include consideration of NZTA public transport work categories.

Table 15 Example statement of revenue and expenditure

Surplus (deficit)		0	0
Total operating expenditure		73,299,350	76,964,317
Technology system operations	2(f)	1,905,522	2,000,798
Facilities and infrastructure	2(e)	962,086	1,010,190
Operations and management	2(d)	8,416,807	8,837,647
Operations and maintenance			
Revenue recognition	2(c)	1,550,858	1,628,401
Operator payments	2(b)	55,144,810	57,902,051
Contract management	2(a)	5,319,267	5,585,230
Passenger services			
Expenditure (applications of operating funding)			,,
Total operating revenue		73,299,350	76,964,317
Other income	107	0	0
General and targeted rates	1(f)	35,423,840	37,195,032
Other funding	1(e)	0	10,000
NZTA funding	1(d)	27.352.459	28,720,082
Crown funding	1(c)	4,916,004	5,161,804
Grants and subsidies	1(0)	0,0,2.10	102,100
Third-party revenue	1(b)	678.219	702,130
Fees and charges	1(a)	4,928,828	5.175.269
Revenue (sources of operating funding)	Notes	Actual 2023/24	Budget 2024/25
STATEMENT OF REVENUE AND EXPENDITURE			
Example Public Transport Authority			

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Detailed notes supporting statement of revenue and expenditure

0. General notes

Community = Total Mobility and community transport services

WC = NZTA work category

1. Sources of operating funding

1(a) Fees and charges

	Actual	Budget
	2023/24	2024/25
Passenger fares		
Bus	3,690,046	3,874,548
Train	0	(
Ferry	60,925	63,971
Community	1,175,857	1,234,650
	4,926,828	5,173,169
Enforcement fees		
Passenger services		
Bus	0	(
Train	0	(
Ferry	0	(
Community	0	(
Operations and management	0	(
Facilities and infrastructure	0	(
Technology system operations	0	(
	0	(

1(b) Third-party revenue

	Actual 2023/24	Budget 2024/25
Private fare substitutes		
Bus	199,171	209,130
Train	0	0
Ferry	0	0
Community	0	0
	199,171	209,130
Commercial revenue		
by type Advertising	469,048	492,500
Sponsorship	409,040	492,300
Other	0	0
0110	469,048	492,500
by application Passenger services		
Bus	444,048	466,250
Train	0	0
Ferry	25,000	26,250
Community	0	0
Operations and management	0	0
Facilities and infrastructure	0	0
Technology system operations	0	0
	469,048	492,500

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1(c) Crown funding

	wc	Actual 2023/24	Budget 2024/25
SuperGold	WC	2023/24	2024123
Bus	511	1,703,381	1,788,550
Train	515	0	0
Ferry	512	10,000	10,500
in in it is the in the interest of the interes		1,713,381	1,799,050
Community Connect			
Bus	511	2,616,409	2,747,229
Train	515	0	0
Ferry	512	2,000	2,100
Community	517	586,214	615,525
		3,204,623	3,364,854
Bus driver terms and conditions			
Bus	511	32,000	33,600
		32,000	33,600

1(d) NZTA funding

		Actual	Budget
	WC	2023/24	2024/25
Passenger services			
Bus	511	23,315,293	24,481,058
Train	515	0	0
Ferry	512	37,081	38,935
Community	517	1,203,051	1,263,204
Community hoist use	521	242,179	254,288
		24,797,604	26,037,485
Passenger services (LCLR)			
Bus	532	368,809	387,249
Train	532	0	0
Ferry	532	0	0
Community	532	0	0
		368,809	387,249
Operations and maintenance			
Operations and management	524	98,398	103,318
Facilities and infrastructure	514	490,665	515,198
Technology system operations	525	1,596,983	1,676,832
Thomas In		2,186,046	2,295,348

1(e) Other subsidies

	Actual	Budget
wc	2023/24	2024/25
511	10,000	10,500
515	0	0
512	0	0
517	0	0
521	0	0
	10,000	10,500
524	0	C
514	0	0
525	0	(
	0	0
	511 515 512 517 521 524 514	WC 2023/24 511 10,000 515 0 512 0 517 0 521 0 10,000 524 0 514 0

Notes

Passenger service funding provided by neighbouring public transport authority as contribution towards inter-regional bus service

1(f) General and targeted rates

With NZTA/Crown co-funding

	wc	Actual 2023/24	Budget 2024/25
B	WC	2023/24	2024/25
Passenger services			
Bus	511	22,400,967	23,521,015
Train	515	0	0
Ferry	512	35,626	37,407
Community	517	1,155,872	1,213,666
Community hoist use	521	0	0
		23,592,465	24,772,088
Passenger services (LCLR)			
Bus	532	354,346	372,063
Train	532	0	0
Ferry	532	0	0
Community	532	0	0
		354,346	372,063
Operations and maintenance			
Operations and management	524	232,682	244,316
Facilities and infrastructure	514	94,539	99,266
Technology system operations	525	308,539	323,966
		635,760	667,548

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Without NZTA/Crown co-funding

		Assurt	Dudwat
		Actual	Budget
	wc	2023/24	2024/25
Passenger services			
Bus	511	2,268,336	2,381,753
Train	515	0	0
Ferry	512	0	0
Community	517	78,324	82,240
Community hoist use	521	0	0
		2,346,660	2,463,993
Passenger services (LCLR)			
Passanger services (I CI P)			
Bus	532	0	0
Train	532	0	0
Ferry	532	0	0
Community	532	0	0
		0	0
Operations and maintenance			
Operations and management	524	8,085,727	8,490,013
Facilities and infrastructure	514	376,882	395,726
Technology system operations	525	0	0
		8,462,609	8,885,739

2. Applications of operating funding

2(a) Contract management

		Actual	Budget
	wc	2023/24	2024/25
Contract management and	d overheads		
Bus	511	5,164,137	5,422,344
Train	515	0	0
Ferry	512	0	0
Community	517	155,130	162,887
		5,319,267	5,585,231

Notes

Contract management and overheads associated with NZTA passenger service work categories (511, 512, 515, 517). Include all relevant costs associated with integral public transport services, not just those cofounded by NZTA.

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2(b) Operator payments

		Actual	Budget
	wc	2023/24	2024/25
Contracted and exempt services			
Bus	511	51,145,514	53,702,790
Train	515	0	0
Ferry	512	145,632	152,914
Community	517	0	0
LCLR	532	743,155	780,313
nicores (groups		52,034,301	54,636,017
Community transport services			
Total Mobility fare subsidies	517	2,868,330	3,011,747
Total Mobility hoist subsidies	521	242,179	254,288
Community transport services	517	0	C
		3,110,509	3,266,035

Notes

Operator payments as per NZTA passenger service work categories (511, 512, 515, 517). Include operator payments for all integral public transport services, not just those cofounded by NZTA.

Breakdown by unit should also be provided

2(c) Revenue recognition

	wc	Actual 2023/24	Budget 2024/25
Fara annual antain a d	WC	2023/24	2024/25
Fare revenue retained			
Bus	511	350,000	367,500
Train	515	0	0
Ferry	512	0	0
Community	517	1,175,858	1,234,651
		1,525,858	1,602,151
Advertising revenue retained			
Bus	511	0	0
Train	515	0	0
Ferry	512	20,000	21,000
Community	517	0	0
*		20,000	21,000
Other revenue retained			
Bus	511	0	0
Train	515	0	0
Ferry	512	5,000	5,250
Community	517	0	0
		5,000	5,250

Notes

Recognition of revenue associated with NZTA passenger service work categories (511, 512, 515, 517) that is retained by transport operators.

Any fare revenue retained by operators should be recognised where there is a net contract or exempt services receiving financial assistance.

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Advertising and other revenue may also be retained by transport operators with a profit share with a public transport authority in which case the retained revenue should be included here.

2(d) Operations and management

		Actual	Budget
	WC	2023/24	2024/25
Planning, reporting, surveys	524	177,352	186,220
Marketing, promotions	524	198,569	208,497
Call centre operations	524	0	0
Other excluded from WC524	524	8,040,886	8,442,930
		8,416,807	8,837,647

Notes

Expenditure associated with NZTA work category 524. Include all expenditure not just expenditure cofounded by NZTA.

2(e) Facilities and infrastructure

	wc	Actual 2023/24	Budget 2024/25
Management costs and overheads	514	0	0
Maintenance and security	514	962,086	1,010,190
Operation of facilities	514	0	0
Loan/lease payments	514	0	0
Other excluded from WC514	514	0	0
		962,086	1,010,190

Notes

Expenditure associated with NZTA work category 514. Include all expenditure not just expenditure cofounded by NZTA.

Expenditure should be further broken down by mode where available.

2(f) Technology system operations

	wc	Actual 2023/24	Budget 2024/25
Ticketing systems	525	1,071,082	1,124,636
Realtime information systems	525	0	0
Total Mobility administration system	517	0	0
Other technology systems	525	834,440	876,162
Hamilton Company Compa		1,905,522	2,000,798

Notes

Expenditure associated with NZTA work category 525 but exclude any renewals expenditure. Include all expenditure on public transport technology systems not just expenditure cofounded by NZTA. Total Mobility administration system expenditure is recorded under work category 517.

Expenditure should be further broken down by mode where available.

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B.2 Treatment of specific matters

The following treatment of specific matters relevant to private share measure:

B.2.1.1 Fare substitutes vs concessions

Fare substitutes are different to fare concessions set by public transport authorities. The key differences are as follows:

- Fare concessions fare concessions and products such as fare capping are pricing discounts that public transport authorities offer for public interest reasons and for which they are financially accountable.
 - Fare concessions usually result in reduced fare revenue which must be covered through increased public funding or adjusting other fare prices. Public transport authorities may also adjust fare structures to optimise revenue yield.
- Fare substitutes fare substitutes enable discounts for nominated passengers, but the
 discount is funded by a third party (e.g. a party additional to the public transport authority
 and NZTA) in exchange for a benefit.
 - For example, an organisation might provide funding in exchange for discounted travel on public transport for its employees.

Fare concessions are therefore not a fare substitute and not included as part of the private share.

B.2.1.2 Funding vs revenue

Accountants treat these terms differently. Funding refers to money that is raised to fund the activities of an organisation whereas revenue is income earned from the normal operations of the organisation. For example, funding from ratepayers and revenue from passenger fares.

B.2.1.3 Consideration of integral services

The private share calculation should include all services as integral to a public transport network, except any integrated services that are currently exempt and not receiving any financial assistance. Part 5 of the Land Transport Management Act identifies three statutory service types, relevant to all modes of public transport. These are integral, exempt and excluded services. Integral services are identified by public transport authorities in their regional public transport plans as integral to the function of a regional public transport network. These services must be delivered by, or under contract with, a public transport authority, unless exempt. For further information about the treatment of integral services, refer development guidelines for regional public transport plans.

B.2.1.4 Treatment of net contracts

While now uncommon, there still exist between some public transport authorities and transport operators net public transport contracts, or exempt services that receive financial assistance. To calculate private share, total expenditure for each net contract or exempt service receiving financial assistance needs to sum the cost of the contract payments and the passenger fare revenue retained by the operator. This provides an estimate of the total cost of the service and the private share of that cost. Excluding retained revenue would skew the calculation of private share.

B.2.1.5 Special event services

Commonly, public transport authorities will provide additional public transport services to cater for the large number of public patronising a large event (e.g. concert, rugby test, etc). While the public transport authority may do this and retain the fare revenue generated, it is also not uncommon for the event organiser to sponsor the provision of additional public transport services to cater for their event. The costs and revenue from such initiatives should be reflected in public transport authority private share calculations.

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B.3 Other measure considerations

B.3.1 Private share and farebox recovery

Private share and the previous farebox recovery policy (refer section 2.4) are both measures of cost recovery, but with important differences as summarised in Table 16. In essence, the policy framework for increasing private share is broader than the previous farebox recovery policy and can be better tailored to the different circumstances and context for each region.

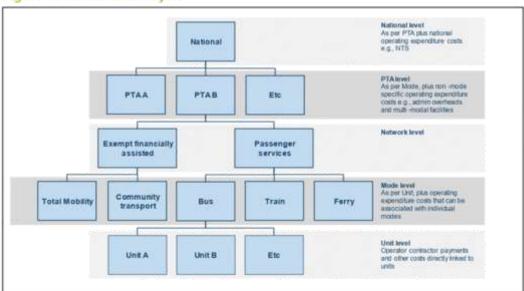
Table 16 Difference between private share and previous farebox recovery policy

Private share	Farebox recovery policy
 Private share targets will be set and agreed on a region-by-region basis taking account of the context and factors appropriate to each region. 	The previous farebox policy focused on a national target
 Private share accounts for passenger fare revenue and other private revenue sources that can help fund public transport expenditure and reduce pressure on ratepayers and taxpayers. 	The previous farebox recovery policy only considered passenger fares and not third-party revenue
 Under the private share approach Crown fare substitutes are treated as public subsidy to reflect their public funding source. 	The previous farebox recovery policy treated Crown fare substitutes such as SuperGold as passenger fare revenue.

B.3.2 Private share measure layers

The public transport private share measure and targets are applied at a national and regional level. At this level the measure includes all relevant revenue and expenditure, including that associated with multiple regions (e.g. national ticketing solution) or multiple modes (e.g. customer information). Private share can also be measured at a network, modal, unit or service level but with different information available to each level as shown in Figure 16.

Figure 16 Private share layers



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The application of private share as a lower order measure will include some revenue and expenditure that cannot be apportioned between categories at that level, in which case there are two options:

- Pro-rata between categories based on a factor such as passenger boardings or passengerkms.
- 2. Exclude those uncategorised costs at the lower level and comparing on a like-for-like basis.

The second option is recommended. This means different information is available at each level, as indicated in the right-hand column of Figure 16, but is suitably provided equal treatment. For example, at unit level, passenger fare revenue and directly operating costs associated with that unit are included. The private share measure in this instance is very similar to the commerciality ratio currently required under the NZTA procurement manual.

B.3.3 Total Mobility private share

Total Mobility private share is not included in the public transport private share targets but is included here to identify how private share for Total Mobility can be measured. This is operating expenditure so excludes hoist renewals (WC 519) which needs to be picked up by another measure.

Table 17 Private share of operating expenditure (Total Mobility) measure definition

Revenue		Calculation	Notes
Α	Passenger fares		Include the portion of the fare paid by the passenger (excl. GST)
B1	Private share substitutes		
B2	Commercial revenue		
C	Total private revenue	C = A + B1 + B2	
Ope	rating expenditure	W 1	
н	Passenger services		Include the total fare shown on the taxi metre (excl. GST). Also included include direct fare subsidy included under work category 517 and 521.
1	Operations and maintenance		Include gross expenditure under work category 517. Exclude direct fare subsidies to avoid double counting
J	Total operating expenditure	J = H + I	
Mea	sures inputs		
ĸ	Private share of operating expenditure (Total Mobility)	K=C/J	

B.3.4 Population catchment

To enable the above per capita comparisons on a consistent basis we identified the catchment population of each region as set out in Figure 17 and Table 18. The catchment population is estimated using Statistics NZ population projections at the SA2 level where there is one or more public transport stops within that SA2 area but excluding stops in rural areas with limited services.

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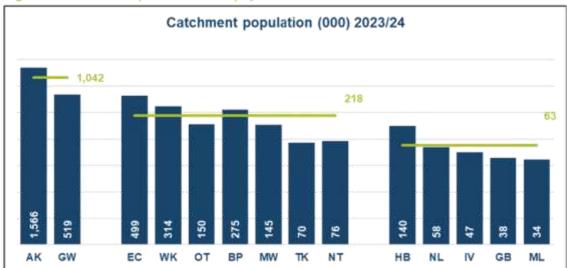


Figure 17 Public transport catchment population

Table 18 Public transport catchment population and forecast growth rates

Public transport authority	Code	Land area (ha)	Population 2018	Population 2023	Population 2028	Growth rate pa 2023 to 2028
Auckland	AK	74,978	1,539,890	1,565,610	1,622,650	0.7%
Wellington	GW	40,917	500,960	518,510	531,390	0.5%
Canterbury	EC	45,907	472,370	498,840	517,140	0.7%
Waikato	WK	29,241	287,460	313,670	332,480	1.2%
Otago	OT	30,200	145,690	149,550	154,190	0.6%
Bay of Plenty	BP	28,261	250,580	275,120	289,290	1.0%
Horizons	MW	14,334	140,120	145,420	148,820	0.5%
Taranaki	TK	12,603	66,480	70,060	72,160	0.6%
Nelson-Tasman	NT	9,395	71,140	75,720	78,180	0.6%
Hawkes Bay	HB	27,650	131,970	139,530	144,050	0.6%
Northland	NL	7,624	54,790	58,140	60,310	0.7%
Invercargill	IV	4,073	45,870	46,510	47,170	0.3%
Gisborne	GB	3,616	36,050	37,660	38,410	0.4%
Marlborough	ML	3,265	32,780	34,470	35,280	0.5%
Total		332,064	3,776,150	3,928,810	4,071,520	0.7%

B.3.5 Revenue ratios

The development guidelines for regional public transport plans includes information on other revenue ratios (refer <u>Appendix D</u>).

B.3.6 Future measures

Work is currently underway to identify future measures, including the <u>vertically integrated public</u> <u>transport measurement research project</u>.

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Appendix C Selected references

C.1 General

- Australian Government Productivity Commission (Dec 2021) Public transport pricing research paper. Refer https://www.pc.gov.au/research/completed/public-transport/public-transport.pdf
- Infrastructure Australia (Jun 2019) **Urban Transport Crowding and Congestion**. The Australian Infrastructure Audit 2019. Supplementary report. Refer https://www.infrastructureaustralia.gov.au/sites/default/files/2019-08/Urban%20Transport%20Crowding%20and%20Congestion.pdf
- IPART (Aug 2024) Information Paper Financial and operational performance August 2024. Refer https://www.ipart.nsw.gov.au/documents/information-paper/information-paper-financial-andoperational-performance-august-2024
- The CIE (Feb 202) Measuring cost recovery of NSW public transport services. Prepared for IPART.

 Refer https://www.ipart.nsw.gov.au/sites/default/files/documents/consultant-report-cie-measuring-cost-recovery-of-nsw-public-transport-services-february-2020.pdf

C.2 Financial reporting

- Metro Tasmania (2024) **Annual Report 2023/24**. Refer https://www.metrotas.com.au/wp-content/uploads/2024/10/Metro-AR-2023-24.pdf (pp31-68)
- NSW Government (2023) Transport for NSW Annual Report 2022-23 (Volume 2). Refer https://www.transport.nsw.gov.au/system/files/media/documents/2023/Transport-for-NSW_Annual-Report 2022-23 volume-2.pdf
- Queensland Government (2024) Annual Report 2023-2024 Department of Transport and Main Roads.
 Refer <a href="https://www.publications.qld.gov.au/ckan-publications-attachments-prod/resources/5b4bba2c-57c8-475b-b260-5467d5e616d2/tmr-annual-report-2023-24.pdf?ETag=2952d38cd205b75adc6764d070bee0ba (pp159-223)
- Western Australian Government (2024) Public Transport Authority Annual Report 2023-24. Refer https://www.pta.wa.gov.au/Portals/15/annualreports/2024/Public%20Transport%20Authority%20Annua l%20Report%202023-24.pdf (pp102-164)

C.3 Economic context

- ANZ Research (Aug 2024) Quarterly Economic Outlook Tipping Point? Refer https://www.anz.co.nz/about-us/economic-markets-research/economic-outlook/
- NZ Institute of Economic Research (16 Sep 2024) NZIER Consensus Forecasts suggest a sluggish economy for the coming year. Media Release. Refer https://www.nzier.org.nz/publications/nzier-consensus-forecasts-suggest-a-sluggish-economy-for-the-coming-year
- Statistics NZ (5 Nov 2024) Household living costs increase 3.8 percent. Refer https://www.stats.govt.nz/news/household-living-costs-increase-3-8-percent/

Hawke's Bay Prison Staff Road Safety Clinic

Business Road Safety Program

Feedback

Road safe	Love Roadsafe, I am sharing the tools and skills with my teenagers. She has so much passion for what she does
Road safe	Loved it! relevant to me and us all, The ladies story was touching . Made me think of ways to improve on the road regarding distractions
Road safe	Great information and Presentation
Road safe	loved this topic, gave me more awareness of the importance of everything to do with road safety. Presentation was informative, great interaction activities, presenter was fantastic
Road safe	Well presented. Very informative and really makes you think about what we do on the roads behind the wheel.
Road safe	Session was very informative. Learnt about the death tolls that occur every year. Expenses that arises from road accidents. Good session.
Road Safe	bit of an eye opener and changed my thinking on a couple of things.
Road safe	Eye opening and have made changes to my bad driving habits I have picked up. Was good to break up the session with a few games.
Road safe	Extremely interesting and the presenter was not bias about what he had confided in her. She knew her stuff and her story end was very sad, but great to hear about considering she had experienced it all.
Road safe	Made me really think about some of the stupid things we do as drivers that distract us. Hopefully I can change those bad habits
Road safe	Eye opening session. Already changing some of my bad habits.
Road safe	I enjoyed the games she got us to do, so we weren't just sitting and listening. Great awareness. Nothing to change
Roadsafe	Hard hitting session. Excellent facilitator sharing her own personal experience of grief. Gained a huge amount from this session. Really enjoyed the interactive components as well.
Roadsafe	Amazing topic, thanks
Roadsafe	Presenter was really great, and it was an amazing refresher for me on road safety. She covered so many things and is passion about about what she does. Thanks.
Road safe	Bit of an eye opener for bad habits we have while driving

Road safe	Very informative session and one I would definitely sit in on again if given the opportunity.
Road safe	Good stuff to learn
Road safe	VERY relevant – each Wellness session should have this!
Road safe	Yes this was ok. Not something I would have picked though.
Road safe	Great reminders. We all have bad behaviours when driving. It was good to have those safety reminders. The personal reference and that it was local was good. I did not like hearing and seeing the end result of Grandma but it really hits home.
Road safe	This was quite emotional regarding the story that was told, and really hit home about how road safety should be taken with much more importance.
Road safe	This was a great session. The presentation was informative and was delivered well.
Road safe	Again, well presented. Little relevance as preaching to the converted, but good to go forth and spread the message!

Follow-ups from previous Regional Transport Committee meetings

6 September 2024

	Agenda Item	Follow-up required	Responsible	Status Comment
1	Public forum	Letter of support for Horse Riders petition for classification as vulnerable road users	RTC Chair	Letter to Julia McLean attached
2	Public forum	School Bus Service cut issues for rural communities raised by Mr Brown to be raised at the ministerial level	RTC Chair	Letter to Hon. Erica Stanford attached
3	Regional Transport Programme September 2024 update	Letter to NZTA re Expressway form and function and any response to be shared with the Committee	HBRC Transport Manager	Letter to and response from NZTA attached
4	Waka Kotahi/NZTA Central Region Regional Relationships Director's update	Submission to the Ministry of Transport on the Manawatū- Tararua Highway toll consultation	HBRC Transport Manager	Submission attached

12 July 2024

	Agenda Item	Follow-up required	Responsible	Status Comment
5	Transport programme update	Provide a copy of the TAG submission on the Setting of Speed Limits Rule	Transport TAG	Submission attached
6	Public Transport	Request for patronage data spanning several years to be able to see trends and impacts of events like Covid-19	Transport TAG	



Dear Julia

SUPPORT FOR PETITION SEEKING TO IMPROVE SAFETY FOR HORSE RIDERS IN NEW ZEALAND

Thank you for taking time to present to the Regional Transport Committee (RTC) at the 6 September Committee meeting to raise the issue of safety for horse riders across the transport system.

The RTC includes representatives from our five Councils across the region, along with the New Zealand Transport Agency, and advisory representatives who have heard your message and will now have an opportunity to consider it in relation to their different roles and responsibilities.

Hawke's Bay has a large roading network spanning approximately 4,700 kilometres. Of that, 4,200 kilometres are local roads, with 80% being classified as rural. The Committee appreciates that horses are largely ridden on rural roads. The safety of all road users, including those riding horses, is important and risks to road users should be reduced where possible. The RTC recognise that horse riders are vulnerable while using our roads, much in the same way cyclists are, and support measures to improve their safety where possible in areas of highest risk.

More specifically, the RTC supports the "pass wide and slow" message that is being rolled out nationally, seeing it as a valuable message particularly on our rural roading network.

As resolved at the RTC meeting following your presentation, we intend to write to the Government in support of the petition to have horse riders specifically identified as a vulnerable road user category, as part of relevant legislation national road safety strategies and documents. To that end, could you please advise when the Petition has been lodged, and provide us with a copy of what was submitted.

Further, we support the development of appropriate nationally consistent safety initiatives that are targeted to risk.

We thank you again for the time and effort being taken by you in relation to this road safety issue and in presenting to the TRC in relation to the same.

Yours sincerely

Martin Williams

Chair

Hawke's Bay Regional Transport Committee

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17 September 2024

Hon. Erica Stanford Minister of Education Parliament Buildings WELLINGTON 6160

VIA EMAIL: Erica.Stanford@parliament.govt.nz

Těnă koe Minister Stanford

URGENT ISSUES REGARDING RURAL SCHOOL TRANSPORT IN HAWKE'S BAY POST-CYCLONE GABRIELLE

The purpose of this letter is to express our serious concerns regarding the proposed reduction and cancellation of school bus services for rural communities in Hawke's Bay.

As you are aware, the ongoing impact of Cyclone Gabrielle has had a devastating impact on many of our rural communities with a significant rebuild ahead. This impact is now set to be made worse for a number of these communities with the proposed changes in school bus transport services.

The Hawke's Bay Regional Transport Committee (RTC) has been advised by the community and later by Ministry of Education officials that many of Hawke's Bay's Rural primary school bus services have been, or are proposed to be, either downsized or cancelled entirely. These cuts are affecting rural communities across all districts in the region including Clive, Bayview, Waimarama, Ruakaturi, Putere and Te Pöhue. The RTC understands that these services are either being reduced due to falling student numbers using the bus, or they are being cut due to students attending a school that they are not currently zoned for.

The RTC further understands from a presentation by Ministry of Education officials at its latest meeting on Friday 6 September, that the policy underlying these decisions is 100 years old. The policy includes and anticipates a primary school child to be able to walk 3.2km, or a high school student to be able to walk 4.8km to the nearest bus or school, and a requirement that students can only attend the closest state school by road distance travelled.

It was clear to us at the RTC meeting that the Ministry advisers do not understand our rural communities' roads and the danger that is posed to these children if they are being asked to walk these distances on our rural roads. This includes roads that are largely unsealed metal roads, predominantly used by logging trucks and other heavy vehicles.

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It appears little consideration has been given to the future requirements of these communities in terms of numbers of children that are not yet school age, and conversely, in some instances, high school students are being prohibited from riding primary school buses, even if there is capacity, only because they are attending schools outside their zone.

Ministry officials advise that the decisions to reduce or cancel school bus services are being made because it is assumed these children either have access to public transport or are attending a school they are not zoned for, even though it is a mere 400 metres further than the closest zoned school (by road distance travelled).

An acute example of the impact of the Ministry's policies (and the false assumptions being applied) can be demonstrated by what is happening to Bay View and Clive school students. Bay View is some 10 kms north of Napier on SH 2 and Clive 10 kms south on SH 51. Eight fifty-seater buses from Bayview and Clive that currently run through to Napier have been cancelled because of two unrelated but similarly impactful Ministry of Education policies. In the result, approximately 400 children will have no school bus transport or face prohibitively expensive alternatives.

While there is currently (a very limited) public transport service from Bayview to Clive and Napier, the Hawke's Bay Regional Council advises that this service is not sufficient to cater for an additional 400 children and given current funding constraints, there is no capacity to increase services to enable an additional service to cater for these students. In addition, this service is clearly marked in the region's Public Transport Plan as being one that is unlikely to continue past 2025.

The only options left open to affected families are detrimental to the community and to students learning outcomes.

Across the region, the school bus changes that have occurred, or proposed, put parents in a very difficult dilemma with their affected children if they want them to attend their preferred school. The cancelation of rural school services will result in children having few and stark choices. These include walking to their school, or a school bus stop, up to 4.8 kms along metal roads that are used by logging trucks and other heavy vehicles with no pedestrian safety, parents taking time off from their paid employment to transport children to and from school or home schooling, and failing that, families choosing not to school their children, opening the door to truancy issues.

Some families who can, are enabling their older school children to obtain their learner's licenses, raising significant safety concerns of inexperienced drivers travelling, narrow, metal, unmarked roads and being in conflict with the heavy vehicles mentioned above.

Some of our communities have investigated homeschooling, however that is not an option for children aged 16 years and over. If children do qualify, there is a long lead in time between applying and the courses starting.

Given the above, it is likely that many families will find their options too hard and too limiting and will choose to leave their rural employment and relocate to urban areas, forcing them to find housing and alternative employment, assuming that is even possible in the current economic climate.

These drastic measures and consequences place an undue burden on rural based families and further isolate rural communities. Our rural communities are doing it hard right now, and these decisions over school bus services only make it more difficult for families to remain in these rural locations, further impacting the rural economy as good reliable workers attempt move closer to their children's preferred schools. We note that this would also result in essential services being affected as local volunteers leave the area (e.g. volunteer firefighters as essential to any civil defence emergency response).

Inadequacy of Ministry Guidelines, Policies, and Procedures

It is evident that the Ministry's current 100-year-old policy and guidelines are completely inadequate in addressing the needs of rural communities. The standard government approach of supporting rural families to remain within their communities has not been reflected in these recent decisions. The measures taken do not align with the commitment to ensure that rural families have the necessary support to stay in their communities, and undermine the government's broader goals of rural sustainability and equity.

Request for Review and Consultation

We urge the Ministry of Education to reverse the current school bus cancelation decisions, delay impending changes and conduct thorough consultations with affected communities.

We also urge the Ministry to undertake a review of the grossly antiquated school bus policy, and the associated guidelines followed by Ministry officials.

The region has been hard hit by Cyclone Gabrielle. The changes to school bus services will be hugely detriment to the mental well-being of very fragile communities. The Hawke's Bay community needs a robust, fair, and empathetic approach to ensure that our rural children can access education without further undue hardship.

We would welcome and indeed request the opportunity to further engage with you to discuss the matters outlined in this letter.

pulise

Nāku, nā

Martin Williams

Chair

cc:

Hawke's Bay Regional Transport

Committee

Kirsten Wise

Mayor

Napier City Council

Sandra Hazlehurst

Mayor

Hastings District Council

from affiliant

Hon. Simeon Brown

Minister of Transport

Hon. Mark Patterson

Minister for Rural Communities and Associate Minister of Agriculture



By email to: Linda Stewart, Director Regional Relationships - Central North Island, New Zealand Transport Agency Linda.stewart@nzta.govt.nz

Cc: Official.Correspondence@nzta.govt.nz

Dear Linda,

HAWKE'S BAY EXPRESSWAY FOUR LANE PROJECT - FUTURE FORM AND FUNCTION

I write in my capacity as Chair of the Hawke's Bay Regional Transport Committee (RTC) following the Committee's deliberations on the 2024-2027 Hawke's Bay Regional Land Transport Plan (RLTP).

Firstly, I would like to highlight that as a region we are incredibly excited about and celebrate the proposed investment into the long planned and anticipated four laning of the Hawke's Bay Expressway, following inclusion within the Roads of National Significance (RONS) Programme. This is further reinforced by the high priority ranking the expressway project has in our 2024 - 2027 RLTP.

We do not want anything in this letter to be construed as suggesting a lack of enthusiasm for the project, quite the contrary. The letter is simply about ensuring that the proposed investment of significant levels of precious Crown funding delivers the maximum overall return, taking a longer-term view, encompassing the wider transport system.

In that context, the RTC has resolved that I would write to the Agency, as Chair, to request that:

A robust optioneering and investigation process take place in relation to the Expressway four-laning, encompassing the local roading network as feeders and integration of other transport modes, to ensure the future form and function is most resilient, effective, and efficient.

Briefing material provided to partners, stakeholders, and regional leaders on 5 July 2024 sets out that the Agency is currently in the planning phase for the project which includes "a strategic assessment to determine outcomes sought for the project across the whole corridor". This assessment would help to define a recommended option and approach to delivery, along with expected costs and benefits for Stage 1 of the project (Taradale Road to Links Road).

The briefing material further noted that once the planning for Stage 1 is complete, Board approval would be sought to confirm funding for design through the National Land Transport Programme 2024-2027.

It has since been explained to regional leaders by the Agency that a "no frills" approach would be applied to the project with a focus on "core scope," in line with the Government Policy Statement on Land Transport 2024. I took that to reflect the point noted in the previous briefing material, that

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funding for RONS projects does not include walking or cycling opportunities and assume that it would also exclude provision for dedicated public transport and / or freight lanes within the corridor.

On the other hand, project delivery was also said to be driven by efficiency and effectiveness, with a focus on greatest benefit and construction efficiencies. I return to that point below.

Our recently adopted RLTP expressly and deliberately applies an overall "transport system" view to the prioritisation, design, and implementation of transport infrastructure investment across all modes and networks (local, rural, and state highway).

At a regional level, we see the Expressway project in the same light, forming the transport spine of the region, particularly between the two main urban areas.

The RLTP outlines that four laning the Expressway could present an opportunity to enable efficient freight and public transport movements along with incentivised carpooling through prioritised lane allocations, and to implement a safe and segregated active transport path along the corridor (section 3.2.1). Such an approach would be in keeping with a transport system view of the investment.

In the 21 - 24 RLTP, we specifically sought funding for a programme business case to investigate multi modal options for the corridor. We were advised that this business case funding was unsuccessful as the cycling activity class was oversubscribed.

As part of our current RLTP another high priority project is a broader 'Future Form and Function' review encompassing the entire transport system and looking at all modes of transport and how they both interact and rely on each other. This proposed review will evaluate the investment and interventions needed to achieve local, regional and national aspirations for Hawke's Bay and drive long term economic growth. The objective of this review is both certainty to our communities and confidence of a long term "purpose based" transport investment approach, to secure resilient and reliable journeys across the transport system (see section 3.10).

With this background in mind, we specifically request and indeed urge that in the current planning stage for the Expressway project, the Agency consider options for investment in the context of the broader transport system. This should include assessment of both how the asset would integrate with other connecting road corridors in the system through a 'form and function' lens, and (equally important) how it would integrate and operate alongside public and active transport investment in the region over the longer term.

While we fully appreciate that the GPS states (consistent with the briefing advice recorded above) that funding for the State Highway improvements activity class would not be used to make multi modal improvements, as a region we want to take a longer-term transport system wide view. Specifically, we seek to ensure what is delivered through the current Expressway project (including in Stage 1) is at least consistent with a future multi modal approach, considering all aspects of the transport system as the context for that investment. To put it another way, as a region, we would not want to repeat the mistakes of the past where roading infrastructure decisions were made solely on the needs of one mode. The impacts of these decisions are all around us, driving a vehicle centric approach that has constrained growth.

We are most concerned to ensure that the options being considered or preferred do not preclude future integration of other transport modes into the corridor, and factor in our region's ambition for public transport and active transport delivery as expressed in the RLTP, and also as proposed under our Regional Public Transport Plan.

In line with an efficient and effective approach, it will never be cheaper or more efficient than it is now to future proof the asset for integration of other modes in lane and bridge design, as well as connecting roads, on ramps, intersections and the like.

Public and active transport investment also has very significant long-term potential to reduce congestion and reduce travel times on the corridor following completion of the proposed 4-laning.

We request an opportunity to meet with the Agency during the planning phase to discuss this request, or at least for appointed representatives of the RTC to do so as stakeholders.

Thank you for considering the content of this letter and we look forward to your reply.

Yours faithfully

Martin Williams

Chairperson of the Regional Transport Committee



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17 September 2024

Martin Williams

Chair – Hawke's Bay Regional Transport Committee
c/o bryce.cullen@hbrc.govt.nz

Ref. NZT-9789

Dear Martin

Thank you for your letter of 2 September 2024 regarding the Hawke's Bay Expressway project.

As you will be aware, the Hawke's Bay Expressway project is identified as a Road of National Significance (RoNS) project, which, once completed, will support economic growth and productivity, reduce congestion, improve safety, support housing development, and provide a more resilient roading network. It has recently been announced that investment for the implementation of the Hawke's Bay Expressway project is included in the 2024-27 National Land Transport Programme (NLTP).

There is an expectation for all RoNS projects to be four-laned, grade-separated highways and to be delivered as quickly as possible. To meet this expectation, NZ Transport Agency Waka Kotahi (NZTA) is rolling out a more efficient business case process, with decision-making focused on the core objectives of the project and in a timely fashion to ensure cost effectiveness.

Currently, the Hawke's Bay Expressway project team is working to complete the Stage 1 investment case for the project. The investment case will take into account previous relevant studies and works, and recent and ongoing engagement with council officers. It will include the project outcomes sought, which align with the Government Policy Statement on land transport 2024 (GPS 2024) outcomes of economic growth and increased productivity, increased maintenance and resilience, and improved safety. These outcomes were discussed with officers from Hastings District Council, Napier City Council and Hawke's Bay Regional Council on 16 July 2024.

As outlined at the project initiation hui with regional leaders on 10 July 2024, the specific outcomes sought are:

- reduced journey times and increased travel time reliability;
- improved access to markets, employment and areas that contribute to economic growth;
- more efficient supply chains for freight;
- · a more resilient network; and
- · reduction in deaths and serious injuries.

We have confirmed and committed to regular project meetings with local councils to discuss concerns and better understand the interface of the Hawke's Bay Expressway with the local road network. These meetings commenced on 16 July 2024 Regular meetings and communication continues between the project team and council officers, with additional workshops already planned.

NZTA understands the importance of transport choices for people in New Zealand and the Hawke's Bay region, and that effective public transport provides commuters with more choice and helps to reduce travel times, congestion, and emissions. Our regional System Design team have been working with Hawke's Bay councils to deliver on transport outcomes through development of the Regional Land Transport Plan (RLTP) which informed the NLTP, and delivery of the funded projects. In addition, our teams have been working with councils to support the Future Development Strategy to ensure we have a future focus across our planned growth and transport system needs for years to come.

This engagement is ongoing and following the delivery of the four-laning of the Hawke's Bay Expressway, we will be able to work further with council officers to consider opportunities to optimise the state highway network, including the upgraded Expressway, for public transport.

The Hawke's Bay Expressway project is now moving into the design phase. Other upcoming milestones include the below:

- · the project is currently in the preliminary stages of assessment for tolling;
- · bat monitoring has begun, and lizard monitoring will occur through October;
- the Speed Assessment will be taken to the NZTA Board for consideration on 23 September;
- · the investment case will be taken to the NZTA Board for consideration in November; and
- enabling works (preloading on the section of land adjacent to the Kennedy Road SH2 offramp) will begin in November, subject to consenting and securing funding.

We are committed to keeping you informed as the project progresses, are in the process of setting up regular online meetings to ensure that you are kept informed of the project and have an opportunity to discuss it with us and ask questions. We will be in contact shortly with further details regarding these meetings. You are welcome to contact me by email at linda.stewart@nzta.govt.nz should you wish to discuss this further prior to the commencement of these meetings.

Yours sincerely

Linda Stewart

Director of Regional Relationships (Taranaki/Hawke's Bay/Gisborne/Manawatū)



HAWKES BAY REGIONAL TRANSPORT COMMITTEE SUBMISSION ON TOLLING TE AHU A TURANGA

This submission has been prepared on behalf of the Hawke's Bay Regional Transport Committee (RTC) to provide feedback on the proposal to toll the Te Ahu a Turanga / Manawatū Tararua Highway, along with some general feedback around tolling roads across the country.

The RTC appreciates the work that New Zealand Transport Agency staff have done on the proposal to date and express its appreciation for the opportunity to contribute to this important discussion. Below, we outline our general position on tolling and provide specific feedback regarding the proposal to toll Te Ahu a Turanga / Manawatū Tararua Highway.

General Feedback on Tolling:

1. Support for tolling in specific circumstances

The RTC recognises the overall benefits of tolling where a new road is being built and a clear economic benefit can be demonstrated and realised. We acknowledge that there are significant funding constraints on the National Land Transport Fund (NLTF), which relies primarily on two revenue streams: Road User Charges (RUC) and Fuel Excise Duty (FED), along with other supplementary revenue sources such as vehicle registrations and licensing. As such, we understand the need to explore alternative funding mechanisms, including tolling, to assist in the development and maintenance of new large scale transport system investments.

2. Tolling to accelerate infrastructure development

The RTC generally supports tolling to assist in the funding of infrastructure, provided it leads to an accelerated construction timeline. We endorse tolling for the purposes of funding both the building and long-term maintenance of infrastructure. However, tolls should be set at a reasonable level, and once the investment is recovered, we recommend tolls be reduced to a level that supports maintenance, operations, and renewals activities only. If tolls are retained at original levels once the initial investment in asset construction has been recouped, the additional capital should be invested in the local transport system. It is the RTC's view that this would be an equitable solution to further capital allocations.

3. Escalating infrastructure costs and controlled oversight

The RTC is aware of the increasing costs associated with transport system infrastructure investments. We stress the importance of applying robust oversight to ensure that these costs are controlled during the construction phase. Tolling should not be seen as a band-aid solution to manage rising costs, as this could increase the financial burden on users, reduce their willingness to pay, and ultimately undermine the purpose of tolling.

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4. New infrastructure vs. replacement routes

Tolls should only be applied to genuinely new infrastructure and not as a mechanism for funding the replacement of existing routes, particularly where those routes have experienced significant resilience challenges or failures. Imposing tolls on a replacement road risks treating users unfairly, as they may feel they are being charged for a service they were already using for free, without receiving significant new transformational benefits in return.

Additionally, replacement highways that are introduced for resilience or safety reasons are essential for the continuity of travel, not necessarily for added capacity or speed. Charging tolls in such circumstances would disproportionately affect users who have no viable free alternatives. The RTC believes tolling should be reserved for entirely new infrastructure that offers clear, additional benefits.

5. Public backlash and equity concerns

Tolling an upgraded or replacement highway risks public backlash, especially when communities expect toll-free access to essential infrastructure. This is particularly concerning in regions where income disparities mean that lower-income groups would bear the financial brunt of tolls. The RTC believes any tolling decision must factor in the social equity implications and ensure tolls do not unfairly impact those with fewer resources.

6. Potential precedent for future projects, including the Hawke's Bay expressway

The RTC is concerned that tolling the Te Ahu a Turanga / Manawatŭ Tararua Highway sets a precedent that could impact future projects, such as the proposed four-laning of the Hawke's Bay expressway. The expressway is an existing route, and the four-laning is primarily aimed at providing additional capacity, reducing travel times, and boosting economic productivity, rather than building a completely new road. Introducing tolls on this type of upgrade could lead to unintended consequences, such as altering existing traffic patterns.

The RTC anticipates that tolling on the expressway would likely push traffic on to alternative routes between Napier and Hastings. These alternative routes, while available, are already experiencing congestion. Shifting more vehicles onto these roads would exacerbate congestion and negatively impact road safety and maintenance requirements for the RCA's which are currently operating under extreme financial pressure, potentially worsening outcomes for all road users in the region.

The RTC requests that these potential consequence of tolling the expressway be considered by the Agency before proceeding with this funding option for the Expressway.

7. Lack of reasonable alternatives

The imposition of tolls on a replacement road may drive traffic onto less suitable, lower-standard local roads, causing congestion, safety concerns, and increased maintenance costs for the RCA. For many users, especially in rural areas, alternative routes are not viable due to distance, poor road quality, or longer travel times. Tolling in these situations would lead to negative economic and social consequences.

Specific feedback on the Te Ahu a Turanga / Manawatū Tararua Highway:

8. Appreciation for NZTA's work

The RTC supports the efforts made by NZTA to date on the Manawatū Tararua Highway corridor. We strongly support investments that secure reliable and resilient journeys into and out of our region, particularly as this corridor forms a key strategic link for Hawke's Bay. The productivity benefits of having a modern, resilient, and straighter road are clear. However, the RTC opposes tolling of this corridor for the following reasons.

9. GPS designation and tolling

We note that the Government Policy Statement on land Transport (GPS) indicates tolling will be considered on all new roads, with particular focus on the Roads of National Significance (RoNS). However, the GPS did not designate this highway as a 'new' road nor part of the RoNS programme. The RTC views Te Ahu a Turanga as the resilient replacement of a previous corridor. The RTC expresses concern that tolling this route would contradict the information and advice contained within the GPS 2024.

10. Impact of high tolls on road users

The RTC is concerned that tolls set too high for both light vehicles and freight operators may impose undue financial strain on road users, particularly freight carriers. The RTC views the proposed tolls of \$4.30 for light vehicles and \$8.60 for heavy vehicles as too high, creating the potential for an undue cost burden on road users and freight operators. This level of toll could have downstream effects, including increased costs for goods and services, which would affect business, consumers, and the general economy in both Hawke's Bay and Tairāwhiti.

11. Traffic diversion and road safety risks

The imposition of tolls may drive traffic onto alternative, less suitable routes such as the Saddle Road or Pahiatua Track, increasing the need for enhanced maintenance and potentially exacerbating safety concerns. This unintended consequence would require additional monitoring, mitigation, and funding. Further, it is likely that residents would use this road as a free alternative, increasing the likelihood of deaths and serious injuries.

12. Impact on freight costs and regional growth

The road between Palmerston North and Woodville is a critical western gateway to Hawke's Bay, particularly for freight and fresh produce, and is a key connecting corridor for Napier Port – both for imports and exports.

Palmerston North serves as a key distribution centre, with significant volumes of freight moving between there and Hawke's Bay. Further, both the Hawke's Bay and Manawatu freight strategies rely on having an efficient, resilient, and affordable connection to enable economic growth. Any new and additional costs associated with tolling on this route would be detrimental to the economic prosperity of our region.

Increased costs for moving freight could make alternative freight corridors (e.g. north to Tauranga or Auckland) comparatively less expensive to use, which would likely divert freight flows away from this crucial connection. This would negatively impact regional trade, growth, high value exports, and the competitiveness of our region's businesses reliant on efficient transportation.

13. Health access concerns

We also highlight potential health implications for residents in our region who travel to Palmerston North for specialised healthcare, such as radiotherapy or chemotherapy treatments. The tolls would add a financial burden to those already facing significant personal challenges.

14. Support for enhanced safety and modern amenities

The RTC welcomes the improved safety and modern amenities that the investment in the Te Ahu a Turanga / Manawatū Tararua Highway will bring. Any improvements in road safety are fully supported by the Committee, and we recognise the long-term benefits for road users.

Conclusion:

In summary, the RTC supports the development of resilient, modern infrastructure and acknowledges the role tolling can play in funding these projects.

However, we urge careful consideration of toll levels, their impact on users, and the designation of the Te Ahu a Turanga / Manawatū Tararua Highway as a replacement rather than a new road, and for the expressway as an upgrade to an existing route.

We also ask that NZTA assess potential alternatives to tolling that may better serve the community and the region's long-term economic and social wellbeing.

The RTC appreciates the opportunity to provide this feedback and look forward to further engagement on this proposal.

Yours sincerely

Martin Williams

Chair

HB Regional Transport Committee

11 July 2024

Te Manatú Waka Ministry of Transport PO Box 3175 Wellington 6011 By email to: speedrule@transport.govt.nz

Tênâ koe,

Hawke's Bay submission on the Draft Land Transport Rule: Setting of Speed Limits Rule 2024

This submission on the Draft Land Transport Rule: Setting of Speed Limits 2024 (draft Speed Rule) is prepared through a regional lens and has been developed in close collaboration with all Road Controlling Authorities (RCA's) across Hawke's Bay. This submission encompasses the concerns, feedback, and suggestions of Hastings District Council (HDC), Napier City Council (NCC), Central Hawke's Bay District Council (CHBDC), and Wairoa District Council (WDC). For ease of reference within the context of this submission 'Hawke's Bay' will encompass all RCA's into one voice.

We note that the term RCA and Council are used interchangeably throughout the draft Speed Rule document. For continuity it would be best to ensure the use of RCA is only for Road Controlling Authorities and Council where Regional Councils are being referred to.

Hawke's Bay recognises the work that has been undertaken by the Ministry of Transport on the proposed changes to the Setting of Speed Limits Rule 2024 and appreciate the opportunity to provide regional feedback on the proposal.

Background

Currently Hawke's Bay is in the process of finalising both the 2024 – 2034 Regional Land Transport Plan (RLTP) as well as Local Council Long Term Plans. The RLTP, in particular, must be consistent with the Government Policy Statement on Land Transport 2024 and any related road safety direction or objectives. The timing of this draft Speed Rule and subsequent release of any Ministerial Speed Objective or guidance increases the difficulty of continually adapting local transport and long-term plans to try and incorporate and respond to Central Government and NZTA priorities.

The National Land Transport Programme (NLTP) is expected to be finalised in September 2024, along with associated funding allocations based on existing bids. Councils LTP will be finalised by mid July with local share programmes, budgets, and investment contributions confirmed. The full financial extent that will fall to RCAs and the wider region to transition / reverse speed limits and carry out associated requirements indicated in the draft Speed Rule are currently unknown, and un-budgeted. There is a real risk that funding (both NLTF and local share) will not be sufficient to enable any changes and that this will ultimately determine how quickly Hawke's Bay can respond. Overall, this will create a significant challenge for the availability of resources, time, and budgets — particularly in a region that is grappling with a significant programme of rebuild and recovery.

This issue of timing aside, and while acknowledging many aspects of the existing framework remain, there are concerns the draft Speed Rule removes critical requirements to creating a safer and more efficient land transport network and are likely to impact Councils, local communities and road users negatively.

It is well known that speed management is a key component of road safety and, when aligned with other safety measures, can work towards the goal of ensuring safe and efficient movement of people. We encourage the Draft Speed Rule to be comprehensively aligned with a safe system approach and infrastructure to ensure positive road safety outcomes across our regional transport networks.

To encourage compliance and effectively manage risk, speed limits should be set to reflect the "reasonable and prudent" behaviour of the majority of motorists acting in an appropriate manner. This encourages drivers to obey the posted speed limit and travel at a reasonable speed limit. It also targets limited enforcement resources at the occasional violator who contributes to crash risk. By reflecting actual driver speeds, most people will consider the speed limit appropriate, and this will encourage compliance, reduce speed differences among drivers, and provide a sound basis for enforcement. We are concerned that aspects of the draft Speed Rule are not aligned with this approach.

Specific feedback on the proposed new Rule is split into each area where changes are proposed.

Proposal 1 - require cost benefit analysis for speed limit changes

While acknowledging the need for a balanced approach to the setting of speed limits, the new requirement to undertake a cost benefit analysis (CBA) for each road may be complex and problematic, as well as posing a potentially significant additional cost for our RCA's. Hawke's Bay Councils already operate under constrained financial and personnel resourcing. The development of material for inclusion in the CBA for each proposed change places additional burdens on RCAs.

As outlined in the Transport Ministry's supporting consultation information, there is uncertainty around quantifying benefits associated with speed limit changes as many factors need to be considered. Getting robust and quantifiable evidence to factor into a CBA will be difficult, time consuming and expensive for RCAs. More specifically, there is no indication as to what the CBA threshold is or is likely to be, especially considering that it will need to consider both travel time and safety.

Indications in the proposal suggest a different approach to developing a CBA will apply to any proposed speed changes, not the current and widely accepted methodologies that are applied to other transport projects.

Hawke's Bay do not support the introduction of a separate and significantly different CBA being applied to speed limit changes. Further, Hawke's Bay does not support the extensive additional cost and administrative burden the proposed CBA will place on RCAs wishing to make speed limit changes.

Key asks:

It is the view of Hawke's Bay that if some form of CBA is required it should be consistent with the Benefit Cost Ration (BCR) estimates using the Monetised Benefits and Cost Manual already employed by both NZTA and the wider sector.

Given Hawke's Bay has an extensive, long term, and capital-intensive programme of rebuild and recovery over the next decade, we seek that specific funding is made available to our RCAs to cover

any increased costs associated with the CBA process. The requirement for a CBA was not signalled earlier, thus suitable provisions for such analyses has not been included in either Council LTPs or the RLTP.

We request consideration be given to the nature and level of support provided to our RCAs as they embark on the new proposed requirement for a CBA, and that the economic analysis be consistently used and widely accepted best practice.

We also request that that the affordability of Hawke's Bay undertaking a CBA for each proposed change is carefully considered, both from a funding and resourcing perspective.

Proposal 2 - strengthen consultation requirements.

Hawke's Bay agrees that the same consultation processes and requirements, as set out in the LGA, should be followed by all RCAs (including NZTA as RCA). The proposed changes to the Speed Rule introduce additional requirements for the consultation process beyond the LGA processes. By way of example, having to do a CBA for each proposed change will present a significant investment in money and time. Any further consultation requirements present additional cost and make the overall process increasingly cumbersome on both staff and the community.

The requirement to separate out each individual road / proposed change (and conduct a CBA for each) will add further costs, complexity, and extended times to review speeds. Additionally, the new requirements may exacerbate or exhaust community good will for the process. To date, Hawke's Bay have largely consulted on an individual road basis as communities are typically only interested in their immediate area, or the strip outside their door. If the same approach were taken under the Speed Rule, then the proposed additional consultation requirements would be costly and time consuming.

The consultation requirements set out in section 3.5 of the proposed changes for regional speed management plans remain unclear. We request that this be clarified in any final version.

Proposal 3 - require variable speed limits outside school gates

Under the previous setting of speed limits rule, Hawke's Bay had conducted extensive community consultation, (including with schools) around school speed limits, with widespread community support. Given this, we strongly encourage Ministry of Transport to engage with schools before proposal 3 is finalised. School operating times can be variable and are not necessarily consistent. Having a blanket time band for both drop off and pick up may create an unnecessary safety hazard.

While the requirement for variable speed signs is supported in principle, the reality is that the cost to implement and maintain these is significantly higher than fixed speed signs — a cost that has not been planned for or factored in to either LTPs or the RLTP. Ultimately, the need for clear signage and ongoing education and enforcement will need to be applied widely and consistently to provide safe speeds around schools and change driver behaviours.

The roading environment around schools can be complex and challenging, with a number of modes and use types interacting at any one time. Hawke's Bay believes it would be better for RCAs to have the necessary flexibility to determine how to implement speed limits outside schools, as they have deep knowledge of the network and any existing conflicts.

Key asks:

- That RCA have flexibility to determine how speed limits outside school gates are implemented.
- Enable RCAs to consider the environment of each individual school and tailor speed management applications appropriately.
- Consider changes to the Traffic Control Devices 2004 manual to allow static variable signs, enabling greater flexibility and avoiding potential duplication of signage.
- That the wider school catchment / area is considered in line with any speed limit changes to create a safer environment.

Proposal Four - introduce a Ministerial Speed Objective

Hawke's Bay does not support this proposal.

The proposed inclusion of a Ministerial Speed Objective with no clear limits or conditions around timing, frequency / form, or method (GPS or otherwise) provides unnecessary uncertainty for RCAs, regions, and communities on future changes. Further, there is the possibility that this will open up the Rule to political interference in what should be decisions made with local community input.

Additionally, potential changes made by the Minister of the day could have real and material impacts on Council budgets, resourcing, and ability to execute. Longer term stable solutions are vital for consistency and public acceptance.

The draft Rule should empower local communities and Councils to continue with collaborative efforts around speed limits and speed management.

Proposal Five - changes to speed limit classifications

Hawke's Bay works well cohesively and collaboratively across our transport system investments and design, taking an all of network approach. In this context, we prefer to consider the entirety of a corridor, agnostic of borders, when addressing speed limits. This is evidenced in the regional principles and priorities that were adopted under the previous rule. This approach provides consistency for road users and helps to reduce potential conflicts or safety issues within and between districts.

Proposal Six – Speed limit certification and registration

Hawke's Bay is concerned that the proposal, as written, gives the Director of Land Transport the ability to deny a proposed change (to speed management plans) for a wide range of reasons eg under clause 3.11. Should this happen, it would effectively render the work completed wasted and all of the time and effort would be a sunk cost.

The assurances required when submitting a speed management plan for approval also appear, prima facie, to be relatively onerous. It is our understanding that:

- Speed management plans will be, in effect, discretionary and will not require regional alignment
- · Changes will need to be undertake road by road, and demonstrated as such
- That RCAs must confirm that
 - Plans meet consultation and CBA requirement and can demonstrate that for each proposal.
 - Speed limits have been set in accordance with the speed limit classifications.
 - o Speed limits around schools meet the requirements in the new Rule.
 - RCAs have considered the Ministerial Speed Objective.

While we understand the need to align with and demonstrate performance against the strengthened consultation requirements, this will prove a large administrative load.

Proposal Seven - reverse recent speed limit reductions

Hawke's Bay communities will likely welcome the impacts of speed limit reversals on the state highway network, particularly on State Highway 5. The reduction of this corridor to 80 kilometres per hour was very contentious across our region and challenged by regional leaders.

However, and more generally Hawke's Bay opposes this proposal and the associated impacts on the local roading network where people live and work, and requests further clarity.

Hawke's Bay RCA's have undertaken numerous speed limit changes over the last four years. These changes have been the result of extensive, and in some instances intensive community consultation. There are significant risks to reversing speed limit reductions on local roads, including:

- The significant costs associated with reversals. These will not be planned or budgeted for and will hit RCA's bottom lines. This is not in keeping with the GPS priority of value for money, efficiency, or a no-frills approach.
- If speed limits changes are reversed, and the community still want the speed retained, the RCA may be forced to re-consult on the change in line with the strengthened consultation requirements and need for a CBA. This would be costly and time consuming.
- A loss of community and public confidence. Speed limits have already been changed after community concerns have been heard and public acceptance gained. This would make any future engagement on the subject challenging.
- The uncertainty, as to State Highway 5 in particular, as to how NZTA would demonstrate "public support" or "public acceptance" for the lowered speed limit set in 2021, through what process, and at what expense to the agency and RCA's in the region when consulted.

As discussed above in proposal 3, Hawke's Bay communities are keen to see speeds permanently reduced around schools. Consultation on this matter has already taken place and there is demonstrable public acceptance. Having to undo that and change to variable speed signs will add significant cost and negatively impact community safety, sentiment, and trust.

Other matters

Hawke's Bay is united in the view that speed management should take a regional approach to ensure consistency, safety, and community acceptance. We support retaining the option for Regional Councils to facilitate and compile a Regional Speed Management Plan, if that is favoured by the RTC and RCAs. However, phrases such as "may assist with" and "choose to " prepare a Regional Speed Management Plan are very opaque and risk being misinterpreted. We suggest providing further clarity.

The potential development of speed management plans by regional transport committees (RTC's) for local roads alongside development of a separate speed management plan for State Highways by NZTA could create public confusion and distrust. The network must be viewed as a whole given that users do not differentiate between local roads and State Highways. If desired, it would be more beneficial to consult on a single speed management plan for the region..

There is support that there is a formal certification process for speed management plans to provide an independent check that the requirements of the Rule have been followed. It is noted that the

Rule prescribes a separate process for the development of the State Highway speed management plan which is different from that required of other RCAs. The setting of speed limits for the State Highway network in a national plan should be easily achievable within Waka Kotahi so that a single speed management plan for each region can be considered and consulted on by the respective RTC.

Hawke's Bay recommends that the proposed independent speed management committee have the role to certify each region's combined speed management plan, which incorporates both the State Highways and the local roads, to ensure that there is consistency within the speed management plans nationally. Once certified, these plans would be approved by the Director.

This process would then reduce costs and improve alignment while removing the potential for conflict or potential conflict for Waka Kotahi having multiple roles in the whole process.

It will be important that the independent speed management committee is comprised of representatives having the necessary skills and practical experience in relation to road safety and speed management, as well as an understanding of the wider community such as motorists, urban communities, rural communities, vulnerable road users, freight carriers, enforcement, and local authorities.

Summary

While Hawke's Bay understands and appreciates the role speed plays in economic productivity and efficiency, the role of a safe system must be placed front and centre. State Highways typically form the transport spines of regions and provide vital access into and out of the region. As such, these corridors should be as efficient and effective as possible.

Conversely, our communities and people live, work, and play on our local roads. The roading network needs to be safe, efficient, and fit for form and function. As such, an integrated safe system approach is essential. In essence, Hawke's Bay encourages consideration for local decision making based around safety, community need, and a pragmatic approach.

We thank the Ministry for the opportunity to provide feedback on the proposed Rule.

For further information or clarification please contact Bryce Cullen at:

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Yours sincerely,

Bryce Cullen

HBRC Transport Strategy and Policy Analyst,

Prepared on behalf on Hawke's Bay local road controlling authorities.