

Living Streets Aotearoa



Submission from Living Streets Aotearoa

on

Draft NZTA farebox recovery policy

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About Living Streets Aotearoa

Living Streets Aotearoa is New Zealand's national walking and pedestrian organisation, providing a positive voice for people on foot and working to promote walking friendly planning and development around the country. Our vision is "More people choosing to walk more often and enjoying public places".

The objectives of Living Streets Aotearoa are:

- to promote walking as a healthy, environmentally-friendly and universal means of transport and recreation
- to promote the social and economic benefits of pedestrian-friendly communities
- to work for improved access and conditions for walkers, pedestrians and runners including walking surfaces, traffic flows, speed and safety
- to advocate for greater representation of pedestrian concerns in national, regional and urban land use and transport planning.

There are local Living Streets walking action groups in towns and cities around the country working to make city and suburban centres in their areas more walking-friendly.

For more information, please see: www.livingstreets.org.nz

Submission

Thank you for the opportunity to make a submission on the Draft NZTA farebox recovery policy. We would like to give an oral submission if there is the opportunity to do so.

Question 1

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

These objectives are appropriate, but it is hard to see how the setting what appears to be an arbitrary recovery percentage will improve effectiveness or efficiency, and how such an arbitrary percentage can reflect a fair apportionment of costs and benefits in the absence of any evidence as to the levels of those costs and benefits.

Any assessment of benefits needs to take into account all externalities – for instance, walking is part of most public transport journeys, and the general benefits of a healthier population are relevant, as well as the benefits to a particular individual.

Question 2

Are there any objectives or principles that should be added, amended or deleted?

If so, what are your suggested changes?

The purpose of the review of farebox policy, as stated in paragraph 1.7, is to respond to the NZTA Board's concerns:

- that public transport users contribute their fair share to the cost of providing services
- that the national farebox recovery ratio has been falling for a number of years and is forecast to continue to decline
- about the wide variation in regional authority approaches to farebox recovery policy
- about whether some regional authorities are being subsidised fairly based on their public transport performance.

The second point appears to be more about the level of NZTA expenditure rather than the level of recovery: it should be made explicit that this is an objective of the policy, and other ways to achieve this objective should be explored.

The third point implies that there is an objective to reduce variations between regional approaches. If this is the case this should also be made explicit, but as each region produces its own Regional Land Transport Strategy and Regional Public Transport Plan, of which the level of farebox recovery form just one part, there is no reason why such variations should not exist.

The fourth point begs the question as to what "fairly" means: it appears that another implicit objective is about relative funding to regions as well as by source. If that is the case, other ways of achieving this objective should also be explored.

Question 3

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

The primary content of a regional farebox recovery policy should be how it will help achieve the objectives of the Regional Land Transport Strategy and the Regional Passenger Transport Plan. It is these documents

that contribute to the items included in Section 2 of Appendix 1 in their entirety, and to single out just this particular policy will in effect means that this policy becomes the de facto Strategy and Plan with respect to public transport funding.

Question 4

What should be included or excluded?

The relationship with the RLTS and RPTP should be included: all other factors are implicitly covered by their inclusion in these documents.

Question 5

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

No evidence is presented as to how the 50% target in option 2 has been calculated, so option 1, which does not include this arbitrary figure, is preferred.

Question 6

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

It may or may not be appropriate: the documentation offers no evidence either way. Research is needed to provide evidence for a fair target for each region. A rigid single target could undermine the growth of public transport, and lead to less efficient use of roads and more congestion.

Question 7

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

As a means of monitoring performance a farebox recovery ratio may be appropriate, but not as a means of allocating funding from the National Land Transport Fund. That funding would be more equitably allocated as a proportion of total funding, leaving it up to each region to make its own decision as to the proportions of rates and user funding it applies.

Question 8

Are the proposed operating principles appropriate? Why?

The principles seem appropriate, but the last one assumes that raising fares will improve the farebox ratio. That is not necessarily the case, and fare increases are likely to be detrimental to growth in public transport use and therefore lead to greater congestion. Depending on the price elasticity of demand, fare reductions may improve the farebox ratio, and we suggest that “increasing fare prices” be changed to “changing fares”.

Question 9

Are there any principles missing that should be included?

The consultation document mentions the “importance of a sound network plan”. This should be reflected in the principles.

Question 10

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

Having a standardised way of calculating the ratio is appropriate, but it should not be used for calculating funding – see the answer to question 7.

Question 11

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

N/a.

Question 12

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

This information is not needed if our proposal in question 7 is adopted.

Question 13

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

For comparison purposes, yes, but not to calculate funding – see the answer to question 7.

Question 14

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

No comment.

Question 15

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

No comment.

Question 16

In future iterations of the policy, should public transport capital expenditure associated with the long-run replacement of assets be included in the farebox recovery ratio formula?

For ARTA and Greater Wellington Regional Council: Please comment regarding rail specifically. This is particularly important for rail.

No comment.

Question 17

Are the proposed fare review requirements appropriate? Why?

Fares should be reviewed as the RLTS and RPTP require.

Question 18

Are the proposed reporting requirements appropriate? Why?

They appear detailed, and it is unclear what NZTA will do with this level of detail.

Question 19

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

NZTA should be concerned with the overall level of farebox recovery – there is no need to micro-manage to this extent.

Question 20

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

Most definitely, and taking into account international practice and experience. This needs to happen before any targets are set.

Question 21

Are there any other issues with the draft policy?

It would be far more effective if it focused on the issues of fairness and funding within the existing transport framework, rather than taking one particular element in isolation from regional plans and strategies that have been developed after extensive consultation.

Question 22

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

No comment.

Question 23

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

Since it appears not to be linked with existing plans and strategies, probably with some difficulty.

Question 24

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

Commercial services are driven by their operators, who may not share NZTA's view of the "importance of a sound network plan." It is therefore by no means certain that the development of commercial services will improve the farebox recovery ratio.

Question 25

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

See the answer to question 24.

Question 26

Please comment on:

- *the Guideline's relevance, practicality and usefulness, and*
- *whether you think anything should be amended, omitted or inserted into the Guideline.*

The quality of the Guideline would be improved if:

1. the desire to control funding was made explicit;
2. the policy were linked to the RLTS and the RPTP for each region;
3. funding were to be allocated on the basis of a proportion of total funding required, rather than being governed by farebox revenue;
4. evidence of the fairness of any proposed farebox recovery ratio was made available.

Question 27

Please identify any other feedback you may have on the draft Guideline.

No further comment