

By email

28 November 2024

Hon Simeon Brown
Minister of Transport
Parliament Buildings
Wellington

Tēna koe Simeon

Private share funding targets for public transport

On 18 November 2024 New Zealand Transport Agency (NZTA) released to public transport authorities, requirements on increasing the ‘private share’ of public transport revenues which was foreshadowed in the GPS. The concept of such targets is generally accepted by public transport authorities. However, we have grave concerns about:

- the individual targets provided to regional councils,
- the policy basis of the discussion document “Increasing the private share of public transport operating expenditure”,
- the extremely limited time to respond to the interim targets.

We would like to meet with you urgently to explain our concerns and reinforce the impacts that this direction will have on communities across Aotearoa.

As a sector, we are concerned that, as they currently stand, the targets NZTA have set are simply unachievable. For most public transport authorities across New Zealand, the proposed targets would require more than doubling of farebox revenue – the price that PT users pay (from FY 23/24 results), mainly through significantly increased fares or halving of operational costs. An initial assessment of this proposal would suggest these targets are simply not possible without severe and widespread public transport service cuts.

The imposition of these private share targets comes hard on the heels of the National Land Transport Fund announcements which saw key public transport projects across the country left unfunded. This in turn has made it challenging for many public transport agencies to improve their networks to attract more customers and hence grow private share revenue.

The process to establish the targets appears to have been rushed and is based on questionable methodology followed by NZTA. We understand that a research project expected to provide some foundation for the approach to private share, is still at the commissioning phase.

As a sector, we have been set the unreasonable and unachievable deadline of 19 December 2024 for completing work associated with private share targets. This is only one calendar month after the NZTA ‘discussion document’ on this was released for our consideration and presumably request for feedback.

Many public transport authorities cannot agree to setting the private share targets NZTA have required by 19 December 2024. Equally we are concerned that having confirmed our Long-Term Plans, it is not appropriate to set targets in 2024/25 as we have no ability to meet these targets without going through an Annual Plan process, which would have effect in 2025/26 FYI. We respectfully request a moratorium on considering any targets until adequate and evidence-based collaborative work has occurred between NZTA and public transport authorities to test and determine realistic and achievable measures for public transport funding.

This work must allow public transport authorities to follow and meet Local Government Act 2002 processes and requirements and give our local communities ability to meaningfully be consulted on proposals that involve local share investment and revenue targets, and potential consequent impacts on services.

We also believe that targets should be recalibrated to recognise previous central government policy settings which have recently added significant operational costs through addressing workforce / labour shortages and transport decarbonisation expectations.

The public transport authorities acknowledge the Government’s focus on land transport investment to boost economic growth and productivity, resilience, reliability and safety. We wish to work with all parties on the GPS strategic priorities of economic growth and productivity, increased maintenance and resilience, safety, and value for money, while still delivering and growing the public transport network, our communities and local economies need.

Public transport authorities would like to meet you with some urgency to further explain our position and concerns and to agree on next steps.

Ngā mihi



Daran Ponter
Chair
Greater Wellington Regional Council

Copy: Chairs, Mayors and CEs of relevant Regional, Unitary and District Councils