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***Auckland, New  
Zealand, Passenger  
Transport***

# Background 1

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- **New legislative framework in NZ in 1991**
- **Law allows for “commercial registrations” and competition “in the market”**
- **Law provides for contracting of private services with public funds where subsidy is required/justified**

## Background 2

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- **Subsidies to regional councils are allocated by Transfund New Zealand**
- **Subsidized passenger transport has to be competitively bid under Transfund rules**
- **Regional councils manage contracts with operators**

# The Auckland Region

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- **Auckland region 1.2 million inhabitants**
- **Low density, high mobility**
- **Until 1990 emphasis on road infrastructure**
- **Vehicle transport increased, public passenger transport declined**
- **Mounting congestion problems.**

# Initial Changes in Transport Regime 1

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- **Since 1994 steady transformation to commercial passenger services (40% in 1999)**
- **Previous sharp increases of public transport expenditures stabilized**
- **Service levels improved, unit costs declined**
- **No. of passengers rose since 1993**

# Initial Changes in Transport Regime 2

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- **But: Bidding for contracts was essentially price, not service quality based**
- **Exclusivity restricted competition in the market**
- **Innovation not encouraged**
- **Passenger transport share continued falling**

# Increased Focus on Outcomes 1

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- **NZ passenger transport reforms 1990 tried to achieve greater cost-efficiency of public expenditures**
- **Auckland Regional Council Strategic Plan 1998 aims more broadly at increased effectiveness of passenger transport funding**
- **Effectiveness defined as achievement of “outcomes”**

## Increased Focus on Outcomes 2

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- **Outcomes to be achieved: safety, service efficiency, environmental sustainability, accessibility, balanced growth, higher intensity urban development**
- **Principal “output” to achieve above outcomes is increase in public transport system users, particularly in peak periods**

# Towards Output Based Funding 1

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- **From 1999 implementation trials in Auckland**
- **Adopted approach: “Subsidized Deregulation”**
- **Tendered subsidy rates for**
  - ◆ **Off peak exclusive passenger contract; and**
  - ◆ **Specific output levels in peak periods under non-exclusive contracts**

## Towards Output Based Funding 2

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- For peak period bids, competition in the market allowed
- Bidders specify different rates for incremental passenger numbers
- Payments made on actual patronage numbers, with lowest tendered rate paid first
- Overall monthly expenditure cap

# NZ Patronage Funding Scheme 1

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- **Auckland trials instrumental for re-shaping NZ national passenger funding policy**
- **In Oct. 2000, new Patronage Funding Scheme introduced**
- **Funding allocations to regional councils continue through Transfund**
- **Peak/Off-peak basis adopted for level of funding**

# NZ Patronage Funding Scheme 2

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- **Base patronage rates for current passenger levels**
- **Choice between simpler (no. of passengers) or more complex (no. of passenger km) formula**
- **Regional councils responsible for contracting, and specifying requirements and minimum standards**

# NZ Patronage Funding Rates (NZ\$)

## Auckland Wellington Canterbury

### ■ Base patronage rates

◆ Base	0.45	0.60	0.40
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### ■ Additional passenger boarding rates

◆ Peak	3.00	2.90	1.10
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◆ Off-Peak	0.70	0.70	0.70
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# NZ Patronage Funding Rates (NZ\$)

## Auckland Wellington Canterbury

### ■ Hybrid rates

#### ◆ Peak

◆ Boarding	1.45	1.05	0.35
◆ Pass-km	0.21	0.17	0.09

#### ◆ Off-peak

◆ Boarding	0.15	0.15	0.15
◆ Pass-km	0.06	0.06	0.06

## Relevant Websites

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- [http://www.its.usyd.edu.au/conferences/threadbo/threadbo papers 6/Bmein~1.doc](http://www.its.usyd.edu.au/conferences/threadbo/threadbo%20papers%206/Bmein~1.doc)
- <http://www.transfund.govt.nz/patronage.html>
- Or search web under “Auckland Passenger Transport”