Ref: [redacted]

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21 January 2025

[redacted]

OFFICIAL INFORMATION REQUEST FOR PRIVATE SHARE TARGET INFORMATION

I refer to your official information request dated 3 December 2024 for:

- *estimates of how much public transport fares will need to increase by to meet the Government's private share targets,*
- *what the Government's private share targets are currently and what the targets are increasing to*
- *any feedback given to the Minister, his office, Waka Kotahi, or the Ministry of Transport on the new proposed private share targets*

We have no estimates of how much public transport fares will need to increase by to meet the Government's private share targets.

We do not currently have private share targets, set by the Government, nor have new targets been established by the Government. The New Zealand Transport Agency (NZTA) proposed, for discussion, interim private share targets. NZTA's memo and our response is attached.

We have responded to the New Zealand Transport Agency (NZTA) by email regarding the new proposed private share targets. That email and the spreadsheet attached have been included in this response.

You have the right to seek an investigation and review by the Ombudsman of this response. Information about how to make a complaint is available at www.ombudsman.parliament.nz or Freephone 0800 802 602.

If you wish to discuss this decision with us, please feel free to contact Lyndon Hammond (lyndon.hammond@ncc.govt.nz)

Yours sincerely

Alec Louverdis
Deputy Chief Executive / Group Manager Infrastructure

Encl: NZTA memo & Nelson City Council response

Internal Document ID: [redacted]

NZ TRANSPORT AGENCY
WAKA KOTAHI

Memo

Private Bag 106602, Auckland City, Auckland 1143

To	Nelson City Council & Tasman District Council
From	Lisa Grindlay, Senior Advisor - Public Transport
Date	18/11/2024
Subject	Increasing the private share of public transport operating expenditure – proposed regional targets for Nelson-Tasman

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

To meet these expectations public transport authorities are required to meet the following specific requirements:

- 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.

The purpose of this memo is to propose for discussion interim private share targets for the 2024/25 and 2025/26 financial years and an indicative target for the 2026/27 financial year for the Nelson-Tasman region.

The basis for the proposed targets is set out in the 'Increasing the private share of public transport operating expenditure Discussion document' that was released on 18 November 2024.

The proposed targets are set out in Table 1 below. 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 1.

Table 1 Regional targets to be agreed with NZTA

PTA region	Private share 2018/19 Actual	Private share 2023/24 Actual	Proposed private share 2024/25 Interim Target	Proposed private share 2025/26 Interim Target	Proposed private share 2026/27 Indicative Target
Nelson-Tasman	36.6%	13.2%	19%	26%	30%
National	**33.0%**	**20.5%**	**24-26%**	**28-33%**	**35-40%**

Our first meeting to engage on the document and the proposed targets is scheduled for Friday 29 November 2024.

If you have any questions ahead of that meeting or would like to discuss any aspect of the approach further, please reach out to me via email at lisa.grindlay@nzta.govt.nz.

From:	Chris Pawson
To:	Lisa Grindlay
Cc:	Lyndon Hammond; Jamie McPherson; Jane Murray; James Hills
Subject:	Staff level Draft Private Share proposal
Date:	Thursday, 19 December 2024 9:22:16 am
Attachments:	Private share summary table.xlsx

Hi Lisa,

Sorry for the delay in getting this to you but we needed further work on the numbers and to run this response across our organisations.

The key data you have asked for is included below.

As Chris has discussed with you when we look at the actual changes from the start of the eBus services to the recent months without Community Connect we see a small move in Private Share (up from 13% to 13.5%) which is considerably lower than the move to 19% your model has suggested. While we acknowledge we are only working with a few months data we really need to understand this starting point before agreeing that initial target.
We have had a 28% growth over the past period and if we were to optimistically grow revenue and / or reduce costs by 25% in the following years we could see around a 2% increase in Private Share.

This would be a challenging target given the aspects we have discussed to date and noted below:

- We have limited ability for third party revenue (as noted in our meeting there are signals that our advertising revenue may go down rather than increase as shown in the annual plan) and as noted large 'destination employers' who could contribute don't exist here. Advertising in bus shelters is something we could consider but it would be a long term option as we would need a plan change.
- We have a large elderly population and this is growing
- The 'social service' aspect of our PT is significant given our relatively low wage economy where large steps in farebox would have a significant impact on our PT users (while not having a major contribution to any national target mainly influenced by the metros huge volumes on commuter services.
- We understand that the 30% year three target originally proposed by NZTA was on the basis of the Nbus system having a private share at this level at some stage. We note that the Nbus system was very much a 'bare bones' service in that it only provided a half hour headway on the two busiest services and significantly scaled back this frequency on other routes and during off peak times.

We would also like to note that we have recently undertaken a significant change to our PT services with outstanding results – doubling patronage while retaining Private share levels. At NZTA's instigation we have commenced a review of the new services, initially focused on providing NZTA with information to enable an assessment as to if the investment had delivered on the initial expectations. This showed the changes had exceeded expectations with patronage in year one being at the level aimed for in year three.

The next phase of the review is looking at how the services can be optimised from a value for money perspective and to continue to grow passenger numbers. We are in a process of actively considering all those key components associated with improving private share – we just need to be provided with the space and time to do this and to embed our new services.

We also have an established process for making fare adjustments aligned to CPI and have done this at the start of this financial year.

Nelson-Tasman	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget	Notes
					Different to LTP as now able to recalculate based on first three operational months of ebus system compared with corresponding months in following year. 28% growth

Fees and charges	- 893,659	- 1,146,564	- 1,433,206	- 1,791,507	between 2023/24 and 2024/25 then 25% each year after that.
Third-party revenue	-	- 13,500	- 24,017	- 46,361	Advertising income
Total operating expenditure	8,035,941	8,584,235	9,336,552	10,574,740	Includes all operating expenditure for Nelson and Tasman. Includes around $700,000 in 2026/27 for Tasman weekend service improvements.
Passenger boardings (Low projection)	899,751	923,004	946,257	969,511	Projections are the same as that provided in the data for the Stage 1 PT review
Passenger boardings (Medium projection)	899,751	923,004	946,257	987,059	
Passenger boardings (High projection)	899,751	923,004	946,257	1,005,138	
Passenger boardings (Unconstrained projection)	899,751	923,004	946,257	1,044,045	
Public transport private share	11.10%	13.51%	15.61%	17.38%	Calculated using the data above

As discussed, all of the above is subject to our usual political processes which we begin again in early February.

Have a great Christmas and see you next year.

Regards,

Chris Pawson
Transport Asset Analyst
Nelson City Council / *Te Kaunihera o Whakatû*
03 539 5552
www.nelson.govt.nz

LTP budgets

Nelson-Tasman	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget
Fees and charges	- 893,659	- 1,372,554	- 1,402,750	- 1,522,772
Third-party revenue	-	- 13,500	- 24,017	- 46,361
Total operating expenditure	8,035,941	8,584,235	9,336,552	10,574,740
Passenger boardings (Low projection)	899,751		946,257	969,511
Passenger boardings (Medium projection)	899,751	923,004	946,257	987,059
Passenger boardings (High projection)	899,751	923,004	946,257	1,005,138
Passenger boardings (Unconstrained projection)	899,751	923,004	946,257	1,044,045
Public transport private share	11.10%	16.15%	15.28%	14.84%

Modeled budgets

Nelson-Tasman	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget
Fees and charges	- 893,659	- 980,726	- 1,067,792	- 1,154,859
Third-party revenue	-	- 13,500	- 24,017	- 46,361
Total operating expenditure	8,035,941	8,584,235	9,336,552	10,574,740
Passenger boardings (Low projection)	899,751	923,004	946,257	969,511
Passenger boardings (Medium projection)	899,751	923,004	946,257	987,059
Passenger boardings (High projection)	899,751	923,004	946,257	1,005,138
Passenger boardings (Unconstrained projection)	899,751	923,004	946,257	1,044,045
Public transport private share	11.10%	11.58%	11.69%	11.36%

Recommended option

Nelson-Tasman	2023/24 Actual	2024/25 Budget	2025/26 Budget	2026/27 Budget	Notes
Fees and charges	- 893,659	- 1,146,564	- 1,433,206	- 1,791,507	Different to LTP as now able to recalculate based on first three operational months of ebus system compared with corresponding months in following year. 28% growth between 2023/24 and 2024/25 then 25% each year after that.
Third-party revenue	-	- 13,500	- 24,017	- 46,361	Advertising income
Total operating expenditure	8,035,941	8,584,235	9,336,552	10,574,740	Includes all operating expenditure for Nelson and Tasman. Includes around $700,000 in 2026/27 for Tasman weekend service improvements.
Passenger boardings (Low projection)	899,751	923,004	946,257	969,511	Projections are the same as that provided in the data for the Stage 1 PT review
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Passenger boardings (High projection)	899,751	923,004	946,257	1,005,138	
Passenger boardings (Unconstrained projection)	899,751	923,004	946,257	1,044,045	
Public transport private share	11.10%	13.51%	15.61%	17.38%	Calculated using the data above
	128%	125%	125%		