

## 5.5 Public Transport Financial Update

### Performance, Audit and Risk Committee (PARC) report

#### General information

<b>Date of Meeting</b>	24 May 2018
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<b>Endorsed by</b>	Nadeine Dommissie Chief Operating Officer

### Purpose

To provide a financial update on Public Transport programmes.

### Recommendations

That the Performance, Audit and Risk Committee:

1. Receive the financial update on the Public Transport programmes

### Attachments

- Public Transport Financial Update.



## Public Transport Financial Update April 2018

### Background

The following analysis is based on financial results for the ten month period from 1 July 2017 to 30 April 2018. Monthly activity and risks are outlined at the end of the report.

### Financial Results

The table below provides details of expenditure levels for the ten months beginning 1 July 2017 to 30 April 2018 and also the various funding sources. The financial result is also compared to the 2017/18 Annual Plan budget.

\$000	Year to Date			
	Act	Bud	Var	%
<b>FUNDING OF SERVICES - REVENUE</b>				
Rates	17,973	17,973	0	0%
Grants	22,303	24,148	(1,844)	-8%
User pays and other	16,141	15,225	917	6%
<b>Total Revenue</b>	<b>56,418</b>	<b>57,346</b>	<b>(928)</b>	<b>-2%</b>
<b>DELIVERY OF SERVICES - EXPENDITURE</b>				
Community Transport	3,048	2,616	432	17%
Greater Christchurch Metro	52,815	54,715	(1,900)	-3%
South Canterbury Metro	864	1,002	(137)	-14%
<b>Total Expenditure</b>	<b>56,727</b>	<b>58,332</b>	<b>(1,605)</b>	<b>-3%</b>
<b>Reserve Accumulation / (Use)</b>	<b>(309)</b>	<b>(986)</b>	<b>677</b>	

Public Transport expenditure is tracking 3% under budget, resulting in fewer NZTA grants.

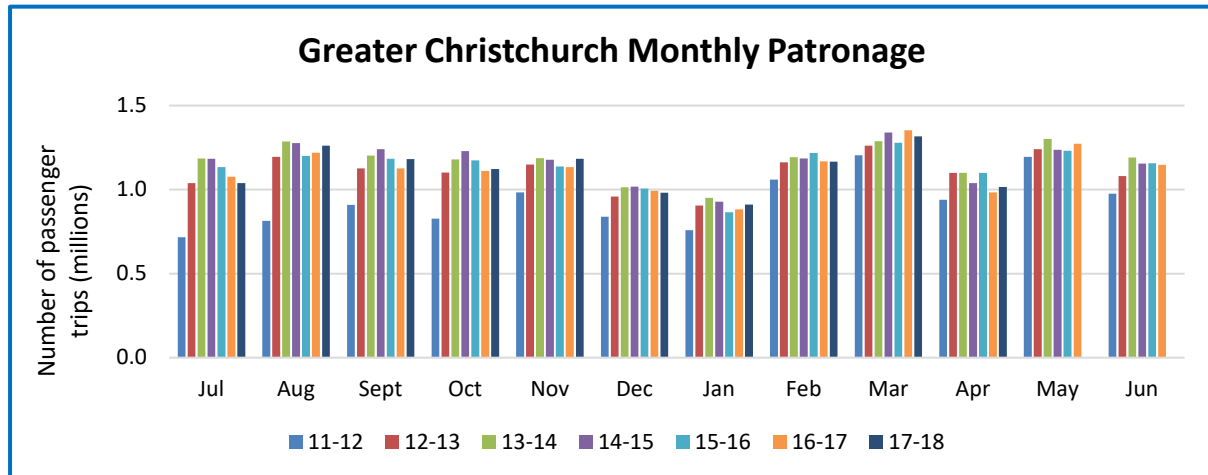
Marketing and IT support expenditure is currently behind budget due to timing of the activities within the financial year.

Total Mobility continues to be over budget as a result of legal activity and changes in use profiles. Trip numbers are continuing to trend in line with last year. The total average fare is slightly higher at \$9.03 vs \$8.83 (excl GST) across Canterbury, representing a 2.2% increase on last year. For Christchurch, the Average Fare YTD is \$9.72 (excl GST) compared to \$9.50 last year representing an increase of 2.3% increase.

# Monthly Activity

## Patronage

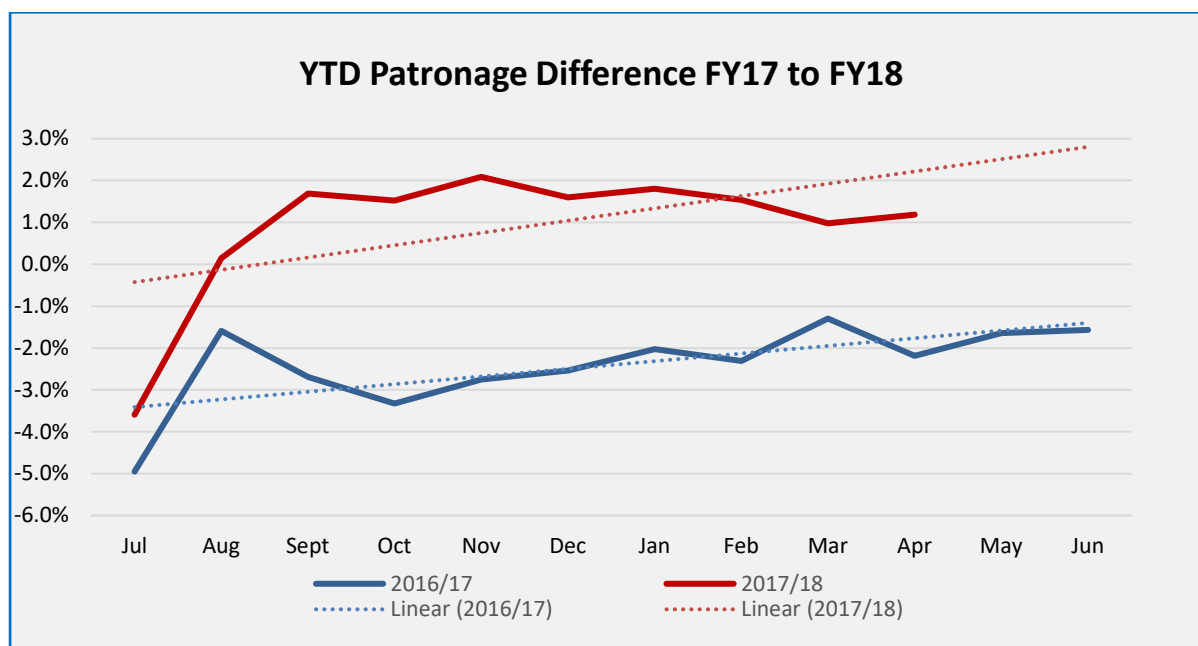
The fiscal year to date April 2018



GREATER CHRISTCHURCH	Month April 2018	Prev Yr Comparison	Y-T-D	Prev Yr Comparison
Patronage	1,016,696	↑ 3.3%	11,179,543	↑ 1.2%
Commerciality	35.4	↓ 0.8	38.2	↓ 1.8

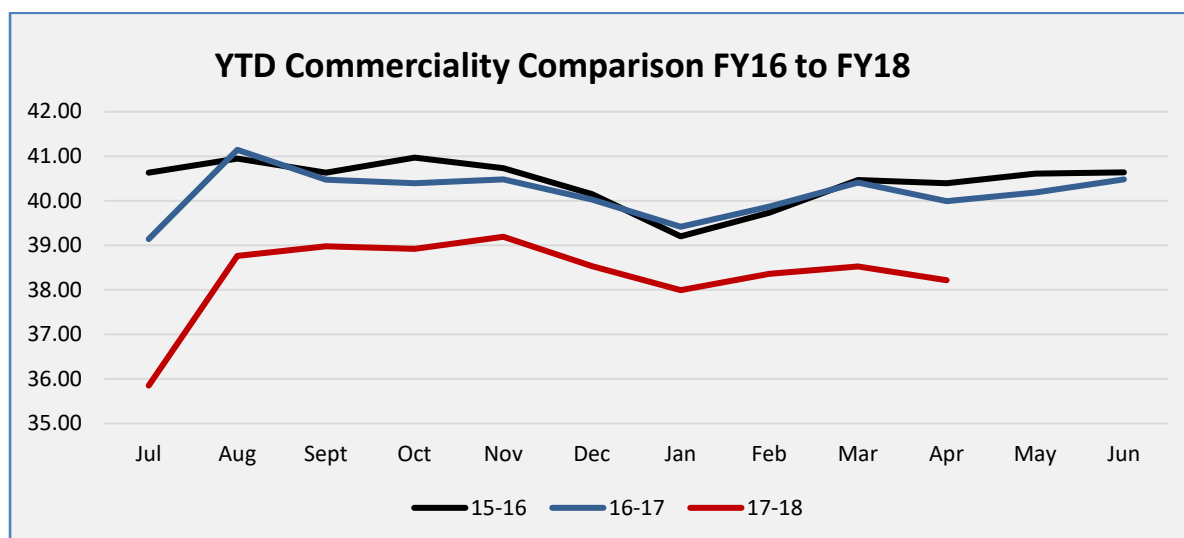
April 2018 saw Greater Christchurch's patronage increase by 3.3%.

The fiscal Y-T-D patronage is still tracking at a positive figure of 1.2% growth. As a comparison this time last year patronage was down -2.2% year-to-date as shown below.



## Farebox Recovery

The Farebox Recovery target in the Canterbury Regional Public Transport Plan is to reach a ratio of 50 for cost recovery by the end of the 2019/2020 financial year. This represents Canterbury's contribution to the National Farebox Recovery Policy.



Commerciality continues to be a challenge. Key drivers of this are increasing costs due to indexing and the full impact of the Northern Access Package enhancements to the Blue Line which came on stream in May 2017. While fare revenue has increased as a result of improved patronage this is not sufficient given the low average fare of \$1.53. The relatively low yield per customer is a key issue to work on in addressing the financial outcomes for Public Transport.

## Payment Type

Payment Type April 2018	Metrocard	Cash	SuperGold Card	Other eg Complimentary passes
Greater Christchurch	70.6%	18.1%	11.2%	0.1%

As a comparison, cash fares made up 19.1% of payments in April 2017.

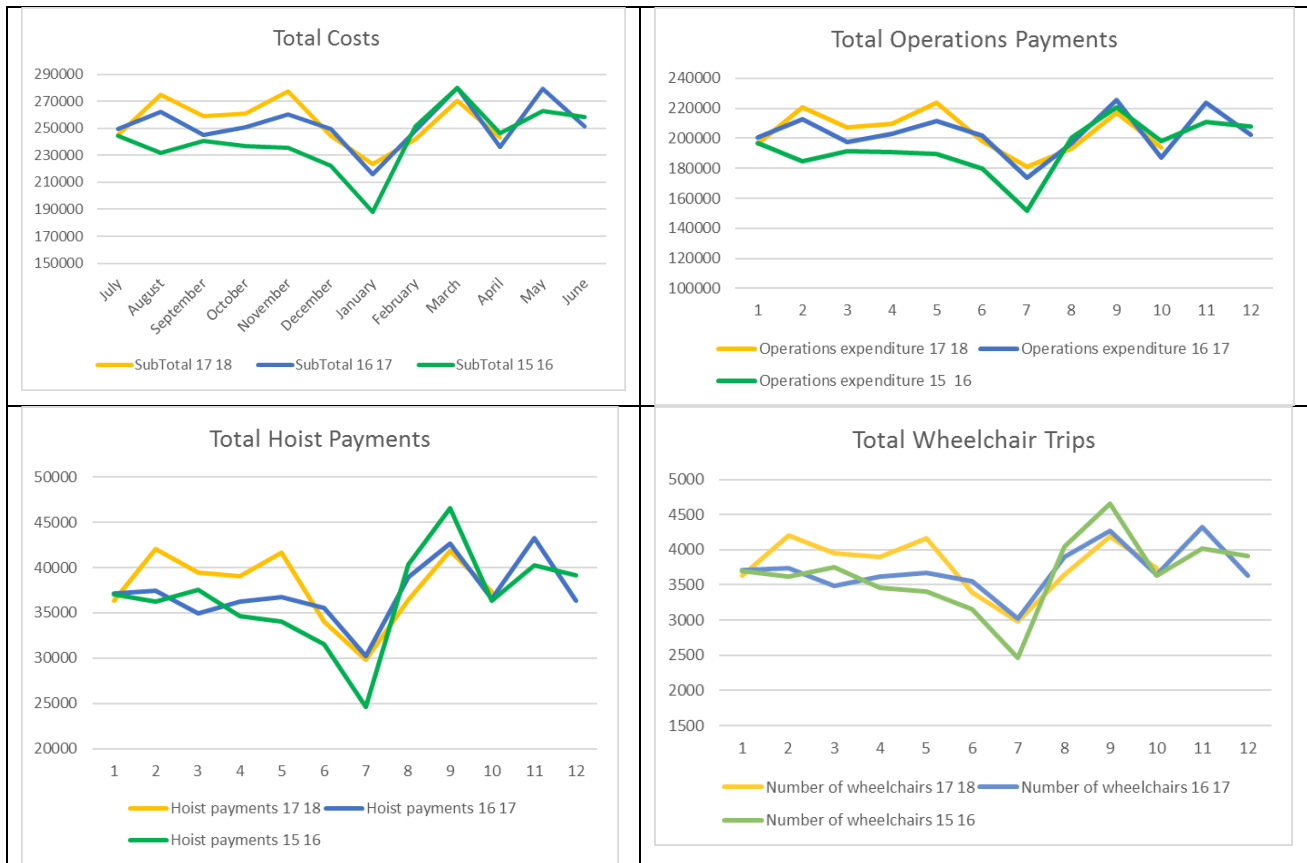
## Community Transport

Community Transport (combined Total Mobility and vehicle trusts) Y-T-D remains over budget driven primarily by the settlement process with providers. Total Mobility usage for April was in line with the same period last year although costs are circa 3% higher.

Fiscal Y-T-D figures to April 2018

		Actual Total	Budget Total	Variance
<b>Community Transport</b>	Total Expenditure	3,047,673	2,615,698	431,975
	Targeted Rates	(905,716)	(905,716)	0
	Grants	(1,888,276)	(1,706,271)	(182,005)
	Other Income	(105,606)	(3,712)	(101,894)
<b>Community Transport Total</b>		<b>148,076</b>	<b>(0)</b>	<b>148,076</b>





In analysing the cost and usage trends year-to-date it is noted that the first part of the year recorded higher service delivery costs than the previous year, whereas cost in the later part of the year have been predominantly in line with the previous year. This appears to relate to an increase in wheelchair trips (and thus hoist payments) over this period and average trip length.




Further investigations are under way to better understand the dynamics of this usage.

## Project Updates

The following Projects are currently in flight:

<b>National Ticketing</b>		This project is now fully underway again. Procurement phase expected to commence in May/June with an ROI process
<b>Real Time Information System</b>		RFI process completed Dec/Jan with a total of 8 responses received. Information currently being analysed to inform next steps.
<b>Wi-Fi Trial</b>		The WiFi trial is now underway on two routes – 85 Rolleston and 29 Airport. The trial will run for 3 months to start with and then we will review outcomes and next steps
<b>RPTP Review</b>		The review of the Regional Public Transport Plan is underway, overseen by the GCPTJC. Current timeline estimates this document will be available for consultation in August 2018

PT Data 2020		Work has commenced on Phase 1 of the PT Data 2020 initiative to improve access to and value from the Public Transport data portfolio. Phase 1 involves the creation of a data warehouse repository which will then be leveraged to deliver more efficient and effective information and reporting insights
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## Network Risk Summary

RISKS	MONTHLY UPDATE
Additional costs associated with extensive road works and detours	<b>Moderate:</b> The incidence of detours across the network has reduced significantly in the current year. The risk remains, however, and there are a few large detours planned for 2018 which are likely to impact the network.
Fuel price increase	<b>High:</b> Fuel prices have increased over recent months. The risk remains that any increase will have an effect on budgets should they exceed projections. The proposed increase in Fuel Excise tax will be something to be watch. Higher fuel prices also tend to increase metro patronage and revenue, counteracting increased contract costs.
Potential for operator to collapse due to contracted market	<b>Low:</b> Staff continue to work with operators to ensure they are able to operate sustainably.
Road User Charge increase	<b>Low:</b> Road User Charges continue to represent a risk in that any significant increase such as the one that occurred in 2012 will have an effect on budgets.
Risk of discontinuation of grant	<b>Low:</b> There is minimal risk of discontinuation of grant provided we remain within the NZTA LTP budget envelope. This is a 3-year budget envelope. Should diesel prices rise during the 3-year LTP there is a risk that expenditure outside of that budgeted will have to be funded by ECan.
Bus driver retention	<b>Moderate:</b> Bus operators advise recruitment and retention is not posing any significant risk at present.
Ticketing system	<b>Moderate:</b> The ticketing system remains a risk until the Metrocard is replaced with the more secure DesFire card type. Distribution of the DesFire has commenced. This risk is mitigated to a large extent by daily reporting to ensure there are no anomalous transactions taking place within the system.