

Annual Plan – Pre-Deliberations Briefing - Public Transport Supplementary

Context

- Before Council deliberates on proposed options for rates increase, direction is sought from Council on the level of investment for public transport to be included in the Annual Plan.
- As part of the considerations around the COVID-19 response in April 2020, the impact of COVID-19 on public transport was analysed and expenditure of \$1.1 million (approximately 1% rate increase) was removed to achieve the 2.3% CPI-type baseline. This included the removal of public transport service improvements.
- Since April, new information available in the evolving COVID-19 environment indicates that patronage on buses is increasing with the easing of restrictions. It is now clear that there will now be capacity challenges on some routes (taking social distancing into account). This changing situation has changed staff advice as detailed below.

Components of Public Transport

- The following information sets out the components of Public Transport which we are seeking council direction on:
 - a) *Service improvements* – staff recommend that the targeted **\$893k** for public transport service improvements which had been removed from the annual plan to achieve the 2.3% baseline now be provided for in the Annual Plan budget (including for targeted additional peak and/or express services and frequency enhancement).
 - b) *2.5% Fare Increase as per Long-Term Plan* – staff recommend that the Council does not proceed with the 2.5% fare increase signaled in the LTP. This was factored into the 2.3% baseline. This fare increase would have a financial impact of **\$241k** in additional revenue.
 - c) *NZTA Index* – staff recommend that given current reduction in fuel prices it would be reasonable to reduce the NZTA index assumption from 3.5% to 2.5%. This is a **\$652k** reduction and was factored into the 2.3% baseline.
 - d) *Increase PT Reserve use* – Staff expect that Environment Canterbury will receive a higher than expected rate take in 2019/20 with a portion being applied to PT reserves. This is an expected **\$250k** reduction and was factored into the 2.3% baseline.
 - e) *19-year old Child Fare* – staff recommend that the provision for high school students who are 19yrs to access child metro fares is addressed as part of the comprehensive fare review planned for the end of this calendar year. No change to the child fare was factored into the 2.3% baseline. Including this would require an additional increase of up to **\$200k**.

Waimakariri Express Buses recommendation

- A governance meeting was held on Monday 18th May. At this meeting attended by CCC, WDC, NZTA and ECAN it was confirmed that the preferred start date for these express buses should be aligned to the project opening. This is expected Mid-January 2021.
- The 2.3% baseline assumed 7 months of Waimakariri express service operation resulting in a rate reduction of \$314K. Following engagement with partners as noted above, staff recommend reducing the Express service operational period to 6 months (January 2021 to June 2021) for the coming fiscal year, resulting in a further rates reduction of \$60k

Summary

- Taking into account the above staff recommendations, the overall total rates impact on the Annual Plan budget with provisions for CCC targeted service improvements (\$893k) and Waimakariri targeted express service reduction (-\$60k) would be 0.76%.
- Rolling this up, this equates to an \$833k targeted increase on the 2.3 CPI-Type baseline. This would result in an average rate increase of 3.06%.
- Taking the staff recommended Option 4 in the Councillor Pre-deliberation paper (which recommends a 4% increase) this would mean that 0.94% or roughly \$900K would go into the general reserve to assist in addressing in-year projects.