



Southland Regional Public Transport Plan

2015 – 2018

14 October 2014

Contents

The Plan in brief	3
Invercargill bus service	3
Total Mobility	3
What we have done in the last few years	3
What we are planning for the future	4
Related Council transport documents	5
Introduction	6
Purpose of the Plan	6
Public transport	6
Funding	7
Part A: Services intended to be provided, and associated policies	8
Services Council intends to provide	8
Invercargill City bus service	8
Total Mobility scheme	9
Southland region	10
Future improvements	10
Public transport outside of Invercargill	10
Units	11
Value for money	12
Working with contractors	12
Fares	13
Policies	13
Part B: Background and Context	17
Legislative requirements	17
Attachment 1: Extracts from Otago/Southland <i>Regional Land Transport Plan</i>	19
Attachment 2: Services to be provided	21
Attachment 3: Fare-box recovery policy	22
Attachment 4: Significance Policy	26

The Plan in brief

Approximately 326,000 public transport trips are made annually on subsidised public transport in Southland. About 270,000 of these are on the Invercargill bus services, and about 56,000 are on the Total Mobility scheme for people with disabilities (mostly in Invercargill and Gore).

Ordinarily a *Regional Public Transport Plan* (the Plan) would be prepared by the local regional council. However Environment Southland has delegated to Invercargill City Council (Council) the responsibility for preparing this Plan for the Southland region.

This Plan sets out Invercargill City Council's intentions in respect to the current and any future ratepayer funded public transport and taxi/shuttle services in the Southland region.

Council is preparing this Plan because recent changes to the Land Transport Management Act requires a new Plan, covering the new matters introduced in that legislation, to be in place by 30 June 2015.

This Plan replaces the previous Plan adopted in 2012. Because it is only two years since that Plan was prepared, this new Plan introduces few new changes.

The focus of this Plan is to build on the changes to the Invercargill city bus services which were introduced on 3 December 2012.

The current public transport services subsidised by Council, and the plans for the future, are:

Invercargill bus service

Council intends to continue to provide a bus service in the city. The city bus routes and timetables have recently been substantially revised and a new contract introducing the revised bus service commenced on 3 December 2012. The new contract provides services over four routes in Invercargill, running on weekdays between 7am and 7pm, with some services on Saturdays. There are also several school routes catering specifically for school students going to and from school.

Close monitoring of the new service is occurring, and while this Plan proposes no major changes to the service, some minor adjustments are possible. Several new bus shelters have been installed as part of the changes, and more are in the planning stage.

There are also no plans to change the school routes but minor adjustments to these are also likely to ensure the routes continue to meet the demands of the schools and their students.

Total Mobility

Council subsidises the Total Mobility scheme in Invercargill and Gore. This scheme, delivered through taxi companies, provides half price fares (up to a maximum subsidy of \$25 per trip) for people with disabilities. Taxi-vans capable of carrying people in wheelchairs are also provided under the scheme.

Council intends to continue support for the Total Mobility scheme, and continue to improve the scheme to ensure it meets the needs of its users.

What we have done in the last few years

In recent years we have made major changes to the city bus routes and timetables:

- New routes and timetables have been developed. The main driver for these improvements was to reduce the growing subsidy cost of the service to the

taxpayers and ratepayers of the city, and this has been achieved. The new service still provides substantial city-wide coverage.

- A new contract, based on the revised service, has been tendered and awarded, and the new service commenced on 3 December 2012
- Introduction of the *BusSmart* smartcard for fare payments
- Marketing of *BusSmart* brand on radio and newspapers
- Introduction of bike-racks on all city buses
- Audible announcements and wi fi service provision on buses on the city routes
- Introduction of a constant 45 minute headway on city routes
- New glass-panel bus shelters have been installed
- Braille labelling on new bus-stop timetables
- Extra buses have been provided where necessary to cope with the increase in school passenger numbers
- Discussions with schools is on-going to ensure the services fit the demand

We have continued to support the Total Mobility scheme for people with disabilities, and make administrative improvements to the scheme as required by NZ Transport Agency. These administrative changes are aimed at making the scheme more efficient and better for its users.

What we are planning for the future

What	When
Monitoring of the new city service to ensure it meets the needs of the community. This may result in adjustments to the new timetables and routes in response to levels of passenger demand	On-going
Discussions with schools regarding improvements to the routes and times for the school services	On-going
Improving the administration of the Total Mobility scheme	On-going
Reviewing fare levels and fare structures ¹ for the bus service (in line with NZTA and Council requirements)	On-going
Improving infrastructure, such as the provision of timetable information and shelters at bus-stops	On-going
Closer liaison and collaboration with our bus contractor aimed at improving the bus service and increasing patronage	On-going
Promotion of the city bus service through social media	On-going
Investigating the introduction of a tertiary student fare for city services	2015
Investigating improvements to city buses (such as air-conditioning)	2015-18
Investigating the introduction of real-time information systems for city services	2015-18
Investigating improvements to the ticketing system, through participation in the national regional ticketing system project, and increasing the usage of the <i>BusSmart</i> card	2015-18
Improving the central city bus terminal	2018

¹ The fare level is the actual fare charged; the fare structure is the basis on which the fare is calculated (such as distance, time etc.)

Related Council transport documents

Other Council documents relevant to public transport in Invercargill include:

- The Council *Ten Year Plan* and the *Annual Plan*
- The Council *Procurement Strategy*²
- The Environment Southland *Regional Land Transport Plan*³

The relevant sections of the draft Otago/Southland *Regional Land Transport Plan* are set out in **Attachment 1**.

This Plan is consistent with those policies.

² This document is required by NZTA and sets out the Council approach to be taken to procuring public transport services. A Procurement Strategy will be prepared prior to the next tender round

³ The Land Transport Management Amendment Act 2013 provides for regional land transport strategies and regional land transport programmes to be replaced in 2015 by a single regional land transport plan. An Otago/Southland regional land transport plan is currently being prepared by Environment Southland and Otago Regional Council and contains policies and the region-wide transport funding plan for the next six years

Introduction

Invercargill City Council (Council) is required by the Land Transport Management Act 2003 (LTMA) to prepare a *Regional Public Transport Plan* (the Plan). The LTMA sets out the requirements regarding the Plan's content and the consultation process required in preparing the Plan.

This Plan updates the 2012 Plan to ensure it meets the requirements of the recent changes to the Land Transport Management Act 2003, which governs public transport. The changes to the Act included the introduction of a new operating model for public transport in New Zealand, with regional public transport plans being the cornerstone of the new operating model.

New matters that must now be addressed by the Plan include the following:

- How Council will work with bus operators to ensure services meet the needs of the passengers
- How the bus services Council intends to provide will be arranged into "units"⁴
- How bus fares will be reviewed and set.

Purpose of the Plan

The LTMA states that the purpose of a Plan is to provide:

- A means of encouraging Council and public transport operators to work together in developing public transport services and infrastructure; and
- An instrument in engaging with the public in the district on the design and operation of the public transport network; and
- A statement of:
 - The public transport services that are integral to the public transport network; and
 - The policies and procedures that apply to those services; and
 - The information and infrastructure that support those services.

This Plan sets out Council's intentions and policies regarding public transport in Southland in the next three years. The Plan takes into account all relevant national and local policies, and the public transport funding from NZTA likely to be available to Council.

This Plan is in two parts:

- Part A sets out the services Council intends to provide, and the policies which apply to these services
- Part B provides background and context information, and information legally required.

Public transport

The "public transport" referred to in this Plan is the subsidised bus service within Invercargill and any other council subsidised public transport service in the Southland region, and the taxi service as it relates to the Total Mobility scheme.

It does not include long-distance bus services, Ministry of Education funded bus services, privately funded bus services, or train services.

⁴ See later in this Plan for a discussion on units

Funding

Public transport services in Invercargill, as in the rest of New Zealand, are subsidised. The subsidy is provided in approximately equal proportions by Council and the New Zealand Transport Agency (NZTA)⁵.

Council has decided that it should continue to provide a subsidised service in Invercargill because of the benefits to the city and the community of having an available and affordable public transport system. In Invercargill, these benefits are largely social – the buses enable those without other forms of transport to get to where they need to go, in particular, to places of work, education, healthcare, welfare and food shopping.

Currently in Invercargill passenger fares cover approximately 33% of the costs of providing the service; that means the other 67% is provided by subsidies - Council pays 33.5%, and NZTA 33.5%.

The NZTA funding comes with a number of rules and requirements. One of the current requirements is that passengers should contribute more than they currently do towards the costs of providing public transport services. The NZTA guideline is that passengers should contribute at least 50% of the costs of providing services.⁶ In Invercargill, passengers currently contribute about 33% and thus it is below the NZTA target. However Council is working towards increasing the passenger contribution, and the changes introduced in December 2012 went a substantial way towards that.

NZTA funding is not unlimited, and any extra funding (such as may be required to introduce additional services in Invercargill, or a new service somewhere else in the region) will only be provided if it is supported by a suitable business case prepared in accordance with NZTA guidelines.

Funding guidelines indicate that this extra funding will only be provided where the proposed new service can show:

- It will improve access to social and economic opportunities, particularly for those with limited access to a private vehicle;
- It will be effective at achieving the objectives of the service; and
- The benefits of providing the service outweigh the costs.

Requests for extra funding will then be assessed against the demands for improvements from other regions in NZ. Priority is given where there is congestion and demands on the public transport network are the highest, and reliability of journey times the worst.

Because only services specified in a Plan are able to be subsidised, proposals for new services will need to be incorporated into this Plan (and therefore be subject to public consultation guidelines) as well as meeting NZTA business case requirements.

The 2013 changes to the Land Transport Management Act changed the funding and administration of public transport in NZ by introducing a new operating model known as PTOM⁷. PTOM is designed to encourage collaboration and partnering between the funders of public transport and the provider of the bus service to grow patronage with less reliance on subsidies.

⁵ This funding arrangement may change from the 2015/16 year onwards

⁶ NZTA does recognise that smaller towns which have predominantly social services may have a lower passenger contribution than 50%

⁷ Public Transport Operating Model – a new planning and contracting framework for public transport provision

Part A: Services intended to be provided, and associated policies

Services Council intends to provide

Invercargill City bus service

Council provides the bus services within Invercargill city. It does this by means of a subsidised contract with a local bus operator⁸.

Council undertook a major review of the city bus service in 2012 and as a result of that review made substantial changes to routes, timetables and fares. The new service was tendered in 2012 and the new contracted service began in December 2012. The contract runs until December 2017, and can be extended to 29 June 2022 should certain performance criteria be met.

The current city service operates on four city routes which provide coverage of the entire city. The service starts each weekday at 6.45am, with the last service leaving the central city at 6pm. Services run every 45 minutes on each route. On Saturdays, six services operate every 45 minutes between the hours of 10.30am and 3.40pm. There is no Sunday or public holiday service. An additional service (on two separate routes) is provided on weekdays to and from Southland Disability Enterprises.

In addition, six school routes operate within the city on school days.

The buses cover over 306,000 kilometres annually on these routes.

Council believes that these current routes, timetables and fare structure are suitable for Invercargill given the current demand levels and the costs of providing the service.

The current routes and timetables are shown in **Attachment 2**.

Council believes that the service provided should be a modern one catering for the reasonable needs of all passengers, and thus on the four city routes it intends to continue to provide a fully wheelchair accessible service with features including audio announcements, wi-fi and bike racks. In addition, Council will ensure information about the service is readily available through a variety of formats, and will provide shelter and timetable information at popular bus-stops.

Between 1 July 2013 and 30 June 2014 approximately 270,000 passenger trips were made on the city bus service. Of this number, 60,000 passenger trips were made on the school services. The annual total gross cost, (i.e. before passenger revenue is taken into account) including administration costs, of the current service for those 12 months was \$1,023,000.

Passenger revenue was \$333,000, which means that passenger fares covered 33% of the total costs of providing the service. The remaining 67% (\$690,000) was met by subsidy.

The subsidy is shared equally between NZTA and Council, meaning the ratepayers of Invercargill contribute about \$345,000 annually towards the bus service. That equates to a ratepayer subsidy of \$1.28 per passenger-trip.

⁸ The current bus operator is Go Bus Ltd

Prior to the new service commencing in December 2012, the city bus service cost about \$1.5m annually to provide, and had a subsidy cost of about \$1.3m (Council share of \$650,000). Passenger numbers were about 370,000. That equated to a ratepayer subsidy of \$1.76 per trip.

A key finding from Councils 2014 Residents Survey for Passenger Transport was that users of the buses were largely positive about the new service, especially in terms of value for money.

The new service costs substantially less to provide than the previous service, and passengers contribute substantially more towards its costs. Thus the cost to the ratepayers of Invercargill is now substantially less.

Passenger numbers are lower than the previous service, but have been climbing steadily since the new service was introduced.

The new services are being closely monitored by Council, in conjunction with the contractor, to ensure that the services continue to meet the needs of the community. Council recognises that, given the substantial nature of the 2012 changes, some subsequent minor adjustments to the routes and/or timetables may be needed to ensure the needs of the passengers are met and costs minimised. These minor adjustments will be made as necessary and, in accordance with the Significance Policy (see later in this Plan), may be made without any formal or publicly notified amendment to this Plan.

Total Mobility scheme

Council provides administration support and funding for the Total Mobility Scheme. This scheme provides transport assistance to people with disabilities through the provision of half-priced taxi fares (up to maximum subsidy per trip of \$25 per one-way trip). Total Mobility operates in Invercargill and Gore.

Approximately 56,000 trips are made annually in Southland on the Total Mobility scheme. 50,000 of these are made by scheme members who reside in Invercargill, 5,500 by residents of Gore and 200 by residents of Southland District (when they visit Invercargill).

The annual subsidy cost of this service is approximately \$320,000 in Invercargill, \$25,000 in Gore, and \$1,200 in Southland District. These costs, as with the bus costs, are met by local ratepayers and NZTA. The average subsidy per trip is just above \$6 (\$6.16).

Currently about 1,300 people in Invercargill, 200 in Gore and 20 in Southland District, are registered for the Total Mobility scheme.

The scheme also provides taxi-vans capable of carrying people in wheel-chairs, and provides for an extra \$10 subsidy per trip for the use of these taxi-vans in recognition of the costs and time involved in carrying passengers using a wheelchair. Council provides assistance with the costs of installing the necessary equipment into the vans to enable them to carry wheelchairs and mobility scooters. The maximum subsidy available for these van conversions is \$22,000 per van.

Council administers the scheme, including the distribution of vouchers for use on the taxis, and payments to the taxi companies. A Total Mobility Committee, which comprises representatives of the local authorities in whose areas the scheme operates, the taxi companies and disability organisations, has been established to manage the scheme.

Because the scheme runs nationally, there are certain rules about how the scheme is run; Council (and the Total Mobility Committee) will continue to comply with these rules and thus ensure Southland members of the scheme can use the scheme elsewhere in NZ.

Southland region

At this stage no subsidised services (other than some Total Mobility services) operate in Southland other than in Invercargill. Council has no plans to introduce any new services, but will consider any requests from the wider Southland community for such services (subject to the policies set out below). The costs for such services will need to be borne by the local authority in whose territory the service operates and NZTA.

Future improvements

Because funding for any major service improvements to the passenger transport network is unlikely to be available from NZTA in future, and because of the recent changes to the Invercargill bus services, no major plans for changes or new services are proposed in this Plan.

However low or no-cost improvements may be able to be made to existing services.

Future improvements for the subsidised city services that will be investigated include:

- Improved infrastructure, such as shelters and providing service information at bus-stops
- Introducing an on-line real-time information system
- Improving the central city bus terminal
- A new bus service where there is a demonstrable demand for the service and local and NZTA funding is available
- Introduction of a new tertiary student fare for the Invercargill service
- Introduction of vehicle improvements, such as air-conditioning
- Increasing the use of the *BusSmart Card*
- Participation in the national ticketing project which is aimed at assisting councils in monitoring usage of services
- Improvements to the administration of the Total Mobility scheme, such as the introduction of an electronic identification usage card
- Use of non-taxi companies and vehicles as providers of the Total Mobility scheme
- Use of social media to promote services.

NZTA requires that any proposals for new services will have to be justified using the new NZTA Business Case Approach⁹ in order to obtain NZTA funding. The business case is required to assess the costs and benefits of the proposed new service, and how the service fits within current NZTA funding criteria. Given the current funding priorities, it is likely to be difficult to obtain NZTA funding for any new subsidised service in Southland. It is possible however for a new service to be subsidised entirely from local subsidies.

Public transport outside of Invercargill

While the focus of this Plan is on Invercargill, this Plan does cover the rest of the Southland region. There have often been suggestions for new services, perhaps linking some of the regions towns or

⁹ A suggested business case approach has been developed by NZTA, and is contained in the NZTA online Planning and Investment Knowledge Base

rural communities with the health or education facilities in Invercargill. A Gore to Invercargill service has often been mooted.

If a new service is proposed, Council, as the delegated authority in the region, will apply for funding from NZTA provided:

- There is demonstrable demand for the proposed service, identified by the relevant local territorial authority;
- The local territorial authority has agreed to provide the local share of funding for the service; and
- The local territorial authority will prepare the business case, based on NZTA guidelines, to support the funding application.

Any new service would be provided initially on a trial basis, usually for a specified period of time. The trial period should be of sufficient length to allow the service to become known and to develop.

Council will assist the other local authorities in the region in assessing demand levels and any other matters relating to potential new services.

Because NZTA funding is only available for services specified in a regional public transport plan, should a new service meet the three qualifications above, this Plan will be amended to include the new service. The amendment will be deemed to “not be significant” in accordance with the significance policy (see later in this Plan) and thus the new service can be introduced without a full review of the Plan.

It should be noted that NZTA has limited funds, and its current funding priorities for additional funding are largely focussed on the larger cities, and in particular Auckland, Wellington and Christchurch. As indicated above, any requests for additional NZTA funding must be supported by a business case prepared under NZTA guidelines, and the current reality is that it is unlikely that new services in Southland will qualify for NZTA funding.

Units

The LTMA requires the public transport network in the area to be divided into “units”. Each unit must then be the subject of a separate contract. The Plan is required to set out the units that the Council intends be provided, and the date that the units are expected to start operating.

Because of the nature and size of the Invercargill bus service, Invercargill has traditionally had a single bus contract for the entire service. This is a logical arrangement and has worked well, and enables close cooperation between the Council and the bus operator.

This single unit/single contract system will continue for the Invercargill bus service. The unit will be procured (once the current contract expires) by tender based on the approach outlined in the Council *Procurement Strategy*. The *Procurement Strategy* will be reviewed before the next tender round is due.

The current contract for the city bus service runs until 2017, but contains provision for an extension until June 2022. Minor changes to the contract are permitted without the need for re-tendering, and thus the next tender is not expected until 2021 (assuming the current contract runs the full term), and the new contract to commence on 1 July 2022.

The Council intends to provide financial assistance to this unit/contract.

Any new service will be deemed to be a separate unit in terms of the LTMA.

There are no exempt services within the meaning of the LTMA in Invercargill that are being replaced by a unit.

Value for money

Central to the purpose and intent of the LTMA is the concept of “value for money”, and this concept extends to the provision of bus services. Value for money can be measured many ways. One is the amount of subsidy provided to support a service, and in particular the contribution made by the passengers towards the costs of providing the service. This passenger contribution is known as the fare-box recovery level, and is measured as the ratio of passenger fares to the costs of providing the service.

NZTA has a goal of an aggregated national fare-box recovery rate of no less than 50% by 30 June 2018. The current average NZ rate is about 45%.

Prior to the new bus service commencing in 2012, the Invercargill bus service was a relatively highly subsidised service, and had a relatively low fare-box recovery level (14%). This was one of the lowest fare-box recovery levels in NZ. Council was under some pressure from NZTA to lift the fare-box recovery level.

The new Invercargill bus service currently has an annual fare-box recovery rate of 33% (for the year ended 30 June 2014), and this rate is gradually climbing as passenger numbers rise (the fare-box recovery rate for the month of May 2014 was over 40%).

Council has set a long-term fare-box recovery rate target of 40%, which it considers realistic for a provincial town with a bus service catering primarily for off-peak services.

Value-for-money can also be measured by the total subsidy rate (ratepayer plus NZTA) per passenger trip. In Invercargill this rate is about \$2.56 per trip, which compares favourably with other similar NZ cities.

Council considers it now gets good value for money from its public transport network. For relatively small financial input, Council provides a bus service which meets the basic needs of those who rely on public transport to access basic community services and activities. The Invercargill services are now better or comparable with other similar cities in NZ on the value for money criteria used to compare services, such as subsidy per passenger and fare-box recovery.

Working with contractors

One of the objects of the LTMA is to encourage close partnerships between councils and their contracted bus operators. Invercargill City Council already has a very close working relationship with its contractor. This is aided by the small size of the Invercargill district and there being only one bus contract. Council recognises that the contractor has a unique and close perspective on how the service is performing and on what improvements might be made.

Council intends that this close working relationship will continue, and it will continue to hold regular meetings with the contractor to discuss ways of improving the services. A business plan for the contract will be prepared by Council, in conjunction with the contractor, which will outline what actions and improvements are proposed for the contract. This business plan will be reviewed annually. The business plan approach is outlined in NZTA’s Procurement Manual.

Council recognises that the best way to improve passenger numbers is to have a high quality service, both in terms of reliability and driver helpfulness. All contracts will therefore include requirements for the contractor to report regularly on certain performance indicators. These criteria will be based on those developed by NZTA¹⁰ and are likely to include service reliability and punctuality, patronage, customer satisfaction, reporting timeliness, and vehicle appearance. For the current contract these indicators will be used to determine if the contract qualifies for an automatic extension of the contract period.

NZTA requires that future contracts include a financial incentive mechanism. The financial incentive will provide for an annual payment to the contractor should certain targets be met. These targets are likely to be based on patronage levels, and involve a payment to the contractor for each passenger carried over and above a target figure. The financial incentive mechanism is still to be developed, and will be contained in the Invercargill *Procurement Strategy* which is under development.

Fares

The LTMA requires the Plan to set out policies on passenger fares, and how fares will be set and reviewed. Council intends that the current fares for the Invercargill bus service will be maintained initially, but as is required by NZTA, fare levels will be reviewed annually and the fare structure will be reviewed every six years. The reviews will include Total Mobility fares, and any rules that apply to Total Mobility fares.

The review of fare levels will take into account matters such as inflation, fare-box recovery, Council and NZTA funding levels and policies, and user's ability to pay. Council's general policy is that fares should be increased gradually at regular intervals to reflect the changing costs of providing the service.

The six-yearly review of fare structures will consider issues such as how the fare should be calculated (possibilities include distance related fares, a flat fare regardless of distance travelled, time based fares etc.). Fares in Invercargill are currently based on a flat fare regardless of distance travelled and are time based (with peak and off-peak fare levels). See below for more information on fares.

Policies

The basic objective of the Council-provided public transport network is to provide services which meet the basic needs of the community, particularly those without access to private transport.

Specific Council policies relating to these services are as follow:

- Services provided
 - Provide and fund bus services aimed primarily at those without other transport options
 - Regularly assess the needs of the community with regard to its public transport needs
 - Work with its bus contractors to improve their services and increase patronage levels
 - Provide customer facilities such as bike racks, audio announcements etc.

¹⁰ This development process is on-going, but NZTA has set out its minimum requirements in section 11 *Measurement and Monitoring* in its Procurement Manual.

- New services
 - Will be provided where there is demonstrable demand, where the relevant local territorial authority has agreed to fund the project, and NZTA funding is available
 - Council will assist the other local authorities to investigate potential new services.

- Contractors
 - Prepare a business plan in conjunction with each contractor setting out the actions, aimed at improving the service, that will be taken during the next year of the contract
 - Review the business plan annually
 - Regularly meet with the contractors to discuss progress with achieving the actions set out in the business plan, and progress generally with the services, and ways to increase passenger numbers
 - Generally involve the contractor in decisions relating to the service, while at the same time recognising that it is Council that is the primary decision maker regarding the service.

- Vehicles and drivers
 - Require modern low floor buses on the city services
 - Comply with the vehicle standards as set out in NZTA's *Requirements for Urban Buses*
 - Require bike racks on the buses used on the four city routes
 - Require next stops announcements on buses used on the four city routes
 - Require electronic ticket systems on all buses
 - Require GPS tracking on buses used on the four city routes to assist with monitoring
 - Require full training for new drivers.

- Fare system
 - An electronic ticketing system on all buses, recording all trips and issuing tickets as appropriate, will be required on all buses
 - For the Invercargill services:
 - Child fares will be available
 - Children are defined as those aged 5-15 inclusive, or still at school and can prove that with school ID
 - The child fare will be approximately 65% of the adult fare
 - Children under 5's travel free
 - Senior Citizen fares will be available to those over 60 years of age
 - The SuperGold Card scheme providing free off-peak travel is available to those with a SuperGold Card (generally those over 65 years of age)
 - Off-peak fares and the SuperGold Card scheme will be available between 9am and 3.00pm weekdays, and on Saturdays, Sundays and public holidays¹¹ should services operate on those days

¹¹ These are the SuperGold scheme hours

- *BusSmart Card* users will receive a minimum of a 10% discount on all fares
 - Peak-time bus fares in Invercargill are currently \$2.60 per trip for adults, and \$1.70 for children and senior citizens
 - Off-peak fares in Invercargill are \$1.20 for all passengers
 - Fare levels will be reviewed annually. The last Invercargill fare review was in February 2014 when fares were increased. The next review is due in 2015.
 - The contractor will be involved in these discussions
 - The introduction of Tertiary Student Fares will be assessed
 - In setting fares, the primary considerations will be the level of inflation as it relates to the costs of providing the service, affordability, NZTA and Council funding levels and policies, and the Council *Fare-box Recovery Policy*¹²
 - Fare structures will be reviewed every six years. The last review was in 2012, and thus next review is due before 2018.
- Monitoring
 - Monitor services based on NZTA requirements
 - Collect monthly patronage data
 - Contracts will provide for reliability data to be collected by the contractor and made available to Council
 - Contracts will require vehicles on the city bus service to have a GPS monitoring system to assist in measuring service reliability
 - In conjunction with the contractor, regularly review the new city routes and timetables to ensure they continue to meet the needs of the community
 - Undertake an annual survey of passengers as required by NZTA.
- Infrastructure
 - Look to improve the central city bus stop through the provision of shelter, seats and timetable information
 - Look to improve bus-stop facilities including providing shelters and easy access to the stops for those in wheelchairs
 - Promote the services
 - Though information being available at popular bus stops and on the Council website
 - Through the production of a freely available printed timetable
 - Through local newspapers (including community newsletters) and radio.
- Contract format
 - The contracting of the bus contracts will follow the process set out in the Council *Procurement Strategy* and NZTA *Procurement Manual*
 - Subject to the *Procurement Strategy* and *Procurement Manual*, contract length will generally be nine years
 - Contracts will require operators to tender on the annual gross price of providing the service and Council will retain passenger revenue

¹² This policy is re-produced in Attachment 2

- There will be one contract per unit, and thus currently there will be one contract for the Invercargill service
- Contracts will contain a financial incentive mechanism aimed at encouraging the contractor to increase patronage
- Tenders will be evaluated on price and quality. Quality features will include relevant experience, track record, relevant management and technical skills, methodology and vehicle quality.
- Total Mobility
 - Continue to administer and support the Total Mobility scheme
 - Manage the day-to-day operation of the scheme through the Total Mobility Committee which is comprised of councils, taxi companies and disability organisations. The Committee will be responsible for setting local rules within the guidelines set by NZTA
 - Continue to improve the administration of the scheme, and to meet any NZTA requirements
 - All service providers are required to have contracts with Council which are based on the NZTA model contract, and set out service standards and conditions
 - Assist in the provision of wheelchair hoist vehicles where demand warrants it and funding permits
 - Admittance to become a service provider is at the discretion of ICC. Each application will be considered on its merits, but generally the requirements are that drivers be appropriately licensed and trained, the service availability hours are at least 7am to 7pm, and the fare structure is clear, similar to other providers and has been approved by ICC. The provision of a wheelchair service is desirable but not mandatory
 - Review fares and the rules applying to the fares as part of the fare level and fare structure reviews.
- SuperGold Card
 - Bus contractors will be required to participate in the SuperGold Card scheme as it relates to public transport
 - Council will continue to administer the SuperGold Card scheme subsidies.

Part B: Background and Context

Legislative requirements

Section 124 of the LTMA requires that a *Regional Public Transport Plan* must:

- Contribute to the purposes of the LTMA¹³
- Have been prepared in accordance with NZTA guidelines
- Be consistent with any *regional land transport plan*¹⁴
- Apply the principles specified in the Act, namely:
 - a) Councils and operators should work in partnership to deliver services and infrastructure necessary to meet the needs of passengers
 - b) The provision of services should be coordinated with the aim of achieving the levels of integration, reliability, frequency, and coverage necessary to encourage passenger growth
 - c) Competitors should have access to public transport markets to increase confidence that services are priced efficiently
 - d) Incentives should exist to reduce reliance on public subsidies to cover the cost of providing public transport services
 - e) The planning and procurement of public transport services should be transparent
- Take into account:
 - Any national energy efficiency and conservation strategy
 - Any relevant district plan
 - The public transport funding likely to be available
 - The need to obtain the best value for money, having regard to the desirability of encouraging a competitive and efficient market for public transport services
 - The views of public transport operators

Council has complied with all the above requirements when preparing this Plan.

Regional Land Transport Plan

Section 156(2) of the LTMA requires that a Plan must take the public transport components of the relevant *regional land transport strategy* into account and must not be inconsistent with the relevant *regional land transport programme*¹⁵.

This Plan complies with those requirements.

Assistance of the transport disadvantaged

The Plan is required to describe how it will assist the *transport disadvantaged*¹⁶. This Plan assists the transport disadvantaged through supporting routes and timetables designed to take passengers from where they live to places they want to go at a reasonable fare.

¹³ The purpose of the LTMA is to contribute to an effective, efficient, and safe land transport system in the public interest

¹⁴ There is no current *Regional Land Transport Plan*; the first plan will be prepared in 2014

¹⁵ The current Invercargill *Regional Land Transport Strategy* and *Regional Land Transport Programme* continue in existence until 30 June 2015 at which time they will be replaced by the *Regional Land Transport Plan*, which will be developed in 2014

¹⁶ The Land Transport Management Act describes transport disadvantaged as those people whom the council has reasonable grounds to believe are the least able to travel to basic community activities and services (for example, work, education, health care, welfare, and shopping)

Fare-box Recovery Policy

NZTA requires that all councils include in their regional public transport plans a *Fare-box Recovery Policy*. Fare-box recovery is the percentage of the costs of providing the service that are covered by passenger fares. NZTA has been concerned that fare-box recovery is declining nationally, and wants to reverse that trend. NZTA has set out what a fare-box policy must contain, which includes a target ratio of costs that are to be covered by passenger fares, and how the target is to be achieved.

Council policy is that in the long-term passenger fares should cover at least 40% of the costs of providing the bus service, and its fare-box policy is based on that. It had set an intermediate target of 30% recovery by 2014 and has exceeded that target. Currently passenger fares cover about 33% of the costs of providing the city services and this rate is gradually increasing. The new intermediate targets are a 1% point increase in fare-box recovery each year.

The full Council fare-box recovery policy is shown at **Attachment 3**.

Significance Policy

All regional public transport plans are required by the LTMA to include a “significance policy”. This policy determines if any proposed change to a Plan is significant (in which case it must follow certain consultation requirements as set out in the Act) or not (in which case an abbreviated process can be used).

The Council significance policy in relation to this Plan is set out in **Attachment 4**. Essentially the policy states that small changes, and changes that have already been the subject of consultation, can be treated as “not significant” and thus need not be the subject of extensive consultation.

Attachment 1: Extracts from Otago/Southland Regional Land Transport Plan

<p>Objective 4.4 In rural areas away from main routes, communities are self-reliant for their transport.</p>	<p>Other methods</p> <ol style="list-style-type: none"> 1. Recognise the merits of initiatives such as car clubs, car sharing, ride sharing, community transport services. Advocate for the minimisation of regulatory and administrative barriers for these initiatives, when they help communities to be self-reliant.
<p>Objective 4.5 Public passenger transport is provided in urban areas and on main routes</p>	<p>Primary policies</p> <ol style="list-style-type: none"> 1. Public passenger services that should be provided in Otago and Southland (not necessarily with public subsidy) are: <ol style="list-style-type: none"> (a) three separate integrated urban public transport networks, one in Dunedin, one in Wakatipu Basin, one in Invercargill delivered by: <ol style="list-style-type: none"> i. scheduled bus services ii. taxi and shuttle services, including taxi vans or shuttles with wheelchair hoists. (b) between centres within Otago Southland and beyond, provided by bus. (c) school bus services (separate from public buses in the integrated networks, used by school children) provided by Ministry of Education as an Excluded service, or by a bus operator and registered as an Exempt service (d) taxis, shuttles and private hire services in those areas where providers choose to operate (e) bus and rail services for excursions and special events (f) community-based schemes and informal arrangements, where people choose to operate them (g) emergency and medical-related transport services. 2. The regional council contracts public transport services on Otago Southland key corridors, where there is no adequate commercial service provided, and there is sufficient support from both the community and bus users. <p>Funding and capability Advocate for improved Total Mobility funding in areas where essential services are limited or far away (for example Wakatipu).</p>
<p>Objective 4.7 Public transport in Invercargill provides a public service, meeting the basic needs of the community.</p>	<p>Primary policies</p> <ol style="list-style-type: none"> 1. Provide public transport within Invercargill City, as defined in the Southland Regional Public Transport Plan. 2. Plan and manage public transport in Invercargill as an integrated public transport system or network in order to meet the basic needs of the community, with services aimed primarily at those without other transport options. 3. Grow patronage of public passenger-transport services in Invercargill.

	<p>Provide new services only where there is demonstrable demand from the community and bus users, where the relevant local territorial authority has agreed to fund the project, and NZTA funding is available</p>
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Attachment 2: Services to be provided

Maps and timetables to be included

Attachment 3: Fare-box recovery policy

In brief

In accordance with New Zealand Transport Agency (NZTA) requirements, Council has adopted a fare-box recovery policy. Fare-box recovery measures the percentage of the gross costs of providing bus services that is covered by passenger fares (the balance of the costs is met in equal proportions by local ratepayers and NZTA).

The national¹⁷ average fare-box recovery rate is currently about 45%. NZTA has an average target rate of at least 50%, which it aims to achieve in the medium term.

The fare-box recovery ratio for Invercargill bus services is currently about 33%.

While the long term goal of Council is a fare-box recovery of 40% Council recognises that it may take some years to reach this goal. Therefore Council has set a target of achieving a fare-box recovery rate of 34% in 2014/15, and thereafter increasing by one percentage points per year until the 40% target has been achieved.

Given that the costs of providing services are increasing by about 3% a year, Council will have to increase passenger revenues and/or reduce costs by at least 4% per year to meet the targets.

Background

NZTA requirements

The NZTA requires that all regional councils/unitary authorities prepare a “fare-box recovery policy”, and include that policy in the Regional Public Transport Plan.

NZTA require the fare-box recovery policy to:

- Set a target fare-box recovery rate for the public transport system as a whole
- Set out how the target was chosen
- Set out a strategy as to how the target will be achieved
- Set out how the policy complies with various relevant national and regional planning documents, and with legislation
- Provide for an annual review of fare levels, and a review of fare structures at least every six years.

NZTA prescribe the formula for establishing the fare-box recovery rate.

Services included

The public transport services to be included in the calculation of the fare recovery are any contracted bus services operating in the region.

Long-distance (e.g. inter-city services) services, privately funded school services, Ministry of Education funded school services, tourist and charter services are not included.

The fare-box recovery target

In accordance with the NZTA policy, Council has measured fare-box recovery of the service as a whole rather than measuring individual routes or trips. Individual services, routes or trips, particularly those that might be regarded as “social” services, are not necessarily expected to achieve the target set out in this policy.

¹⁷ An aggregated figure for all NZ

The table below shows the actual fare-box recovery level for the whole region for the last financial year, and the target rate set for the three years to 2016/17. All figures have been calculated using the NZTA fare-box recovery formula.

Actual fare-box recovery (2013/14)	Target (2014/15)	Target (2015/16)	Target (2016/17)
33%	34%	35%	36%

How the targets were chosen

Council has chosen targets that build on the 2013/14 rate, while at the same time recognising the ability-to-pay of passengers.

The targets are in line with those in other similar centres in NZ, and will assist NZTA in achieving its medium term average national target of 50%.

These targets will mean that Council will face the challenge of improving revenue and/or reducing costs by at least 4% per year to ensure it achieves the targets. However Council believes that the recent improvements to the services means that the targets can be achieved. Council also recognises that, given the unlikelihood of NZTA increasing its funding levels, if Council wishes to continue to improve services in Invercargill, it may only be able to do this if passengers contribute more towards the costs of providing services.

A higher target was not considered appropriate given that the targets chosen are higher than currently achieved, and are similar to most similar cities in New Zealand.

A lower target was also not considered appropriate – Council believes that it is appropriate that passengers pay a reasonable share of the costs. Council considers that eventually passengers should contribute 40% of the costs of the services, and that this is a suitable balance between the contributions of ratepayers/taxpayers and passengers.

Method of calculation

The formula used to calculate fare-box recovery is prescribed by NZTA and is set out in detail on its website. In essence the formula is total fare revenue divided by the total cost (including subsidies) of providing the service.

Strategies to meet the targets

As indicated above, unless future passenger revenue increase and/or costs reduce, the target recovery levels will not be met in the future. Thus some form of intervention will be needed to achieve the targets.

Four intervention strategies are set out below. These strategies will require the Council to work with transport providers and local councils to achieve the targets. The needs of the transport disadvantaged will need to be considered in any intervention.

Strategy 1: Increase patronage

Increasing patronage will increase revenues, and thus improve fare-box recovery.

Council will look to increase patronage by undertaking general and targeted publicity as well as improving service quality through improving infrastructure, improving high vehicle quality standards, and optimizing routes and service levels to increase accessibility.

Strategy 2: Improve operating efficiencies

Improvements to operating efficiencies will reduce costs and therefore improve fare-box recovery.

Council in association with transport provider is constantly monitoring the costs and revenues of services, and investigating how to improve efficiency. Services with poor fare-box recovery will be identified, and efforts made to improve the performance of those services. Changes may include better coordination and integration of services, which may for example be achieved through small timetable changes and/or route optimization.

Strategy 3: Reduce poor performing services

Reducing poorly performing services will have the effect of reducing costs and thus increasing fare-box recovery.

Poor performing services (i.e. those services with high costs and/or low patronage) can be improved by reductions to frequencies and routes, and assessing vehicle size/suitability. Council will also consider alternative ways of providing services, such as on-demand and dial-a-ride options.

Strategy 4: Review of fare products and fare levels

Increasing fares will lead to increases in revenue and thus improve fare-box recovery. However when considering possible fare increases the impact on patronage needs to be considered.

Small increases in fares are likely to be required regularly to cover the increases in costs of providing bus services.

Other options may include reviewing the availability and eligibility criteria for concession fares, reviewing the levels of discount available and seeking supplementary sources of funding.

How the policy will be applied

The current contract payment system allows fare-box recovery to be calculated on a monthly basis, and thus any changes in fare-box recovery can be quickly identified. If the recovery rate is dropping, Council will then decide which of the intervention strategies will be applied.

Implementation date

This policy will apply immediately.

Fare level review

An annual fare level review will be undertaken, in conjunction with the contractor, at the conclusion of each financial year. This review will take into consideration the fare-box recovery levels but may also include any other factors considered to be relevant. The review will also address the level of discounts and concessions within the existing fare structure.

Fare structure review

Council will review fare structures at least every six years. The fare structure review will address all aspects of the fare system, including the appropriateness of zones as the base for the system, and the availability of (and discount to be applied to) concession fares.

A review of the fare structure was undertaken when the new service was introduced in 2012. The next review of the fare structure is therefore not planned before 2018.

Policy review

This policy (including the targets) will be reviewed at least every three years or when the Regional Public Transport Plan is reviewed (which is likely to be at least every three years).

It may also be reviewed immediately if NZTA policy or practices affecting fare-box recovery change.

Policy contribution

Policy	Comment
Government Policy Statement on Land Transport Funding (GPS)	This policy contributes to the GPS by maintaining the relatively high level of user contribution towards the funding of public transport. It recognises the need for efficiencies and “value for money” and the restrictions on the availability of national funding
Regional Land Transport Plan (RLTP)	This policy contributes to the RLTP by at least maintaining the level of local contribution towards the funding of public transport, and thus helping to achieve patronage targets
Regional Public Transport Plan (RPTP)	This policy contributes towards the RPTP by looking to improve efficiencies and value for money
Land Transport Management Act 2003 (LTMA)	This policy contributes to the LTMA by aiming to improve efficiencies and effectiveness, and by maintaining the level of local contribution towards the funding of public transport

Attachment 4: Significance Policy

This policy is required, in accordance with section 120(4) of the Land Transport Management Act 2003, to set out how to determine the significance of proposed variations to this Plan. The level of significance determines the consultation regarding the proposed variation that must be undertaken.

Application

This Plan can be varied at any time. However in accordance with section 126(4) of the Land Transport Management Act 2003, the usual consultation will not be required if the proposed variation is considered not significant under this policy.

The approach to consultation will reflect the level of significance of any proposed variation. Consideration will be given to the costs and benefits of any consultative process or procedure and the extent to which consultation has already taken place.

The implication of not meeting the significance threshold is that the full consultation requirements of the LTMA will not need to be followed. However, Council may undertake targeted consultation on matters affecting specific communities and stakeholders, even if the significance threshold outlined in this policy is not invoked.

General determination of significance

The significance of variations to this Plan will be determined by Council on a case by case basis. When determining the significance of a variation, consideration must be given to the extent to which the variation:

- Signals a material change to the planned level of investment in the public transport network
- Impacts on the purpose of the LTMA
- Affects residents (variations with a moderate impact on a large number of residents, or variations with a major impact on a small number of residents will have greater significance than those with a minor impact)
- Affects the integrity of this Plan, including its overall affordability
- Has already been the subject of consultation with affected parties.

Significant and non-significant matters

Matters that will always be considered 'significant' are:

- Any variation that amends this policy on significance
- Major changes to existing services, or the introduction of new services, (other than changes to or the introduction of trial services), for which no consultation regarding the change or introduction has occurred.

Matters that will usually be considered 'significant' are:

- Changes to units that significantly affect the financial viability of the contractor of that unit.

Matters that will always be considered 'not significant' are:

- Minor editorial and typographical amendments to this Plan
- Minor changes to fare levels in accordance with current policy and funding levels

Matters that will usually be considered 'not significant' are:

- A matter that has already been consulted on, including the addition, removal or amendment of any matter or service
- Minor changes to the description of services following a review of that service e.g. changes to the frequency, route or hours of a service which result in the same, or better, level of service
- Changes to the description of services or grouping of services as a result of an area wide service review, provided that there is no significant increase in cost
- Minor changes of routes and/or timetables to existing services
- The introduction, alteration or deletion of trial services
- The introduction of a new unit provided the contractors of existing units are not affected.

Targeted consultation on non-significant variations

Where Council determines that a proposed variation is not significant, it may still undertake targeted consultation as follows:

a. Consultation for minor changes in the delivery of existing public transport services

For minor changes in service delivery which are required to improve the efficiency of existing services, such as the addition or deletion of trips and minor route changes, and which have only a local impact, consultation will generally be undertaken at a low level with the operator/s involved, the relevant territorial authority, and passengers who use the services. If consultation has already occurred as part of a service investigation or review, no additional consultation need occur.

b. Addition of new services

Where a new service is proposed and the new service has been the subject of community consultation, no additional consultation need occur.

c. Other non-significant variations

Any proposals for changes that affect only a sector of the community or the industry (e.g. a change in Total Mobility provision, or a change to specific vehicle quality standards) may be worked through with those most likely to be affected, as well as other relevant stakeholders.