



Notice is given that an ordinary meeting of the Joint Nelson Tasman Regional Transport Committee will be held on:

Date: Wednesday 17 April 2024
Time: 9:30am
Meeting Room: Tasman Council Chamber
Venue: 189 Queen Street, Richmond

Zoom conference link: <https://us02web.zoom.us/j/87170156061?pwd=V1dUZ0xobnRmQlo4ZlcrKzgz3eWhFdz09>
Meeting ID: 871 7015 6061
Meeting Passcode: 072874

Joint Nelson Tasman Regional Transport Committee

Komiti Te Kawenga Rohe o Nelson Tasman

AGENDA

MEMBERSHIP

	Chairperson	Deputy Chairperson
	Deputy Mayor S Bryant (Tasman District Council)	Mayor N Smith (Nelson City Council)
Members	Cr B Dowler (Tasman District Council)	Deputy Mayor R O'Neill-Stevens (Nelson City Council)
NZTA Waka Kotahi Alternate Members	Ms E Speight Cr C Butler (Tasman District Council) Cr J Ellis (Tasman District Council)	Cr M Courtney (Nelson City Council) Cr J Hodgson (Nelson City Council)

(Quorum 3 members)

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AGENDA

- 1 OPENING, WELCOME, KARAKIA
- 2 APOLOGIES AND LEAVE OF ABSENCE

Recommendation

That apologies be accepted.

- 3 PUBLIC FORUM

Nil

- 4 DECLARATIONS OF INTEREST

- 5 LATE ITEMS

- 6 CONFIRMATION OF [MINUTES](#)

That the minutes of the Joint Nelson Tasman Regional Transport Committee meeting held on Wednesday, 20 March 2024, be confirmed as a true and correct record of the meeting.

That the confidential minutes of the Joint Nelson Tasman Regional Transport Committee meeting held on Wednesday, 20 March 2024, be confirmed as a true and correct record of the meeting.

- 7 REPORTS

7.1 Public Transport Expenditure..... 3

- 8 CONFIDENTIAL SESSION

Nil

- 9 CLOSING KARAKIA

7 REPORTS

7.1 PUBLIC TRANSPORT EXPENDITURE

Report To:	Joint Nelson Tasman Regional Transport Committee
Meeting Date:	17 April 2024
Report Author:	Margaret Parfitt, Manager Transport and Solid Waste, Nelson City Council; Jamie McPherson, Transportation Manager
Report Authorisers:	Alec Louverdis, Group Manager, Infrastructure, Nelson City Council; John Ridd, Group Manager - Service and Strategy
Report Number:	RNTRTC24-04-1

1. Purpose of Report

- 1.1 To advise the Joint Nelson Tasman Regional Transport Committee (JNTRTC) of forecast over expenditure in Public Transport, and to approve a recommendation to each council to approve unbudgeted expenditure to cover this increased forecast in the current financial year 2023/24.

2. Report Summary

- 2.1 The JNTRTC delegations include responsibility for the operational oversight of the joint Nelson Tasman Public Transport Operations Contract (PT Contract) and associated public transport activity, including the authority to make decisions and approve policies that support operations. The Committee does not have financial delegations but does provide the relevant councils with any advice and assistance requested in relation to their transport responsibilities.
- 2.2 Officers signalled at the 20 February 2024 JNTRTC meeting that an over expenditure forecast was expected for 2023/24 and that a report would be tabled at a later JNTRTC meeting detailing the forecast. A request for a cost scope adjustment (at the 51% Funding Assistance rate) has been submitted by each council to the New Zealand Transport Agency Waka Kotahi (NZTA) for consideration on most aspects of the over expenditure.
- 2.3 A large number of infrastructural changes were required before the bus roll out, including an interim central city bus exchange. These were anticipated and budget was allowed for, however construction costs were higher than budget. In addition, it became evident that more changes to kerb lines and speed tables were required after trialling the new Foton buses on the proposed routes. The cost scope adjustment submitted to NZTA includes extra cost of capital works of approximately \$585,000 for Nelson City Council and \$550,000 for Tasman District Council. Councils can largely absorb the local share of this cost scope adjustment for capital works due to savings in other areas or deferral of other projects.
- 2.4 Aside from capital items, the overall public transport activity operational budget is forecasting an overspend for the current 2023/24 financial year of \$1,050,000 and local share is required which is currently unbudgeted. This local share will be split between Nelson City Council and Tasman District Council at the appropriate percentages for each Council. Much of the overspend is tied to the new PT service roll out and cost splits between the councils vary depending on different aspects of the contract. Other aspects of the PT budget

overspend are not directly tied to the roll out of the new service but are included for completeness.

3. Recommendation

That the Joint Nelson Tasman Regional Transport Committee

- 1. receives the Public Transport Expenditure report RNTRTC24-04-1; and**
- 2. supports the increased Public Transport revised forecast for 2023/24 for the reasons as detailed in Report (R28356) (RNTRTC24-04-1); and**
- 3. approves for submission to the Nelson City Council and Tasman District Council, for their local shares respectively, for the increased expenditure following forecasts for 2023/24 on the public transport roll-out.**

Recommendation to Nelson City Council and Tasman District Council

That the Nelson City Council

- 1. approves retrospectively additional unbudgeted funding of \$582,000 (being local share) to cover the public transport financial shortfall for the 2023/24 financial year following revised forecast and final costs to give effect to the successful roll-out to the new ebus public transport service.**

That the Tasman District Council

- 1. approves retrospectively additional unbudgeted funding of \$180,000 (being local share) to cover the public transport financial shortfall for the 2023/24 financial year following revised forecast and final costs to give effect to the successful roll-out to the new ebus public transport service.**

4. Background and Discussion

- 4.1 A major (and successful) step change in public transport provision has taken place in the region. The PT contract was tendered and subsequently awarded to SBL Group Ltd (SBL) in November 2022 and commenced operation in August 2023. Public transport management traditionally falls to the Regional Council, but as Unitary Authorities in Te Taihupo this rests with Nelson City Council (NCC) and Tasman District Council (TDC).
- 4.2 The massive step change in PT services for the region required an increased oversight in management and a dedicated PT resource was only able to be secured in June 2023 after several attempts. That placed pressure on existing resources and the extent of the roll-out was under-estimated. This has been a learning experience for everyone.
- 4.3 The dedicated PT position is currently vacant since the resignation of the incumbent and the new appointee is due to commence shortly. In addition, resignation of the NCC PT lead also came at an unfortunate time just as the roll-out was to go live and that placed further stress on the team.
- 4.4 What is clear is that the roll-out has been very successful notwithstanding the challenges in meeting the 1 August start date. It is also clear that managing PT requires experienced oversight as PT is a dynamic challenging environment.
- 4.5 A contract of this nature is fundamentally different in every aspect to conventional infrastructure contract (both traditional physical works and traditional operations and maintenance contracts) where deliverables are very well defined. PT services contracts require specialist planning and delivery. In recent years PT management has been made even more complex with Covid response and changes in government policy that have introduced challenges to predicting PT uptake and usage. This is even more pronounced when rolling out a new contract for the first time.
- 4.6 Fare revenue on the service is currently \$25,000 under budget because the expanded service started one month later than planned. However patronage is continuing to grow and this gap between forecast and actual is decreasing each month.
- 4.7 Even before the service commenced on 1 August 2023 the tender contract price was subject to a number of variations. These were mainly route variations and a variation for driver wages and these are expanded on below.
 - 4.7.1 In September 2023 the JNTRTC was informed that both councils had entered a joint Memorandum of Understanding with the operator, SBL Group Ltd, and NZTA, regarding driver terms and conditions. The agreement was required to meet the conditions necessary to access funding from the Climate Emergency Response Fund (CERF), for both recruiting and retaining drivers. The funding allowed the operator to uplift wages (of bus drivers) to an hourly base rate of \$29.66, effective from 1 August 2023. An uplift in drivers' wages was made to mitigate the nationwide driver shortage and SBL were able recruit and retain overseas drivers to fully staff the service in advance of central governments initiatives – essentially getting ahead of the game and securing overseas drivers. The initial variation cost to Councils was \$30,000. However, drivers' wages have continued to increase, and this is reflected in the cost indices.
 - 4.7.2 Route variations incur costs for additional kilometres travelled. During the roll out the tendered routes required adjustment for a variety of unanticipated reasons. These were in part due to late decisions about exact bus routes into and out of the city centre pertaining to the location of the central city bus hub. Other decisions that

affected proposed routes were made between contract letting and the go live date. Examples include the proposed Nelson Stoke interchange which affected the Route 2 bus route and added kilometres to the route. In addition, any road work that requires a detour for the bus that adds kilometres to the route is subject to cost variations. The planned and tendered route through Berryfields is a case in point as this has been detoured through Coman Drive. Although small distances, when multiplied by 24 services a day in both directions the cumulative effect is large. Overall route variations have nett cost of approximately \$54,000.

4.8 In addition the PT cost indices, which are applied quarterly, differ from the general inflation that is applied to budgets and cost escalations have turned out to be larger than anticipated, (largely due to drivers' wages and diesel costs for the 20% of the fleet that are not electric). Cost indices adjustments are anticipated to be in excess of \$147,500 across the joint funders.

4.9 Operational budgets for the 2023-24 year were set in the 2021-24 Long Term Plans (LTP). The new service was anticipated to be launched in year three of the LTP but higher than anticipated costs have been incurred as part of the start-up phase for the service and do not match the current budgets set aside for this work. These include but are not limited to:

4.9.1 Traffic congestion and subsequent delay has increased since the contract was drafted in 2021-22 and since the timetables were set. This is evidenced in reliability data received from the real time information reports received from Radiola, the councils' contracted real time information provider. Delays result in customer dissatisfaction and a loss of faith in the reliability of the service, so a timetable review was commissioned which proposes changes to timetables and driver scheduling. The delays currently experienced have not only affected timetable reliability but it has also put at risk compliance with required drivers rest and meal breaks (set in legislation). SBL have worked to maintain legal compliance, but this has resulted in increased costs as drivers transfer across services enabling breaks to be taken without service interruption. A revised timetable is being drafted and scheduling tested. This specialist work was placed with consultants at a cost of \$35,000. The timetable changes are anticipated to take effect in July, ahead of the PT review scheduled to commence in August, due to the need to comply with drivers' breaks requirements as soon as is practicable.

4.9.2 Patronage since late January, through April has exceeded expectation and buses have been full to capacity at peak times. The operator has been able to provide additional overflow buses to meet demand and ensure a reliable service to ensure uptake, but this is at an unbudgeted cost of approximately \$10,000 a month. Patronage remains high so a forecast of \$50,000 is made.

4.9.3 Promotion and ebus branding costs exceeded forecast budget. Placing ebus livery on the new fleet of buses cost \$55,000. The PT contract was unclear on whose responsibility this was so the cost fell to the two councils as principals to the contract. In addition installing wifi on all new buses cost \$27,000 and this had not been included in the budget setting.

4.9.4 A large amount of promotion of the new service was undertaken and has been ongoing as the service has been bedded in. This has been more than anticipated. Changes to the service including route changes, policy changes to allow dogs etc require ongoing communications and the forecast overspend is \$56,000.

- 4.9.5 Electronic timetable readers and live tracking of buses were implemented and have been well received. E-readers were purchased using Transport Choices funding (separate from PT budgets and 90% subsidised), but the supporting website and license invoices have exceeded forecast budget by \$50,000.
- 4.9.6 Advertising revenue for bus backs is \$33,000 lower than anticipated and is \$24,750 between both councils.
- 4.9.7 All infrastructure work at the Nelson Regional Airport is covered by Capex but there is an ongoing commercial lease for the bus stop required by the Airport. This cost was not anticipated and has been negotiated to be \$13,000 per annum.
- 4.9.8 There were legal costs to preparing lease agreements and reviewing advertising guidelines totalling \$6,000.
- 4.9.9 Whilst not specifically linked to the PT contract councils' forecast contribution to the development of the National Ticketing Solution (NTS) is \$30,000 higher in the current year than budgeted. Nelson/Tasman is scheduled for roll out of the NTS in 2026.
- 4.10 The above costs will be shared between the councils, however there are some extra costs that are specific to NCC's part of the service, and these include:
 - 4.10.1 License agreements and equipment required for the Stoke On Demand App service provider are \$63,000 and were unbudgeted. The ongoing cost after year one would be \$25,000 pa but this service, subject to approval by NCC, and negotiation with the operator will be terminated this year.
 - 4.10.2 Costs to clean and undertake security for the new bus shelters and the interim Bridge Street bus hub have been incurred. Security (including additional cameras) was put in place following incidents of disorder and problems with after-hours access to the waiting area. Transport Choices funded 13 new bus shelters unexpectedly and these require regular cleaning. Costs exceed budget by \$18,000.
 - 4.10.3 Staff time on Public Transport has been \$117,000 higher than what was budgeted. Some reallocations of staff time have occurred but in general the escalation has been driven by temporary staff costs within the transport business unit.
 - 4.10.4 Interest and depreciation costs are tracking \$54,000 over budget.
- 4.11 Total Mobility, which is included in the PT cost centre, has been oversubscribed this year. When central government introduced additional subsidy for this service during Covid, and the subsidy was subsequently made permanent using CERF, the usage of the service increased and is above what was forecast in 2021 when budgets were set. It is anticipated that additional CERF allocation will be secured however the remaining forecast budget shortfall is \$10,000.
- 4.12 Supergold card expenditure is forecast to be \$25,000 over. Supergold is bulk funded from the Crown and is not part of the National Land Transport Fund (NLTF). As such it cannot be considered under any cost scope adjustment and there is no avenue for an increase in the current financial year. NZTA advise that, given the unprecedented growth of patronage in Nelson Tasman region in the last year, new higher capped allocations will be made for the next three-year period.

4.13 Summary Table:

Description	Report reference	Amount (\$)	Duration
Fare revenue	4.6	25,000	One off due to late start of new service
Driver wage uplift	4.7.1	30,000	One off – included in Cost indexation going forward
PT Cost index	4.8	147,500	Ongoing – catered for in the LTP
Route variations	4.7.2	54,000	One off – future long term road works detours will be added to capital project cost
Timetable review	4.9.1	35,000	One off
Overflow buses	4.9.2	50,000	Reactive
Bus branding	4.9.3	55,000	One off
Wifi install	4.9.3	27,000	One off
Launch promotion	4.9.4	56,000	One off
Real time info	4.9.5	50,000	On going – catered for in the LTP
Advertising revenue	4.9.6	33,000	Revenue below budget, only \$24,750 now anticipated.
Leases	4.9.7	15,000	On going – catered for in the LTP
Legal costs	4.9.8	6,000	One off - Preparing lease agreements and reviewing advertising guidelines
National Ticketing system	4.9.9	30,000	Higher than budgeted
On Demand App	4.10.1	63,000	One off and terminated
Security and cleaning	4.10.2	18,000	On going – catered for in the LTP
Staff time – Transport BU	4.10.3	117,000	One off
Staff time – Customer service BU	n/a	150,000	No additional cost to Council just an allocation between activities
NCC Interest and depreciation	4.10.4	54,000	Revaluation Jun 23 and additional capex have raised actuals above budget

Total mobility	4.11	10,000	Increased catered for in LTP
Super Gold	4.12	25,000	One off – cap will be reset
TOTAL		1,050,500	

4.14 A cost scope adjustment has been lodged with NZTA for both councils for subsidised aspects of the overspent public transport activity. Local share from each council is required and is currently unbudgeted.

5. Options

5.1 These costs are costs that have already been incurred and have been necessary to ensure a successful roll-out of the PT contract. At this stage in the financial year only minor operational savings can be made to offset the additional costs and the JNTRTC is asked to support the recommendation to each council for this over expenditure in 2023/24.

Option 1: Recommend to each council that retrospective approval of additional unbudgeted funding to support public transport in 2023/24.	
Advantages	<ul style="list-style-type: none"> Supports public transport provision to date and going forward
Risks and Disadvantages	<ul style="list-style-type: none"> Will require additional unbudgeted funding from each council

Considerations for Decision Making	
1. Fit with Purpose of Local Government	Providing and giving effect to Regional Land Transport Plan and Regional Public Transport Plan is a requirement of the Land Transport Management Act 2003
2. Consistency with Community Outcomes and Council Policy/Legal requirements	Councils have adopted a joint Regional Land Transport Plan and joint Regional Public Transport Plan as a requirement of the Land Transport Management Act 2003. The development and operation of a Public Transport service contributes to the community outcome “our infrastructure is efficient, cost effective and meets current and future needs”.
3. Strategy and Risks	<p>The matter of recommending to each council additional budget to support public transport is of low risk as the service is up and running with start-up work completed.</p> <p>The matter of additional budget for adjusting timetables of bus services is to attend to risk of noncompliance with legislation regarding drivers rest and meal breaks.</p>

<p>If funding is not approved the service will require cutting back and community needs not met.</p>
<p>4. Financial impact/Budgetary implications</p> <p>Financial impact for each council is outlined in the report and is a decision for each.</p>
<p>5. Degree of significance and level of engagement</p> <p>Full consultation on the public transport services has been carried out through the Regional Public Transport Plan in the past. The matters in this operational report are of low significance and further consultation is not required.</p>
<p>6. Climate Impact</p> <p>Support for growing public transport use will contribute to reducing transport emissions.</p>
<p>7. Inclusion of Māori in the decision making process</p> <p>No engagement with Māori has been undertaken in preparing this report</p>
<p>8. Delegations</p> <p>The Joint Nelson Tasman Regional Transport Committee has the following delegations to consider:</p> <p><u>Areas of Responsibilities:</u></p> <ul style="list-style-type: none"> • prepare the joint regional land transport plan in accordance with sections 14 and 16 of the Act; • consult in accordance with sections 18 and 18A of the Act; • lodge the joint regional land transport plan with the Joint Committee of Tasman District and Nelson City, representing the joint regional councils in accordance with section 18B of the Act; • prepare any variation to a joint regional land transport plan for the approval of the Joint Committee of Tasman District and Nelson City, representing the joint councils; • provide the relevant councils with any advice and assistance requested in relation to their transport responsibilities; • adopt a policy that determines significance in respect of— <ul style="list-style-type: none"> ○ variations made to regional land transport plans under section 18D of the Act; ○ the activities that are included in the regional land transport plan under section 16 of the Act; and • carry out any functions conferred on a regional transport committee under any other provision of the Act (including functions conferred by regulations made under section 109(c)). <p><u>Powers and Limitations:</u></p>

To adopt a significance policy as outlined in Section 106(2) of the Act.

The preparation of the following, for adoption by the partner councils:

- a Joint Regional Land Transport Plan, including undertaking all required consultation processes relating to the preparation of this plan and any variations.
- a Joint Regional Passenger Transport Plan, including undertaking all required consultation processes related to the preparation of this Plan.
- a Joint Speed Management Plan, including undertaking all required consultation processes related to the preparation of this Plan.

To approve submissions to external bodies on policy documents likely to influence the content of the Joint Regional Land Transport Plan.

The Joint Regional Transport Committee is responsible for the operational oversight of the joint Nelson Tasman Public Transport Operations Contract and associated public transport activity, including the authority to make decisions and approve policies that support operations.

The Joint Regional Transport Committee may approve changes to the Public Transport Operations unless the change requires:

- A permanent change of route; or
- A permanent change to fares; or
- A permanent change to timetable.

Other than the powers outlined at clauses 3.1,3.3, 3.4 and 3.5 (in the Terms of Reference) the Joint Regional Transport Committee may only make recommendations to:

- the partner councils, or
- to the Joint Committee of Tasman District and Nelson City for the joint plans outlined in clause 3.2 (of the Terms of Reference) and in relation to public transport decisions not covered by clause 3.4 or 3.7 (of the Terms of Reference).

The Joint Regional Transport Committee has no financial responsibilities or budgets. If a change to public transport operations requires additional un-budgeted funding, the Joint Nelson Tasman Regional Transport Committee has the power to recommend budgets for approval by each Council that is affected.

6. Conclusion and Next Steps

- 6.1 If approved the recommendations will be taken to each council requesting unbudgeted funding in 2023/24 to support the provision of public transport in the region.

7. Attachments

Nil