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Report to the Passenger Transport Committee
By Dr Dave Watson, Divisional Manager, Transport

Divisional Manager's Report - September 2000

1. Financial Position

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The Council's overall financial position for the 1999/2000 year will be reported to the Policy and Finance Committee. All Councillors will also be receiving a copy of each of the Divisional end of year reports. **Attachment 1** is a subset of the Transport Division report.

Each three months the Committee will receive the equivalent set of information for the previous period. The end of year financial position for the Transport Division was favourable by \$765,000.

The Chairperson of the Committee has asked that for each meeting I cover an aspect of the finances of the Division. This will become a regular feature of these reports until there are no other aspects to cover. Members of the Committee are welcome to ask for a particular subject to feature in future reports. Below I discuss an important part of the Division's finances, its income from Transfund New Zealand.

2. Performance Indicators

All but two performance indicators were achieved for the 1999/2000 financial year. The expenditure on bus and rail contracts exceeded the pre-determined limited of \$29,600,000 by \$230,000. The primary cause for this was the greater than expected contract inflation factor which resulted from growing fuel costs over the year. Some re-tendered service contracts were also higher than budgeted. For example, the Wellington Trolleybus contract came out \$110,000 above budget on an annual basis.

Over expenditure by 1% on the infrastructure maintenance budget was the second indicator not achieved.

3. **Divisional Revenue**

Transfund New Zealand is the national transport funding agency. Under its agreement with the Minister of Transport it funds passenger transport outputs. Those outputs include:

- Output Class 5 – Passenger Transport
- Output Class 6 – Alternatives to Roothing
- Output Class 8 – Administration

Each year we submit a programme of expenditure against those output classes for our region. We base this on the Council's Long Term Financial Strategy and confirm it once the Annual Plan is finalised.

... Transfund produce an annual National Roothing Programme by 30 June which identifies how much it will provide for the year against the various output classes. **Attachment 2** shows the relevant pages from the 2000/01 National Roothing Programme.

Every month we send Transfund a statement of expenditure against the output classes. They then pay their share of that expenditure by the 20th of the next month. As a consequence the income from Transfund New Zealand runs behind our actual expenditure.

Patronage funding will change this current relationship with Transfund New Zealand.

Questions from Committee Members on this aspect of transport financials is welcomed.

4. **CPP for Urban Rail Services**

... Transfund New Zealand staff are assisting with the development of an alternative competitive pricing process for urban rail services. An application for a section 17 (Transit New Zealand Act) output definition for an urban rail service has been lodged with Transfund New Zealand. Meetings have been held with Transfund New Zealand officials and consultants to determine what needs to feature in the CPP. A draft alternative CPP is being developed along with a submission to the Transfund Board explaining how this CPP conforms to the five criteria of section 26(3) of the Transit New Zealand Act which the Board needs to have regard to. **Attachment 3** is the recently received response from Transfund New Zealand to my request for a section 17 output definition.

5. **Future Legislative Changes**

The Ministry of Transport is preparing to promote changes to transport legislation at the request of their Minister. They are doing this work in three stages with Cabinet papers being produced at the completion of each stage. The stages cover:

- (1) Managing the impacts of land transport

- (2) Funding and charging of land transport
- (3) Delivering land transport

... The Ministry is consulting with local government through the Local Government New Zealand transport working party and technical group as well as directly with local and regional councils. Councillor Shields is on the LGNZ transport group. I and my colleagues from the urban regions are being consulted directly. The Regional Land Transport Committee has established a sub-committee to prepare and submit responses on its behalf. The Minister wishes to introduce legislation early next year. The areas being targeted in each of the three stages are shown in **Attachment 4**.

6. Meeting of Wairarapa Councils

On 28th July 2000 I attended a meeting of the Wairarapa Councils, including the Regional Council Wairarapa representatives. The meeting was held in Gladstone, centre of the Wairarapa. I went to provide information on transport issues relative to the Wairarapa, in particular the rail service. An issue regarding the timing of the Wairarapa Corridor Implementation Plan was raised. It is now likely that a delegation from the Wairarapa will attend the next meeting of the Regional Land Transport Committee to seek inclusion of this corridor plan in the Council's work programme as part of the Eastern Corridor Implementation Plan work.

7. Visits

Mr Patel, a Policy Advisor to the Department of Transport in South Africa, visited New Zealand to hear how we managed transport. In South Africa they are reorganising local government and how they plan, manage and fund land transport. They are establishing area transport authorities. The new enlarged metropolitan Councils, about six in all, will be area transport authorities in their own right. Smaller local authorities will combine together to become such authorities. The main question Mr Patel was seeking answers to was how national funding should be allocated to these new transport authorities. Should it be made specific or a bulk fund?

South Africa has many problems. Those trying to address them appear to have almost a blank sheet on which to develop their ideas. They are establishing new simple structures to deliver what is urgently needed at the local level.

8. Meeting with Georgina Beyer MP

A meeting on Wairarapa rail issues was held on Friday 25 August 2000 with the member of parliament for the Wairarapa, Georgina Beyer and representatives of the Wairarapa District Councils. Tranz Rail senior staff were present to answer her specific questions. The meeting agreed that certainty for the service would only be achieved when the Council was able to enter into a long term arrangement with Tranz Rail.

9. **Recommendation**

That the report be received.

Report prepared by:

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Attachments : 4