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**Report 01.748**

5 October 2001

File: E/6/3/2

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**Record of the Meeting of the Special Policy and Finance Committee  
held in the Council Chamber, The Regional Council Centre, 142-146  
Wakefield Street, Wellington on Friday, 5 October 2001 at 10.45am**

**Matters for Council Decision are shown in bold type and enclosed in a box.**

*Matters for Information of Council are in italic type.*

**Present**

Councillors Macaskill (Chairperson), Allen, Bonner, Buchanan, Gibson, Laidlaw, Long, McDavitt, McQueen, Shaw, Shields, Thomas, Turver and Werry

**Officers Present**

Messrs Allard, Benham, Cutler, Darroch, Maguire, Stone, Schollum, Wright and Dr Watson

**Public Business**

**Procedural Items**

P&F 418      **Apologies**

There were no apologies.

**Matters for Consideration**

P&F 419      **Wellington Urban Rail Services**

**Report 01.742**

File: CFO/11/4/2

The Chairperson, in introducing the debate referred to the following three documents:

- The Wishbone Study
- The Regional Land Transport Strategy
- The Regional Council's Long Term Financial Strategy

The Chairperson said the recommendations for consideration at today's meeting were all based on the three documents he had referred to.

The Chairperson also said he would like to especially thank Councillors for their hard work over the past few weeks.

<b>Resolved to Recommend</b>	<b>(Chairperson/Cr Shields)</b>
<b>That Council:</b>	
<b>(1) Receive the report and note its contents.</b>	

*Moved*

*(Cr McDavitt/Cr McQueen)*

*That Council:*

- (2) *Recognise the importance to the Region of maintaining a safe, secure and reliable passenger rail service, and note that the current fragility of this service now requires a clear response from the Wellington Regional Council as the responsible agency.*
- (3) *Agree, that finalisation of the best long-term option for purchasing rail services in the Wellington Region should be left open pending a reasonable period of experience in the "post Tranz Rail" environment.*
- (4) *Agree, that the option chosen in the short-medium term should be structured so as to not preclude the option of franchising in the longer term.*
- (5) *Note, that the Booz-Allen report has identified a number of advantages associated with pursuing the WRC's proposed public/private partnership in the short-medium term.*
- (6) *Note, that the issue of WRC's perceived conflict of interest in having an ownership interest in rail, while also being a substantial funder is seen as manageable by both Booz Allen and the Office of the Auditor-General.*
- (7) *Note, that the Mayors of the Region, representing the Territorial Local Authorities,*
  - (a) *unanimously support the Wellington Regional Council entering into negotiations with Tranz Rail.*

- (b) *favour the Council moving to a franchise model in the long-term while reserving their position on the option that the Council should pursue in the short-medium term as between:*
- *WRC's 50%/50% public/private partnership with a 10-year Rail Contract.*
  - *WRC acquiring 100% of Tranz Metro (Wellington) and then entering into a 3 year short-term operator contract.*
- (c) *believe that additional information is needed before a final decision on the best short-medium term option should be taken.*
- (8) *Note, that in pursuit of WRC's proposed public/private partnership the Council:*
- (a) *does not close off the possibilities of moving partially or fully, to either 100% ownership or 0% ownership at a future time.*
  - (b) *recognises the continuing interest of Mayors in the Region in seeing a successful outcome to the current rail situation.*
  - (c) *will mitigate the risks associated with purchasing Tranz Metro (Wellington).*
  - (d) *will not at this stage irrevocably commit the Wellington Regional Council to any particular ownership model.*
- (9) *Approve, the continued implementation of the WRC's proposed public/private partnership as outlined in the documentation contained in Attachment 1 to report PE01.743.*
- (10) *Approve, the broad steps outlined in section 8.1 of this report that would be required (including public consultation), recognising that officers will need to seek further authorisations from Council as the implementation process unfolds.*
- (11) *Approve, the partner selection process outlined in section 8.2 of this report, and request officers to commence this process as soon as practicable.*
- (12) *Authorise, officers to progress negotiations with Tranz Rail on an interim rail contract for the period to 30 June 2002, in the context of the potential acquisition of Tranz Metro (Wellington).*
- (13) *Instruct officers to report on Wellington Urban Rail Services to an early meeting of the incoming Council.*

At 11.35am it was resolved as follows:

*Resolved*

*(Cr Thomas/Cr Shields)*

*That Councillor McDavitt be granted an extension of speaking time.*

*Amendment*

*(Cr Turver/Cr Shaw)*

*That the words in recommendation (7) be amended to read as follows:*

*Note, that the Mayors of the Region, on behalf of the Territorial Authorities, with the following (a), (b) and (c) remaining unchanged.*

**CARRIED**

Councillor Laidlaw arrived at 11.50am.

The motion, as amended, was then put and carried as follows:

**Resolved to Recommend**

**That Council:**

- (2) **Recognise the importance to the Region of maintaining a safe, secure and reliable passenger rail service, and note that the current fragility of this service now requires a clear response from the Wellington Regional Council as the responsible agency.**
- (3) **Agree, that finalisation of the best long-term option for purchasing rail services in the Wellington Region should be left open pending a reasonable period of experience in the “post Tranz Rail” environment.**
- (4) **Agree, that the option chosen in the short-medium term should be structured so as to not preclude the option of franchising in the longer term.**
- (5) **Note, that the Booz-Allen report has identified a number of advantages associated with pursuing the WRC’s proposed public/private partnership in the short-medium term.**
- (6) **Note, that the issue of WRC’s perceived conflict of interest in having an ownership interest in rail, while also being a substantial funder is seen as manageable by both Booz Allen and the Office of the Auditor-General.**
- (7) **Note, that the Mayors of the Region, on behalf of the Territorial Local Authorities,**
  - (a) **unanimously support the Wellington Regional Council entering into negotiations with Tranz Rail.**
  - (b) **favour the Council moving to a franchise model in the long-term while reserving their position on the option that the Council**

should pursue in the short-medium term as between:

- WRC's 50%/50% public/private partnership with a 10-year Rail Contract.
- WRC acquiring 100% of Tranz Metro (Wellington) and then entering into a 3 year short-term operator contract.

(c) believe that additional information is needed before a final decision on the best short-medium term option should be taken.

(8) Note, that in pursuit of WRC's proposed public/private partnership the Council:

(a) does not close off the possibilities of moving partially or fully, to either 100% ownership or 0% ownership at a future time.

(b) recognises the continuing interest of Mayors in the Region in seeing a successful outcome to the current rail situation.

(c) will mitigate the risks associated with purchasing Tranz Metro (Wellington).

(d) will not at this stage irrevocably commit the Wellington Regional Council to any particular ownership model.

(9) Approve, the continued implementation of the WRC's proposed public/private partnership as outlined in the documentation contained in Attachment 1 to report PE01.743.

(10) Approve, the broad steps outlined in section 8.1 of this report that would be required (including public consultation), recognising that officers will need to seek further authorisations from Council as the implementation process unfolds.

(11) Approve, the partner selection process outlined in section 8.2 of this report, and request officers to commence this process as soon as practicable.

(12) Authorise, officers to progress negotiations with Tranz Rail on an interim rail contract for the period to 30 June 2002, in the context of the potential acquisition of Tranz Metro (Wellington).

(13) Instruct officers to report on Wellington Urban Rail Services to an early meeting of the incoming Council.

The above resolutions were carried on a division 13 votes in favour and 1 opposed as follows:

Ayes

Noes

Councillors	Allen	Councillor	Thomas
	Bonner		
	Buchanan		
	Gibson		
	Laidlaw		
	Long		
	Macaskill		
	McDavitt		
	McQueen		
	Shaw		
	Shields		
	Turver		
	Werry		

P&amp;F 420

**Exclusion of the Public****Report 01.744***Resolved**(Cr Shaw/Cr Shields)*

*That the public be excluded from the following part of the proceedings of this meeting namely:*

- (1) Wellington Urban Rail Services*
- (2) Wellington Lambton Interchange Funding*

*The general subject of each matter to be considered while the public is excluded, the reasons for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:*

<b><i>General subject of each matter to be considered:</i></b>	<b><i>Reason for passing this resolution in relation to each</i></b>	<b><i>Ground under section 48(1) for the passing of this resolution</i></b>
<i>(1) Wellington Urban Rail Services</i>	<i>Because of the need to carry on commercial negotiations</i>	<i>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists (ie to carry on commercial negotiations)</i>
<i>(2) Wellington Lambton Interchange Funding</i>	<i>Because of the need to carry on negotiations (including commercial confidentiality)</i>	<i>That the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of</i>

*information for which good reason for withholding exists (ie (to preserve commercial confidentiality)*

*This resolution is made in reliance on section 48(1) (a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act of section 6 or section 7 or section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:*

*Wellington Regional Council (1) and (2)*

Councillor Gibson voted against (2) above.

The open part of the meeting closed at 12.20pm.

Cr S A MACASKILL  
Chairperson

Date: