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Report to the Passenger Transport Committee
From Dr D J Watson, Division Manager Transport

Tranz Rail Issues

1. Purpose

To advise the Committee of a number of matters of interest associated with the Tranz Metro Wellington urban rail service.

2. Transfund New Zealand Decisions

The last Committee meeting was advised that Transfund New Zealand were considering on the same day a number of matters of interest to the Committee. Those directly relevant to urban rail were the rail contract roll over and the CPP.

2.1 The Contract Roll Over

The Transfund Board decision (**attachment 1**) allows a two part contract roll over for the Tranz Metro Wellington urban rail service. A roll over is available from 1 July up to when a new urban rail CPP is approved by the Board and accepted by the Council. At that point the Council has up to six months to implement the CPP. The rail contract can continue in a roll over mode during the implementation of the CPP.

The length of time that the existing contract arrangement will be rolled over for is therefore indeterminate. The contract roll over period can run for six months then be on a month by month basis. This level of contract uncertainty means any infrastructure development will be problematic.

Tranz Rail have been informed of the contract roll over approval. An interim twice monthly payment of \$841,466.94 (inc GST) has been calculated for July and August as per the attached letter.

2.2 Rail CCP

The Transfund Board has deferred its consideration of the Council's request for a Brooks Law CPP for urban rail until its July meeting (being held on 18 July). Any

decision on the CPP will be communicated to Committee members through the Councillors Bulletin. A copy of the proposed CPP is attached for information (**attachment 2**).

3. Monthly Performance Report

The June Tranz Metro Wellington performance report should be available on the day of the Committee. As last month (at the request of Tranz Metro Wellington), the report will be confidential to Councillors.

4. Urban Rail Contract Assignment

Tranz Rail Limited announced in June that it was establishing a number of stand alone businesses, one of which was to be Tranz Metro Wellington Limited. Tranz Rail Limited asked the Council to assign the current urban rail contract to Tranz Metro Wellington Limited (see **attachment 3**). Before agreeing to this request a number of potential questions were raised with Tranz Rail Limited (see **attachment 4**). In a letter dated 5 July 2002 (**attachment 5**) Tranz Rail Limited advises that the asset transfer is now on hold.

5. English Electric Refurbishment

Tranz Rail has been advised of the conditions surrounding the English Electric refurbishment programme and have been asked to provide details of the costs and a programme timetable (**attachment 6**).

6. Communications

Uncertainty over the future of the urban rail service would potentially lead to users voting with their feet. The Council needs to reassure the community that the Council will ensure the urban rail service is retained and that any change of owner that might transpire during the year will have no affect on the continuity of the service.

This message needs to be repeated again and again. Experience with the deregulation of public transport in 1991 demonstrated that even when no material change occurs the uncertainty effects passenger numbers.

7. Recommendation

That the report be received.

DAVE WATSON
Divisional Manager, Transport

Attachments

- 1: Transfund Board Decision**
- 2: Proposed CPP**

- 3: Letter to WRC from Tranz Rail Limited dated 18 June 2002**
- 4: Questions raised with Tranz Rail Limited dated 25 June 2002**
- 5: Letter to WRC from Tranz Rail Limited dated 5 July 2002**
- 6: English Electric Unit refurbishment timetable and costs dated 27 June 2002**