

## **Procurement Manager's Report for period ending 3 November 2006**

### **1. Manager's comments (Rhona Hewitt)**

### **2. Rail rolling stock (Angus Gabara)**

#### **2.1 Wairarapa passenger cars**

The project remains on target for delivery in second quarter 2007. The following is the status of the first seven cars:

- SW1 passenger car – the toilet has been installed, the interior lining has been fitted, ribbon glass windows are in place, the carriage is sitting on its assigned bogies and all major components are installed beneath the carriage. The next week or so will see the carpet laid and seat installation completed.
- SWS1 buffet car – being moved from fairing (body work) booth to the 'project shop' where the interior fitout will begin.
- SWG1 generator car – nearing the end of the rebuilding process.
- SW2 passenger car – nearing the end of the rebuilding process.
- SWG3 generator car – has been stripped and is now in the process of rebuilding.
- SW3 passenger car – has been stripped and is now in the process of rebuilding.
- SW4 passenger car – being stripped.

The design of the fuel tank and generator panel are being finalised, this is not holding up the manufacturing process, and the design component is expected to be closed out by mid November.

The contract variation for a luggage van, which is to include a passenger information display system (PIDS) master controller, securing mechanisms for bicycles, and spare generating capacity, is being negotiated.

#### **2.2 New Electric Multiple Units (EMUs)**

The submission period for Requests for Expressions of Interest for the supply of 58 new Electric Multiple Units closed at 4.00pm on 7 November 2006. Nearly 40 questions and answers were posted on the Tenderlink website over the submission period.

Appropriately qualified personnel, both internal and external, have been formed into evaluation teams and sub groups to evaluate the responses. Depending on the number and size of submissions received the evaluation is expected to take approximately six weeks.

The evaluation process is subject to strict rules of probity, overseen by an Audit NZ probity auditor. Every person involved in the project is required to sign a Confidentiality Deed and Conflict of Interest Declaration, and no further comments can be made at this time.

The aim is to release the Request For Tender to a shortlist of potential tenderers before Christmas 2006 and contract award middle of 2007.

## **2.3 Recruitment**

Patrick Chu will be joining the Procurement Department on 1st December 2006. Patrick will be taking up the position of Rail Rolling Stock Project Leader, and comes to us from Kowloon Canton Railway Corporation in Hong Kong.

## **3. Rail strategy (Angus Gabara)**

### **3.1 Peak time train capacity issues**

See the separate report to the Committee which updates the progress of the recommended train capacity studies from the October Passenger Transport Committee meeting.

### **3.2 Western Corridor implementation**

A project structure is currently being formed. Contact has been made with Kapiti Coast District Council to progress issues relating to roading and rail station locations in the district. Issues around access to crown grant funding are being worked through with officers at Land Transport NZ and the Ministry of Transport.

## **4. Transport infrastructure (Richard Noakes)**

### **4.1 Commuter Car Parks**

#### **4.1.1 Epiha street commuter carpark extension**

Tenders have been called for the demolition of three buildings in Epiha Street at Paraparaumu (Duffill Watts & Tse Ltd are managing this process for us). This extension will create a further 57 car parking spaces adding to the existing 460 spaces at this location.

#### **4.1.2 Petone East commuter carpark proposal**

Work continues by GWRC officers to progress the proposed new 42 space commuter carpark on the Hutt Road south of Petone station. This new development will make use of existing ONTRACK land and the proposal is with ONTRACK awaiting sign off. It is

hoped this development will commence construction this year but is subject to ONTRACK approval and Council budget.

#### 4.1.3 Car park security

The police crime statistics for the rail commuter carparks for the period July 2005 to June 2006 have just been received. The total number of vehicle offences has increased for both the Hutt and Kapiti lines compared with the same period in 2004/05, but levels still remain lower than those recorded for the same period in the previous years of 2002/03 and 2003/04. In the Hutt Valley, Petone and Woburn showed a continuing reduction in offences, but Waterloo, Melling and Taita all increased. On the Kapiti line, Porirua, Paremata and Takapu Road all showed reduction in offences, while Redwood, Tawa and Paraparaumu showed increases. Paremata has had camera surveillance for the last five years, Petone for two years and Porirua and Takapu had cameras installed during 2005/06. We are currently reviewing the security needs of our commuter carparks and these figures will be seriously considered during this process. See **attachment 2** for details of statistics and trends.

#### 4.1.4 Plimmerton

The initial submission to ONTRACK for a new pedestrian level crossing at the north end of Plimmerton station has been rejected. Thus an alternative proposal of extending the existing pedestrian subway is currently under discussion. However indicative costs for this option are twice that of the pedestrian crossing. GWRC officers are currently looking at options to reduce the overall build cost.

### 4.2 Metlink signage

#### 4.2.1 Metlink standard bus stop signage

Installation of the Metlink signage was stepped up after the recent poor weather conditions. Although it was expected that completion would be by the end of October there are still two sections to be finalised, those being the Wairarapa and a small section of Wellington. Route and stop identification stickers have been attached to signage in: Otaki, Waikanae, Paraparaumu, and Johnsonville.

#### 4.2.2 Metlink CBD signage

Three CBD units are now installed in Wellington City: Lambton Quay, St James, and Blair Street. A further unit will be installed outside Courtenay Central later this month following the completion of kerb extension work by Wellington City Council. The manufacture of the remaining 18 units will go out for tender later this year or the early part of the New Year.

## **4.3 Rail Stations**

### **4.3.1 Wairarapa platforms**

GWRC officers, ONTRACK, and Tranz Metro Wellington have now agreed and signed off the concept plans for the Wairarapa platforms and station upgrades. Designs for a train stabling area at Masterton are currently being developed. ONTRACK will be managing all the station works on behalf of GWRC. Construction work is expected to start by the end of the year. Parallel to this project GWRC officers are working on creating standards for station furniture.

## **4.4 Asset management**

### **4.4.1 Asset management plan**

GWRC officers continue to work in partnership with consultants (GHD Ltd) who have produced their first draft of the overview and introduction to the asset management plan. Data collection for the levels of service are being worked through and assets intended to be owned by GWRC are still being formulated.

### **4.4.2 Asset management system**

A completion report of stage 1 has been issued by consultants (Maunsell) on the evaluation of asset management needs and identification of an Asset Management Information System for the Council. A workshop was held on the 8 November 2006 to discuss this report and the next stage requirements.

## **5. Bus services update (Rob Braddock)**

### **5.1 Bus capacity issues**

#### **5.1.1 Wellington City**

We are pleased to announce that agreement has been reached with Stagecoach over the best way to address peak bus capacity issues. The table below shows those extra bus requirements and differs slightly from that included in the previous update, the difference being a reduction in the number of services being withdrawn (the original proposal included a slight reduction in evening services to Island Bay however this will not now be happening).

New Route 4 ex Happy Valley to City at 0750
New Route 18 ex Karori Park to City at 0755
New Route 2 ex Kilbirnie to City at 0805
New Route 3 ex Karori Park to City at 0815
New (3) x Route 6 PM trips to Lyall Bay via Hataitai
New Route 8 PM trip to Kowhai Park
New (2) x Route 3 AM trips from Kilbirnie to City via Newtown
New (2) x Route 3 PM trips from City to Kilbirnie via Newtown
Delete (4) x Rongotai Circuit trips

A start date of 5 February has been agreed which will also coincide with a number of changes to other Wellington city timetables. These other changes have been introduced by Stagecoach Wellington to better reflect present-day bus journey times and should bring about a considerable improvement to timetable reliability.

Customers affected by the removal of service from Rongotai have been notified via a letter drop to the surrounding area and a letter has also been sent to the Kilbirnie-Lyall Bay-Rongotai Progressive Association. We will also notify again with notices on buses and at bus stops in January 2007.

### 5.1.2 Wellington North

We are also pleased to announce that the additional bus services identified as being necessary for addressing peak capacity issues in the Northern Suburbs commenced at the end of October 2006.

The additional services are:

New Route 54 ex Johnsonville Hub to Courtenay Place at 0854
New Route 57's ex Woodridge to City at 0647, 0741, 0801 & 0807
New Route 57's ex Courtenay Place to Woodridge at 1603 & 1625
New Route 55's ex Newlands Road to Grenada Village at 1830, 1840 & 1850
New Route 54 ex Courtenay Place to Churton Park at 1620 & 18,45

## 5.2 Trolley bus services

The following timetable shows anticipated progress at the time of writing in respect to a new contract for operation of Trolley Bus services:

10 Nov 2006	A new formatted draft contract with updated clauses created
13 Nov 2006	Internal GWRC review of the new draft contract
14-15 Nov 2006	Legal review of contract
16 Nov 2006	A new draft contract presented to Stagecoach
20 Nov 2006	Negotiations commence

These actions follow a workshop held with Stagecoach management on 27 September 2006, based mainly around the establishment of a performance regime and key performance indicators which have now been drafted for consultation. A follow-up meeting during the week 6-10 November 2006 was proposed at the time of writing to discuss these further with Stagecoach, but this has been delayed whilst drafting of an updated contract is completed.

### **5.3 Other bus services and contracts**

#### **Route 14 (Te Anau Road loop)**

Te Anau Road at one point was part of the main Hataitai bus route, but this was discontinued approximately 15 years ago. However four morning services continued to operate this loop section of the Route 14 service was operated. Note there are no corresponding evening services on this loop section.

The loop has some particularly narrow stretches of the road where there have been ongoing problems with buses being caught up by parked cars. In some instances, buses have not been able to get through at all which then affects the rest of the journey as there is no room to complete a three point turn.

A subsequent decision to remove buses from Te Anau Road was not well received by the residents and we agreed to revisit use of the route provided that the necessary parking restrictions were put in place by Wellington City Council (WCC) so as to allow unimpeded access to buses of all sizes, including 53 seat tag-axle buses.

Officers from Wellington City Council are now in the process of completing a street survey in an attempt to address these issues. As of writing this report, WCC were due to report to the Hataitai Residents Association at their November meeting.

### **5.4 Service reviews**

Other services specifically being monitored for performance and quality in November and December:

- Wainuiomata school buses
- Stokes Valley school buses

GWRC Officers and Cityline believe there may be an opportunity through this review to consolidate some school bus services (mainly due to shifting patterns of usage) in the Hutt Valley. This review may free up two morning peak buses which could be used in areas such as Naenae which has been identified as possibly requiring enhancement to peak services. This review will be completed by the end of this year.

## **5.5 Total Mobility**

### **Taxi service - Otaki**

At the end of August this year, the taxi operator based in Otaki who took care of our Total Mobility clients in the area had their operating license revoked by Land Transport NZ.

After negotiations with Paraparaumu Taxi's Ltd, an arrangement has been made whereby they will provide service three days per week on Tuesdays, Thursdays and Fridays with a vehicle that will be based in Otaki, between 10.00am and 3.00pm.

We have advertised the available service by means of letters to registered clients and provided information sheets to the Otaki Medical Centre. Local paper advertisements were also placed.

This trial commenced 17 October and we expect an initial report from Paraparaumu Taxi's Ltd at the end of November on usage of the three day service.

## **5.6 Wellington School Bus Review**

The tender round that followed completion of the Wellington school bus review was successfully completed in October 2006. Stagecoach (the current operator) were successful in their bid for the revised services. We are pleased to note that the value of the bid received was within the budget allocated.

The revised school bus services include numerous improvements to timings, plus an additional bus for Wilton/Wadestown students.

Overall we received approximately 1000 submissions in response to our requests for feedback. This represents approximately 7% of the total 14000 requests distributed.

**Rhona Hewitt**  
Manager, Procurement





## **Metlink Manager's report for period ending 3 November 2006**

### **1. Manager's comments (Karen Richardson)**

I was promoted to the role of Metlink Manager on 16 October to lead the newly formed Metlink Department. This Department comprises of three teams: the Metlink Service Centre; the Marketing and Information Team; and the Systems and Information Team.

There are currently three vacancies: the Marketing and Information Team Leader, the Systems and Information Team Leader and a Systems and Information Analyst position. Until a Marketing and Information Team Leader is appointed I am continuing to fulfil the responsibilities of this position.

### **2. Marketing and Information Team (Acting Team Leader Karen Richardson)**

The Marketing and Information Team Leader position is currently being advertised.

#### **2.1 Timetable and leaflet production (Shelley Grant)**

The Metlink fares leaflet is being reprinted. Ninety thousand leaflets were distributed in the first two and half months following the introduction of the new Metlink fares on 4 September 2006.

Fifteen different bus timetables are currently being reprinted. Many of these were last printed when Metlink was launched in October 2005 and the new pocket-sized timetable format was introduced.

Over the Christmas and New Year period bus and train services are reduced and special holiday period timetables will be printed shortly. These will be available at Metlink timetable stockists in early December. People will be informed of the reduced services via a radio, poster and advertising campaign. The public will be encouraged to pick up Christmas timetables from timetable stockists, go to the Metlink website or phone the Metlink Service Centre.

#### **2.2 Promotional activities (Karen Richardson)**

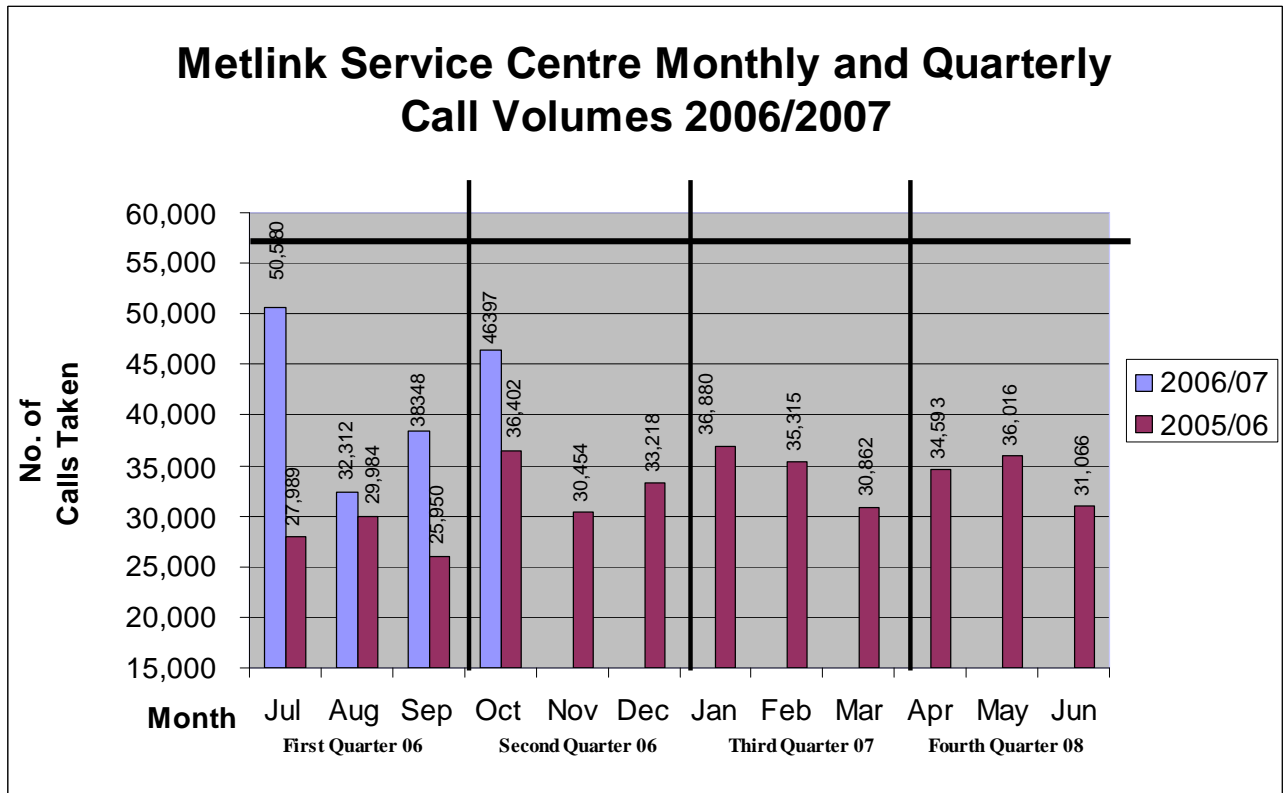
A new radio contract has been signed for the next year. Metlink radio advertisements will now be heard on The Breeze (the commercial radio station with the highest market share in Wellington) and More FM. The first advertisements will advise of the reduced services over the Christmas holiday period.

Minor changes and additional services for Newlands bus services that were introduced in September and October were promoted via a leaflet and posters on buses.

Following a review of Wellington City school bus services a newsletter has been sent to 32 schools in Wellington City to confirm changes to school bus services starting from January 2007.

The first issue of Metlink News - a newsletter aimed at public transport users – will be distributed to train commuters at Wellington station on 13 -14 November. It will also be available at Metlink timetable outlets. Future issues of Metlink News will provide updates on rail as well as wider public transport issues.

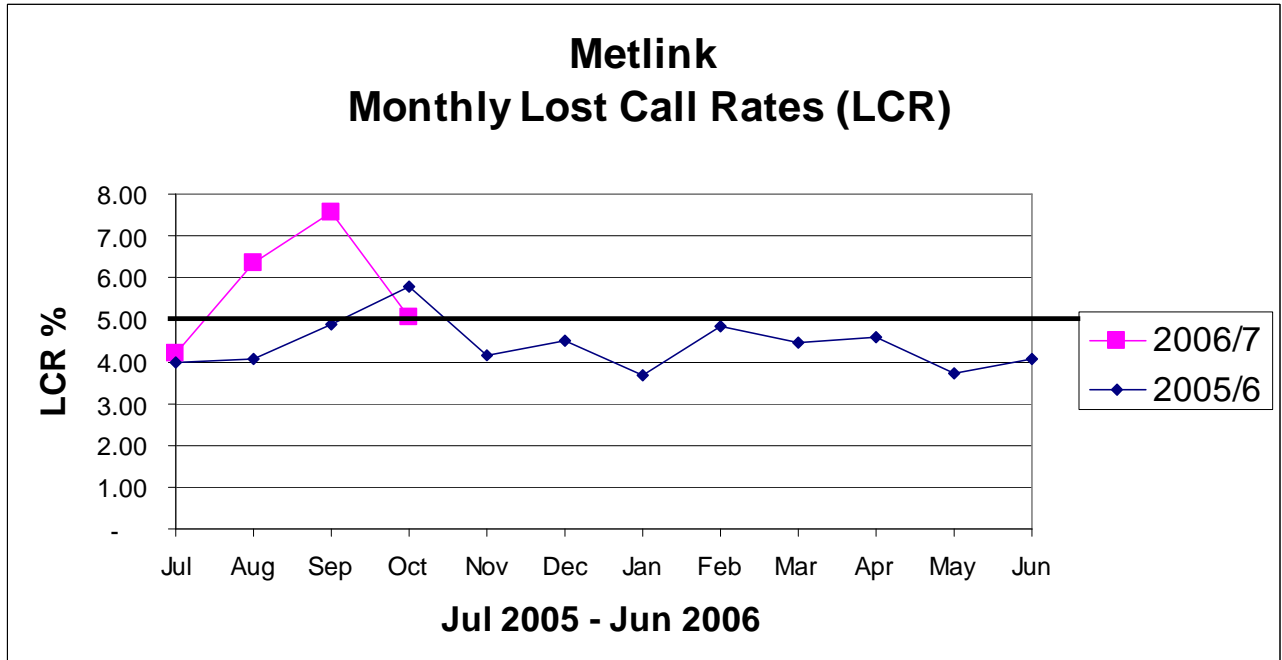
### 3. Metlink Service Centre (Team Leader - Pele Aulavemai)



The table above shows the number of calls taken by the Metlink Service Centre and our out of hours service, comparing this financial year with the last financial year. The number of calls are steadily increasing particularly as the Metlink Service Centre phone number is now much more visible to the public. It is printed on all promotional material, timetables and bus stop signs around the region.

Over 50 thousand calls were taken in July 2006, mainly due to the Ontrack disputes and the Metlink promotional campaign. The new Metlink fares in September resulted in over 38

thousand calls, while the school holidays and poor weather in October meant another high usage month.



This table shows the monthly percentage of calls that are unanswered by the Metlink Service Centre due to callers hanging up. The aim is to achieve a lost call rate of 5% or below. During the first quarter of 2006-7 the average LCR was 6%. This was due to the high volume of calls generated by the Ontrack dispute and the new Metlink fares, combined with staff shortages because of sickness and a vacant position.

A new contractor has subsequently been appointed and a review of the staff roster should help keep the LCR at 5% or below in the future.

#### 4. Information and Systems (Team Leader – vacant position)

This is a new team that currently has no appointed staff. Previously work was completed by a number of different staff in the Public Transport Division and IT department on a part time or project basis. Two positions are currently being advertised.

##### 4.1 Metlink website (Alex Campbell)

The number of visits to the Metlink website are steadily increasing. Since launching the Metlink website in October 2005 the number of visits to the website have increased by over 60%

There were 30 thousand visits in August and 33 thousand in September when the new fares were introduced and 31K in October.

A number of enhancements have recently been introduced on the Metlink website. These include:

- all intermediate stops on any bus route can be shown - a new button "Show all stops" has been added to each of the html timetables
- online html timetables now print in a form that fits on an A4 page, which is much more user friendly.

We are working on a number of new features:

- the option to customise a timetable for a user's own bus stop - this will show all the trip times from that stop
- labelling all wheelchair accessible bus trips
- adding all school bus services from January 2007 so for the first time parents and pupils will be able to view on-line all the school bus options that are available to them.

#### **4.2 txtTrain (Saku Kunanayagam)**

Work is continuing on txtTrain and we anticipate launching this new text messaging service next year. This will enable users to receive train timetable information via their mobile phone.

txtBus usage remains consistent at around 900 hits per month. Once the bus stop numbers have been applied to the new Metlink bus stop signs next year we will relaunch this service.

**Karen Richardson**  
Manager, Metlink

## **Design and Development Manager's report for period ending 3 November 2006**

### **1. Manager's comments (Brian Baxter)**

#### **1.1 Regional Passenger Transport Plan**

The Draft Regional Passenger Plan has been completed, and the consultation process started. Submissions close on 16 February 2007.

#### **1.2 Service reviews**

Officers are currently working on:

- Amending the Stagecoach Wellington bus timetables so that they better reflect actual travel times
- Kapiti bus/rail connecting times (to try and better integrate the services)
- Entering school services onto the Metlink website
- Entering Christmas timetables onto the Metlink website
- Reviewing the service review programme to better link service reviews with tender requirements.

#### **1.3 Integrated ticketing**

Officers are currently working on:

- Investigating ticketing options at Wellington Rail Station
- Investigating options for collaboration with ARTA
- Discussing issues such as funding with Land Transport NZ.

#### **1.4 Total Mobility Scheme extension**

Project on hold pending outcome of MOT review of the Total Mobility review.

**Brian Baxter**  
Manager, Design and Development



## **Business Manager's report for period ending 3 November 2006**

- 1. Manager's comments (Kerry Saywell)**
- 2. Net operating result**

The financial result for the three months ended 30 September 2006 is a \$0.077m operating surplus and a net funding surplus of \$0.055m. The forecast full year result for 2006/07 is an operating deficit of \$2.024m. The financial result and explanation for the key variables are summarised in the tables below.

Public Transport Division  
Financial Performance by Programme for the Three Months Ended 30 September 2006

(\$ Thousands) Item	Year To Date				Full Year			
	Actual	Budget	Variance	Variance %	Forecast	Budget	Variance	Variance %
Rates Revenue	7,674	7,674	0	0.0%	30,697	30,697	0	0%
Grants & Subsidies	8,442	9,961	1,519	15.2%	66,038	100,365	34,327	34%
External Revenue	38	37	(1)	-2.7%	148	148	0	0%
Investment & Other Revenue	20	31	11	35.5%	122	122	0	0%
Internal Revenue	13	202	189	93.6%	809	809	0	0%
<b>Total Revenue</b>	<b>16,187</b>	<b>17,905</b>	<b>1,718</b>	<b>10%</b>	<b>97,814</b>	<b>132,141</b>	<b>34,327</b>	<b>-2%</b>
Rail Operating Contracts	4,530	4,434	(95)	-2.1%	17,845	17,737	(108)	-1%
Diesel Bus Operating Contracts	7,195	6,049	(1,147)	-19.0%	28,235	24,195	(4,040)	-17%
Trolley Bus Contracts	1,225	1,629	404	24.8%	6,515	6,515	0	0%
Ferry Operating Contract	23	23	(0)	-1.3%	113	90	(23)	-25%
Rail Rolling Stock	18	1,850	1,832	99.0%	8,079	8,077	(2)	0%
Bus Priority Measures	(1)	0	1	100.0%	(1)	0	1	100%
Carpark Developments	10	10	0	0.0%	39	39	0	0%
Bus Stop Development & Maintenance	185	263	78	29.6%	1,352	1,053	(299)	-28%
Park N Ride Development	105	91	(14)	-15.7%	778	779	1	0%
Wellington Interchange Project	154	154	0	0.0%	617	617	0	0%
Waterloo Interchange Project	63	77	15	19.0%	309	309	0	0%
Johnsonville Line Project	0	0	0	0.0%	0	0	0	0%
Rail Development Project	99	0	(99)	100.0%	410	0	(410)	100%
Western Corridor Rail Projects	0	0	(0)	0.0%	500	500	0	0%
Total Mobility Scheme	322	463	142	30.5%	1,864	1,864	0	0%
Integrated Ticketing Maintenance	0	12	12	100.0%	500	500	0	0%
Rail Rolling Stock Maintenance	0	10	10	100.0%	38	38	0	0%
Rail Station Upgrades & Maintenance	40	45	5	11.2%	344	182	(163)	-90%
Service Improvements	226	2	(223)	-9704.3%	1,546	1,546	0	0%
<b>Subtotal Procurement Unit</b>	<b>14,194</b>	<b>15,112</b>	<b>918</b>	<b>6%</b>	<b>69,083</b>	<b>64,040</b>	<b>-5,043</b>	<b>-8%</b>
Integrated Ticketing -Design	63	18	(45)	-247.2%	107	107	0	0%
Service Design Studies	21	3	(18)	-546.9%	125	125	0	0%
Total Mobility Scheme Extension	0	0	0	0.0%	941	941	0	0%
<b>Subtotal Design &amp; Development Unit</b>	<b>83</b>	<b>21</b>	<b>(62)</b>	<b>-292%</b>	<b>1,173</b>	<b>1,173</b>	<b>0</b>	<b>0%</b>
Transport Systems	139	118	(21)	-17.6%	233	233	0	0%
Marketing & Promotion	128	252	124	49.1%	1,117	1,117	0	0%
<b>Subtotal Metlink Unit</b>	<b>267</b>	<b>370</b>	<b>103</b>	<b>28%</b>	<b>1,350</b>	<b>1,350</b>	<b>0</b>	<b>0%</b>
<b>Total Project Expenditure</b>	<b>14,545</b>	<b>15,503</b>	<b>958</b>	<b>6%</b>	<b>71,605</b>	<b>66,562</b>	<b>(5,043)</b>	<b>-8%</b>
Administration and Overheads	1,239	1,286	47	3.7%	5,144	5,144	0	0%
Other	326	337	11	3.3%	1,351	1,351	0	0%
<b>Total Expenditure</b>	<b>16,110</b>	<b>17,126</b>	<b>1,017</b>	<b>6%</b>	<b>78,101</b>	<b>73,058</b>	<b>(5,043)</b>	<b>-7%</b>
<b>Net Operating Surplus (Deficit)</b>	<b>77</b>	<b>779</b>	<b>702</b>	<b>90%</b>	<b>19,714</b>	<b>59,083</b>	<b>39,370</b>	<b>67%</b>
Less Capital/Investment Expenditure	(137)	(1,180)	(1,043)		(36,556)	(82,652)	(46,096)	
Other Balance Sheet Movements	60	401	341		14,819	23,569	8,750	
<b>Net Funding Surplus/Deficit</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>		<b>(2,024)</b>	<b>0</b>	<b>2,024</b>	

### 3. Explanation for key variances

#### 3.1 Rail operating contracts

The \$109k full year variance is due to underestimate of the cost of inflation on the rail contract in Q4 of 2005/06.

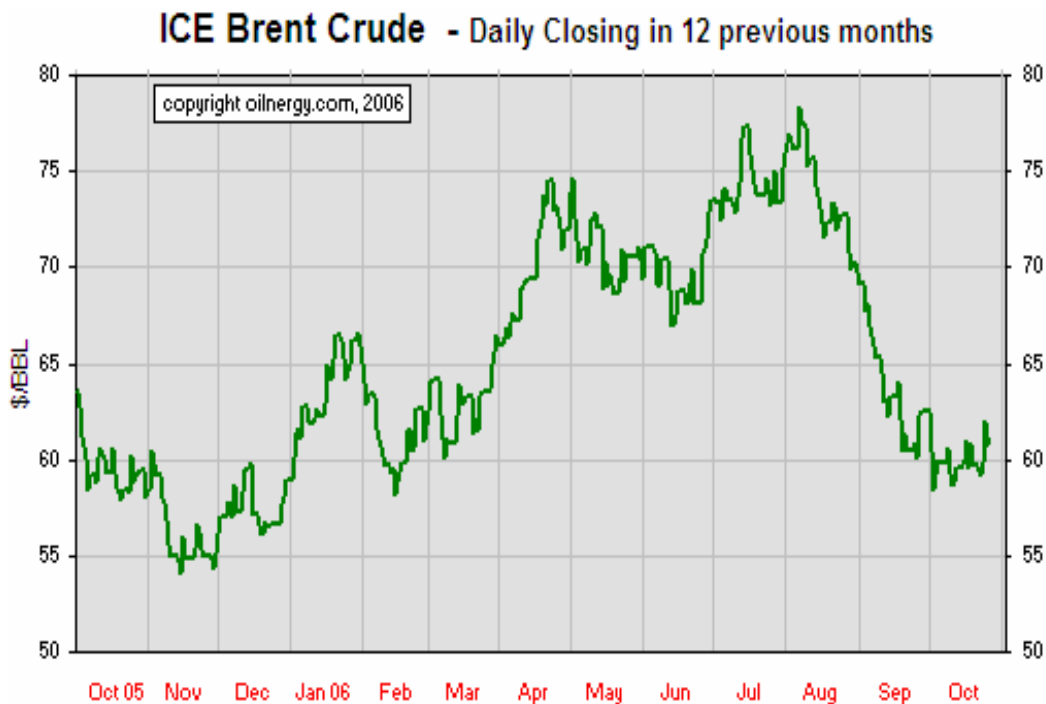


### 3.2 Diesel bus operating contracts

The forecast full year result for diesel bus operating contracts is an over-spend in expenditure of \$4.04m due to the higher than budgeted cost of inflation on bus contracts. Should this event arise the impact on GWRC is a net operating deficit of \$2.02m (as LTNZ contribute 50% toward the cost of bus operating contracts).

Last month we reported to you a forecast full year net operating deficit of \$2.24 million on the cost of inflation on diesel bus contracts. This forecast was based on the assumption that crude oil would steadily decline from the June 2006 price of around USD70/barrel to USD60/barrel by December 2007. In the last week of September the price of crude oil plummeted to USD60/barrel and has remained around that level. We have therefore adjusted our scenario to assume the price remains at USD60 per barrel for the remainder of the 2006/07 financial year. The impact of this adjustment is that the forecast full year net operating deficit is now reduced to \$1.97million. This forecast is based on the assumption that there will be no significant movement in the USD/NZD exchange rate during the current financial year.

It was encouraging to note that the Brent Crude price continued to pivot around USD60 per barrel during October and as at 31 October 2006 was USD61 per barrel.



Discussions have been held with Land Transport New Zealand who are currently consulting with all regional councils as part of their review of the pricing methodology for inflation adjustment to the contract price for bus operating contracts

### **3.3 Trolley bus operating contract**

Expenditure on the trolley bus operating contract is \$0.4m under-spent as at 30 September. This variance has arisen because the new trolley bus contract has not yet been signed and payment is being made against the old contract. It is nevertheless anticipated that the full year budget may be fully spent as the cost under the new contract is uncertain.

### **3.4 Rail rolling stock**

The year to date underspend of \$1.8m has arisen due to the later than anticipated start on heavy maintenance projects (e.g. bogie overhauls, traction maintenance, and A class carriages additional maintenance) as a result of delay in signing the rail contract. The full year budget is expected to be fully spent by year end.

### **3.5 Bus stop development and maintenance**

The forecast full year overspend of \$0.299m relates to bus signage. Options to fund this work from the Metlink signage budget are under consideration.

### **3.6 Rail development project**

The forecast full year budget overrun of \$0.410m relates to the rail ownership review which is strategically important to the Division. The need for this work was not apparent when the budgets were prepared therefore has not been taken into account in the budget. Consideration will be given in the mid-year re-budgeting process to reprioritisation of other work to fund this project.

### **3.7 Total Mobility Scheme**

The year to date underspend of \$0.142m is a seasonal timing difference only.

### **3.8 Service improvements**

The year to date overspend of \$0.226m relates to an earlier start on bus improvement projects and is considered to be a timing difference only.

## **4. Capital expenditure**

Capital Expenditure is \$1.09m under-spent as at 30 September. The full year forecast is an under-spend of \$46.09m. As these capital projects are funded by loans and LTNZ grants, neither of which are drawn down if the expenditure does not occur, revenue is reduced by the same amount (\$46.09m) and so this forecast under-spend in capital expenditure has no net impact on the funding result. The variances are described in the table and paragraphs below.

PublicTransport Division  
Capital and Investment Expenditure YTD 30 September 2006

Project	Year To Date				Full Year Forecast			
	Actual	Budget	Variance	Variance %	Forecast	Budget	Variance	Variance %
<b>Capital</b>								
J'ville Mall	0	250	250	100.0%	0	1,000	1,000	100.0%
PT Enhancements	0	0	0	0.0%	1,000	1,000	0	0.0%
Concessionary ID Cards	0	0	0	0.0%	360	360	0	0.0%
Other capital items (vehicles etc)	0	56	56	100.0%	255	255	0	0.0%
<b>Investment Additions</b>								
SW Wairarapa Cars	0	0	0	0.0%	24,595	26,420	1,825	6.9%
Ganz Mavag Refurbishment	0	0	0	0.0%	200	200	0	0.0%
New Emus	73	0	(73)	100.0%	2,000	44,172	42,172	95.5%
Western Corridor Rail Projects	0	0	0	0.0%	200	200	0	0.0%
Rail Rolling Stock Maintenance	0	0	0	0.0%	5,250	5,250	0	0.0%
Rail Station Upgrades & Maintenance	64	875	811	92.7%	2,400	3,500	1,100	31.4%
Rail Security	0	55	55	100.0%	550	550	0	0.0%
<b>Total Capital Expenditure</b>	<b>137</b>	<b>1,236</b>	<b>1,099</b>	<b>492.7%</b>	<b>36,810</b>	<b>82,907</b>	<b>46,097</b>	<b>233.8%</b>

#### 4.1 New EMUs

The majority of the full year under-spend is due to the forecast \$42.1m under-spend on the EMU project. The forecast total cost for this project is \$175.9 million over four years. The letting of the contract to build the new EMUs is six months behind schedule as negotiations with TOLL, and hence Land Transport New Zealand approval of the procurement process, has taken longer than anticipated. However we have compressed other procurement timeframes to keep the overall project timeline on track so the end date for introduction of the new EMU cars into service is unchanged. The \$42.2 million under-spend in 2006/07 will be re-budgeted to 2007/08 in the mid year budget process.

#### 4.2 SW Wairarapa cars

The Wairarapa SW cars are expected to be introduced into service in March 2007. \$1.8m of work on this project will not be incurred in 2006/07 and will be re-budgeted to 2007/08.

#### 4.3 Johnsonville Mall

The Johnsonville Mall project is on hold due to issues around the resource consent for the development. The \$1m budget for this project will be re-budgeted to 2007/08.

#### 4.4 Rail station maintenance and upgrades

Rail Station Upgrades and Maintenance is forecast to be under-spent by \$1.1m due to delays in the Upper Hutt rail station and carpark project. This underspend will be re-budgeted to 2007/08.

**Teresa Galvin**  
Business Operations Manager

**Kerry Saywell**  
Manager, Business