



Report 09.238  
Date 24 April 2009  
File E/06/29/03

Committee Transport & Access Committee  
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## Divisional Manager's report

### 1. Purpose

To provide a brief update on public transport activities.

### 2. Significance of the decision

The matters for decision in this report **do not** trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

### 3. Highlights

#### 3.1 Regional Rail Plan (RRP)

The final draft of Wellington Regional Rail Plan has been approved by the Committee Chair. A copy of the document will now be sent to the Ministry of Transport, KiwiRail, NZTA and the Treasury. A copy will also be available for download from the GW website. Further actions with the RRP will await the finalisation of recently announced changes to the funding of transport infrastructure. The closing date for submissions on the Regional Land Transport Programme (RLTP), where RS1 (Rail Scenario 1) has been placed at number three on the regional prioritisation list, is 24 April 2009.

#### 3.2 Kapiti Stations

Following a series of meetings with regional and local body politicians, senior officers, NZTA representatives and community members to discuss the upgrade of Waikanae station, we have been advised by KCDC officers that KCDC will support our funding application. The funding application will cover Paraparaumu and Waikanae station upgrades and improvements to Western Line stabling arrangements. The Concept Design report is being finalised to support a funding application to the NZTA Board meeting in May.

### 3.3 Naenae and Epuni Stations

The Easter holiday break saw the demolition of main part of Epuni station and the erection of two temporary shelters until the arrival of the main shelter to be installed in early May.

Naenae Station and subway were closed for the Easter break for deep cleaning, CCTV camera installation and painting. The cleaning of the subway was carried out using dry ice blasting and took 39 hours to complete. Painting of the subway was carried out by the Corrections Department who completed the main work in 20 hours. The installation of 11 CCTV cameras took place with the system going live on the Saturday.



### 3.4 Matangi EMUs

Key design stages are nearing completion and construction of some physical parts for testing has commenced.

The vehicle mock-up has been signed off by Barrier Free NZ and the Rail and Maritime Transport Union (RMTU). This is a key milestone within the design and construction phase of the project and both groups were complimentary of the process and depth of consultation.

Type Approval has been received from NZTA. This is the first formal part of the vehicle acceptance and safety case approval process. The next formal submission will occur when the first vehicles arrive in Wellington.

#### Fares

At the March 2009 meeting, the Committee considered a paper of fare issues, and was told that a paper was to be presented to the May meeting. However, in order to fully canvas all of the issues and options more time is required. We now proposed to report back in conjunction with the annual fare review late in the calendar year.

#### Real time information

The Request for Tender to find a supplier for a real-time information system closed on 20 March 2009. Nine tenders have been received, and are currently being evaluated.

A preferred supplier will be chosen shortly, and it is proposed that a paper be prepared for the June 17 meeting of this Committee confirming this. Once the contract is signed, the next step in the process is for a pilot trial to run from October to February 2010. The system will then be installed from March 2010, and will be ready to start in Wellington City in August 2010 (and in the rest of the region by June 2011).

### **Responses to public participation**

Two submitters addressed the meeting. One submitter made comments on a dedicated public transport corridor through the Golden Mile, and recommended that it be routed along Lambton Quay, Willis Street, Manners Street and Courtenay Place. This issue of whether or not to open up Manners Mall for buses is currently before the Wellington City Council and we are waiting for their decision.

The other submitter who addressed the meeting suggested a means of promoting regional parks through the inclusion of information about them on Metlink timetables. Specifically:

*Print the name of the park on the front of the cover of the timetable*

The primary purpose of the timetable cover is to clearly identify the timetable name and the main area serviced. Destinations are covered in a specific part of the timetable

*Print the name of the park on the map in the timetable*

In most timetables this already occurs. When reprinting timetables we will look to see if we can make the park names more prominent and add park names as appropriate where they don't currently exist. However we need to be mindful of the feedback from our legibility review which suggested that our maps have too much clutter.

*Print the name of the park in the 'Destinations include' section*

We will do this where the service does actually serve a park.

### **Metlink Service Centre**

The operating hours for the Metlink Service Centre will change from 1 May 2009. The new operating hours will be 7am - 9pm, Monday to Saturday and from 8am - 8pm on Sundays. The team will be trialling the new hours for a period of 12 weeks with a fixed hours roster. Any proposed changes will be considered after the trial is over. Radio and press adverts have advised users of the change.

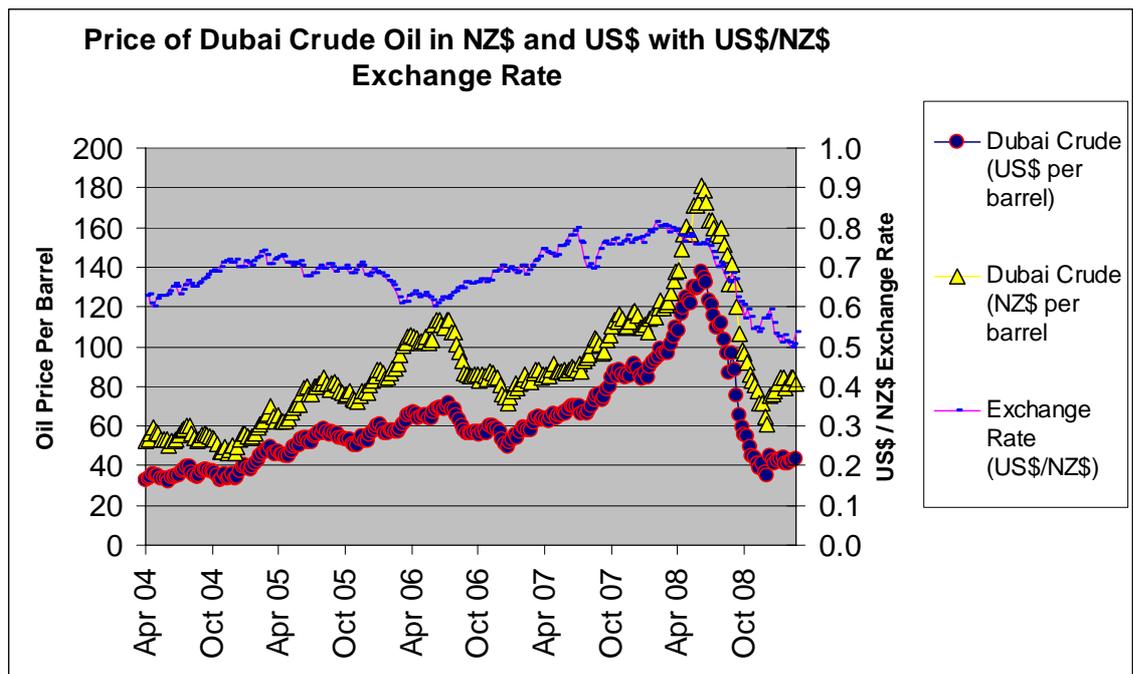
## 4. Divisional financial summary

### 4.1 Year-to-date operating result overview

The net operating surplus from operations for the Public Transport Division for the nine months ended 31 March 2009 was \$2.4 million compared to the budgeted surplus of \$133,000.

Total expenditure on operations was \$58.5 million compared to the budget of \$59.6 million. The most significant variances are:

- Rail operations expenditure is \$0.3 million over budget. Although there has been increased patronage (and fare revenue) this has been more than offset by increased expenditure (Ontrack renewals charges and increases in TranzMetro operating costs).
- Diesel bus operating contract expenditure is \$2.2 million under budget. Budgeted inflation payments to bus operators were based on oil at US\$145 a barrel and the \$NZ/\$US exchange rate at \$0.785. These rates have reduced dramatically over the nine month period as shown in the following graph.



- The SuperGold card scheme was introduced on 1 October and expenditure for the nine months until 31 March was \$2.1 million. This expenditure was not budgeted however this scheme is 100% funded by The NZ Transport Agency (NZTA).
- Bus shelter, carpark and station maintenance & security expenditure is \$0.5 million under budget. This budget is being actively managed to ensure projects are completed.

- Total mobility scheme expenditure is \$0.2 million under budget primarily because budgeted growth did not eventuate. The 2009/10 budget has been reduced to reflect more normal growth.

Total revenue from operations was \$61.0 million compared to the budget of \$59.8 million. The most significant variances are:

- Grants and subsidies revenue is \$1.0 million under budget reflecting the overall reduction in operational expenditure (partly offset by some increases in NZTA assistance rates).
- Grants and subsidies revenue related to SuperGold card expenditure is \$2.1 million above budget.

If operating costs and revenues associated with capex are also included, then the overall operating deficit is \$10.7 million compared to the budgeted deficit of \$16.3 million. The decreased deficit is because of changes to the timing of capex and improvement projects, primarily infrastructure upgrades and rail rolling stock projects.

A detailed operating results table is included below.

## **4.2 Forecast full year operating result**

The full year forecast net operating surplus from operations is \$2.5 million compared to the budgeted surplus of \$41,000.

Expenditure on operations is forecast to be \$79.3 million compared to the budget of \$79.7 million. The main drivers of this change in forecast are:

- Diesel bus contract expenditure is forecast to be below budget by \$3.4 million. Our forecast is dependant on further reductions in the NZTA diesel bus index (the last index was for the December quarter)
- Net expenditure on rail operations is forecast to be \$0.5 million over budget. Increased revenue from patronage growth more is more than offset by increased expenditure (Ontrack renewals and TranzMetro operating costs)
- SuperGold card expenditure (unbudgeted) is forecast to be \$3.1 million.
- Total mobility expenditure is forecast to be \$0.2 million below budget primarily because budgeted growth has not eventuated.

Revenue from operations is forecast to be \$81.7 million compared to budgeted revenue of \$79.8 million. Forecast grants and subsidy revenue (excluding SuperGold Card) is anticipated to be \$1.2 million below budget because of the forecast reduction in expenditure. However this is more than offset by \$3.1 million of unbudgeted SuperGold card revenue.

When capital and improvement projects are taken into account, the overall forecast operating position becomes a deficit of \$11.7 million compared to the budgeted deficit of \$15.0 million.

#### 4.3 Detailed net operating result for the division

Detailed actual and forecast operating results for the division are:

##### Public Transport Division

##### Financial Performance by Programme for the Period Ended 31 March 2009

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
<b>Revenue</b>								
Rates Revenue	28,191	28,191	0 F	0%	37,588	37,588	0 F	0%
Grants & Subsidies	30,200	31,227	1,027 U	-3%	40,457	41,753	1,296 U	-3%
Grants & Subsidies - SuperGold Card	2,061	0	2,061 F	0%	3,126	0	3,126 F	0%
External Revenue	286	243	43 F	18%	324	324	0 F	0%
Investment & Other Revenue	87	1	86 F	8600%	130	1	129 F	12900%
Internal Revenue	142	90	52 F	58%	120	120	0 F	0%
<b>Total Revenue</b>	<b>60,967</b>	<b>59,752</b>	<b>1,215 F</b>	<b>2%</b>	<b>81,745</b>	<b>79,786</b>	<b>1,959 F</b>	<b>2%</b>
<b>Expenditure</b>								
Rail Operations	16,664	16,405	259 U	-2%	22,385	21,915	470 U	-2%
Diesel Bus Operating Contracts	24,389	26,593	2,204 F	8%	32,180	35,606	3,426 F	10%
Trolley Bus Operations	4,942	4,999	57 F	1%	6,614	6,665	51 F	1%
Ferry Operating Contract	210	227	17 F	7%	278	303	25 F	8%
SuperGold Card	2,061	0	2,061 U	0%	3,126	0	3,126 U	0%
Shelter, Carpark, Station & Signage	875	1,398	523 F	37%	1,865	1,865	0 U	0%
Wellington Interchange Payments	463	463	0 F	0%	617	617	0 F	0%
Procurement Studies	311	299	12 U	-4%	368	355	13 U	-4%
Total Mobility Scheme	1,529	1,758	229 F	13%	2,193	2,379	186 F	8%
<b>Procurement</b>	<b>51,444</b>	<b>52,142</b>	<b>698 F</b>	<b>1%</b>	<b>69,626</b>	<b>69,705</b>	<b>79 F</b>	<b>0%</b>
Design and Development Projects	375	424	49 F	12%	538	565	27 F	5%
<b>Design &amp; Development</b>	<b>375</b>	<b>424</b>	<b>49 F</b>	<b>12%</b>	<b>538</b>	<b>565</b>	<b>27 F</b>	<b>5%</b>
Marketing & Communications	208	266	58 F	22%	295	405	110 F	27%
Metlink Systems & Information	488	491	3 F	1%	705	655	50 U	-8%
Service Centre External Costs	260	242	18 U	-7%	322	322	0 F	0%
<b>Metlink</b>	<b>956</b>	<b>999</b>	<b>43 F</b>	<b>4%</b>	<b>1,322</b>	<b>1,382</b>	<b>60 F</b>	<b>4%</b>
<b>Total Project Expenditure</b>	<b>52,775</b>	<b>53,565</b>	<b>790 F</b>	<b>1%</b>	<b>71,487</b>	<b>71,653</b>	<b>166 F</b>	<b>0%</b>
Admin	5,565	5,579	14 F	0%	7,411	7,454	43 F	1%
Non-Cash Items	80	355	275 F	77%	226	473	247 F	52%
Other	124	120	4 U	-3%	166	165	1 U	-1%
<b>Total Expenditure</b>	<b>58,544</b>	<b>59,619</b>	<b>1,075 F</b>	<b>2%</b>	<b>79,290</b>	<b>79,745</b>	<b>455 F</b>	<b>1%</b>
<b>Net Operating Surplus/(Deficit) from Operations</b>	<b>2,423</b>	<b>133</b>	<b>2,290 F</b>		<b>2,455</b>	<b>41</b>	<b>2,414 F</b>	
Total Revenue associated with Capex	30,815	49,062	18,247 U	-37%	56,739	66,589	9,850 U	-15%
Improvement Project Expenditure	43,963	65,458	21,495 F	33%	73,090	83,756	10,666 F	13%
<b>Net Operating Revenue &amp; Costs associated with Capex</b>	<b>-13,148</b>	<b>-16,396</b>	<b>3,248 F</b>	<b>-20%</b>	<b>-16,351</b>	<b>-17,167</b>	<b>816 F</b>	<b>-5%</b>
Revaluation of Crown Loan	0	0	0 F	0%	2,164	2,164	0 F	0%
Revaluation Adjustments	0	0	0 F	0%	2,164	2,164	0 F	0%
<b>Net Operating Surplus/(Deficit)</b>	<b>-10,725</b>	<b>-16,263</b>	<b>5,538 F</b>		<b>-11,732</b>	<b>-14,961</b>	<b>3,230 F</b>	

#### 4.4 Capital expenditure and improvement projects

Year-to-date capital and improvements project expenditure is \$44.1 million compared to the budget of \$65.8 million. Changes to the timing of payments on the new Matangi trains are the main contributor to this variance. There is

also reduced expenditure on rail infrastructure upgrades, capacity rail rolling stock projects and Ganz Mavag refurbishment.

The full year capital and improvements expenditure forecast is \$73.6 million compared to the budget of \$85.9 million.

A detailed capital expenditure and improvement projects table is included below.

Capital expenditure and improvement project expenditure is funded by a mix of NZ Transport Agency grants, internal loan funding and Crown loans. Consequently, delay or deferral of these projects has only a minor effect on the overall funding position of the division.

**PublicTransport Division  
Improvement Projects and Capital Expenditure for the Period Ended 31 March 2009**

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
<b>Improvement Projects (Opex)</b>								
Rail Infrastructure Upgrades	24,717	29,734	5,017 F	17%	46,061	45,448	613 U	-1%
Rail Rolling Stock Heavy Maintenance	2,557	1,959	598 U	-31%	2,611	2,611	0 F	0%
Capacity Rail Rolling Stock	9,005	10,347	1,342 F	13%	9,460	10,347	887 F	9%
New EMU Related Expenditure	5,806	20,615	14,809 F	72%	12,315	21,611	9,297 F	43%
Ganz Mavag Refurbishment/Prototype	0	1,084	1,084 F	100%	125	1,205	1,080 F	90%
Trolley Bus Infrastructure Renewals	1,675	1,579	96 U	-6%	2,347	2,347	0 F	0%
Other Projects	203	140	63 U	-45%	170	186	15 F	8%
<b>Improvement Project Expenditure</b>	<b>43,963</b>	<b>65,458</b>	<b>21,495 F</b>	<b>33%</b>	<b>73,090</b>	<b>83,756</b>	<b>10,666 F</b>	<b>13%</b>
<b>Capital Projects</b>								
Real Time Information	29	0	29 U	0%	100	750	650 F	87%
Bus Shelter Upgrades	48	175	127 F	73%	262	250	12 U	-5%
Rail Infrastructure Upgrades	76	59	17 U	-29%	70	1,059	989 F	93%
Other Capex	-17	50	67 F	134%	75	75	0 F	0%
<b>Capital Expenditure</b>	<b>136</b>	<b>284</b>	<b>148 F</b>	<b>52%</b>	<b>507</b>	<b>2,134</b>	<b>1,627 F</b>	<b>76%</b>
Total Asset Acquisition	33	29	4 U	-14%	29	58	29 F	50%
<b>Asset Additions</b>	<b>33</b>	<b>29</b>	<b>4 U</b>	<b>-14%</b>	<b>29</b>	<b>58</b>	<b>29 F</b>	<b>50%</b>
<b>Improvement Projects and Capital Projects</b>	<b>44,132</b>	<b>65,771</b>	<b>21,639 F</b>	<b>33%</b>	<b>73,626</b>	<b>85,948</b>	<b>12,322 F</b>	<b>14%</b>

#### 4.5 Funding

The year-to-date net funding surplus for the Division (represented by increased transfer to reserves) is \$2.0 million. The forecast full year net funding surplus for the Division is \$2.3 million.

#### 5. Communication

No communications are required.

## **6. Recommendations**

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

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