



Report 09.336
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Committee Transport & Access Committee
Author Wayne Hastie, Divisional Manager, Public Transport

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)

Reliability and frequency are two of the three key deliverables of Rail Scenario 1 (RS1). The third RS1 deliverable is capacity, which in RS1 is achieved through greater frequency.

Research NZ recently conducted a mail survey of nearly 500 residents in the Greater Wellington region about their opinion on the proposed Regional Land Transport Programme (RLTP). Rail network improvements (RS1 from the RRP) are ranked at number three on the RLTP third-priority projects (high-cost, large new projects proposed for the region) prioritisation list.

Research NZ made a number of observations about the survey data:

- “The third-priority projects with the highest support were rail network improvements and region-wide bus improvements.”
- “The one project that is seen as a high priority by all respondents, regardless of where they live, is the proposed package of rail network improvements.”
 - *Wellington City residents ranked rail network improvements number 2*
 - *Porirua to Kapiti Coast residents ranked rail network improvements number 2*

- *Hutt Valley residents ranked rail network improvements number 1*
- “Overall, respondent’s priorities differ from those of the RLTP.”
 - RLTP priorities:
 1. Western Link Road Stage 1
 2. SH1 Basin Reserve Upgrade
 3. Rail Network Improvements (RS1)
 - *Survey of general public:*
 1. *Rail Network improvements (RS1) (up 3)*
 2. *Region-wide bus service improvements (up 13)*
 3. *Western Link Road Stage 1 (down 2)*

3.2 Kapiti stations

The New Zealand Transport Agency has approved funding for the station works at Paraparaumu and Waikanae. This is a major step forward for the double tracking project and enables planning and design work to proceed in earnest.

3.3 Bus shelters

During May territorial authorities installed 14 suburban bus shelters, in the following locations:

Wellington City	Kiwi A series shelters x 3
Porirua City	Kiwi A series shelter x 1
Kapiti Coast District Council	Metro shelters x 4
Masterton District Council	Kiwi A series shelters x 2
Hutt City Council	Kiwi A series shelters x 4

Officers have also retrofitted six existing shelters in an attempt to combat vandalism.

3.4 Bus stop maintenance

Work continues on renewing and upgrading current signs at the region’s bus stops. The programme also includes installation of timetable information holders for stops that have no service information.

3.5 Park and ride

Work has begun at Waterloo Station’s North-Eastern Cambridge Terrace carpark to install more effective modern lighting. The lighting work will commence 2 June, and is expected to take up to three weeks. The new lights will be angled for maximum efficiency and coverage of the car park, making it safer for commuters.

3.6 Stations

Following the cleaning, painting and CCTV camera installations at Naenae Station and subway, a mural was commissioned from a local artist with the help of local school children.



3.7 Kaiwharawhara throat (Wellington Station entry)

Over the last month, 82 pile foundations were poured, 110 sheet piles were installed, 28 structures were erected, 40 metres of track formation and turnouts were installed, Davis St over-bridge was demolished and wires were transferred on to new structures.

3.8 Power and signalling system upgrade for new trains

Excellent progress is being made on the construction of 12 additional substation buildings. Up to four have been handed back to ONTRACK for equipment fit out and another three are nearing handover.

3.9 Rail communications

The Wellington Regional Rail Programme Communications Team planned three open days in June to ensure the community are up-to-speed with the changes currently taking place in the region. The first open day was held at Queensgate on 6 June, the second one at the mall in Upper Hutt on 13 June and the third one will be held at Coastlands Mall on 20 June 2009.

The flyers handed out at the open days were also distributed with Metlink News this week. Questions from the public were about visible changes in the region (i.e. sub-stations, line closures etc) and many focussed on what the Matangi trains will look like, whether times will change, whether they'll be faster and more reliable. The display used at the open days will also be used at Wellington Station for the next three months.

3.10 Procurement of bus & ferry services

We have elected to seek further feedback from bus and ferry operators on our new procurement strategy. While this additional step means a delay to the tendering of Hutt Valley bus services, we consider it to be a prudent action

considering the long term implications of the strategy. In the meantime contracts will continue to be operated on existing terms and conditions.

The strategy was endorsed by the New Zealand Transport Agency in December 2008.

3.11 Bus services

Service changes in Stokes Valley are due to be implemented from 15 June 2009. These changes include a shortening of the route so that it terminates at Queensgate instead of Petone, and the inclusion of a new bus stop on Stokes Valley Road opposite the shopping centre.

In addition there are a number of subtle changes occurring to northern suburbs routes in Grenada Village, Newlands and Churton Park. Most are connectivity improvements and a slight increase in service levels to Grenada Village.

The Airport Flyer service operated by NZ Bus is being improved from 22 June 2009 with additional frequency and the introduction of more new high-specification buses.

3.12 Total Mobility Update

The upgrade of the Total Mobility administration system is progressing. A supplier will be chosen shortly to supply the new electronic system which will replace the paper vouchers previously used to access the scheme discount.

The process of issuing identification cards (which will form the basis of the electronic system) to all 8,000 scheme users has begun. All users have been asked to supply a photo and updated contact details.

3.13 SuperGold Update

Updated GW passenger figures and costs of the SuperGold card free travel scheme are shown below:

	Bus	Train	Ferry	Cable Car	Total	Reimbursement
Oct-08	90,566	20,081	843	2,266	113,756	\$310,864
Nov-08	107,430	19,449	707	2,415	130,001	\$341,775
Dec-08	114,342	20,020	1,093	2,429	137,884	\$363,813
Jan-09	111,762	19,080	1,775	2,799	135,416	\$354,229
Feb-09	108,182	20,555	1,365	2,397	132,499	\$349,610
Mar-09	131,115	23,869	1,998	3,441	160,423	\$423,729
Apr-09	118,356	21,832	1,644	3,336	145,168	\$384,827
Total	781,753	144,886	9,425	19,083	955,147	\$2,528,847

The April figures were down slightly on March, but were still higher than all other previous months.

4. Responses to public participation

There were two topics raised during public participation at the previous meeting of the Committee. Helen Keivom from the Paekakariki community Board spoke on the so-called “English-only” policy of Mana Coach Services. Greater Wellington contracts for the provision of services from passenger transport operators and does not get involved in the employment relationships of those operators. Our contracts require drivers to be capable of communicating with passengers in the English language. In terms of the concerns raised about the Mana policy, the Human Rights Commission made the following statement:

“Mana Coach Services contacted the Human Rights Commission prior to this issue being brought to the media’s attention. With the assistance of the Commission, the company has amended the wording of its language policy to more closely reflect its original intent of ensuring clear communication at work.

The workplace policy has been changed in regards to the use of languages in the drivers’ room.

The bus company says it was never their intention to ban languages other than English in the drivers’ room.

The languages policy was put in place to cover health and safety and effective business practice. For example, the writing of drivers’ reports, using the RT.”

The second topic raised in public participation was the proposed reduction of bus services in the Parkway Loop section of Wainuiomata. This matter was satisfactorily addressed at the meeting, with officers agreeing to continue services in this area.

5. Financial Report

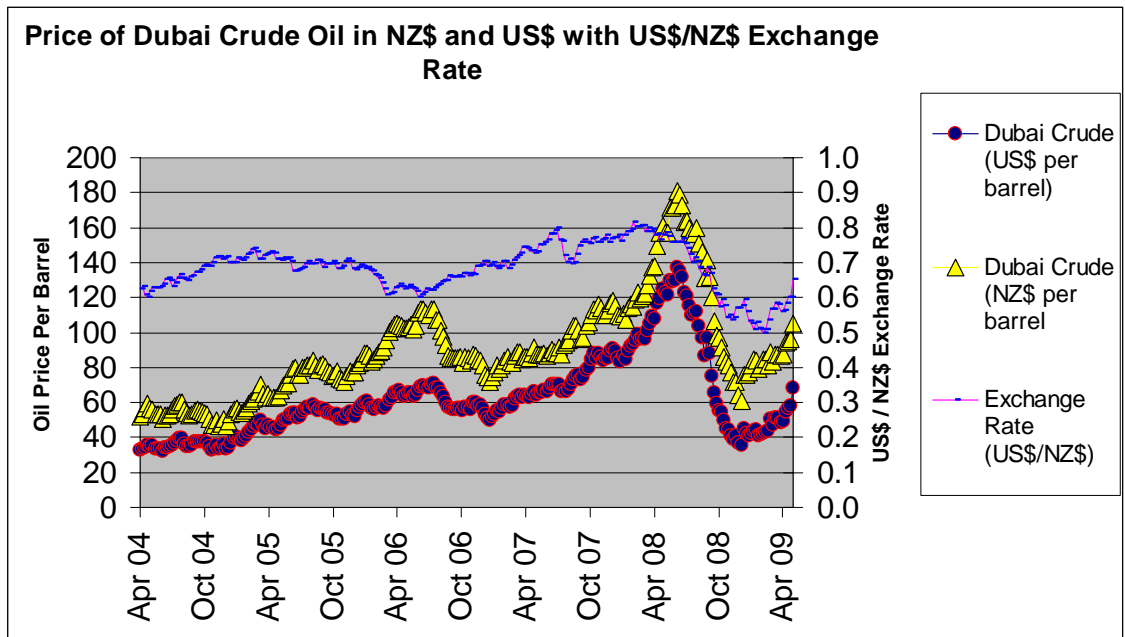
5.1 Year-to-date operating result overview

The net operating surplus from operations for the Public Transport Division for the nine months ended 30 April 2009 was \$2.6 million compared to the budgeted surplus of \$99,000.

Total expenditure on operations was \$65.3 million compared to the budget of \$66.3 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 ten month period as shown in the

following graph. The graph shows that the NZ price per barrel has moved back upwards in recent months.



- The SuperGold card scheme was introduced on 1 October and expenditure for the ten months until 30 April was \$2.5 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 \$0.4 million under budget. This budget is being actively managed to ensure projects are completed.
- Total Mobility scheme expenditure is \$0.3 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 \$68.0 million compared to the budget of \$66.4 million. The most significant variances are:

- Grants and subsidies revenue is \$1.2 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 \$2.5 million above budget.

If operating costs and revenues associated with capex are also included, then the overall operating deficit is \$11.1 million compared to the budgeted deficit of \$16.7 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.

5.2 Forecast full year operating result

The full year forecast net operating surplus from operations is \$2.2 million compared to the budgeted surplus of \$41,000.

Expenditure on operations is forecast to be \$79.9 million compared to the budget of \$79.8 million. The main drivers of this change in forecast are:

- Diesel bus contract expenditure is forecast to be below budget by \$3.2 million.
- Net expenditure on rail operations is forecast to be \$0.7 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 \$3.3 million.
- Total mobility expenditure is forecast to be \$0.3 million below budget primarily because budgeted growth has not eventuated. Some system related expenditure to meet Greater Wellington's 'phase 2' obligations is now expected in 2009/10.

Revenue from operations is forecast to be \$82.0 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 \$11.9 million compared to the budgeted deficit of \$15.0 million.

5.3 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 30 April 2009**

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Revenue								
Rates Revenue	31,323	31,323	0 F	0%	37,588	37,588	0 F	0%
Grants & Subsidies	33,560	34,736	1,176 U	-3%	40,585	41,753	1,168 U	-3%
Grants & Subsidies - SuperGold Card	2,512	0	2,512 F	0%	3,255	0	3,255 F	0%
External Revenue	384	270	114 F	42%	374	324	50 F	15%
Investment & Other Revenue	97	1	96 F	9600%	130	1	129 F	12900%
Internal Revenue	152	100	52 F	52%	120	120	0 F	0%
Total Revenue	68,028	66,430	1,598 F	2%	82,052	79,786	2,266 F	3%
Expenditure								
Rail Operations	18,494	18,242	252 U	-1%	22,588	21,915	673 U	-3%
Diesel Bus Operating Contracts	26,922	29,597	2,675 F	9%	32,367	35,606	3,239 F	9%
Trolley Bus Operations	5,498	5,554	56 F	1%	6,595	6,665	70 F	1%
Ferry Operating Contract	233	252	19 F	8%	277	303	26 F	9%
SuperGold Card	2,512	0	2,512 U	0%	3,255	0	3,255 U	0%
Shelter, Carpark, Station & Signage	1,166	1,553	387 F	25%	1,865	1,865	0 U	0%
Wellington Interchange Payments	514	514	0 F	0%	617	617	0 F	0%
Procurement Studies	352	317	35 U	-11%	336	355	19 F	5%
Total Mobility Scheme	1,669	1,965	296 F	15%	2,048	2,379	331 F	14%
Procurement	57,360	57,994	634 F	1%	69,948	69,705	243 U	0%
Design and Development Projects	407	471	64 F	14%	538	565	27 F	5%
Design & Development	407	471	64 F	14%	538	565	27 F	5%
Marketing & Communications	239	323	84 F	26%	295	405	110 F	27%
Metlink Systems & Information	535	546	11 F	2%	780	655	125 U	-19%
Service Centre External Costs	307	269	38 U	-14%	322	322	0 F	0%
Metlink	1,081	1,138	57 F	5%	1,397	1,382	15 U	-1%
Total Project Expenditure	58,848	59,603	755 F	1%	71,884	71,653	231 U	0%
Admin	6,245	6,195	50 U	-1%	7,511	7,454	58 U	-1%
Non-Cash Items	89	394	305 F	77%	332	473	141 F	30%
Other	135	139	4 F	3%	165	165	0 F	0%
Total Expenditure	65,317	66,331	1,014 F	2%	79,892	79,745	148 U	0%
Net Operating Surplus/(Deficit) from Operations	2,711	99	2,612 F		2,160	41	2,118 F	
Total Revenue associated with Capex Improvement Project Expenditure	36,904	54,783	17,879 U	-33%	56,707	66,589	9,882 U	-15%
	50,744	71,628	20,884 F	29%	72,947	83,756	10,808 F	13%
Net Operating Revenue & Costs associated with Capex	-13,840	-16,845	3,005 F	-18%	-16,240	-17,167	926 F	-5%
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%
Net Operating Surplus/(Deficit)	-11,129	-16,746	5,617 F		-11,917	-14,961	3,044 F	

5.4 Capital expenditure and improvement projects

Year-to-date capital and improvements project expenditure is \$40.9 million compared to the budget of \$71.9 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 \$73.5 million compared to the budget of \$85.9 million. The heavy maintenance forecast will increase to \$2.8 million when the numbers are next updated (based on Kiwirail's latest forecast).

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 30 April 2009

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Improvement Projects (Opex)								
Rail Infrastructure Upgrades	30,343	34,982	4,639 F	13%	46,025	45,448	576 U	-1%
Rail Rolling Stock Heavy Maintenance	2,549	2,176	373 U	-17%	2,611	2,611	0 F	0%
Capacity Rail Rolling Stock	9,059	10,347	1,288 F	12%	9,430	10,347	917 F	9%
New EMU Related Expenditure	6,592	20,930	14,338 F	69%	12,315	21,611	9,297 F	43%
Ganz Mavag Refurbishment/Prototype	2	1,204	1,202 F	100%	50	1,205	1,155 F	96%
Trolley Bus Infrastructure Renewals	1,973	1,835	138 U	-8%	2,347	2,347	0 F	0%
Other Projects	226	154	72 U	-47%	169	186	16 F	9%
Improvement Project Expenditure	50,744	71,628	20,884 F	29%	72,947	83,756	10,808 F	13%
Capital Projects								
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%	146	1,059	913 F	86%
Other Capex	-17	50	67 F	134%	0	75	75 F	100%
Capital Expenditure	136	284	148 F	52%	508	2,134	1,626 F	76%
Total Asset Acquisition	33	29	4 U	-14%	29	58	29 F	50%
Asset Additions	33	29	4 U	-14%	29	58	29 F	50%
Improvement Projects and Capital Projects	50,913	71,941	21,028 F	29%	73,484	85,948	12,463 F	15%

5.5 Funding

The year-to-date net funding surplus for the Division (represented by increased transfer to reserves) is \$2.2 million. The forecast full year net funding surplus for the Division is \$2.3 million.

6. Communication

No communications are required.

7. Recommendations

That the Committee:

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

Report prepared by:

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