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**Committee**       **Regional Land Transport**  
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## **Urban Passenger Rail**

### **1. Purpose**

To update the Committee on the progress being made by the Council to secure a long term contract for urban passenger rail services in the Wellington region.

### **2. Comment**

#### **2.1 The past**

What has transpired over the last five years or so would fill a decent sized book and for some could make interesting reading. There have been mainly u-turns along the way and a similar number of aborted processes. This period is now best left where it lies, in the past. This update will deal only with the last few months and what that means for this region.

#### **2.2 The parties**

There are four organisations directly involved in reaching a satisfactory conclusion on what urban rail passenger services the region will receive in the future and how much the regional community will be contributing through an annual contract payment. They are Toll Holdings Ltd, Transfund New Zealand, Track Co and the Council.

#### **2.3 The present situation**

The urban passenger rail services being provided today, and everyday, by Tranz Metro Wellington in the region is in accordance with the existing contract between the Council and Tranz Rail Ltd. The contract is being rolled over on a month by month basis until a new arrangement can be reached. Transfund New Zealand accepts this situation and continues to assist the Council with funding support.

At the last meeting with Toll on 26 April they agreed to open their books by providing detailed information regarding their annual operational costs.

## **2.4 The future**

There are a number of activities in hand designed to secure a long term arrangement for urban passenger rail. Most of these are being run currently.

### **2.4.1 A business plan**

Toll and the Council are working on a ten year business plan. This plan is looking at the business potential of the Tranz Metro Wellington services, the level and timing of capital investments required for the business, the prospective increase streams from users, options for funding capital and as a consequence the funding gap that Toll would be looking to the Council to fill.

### **2.4.2 A business case**

The commitment to a 10 year business plan by the Council and Transfund as funding partners will only be made if the level of funding can be demonstrated to be supportable. The Transfund allocation process will be applied which requires the funding to be fully evaluated against the NZTS objectives and the other elements specified by Transfund. A business case for continuation of rail is therefore being prepared. This involves a full benefit/cost analysis making use of the Councils' updated transport model. The analysis involves consideration if the network as a whole and individual lines on a stand alone basis. This business case will help answer the resolution of the Passenger Transport Committee to in particular examine the case for the Johnsonville and Melling lines in the long term. This does not delay any urgent refurbishment of the English Electric units as they can be transferred to other lines in either Johnsonville or Melling operational at a future date.

### **2.4.3 A contract**

The Council and Transfund are working together on the development of a urban rail contract. This document will become the approved procurement process for the urban rail output. The contract in particular will include the key expectations of the Council.

### **2.4.4 Rail network enhancements**

The government has brought the track and is establishing an entity called Track Co to maintain this asset. The Council and Toll will have an interest in Track Co as the TMW service needs to negotiate access to the track and provide enhancements and additions to it over time. The access changing regime is an important matter and the Council is expressing its views on this with those involved in setting up Track Co.

Track Co are also being approved to provide the Waikanae Electrification package as early as possible. This project has been delayed for the last four years.

### **3. The Negotiation of a 10 Year Contract**

The business plan, the business case, the contract and resolution of Track Co issues all lead to the conclusion of a formal 10 year contract with Toll for TMW services. Assuming that the pathway to a formal contract is clear of any other hurdles a resolution should be achievable around the middle of the year in accordance with the following indicative timetable:

- May – Contract documentation completed and presented to Transfund Board and Council
- May – Business case/business plan presented to Council with implications, if any, for LTCCP
- June – Toll presented with contract document
- July – Negotiations with Toll over contract price and contract document
- August – Transfund/Council sign off contract negotiation and funding

At the moment the proposed rail capital expenditure programme is as recorded in the Council's LTCCP. The negotiation with Toll will result in a change to that programme. A change to the LTCCP may therefore be necessary after the revised programme has been signed off by the Council. This would trigger a public consultation programme required by the Local Government Act.

### **4. Communication**

There is nothing additional to communicate.

### **5. Recommendation**

*That the report be received.*

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