



Report 08.443
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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

- Patronage figures for May were not available at the time of writing this report but will be available to the Committee at the meeting.
- A recent study of the region's rail car parks has identified a number of potential sites that could be leased or purchased in order to extend the current number of available spaces. At present Greater Wellington provides 4428 spaces, and the study identifies the potential to increase this by more than 2000 over time. Unfortunately there is a considerable cost associated with the provision of additional parks:
 - Additional rental of \$550,000 per annum (or land purchase of \$7 million)
 - Construction costs of \$5 million

Our approach will be to first progress those options where additional parks can be obtained for least cost, such as land on road reserve. We will keep the Committee informed of progress.

- The trial bus service from Hutt to Wellington Hospital was to end at the end of July. However Valley Flyer has decided to extend the trial for an extra month. A report on the service will be presented to the next meeting of this Committee.

- At its May meeting, the Committee considered a paper on Total Mobility, including Greater Wellington's progress in implementing the recommendations of the Ministry of Transport's review. The Committee noted that the Council was looking to implement the latest set of recommendations (known as phase two) from the review. We have now formally agreed with Land Transport NZ to implement phase two. This will result in an increase in Land Transport NZ funding for the Council, which must be used to expand/improve the scheme.
- In April 2007 Wellington City Council approved a Bus Priority Plan for Wellington providing bus priority along the Golden Mile and the main arterial bus routes to the city. The initial stages of the Plan include bus priority for Cambridge Terrace, Taranaki Street and Courtenay Place as well as Lambton Quay where works are currently in progress.
- Wellington City Council agreed on 11 June 2008 to seek public feedback on bus lanes along Cambridge Terrace and Taranaki Street and a range of options for Courtenay Place. The decision to consult was not unanimous with a number of Councillors arguing to delay consultation until April next year to allow time to collect further information. This would have had significant implications for the next stages of the Bus Priority Plan and also for the implementation of the draft Ngauranga to Airport Corridor Plan.

The public will be asked to feedback on five options for Courtenay Place with varying impacts on parking and other traffic. The options range from excluding all traffic between 6am and 6pm to excluding traffic during the morning and/or evening peak periods only. Consultation is expected to start mid-July.

Officers will report back to this Committee on 16 July with further information.

3.1 Responses to public participation

- In response to public input to the February Committee meeting, we will adjust train times on the Melling Line from 1 September, to provide better spacing of interpeak service between Wellington and Petone. This change will be at no cost the Council.

The plan is to advance interpeak Melling train times by 10 minutes, to have services:

- Depart Wellington at 17 minutes past the hour – half way between Upper Hutt bound services.
- Depart Melling at 39 minutes past the hour – passing through Petone at 45 minutes past the hour, half way between ex Upper Hutt services.
- Clare Pascoe and Mike Mellor spoke in support of the report on the integration of cycling and public transport. We are working with

TranzMetro on the implementation of the Committee's decisions and are currently waiting on the completion of a health and safety report in relation to the carriage of cycles on trains.

- Brent Efford and Mike Mellor spoke about the draft Ngauranga to Wellington Airport corridor plan. This plan was considered by the Regional Land Transport Committee and has subsequently been released for public consultation. Submissions have been invited and close on 28 July. Submissions will be heard by a sub-committee of the Regional Land Transport Committee, including Councillors Wilde and Glensor.
- Rosamund Averton spoke in general about bus services and Raewyn Barrington presented a petition to increase bus services to and from Owhiro Bay. The latter is the subject of a separate report to the Committee which refers to the Wellington City service review due to commence later this year. The review will pick up on the points raised by Rosamund Averton.

4. Financial report

4.1 Year-to-date operating result overview

The net operating surplus from operations for the Public Transport Division for the eleven months ended 31 May 2008 is \$0.4 million compared to the budgeted deficit of \$82,000.

The most significant variance is the \$1.5 million increase in expenditure on rail operating contracts. The accounts reflect the latest forecast provided by TranzMetro which showed significant increases in labour costs, depreciation and contracted services offset by an increase in fare revenue. However, subsequent to preparation of these financial statements TranzMetro have advised that they expect patronage to be higher which may increase fare revenue by \$0.3 million. There are a number of other favourable variances in the year-to-date numbers which offset the increased expenditure.

If operating costs and revenues associated with capex are also included, then the overall operating position becomes a deficit of \$6.4 million compared to the budgeted deficit of \$16.9 million. The decreased deficit is because of changes to timing of capex and improvement projects i.e. ONTRACK infrastructure upgrades, rail rolling stock projects and station, platform and carpark upgrades.

4.2 Forecast full year operating result

The full year forecast net operating deficit from operations is \$0.6 million compared to the budgeted deficit of \$0.1 million. The most significant items of over expenditure forecast are for diesel bus operating contracts (\$0.4 million) and rail operating contracts (\$1.5 million). These are partly offset by forecast favourable variance on signage maintenance, total mobility payments, information systems and admin expenditure.

When capital and improvement projects are taken into account, the overall forecast operating position becomes a deficit of \$9.8 million compared to the budgeted deficit of \$18.4 million.

4.3 Detailed net operating result for the division

Public Transport Division

Financial Performance by Programme for the Period Ended 31 May 2008

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Revenue								
Rates Revenue	31,421	31,421	0 F	0%	34,277	34,277	0 F	0%
Grants & Subsidies	35,123	34,840	283 F	1%	38,875	38,000	875 F	2%
External Revenue	236	98	138 F	141%	257	107	150 F	140%
Investment & Other Revenue	49	-6	55 F	-917%	40	-7	47 F	-671%
Internal Revenue	110	110	0 F	0%	120	120	0 F	0%
Total Revenue	66,939	66,463	476 F	1%	73,569	72,497	1,072 F	1%
Expenditure								
Rail Operating Contracts	20,883	19,417	1,466U	-8%	22,715	21,183	1,532U	-7%
Diesel Bus Operating Contracts	27,340	27,349	9 F	0%	30,274	29,835	439U	-1%
Trolley Bus Operating Contracts	6,227	6,133	94U	-2%	6,940	6,690	250U	-4%
Ferry Operating Contract	250	257	7 F	3%	286	281	6U	-2%
Bus Stop & Shelter Maintenance	357	507	150 F	30%	680	554	126U	-23%
Carpark & Station Maint/Operations	527	755	228 F	30%	754	824	70 F	8%
Wellington Interchange Payments	565	565	0 F	0%	617	617	0 F	0%
Bus Priority Measures	195	146	49U	0%	195	195	0 F	0%
Procurement Studies	490	706	216 F	31%	630	725	95 F	13%
Signage Maintenance	86	241	155 F	64%	80	265	185 F	70%
Total Mobility Scheme	1,636	1,786	150 F	8%	1,848	1,948	100 F	5%
Procurement	58,556	57,862	694U	-1%	65,019	63,115	1,903U	-3%
Design and Development Projects	253	388	135 F	35%	455	420	35U	-8%
Design & Development	253	388	135 F	35%	455	420	35U	-8%
Promotion and Marketing	132	329	197 F	60%	290	383	93 F	24%
Information and Systems	729	919	190 F	21%	782	1,000	218 F	22%
Metlink	861	1,248	387 F	31%	1,072	1,383	311 F	22%
Total Project Expenditure	59,670	59,498	172U	0%	66,546	64,919	1,627U	-3%
Admin	6,277	6,382	105 F	2%	6,921	6,964	43 F	1%
Non-Cash Items	460	487	27 F	6%	531	531	0 F	0%
Other	181	178	3U	-2%	195	195	0 F	0%
Total Expenditure	66,588	66,545	43U	0%	74,193	72,608	1,584U	-2%
Net Operating Surplus/(Deficit) from Operations	351	-82	433 F		-624	-111	512U	
Total Revenue associated with Capex Improvement Projects	12,213	37,851	25,638U	-68%	15,668	42,381	26,713U	-63%
Net Operating Revenue & Costs associated with Capex	18,989	54,668	35,679 F	65%	24,814	60,621	35,807 F	59%
	-6,776	-16,817	10,041 F	-60%	-9,146	-18,240	9,094 F	-50%
Net Operating Surplus/(Deficit)	-6,425	-16,899	10,474 F		-9,770	-18,351	8,581 F	

Rail operational expenditure is \$1.5 million above budget reflecting significant increases in labour costs (\$1.1 million) depreciation (\$0.3 million) and contracted services (\$0.9 million) offset by an increase in fare revenue of \$0.9 million. However, subsequent to preparation of these financial statements TranzMetro have advised that they expect patronage to be higher which may increase fare revenue by \$0.3 million (which would reduce the cost to the Council by that amount). There are also increased charges for train safety equipment (\$0.1 million) and ONTRACK renewals work (\$0.2 million). The full year forecast reflects these increases.

Although diesel bus operating expenditure is very close to budget, savings earlier in the year have offset cost increases related to the price of oil. Our forecast is that diesel bus expenditure will be \$0.4 million above budget at the end of June.

5. Capital expenditure and improvement projects

Capital expenditure and improvements to the passenger rail network is showing year-to-date expenditure of \$19.9 million compared to the budget of \$61.5 million. Expenditure on a number of projects (rail infrastructure upgrades, capacity rolling stock and new passenger trains) has been deferred to 2008/09.

The full year capital expenditure and improvements forecast is \$27.2 million compared to the budget of \$68.0 million.

Capital expenditure and improvement project expenditure is funded by a mix of Land Transport NZ 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.

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:

Wayne Hastie
Divisional Manager, Public
Transport