



Report 09.652  
Date 14 October 2009  
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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 Real Time Information

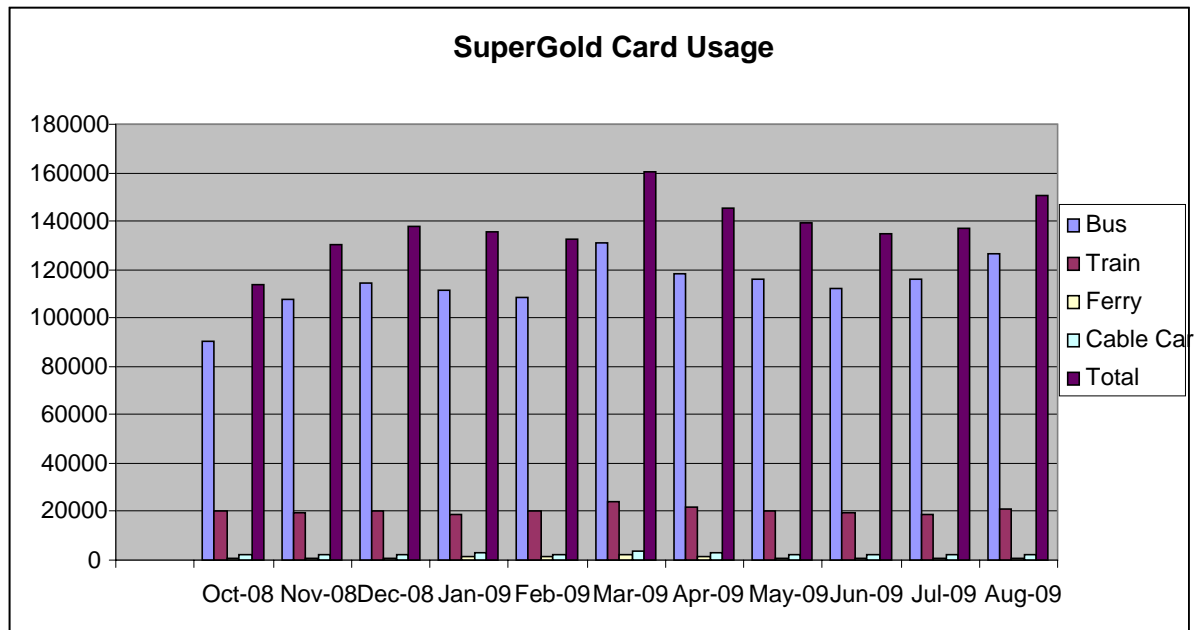
Since the contract signing on 4 September, initial project planning work has been initiated and progressed. This includes the development and approval of baseline documentation including the functional system specification, and preparation of the practical requirements of the Pilot phase.

The Pilot, on Route 14, is expected to be operational from early January 2010 and will be continually evaluated against the system requirements throughout its duration.

Engagement with the relevant stakeholders is underway, particularly in the context of developing the necessary interfaces the system will require. Confirmation of ACIS' contractual relationship with its implementation partner and subcontractors is expected imminently.

#### 3.2 SuperGold Card Free Travel Scheme

Up-to-date SuperGold card usage in the region is shown below:



The cost of the scheme i.e. the reimbursement of the operators (which is met entirely by Central government) in Wellington for the first 11 months of the scheme's operation has been \$3.98m.

NZTA has commenced a review of the scheme. It is clear that the available Government funding for the scheme (\$72m over 4 years) will be insufficient, and one of the main aims of the review will be to look at ways to reduce expenditure to ensure it falls within budget levels. To achieve a reduction in expenditure it seems likely that the current operator reimbursement rate will be reduced (for each SuperGold card passenger operators receive 75% of the average adult cash fare for that journey). A reduction in the reimbursement rate will mainly affect the operators, but where gross contracts are in place (such as the rail contract, and with future bus contracts), Greater Wellington will be affected through a reduction in revenue (and thus the net costs will be higher).

The review will involve discussions with key stakeholders. Any changes are planned to be implemented from 1 February 2010.

### 3.3 Johnsonville Shopping Centre Development

An application by the owner of the Johnsonville Shopping Centre for consent to expand the Centre was heard recently by Wellington City Council. Greater Wellington appeared at the hearing in order to preserve the public transport access in and around the site. The consent, which included a number of conditions preserving the operation of the public transport services, was approved.

### 3.4 Integrated Ticketing Update

At the last meeting of this Committee it considered a report regarding recent developments regarding integrated ticketing, and in particular the progress of the Auckland scheme. The Committee heard that funding of the scheme was

shortly to be considered by NZTA. The NZTA Board has now met to consider the funding of the Auckland scheme, but no decision has yet been announced.

### **3.5 Total Mobility Update**

The contract with Snapper to introduce an electronic solution for the Total Mobility scheme has been signed. The process of issuing photo identification cards, which will form the base of the new system, to all users of the scheme continues. The new cards will be issued prior to Christmas and the new system will commence around April 2010.

### **3.6 Kapiti Stations**

Greater Wellington officers and consultants are preparing various consents and continuing negotiations with land owners at the site of both station upgrades. The detailed design is being developed and timetable options are being discussed.

Detailed design for both Paraparaumu and Waikanae ticket kiosks are progressing along with the detailed design of the pedestrian underpass for Paraparaumu.

### **3.7 Graffiti & Vandalism**

Officers are working closely with The Department of Corrections to repaint graffitied station subways throughout the region. Naenae, Epuni and Taita subways continue to be problematic despite new CCTV installations at Naenae and Epuni.

Officers are also investigating options to install miniature CCTV cameras into bus and rail station shelters in an effort to combat vandalism.

### **3.8 Station Upgrades**

Epuni Station was re-opened one week early on Tuesday 22 September.





### **3.9 MacKay's to Waikanae double tracking (and electrification to Waikanae)**

Preload settlement is complete in two of the four main areas. The permanent formation (upon which the ballast and tracks will be laid) has been constructed in one area and over two kilometres of new sleepers have been delivered to a staging area in Otaki. At the end of August, 136 (of 560) traction pole foundations had been poured and 89 traction poles had been installed.

### **3.10 Johnsonville line upgrades**

Construction of platforms continues on the Johnsonville line with excellent progress being made by the contractor.

### **3.11 Kaiwharawhara Throat (Wellington Station Entry)**

Contractors have been utilising midweek nights to transfer wires to new support structures. Signalling alterations were implemented at the station throat / depot connection area to remove some sidings and provide more flexible access to the turntable. Major signalling contracts were awarded in August.

### **3.12 Power and signalling system upgrade for new trains**

There has been good progress on the installation of equipment across numerous sites. Supply authorities are on programme for completing the 11kV installation before Christmas.

### **3.13 Bus services**

#### **3.13.1 Hutt Valley bus services**

NZ Bus has notified its intent to run a number of Hutt Valley bus services commercially. With this new development officers are rethinking the approach to providing the remaining Hutt Valley services.

#### **3.13.2 Trolley bus services**

All new trolley buses have now been delivered and commissioned for service. A works program is currently in place to address some remedial repairs that are common across the fleet. This work is due for completion prior to Christmas.

As a result of the works program and the need to take buses out of circulation, four old trolley buses have been retained in the fleet. Three additional older diesel buses have also been bought into the fleet temporarily.

### 3.13.3 Bus and ferry operator audits

Audits for contract compliance and quality have been conducted for most operators this year, with the remaining audits scheduled over November and December. Health and Safety audits have been expanded this year to include training and development, process management, hazard management and improvements on prior performance. The purpose of the Health and Safety audits is not to duplicate the role of the Department of Labour but to ensure that as the contract principal, Greater Wellington can be sure that its contractors are acting safely and responsibly.

## 3.14 Rolling stock

### 3.14.1 Matangi

Work continues both in Korea and Wellington to build and prepare for the arrival of the new trains in mid-2010. In September, a selection of KiwiRail train drivers and other operational staff travelled to the Hyundai-Rotem workshops in Changwon to view final design details on the engineering mock-up. The photos below show the mock-up from various angles including a view with the emergency detrainment ramp deployed. The emergency detrainment ramp is designed specifically for rapid and safe passenger evacuations should the train be disabled in a tunnel where exit from the side passenger doors is not possible due to the tightness of the tunnel. Work continues on the first and second production vehicles.





### 3.14.2 Ganz Mavag Detailed Condition Assessment and Prototype

Greater Wellington has signed an agreement with KiwiRail for the staged implementation of this project. In early October a Ganz Mavag unit was selectively stripped back for structural assessment by KiwiRail and Greater Wellington's independent advisor from Queensland Rail. Various reports are due in late October to inform progression to the design and construction phases of the prototype.

## 4. Responses to public participation

Two members of the public appeared before the last meeting of the Committee. Both raised issues with the Snapper ticketing system used on GO Wellington and Valley Flyer buses. Maria Van der Meel spoke on behalf of "City is Ours" and "Wellington Residents' Coalition" and Kevin O'Sullivan spoke on behalf of the Wellington Tramways Union. Some specific questions were asked and responses are provided below.

*When and how did Infratil get the okay to force their products on the consumer underaged or not?*

Infratil is the owner of NZ Bus which operates the GO Wellington and Valley Flyer bus services contracted by Greater Wellington. Greater Wellington requires that a ticketing system is provided but it is up to bus operators to choose what system to employ.

*How are you going to protect the ratepayers from exploits like these?*

Use of the Snapper card provides discounts to users and also reduces boarding times.

*Did you know 100,000 consumers Nationwide have hooked up to Snapper? How is that going to affect your nationwide integrated ticketing system?*

As was reported at the last meeting of the Committee, we are waiting for further information on the proposed nationwide integrated ticketing system, and it is not possible to speculate on implications in detail (Report 09.527).

*Did you know a one off purchase charge of \$10 is required to join Snapper?*

Yes. This charge is allowed under the contracts that NZ Bus has with Greater Wellington.

*Did you know at "tag off" a voice reminds the consumer funds are low for every one to hear when actually it has \$10 credit?*

Yes.

*Did you know the retailers who have "Feed your Snapper" facilities are losing on it, but customer demand gives them no choice?*

Greater Wellington is not a party to any commercial relationships between Snapper and retailers.

*Is this the beginning of a "cashless" society and what is your role in support of this allowing abuse of a publicly subsidized service to serve Infratil's share holders?*

Bus passengers still have the option of paying cash for their journey. Smart cards are widely used as a means of paying public transport fares.

With regard to errors with Snapper card transactions, this is a matter that must be resolved by the customer, Snapper and NZ Bus. We are aware that Snapper and NZ Bus are continuing to improve the Snapper system to eliminate the small number of errors that occur. The improvements that have been made were acknowledged by Kevin O'Sullivan at the last meeting of the Committee. Mr O'Sullivan also acknowledged that the company was responding to the issues and that passengers will get used to the Snapper system.

## **5. Financial report**

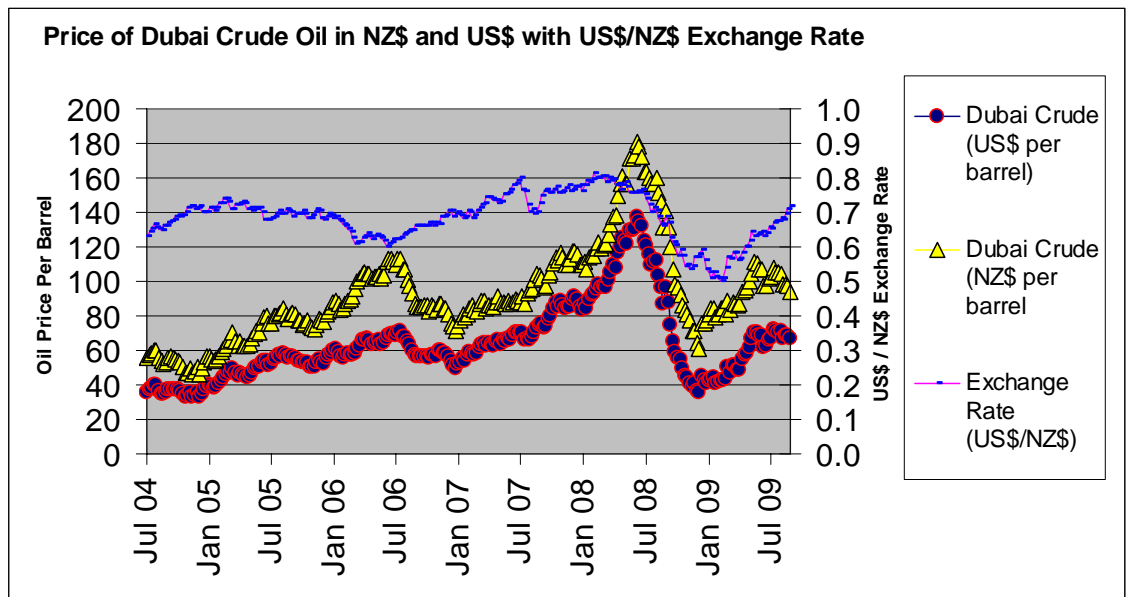
### **5.1 Year-to-date operating result overview**

The net operating surplus from operations for the Public Transport Division for the two months ended 31 August 2009 was \$0.6 million compared to the budgeted deficit of \$68,000.

Total expenditure on operations was \$12.8 million compared to the budget of \$14.1 million. The most significant variances are:

- Rail operations expenditure is \$0.4 million under budget. TranzMetro have advised us that a credit is due to us relating to operational funding for the 2008/09 year. This has been recognised in the financial statements.
- Diesel bus operating contract expenditure is \$0.4 million under budget. Budgeted inflation payments to bus operators were based on a projection of the NZTA index which included oil at US\$65 a barrel and the \$NZ/\$US exchange rate at \$0.60. In the year-to-date there have been higher than projected oil prices but these have been more than offset by a higher than

expected exchange rate. The following graph shows trends in the price of oil and the US\$/NZ\$ exchange rates.



Total revenue from operations was \$13.4 million compared to the budget of \$14.0 million. Grants and subsidies revenue is \$0.6 million under budget reflecting the overall reduction in operational expenditure.

If operating costs and revenues associated with capex are also included, then the overall operating deficit is \$0.5 million compared to the budgeted deficit of \$2.0 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

Some known changes to the full year budget have been forecast but a more complete review will be undertaken for the September Quarter end. The full year forecast net operating surplus from operations is \$0.5 million compared to the budgeted deficit of \$0.6 million.

Expenditure on operations is forecast to be \$83.0 million compared to the budget of \$85.2 million. The main drivers of this change in forecast are:

- Diesel bus contract expenditure is expected to be below budget by \$2.1 million – although this is dependant on the price of oil and the US\$/NZ\$ exchange rate remaining at current levels.
- Trolley bus operations are expected to be over budget by \$0.6 million reflecting the 2009/10 operating contract price reset and increased costs incurred by WCCL in maintaining the Trolley Bus overhead wire network.



- The Real Time Information operations forecast expenditure was incorrectly adjusted to nil. This forecast will be revised in September as some expenditure is now expected this financial year.

Revenue from operations is forecast to be \$83.5 million compared to budgeted revenue of \$84.6 million. Forecast grants and subsidy revenue is anticipated to be \$1.1 million below budget because of the forecast changes in expenditure.

When capital and improvement projects are taken into account, the overall forecast operating position becomes a deficit of \$8.6 million compared to the budgeted deficit of \$8.9 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 31 August 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	6,078	6,078	0 F	0%	36,465	36,465	0 F	0%
Grants & Subsidies	6,491	7,103	612 U	-9%	42,230	43,301	1,071 U	-2%
Grants & Subsidies - SuperGold Card	692	667	25 F	4%	4,000	4,000	0 F	0%
External Revenue	73	90	17 U	-19%	539	539	0 F	0%
Investment & Other Revenue	23	24	1 U	-4%	147	147	0 F	0%
Internal Revenue	23	23	0 F	0%	139	139	0 F	0%
<b>Total Revenue</b>	<b>13,380</b>	<b>13,985</b>	<b>605 U</b>	<b>-4%</b>	<b>83,520</b>	<b>84,591</b>	<b>1,071 U</b>	<b>-1%</b>
<b>Expenditure</b>								
Rail Operations	3,773	4,132	359 F	9%	24,840	24,840	0 F	0%
Diesel Bus Operating Contracts	4,988	5,424	436 F	8%	31,314	33,375	2,061 F	6%
Trolley Bus Operations	1,172	1,174	2 F	0%	7,626	7,042	584 U	-8%
Ferry Operating Contract	43	47	4 F	9%	271	286	15 F	5%
SuperGold Card	715	667	48 U	-7%	4,000	4,000	0 F	0%
Real Time Information Operations	0	108	108 F	100%	0	650	650 F	100%
Shelter, Carpark, Station & Signage	284	347	63 F	18%	2,081	2,081	0 F	0%
Wellington Interchange Payments	103	103	0 F	0%	617	617	0 F	0%
Procurement Studies	1	33	32 F	97%	200	200	0 F	0%
Total Mobility Scheme	300	346	46 F	13%	2,073	2,073	0 F	0%
<b>Procurement</b>	<b>11,379</b>	<b>12,381</b>	<b>1,002 F</b>	<b>8%</b>	<b>73,022</b>	<b>75,164</b>	<b>2,142 F</b>	<b>3%</b>
Design and Development Projects	8	69	61 F	88%	415	415	0 F	0%
<b>Design &amp; Development</b>	<b>8</b>	<b>69</b>	<b>61 F</b>	<b>88%</b>	<b>415</b>	<b>415</b>	<b>0 F</b>	<b>0%</b>
Marketing & Communications	51	65	14 F	22%	389	389	0 F	0%
Metlink Systems & Information	75	108	33 F	31%	647	647	0 F	0%
Service Centre External Costs	25	29	4 F	14%	175	175	0 F	0%
<b>Metlink</b>	<b>151</b>	<b>202</b>	<b>51 F</b>	<b>25%</b>	<b>1,211</b>	<b>1,211</b>	<b>0 F</b>	<b>0%</b>
<b>Total Project Expenditure</b>	<b>11,538</b>	<b>12,652</b>	<b>1,114 F</b>	<b>9%</b>	<b>74,648</b>	<b>76,790</b>	<b>2,142 F</b>	<b>3%</b>
Admin	1,249	1,360	111 F	8%	8,168	8,168	0 F	0%
Non-Cash Items	18	21	3 F	14%	120	120	0 F	0%
Other	16	20	4 F	20%	108	109	1 F	1%
<b>Total Expenditure</b>	<b>12,821</b>	<b>14,053</b>	<b>1,232 F</b>	<b>9%</b>	<b>83,044</b>	<b>85,187</b>	<b>2,143 F</b>	<b>3%</b>
<b>Net Operating Surplus/(Deficit) from Operations</b>	<b>559</b>	<b>-68</b>	<b>627 F</b>		<b>476</b>	<b>-596</b>	<b>1,072 F</b>	
Total Revenue associated with Capex	13,732	26,595	12,863 U	-48%	144,941	145,741	800 U	-1%
Improvement Project Expenditure	14,764	28,539	13,775 F	48%	154,056	154,069	13 F	0%
<b>Net Operating Revenue &amp; Costs associated with Capex</b>	<b>-1,032</b>	<b>-1,944</b>	<b>912 F</b>	<b>-47%</b>	<b>-9,115</b>	<b>-8,328</b>	<b>787 U</b>	<b>9%</b>
Revaluation of Crown Loan	0	0	0 F	0%	0	0	0 F	0%
<b>Revaluation Adjustments</b>	<b>0</b>	<b>0</b>	<b>0 F</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0 F</b>	<b>0%</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>-473</b>	<b>-2,012</b>	<b>1,539 F</b>		<b>-8,639</b>	<b>-8,924</b>	<b>286 F</b>	

## 5.4 Capital expenditure and improvement projects

Year-to-date capital and improvements project expenditure is \$14.8 million compared to the budget of \$29.8 million. Changes to the timing of payments on the new Matangi trains and on rail infrastructure upgrades are the main contributor to this variance. There is also reduced expenditure on the Ganz Mavag prototype refurbishment and on the real time information project.

The full year capital and improvements expenditure forecast is \$162.5 million compared to the budget of \$163.5 million. A full review of these forecasts will be undertaken as part of the September quarter end.

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 August 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	8,136	15,274	7,138 F	47%	85,052	85,052	0 F	0%
Rail Rolling Stock Heavy Maintenance	687	692	5 F	1%	3,742	3,742	0 F	0%
Capacity Rail Rolling Stock	0	0	0 F	0%	0	0	0 F	0%
New EMU Related Expenditure	5,423	11,804	6,381 F	54%	60,456	60,456	0 F	0%
Ganz Mavag Refurbishment/Prototype	91	376	285 F	76%	2,459	2,459	0 F	0%
Trolley Bus Infrastructure Renewals	362	368	6 F	2%	2,206	2,206	0 F	0%
Other Projects	65	25	40 U	-160%	141	154	13 F	9%
<b>Improvement Project Expenditure</b>	<b>14,764</b>	<b>28,539</b>	<b>13,775 F</b>	<b>48%</b>	<b>154,056</b>	<b>154,069</b>	<b>13 F</b>	<b>0%</b>
<b>Capital Projects</b>								
Real Time Information	24	808	784 F	97%	3,850	4,850	1,000 F	21%
Bus Shelter Upgrades	0	42	42 F	100%	250	250	0 F	0%
Total Mobility Systems Devt	8	0	8 U	0%	350	350	0 F	0%
Rail Infrastructure Upgrades	-20	352	372 F	106%	3,867	3,867	0 F	0%
Other Capex	0	13	13 F	100%	74	75	1 F	1%
<b>Capital Expenditure</b>	<b>12</b>	<b>1,215</b>	<b>1,203 F</b>	<b>99%</b>	<b>8,391</b>	<b>9,392</b>	<b>1,001 F</b>	<b>11%</b>
Total Asset Acquisition	0	0	0 F	0%	32	32	0 F	0%
<b>Asset Additions</b>	<b>0</b>	<b>0</b>	<b>0 F</b>	<b>0%</b>	<b>32</b>	<b>32</b>	<b>0 F</b>	<b>0%</b>
<b>Improvement Projects and Capital Projects</b>	<b>14,776</b>	<b>29,754</b>	<b>14,978 F</b>	<b>50%</b>	<b>162,479</b>	<b>163,493</b>	<b>1,014 F</b>	<b>1%</b>

## 5.5 Funding

The year-to-date net funding surplus for the Division (represented by increased transfer to reserves) is \$1.2 million. The forecast full year net funding surplus for the Division is \$1.3 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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