

Procurement Manager's Report for period ending 31 August 2007

1. Rail rolling stock (Patrick Chu)

1.1 Wairarapa passenger cars

Twelve out of the eighteen carriages have now been delivered to Wellington. The latest 2 passenger carriages arrived at the end of August 2007 and went into service shortly afterwards. The next four carriages, which are anticipated to go into service by mid October 2007, will make up the third peak commuter train. The final two passenger carriages are anticipated to arrive in Wellington at the end of October 2007 and will be added to the previous trains to provide additional capacity.

Familiarisation sessions for less able users are planned to take place in Wellington and Masterton before Christmas 2007.

1.2 Additional Capacity Trains

The Supply Agreement for the six SE Carriages is targeted to be finalised by mid September 2007. This agreement is to provide a peak hour train that will help relieve the pressure on the existing fleet pending the complete delivery of the new EMU fleet in 2010. The 6-car train will be propelled by two locomotives in a push/pull configuration. The supply of the two locomotives will be made through a separate agreement with Toll.

Greater Wellington is awaiting contracts from Toll for the re-commissioning of the English Electric cars from Ferrymead and those in the Wellington yard. The work to re-commission the units will be carried at the Refurbishment Depot located just off the Hutt Road. Work on the Ferrymead units will begin by the end of September 2007 and it is anticipated that the work should take a maximum of 4 months to complete.

1.3 English Electric Minor Refurbishment Project

The minor refurbishment of the existing 33 cars is still underway. Toll's Refurbishment Depot is carry out the work and is currently half way through a 2 car unit and has just started work on a 3 car unit. Once these cars are completed only one 2 car unit and one 3 car unit remains to be refurbished. The whole programme is due to be completed by the end of March 2008.

2. Rail strategy (Angus Gabara)

2.1 Regional Rail Plan (RRP)

The purpose of the Regional Rail Plan (RRP) is to identify the needs and actions for sustainable development of the rail network over the next 30 years.

The RRP will be developed to calculate the combined patronage impacts of all the medium term improvements and plan for future rolling stock and

infrastructure development. Committed and future developments will be tested under alternative growth scenarios and a range of service level improvements.

The first Steering Group and Technical Group meetings were held in August 2007. Positive contributions were made by all parties at both meetings with the following organisations being represented:

- Greater Wellington Regional Council
- Land Transport New Zealand
- Ministry of Transport
- ONTRACK
- Toll NZ Consolidated Ltd

High level descriptions have been developed for various service level scenarios and a first pass categorisation of rail improvement schemes has been completed. Efforts will now focus on the development of a detailed project plan, and the coordination of inputs required for generating cost, benefit and risk analysis data.

2.2 Rail Corridor Implementation

2.2.1 Funding

An Output Agreement between Greater Wellington and ONTRACK is currently being drafted by Greater Wellington officers. This Agreement will contract ONTRACK to carry out various infrastructure works for which Greater Wellington has approved funding. The Agreement will cover such projects as double tracking and electrification to Waikanae, EMU enabling works, and Johnsonville Line adjustments. The Agreement is being drafted to ensure consistency with the ONTRACK Procurement Procedures approved by Land Transport NZ at their July 2007 board meeting.

2.2.2 Stations

The Request for Tender (RFT) for the Kapiti Railway Stations Construction Design study is currently being considered by the market. The tender closes on 4 September 2007. The contract is anticipated to be awarded by the end of September 2007 and the first draft report is due to Greater Wellington by Christmas 2007.

2.2.3 Project interdependencies

Discussions continue to be held with Kapiti Coast District Council, ONTRACK and Transit NZ regarding the various rail projects in the Kapiti area.

A presentation outlining the rail developments planned for the Kapiti District in the next 5 years was made to Kapiti Coast District Council Community & Strategic Directions Committee on the 25 July 2007.

3. Transport infrastructure (Richard Noakes)

3.1 Commuter Car Parks

3.1.1 Petone Commuter Carpark

Upgrade work of State Highway 2 between Dowse and Petone began in August 2007. As part of this work an area of the current Petone rail station commuter car park will be relocated to the north of its current location. Preparation for this work commenced at the end of 20 August 2007 and is to be completed as the first stage of the highway upgrade project. During the period of construction works the contractor will maintain 194 car parking spaces (current car park capacity) for continuous use.

Whilst the road construction works are being carried out between Dowse and Petone traffic delays on State Highway 2 may arise. This may result in the requirement for additional commuter car parking as people use rail services from stations further up the Hutt Valley instead. Greater Wellington officers continue to work with Hutt City Council officers to produce plans of a number of possible alternative car parking sites throughout the Hutt Valley.

3.1.2 Plimmerton

The agreement between ONTRACK and Greater Wellington has been signed for the design and construction of the Plimmerton Subway / walkway through to Plimmerton Domain commuter car park. Greater Wellington officers are to work alongside ONTRACK to produce detailed design drawings and to set a commencement date for the work to take place. Additional spaces for the domain car park will form part of the region's three year car park upgrade plan.

3.2 Bus Stop Facilities

3.2.1 Metlink CBD signage

Tenders closed for the manufacture of the remaining seventeen CBD pylons. The tenders are current being evaluated, but it is anticipated that installation of the signs will commence mid October 2007 and be completed in March 2008.

3.2.2 Days Bay Wharf Shelter

Days Bay Wharf shelter was recently opened to the public giving much needed protection from the winter elements. It was reported to Greater Wellington that the shelter had suffered some damage due to high winds over the weekend of the 11 August 2007. This was not the case. Following inspection of the shelter it was found that only some bolts had worked loose. The bolts have been re-tightened and a bracing solution has been applied to prevent future movement, some glass has also been removed as a preventative action to any possible future damage.

3.3 Rail Stations Facilities

3.3.1 Wairarapa Platforms

A presentation of the works that have been carried out has been made to Council in an earlier paper within this committee meeting.

Maymorn will be the last station to be upgraded, which is due to be completed in early September (weather dependent).

3.3.2 Security Patrols and CCTV coverage

CCTV facilities became operational at Masterton, Renall Street, Carterton and Featherston stations in August 2007. Two incidents have been reported to local police including footage of acts of vandalism at Renall Street and the theft of a motor scooter from Masterton Station. Police are confident that the footage provided from the CCTV will help in the arrest of the suspects. A total of nine rail commuter car parks within the region now have CCTV coverage.

Following the completion of a review of security at the region's rail commuter car parks Greater Wellington officers are preparing a program of improvements which will be submitted to the 20 November 2007 Passenger Transport Committee. The programme will include items such as signage, security patrols, CCTV coverage, and landscaping.

3.3.3 Station and Car Park upgrades

Over the next three years, station and car park upgrades will be carried out as part of the readiness program to introduce the new EMU rolling stock. Later this year Greater Wellington officers will be working on a program to look at all of the region's car parks and identifying areas that could be developed as commuter parking for the future. This program will form part of the region's station upgrade network looking at platform heights, curves, pedestrian access, and maintenance issues.

3.3.4 Upper Hutt Bus Shelter and Subway Maintenance.

Construction work continues on the refurbishment and part day lighting of the Upper Hutt Subway. This project was jointly funded by UHCC, the Mitre 10 developer and Greater Wellington.

Greater Wellington officers are currently negotiating with ONTRACK to lease land adjacent to the Mitre 10 development in Upper Hutt in order to provide additional rail commuter car parking facilities.

Over the past few months a number of glass bus shelters in the Upper Hutt area have been attacked by vandals. This has left bus passengers without adequate protection at bus stops. Greater Wellington officers are currently investigating the use of alternatives to glass for bus shelters in order to reduce replacement and maintenance costs. A trial is to be carried out shortly to retro-fit some of the glass panels in the Upper Hutt shelters with perforated steel. Perforated steel panels are already in use in the new Wairarapa rail station shelters.

4. Contract & Quality update (Rob Braddock)

4.1 Bus Services

4.1.1 Trolley Bus Services

The new trolley bus operating contract terms commenced on the 1 July 2007. In line with the new contract NZ Bus Ltd will be introducing a new trolley bus fleet over the next 2 ½ years. The old trolley bus fleet will be progressively removed from service and the following parts will be re-cycled from the old buses and used in the build of the new buses: front & rear axles, traction motor, main fuse, lightning arrestor, line filter and pole heads. During the period when the old trolley buses are removed from service and the new trolley buses are progressively introduced there will be a shortfall of vehicles to provide the service of up to a maximum of 20 buses. NZ Bus Ltd will be using diesel buses to fill this gap.

The two new larger prototype trolley buses are anticipated to arrive in Wellington by the end of October 2007, and then they will under go testing before entering service by the end of November 2007.

4.2 Other Bus Services and Contracts

4.2.1 Wairarapa Bus Services

The improved Wairarapa bus services took effect on the 30 July 2007. Initial comments from bus operators are that the improvements have been well received by customers. However, it is too soon to establish what impact the improvements have had on patronage numbers. By the end of the year four months of data will have been collected so at that point an initial assessment of the improvements can be made.

From the commencement of the improved services on the 30 July 2007 bus users in the Wairarapa could use their 10 trip tickets on both Tranzit and Wairarapa Coachline services.

The Metlink WairarapaPlus combined rail and bus monthly pass will be available for travel from the 1 September 2007. These tickets are valid for travel between Greytown to Wellington, and Martinborough to Wellington.

The new wheelchair accessible co-branded Metlink buses will be introduced into service by the end of September 2007.

4.3 Rail Services

Greater Wellington Officers and Toll continue to closely to monitor reliability of Wairarapa services and are pleased to note general improvements. However, there are still occurrences of significant lateness from time to time that are not necessarily well communicated to customers via the trains PA system. We are working on this issue of communication to passengers with Toll.

Of the most recently analysed period (1-17 August 2007), the most significant delays (in excess of 30 minutes) were due to a signal fault attributed to a power outage. Operations under 'normal' circumstances showed that of 100% of services, the following was achieved:

On-time arrival/departure - 46% of all services

Within 2 minutes of schedule - 52% of all services

Within 4 minutes of schedule - 59% of all services

Within 6 minutes of schedule - 66% of all services

Within 8 minutes of schedule - 93% of all services

Within 10 minutes of schedule - 100% of all services

Both Toll and Greater Wellington anticipate that on-time performance will improve further once all the upgrade work on the Wairarapa stations is completed at the end of August 2007.

4.4 Bus & Ferry Procurement Review

As previously reported to the Passenger Transport Committee, Greater Wellington is required by Land Transport New Zealand to develop a Bus and Ferry Procurement Strategy and Implementation Plan. The Strategy will evaluate what constitutes 'best value for money' and how best to achieve the goals of the New Zealand Transport Strategy, and Greater Wellington's Regional Passenger Transport Plan and Procurement Philosophy.

A request for tender for professional services to assist in development of the Strategy and Plan closed on 3 August 2007 and Greater Wellington Officers are currently completing evaluation of the responses.

The Strategy and Plan will be developed over the period of August 2007 to June 2008, and will involve consultation with key stakeholders such as, contracted bus and ferry operators, Land Transport NZ, Ministry of Transport, and the Commerce Commission. Following development of the Strategy and the Plan Greater Wellington will seek approval from Land Transport NZ to enact the documents, a requirement under section 25 of the Land Transport Management Act. It is planned that the new procurement procedures will be introduced for contracts to be released for tender at the end of 2008.

4.5 Total Mobility

4.5.1 Flat Rate Payment

The introduction of new \$10 per trip flat rate payment to taxi operators commenced on the 1 July 2007 and to date there has been no problems with the introduction of the scheme. The payment is made to wheelchair hoist taxis which carry Total Mobility customers.

There are approximately 885 Total Mobility users who require the use of a wheelchair hoist, and in July 2007 there were 1325 claims for the new payment.

Rhona Hewitt
Manager, Transport Procurement

Metlink Manager's Report for period ending 31 August 2007

1. Marketing and Information Team (Team Leader – Michelle Smith)

1.1 Metlink News Issue 3

The third issue of Metlink News was distributed in early August. Issue 3 included news about the Wairarapa trains, trolley buses, the electrification of the rail line to Waikanae and a survey to obtain readers' views on Metlink News. A prize draw of ten pairs of double movie passes encouraged over 250 people to fill out an online survey on the Metlink website. The results of the survey will be in the next issue of Metlink News in November 2007.

Metlink News is distributed via one hundred and twenty six Metlink timetable stockists around the region, as well as Metlink staff handing them to commuters at Wellington Station and at the key bus stops in Wellington CBD. All GWRC and the bus and train operators' staff receive copies.

1.2 Rail Safety campaign

The Rail Safety Campaign was launched at Parliament on 18 July 2007. The campaign partners consisted of ONTRACK, Land Transport NZ, Toll NZ, The Chris Cairns Foundation and Greater Wellington Regional Council. The campaign consisted of TV ads, radio ads and billboards. The Metlink logo was shown at the end of each TV ad. There were a number of mentions of Greater Wellington in various newspaper articles.

1.3 txtBUS campaign

The txtBUS campaign that ran throughout July was very successful. The campaign included posters, radio advertising and a leaflet. There were 2057 text messages in July 2007 compared with 1030 in July 2006 - an increase of 100%.

1.4 Timetables

The month of July saw a total of 16 timetables reprinted.

1.5 Mana Coach Services industrial action

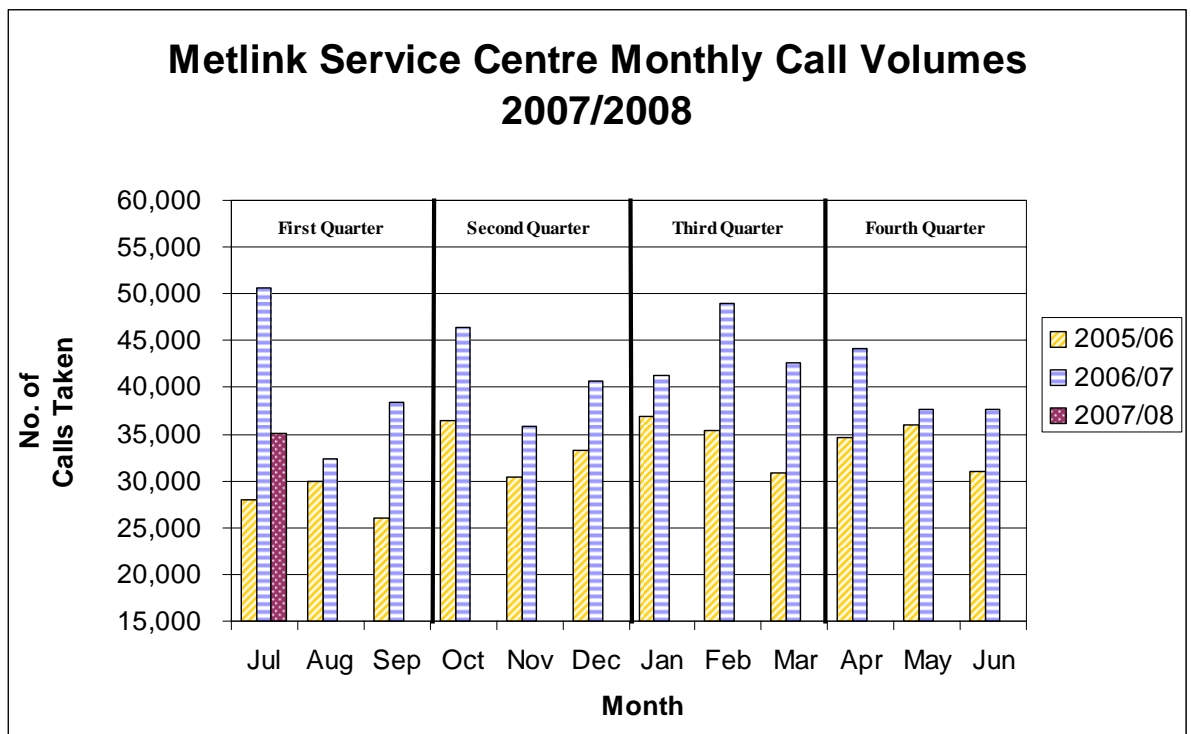
A small number (40 out of a total of 140) of Mana Coach Service drivers took industrial action on four separate occasions between 20 July and 7 August. The action ranged from four hours to 24 hours of strike action. During the strike action Mana ran a reduced service in the Kapiti area. We worked closely with Mana during this period to ensure customers were kept informed of the service disruptions; posters were displayed on buses and at key bus stops, and the local schools were kept informed. There was also information on the Metlink website and provided by the Metlink Service Centre.

2. Metlink Service Centre (Team Leader - Pele Aulavemai)

James Clarke was appointed as the new Metlink Team Leader on Monday 27 August. He takes over from Pele Aulavemai who has worked in the Service Centre for 16 years. At Pele's request, once he has helped train James, he will move to a new role as a Senior Operator within the Metlink Service Centre. Pele has done an excellent job and is a valued member of the team.

James has had previous experience as a call centre team leader including positions at Way Ahead, a UK ticketing agency, and Ticketek and SalesForce (an outsourced call centre) in Auckland.

2.1 Call volumes

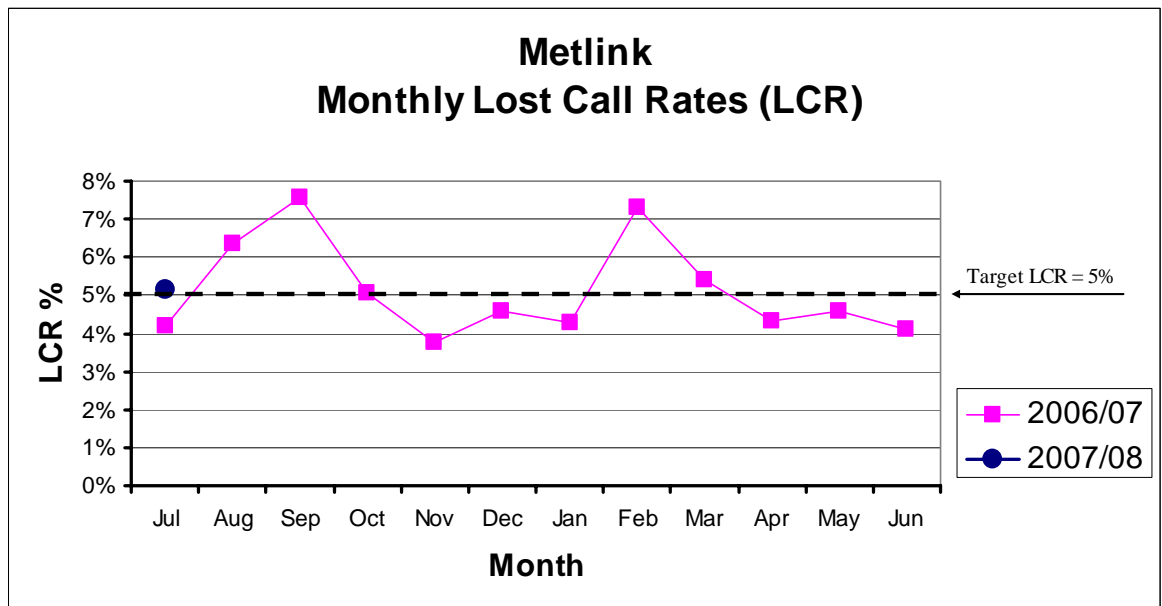


The table above shows the number of calls taken by the Metlink Service Centre and our out of hours service, comparing this financial year with the last two financial years.

Total calls for July 2007 were 35,129 compared with 50,580 in July 2006 and 27,989 in July 2005.

Call volumes were exceptionally high in July 2006 due to an ONTRACK industrial dispute and atrocious weather conditions, which caused major delays and cancellations to public transport across the Wellington region. By comparison July 2007 saw no major incidents.

2.2 Monthly lost call rates



This table shows the monthly percentage of calls that are unanswered by the Metlink Service Centre due to callers hanging up. The Metlink Service Centre's lost call rate (LCR) target is 5% or less.

The lost call rate for July 2007 was 5.15%, just above our target, mainly due to staff shortages because of sickness.

2.3 Complaints and customer feedback

The following table shows customer complaints and feedback since February 2007 by type and as a percentage of the monthly bus and train trips. The complaints are received via email and by calls to the Metlink Service Centre.

All Operators						
Category	Feb	Mar	Apr	May	Jun	Jul
Driver / guard complaint	59	72	57	109	58	84
Failed to run service	260	76	70	97	104	80
Ran late	32	62	24	59	60	65
Failed to uplift passenger(s)	25	41	31	58	67	64
Not stopping	28	34	30	60	67	63
Miscellaneous / other	110	93	43	107	83	58
Ran early	12	17	15	28	23	23
Dangerous / careless driving	10	15	11	20	13	18
Wrong fare	5	5	8	5	7	12
Ticket discrepancy	2	7	8	5	11	10
Driving too fast	1	2	5	5	2	7
Bus / train presentation	1	1	0	4	6	6
Accident	4	1	0	1	1	6
Wrong route	10	13	2	7	2	5
Failed to set down passenger(s)	1	1	2	4	5	5
Passenger caught in door	0	3	1	4	2	3
Ran red light	0	0	1	0	0	2

Wrong route no. shown	0	1	0	1	0	1
Incorrect change	1	2	0	2	3	1
Bus / train overloaded / heavyloading	6	1	3	10	2	1
Bus / train broke down	0	0	0	4	2	1
Wrong destination shown	0	0	2	4	2	0
Started before passenger seated	0	0	0	1	0	0
Started before passenger alighted	0	0	0	0	2	0
Prams / wheelchairs	0	0	0	1	0	0
Total no. of complaints	567	447	313	596	522	515
No. of trips	108055	119558	114226	122069	114887	118897
No. of complaints/ no. of trips	0.52%	0.37%	0.27%	0.49%	0.45%	0.43%
Compliment	2	3	4	6	10	14

Improved reporting procedures are now providing more accurate information about the number of complaints received by operator and type.

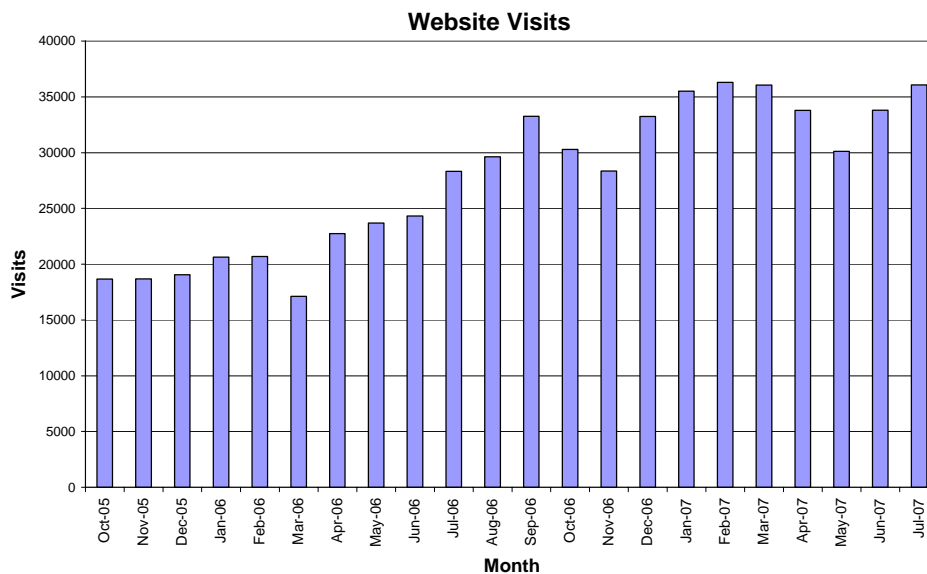
The March figures are probably an indication of the usual number of complaints. A lower number were received in April, possibly due to the school holidays and public holidays during the month.

The number of complaints increased markedly in May 2007. This increase is not attributable to any one operator or any particular event. Following the increase in May, numbers have decreased and are continuing their downward trend.

We are in regular contact with all operators about service delivery issues and complaints are discussed at our monthly meeting.

3. Information and Systems (Team Leader - Alex Campbell)

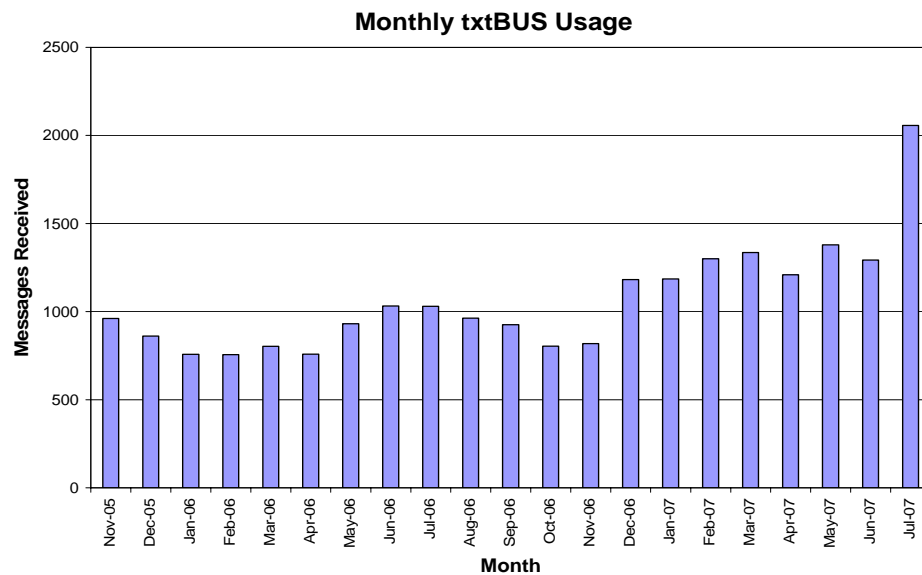
3.1 Metlink website



A total of 36,070 visits to the Metlink website were recorded in July 2007, a 27% increase over July 2006.

Since the launch of Metlink in October 2005 visits to the Metlink website have grown from around 20,000 visits per month to over 35,000 visits. This growth can be attributed to the growing visibility and awareness of Metlink, particularly as the web address appears on stops, stations, and public transport vehicle fleets, as well as timetables and newsletters. The recent Metlink brand awareness campaign from June 2007 will also have helped boost awareness of the website.

3.2 txtBUS



During July the txtBUS service was promoted with radio adverts, posters on buses, flyers distributed at major bus stops and information on the Metlink web site. As a result use of txtBUS increased 100% compared with July 2006, with 2057 text information requests received.

4. Public Transport Patronage (Alex Campbell)

For the 2006/07 financial year a total of 34,127,705 passenger trips were made on the region’s bus, train and ferry services. This represents a 2.4% decrease over the previous financial year. During this period peak time patronage decreased by 4.2% compared with a decrease of just 0.4% in off peak patronage. Results by public transport mode:

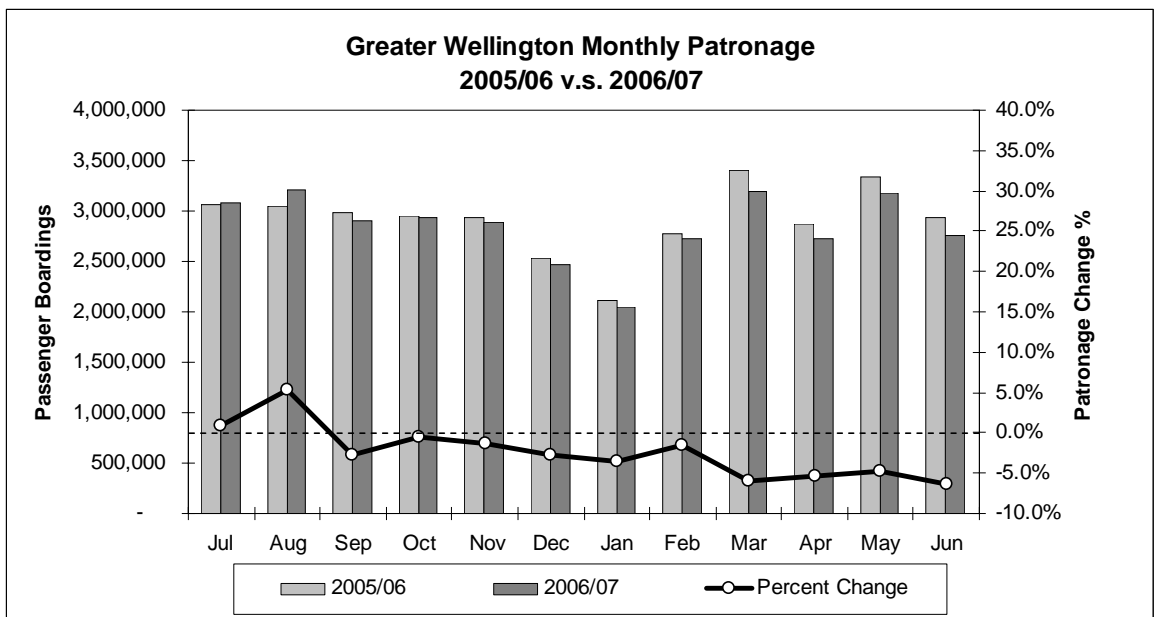
- Train patronage decreased 1.2%*
- Bus patronage decreased 2.9%
- Harbour ferry patronage increased 0.6%

*note; 2005/06 Tranz Metro data is being reviewed. This may affect the patronage results for 2006/07. An update will be provided.

When looking at passenger trips by month (see below) the effects of the September 2006 fares increase, decreasing consumer fuel prices from mid 2006 and the Wellington bus disruptions in February 2007 have contributed to declining public transport usage in all but two months of the financial year.

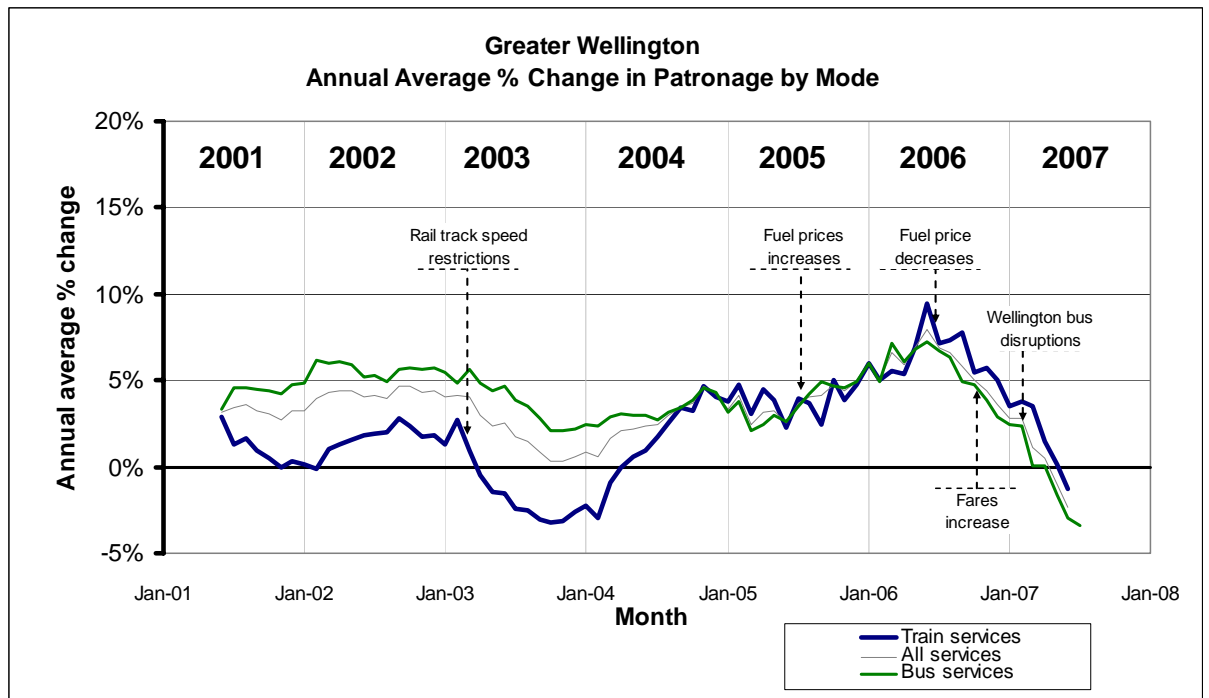
4.1 Monthly Patronage - 2006/07 Financial Year

Passenger Trips	2005/06	2006/07	% Change
July	3,058,909	3,088,631	1.0%
August	3,048,188	3,211,603	5.4%
September	2,979,259	2,896,284	-2.8%
October	2,957,498	2,943,486	-0.5%
November	2,931,648	2,892,810	-1.3%
December	2,537,868	2,469,894	-2.7%
January	2,117,288	2,043,608	-3.5%
February	2,771,039	2,728,084	-1.6%
March	3,403,083	3,199,691	-6.0%
April	2,878,061	2,721,642	-5.4%
May	3,336,249	3,178,749	-4.7%
June	2,941,694	2,753,221	-6.4%
Total	34,960,784	34,127,702	-2.4%



The above graph shows total monthly passenger boardings for both 2005/06 and 2006/07 and the percentage change in patronage for each month.

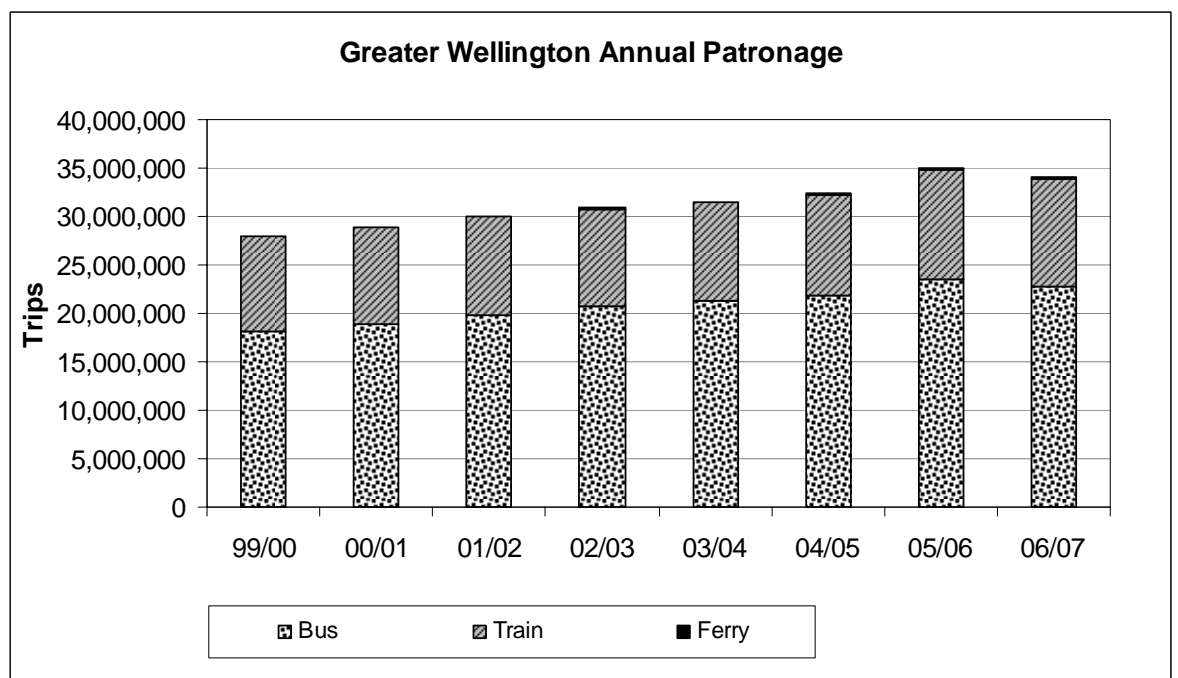
4.2 Long Term Patronage Trends



The above graph indicates the annual average percent change in public transport patronage since July 2001. This is a rolling average which compares patronage for the last twelve months with the previous twelve months allowing underlying patronage trends to be viewed.

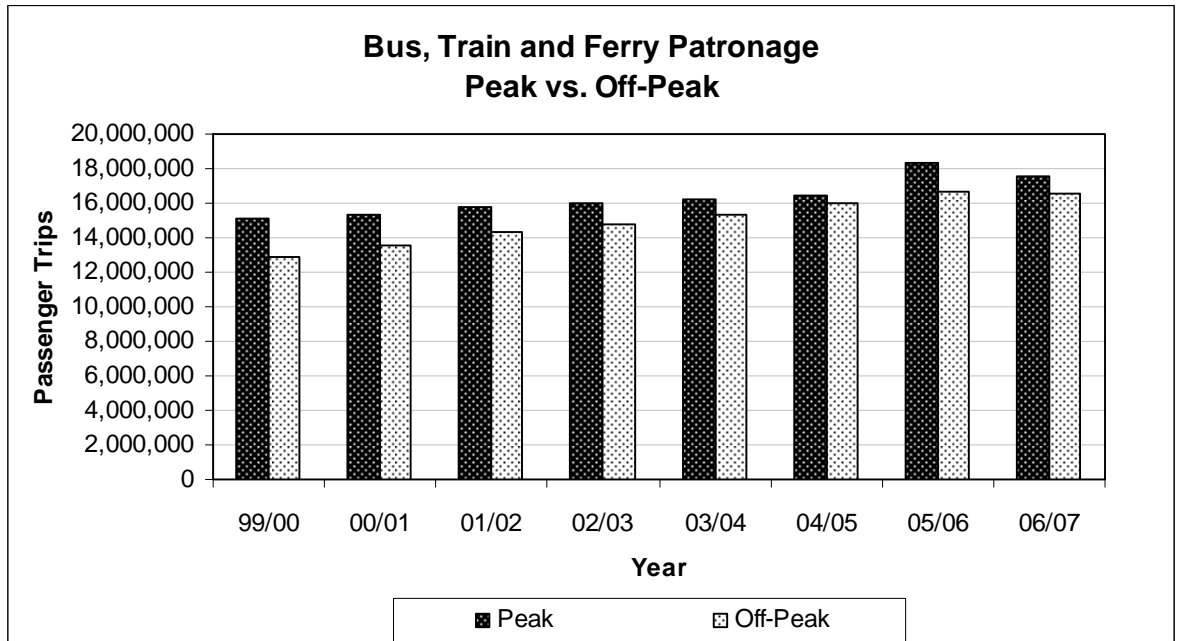
The graph also shows the impact of recent major events and their affect on the two principal public transport modes in the Greater Wellington region.

4.3 2006/07 End of Year results

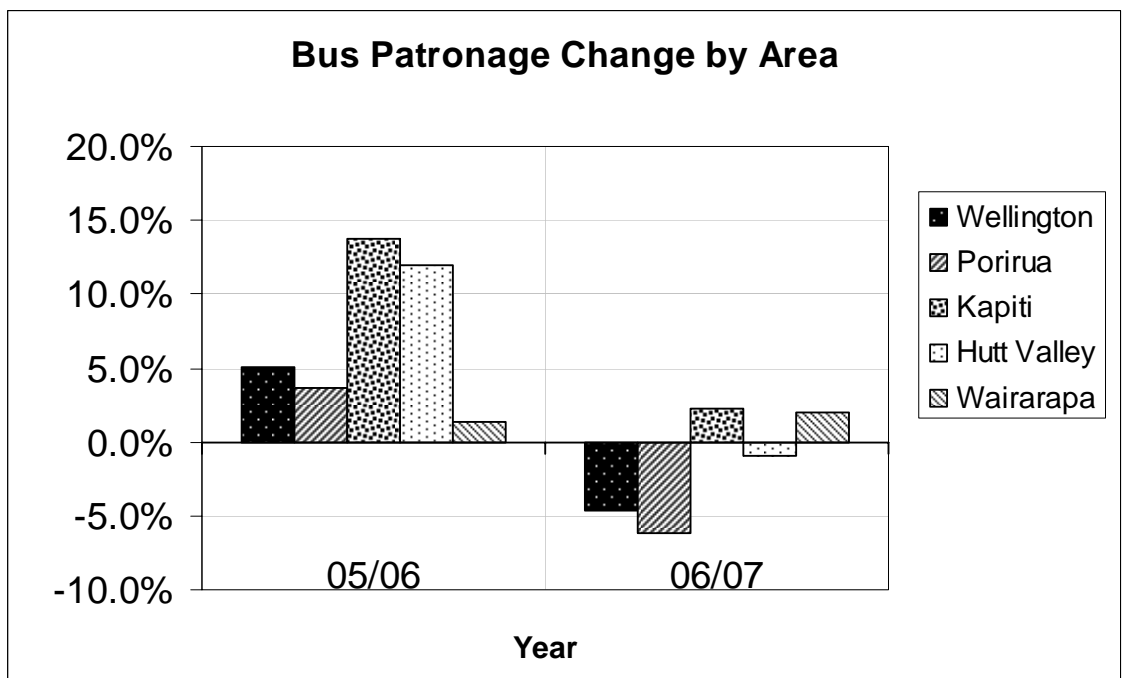


Public passenger transport patronage on bus, train and ferry services decreased by 2.4% in 2006/07. However patronage was 5.4% higher than 2004/05 which

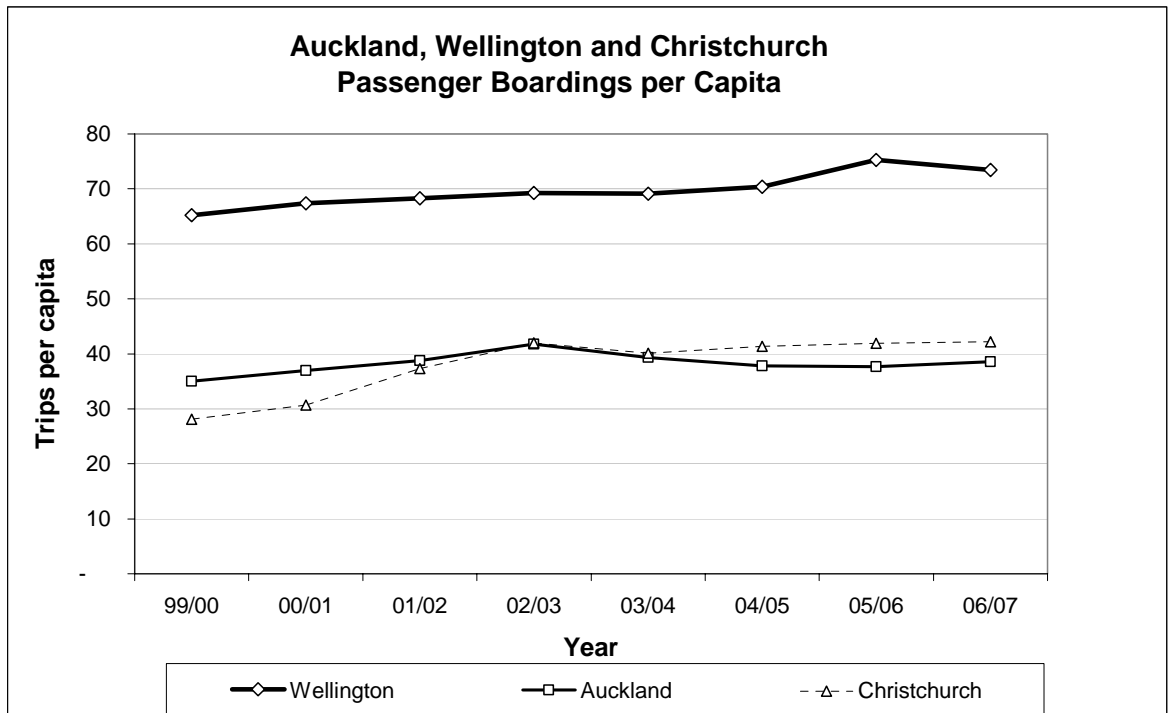
indicates that patronage is still in line with the general trend of around 2.5% growth per annum of recent years.



In 2006/07 peak time use of public transport decreased by 4.2% compared with a decrease of just 0.4% in off peak patronage. However when comparing 2006/07 with 2004/05 peak time use of public transport grew 6.6% compared with 4.1% for off peak. This therefore means that peak time public transport use is still well ahead of the 1.2% growth trend of recent years.



In 2006/07 the Kapiti and Wairarapa bus networks both experienced growth in passenger boardings of 2.2% and 2.0% respectively. However the Wellington, Porirua and Hutt Valley all saw decreases in bus use. This contrasts with 2005/06 where, driven by sharp increases in consumer fuel prices, all areas saw growth.



Greater Wellington continues to have the highest per capita use of public transport in New Zealand with around 73 trips per person per year in 2006/07. This compares with 39 trips in Auckland and 42 trips in Christchurch. While per capita use of public transport has dropped back from a high of 75 trips per person per year in 2005/06, driven by a sharp increase in fuel prices, the overall trend continues to be upward.

Karen Richardson
Manager, Metlink

Design and Development Manager's Report for period ending 31 August 2007

1. Regional Passenger Transport Plan

The Plan was adopted by Council on 14 August 2007. Printed copies should be available at the meeting.

2. Service Reviews (Yvonne Gwyn)

Officers are currently working on several service reviews, including the following:

Porirua bus services. A major focus of the review will be investigating improved routing of buses through the city centre to connect areas of high use, including the North City Shopping Centre, the Mega Centre and Whitireia Polytech.

Kapiti buses. The aim of this work was to try to investigate ways in which train users at Paraparaumu can be encouraged to use the bus rather than the currently overloaded park-and-ride facilities.

A survey of train users was undertaken recently to ascertain where they came from, how they travelled to the station, and what might influence them to use the connecting bus services. The survey showed that the majority of people travel to the station by car and nearly half use the park-and-ride. Improving the bus/train connections and allowing free travel on the connecting buses for train passengers were the two actions that would most influence train users to use the connecting buses.

We had intended presenting a paper to this Committee meeting suggesting a trial free bus service for those with monthly rail passes. However the bus company, whose co-operation is needed for such a trial to occur, has now decided it does not wish to participate in the trial. Thus the trial will not now proceed.

A report on the results of the passenger survey will be presented to this Committee at a later stage.

Some of the Wellington bus routes, in association with NZ Bus, in an attempt to simplify the routes, and increase service levels. These include the Blue Route, and in particular the Ngaio, Khandallah and Broadmeadows area.

3. Integrated Ticketing (Anke Kole)

Our consultants have started working on the system concept and the business case.

A first step is to define the project scope for the system concept and the business case. One option is to focus on Electronic Ticketing for the Wellington rail system first, with the capability to expand the system to buses later on. The other option is to develop a system concept and a business case for an Integrated Ticketing system right now. Both options will be assessed against criteria such as costs and time implications.

Another main subject at this stage is the options for collaboration with ARTA. Councillors asked officers to investigate the options for collaboration. Our consultant will assess different options for collaboration within the next weeks.

4. Real Time Information (Anke Kole)

The project, which is to prepare a business case for a real time system, is running to schedule. The work undertaken by our consultants during the last weeks has included an analysis of the current network. Some factors to emerge include:

- There is little suitable information available regarding the current performance of the PT network, both from Greater Wellington and the operators. This underlines the benefits of a Real Time Information system, which would generate this information.
- The variance of bus travel times within the Wellington region is high. Real time will deliver the information needed to adjust the timetables to the actual situation, and create a more reliable system.
- Operator participation is crucial for the project in order to have an accurate system. NZ Bus and Tranz Metro are already members of the Real Time Information Advisory Group. Mana Coach Services has been invited for the next Advisory Group meeting.
- The communication component is crucial to the Real Time Information system. Existing communication channels are available to Greater Wellington, but more research is necessary to determine which communication network will be the best to use (in terms of reliability and costs).
- The Metlink Service Centre, the Metlink web site and txtBUS are appropriate channels to distribute real time information.

The Advisory Group has discussed the first chapters of the business case being prepared by the consultants. The stakeholders recognize the benefits of the system and support it, and they have contributed in a positive way towards the preparation of the business case. More work has to be done to define the roles and responsibilities of the main stakeholders within the coming phases of the project. This will need thorough consultation by Greater Wellington mainly with operators, territorial authorities and Land Transport NZ.

Work on the cost chapter of the business case is proceeding well. Our consultant has developed a costing model which enables the comparison of

different options (in size and profile) for a Real Time Information system. Next steps towards the preparation of the business case are the benefit and risk analysis.

The business case will be presented to the Committee in November 2007.

5. Concession Fare Standardisation (Saku Kunanayagam)

Little progress has been made on this project since the last Committee meeting.

6. Total Mobility Scheme Improvements

Little progress has been made on this project since the last Committee meeting.

7. Johnsonville Bus/Rail Interchange (Adam Lawrence)

See item elsewhere on this agenda.

8. Ngauranga-Airport Study (Adam Lawrence)

The Ngauranga to Airport Strategic Study is being undertaken by Opus International Consultants Ltd for Transit NZ, Greater Wellington, and Wellington City Council.

Currently, Opus is refining its work on the packages for public consultation, which is expected to occur later this year.

Brian Baxter

Manager, Transport Design and Development

Business Manager's Report for period ending 31 August 2007

1. Manager's comments (Kerry Saywell)

In the last two months staff have been fully employed completing the financial statements and reporting for the year to 30 June 2007, responding to audit queries, making final 2006/07 claims from Land Transport NZ and working on management accounts for the 2007/08 year. At the time of writing results for July are still being finalised.

For completeness, the (unaudited) financial results for the year to June 2007 are presented in this report, (these results have previously been provided to Councillors through the bulletin).

2. Looking ahead

We are just two months into the 2006/07 year and already pressure on the operational budgets is becoming evident.

- The recent drop in the value of the NZ dollar means that the NZ dollar price of oil is the highest that it has been since the peaks seen in May to September 2006. This is likely to lead to higher inflation payments on our diesel bus contracts as there is a high correlation between oil prices and the index that we use to inflate diesel bus contract payments.
- Fare revenue collected by Tranz Metro on Wellington passenger services for July was below budget and we will keep a close watch on this as any reduction in fare revenue results increases the amount that we pay under the rail contract.

A key challenge for the division in 2007/08 will be ensuring that upgrades to Public Transport infrastructure proceed as planned. There is a heavy workload in 2007/08, in respect of upgrades to rail infrastructure and rolling stock.

3. Net operating result for the division (to 30 June 2007)

The net operating deficit for the Public Transport Division for the year ended 30 June 2007 is \$10.9 million compared to the budgeted surplus of \$59.1 million.

If the numbers are restated to exclude capital expenditure related operating results then the net operating deficit for the Public Transport Division for the year to date is \$1.4 million compared to the budgeted deficit of \$0.6 million. The unfavourable variance of \$0.8 million is primarily because of higher than anticipated costs of inflation on diesel bus contracts and the rail operating contract. Some savings were made in trolley bus contracts and the planned total mobility scheme extension.

The full year actual result on the same adjusted basis shows an operating deficit of \$1.4 million compared to the forecast deficit of \$2.1 million. The

main reason for this was an incorrect forecast for trolley bus overhead revenue of \$0.7 million.

More detail is included in the following table and explanations:

**Public Transport Division
Financial Performance by Programme for the Period Ended 30 June 2007**

\$ Thousands	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Rates Revenue	30,697	30,697	0 F	0.0%	30,697	30,697	0 F	0%
Grants & Subsidies	50,066	100,365	50,299U	-50.1%	48,898	100,365	51,467U	-51%
External Revenue	379	148	231 F	156.1%	148	148	0 F	0%
Investment & Other Revenue	51	122	71U	-58.2%	80	122	42U	-35%
Internal Revenue	50	809	759U	-93.8%	50	809	759U	-94%
Total Revenue	81,243	132,141	50,898U	-39%	79,873	132,141	52,269U	-40%
Rail Operating Contracts	19,921	17,737	2,184U	-12.3%	18,949	17,737	1,211U	-7%
Diesel Bus Operating Contracts	27,048	24,195	2,853U	-11.8%	27,274	24,195	3,079U	-13%
Trolley Bus Contracts	5,653	6,515	862 F	13.2%	5,458	6,515	1,057 F	16%
Ferry Operating Contract	220	90	130U	-144.4%	215	90	125U	-139%
Rail Rolling Stock	4,425	8,077	3,652 F	45.2%	1,583	8,077	6,494 F	80%
SW Cars Project	19,652	0	19,652U	0.0%	0	0	0 F	0%
Bus Priority Measures	0	0	0 F	0.0%	0	0	0 F	0%
Carpark Developments	39	39	0 F	0.0%	39	39	0 F	0%
Bus Stop & Shelter Maintenance	765	1,053	288 F	27.4%	773	1,053	280 F	27%
Park N Ride Development	627	779	152 F	19.5%	790	779	11U	-1%
Wellington Interchange Payments	617	617	0 F	0.0%	617	617	0 F	0%
Waterloo Interchange Payments	297	309	12 F	3.9%	317	309	7U	-2%
Johnsonville Line Project	0	0	0 F	0.0%	0	0	0 F	0%
Rail Development Project	474	0	474U	-100.0%	510	0	510U	-100%
Western Corridor Rail Projects	13	500	487 F	100.0%	50	500	450 F	90%
Total Mobility Scheme	1,800	1,864	64 F	3.4%	1,743	1,864	121 F	6%
Integrated Ticketing Maintenance	5	507	502 F	0.0%	5	507	502 F	99%
Rail Rolling Stock Maintenance	0	38	38 F	100.0%	0	38	38 F	100%
Rail Station Upgrades & Maintenance	1,843	182	1,661U	-912.6%	149	182	33 F	18%
Service Improvements	847	1,545	698 F	45.2%	827	1,545	719 F	47%
Subtotal Procurement	84,246	64,047	20,199U	-32%	59,297	64,046	4,750 F	7%
Integrated Ticketing -Design	72	100	28 F	28.0%	100	100	0 F	0%
Service Design Studies	45	125	80 F	64.0%	40	125	85 F	68%
Total Mobility Scheme Extension	0	941	941 F	100.0%	0	941	941 F	100%
Subtotal Design & Development	117	1,166	1,049 F	90%	140	1,166	1,026 F	88%
Transport Systems	205	233	28 F	12.0%	198	233	35 F	15%
Marketing & Promotion	653	1,117	464 F	41.5%	765	1,117	352 F	32%
Subtotal Metlink	858	1,350	492 F	36%	963	1,350	387 F	29%
Total Project Expenditure	85,221	66,563	18,658U	-28%	60,400	66,563	6,163 F	9%
Administration and Overheads	5,490	5,144	346U	-6.7%	5,077	5,144	67 F	1%
Other	1,451	1,351	100U	-7.4%	1,353	1,351	2U	0%
Total Expenditure	92,162	73,058	19,104U	-26%	66,830	73,058	6,228 F	9%
Net Operating Surplus Deficit	-10,919	59,083	70,002U	-118%	13,043	59,083	46,041U	-78%
Less Operating costs and revenue associated with capex	-9,496	59,689	69,185 F	115.9%	15,119	59,689	44,570U	-74.7%
Adjusted Operating Surplus/Deficit	-1,423	-606	817U		-2,076	-606	1,471U	

3.1 Adjustments and Estimates

The operating surplus / (deficit) is adjusted in the report to enable the normal operations of Public Transport to be viewed without capital expenditure related distortions. There are two main distortions:

- Funding from Land Transport NZ for capital works is recognised as income in the year of receipt. Planned capital expenditure in 2006/07 was \$82.9 million which was planned to attract \$61.9 million of government grants.

- Items planned as capital expenditure have been reclassified as operating expenditure because Greater Wellington will not own the asset created. Some assets will be owned by ONTRACK and some will be owned by our 100% owned subsidiary GWR Ltd. Items of capital expenditure have been reclassified as operating expenditure in June. These include:
 - SW Cars (carriages for the Wairarapa Line). These will be owned by GWR Ltd.
 - Expenditure on the Wairarapa rail station platform upgrades. These will be owned by ONTRACK.
 - Expenditure on the SWE Cars (additional carriages to increase short term capacity). These will be owned by GWR Ltd.
 - Expenditure to date on the new EMU's (trains). These will be owned by GWR Ltd.

The year end numbers have been prepared on the best available information, however they incorporate a number of significant estimates including:

- The amount of the final Tranz Metro subsidy for the year
- Renewals charge from Tranz Metro
- Diesel bus inflation for the last quarter
- Assumed revenue based on our supplementary claim to Land Transport NZ

3.2 Revenue

Grants and subsidies is showing a \$50.3 million unfavourable variance and this was forecast to be a deficit of \$51.5 million at year end. This was caused by:

- Delays to capital expenditure have resulted in \$46.1 million of the variance. If capital expenditure does not take place then the associated grant funding is not claimed from Land Transport NZ. The new EMU project alone accounted for \$33.6 million of this
- Rail rolling stock heavy maintenance expenditure was significantly less than budget. This has reduced grant revenue by \$4.3 million.

External revenue is showing a favourable variance of \$0.2 million which relates to receipt of revenue for a land settlement with Transit NZ in June 2007.

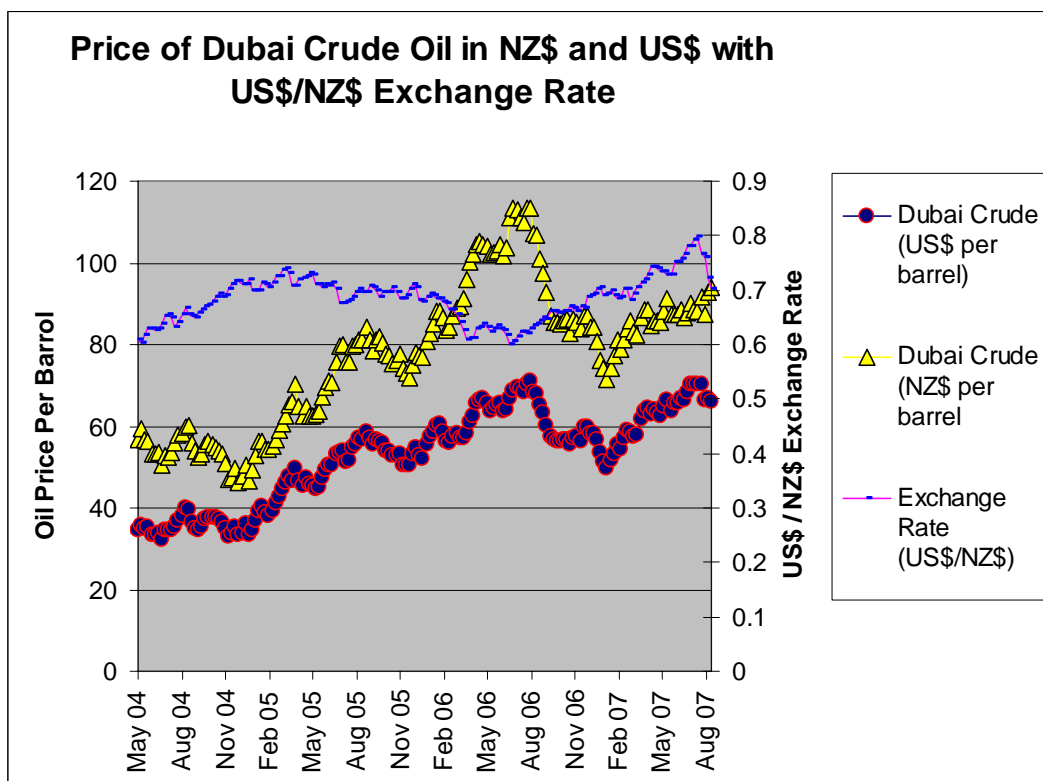
Internal revenue is showing an unfavourable variance of \$0.8 million. However this is internal within the Division and does not affect the overall result as there are offsetting internal cost variances.

3.3 Expenditure

The rail operating contract was \$2.2 million over budget reflecting Tranz Metro’s unaudited full year operating result. This increase has been driven by increases in Tranz Metro’s labour, fuel and traction and purchased services expenditure. It also includes a \$0.5 million charge for track renewals expenditure which was not forecast.

The diesel bus operating contracts are \$2.9 million over budget. This is mainly because oil prices have been substantially higher than expected when the budget was set in June 2006 (oil prices drive the index that determines contractual inflation payments to bus operators).

The attached graph shows the fluctuations of oil prices and the US\$/NZ\$ exchange rate over the last three years and highlights the extreme volatility of oil prices. The graph shows that the recent drop in the value of the NZ dollar has increased the NZ dollar price of oil to the highest that it has been since the peaks seen in May to September 2006.



Trolley bus contract expenditure and expenditure on trolley bus overheads is \$0.9 million under budget. The new trolley bus contract takes effect from 1 July 2007.

Rail rolling stock expenditure is \$3.6 million under budget including:

- A reduction/delay in TranzMetro’s heavy maintenance programme of \$5.1 million

- Additional expenditure on the new EMU's of \$2.3 million. This project was reclassified from capital expenditure to operating expenditure (The capital expenditure budget for this item is \$44.2 million).
- Unbudgeted expenditure on the additional capacity SWE rail carriages of \$0.2 million

Although the SW cars project (Wairarapa rail carriages) is showing a \$19.6 million favourable variance, this is because the project was reclassified from capital expenditure to operating expenditure (The 2006/07 capital expenditure budget for this item was \$26.4 million).

The bus stop and shelter maintenance full year positive variance of \$0.3 million reflects delays to timing of 2006/07 expenditure as well as amounts to be re-budgeted into 2007/08 for new Metlink signs ('CBD' units). In addition a year end adjustment was made to reclassify \$0.1 million of this as capital expenditure.

Park and ride development is showing a \$0.2 million favourable variance. Some work has been rebudgeted to 2007/08.

The rail development project is showing deficit of \$0.5 million as no budget was allocated to it. This includes \$0.1 million for capacity studies and \$0.4 million for work on the rail ownership plan. This rail ownership review is strategically important for the Division and was not apparent when the 2006/07 budgets were set. The review will provide asset management information which forms an important component of the Long-term Council Community Plans and is also required for Land Transport NZ funding applications.

Western Corridor rail projects are \$0.5 million less than budget. A review of the suite of Western Corridor rail projects is underway with a renewed focus on rail service reliability and infrastructure capacity for growth. KCDC, Transit and ONTRACK have been involved to ensure early co-ordination of joint interdependent projects. Land Transport NZ has approved funding for the double tracking of the railway line from Mackays Crossing to Waikanae and electrification from Paraparaumu to Waikanae. Work is planned to start in the 2007/08 year. Work has also begun on Kapiti station concept designs which are required to produce robust cost information on the operational and community benefits of specific station locations and configurations. The studies will also address train stabling locations and configurations.

The integrated ticketing maintenance project has been delayed and is showing a \$0.5 million favourable variance. The scope of future integrated ticketing initiatives is currently under review.

Rail station upgrades & maintenance is showing a \$1.6 million unfavourable variance. This because work on the Wairarapa station platforms has been reclassified from capital expenditure to operating expenditure (The capital expenditure budget for this item was \$3.5 million).

Service improvements are planned increases in bus and ferry services. Service improvements have been reduced in 2006/07 to help offset increased diesel bus expenditure. This is reflected in the \$0.7 million favourable variance for the full year.

The total mobility scheme extension budget of \$0.9 million was not spent in 2006/07 because of uncertainty over government funding. This uncertainty has largely been resolved and Greater Wellington will look at moving to phase two in 2007/08.

Marketing and promotion is \$0.5 million under budget. \$0.3 million of this budget was earmarked to assist with the new CBD signs and has been carried forward as a rebudget to 2007/08 (see bus stop and shelter maintenance comment above). The balance of the variance reflects reductions in timetable production and reduced branding and promotional expenditure.

4. Capital Expenditure

Capital expenditure (net of asset disposals) for the year is nil compared to a budget of \$82.9 million. The main reasons for this are:

- The most significant variance of \$42.7 million is because of delays to timing of expenditure on the new EMU project. There has been some slippage in the new EMU's project timeline because negotiations around the procurement process with Toll NZ and Land Transport NZ (approval of the procurement process), took longer than anticipated. However, other procurement timeframes have been compressed to keep the overall project timeline on track (new EMU cars into service in 2010).
- A year end adjustment was made to reclassify \$24.0 million of capital expenditure as operating expenditure. This included reclassification of:
 - SW Cars \$19.7 million
 - New EMU's \$2.3 million
 - Wairarapa stations \$1.7 million

If capital expenditure had not been reclassified as operating expenditure then actual capital expenditure would be \$23.7 million compared to the budget of \$82.9 million.

The actual capital expenditure for this year is nil compared to the forecast amount of \$23.9 million. This is because capital expenditure has been reclassified as operating expenditure. (see above).

Capital expenditure is funded by a mix of Land Transport NZ grants, internal loan funding and Crown loans. Consequently, delay, deferral or reclassification of capital expenditure has only a minor effect on the overall funding position of the Division.

More detail is included in the following table and explanations:

**PublicTransport Division
Capital Expenditure for the Period Ended 30 June 2007**

Project	Year To Date			Full Year Forecast		
	Actual \$000	Budget \$000	Variance \$000	Forecast \$000	Budget \$000	Variance \$000
Capital						
J'ville Mall	0	1,000	1,000 F	0	1,000	1,000 F
PT Enhancements	0	1,000	1,000 F	0	1,000	1,000 F
Concessionary ID Cards	0	360	360 F	0	360	360 F
Metlink signage	96	0	96U	94	0	94U
Other capital items (vehicles etc)	84	255	171 F	149	255	106 F
Investment Additions						
SW Wairarapa Cars (trains)	0	26,420	26,420 F	19,665	26,420	6,755 F
Ganz Mavag (trains)						
Refurbishment	0	200	200 F	0	200	200 F
New EMUs (trains)	(441)	44,172	44,613 F	1,500	44,172	42,672 F
Western Corridor Rail Projects	0	200	200 F	0	200	200 F
Rail Depot Equipment	0	5,250	5,250 F	0	5,250	5,250 F
Rail Station Upgrades	101	3,500	3,399 F	2,011	3,500	1,489 F
Rail Security	144	550	406 F	536	550	14 F
Total Capital Expenditure	(16)	82,907	82,923 F	23,955	82,907	58,953 F

The pace of the Johnsonville Mall redevelopment project has increased although expenditure did not proceed in 2006/07 and has been rebudgeted to 2007/08. We are working closely with the developer and other agencies to get the best public transport outcome for the region. Options are being developed around modifications required to the Johnsonville bus-rail interchange.

Greater Wellington is not able to have an ownership interest in the PT Enhancements (i.e. bus lanes) and some work is now planned to be undertaken in 2007/08 by Wellington City Council.

The concessionary ID cards work budgeted here will not be undertaken in 2006/07. A study is now planned in 2007/08.

The Metlink signage item has resulted from the year end reclassification of the new CBD signs from operating expenditure to capital expenditure

The favourable variance of \$26.4 million for the new SW rail carriages for the Wairarapa line is because this expenditure has been reclassified as operating expenditure. The actual operating expenditure for the year is \$19.7 million reflecting delays to this project. The current expected completion date is December.

Refurbishment of the Ganz Mavag trains budgeted here has been deferred and may now start in 2007/08.

The timing of the project to purchase new trains (EMU's) has been significantly altered, which is reflected in the favourable year variance of \$44.6 million. There has been some slippage in the new EMU's project timeline because negotiations around the procurement process with Toll NZ and Land Transport NZ (approval of the procurement process), took longer than anticipated. However, other procurement timeframes have been compressed to keep the

overall project timeline on track (new EMU cars into service in 2010). The year to date expenditure of \$1.9 million and expenditure from previous years of \$0.5 million has been reclassified as operating expenditure.

The budgeted Western Corridor rail project work on the Kapiti Bus/Rail Interchange did not commence in 2006/07 as planned. Expenditure is expected to occur in 2007/08 and future years.

The work budgeted under rail depot equipment will now be funded from the rail operating contract. Land Transport NZ have indicated that they would not fund this work because the assets would not be solely used for provision of passenger rail and ownership of the assets would not reside with Greater Wellington

The rail station upgrades favourable variance of \$3.4 million is because of:

- Reclassification of \$1.7 million of work upgrading the Wairarapa rail station platforms from capital expenditure to operating expenditure
- Delays in the completion of rail station upgrades work, primarily on the Wairarapa stations but also on Upper Hutt car parks and the Plimmerton subway extension. The remaining work has been rebudgeted to 2007/08.

The rail security budget has been used on Wairarapa CCTV and stabling work. The stabling work has been completed but the installation of the Wairarapa CCTV will only be done in August 2007. The remaining work has been rebudgeted to 2007/08.

Kerry Saywell
Manager, Business