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Report to the Passenger Transport Committee
From Dr D J Watson, Division Manager Transport

Divisional Manager's Report – March 2002

1. Purpose

To provide an update on the Division's financial situation and its performance against the Annual Plan performance indicators. To bring to the attention of the Committee various matters of interest that have occurred since the last meeting.

2. Financial Position

Attached is a summary of the Division's financial position as at 31 January 2002 (**attachment 1**). Overall, the Division has a favourable financial variance of \$1.04 m. This is primarily due to:

- a \$343,000 favourable variance as a result of Transfund's payment for WRC's claim for expenditure over the 2000/01 regional programme. This claim was included as a contingent asset but was not sufficiently certain to accrue in the 2000/01 accounts
- a \$338,000 favourable variance as a result of inflation being below budgeted levels following decreases in diesel prices during the period
- a \$310,000 favourable variance as a result of patronage revenue being above budget.

3. Annual Plan Performance Indicators

The annual plan performance indicators are all expected to be achieved at this point in time with the exception of those associated with the production of timetables. Costs will be above budgeted levels due to the need to include the new kick start services on timetables. However, these costs are largely offset by additional Transfund revenue.

4. Patronage Revenue Update

Patronage revenue of \$1.8m was budgeted for in the 2001/02 financial year with \$0.9m budgeted for the 6 months ended 31 December 2001. Returns from operators equate to actual patronage revenue of just over \$1.2m for the 6 months ended 31 December 2001.

Patronage revenue is earned in four categories of measurement:

- increase in passenger boardings in peak period
- increase in passenger kms in peak period
- increase in passenger boardings in off peak period
- increase in passenger kms in off peak period.

Increases are measured in relation to the baseline data. The baseline data represents the passenger numbers and kms on the Wellington network for the 99/00 year.

Revenue earned by category is provided in Table 1 below.

Table 1 – Patronage Revenue to 31.12.01

Increase in category:	Patronage Payment Rate	Patronage Increase	Patronage Revenue (\$s)
Peak Boardings	\$1.05	+119,465	+ 125,438
Peak Passenger Kms	\$0.17	+ 4,318,151	+ 734,086
Off Peak Boardings	\$0.15	+457,793	+ 68,669
Off Peak Passenger Kms	\$0.06	+4,701,450	+ 282,087
Total			+1,210,280

As can be seen from the table patronage data has been favourable in all categories. In the peak the figures represent approximately a 2% increase over baseline figures for boardings and a 4% increase over baseline for passenger kms. Major drivers of these increases have been the growing population and workforce in two areas - Kapiti coast and North Wellington suburbs. This demand has been met by new kick start services, with the new kick start rail services providing the impetus for the 4% growth in passenger kms.

Off peak figures represent a 7% increase for both boarding and kms over baseline figures. With the mature life cycle of most of the Wellington network the off peak period is the period with greatest opportunity for growth. For example in Wellington city 10 and 15 minute interval services have been running in the peak period long before the introduction of the patronage scheme. However, there has been room for growth in the shoulder of the peak and this is where Wellington kick start services have been introduced, albeit only at off peak rates.

Attachment 2 to this report provides trend graphs comparing the patronage data to December 2001 with the baseline data.

5. Tranz Metro Wellington 2001/02 Contract

No progress has been made towards completing the negotiation of the 2001/02 urban rail contract with Tranz Metro Wellington. Tranz Metro Wellington is proposing to introduce a third Masterton peak service during the month. It has also announced publicly that it is reviewing fares. Tranz Metro Wellington have been advised that any fare increase needs to be considered as part of the contract price for 2001/02.

6. Meetings

(a) *Regional Transport Officers Meeting, Palmerston North (07/12/01)*

This group meets about three times a year to discuss areas of common interest and provide opportunities for national transport organisations to disseminate information to all Regional Council transport officers at one time. The main point of interest of the meeting was the information provided by Mr T Toleman, Deputy Secretary of Transport, on the Government transport legislative programme. Most of his comments were overtaken by the Government transport policy announcement made on 1 March. He did, however, mention the concern of Government over the number of deaths occurring in New Zealand due to vehicle emissions. More stringent emission standards are likely to be applied to imported vehicles in the future to improve air quality.

(b) *Lambton Interchange*

The Chairperson and deputy Chairperson of the Council and I made a presentation to the full Transfund New Zealand Board on the Lambton Interchange funding issue on 13 December 2002. The result of the Board's further meeting in February 2002 was communicated to the Policy and Finance Committee at their 5 March meeting.

7. Staff Matters

There has been an unusual flurry of staff changes over the last few months. First to arrive was John Row, a Tasmanian, then Penny Wang, from China, both are working in Transport Policy. Another new recruit is Alex Campbell who previously worked for the Canterbury Regional Council, he joins the Passenger Transport group. Unfortunately all three arrived too late to join in the team building day held in December over in the Wairarapa.

8. Recommendation

That the report be received.

DAVE WATSON
Divisional Manager, Transport

Attachment 1: Transport Division's financial position

Attachment 2: Trend graphs