greater WELLINGTON
THE REGIONAL COUNCIL

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Committee Policy, Finance and Strategy
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Transport Division: Proposed Business Plan 2003-2013

1. Purpose

To seek adoption of the proposed Transport Division Business Plan, including any amendments approved by the Committee.

2. Assumptions

A number of assumptions have been made as a basis for the preparation of the Transport Division Business Plan, these are:

- The Council continues to support the implementation of the public transport policies and projects of the current Regional Land Transport Strategy.
- The government and its transport agencies will not introduce any new major policy or funding initiatives, beyond those outlined in the Land Transport Management Bill, that will effect the Council's programme for the 2003/04 financial year.
- The Council's current funding policies for passenger transport will continue.
- The funding provided by Transfund New Zealand will consist of three parts:
  - Baseline funding – this is the level of funding being received for existing services and is subject to inflation and renegotiation.
  - Patronage funding – this is assumed to be $4m in 2003/04 rising to $4.5m in 2004/05 and $5m in 2005/06 and remaining at that level through to 2012/13.
  - Alternatives to Roading (ATR) funding – all passenger transport capital projects will receive at least 40% Transfund New Zealand funding. (If assumed patronage growth funding does not materialise, the Council will need to re-evaluate its future expenditure programme on public transport.)

- Cost of existing contracted bus services will increase by 4% in 2003/04 with no increase in future years.

- An additional income source amounting to $1m in 2006/07 and rising to $7m in 2012/13 will be found. This is assumed to come from income associated with tolling some road projects, including the "HOT" lane concept.

- Until there is legislation allowing the Council to own public transport infrastructure it is assumed that the Council will enter into service agreements with territorial local authorities to fund major infrastructure projects at an 8% annual funding rate over periods up to ten years.

- Tranz Metro Wellington will be sold by Tranz Rail Limited and the new owner will be interested in providing urban rail services in the region over the long term.

3. Key Projects

Much of the Transport Division future costs are related to existing expenditure contracts for passenger transport services. The key cost drivers for the future are the cost of rail services, bus services, total mobility, and infrastructure. What follows is a description of the highlights under each heading. More detail is provided in the Transport Division Business Plan which has been previously distributed to Councillors and which will be tabled at the 4 March 2003 meeting.

3.1 Urban rail

The Council, through its RLTS, knows what it wishes to see provided by the rail operator over the next few years. The Council's ability to implement this programme is dependent on there being a rail operator interested in providing urban rail services in the long term. The LTCCP for 2003-2013 assumes the current rail operator's view of these requirements which are to maintain the existing services, through carriage refurbishment and replacement, and providing the additional services required by the RLTS over time. No doubt the new rail operator will hold a different view on how to achieve these aims and this will mean a change to the LTCCP in future years.

Because of the ongoing delay, to be able to enter into a long term contract with a rail operator, the Waikanae rail extension project has unfortunately had to be delayed until the 2004/05 year.

3.2 Buses

The Hutt Valley Bus Service Review has carried the phrase "community services rather than commuter services". The review has introduced the concept of providing public transport services that reduce the need for private car travel by providing access to a full range of local opportunities. This is in keeping with the council's overall "sustainable region" goals.

The review process used in the Hutt Valley will be duplicated in Porirua in 2003/04, Wellington in 2004/08 and the Kapiti Coast in 2005/06.

3.3 Total Mobility

The Total Mobility scheme is to be reviewed by government agencies as part of the government's "disability strategy". This has proved too hard on all previous occasions so progress is expected to be slow. Meanwhile the demand for the scheme in the region continues to grow and the Council needs to recognise this pressure and its funding consequence.

3.4 Infrastructure

The major infrastructure project included in the 2003/04 year is the Porirua bus/rail interchange. The only change from the previous long term financial strategy is deferral of the Petone to Ngauranga bus lane or "HOT" lane until the 2006/07 year.

3.5 Other costs

The major other costs are staffing and calibration of the regional transport model. The Division has restructured and the costs of that have been included in the operating plans. The transport model needs to be recalibrated every ten years, close to a national census year. The next recalibration is proposed for 2010/11.

4. Changes Between 2002/03 And 2003/04

The 2003/04 transport rate increase is less than 0.1% over the 2002/03 year. This marginal rate increase has been achieved in part by using $650,000 of transport reserve to reduce the rate. The effect on individual properties will vary as the transport rate is allocated each year using updated information. The transport rate impact on individual properties depends on the change in cost of services, change in population as well as changes in journey to work data.

5. Financial Implementation Across The Ten Years

There is a steady rise in rail, bus and Total Mobility costs over the ten years. This is due to planned increases in bus costs resulting from changes in services to reflect the provision of improved access and the continuation of trolley bus services beyond 2004.

Rail costs reflect the clear need for infrastructure renewal and refurbishment. As a consequence transport rates are expected to increase over the first five years at an average of 4% and then reduce down to around 1% per annum.

6. Changes To The Proposed Business Plan Recommended By Officers

The transport rate increase in the 2004/05 year is forecast to be about 8%. To smooth the level of transport rating over the next several years it is suggested that the $650,000 transport reserve currently proposed to be used in the 2003/04 year, be applied over the 2003/04 and 2004/05 years.

7. Recommendations

That the Committee recommend to Council that it:

1. *Receive the report and note its contents.*

2. *Note that the proposed Business Plan for the Transport Division includes proposed operating plans for the following departments:*

    - *Transport Procurement*
    - *Transport Service Design*
    - *Access Planning*

3. *Note that the officers are recommending that the proposed Business Plan for the Transport Division be amended by applying the $650,000 Transport reserve equally in the 2003/04 and 2004/05 years rather than just the 2003/04 year.*

4. *Approve the proposed Business Plan for the Transport Division (including any amendments approved by the Committee) for inclusion in the Council's proposed long term Council Community Plan 2003-2013 (incorporating the Council's 2003/04 Annual Plan).*

Report prepared by:

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