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Committee Passenger Transport
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Progress on Establishing a Long Term Arrangement for the Provision of Urban Passenger Rail Services in the Greater Wellington Region

1. Purpose

To advise the Committee of the evaluation requirements of Transfund New Zealand prior to the finalisation of a new urban passenger rail contract.

To receive a memorandum from Cr Evans seeking a review of the long term future of rail passenger services on the Melling and Johnsonville lines and to demonstrate that his issues will be satisfied by the work required by Transfund New Zealand.

2. Background

The Committee has been kept informed of the changing relationship between the Council and the majority shareholder of Tranz Rail Ltd, Toll Holdings. Discussions with Toll Holdings are continuing with them developing a business plan which will identify, among other things, their expectations of patronage growth over time, the capital requirements to both maintain existing capacity and grow capacity, the income expected from patronage growth and price changes over time, and scenarios covering the ways of funding capital expenditure.

Transfund New Zealand have a new project evaluation process driven by the new Land Transport Management Act and any proposed future arrangements between the Council and Toll need to be evaluated through this new process.

Cr Evans has put his concerns, over the justification for the possible level of capital expenditure on Melling and Johnsonville lines, in writing to the Committee Chairperson and these comments are attached (**attachment 1**).

The evaluation requirements of Transfund New Zealand are expected to help answer the issues raised by Cr Evans.

3. The Transfund evaluation process

Transfund New Zealand requires the Council to submit an evaluation of urban rail on two levels.

First there is the business case. Is urban passenger rail the appropriate mode for the long term? This is the strategic case for rail. The current Regional Land Transport Strategy (RLTS) supports urban rail as an arterial priority in the public transport network (page 37 of the RLTS).

Transfund has asked us to review the business case for rail, to do this we are undertaking an evaluation of each of the current urban rail lines using the Council's present updated transport model. This analysis will consider each of the urban rail lines separately. This will assist to answer the issues raised by Cr Evans as well.

The business case analysis will clearly also be used during the RLTS review process.

The second evaluation required by Transfund is the business plan. Having established that all or part of the current urban rail network is justified then the next stage is the establishment of the level of funding, particularly capital, over time that is required to maintain and improve the network. The business plan is being developed jointly between the Council and Toll. A significant element of the business plan will be the contract. Transfund New Zealand is involved in the development of the business plan and contract as a funding partner. This work is running alongside the business case analysis. It also will inform the issues raised by Cr Evans.

Both these evaluation processes are expected to be completed in the next few months.

4. Communications

There is nothing to be communicated at this point.

5. Recommendations

- 1. The Committee receive the report and the attachment memorandum from Cr Evans.*
- 2. That the Committee note the work currently being undertaken as a business case and business plan for urban passenger rail and that this work will cover the issues raised by Cr Evans.*

Report prepared by:

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Attachment

1. Memorandum by Cr Evans