



Report 08.272  
Date 22 April 2008  
File E/06/29/03

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

- A series of seven public transport community forums were held in March and April 2008 with the objectives of:
  - Informing greater Wellington regional communities about possible future enhancements to the regional public transport network
  - Encouraging public discussion about the various options.

Although attendance was relatively low (total attendance 200) the presentations were generally well received and attendance did increase for the later sessions.

- The Regional Rail Plan team have discussed the preliminary results with Toll and ONTRACK and are now proceeding with further model runs, sensitivity tests and alternative capital programmes. Work has also begun on the funding and implementation elements of the plan. The final document is due early in the next financial year.
- For the 2007/08 financial year to date approximately 22,325,000 passenger trips have been made on the region's bus train and ferry services. This represents a 0.2% growth over the previous financial year. Recent consumer fuel price increases have seen patronage increase by over 6% for the most recent months of January and February.

- Metlink News Issue 5 has been produced with copies distributed to the public in mid April.
- TxtBUS usage reached a new high with 2844 information requests handled in March 2008. A total of 8024 information requests were handled in the January – March 2008 quarter, an increase of 186% over the same quarter last year.
- A significant proportion of work on the Plimmerton station subway extension has been completed. Porirua City Council have made arrangements for landscaping. A lease of land for commuter car parking at the Domain has been entered into between Porirua City Council and Greater Wellington. This project is on track for completion this financial year.
- Due to the Dowse Interchange work there will be a temporary reduction of car parking space at Petone sometime this month because of the demolition of the building adjacent to the old Chep site. Discussions continue over the market rental of plot 43 at Petone proposal for a new 60 spaces park and ride.

## **4. Financial report**

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

The net operating surplus from operations for the Public Transport Division for the nine months ended 31 March 2008 is \$0.9 million compared to the budgeted deficit of \$7,000.

The most significant variance is the \$0.5 million reduction in expenditure on diesel bus operating contracts. This was mainly because the June 2007 quarter diesel bus inflation was less than expected which has had a positive impact on the year-to-date spend for this financial year. However, this result is expected to turn around by year end, if oil prices remain high and the \$NZ / \$US exchange rate remains stable. Other variances are detailed in section 3.

If operating costs and revenues associated with capex are also included, then the overall operating position becomes a deficit of \$4.0 million compared to the budgeted deficit of \$14.0 million. The decreased deficit is because of changes to timing of capex and improvement projects i.e. ONTRACK infrastructure upgrades, rail rolling stock projects and station, platform and carpark upgrades.

### **4.2 Forecast full year operating result**

The full year forecast net operating deficit from operations is \$0.1 million compared to the budgeted deficit of \$0.1 million. Although the overall picture is very close to budget, there are a number of items that are forecast to be over or under spent. These are detailed in section 3.

When capital and improvement projects are taken into account, the overall forecast operating position becomes a deficit of \$9.6 million compared to the budgeted deficit of \$18.4 million.

#### 4.3 Detailed net operating result for the division

##### Public Transport Division

##### Financial Performance by Programme for the Period Ended 31 March 2008

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
<b>Revenue</b>								
Rates Revenue	25,708	25,708	0 F	0%	34,277	34,277	0 F	0%
Grants & Subsidies	27,945	28,501	556U	-2%	38,083	38,000	83 F	0%
External Revenue	150	80	70 F	88%	107	107	0 F	0%
Investment & Other Revenue	40	-5	45 F	-900%	-7	-7	0 F	0%
Internal Revenue	49	90	41U	-46%	120	120	0 F	0%
<b>Total Revenue</b>	<b>53,892</b>	<b>54,374</b>	<b>482U</b>	<b>-1%</b>	<b>72,580</b>	<b>72,497</b>	<b>83 F</b>	<b>0%</b>
<b>Expenditure</b>								
Rail Operating Contracts	16,202	15,887	315U	-2%	21,384	21,183	201U	-1%
Diesel Bus Operating Contracts	21,859	22,376	517 F	2%	30,194	29,835	359U	-1%
Trolley Bus Operating Contracts	5,150	5,018	132U	-3%	6,940	6,690	250U	-4%
Ferry Operating Contract	203	210	7 F	3%	284	281	4U	-1%
Bus Stop & Shelter Maintenance	394	415	21 F	5%	680	554	126U	-23%
Carpark & Station Maint/Operations	497	617	120 F	19%	754	824	70 F	8%
Wellington Interchange Payments	463	463	0 F	0%	617	617	0 F	0%
Bus Priority Measures	195	49	146U	0%	195	195	0 F	0%
Procurement Studies	416	630	214 F	34%	725	725	0 F	0%
Signage Maintenance	27	193	166 F	86%	80	265	185 F	70%
Total Mobility Scheme	1,296	1,461	165 F	11%	1,848	1,948	100 F	5%
<b>Procurement</b>	<b>46,702</b>	<b>47,319</b>	<b>617 F</b>	<b>1%</b>	<b>63,701</b>	<b>63,115</b>	<b>585U</b>	<b>-1%</b>
Design and Development Projects	196	323	127 F	39%	455	420	35U	-8%
<b>Design &amp; Development</b>	<b>196</b>	<b>323</b>	<b>127 F</b>	<b>39%</b>	<b>455</b>	<b>420</b>	<b>35U</b>	<b>-8%</b>
Promotion and Marketing	116	222	106 F	48%	290	383	93 F	24%
Information and Systems	553	757	204 F	27%	782	1,000	218 F	22%
<b>Metlink</b>	<b>669</b>	<b>979</b>	<b>310 F</b>	<b>32%</b>	<b>1,072</b>	<b>1,383</b>	<b>311 F</b>	<b>22%</b>
<b>Total Project Expenditure</b>	<b>47,567</b>	<b>48,621</b>	<b>1,054 F</b>	<b>2%</b>	<b>65,228</b>	<b>64,919</b>	<b>309U</b>	<b>0%</b>
Admin	4,935	5,217	282 F	5%	6,771	6,964	193 F	3%
Non-Cash Items	377	399	22 F	6%	531	531	0 F	0%
Other	149	144	5U	-3%	196	198	2 F	1%
<b>Total Expenditure</b>	<b>53,028</b>	<b>54,381</b>	<b>1,353 F</b>	<b>2%</b>	<b>72,726</b>	<b>72,611</b>	<b>114U</b>	<b>0%</b>
<b>Net Operating Surplus/(Deficit) from Operations</b>	<b>864</b>	<b>-7</b>	<b>871 F</b>		<b>-146</b>	<b>-114</b>	<b>31U</b>	
Total Revenue associated with Capex	10,593	28,796	18,203U	-63%	16,361	42,382	26,021U	-61%
Improvement Projects	15,446	42,764	27,318 F	64%	25,785	60,621	34,836 F	57%
Net Operating Revenue & Costs associated with Capex	-4,853	-13,968	9,115 F	-65%	-9,424	-18,239	8,815 F	-48%
<b>Net Operating Surplus/(Deficit)</b>	<b>-3,989</b>	<b>-13,975</b>	<b>9,986 F</b>		<b>-9,570</b>	<b>-18,353</b>	<b>8,783 F</b>	

Rail operational expenditure is currently very close to budget. However rail operating contract expenditure is forecast to be \$0.2 million above budget because of increases in charges for renewal of the rail network. The situation has improved since our last forecast as a result of increased patronage in the quarter.

In anticipation of oil prices staying high through the remainder of the year we have forecast a \$0.4 million increase in expenditure on diesel bus contracts. Depending on the price of oil and the exchange rate, the actual number could be higher or lower than this. However, the current forecast is a significant improvement on the previous quarterly forecast.

## **5. Capital expenditure and improvement project expenditure**

Capital expenditure on the passenger rail network and on improvements to passenger rail rolling stock is showing year-to-date expenditure of \$15.5 million compared to the budget of \$48.4 million.

The full year improvement and capital expenditure forecast is \$28.1 million compared to the budget of \$68.0 million. Expenditure on a number of projects has been deferred to 2008/09.

Capital expenditure and improvement project expenditure is funded by a mix of Land Transport NZ 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.

## **6. Free off-peak travel for SuperGold card holder**

The Government recently announced plans to offer free off-peak travel on urban bus, train and ferry services, for holders of SuperGold cards. \$18m will be made available by Government in 2008/09 to fund the cost of this travel.

Details of how the scheme will work are still to be developed by Government.

## **7. Communication**

No communications are required.

## **8. Recommendations**

*That the Committee:*

- 1. Receives the report.*
- 2. Notes the content of the report.*

Report prepared by:

**Wayne Hastie**  
Divisional Manager, Public  
Transport