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Report to the Passenger Transport Committee
By Dr Dave Watson, Divisional Manager Transport

Divisional Manager's Report - October 2000

1. Financial

At the end of the first two months of the financial year the accounts show an operating surplus of \$306,000. It is too early in the year to point to any particular reason for this position.

2. Rail CPP

On 15th September 2000 I met Transfund New Zealand staff and consultants to discuss a response to their letter seeking further information on the reasoning behind my request for an output called "Urban Rail Services Wellington". The result of the meeting was twofold. We agreed to meet further on the legal aspects that I had raised on the relationship between a Regional Land Transport Strategy, a Regional Programme and their obligations under sections 17 and 26(c) of their Act. The second part of the agreement was that I would formally answer their questions. They suggested it might take only a day or so to respond but it has taken a number of weeks and has involved us in substantial additional work in the hope that our answers will not lead to even more questions. My response went to them on 5th October 2000. I await a reply.

3. Patronage Funding Presentations

This item will appear several times in the agenda. Here I just want to say how pleased I was that so many Regional Councillors were able to make the Transfund New Zealand presentation of their Patronage Funding proposal. Transfund's funding is about 40% of our total transport budget and hence about 20% of the Council's overall income. Any change will have a significant effect on the Council's financial health.

4. **Select Committee Presentation**

Councillor Shields, Councillor McDavitt, Mr Brennand and myself attended the Transport Select Committee on 20 September 2000 at their request to provide our views on Transmission Gully. We made it clear that Transmission Gully was part of one project out of the Western Corridor Implementation Plan, that to build it earlier than present funding rules would allow will require a new funding solution which we were working on. Though the Regional Community supported early construction and were willing to contribute to achieve it we indicated that there should be no suggestion of local body rates being involved. We stated that we intended to provide the Minister of Transport with a proposal in November and offered to return to the Select Committee and present the same proposal if they so wished. The Committee sought copies of the Transmission Gully Willingness to Pay Survey, which have now been supplied to them.

5. **Visitors**

Mr Brian Souter of Stagecoach International Holdings accompanied by Mr Ross Martin paid a fleeting visit on 28th September 2000. In the space of about forty minutes we solved the future of transport in our region for the next 15 years. They had visited the Auckland Regional Council and the Minister of Transport. Mr Souter felt New Zealand was too small to have a buffer, like Transfund, between government and the regions. He had told the Minister this and also that patronage funding, in its current form, would not work.

6. **An Aspect of Transport Division Finances**

This meeting I will cover another part of the Division's expenditure, contracted services. We have circulated the current list of contracted services, their duration and their prices before. What I want to cover is the contracting process and how the final payment is arrived at.

The process begins with the preparation of a request for tender (the RFT). This normally details the service to be provided, the timetable, the route and the fare schedule. The RFT is circulated to our list of prospective tenderers and it is also advertised in national papers.

Tenderers need to pre-qualify by providing details of their fleets and other relevant material prior to submitting a tender. Tenderers are then required to submit two envelopes for each RFT. The first envelope shows the service they will operate to fulfil the requirements of the RFT, the second contains the price. They can also submit alternative tenders, also in two envelopes. For those alternatives to be considered they must have submitted a tender that satisfies the RFT (this is called the primary tender). The Council Secretariat section of the Council manages the tender process to separate the Transport staff from it so as to ensure unbiased and fair treatment of all tenders.

The first envelope of all primary tenders are opened, they are checked to ensure they conform. The price envelopes are then opened but only for the conforming tenders (all non conforming tender's price envelopes are returned to the tenderer unopened). All alternative tenders are opened (but not the price envelopes). An assessment is

made of what the Council would be prepared to pay for these alternatives relative to the lowest primary bid. Once these prices are set then the bid envelopes are opened. The tender is awarded to either the lowest priced primary bidder or an alternative which comes under the assessed price for that alternative.

The Council then advises all tenderers of the preferred bid. The Council may accept commercial registrations of whole or part of the service prior to offering a contract to the preferred bidder.

If the price of the tenders received is higher than expected the Council may reject all tenders. If only one tender is received the Council may negotiate a price with that tenderer. The acceptance of a tender on behalf of the Council and the negotiation with a sole tenderer are activities delegated to myself and Mr Cross.

7. **Hamilton**

I visited Hamilton at the start of October. Though I have travelled through Hamilton by road and rail I have never stopped. A city of 120,000 and growing. A unique single city bus fleet operator of CNG large and small buses. The company has now secured most of the educational department's rural school runs as well. So much for competition. The city is building a new bus station at the city centre, almost next door to the old one. Funding for it is confused.

The majority of services are radial running to the centre. A University service ranging around the periphery of the university campus does well but other attempts to get away from radial routes have failed or been threatened by unfriendly new housing developments.

A single operator with a smartcard ticket system makes ticketing easy and information collection even easier.

Environment Waikato have two road safety co-ordinators operating across a far reaching region. Road safety is a major issue with several State Highways threading their way across the region. They have a 3,000 member school children road safety club along with mascot, song and other materials.

Just one quirk to see. The local Land Transport Safety Authority manager, for reasons known only to themselves insisted that the official bus stop sign at bus stops should face the street not the flow of the traffic or the pedestrians. So the region to make it clear where buses stopped had to add a second smaller sign at right angles to the real one. I thought of taking a picture and writing a caption for submission to an international magazine as a humorous curio from New Zealand.

With a lattice work of roads, except for the limit of five bridges across the Waikato river, congestion is non-existent and will be even less once, or if ever, the promised State Highway One bypass is finished.

All in all a good kiwi town and a nice place to live.

8. **National Energy Strategy Workshop**

EECA in partnership with the Ministry of the Environment are developing a National Energy Strategy.

A draft strategy is required by 1 April 2001 and a final strategy adopted by 1 November 2001. To achieve these deadlines they have held a series of national workshops on various aspects of energy consumption. I attended, along with 80 other interested people, the Transport Workshop on 11 October 2000. The group represented all sectors of the transport industry, from government departments to voluntary organisations. Regional Councils present were Waikato, Auckland, Canterbury and ourselves.

The workshop was designed to flush out a broad range of views from policy objectives to practical implementation through projects and tasks. The next stage will be the release of a draft strategy followed by further workshops.

9. **Recommendation**

That the information be noted.

Report prepared by:

DAVE WATSON
Divisional Manager, Transport