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## **Report 01.824**

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

### **Divisional Manager's Report: December 2001**

#### **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 Committee members various matters of interest that have occurred since the last Committee meeting.

#### **2. Financial Position**

As at the end of October, the Division had a favourable overall financial position of \$392,600. The main reason for this has been the lower than expected cost of passenger transport kick start initiatives.

#### **3. Annual Plan Performance Indicators**

The annual plan performance indicators are also expected to be achieved at this point in time.

#### **4. Tranz Metro Wellington 2001/02 Contract**

Transfund New Zealand, at their November 2001 meeting, approved the funding of the 5 August 2001 urban rail enhancements as a "kick start" funded project. This means that the Council receives a 60% subsidy on the cost of providing these extra services for the rest of this year and 40% next financial year.

The Tranz Metro Wellington contract price for 2001/02 has not yet been finalised. We have provided details of an inflation factor to be applied to the cost of services existing as at 1 July 2001 and we have asked Tranz Metro Wellington for more detailed information on the cost of the increased services that started on 5 August 2001. We await a formal response from Tranz Metro Wellington on both matters.

The current funding arrangement between Tranz Rail Limited and the Committee for the Tranz Metro services has been the subject of some media comment. The work undertaken previously by the Committee to benchmark the Tranz Metro Wellington services against like organisations across the world provided a good level of comfort with the overall price and performance for these services. Tranz Rail's reluctance to provide detailed costings of specific elements of the service appears to be driven more by limitations imposed by the American stock market regulations rather than any local issue. These limitations would be significant for the Committee if it were to be entering into a longer term relationship with the current owner. This is not the case as Tranz Rail Limited have indicated their desire to sell those services. The Committee should require from any new owner a complete set of operational and financial details before it contemplates any contractual arrangement.

## **5. Trolley Buses**

The current five year trolley bus contract ends in 2003. Stagecoach are having an existing trolley bus rebuilt by Designline in Ashburton to a modern low flow design. This prototype trolley bus should be running in Wellington by March 2002. The "new" bus is expected to cost the equivalent of a new diesel bus. The Committee will need to consider the future of trolley buses. Trolley buses are more expensive than diesel buses to operate. The cost difference is primarily the cost of providing the overhead wires. The overhead wires are owned by Wellington City. Trolley buses, according to a survey conducted by the Council five years ago are, regardless of this extra cost, supported by a majority of Wellington people.

## **6. Other Matters**

The last passenger Transport Committee of the previous Council was held on 2 August 2001, some four months ago. The Public Transport Update Report from Anthony Cross, Manager Public Transport, will provide details of what has been happening with regard to public transport services in the Region. This Divisional Manager's report covers broader issues and policy development as they arise.

### **(a) *Transport Legislation***

An announcement on the programme for transport legislative change is expected before Christmas. Draft legislation and the select committee process are not expected until the early part of next year.

### **(b) *International Visitors***

We have had a delegation from ALSTOM, an international transport and power company here in October. Their Australian General Manager, Passenger – Mr Nicholas Estay; their Australian Transport Projects Business Development Manager – Mr Jeremy Smith; and a New Zealand representative – Mr Raymond Cheng. They were particularly interested in being an advisor to the Council during its Tranz Metro Wellington purchase process and having an involvement in providing new rolling stock.

Mr Brian Souter, Chairman of Stagecoach International, made one of his regular flying visits to New Zealand last month. As always he remains up beat. He continues to be amazed by the layers of organisations between making a decision and its implementation in such a small country.

The General Manager Commercial of ERG Card Systems Australia made a courtesy call. They provide one of the main smart card systems in the world. We already use their technology.

Finally, Connel Wagner invited several of us, including the Council Chairperson, to a presentation by their Brisbane based passenger transport project manager on the Brisbane busway project. I have some copies of the 8 minute video on the busway for anybody interested.

(c) ***Internal Audit***

I am conducting, in conjunction with the Council's Chief Financial Officer, Greg Schollum, and the assistance of Audit New Zealand, an internal audit of the management and fiscal processes of the Division that are not subject to the three yearly Transfund New Zealand audit. The outcome is expected to provide the Division with ideas to further improve our internal management processes to ensure efficient and effective use of staff and financial resources.

(d) ***Review of the Divisional Structure***

A review of the Division's staff structure has been underway for some time. A final proposal is now with the General Manager which once approved will be implemented over the next year or so. The main changes include a greater focus on marketing of passenger transport, a stronger performance monitoring role, the strengthening of the strategic planning function and an ability to undertake more in depth analysis of emerging government and government agencies policy.

## **7. Recommendation**

*That the report be received.*

DAVE WATSON  
Divisional Manager, Transport