

AGENDA

SUBJECT **Tendering of Urban Passenger Rail Services in the Wellington Region Pre-tender Meeting**

WHEN Wednesday 25 June 2003 at 10:00 am

WHERE Council Chamber, level 5, Greater Wellington offices

1. Introductions

Dave Watson	Greater Wellington
Carolyn Lefebvre	Greater Wellington
Barry Leonard	Greater Wellington
Lyn Daken	Probity Auditor

2. Roll call of those present

3. Statement by Probity Auditor

4. Statement by Greater Wellington Regional Council

5. Questions and answers

Statement by Greater Wellington Regional Council

The 6 June announcement by the government and the subsequent activities of Toll Holdings has created a level of uncertainty over the future ownership and operation of Tranz Rail and that element of it known as Tranz Metro Wellington.

An important aspect of the tender process is the prospective operator's access to the track and rolling stock. There are two possible scenarios, the track is owned by the government and hence separate from Tranz Rail or a successor, or the government has no involvement and the track is owned by Tranz Rail or a successor.

Greater Wellington will continue with the first stage of its tender process, that is the receipt of Statements of Interest and Ability and their evaluation for the purposes of short listing. We encourage all prospective tenderers to make their best effort to respond to the RFSIA. After this stage Greater Wellington will review the timing of subsequent stages in light of the situation that then prevails.

Questions and Answers from Tendering of Urban Passenger Rail Services in the Wellington Region Pre-Tender – Held at Greater Wellington Regional Council on Wednesday 25 June 2003

Attendees:

Dave Watson	Greater Wellington
Carolyn Lefebvre	Greater Wellington
Barry Leonard	Greater Wellington
Lyn Daken	Probity Auditor – Audit NZ
Terry Kearney	Transfield Services
Tony Fisher	Transfield Services
Andrew Martin	Pacific Road Corporate Finance
Don Corey	Serco Adelaide Buses
Ross Pritchard	ABN AMRO
Mike Caird	ABN AMRO
William Peet	Tranz Rail
Ross Hayward	Tranz Metro
Bruce Kohn	Bruce Kohn Communications Ltd
Chris White	Connex
Ismaif Balafret	Connex
Ian Turner	Stagecoach
Ross Martin	Stagecoach
Aaron Gilmore	Cameron and Co Ltd

1. In the process outlined, tenderers come along and discuss their proposals, giving their ideas. How is an operator protected?

The evaluation panel have all signed confidentiality agreements. The evaluation panel consist of Carolyn Lefebvre, Barry Leonard and Greg Schollum (GWRC's CFO). Dave Watson is a substitute panellist if any of the panel are not able to complete the exercise.

A similar exercise was undertaken with the joint venture proposal. Dave Watson was not part of this process. The probity auditor will assist in maintaining confidentiality.

2. Is there any commonality between the previous evaluators?

Yes. Greg Schollum was involved in the previous process. The principal reason for this is his financial expertise and the first part of the process is financially orientated.

Audit New Zealand oversaw the JV process and have reviewed the systems to ensure the processes remain separate.

3. IS GWRC going to take part in this process?

The CPP does not allow the regional council's JV to be part of the process. Transfund would need to approve another CPP.

4. Under the attributes broadly listed, no mention was made how the evaluation will be done. Can that be made more open?

It was considered at length to provide details to all participants. It was concluded that this could advantage 1 or 2 parties. The evaluations will be done by the panel independently and they will then come together to form the short list. The probity auditor will ensure the process is fair. The process is identical to that of the JV selection. We will not provide detail of point scoring system.

5. Why would it advantage some?

Part of the evaluation is going to be subjective on the information provided. Knowing the scoring system may lead to a concentrated effort to those points only and other smaller points may be missed.

6. Is it a cost reimbursable contract or a cost plus contract (refer pg 30 item 2.1(c) of the RFSIA)?

This is answered in the terms and conditions. Payments to the preferred supplier will be at cost on a predetermined basis.

7. Is it a net contract?

Yes. Our expectation is that it will be net but can be negotiated.

8. In terms of capital inputs, will that be part of the net contract or a separate schedule?

This is outlined in appendix E of the RFSIA. Our expectations are that the contract we enter into will specify capital improvements in the course of the contract and be part of the monthly contract payments.

9. Heads of agreement

Just to clarify on page 3 of the heads of agreement the deal between the government and Tranz Rail is a package deal with a 35% shareholding. There is a special meeting at the end of July/August. It does not effect this process. Based on what has been reported and heard so far, no one is clear of what will happen.

10. Normally for a contract of this nature GWRC will specify the services provided but not in this case. Is there any reason for this?

There is no particular reason for this. Those on the short list after the first process will receive the detailed draft funding agreement. Generally it is covered in the RFSIA but GWRC is looking for a continuation of existing services.

11. At recent Council discussions performance clauses go into contracts at GWRC's sole discretion. Will it be in this contract?

If it becomes Council policy, yes it will. This currently applies to bus contracts.

12. How many do you intend to shortlist?

At least 3 but may go with 1 or 2 if necessary. Under the CPP process you cannot proceed to the next stage if you have not scored enough. We won't really know how many we will shortlist until later.

13. In relation to the fares policy, the current Tranz Metro contract does not allow for this, they control their fares. How will this continue in the future?

GWRC is currently looking at all fare structures. We are currently going out to consultation to ensure the structure is fair. Rail will be included in that framework but the details have not been worked through. It will allow for much clearer branding of the network and full integrated ticketing.

14. Will operators still exist and be identified in the regional branding?

Operator brands will remain. GWRC wants a network identifier throughout the region. This is currently going through the consultation/marketing process.

15. In a 10 year contract capital investment will be significant. Where will GWRC get the funding for this?

It is embedded in the draft funding agreement and will be provided to those shortlisted.

16. In contracts to date Council has issued long term clauses giving Council an out with no liability if Transfund withdraw funding. Will this still be included?

You will be aware that future Transfund funding is yet to be determined. The review will be made public soon. In light of changing legislation funding will be on a longer term basis in line with the 10 year funding forecast. This will allow the suggestion to be considered but it must be before Christmas as the current scheme expires in July 2004.