

Procurement Manager's Report for period ending 20 March 2007

1. Rail rolling stock (Patrick Chu)

1.1 Wairarapa passenger cars

The first carriage was tested for basic functions such as brake, door operation and high speed running in early February 2007. Similar functional tests will be conducted on the other three carriages of the trainset in March 2007. The first trainset will be delivered to Wellington at the end of April 2007 at which point further operations and shakedown testing will occur. On completion of this final testing acceptance from Land Transport NZ will be sought. Operational and maintenance training will also be carried out during this period. The expectation is that following successful completion of all training and testing the first trainset will be put into revenue service by the end of May 2007. The whole fleet (total 18 carriages) will be fully operational by December 07.

Attached is a photo taken during the early February type test at the Hillside factory in Dunedin.



1.2 New Electric Multiple Units (EMUs)

Since the issuance of the Request For Tender (RFT) on 11 January 07, more than forty Request For Information (RFI) have been received from all the three tenderers. These include both technical and commercial issues. In addition, a

number of Notice To Tenderer (NTT) have been issued, including the increase of the purchase quantity from 58 cars to 70 cars.

A second RFT workshop opportunity has been offered to all the tenderers for facilitating their better understanding of the RFT requirement. Two out of the three tenderers attended the second RFT workshop arranged for them on 8 and 9 of March 2007, while the third tenderer is yet to confirm its intention for the need of the second RFT workshop.

The tender closing date will be on 16 April 2007.

2. Rail strategy (Angus Gabara)

2.1 Peak time train capacity issues

It is anticipated that GW will receive Cabinet funding approval by the end of March 2007 for the short term rolling stock solutions adopted at the February 2007 Passenger Transport Committee meeting.

The nature of the SW Express carriage project is such that it is important to reserve cars in the best possible condition and arrange early transportation from the UK. GW has written to Toll granting approval to secure and transport the carriages as soon as possible on the understanding that funding and contractual commitment will be forthcoming.

The Land Transport NZ Board approved the funding of an additional 12 Electric Multiple Units for growth on the Western Line (EMUs) at their February meeting. This brings the total number of new EMUs due in 2010 to 70.

2.2 Overall rail strategy

Consultation has begun with stakeholders and Land Transport NZ to form the scope for a review of the 2004 Wellington Commuter Rail Network Business Case. The review is a requirement of Land Transport NZs funding of major rail initiatives.

2.3 Western Corridor implementation

The matter is covered in a separate report to the Committee.

3. Transport infrastructure (Richard Noakes)

3.1 Commuter Car Parks

3.1.1 Epiha street commuter carpark extension

The demolition of three buildings in Epiha street at Paraparaumu has now taken place and tenders have been called for to completion this project by June 2007. This will create a further 57 car parking spaces adding to the existing 460 spaces at this location.

3.1.2 Petone East commuter carpark proposal

Work continues by GWRC officers to progress the new 42 space commuter carpark on the Hutt road south of Petone station. ONTRACK have requested changes to the original proposed layout and this is currently being reviewed. Issues around leasing arrangements from ONTRACK are still to be finalised.

3.1.3 Plimmerton

Work continues to obtain costs and permission from ONTRACK to extend the existing pedestrian subway to the Plimmerton Domain. A meeting was held with ONTRACK and Porirua City Council to discuss the confusion created by conflicting projects at the site. Alternative options are now being considered to accommodate all parties. Further information will be made available in the next PT Committee report.

3.2 Metlink signage

3.2.1 Metlink standard bus stop signage

The installation of the Metlink signs in the Wairarapa brings an end to this project, with the exception of the route and location stickers which are currently being applied. Work now continues to engage professional services for the cleaning and maintenance of Metlink signs and stops.

3.2.2 Metlink CBD signage

Three CBD units have been installed at St James, Blair Street and Courtenay central. Signage and information is now in place and all electrical connections complete. Officers are now working on tender documents for the manufacture of the remaining 18 units. This tender is due for release later this year with completion expected by July 2007.

3.3 Days Bay Wharf Shelter

Days Bay wharf Eastbourne will see the erection of a new passenger shelter which has been designed in line with heritage and local requirements. Hutt City Council will oversee the project and completion is expected by the end of June 2007.

3.4 Rail Stations

3.4.1 Wairarapa platforms

Work continues by GWRC officers and ONTRACK to upgrade the platforms and station facilities throughout the Wairarapa. Tenders have been released for this work and contracts are expected to be awarded in early April and physical works are to start in late April.

Information is being gathered on the future of Matawara station. A public meeting will be held on 25 March 2007.

3.5 Asset management

3.5.1 Asset management plan

GHD Ltd has issued the first draft of the asset management plan which is currently being reviewed by GWRC officers.

3.5.2 Asset management system

We are participating in the corporate assessment of asset management systems.

Several asset management system responses have been received and are currently being reviewed before demonstrations are invited from each company. A list of detailed functions and capability issues will be identified before demonstrations take place.

4. Contract & Quality update (Rob Braddock)

4.1 Wellington Bus Service Disruptions

Disruptions to Wellington bus services due to driver shortages appear to be diminishing. Over the week 19 - 23 February there were a total of 33 planned service cancellations per day, through the peak period. This number of cancellations was extended to the following week of 26 February - 2 March. At the time of writing there has been a reduction in the number of planned cancellations per day to 15. This new information has been notified to customers via posters on bus stops and website updates.

Stagecoach have been reporting to us on a daily basis in terms of whether or not the operation is running as planned and also advising us of any other unscheduled cancellations due to issues such as bus breakdowns. We continue to meet with Stagecoach representatives on a regular basis and they have committed to a six week resolution plan. This plan includes temporary fixes such as on-loan staff and sub-contracting of some bus services as well as the required permanent fixes such as recruitment programmes and operational changes.

The daily reporting indicates an overall improvement with many of the planned cancellations actually operating however there is also an issue of excessive traffic congestion currently being experienced. This has a seriously detrimental effect on service reliability that in many cases results in services so late that they may as well have been cancelled, in order to try and keep the next service on time. It can be difficult to separate the issue of driver shortages and congestion in terms of monitoring the service but at the end of the day, the experience of the customer in these instances remains a bus either running late or not at all.

There are differing opinions on the reasons for the excessive traffic congestion. These reasons include the unfinished bypass, roadworks and additional traffic as a result of the bus service disruptions. The bypass is to be completed by 25 March 2007 and roadworks around the Basin Reserve are also expected to be complete by then. In addition, we hope to see any customers who have been

lost over the last month take to the bus services again, possibly reducing traffic levels.

We are continuing to work with Stagecoach at both a managerial and operational level in order to ensure that remaining issues are resolved as soon as possible.

4.2 Bus capacity issues

4.2.1 Wellington City

Any impact that additional bus services introduced 4 February cannot be gauged given the cancellations / disruptions. These will be monitored at a later date.

4.3 Trolley bus services

Following presentation of a new draft contract to Stagecoach on 7 December 2006, negotiations commenced 21 December 2006. Further meetings have been held and following these an updated draft was presented by us to Stagecoach on 12 March 2007. This draft clarifies and addresses issues raised in December.

Stagecoach have raised further issues subsequent to these discussions and we are currently preparing responses to those as well as having requested Stagecoach to provide some redrafted clauses for discussion.

4.4 Other bus services and contracts

4.4.1 Wairarapa Bus Services

Tenders for these services were released 26 January 2007 and are due to close 23 March 2007. We have asked tenderers to provide a number of prices for different timetable and specification options, including the provision of super low-floor buses on all bus routes and Metlink branding.

Timetable options include an increase from two days per week to five days per week on the Masterton Town (local within Masterton) service and extra trips between Masterton and Featherston.

Negotiations with successful tenderers are expected to be complete early April 2007.

4.5 Procurement Service Review

Work continues on a complete review of the Council's procurement processes for bus and ferry services. This is expected to take approximately 18 months. A Request for Tender for consultancy services is due for release by end of March 2007. Agreement has been reached in respect to the rolling of Hutt Valley contracts which assists in facilitating this.

4.6 Total Mobility

4.6.1 Taxi Service - Otaki

At the end of August last year, the taxi operator based in Otaki who took care of our Total Mobility clients in the area had their operating license revoked by Land Transport NZ.

After negotiations with Paraparaumu Taxis Ltd, an arrangement has been made whereby they will provide a trial service three days per week on Tuesdays, Thursdays and Fridays with a vehicle that will be based in Otaki, between 10.00am and 3.00pm.

This trial has been extended to end of March 2007 at which point there will be a further review of usage. Indications from Paraparaumu Taxis are that the service is not viable for them. Subsequently we may now need to consider other options, possibly including managing the service from Waikanae. We will be meeting with Paraparaumu Taxis this month to discuss options.

4.7 Wellington School Bus Review

Changes to school bus services seem to have had the desired effect in most cases, however this has been difficult to monitor given the general service delivery problems. These issues have included: buses not showing up, travelling incorrect routes and showing incorrect destinations signs.

The current outstanding issue is incorrect destination signs on school buses and this is being resolved through a purchase by Stagecoach of new display equipment for approx 20 buses. The necessary conversions will be completed by April. In the meantime the affected buses are not being used on school routes.

Rhona Hewitt
Manager, Procurement

Metlink Manager's report for period ending 20 March 2007

1. Manager's comments (Karen Richardson)

Throughout February the Department was focused on dealing with the problems arising from Stagecoach Wellington's bus service disruptions, which were compounded by peak time Wellington City traffic congestion.

Handling the exceptionally high call volumes, communicating to the public about how services would be affected and liaising with Stagecoach to obtain information was hugely time-consuming and required a tremendous amount of energy and hard work from the team.

Two new staff joined the Department at the beginning of February - Michelle Smith, Marketing and Information Team Leader, and Nikki Phillips, Administrator (shared with the Design and Development Department).

2. Marketing and Information Team (Team Leader - Michelle Smith)

2.1 Stagecoach Bus Service Disruptions

- During February the team provided a high level of customer communication to keep bus users informed and regularly updated using a variety of media. Leaflets and posters were produced on a weekly basis. In addition, there were regular website updates and on-going contact with the Metlink Service Centre team.
- Due to the increased volume of work created by the Stagecoach disruptions, many other projects were put on hold.
- Further updates are continuing until the situation is completely resolved.

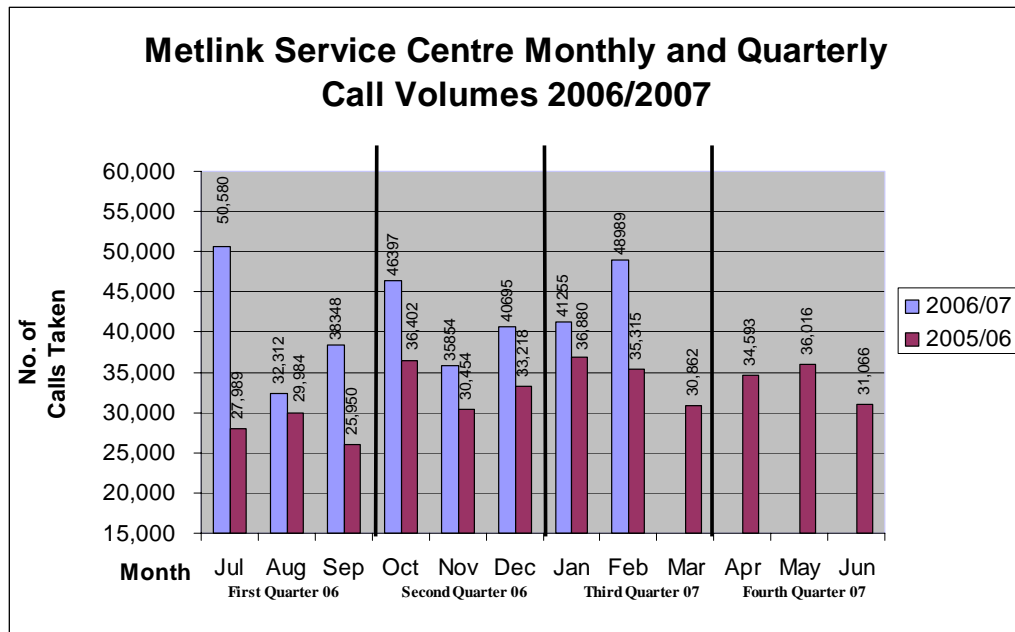
2.2 Victoria University Promotion

- Metlink had a presence at Victoria University student orientation week at the end of February and distributed just under 1000 timetables. The promotion was well received by students and staff.

2.3 Timetables

- Throughout January and February, we have been working on reprinting 11 timetables.

3. Metlink Service Centre (Team Leader - Pele Aulavemai)



The table above shows the number of calls taken by the Metlink Service Centre, plus our out of hours call service, comparing this financial year with the last financial year.

The disruption to Wellington City bus services placed considerable pressure on the Metlink Service Centre and the out of hours service throughout February. Almost 49,000 calls were taken (nearly 40,000 by the Metlink Service Centre) during the month (only 28 days) compared with just over 35,000 during the same period in 2007, a huge 40% increase.

The high call volumes started on 1 February when Stagecoach’s drivers held a Stop Work meeting and a record 1983 calls were taken by the Metlink Service Centre, an average of 153 calls per hour. This was a 66% increase on the normal weekday average number of calls (weekday average normally 1192).

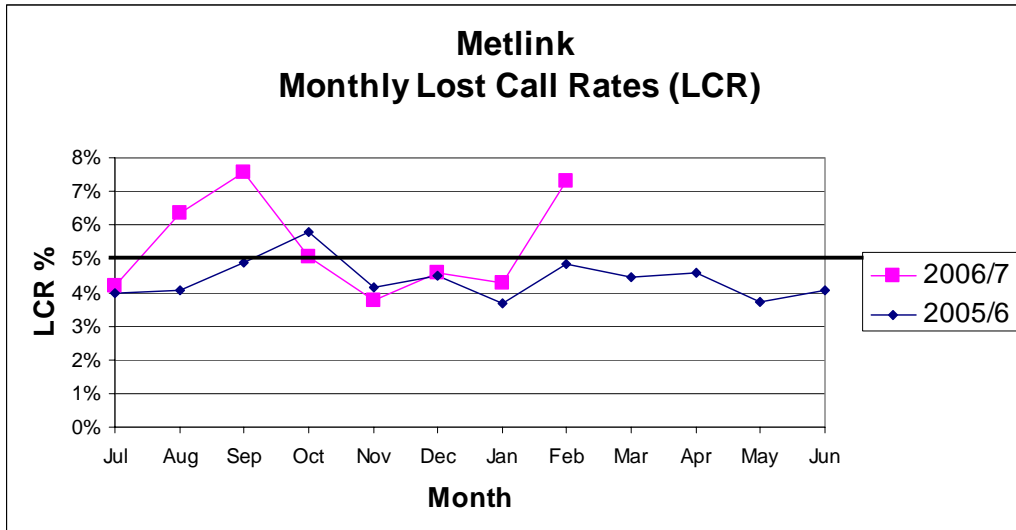
Every day during the month, except one, exceeded the normal average number of calls taken by the Service Centre. For example, during the week commencing 5 February when new bus timetables and extra services were due to start and the disruptions began, call volumes were between 20%-53% above the normal weekday average.

Throughout February 90% of the calls were about the Stagecoach disruptions and these were mainly complaints (normally only 5-10% of calls are complaints). About half of the callers were abusive due to customer frustration with the lack of service and information. One of the key customer frustrations was the lack of ‘real time’ information i.e. after waiting for a delayed service callers wanted to know when they their bus was actually due.

Complaints were mainly about services not operating, delays, buses being full or not stopping and drivers not knowing the routes or what was happening.

Problems were exacerbated by traffic congestion in the CBD, mainly due to the intercity bypass development. This caused service delays of 30 minutes plus.

More recently calls have been from customers wanting reassurance that their bus is actually going to turn up.

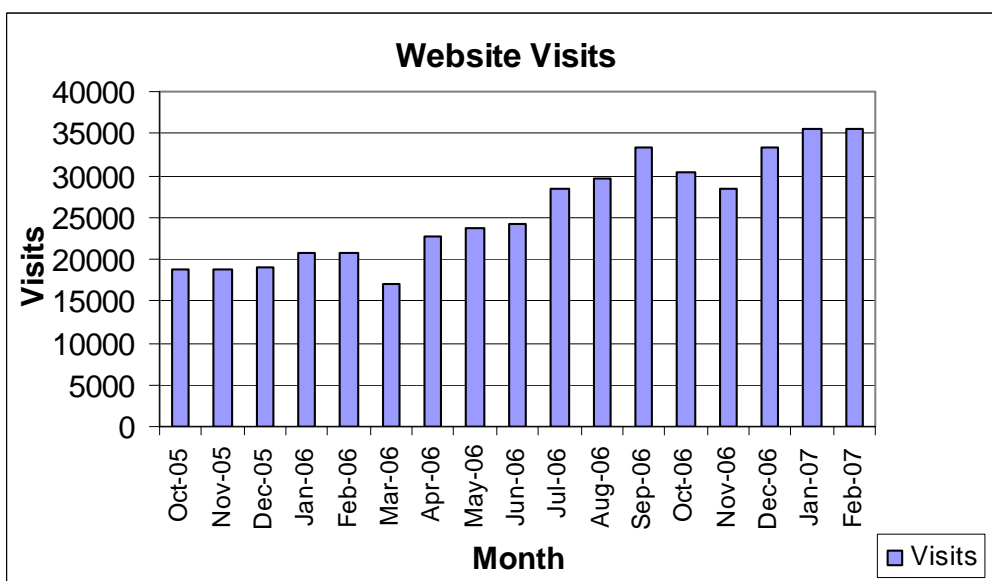


This table shows the monthly percentage of calls that are unanswered by the Metlink Service Centre due to callers hanging up.

Our aim is to achieve a lost call rate (LCR) of 5% or below. This was achieved in January, however, due to exceptional circumstances, as mentioned above, the LCR rate for February was 7.3%.

4. Information and Systems (Team Leader - Alex Campbell)

4.1 Metlink website

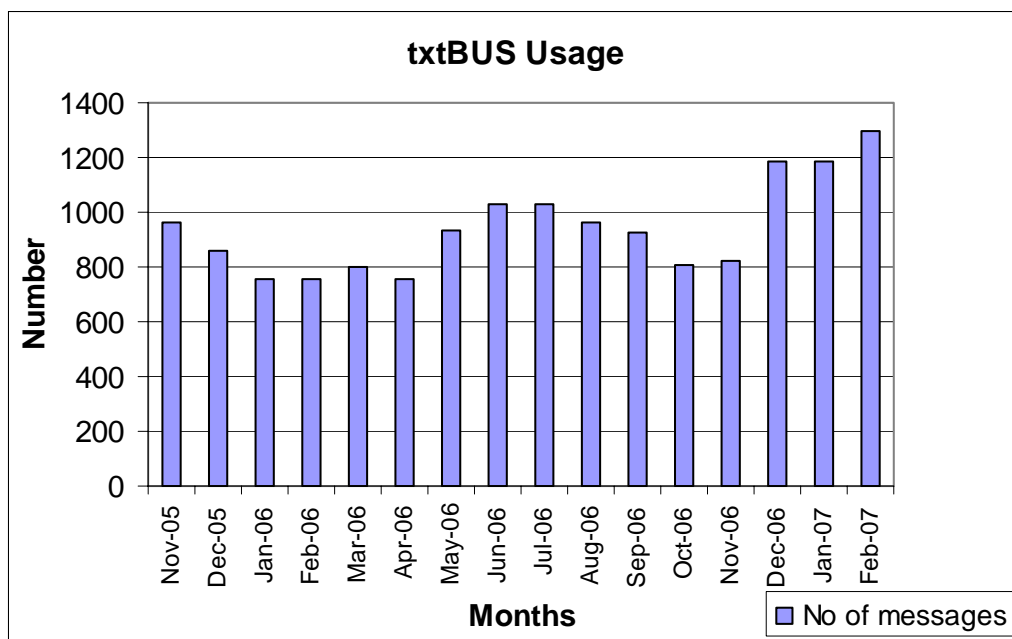


Visits to the Metlink website continue to grow with January and February 2007 both recording a 72% increase in website visits compared with January and February 2006. A record 35,517 website visits were recorded in January closely followed by 35,502 visits in February.

While January had the highest total website visits, February with just 28 days, recorded the greatest number of website visits per day with an average 1,268 visits per day recorded.

Customers seeing information on Stagecoach missed bus trips and traffic delays to Wellington city bus services are likely to have contributed to these record levels of website visits.

4.2 txtBUS



Use of txtBUS, the text message bus information service, reached a new high in February 2007 with 1300 messages received. It is likely that a mixture of Stagecoach missed bus trips and traffic delays to Wellington bus services have contributed to increased use of txtBUS in February.

From some of the messages received it is clear that there is an expectation among many users that the information provided is “real time”, where as the service only provides details of scheduled bus services.

The message sent to users has been updated to make it even clearer that the information provided is for scheduled bus times only.

4.3 txtTRAIN

The timing of the launch of txtTRAIN is being reviewed in the light of higher than expected costs for the provision and maintenance of the text messaging gateway.

Experience gained with txtBUS is that there is an expectation among users that the information provided will be “real time”. As such the business case for txtTRAIN will be reconsidered taking into account the possible developments in the area of “real time” bus and train information.

Karen Richardson
Manager, Metlink

Design and Development Manager's report for period ending 20 March 2007

1. Manager's comments (Brian Baxter)

1.1 Regional Passenger Transport Plan

Submissions on the Draft Regional Passenger Plan closed on 16 February 2007. A total of 122 submissions were received. Hearing of submissions will begin on 19 March, and continue on 29 March. Deliberations will take place on 12 April. The final Plan is likely to be presented back to this Committee at its meeting on 15 May.

1.2 Service reviews

Officers are currently working on the following service reviews:

- Ferry services (the current ferry contract expires later this year). An option being considered in this review is running one of the daily commuter services from Eastbourne to Wellington via Seatoun.
- Kapiti buses (to try and better integrate the rail and bus services, and investigate ways in which train users can be encouraged to use the bus rather than the currently overloaded park-and-ride facilities).
- Some of the Wellington bus routes, in association with Stagecoach, in an attempt to simplify the routes.

1.3 Integrated ticketing

Officers are continuing to develop integrated ticketing proposals in the region, and are currently working on:

- Investigating ticketing options for rail, with special focus on the Wellington Rail Station. Consultants Booz Allen Hamilton has just completed a study of ticketing options for rail, and the next stages of this project are being considered.
- Investigating options for collaboration with ARTA, including the option of a Wellington/Auckland combined ticketing system, or even a nationwide system.
- Discussing funding and associated issues with Land Transport NZ.
- Monitoring the proposed introduction by Stagecoach of its ticketing smartcard in Wellington.

A paper on integrated ticketing, including proposals for future work and a possible implementation timetable, will be presented to this Committee at its 15 May meeting.

1.4 Real time information

Officers are currently investigating the potential for the introduction of real time information systems on the transport network in Wellington.

A paper on real time information, including proposals for future work and a possible implementation timetable, will be presented to this Committee at its 15 May meeting.

1.5 Concession fare standardisation

Officers are currently working on developing a Council policy on the standardisation of concession fares within the region, including:

- identifying who should be eligible for concession fares
- determining what the amount of the concession should be
- determining how those eligible for the concession might be identified and
- investigating any implementation issues (including funding implications).

1.6 Total Mobility Scheme extension

This project is still on hold pending the outcome of the Ministry of Transport review of the Total Mobility scheme.

Brian Baxter
Manager, Design and Development

Business Manager's report for the period ending 20 March 2007

1. Manager's comments (Kerry Saywell)

Since the December report, a lot of time has been spent finalising the proposed 2007/08 budgets and working with Land Transport NZ on funding for 2007/08.

Land Transport NZ reviews the major components of the Public Transport budget concentrating on changes from 2006/07. This exercise has been a significant learning experience for the Business Department, made more difficult because the timetable used by Land Transport NZ is not aligned with the planning timetable employed by local government. The knowledge gained should benefit us in the future. It would also be nice to think that our two processes could be better aligned.

Recruitment of a new divisional accountant has commenced and we hope to fill this position in the first quarter, although the market is difficult and getting a suitably experienced staff member may take longer than expected.

Further progress has also been made in implementing financial aspects of the new divisional structure and getting ready for 2007/08.

2. Looking ahead

Although the proposed 2007/08 Annual Plan has been adopted and will go out for public consultation in April, it is likely that there will need to be some changes to the final 2007/08 budgets (as well as the 2006/07 forecasts) because of updated and new information. The Land Transport NZ index (used for diesel bus contracts) for the December quarter came in at -2.9%, offsetting some of the impact of increases in the June and September quarters. We are also in the process of obtaining updated forecast information from TranzMetro for the rail operating contract.

The Land Transport NZ board will be considering allocation of C and R funding at the April meeting, and hopefully this will give us additional certainty and some additional funding over that assumed in the 2007/08 Annual Plan (for rail improvements and Western Corridor projects). Any resultant changes to the current budget assumptions will need to be reflected in the final 2007/08 Annual Plan. Because the Council's share of these projects is loan funded, there is expected to be little change to the 2007/08 transport rate requirement.

Meetings have been held with ONTRACK with the objective of progressing necessary track work and aligning work programmes and plans. This is also likely to have budget implications for the 2007/08 year.

3. Net operating result for the division

The net operating surplus for the Public Transport Division for the year to date is \$4.0 million compared to the budgeted surplus of \$3.8 million. However,

both actual and planned net operating surplus results are distorted by the planned 2006/07 capital expenditure. This is because accounting standards require that funding from Land Transport NZ for capital works is recognised as income in the year of receipt.

If the numbers are restated to exclude capital related operating results then the net operating deficit for the Public Transport Division for the year to date is \$798,000 compared to the budgeted deficit of \$20,000. The unfavourable variance of \$778,000 is primarily because of higher than anticipated costs of inflation on diesel bus contracts.

Looking at the full year forecast on the same adjusted basis, shows a forecast operating deficit of \$2.8 million compared to the full year budget deficit of \$0.6 million.

More detail is included in the following table and explanations:

**Public Transport Division
Financial Performance by Programme for the Eight Months Ended 28 February 2007**

\$ Thousands	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Rates Revenue	20,448	20,464	16U	-0.1%	30,697	30,697	0 F	0%
Grants & Subsidies - Opex	21,968	21,797	171 F	0.8%	33,978	34,829	851U	-2%
Grants & Subsidies - Capex	4,246	7,764	3,518U	-45.3%	18,358	65,536	47,178U	-72%
External Revenue	89	98	9U	-9.2%	148	148	0 F	0%
Investment & Other Revenue	54	82	28U	-34.1%	80	122	42U	-35%
Internal Revenue	33	540	507U	-93.9%	50	809	759U	-94%
Total Revenue	46,838	50,745	3,907U	-8%	83,311	132,141	48,831U	-2%
Rail Operating Contracts	11,898	11,825	73U	-0.6%	19,096	17,737	1,359U	-8%
Diesel Bus Operating Contracts	19,094	16,130	2,964U	-18.4%	27,983	24,195	3,788U	-16%
Trolley Bus Contracts	3,265	4,343	1,078 F	24.8%	5,107	6,515	1,408 F	22%
Ferry Operating Contract	140	60	80U	-133.3%	213	90	123U	-136%
Rail Rolling Stock	32	4,900	4,868 F	99.3%	817	8,077	7,260 F	90%
Bus Priority Measures	0	0	0 F	100.0%	0	0	0 F	100%
Carpark Developments	35	26	9U	-34.6%	39	39	0 F	0%
Bus Stop & Shelter Maintenance	414	702	288 F	41.0%	1,107	1,053	54U	-5%
Park N Ride Development	258	473	215 F	45.5%	804	779	25U	-3%
Wellington Interchange Project	411	411	0 F	0.0%	617	617	0 F	0%
Waterloo Interchange Project	194	206	12 F	5.8%	317	309	7U	-2%
Johnsonville Line Project	0	0	0 F	0.0%	0	0	0 F	0%
Rail Development Project	433	0	433U	100.0%	510	0	510U	100%
Western Corridor Rail Projects	0	167	167 F	0.0%	0	500	500 F	100%
Total Mobility Scheme	1,126	1,241	115 F	9.3%	1,753	1,864	111 F	6%
Integrated Ticketing Maintenance	0	124	124 F	0.0%	7	507	500 F	99%
Rail Rolling Stock Maintenance	0	25	25 F	100.0%	0	38	38 F	100%
Rail Station Upgrades & Maintenance	94	121	27 F	22.3%	149	182	33 F	18%
Service Improvements	560	518	42U	-8.1%	827	1,545	719 F	47%
Subtotal Procurement Unit	37,954	41,272	3,318 F	8%	59,344	64,046	4,702 F	7%
Integrated Ticketing -Design	55	65	10 F	15.4%	100	100	0 F	0%
Service Design Studies	11	62	51 F	82.3%	125	125	0 F	0%
Total Mobility Scheme Extension	0	314	314 F	0.0%	0	941	941 F	100%
Subtotal Design & Development Unit	66	441	375 F	85%	225	1,166	941 F	0%
Transport Systems	150	173	23 F	13.3%	233	233	0 F	0%
Marketing & Promotion	404	681	277 F	40.7%	1,117	1,117	0 F	0%
Subtotal Metlink Unit	554	854	300 F	35%	1,350	1,350	0 F	0%
Total Project Expenditure	38,574	42,567	3,993 F	9%	60,919	66,563	5,644 F	8%
Administration and Overheads	3,294	3,430	136 F	4.0%	4,685	5,144	460 F	9%
Other	954	901	53U	-5.9%	1,353	1,351	2U	0%
Total Expenditure	42,822	46,898	4,076 F	9%	66,957	73,058	6,101 F	8%
Net Operating Surplus Deficit	4,016	3,847	169 F	4%	16,354	59,083	42,730U	-72%
Less Operating costs and revenue associated with capex	4,814	3,867	947U	-24.5%	19,179	59,689	40,510U	-67.9%
Adjusted Operating Surplus/Deficit	-798	-20	778U		-2,825	-606	2,220U	

3.1 Revenue

Operating expenditure related grants and subsidy revenue is showing a \$171,000 favourable variance for the year to date although this is expected to be \$851,000 unfavourable by year end.

Capital expenditure related grants and subsidy revenue is \$3.5 million unfavourable but is expected to be \$47.2 million unfavourable for the full year. This is the consequence of changes to the timing of capital expenditure. Accounting standards require that funding from Land Transport NZ for capital works is recognised as income in the year of receipt. If capital expenditure is reduced or delayed so is the associated revenue from Land Transport NZ.

Internal revenue is showing an unfavourable variance of \$507,000. However, this is internal within the Division and does not affect the overall result as there are offsetting internal cost variances.

3.2 Expenditure

The rail operating contract is forecast to be \$1.4 million over budget reflecting estimates of Tranz Metro's full year operating result. TranzMetro are currently refining this forecast and we will make any adjustments if appropriate.

Diesel bus operating contracts are \$2.9 million over budget for the year to date and are forecast to be \$3.8 million more than budget for the full year.

Since the December forecast we have received a new index from Land Transport NZ showing a 2.9% decrease for the December quarter. This has reduced our estimate of Diesel bus contract prices by \$1.5 million.

Trolley bus contract expenditure is \$1.1 million under budget and is forecast to be \$1.4 million under budget at year end. This contract is not yet in place and it is likely that contractual payments will remain at current levels for the 2006/07 year.

Rail rolling stock expenditure is \$4.9 million under budget and is forecast to be \$7.3 million under budget. Under the new rail contract, the major component of this expenditure, heavy maintenance, is the responsibility of Tranz Metro and not Greater Wellington.

The rail development project is showing year to date expenditure of \$433,000 and is forecast to be \$510,000 more than budget. The forecast includes \$100,000 for capacity studies and \$410,000 for work on the rail ownership plan. This rail ownership review is strategically important for the Division and was not apparent when the 2006/07 budgets were set. The review will provide asset management information which forms an important component of the Long-term Council Community Plans and is also required for Land Transport NZ funding requests.

Western Corridor rail projects are forecast to be \$500,000 less than budget. A review of the suite of Western Corridor rail projects is underway with a renewed focus on rail service reliability and infrastructure capacity for growth. Contact is being made with Transit and ONTRACK to ensure early co-ordination of joint projects and interdependent projects. Work has begun on designing the studies and surveys which are required to produce robust information on the operational benefits of specific groups of projects.

Service improvements are on budget for the six months. However they are forecast to be \$719,000 under budget for the full year. The year to date is unfavourable against budget because the budget was weighted to the second half of the year, but costs are being incurred more evenly through the year.

4. Capital expenditure

Capital expenditure for the year to date is \$5.6 million compared to a budget of \$5.8 million. There are unfavourable variances for the Wairarapa carriages and new EMU's, which are offset by favourable variances on all other projects.

The full year capital expenditure forecast is \$29.0 million or \$53.9 million under budget. Most of this expenditure will be deferred to future years.

The majority (\$42 million) is for the new EMU project. There has been some slippage in the new EMU's project timeline because negotiations around the procurement process with TOLL, and Land Transport NZ took longer than anticipated. However, other procurement timeframes have been compressed to keep the overall project timeline on track (new EMU cars into service in 2010). The draft 2007/08 Annual Plan contains revised estimates of EMU expenditure.

Capital expenditure is funded by a mix of Land Transport NZ grants and internal loan funding. Consequently, delay or deferral of capital expenditure has only a minor effect on the overall funding position of the Division.

More detail is included in the following table and explanations:

PublicTransport Division
Capital Expenditure for the Eight Months Ended 28 February 2007

Project	Year To Date				Full Year Forecast			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Capital								
J'ville Mall	0	667	667	100.0%	0	1,000	1,000	100.0%
PT Enhancements	0	333	333	100.0%	0	1,000	1,000	100.0%
Concessionary ID Cards	5	120	115	95.8%	0	360	360	100.0%
Other capital items (vehicles etc)	84	151	66	44.1%	178	255	77	30.3%
Investment Additions								
SW Wairarapa Cars	4,407	0	(4,407)	0.0%	22,847	26,420	3,574	13.5%
Ganz Mavag Refurbishment	0	67	67	100.0%	0	200	200	100.0%
New EMUs	924	0	(924)	0.0%	2,000	44,172	42,172	95.5%
Western Corridor Rail Projects	0	67	67	100.0%	0	200	200	100.0%
Rail Rolling Stock Maintenance	0	1,750	1,750	100.0%	0	5,250	5,250	100.0%
Rail Station Upgrades	199	2,333	2,135	91.5%	3,400	3,500	100	2.9%
Rail Security	0	330	330	100.0%	550	550	0	0.0%
Total Capital Expenditure	5,619	5,817	199	3.4%	28,975	82,907	53,933	65.1%

4.1 Johnsonville Mall

The Johnsonville Mall project is proceeding slowly and it is likely that this project will be re-budgeted to 2007/08. We have met with the developer and agreed to an ongoing role as the project progresses.

4.2 PT enhancements

Greater Wellington is not able to have an ownership interest in these PT Enhancements (i.e. bus lanes) and the work is now planned to be undertaken in 2007/08 (as operating expenditure).

4.3 Concessionary ID cards

The concessionary ID cards work budgeted here will not be undertaken in 2006/07. A study is now planned in 2007/08.

4.4 SW Wairarapa cars

The year to date unfavourable variance on the SW Wairarapa Cars is a budget phasing issue only. The full year forecast is favourable against budget as a portion of this cost is now likely to be incurred in 2007/08.

4.5 New EMU's

The year to date unfavourable variance on the new EMU project is a budget phasing issue only. The full year forecast is favourable against budget. The timing of this project has been significantly altered; however the overall project is still on track to be completed by the original target date in 2010.

4.6 Western Corridor rail projects

The Western Corridor rail projects budgeted work on the Kapiti Bus/Rail interchange is not now forecast to be undertaken in 2006/07 (see comments under 3.2).

4.7 Rail station upgrade work

The majority of rail station upgrade work is expected to happen during the second half of the year, whereas the budget assumed work would be spread evenly through the year.

4.8 Rail rolling stock maintenance

Rail rolling stock maintenance will now be funded from the rail operating contract, so there will be no capital cost to Greater Wellington.

4.9 Rail security

The rail security budget will be used on Wairarapa CCTV and stabling work which will commence during the next six months.

5. Funding

The result of all the operating and capital flows is a year to date funding deficit of \$1.6 million. By year end it is forecast that the deficit will be \$879,000.

Public Transport Division
Financial Performance by Programme for the Eight Months Ended 28 February 2007

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Net Operating Surplus Deficit	4,016	3,847	169 F	4%	16,354	59,083	42,730U	-72%
Less Capital/Investment Expenditure	5,534	5,667	132 F	2.3%	28,975	82,907	53,933 F	65.1%
Other Balance Sheet Movements	84	151	66 F	0.0%	-11,742	-23,824	12,082U	50.7%
Net Funding Surplus/Deficit	-1,603	-1,970	368 F		-879	0	879U	

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