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Committee Transport & Access Committee  
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## 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

- The new trolley buses launched in December 2007 commenced trial operation in January 2008
- The reschedule of NZ Bus's Wellington services was completed successfully on 25 November 2007
- Route 83 will be extending its service for a trial period of four months to enable people to travel from the Hutt Valley directly to Wellington Hospital. The current route 83 ends at Courtenay Place, but from 11 February 2008 will continue to Newtown and past the hospital. The extended service will run half hourly between 8am and 5pm on weekdays.

To promote this new service, a range of marketing tools will be used, including production of a new route 83 timetable, a special promotional leaflet, distribution of the leaflet to the target audience, press advertising, website updates, media coverage and liaison with travel planning staff at Wellington Hospital. There is also the potential to run a special service with invited guests on the first day of operation to gain media coverage which is currently being investigated.

- Despite promotion of special Christmas timetables for bus and train services, many users were either unaware of the changes or found the schedules confusing. We will be addressing this matter early in the New

Year with the aim of finding a more satisfactory solution for future Christmas periods

- Year-to-date patronage is 1.6% less than the previous financial year. However, following a period of contraction public transport usage is moving back towards positive growth
- The poorly performing Camborne – Plimmerton shopper service has been given a last chance to improve. Officers spoke to bus users to get their feedback on how to promote the service. A promotional brochure was distributed to all households along the route in October 2007. A special poster and leaflet along with the timetable was distributed to many shops and places suggested by the users, Porirua City Council, and the Paremata and Plimmerton Resident Associations.

A reporter from Kapi Mana News travelled on the bus and an article was written about the service in early December 2007. Grey Power in the area has advertised it and articles have been placed in the Paremata and Plimmerton Residents Association Newsletters.

Unfortunately to date there have been no new users on the service. Unless more people use the service it will end later this year.

- Officers have begun working with users, Kapiti Coast District Council and the local community boards to promote the Otaihanga and Paekakariki shopper services
- A series of public transport community forums are being planned for March/April 2008. The objectives of the forums are:
  - to inform greater Wellington regional communities about possible regional public transport and infrastructure options, and the likely impact of these
  - to encourage public conversations about the pluses and minuses of various public transport options
- Discussions are continuing with the Operator about the possible introduction of a “free” bus trial at Kapiti. Commercial considerations are central to the discussions at this time
- The new retro-fitted bus shelters in Upper Hutt have proven to be a great success since their inception three months ago. Levels of graffiti, glass breakages and cleaning have all been drastically reduced where the shelters have been introduced.

However, there has been a recent increase in the volume of vandalism to bus stop poles in Upper Hutt. It seems that now the shelters are virtually vandal-proof the stops are being targeted.

## **4. Financial report**

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

The net operating surplus from operations for the Public Transport Division for the six months ended 31 December 2007 is \$0.4 million compared to the budgeted surplus of \$45,000. The most significant variance is the \$0.4 million reduction in expenditure on the diesel bus operating contract. 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, we expect this result to turn around by year end.

If operating costs and revenues associated with capex are also included, then the overall operating position becomes a deficit of \$4.3 million compared to the budgeted deficit of \$7.8 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 net operating result**

The full year forecast net operating deficit from operations is \$0.8 million compared to the budgeted deficit of \$0.1 million. When capital and improvement projects are taken into account we are anticipating a full year deficit of \$14.2 compared to the budgeted deficit of \$18.3 million.

Currently diesel prices are at record high levels (around \$90 USD a barrel) and in anticipation of these levels staying high through the remainder of the year we have forecast a \$1.0 million unfavourable variance on diesel bus contract expenditure. Depending on the price of oil and the exchange rate, the actual number could be higher or lower than this.

We have also forecast increased expenditure of \$0.6 million on the rail operating contract based on an expected reduction in patronage. This is based on the December forecast from Tranz Metro.

The favourable variance in Grants and Subsidies revenue is the result of these changes to forecast costs.

## 4.3 Detailed net operating result for the division

### Public Transport Division Financial Performance by Programme for the Period Ended 31 December 2007

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
<b>Revenue</b>								
Rates Revenue	17,139	17,139	0 F	0%	34,277	34,277	0 F	0%
Grants & Subsidies	18,299	18,961	662U	-3%	38,850	38,000	850 F	0%
External Revenue	75	54	21 F	39%	107	107	0 F	0%
Investment & Other Revenue	27	-3	30 F	-1000%	-7	-7	0 F	0%
Internal Revenue	37	60	23U	-38%	120	120	0 F	0%
<b>Total Revenue</b>	<b>35,577</b>	<b>36,211</b>	<b>634U</b>	<b>-2%</b>	<b>73,347</b>	<b>72,497</b>	<b>850 F</b>	<b>1%</b>
<b>Expenditure</b>								
Rail Operating Contracts	10,797	10,591	206U	-2%	21,800	21,183	617U	0%
Diesel Bus Operating Contracts	14,535	14,918	383 F	3%	30,941	29,835	1,106U	0%
Trolley Bus Operating Contracts	3,411	3,345	66U	-2%	6,690	6,690	0 F	0%
Ferry Operating Contract	140	140	0 F	0%	290	281	9U	0%
Bus Stop & Shelter Maintenance	282	277	5U	-2%	554	554	0 F	0%
Carpark & Station Maint/Operations	274	409	135 F	33%	824	824	0 F	0%
Wellington Interchange Payments	308	308	0 F	0%	617	617	0 F	0%
Bus Priority Measures	0	0	0 F	0%	195	195	0 F	0%
Procurement Studies	257	393	136 F	35%	725	725	0 F	0%
Signage Maintenance	18	120	102 F	85%	265	265	0 F	0%
Total Mobility Scheme	909	974	65 F	7%	1,948	1,948	0 F	0%
<b>Procurement</b>	<b>30,931</b>	<b>31,475</b>	<b>544 F</b>	<b>2%</b>	<b>64,847</b>	<b>63,115</b>	<b>1,732U</b>	<b>-3%</b>
Design and Development Projects	127	225	98 F	44%	455	420	35U	-8%
<b>Design &amp; Development</b>	<b>127</b>	<b>225</b>	<b>98 F</b>	<b>44%</b>	<b>455</b>	<b>420</b>	<b>35U</b>	<b>-8%</b>
Promotion and Marketing	61	120	59 F	49%	343	383	40 F	10%
Information and Systems	370	513	143 F	28%	850	1,000	150 F	15%
<b>Metlink</b>	<b>431</b>	<b>633</b>	<b>202 F</b>	<b>32%</b>	<b>1,193</b>	<b>1,383</b>	<b>190 F</b>	<b>14%</b>
<b>Total Project Expenditure</b>	<b>31,489</b>	<b>32,333</b>	<b>844 F</b>	<b>3%</b>	<b>66,496</b>	<b>64,919</b>	<b>1,577U</b>	<b>-2%</b>
Admin	3,356	3,471	115 F	3%	6,964	6,964	0 F	0%
Non-Cash Items	252	266	14 F	5%	531	531	0 F	0%
Other	100	96	4U	-4%	195	195	0 F	0%
<b>Total Expenditure</b>	<b>35,197</b>	<b>36,166</b>	<b>969 F</b>	<b>3%</b>	<b>74,185</b>	<b>72,608</b>	<b>1,577U</b>	<b>-2%</b>
<b>Net Operating Surplus/(Deficit) from Operations</b>	<b>380</b>	<b>45</b>	<b>335 F</b>		<b>-838</b>	<b>-111</b>	<b>727U</b>	
Total Revenue associated with Capex Improvement Projects	8,017 12,653	16,504 24,370	8,487U 11,717 F	-51% 48%	25,250 38,608	42,381 60,621	17,131U 22,012 F	-40% 36%
Net Operating Revenue & Costs associated with Capex	-4,636	-7,866	3,230 F	-41%	-13,358	-18,240	4,881 F	-27%
<b>Net Operating Surplus/(Deficit)</b>	<b>-4,256</b>	<b>-7,821</b>	<b>3,565 F</b>		<b>-14,197</b>	<b>-18,351</b>	<b>4,154 F</b>	

The year-to-date numbers also show reduced expenditure in carpark and station maintenance, procurement studies, signage maintenance and upgrades and information and systems. These variances relate to the timing of work and are anticipated to be largely on budget at year end except for some reduction on Metlink promotional and timetable expenditure.

## 5. Capital expenditure and improvement projects

The combined improvement and capital projects show a year-to-date expenditure of \$12.7 million compared to a budget of \$28.3 million.

The full year improvement and capital expenditure forecast is \$41.3 million which is a reduction of \$26.7 million on the full year budget. Where work is not anticipated to be completed this financial year it will be carried forward to

2008/09. Primarily this expenditure is on essential work on the passenger rail network and on improvements to passenger rail rolling stock.

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. Communication**

No communications are required.

## **7. Recommendations**

*That the Committee:*

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

Report prepared by:

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