



Report 10.404
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Committee Transport & Access Committee
Author Wayne Hastie, General Manager, Public Transport

General 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

3.1 Fare increase

Progress continues with the fare increase. The new fare schedule has been agreed, and contract negotiations with operators are currently taking place. These negotiations should be complete by the end of July. The fare increase is dependent on the satisfactory conclusion of these negotiations.

3.2 Regional Public Transport Plan

Work on the Plan continues. A set of policies has been developed taking into account the feedback received on the discussion document. These policies will be circulated to Committee members in time for feedback prior to discussion at the September Committee meeting.

3.3 SuperGold card review

The outcome of the MOT/NZTA review of the SuperGold Card free travel scheme is imminent, and hopefully will be available in time to inform the Committee at the meeting.

3.4 Stations

Waterloo Interchange has recently had a half yearly deep-clean performed. This included a full jet wash and scrub down of the toilets, kiosk, bins,

platforms, signage and subway. The whole area has been lifted to a very high standard and is looking especially well looked after.

3.5 Park and ride

The Waterloo North West car park lighting upgrade has been delayed due to bad weather, and consultation with Hutt City Council with regard to the process for dealing with protected plants and trees. Hutt City Council are contributing additional funding to the project so three bollards can be installed help prevent damage to the protected plants and trees. The installation of the twenty new light columns in the North West car park will see the phased lighting upgrade programme at Waterloo Interchange fully completed.

The regional rail commuter car park maintenance contract has been signed and awarded to Fulton Hogan Ltd. This contract will commence shortly with first activity being a full condition survey of all car parks. This will enable a programme of priority works to be undertaken. Other works will involve establishing a re-seal programme in order to bring the standard of car park back to an acceptable level over then next three years.

Officers continue to work with the New Zealand Transport Agency on extending the current land lease for Petone overflow car park to cover the adjacent additional land. The present leased undeveloped land provides limited facilities for around 40 vehicles. An extension to the lease providing more land would enable the development to provide up to 124 vehicle spaces.

Physical works at the new Pomare car park site began the latter part of June. Poor weather conditions have hampered the progress of earth movements. There have also been consenting issues around the run off of excess silt into the rain water system and the protection of the surrounding natural landscaping. These issues have now been addressed with Hutt City Council and work continues on the development of 42 vehicle car park.

3.6 Asset Management Plan (AMP)

Following the draft AMP being presented to the April Committee meeting the AMP has now been finalised and is currently going through final formatting so it can be issued and available to the public through the Greater Wellington library.

Officers will begin the next annual review of the AMP in January 2011.

3.7 Bus shelters and bus stops

Approximately 500 braille signs have recently been installed to bus stop poles on routes 1, 3, 11, 56, 91 and 110. Similar Braille signs are being produced to be installed on these routes remaining utility pole stops.

Officers are currently looking to improve disabled bus stop access in Porirua following the successful installation of 33 disabled standing ramps in Kapiti.

3.8 Trolley bus services

We are currently conducting an audit of reporting against the trolley bus contract, in preparation for formal review of that contract across the years 2011 and 2012.

Trolley bus services will be significantly impacted by work required for the Manners Mall bus route changes. Most work on the trolley bus overhead system will occur overnight (9pm to 5am) between 6 September and 26 November 2010. During this period buses will still be able to run along the current route right up until the changeover date. However there will be an extended period when trolley buses will need to run on their battery back-up systems (autonomous power) as power to the trolley bus overhead network will be switched off in the Manners Mall area. This use of autonomous power will occur in two stages over the 9 week period:

- Stage 1 (from 1 October 2010): As the network along Dixon Street is dismantled power will be switched off, affecting buses heading to Wellington Station; and
- Stage 2 (from 25 October 2010): Work then commences on dismantling the Cuba Street section, meaning power being switched off for buses heading towards Courtenay Place, as well as those headed for Wellington Station.

This is a significant test for the trolley buses in the extended use of autonomous power on all trips to and from Wellington Station. The autonomous power was designed for use in occasional 'emergency' type situations such as a temporary road closure or power failures rather than extensive trolley overhead network shutdowns.

It is worth noting that customer journey times may be affected by this work as journeys will be interrupted by having to stop and wait while trolley buses are disconnected and reconnected to the network.

During the period where night work occurs (from 6 September 2010) the affected section of overhead between Taranaki Street and Willis Street will be switched off. Greater Wellington has approved the substitution of diesel buses. Substitutions will start to occur from approximately 6.30pm each evening (the fleet is replaced progressively after the evening peak). Unlike the daytime, diesel bus substitution for the evenings has been approved for three main reasons: to reduce safety issues, to avoid any potential issues related to extended use of autonomous power, and to ensure that overhead crews are able to work on the upgrade unimpeded.

3.9 Special events

The All Black – Springbok test (17 July 2010) was used as a practice run for Rugby World Cup bus transfers and priority through the Thorndon Quay area. The exercise was jointly run by NZ Bus, Wellington City Council, Wellington Police, Westpac Stadium and Fulton Hogan. The outcome of the exercise will be provided at the next Committee meeting.

3.10 Total Mobility (TM)

After some delays in hardware development the TM Electronic Management System project is progressing well, with final testing of in-taxi terminals now occurring. Once certified these terminals will be installed into 10 Wellington Combined Taxi's for in-service testing with Total Mobility clients. Much of the new system occurs 'behind the scenes', in its administration and reporting functions. Development of these areas continues to occur to agreed timeframes, and the System is proving to be a very intuitive and functional.

Contracts for providing transport services have now been signed with 12 operators, with three contracts still to be signed, however those three operators have agreed in principle. These contracts include customer service standards, training requirements and audit provisions.

A working group for transport operators is being held on 2 August 2010, with the primary discussion being around the transition from existing paper vouchers to the new ID cards, and how to mitigate the impact on customers. An update on the project is being mailed out to all customers next month. This update will include answers to frequently asked questions such as how a lost card can be reported and what a customer needs to do if they are travelling away from Wellington etc. A copy of the mail out will be distributed to Councillors via the Bulletin.

Two wheelchair hoists were installed into vans at the end of the last financial year, one serving Wellington City and one in the Hutt Valley. Expressions of interest for installations for this financial have now been sought (Greater Wellington has funding for two hoists this year), with a submission process to commence at the end of July 2010.

3.11 Matangi

The first 2-car Matangi unit FT4103 (trailer car) and FP4103 (motor car) is on its way to Wellington from Masan port in South Korea, aboard MV ISOLDE, via Shanghai, Brisbane and Auckland. By the time of the meeting it should be here in Wellington.

On arrival the train will begin the commissioning and testing phase. Testing is expected to take at least four months. The testing must be necessarily robust and thorough, only heightened by the fact that this is the first new EMU to be introduced to Wellington for nearly 30 years, and the network has also undergone a significant upgrade.

Further units are expected to arrive from Korea in October.



3.11.1 Ganz Mavag detailed condition assessment and prototype

Structural and corrosion repairs to the motor car are now complete. Seat mounting tapping plates have been installed to both cars, and the motor car floor is installed. All pneumatic components have been overhauled and are being re-installed. The field trial of the MA set control system has also been completed. Traction control modification work is in progress. Seats are halfway through the manufacturing process and the door systems trial was completed successfully.

The prototype is targeted to be in revenue service by the end of 2010 and will begin its reliability performance monitoring and verification period for a number of months.

Attached photos show the improved door bottom tread guide and reinforced carbody interior side structure.



3.12 Infrastructure upgrades

3.12.1 MacKay's to Waikanae double tracking (and electrification to Waikanae)

The cable trench from Kapiti Road to preload area 5 is complete and preload area 6 is complete. The Waterfall Road crossing is complete. Traction poles, overhead wire, ballast and rail continues to be installed, and major retaining wall work is nearing completion.

3.12.2 Kapiti stations upgrade

Construction is now well underway at both stations. Excavations for installing the first underpass units are well advanced (see picture below). Kapiti Coast District Council is yet to grant consent allowing for the modification of Elizabeth St to improve the traffic flow through the area.



3.12.3 Platform works (Matangi enabling)

Work at Wellington Station and Redwood station is complete, work continues at Johnsonville and Boxhill.

3.12.4 Kaiwharawhara Throat (Wellington station entry)

Only one more block of line is required for this project then it will be complete. The focus is now on signals planning, remedial works, and as-builts being loaded into the system.

3.12.5 Power and signalling system upgrade for new trains

More new substations are being progressively commissioned and brought online. Remedial work on the older substations is also ongoing. Work

continues on track circuit replacement with line-by-line target completions dates still aligned with Matangi introduction.

3.12.6 Depot upgrade

Buildings construction remains on programme and high voltage power supply/issues are being resolved. The wheel lathe and train jacks are both in transit from Germany and due in August. Regular meetings continue to manage operations and shunting movements during construction.

3.13 Response to Public Participation

The full submission from Public Transport Voice is reproduced below. Officers responses are shown in italics.

Public Transport Voice

We would like to have presented this in person, but to use Metlink services to get from Wellington to Otaki in time for the meeting would have required an 0655 departure from Wellington Station (0610 from Miramar).

Public Transport Network Planning

We note the intention to defer work on the formal RPTP. We do not object to that, but believe that this should not result in deferral of work on the design of an integrated public transport network framework and detailed design outside a formal RPTP umbrella. This needs to occur urgently, and address the whole network. We must not continue to have small parts of the network reviewed in isolation from an overall framework – e.g. the proposed review of the Wellington City system (paper 10.320). Without having a clear PT Network design, it is difficult to rationally address issues like the golden mile, Lower Hutt CBD design, changes to bus services, fare system design, etc.

This is already occurring. For example, work on the Wellington bus review is very closely linked to integrated framework proposals in the Regional Public Transport Plan Discussion Document.

Ganz Mavag Prototype Refurbishment

There are a number of features of the prototype that are not adequate from a passenger comfort perspective, including

- No air conditioning, which creates both temperature problems and also significantly increased noise levels.
- No level access, and a ramp system for wheelchairs that is slower to deploy.
- No ability to shift easily between carriages – the open gangway system in the Matangi will be advantageous particularly where a passenger considers themselves to be at risk from another passenger in the same carriage.

We cannot tell from the documentation whether the arrangements for bicycle carriage will be the same as in Matangi – there are strong advantages in allowing passengers to have their bikes with them, and not have to rely on guards to put them in the dog box.

There will therefore be significant advantages to passengers from having additional Matangi rather than upgraded G-M units, and there are also clearly operational advantages that are likely to flow through into improved reliability. Given that, we recommend that even if the cost of replacement is somewhat greater than \$1.5m, replacement be adopted. In other words, we would like to see GW give a strong weighting to the benefits of a modern fleet in making this decision.

Greater Wellington agrees that there are significant advantages to passengers from having an all new fleet consisting entirely of Matangis. Greater Wellington notes that there are also many operational and management benefits in having a single modern vehicle type. These benefits were considered in the preliminary cost benefit analysis and will be considered again in the upcoming economic analysis. Greater Wellington also notes that funding availability and procurement constraints must also be taken into consideration.

The refurbishment of the Ganz Mavag units is provided for in the Regional Rail Plan. There are limits as to what can be accomplished with a refurbishment but the point of the prototype trial is to establish costs and value for money. A decision on what to do with the rest of the Ganz Mavag units will depend on the outcome of the trial.

We have significant concerns with the proposed changes to fares.

Review the overall fare system rather than make changes to the current system

We want to see an overall fare review be completed, rather than have continual piecemeal changes that do not fit into an overall strategy. The strategy needs to fit with the intent of the integrated network – another reason to get the shape of that sorted out now.

Fares are important TDM measures (positive or negative). We are concerned that the proposed fare changes will have a negative impact, rather than promoting further public transport use.

Fare box recovery rates, and therefore the affordability of the system, will be strongly affected by the overall income from the system. The best way to achieve that is through increasing the use of under-utilised services. So we need a fare policy that encourages people to:

- Shift from peak to off-peak or counterflow services. The Peace Train pass, for example, does that, but would be eroded by the proposed changes and axed in the longer term. We note that an ordinary 10-trip ticket will be about 7-8 times the ordinary single fare, while an off-peak 10-trip will be 10 times the off-peak fare, means that off-peak tickets in many cases will be more expensive than ordinary 10-trip tickets, and an incentive to purchase them is removed. Day trippers also encourage the use of services after 9am.
- Encourage additional off-peak use, which will improve the overall affordability of the system. One way to do that is to provide fare

packages that encourage multiple off-peak trips. For example with a fairly low cost day tripper, a passenger has an incentive to buy one for the first trip of the day, even if they aren't sure how many trips they will make. They are likely to spend slightly more, but still see that as good value because they can do as many trips as they wish. However Daytrippers are increasing in price by 50%, and the withdrawal of the Discovery Pass and the STARPass means that users of these tickets for off-peak travel will have to use the Metlink Explorer, with price increases of 54% and 67% respectively. For peak travel there are no replacement passes at all!

- Encourage commitment to use of the services, through the purchase of long term packages (like monthly and quarterly passes, or preferably with daily/monthly/quarterly price-capping using smartcards). We note that the train quarterly passes and Go Wellington monthly passes are proposed to be removed, a counter-productive move.

Fare systems will affect the efficiency of the system. Every minute that a bus sits at a stop while passengers sort out a ticketing issue, both that bus and the buses behind it are being wasted. . And transit times are being made longer and unreliable, affecting the attractiveness of the system to users. Even with snapper, that problem has not been completely solved, for example because the driver needs to check each transaction.

The Council currently undertakes annual fare level reviews. This is necessary to ensure compliance with Council policy regarding farebox recovery.

During the latest fare level review (in February 2010) the Transport and Access Committee considered that a review of the fare structure (rather than just the fare levels) should occur in the next year.

The new NZTA Farebox recovery policy requires regional councils to review fare levels annually, and fare structures at least every six years (or to coincide with RLTS/LTCCP reviews).

Don't allow fare changes to drive people away from public transport

For example increasing prices at a time that service quality is at an all time low (i.e. now for the trains) is likely to nudge a number of passengers off the PT system – the higher-than-average increases proposed for Wairarapa services is a particularly striking example of this. Keeping passengers is easier than getting them back. Affordable fares can, in contrast, encourage new users to move onto the system, particularly if accompanied by publication of the true cost of running a car.

The Council must balance its goal of having more people using passenger transport against the cost of providing the public transport.

PT Voice suggests publicity to attract PT users should be accompanied by information on the costs of running a car, and this will be done.

Don't allow fare changes to affect the vibrancy of the CBD

The proposed changes to the city section fare will be damaging to CBD vitality. It would be better to move subsidies away from carparks so that the fare can be kept low.

The city section fare (which applies to trips between Courtenay Place and the Railway Station) is increasing substantially in price, and it is expected that there will be some reduction in these trips. However walking is likely to be the main substitute. Thus the vibrancy of the CBD should not be affected (and may even be enhanced).

Make sure that interchanges are not penalised

This is particularly a problem in Wellington because there are three major operators running different ticketing systems and different fare packages (e.g. off-peak times are different on rail - and different between rail lines, day trippers can't be used on Newlands buses). The changes proposed do not address that problem, unless the 50% increase in price of Daytripper tickets has a corresponding increase in their availability. The extension of transfer facilities to Go Wellington services (easily achievable with Snapper, as already happens with Valley Flyer services) would also be a significant improvement in this respect.

We are working the bus companies on encouraging penalty free connections.

Council resolution regarding WCC downtown parking levy

At its meeting on 4 March 2010 Council resolved:

“That the Council encourages city businesses and the Wellington City Council to use the downtown parking levy to subsidise or provide free weekend inner city public transport services”

The downtown levy is a targeted rate established to support and sustain the business and retail sector in Wellington's city centre. It is used to fund a variety of activities including tourism promotion, visitor attractions, the city galleries and museums. Approximately \$1.25m of the levy is used annually to provide free inner-city weekend parking.

In line with the Council resolution, we have asked WCC to consider the use of the levy to subsidise public transport. WCC have responded that free inner-city parking is a key part of the city council strategy to keep the city vibrant, and therefore will not use the levy to fund public transport.

Fred McDonald

Wants investigation of more bus services in Otaki

The current bus service runs between Otaki and Paraparaumu twice each weekday peak, with three inter-peak trips. There are six Saturday services. The subsidy is currently about \$200,000 a year, and it carries

about 20,000 passengers (equates to a subsidy of about \$10 per passenger).

The bus service will change when the trains go to Waikanae – we will only run buses between Otaki and Waikanae. Because demand for the current services is low we are unlikely to provide more services in this area.

We have promised a review of the new Kapiti bus services at the end of the year (once the new train timetable is available), and will look at Waikanae and Otaki bus services at the same time.

What happens to Otaki bus services when trains come to Waikanae?

As above.

Wants investigation of bus services north of Otaki, particularly Otaki to Levin

We have occasionally in the past investigated services north of Otaki but nothing has ever eventuated. These investigations usually involve Horizons Regional Council. A commercial commuter bus service did operate between Otaki and Levin at one stage but that has now ceased.

A number of community based shuttles operate from Otaki to hospitals in Levin/Palmerston North, including a new health service that has just commenced between Otaki and Palmerston North. These seem to cater for most of the demand (we get little demand for services north of Otaki, and transport north of Otaki doesn't seem to be an issue for KCDC).

John Haxton

The Raumati South bus service (route 250) struggles to connect to the train at Paraparaumu, and lacks coverage of parts of the area.

Timetable changes will be considered as part of the review later this year once the new train timetable is available.

Is concerned about the effects of proposed roading changes in Kapiti on bus routes

The bus routes will be reviewed as roading changes are proposed.

4. Financial report

4.1 Full year operating result overview

The net operating surplus from operations for the Public Transport Group for the year ended 30 June 2010 was \$0.8 million compared to the budgeted deficit of \$0.9 million.

Total expenditure on operations was \$82.5 million compared to the budget of \$85.3 million. The most significant variances are:

- Expenditure on rail operations is \$2.2 million above budget. The draft financial statements for TranzMetro for the full year show increased costs of \$1.7 million above budget and decreased fare revenue of \$1.5 million. An additional grant from Greater Wellington of \$3.3 million would be required to make up the difference. As late as March, TranzMetro were forecasting that costs would be only slightly above budget. We have asked TranzMetro to find \$0.5 million of the shortfall and have not included it in our financial statements. Offsetting the increase in the Tranz Metro grant are reductions in rail rolling stock maintenance costs on rolling stock owned by Greater Wellington of \$0.5 million.
- Diesel bus operating contract expenditure is \$4.2 million under budget. Budgeted inflation payments to bus operators were based on a projection of the NZTA index which included oil at \$NZ65 a barrel and the \$NZ/\$US exchange rate at \$0.60. During the year, oil prices have been higher than projected but these have been more than offset by a higher than expected exchange rate. In addition, the commercial registration of some Hutt Valley services has reduced the costs of services effective from 1 February 2010.
- SuperGold card expenditure is \$820,000 above budget. This scheme is 100% funded by NZTA and they have approved the increase in expenditure.
- Expenditure on Real Time Information operations is \$0.1 million compared to the budget of \$0.7 million. The project contract was signed on 4 September 2009 giving more certainty around the amounts and timing of the related operational costs.
- Bus shelter, carpark and station maintenance and security expenditure is \$1.4 million compared to the budget of \$2.1 million. Some expenditure was transferred to capital projects for asset capitalisation and \$0.4 million was rebudgeted to 2010/11 to fund the Petone and Pomare carpark developments.
- Design and development projects are \$0.2 million under budget. Work on the integrated ticketing review and new Regional Public Transport Plan was rebudgeted to 2010/11.
- Marketing and communications expenditure is \$0.2 million under budget. Work related to the arrival of the new Matangi trains is now scheduled for 2010/11.
- Expenditure for administration is \$0.4 million under budget. Some of the saving is offset by reduced external revenue and relates to reimbursement of Matangi project costs. There were also savings in staff costs.
- Non-cash items (depreciation) were \$347,000 over budget and there was an unplanned revaluation of the Crown loan of \$1.1 million.

Total revenue from operations was \$83.3 million compared to the budget of \$84.4 million. The most significant variances are:

- Grants and subsidies revenue was \$1.8 million under budget reflecting the overall reduction in operational expenditure
- SuperGold revenue was \$0.8 million over budget because of a higher number of SuperGold passengers.

If operating costs and revenues associated with capex are also included, then the overall operating deficit is \$6.4 million compared to the budgeted deficit of \$8.9 million. Changes to the timing of capex and improvement projects, primarily passenger rail infrastructure upgrades and the new Matangi rolling stock project have reduced the overall operating deficit by \$2.0 million compared to budget.

A detailed operating results table is included below.

4.2 Full year operating result compared to forecast

Total expenditure on operations for the year was \$82.5 million which was very close to forecast.

Total revenue from operations is \$83.3 million which was very close to forecast.

4.3 Detailed net operating result for the division

Detailed actual and forecast operating results for the division are:

**Public Transport Group
Financial Performance by Programme for the Period Ended 30 June 2010**

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Revenue								
Rates Revenue	36,442	36,442	0 F	0%	36,442	36,442	0 F	0%
Grants & Subsidies	41,293	43,126	1,833 U	-4%	41,444	43,126	1,682 U	-4%
Grants & Subsidies - SuperGold Card	4,797	4,000	797 F	20%	4,700	4,000	700 F	18%
External Revenue	477	539	62 U	-12%	388	539	151 U	-28%
Investment & Other Revenue	140	147	7 U	-5%	147	147	0 F	0%
Internal Revenue	139	139	0 F	0%	139	139	0 F	0%
Total Revenue	83,288	84,393	1,105 U	-1%	83,260	84,393	1,133 U	-1%
Expenditure								
Rail Operations	27,100	24,940	2,160 U	-9%	27,084	24,940	2,144 U	-9%
Diesel Bus Operating Contracts	29,135	33,375	4,240 F	13%	29,234	33,375	4,141 F	12%
Trolley Bus Operations	7,183	7,042	141 U	-2%	7,275	7,042	233 U	-3%
Ferry Operating Contract	264	286	22 F	8%	254	286	32 F	11%
SuperGold Card	4,820	4,000	820 U	-21%	4,700	4,000	700 U	-18%
Real Time Information Operations	143	650	507 F	78%	145	650	505 F	78%
Shelter, Carpark, Station & Signage	1,436	2,081	645 F	31%	1,543	2,081	537 F	26%
Wellington Interchange Payments	617	617	0 F	0%	617	617	0 F	0%
Procurement Studies	206	200	6 U	-3%	145	200	55 F	28%
Total Mobility Scheme	2,120	2,073	47 U	-2%	2,030	2,073	43 F	2%
Procurement	73,024	75,264	2,240 F	3%	73,028	75,264	2,236 F	3%
Design and Development Projects	235	415	180 F	43%	237	415	178 F	43%
Design & Development	235	415	180 F	43%	237	415	178 F	43%
Marketing & Communications	202	389	187 F	48%	219	389	170 F	44%
Systems & Information	609	647	38 F	6%	627	647	20 F	3%
Service Centre External Costs	154	175	21 F	12%	155	175	20 F	11%
Customer Services	965	1,211	246 F	20%	1,001	1,211	210 F	17%
Total Project Expenditure	74,224	76,890	2,666 F	3%	74,266	76,890	2,624 F	3%
Admin	7,737	8,168	431 F	5%	7,751	8,168	417 F	5%
Non-Cash Items	467	120	347 U	-289%	473	120	353 U	-294%
Other	106	108	2 F	2%	106	108	2 F	2%
Total Expenditure	82,534	85,286	2,752 F	3%	82,596	85,286	2,691 F	3%
Net Operating Surplus/(Deficit) from Operations	754	-893	1,647 F		664	-893	1,558 F	
Total Revenue associated with Capex	78,285	145,941	67,656 U	-46%	81,297	145,941	64,644 U	-44%
Improvement Project Expenditure	84,331	153,969	69,638 F	45%	88,627	153,969	65,342 F	42%
Net Operating Revenue & Costs associated with Capex	-6,046	-8,028	1,982 F	-25%	-7,330	-8,028	698 F	-9%
Revaluation of Crown Loan	-1,146	0	1,146 U	0%	0	0	0 F	0%
Revaluation Adjustments	-1,146	0	1,146 U	0%	0	0	0 F	0%
Net Operating Surplus/(Deficit)	-6,438	-8,921	2,483 F		-6,666	-8,921	2,255 F	

4.4 Capital expenditure and improvement projects

Capital and improvements project expenditure is \$87.3 million compared to the budget of \$163.4 million. A change to the timing of payments on the new Matangi trains and on rail infrastructure upgrades are the main contributors to this variance. There is also reduced expenditure on the Ganz Mavag prototype, Real Time Information project and Total Mobility Systems development.

Capital and improvement expenditure for the year is \$87.3 million compared to the forecast of \$90.8 million. The reduction in expenditure compared to forecast mainly relates to delays to the timing of payments on the rail infrastructure upgrades.

A detailed capital expenditure and improvement projects table is included below.

Capital expenditure and improvement project expenditure is funded by a mix of NZTA and Ministry of Transport grants and internal loan funding.

Consequently, delay or deferral of these projects has only a minor effect on the overall funding position of the division.

Public Transport Group

Improvement Projects and Capital Expenditure for the Period Ended 30 June 2010

	Year To Date				Full Year			
	Actual \$000	Budget \$000	Variance \$000	Variance %	Forecast \$000	Budget \$000	Variance \$000	Variance %
Improvement Projects (Opex)								
Rail Infrastructure Upgrades	63,682	85,052	21,370 F	25%	67,383	85,052	17,669 F	21%
Rail Rolling Stock Heavy Maintenance	3,630	3,742	112 F	3%	3,742	3,742	0 F	0%
Capacity Rail Rolling Stock	0	0	0 F	0%	0	0	0 F	0%
New EMU Related Expenditure	13,795	60,356	46,561 F	77%	13,822	60,356	46,535 F	77%
Ganz Mavag Prototype	1,126	1,957	831 F	42%	1,269	1,957	689 F	35%
Ganz Mavag Refurbishment/Purchase	0	502	502 F	100%	0	502	502 F	100%
Trolley Bus Infrastructure Renewals	2,055	2,206	151 F	7%	2,377	2,206	171 U	-8%
Other Projects	43	154	111 F	72%	36	154	119 F	77%
Improvement Project Expenditure	84,331	153,969	69,638 F	45%	88,627	153,969	65,342 F	42%
Capital Projects								
Real Time Information	1,593	4,850	3,257 F	67%	1,616	4,850	3,234 F	67%
Bus Shelter Upgrades	292	250	42 U	-17%	250	250	0 F	0%
Total Mobility Systems Devt	145	350	205 F	59%	144	350	206 F	59%
Rail Infrastructure Upgrades	656	3,867	3,211 F	83%	0	3,867	3,867 F	100%
Other Capex	246	75	171 U	-228%	168	75	93 U	-124%
Capital Expenditure	2,932	9,392	6,460 F	69%	2,178	9,392	7,214 F	77%
Total Asset Acquisition	30	32	2 F	6%	29	32	3 F	9%
Asset Additions	30	32	2 F	6%	29	32	3 F	9%
Improvement Projects and Capital Projects	87,293	163,393	76,100 F	47%	90,834	163,393	72,559 F	44%

4.5 Funding

The full year funding surplus above budget (represented by an increase in reserves instead of the planned decrease) is \$2.8 million.

5. Communication

No communications are required.

6. Recommendations

That the Committee:

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

Report prepared by:

Wayne Hastie
General Manager, Public
Transport