

Report No.	17-36
Decision Required	

PASSENGER RAIL WORKING PARTY UPDATE AND REQUEST FOR REGIONAL LAND TRANSPORT PLAN VARIATION

1. PURPOSE

1.1. To provide an update to Members on the work of the Passenger Rail Working Party meeting held 16 February 2017 and to consider a request from **Horizons Regional Council (Horizons)** to vary the operative **Regional Land Transport Plan 2015-2025 (RLTP)** to allow for the development of a business case for a future Palmerston North to Wellington passenger rail service.

1.2.

2. RECOMMENDATION

That the Committee recommends that Council:

- a. receives the information contained in Report No. 17-36;
- b. agrees to vary the Regional Land Transport Plan to approve funding for the development of a business case for a Palmerston North to Wellington passenger rail service;
- c. notes that a Business Case is to be completed that comprehensively updates the previous Business Completed completed in 2012.

3. FINANCIAL IMPACT

3.1. A budget of \$50,000.00 has been estimated for the business case. Funding is to be shared between Horizons, **Greater Wellington Regional Council (Greater Wellington)** (\$12,000.00 each) and the **New Zealand Transport Agency (NZTA)** (\$26,000.00) based on a 52% **Funding Assistance Rate (FAR)** should the variation be approved. For Horizons share, money has been set aside in the 2017-18 annual plan to cover this cost. Alternatively approval will be sought to utilise reserves should this cost need to be committed this financial year.

4. COMMUNITY ENGAGEMENT

4.1. None required.

5. SIGNIFICANT BUSINESS RISK IMPACT

5.1. There is no significant risk as a result of this item.

6. BACKGROUND

6.1. The capital connection rail commuter service is a once-daily return service between Palmerston North and Wellington that runs Monday to Friday.

6.2. The service is being jointly funded by **Horizons Regional Council (Horizons)**, Greater Wellington Regional Council and KiwiRail until 30 June 2018. At this time, no decision has been made on what, if any, service will operate beyond June 2018.

07 March 2017

- 6.3. Following the December 2015, Regional Transport Committee meeting it was resolved that the **Passenger Rail Working Party (working party)** would be re-established. The terms of reference for this group are as follows:
1. *To enable the Horizons and Greater Wellington Regional Transport Committees to provide strategic direction and leadership for the future role of passenger rail in the Palmerston North to Wellington Corridor; and*
 2. *To investigate long term passenger rail options in the Palmerston North to Wellington Corridor post-2018 when current funding arrangements cease for the existing Capital Connection passenger rail service.*
- 6.4. To date, the working party has met three times. The first meeting took place on 3 February 2016 and the second meeting on 19 May 2016. Following the second meeting the working party resolved to monitor performance over a 6-8 month period and reconvene in early 2017 to determine whether the roadworks being undertaken on the MacKays to Peka Peka reach of the RONS was having any impact on the performance of the service and if preparation of a new business case is warranted.
- 6.5. The latest meeting was held on 16 February 2017.

7. DISCUSSION

- 7.1. Following the May 2016 meeting, performance of the Capital Connection rail commuter service has been monitored. The tables below show patronage on the service in the 2015-16 and 2016-17 financial years. In summary, an average of 255 passengers per day are using the service which is approximately 78% of available capacity. It was therefore concluded that patronage had remained stable over the past 12 months with there being room for additional patronage following completion of all deferred maintenance. So while the road works had not resulted in a notable patronage increase, usage of the service has remained stable.

FY16/17	Average passenger boardings (cumulative) per day for Wks 1 - 26					Avg.
	Mon	Tue	Wed	Thu	Fri	
Palmerston North	74	52	45	41	35	49
Shannon	101	56	49	44	38	58
Levin	135	103	90	89	73	98
Otaki	181	145	130	132	106	139
Waikanae	238	213	185	187	152	195
Paraparaumu	296	281	243	248	207	255

Table 1. Palmerston North to Wellington (16/17)

FY15/16	Average passenger boardings cumulative per day					
	Wks 01 - 52					
	Mon	Tue	Wed	Thu	Fri	Avg.
Palmerston North	70	51	45	42	39	49
Shannon	77	56	49	46	42	54
Levin	127	99	90	86	75	96
Otaki	174	142	129	129	110	137
Waikanae	240	205	187	188	162	196
Paraparaumu	300	263	247	247	213	254

Table 2. Palmerston North to Wellington (15/16)

- 7.2. Having received KiwiRail's update on patronage, the working party then considered possible options for the retention of a passenger rail service between Palmerston North and Wellington post June 2018. The options considered were:
1. Update business case and submit to **New Zealand Transport Agency (NZTA)** seeking subsidy;
 2. Reduced level of service (PN-Waikanae);
 3. Coach option from PN to Waikanae;
 4. Increased level of service (twice daily option);
 5. Status quo – Councils continue contributions without NZTA subsidy;
 6. Withdraw local government funding from the service.
- 7.3. The working party resolved that given patronage numbers are not dropping, development of an updated business case is justified, particularly given this will be required in order to obtain subsidy from NZTA and therefore lessen the contribution required from other areas. A business case is also considered necessary to inform any Council, and likely Ministry decision to continue funding. The business case will focus on the existing service while taking into account the work already completed on other options (options 2-4 above).
- 7.4. Development of the business case will be jointly funded by Horizons, Greater Wellington Regional Council and the NZTA, and is expected to take 3-4 months to complete. The cost for the business case has been estimated at \$50,000.00 and will take approximately three to four months to complete. NZTA will fund 52% of this (\$26,000.00) with the remaining 48% (\$24,000.00) being funded jointly by Horizons and Greater Wellington.
- 7.5. At the working party meeting it was decided that Horizons would take the lead in commissioning the business case.

8. REGIONAL LAND TRANSPORT PLAN VARIATION PROCESS

- 8.1. Transport activities must be included in the RLTP to qualify for national funding subsidy. The current RLTP was adopted by Horizons in March 2015 and any new projects that need to be included require a variation to the RLTP to be approved by the Committee.
- 8.2. In order for this business case to be commissioned and funded, the RLTP must be varied to include the project.

9. TIMELINE / NEXT STEPS

- 9.1. A programme for development of the business case has been agreed in conjunction with NZTA and Greater Wellington Regional Council. The business case is expected to take 3-4 months to complete following which a meeting of the working party will be called to consider its finding and make a decision accordingly.

10. SIGNIFICANCE

- 10.1. This is not a significant decision according to the Council's Policy on Significance and Engagement.

Leana Shirley
SENIOR TRANSPORT PLANNER

Phil Hindrup
MANAGER TRANSPORT SERVICES

ANNEXES

There are no attachments for this report.