

**THE LEGISLATIVE COUNCIL GOVERNMENT ADMINISTRATION  
COMMITTEE B MET IN THE AVON SUSSEX ROOM, MERCURE WELLINGTON,  
345 THE TERRACE, WELLINGTON, NEW ZEALAND ON FRIDAY,  
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**INTEGRATED TRANSPORT OPTIONS**

DISCUSSION WITH **Mr NICK BROWN**, MANAGER PEOPLE AND ENVIRONMENT, MINISTRY OF TRANSPORT, AND **Mr WAYNE HASTIE**, GENERAL MANAGER, METLINK PUBLIC TRANSPORT.

**CHAIR** - We welcome both of you very much. Nick Brown, thanks so much for the time you gave us already this morning and for organising all this for us.

**Mr BROWN** - It's been a pleasure.

**CHAIR** - Wayne Hastie, it's nice to have you here. We might just have you introduce yourself and then we will ask some questions perhaps relating to that because the discussion we were just having about level crossings and how that affects the train line is relevant to the inquiry. Thank you both so much for coming. We are an upper House committee, and we are really trying to help the people of Tasmania and people in Southern Tasmania particularly by trying to broaden the picture of public transport, get some information and make some recommendations to our government as a result.

We currently only have buses as public transport and so there are possibly other options for Southern Tasmania and you are using all of them here, so it is interesting to come here and look at what you do. Would you like to say a few words, Wayne?

**Mr HASTIE** - Thank you for the opportunity to meet with you. I'm Wayne Hastie and I'm the General Manager of Public Transport at Greater Wellington. I have a short presentation after Nick has talked about his legislative framework and I can give you facts and figures, but we are a high per capita PT use city and we are looking to improve and grow that over time.

**CHAIR** - You are very unusual, I would suggest, in public transport in the percentage of usage.

**Mr HASTIE** - I think our geography works really well for it with two corridors coming into the CBD or into the high proportion of work in that CBD.

**CHAIR** - Nick, we would be very pleased to have your overview of the legislative and policy framework.

**Mr BROWN** - Thanks very much. I think my section needs to be really short because I am going to provide the overview, if you like, of the legislative planning and funding framework, but I suspect your real interests are in the practicality of what is happening in Wellington, which is why I thought it would be really good for Wayne to speak to you

and then later on for Deb Hume, who works for KiwiRail, and also for Jeremy Ward, who operates the ferry service. Just a very quick overview I thought might be useful to put some context around this and I have put these presentations in front of you as well.

Funding is the key for public transport and in New Zealand the main funding source for public transport is from what we call the National Land Transport Fund, which is derived from money from road users in the form of petrol taxes, and we also have a road user charges system here which is where you pay, say, for a diesel vehicle you pay per kilometre. That generates about \$3 billion a year for expenditure and it is a hypothecated fund, so the funding that's generated through that route has to be used on land transport.

Of that about \$945 million over three years, or about just over \$300 million a year, is spent on public transport supports and that is around 10 per cent of the fund. That is, nationally our commitment to public transport from government is around 10 per cent of the total funding available. I don't know how that reflects in relation to Australia, but that's what it is in New Zealand.

Funding for a number of categories in that fund is matched by local government funding, and public transport is one of those categories where almost for every dollar that is put in by the government the local council - in fact the regional council through rating - matches that with funding. The local share for public transport out of that \$945 million over three years is around \$795 million over three years. That will be funding coming from ratepayers and the two together make up what provides the operational support. That is both operational support and infrastructure investment.

**CHAIR** - Is that an agreement that the national government has with the local government?

**Mr BROWN** - Yes. In fact what happens is there a separate agency called the New Zealand Transport Agency, which is basically given that money and that has been done again in a whole variety of different ways. It has been quite complex. But overall, government has put in around about \$485 million over a 15-year period in upgrading the Wellington network and that is primarily around tracks, overhead lines, stations and that sort of thing and some into the rolling stock. There was a larger sum, \$1.6 billion give or take, in Auckland over a 10-year period.

Some of the history behind rail is that rail over many years, over a number of different administrations, has been from public sector into the private sector and back into the public sector. Over all that period of time, I think everybody agrees, there was a dearth in asset maintenance so it was actually in quite a state, quite a poor condition.

**Dr GOODWIN** - Sounds very familiar, does it not?

**Mr FARRELL** - Yes, it is the same story. Same people, I think.

**Mr BROWN** - Governments of both complexions have made a commitment to put capital funding into it, because you would not have been able to get that sort of funding just out of the national land transport funding. It needs some extra funding going in and that is primarily for the capital funding for infrastructure.

**CHAIR** - That has been the case with our network since it has been in freight only.

**Mr VALENTINE** - Since it was privatised.

**CHAIR** - Since it was privatised.

**Mr BROWN** - I thought for the next lot I would just run through how the legislation sets out the key responsibilities for different aspects of public transport planning operation. I do not want to go too much into the legislation but there is a clear responsibility on regional councils. Wayne works for the Greater Wellington regional council to plan public transport, to set service levels and to co-fund.

Rather than having responsibilities as we have had in the past in a range of different organisations, the key place at which planning and funding is done is at the regional council level. I think a key part of your inquiry is into integration and I think it is really important to try and get as much responsibility into the one organisation as possible. They are the best people to integrate, make trade offs, and that sort of thing. Generally speaking, it is the regional councils that do that.

**CHAIR** - Is it the regional councils together?

**Mr BROWN** - No. Each regional council is responsible for the transport in their area.

**CHAIR** - In its own region.

**Mr VALENTINE** - So you do not have a regional body?

**Mr BROWN** - There is a national organisation called Local Government New Zealand that represents all councils both the upper level, regional, and the lower level which are territorial local authorities. Territorial local authorities generally have responsibility for the roads and for road maintenance and that sort of thing so that does create a little bit of, I suppose, lack of integration but it is brought together into what is called the Regional Transport Committee which is convened by the regional council.

Each local authority is on the Regional Transport Committee and that is the body that brings all these different levels together. New Zealand Transport Agency, its national funders, are also on the regional transport committees and it is there that they develop their land transport plan for the region. Then within that, a key document which has been recently introduced is the Regional Public Transport Plan. That plan is the document in which the region sets out its aspirations for between a three and ten-year term. I think you would want it for a longer period of time.

**Mr HASTIE** - Was that the public transport plan or the integrated transport strategy?

**Mr BROWN** - It was the Regional Public Transport Plan I was talking about there.

**Mr HASTIE** - No, it is a shorter period. The land transport strategy is the longer period one.

**Mr BROWN** - However, we have gone 10 years now.

**Mr HASTIE** - We will refresh it. The one thing with all this transport is that it takes long-term planning and the projects take a long time to deliver, therefore a long time. You cannot just look for three years; you have got to look at a much longer window.

**Mr VALENTINE** - The councils are committed to that, which is important.

**Mr HASTIE** - Councils are. Even though it is a three-year election cycle, councils are still committed. The committee that Nick is talking about, the Land Transport Committee, brings all the main players together.

**CHAIR** - In the region.

**Mr HASTIE** - In the region. Currently it also includes some representatives from interest groups like Access and Mobility. The police are on it and environmentalists.

**Mr VALENTINE** - Are they reference groups perhaps as opposed to voting groups?

**Mr HASTIE** - They do not have voting powers on anything that involves the spending of money. There is a move with the change to the legislation to take those people out off the committee so it just becomes the people who pay and that is currently before our select committee at the moment. It does mean everyone is in the room together, linking the national highways, which is again a function of the New Zealand Transport Agency, and all the local roads plus the public transport side can get in and have that overall strategy.

**Mr VALENTINE** - Out of interest, that group of councils, do they have weighted voting or do they have one vote? Obviously, some would be putting in more than others.

**Mr HASTIE** - No, it's equal voting. It's chaired in our case by the Chair of the Regional Council and I think it is probably quite common around the country.

**Mr BROWN** - Yes, it is.

**CHAIR** - How many regional councils are there, then?

**Mr BROWN** - Fourteen. There are one or two exceptions like unitary authorities where they have merged the two and Auckland is a separate circumstance because it's now one council for the whole of the Auckland area. As I was mentioning to one of you this morning, the legislation has created Auckland Transport, which is a slightly arm's length council-controlled organisation to deal with transport. It has two elected members from the council on the board of Auckland Transport. But it has others as well to give it more of a transport focus rather than perhaps getting lost in all the other council business they have to do; so that's an exception.

**Mr VALENTINE** - You don't have groups of smaller councils all clubbing together to get their way over the larger councils, which might be fewer? That's what I'm interested in.

**Mr HASTIE** - I'll put up a map of our region and show you the councils there. There can be voting and lobbying, but I don't think it's rife in terms of that. At the end of the day, a lot of what happens comes down to funding. What we do in our role is to prepare a regional

program, which is a funding program of activities. We rank things and some things are just taken as given, such as some of the maintenance and ongoing public transport. That goes up to the New Zealand Transport Agency who takes all of these from across the country and says, 'We've got this much demand; we've got this much money and we'll figure out what we're going to fund and what our priorities are'. Then that comes back down to the regions. At the end of the day, that really dictates what happens.

**CHAIR** - The decision is really taken nationally?

**Mr HASTIE** - It's taken at both levels because locally we put our own share in. The national body cannot require us to do things that we don't want to do. Their role is the funding of everything and the delivery of the state highways. Local government delivers the local roads and public transport. It kind of has to match together.

**Mr VALENTINE** - The project is not viable without both lots of funding.

**Mr HASTIE** - That's right. Essentially, with the level of funding that Nick's outlined, you double your cost to your local community if you don't have that national funding coming in.

**Mr VALENTINE** - They'd be moving things in parliament to alter that.

**CHAIR** - It's the regional council that actually delivers - sorry, sets the service levels?

**Mr HASTIE** - The regional council does the public transport and the integrated planning, et cetera. The local councils deliver the local roading side.

**Mr VALENTINE** - Would that incorporate the local councils actually building the station infrastructure and things like that? Is that up to the local councils to decide where those facilities will go?

**Mr HASTIE** - If they're public transport, that would be more through us, but it's a slightly grey area. Bus lanes, for example, would be a roading activity because they run on the roads. There's a whole lot going on in our region about local government reform and about looking at some of these things now. Part of that is because some of these things are still a little bit disjointed. Bus stops, for example, actually happen on the roadway and on the footpaths and things. So while we will try to determine where the bus stops go, our council cannot make the decision to put a bus stop in and make the legal bus stop on the road. That has to be done by a city or a district council.

**Mr VALENTINE** - Or whether it has wireless updating?

**Mr HASTIE** - We do the real time information. I think what's critical here in terms of your integration. What we keep stressing is that certainly for public transport, you have to run a network. It has to all interconnect and that dictates the geographic extent in which you can manage it. That is why in places like Auckland, even before this recent Auckland Council, they had an entity that ran all their public transport across Auckland, across seven councils. They were quite big city councils because you cannot go out to where we were out this morning - you arrive in Eastbourne and you're on a different entity and

the buses run differently and then you get a train that comes back in here. You have to run it as a network.

**Mr VALENTINE** - Of course you do.

**Mr BROWN** - Just to confirm, the unit transport agency's role was a government agency, and is a co-funder and must approve the region's pecuniary policies and the levels of funding for each region and it's part of the transport committee that does the planning.

Quality standards are set partly at a national level by a requirement for buses which is like a condition of funding. Buses must meet certain standards. Also, the region will have its own standards that apply to the regional public transport and the way you contract services.

**Dr GOODWIN** - Is there a standard form contract that is used?

**Mr BROWN** - Contracts are done at the regional level.

**Mr HASTIE** - There are some standards and there are some rules but we are right at a time of renewal and a whole new regime for the contracting. We'll get to that later.

**Dr GOODWIN** - Okay.

**CHAIR** - It would interesting for us to see the tender document that you might originally put out for contracting.

**Mr BROWN** - In terms of the operation of services generally the services are provided by the private sector. The buses we went on was a private sector service. The rail is the exception because the operator of the rail network in Wellington is KiwiRail, which is the government freight rail organisation. For historic regions it has involvement in running passenger transport as well. In this case, the model we work to with rail is that the region sets the framework and the region owns the rolling stock and most of the stations. Then the region contracts out the service to a private operator. Meanwhile, the track owner, which is KiwiRail, allows access to its track network through what is called a track access charge. We are trying to put the ownership and the incentives in the right place to make sure there is long-term sustainability.

**Mr VALENTINE** - Does that track access charge the same across New Zealand?

**Mr BROWN** - No, there's an apportionment. In Wellington, the tracks are used for metro services that the region commissions. They are also used by freight so there has to be some sort of cost sharing arrangement. I would expect that, on a track that's entirely for passenger services, where there isn't a freight component then all the cost would go on track access charge to the region but where there is a freight component - and in Wellington we have a mixture of the two - there is some sort of cost sharing. Do you want to comment a bit more?

**Mr HASTIE** - Yes. The electrified network is only used for metro rail so all of the cost for that, but for train control, signalling, tracks, there is a portion -

**Mr VALENTINE** - Who pays for the boom gates where they exist on crossings?

**Mr HASTIE** - Apportionments, because they are used for -

**Mr VALENTINE** - Do you control that?

**Mr HASTIE** - No. I guess that's KiwiRail own that as a network.

**Mr VALENTINE** - Okay.

**Mr FARRELL** - So, KiwiRail staff and operate the trains?

**Mr BROWN** - In the case of Wellington they do. In the case of Auckland, it's Veolia.

**Mr HASTIE** - Then history was that we had a railways department then it was corporatised then the whole lot was privatised. Our government sold the tracks and everything. Then the government -

**Mr FARRELL** - Similar to us.

*Laughter.*

**Mr HASTIE** - Then we bought back the tracks and, for years, the company called ONTRACK, which looked after those, argued with Toll Holdings, the Australian company which bought the rail then, after a couple of sales. They couldn't agree on the track access charge. ONTRACK said we need a much larger amount than Toll said they could afford or was justified. In the end our last government decided, blow it, we'll buy the whole lot back.

**Mr FARRELL** - Very similar to Tasmania. We could almost look at you and think in 12 months time that's going to happen in Tasmania and it was pretty much the case. With the staffing levels, I noticed on the service we were on, there was a driver, a guard and a ticket collector.

**Mr BROWN** - Yes, that guard is quite unusual. Normally you have the ticket collector and you'd have the driver. I don't know how often that happens.

**Mr HASTIE** - The thing is we are highly unionised. We do not have any form of electronic ticketing so our ticketing system requires train staff to go through and either physically verify that you have a monthly pass which is a pass like this and you show it, or clip a ten trip ticket or you can buy tickets on the train. We have train managers and we have clippies and in peak times those people are all needed to go through and collect the revenue off the users.

We have plans and we are moving towards an electronic integrated ticket which will probably require gating at Wellington station. We are lucky because nearly all of our passengers come through Wellington station so we won't have to gate all of the outer stations.

In a few years we hope that the thing will be different. You will tag on when you get on at an outer station and then you will go through the gates in Wellington. If you do intermediate stations you will tag on and you will tag off at the station and we will have revenue protection people policing there.

**Mr VALENTINE** - So you can get the stats?

**Mr BROWN** - From smart card usage, yes.

**Mr HASTIE** - We do not have good stats now. We have estimates by train staff as to how many people are on because they know how many seats are in each carriage and they estimate how many people are standing. We also on our new trains have automatic passenger counters so they will detect people moving in the stairwell. It won't be perfect but it will give another check and we may find we have a steep change in our patronage statistics suddenly because we changed the way we measure it.

**Dr GOODWIN** - What does the train manager do? You have your ticketing person, you have your driver and then you have a train manager as well. Is that right?

**Mr HASTIE** - They are clipping tickets as well. Our doors are all manually operated so the train stops and then the manager will put his key in and unlock the right to open the doors and then he will -

**Dr GOODWIN** - They have to be physically unlocked to let people off?

**Mr HASTIE** - They turn the key and they push a button to let the doors.

**Mr VALENTINE** - Every stop?

**Mr HASTIE** - Every stop. It is not as bad as you would think but it is not as good as we would like. If you have the driver doing it, the driver has to have vision along the platform which is not so easy when you have curved platforms. If you have a long train and a curved platform you will have to do that by cameras so that is our future vision and you have to be very clear because we have stops where we have doors on both sides of the train so you can't have the driver opening the wrong side doors.

It would all have to be set up so that they can check and they don't close the doors when they shouldn't, that they close and open the doors on the right side where the platform is.

**CHAIR** - Do you have staff on the platforms as well or not?

**Mr HASTIE** - No. There is not a lot of staff at stations. At Wellington station there is always staff there and in some of the outer major stations there will be staff during key peak hours but not outside those hours.

**CHAIR** - I suppose that is the way it is done in lots of other places. If I remember rightly from Sydney rail, there is a guard on the platform who whistles or waves so that the driver knows it is okay to open and shut the doors without having people still on the track.

**Mr HASTIE** - We had pressure last year or the year before where our trains were so crowded they were struggling to get through and collect tickets. What that gave rise to was an issue that people who have monthly passes had paid for a whole month worth of trips. People were buying ten trips because they were hoping they would not get clipped on a number of trips.

That was inequitable and I made the call we had to start clipping tickets on the platforms so we had to employ, through KiwiRail, a number of extra staff to clip people's tickets before they got on the train. That was hugely unpopular and it was expensive. It did not make us money but it gave us an equitable service where we did not have some customers paying and some not paying for their journeys. We got through and as we bring our new trains in we got over that hump.

**Mr VALENTINE** - Are you looking at electronic ticketing?

**Mr HASTIE** - We are. We are following Auckland that is doing that now. They now have electronic ticketing on their trains and they will have it on their buses from the middle of next year.

**CHAIR** - It will be integrated, it will be the same ticket?

**Mr HASTIE** - It will be the same ticket and that is what we want. We have had some issues with the way that has rolled out in Auckland. We are very keen to follow them rather than let them sort it out because most electronic ticketing systems around the world are kind of failures when they start. Sydney has been a classic one and it is still struggling.

**Mr VALENTINE** - Brisbane is doing okay, seems to be.

**Mr HASTIE** - Historically, they are quite fraught with problems.

**CHAIR** - They take a while to settle in.

**Mr HASTIE** - They take a while to settle down and you have to sort all your fare products out first.

**Mr HASTIE** - They take a while to settle down and you really have to sort all your fare products out first. We have far too many fare products, and ways that they work. Both our major bus operators have electronic tickets and we have a card that one of our companies operates called the snapper card and that's used on quite a few services around town. You can also go into a lot of shops and just buy a cup of coffee, et cetera, because it has an e-purse function as well as a transport function.

**CHAIR** - That would be in competition with the one you're introducing?

**Mr HASTIE** - We would require people who were part of our network to comply with our integrated ticket. I guess that's been the issue in Auckland.

**Mr BROWN** - The New Zealand transport agencies do it as a national standard and the idea is that any ticketing system in any region should be able to comply with the national standard, so you make sure that your ticket, whatever the manufacturer or however it's

created, is usable in all modes of transport within that region, or ultimately within the whole country. As you say it's roll out now for Auckland. I think your time scale is three to four years?

**Mr HASTIE** - The National Transport Agency has said it is ineffective for them to fund a whole lot of separate systems throughout the country, so they said they will purchase the back office - the central processing for Auckland - and then other regions like ours will be able to bolt onto that. You have to pay for the additional hardware and things that you need, but if your ticketing system is compliant, which we would want it to be, then there's a lot of efficiencies in using the central clearing house.

**Mr VALENTINE** - Absolutely.

**CHAIR** - We have an interesting system at the moment - the government recently bought back the rail service from a private operator, as you have done, but we have only freight services on the line. The freight service is moving to a depot 15 kilometres out of town, so that 15 kilometres of line will now be available, potentially, for some other form of public transport, even a light rail, or possibly a bus corridor. The line will continue to be owned by the state government - in fact by the freight.

**Mr FARRELL** - They do not own it, the government owns it. They will have a management authority over it, but the government is able to lease that section of line out, I believe, if TasRail decide they don't want to manage it. If it's a disused line under their ownership then they have to continue maintenance.

**CHAIR** - Not maintain the infrastructure necessarily, but keep it weed-free and that sort of stuff.

**Mr BROWN** - Whatever model you come up with I think it's really important that it creates a sustainable source of revenue to maintain the trains to the standard that's required in perpetuity. If it gets run down then ultimately it's not a sustainable model.

**CHAIR** - The interest for us is where your balance is of passenger and freight rail. It is the one authority that owns it?

**Mr BROWN** - Yes.

**Mr HASTIE** - It's tricky. KiwiRail, in our case, wants to grow freight and we have the potential for freight trains coming through our peak periods. If a freight train is a bit late and it's got a ferry to catch, do you let the freight train go ahead and hold all the passengers up on their way home? So we have the notion of a timetable committee where the parties will gather round and we will work out some of these rules. For us, there's been a big iteration in the last couple of years. When we signed our current operating contract with Toll Holdings, Toll had all the access rights for 67 years, so there was no chance of competition for metropolitan rail operations - they had it. They did the maintenance and they did the track.

With the deal we've put together with the current government, we own the depot, and the rolling stock, and we have a track access agreement - which is not yet signed, but it's close. We can go to the market for an operator to come in and operate and maintain the

trains. We can go to an international competitive market and even though we're really tiny in the international scheme, people are interested. Especially international companies that have come into Australia, into Melbourne - it is not a big step to run a New Zealand operation as well. We hope that we can set the structure we want for the best contract - the performance-based contract - with all the right incentives and performances, and we will attract market bids. Deb may have a comment on this. None of us think we have a very good contract now. It was just a product of its time; it was a sole supplier; it was hard to test value for money. It's a gross contract, so we pay everything that doesn't come in from fare revenue and that's not as good as we would like.

**CHAIR** - We obviously wouldn't want to ask you for commercial-in-confidence information but the track access agreement would be of interest to us if you have a document that was -

**Mr BROWN** - Sanitised.

**CHAIR** - Yes, sanitised. That's exactly what we, or any rail operator, will probably need in Hobart.

**Mr BROWN** - Certainly. The track infrastructure is owned by the government?

**CHAIR** - In the same way as KiwiRail.

**Mr BROWN** - Yes, so you'd have to develop a fare arrangement for -

**CHAIR** - They're not using it any more so it's not quite like your situation, where it's going to be competitive but, nevertheless -

**Mr HASTIE** - Part of the deal which we negotiated with the government gave us some of the ownership - we paid a dollar for a lot of the stations and the rolling stock. We thought the local people should pay for the ongoing renewal and maintenance of the network but we didn't want to pick up this historical legacy. So, the central government directly funds some catch up renewals, as we call them, but we agreed to increase our share quite significantly, because if you don't maintain the assets on a proper sustainable basis, you can't deliver the reliability and punctuality.

**Mr VALENTINE** - The risk management is quite significant, isn't it?

**Mr HASTIE** - It is. We had terrible press. You have failures all the time and that's not the way you grow patronage. You need reliability. People want to know the train will arrive at the same time every day. It is more important than the comfort or how quick the journey - it needs to be punctual and reliable.

**Mr VALENTINE** - Certainly not running early.

*Laughter.*

**Mr FARRELL** - An issue that's been raised with us is the fact that Tasmania has a 3 foot 6 inch rail gauge and some believe that's not ideal for a passenger service. However, we've

had a look at the operations in Queensland, which is 3 foot 6 inch, and the operations here that are 3 foot 6 inch. I wonder whether you have any particular issues with that rail gauge or are there any things that you have to do differently because of that rail gauge in passenger operations.

**Mr HASTIE** - For us, the rail gauge is less of an issue than our structure gauge. Structure gauge is the clearance around the track. In our case, with the Johnsonville line, which is one of our shorter lines, in order to run new trains, we have had to enlarge the tunnels, which has been done by lowering the tunnels. They were curved and they found if they lowered them a bit they could fit more. We run our trains really close to the tunnel edges. We have to have egress through the front of the train in emergencies.

**Dr GOODWIN** - Yes, we heard about that.

**CHAIR** - Yes, interesting.

**Mr HASTIE** - That affects the train design - you've got detrainment ramps at the front. That is more of an issue for us. On an international scale, our trains are quite narrow. That's also affected the design of the seats and the capacity. We still think they're okay but that's why there are a lot of lateral seats that you might otherwise have put the other way round but you couldn't have egress, especially for wheelchairs. If one door didn't work and they needed to get to the other door.

**Dr GOODWIN** - When you say they're very close to the tunnel, how close do you mean?

**Mr HASTIE** - I think they run close. They stuck a whole lot of polystyrene and stuff on the sides of the platforms and when new trains come in, they run them through to see what gets knocked off.

**Dr GOODWIN** - Wow, that's close.

**Mr BROWN** - 150 mm.

**Mr HASTIE** - The railway engineers have told me some of our freight trains can almost bump on the side of tunnels.

**Mr VALENTINE** - Because of the rocking?

**Mr HASTIE** - Yes. The kinematic envelope determines that. That's the big thing. That's been our constraint, more than the narrow gauge. The narrow gauge has been more of a constraint for us when we've been looking for additional rolling stock, because you look around to buy second hand rolling stock from around the world, which we did a couple of years ago when we were really short, and there are not many places you can go to.

**Mr BROWN** - I haven't seen any figures but I suspect it would not be cost effective to regauge your track.

**CHAIR** - Not at all, no.

**Mr BROWN** - You are stuck with what you have if you have an existing network.

**CHAIR** - That is right.

**Mr BROWN** - It is a case of making the best of it.

**CHAIR** - It is a suggestion has been made -

**Mr FARRELL** - Our loading gauge is quite large too. We have a good sized loading gauge so we do not have that issue and on this particular line we do not have to compete with any other traffic.

**CHAIR** - And no tunnels.

**Mr FARRELL** - No tunnels.

**Mr BROWN** - The rest of the freight network is the lower gauge anyway

**CHAIR** - Exactly.

**Mr BROWN** - so it would be on the end of your train.

**CHAIR** - The suggestion has been made that we will not be able to get up to any speed because the narrowness of the gauge means that you get more lateral rocking. That is not so?

**Mr HASTIE** - I am not sure. You can get pretty much up to a decent speed. I do not know what speed you are expecting. It depends on the distance between your stops.

**Mr FARRELL** - That is it. I do not think we would need to go as fast as we travel today. I do not know what speed -

**CHAIR** - How fast did we travel here?

**Mr BROWN** - 80 kilometres.

**CHAIR** - We are not looking at that sort of speed.

**Dr GOODWIN** - We are not looking for a bullet train or anything.

**Mr FARRELL** - The section of line is probably similar in distance to the Johnsonville line here so it is a very self-contained piece.

**Mr BROWN** - Deb, who is coming later on, might be able to give you more detail on that.

**CHAIR** - I am sorry Nick, we keep interrupting you.

**Mr BROWN** - That is okay. To finish off I'll talk briefly about the legislation around public transport procurement. This primarily relates not to rail but to bus and ferry services because the rail has its own model at the moment although they are being brought together.

To put it very simply, we currently have legislation that allows commercial operators of bus services to register commercial services so they can say I want to run that service or that bit of a service commercially. It might be a few morning or evening peak services, we are going to operate those commercially and then leave the rest for the council to step in and say we want you to contract around those commercial services. That can make it very difficult and very expensive to contract in that way.

In 2008, before the change of government, new legislation was brought in that gave councils new powers. One of those powers was a contracting requirement that said that if the circumstances were right they could pursue a situation where all services in an area were basically forced to be contracted. There were also separate controls. That legislation, the ink had barely dried, before a new government came in, and decided to have a look at the whole situation again.

What that process has led to is where we are now which is a new bill going through parliament which implements what is called the Public Transport Operating Model. We are a bit constrained in what we can say about that because it is subject to current parliamentary process.

Essentially the model is an entirely contracted model. There is a provision for exempt services which tend to be the niche services, higher cost, high quality services or inter-regional services. But apart from those, all services within the network are contracted. They might be contracted at zero subsidy but they are contracted. The basic unit of planning, it is called a unit, is one route for 24/7 so you cannot have a commercial operator coming in cherry picking and then having council talked right around. There is a lot of other stuff around it but that is the core of the new Public Transport Operating Model.

The bill has been tabled in the house and a select committee is currently considering it. A person from the organisation gave evidence recently to the select committee on that. It remains to be seen how that turns out but it will be a fairly fundamental change in the way that public transport services are operated.

One of the key parts I take away from this is the model was developed in collaboration between the councils, the bus operators and their representatives and the national government. That promises to be, hopefully, a very effective way of both increasing the cost effectiveness of procurement of services and incentivising commercial operators to operate commercially and to grow the market which is what the current government felt was not there in the legislation as it is now.

That covers bus and ferry services and in the future rail will be brought into that model as being part of that network. Rail is already a single coherent unit or you could break it up into three or four so the issue is not the same. The idea of a contractor stepping in and taking a bit of rail, the rail market does not work in the same way, but for completeness that's in the proposed new legislation.

The next slide was about Metropolitan Rail Services. It's about the way the track is owned by the government state-owned enterprise, KiwiRail. The rolling stock and stations are generally owned by the regional council or from Transport in Auckland. The

regional council defines the level of service, pays the track access charge and then the New Zealand Transport Agency come in and co-fund those services according to the sliding scale from 59 per cent down to 50 per cent. The operation of these services is contracted out. In one case in Wellington it's KiwiRail and in Auckland it's Veolia.

It is a relatively simple model that hopefully puts incentives in the right place and crucially creates an environment for the long-term sustainability of the track. We're not into the feast and famine situation where the track will be rundown, suddenly a case will be put to government, government will put some money into it, it will be brought up to the level and then it would run down again. It is a system that will enable the long-term funding and upkeep of the network.

Our final slide is a word about integration because this is a key part of your interest. You get integration particularly when you put the planning in one level. Not entirely, but largely the planning of public transport is now with the region and there are some exceptions we've already talked about. Operators, particularly before any new legislation goes through, can operate services commercially. KiwiRail, as we know, do the track infrastructure and they operate Wellington Services, and are part of the picture. New Zealand Transport Agency overall co-funds services and also operates the state highway network, which is one part of the roading network. Then local councils do the local roading bit, parking, land use and that sort of thing. Integration with land use is another key issue in terms of integration.

The final point there is a really essentially part of an integrated network: the ability to have integrated ticketing. That is where I was going to leave it. I don't know if you want to go straight on to hear a bit more from Wayne about the whole network and where the network is planned in the region?

**CHAIR** - That would be great, thank you. I wanted to ask you a question and perhaps some of the others have questions too. This regional body that sets the service delivery, what is that called?

**Mr BROWN** - There's the Regional Transport Committee, which is the committee that approves the Land Transport Plan. That, in technical terms, is a committee of the regional council.

**Mr HASTIE** - Technically that committee prepares the plan and recommends it to the regional council for adoption.

**CHAIR** - How is that committee set up?

**Mr HASTIE** - It's set up as a statute, and authority comes through statute, and membership comes through statute.

**CHAIR** - So it's a joint authority in that sense. It's the councils who have set that up, the regional council?

**Mr HASTIE** - As Nick says it's a committee of the regional council, but it's in some ways a joint committee because all of the other local authorities in the region are party to it, plus the Transport Agency and at the moment these other representatives.

**CHAIR** - Is it at arm's length or how is it set up, is it elected or appointed?

**Mr HASTIE** - No. Each local council puts a member on. They nominate someone and they are appointed by the regional council.

**CHAIR** - An elected person?

**Mr HASTIE** - Yes. Ours is comprised of all the mayors. The local political leaders, the chair of the regional council, the deputy chair of the regional council.

**Mr VALENTINE** - They're not professional officers?

**Mr HASTIE** - No. There is a technical working group, a joint group of officials -

**Mr VALENTINE** - Is that a reference group to that group?

**Mr HASTIE** - Yes. They work on the material collectively and put that up -

**Mr VALENTINE** - They produce the reports that go up to the elected bodies?

**Mr HASTIE** - They produce some of the reports. Our organisation produces some, but there could be a report come in from the New Zealand Transport Agency.

**CHAIR** - I was wondering how the system works and how that committee makes its decisions?

**Mr HASTIE** - We service it and the committee makes its decision. It's making a lot of recommendations. It recommends the regional land transport strategy for adoption by the regional council. If the regional council wants to change it, they can't just change it; they have to refer it back down to that committee if they're not happy with any aspects.

**Mr BROWN** - It is legislated for and the legislation is clear about who the membership of the committee can be in terms of the number of representatives from each of the councils and, as I said, the interest groups that are on it and the role of the NZTA. Who it is from the councils isn't defined in the legislation.

**Mr HASTIE** - It's up to the councils. But it is elected officials.

**Mr BROWN** - Yes.

**Mr HASTIE** - It's not -

**CHAIR** - Having been part of that sort of body, I know that kind of body is generally serviced by professional people who actually do the groundwork for you.

**Mr BROWN** - Absolutely, yes.

**CHAIR** - It's the decision-making body but generally not the research or -

**Mr HASTIE** - It is. We all have roles so if it's public transport we will probably take the lead; if it's a state highway matter then it will be the New Zealand Transport Agency; if it's local roading, it will come up through the districts -

**CHAIR** - And there's secretarial support that coordinates all that? Who produces the board papers?

**Mr HASTIE** - Our job is to service the committee so we have the job of pulling together the order paper and publishing the agenda.

**CHAIR** - And you take the minutes and do all of that sort of secretarial background work?

**Mr HASTIE** - Yes.

**Mr BROWN** - It's worth pointing out that the New Zealand Transport Agency, which is the government level agency, does have a statutory place on the committees and in that case it's not an elected member or organisation, rather an agency which has a board and officials. It's the officials, in the case of the New Zealand Transport Agency, that are on the committees; not the board members or anything like that. For the councils it is the elected members. It's no surprise that it's the mayors because for most of the local authority, their biggest budget area is roading and transport so they have a keen interest in what happens in that committee.

**Mr HASTIE** - Historically, there has been a problem where it hasn't been the mayors and people have just been told they can go on this committee or that committee. Then there hasn't been proper reporting back; there is no real authority from the person and that didn't work so well. That was five years ago. Having the mayors there at least you've got the political leaders from those organisations.

**CHAIR** - Your minutes would probably go back to each council, though, wouldn't they, and form part of the council papers?

**Mr HASTIE** - They would.

**Mr FARRELL** - I'd imagine, though, with our model being that Metro is a state government body, it probably wouldn't involve a great deal of local government.

**CHAIR** - Well no, not unless there was a similar authority set up which would be state government and looking at local government contribution - because this is obviously 25 per cent of the funding.

**Mr VALENTINE** - That would have to be an advantage, wouldn't it? In our case it would be an advantage for local government to have some degree of input.

**Mr FARRELL** - But they'd probably only get the finances from the state government, I'd imagine, or the federal government.

**Mr VALENTINE** - No, they wouldn't be -

**CHAIR** - Well, this gets done through ratings. It's an interesting concept that we have not done in the past; being responsible for public transport.

**Mr FARRELL** - Going back to the Brisbane example, the poor old contractor has to deal with several levels of government.

**CHAIR** - Sure.

**Mr HASTIE** - In my mind, in a model of integration where you have fragmentation, communication, coordination, harmonisation and integration, we used to do a lot of communication where groups would get together. Emergency services is a classic - the fire service, the ambulance, the police; the local councils would all come together and have a really nice lunch and all say what each one was doing and then they'd all go away and do their own thing. Instead of police or fire service actually saying, 'You're doing that as well - we're doing that so we could combine what you're doing with high-risk housing', or whatever. I think we moved that - there is another legislative change that brings it altogether and recognises that.

**CHAIR** - And somebody takes responsibility.

**Mr HASTIE** - Yes, someone takes responsibility for managing it.

I just threw some slides together but I'm happy to just keep taking questions in discussion. This was just some context. We have four cities and four districts in our region. That's our region - all the coloured bits. The lower bit of the North Island with a population of around 500 000.

**CHAIR** - Where are we?

**Mr HASTIE** - We're here - this is Wellington city in here; this is Porirua city, Upper Hutt, Lower Hutt and Kapiti.

**Mr VALENTINE** - That's Kapiti Coast?

**Mr HASTIE** - Kapiti Coast District Council. This area, which is the vast land area with a small population is what is collectively known as the Wairarapa, and that has three councils: South Wairarapa, Carterton and Masterton. We have taken part of a district up here, but the boundaries were catchment boundaries. We are a water and sewer catchment environment authority. We do wholesale water for the four cities, we do all the environmental planning and, again, regional policy statement and resource management. The discharge is to land, air, water, coastal management, etcetera, that's the organisation's role. We consent to sewerage, but we do not do the treatment of sewerage. That is done by the cities and the districts. At the moment we have a proposal being developed for these councils to break off the region and go it alone.

**Dr GOODWIN** - Together?

**Mr HASTIE** - Collectively together and become what is known as a unitary authority. We are looking at reform because there is a bit too much fragmentation. With Auckland speaking as one voice we don't have a collective. We don't have that kind of mandate as

a region to speak. Our Chair, Fran Wilde, can speak, but then how does that compare to the Mayor of Wellington City? Wellington City has half the rateable value in our region and they are obviously the powerhouse, whereas South Wairarapa is sparsely populated, although I cannot remember the stats.

**Dr GOODWIN** - What are they, sort of rural areas?

**Mr HASTIE** - They are rural areas, yes. This is pretty much rural here. A lot of this is rural and obviously there are parts here where the developed area is quite small.

**Mr VALENTINE** - Forestry and farming, sheep?

**Mr HASTIE** - Farming, yes, hills country and a big mountain range through here. A lot of Kapiti is quite rural with development up the coast. Local government forms a hot topic of debate and we've just had a report done suggesting we should have two tiers, so we do have a big mandate of speaking on behalf of and advocating for the region, and managing all these things. We have these people in here saying, 'We can go it alone,' and we're just saying again, for transport you just can't go it alone for transport. It's not going to work. We've got trains coming from over here, but we have a major train line coming down here and another one going up here. We have some bus services that come in from around here and come around into Wellington, and obviously the ferry service that you went on this morning. Whatever you do, public transport you are really going to have to do on a regional basis.

**Mr VALENTINE** - New Plymouth, is that -

**Mr HASTIE** - New Plymouth is up here somewhere, so that goes around and then there's a bite here and -

**CHAIR** - That 500 000, is that your region's total population?

**Mr HASTIE** - That's the total region.

**Mr VALENTINE** - It's the size of Tasmania in population. We're 518 000 aren't we?

**Dr GOODWIN** - Are we up to that many?

**Mr VALENTINE** - I think we are.

**CHAIR** - That's not counting the fly-in fly-outs.

**Mr VALENTINE** - It might be less, but I heard someone say that.

**Mr FARRELL** - No, I've heard it's something like that.

**Mr HASTIE** - The patronage and 35 million, 36 million trips per annum and you can see the breakdown. We have more trips on bus, but we have more passenger kilometres on rail, so people make the longer journeys on rail. Again, that is the thing that rail serves really well - the longer distance trips. Going back here, the trips that come in from up here and

come in from up here and even from over here, rail services them really well. All the little trips that come in from over the Miramar Peninsula are bus trips.

**Mr VALENTINE** - What's the longest train distance you travel on any one trip?

**Mr HASTIE** - A hundred kilometres.

**Mr BROWN** - Masterton, top right, is about 100 kilometres from Wellington.

**Mr HASTIE** - It's about an hour-and-a-half on this train and about an hour from up at Waikanae here on that train.

**CHAIR** - That's not bad for 100 kilometres away.

**Mr HASTIE** - I guess what that does is with the longer trips on rail it makes the rail patronage more sensitive to fuel price increases. If we have a fuel price increase those people who make the longer journey will tend to leave their cars at home and jump on the rail more.

**Dr GOODWIN** - Would they be commuting people who live out that far?

**Mr HASTIE** - Yes. We have people who commute from Palmerston North[✓], which is another single rail service probably up here somewhere, and come in down here. I don't know how long that would probably take - two and a half hours or something like that.

**Mr BROWN** - Yes, two and a half.

**CHAIR** - They do that every day, do they?

**Mr HASTIE** - Yes, they do.

**Dr GOODWIN** - Wow.

**Mr HASTIE** - They have one train in the morning and one at night.

**Mr VALENTINE** - We do not know we are alive.

**Mr HASTIE** - No, so the electrified network only goes up to Waikanae up here and up to Upper Hutt. The train we run to Masterton into the Wairarapa is a diesel.

**Mr FARRELL** - Diesel haul.

**Mr HASTIE** - Diesel haul carriages.

**CHAIR** - Wairarapa is that one we were talking about going on.

**Mr HASTIE** - Going alone, yes. A lot of funding for that actually comes out of Wellington, so that is one of the issues where we say, 'You are going to have to pay a whole lot more because why would the people in Wellington, particularly the businesses down in the Wellington CBD, pay for your train in the Wairarapa?'

**CHAIR** - They come into Wellington though, don't they?

**Mr HASTIE** - Yes, but I can just see they lose that argument because they will just say you are not part of our region. The numbers are small -

**CHAIR** - What if they break away?

**Mr HASTIE** - If they break away, the numbers are small from Wellington city's perspective.

**Mr VALENTINE** - In terms of loss.

**Mr HASTIE** - The ferry is quite small and you have been on that. You will hear more about that from Jeremy later on. That is our per capita trips which is really high even for Australasian standards.

**CHAIR** - Absolutely, yes. Rona was telling me today an incredible percentage of people are using public transport. What percentage of your travel is done by public transport?

**Mr BROWN** - This is the morning peak - journeys to work. This is available on the website but for public transport/walk or public transport on its own, it is 17 per cent. Then you add another five per cent where it is a combination of public transport and car so it is trying to pick up all those different combinations of journeys. But it is around about 17 to 20 per cent. That is the highest rate in New Zealand.

**Mr HASTIE** - Nick mentioned cars - one of the things that has been really successful on rail is park-and-ride. We have a lot of park-and-ride car parks so you can drive there and you have got the convenience there. You have noticed the odd hill around Wellington that you can drive down and you can park. We are constantly looking for opportunities to extend park-and-ride car parks.

I think it was about 40 per cent of people who travel on the train park and ride. Our trouble is and our challenge is to keep finding space for them to park because we could not afford to go up. We do not charge for parking, although that is something we have looked at.

**Dr GOODWIN** - You do not charge at all?

**Mr HASTIE** - Not at this point. It is just something we have looked at.

**CHAIR** - That is something reflected in the ticket price, I suppose.

**Mr HASTIE** - Again, it will be in terms of who pays where. We even put some free bus services on for people with monthly train passes to try and encourage them to catch the bus to the train station and not take their car because we did not have enough car parking.

**CHAIR** - That is good.

**Mr HASTIE** - We are obviously encouraging walking and cycling, as well, to the train.

**Mr VALENTINE** - You control both the bus and the train, so you can actually give those away. Do you account for that in some way?

**Mr HASTIE** - We do. We have to pay the bus operator for the lost fare revenue because they run under a net contract where they keep the fare revenue. We are really successful and again when we did a major rail timetable and we extended our line further, we did a new timetable and then we have got to redo all the bus timetables as well. One of the key things of integration is getting good robust connections between your buses and your trains.

**Mr VALENTINE** - What you are saying in that last 73 trips per person per year is basically you can work out how many people are travelling just by dividing them into 35.7, is that what you are saying?

**Mr HASTIE** - No, what I am saying is that there are 35.7 million trips and there is a population of 500 000. So it is simply 35.7 million divided by 500 000.

**Mr VALENTINE** - Sorry. You are saying of the population, not of the people that are actually travelling?

**Mr HASTIE** - No.

**CHAIR** - But that is on all forms of transport.

**Mr HASTIE** - I had an uncle years ago who lived over the hills in Wainuiomata[✓], which is over another set of hills, who would catch a bus to catch the train to then catch another bus to get to his employment. Again, integrating that -

**CHAIR** - Can I just talk about park-and-ride? How far out do you start your park-and-rides because with your closer ones you probably would not -

**Mr HASTIE** - Remember, the park-and-ride is for the rail and not the bus, so that the park-and-rides start at all the stations. The far out ones start there all the way through to where I live in the Tawa Basin which is a 15-minute train journey; we have a lot of park and ride there. You would still park and ride there and jump on the train and it would take you 15 minutes to the main station. Even the last station would be down in here somewhere is a 15-minute trip.

**CHAIR** - Do you have a big park-and-ride where it is 15 minutes away, where you live?

**Mr HASTIE** - Yes, there is enough parking. We can't have enough to meet the demand.

**Mr VALENTINE** - How long would it take to do by car?

**Mr HASTIE** - In peak, probably half an hour.

Petone is a big area for park-and-ride. You've got the train there. We're looking at more land to park and ride all the way up the Hutt Valley. It's still out a little bit. Coming in,

the train gets to come through some big tunnels so it's not competing with the traffic; obviously, it's got a dedicated line.

**CHAIR** - My question relates to the fact that the line we are talking about, the corridor that will be available for whatever form of public transport for us only goes out either 8, 9 or 10 kilometres to Claremont or maybe 15 km out to Brighton. But it goes through suburbia, so acquiring land for park and ride - there would be some, but there wouldn't be huge areas. Is it necessary to have big park-and-rides once you get closer in? Or are you looking at denser populations where you just walk to the station?

**Mr HASTIE** - I think you have to look at your catchment; how far will people walk?

**CHAIR** - Yes.

**Dr GOODWIN** - Not very far in the winter.

**Mr HASTIE** - There is quite a limit to the time that people will spend walking.

**CHAIR** - I think 400 metres is about it.

**Mr HASTIE** - In Auckland, where they've done a northern bus one - Nick might know more about this than me - they've done park-and-ride there for bus services. I remember they were oversubscribed when it first opened and people were saying, 'It's stupid; why don't they have enough car parks?'. Well, it's about trying to encourage people to make other ways to connect onto the bus, not just by taking their cars.

**Mr VALENTINE** - Even pushbikes.

**Mr HASTIE** - Yes. Part of the integration is in cycling. We've just been pushing the trials for carrying bikes on trains. We've pushed out the putting bikes racks on buses but I've just tripped overseas recently and certainly in North America and everywhere we went, every bus had bike racks on for three to four bikes.

**Dr GOODWIN** - On the actual bus or on the outside?

**Mr HASTIE** - On the front and in one place, for which I'll show you slides later on, in Eugene, they actually have bikes in the bus as well.

**Mr VALENTINE** - Hanging up?

**Mr HASTIE** - They are strapped to the side and our trains have - I don't know whether you saw it -

**Dr GOODWIN** - We saw that.

**Mr VALENTINE** - Do you have any facilities at stations here for people to leave their bikes in a locker and/or shower?

**Mr HASTIE** - We do.

**Mr BROWN** - There is somewhere yesterday where we were staying -

**Mr HASTIE** - We have lockers; we have racks but we don't have any showers. We allow folding bikes on the trains all the time. We encourage people to buy folding bikes. We've got an issue at peak times where we lose five seats when one person gets a bike on; they are flip-up seats. Up until now, the bikes have been banned from the peak trains but we're looking at trying to relax that on a trial basis to see how it goes and whether it creates any problem. This comes down to what the train manager does. One of the roles of the train manager is to say, 'Sorry cyclist; this train is too full to accommodate your bike'.

**Mr VALENTINE** - They'd have to have some option at that point, wouldn't they?

**Mr HASTIE** - Wait until the next train; that's the risk you take. The same trains will generally be full every day so you'll get to know. The issue is, if I get on at Upper Hutt and the train is not full, then I get part way and it becomes full. On the other hand, the closer you are in where people have to stand because they can't get a seat, the bike will shorten their journey anyway.

We have a real thing about seating; people really want to sit down whereas in most metros around the world such as New York there are virtually no seats and everyone stands up on their services.

**CHAIR** - Really?

**Mr HASTIE** - Yes, you see them on television; they just lean on the sides or there will be one row of seats and for a lot of services people don't expect to be seated. On the length of your track, there's not going to be a long duration.

**CHAIR** - No.

**Mr HASTIE** - We've talked about the land transport strategy. I guess we plan and fund the PT network and I have a couple of copies of our public transport plan that you can have. All our documents are published on our website. We do contract the train, bus and harbour ferry services. We do the customer services, so we have a call centre, we do websites, we publish and print timetables, and provide timetable signs at bus stops, and real-time information. We now own and maintain assets, so we have a number of facilities - park and ride, railway stations, and trains. We fund Total Mobility, which is a transit scheme for people who are unable, because of their disability, to take normal public transport. They get 50 per cent off their fare in a taxi. We also promote sustainable transport - walking, cycling, car pooling and those things.

**CHAIR** - Do you put funds into that?

**Mr HASTIE** - Yes, we do.

**Mr VALENTINE** - Car pooling as well?

**Mr HASTIE** - Yes. It's not in my area, but we have developed a car-pooling program, which has now gone national, so through the web people can link up and get rides. That has been pretty successful.

**Mr VALENTINE** - Do they get incentives when they car pool?

**Mr HASTIE** - No, the only incentives are the odd places where there is a T2 lane, where a car with two or more people can use a particular lane. Our issue is with single occupancy vehicles, as opposed to too many cars. It's too many cars with one person in them.

**Mr VALENTINE** - Some people put shop dummies in the front seat.

**CHAIR** - Do they?

**Mr VALENTINE** - Yes.

**Mr BROWN** - It's probably worth pointing out that compared to a lot of other places in New Zealand, the supply of parking in Wellington is relatively constrained. I think the going price for a dedicated car park spot is around \$200 to \$250 a month. It's quite a financial incentive. The incentive if you can car share is simply that. It is more than the fuel price - it is the fact that you are saving on parking costs, if you have to pay for your parking.

**Mr HASTIE** - In our organisation we are the big spender, so we get to spend 60 per cent or 70 per cent of our whole organisation's budget and we probably have 10 per cent of the staff. Public transport costs a lot of money.

**CHAIR** - When you say your organisation?

**Mr HASTIE** - I mean Greater Wellington Regional Council.

**CHAIR** - Regional Council, not just metropolitan?

**Mr HASTIE** - We are unusual, because there are only three councils that have major public transport as part of their operation: Auckland, Wellington and Christchurch. The others do, but to a much lesser extent. They are focused more on environment, which we are, but a lot of our funding goes on public transport.

**Mr VALENTINE** - What are your biggest complaints? What are people ringing up and complaining about?

**Mr HASTIE** - Reliability, missed trips - a lot of those. We had 15 complaints on one bus trip the other day where the driver was not behaving particularly well towards the passengers. Not a train trip, I should say, Deb.

**Dr GOODWIN** - We had a lovely bus driver. He was very good. We were very impressed.

**Mr HASTIE** - Mostly they are okay, but when you get 15 complaints on one trip you know there is an issue going on. When you read the sorry saga, you could see that the person,

if they were even half truthful, had grounds to complain. But, the biggest thing for everyone is reliability, and punctuality.

**Mr VALENTINE** - Services running early maybe?

**Mr HASTIE** - Sometimes. With our real time information rolled out - we haven't got it on trains yet, but we are getting there next year - that will help, because it tells you when the trains -

**Mr VALENTINE** - Who pays for that \$2 500 wireless to be put in place on top of the pole, when it comes to buses and things?

**Mr HASTIE** - We're funding that.

**Mr VALENTINE** - That's you?

**Mr HASTIE** - Yes.

**CHAIR** - Really your contractor is just operational, doesn't have to do maintenance or -

**Mr HASTIE** - For trains, we have three contracts at the moment. We have train operations, which Deb will tell you about, we have train maintenance, which is maintaining the rolling stock and the depot that you saw, and we have track access.

You can see there were half a million calls to our information line and our website gets a lot of hits. I'm always surprised how many people ring up to ask for information about public transport. We used to run a 24-hour service and people would be ringing up at 2 o'clock in the morning. We knocked that back as a cost saving measure, but people are constantly ringing. With *The Hobbit* premiere the other day, they had a thousand calls by 10 o'clock in the morning.

**CHAIR** - But it is online.

**Mr HASTIE** - It is all online, as well, and we encourage people to go to the website. The one that has really grown is our mobile website. If you are on a smart phone it will take you directly to that mobile site and if you put in the bus stop number it will bring up the real time information for that bus stop.

**CHAIR** - Yes. Rhona was saying to me this morning that she catches the bus at a particular stop every day. She has that in her app, and it says which service and how long it will be.

**Dr GOODWIN** - Can you can do route planning, from here to here?

**Mr HASTIE** - Yes, you can.

**Mr VALENTINE** - And how long it takes, I suppose?

**Mr HASTIE** - I understand you are interested in the light rail argument in your corridor.

**CHAIR** - Yes.

**Mr HASTIE** - I was going to talk a bit about what we call our public transport spine study, which came out of a corridor plan. As part of our land transport strategy, we have been looking at different corridors and looking at all the modes in a particular corridor in some detail. What came out of that was the need for a high quality, high speed, dedicated public transport spine between Wellington station and our hospital.

**CHAIR** - And the distance?

**Mr HASTIE** - Five or six kilometres. It is not that far and it is part of the Wellington city growth spine - where they want to grow, and set up a transit-oriented design to get people living in those areas. One of the big changes in Wellington city over the last ten years is allowing people to live in the city, so all around you will see apartment buildings and old warehouses - old buildings that have been turned into apartments. There are a lot more people in the city, and a large number of people walk.

This is a big study. This is like a million dollar study, looking at options, and trying to get to three or four feasible options for providing services.

You can see we have completed the long list evaluation and we are now down to looking at the short list. In the medium list we looked at bus priority along a couple of routes - one through the central city, one down the waterfront. We looked at bus rapid transit on those routes. We looked at light rail and heavy rail extension, which proved to be pretty expensive and got knocked out.

Using multi-criteria analysis, we worked through each of the options in terms of their contribution, and their pluses and minuses against the criteria. It has come down to three options on the short list - bus priority on the central alignment costing \$16 million to \$35 million; bus rapid transit on the central alignment will be \$100 million to \$300 million; light rail transit will be \$172 million to \$392 million.

We have ditched the waterfront options. It takes you further away from where people want to go and the streets are quite hard to get across, traffic wise, and heavy rail is just too expensive.

**CHAIR** - When you say 'on the central alignment' do you mean a new alignment or an alignment you now have along a main road?

**Mr HASTIE** - The finer details are still to be worked through, but it is generally along the alignment that we have now.

**CHAIR** - Of a road?

**Mr HASTIE** - Of the roads that are there, but there is still the detail to be worked through as to exactly where it would go.

**Mr FARRELL** - Is that why there is a bigger range with the bus - \$98 million to \$319 million, where the rail is more -

**Mr HASTIE** - I have a slide from overseas showing how bus rapid transit can be from shared space to dedicated space et cetera, and there is a whole raft of criteria there.

**Mr HASTIE** - ...dedicated space, etcetera, and there's a whole raft of criteria. We have the central corridor being the principal use, street level bus and light rail should be taken forward for that evaluation and a single spine is unlikely to give us sufficient capacity in the long-term.

Interestingly we had a real political drive from a few people, particularly the mayor of Wellington, for light rail. It's almost philosophical but on the principle that overseas light rail attracts more users because it has more permanency. We will do a lot of work on all the alignments and a lot more of the costings of that as we come through.

**Mr VALENTINE** - You don't have to acquire land to do this?

**Mr HASTIE** - Potentially, yes. That will depend on the exact nature of the alignment.

**CHAIR** - So that's your land use evaluation?

**Mr HASTIE** - As soon as you try to put in a bus priority or anything and you take away car parks, you have people complaining about loss of parking and businesses complain.

**CHAIR** - It is interesting that you are taking not just economic evaluation but also social. Are those separate, social and environment?

**Mr HASTIE** - Yes, and there is the zoning and how well it delivers on what the city wants for that growth spine, so it's not just economic. We are also doing some work on how it might be funded. We are also looking at issues such as, if we looked at light rail from the hospital to the railway station and it looks too expensive, what if we extended it up this way, or out that way, would the whole package become more economic than if you just focused on that spine.

**CHAIR** - When you are talking about light rail would you be talking about electrified?

**Mr HASTIE** - Yes.

**Mr FARRELL** - Light rail refers to a lighter weight rail going in as distinct from the heavier weight rail that you use for a freight line?

**Mr HASTIE** - I think it's more about the boarding and I am not sure that the 'light' is light in a physical sense, it is easier boarding, more frequent stops.

**Mr BROWN** - Light rail can go on road whereas heavy rail cannot, other than at level crossings.

**Mr HASTIE** - If you have shared space like in Melbourne where you are sharing your roadway or you can have dedicated space.

**Mr FARRELL** - In Hobart we talk about the proposed light rail service, but it is using a heavy rail corridor that is already there.

**Mr HASTIE** - We have had suggestions you run light rail up to Johnsonville, for example. There are a few issues with platform heights because our heavy rail has platforms of a certain height and if you did that you would have to build platforms all through town or you would have to pull out all your platforms up Johnsonville, and you have tunnels. You have to get through Wellington station because all the current lines end there, so it is not without significant challenges.

This was one I saw early in the year in Eugene, Oregon, and they do bus rapid transit and their mantra is 'like rail, not light rail.' They have gone for these special purpose vehicles and they look more like trains because you have covers over the wheels and things. These are bendy buses. These are the ones that take the bikes on board.

**CHAIR** - On board the buses?

**Mr HASTIE** - I have handouts here showing bus rapid transit, as they call it. There are different degrees of quality. You can see the running-way up there lets traffic, queue jumps and park lanes, exclusive bus lanes, so you have a hierarchy of things as you go through from a shelter upgrade, to level boarding and high quality and they have gone for the high quality infrastructure that is all dedicated. They have plantings and they have made it all very nice. You can study this. I have shown down the bottom the light, the monitor and the comprehensive bus rapid transit, depending on how you go with it. They have included lots of these factors. I guess their one downside is that they have dedicated vehicles which are built for that service and in terms of fleet management it makes them a bit more difficult. They have doors on either side, depending on where they pull in. You can see there they have the space where they are running on their own dedicated piece of roadway, grass down the middle and then space where they're running on their own dedicated piece of roadway. There's grass down the middle and then they have other space where it's dedicated other [space] where they're sharing the road space.

**CHAIR** - There's a big difference between buses sharing road space and having a dedicated corridor.

**Mr HASTIE** - Yes. It will be interesting with the spine study but you get a lot of real benefits if you have that dedicated space. It's the cost of light rail, which has some attractions but really expensive to put in and not that flexible whereas buses can be more flexible. Even our trolley buses are not very flexible. For instance this week we had the Hobbit premiere with 1 700 bus diversions and it is very difficult with trolley buses.

**Mr FARRELL** - On the trolley buses, you are probably one of the few places that still use trolley buses. What advantage does it have maintaining a trolley bus network over putting on all diesel buses?

**Mr HASTIE** - Good question. It has environmental benefits in terms of emissions. The vehicles are quieter but it costs a truckload more money and I'd guess we are down next year to review the long-term future of trolley buses. They used to have advantages going up hills because the electric motors went better up some of the hills than the earlier diesel buses.

**Mr VALENTINE** - Do you have to have concrete paving?

**Mr HASTIE** - No, normal roads. They are more expensive buses but the maintenance of the overhead network costs quite a lot. That's our dilemma at the moment. There are some environmental benefits but with the improvements in diesel engines with the Euro 5, launched this week, the gap is closing on some of those benefits.

**CHAIR** - Part of the discussion we had in Brisbane was that when you take a whole-of-life environmental aspect into account of electric opposed to diesel, maybe there isn't such a big environmental difference. It is emissions right now but in terms of -

**Mr VALENTINE** - This is not batteries.

**Mr FARRELL** - It is more particularly with hybrid systems.

**CHAIR** - Well, it's still about producing electricity; how you produce it. In Tassie it's not a great problem but if it was coal fired gas then -

**Mr HASTIE** - That's right. Ours is mainly sustainably produced.

**CHAIR** - Yes. That's one good thing about your fault line - you can get geothermal power.

**Mr BROWN** - Yes, geothermal.

**Mr HASTIE** - There are a couple of slides here where we are doing a major review on our bus network in Wellington because it's a multiyear one and we haven't done a comprehensive view of bus services through Wellington city for a long time. It's been more incremental so we've had a pretty inefficient network. We do have a really high level of buses going through our golden mile.

**CHAIR** - Yes.

**Mr HASTIE** - It causes bus-to-bus congestion and inhibits the growth. This review is trying to deal with that. We've had some legibility issues that were confusing, different routes where the buses went, overlapping and confusion. We're looking to the future - 231 buses between 8 and 9 o'clock down that road in each direction is a lot of buses.

**CHAIR** - In each direction?

**Mr HASTIE** - That's both directions. We had a network and we are changing, and flicking between the two slide shows the simplification of the number of routes from the colours going down. We are at this concept stage this week, of having it approved and we now have to develop the timetables to make it happen.

**CHAIR** - 231 buses in an hour?

**Mr VALENTINE** - They seem to come from everywhere.

**Mr HASTIE** - Yes; that's down the golden mile between Courtenay Place and the railway stations.

**Mr FARRELL** - Unlike Hobart, they seem to be fairly full all the time with good loadings.

**Mr HASTIE** - Yes, they are pretty full but part of the issue is that there is more capacity there so we have to look at what we do to maximise the use of the buses that are on the service over that area. One of our objectives is to do cost neutral reviews so for the last few years, to maintain our costs, we've said if we do service reviews in any area, it has to be cost neutral. If we put on a new service for a new subdivision we have to find efficiencies or take off services that aren't performing well. It's never easy. Otherwise, you just incrementally adding to your cost all the time, given that they are subsidised services. This review has to do that, but it will deliver additional weekend, evening, off peak and peak services, better coverage for the community, better access to our suburban centres and some reductions from 231 to 190 services per hour. We had hoped to get it down more than that by having some alternative routes. We had to drop one because it wasn't popular with the public and another we're still working on with the city council to see whether we can get some buses off the golden mile.

**Mr VALENTINE** - Sorry, 231 down to 190 services per hour.

**CHAIR** - Is that peak hour?

**Mr HASTIE** - Peak hour.

**Mr HASTIE** - That is buses going past in both directions.

**Mr BROWN** - Just about two a minute, isn't it, each way? It's still a good timetable, yes.

**Mr VALENTINE** - Without getting into the mechanics of the cableway, how many people are you carrying on that little cable?

**CHAIR** - On the cable car?

**Mr HASTIE** - Look, I don't know.

**CHAIR** - It's not part of your responsibility?

**Mr HASTIE** - No, we don't fund it. It's a commercial service. We do view it as part of our network, because again -

**Mr VALENTINE** - It's part of your network because I noticed it was in there.

**Mr HASTIE** - We don't fund it; it's a commercial service.

**CHAIR** - You don't own it either, do you?

**Mr HASTIE** - No.

**Mr VALENTINE** - It provides a good service to the university, doesn't it?

**Mr HASTIE** - It does, yes. It is quite a steep climb up to the university. If you come in on the bus, you can just connect up with the cable car and you go up; or if you come on the train, you can walk down and get on the cable car. That's a big thing for us, this review. But it's complicated because it is complicated by trolley buses; it's complicated by this Petone model that Nick has talked to you about. In terms of contracts, we haven't been to the market hardly at all because we have this hiatus. We were about to go to the market for a Hutt Valley service and the bus operator there commercialised them, which meant we couldn't go to the market. We had to fund some residual ones, but we couldn't tender them out because the lion's share was being run commercially. The contracts have all expired there; most of them are on 90-day rollover or just on performance and we are really itching for this process which has been going on for four years now.

**Mr VALENTINE** - You say your bus contractor decided to run them commercially. How were they doing it prior to that?

**Mr HASTIE** - We were subsidising them.

**Mr VALENTINE** - You were subsidising that, okay.

**Mr HASTIE** - When we had gone out and done market sounding and published material, we had a number of people who were keen to come in and compete for those services. Under that previous legislation, they were able to say, 'Well, we will take a punt and run them commercially and we will build patronage and make them pay for themselves'.

**CHAIR** - They can cherry-pick as to which services they run?

**Mr HASTIE** - To some extent, but the timetable is still there. Some of the residual bits on the outer skirts - they didn't want to commercialise those. So we then had to fund them to run those services because we couldn't -

**Mr VALENTINE** - That's a CSO, but they are not paying for the CSO component, I suppose.

**Dr GOODWIN** - Community service obligation.

**Mr HASTIE** - That is right, they're interested in that and it was what we would have called 'gaming' which is the way that the operators work some of these things around tenders. Sometimes they had a history of commercialising and then giving up their registrations; then there would be a panic to keep the services running and it would be hard to go to the market. That happened in Auckland. I think that is all I had.

**CHAIR** - Thank you very much. Is it possible to have a copy of your slides? Do you have it electronically?

**Mr HASTIE** - I have, but it was a 10 megabyte file. Have you got something that you can load it onto.

**Mr VALENTINE** - There is a computer over there.

**Mr BROWN** - I don't think this will take on a memory stick, so I can email it to you for when you get back to Australia.

**DISCUSSION CONCLUDED.**

DISCUSSION WITH Ms DEB HUME, GENERAL MANAGER, KIWIRAIL PASSENGER GROUP.

**CHAIR** - Thank you for speaking with us.

**Ms HUME** - No problem. I have a very short presentation and I was not really sure what detail you had heard. Today I thought I would go through the front page which is 'who is who in the zoo'. I think you know most of that.

My background is I used to work for the NZTA. I know they are not speaking to you today but I was part of the organisation that funded the metro network before I joined my current role. So if you had some questions around that and how that works I can probably help you. I can also answer the questions around the network part of KiwiRail and the mechanical part too if you wanted, over and above just the operations. It is all part of the same beast.

The first part is on who is who. Wayne might have talked to you about how we are funded but my impression is, talking with my Australian counterparts, the fare box recovery rate in rail in Wellington is very high compared to what you have in Australia.

**CHAIR** - We are talking one third at best.

**Ms HUME** - 50 per cent in Wellington.

**CHAIR** - 50 per cent is good.

**Ms HUME** - Yes. Of that, the remaining piece gets funded by Greater Wellington - you have heard from Wayne - and from the NZTA through subsidy. That is quite high and you can imagine we get quite a lot of feedback.

Greater Wellington sets the fares, so they in particular are interested in the feedback around value for money and how people feel about that. As an operator, we are just really responsible for revenue collection and accounting but we do not set the fares at all.

Council has talked to you about what they do, so they set our performance standards and they contract. The transport agency does the co-fund. KiwiRail is one organisation but delivers a number of different services. We deliver the rail system at the moment but it is segmented and parts of it are contestable so it is relatively new - a couple of years ago that change was made.

New Zealand Crown, we are a state-owned enterprise. KiwiRail owns the track and that belongs to a different part of the organisation, to the operator. The operator is contestable so our contract is up in 2016 in Greater Wellington. We are likely to go to contract to have the market met.

McKenna Call Services, which is the maintenance piece, that also is provided by KiwiRail but it does not have to be, so Greater Wellington can contract separately for that too. Then there is the maintenance on the network which has been a large part.

What I do know briefly is that your rail network also perhaps needs a little bit of love. Our rail network needed a lot of love.

When we did some benchmarking with Australasian networks a couple of years ago, we learned that New Zealand had the oldest rolling stock fleet in Australasia so that is both Wellington and Auckland by orders of magnitude really. The investment of the rail network was 10 per cent, maybe, of what the investment on the Australian networks were. It was tiny; it barely registered on the graph.

**Mr VALENTINE** - When you are talking about this, are you talking about passengers or both freight and passengers?

**Ms HUME** - Just passengers, metro. The benchmarking did metro rail operations here and in Australia and they also did long distance here and in Australia. They did not do freight. I would say in New Zealand the freight network is equally eroded so there was no favouritism really. The freight trains are harder on the network so we have had a number of pieces of work done that tell us that a passenger train is lighter; it does less damage to the track.

**Mr VALENTINE** - It is like roads really, isn't it, when you think about it?

**Ms HUME** - A lot like that. However, metro networks are very intense so by kilometres of track, Wayne's, Nick's and our network has got a lot of action on it which greatly exceeds what the rest of the nation does in the freight space. We have got a turnaround plan in KiwiRail you might have heard about which is sort of a national plan to get sustainable by 2020. When we talk to our colleagues in Australia they think we are mad and we might be but it won't be the first time we have been mad.

**Mr VALENTINE** - If you achieve that over the time frame -

**CHAIR** - It is a good aim, a good aim.

**Ms HUME** - Still doing it, yes, to achieve that over the time frame. For example, long distance rail in Australia is subsidised as well but it is not in New Zealand. In Australia they tell me the biggest arguments they have are about how much they are going to put their fares down - our arguments go in the other direction.

Just to take a side bar, in long distance we are looking at having to close some services and I doubled the cost of one of my services overnight just to do a better job of recouping. Those services are the \$150 kind of level, not the metro level of \$5. The whole network in New Zealand is in a similar place. Auckland's network is very similar also. I don't know if you are going there.

**Dr GOODWIN** - I went there on Monday.

**Ms HUME** - They are looking at electrifying. Wellington is already electrified. We have had an electrification extension - the first in 40 years - and that has been very popular and it has done all of the right things for patronage so that's great. With Auckland having electrification then that will help them as they are getting a whole new set of trains which does leave their other set needing a home.

**Dr GOODWIN** - Yes, we could have a turn at that.

**CHAIR** - Going cheap, are they?

**Ms HUME** - I imagine they are going very cheap. We just took off a fleet down here that was from the 1940s so they were going real cheap, weren't they, Wayne?

**Mr HASTIE** - They were. We auctioned the lot and sold one too.

**CHAIR** - Did you? Just one?

**Mr HASTIE** - Public auction.

**Ms HUME** - They will all find homes but they are also worth quite a lot in scrap. They are full of copper so melting them down is also a really good prospect.

**Mr VALENTINE** - Really?

**Ms HUME** - Yes. All the old ones are, yes, and the electrified ones are full of copper. That is just a bit of a short one. I know your networks and my experience across the other states actually run all different from each other. Sometimes - I was telling Nick about Metro in Melbourne, where the operator also runs the signals and train control and a few things like that; in New Zealand they don't. An operator in New Zealand just means people who are on the trains collecting revenue, selling tickets, and operating, which is making sure the fleet is where it needs to be when it needs to be there.

The track guys, we call them Infrastructure and Engineering, do train control and they do all of the maintenance, all the repairs, any of the breakdowns and the mechanical guys just do fleet management and Wayne's council owns the trains. They transferred a couple of years ago - before they were owned by us. They are truly a client and we are truly a provider whereas before it used to be a lot more mixed. You have probably all heard that before, context-wise.

**CHAIR** - No, that's good. It's really good.

**Ms HUME** - The situation now is that we have contracted to 2016. We run over 2 000 services a week, over 11 million passengers a year. You would have seen that geographically it is quite a contained network. It works really well in terms of mode share, of getting the cars off the road. That is why NZTA provides subsidy because it is an antidote to congestion that they would otherwise have to spend on the highways, and that is good for them.

**CHAIR** - Would you like to keep saying that?

**Ms HUME** - Yes. Do you have trouble with having people believe that?

**CHAIR** - No, it's more the fact that it's that -

**Mr VALENTINE** - It's a culture thing.

**CHAIR** - It's that cost that is often not taken into account. When we have had a study done on light rail for instance, it has been a business case for light rail which hasn't actually taken into account how much saving there might be in not having to provide extra road network.

**Ms HUME** - Right.

**CHAIR** - That's a significant opportunity cost I suppose.

**Ms HUME** - That's odd. Who would have a study like that? Who commissioned such a study?

**CHAIR** - Our infrastructure department.

**Ms HUME** - Right. Quite keen on infrastructure, are they?

**Dr GOODWIN** - Yes. Quite keen on roads.

**Dr GOODWIN** - Yes, quite keen on roads.

*Laughter.*

**Ms HUME** - I think - I forgot I'm on record - you absolutely have to. I don't know your state very well but I know that in some of the other Australian states it's much cheaper to build roads than it is in New Zealand. The cost of building road infrastructure, because of our geography and terrain is horribly expensive. You can't just stick one on a plate and off you go. When it comes to the trade-off, it's quite marked in New Zealand. We also know that the resilience of the networks are different. When we had the earthquake in Christchurch, the roading network, the state highway network and local roads, were out and all that was still on was rail. The rail was fine; the trains and structures were fine. We could go the same day.

**CHAIR** - Why was that? Why doesn't it affect the rail infrastructure?

**Ms HUME** - It just responded better. There were pictures of the rail going like that. There were a whole lot of little dudes out there to make all the rail straight again and off you go whereas fixing your roading, with big cracks, gashes or whatever takes a lot longer. The rail network brought all the water and food in -

**CHAIR** - Really?

**Ms HUME** - Yeah.

**CHAIR** - Good.

**Ms HUME** - There is a good case for both but it is a bit limiting to consider how rail contributes in a cost-benefit way without thinking about the offsets and the other networks, and resilience or real costs.

The other thing I talked about; Wayne would have talked about the fact - and as you can imagine we're trying to get the rail system to connect with the bus system. There are issues around things like the level crossing problem. Nick said that the network you're looking at has quite a lot of level crossings.

**CHAIR** - Yes.

**Ms HUME** - That is a problem. We manage those differently in urban areas compared to our local network. Volume and frequency is a big deal. People are generally stupid.

*Laughter.*

**Ms HUME** - We have people driving around barrier arms.

**CHAIR** - We don't have barrier arms in the city on the current rail. I think that's a concern because we do get people going through red lights, bells and train whistles.

**Mr VALENTINE** - Your costing, in terms of maintaining barrier arms as opposed to not having a barrier and having other systems in place to make them safer -

**Ms HUME** - You get into all sorts of conundrums around the cost of life, which is very difficult because some of it is about how effective they are. Barrier arms are more effective than a non-protected crossing. Number of movements versus number of your vehicle movements. You would be making judgments, to be frank, on how many people you thought you could afford to lose or not lose. It would depend on your volume. They are more costly but -

**Mr VALENTINE** - If you have lights, I suppose you have a barrier too; both.

**Ms HUME** - Yes, both. People don't listen or pay attention to lights. Some people don't even pay attention to barriers.

**CHAIR** - The blind and deaf drivers just don't notice them?

**Ms HUME** - I would argue they see them and think, oh -

**CHAIR** - They think they can get through before the train comes.

**Dr GOODWIN** - Take the risk.

**Mr VALENTINE** - The train might be coming a bit slow for some reason.

**Ms HUME** - You need to make your own assessment on volume. I guess you would have a population not well trained for those kind of intersections whereas in Wellington we have quite well trained commuters. We have very few passenger injuries getting on and off trains. In fact, I have more staff injuries getting on and off trains than passenger injuries. They are very well trained; they've known how to use the trains for a big part of their life. If you've got motorists who aren't used to that frequency -

**CHAIR** - We only have freight trains on the line at the moment. How many are there each day?

**Mr VALENTINE** - Only a couple.

**CHAIR** - Only two or three a day, so people are not used to waiting for trains.

**Ms HUME** - My suggestion is what we know - you'll have to have quite a big upskilling program for your motorists. Your train drivers can do nothing; once they're rocketing along, they are still rocketing along. In fact, the argument at my end was always the newspaper article that says 'Train hits car' or 'Train hits person' but it's really 'car puts self in front of train'.

**Mr VALENTINE** - Yes.

**Mr FARRELL** - Yes, the train can't swerve.

**Ms HUME** - No.

**CHAIR** - We do have a reasonable number of accidents at level crossings.

**Ms HUME** - Even now?

**CHAIR** - Even now. So if you extrapolate and model that out for volume, I think your decision around how you'd protect your crossings would be driven by that modelling rather than a best practice.

**Mr VALENTINE** - That's exactly right.

**Ms HUME** - Wayne was talking about flexibility; there are no detours in rail, you are on or you are not on. Buses provide you with a lot more flexibility. I could not have redirected anything around *The Hobbit*. We don't have any rail down there, but it would not have happened. In this city there is a lot to be said for the rapid transit or the dedicated bus lanes. You can ask me for my opinions later if you like.

**CHAIR** - Dedicated bus lanes or -

**Ms HUME** - Dedicated bus lanes.

**CHAIR** - Or bus ways?

**Ms HUME** - In my brain they are very similar, but you could perhaps describe what you saw?

**CHAIR** - A dedicated bus lane means you are travelling down the same road, with the same number of traffic lights that the bus would still have to stop at, whereas on a dedicated bus way, as in Brisbane and Auckland, the bus just goes. It's the buses' road and so it doesn't have interaction with any traffic lights.

**Ms HUME** - I was working with the agency when they did the Auckland one and it has been very successful. In fact so successful, the taxis want on it - everyone wants on it.

**CHAIR** - It's the same in Brisbane. They love it.

**Ms HUME** - It's not my area, but I don't think it is practical to get that in Wellington. You can't be putting that through Wellington, you have other uses for the road so the closest you will get is bus priority signalling and dedicated lanes. I take the bus every day and the bus priority, which has been in for maybe a year, has made a good improvement.

**CHAIR** - Good.

**Ms HUME** - That is a bit of once over lightly, I can talk more about the work, but perhaps I will talk about that as I get to some stats.

Punctuality, that is a good one. This graph, the green one here, goes from July 2010 to October 2012, just to demonstrate punctuality and how that's improved. We measure punctuality to five minutes of timetable, which is very similar to what your peers do. I do not know what you do on the buses, but that's what the rail does. You can see it's been trending up. There's a little bump there of happiness for the Rugby World Cup - that's what that RWC means - because the whole nation stopped what they were doing for the Rugby World Cup and we worked really hard on making the train services reliable. But you can see that just in regular practice it has moved up to slightly higher levels.

Compared to three years ago, we have decreased the cancellations by 75 per cent. When I say 'we' that is a lot of we. A cancellation is a train that doesn't get where it's going. Not late, it just doesn't get there. When we had breakdowns, and we had a very old fleet, that happened a lot more. A lot more than the Australasian benchmark, so when we were benchmarked we failed on that measure, as did Auckland. Anywhere with a really old fleet struggles with that one.

The other reason for cancellation was infrastructure - signal outages, train track breakages, tunnel outages - you just have to cancel because you can't get through them. There was a big infrastructure program upgrade, and that rise in punctuality is because of the new rolling stock - the new Matangi trains. They are much, much more reliable, which is fantastic. It didn't matter how much we maintained the other ones, some of them had been used every day and they were really at the end of their tether. The infrastructure is much more reliable, particularly the electric system, with lots of work done on the traction and on the signals. You heard Wayne talk about the electric buses. That is a very expensive and unreliable system. That is old.

**Mr VALENTINE** - Is that a trolley bus? It is old? They look relatively new.

**Mr FARRELL** - Buses are new, but the system is old.

**Ms HUME** - The network is an old tram network. The buses are new, but the electricity network and the connectedness are old. I don't know exactly how old, but almost too old. I think it is due for an upgrade. It needs a consideration, so when Wayne mentioned before that there is going to be an assessment, the assessment isn't about the cost of

upgrading the buses, it's about maintaining the network for a new decade or few. That is still ongoing.

What else has happened? We have more staff, which is great and we have made some operational improvements. Bringing in a new fleet had some operational implications that made things go a bit slower, but we have overcome those. I had a wee check online today and Sydney seems to have the same on-time performance as us, but everywhere else is less, which is great. Sydney jumped from 94 per cent a couple of months ago, so whatever they've done it's been good. If I had talked to you two months ago, I would have been able to say we were beating everyone in Australia.

**CHAIR** - They have just done a new series of contracts, I think.

**Ms HUME** - That might have done it. Punctuality is great, cancellations are low and I heard you ask Wayne what people complain about and invariably they complain about punctuality. So our customer satisfaction tracks on time performance almost perfectly. I know everything else is seen through a different lens. On one line we improved the punctuality, but absolutely nothing else. The trains were exactly the same and the staff I had on them were the same. Customer satisfaction increased on everything. They thought my staff were cleaner, and better presented, they thought the stations were prettier, and they thought the trains were cleaner. Their whole disposition and their rating of the whole system were dictated by the on-time performance.

**Dr GOODWIN** - It's very interesting isn't it?

**CHAIR** - When you get real time connected to the stations, that should also make a difference, shouldn't it, because people won't be so concerned if they know when the train is coming? If you know that it is coming in three minutes, even though it might be due now, the fact that you know it is only two minutes away or three minutes away means that you can cope with that. Whereas if it is not here on time, then you think you may have missed it.

**Ms HUME** - Absolutely. If we had poor punctuality, but good systems like real time, I think we would have coped better. But when your cancellation rate is high - what people hate most is waiting for a train that never comes. On time is so good that the incremental improvements in customer experience are still there, but they won't be as marked because the system is working a lot better anyway. I think it is people's expectation of a modern system, and it does help. We will have some teething problems putting it in. People will have some trouble understanding it. In times of disruption - we have about one suicide a month and that stops everything on the network.

**CHAIR** - Really, as frequently as that?

**Ms HUME** - Yes. That is actually less frequently than in Melbourne. We don't publicise it.

**CHAIR** - No, nobody publicises it, but all rail systems have that problem.

**Ms HUME** - Correct. Actually Australia is taking a new tactic where they are going to publicise it soon, and talk about it a bit more, I think.

**CHAIR** - Really.

**Ms HUME** - Yes. Those events are just things that happen that you can't do anything about. There will be disruptions. The on-time information will help people at that time, but how you link all the trains up and make the signs say the right thing needs a bit of work. Auckland has put the system in already and that is the thing that has taken them the longest, but you get over that and it comes right.

**CHAIR** - You haven't got room for a lot of improvement, if you are already at 96 per cent.

**Ms HUME** - You would ask yourself, and Wayne and I have talked about that. Where do you start putting your efforts, when you get to a level like that, because at 80/20, to get that extra 20 per cent you are going to have to put in quite a lot of cash. But, I think there are still improvements and I don't think we should give up. Quite a lot more work could be done in communications, and customer service, and integrated ticketing is coming soon. There is still quite a lot of work to be done on the system, but we are addressing some of the basic things.

**CHAIR** - You have to keep improving, anyway, just to stay where you are.

**Ms HUME** - People's expectations are very, very high in Wellington. I talked to some of these people on the phone and their view is 100 per cent is where we should be, thanks, and 96.2 per cent is still not where it should be. It would be great if they paid for that level of service, but they don't.

The next stat is a demonstration of customer satisfaction, that is April 2008 through to September 2012. A lot of the infrastructure work was done in that middle period and you can see that's where people's satisfaction was dropping off. In order to interpret that you can see everything up to the top of the green is good, very good or excellent in terms of people's ratings - and this is the whole lot, customer satisfaction, how they find the stations, do they think they are getting value for money - and that middle piece is where we were doing all the infrastructure work, the old trains were going out and new ones were coming in, and people were the most troubled.

To be frank I think my staff struggled a lot with that period as well. It was very, very difficult and they were having lots of confronting conversations with passengers who were dissatisfied and so we had to do quite a lot more work to give our staff the tools to cope with that. As we improved at that, and the infrastructure improved, then it all came together nicely.

**CHAIR** - It must be nice to see that kind of graph.

**Ms HUME** - It makes me happy. I started my job in July 2010, so it makes me very happy. In fact I might have to give up soon, so it doesn't start going the other way.

*Laughter.*

**Ms HUME** - I won't be able to claim it. There have been a lot of things happening at once and Greater Wellington has been very dogged in their requirements for improvement. Fair enough. When they go to tender there'll be some more doggedness. The lovely

thing for me is that the number of people saying that our customer service is poor or customer service section is tiny, that comes into the wingers and moaners. There is a constant level of defence by those folk.

If you are looking at some of these developments, thinking about how many challenges you throw at your system all at once, will dictate what sorts of outcomes you get.

**CHAIR** - Sometimes it might be better to throw them all in at once. It might go bad -

**Ms HUME** - It might.

**CHAIR** - Then it might go on the way up after that, rather than have constant dissatisfaction because you're always doing something new.

**Ms HUME** - That's what was part of our problem. The infrastructure upgrade in terms of getting better was an eight-year program and people could not understand that they were going to have to have road works for eight years disrupting their travels. It was too long for most people's brains.

**CHAIR** - Absolutely.

**Ms HUME** - Thinking about what you ask of your operators at certain times. Auckland, for example, is going through the new rolling stock process. We don't run Auckland but our advice was for Auckland not to tender for a new operator in the middle of that process so they extended their contract from 14 to 16. There are a few things you don't want to do in the middle of switching anyone around or making anyone uncertain. The operating of a network that has as much coming and going and has faced incredible stuff such as ours, is relatively fragile when it comes to people being distracted. You don't want to introduce distraction, you want to keep it tight. As you pull something together you'll want to think about how you do that properly. You can definitely do it; it takes a little bit of thinking.

Next page is about benchmarking. I haven't shown you who the other people are because that is confidential information. Tranz Metro, our network, is at the top of that graph. Those are the KPIs that were measured from looking at 2009 data. Looking at that you can see that Tranz Metro was looking pretty good. It was favourably seen across all those benchmarks. That red one for us, the performance gap, was our cancellations about our rolling stock being so old. Otherwise, we were very cost effective. We were maintaining service in all sorts of difficulties; we had good customer perception generally. What is not shown on there but I can tell you, compared to last year we have increased our staff engagement by 11 per cent, which makes a big difference to customers.

**CHAIR** - There are a lot of lead performances there.

**Ms HUME** - Yes. What was nice about that for us was that we don't have many people to compare ourselves with. The rail community is pretty collegial but in New Zealand there is only us and Auckland and we're at quite different stages of maturity. I have had conversations with unhappy customers but telling them that we are doing a lot better than Auckland doesn't help them a dot.

**CHAIR** - No.

*Laughter.*

**Ms HUME** - But it was useful and interesting for greater Wellington to see how that goes. This was in 2009 so if you reflect on those graphs, that was when we were not at our best.

**CHAIR** - The first measure is interesting; total operating costs per actual service kilometre is one of the questions that keeps coming up. One of our members, who could not come to this, keeps asking what is the operating cost per actual service kilometre per passenger.

**Ms HUME** - Is that a question?

**CHAIR** - Yes.

**Ms HUME** - Do you mean what does it measure?

**CHAIR** - No.

**Ms HUME** - What is it in New Zealand?

**CHAIR** - Not in my head but there is a very long spreadsheet behind it. It would also be commercially sensitive. A piece of work has just come out of the UK. Have you seen that?

**Ms BROWN** - No, I haven't.

**Ms HUME** - It turned up in my inbox yesterday. If you want you can get it. It asks that question for a bunch of networks in the UK.

**Mr VALENTINE** - For rail only?

**Ms HUME** - For rail.

**Mr VALENTINE** - We're interested in comparing rail and bus and ferry

**Ms HUME** - Those are good questions. You have three matrixes really. You have service kilometre, you have journey and you have passenger. Predictably, rail carries many more people and so the scale does all sorts of things.

**Mr VALENTINE** - According to Brisbane, they reckon that the bus service carries more than rail.

**CHAIR** - Yes. They're talking about their busway now.

**Mr FARRELL** - The difference that they highlighted was that the rail is still operated by the government whereas private contractors are running other services.

**Ms HUME** - Two things that I was worried about - the bus network in Wellington carries more passengers than the rail. We carry 11 million a year, there are more than 11 million journeys on the bus, so by number it's a better effect. What you are asking is more like a running cost, operating cost question. Buses pay a different kind of cost. It's like road trucks versus freight trains. Depending if you are talking to a freight railroad man or a truck freight man, you will hear a completely different story about what is fair and what is not fair.

**Mr BROWN** - One of the measures that can help contrast or compare bus and rail is the fare box recovery rate. If you are including all of your running costs into the fare and it's a true cost of running that service, then fare box recovery rate is probably a good measure or way of comparing. I have that with me and I can make that available to you. We can do it by region so you can have the rural regions, the more urban regions and the regions with bus and rail. It's quite interesting. In general it shows that buses tend to be a little bit more lower-cost per passenger kilometre than would be the equivalent in rail, but I think there are some variations that would be horses for courses.

**CHAIR** - That would be really helpful, thank you.

**Ms HUME** - The other metric that is interesting is average journey link, so the average journey link for bus journeys is way shorter. Here we have lines, on that first picture I showed you I think our longest line is 91 kilometres. There aren't bus routes that are 91 kilometres. My suggestion would be find as many metrics as you can, they are systematised, every train operator has this set - whether they tell you or not is completely different - and the work out of the UK, have a look at that.

There are many variables around terrain, around how the network has been maintained in the past, so it is a bit difficult to do the 'apples and apples' and if you are doing an analysis like you said before that doesn't take on the transfer benefits of getting cars off the road, you are not going to see it. Rail will always look bad because it's expensive.

**CHAIR** - Yes.

**Ms HUME** - If you don't have that link you can probably not even do that piece of work because the answer will be so obvious.

The other indicator for you, the media coverage has greatly improved as service improved. There is a lot of noise and political angst that happens around dissatisfaction with public transport. I warn you against that just as a matter of fact. People get very emotional about it, but if you can make the other indicators work then everyone gives up talking about you.

**CHAIR** - Yes, why, Deb?

**Ms HUME** - Why do they give up?

**CHAIR** - No, why is there such angst about public transport?

**Ms HUME** - Slow news days are my personal hate. It is like trying to think of what is happening. If you have nothing to talk about there is always something that you can talk

about and in New Zealand it's rail. You phone up us or phone up a passenger or watch Twitter and generate yourself a front page. There was a while when we were poorly performing and some of that was our own fault. Wayne was telling you about the bus driver that generated a lot of criticism. I had staff operating poorly, behaving badly and most of that was through stress from what was happening around the network. Until I got on top of that you would always find a bad story. There was a lot of cultural work and training work that had to happen alongside the infrastructure and the rolling stock work. Being an operator is complex and the way you contract relates to that, because you will not have operators in most places take the heat for something they are not responsible for.

In Wellington I do because KiwiRail runs every little piece. In Auckland, Veolia runs the operator and KiwiRail is all the other pieces, so they are very clear when it is our problem and when it is their problem. That is an observation that is not a criticism. In most places if you set up adversarial contracting arrangements you will get adversarial outcomes and that will not make you happy.

**Mr VALENTINE** - The best contract is the one you don't have to go to.

**Ms HUME** - The last page here is we are going to have real time information, which will be great and there will be integrated ticketing soon. We have the basic hygiene factors pretty sorted out and we will soon have an entire Matangi new fleet so your maintenance costs will decrease because you are not trying to hold inventory for two sets of fleets, which is good. There are all sorts of savings around that as well as your customer experience. Then with integrated ticketing, that will help with the flow. There are some relatively large outlays when it comes to ticketing and in a rail network there are gatings and all sorts of things that are different from on a bus or a tram. In Melbourne you get on and go, you know, when you are on board. There are a few things to get over yet, but it's on its way - the next three years.

**CHAIR** - Melbourne has a real problem, I hear anecdotally, with the number of people who don't pay.

**Ms HUME** - They do have a very large evasion problem, I know that. I went there myself and found it difficult to pay, actually.

*Laughter.*

**CHAIR** - Yes, those of us who are from out of town have that experience.

**Ms HUME** - I know the guy who runs it and I said, 'Dude, I have to tell you, I tried really hard to pay and it was really hard to work out what I was supposed to do. Then when I paid was I supposed to validate as well?'. So he is aware that the complexity around that system doesn't make it easy. Our system is quite a lot easier.

**CHAIR** - You have ticket people on the train.

**Ms HUME** - We do. I am sure there is still some evasion and there is likely also some performance from my own staff I'd be less than happy with in overlooking collecting tickets at times. It is just the nature of people's behaviour, but we try to minimise that

and measuring it as well is what I'm going to try to get into next. Any time you have human factors it gets difficult, but in my experience, in talking to the guys that have integrated ticketing systems, they don't need me to believe that the systems mean that fare evasion gets any better actually. It should, but as you have seen in the Melbourne example, it wasn't. It's not the panacea of that kind of thing there are a lot of other motivators going on.

**CHAIR** - We found the integrated ticketing simple in Brisbane pretty simple with the swipe on/swipe off.

**Ms HUME** - That's what it will be here. You will be able to be on buses, ferries and trains, much like in Auckland - they have introduced that now - and it will be great. It is always good to take cash handling out of the system. I fire someone every month or two for doing things with cash they shouldn't and we all do, that is the nature of the system. When you can improve the controls with humans, so much the better. Some of our greatest assets are customer service - I get fantastic feedback about my staff. I didn't put it on the graphs because I looked at it over time and it didn't really vary very much. The people on our trains are very popular compared to Melbourne where they have a lot of security incidents. It is much, much more dangerous in Melbourne to travel on the train. Whereas here, people talk about putting their children on the train when they are quite young because they know that the onboard staff will look after them; they feel safe; women use it a lot even after hours and it is very safe.

**Dr GOODWIN** - How late do they run, the trains?

**Ms HUME** - We will run later ones when there are events, but in the main midnight-ish. If there is an event we might run a 1 o'clock. During the Rugby World Cup there would have been some later ones, some specials. That is the end of my presentation, but you are welcome to ask me anything you like.

**CHAIR** - Thank you very much. Vanessa?

**Dr GOODWIN** - I suppose one of the issues that cropped up when I was having discussions with the Auckland people was around the potential conflict with freight. Is that an issue here in Wellington?

**Ms HUME** - There's conflict that is bad and then there is just understanding you are not the only ones on the road, or on the rail, in our case. New Zealand has a timetable committee in Auckland here where every party that is on the network is part of a committee that agrees to access conditions and if there is a variation to a timetable requested, then the other ones get to participate on whether that's okay or not. When it comes to Metros, they usually get to just say 'no'. I run the long distance and we were doing a special train to Hobbiton and we wanted to pull out of Auckland near late peak. We had a slot; it was a 15-minute gap, but they said, 'It is going to mess with our peak; I'm just not going to let you. If something went wrong, then you are going to mess us up. So that's a no'.

When it comes to freight, what I'm saying is there is a system and most places would have one. There are slots; they are noted - whether you're a freight train in a slot or a Metro train in a slot that shouldn't really matter; you should be both running good

timetables. You could have a system where you are penalised if you are a frequent violator, but I don't think that the conflict is much of a problem. I know that the freight guys know that they just can't get into the Metro networks in Auckland and Wellington in peak time. They just plan around it because it is very busy. They don't get to trump; I guess if they paid triple they could trump but they don't.

**Dr GOODWIN** - Have you see usage of the trains grow? Has usage increased over time?

**Ms HUME** - Statistically over like 60 years, no. There are more people in cars. It attracts all sorts of things - foreign import. When all of the Japanese cars came in cheap that changed; when the fuel prices go up that changes. Wellington is a very mature system in terms of the percentage of people using it anyway, so the head room for growth is not as great. When we put on the extra electrification to Waikanae, that grew real fast - like in two days fast.

**Dr GOODWIN** - Because of the reliability issue?

**Ms HUME** - Made it longer so that the train - if you look at this picture the train used to stop here - just stop - so the people from here used to maybe drive into town or they might drive to the station and go or they might carpool but as soon as it got further then you have got a big catchment and people from maybe up here drive. You sort of grow a group.

**CHAIR** - You got a big park and ride.

**Ms HUME** - Yes. It was a bit stepped. You see some changes around gasoline prices but then if you do a big development, you will see a predictable shift. We have seen in Wellington the employment market drop a bit ,so that has made our commuters drop a bit, particularly I would say our long distance ones. As our network was unreliable, then you lost a few people. It was hard to tell if you would get them back. Would they just get used to their habits or would they come back? I think it is a mix of both.

**Dr GOODWIN** - In terms of the media reporting, obviously the new trains and the increased reliability is a good news story for this rail system - have you been getting that message out?

**Ms HUME** - We tried very hard. You will know the media is less excited about good news than it is about bad news but a personal success for me was probably a month ago when our big paper, the *Dominion Post* phoned us and said, 'Your on-time performance is looking great; how about we do a good news story?'. So I said yes. That has just never happened before. It is noted. Much the same as you would expect the people that are happy are much more quiet in the universe than the people that are not happy.

**CHAIR** - They do not ring up the media and say, 'I am so happy. I have had this wonderful train ride'. Occasionally they do.

**Ms HUME** - A graph I took out, just because it felt a little bit self-congratulatory, was that the amount of feedback has halved. Most of that feedback was not positive, so the criticism has really dropped and the compliments have really gone up. People actually do phone. Every day I will get someone say, 'Well, this service was fantastic and they

made such a fuss of my kid' and they loved it or whatever. We do have that information and it does paint a nice picture.

**CHAIR** - It is hard to get it on the front page of the paper though.

**Ms HUME** - Correct - although we did. We got a CSETI award. Some of my guys stopped a girl being bullied at a station and helped her out. Her stuff was being thrown everywhere and they were nominated for like a community hero award and won that. We got lots of feedback about that. Most of it said, 'I hope your bosses do not penalise you for holding up the train because that was the right thing to do'. The bosses didn't.

*Laughter.*

**CHAIR** - The passengers did because they said my train was late.

**Ms HUME** - They clapped. No, in the main they were happy. We rescued a little three-year-old -

**CHAIR** - I am thinking down the line where they do not know what has happened.

**Ms HUME** - Yes, true. In dealing with people and customers, perception is reality. My feeling is that there is just less drama around the system. People are more willing to believe in it but we have had a pretty high usage rate anyway.

If you are going from a place that has not had metro rail, Auckland is where all the growth is. Their usage - they have just hit our kind of patronage rates but our city is 350 000 big and theirs is a million big and they have only just had 11 million journeys a year. They have got heaps more space that they can utilise. If you start off a new service, a lot of it is about habit-making so most people in Wellington if they have been here for any period of time lots of them caught the train to school as kids, very good habits.

**CHAIR** - Thank you very much.

**Ms HUME** - You're welcome. I've left my card so if you have any other questions - we didn't talk about the track access charge or anything like that.

**Mr VALENTINE** - Sorry, I didn't get that.

**Ms HUME** - Track access charges.

**CHAIR** - No.

**Ms HUME** - How you used to pay to use the tracks. That is an area of complexity.

**Ms BROWN** - Wayne said he'd see what he could find for you.

**CHAIR** - Yes, in terms of contract and stuff.

**Ms HUME** - It's quite fat, the contract. You do get to design it yourself, however you want to make it.

**CHAIR** - Yes.

**Ms HUME** - You can do that yourself.

**CHAIR** - It would be one of the good things about getting other people's contracts to see what is a good thing to put in or what is not so important.

**Ms HUME** - Certainly. Thank you for your time.

**CHAIR** - Thank you very much.

**Ms HUME** - I'm glad you had a nice journey today.

**CHAIR** - Yes, we did, on one of your new trains.

**DISCUSSION CONCLUDED**

DISCUSSION WITH Mr JEREMY WARD, MANAGER, EAST BY WEST FERRIES, AND Mr NICK BROWN, MANAGER PEOPLE AND ENVIRONMENT, MINISTRY OF TRANSPORT, NEW ZEALAND.

**Mr WARD** - A lot of people from out of town get quite surprised in what we operate in. I wouldn't say today was normal but we do that all the time and probably a lot worse weather; I think it was only about 25 knots and we can keep going up to about 35 knots. You don't take the recreational people on it but the commuters will come on it. If we sail, they come with us.

**CHAIR** - Yes; we're really pleased to hear that because one of the things we are looking at is a waterway which is not unlike this one. We've got a river which is a much shorter crossing than this but as you get out towards the mouth of the river and to Bruny Island, Storm Bay is quite like its name.

**Mr WARD** - It was interesting hearing Deb. All I have for you is a potted history on us -

**CHAIR** - That's lovely.

**Mr WARD** - I thought you might be interested. I'll pass a few around.

**CHAIR** - Jeremy, you operate East by West Ferries?

**Mr WARD** - East by West Ferries.

**CHAIR** - Are you a private operator?

**Mr WARD** - Yes.

**CHAIR** - Contracted by?

**Mr WARD** - Contracted to the regional council.

**CHAIR** - Right. What does your contract involve?

**Mr WARD** - This contract has been operating since December, I think 2002. It was only a three-year contract and it's been rolled and played with and extended. Nick would probably have some idea of what's going on in the public transport procurement model.

**Mr BROWN** - Yes, that is the public transport operation model I talked about where everything is up for change.

**CHAIR** - Yes.

**Mr WARD** - There is a little bit of uncertainty for us, which is frustrating because until that is sorted we can't -

**CHAIR** - Until that legislation goes through and you know where you all are, that's right.

**Mr WARD** - We can't get on. It is no-one's particular fault, it is just a fact of life that until the procurement model is defined the regional council can't go out and so it's not just the ferries, it's the buses and trains. Hopefully we are on the right track and I think it's about - when is the legislation going to be passed? It is already in the process, isn't it?

**Mr BROWN** - We are in the select committee process now. Submissions have closed now and it will be hopefully just a few months before we know what the outcome is.

**Mr WARD** - Yes. We are hoping next year we will be ready to try to arrange a new contract and a long-term contract, because when you are operating this sort of -

**CHAIR** - This has been 10 years. That is a long-term contract.

**Mr WARD** - Well, it has been but it's only a year at a time so you only know you've got another year and another year.

**Mr VALENTINE** - It is one plus one plus one.

**CHAIR** - Yes, it is terrible.

**Mr WARD** - The cost of these things is now upwards of \$2 million so if you are going to invest in something you've got to have security of contract.

**CHAIR** - Absolutely.

**Mr WARD** - It is the same for buses and trains. We are hoping for the region that we can get that sorted because I think there has been overall a bit of holding back and obviously trains have been a bit of a priority.

**CHAIR** - What do you actually have to do under your contract? Just operate the service?

**Mr WARD** - Yes. We have to operate to a timetable.

**CHAIR** - You own the ferry?

**Mr WARD** - We own the ferries, yes.

**CHAIR** - You don't own the infrastructure on land.

**Mr WARD** - No, we don't. We don't own the wharves but then nor does the regional council. There are a number of players.

**CHAIR** - Who owns those?

**Mr WARD** - The city councils and we have a number of city councils - two that we are involved with: The Lower Hutt, it operates on the other side of the harbour, they own the wharf on that side; and on this side the Wellington City Council owns the Seatoun wharf and down at our hard berth. We buy the berth off CentrePort, which is the port company but the land is Wellington waterfront, which is the Wellington City Council company, so there are a number of players.

**CHAIR** - Then you have the island that you call in at.

**Mr WARD** - Then the island and that is the Department of Conservation so that is another player.

**CHAIR** - You have to negotiate with each of those.

**Mr WARD** - Yes.

**CHAIR** - For use of the wharf.

**Mr WARD** - Yes. The contract is a net contract so that we are paid a certain amount. We collect all the fare income; it's all our income. I can't speak for buses or trains, every model is different, especially in Wellington. A study was commissioned last year by the regional council and an international consultant came in.

There is talk because obviously the whole idea of the procurement model that is coming is to get the best value for money, to make sure it's an open and fair playing field. With ferries and especially in Wellington - I don't know anything about what you are planning but it could be the same - there is really only room for one operator and that is what this international study found.

Obviously we are slightly biased I suppose, we want to keep going but our contention is: if the present operator is doing a damn good job and provides good value for money and you can negotiate with them a fair price, then surely it's a sensible thing to renegotiate the contract rather than go out to tender and ask new players to come and -

**CHAIR** - And see who else comes out.

**Mr WARD** - You do that if you are not happy with the service that is being provided, or the cost is too high or anything like that but if you know that the service is run well - that's our position. We think there is definitely support from the regional council for that position depending on how the model finally comes to pass. NZTA would have a say in what happens there but we are hopeful that that will be where it gets to next year so that we are in a position to negotiate this longer-term contract with the council directly.

**CHAIR** - Do you set the fares?

**Mr WARD** - In conjunction with the regional council. The regional council have the overall control of the fares but obviously they are looking to us to see where we think it is.

**CHAIR** - You have to get at least cost recovery.

**Mr WARD** - Absolutely.

**CHAIR** - You get a net amount plus collect the fares.

**Mr WARD** - That is right.

**CHAIR** - Together they have to add up to enough to be viable.

**Mr WARD** - That is right. The new model is trying to lower the cost recovery so that is more user-pays. Then obviously the councils and government are paying less for public transport. In Wellington -

**CHAIR** - They'd like to pay nothing.

**Mr WARD** - Absolutely.

**CHAIR** - All the taxpayers would like to pay nothing and the user pays.

**Mr BROWN** - One of the key objectives of the new legislation is to grow commerciality, exactly that, to make as much as we can out of fare revenue and then it means you can do more with the public dollar.

**CHAIR** - That's right.

**Mr VALENTINE** - Is there any room to move with things that are a bit changeable like cost of diesel and things like that.

**CHAIR** - Or size of ferry.

**Mr BROWN** - There are some general rules around it. Legislation includes the overall frame work but there are risk and reward components which are not in legislation which are more in the New Zealand transport agency's and the regional council's procurement methodologies or procurement rules. In some circumstances, all the risk and all the reward is with the operator. In other circumstances all the risk and all the reward is with the council. Those are not necessarily the two extremes; you can also have halfway houses and risk and reward sharing. A key part of the public transport operation model to incentivise all players is to get a fair way of sharing risk and reward.

**CHAIR** - Your trip is not particularly cheap at \$11..

**Mr WARD** - No, it isn't cheap. I suppose we are a premium service. That's reflected in the passengers that use us. There is a cheaper way to get to town and that's on the bus. Some people choose to do it that way but -

**CHAIR** - It's much longer.

**Mr WARD** - Yes, it's much longer.

**Dr GOODWIN** - Is that fare one way?

**Mr WARD** - Yes. That's the standard fare. The commuter concession fares are a lot cheaper. You can get a monthly pass for \$265 from memory which works out on at just under \$5 a trip. It comes right down and that's very competitive with the bus price.

**CHAIR** - And that's what most of your regular commuters would use.

**Mr WARD** - Yes, or ten trips, which are slightly more but still cheaper. So they've got a choice of fares. It was interesting listening to Deb, and I'm not here to sell our service, but I believe that if a ferry service is well run it is going to be incredibly popular. One of our goals, and I think we have achieved it, is to have the most efficient and popular public transport service in the region if not New Zealand. I think we are reasonably close to that. We did a survey this year of our clients. Reliability of service; we had 98 per cent very good or good. Punctuality and departure times; 96 per cent very good or good. Customer service; 97 per cent very good or good. How likely would you be to refer ferry services to someone else on a scale of 1 to 10? Some 92 per cent said 8 or more, 54 per cent said 10. I think the regional councils recognise this but we do say ourselves, patting ourselves on the back, that we are a damned good service and the commuters absolutely love it.

**CHAIR** - How many passengers can you take?

**Mr WARD** - One boat is 99 and the other is 91.

**CHAIR** - Oh, you have two boats.

**Mr WARD** - Two ferries, yes.

**Dr GOODWIN** - Is that approximately 200 commuters daily, according to your figures?

**Mr WARD** - Yes.

**Dr GOODWIN** - That's interesting from our perspective because 200 commuters daily is not huge but obviously it's still viable.

**Mr WARD** - Yes.

**Dr GOODWIN** - You've got that capacity in between the peak times to do other trips for tourists and you also do other cruises and things.

**Mr WARD** - Yes, we have three parts to the business. Obviously, we have a charter business as well. That's very big, especially at this time of the year. Both boats go out at night with functions on board, after they've done the commuter sailings and that sort of thing. Then we have recreational and school groups. Just before you left today, a school group went out with a full boat and that is happening more and more.

**Mr VALENTINE** - That's 200 passengers who are avoiding travelling 20-odd kilometres. That might be like Kettering in Tasmania.

**Dr GOODWIN** - Or the eastern shore.

**Mr WARD** - The barrier to not taking more is capacity, to a certain extent, and frequency. If there is one thing you know about public transport, and I think it applies to all public transport, frequency is the key. If we could put on, between the peak hours, another two services our patronage would definitely increase.

**Mr VALENTINE** - How many crossings would you do at peak hour?

**Mr WARD** - Between say 6 a.m. and 9 a.m. in the morning, which are the peak hours, we have six trips leaving the commuter base, so we have six. It is every half hour, basically. If we could run another couple so it is a quarter of an hour, I think our patronage would go up 25 per cent.

**Mr VALENTINE** - How many ferries do you run?

**Mr WARD** - Two. We are geared for the third ferry. We are ready to roll, but until we get that contract there is no way. We cannot invest \$2 million until we have a contract. It is a chicken-and-egg situation.

**CHAIR** - You can see that there is potential for the boat. That is why I asked you how many people can you take, but it is also about frequency, as you say.

**Mr WARD** - We go to Seatoun, which is out by the airport. We only have one service that calls in there in the morning and it comes over from Days Bay. It brings a whole lot of private schoolboys across who go to school in Seatoun. They jump off and then only a handful of commuters get on at Seatoun and come into town. If we get a third ferry we want to market Seatoun with three or four sailings every morning and three or four coming out in the afternoon. We believe in time it will come up to what we are taking out of Days Bay. The commuter congestion to drive from Seatoun to Queen's Wharf is getting worse and worse and that is one of the problem areas in the city.

**CHAIR** - Is that a direct route or does it have to go around the edges of that bit of land?

**Mr WARD** - The bus can go direct, but we would certainly be quicker than the bus.

**Mr BROWN** - That route the bus takes is through the bus tunnel. It leads, as soon as you get beyond the bus tunnel, to one of the most congested parts of the city, which is the Basin Reserve; you are missing all that by going on the ferry.

**Mr VALENTINE** - None of your passengers are actually doing any 'dead kilometres', if I can call it that, being on board going out of their way.

**Mr WARD** - No. The one that comes out of Seatoun at the moment doesn't leave until 8.25 a.m., which is too late for the bulk of them. Even if you put on one more service it will affect all the other services. If you put two more on, everything goes up, not just the one you are putting on. If you have frequency they will use you.

**CHAIR** - How long does it take from Seatoun to Queen's Wharf?

**Mr WARD** - About 18 minutes.

**CHAIR** - That's not bad. And the distance is?

**Mr WARD** - It's 10 kilometres across to Days Bay so it is probably just under that.

**CHAIR** - How long to Days Bay?

**Mr WARD** - Twenty minutes.

**Mr VALENTINE** - The size of this vessel?

**Mr WARD** - The bigger one is 16.5 metres.

**CHAIR** - And it carries how many people?

**Mr WARD** - That's 99 and the smaller one is 14.5 metres and that carries 91.

**CHAIR** - How often would you not be able to run because of the weather?

**Mr WARD** - The smaller one cancels first. If you counted the days when we would cancel everything, for commuter sailings it would be under 10 all year. If we counted the days that we cancelled one and not the other it would probably 20 or something.

**Mr VALENTINE** - You're directly open to the ocean, aren't you?

**Mr WARD** - You are. It is a rough piece of water, very rough.

**Mr VALENTINE** - You have that swell, whereas we are slightly protected from that.

**Mr WARD** - I always say to my compatriots in Auckland they have it easy running ferry services up there. They don't know what rough weather is and they have bigger ferries.

**Mr VALENTINE** - What beam do you have on these?

**Mr WARD** - They are 5.65, and 5.5 for the smaller one.

**Mr VALENTINE** - And the freeboard?

**Mr WARD** - I think 1.5. We developed the second ferry; we had that purpose-built.

**CHAIR** - That's the bigger one.

**Mr WARD** - Yes. We built it in 2006. When you build a new boat you are always a bit worried about whether it will be perfect for what you want. Really, for a project it has been absolutely brilliant; she is absolutely suited to Wellington conditions. Obviously it would be nice to have a bigger boat but for the size that we've built we couldn't be happier with it. It has excellent sea handling.

**Mr VALENTINE** - Have you always had cats?

**Mr WARD** - Yes, always had cats. Cats and John Deere diesels are my secret.

**Mr VALENTINE** - What sort of power?

**Mr WARD** - 330 horsepower. When we started off to be honest we were naïve and didn't know a lot about running ferry services, so we'd blow up engines. It's experience and preventive maintenance and getting all your ducks in a row. Once you know what you're

doing you run them properly. We operate our diesels at 75 per cent of their capability all the time; we don't like running them slow. We just changed one engine; we had 22 500 hours out of it. People say 'wow!'. We expect over 20 000 hours out of the engines.

**Mr VALENTINE** - That's the way to do it; not run them at capacity.

**Mr WARD** - Yes.

**Dr GOODWIN** - I noticed on the way over that you have a food and bar service.

**Mr WARD** - Yes, it is just snack food but the bar is quite big business, especially on the charters. That adds to -

**CHAIR** - Coffee on the way home or whatever.

**Mr WARD** - Yes. That's the thing about ferries over buses and trains. You can have a coffee and a paper. You can have a drink going home and it's very sociable.

**CHAIR** - Do you have wi-fi?

**Mr WARD** - We're just getting wi-fi.

**CHAIR** - Good. I think that's important. Your trip's only 20 minutes but still.

**Mr WARD** - They can get wi-fi free from the start of the harbour. We've got it at Wellington waterfront but they lose it out there so we're looking at how we can do it.

**CHAIR** - Are you going to be part of the integrated ticketing system?

**Mr WARD** - Yes; do you know Snapper?

**Mr BROWN** - Snapper is the proprietary brand of electronic ticketing. It's not truly integrated because you can't use it on all services.

**Mr WARD** - We have Snapper on board but we haven't got it usable yet. We've got it in the office where we do a lot of our ticket sales within off-peak, but we've told them we've got to have a mobile device. Snapper is really good but they can't combine it with a mobile EFTPOS. We've got mobile EFTPOS because when we are boarding from the other side we don't have an office. Commuters stream on and we don't have time to ticket them on the wharf; we don't have that capability. They stream on and then the crew go threw the cabin and do the tickets on the journey. The only way we can have Snapper is if we have a mobile EFTPOS and Snapper in one. Snapper was telling us two years ago that they could develop it but we haven't got it yet. We're ready to go as we have all the other systems on board but they haven't quite developed it. I think they might have their own issues in other -

**CHAIR** - Are you looking at integrating with the bus and rail?

**Mr WARD** - Yes, I think we will. I think that's the plan.

**CHAIR** - They won't be using Snapper, though, will they?

**Mr WARD** - We don't know yet.

**Mr BROWN** - Whichever provider it is it will need to be usable on all those transports.

**CHAIR** - Yes.

**Mr BROWN** - It's all doable but it needs to be managed.

**Mr WARD** - I'm not privy to it but I wouldn't be ruling out Snapper for Wellington, just because Auckland hasn't got it. Snapper is working on the buses here and it works really well is very well accepted. I know Snapper will be very keen to get the contract. Whoever gets it we will definitely be working in with them because integrated ticketing is certainly the way to go.

**CHAIR** - Yes, than you don't have to sell tickets on board.

**Mr WARD** - No; the less cash you have, the better.

**Dr GOODWIN** - In the unlikely event that the ferry is cancelled then at least they've still got their ticket to get on the bus or whatever they need to do for the alternative transport.

**Mr WARD** - Yes. One of the things on cancellations that has taken a while to develop is a text database system. I know the regional councils have it for buses but we're not integrated into there; we've got our own. Every commuter that buys a concession card with us, and anyone else for that matter, can go on this text system. When we cancel, as soon as we've made a decision it goes straight to them. The normal thing is that the smaller ferries cancel first, so we go to our restricted sailing schedule. The commuters are all aware of it now. Instead of six sailings going home you will only have the choice of three, which just means they have to rearrange. If you are sitting in your office and it is 3 o'clock and you get the text, 'The 4 o'clock is not going', so I will have to catch the 4.30 p.m., it's not a big change. They don't mind that.

**CHAIR** - As long as they know.

**Mr WARD** - Yes. When on the odd time we have full cancellation, then we put on a few minivans and things because most of them work just great for us. In the old days we used to put on coaches and dollars used to disappear. Hiring a coach would be a huge cost, if you could get one, but now when we fully cancel we give them warning and they just disappear. They either go to the regular buses or their wife picks them up.

**CHAIR** - They have that alternative.

**Mr WARD** - We have a very skeleton minivan service, which a few of the monthlies use, which is great from our point of view. Everyone gets home without us having to provide alternative services. That works well.

**CHAIR** - The new boat that you are looking at, will it be much the same size?

**Mr WARD** - At the moment it will be the same as the new one, but we might tweak it a couple of ways.

**CHAIR** - So you don't need to go to a 24 or something like that?

**Mr WARD** - No, because obviously that's extended cost and more manpower. These ferries run with two people, skipper and crew, and I would go for exactly the same one.

**Mr VALENTINE** - Getting the message out that you are cancelling is by -

**Mr WARD** - Text. We have a database from the computer in the office or we can do it from the phone on the boat. We have about 600 on the list and they self-manage themselves. If they want to come off they just text us; if they want to go on they text us and it is straight to their phone. It works really well.

**Mr FARRELL** - I think that is one of the ways that is revolutionising public transport generally. The new communication methods have made such a difference.

**Mr WARD** - There is nothing worse than arriving and then the train or the ferry is cancelled and you are standing there on the wharf. In the old days I would have 70 people at my office. It would be pouring rain, howling storm and I would be saying, 'Oh, sorry.' All our staff are saying sorry, sorry and they are saying how are we going to get home? They had no warning.

**CHAIR** - If they cannot rely on you then they are not going to keep coming back again.

**Mr VALENTINE** - It is direct to the customer and very personal.

**Mr WARD** - That's happening with all modes now.

**Dr GOODWIN** - Would that go on your website as well, any scheduled changes?

**Mr WARD** - If it was a major one, but we wouldn't put a weather one on our website. We find commuters don't use the website so much for that. It is more the recreational and tourists and visitors who don't know anything about the ferry but will want to know the times or whatever.

**Mr VALENTINE** - Judging by the performance figures they love you. They are going to be loyal customers.

**Mr WARD** - Yes, they are incredibly loyal. We can't wait to get a third ferry. Wellington has a huge amount of potential for water-based transport. We have to get the regional council on board. We are always the small player in public transport, as you can see by our figures. It's trains first, then buses and then the little old ferry comes last.

**CHAIR** - It's actually buses first in terms of numbers of trips, but not miles carried.

**Mr WARD** - The regional council has just published the first quarter figures for public transport this year. I was reading them yesterday and I was quite pleasantly surprised. It

said bus minus 2 per cent, train minus 3.5 per cent, ferry plus 13 per cent, so we have been growing.

**Mr FARRELL** - It was good for us to experience a non-calm crossing and see how it is possible.

**CHAIR** - That is certainly one of the concerns raised.

**Mr WARD** - Where would your ferry service go?

**Mr FARRELL** - It has been traditionally operated by passenger ferry companies and they have really just catered for the tourist market. When the bridge went down there was a commuter ferry service, but when the bridge went back up it ceased to operate.

**Dr GOODWIN** - Everyone went back to their cars.

**Mr FARRELL** - Things have changed a lot with communication methods and the expectation now that people can get public transport.

**Dr GOODWIN** - There is a water taxi operator who is actually trying to build up a commuter service. He has a bigger boat now.

**CHAIR** - He is about to put his second boat on.

**Mr VALENTINE** - People are having to park further out of the city though and walk in. It will encourage them to use other -

**CHAIR** - He is a private operator at the moment so he is not at all integrated into the public transport system, which would help a lot.

**Mr VALENTINE** - He really goes right down south.

**Mr FARRELL** - It has become apparent to us through this inquiry that, rather than the big boat way, it seems to be that all ferry services that are becoming successful have started with smaller boats and just grown to suit the market.

**Mr WARD** - I definitely think that would be the way to go.

**Dr GOODWIN** - Can I ask about the school population you service. Are they from one school or several private schools?

**Mr WARD** - No. There is a private school over in Days Bay as well as Seatoun so on one of our back sailings in the morning, which is quite good for us, we are going over to collect the commuters. This is about the third one in the morning. All the Wellesley boys pile on that one and they go over to Days Bay. They get off and the commuters get on. Then that boat will go from there, all the Scots boys going to Seatoun will hop on with a few commuters because that ferry to town is a bit longer but some Days Bay commuters still catch that one because they prefer the timing. They go to Seatoun first, Scots boys get off, new Seatoun commuters, a handful of them, get on with the Days Bay ones and go on to town. That is just under a 40 minute trip but we still get Days Bay commuters on it

who prefer to do that than take a bus or a car. A lot of people, we have surveyed them, have company cars. They have parking in town all paid for by the company because Eastbourne is quite well heeled. They will choose to use the ferry and pay for it rather than use their company car.

**CHAIR** - Really? That is interesting.

**Mr WARD** - There was a ferry service at the turn of the century - nineteen hundreds. We have photos in our office of the huge ships and they used to carry up to a thousand passengers.

**CHAIR** - A thousand?

**Mr WARD** - Yes. One boat took over a thousand. It was used on the weekends because that was a long way to go so it would be like a Sunday picnic over there. Of course there were no cars so the people who lived over there came to work on the ferry up until just after the Second World War. Then the patronage was dropping. Why? Because of the motor car. Everyone was getting a car. Why did we start? Because of the motor car, too many by 1989.

**Mr VALENTINE** - A similar thing has happened in Hobart but over a long period of time. There used to be lots of ferries on the water. Then they dropped off when the bridge went in.

**Mr WARD** - Now there is too much congestion so there is possibly a chance to start it again.

**Mr VALENTINE** - Or people not being able to find day car parks. You park further out of town and walk in.

**Mr WARD** - Yes.

**Mr VALENTINE** - Yes, they get their exercise and so on but at the end of the day it might be enough to encourage them to use the service. Also the population is further down the river as well, on both sides of the river.

**Mr WARD** - We have Hutt River up the top here and Hutt City. A lot of people have asked us if we would do it because you could get a boat up the Hutt River if it was shallow draught - like jets. It is possible but I think Wellington is just a little bit too small to justify something like that at the moment. Brisbane does it.

**CHAIR** - Absolutely, very well.

**Mr BROWN** - I think another advantage here is the fact that the Queens Wharf terminal is so close to the main CBD. In the same way as you have with buses, people will only walk a certain distance. It is right bang where you need it to be. I do not know what it is like in Hobart.

**CHAIR** - It is exactly like that in Hobart.

**Mr WARD** - Petone is an interesting one. When we got our second boat, we started a service from there. It is a great population base; it's the start of Hutt. We knew it was going to be a tough ask to run a service from there, for a couple of reasons. The southerly comes straight up the harbour and you were out in a southerly today. At the wharf you were right against it. It's a huge wharf, about 300 metres, so it's a long walk out. If the weather is foul, you've got to brave the elements to get there. Even if you have a raincoat and all the gear on, you'll be soaked by the time you get there. Then you have to wait for a ferry and it possibly won't come because of the weather. So that was against us. The other thing was that the trains run from Petone. The third factor was that at Petone they are not as well heeled as Eastbourne, so they are looking for the cheapest mode. A premium service from there, with the walk and everything, didn't add up. We got the regional council on board with us and they came in on a trial. We knew it was a trial and said we'll give it six months. We went in with our eyes open. I was hopeful that maybe we could work something out. I wasn't expecting it necessarily to work but the thought was to get the second ferry here. We got the regional council on board so it gave us a chance to get the ferry. We gave it six months; it wasn't working so we put the services and extra capacity into Days Bay and, bingo, up she went. Even I was surprised.

**CHAIR** - There has to be frequency.

**Mr WARD** - Yes, we went from three to six. We virtually doubled the service.

**Dr GOODWIN** - Do you still take people there on weekends?

**Mr WARD** - In the weekend we go around the harbour.

**Dr GOODWIN** - People might go there to shop or something, do they?

**Mr WARD** - Yes and from there they can get out to the island. If you're a visitor, you want to see the harbour and people like to go to different places. It works really well and I've always said we'll leave it there and in five years time things will change. Maybe that ferry service could be resurrected.

**CHAIR** - There's nothing wrong with the train service.

**Mr WARD** - No, it's a good train service. That's why our focus at the moment is Seatoun and we'll go from there.

**CHAIR** - Our water taxi operator, who is about to get a second boat, has done the same kind of deal with a school, the same approach from a school to cross the harbour. That's what he's funding his second boat from.

**Mr WARD** - Good idea.

**CHAIR** - He knows he's got a guaranteed number of clients.

**Mr WARD** - Sounds like a service that could well be developed. Good luck to him. How far is the journey across the harbour or is it across the river?

**CHAIR** - It's a harbour rather than a river I suppose. At the city it's a river. From Bellerive to town it's how far?

**Mr VALENTINE** - A couple of kilometres.

**CHAIR** - Then when you go further down, there are settlements and it gets much wider.

**Mr FARRELL** - There are some big population centres downriver.

**Mr VALENTINE** - The encapsulated water is probably the same as Sydney. The D'Entrecasteaux Channel is a real possibility. Certainly Bruny Island is an opportunity. They've got a normal ferry service that goes across taking cars but if people could get away without taking their car to work -

**CHAIR** - It doesn't come into the city; it just goes across.

**Mr WARD** - Would you subsidise that for public transport?

**CHAIR** - We're a committee of inquiry. We're just trying to gather some facts for the government to have a look at possibilities, what other people are doing and what is possible in other jurisdictions. We don't know what the result of that is going to be. We don't even know what recommendations we are going to make yet, but it is an area that certainly needs looking at. All we have in Hobart at the moment, in public transport, is buses, so there is opportunity.

**Dr GOODWIN** - It's so valuable coming to other places and hearing what is happening because people say, 'Oh no, you couldn't possibly do that; that won't be viable'.

**Mr FARRELL** - Everything seemed to come at once. There was the push for the rail and then there came a push for the ferries and then there were cable cars and all sorts of strange things - getting the Sydney monorail and putting that in. It was getting a bit carried away, so we thought that this might be a way to have a look at what works in other places and see if there are similarities with Hobart, and there certainly are. This has been probably the best spot to come and just see how it operates.

**CHAIR** - There are lots of similarities here.

**Mr FARRELL** - I think in some ways Wellington has overcome far larger hurdles than we have in Hobart.

**CHAIR** - We hadn't even thought about tunnelling through mountains.

**Mr VALENTINE** - We talked about tunnelling under Macquarie Street; that was shut down.

**Mr WARD** - How many people are in Hobart?

**CHAIR** - 220 000. Let us know when you come and we will introduce to Rod Howard, who runs the water taxi.

#### **DISCUSSION CONCLUDED.**