



# Covid 19: AT Metro OPEX cost savings

ELT presentation August 2020

# Purpose

- Update ELT on AT Metro OPEX cost saving measures resulting from COVID-19
- To inform of next steps, including:
  - Memo to AT Board outlining the key impacts
  - Communicate to Elected members
  - Timeframes for Go Live

# Agenda: AT Metro OPEX cost savings

- Background
- Principles
- Cost saving categories
  - Peak only services
  - Ferry savings
  - Defer planned improvements
  - Poor performing routes
  - Other
- Summary
- Next steps

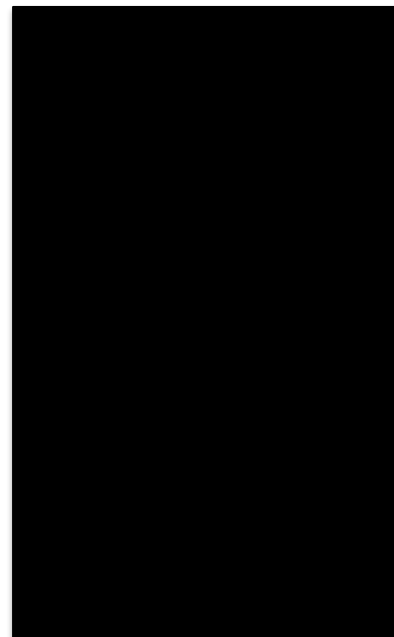
# Previous agreed budget for FY20-21

	FY19-20	FY20-21
<b>Total opex available</b>		
<i>Bus</i>		
<i>Train</i>		
<i>Ferry</i>		
<i>Projected farebox recovery</i>		
<i>Other revenue</i>		
<i>Actual public sector subsidies</i>		
<i>Council share</i>		
<i>NZTA share</i>		

- Council have asked for this to be reduced by [REDACTED] (in-year)
- With additional ERAA costs and need for improvements, target is to save [REDACTED] (in-year)

# Cost reduction categories

- Peak only services
- Ferry savings
- Defer planned improvements
- Poor performing routes
- Other
- **Total**

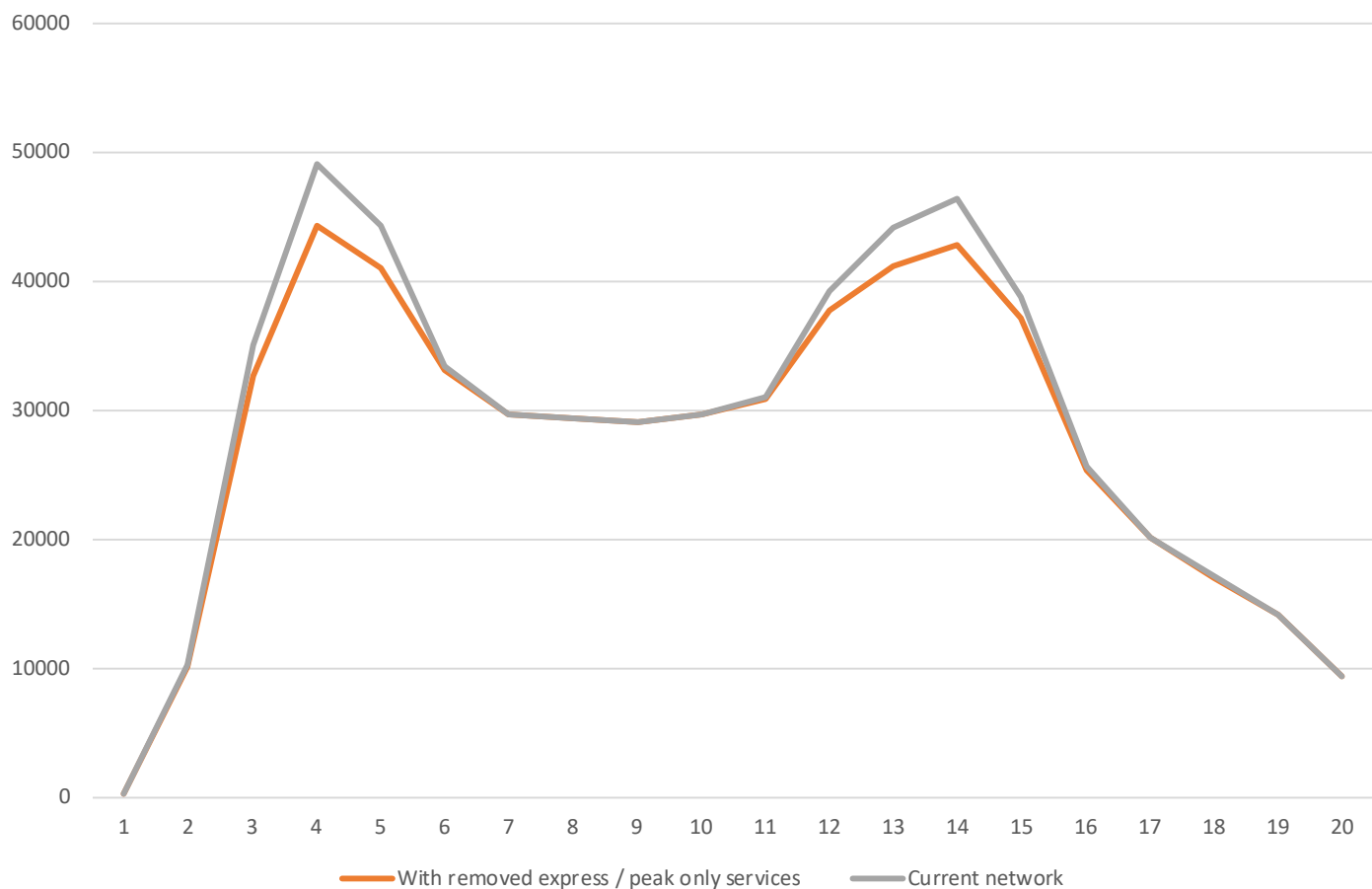


# Principles for cost saving (in order)

- Remove duplication in the form of express or peak only services
- Reduce peak frequency where frequency is 10 minutes or better
- Remove underperforming ferry routes where alternatives exist
- Halt any new capacity and new service plans that aren't already committed
- Identify Run time savings and review timing points
- Target high subsidy bus routes, with on-demand potentially being a cheaper alternative
- Target savings in train operating costs
- Rationalise any replacement buses for Block of Line works where public routes exist
- Remove sections of bus routes where not justified
- Review routes not meeting RPTP patronage targets
- Identify other savings (cleaning, driver training, ongoing asset costs)

# Express and peak only services

Bus capacity across the day



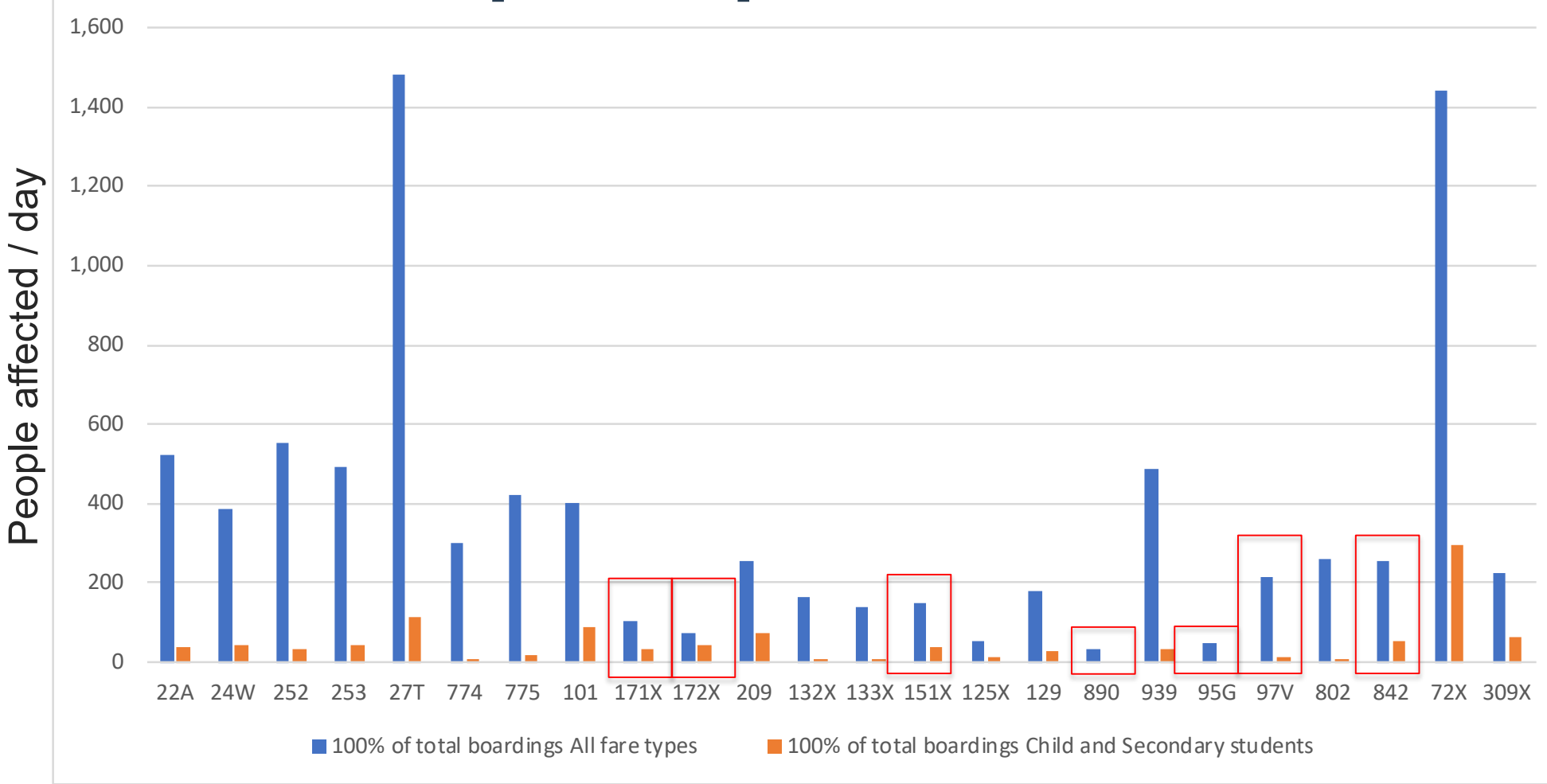
There are around 25 peak-only and express routes that duplicate other services

Removing all 25 routes results in 8% reduction in capacity at peak times

Removing these services is therefore likely to have a minimal impact on overall capacity

Some mitigation will be needed to offset the removal of these services

# If all 25 routes removed: 1 in 3 of all CBD bus trips displaced





# 7x Peak only services removed / cut back

Route	Location	Details	Estimated saving (annualised)	Estimated saving (in-year)	Boardings affected / day	Alternative available
125x	Helensville express	Cut back to Westgate and run as 125			75	N/A
842	Crown Hill to Smales Farm	Reduce to 20 mins (was 10)			220	842 (longer wait)
890	Corinthian Drive, Albany	Remove			40	Walk 700m (max)
95G	Glenfield - CBD	Remove			50	95 (frequent)
97V	Verrans Corner – CBD	Remove			210	97 (frequent)
171x	Laingholm – CBD express	Cut back to New Lynn and run as 171			150	171 to New Lynn
172x	Titirangi – CBD express	Cut back to New Lynn and run as 172			150	172 to New Lynn
151x	Glen Eden – CBD express	Cut back to New Lynn and run as 151			270	151 to New Lynn
309x		Remove			300	300

Total boardings affected = 1,040 / day

Total cost saving = [REDACTED] (in-year)

# Changes to ferry services

**Proposal:** remove peak-only Stanley Bay ferry entirely and repurpose as additional Hobsonville services (on no net cost basis)

- Stanley Bay has lowest patronage of any inner harbour route, and reliability / punctuality is steadily falling
- Devonport Peninsula is served by 2 other ferry routes and several bus routes
- Stanley Bay use reduced 13% Feb 19-Feb 20
- Hobsonville use **increased** 10% Feb 19-Feb 20. Further growth expected
- Hobsonville:
  - Current: 3 trips AM, 5 trips PM
  - Proposed: 5 trips AM, 7 trips PM

**Proposal:** Reduce Birkenhead service from 30 to 40 mins (linked to Northcote Pt) - [REDACTED]



# Deferred improvements

Route	Details	Estimated saving (annualised)	Assumed Go Live	Estimated saving (in-year)
West Harbour * Pine Harbour **	Defer committed new services on shoulder-peak for peak capacity management	[REDACTED]	Feb-21	[REDACTED]
West Harbour * Half Moon Bay	Remove previously budgeted improvements on inter-peak and evening		Jul-20	
Route 36	Delay implementation of 36 to July 2021		Jul-21	
Train: reduced track kms			Jul-20	
Bus Capacity improvements			Jul-20	
Indexation savings			Jul-20	

Total cost saving = [REDACTED] (in-year)

# Poor performing routes (add column )

Route	Detail	Estimated saving (annualised)	Assumed Go Live	Estimated saving (in-year)	Boardings per day	Alternative available
987 (trial)	Remove Arkles Bay service		Jan-21		5	Walk 700m uphill
714 (trial)	Remove trial route and replace with school bus		<b>Oct-20</b>		60*	School bus or 400m walk to 712
114	Remove Herald Island loop		Jan-21		6 (on affected section)	School bus or 1.25km walk
50A	Remove Ostend loop		Jan-21		3 (on affected section)	400m walk to frequent route
313	Curtail 313 service to Mangere		Jan-21		35 (on affected section)	New 38 route. 700m walk for some

\*90% of these travel at school start / end times – these passengers will be offered a school bus as a replacement

Total boardings affected = 55 / day

Total cost saving = [REDACTED] (in-year)

# Other cost savings

Theme	Route	Estimated saving (annualised)	Assumed Go Live	Estimated saving (in-year)
Run time savings	Various	██████████	Jan-21	██████████
TDAK training costs	Various	██████████	Jul-20	██████████
Reduce frequency and repurpose resource	NX1	TBC	Jan-21	TBC

# Summary – by type

- Targeted savings
- Additional costs
- **Total savings required**
  
- Peak only services
- Ferry savings
- Defer planned improvements
- Poor performing routes
- Other
- **Total savings identified**



# Summary – by operator (includes PVR savings)

Operator	In-year savings	Deferred savings	PVR impact	Passengers affected / day
NZ Bus			2	250
Ritchies			7	600
Pavlovich			1	300
Go Bus			3	140
Tranzit				-
WBC				2.5
H&E				
Fullers				200
Transdev				-
Run time savings				
Other				
<b>Total</b>			<b>13</b>	<b>Circa 1,500</b>

# Improvements

Several improvements will also be made to the network in FY20-21

- City Link: fully electric fleet (12) from Feb 2021 (██████████ in year)
- Airport Link: fully electric fleet (9) from Jan 2021 (██████████ in-year)
- Waiheke: electric fleet (8) from November
- Hobsonville: additional peak ferry services
- 378: extension into Karaka Lakes Development (██████████ in-year)
- 355: extend into new development Donegal Park (zero cost)
- 171: addition of a Sunday service (██████████ in-year)
- 866/966: changes at Newmarket (██████████ in-year)
- EMU deployment (██████████ in-year)
- Route 64: new frequent route added to mitigate Mt Eden closure (██████████ in-year – 90% funded by CRL Ltd)



# Key risks

Risk	Description	Mitigation
Western Express removal	Passengers will lose single seat journey and have to change at New Lynn	Highlight options at New Lynn, train and frequent buses
Stanley Bay removal	Passengers will lose direct service to Downtown	Passengers can use Bayswater or Devonport ferry + buses
114 Herald Island removal	Passengers without access to car will be left without a PT service. Facebook group has already formed	Early engagement and understand specific issues
Ostend Loop, Waiheke	Petition has already been submitted to AT Board. WLB voted against AT proposal to remove service	Highlight the short walk to frequent network and benefits to users
Airport services delivered in stages, route 36 delay	Initial plan was to deliver all airport service changes in January 21. This will now be staged over 6 months	Puhinui station opening
Lockdown 2 effects	Risk that AT Metro need to find additional costs savings linked to second wave of Covid	Further cost savings can be identified with operators
Election delays and communication	AT will need to communicate changes to public in advance of election	Inform MPs and elected members in advance of public announcements
Overall political risk	Risk that AT is seen to be cutting PT services making PT less attractive.	Highlight minimal impacts to PT users

# Next steps

- Finalise Timetables with each operator
- Memo to AT Board early September 2020
- Public announcement late September
- Target Jan 2021 for all cost savings

