

GREATER WELLINGTON REGIONAL COUNCIL  
**WELLINGTON**  
**METROPOLITAN RAIL**  
**2015/16 ANNUAL REPORT**

**30 JUNE 2016**



greater WELLINGTON  
REGIONAL COUNCIL  
Te Pane Matua Taiao



# WELLINGTON REGION MAP



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# CHAIRPERSON'S REPORT



A strong public transport system is at the heart of a thriving, resilient and sustainable Wellington region. Every day, tens of thousands of people – young and old and from all walks of life – use greater Wellington's public transport network to get to work, to visit friends and family, to shop and to enjoy the great amenities the Wellington region has to offer. For many of them, the public transport system is their primary means of transport and is vital to their well-being.

The Greater Wellington Regional Council (GWRC), through the Metlink Public Transport Network, is committed to making the public transport system even stronger and more compelling for its customers and has taken further steps in doing this over the course of 2015/16.

## **Growing public transport patronage**

Wellington has the second highest patronage per capita of public transport in Australasia – second only to Sydney. GWRC is committed to building on Wellington's strong public transport patronage – with a targeted 15% increase by 2025 – and I am pleased to report that that 2015/16 has seen the continued uptake in public transport, with over 36.4million passenger trips taken across the network, nearly 13million of these were on rail, an increase of 6% on 2014/15.

## **Improving customer satisfaction**

Commuters need to be able to rely on trains that arrive on time and get them to their destination on time, every time. With this in mind, achieving "on time" performance targets for service providers are even more important. Encouraging more people out of cars onto public transport, means the Metlink rail service has to be more attractive than private vehicles, and the easy choice for commuters.

We're well on our way to achieving this, with an increase in 2014/15 of the number of rail trips taken, and an increase in customer satisfaction to an all-time high of 96%. On-time performance exceeded 95% across the rail network with the Kapiti and Hutt Valley Lines reaching 96%.

## **Upgrading our infrastructure**

Key to making the customer experience even more enjoyable is a process of continual improvement in infrastructure, such as providing more car parks in our park and ride facilities, and improved station facilities.

During 2015/16 a further 361 car parks were provided across the region and a number of shelters were refurbished. Upper Hutt station building was completed and opened for public use including new staff amenities, and a new public waiting room with access to toilets, a ticket sales office and a coffee kiosk.

Other highlights saw the transition to an all Matangi operational fleet, with the retirement of the Ganz Mavag fleet – and part of the \$1.3 billion being invested by GWRC in public transport over the next 5 years.

## **Building the public transport network for today, and tomorrow**

The move to a new Public Transport Operating Model (PTOM), as required by recent amendments to the Land Transport Management Act (LTMA), gave GWRC an opportunity to take a fresh look at how rail services are being delivered across the region.

This has resulted in the introduction a new performance-based rail contract that encourages service delivery that is efficient, on time, and which meets customer needs. Being able to periodically tender high value contracts, such as the rail operations, is an important way of ensuring that the regional council is obtaining the best value for money for its investment spend on behalf of ratepayers.

A key highlight for the 2015/16 year was the award of the rail operating and maintenance contract to Transdev Wellington which took effect from 3rd July 2016. This coincided with a rebranding of the rail service from TranzMetro to Metlink and Metlink taking over full responsibility for all customer communication channels. These changes help us to deliver a consistent, integrated multi-modal public transport service.

## **Looking ahead**

I look forward to another great year for rail in 2016/17 as we deliver continued improvements in rail services, in conjunction with our partners Transdev and KiwiRail, and we progress other longer term customer initiatives such as a new integrated ticketing system across rail, bus, and ferry services.

**Chris Laidlaw**





# HIGHLIGHTS OVER THE YEAR



Ganz Mavag trains have been a feature on the Wellington Rail Network since 1982. The last passenger service provided by a Ganz-Mavag was on the 27th May 2016



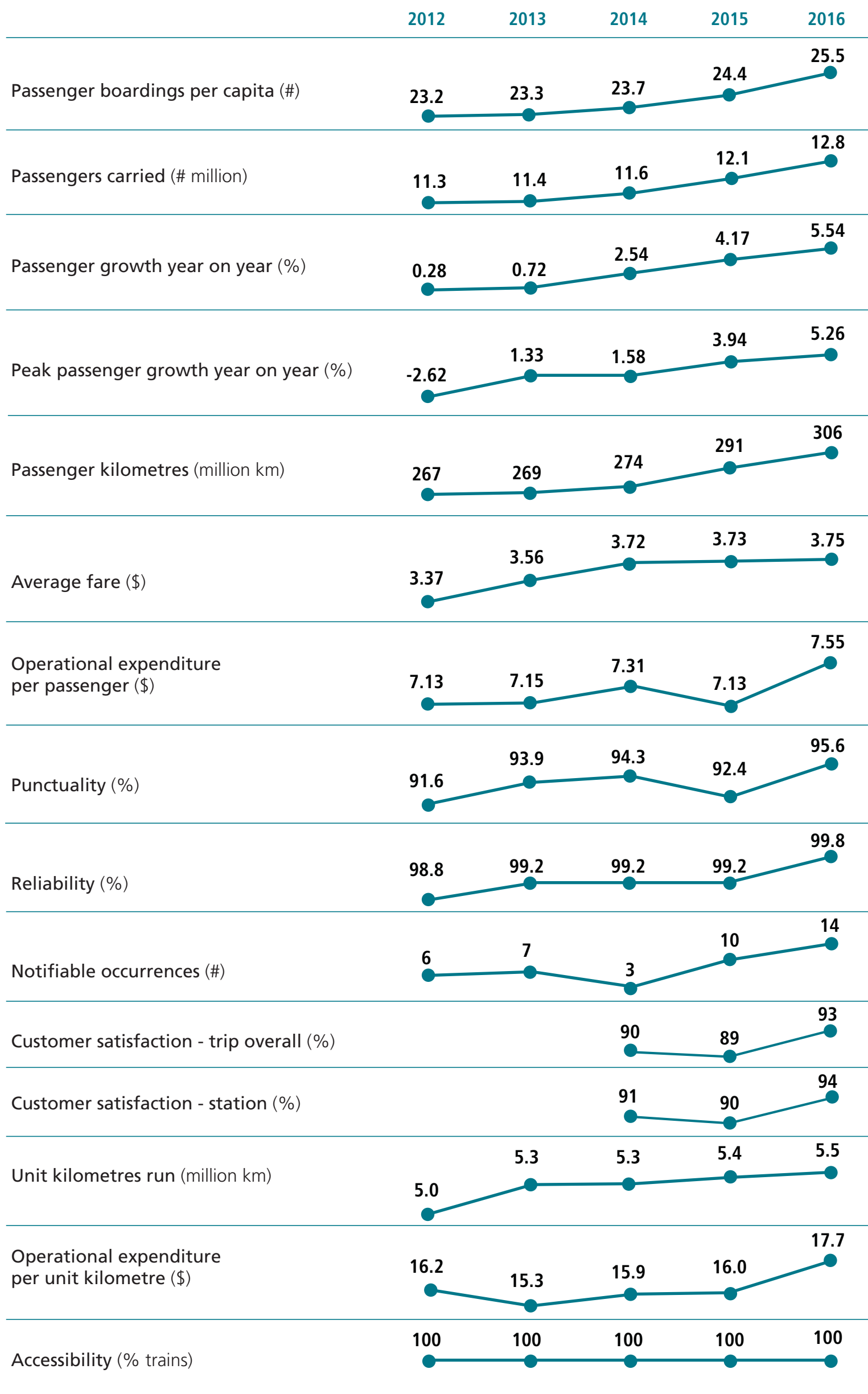
The rebuilt Upper Hutt Station opened in December



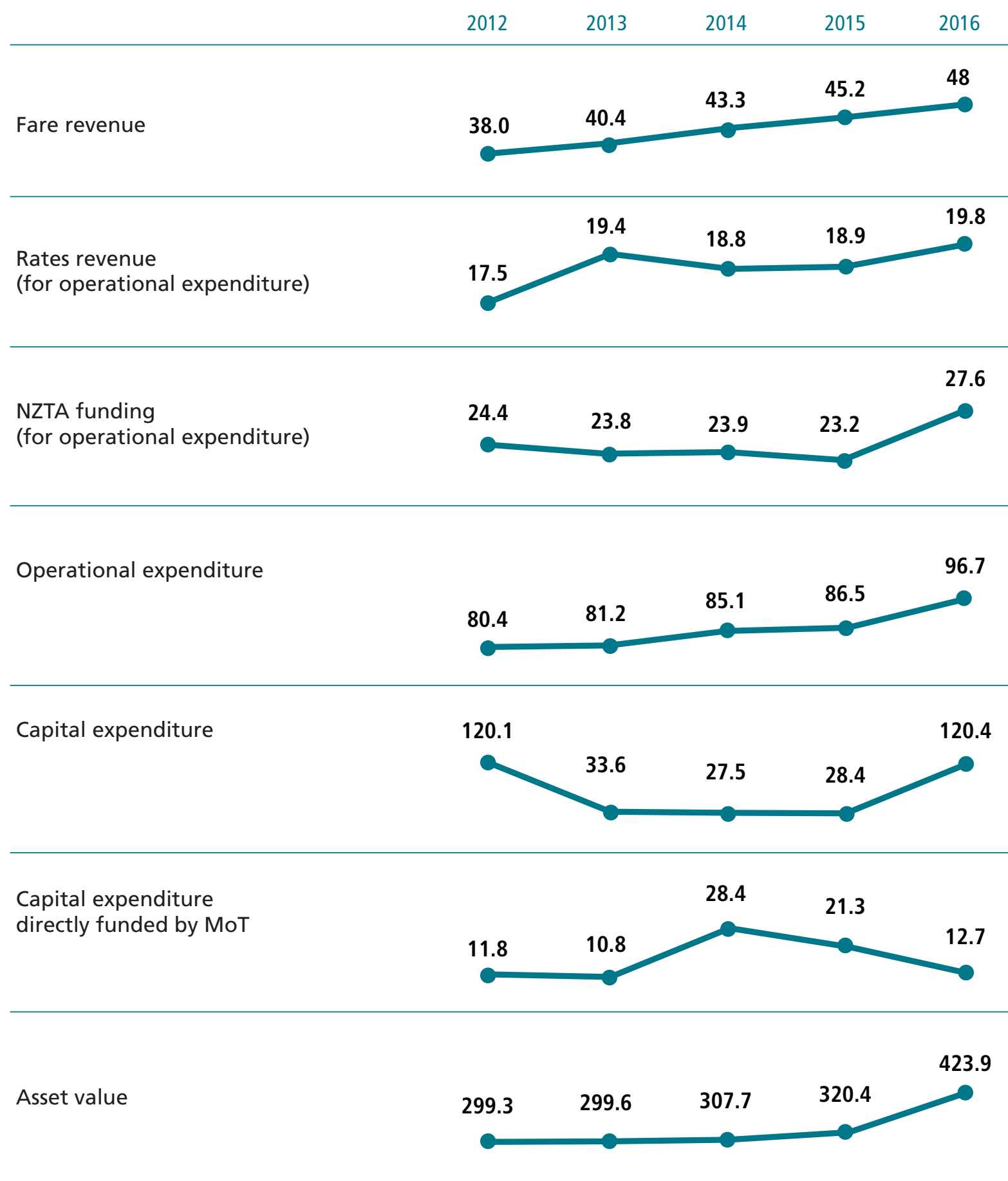
Patronage continues to grow. Highest yearly total ever! Nearly 13 Million passengers travelled on the wellington network.

# WELLINGTON METROPOLITAN RAIL

## TRENDS



## FINANCIAL TRENDS (\$ MILLION)





## AVERAGE ASSET CONDITION (1 = EXCELLENT, 5 = EXTREMELY POOR)

### STATIONS (SCORE)

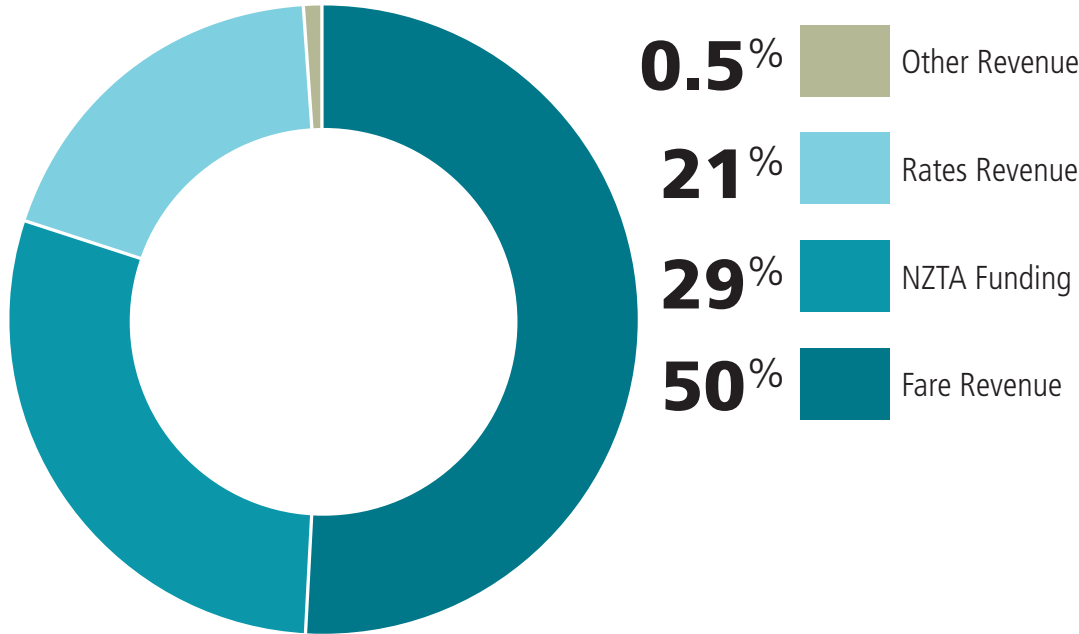
	2013	2014	2015	2016
Johnsonville Line	2.2	2.4	2.0	1.7
Kapiti Line	1.6	2.4	2.0	1.6
Melling Line	1.6	2.5	2.2	2.0
Hutt Valley Line	2.0	2.8	2.2	1.8
Wairarapa Line	2.0	2.3	2.1	1.9

### TRAINS (SCORE)

	2013	2014	2015	2016
Ganz Mavag	3.7	3.7	3.7	n/a
Matangi	1.0	1.0	1.0	1.0
SW Carriages	2.2	2.2	2.2	2.2

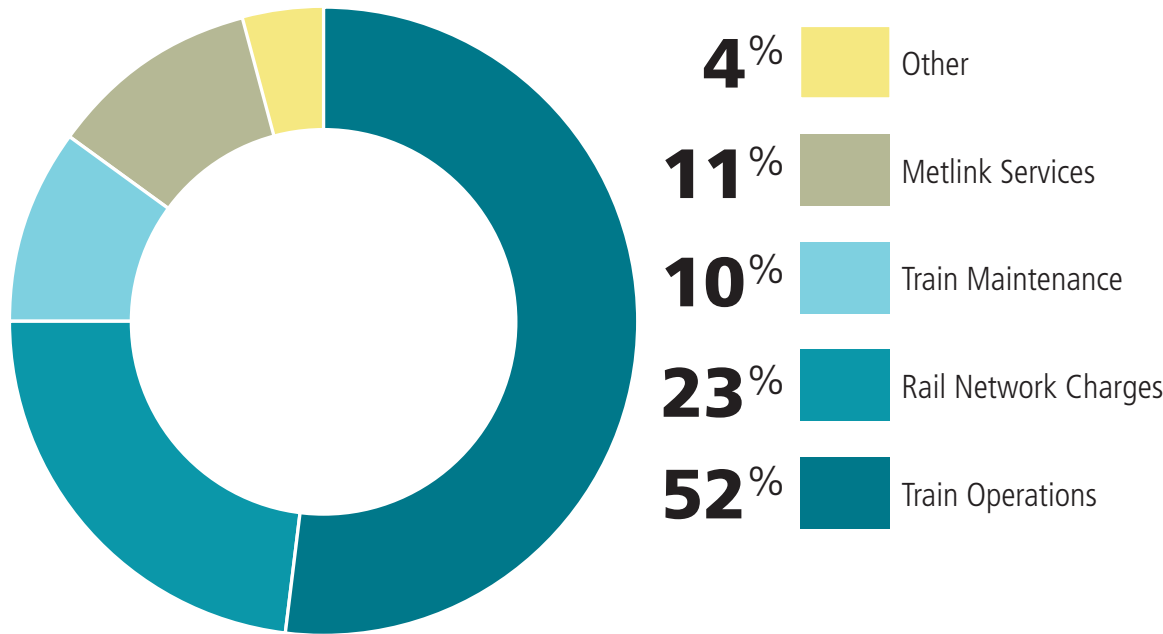
**OPERATIONAL REVENUE 2015/16**

\$95,864,000



**OPERATIONAL EXPENDITURE 2015/16**

\$96,656,000







Track work on the Kapiti Line









One two-car Matangi train unit can easily carry more than all the drivers and passengers in the cars shown in this picture.



# 1 INTRODUCTION

The Wellington region covers a land area of 813,000 hectares and is home to a population of 504,900<sup>1</sup>. The region encompasses the cities of Wellington, Porirua, Upper Hutt and Lower Hutt, and the Kapiti, South Wairarapa, Carterton and Masterton districts. Greater Wellington Regional Council (GWRC) has responsibility for the provision of public transport throughout the region.

Wellington is fortunate in being one of two New Zealand regions that has a rail service as part of its public transport network. Nearly 13 million passenger journeys are undertaken on the rail network each year. The average trip length is three times greater than that of bus, as rail is the predominant mode for longer distance public transport within the Wellington region. Wellington's metro rail plays a vital role in connecting the region. In enabling the efficient transportation of people it makes a very significant contribution to the region's economic and social wellbeing.

As in most parts of the world, fare revenue does not fully cover the cost of providing Wellington's metro rail. The cost of subsidising the rail service is shared by GWRC and the New Zealand Transport Agency (NZTA). GWRC and NZTA share a strong interest in securing best value for their expenditure on rail subsidies.

GWRC's role in the region's metro rail service has grown rapidly in recent years. Up until the late 2000's, Wellington's rail services were delivered by TranzRail which owned all of the rolling stock and had exclusive rights to track access. At that time GWRC was a relatively passive funder, with little capacity to influence the quality or efficiency of the region's rail service.

GWRC's role began to change when in 2007 it signed a contract to purchase 48 new two-car Matangi Electric Multiple Units (EMUs) from Hyundai Rotem. Further changes followed the Crown's purchase of the rail business and assets of Toll New Zealand Limited in mid-2008, and the release of the Government's 'Metro Rail Operating Model' in 2010.

In 2011 a significant step toward the implementation of the Model was achieved when GWRC, with strong Government support, acquired ownership and control of the rolling stock and most of the stations and related assets used for metro rail services.

The Wellington Network Agreement is a 85 year agreement signed in 2013 and secures access rights to the region's rail network for GWRC's chosen metro services operator. The Agreement also covers maintenance, train control and network renewals and gives GWRC greater say in the management of the asset.

This year is the last year of the metro rail agreement in place since 2006. A new performance based contract will be affective from the 3rd July 2016, with Transdev Wellington providing the services.

The GWRC Rail Fixed Asset Improvement Plan was implemented, with upgrades to station buildings and Park and Ride facilities undertaken while working closely with the relevant councils and community parties.

The Public Transport Satisfaction Monitor report showed 93% of recent users were either satisfied or very satisfied with the metro rail service they were travelling on. The report also showed that 84% of passengers were pleased with the frequency of the service, 84% were happy with the on-time performance of the train service, while 77% felt that there were enough seats available.

<sup>1</sup> (Statistics NZ, estimated resident population, June 2016).



Tawa Station

## 2 PURPOSE

This report provides an overview of the performance of metro rail in Wellington in the financial year 1 July 2015 to 30 June 2016, referred to from here on as 2015/16.

Rolling stock and station assets are central to the performance of the metro rail service and hence their on-going management is also a key focus of this report.

The report is intended to give a transparent account of:

- how the service performed
- what it cost to provide the service
- how it was paid for in 2015/16
- the actions that have and are being taken to maintain and improve the service
- rolling stock and station asset management

This is GWRC's fifth annual report on the performance of metro rail and consequently the performance trends presented in this report are based on a further year of accumulated performance data. Our reporting of performance trends will become increasingly useful in future years as even more data accumulates and new data sources (such as the Rail Performance Monitoring System and the on-board Automatic Passenger Count) are introduced.



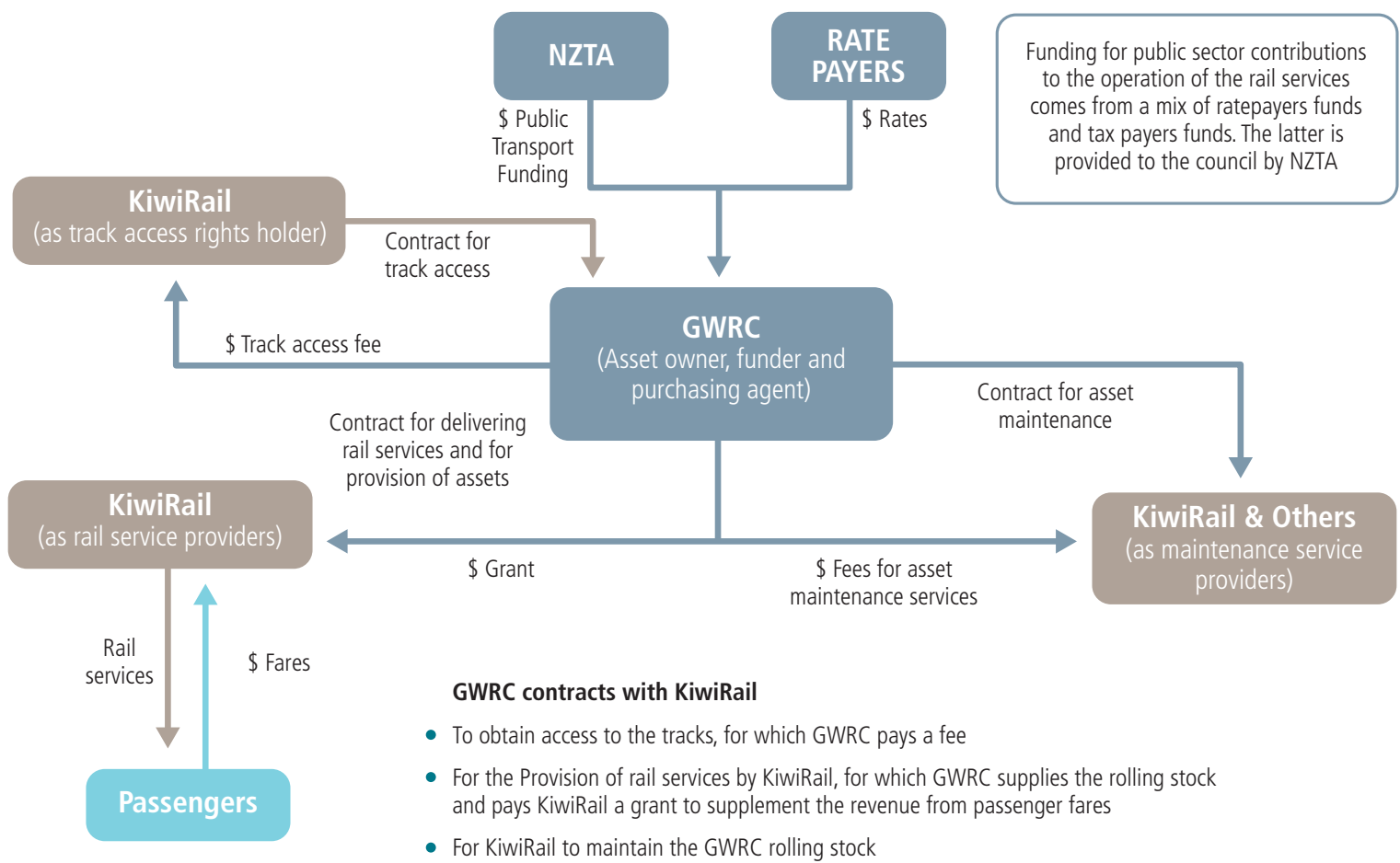


Shelters at Takapu Road



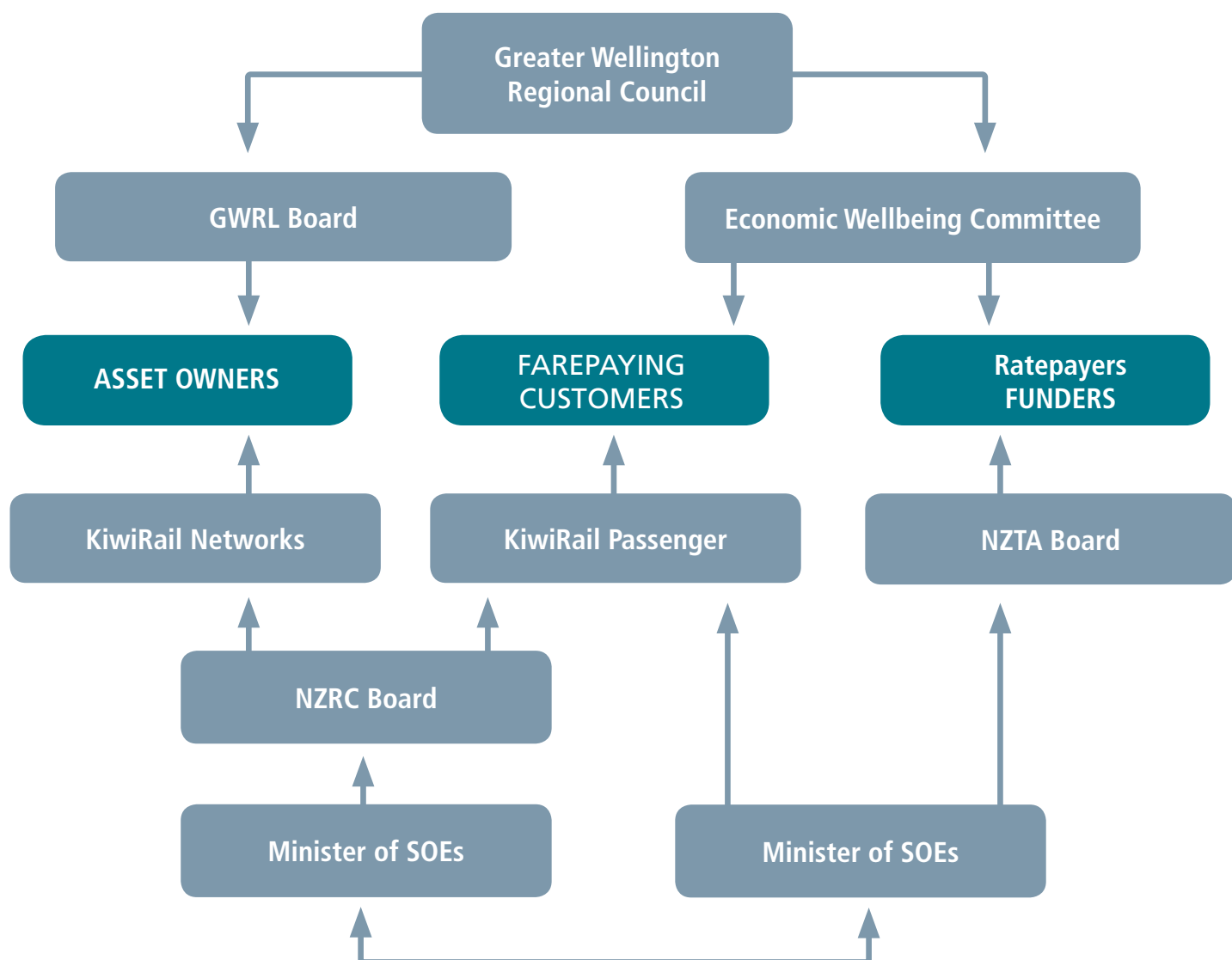
# 3 BACKGROUND

The diagram below summarises how the metro rail system in Wellington is organised.



## GOVERNANCE

Governance is essential to protect the interests of stakeholders. The major stakeholders in metro rail are its asset owners, customers and funders. The governance structures that serve the interests of these various stakeholders are shown below.





## WELLINGTON METROPOLITAN RAIL NETWORK

The Wellington metro rail network comprises four lines: Johnsonville, Kapiti, Hutt and Wairarapa. The Hutt line includes a short branch to Melling, and Wairarapa and Hutt services share common track through to Upper Hutt. All lines terminate at Wellington Railway station.



The Wellington network includes the track, tunnels, bridges, signals and overhead electric traction, and is part of the national rail network owned by KiwiRail. With the exception of the Johnsonville line, metro rail services share the network with KiwiRail's long distance freight services.

### ACCESS TO THE NETWORK

The provision of the Wellington's passenger rail service relies on GWRC holding a right of access to the rail network.

GWRC's rights to provide the metro rail service on KiwiRail's Wellington network are set out in the Wellington Network Agreement, signed with KiwiRail Holdings Limited in June 2013 for a term of 85 years. This term provides GWRC with the security that is necessary to continue making substantial capital investments in rolling stock and land based rail assets and provides GWRC with access rights that are sufficient to meet the foreseeable increase in demand for Wellington metro rail services. GWRC's 85 year term is the same as agreed between Auckland Transport and KiwiRail.

The Agreement defines access rights by reference to the geographic area covered by the Wellington metro rail services, the number of train services that GWRC may operate on the Wellington Network, and the priority given to passenger rail services in relation to other services that also use the Wellington Network. Other users include KiwiRail's freight service, and scheduled long distance passenger services, and charter and heritage operators.

### OPERATIONAL AGREEMENTS

Government does not require KiwiRail Holdings Limited to obtain a return on the capital invested in the rail network and consequently GWRC does not pay an access fee per se. However GWRC purchases a range of essential network services that include:

- **Network Management.** Comprising the development and implementation of a triennial Network Management Plan, the coordination of network service delivery, and reporting to GWRC and the Metro Service Operator (MSO)
- **Network Control.** Comprising train control, traction control, access control and supporting the delivery of GWRC's RTI system for rail
- **Maintenance.** Comprising planned and unplanned maintenance of track, platforms, signals, telecommunication, electrical systems, bridges tunnels, protective walls and the overhead traction electricity system
- **Incident Response.** Returning the Wellington metro network to service after an incident as quickly and safely as possible

GWRC is the biggest user of the Wellington metro rail network and consequently GWRC carries the largest share of the cost of that network.

## PERFORMANCE MANAGEMENT

Across these operational services the Agreement includes a set of 16 Performance Indicators (PIs) and performance targets, along with an obligation on KiwiRail to measure its actual performance at regular intervals.

The Agreement has seven outcome-focussed Key Performance Indicators (KPIs), and nine Asset Quality Measures that measure long term trends in the quality of the various network assets on which Wellington's passenger rail service depends.

The Agreement requires KiwiRail to report its performance against all PIs, KPIs and Asset Quality Measures within a regime of monthly and annual reports. This reporting regime will provide GWRC and the MSO with a comprehensive insight into KiwiRail's management of the Wellington metro network as it affects the performance of Wellington's passenger rail service.

The Agreement includes a performance incentive regime under which actual performance against KPIs is associated with a scale of performance payments or rebates.

## NETWORK MANAGEMENT PLAN

The Agreement provides GWRC and the MSO with the capacity to strongly influence the long term management of the Wellington metro network through the requirement for KiwiRail to obtain GWRC's consent to a comprehensive Network Management Plan.

The Network Management Plan will be produced on a triennial basis, and cover a 10 year time horizon with detailed information for the triennium and an outline for the following seven years. The current triennium runs from 2015-2017.

Key components of the Network Management Plan are:

- A current assessment of the condition of the various assets making up the Wellington metro network
- An assessment of current and expected utilisation of the Wellington metro network by the MSO, KiwiRail's freight service and any other operators
- KiwiRail's philosophy and strategic plan for the management of the Wellington metro network
- KiwiRail's planned programme of maintenance and renewals work over the triennium and the associated GWRC budget
- The expected implications of the funding available from GWRC and all other sources on the condition of the Wellington metro network over the triennium (with the expectation that the available funding should be sufficient to enable the network condition to be maintained or improved)



New Shelter at Upper Hutt Station





Works at at Steyne Avenue level crossing at Plimmerton





# 4 SERVICE OUTCOMES

## 4.1 OVERVIEW

GWRC uses five measures to monitor the performance of metro rail:

- **Punctuality.** Are trains running to scheduled times? In Wellington on-time means arrival and departure at Wellington Station within five minutes of scheduled time (a level of tolerance that is commonly adopted in other jurisdictions). Punctuality is an important driver of patronage and customer satisfaction. This measure is due to change under the new contracting arrangements in July 2016 and includes arrival, departures and timing points at intermediate stops on all journeys
- **Reliability.** Are the contracted services being delivered? Reliability is measured as the percentage of timetabled services that are actually delivered. This measure is also due to change from July 2016, it will now also include whether the service has left early from its origin or at a timing point and whether the service is being run with the expected number of train units
- **Safety.** Safety is a critical driver of public confidence in the service and therefore patronage
- **Customer Satisfaction.** Improving all aspects of customer satisfaction is an important goal for GWRC. Customer satisfaction is an important driver of increasing patronage
- **Patronage.** How many people are using the metro rail service and what is the average length of their journey? Achievement of GWRC's longer term transport goals depends in part on growing rail patronage over time to reduce motor vehicle use and so reduce carbon emissions and road traffic congestion

## 4.2 ACHIEVEMENTS

Overall performance against the service outcome measures in 2015/16 is as follows:

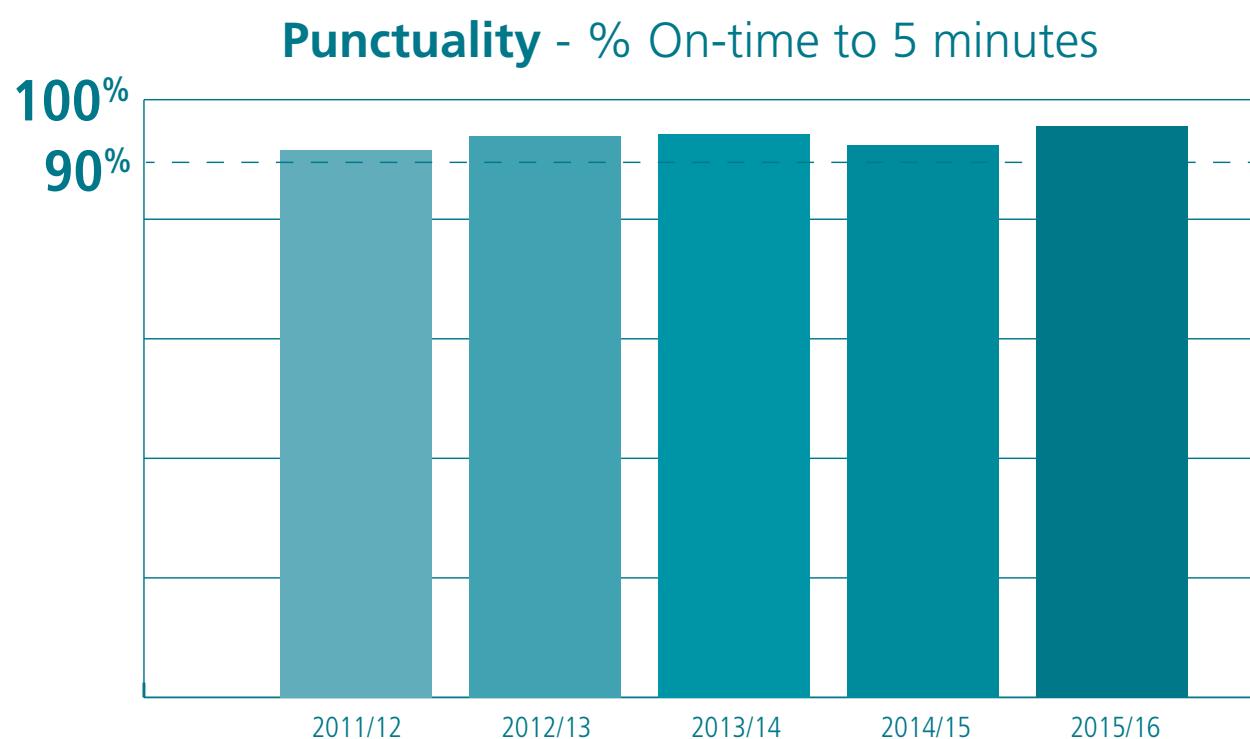
<b>Punctuality</b>	95.6%, an improvement on 92.4% in 2014/15.
<b>Reliability</b>	99.8%, an improvement on 92.2% in 2014/15.
<b>Safety</b>	14 events were classified as Notifiable Occurrences (increased from ten last year).
<b>Customer satisfaction</b>	93% of recent users were either satisfied or very satisfied with the metro rail service they were travelling on. This is an improvement on 89% in 2014/15.
<b>Patronage</b>	Increased by 5.5% to 12.8 million in 2015/16. There has been a year on year increase since 2009/10, and patronage is now above levels reported in 2008/09 of 11.9 million.

Further insight into each of these services outcome measures is provided below.

## 4.3 PERFORMANCE MEASUREMENT

### PUNCTUALITY

The overall punctuality of the Wellington metro rail service increased in 2015/16.



On-time performance exceeded 95% across the network during 2015/16 with the Kapiti and Hutt Valley Lines reaching 96%. This was achieved even though maintenance work on the Hutt and Wairarapa Lines continued: Significant resource was directed to the Wairarapa Line during 2015/16, while this work was taking place speed restrictions were placed on the line, the second half of the year saw significant improvements in performance on the line.

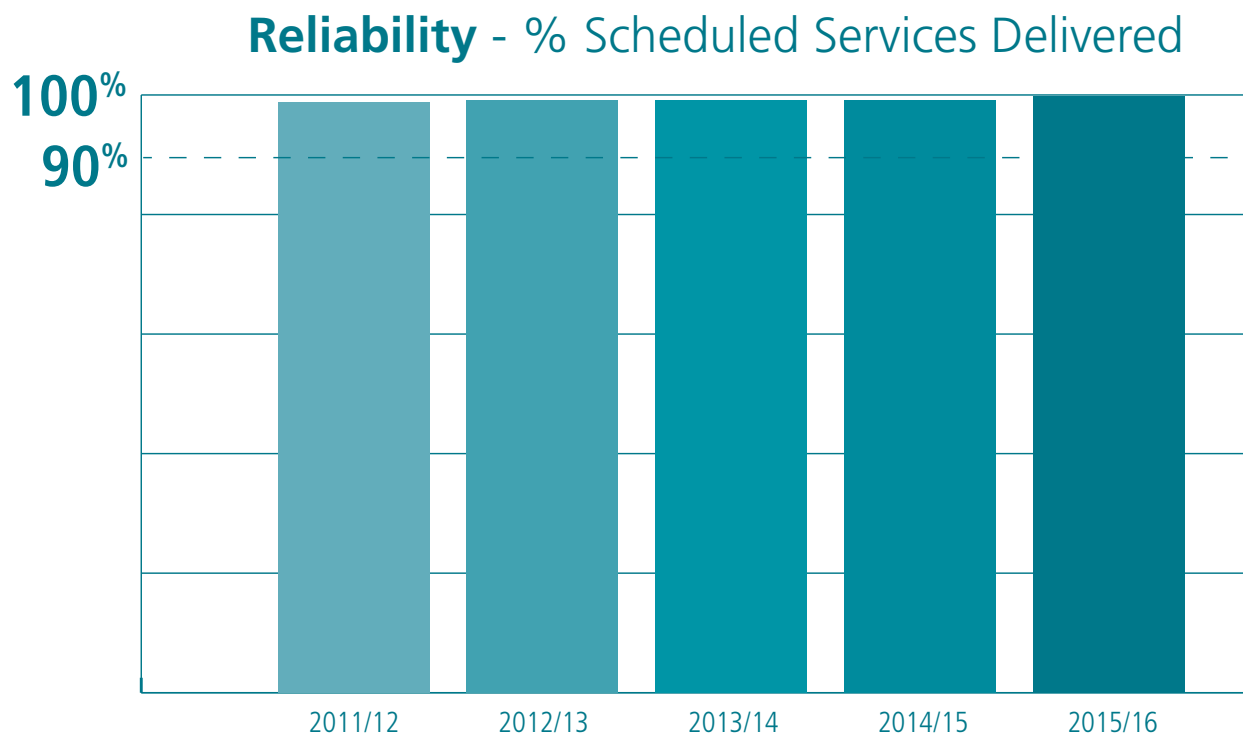
Punctuality by line in 2015/16 is shown in the table below:

Line	Punctuality
Hutt Valley (incl Melling)	96.4%
Kapiti	96.0%
Johnsonville	95.7%
Wairarapa	77.8%



## RELIABILITY

Since 2010/11 reliability has improved significantly, with reliability in 2015/16 showing an improvement on previous years.



Reliability was similar across all lines.

Factors that contributed to the high level of reliability include:

- Network improvements made under WRRP\* together with on-going renewals
- Greater use of Matangi trains increasing overall fleet reliability

## SAFETY

Wellington's metro rail service remains relatively safe when compared to other transport modes in New Zealand and rail services in other countries. Management of operational safety on the Wellington rail network is described by a defined framework. The legislative framework for operating rail vehicles and providing the rail network is provided in the Railways Act 2005 (the Act), which is administered by the New Zealand Transport Agency (NZTA - the Rail Regulator).

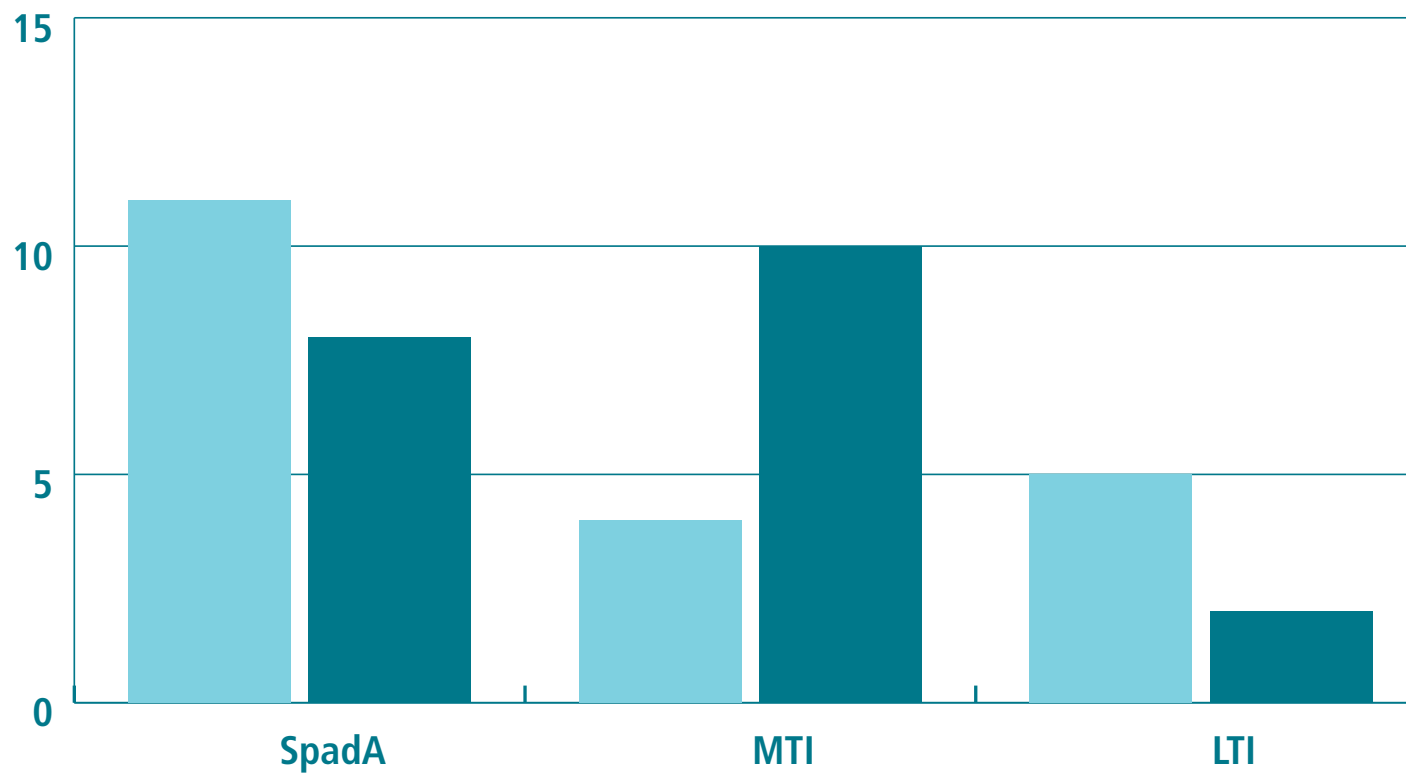
The Act requires that the providers of rail networks (Access Providers) and rail vehicle operators (Operators) must hold a Rail License. In order to obtain a Rail License, access providers and operators must provide the Rail Regulator with a Safety Case describing how safe operations will be managed. The NZTA reviews the Safety Case and will issue a Rail License provided the Safety Case meets the requirements of the Act.

In the Wellington region, KiwiRail holds a Rail License both as the rail access provider and as the operator of the passenger trains under a contract with GWRC. In 2016/17 this is due to change with a new Rail Operator taking over the responsibility of delivering passenger services on the 3rd July 2016.

The NZTA conducts an annual safety assessment of KiwiRail's safety case.

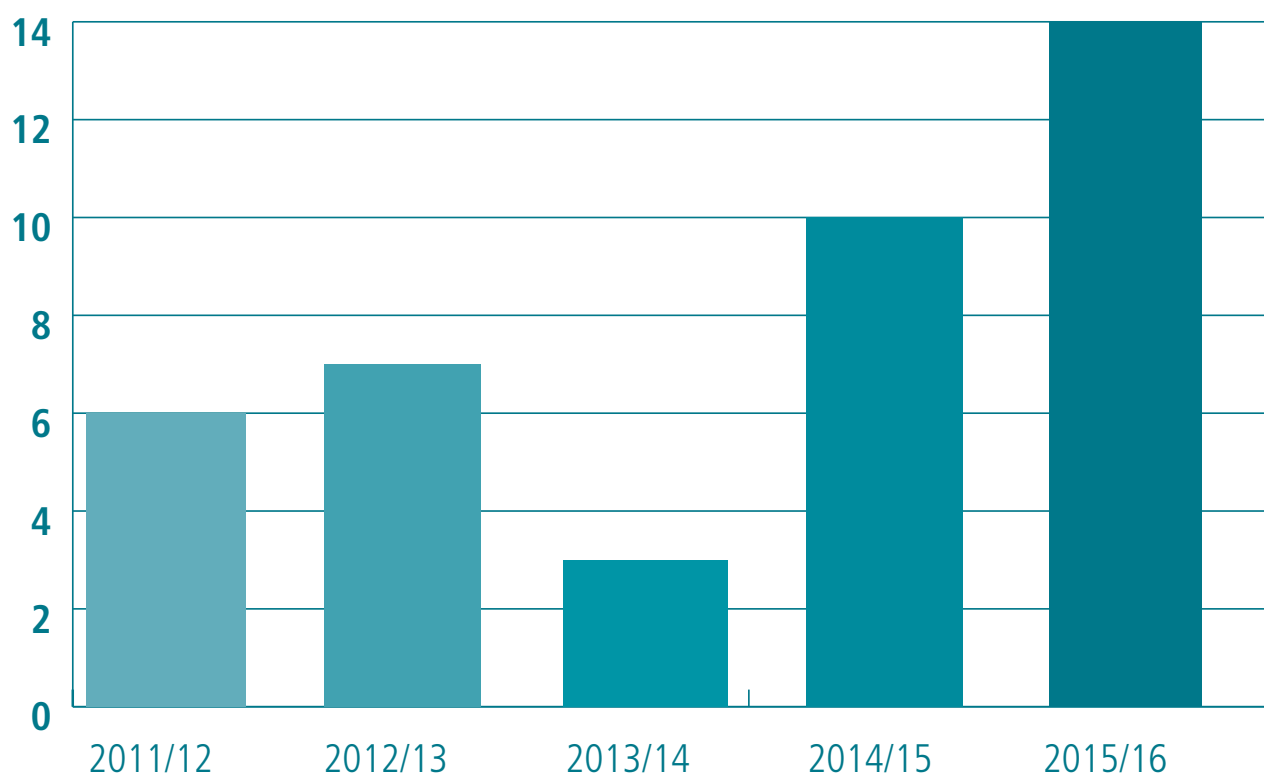
Major operating incidents are investigated by the Transport Accident Investigation Commission (TAIC). Recommendations from such investigations are made to the NZTA who, although not bound by the recommendations, are responsible for their implementation.

### Safety - Occurrences



There were 14 Notifiable Occurrences in 2015/16, four more than last year.

### Safety - Notifiable Occurrences



Another measure of safety is the annual transport customer survey which asks customers whether they felt safe on the trip they were travelling on. 96% of passengers on trains said they were satisfied with their personal security on the train (up from 94% last year) and 89% were satisfied with their security on the station they travelled from (up from 86% last year).



## CUSTOMER SATISFACTION

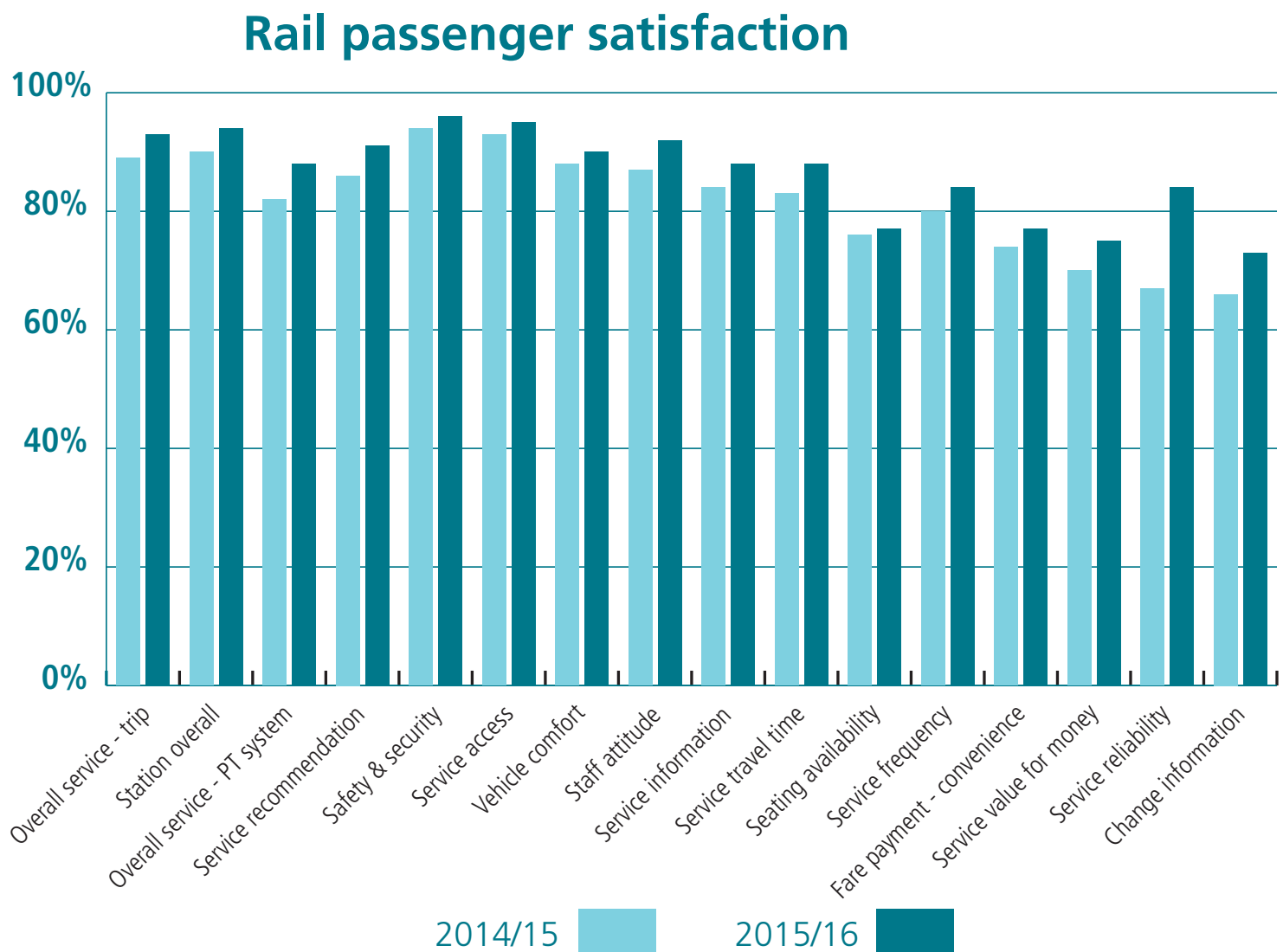
GWRC’s principal tool for measuring customer satisfaction is an annual independent survey. The most recent one was undertaken in May 2016. The questionnaire content was based on the list of common questions designed by NZTA. Participants were surveyed on 206 public transport services. Questionnaires were distributed to every passenger aged 15 years or older on randomly selected bus and ferry services and to every second passenger aged 15 years or older on train trips. The response rate was 59% for all services combined. There were 2,362 participants in the 2016 survey.

Participants were asked a range of questions about their views and use of public transport generally and about the specific modes. They were also asked about the support systems, e.g. accessing information about public transport services.

Key findings of the survey, for rail passengers only, were:

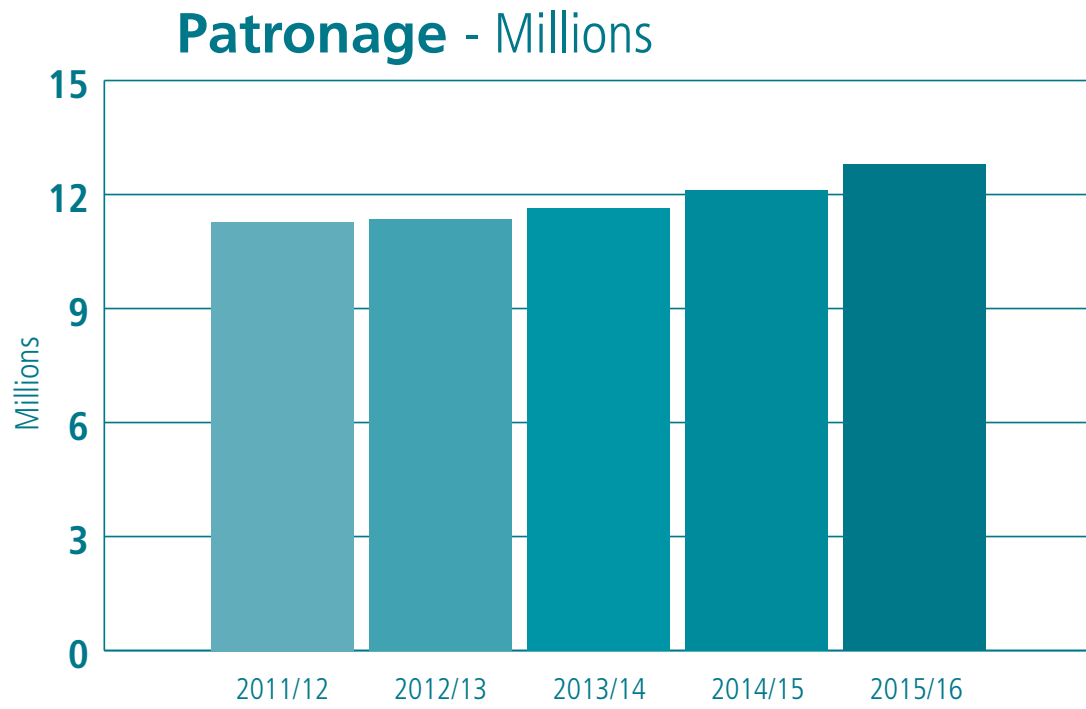
- 93% of recent users were either satisfied or very satisfied with the metro rail service they were travelling on, compared to 89% in 2014/15.
- 96% of passengers were satisfied with their personal security on the trip they were travelling on while surveyed and 92% were satisfied with the helpfulness of the on-board staff. This compares to 94% and 87% respectively in 2014/15.
- 84% of passengers were pleased with the frequency of the service, 88% were happy with the travel time and 77% felt that there were enough seats available. The results for 2014/15 were 80%, 83% and 76%.

The graph below shows the percentage of rail passengers satisfied with specific features of the metro rail service and the public transport service overall compared to 2014/15 results.



## PATRONAGE

Metro rail patronage for 2015/16 showed an increase of 5.5% over the previous year.

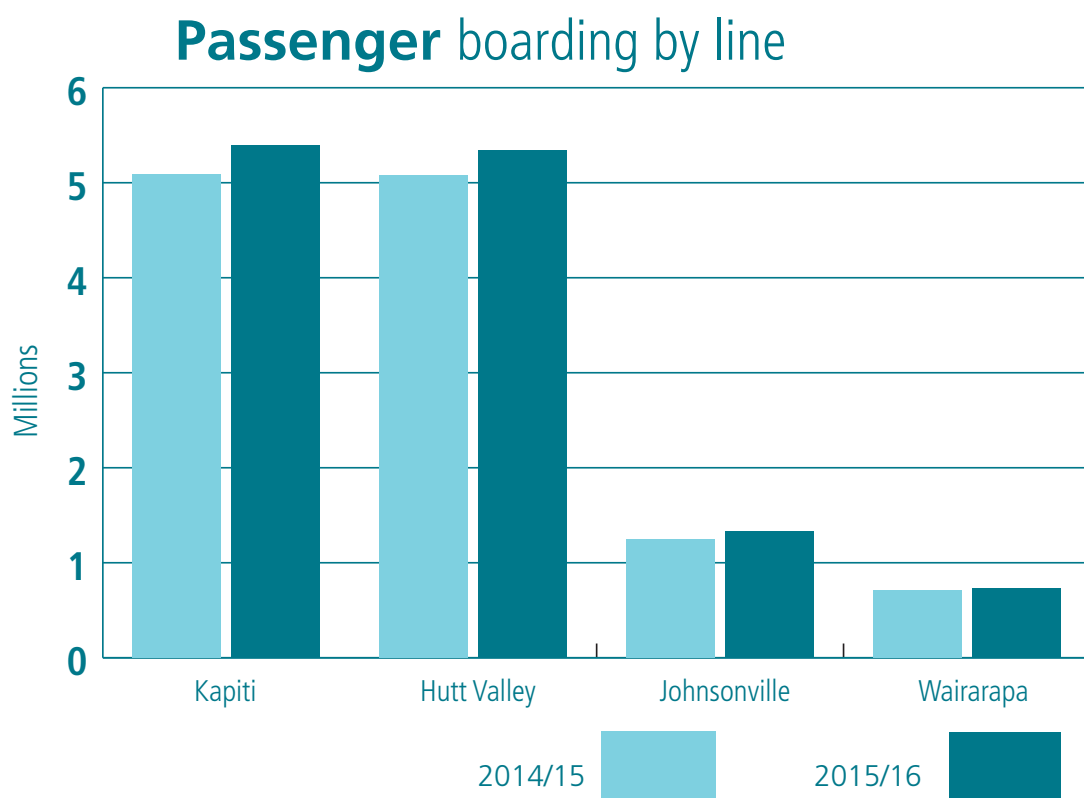


Factors that contributed towards patronage growth include:

- Improved punctuality
- Network improvements made under WRRP together with on-going renewals
- All of the first Matangi fleet fully operational which improved overall passenger amenities and rolling stock reliability

Factors that may have constrained patronage growth include:

- Substitution of buses for train services during 'blocks-of-line'

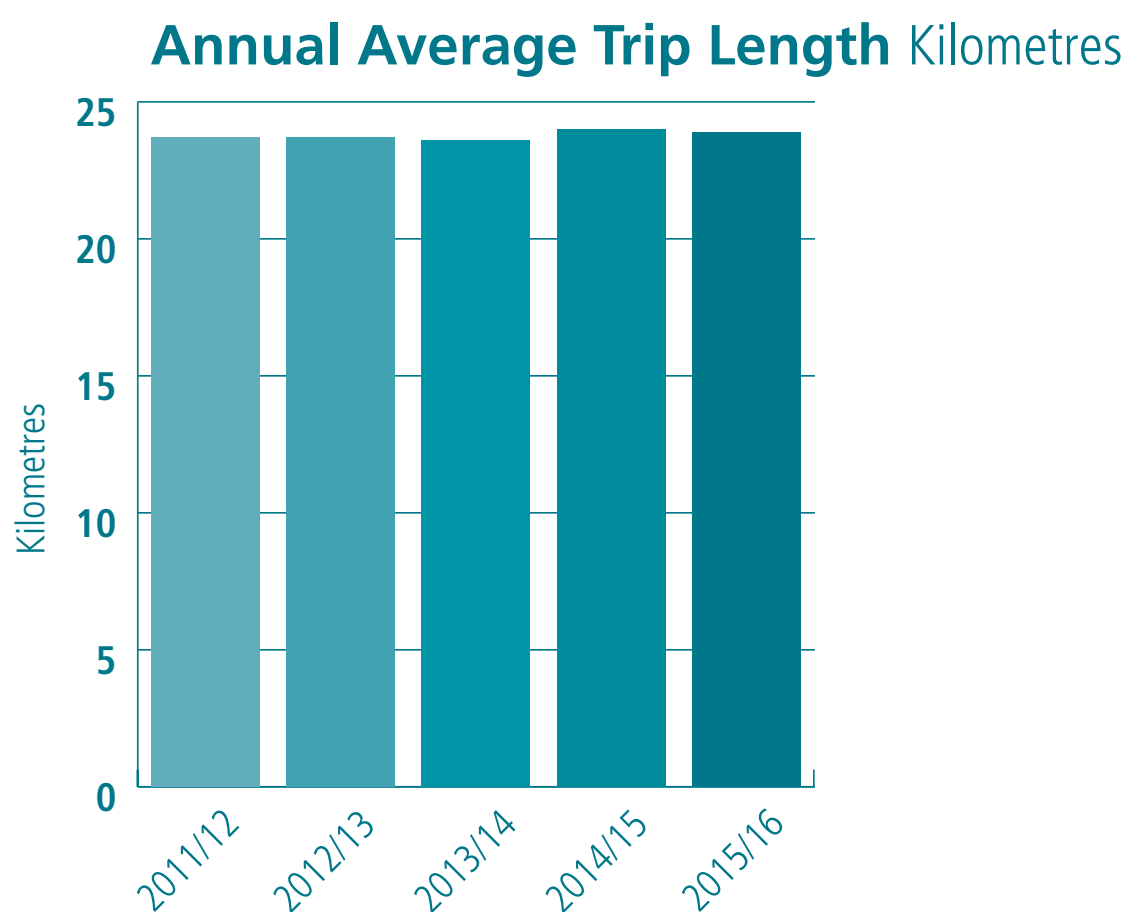




Changes in total patronage varied between lines, as seen in the graph above. There were patronage increases on all lines compared to the same period in the previous year; Kapiti 6.0%, Hutt Valley 5.1%, Johnsonville 6.9% and Wairarapa 3.4%.

The Wellington Regional Land Transport Strategy 2010–40 states that the appropriate role for passenger rail is the safe and efficient movement of many people at a time, primarily over medium to long distances. It has a key role in providing for access between regional centres and for commuter trips to and from the Wellington CBD.

The graph below shows annual average trip length over the past 5 years. For 2015/16 the average trip length was 24 km. By way of comparison, the average trip length for bus journeys is 7 km.



## 4.4 OUTLOOK FOR 2016/17

Improvements in the key service outcomes are expected to continue as GWRC and KiwiRail work together.

We anticipate 2016/17 to be another busy year with significant activity to include:

- The new contracting arrangement for Metro Passenger services and Maintenance of the Metlink fleet is due to begin on 3rd July 2016. Transdev will be providing services, with Hyundai Rotem managing the maintenance of the train fleet.
- Updating the Wellington Network agreement to include some of the changes caused by the new Passenger services agreement, including updating some of the KPIs and agreement between KiwiRail and GWRC of the second triennium of the Network Management Plan, with a focus on efficiency and effectiveness of work schedules, will continue to see investment in network upgrades provide a more reliable rail system.
- A continued improvement in reliability and punctuality due to all of the new Matangi 2 EMUs in service. This should have a continued positive effect on patronage as commuters become accustomed to more capacity on services that are more punctual and reliable

- Safety events are relatively infrequent. The recent substantial investments in network upgrades and new rolling stock together with KiwiRail's renewed focus on all aspects of rail safety should ensure that the regional rail service remains safe for customers and staff
- The implementation of a new performance monitoring system for all Metlink services and an automatic passenger count system on the Matangi to provide passenger loading data



Works at Porirua replacing overhead traction cables



# 5 ASSET MANAGEMENT: ROLLING STOCK

## 5.1 OVERVIEW

2015/16 was an exciting time for rolling stock assets with the majority of Matangi 2 units delivered, Ganz Mavag being retired from service and the decision made on the future maintenance provider. Along with this modification work has continued, most notably the fleet completion of the SD-10 Auto coupler retrofit.

Below is a breakdown of the current rolling stock assets:

Type	Quantity	Design Life	Comment
Matangi EMUs	48	2040	All 48 units are in operational service.
Matangi 2 EMUs	28	2045	28 of 35 are in operational services
Ganz Mavag EMUs	27	2013	All Ganz Mavag EMU's were retired from service 27th May 2016
SW Carriages	18	2032	Currently operating on the Wairarapa line.
SE Carriages	6	2018 (re life required)	Currently operating on the Wairarapa line.
AG Van	1	2032	Supports the SW and SE carriages on the Wairarapa line.

Ownership of these assets carries significant responsibility for their management which includes funding their maintenance, refurbishment, disposal, and replacement with support from Government.

GWRC's Public Transport Asset Management Plan, which covers rolling stock, was finalised on 30 June 2015, after consultative feedback via the GWRC's Long Term Plan process, and review from the Office of the Auditor General. This plan articulates the required level of investment over the next 30 years, and is a living document.

## 5.2 ACHIEVEMENTS

- 28 Matangi 2 EMUs in service another 7 to be commissioned
- Matangi SD10 autocoupler retrofit completed
- All fleets meeting/exceeding target reliability figures
- New Operator/Maintainer selected for partnering contract
- Continued to produce good results during Transition period for new Operator/Maintainer
- Ganz Mavag fleet retired from service



Matangi 1 fleet undergoing SD10 autocoupler retrofit



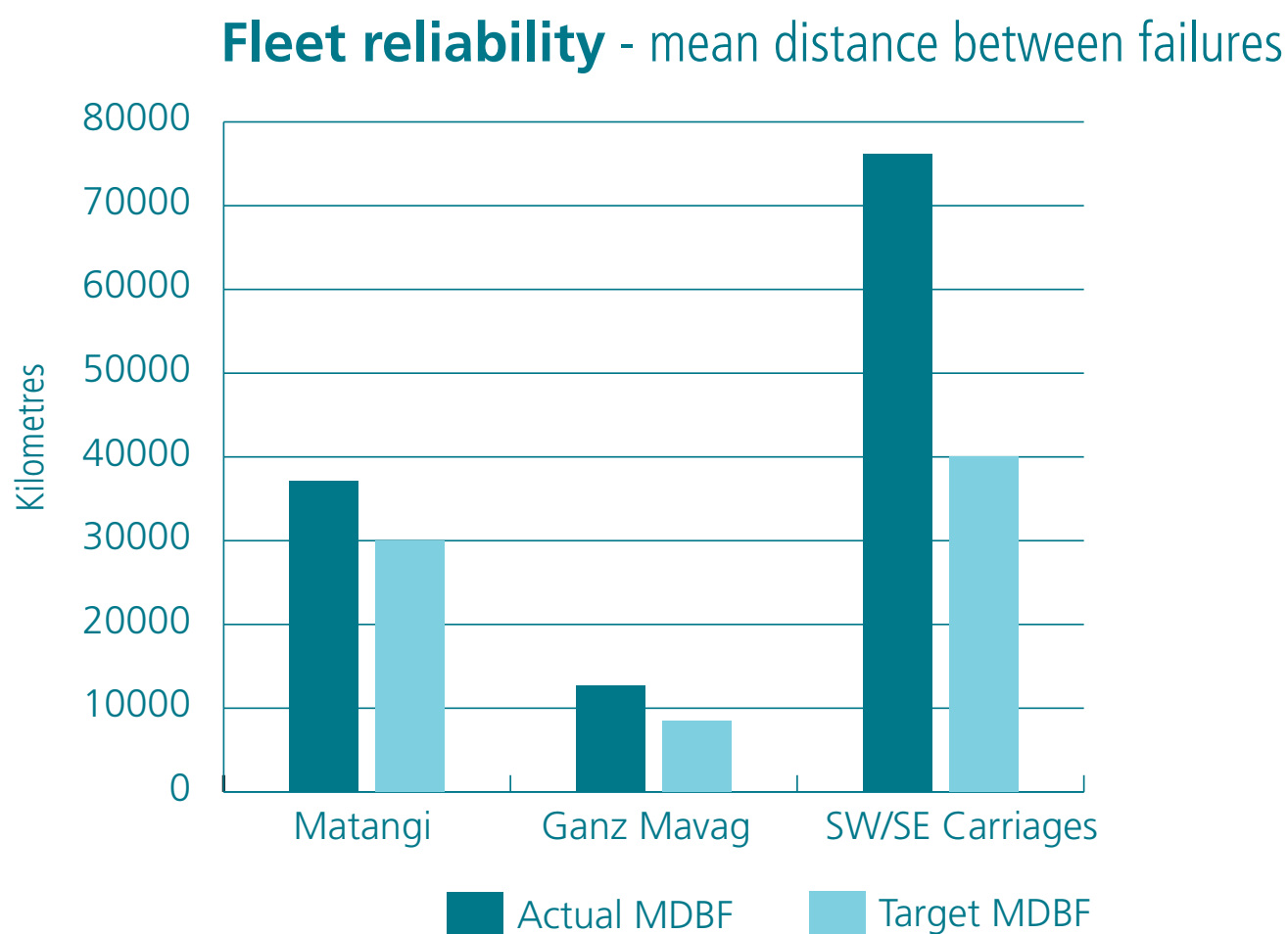
## 5.3 PERFORMANCE MEASUREMENT

GWRC uses four measures to monitor the performance of its rolling stock:

- **Fleet Reliability.** The number of kilometres per service fault (Mean Distance between Failures or (MDBF)). This is a measure of fleet failures outside of the planned maintenance schedules. The higher the distance the more reliable the fleet.
- **Fleet Availability.** The number of sets available for service. This is a measure of the fleet availability required to deliver the scheduled services on a daily basis, averaged out each month over the course of the reporting period
- **Maintainability.** Implementation of the maintenance schedules. The maintenance schedules should deliver the required levels of reliability and availability. Although a product of the design of the train, maintenance schedules should be reviewed for continuous improvement and better efficiencies
- **Safety.** Ensuring GWRC contractual arrangements do not lead to injury. This is a measure of the safety practices of the metro service operator (MSO), the maintainer and the network provider

### FLEET RELIABILITY

The following graph presents the GWRC EMU fleet Mean Distance between Failure (MDBF) performances compared with the target over the previous 12 months.



The fleet reliability for the period has been very good with all fleets exceeding the set targets. It is worth noting that the MDBF targets going forward are higher as outlined in the partnering contract.

The MDBF presented above is derived from total kilometres run by each fleet verses the total service cancelations and service arrival delays of five or more minutes into Wellington due to GW rolling stock asset failure. The carriage fleet does not take into account KiwiRail Locomotive failures.

This year saw an increase in Matangi usage as Matangi 2 were fed into the usable fleet post commissioning, This along with the completion of the auto coupler retrofit programme relieved a number of operational restrictions, allowing better allocation of units for service.

The Ganz Mavag completed their service life in the Greater Wellington region on a high note exceeding reliability expectations, through the year many of the Ganz's scheduled services were replace by the incoming Matangi 2 units, the Ganz ran their last passenger service on May 27th.

The carriage fleet continued to exceed the targeted reliability figure..

## **FLEET AVAILABILITY**

Sixty-two EMUs and 20 carriages are required each day to meet the weekday morning and afternoon peaks. The Matangi is now the predominant EMU fleet supplying the majority of peaks and all off peak services on the electrified network. The SW and SE carriages are tasked in proportion to the fleet sizes to supply capacity to the Wairarapa line. The following graph shows the average availability against the requirement for each of the fleets.

The availability of all fleets across the year has in general met the timetabled requirements. There have been instances in both the EMU and Carriage fleets that availability of one of the individual vehicle fleets has been lacking due to asset failure, in general these short falls have been covered by the remaining fleet type.

Matangi availability was put under pressure by the combination of operational incidents and retrofit/modification programmes, and the carriages by issues identified during the bogie overhaul programme. The arrival of the Matangi 2 units means that Wellington has one EMU fleet, at completion of commissioning the fleet number will reach 83 two car units or 166 cars, the Ganz ran their last passenger service on May 27th.

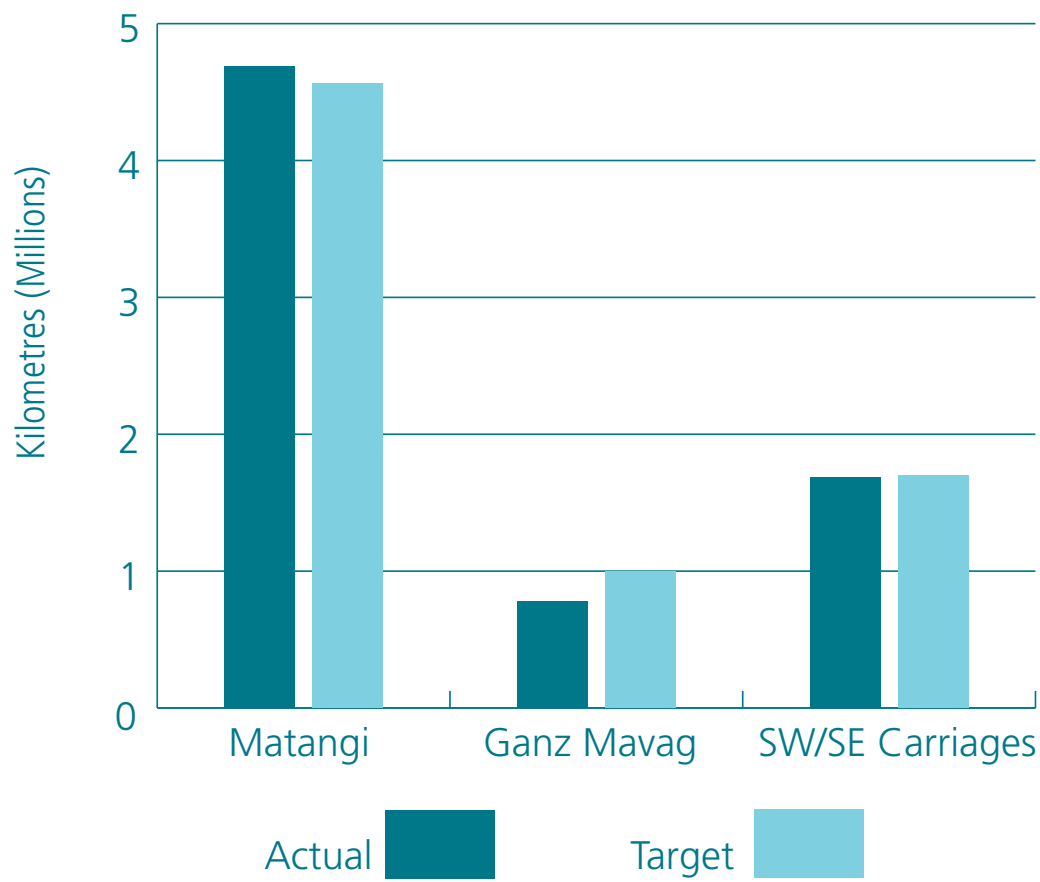


## FLEET MAINTAINABILITY

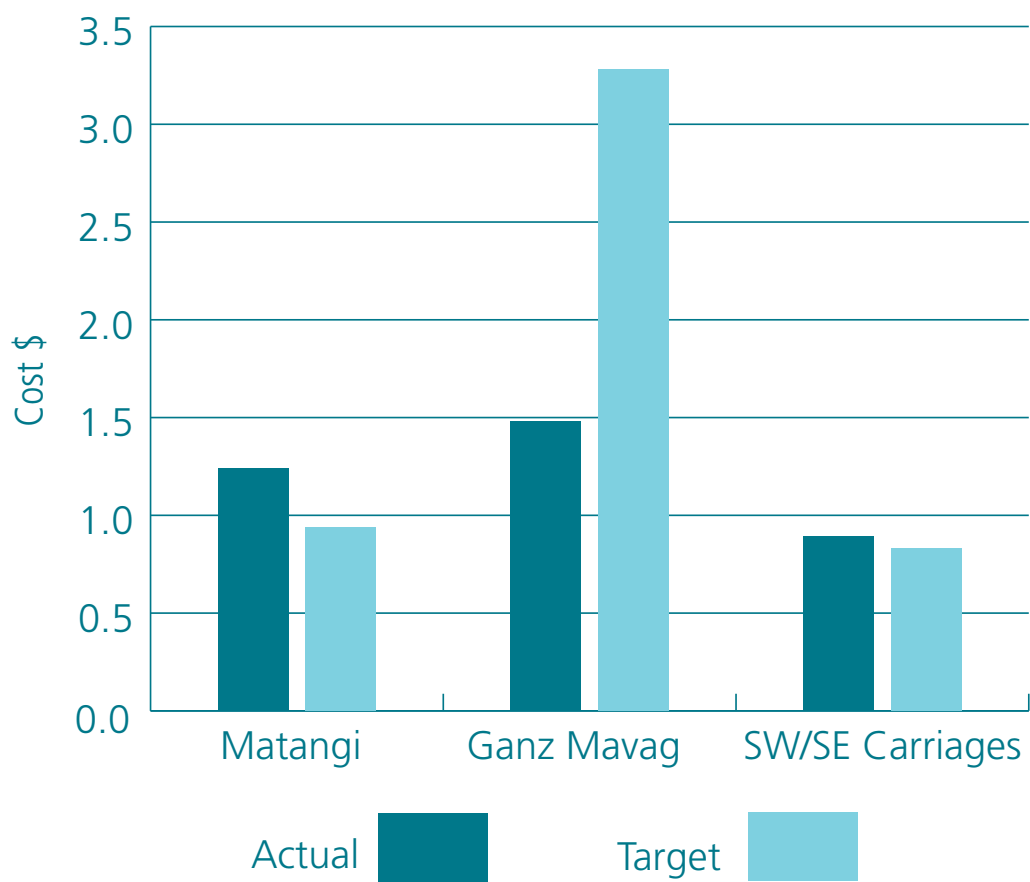
Maintenance of GWRC's rail rolling stock is carried out by KiwiRail under contract to GWRL. The contract provides for the delivery of a planned maintenance schedule, set against a pre-determined availability and reliability requirement. Unplanned maintenance is in response to equipment faults and breakdowns.

How the fleet is used has a major impact on the overall costs of maintaining the fleet. The following graphs compare the kilometres run with the cost per kilometre.

### Kilometres run - millions



### Cost per kilometre



The Matangi Fleet supplied the majority of capacity for the EMU services for 2015/16, running slightly under the 95,000 km target that was set for this period, this had a marginal effect on the cost per km but the increase was predominantly due to the installation of Matangi 2 bogies fitted with wheel dampers for noise reduction on a Matangi 1 unit.

The Ganz Mavag fleet unplanned maintenance was lower than budgeted meaning a significant reduction in costs, while running approximately ten percent higher kilometres than planned.

Carriages kilometres run were slightly under target but the costs slightly exceeded budget due to unplanned bogie maintenance issues on both fleets being higher than budgeted.

## 5.4 OUTLOOK FOR 2016/17

- Matangi 2 commissioning to be completed and a full fleet of 83 Matangi EMU's available for service
- New Operator/Maintainer partnering contract to commence
- Increased capacity for bikes on weekend Wairarapa services
- Procurement of Matangi driving simulator
- Procurement of 2 x Electric shunts for EMU depot and wheel lathe





# 6 ASSET MANAGEMENT: STATION-BASED ASSETS

## 6.1 OVERVIEW

GWRC's station based assets include:

Asset Group	Asset Type	Quantity
Stations	Various	47
Station Buildings	Buildings	25
Station Shelters	Shelter	50
Station Pedestrian Structures	Overbridges	12
	Subways	13
Facilities	Cycle racks & lockers, seating, litter bins	N/A
Access	Paths, handrails, fence, stairs, barriers, ramps	N/A
Park & Ride Sites	Car park	41
CCTV	CCTV equipment & infrastructure sites	27
Rail Depot Buildings	Buildings	2
Miscellaneous	Depot equipment	N/A
Signage	Signs	Over 750
Lighting	Lights	Over 1,100

Ownership of these assets carries significant responsibility for their management which includes funding their maintenance, refurbishment, disposal, and replacement with support from Government.

GWRC's Public Transport Asset Management Plan, which covers rail station based assets was finalised on 30 June 2015, after consultative feedback via the GWRC's Long Term Plan process, and review from the Office of the Auditor General. This plan articulates the required level of investment over the next 30 years, and is a living document.

## 6.2 ACHIEVEMENTS

- Upper Hutt station building was completed and opened for public use, the new building incorporates new staff booking on, rest areas including toilets and showers. A new waiting room is now available with access to toilets, a new ticket sales office and a coffee kiosk.
- Petone station car park on One-Pito-Road was completed providing an additional 193 new spaces for commuters. A joint venture with the adjacent construction of the new Arise Church will see a further 40 spaces following the completion of the construction works.
- Melling station received the installation of a brand new shelter providing all year weather protection for up to 40 people. During the construction of the shelter the platform surface was also renewed.
- Paraparaumu car park construction on Hliniemoa Street was completed and now provides a further 128 spaces for commuters.
- New CCTV installations were completed at 11 station locations, Pukerua Bay, Takapu Road, Ava, Wingate, Woodside, Solway, Wallaceville, Nauranga, Paekakariki, Heretaunga, and Maymorn. There were also 11 stations that received emergency call points for customer use, this now brings all stations fitted with CCTV in line with each having the same equipment at each. 4 Commuter car parks also received new CCTV camera systems Redwood, Mana, Petone, and Paraparaumu.
- GWRC continues with their bridge repair and upgrade programme with 3 bridges undergoing works this year, Ava north required a complete closure during essential works, 3 new staircases were installed and the bridge deck upgrade and relined. Wingate bridge underwent some minor safety upgrades to handrails and fencing and Ava south had a large amount of vegetation removed that was encroaching the bridge supports. The clearance of the vegetation was also removed for the upcoming Seismic strengthening planned for 2016/17.
- Several shelters underwent some improvements this year including new roofs fitted to Wingate and Heretaunga stations, repairs to seating and painting of the shelters were also completed. Kenepuru station shelters received a complete makeover including new roofs installed and wind panels fitted on all sides. Maymornrn shelter was also refurbished receiving closed in panels, painting and some previous trip hazards removed from the platform area. Epuni station shelter also received new wind panels including new clear panels for train visibility and painting of the entire shelter.
- New Anti-slip coatings were applied to stairs located at Paremata, Paraparaumu and Waterloo stations. The new coatings have replaced either tiled areas or concrete which become slippery in the wet.
- Petone Station Subway received new submersible pumps due to constant flooding in heavy rain, the new pumps are now more efficient and have a communication device fitted to inform staff of failure or capacity issues.
- New Diadem style signage including wayfinders were installed at four locations Petone, Waterloo, Mana and Waterloo this signage replaces the older style platform names and building signs and now includes the Metlink branding.
- Safety improvements were undertaken at Ngauranga for 'kiss and ride' commuters



## 6.3 AVERAGE CONDITION GRADING BY LINE

Greater Wellington Regional Council measures the performance of its station based assets by reference to an asset condition assessment. This grades all assets on a scale of 1 – 5 with 1 being excellent and 5 being extremely poor. The following table presents a summary of the average asset condition grading for the major assets by line.

Line	Station Buildings		Station Shelters		Overbridges		Subways		Parking Sites	
	Qty	Av Grade	Qty	Av Grade	Qty	Av Grade	Qty	Av Grade	Qty	Av Grade
Johnsonville	1	2.0	11	2.1	1	2.0	-	-	7	2.5
Kapiti	9	1.8	16	1.75	3	2.3	5	2.0	11	1.7
Melling	1	2.0	1	2.0	-	-	-	-	1	4.0
Hutt Valley	10	3.0	14	2.7	8	2.9	8	2.3	15	2.6
Wairarapa	4	2.3	7	2.2	-	-	-	-	7	3.0

The purpose of the maintenance programme is to maintain the assets at a condition grade of 3.0 (good) or better. The like for like renewals and improvement programme focuses on those assets graded worse than 3.0 which need to be renewed or improved.

## 6.4 OUTLOOK FOR 2016/17

Refurbishment and upgrade of Masterton Station, including removal of broken asbestos, roof repairs, internal and external decoration

Seismic upgrading to the Taita station building and external refurbishment

Seismic upgrading of Ava South, Ava North and Tawa Pedestrian bridges

Completion of the Waikanae car park providing 240 new spaces

A new shelter is to be installed at Pukerua Bay, replacing the old rusted shelter providing better weather protection

Customer toilets at Porirua station are being brought up to date with one toilet being made bigger and baby changing facilities being introduced

New lighting to be completed at Paraparaumu station on platform 2 and under canopy lights on platform 1. New platform lights are also being installed at Manor Park station

102 new commuter car parks are to be complete at Upper Hutt and 37 new spaces now open at Trentham

Several station are being painted and maintained including Paremata, Petone and Tawa

Two more community defibrillators are to be install at stations, sponsored by contractors and supplied by Wellington Free Ambulance





New shelter at Melling



Woburn station



# 7 STRATEGIC MANAGEMENT

## 7.1 FRAMEWORK FOR THE STRATEGIC MANAGEMENT OF METRO RAIL

GWRC’s strategic management of metro rail is guided by a hierarchy of strategic plans and policy documents originating from central government and GWRC decisions. These plans and documents are the:

- Passenger Transport Operating Model (PTOM)
- Metro Rail Operating Model
- Wellington Regional Land Transport Strategy
- Wellington Regional Public Transport Plan
- Wellington Regional Rail Plan
- Greater Wellington Regional Council’s Long Term and Annual Plans

## 7.2 PERFORMANCE MEASUREMENT

In 2015/16 GWRC measured its performance in the strategic management of metro rail by reference to the longer term strategic objectives and outcomes contained in the documents above. The PTOM will provide an important new basis against which we will measure and report our performance.

### METRO RAIL OPERATING MODEL

The Government’s Metro Rail Operating Model is intended to provide assurance that taxpayer funding of metro rail yields best value for money. The four principal requirements of the model and progress toward their achievement are shown below.

Requirement	Metro rail contribution 2015/16
All of the parties involved in the purchase and delivery of metro rail services will have clear roles	Following the implementation of the Wellington rail package in 2011, the role of all parties has been further clarified and consolidated through improvement to our contracts with KiwiRail and improvements to our operational relationships with KiwiRail.
The operation of metro rail services and routine maintenance of metro rolling stock will be contestable (at the discretion of the funding region)	The tender was released in early 2015 and three bidders were shortlisted to tender. Transdev delivered the winning bid and will manage the operation of rail services and maintenance of the rolling stock. Transdev will begin operations on the 3rd July 2016.
There will be a strong focus on performance based contracts with appropriate transfer of risks for the delivery of metro rail services	The new contracting arrangement will be performance based with performance measured across the whole network. The Wellington Network Agreement has a performance based element attached to network caused delays and cancellations. The station cleaning and light maintenance contracts have a comprehensive performance measurement regime.
There will be a strong focus on transparency so that costs, accountability and who pays can be clearly identified	The Wellington Network Agreement has secured regular access to comprehensive information from KiwiRail on the cost of network services. This annual report is intended to provide increased transparency which has been enabled in part by improvements GWRC and KiwiRail staff have made to financial reporting templates.

## WELLINGTON REGIONAL LAND TRANSPORT STRATEGY

The Regional Land Transport Strategy 2010-2040<sup>2</sup> (RLTS) identifies a number of outcomes sought for the region's land transport network over the next ten years.

RLTS outcomes	Metro rail contribution 2015/16
Increased peak period passenger transport mode share	Rail patronage in peak period increased by 5.3%.
Increased mode share for pedestrians and cyclists	Free carriage of bicycles was continued. Trials were begun to increase capacity for carriage of bikes on the Wairarapa Line, this is expected to be made permanent by the end of 2016.
Reduced greenhouse gas emissions	Transport-generated CO2 emissions totalled 1,140 kilotonnes in 2015/16, an increase of 5.2% compared to 2014/15, and above the RLTS target of 1,072.
Reduced severe road congestion	Preliminary analysis <sup>4</sup> by NZTA has predicted that the impact of rail patronage being transferred to the state highway network would generate 1 hour and 42 minutes additional journey time. This is based on peak period congestion relief at Ngauranga through the reduction of 4,972 vehicles at the AM peak of 0700hrs to 0900hrs (equivalent to 6,811 rail passengers). The impact of these additional vehicles would result in the state highway network breaching full capacity prior to the peak with significant queuing occurring which spills over to breach capacity constraints through subsequent time periods.
Improved regional road safety	More peak patronage means safer travel for more people, as rail is a safer transport mode than road.
Improved land use and transport integration	More car parking at Plimmerton and Tawa Stations, and land secured for future car park development at Waikanae and Paraparaumu
Improved regional freight efficiency	New more reliable metro trains means the entire network is more reliable (i.e. freight trains reliability not compromised by disabled metro trains).



<sup>2</sup> <http://www.gw.govt.nz/rlts/>

<sup>4</sup> This preliminary analysis was validated by the congestion impact on SH2 caused by storm damage to the seawall undermining the railway line forcing closure between Petone and Wellington for 7 days in June 2013. Reports indicated travel times of up to 1 hour 20 minutes between Melling and Wellington. <http://www.stuff.co.nz/dominion-post/news/hutt-valley/8833240/Hutt-traffic-grinds-to-a-standstill>



## WELLINGTON REGIONAL PUBLIC TRANSPORT PLAN

GWRC's Regional Public Transport Plan 2011- 2021<sup>5</sup> (RPTP) identifies a number of objectives sought for the region's land transport network over the next ten years.

RPTP objectives	Metro rail contribution 2015/16
Simple, easy to understand services that go where people want to go	Real Time Information remains operational at all stations. The four rail lines provide routes that are easy to understand and connect regionally significant centres.
An integrated network of services that makes it easy and safe to change between and within modes	A large number of bus services are scheduled to connect with the metro rail services, park and ride parking is provided at many stations and fixed bike parking/storage is provided at many stations and on trains.
A high quality, reliable public transport system that customers choose to use	The quality of the metro rail rolling stock and station assets was improved with rolling stock modification programs and station upgrades. Service reliability and punctuality improved – refer Section 4.
Improved accessibility for communities and groups whose needs are not met by the regular public transport network	All rolling stock has wheelchair accessibility. The Total Mobility Scheme is reported on separately.
Public transport operations that provide comfortable and safe travel, and minimise adverse environmental effects and improve health outcomes	With the exception of the Wairarapa line the metro rail services use electricity from renewable sources. The comfort and safety was improved through rolling stock and station upgrades.
A high standard of public transport infrastructure	The quality of the metro rail rolling stock and station assets was improved.
A fare schedule that attracts and retains customers and balances user contributions against public funding	Metro rail fares are included within the overall Metlink fare structure.
An integrated system of fares and ticketing that enables seamless travel between services and modes	A few integrated fare products existed during the year, but this objective will only be met when we have a full integrated fare system in the future.
A consistently branded transport system that is easy to use, offers a consistent customer experience and generates customer loyalty	Branding has become more consistent with the progressive introduction of the Matangi fleet. Signage has been improved at stations and network wide information and signage has been adopted. The Metlink Brand will be the sole brand across the network from July 2016. Customer service training is now a standard part of metro operations training.
An integrated public transport network that provides value for money	Bus services scheduled to connect with train services. RTI in place across bus and rail services.
Effective and efficient allocation of public funding	Improved financial and management monitoring and reporting provided increased confidence that spending is effective and efficient.

5 <http://www.gw.govt.nz/regional-public-transport-plan/>

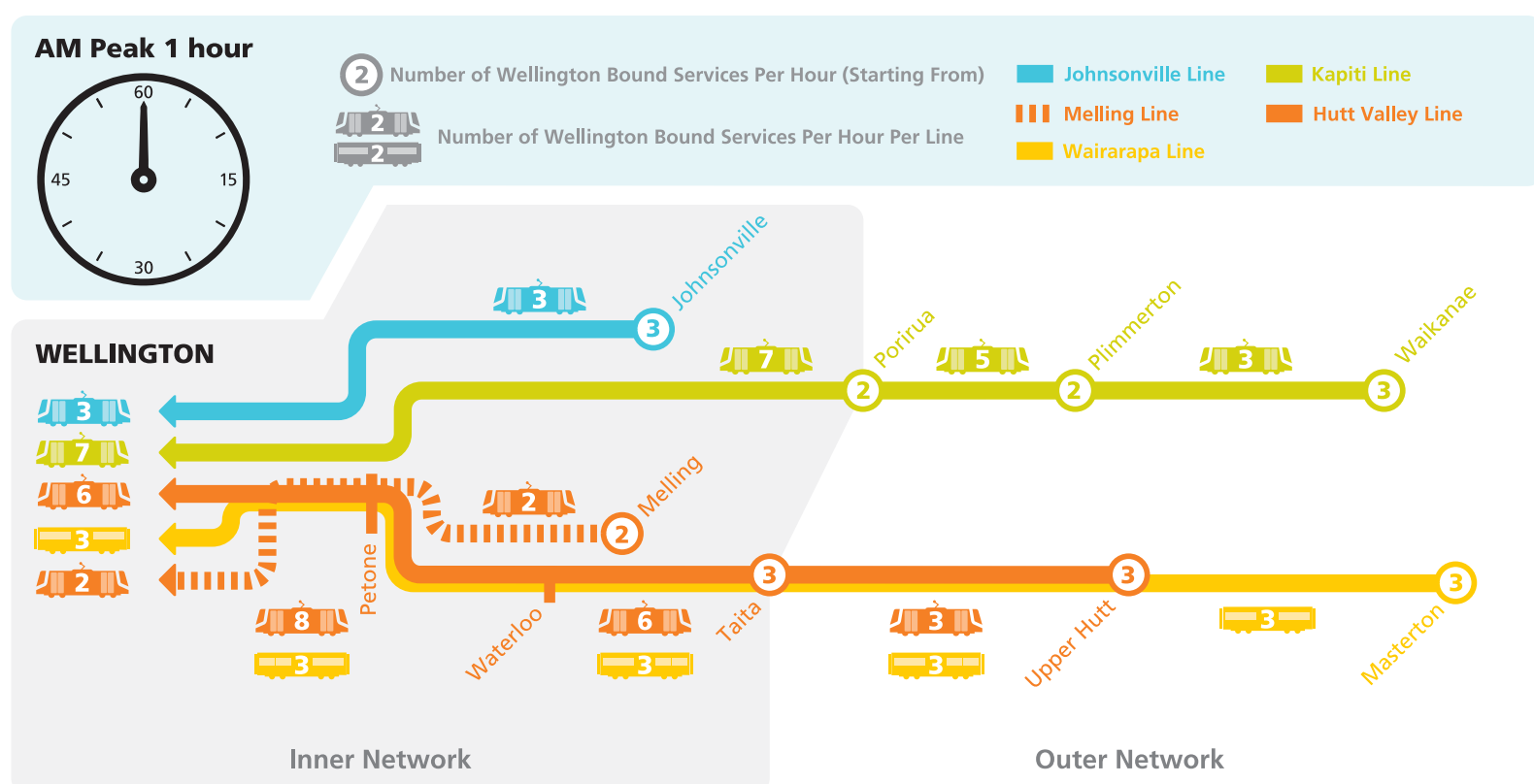
## REGIONAL RAIL PLAN

The Regional Rail Plan (RRP) provides for the longer term improvement of the metro rail system. It aims to maximise return on the investment of recent years and deliver a high quality rail service by addressing infrastructure issues facing the system.

During 2012/13 GWRC completed the first revision to the 2010 RRP, which is subtitled 'A Fresh Look at a Better Rail Experience'.

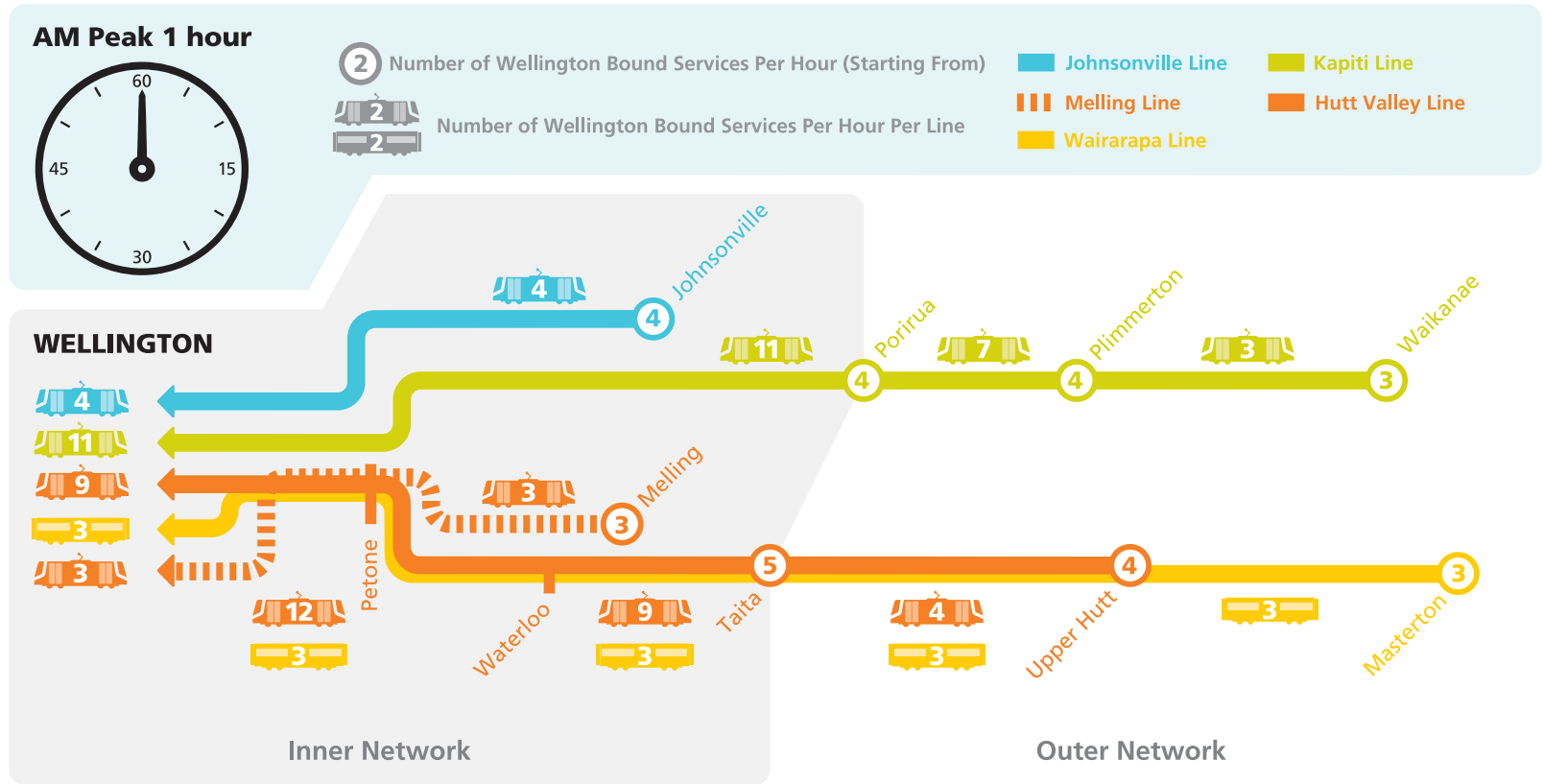
The 2013 revision to the RRP:

- Takes into account the significant network improvements made since 2010, the benefits they have delivered, changing patterns of use, customer and community expectations and the constraints imposed by the current economic climate
- Primarily addresses the short-medium term development of the Wellington passenger rail network to 2020 through the implementation of Rail Scenario 1 (RS1). The service pattern diagrams below illustrate the current and proposed RS1 number of trains in the AM peak hour
- Signals how the development of the network may occur from the end of RS1 in 2020 through to 2035 as set out in the diagram below



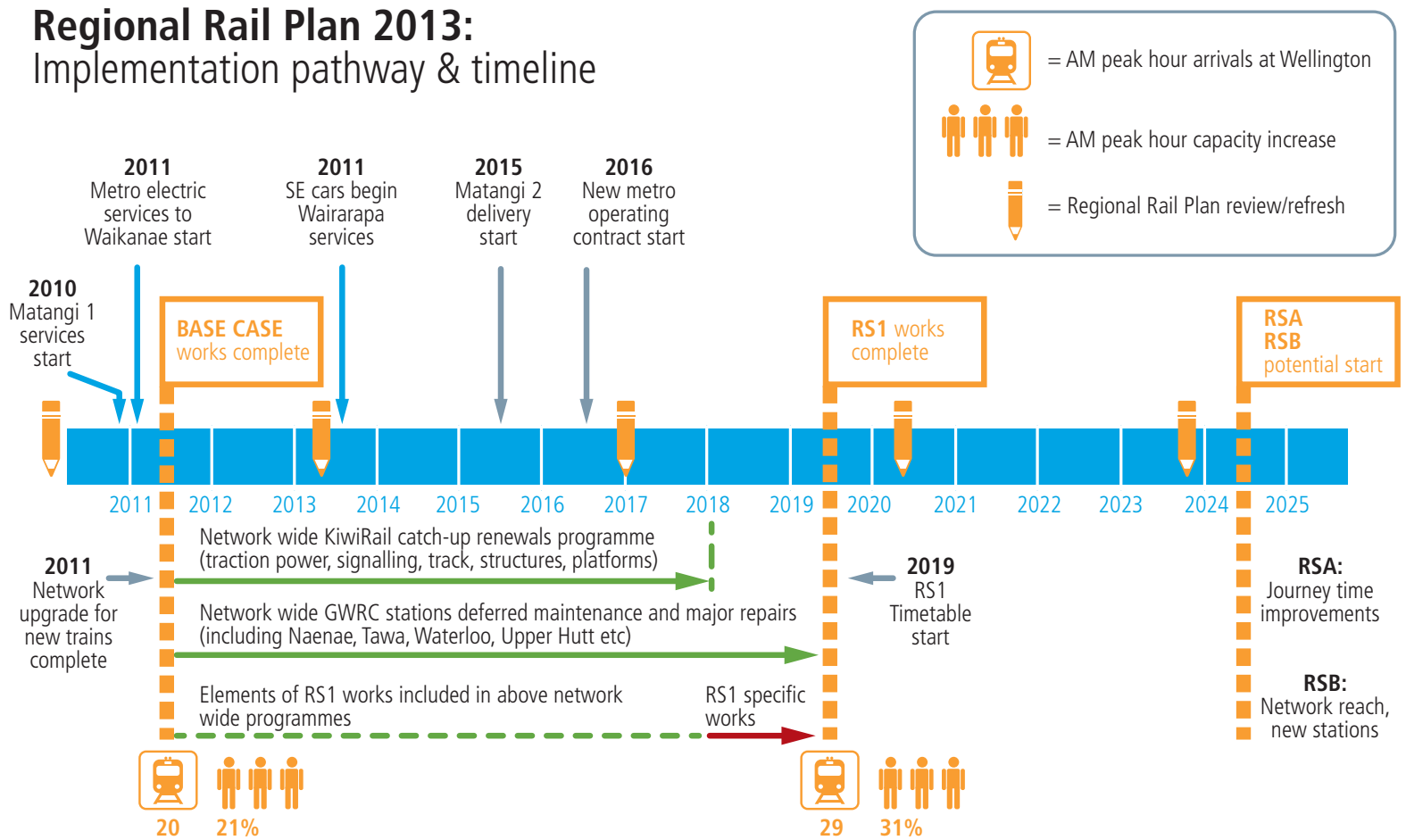
Current operation service levels





RS1 Service strategy diagram

### Regional Rail Plan 2013: Implementation pathway & timeline



The 2013 revision was approved as part of the RTP consultation process in late 2013/14

The 2013 revision was approved as part of the RPTP consultation process in late 2013/14.

The preparation and revision of the RRP is a condition of on-going rail funding from the NZ Transport Agency (NZTA) and key elements now form part of the Regional Public Transport Plan (RPTP). The implementation and scope of RS1 will be reviewed with the operator contracted under the PTOM Rail contract from July 2016.

## GREATER WELLINGTON REGIONAL COUNCIL LONG TERM PLAN

Strategic outcomes are set out in GWRC's Long Term Plan 2012-22 (LTP). As with other public transport modes, Wellington's metro rail service contributes to several LTP strategic outcomes:

- The 'connected community' outcome, by enabling people to connect well with others in the Wellington region
- The 'strong economy' community outcome, by reducing road congestion and increasing the efficient movement of people and goods within the region.
- The 'healthy environment' outcome, by reducing private vehicle usage and the associated emissions.

The LTP identifies the key projects and programmes for the Public Transport Group over the first three years:

What we said we would do	What we did
Review Metlink in Kapiti in preparation for the opening of the MacKays to Peka Peka Expressway	There are planned Rail timetable changes due to be implemented in 2017 and a number of services have had extra capacity added to meet the increased passenger demand. A review of the Kapiti bus services was carried out in 2016
Undertake targeted reviews of some Metlink services in preparation for the introduction of the PTOM contracts	A review of services has taken place, extra capacity has and will continue to be added and a new timetable is expected to be implemented in 2017
Review reliability of Metlink service timetables for inclusion in PTOM contracts	A review of services has taken place, extra capacity has and will continue to be added and a new timetable is expected to be implemented in 2017





For Rail Operations there are targeted performance and work achievements, including improving Rail Assets and Park & Ride development. Over 2015/16 we have rebuilt Upper Hutt station and delivered Park & Ride expansions at Petone, Paraparaumu and Porirua and have commenced work at Upper Hutt, Trentham and Waikanae:

Level of Service	Performance Measure	Baseline	2015/16 Performance Target	2015/16 Actual
Deliver rail services in accordance with the published timetable	Percentage of scheduled services delivered	99.2% (2014)	99.5%	99.8%
	Percentage of scheduled services on-time to 5 minutes by line	Kapiti 95.4%	95%	96.0%
		Hutt 95.3%	95%	96.4%
		Johnsonville 93.3%	95%	95.7%
		Wairarapa 74.5%	85%	77.8% Performance was adversely affected by speed restrictions
Maintain and improve rail rolling stock, stations, overbridges, subways and carparks in accordance with rail asset management plans	Average condition rating	(12 Rolling Stock) Matangi 1.0 Ganz 3.7 SW: 2.2	Under 2.5	Matangi 1.0 Ganz: Retired 2.2
	Average condition rating for buildings and structures  (1 = very good and 5 = poor)	Stations: 2.6 Structures: 2.4	Under 2.5	Stations: 2.2 Structures: 2.4
	Average condition rating for carparks  (1 = very good and 5 = poor)	2.0	Under 2.5	2.3

## 7.3 OUTLOOK FOR 2016/17

GWRC is well placed to deliver in 2016/17 on the various strategic outcomes, goals objectives and targets that are contained in the strategic documents identified and the new PTOM operating arrangements that are due to take effect from the 3rd July 2016 by which Government seeks better value for money through:

- Increasing commerciality
- Increasing patronage
- Decreasing subsidies.





# 8 FINANCIAL PERFORMANCE

## 8.1 OVERVIEW

The operational expenditure and revenues to deliver the metro rail service are separated out from non-operational items to clearly show on-going costs and revenue for rail operations.

Operational expenditure consists of the costs to:

- Operate the contracted services. These costs are mainly labour costs, electricity costs and the internal and external costs required to operate the rail services
- Maintain, operate and renew the KiwiRail owned network
- Maintain Greater Wellington Regional Council's (GWRC's) rolling stock and other assets
- Insure and provide security for assets
- Plan, fund, and provide Metlink information for services and manage rail services as part of the integrated public transport network.

Operational revenue consists of:

- Fares paid by passengers. GWRC sets the fares for the whole public transport network in consultation with operators, and with public input through the annual plan process
- Rates levied by GWRC
- Grants and subsidies from NZTA
- Other incidental revenue earned by the operator.

There are a number of costs and revenues that are classified as non-operational because they relate to capital expenditure and the funding of it. They also include financial costs, depreciation, non-cash revaluations and asset impairment costs, as well as the related funding from rates and grant revenue from NZTA.

## 8.2 OVERALL FINANCIAL PERFORMANCE

In 2015/16, operational expenditure increased by \$10.2 million to \$96.7 million and operational revenue increased by \$8.2 million to \$95.9 million.

The programme to renew and upgrade rail infrastructure and rolling stock continued with capital expenditure of \$120.4 million – this was primarily on the Matangi trains.

	2015/16 \$ M	2014/15 \$ M	Increase / -decrease \$ M
Operational revenue	95.9	87.7	8.2
Operational expenditure	96.7	86.5	10.2
Capital expenditure	120.4	28.4	92.0

Financial statements for Wellington metro rail are included in Appendix 1.

Numbers in Revenue and Expenditure in tables 8.2 – 8.7 have been rounded to the nearest \$ million. This may give the appearance that some numbers do not add exactly.

## 8.3 OPERATIONAL REVENUE

Total operational revenue increased by \$8.2 million in 2015/16.

Fare revenue increased by \$2.8 million with an additional 0.7 million passenger trips and an increase in the average fare of 2 cents.

Rates revenue has also increased by approximately \$0.9 million, notwithstanding an increase in the amount applied to part fund additional capital expenditure in 2015/16.

		2015/16 \$M	2014/15 \$M	Increase/ -decrease \$M
Fare revenue		48.0	45.2	2.8
Rates revenue		19.8	18.9	0.9
NZTA funding		27.6	23.2	4.4
Other revenue		0.5	0.4	0.1
<b>Total operational revenue</b>		<b>95.9</b>	<b>87.7</b>	<b>8.2</b>
Passengers carried	Million	12.8	12.1	0.7
Average fare revenue per passenger	\$	3.75	3.73	0.02

## 8.4 OPERATIONAL EXPENDITURE

Operational expenditure increased by \$10.2 million to \$96.7 million.

In 2015/16 new contracts for the provision of train services were negotiated between Greater Wellington Regional Council and KiwiRail, in order to improve the level of service capability and to provide a higher degree of reliability. This has resulted in an increase in train operations costs of \$3.10 million; however, these have been offset to some extent by a reduction in the level of other internal contract costs with KiwiRail. The main cost drivers are as follows:

- Locomotive Hire - \$1.0 million;
- Labour Costs - \$1.70 million (including additional staff gratuities and retirements);
- Performance and margin fees and other expenses - \$0.4 million

Network renewals costs have increased by \$4.2 million in 2015/16 due to a planned \$2.29 million expenditure on the upgrade of the Hutt line and a further \$2.0 million on carrying out further improvements to other parts of the Wellington rail network.

		2015/16 \$ M	2014/15 \$ M	Increase / -decrease \$M
Train operations		49.9	46.7	3.2
Network operations and maintenance		11.5	10.4	1.1
Network incident costs		0.1	0.3	-0.2
Network renewals		10.5	6.3	4.2
Leases and rates		0.9	0.8	0.1
Train maintenance		10.0	9.5	0.5
Station expenditure		2.2	2.0	0.2
Metlink & management services		10.3	9.2	1.1
Insurance		1.3	1.2	0.1
<b>Total operational expenditure</b>		<b>96.7</b>	<b>86.5</b>	<b>10.2</b>



## 8.5 CAPITAL EXPENDITURE AND FUNDING

Capital expenditure was \$120.4 million in 2015/16. Of this, \$111.7 million (\$18.0 million in 2014/15) was for the new Matangi trains, with the remainder being for heavy maintenance of rail rolling stock, station asset renewals and purchase of land for Park & Ride.

	2015/16 \$ M	2014/15 \$ M	Increase / -decrease \$M
Capital expenditure	120.4	28.4	92.0
NZTA funding (of capital expenditure)	11.6	6.8	4.8

## 8.6 NON-OPERATIONAL REVENUE

Non-operational revenue was \$21.2 million in 2015/16, an increase of \$4.8 million over the previous year.

GWRC rated the community \$9.6 million in 2015/16 for the debt servicing costs of past capital expenditure. GWRC borrows to fund its share of capital expenditure and rates the community for the debt servicing costs over the life of the underlying asset.

Grants and subsidies revenue of \$11.6 million was received in 2015/16 from NZTA to fund capital expenditure. This revenue comprised either:

- Direct subsidy for capital expenditure in the year that capital expenditure is incurred, or
- A share of the debt servicing cost for more significant capital expenditure where this has been agreed with NZTA (e.g. new Matangi trains).

	2015/16 \$ M	2014/15 \$ M	Increase / -decrease \$M
Rates	9.6	8.6	1.0
Grants and subsidies	11.6	6.8	4.8
External revenue	0.0	1.0	-1.0
<b>Total non-operational revenue</b>	<b>21.2</b>	<b>16.3</b>	<b>4.8</b>

Numbers in Revenue and Expenditure in tables 8.2 – 8.7 have been rounded to the nearest \$ million. This may give the appearance that some numbers do not add exactly.

## 8.7 NON-OPERATIONAL EXPENDITURE

Non-operational expenditure was \$35.7 million in 2015/16, an increase of \$13.3 million over the previous year.

Financial costs increased by \$4.6 million reflecting increased financing costs on the new Matangi trains.

Depreciation increased by \$1.2 million.

The impairment of inventory has increased by \$4.9 million. With the final decommissioning from service of all remaining Ganz Mavag trains, the outstanding book value of these trains was fully written off at 30 June 2016.

	2015/16 \$ M	2014/15 \$ M	Increase / -decrease \$ M
Financial costs	9.7	5.1	4.6
Depreciation	16.6	15.4	1.2
Loss on disposal / revaluation of fixed assets	2.7	0.2	2.5
Revaluation of Crown loan	1.8	1.7	0.1
Impairment of inventory	4.9	0.0	4.9
<b>Total non-operational expenditure</b>	<b>35.7</b>	<b>22.4</b>	<b>13.3</b>

## 8.8 KEY ASSETS AND LIABILITIES

Debt increased by \$117.0 million with most of the increase representing GWRC's share of the capital expenditure for the new Matangi fleet.

	2015/16 \$ M	2014/15 \$ M	Increase / -decrease \$ M
Property plant and equipment	423.9	320.4	103.5
Inventories	12.3	12.1	0.2
Debt	237.2	120.2	117.0



# APPENDIX 1: FINANCIAL STATEMENTS

## WELLINGTON METROPOLITAN RAIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 Actual \$000	2015 Actual \$000
<b>Operational revenue</b>			
Fares		47,982	45,226
Rates		19,796	18,896
Grants and subsidies		27,559	23,175
Other revenue		527	436
<b>Total operational revenue</b>		<b>95,864</b>	<b>87,733</b>
<b>Operational expenditure</b>			
Train operations	2	49,885	46,749
Network operations and maintenance		11,515	10,389
Network incident costs		72	282
Network renewals		10,480	6,322
Leases and rates		850	842
Train maintenance		10,036	9,511
Station expenditure		2,206	2,004
Metlink and management services		10,323	9,212
Insurance		1,289	1,189
<b>Total operational expenditure</b>		<b>96,656</b>	<b>86,500</b>
<b>Net operational surplus/(deficit)</b>		<b>(792)</b>	<b>1,233</b>
<b>Non-operational revenue (capex related)</b>			
Rates		9,557	8,579
Grants and subsidies		11,611	6,768
External revenue		-	1,000
<b>Total non-operational revenue</b>		<b>21,168</b>	<b>16,347</b>

	Note	2016 Actual \$000	2015 Actual \$000
Financial costs		9,743	5,117
Depreciation		16,602	15,400
Loss on disposal / revaluation of fixed assets		2,668	238
Revaluation of Crown loan		1,819	1,684
Impairment of inventory		4,901	27
<b>Total non-operational expenditure</b>		<b>35,733</b>	<b>22,466</b>
<b>Net non-operational surplus/(deficit)</b>		<b>(14,565)</b>	<b>(6,119)</b>
<b>Total comprehensive surplus/(deficit) for the year</b>		<b>(15,357)</b>	<b>(4,886)</b>

The accompanying notes and accounting policies should be read in conjunction with these special purpose financial statements.

## WELLINGTON METROPOLITAN RAIL STATEMENT OF NET ASSETS AS AT 30 JUNE 2016

	Note	2016 Actual \$000	2015 Actual \$000
<b>Current assets</b>			
Cash and cash equivalents		1	1
Receivables		4,364	8,751
Inventories		12,277	12,133
<b>Total current assets</b>		<b>16,642</b>	<b>20,885</b>
<b>Non-current assets</b>			
Trade and other receivables		111	2,285
Property plant and equipment	3	423,940	320,382
<b>Total non-current assets</b>		<b>424,051</b>	<b>322,667</b>
<b>Total assets</b>		<b>440,693</b>	<b>343,552</b>
<b>Current liabilities</b>			
Payables		9,244	6,273
<b>Total current liabilities</b>		<b>9,244</b>	<b>6,273</b>
<b>Non-current liabilities</b>			
Debt	4	237,245	120,233
<b>Total non-current liabilities</b>		<b>237,245</b>	<b>120,233</b>
<b>Total liabilities</b>		<b>246,489</b>	<b>126,506</b>
<b>Net assets</b>		<b>194,204</b>	<b>217,046</b>

The accompanying notes and accounting policies should be read in conjunction with these special purpose financial statements.



WELLINGTON METROPOLITAN RAIL  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2016

## **NOTE 1 : STATEMENT OF ACCOUNTING POLICIES**

### **BASIS OF PREPARATION**

The financial statements presented are special purpose financial statements intended to portray the financial result and financial position of Greater Wellington Regional Council's interest in passenger rail operations in Wellington. The special purpose financial statements include a statement of comprehensive revenue and expenses and a statement of net assets.

### **STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES**

The statement of comprehensive revenue and expenses aggregates the revenue and costs for Greater Wellington Regional Council, Greater Wellington Rail Limited and TranzMetro Wellington that relate to passenger rail operations in Wellington.

TranzMetro Wellington receives a subsidy from Greater Wellington Regional Council to provide passenger rail operations in Wellington. This subsidy has been substituted in the statement of comprehensive revenue and expenses to show the underlying revenue and costs.

### **STATEMENT OF NET ASSETS**

The statement of net assets aggregates the balances from Greater Wellington Regional Council and Greater Wellington Rail Limited that relate to passenger rail operations in Wellington. Because of the nature of the aggregation, the movement in net assets for the year is not expected to and does not agree to the comprehensive deficit for the year.

Greater Wellington Regional Council is a regional local authority governed by the Local Government Act 2002.

Greater Wellington Rail Limited is registered under the Companies Act 1993. It is a wholly owned subsidiary of WRC Holdings Limited which in turn is a wholly owned subsidiary of Greater Wellington Regional Council.

TranzMetro Wellington is a division of KiwiRail Holdings Limited. KiwiRail Holdings Limited prepares special purpose financial statements for TranzMetro Wellington.

### **FORMAT OF STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES**

The operational expenditure and revenues are separated out from non-operational expenditure and revenues to clearly show ongoing costs and revenue for rail operations. Operational expenditure and revenues tend to be relatively constant and lend themselves to comparison between years.

Non-operational expenditure and revenues includes financial costs, depreciation, non-cash revaluations and asset impairment costs as well as the related funding from rates and grant and subsidies revenue from the New Zealand Transport Agency and the Ministry of Transport. Grants and subsidies revenue tends to vary significantly between years because it relates to the underlying capital expenditure.

### **STATEMENT OF COMPLIANCE**

The special purpose financial statements have been compiled using information extracted from special purpose financial statements for TranzMetro Wellington, general purpose financial statements for Greater Wellington Rail Limited and the financial records of Greater Wellington Regional Council.

Given the basis of compilation, the special purpose financial statements are not intended to (and do not) comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable financial reporting standards.

The special purpose financial statements presented are for the year ended 30 June 2016.

### **MEASUREMENT BASE**

The special purpose financial statements have been presented on a historical cost basis modified by the revaluation of certain property plant and equipment assets as identified in the following accounting policies.

All amounts are rounded to \$000 and are expressed in New Zealand currency (unless stated otherwise).

## ACCOUNTING JUDGEMENTS AND ESTIMATIONS

The preparation of special purpose financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

Judgements or estimates have been made to determine the carrying values of certain assets and liabilities and reported amounts of certain revenues and expenses that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

A number of costs attributed to the Public Transport division of Greater Wellington Regional Council are not allocated as a matter of course to rail operations. Consequently judgements have been made to allocate these costs to rail operations. The indirect costs are allocated on the basis of the proportion of rail and non-rail operating and capital expenditure.

## SIGNIFICANT ACCOUNTING POLICIES

Relevant accounting policies have been extracted from the financial statements of Greater Wellington Regional Council, Greater Wellington Rail Limited and TranzMetro Wellington and are presented below.

### (A) REVENUE RECOGNITION

Revenue is recognised when billed or earned on an accrual basis and reported in the financial period to which it relates.

#### FARE REVENUE

Fare revenue is recognised at the date of travel.

#### GRANTS AND SUBSIDIES REVENUE

Greater Wellington Regional Council receives grants and subsidies revenue from the New Zealand Transport Agency. These grants and subsidies part fund Greater Wellington Regional Council's expenditure on the provision of public transport subsidies to external rail operators and the capital purchases of rail rolling stock, station and depot assets and transport network upgrades by KiwiRail. Grants and subsidies are recognised as revenue when eligibility has been established by the grantor.

#### RATES REVENUE

Greater Wellington Regional Council sets a transport rate to fund the public transport activities it undertakes. There is no separate rate for passenger rail operations, and any surplus or deficit on rail operations is not specifically retained to offset any future surplus or deficit in passenger rail operations. For this reason, the rates revenue included in the statement of comprehensive revenue and expenses is based on the budgeted rates for the year.

#### OTHER REVENUE

Other sources of revenue are recognised when earned and are reported in the financial periods to which they relate.

### (B) EXPENDITURE

Expenditure comprises amounts paid and payable for goods and services provided from suppliers and is recorded in the period in which it is incurred.

### (C) PROPERTY PLANT AND EQUIPMENT

Property plant and equipment are initially recorded at historical cost. Acquired assets are revalued to fair value.

## ASSETS HELD BY GREATER WELLINGTON RAIL LIMITED

Station and depot assets and rail rolling stock were independently valued as at 30 June 2014 by John Freeman, a Director of Bayleys Valuations Limited, using optimised depreciated replacement cost methodology.

Capital work in progress is calculated on the percentage of work completed basis.

## ASSETS HELD BY GREATER WELLINGTON REGIONAL COUNCIL

Land held by Greater Wellington Regional Council for passenger rail purposes was valued as at 30 June 2014 by John Freeman, a Director of Bayleys Valuations Limited, using optimised depreciated replacement cost methodology.

### (D) DEPRECIATION

Depreciation is provided on a straight line basis on all tangible property, plant and equipment other than land and capital works in progress, at rates which will write off assets, less their estimated residual value, over their remaining useful lives.

The useful lives of major classes of assets have been estimated as follows:

Rail rolling stock	5 to 35 years
Rail infrastructure assets	5 to 50 years
Operational plant and equipment	2 to 20 years
Capital work in progress	Not depreciated
Land	Not depreciated

All assets are reviewed annually to determine if there is any indication of impairment.

Any impairment loss is recognised when its carrying amount exceeds recoverable amount. Losses resulting from impairment are accounted for in the statement of comprehensive revenue and expenses, unless the asset is carried at a revalued amount in which case any impairment is treated as a revaluation loss.

### (E) GOODS AND SERVICES TAX (GST)

All items in the special purpose financial statements are exclusive of GST with the exception of any GST that may be included in receivables or payables. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

### (F) INVENTORIES

After initial recognition, inventories are valued at the lower of cost or net realisable value.

### (G) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

### (H) TAXATION

Taxation costs and balances have not been included in the special purpose financial statements. Including taxation costs and balances would not provide users of these special purpose financial statements with useful information on the performance of rail operations in Wellington.

### (I) DEBT

Debt comprises debt held with an external funder (the Crown) and internal debt which is managed by Greater Wellington Regional Council's treasury function.

External debt with duration of more than 12 months is recognised initially at fair value less transaction costs. Subsequently, it is measured at amortised cost using the effective interest rate method. Amortisation or any increase in liability is recognised in the statement of income, as is any gain or loss when the liability is settled. External debt entered into with duration of less than 12 months is recognised at its nominal value.

Internal debt is initially recognised as Greater Wellington Regional Council's share of capital expenditure incurred. Subsequently, it is measured as the principal amount outstanding using a table mortgage basis over the life of the debt. Loan terms and interest rates are in accordance with Greater Wellington Regional Council's Revenue and Financing Policy.



WELLINGTON METROPOLITAN RAIL  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 2 : TRAIN OPERATIONS**

	2016 Actual \$000	2015 Actual \$000
Labour	29,849	28,669
Locomotive Hire*	4,002	-
Materials & supplies	1,083	775
External / purchased services	1,638	1,819
Lease & rentals	735	1,121
Fuel and traction	4,305	4,162
Other expenses	1,715	1,508
Kiwirail internal contracts*	265	2,219
Kiwirail overheads	2,955	3,100
Contract margin	3,338	3,376
<b>Train operations</b>	<b>49,885</b>	<b>46,749</b>

\* In 2015/16 new separate internal contracts for both revenue and expenses were negotiated between Greater Wellington Regional Council and Kiwirail. This has resulted in separate disclosure of costs associated with Locomotive Hire (\$4.002M), however, this has been offset to some extent with a corresponding reduction in Kiwirail internal contracts costs when compared to the prior year.

**NOTE 3 : PROPERTY PLANT AND EQUIPMENT**

	Work in progress \$000	Trains \$000	Station assets \$000	2016 Total assets \$000	2015 Total assets \$000
Cost / valuation	39,910	337,462	78,340	455,712	335,769
Less: Accumulated depreciation	-	25,206	6,566	31,772	15,387
<b>Closing net book value</b>	<b>39,910</b>	<b>312,256</b>	<b>71,774</b>	<b>423,940</b>	<b>320,382</b>

**NOTE 4 : DEBT**

	2016 Total debt \$000	2015 Total debt \$000
Opening debt	120,233	101,287
Debt additions	120,105	20,976
Debt repayment	(4,912)	(3,714)
Revaluation of debt	1,819	1,684
<b>Closing debt</b>	<b>237,245</b>	<b>120,233</b>

## NOTE 5 : CAPITAL COMMITMENTS AND OPERATING LEASES

	2016 \$000	2015 \$000
<b>Estimated payments under non cancellable operating contracts</b>		
Within one year	81,257	24,392
After one year but no more than five years	316,672	45,045
After five years	1,437,531	752,959
<b>Operating contract commitments</b>	<b>1,835,460</b>	<b>822,395</b>

	2016 \$000	2015 \$000
<b>Capital expenditure commitments</b>		
Within one year	20,755	132,175
After one year but no more than five years	-	4,424
After five years	-	-
<b>Capital commitments</b>	<b>20,755</b>	<b>136,599</b>

## NOTE 6 : EVENTS OCCURRING AFTER BALANCE DATE

Inventories of Greater Wellington Rail Limited were sold to the new operator at its cost on 3 July 2016.







## APPENDIX 2: ASSURANCE REPORT

### *Assurance report on the compiled Special Purpose Financial Statements included in the annual report of Metropolitan Rail*

To the readers of Greater Wellington Regional Council's Wellington Metropolitan Rail 2015/16 Annual Report (the "Metropolitan Rail Report"):

We have completed an assurance engagement to report on the special purpose financial statements compiled by the Greater Wellington Regional Council ("the Council") included in the Metropolitan Rail Report on pages 51 to 57, which comprise the special purpose statement of net assets as at 30 June 2016, special purpose statement of comprehensive revenue and expenses for the year then ended and the notes to the special purpose financial statements that include a summary of significant accounting policies and other explanatory information ("the Special Purpose Financial Statements"). Our engagement is limited to the expression of an opinion on whether the balances combined in the special purpose financial statements were properly extracted from the respective source records based on the accounting policies applied and that accounting policies adopted by the contributing members were consistent.

#### *The Council's responsibility for the Special Purpose Financial Statements*

The Council is responsible for the compilation of the Special Purpose Financial Statements in accordance with the accounting policies. The Special Purpose Financial Statements have been prepared by the Council as part of the Metropolitan Rail Report to give a transparent account of what it costs to provide metropolitan rail services in Wellington, and how these services have been funded, and may not be suitable for another purpose.

The special purpose financial statements are compiled from source records which reconcile to the audited financial statements of Greater Wellington Rail Limited, the unaudited special purpose financial statements of Tranz Metro Wellington, and the unaudited financial records of Greater Wellington Regional Council (collectively the "Source Documents").

#### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of Professional and Ethical Standard 1 (Revised) issued by the New Zealand Auditing and Assurance Standards Board, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Professional and Ethical Standard 3 (Amended) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

#### *Our responsibility*

Our responsibility is to express an opinion on whether the Special Purpose Financial Statements have been compiled by the Council, in all material respects, in accordance with the accounting policies. The scope of our engagement is limited to the expression of a conclusion on whether the balances combined in the special purpose financial statements were properly extracted from the respective Source Documents based on the accounting policies applied, and that accounting policies adopted by those contributing to the Source Documents were consistent.

Our engagement has been conducted in accordance with International Standard on Assurance Engagements (New Zealand) 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Revised)* issued by the External Reporting Board to obtain reasonable assurance about whether the Council has compiled the Special Purpose Financial Statements, in all material respects, in accordance with the accounting policies.





The procedures we have selected to form our opinion depend on our judgement, having regard to our understanding of the purpose for which the Special Purpose Financial Statements compiled by the Council have been prepared and other relevant engagement circumstances.

We have not, in the course of this engagement, performed an audit or review of the Source Documents used in compiling these Special Purpose Financial Statements.

#### Inherent limitations

Because of the inherent limitations of the engagement, it is possible that fraud, error or non compliance may occur and not be detected. As the procedures performed for this engagement were not performed continuously throughout the period and were undertaken on a test basis, our assurance engagement cannot be relied on to detect all instances where the Council may not have complied with the accounting policies. The opinion expressed in this report has been formed on the above basis.

#### Independence

We are independent of the Council, Greater Wellington Rail Limited, Tranz Metro Wellington and iwiRail Limited. Our firm carries out a range of professional advisory services to both iwiRail Limited and the Council as required. The provision of these other services has not impaired our independence.

#### Opinion

In our opinion, the Special Purpose Financial Statements included in the Metro Rail Annual Report on pages 51 to 57 have been compiled by the Council, in all material respects, in accordance with the accounting policies and from information that has been extracted from the Source Documents.

*PricewaterhouseCoopers*

PricewaterhouseCoopers  
Chartered Accountants  
3 April 2017

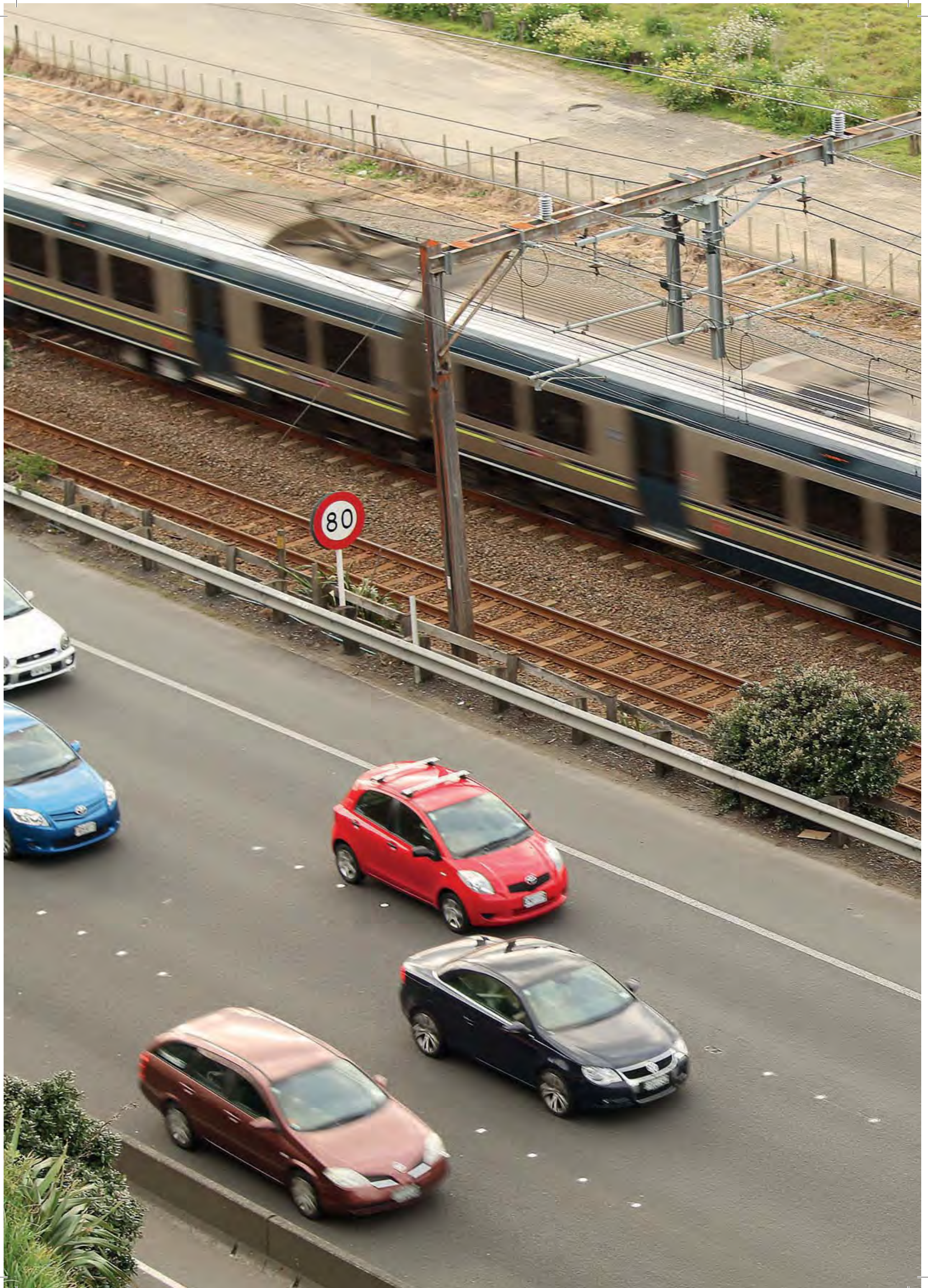
Wellington

## APPENDIX 3: GLOSSARY

AMP	Asset Management Plan – a tool to minimise the life-cycle costs of asset ownership while maintaining required service levels and sustaining the value of the initial investment
CAT	Common Access Terms – the access rights and responsibilities that are binding on all users of the NZRC rail network
EMU	Electric Multiple Unit. Wellington’s EMU units all comprise two cars – a powered car and a trailer car
Ganz Mavag	EMU constructed by Ganz Mavag in Budapest Hungary, in service since 1982
GPS	Government Policy Statement - establishes 10 year priorities for NZTA’s expenditure from the National Land Transport Fund, which includes funding of metro rail
GWRC	Greater Wellington Regional Council
GWRL	Greater Wellington Rail Ltd, a company owned by Greater Wellington Regional Council (via WRC Holdings Ltd) through which Council holds its rail assets (except land)
KiwiRail Ltd	The NZRC owned company that operates freight and long distance passenger rail services in New Zealand. Bought by Government in 2008, formerly named Toll NZ Holdings Ltd.
KPI	Key Performance Indicator – a principle measure of service delivery performance
Matangi	EMU constructed by Hyundai Rotem in South Korea and in service from 2011
MSO	Metro Service Operator – GWRC’s contracted operator of metro rail services (currently Tranz Metro)
MDBF	Mean distance between failure - the fleet average kilometres travelled without a failure that results in a service cancellation or delay of 5 or more minutes.
Notifiable occurrences	The primary measure of safety, defined as any of the following:
a)	the death of any person where that death is associated with the metro rail system;
b)	a serious injury to any person requiring emergency medical treatment or admittance to hospital, where that injury is associated with the metro rail system;
c)	any serious attack upon a Rail Services passenger or staff member that is attended or investigated by the New Zealand Police;
d)	any derailment of any Rolling Stock while in revenue service or which results in damage to property in excess of \$100,000;
e)	any significant unplanned delays to the provision of the metro rail services resulting in emergency implementation of contingency arrangements;
f)	any threat or action that is deemed an act of terrorism by the New Zealand Police;

g)	any collision between any Rail Vehicle and any person, other vehicle, Infrastructure or any other obstruction resulting from the construction, maintenance or operation of the metro rail system which results in significant damage to any property;
h)	any fire, explosion or any other occurrence resulting in significant property damage
NZTA	The New Zealand Transport Authority, a crown agency with responsibilities that include managing government's investment in transport infrastructure and public transport services expenditure
NZRC	The New Zealand Railways Corporation trading as KiwiRail
Punctuality	The percentage of train services that arrive or depart Wellington Station at, or within 5 minutes of their scheduled time
Reliability	The percentage of timetabled services that are actually delivered
RTI	Real Time Information – a system that provides continuously updated information to passengers about actual arrival time. Data transmission from Global Positioning System devices installed on trains makes this possible.
RLTS	Wellington Regional Land Transport Strategy – 10 year strategy toward a balanced and integrated local land transport system
SE	Passenger carriage class formerly used on Hutt Valley Line – to be converted for use on the Wairarapa Line
SW	Passenger carriage class currently used on Wairarapa line
SPAD	Signal Passed at Danger - a safety event that occurs when a train passes a trackside signal without authority to do so
Tranz Metro	The business unit of KiwiRail Ltd that delivers the Wellington regional rail service under contract to GWRC
RRP	GWRC's Regional Rail Plan – a 25 year plan for developing the capacity of Wellington's metro rail to meet emerging demand
WRCHL	Wellington Regional Council Holdings Ltd, a GWRC company which owns Greater Wellington Rail Ltd and GWRC's other trading companies
WRRP	Wellington Regional Rail Programme - \$500m government investment in renewing and modernising the Wellington network that was undertaken between 2007 and 2012
WMUP	Wellington Metro Upgrade Plan - a further \$88m government investment in the network that began in 2011/12. Primary focus is replacing poles that support the overhead traction system



















**greater WELLINGTON**  
**REGIONAL COUNCIL**  
**Te Pane Matua Taiao**

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FOR MORE INFORMATION,  
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April 2017



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