



Greater Wellington Regional Council

Wellington Metropolitan Rail 2011/12 Annual Report

30 June 2012





Wellington Metropolitan Rail Trends

	Trend		2008	2009	2010	2011	2012
Passengers carried		# million	11.6	11.9	11.1	11.2	11.3
Passenger growth year on year		%		2.85	-6.30	0.98	0.28
Passenger kilometres		million km	265	275	278	262	268
Average fare		\$	2.68	2.94	3.04	3.12	3.37
Operational expenditure per passenger		\$				6.08	7.13
Punctuality		%	90.0	88.0	88.7	90.0	91.5
Reliability		%	99.8	99.2	98.4	98.6	98.8
Notifiable occurrences		#	5	1	3	6	6
Customer satisfaction		%	62	66	49	49	48
Unit kilometres run		million km					5.0
Operational expenditure per unit kilometre		\$					16.2
Accessibility		# trains		48	48	54	77

Financial Trends

	Trend		2008	2009	2010	2011	2012
Fare revenue		\$ million	31.0	34.9	33.9	35.1	38.0
Rates revenue (for operational expenditure)		\$ million				14.3	17.5
NZTA funding (for operational expenditure)		\$ million				19.0	24.4
Operational expenditure		\$ million				68.3	80.4
Capital expenditure		\$ million				91.3	120.1
MoT directly funded network expenditure		\$ million					11.8
Asset value		\$ million				192.4	299.3

Average Asset Condition

(1 = excellent, 5 = extremely poor)

Stations		2012
Johnsonville Line	score	2.2
Kapiti Line	score	2.0
Melling Line	score	1.6
Hutt Valley Line	score	2.4
Wairarapa Line	score	2.0
Trains		2012
Ganz Mavag	score	3.7
Matangi	score	1.0
SW Carriages	score	2.2

Figure 1 Operational Revenue

OPERATIONAL REVENUE 2011/12
\$80,442,000

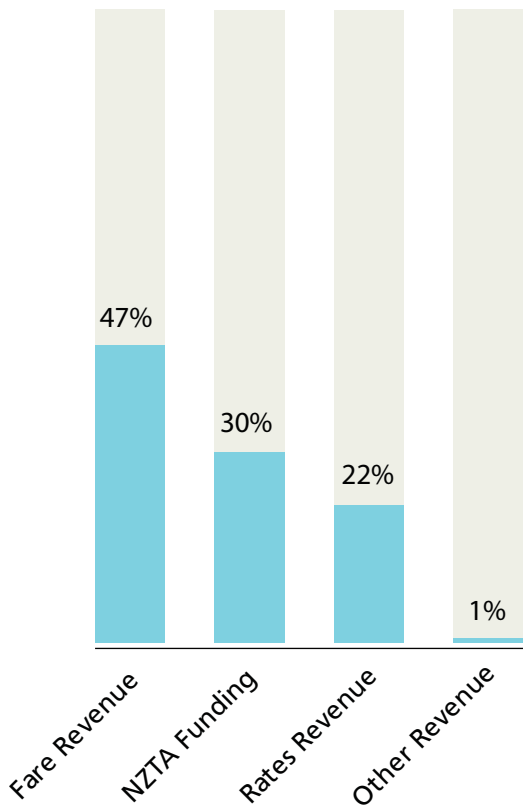
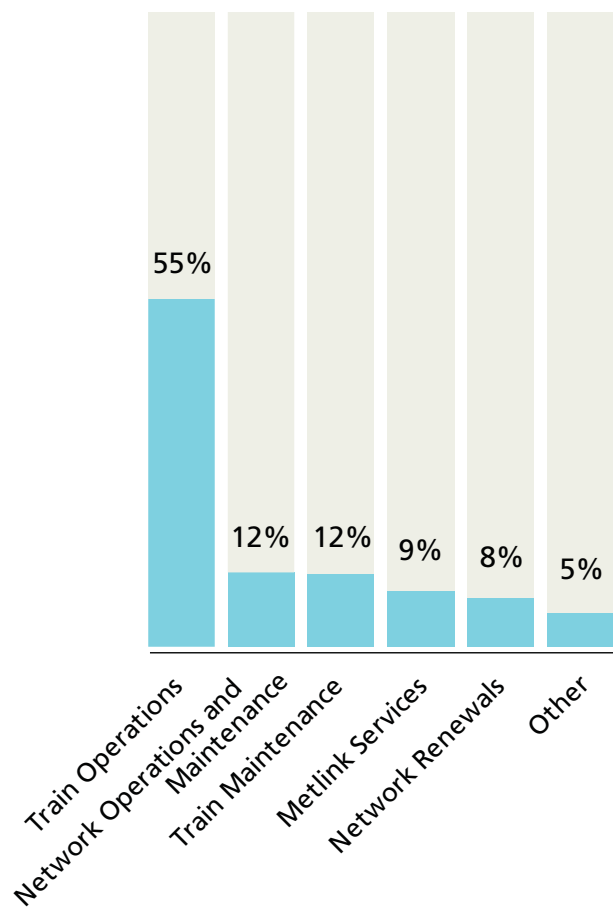


Figure 2 Operational Expenditure

OPERATIONAL EXPENDITURE 2011/12
\$80,437,000



Year at a glance



July 2011

Representatives of Greater Wellington, KiwiRail and central Government sign the Wellington Metropolitan Rail Package, giving Greater Wellington ownership of more rail assets and more funding for renewal work.



August 2011

Prime Minister John Key launches the first Matangi passenger service on the Kapiti Line.



September 2011

Wellington hosts several World Rugby Cup matches and during this time train punctuality is the best it has been in years – 95% of trains arrives at Wellington Station on time.



October 2011

During the Rugby World Cup quarter finals weekend in Wellington a record 46,972 passengers travel on the region's trains.



November 2011

More than half of the new Matangi fleet is now in Wellington.



December 2011

Blocks of line throughout the region over the Christmas period enables vital maintenance and renewal work to be carried out.



January 2012

Kenepuru Station, on the Kapiti Line, opens again after four weeks of upgrade and platform reconstruction work.



February 2012

Half the Matangi fleet are now approved for service.



March 2012

The Matangi fleet replace the English Electrics on the Johnsonville Line.



April 2012

First draft of Greater Wellington's Rail Asset Management Plan is completed.



May 2012

Work begins on rebuilding Naenae Station on the Hutt Valley Line.



June 2012

Wellington resident Gretta Beck, who caught the region's first English Electric train in 1938, with Improviser theatre group member Ian Harcourt, on the last English Electric passenger journey on Monday 25 June 2012.





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Chairpersons' Report



The 2011/12 financial year was an exciting one for passenger rail in the Wellington region with unprecedented improvements, both tangible and behind the scenes.

Just prior to the start of the year, a very significant regional rail milestone was achieved with the completion of the Wellington Regional Rail Programme (WRRP). This included the upgrade of the rail network to power the new Matangi fleet, improvements to the Kaiwharawhara throat which had been a major cause of service delays, extension of the electrified network to include the new Waikanae station, and the completion of our new Electric Multiple Unit (EMU) maintenance depot.

At 1 July 2011, 18 of our eagerly awaited new Matangi EMUs were in service. By the end of June 2012 36 were in service and all but three of the 48 Matangi had arrived in New Zealand.

In July 2011 an agreed package of structural changes and further investment with Government and KiwiRail took effect. Greater Wellington acquired ownership of the regional stations, shelters, carparks and rolling stock from KiwiRail, while Government committed to support the refurbishment or replacement of the Ganz Mavag EMU fleet. This structural change and further investment places Greater Wellington in a much better position to assure the availability of a reliable and punctual regional rail service that uses modern and comfortable rolling stock.

In order to meet our new and enlarged responsibilities Greater Wellington management undertook an internal reorganisation within the Public Transport group. This has strengthened our capability to skilfully procure rail operating and maintenance services and manage our substantial portfolio of rail assets.

In September / October 2011 Wellington hosted eight Rugby World Cup matches. An estimated 214,000 additional passengers used our regional train service during this time and KiwiRail delivered outstanding levels of reliability and punctuality.

In June 2012, we marked the retirement of the long serving English Electric fleet, ending 74 years of service to the region. A positive consequence is that for the first time we have a fully accessible metro rail fleet.

The new Matangi fleet provides sufficient capacity for all off peak services, but additional capacity is needed to meet demand in peak periods. In mid 2012 we gained approval of NZTA and Greater Wellington Councillors to explore the purchase of further Matangi EMUs as an alternative to refurbishing the 43 unit 30-year old Ganz Mavag fleet.

Users of rail in Wellington have for many years endured a travel experience that has been less than ideal. We owe those passengers and also ratepayers and taxpayers better value for money. With the foundations that have been laid in 2011/12, we are well placed to deliver. We wish to thank passengers for their patience throughout the year.



Peter Glensor
Chair, Economic Wellbeing Committee



Prue Lamason
Chair, Greater Wellington Rail Limited



1 Introduction

The Wellington region covers a land area of 813,000 hectares and is home to a population of 487,700.¹ The region encompasses the cities of Wellington, Porirua, Upper Hutt and Lower Hutt, and the Kapiti, South Wairarapa, Carterton and Masterton districts. Greater Wellington 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. Rail is the predominant mode for longer distance public transport within the Wellington region, providing approximately 11 million passenger journeys each year. 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 well being.

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 Greater Wellington and the New Zealand Transport Agency (NZTA). Greater Wellington and NZTA share a strong interest in securing best value for their expenditure on rail subsidies.

Greater Wellington'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 Greater Wellington was a relatively passive funder, with little capacity to influence the quality or efficiency of the region's rail service.

Greater Wellington's role began to change when in 2007 it signed a contract to purchase 48 new 2-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 Greater Wellington acquired ownership and control of the rolling stock and most of the stations and related assets used for metro rail services. Greater Wellington is now in a very strong position to achieve its strategic goals for metro rail.

¹ (Statistics NZ, estimated resident population, June 2011).



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EMERGENCY JUMPER

CONTROL JUMPER

2 Purpose of the Rail Report



This report provides an overview of the performance of metro rail in Wellington in the financial year 1 July 2011 to 30 June 2012, referred to from here on as 2011/12.

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 2011/12
- the actions that have and are being taken to maintain and improve the service
- rolling stock and station asset management.

This is Greater Wellington's first annual report on the performance of metro rail. Greater Wellington has limited ability to report on trends in some performance indicators as some of them are new. It is our intention that future annual reports will present trend data that will better inform readers on Greater Wellington's progress in achieving its various goals and targets for the metro rail service.



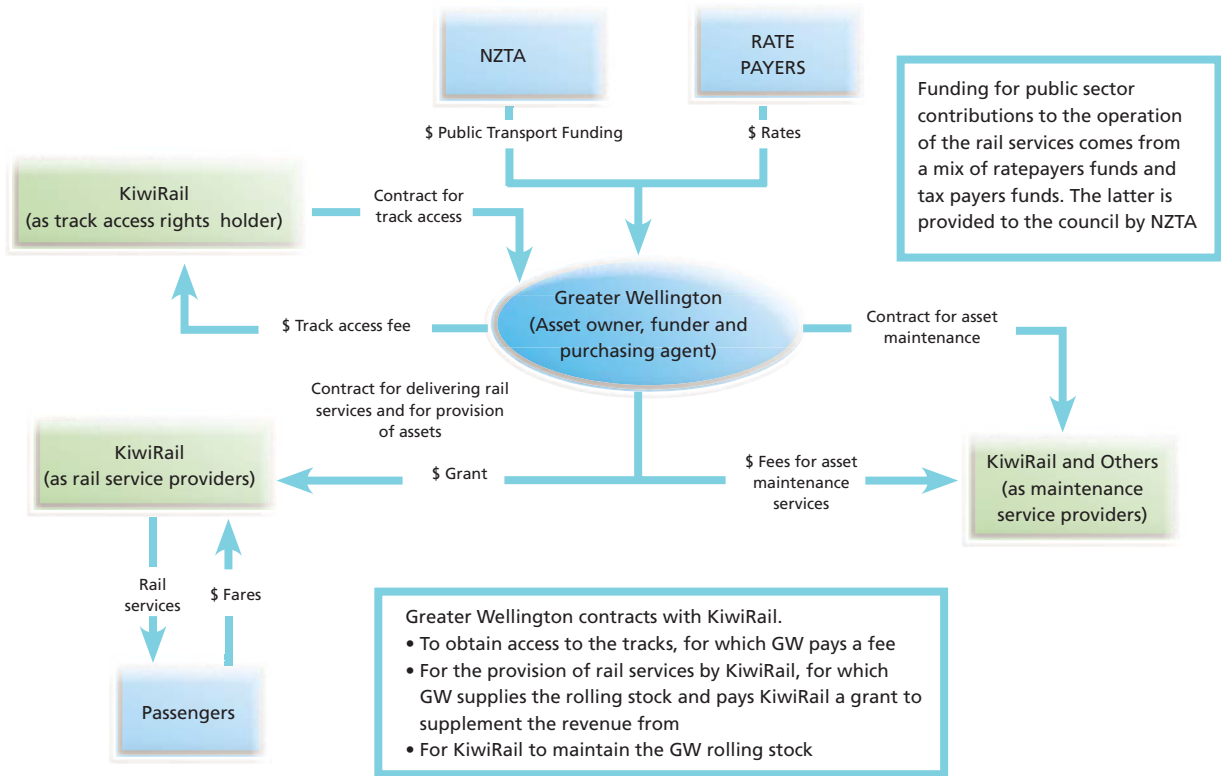


3 Background



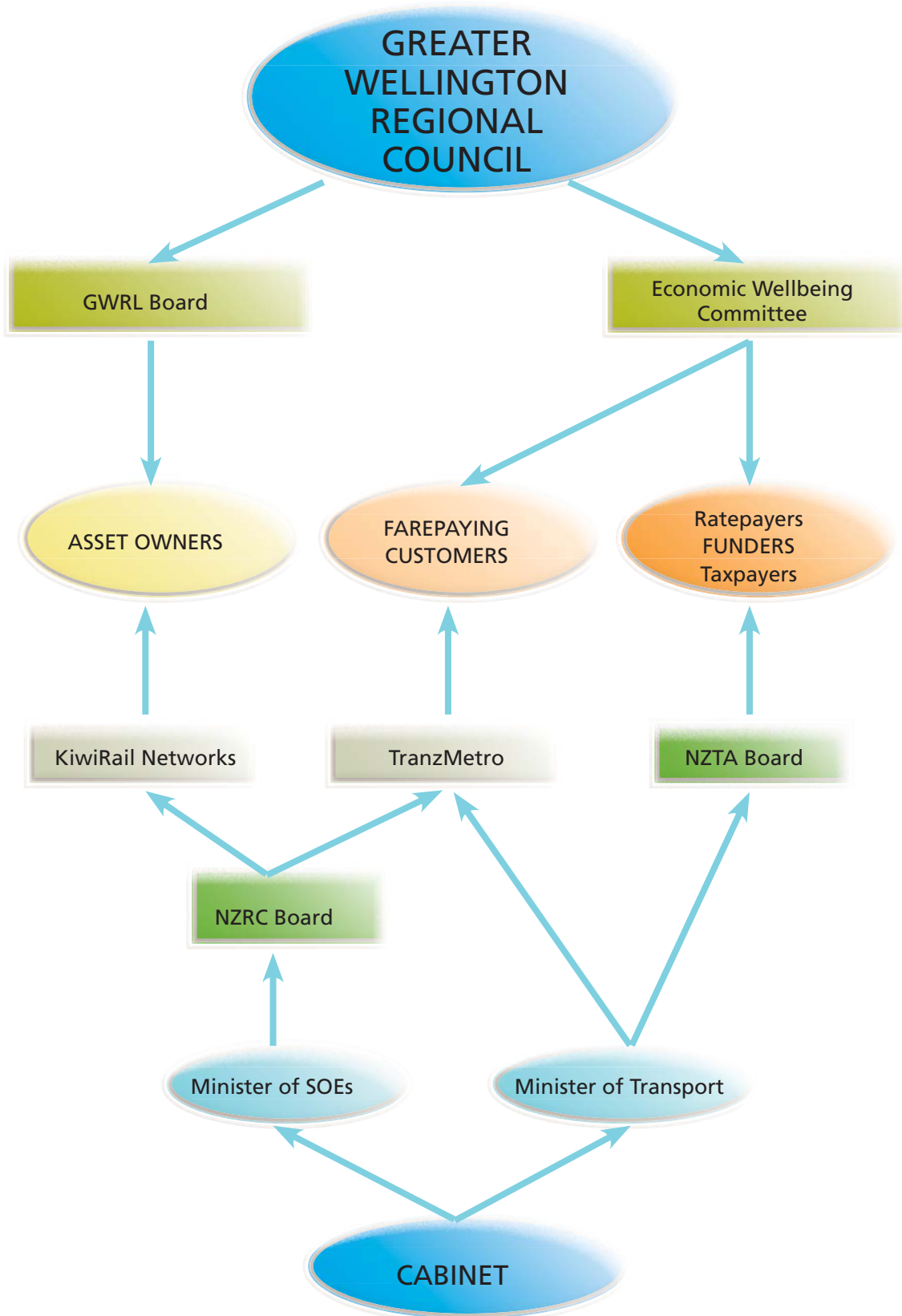
3.1 Funding and Delivery of metropolitan rail in Wellington

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



3.2 Governance

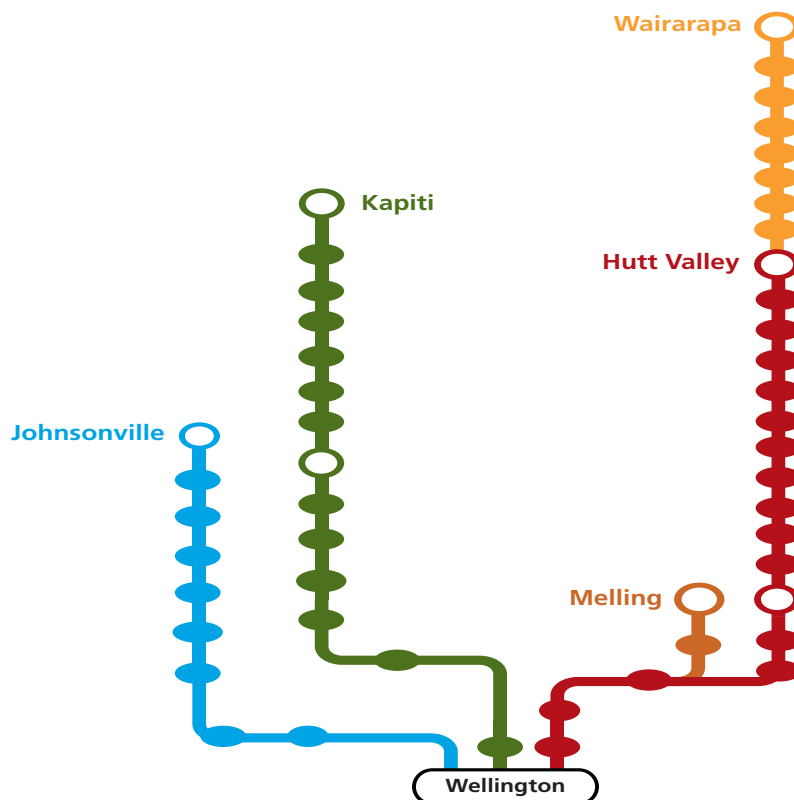
Governance is essential to protect the interests of stakeholders. The major stakeholders in metro rail are its asset owners, customers and funders. The governance structures that serve the interests of these various stakeholders are shown below.





3.3 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 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.

Greater Wellington's rights to provide the metro rail service on KiwiRail's Wellington network are set out in an access agreement with NZRC. Government does not require NZRC to obtain a return on the capital invested in the rail network and consequently Greater Wellington does not pay an access fee per se. However Greater Wellington purchases a range of essential network services that include:

- train control
- incident management
- network maintenance
- network renewal.



4 Service Outcomes



4.1 Overview

Greater Wellington uses five measures to monitor the performance of metro rail:

- **Punctuality.** Are trains running to scheduled times?² In Wellington on-time means arrival 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.
- **Reliability.** Are the contracted services being delivered? Reliability is measured as the percentage of timetabled services that are actually delivered.
- **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 Greater Wellington. Customer satisfaction is an important driver of increased patronage.
- **Patronage.** How many people are using the metro rail service and what is the average length of their journey? Achievement of Greater Wellington'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 2011/12 was generally satisfactory.

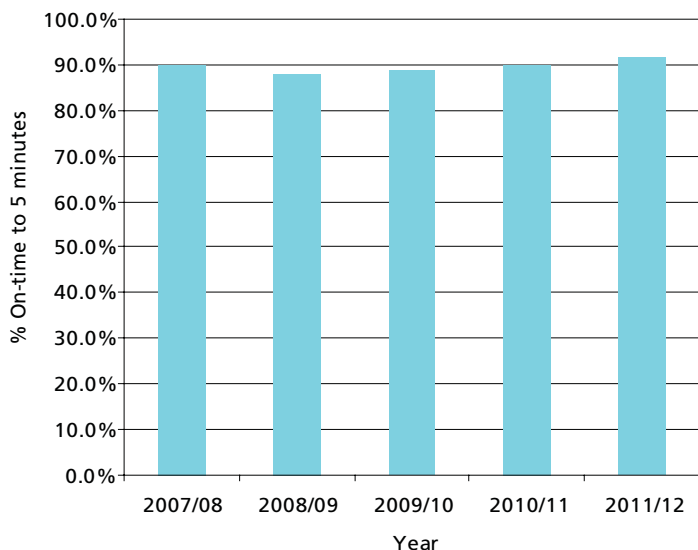
Punctuality	Improved to 91.5%. This is up from 90.00 % in 2010/11 and is now at the highest level reported over the past five years.
Reliability	Improved to 98.8% This is up from 98.6% in 2010/11. However this is below the levels reported in 2008 (99.8%) and 2009 (99.2%).
Safety	184 safety events were reported during 2011/12, including 6 that were classified as Notifiable Occurrences.
Customer satisfaction	Down 1% to 48%. This is well below the high reported in 2008/09 (66%).
Patronage	Increased by 0.3% to 11.3 million in 2011/12. This is still below levels reported in 2007/08 and 2008/09.

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

4.3 Outcome performance measurement

1: Punctuality

The overall punctuality of the Wellington metro rail service increased in 2011/12.



² The imminent installation of Real Time Information data capture systems on the rolling stock fleet will provide much expanded information about service timeliness

Factors that contributed to improved punctuality include:

- The completion of the Wellington Regional Rail Project which has eliminated many compulsory stop boards (each of which causes a minimum delay of three minutes), removed many speed restrictions and eliminated many signal, points and overhead traction system failures.
- Greater investment in network renewal such as replacement of signals on various lines and traction improvements.

Factors that constrained punctuality improvement include:

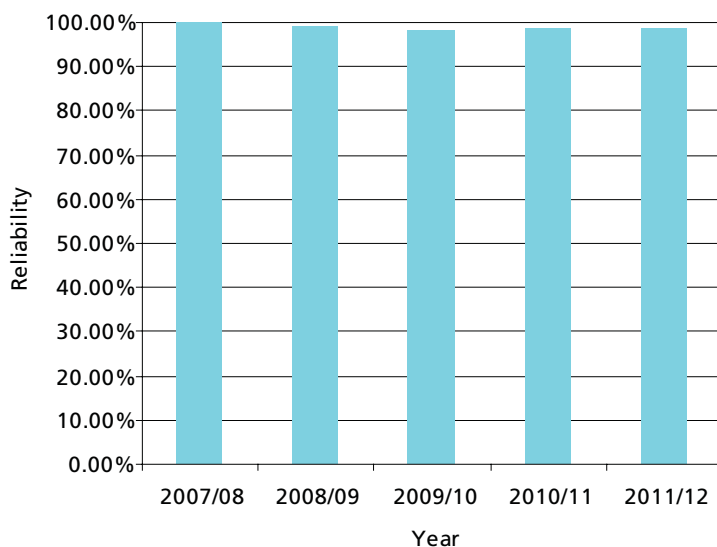
- Fleet performance, in particular increased mechanical issues with the ageing English Electric and Ganz Mavag fleets.
- Slower than anticipated introduction of the new Matangi fleet caused by some commissioning issues and the time required to complete training of new and existing drivers.

Punctuality by line in 2011/12 is shown in the table below:

Line	Punctuality
Hutt Valley	92%
Kapiti	90%
Johnsonville	94%
Wairarapa	84%

2: Reliability

After falling in 2008/09 and 2009/10, reliability improved in 2011/12.



Reliability was similar across all lines.

Factors that contributed to improved reliability include:

- network improvements and renewal
- increased numbers of locomotive engineers as a result of Tranz Metro's focus on recruitment, training and retention.

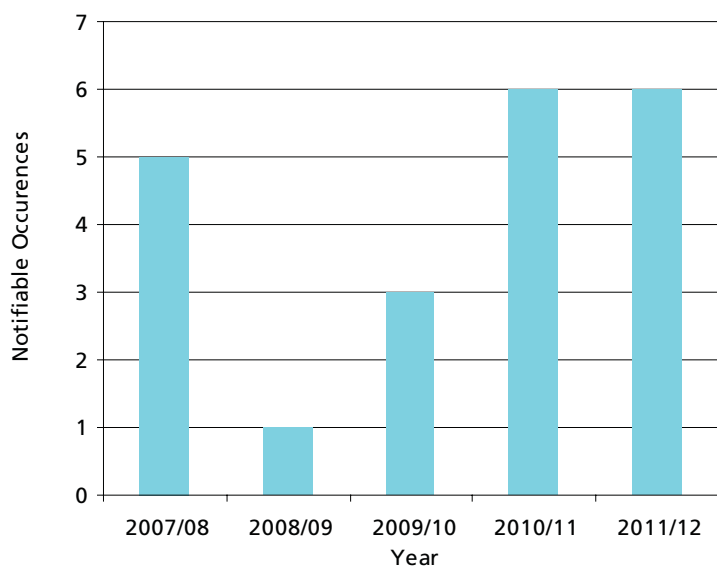
Factors that constrained improvements in reliability were largely related to fleet availability. Insufficient numbers of EMUs were available in the early part of 2011/12 due to mechanical issues with the ageing EE and Ganz Mavag fleets and teething issues, since resolved, with the new Matangi fleet.



3: Safety

Wellington's metro rail service remains relatively safe. TranzMetro reported 184 safety events in 2011/12, a rate of 0.07 per 100,000 train kilometres. These events included trains passing a trackside signal without authority to do so, minor staff injuries, near misses and mechanical issues while in-service together with the more serious events that are classified as Notifiable Occurrences.

There were six Notifiable Occurrences in 2011/12, the same number as in 2010/11.



The six Notifiable Occurrences in 2011/12 comprised two deaths, a car and a bus stationary on the track, an assault on a TranzMetro staff member and a traction power outage.

Another measure of safety is Greater Wellington's independent annual public transport customer survey which asks whether customers feel safe on trains and at stations. Feeling safe on trains was found to be high amongst survey recipients (77%), while feeling safe at stations was lower and declined in 2011/12 to 59%.

4: Customer Satisfaction

Greater Wellington's principal tool for measuring customer satisfaction is an annual independent survey. The most recent one was undertaken in April/May 2012. Participants were selected randomly from throughout the Wellington region and interviewed by telephone. There were 750 participants in the 2012 survey.

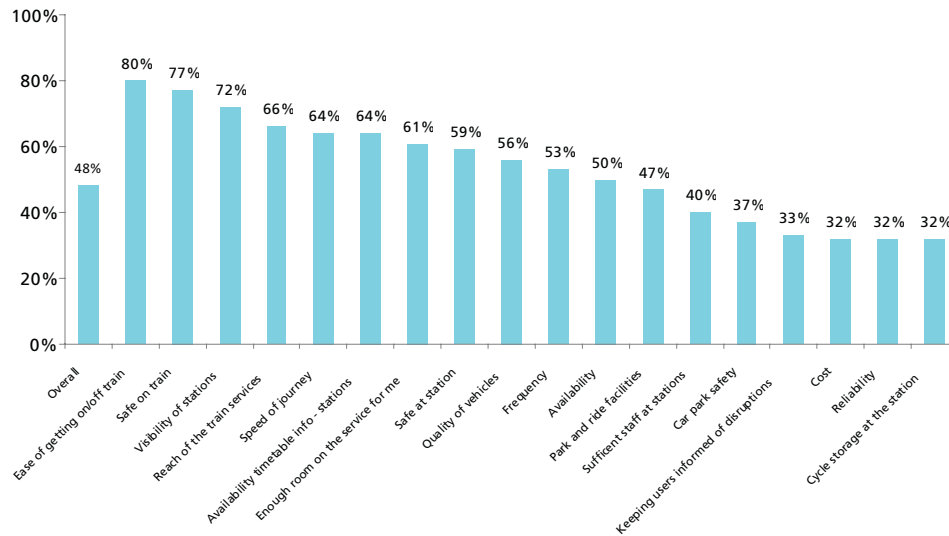
The survey participants were asked a range of questions about their views and use of public transport generally and also about the specific modes. There were also questions about the support systems, e.g. accessing information about public transport services.

Key findings of the survey were:

- Only 48% of recent users were either satisfied or very satisfied with the metro rail service overall (unchanged from 2010/11). Satisfaction is expected to improve as all of the Matangi fleet enters service and punctuality and reliability improves.
- There has been a statistically significant increase in satisfaction with the quality of rolling stock (vehicles) which is likely to be a result of the introduction of the new Matangi fleet.

The graphs below show satisfaction levels with specific features of the metro rail service.

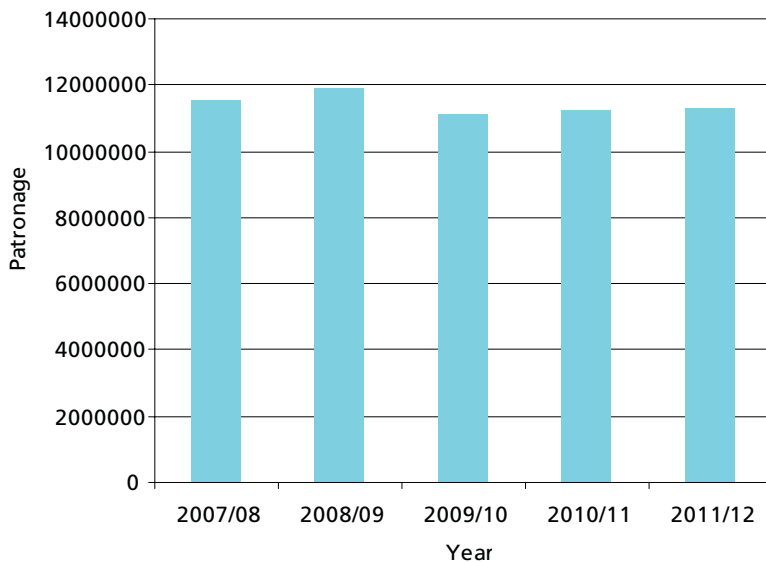
Satisfaction with Specific Features of the Metro Rail Service



Base: Participant used train in last three months, n=394

5: Patronage

Metro rail patronage numbers were higher in 2011/12 than the previous two years although the level of growth is below that required to achieve strategic transport objectives. There were an estimated 214,000 additional passenger journeys arising from the Rugby World Cup.



Factors that contributed towards patronage growth include:

- improved punctuality
- network improvements made under WRRP together with ongoing renewals
- more Matangi in service which improved overall passenger amenities and rolling stock reliability
- the Rugby World Cup

Factors that may have constrained patronage growth include:

- the general economic downturn
- the downsizing of central government in Wellington's CBD



- falling reliability of the EE and Ganz Mavag fleets in the early part of the year
- shortages of rolling stock and locomotive engineers causing service cancellations and undermining customer confidence
- significant substitution of buses for train services during 'blocks of line'
- fare increases in absolute terms and relative to the cost of alternatives.

Although overall patronage increased in 2011/12, it is significant that:

- peak patronage declined by 2.6% to 7.2 million passenger trips, but was offset by an increase in off-peak passenger trips of 6.4% to 4.0 million.
- changes in patronage varied materially between lines, with increases on the longer lines and reductions on the shorter lines:

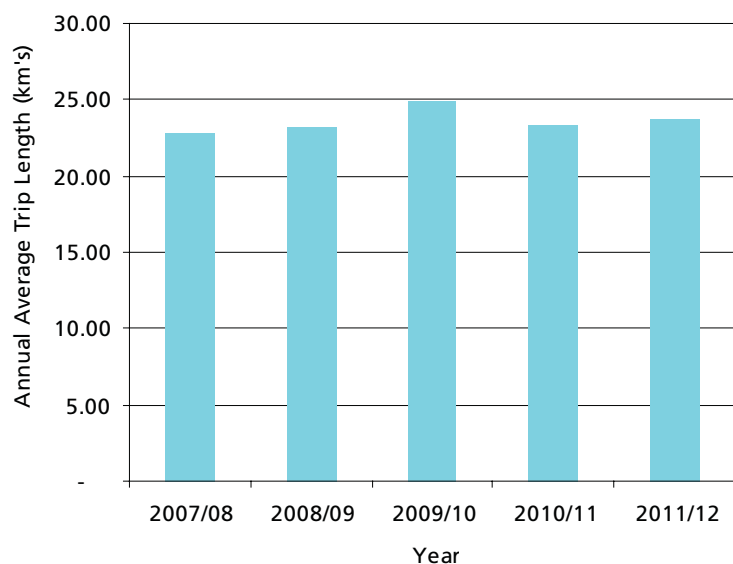
Line	Patronage 2011/12 (000)	Patronage 2010/11 (000)	% change
Johnsonville	1,119	1,161	-3.52
Kapiti	4,461	4,343	+2.64
Hutt Valley	4,976	5,000	-1.49
Wairarapa	719	689	+4.14

Greater Wellington has made an initial attempt at measuring the extent to which punctuality and motor vehicle fuel price separately influence patronage on each of the four Wellington lines. Although there is insufficient data available at this time to enable definitive conclusions to be drawn the analysis appears to:

- confirm that there is a correlation between changes in the price of motor vehicle fuels and rail patronage on all lines
- indicate that patronage on the longer lines is more sensitive to motor vehicle fuel price than is patronage on the shorter lines
- demonstrate that there is a weaker but nonetheless direct correlation between punctuality and patronage on all lines; and
- demonstrate that patronage on the longer lines is less sensitive to changes in punctuality than is patronage on the shorter lines.

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. By way of comparison, the average trip length for bus journeys is 7 km.

Average Trip Length



4.4 Service outcomes – outlook for 2012/13

Significant investment has been made in capital and human resources by Greater Wellington and KiwiRail in recent years. Significant effort has also been made by KiwiRail and Greater Wellington staff to develop an increasingly collaborative and effective working relationship.

As a consequence Greater Wellington expects to see continued improvements in three of the key service outcome measures: reliability; punctuality and customer satisfaction. These improvements should lead to an improvement in patronage in 2012/13 and beyond. However general economic conditions, the availability of employment in Wellington city and the price of petrol also appear to be key influences on patronage but are all outside Greater Wellington's control.

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 relatively safe for customers and staff.

We anticipate 2012/13 to be another busy year for rail related communications with significant activity to include:

- The rollout of electronic signs displaying 'real time' information at all stations and on all trains
- Further close work with KiwiRail on passenger communication intended to reduce duplication of information, absorb timetables into the Metlink website and incorporate train service disruptions into the Metlink website and mobile website
- Investigating opportunities for earning revenue from the sale of advertising rights on rail assets.





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5 Asset management: rolling stock

5.1 Overview

During 2011/12 Greater Wellington took delivery of most of the new Matangi fleet and acquired ownership of the Ganz fleet from KiwiRail. Greater Wellington now owns significant rolling stock assets:

Type	Quantity	Design Life	Comment
Matangi EMUs	45	2040	45 EMUs out of a total of 48 had arrived in New Zealand by 30 June 2012 and 36 had been commissioned for revenue service.
Ganz Mavag EMUs	43	2013	The Ganz fleet is under consideration for replacement or refurbishment.
English Electric EMUs	35	N/A	The EE fleet was retired in June 2012.
SW Carriages	18	2032	Currently operating on the Wairarapa line.
SE Carriages	6	2013	To be refurbished for use on the Wairarapa line plus extend design life.
AG Van	1	2032	Supports the SW carriages on the Wairarapa line.

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

During 2011/12 a first draft asset management plan (AMP) was developed to set asset performance goals, establish a maintenance programme for each asset over its life cycle and identify the resources required to maintain the assets in accordance with the programme.

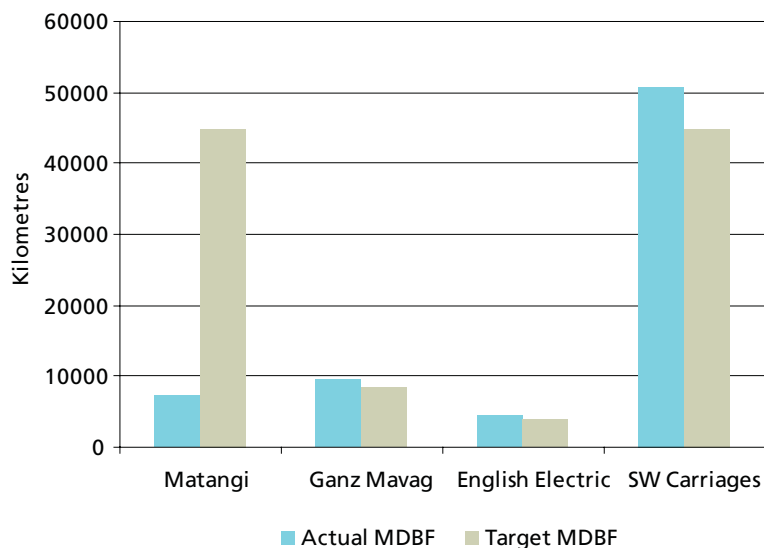
5.2 Achievements

Greater Wellington 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

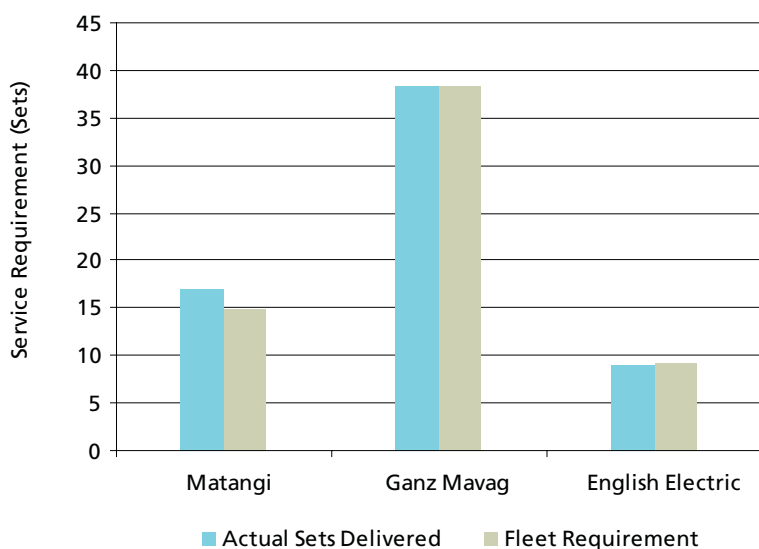
The following graph presents the Greater Wellington EMU fleet Mean Distance between Failure (MDBF) performance compared with the target over the previous 12 months.



The graph shows that the Matangi MDBF fell well below the target of 45,000km. This is attributed to the delayed introduction of the Matangi fleet and the resultant low numbers of units in service. A relatively small number of failures had a disproportionate impact on the reliability figures³. It is notable that the Ganz Mavag and English Electric EMUs in the most part met their respective target distance although, as expected, English Electric EMU performance fell away as the final units were withdrawn from service. The SW carriage fleet met and exceeded the MDBF target. The predominant faults were generator cooling and over heating wheel sets. These have been investigated and solutions are being put in place.

Fleet Availability

Sixty-three EMUs are required each day to meet the weekday morning and afternoon peaks. The Ganz Mavag fleet provided the majority of this requirement. The following graph shows the average availability against the requirement for each of the three EMU fleets.



The graph above shows that the availability of the Ganz Mavag fleet was as planned whilst the availability of the English Electric fleet was less than planned. This is not surprising considering the English Electrics had reached their life of type and were being withdrawn from service. However, there were enough Matangi available to ensure that 63 units were made available each day.

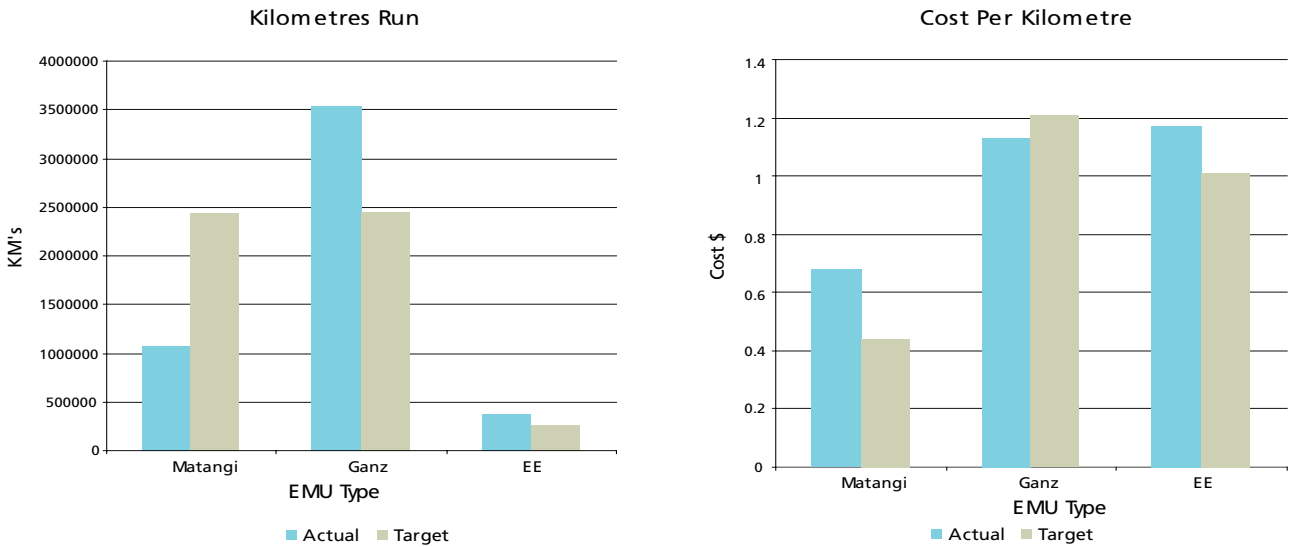
³ The reliability of Matangi has since increased to a level well above the target of 45,000km



Fleet Maintainability

Maintenance of Greater Wellington’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, and unplanned maintenance in response to unexpected equipment failure and break down.

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



The low Matangi usage increased the cost per km for the Matangi fleet overall; this is because planned maintenance is carried out on a time or km basis whichever comes first, and so maintenance was being undertaken at the scheduled time even though the fleet had travelled few kilometres. The inverse occurred with the Ganz Mavag fleet, for which higher than planned usage reduced the running cost per km compared to the target cost.

5.3 Outlook for 2012/13

Greater Wellington’s rolling stock Asset Management Plans will be finalised and implemented after feedback from NZTA and the Office of the Auditor General has been received (and updated every three years thereafter).

Greater Wellington will continue to develop an increasingly effective working relationship with the contracted rolling stock maintainer, KiwiRail.

The last of the 48 Matangi EMUs will enter service by October 2012.

Greater Wellington will complete:

- negotiations with Hyundai Rotem to supply further Matangi to replace the Ganz Mavag fleet
- the disposal of the English Electric fleet
- the conversion of the SE cars for use on the Wairarapa line
- upgrades to the generator used to power the SW carriages so longer trains can be operated on the Wairarapa line.





6 Asset management: station-based assets

6.1 Overview

During 2011/12 Greater Wellington acquired most of KiwiRail's station-based assets. Greater Wellington's current portfolio of station based assets includes:

Asset Group	Asset Type	Quantity
Stations	Various	48
Station Buildings	Buildings	18
Station Shelters	All sites	44
Station Pedestrian Structures	Overbridges	14
	Subways	13
Facilities	Cycle racks & lockers, seating, litter bins	75
Access	Paths, handrails, fence, stairs, barriers, ramps	48
Parking Sites	Car park	34
CCTV	CCTV equipment & infrastructure	19
Rail Depot Buildings	Buildings	7
Miscellaneous	Depot equipment	17
Signage	Signs	206
Lighting	Lights	122

6.2 Achievements

When Greater Wellington acquired ownership of these station - based assets little was known about their condition. A four phase approach was developed to bring all the assets under the umbrella of a planned maintenance regime, and to identify where like for like renewal work and minor improvements were required. All four phases were completed and involved:

- assessments of all the assets
- immediate safety-related work resulting from those assessments
- prioritising like for like and minor improvement works
- putting in place routine maintenance, cleaning and security contracts.

Other notable achievements in 2011/12 included:

- Station refurbishment. Major construction work was carried out at Naenae Station on the main station building and staircase. As at June 2102 the new main staircase and roofing slab had been installed and the iron supports for the new shelter roof were in place.
- Car parks. Twenty-two new car parking spaces were provided at Trentham Station and 23 spaces were provided at Wallaceville Station.
- Platform signage. New platform signs showing the name and direction of the next station were installed across much of the rail network.
- Pedestrian footbridges. The footbridges at Kaiwharawhara and Wingate stations were strengthened
- Cycle lockers. The administration and maintenance of cycle lockers on stations was markedly improved. A number of lockers have now been repaired and reopened for service. There are waiting lists for lockers at Wellington, Porirua, Melling, and Waterloo stations.
- Station cleaning. A new three year contract was awarded for the cleaning and minor repairs of stations within the Wellington urban network to ensure the stations are cleaned and maintained to an appropriate standard.
- Security. A three year security contract was awarded to bring together all security services including CCTV installation, security guard patrols, CCTV monitoring and the coordination of guard response.

6.3 Station-based asset performance

Greater Wellington 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.

Average Condition Grading 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	2.4	11	2.2	1	2.0	nil	-	6	1.8
Kapiti	6	2.3	14	2.1	4	2.4	5	2.2	11	1.0
Melling	1	2.0	1	1.4	nil	-	nil	-	1	1.0
Hutt Valley	6	2.6	12	2.2	9	2.7	8	2.7	11	1.8
Wairarapa	4	2.3	6	2.1	nil	-	nil	-	5	1.4

The purpose of the maintenance programme is to maintain the assets at a condition grade of 2.5 (average – excellent) or better. The like for like renewals and improvement programme focuses on those assets graded worse than 2.5 (average – extremely poor) which need to be renewed or improved.

6.4 Outlook for 2012/13

Like for like renewals and minor improvements

Greater Wellington adopted a rail asset prioritisation framework in August 2012 (http://www.gw.govt.nz/assets/council-reports/Report_PDFs/2012_344_1_Report.pdf) and will use this framework to prioritise like for like renewals and minor improvement projects in 2012/13. The asset prioritisation framework aims to ensure that high use stations are prioritised for funding but that lower use stations do not go without. Greater Wellington also retains some unallocated budget that is available for opportunities to either complement existing work or bring forward benefits that otherwise might fall below the funding line.

Capital works

In 2012/13 Greater Wellington's programme for capital works on its station-based assets will include:

- Station refurbishment. During the three months from Christmas 2012 the Tawa Station building will be demolished and replaced, and essential work will be undertaken on the pedestrian overbridge.
- Car parks. Negotiations will continue with NZTA for the purchase of additional car parking land.
- Platform signage. Signage improvements for all stations will be completed.
- Security. CCTV, beam detectors, additional lighting and improved fencing will be installed at Upper Hutt and Paekakariki stations and Wellington West Rail Yard, and improvements will be made to the Waikanae stabling area.







7 Strategic management of metro rail

7.1 Framework for the strategic management of metro rail

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

- Metro Rail Operating Model
- Wellington Regional Land Transport Strategy
- Wellington Regional Public Transport Plan
- Wellington Regional Rail Plan
- Greater Wellington’s Long Term and Annual Plans.

7.2 Performance Measurement

Greater Wellington measures its performance in the strategic management of metro rail by reference to the longer term strategic objectives and outcomes contained in the documents above.

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 2011/12
All of the parties involved in the purchase and delivery of metro rail services will have clear roles	<p>The implementation of the Wellington rail package has clarified the role of all parties.</p> <p>Greater Wellington’s role is to own all metro specific rail assets (excluding traction) and purchase and co-fund metro rail services in the region.</p> <p>KiwiRail’s role is to own the rail network and to provide network access, rail operating services and rolling stock maintenance service under contract to Greater Wellington.</p>
The operation of metro rail services and routine maintenance of metro rolling stock will be contestable (at the discretion of the funding region)	Greater Wellington has started to explore many of the issues associated with designing and implementing a contestable procurement process and the transition to a new performance - based contract.
There will be a strong focus on performance based contracts with appropriate transfer of risks for the delivery of metro rail services	Greater Wellington and KiwiRail negotiated to include performance based financial incentives in the 2013 network access agreement and in the longer term agreement beyond 2013.
There will be a strong focus on transparency so that costs, accountability and who pays can be clearly identified	This annual report is intended to provide increased transparency which has been enabled in part by improvements Greater Wellington and KiwiRail staff have made to financial reporting templates.

Wellington Regional Land Transport Strategy

The Regional Land Transport Strategy 2010-2040⁴ (RLTS) identifies a number of outcomes sought for the region's land transport network over the next ten years.

RLTS outcomes	Metro rail contribution 2011/12
Increased peak period passenger transport mode share	Rail patronage in peak period declined by 2.6%.
Increased mode share for pedestrians and cyclists	Bikes on trains policy reviewed, free carriage of bicycles introduced, bicycle storage facilities installed at more stations, and administration and maintenance of bicycle lockers improved.
Reduced greenhouse gas emissions	Transport-generated CO2 emissions totalled 1,076 kilotonnes in 2011/12, a reduction of 0.9% compared to 2010/11.
Reduced severe road congestion	Commuter services to/from Waikanae have increased patronage on the Kapiti Line and likely reduced State Highway 1 congestion.
Improved regional road safety	The Total Mobility Scheme is reported on separately.
Improved land use and transport integration	More car parking at Wallaceville and Trentham stations.
Improved regional freight efficiency	Double tracking (undertaken within WRRP) from McKay's crossing to Waikanae on the Kapiti line has yielded benefits for rail freight movements in and out of the region

Wellington Regional Public Transport Plan

Greater Wellington's Regional Public Transport Plan 2011- 2021⁵ (RPTP) identifies a number of objectives sought for the region's land transport network over the next ten years.

RPTP objectives	Metro rail contribution 2011/12
Simple, easy to understand services that go where people want to go	The four fixed 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; and park and ride parking is provided at many stations.
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 investment in new trains and station upgrades, as was service reliability and punctuality – refer Section 4.
Improved accessibility for communities and groups whose needs are not met by the regular public transport network	N/A
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. 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. Fares were increased during the year to maintain the fare recovery ratio.
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.

⁴ <http://www.gw.govt.nz/rlts/>

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



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. Customer service training is now a standard part of metro operations training.
RPTP objectives	Metro rail contribution 2011/12
An integrated public transport network that provides value for money	Value for money has been tested through procurement processes for security and station cleaning. A performance based Interim Network Access Agreement is in place.
Effective and efficient allocation of public funding	Improved financial and management monitoring and reporting provided increased confidence that spending is effective and efficient.

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.

The RRP is designed to be reviewed every three years, in line with the Greater Wellington's Long Term Plan and the Regional Land Transport Programme. The current RRP was completed in July 2009 and work on reviewing and updating began in late 2011.

An interim update to the RRP in December 2011 found that the recent network investment, including rail corridor enhancements and system strengthening, has delivered greater gains in network performance than originally anticipated. Consequently a further increase in network capacity and performance contemplated by the first stage of the Regional Rail Plan (RS1) may be achieved with a lesser capital investment than originally anticipated.

The full review of the RRP will be completed in the second quarter of 2012/13.

Greater Wellington Long Term Plan

Strategic outcomes are set out in Greater Wellington's Long Term Plan 2009-19 (LTP). Transport primarily contributes to the community outcome 'connected community' by enabling people to connect well with others in the Wellington region through public transport systems.

Long-Term targets by June 2019	Actual
Passenger transport will account for at least 25 million peak-period trips per annum by 2016	In 2011/12, passenger transport accounted for 19.1 million peak period trips. Rail trips accounted for 38% of this total.
Transport generated CO2 emissions will remain below 1,065 kilotonnes per annum until 2016	In 2011/12, transport generated CO2 emissions totalled 1,076 kilotonnes, a decrease of 0.9% compared to 2010/11.
Average congestion on selected roads will remain below 20 seconds delay per kilometre despite traffic growth	All day average congestion was 22.2 seconds delay per kilometre travelled in March 2012. This is a slight increase from 21.6 seconds delay in March 2011. Congestion is greater in the morning peak, than the evening peak and inter-peak.
There will be improved road journey times for freight traffic between key destinations	All day average travel times for freight traffic between key destinations were found to be 24.8 minutes in March 2012, a slight increase from 24.3 minutes in March 2011.



Greater Wellington's Annual Plan

Greater Wellington's Annual Plan 2011/12 contains a number of key projects specific to metro rail as well as a number of short-term targets relevant to metro rail.

Key Projects	Comment
Continue working with KiwiRail to improve passenger rail reliability, performance and customer satisfaction	Refer section 4 – Service Outcomes.
Ensure quality standards are maintained for public transport users by continuing to develop and carry out new monitoring processes	Reorganisation of the Public Transport Group has enabled a more focused approach to monitoring rail services.
Continue delivery, commissioning and introduction of the new Matangi passenger trains into service	At the end of June 2012, 36 Matangi trains were in revenue service. A further nine are in Wellington undergoing commissioning testing and the remaining three will be delivered in September 2012.
Secure funding and commence refurbishment of the Ganz Mavag passenger trains	Achieved in September 2011, but subsequently superseded by agreement to explore the purchase of more Matangi EMUs
Ensure that rolling stock is maintained at a level that ensures vehicles are available for service and reliable	Refer to Fleet Availability in section 5
Extend rail commuter car park facilities (subject to available funding)	55 additional parking spaces were created at Trentham and Wallaceville Stations. NZTA agreed to sell and part fund further car park land at Porirua.
Continue the region-wide maintenance programme for rail commuter car park facilities	Achieved, including re-specifying these services and undertaking a contestable procurement process.
Continue introducing real-time information at bus stops and train stations to inform users when the next service will actually arrive (rather than its scheduled arrival time)	Progress was made toward overcoming technical issues. RTI signs were installed on many stations in preparation for roll out.

Short Term Target	Actual
Peak-time passenger trips using public transport will increase by 4%, off-peak passenger trips using public transport will increase by 6%	Peak-time public transport passenger trips increased by 1.7% and off-peak public transport passenger trips decreased by 1.0%, compared to the previous year.
The number of public transport vehicles that are wheelchair accessible will increase from the previous year	77 trains were wheelchair accessible, compared to 55 trains last year. 100% trains are now wheelchair accessible.
The number of bus and train services running on time will improve from the previous year	91.5% of train services ran on time (to 5 minutes) compared to 90.0% for the previous year.
All 48 new Matangi two-car trains will be in passenger service	At the end of June 2012, 36 Matangi trains were in revenue service. A further nine are in Wellington undergoing commissioning testing and the remaining three will be delivered in September 2012.
A rail station and carpark upgrade programme will commence.	The upgrade programme commenced and work completed includes: <ul style="list-style-type: none"> • Kenepuru station platform repairs carried out over the Christmas rail shutdown • Significant repairs to Naenae station with work scheduled for completion in August 2012 • Numerous safety remedial works were undertaken across the network on the worst condition assets

7.3 Outlook for 2012/13

Greater Wellington is well placed to deliver in 2012/13 on the various strategic outcomes, goals, objectives and targets that are contained in the strategic documents identified above.







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 ongoing costs and revenue for rail operations. These costs tend to be relatively constant from year to year and lend themselves to comparison between years.

Operational expenditure consists of the costs to:

- Operate the contracted services. These 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’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. Greater Wellington sets the fares for the whole public transport network in consultation with operators
- Rates levied by Greater Wellington
- Grants and subsidies from NZTA
- Other incidental revenue earned by the operator

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

8.2 Overall financial performance

Operational expenditure increased by \$12.1 million in 2011/12 and there was corresponding increase in revenue required to fund it.

The programme to renew and upgrade rail infrastructure and rolling stock continued with capital expenditure of \$120.1 million – this was primarily on the Matangi trains.

	2011/12	2010/11	Increase / -decrease
	\$ M	\$ M	\$ M
Operational revenue	80.4	69.0	11.5
Operational expenditure	80.4	68.3	12.1
Capital expenditure	120.1	91.3	28.7

Full financial statements for Wellington metro rail are included in Appendix 1.

8.3 Operational revenue

Operational revenue increased by \$11.5 million in 2011/12. Although fare revenue increased by \$2.9 million (increasing the average fare by 25 cents on very low passenger growth) most of the additional funding for the additional operational expenditure came from NZTA and Greater Wellington rates.

		2011/12	2010/11	Increase / -decrease
		\$ M	\$ M	\$ M
Fare revenue		38.0	35.1	2.9
Rates revenue		17.5	14.3	3.2
NZTA funding		24.4	19.0	5.5
Other revenue		0.5	0.6	-0.1
Total operational revenue		80.4	69.0	11.5
Passengers carried	Million	11.3	11.2	0.03
Average fare revenue per passenger	\$	3.37	3.12	0.25

8.4 Operational expenditure

Operational expenditure increased by \$12.1 million in 2011/12. The most significant components of the increase were the \$5.1 million increase in network renewals and the \$2.2 million increase in network operations and maintenance. These increases are the result of the Wellington Rail Package 2011. Under this package, Greater Wellington will pay the actual cost of ongoing network renewals and network operations and maintenance, commencing in 2011/12.

		2011/12	2010/11	Increase / -decrease
		\$ M	\$ M	\$ M
Train operations		43.9	42.3	1.6
Network operations and maintenance		9.4	7.2	2.2
Network renewals		6.3	1.2	5.1
Train maintenance		9.3	8.0	1.3
Station expenditure		1.3	1.9	-0.6
Metlink services		7.2	6.5	0.7
Insurance		2.0	0.2	1.8
Security		1.2	1.0	0.1
Total operational expenditure		80.4	68.3	12.1
Passengers carried	Million	11.3	11.2	0.03
Operational expenditure per passenger	\$	7.13	6.08	1.06



8.5 Capital expenditure and funding

Capital expenditure was \$120.1 million in 2011/2. Of this, \$116.9 million was for the new Matangi trains with most of the remainder being on heavy maintenance of rail rolling stock and station asset renewals. There was also \$0.3 million of grants paid to KiwiRail for capital work on the Wellington network. The Matangi trains were 90% funded through a MoT grant with most of the rest of the expenditure funded through a 60% grant from NZTA.

	2011/12	2010/11	Increase / -decrease
	\$ M	\$ M	\$ M
Capital expenditure	120.1	91.3	28.7
Grants paid for capital works	0.3	31.3	-31.0
MoT and NZTA funding (of capital expenditure)	109.6	110.6	-1.0

In addition, KiwiRail completed \$11.8 million of backlog renewal work on the network in 2011/12. This was 100% funded by MoT under a separate agreement with KiwiRail. This expenditure on the KiwiRail owned Wellington network has not been consolidated into these financial statements.

8.6 Non-operational revenue and expenditure

Non-operational revenue was \$115.5 million in 2011/12. Of this, \$109.6 million was grant revenue from NZTA and MoT for capital expenditure, as noted above. Greater Wellington rated the community \$5.9 million for the debt servicing costs of its share of past capital expenditure. Greater Wellington borrows to fund its share of capital expenditure and rates the community for the debt servicing costs over the life of the underlying asset.

	2011/12	2010/11	Increase / -decrease
	\$ M	\$ M	\$ M
Rates	5.9	5.2	0.7
Grants and subsidies	109.6	110.6	-1.0
Total non-operational revenue	115.5	115.8	-0.3

Non-operational expenditure was \$19.9 million in 2011/12. The most significant increase was a \$7.7 million increase in depreciation as Matangi trains were brought into service. The impairment of inventory was a result of the write-off of English Electric inventory and more rigorous inventory management. Grants paid to KiwiRail for capital work on the Wellington network were just \$0.3 million, a big decrease from the \$31.3 million the previous year as the work was largely complete.

	2011/12	2010/11	Increase / -decrease
	\$ M	\$ M	\$ M
Financial costs	2.5	1.5	1.0
Depreciation	14.3	6.6	7.7
Revaluation of Crown loan	1.3	1.2	0.1
Impairment of inventory	1.5	0.0	1.5
Grants paid for capital works	0.3	31.3	-31.0
Total non-operational expenditure	19.9	40.6	-20.7

8.7 Key assets and liabilities

The \$107.0 increase in property, plant and equipment mainly reflects asset purchases during the year (mainly the purchase of the Matangi trains) less depreciation for the year. Debt increased by \$12.9 million representing Greater Wellington's share of the capital expenditure.

The movement in inventory mainly reflects the impairment noted above

	2011/12	2010/11	Increase / -decrease
	\$ M	\$ M	\$ M
Property plant and equipment	299.3	192.4	107.0
Inventories	7.9	9.0	-1.1
Debt	58.4	45.5	12.9



Appendix 1: Financial Statements

WELLINGTON METROPOLITAN RAIL

STATEMENT OF INCOME FOR THE YEAR ENDED 30 JUNE 2012

	Note	2011/12 Actual \$000	2010/11 Actual \$000
Operational revenue			
Fares		37,981	35,102
Rates		17,491	14,266
Grants and subsidies		24,436	18,964
Other revenue		534	637
Total operational revenue		80,442	68,969
Operational expenditure			
Train operations	2	43,872	42,269
Network operations and maintenance		9,430	7,243
Network renewals		6,258	1,200
Train maintenance		9,282	7,995
Station Expenditure		1,255	1,867
Metlink Services		7,202	6,519
Insurance		1,956	204
Security		1,182	1,043
Total operational expenditure		80,437	68,340
Net operational income		5	629
Non-operational revenue (capex related)			
Rates		5,877	5,154
Grants and subsidies		109,640	110,628
Total non-operational revenue		115,517	115,782
Non-operational expenditure			
Financial costs		2,494	1,501
Depreciation		14,282	6,573
Revaluation of Crown loan		1,337	1,238
Impairment of inventory		1,487	
Grants paid for capital works		287	31,314
Total non-operational expenditure		19,887	40,626
Net non-operational income		95,630	75,156
Net surplus for the year		95,635	75,785

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

WELLINGTON METROPOLITAN RAIL

BALANCE SHEET AS AT 30 JUNE 2012

	Note	2011/12 Actual \$000	2010/11 Actual \$000
Current assets			
Bank and short term deposits		1	20
Receivables		3,747	5,759
Inventories		7,858	8,954
Total current assets		11,606	14,733
Non-current assets			
Property plant and equipment	3	299,328	192,363
Total non-current assets		299,328	192,363
Total assets		310,934	207,096
Current liabilities			
Payables		33,887	13,902
Revenue in advance		5,971	14,971
Total current liabilities		39,858	28,873
Non-current liabilities			
Debt	4	58,431	45,533
Total non-current liabilities		58,431	45,533
Total liabilities		98,289	74,406
Net assets		212,645	132,690

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 2012

Note 1 : Statement of accounting policies

Reporting entity

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 income and a balance sheet.

Statement of income

The statement of income 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 income to show the underlying revenue and costs.

Balance sheet

The balance sheet aggregates the balances from Greater Wellington Regional Council and Greater Wellington Rail Limited that relate to passenger rail operations in Wellington.

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 income

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 New Zealand Transport Agency and 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 2012.

Measurement base

The special purpose financial statements have been presented on a historical cost basis (unless stated otherwise).

All amounts are rounded to \$000 and are expressed in New Zealand currency.

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, the results of which form the basis of making the judgements about carrying values of assets and liabilities and reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates.

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 group 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.

Significant accounting policies

Where 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 and the Ministry of Transport. These grants and subsidies part fund Greater Wellington Regional Council's expenditure on the provision of public transport subsidies to external rail operators, the capital purchases of rail rolling stock 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 income are calculated figures based on actual expenditure.

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 assets held by Greater Wellington Rail Limited were valued by Bayleys Limited at depreciated replacement cost at 30 June 2011. Rolling stock assets held by Greater Wellington Rail Limited were valued by Halcrow Pacific Pty Limited at depreciated replacement cost at 30 June 2011. Subsequent purchases are at cost. These assets were considered to be presented at fair value at 30 June 2012 and accordingly no valuations were undertaken.



Assets held by Greater Wellington Regional Council

Station assets held by Greater Wellington Regional Council were valued at depreciated replacement cost as at 30 June 2008 by Duffill Watts Limited. Land was valued at market value and other assets at depreciated replacement cost.

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

(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

(e) Goods and Services Tax (GST)

All items in the special purpose financial statements are exclusive of GST with the exception of receivables which are stated as inclusive. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

(f) Inventories

Inventories are valued at the lower of cost or net realisable value after initial recognition.

(g) Bank and short term deposits

Bank and short term deposits includes 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 a 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 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 at 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.

Contractual commitments

Estimated contractual commitments at balance date but not provided for were \$70,410,000 (2011: \$150,996,000).

Note 2 : Train operations

	2011/12 Actual \$000	2010/11 Actual \$000
Labour	23,556	21,529
Materials & supplies	1,132	770
External / purchased services	3,136	3,904
Lease & rentals	1,253	2,110
Fuel and traction	4,356	4,393
Other expenses	1,673	1,442
Kiwirail internal contracts	2,574	2,088
Kiwirail overheads	2,892	2,667
Contract margin	3,300	3,366
Train operations	43,872	42,269

Note 3 : Property plant and equipment

	Work in progress \$000	Trains \$000	Station assets \$000	2011/12 Total assets \$000	2010/11 Total assets \$000
Cost / valuation	33,705	238,841	49,750	322,296	202,347
Less: Accumulated depreciation		21,057	1,911	22,968	9,984
Closing net book value	33,705	217,784	47,839	299,328	192,363



Appendix 2: Audit Statement

DRAFT FOR DISCUSSION PURPOSES ONLY

ASSURANCE REPORT ON THE COMPILATION OF SPECIAL PURPOSE FINANCIAL STATEMENTS INCLUDED IN THE ANNUAL REPORT OF METROPOLITAN RAIL

To the readers of Greater Wellington Regional Council's (the "Council") Wellington Metropolitan Rail Annual Report (the "Metro Rail Report") for the year ended 30 June 2012:

We have been engaged to provide a compilation opinion on the special purpose financial statements contained in the Metro Rail Annual Report on pages [... to ...], which comprises the special purpose balance sheet as at 30 June 2012, special purpose statement of income for the year ended 30 June 2012 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").

The Council's responsibility for the Special Purpose Financial Statements

The Council is responsible for preparing the Special Purpose Financial Statements required by clause 30 of the Asset Transfer Agreement between New Zealand Railways Limited, the Crown and the Council ("the Transfer Agreement"). The Special Purpose Financial Statements have been prepared 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.

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:

- On a basis consistent with the statement of accounting policies included in the notes to the Special Purpose Financial Statements that deal with the compilation of the Special Purpose Financial Statements; and
- From information that has been correctly extracted from the financial statements of Greater Wellington Rail Limited, the special purpose financial statements of Tranz Metro Wellington and the financial records of Greater Wellington Regional Council (collectively the "Source Documents").

We conducted our engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000 and the Standard on Assurance Engagements 3100 issued by the External Reporting Board. These standards require that we comply with relevant ethical requirements and plan and perform our work to obtain reasonable assurance about whether the Council has compiled the Special Purpose Financial Statements, in all material respects, as described above.

We are not responsible for updating or re-issuing any of the Source Documents used to compile the Special Purpose Financial Statements, nor have we, in the course of this engagement, performed an audit or review of the Source Documents used in compiling these Special Purpose Financial Statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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
English Electric	EMU manufactured by English Electric Co Ltd, in service from 1938 to 2012
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
Greater Wellington	Greater Wellington Regional Council, including its subsidiary GWRL
GWRC	Greater Wellington Regional Council
GWRL	Greater Wellington Rail Ltd, a company owned by Greater Wellington (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 – Greater Wellington’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.
MoT	The Ministry of Transport
Notifiable occurrences	The primary measure of safety, defined as any of the following: <ul style="list-style-type: none"> 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 at their destination at, or within 5 minutes of their scheduled arrival 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 Greater Wellington
RRP	Greater Wellington'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

Water, air, earth and energy – elements in Greater Wellington’s logo that combine to create and sustain life. Greater Wellington promotes **Quality for Life** by ensuring our environment is protected while meeting the economic, social and cultural needs of the community

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