
ORDINARY MEETING

OF

TRANSPORT AND URBAN DEVELOPMENT COMMITTEE

SUPPLEMENTARY AGENDA

Time: 9:15 am
Date: Thursday, 8 October 2015
Venue: Committee Room 1
Ground Floor, Council Offices
101 Wakefield Street
Wellington

Business	Page No.
2. General Business	3
2.1 Annual Report for Wellington Cable Car Ltd for the year ending 30 June 2015	3
2.6 Car Share Policy	53

2. General Business

ANNUAL REPORT FOR WELLINGTON CABLE CAR LTD FOR THE YEAR ENDING 30 JUNE 2015

Purpose

1. This report provides the Committee with the annual report and audited financial statements of Wellington Cable Car Limited (the company) for the year ended 30 June 2015 for Council approval in compliance with the requirements of the Local Government Act 2002.

Recommendations

That the Transport and Urban Development Committee:

1. Receive the information.

Background

1. It is a requirement of the Local Government Act 2002 (the Act) that where the Council is a shareholder in a council organisation it must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of:
 - The Council's objectives for the organisation
 - The desired results, as set out in the organisation's Statement of Intent
 - The Council's overall aims and outcomes.
2. In December 2014 Council's Governance Finance and Planning Committee resolved to bring the management of the operations of Wellington Cable Car Limited within Council.
3. The company still exists and requires a board of directors for administration and compliance purposes and it was agreed that the Chief Executive be delegated authority to appoint officers to the boards of Wellington Cable Car Limited. Council officers Andy Matthews and Anthony Wilson were appointed directors of the company effective 1 April 2014 and continue in the role as directors of the company.

Discussion

4. The audited annual report has been received from the company and is attached as an appendix to this report.
5. Representatives of the company will attend the Committee meeting to present the company's annual report and financial statements and answer any questions.
6. If the Committee needs to clarify the information presented or requires additional information it can ask officers or the Chair of the Committee to seek responses from the company.

Attachments

Attachment 1. Wellington Cable Car Limited Annual Report for the years ended 30 June 2015 Page 6

Author	Warwick Hayes, CCO Project Manager
Authoriser	Derek Fry, Director City Growth & Partnerships

SUPPORTING INFORMATION

Consultation and Engagement

The organisations in this report consult with the Council on a wide range of matters as part of our “no surprises” relationship.

Treaty of Waitangi considerations

This report raises no new treaty considerations.

Financial implications

The CCOs work within the context of the Council’s overall Long Term Plan and Annual Plan framework.

Policy and legislative implications

This report complies with the legislative requirements of the Local Government Act (2002) and is consistent with existing Council policy.

Risks / legal

Not Applicable.

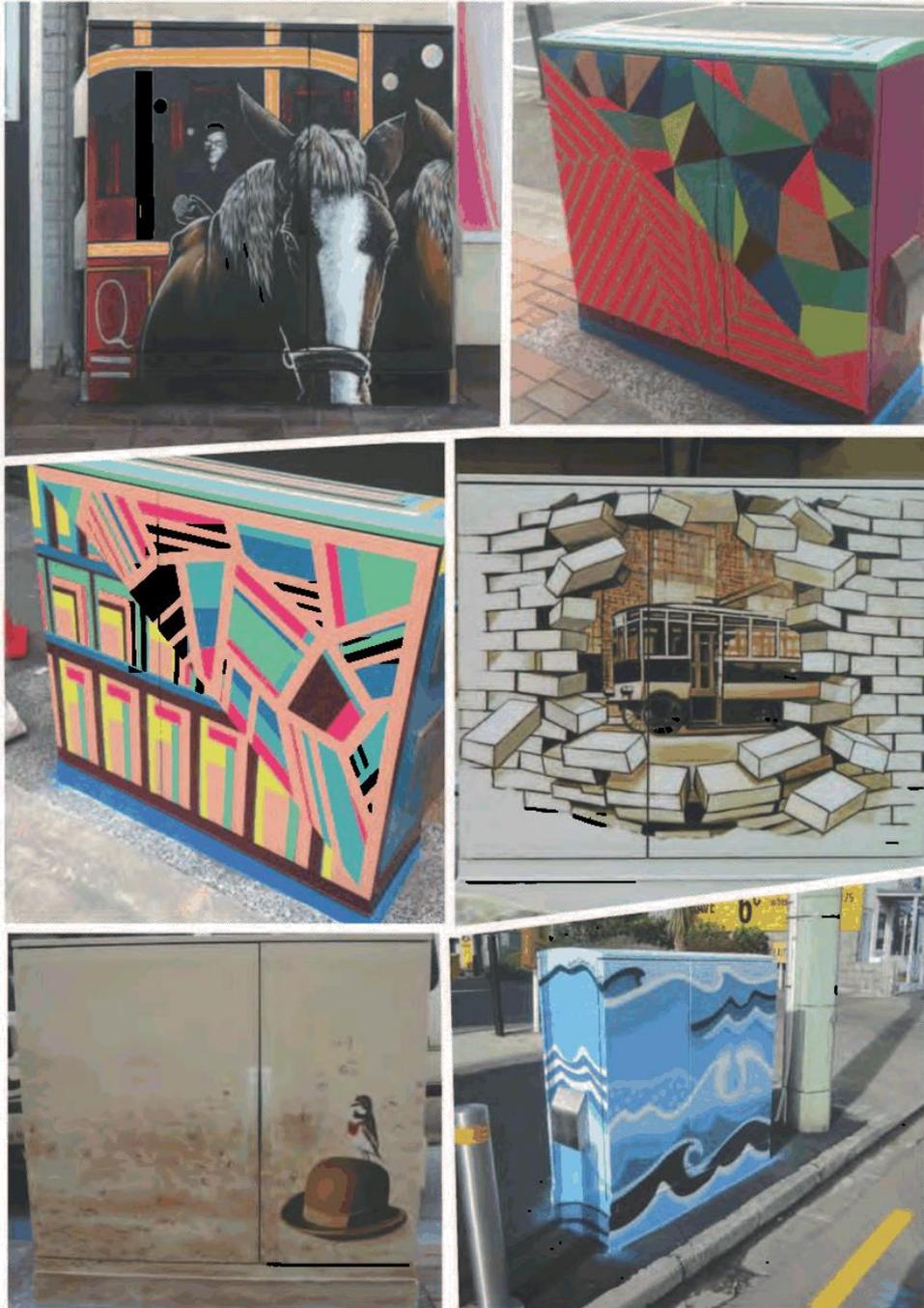
Climate Change impact and considerations

The CCOs work with the Council and other organisations in considering the environmental sustainability of their operations, including with the Council’s Our Living City programme.

Communications Plan

Not Applicable.





Wellington Cable Car Limited
Annual Report
For the Year Ended 30th June 2015

Contents	Page
Company Directory	1
Chairman's Report	2
CEO's Report	3
Statement of Compliance	8
Statement of Comprehensive Revenue and Expense	9
Statement of Changes in Equity	10
Statement of Financial Position	11
Cash Flow Statement	13
Notes to the Financial Statements	14
Statement of Service Performance	32
Auditor's Report	36

Wellington Cable Car Limited
Company Directory
As at 30th June 2015

Issued Capital	7,434,746 fully paid Ordinary Shares
Registered Office	30 Glover Street Ngauranga Wellington, NEW ZEALAND
Directors	Mr A W Matthews Mr A E Wilson
Company Number	502158
Auditors	Audit New Zealand on behalf of the Auditor-General
Bankers	ANZ Limited
Share Registry	Level 4, Civic Administration Building 101 Wakefield Street Wellington, NEW ZEALAND
Solicitors	Morrison Mallett
Date of Formation	2 April 1991

Wellington Cable Car Limited
Chairman's Report
For the Year Ended 30th June 2015

Chairman's Report

The role of Chair has been extremely interesting throughout the past 12 months due to the degree of change in both the external environment within which Wellington public transport operates, and the number of exciting projects and change initiatives underway. Whilst a lot of public focus has been concentrated on the possibility of local government reform and potential future projects such as the Basin Reserve flyover and the Bus Rapid Transit scheme, the availability of public transport funding as a result of these has a knock-on effect for smaller providers such as Wellington Cable Car Limited (WCCL).

WCCL is one of a small number of exempt public transport providers in New Zealand. Other examples include the Wellington Airport Valley Flyer bus service, the Devonport ferry and the Waiheke Island ferries. The Company has independently operated the Cable Car unsubsidised for many years but this is not sustainable in the long term for a variety of reasons including changes in Health and Safety legislation, increases in insurance costs in New Zealand due to the perception of seismic risk, and the need to review the asset management strategy and associated plan to reflect modern day rail industry practices. The Company has been talking to the New Zealand Transport Agency (NZTA) and Greater Wellington Regional Council (GWRC) for some time and will continue to liaise with these authorities to investigate how and when the Cable Car may become eligible to become part of the Metlink public transport network. This would open the door to a number of exciting other projects deemed essential including the regional integrated system.

As an ex-President of the Institution of Professional Engineers New Zealand (IPENZ), I am delighted and extremely proud of WCCL Traction Services for winning a New Zealand Engineering Excellence award for the excellent Trolley Bus Overhead Protection (TBOP) electrical fault protection system project. This pays testimony to their hard work and dedication in solving the difficult technical issue of how to deal with electrical safety for a public transport network that occupies 80km of the Wellington road network.

The Company continues to work proactively in working closely with WCC, GWRC and the Electricity Engineers' Association (EEA) to prepare for the introduction of the new Health and Safety at Work Act and associated statutes and regulations. Examples include presenting technical papers to the annual EEA conference, undertaking Hazardous Operability studies (HAZOPS) and reviewing Risk Registers to ensure that the Company continues to provide extremely safe transport options for the Wellington general public.

There will be a lot of change in the air for Wellington public transport in the next few years and Wellington Cable Car Limited has proved that it has the capability to play an important part in the process through its continued provision of safe, capable and affordable public transport options that meet the general public's needs now and into the future. The Company has proved repeatedly that it is agile and responsive to change, and this is of great benefit to the ratepayers and taxpayers of Wellington as well as Wellington City Council (WCC), GWRC and NZTA.

Finally, thank-you to all of our customers for their patronage throughout the year and well done to all of our staff and sub-contractors for their hard work and efforts over the past twelve months.

Anthony Wilson
Chair

Wellington Cable Car Limited CEO's Report For the Year Ended 30th June 2015

Chief Executive's Report

This is my second Chief Executive's report for Wellington Cable Car Limited and the pace of change alluded to in the 2013/14 annual report shows no sign of abating as wider consolidation and establishment of shared services organisations in the Wellington region continues. The Company's two operating divisions (the Cable Car and the Trolley Bus overhead electrical network) continue to work on a number of exciting projects in addition to their day jobs of providing and supporting two key transport elements within Wellington City. A snapshot of some of the year's highlights are outlined below.

Cable Car

The Cable Car carried 976,000 passengers during the 2014/15 financial year, and this is an increase of 20,000 over the preceding year (passenger revenue increased from \$2,140K to \$2,399K over the same period). The breakdown of passengers is split 50:50 between local residents (including Victoria University of Wellington students and staff) and tourists (in particular, cruise ship passengers). Local adult passenger numbers have increased slightly, however, underlying student numbers have permanently declined from previous years figures due to demographic changes in the location and numbers of university halls of residence. This has been offset slightly by the Cable Car recently being included in the Victoria University-intercampus travel scheme using Snapper cards (this commenced in June 2015).

Building upon the successful opening of the new Kelburn terminus building which was completed in 2013 and opened by the Mayor in 2014, new projects completed or substantially completed include new passenger gates and a point-of-sales system at the Lambton Quay terminus, and permanent installation of the fabulous LED lights (supplied by Angus Muir, funded by WCC).

This is installed and programmed in such a way that still images and videos can be projected across the tunnels. This proved wildly successful during the NZ Festival in March 2014 and has proved to be a major hit with customers and staff since it was formally re-opened on 15 June 2015.



Figure 1: Cable Car Tunnel Lights

Implementation of the results of the strategic marketing review undertaken in 2014 is progressing well and is already paying dividends as certain marketing activities have been taken back in-house and expanded upon. This process will continue to further enhance passenger numbers and revenue. Examples of other marketing initiatives include participation with the Council and Positively Wellington Tourism in city-wide events such as the Cricket World Cup. Improvements in customer processes undertaken this year included replacement of the passenger gates and point-of-sales system, transferring our multi-trip passes to Snapper and the introduction of the VUW intercampus travel scheme, again using Snapper cards.

**Wellington Cable Car Limited
CEO's Report
For the Year Ended 30th June 2015**

The next twelve months will herald the replacement of the Electric Drive and Controls system which will be undertaken over a two-month period during 2016 (the prime contractor for this will be Doppelmayer, and the Company will receive WCC LTP funding for this project). This exciting project will increase passenger-carrying capacity on busy cruise ship days by approximately 10%. Planning work continues for other significant capital works items including the replacement of the Cable Car rolling stock (passenger vehicles and bogies in 2025/6). As an addendum to this, dialogue has continued with NZTA and GWRC over the potential future inclusion of the Cable Car in the Metlink public transport network.

Two accreditation processes were successfully undertaken this year worthy of particular mention; Be Welcome accessibility report and the Qualmark scheme which is the New Zealand official tourism quality mark. The Cable Car is one of only two Wellington businesses to achieve a Gold Rating from the Be Accessible advocacy group denoting excellent levels of accessibility for groups who have may have additional requirements or difficulties with respect to vision, hearing, mobility, learning and children. The Cable Car first achieved Qualmark accreditation in March 2014 and this was successfully reaccredited in June 2015 with a score of 83%.

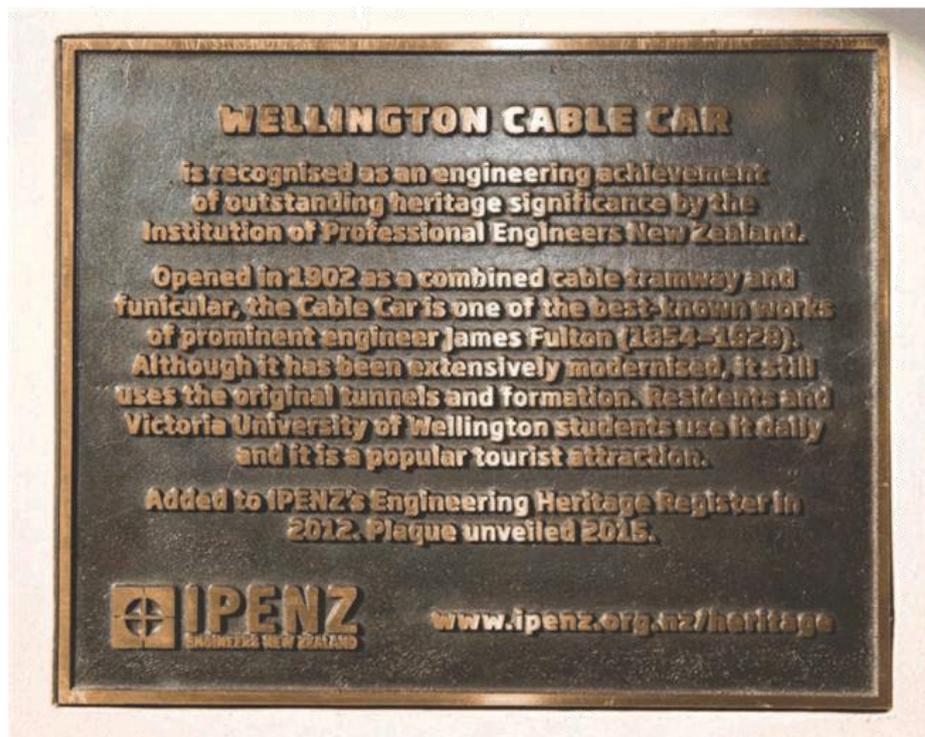


Figure 2: IPENZ Engineering Heritage Register Bronze Plaque unveiled on 15 April 2015

The Cable Car is extremely proud of its history and engineering heritage, and this was recognised by the Institution of Professional Engineers New Zealand (IPENZ) when the Cable Car was added to their Engineering Heritage Register in 2012. The construction of the new Kelburn Terminus provided the ideal spot within which to mount a bronze plaque denoting this event, and the unveiling ceremony was kindly conducted by the Mayor of Wellington, Her Worship Celia Wade-Brown on 15 April 2015.

Wellington Cable Car Limited CEO's Report For the Year Ended 30th June 2015

Trolley Bus Overhead Electrical Network

The Traction Services overhead electrical network continues to support 200,000 scheduled Trolley Bus services per annum over 80 Km of network suspended above the Wellington streets, under contract to Greater Wellington Regional Council (GWRC) using Transfield Services as our maintenance provider. The main ongoing focus is to ensure that the network remains operationally available in accordance with the GWRC contract requirements and meets all the requisite safety and technical requirements enacted under legislation. GWRC previously announced in the 2014 Regional Public Transport Plan that Trolley Bus services would cease in June 2017. As a consequence, the Company has been working in conjunction with GWRC and Wellington City Council to undertake preliminary planning and scoping of the overhead electrical network decommissioning.

The highlight for this year has been the successful completion of the technically challenging and complex Trolley Bus electrical fault protection project. This involved the manufacture, installation and commissioning of nine electrical fault protection cabinets along high usage parts of the network, and have successfully mitigated risks arising from changes in the Electrical Safety Regulations, enacted under the Electricity Act 1992.

I am delighted to be able to report that WCCL Traction Services (in conjunction with RCR O'Donnell Griffin, ProTecthion Consulting and GWRC) was the winner of a prestigious 2014 New Zealand Engineering Excellence award for this project (Information, Communication, Electrical and Electronic Technology Category) for this project.

The Company was also a finalist in the 2015 NZ Electricity Engineers' Association Engineering Excellence Awards for the same project. This is an immense achievement for an organisation of this size.



Figure 3: NZEE Award Trophy

Significant projects completed or nearing completion include two significant network section replacement projects in Karori running from the viaduct all the way through to the end of the bus turnaround. Projects still underway is a network section replacement project running from Newtown to Kilbirnie, and some minor network modifications plus the fitting of another electrical fault protection cabinet in between Hataitai and Kilbirnie. These works will mark the completion of planned significant capital works before the anticipated end-of-service date for the network in 2017.

**Wellington Cable Car Limited
CEO's Report
For the Year Ended 30th June 2015**

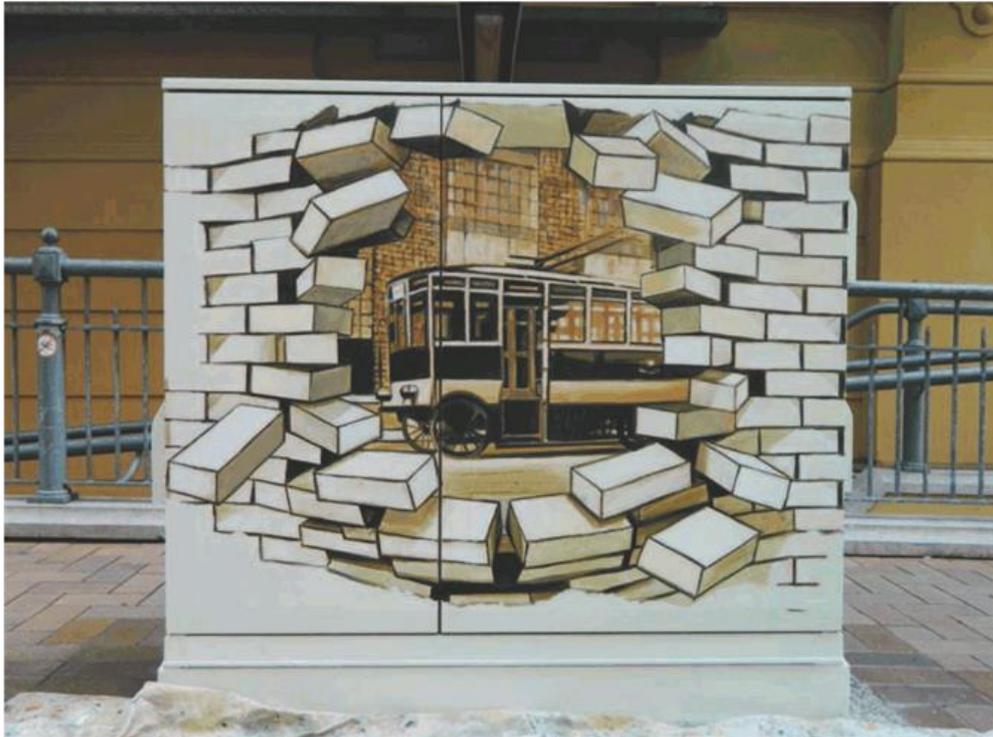


Figure 4: TBOP Electrical Fault Protection Cabinet in Pigeon Park, Te Aro

The Company has also been successful in continuing to negotiate a small number of new contracts with various Ultra-Fast Broadband providers to licence the installation of their equipment on the Trolley Bus network supporting infrastructure, and this will continue into 2015/16. This provides a small revenue stream that helps to offset network maintenance costs and, just as importantly, it ensures compliance with statutory legislation including the new Health and Safety at Work Act.

WCCL Traction Services has also been a key supplier to some of the more noteworthy civil construction projects in Wellington over the past 12 months including the Memorial Park Alliance Arras Tunnel, Victoria Street, the City Council Portico demolition, and Victoria University of Wellington Pipitea campus Rutherford House rebuild.

Charitable Donations

During the 2014/15 financial year WCCL made charitable donations of \$1,000 each to the following charitable organisations – the Bradley family from Paraparaumu on behalf of the Child Cancer Foundation, the HUHA (Helping You Help Animals) animal shelter and Inter Country Adoption New Zealand.

Wellington Cable Car Limited
CEO's Report
For the Year Ended 30th June 2015

Financial Result

The Company achieved a Net Surplus before Taxation of \$2,449K comprising \$602K from non-Trolley Bus overhead electrical network operations and \$1,847K relating to GWRC grant funding for the Trolley Bus electrical fault protection project (for which the underlying expenditure has been capitalised). There is no impairment in the carrying value of Cable Car or Trolley Bus network assets in this financial year. It is envisaged that the Company will utilise tax losses from Wellington City Council via a subvention payment.

The Cable Car carried 976,000 passengers during the 2014/15 financial year, and this is an increase of 20,000 over the preceding year. Passenger revenue increased from \$2,150K to \$2,399K over the same period.

Total grant funding of \$6,948K was received from GWRC during the year for Trolley Bus operations, maintenance and capital works (this includes the \$1,842K mentioned above for the Trolley Bus electrical fault protection project).

Renegotiation of existing Pole user licence agreements with Telecommunications companies during the year has had a positive financial impact for both current and future revenue streams. It is anticipated renegotiations of existing licence agreements will be completed with other Telecommunications companies during 2015/16.

The Company continues to maintain solid cash reserves, despite the impact of the Company fully funding the new Kelburn Terminus which was completed in December 2013 at an approximate cost of \$2,000K.

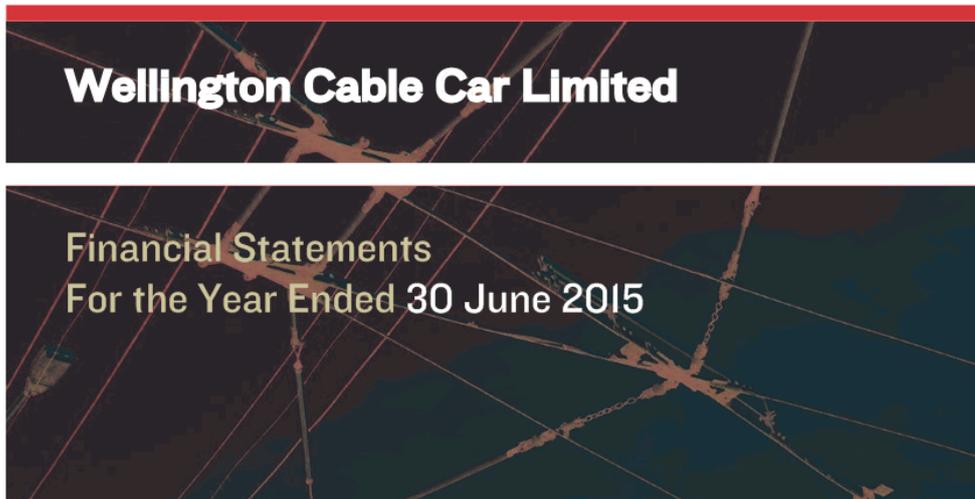
These financial results are forwarded in accordance with the new reporting standards for Public Benefit Entities (the Company's financial reporting status changed from that of a Profit Orientated Entity in 2014/15).

Summary

The continued safe delivery of thousands of public transport passengers per day and the sheer number of new projects undertaken pays testimony to the pride and professionalism of the employees, and the hard work and dedication that they put in on a daily basis. In particular, it is the excellent employees who continue to make the Company what it is and who continue to serve the Wellington local residents and tourist visitors alike with their infectious enthusiasm and can-do attitude.

As I approach the end of my second year in the role, I would like to thank all of our employees, contractors and, in particular, my senior leadership team (Andrew Cresswell, Matthew Hardy, Gavin MacIntyre and Bruce Jensen) for their outstanding efforts and support throughout the year.

Simon Fleisher
Chief Executive



Wellington Cable Car Limited
Statement of Compliance
As at 30th June 2015

The Directors of Wellington Cable Car Limited hereby confirms that all statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with.

Director  Director 
Date 

Wellington Cable Car Limited
Statement of Comprehensive Revenue and Expense
For the Year Ended 30th June 2015

	<i>Note</i>	<i>Actual 2015 \$</i>	<i>Budget 2015 \$</i>	<i>Actual 2014 \$</i>
REVENUE				
Operating Revenue	4	10,009,025	12,689,368	7,847,947
Interest Revenue		48,424	65,742	52,596
Gain on Disposal		19,130	-	78,839
Total Operating Revenue		10,076,579	12,755,110	7,979,382
EXPENSES				
Operations and general	5	5,792,740	10,629,939	5,707,512
Auditors' remuneration	6	34,040	30,300	27,781
Impairment of receivables		26,523	-	-
Directors' remuneration	7	42,672	42,672	58,000
Depreciation	13	367,207	346,179	256,775
Amortisation	14	8,901	21,657	22,797
Employees remuneration		1,204,167	1,274,434	1,233,781
Operating leases		151,022	160,308	132,868
Impairment	13	-	-	213,367
Total Operating Expenses		7,627,272	12,505,489	7,652,881
SURPLUS BEFORE TAX		2,449,307	249,621	326,501
Income Tax Expense	11	673,148	90,894	118,441
Subvention Payment Made		-	-	208,535
NET SURPLUS AFTER TAX		\$1,776,159	\$158,727	(\$475)
OTHER COMPREHENSIVE REVENUE OR EXPENSE:				
TOTAL COMPREHENSIVE REVENUE AND EXPENSE:		\$1,776,159	\$158,727	(\$475)

*Explanations of major variances against budget are provided in note 22.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

- 9 -



Wellington Cable Car Limited
Statement of Changes in Equity
For the Year Ended 30th June 2015

	Note	Actual 2015 \$	Budget 2015 \$	Actual 2014 \$
EQUITY AT START OF YEAR		7,622,649	7,623,091	7,623,124
Total Comprehensive Revenue and Expense		1,776,159	158,727	(475)
Distribution to Owners			(50,000)	
EQUITY AT END OF YEAR		<u>\$9,398,808</u>	<u>\$7,731,818</u>	<u>\$7,622,649</u>
MOVEMENTS IN ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE	19			
Accumulated Comprehensive Revenue and Expense at start of year		187,803	138,245	188,278
Net Surplus		1,776,159	158,727	(475)
Accumulated Comprehensive Revenue and Expense at End of Year		<u>1,963,962</u>	<u>296,972</u>	<u>187,803</u>
MOVEMENTS IN ISSUED CAPITAL	19			
Balance at Start of Year		7,434,846	7,434,846	7,434,846
Balance at End of Year		7,434,846	7,434,846	7,434,846
EQUITY AT END OF YEAR		<u>\$9,398,808</u>	<u>7,731,818</u>	<u>\$7,622,649</u>

*Explanations of major variances against budget are provided in note 22.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

- 10 -

27

Wellington Cable Car Limited
Statement of Financial Position
As at 30th June 2015

	<i>Note</i>	<i>Actual</i> <i>2015</i> \$	<i>Budget</i> <i>2015</i> \$	<i>Actual</i> <i>2014</i> \$
CURRENT ASSETS				
Cash and cash equivalents		1,084,396	93,425	458,214
Short Term Investments		289,345	200,000	278,368
Income Tax Receivable		-		4,679
Trade and other receivables	9	2,642,765	400,000	1,985,703
Inventories		696,896	700,000	633,699
Prepayments		552		11,532
Total Current Assets		4,713,954	1,393,425	3,372,195
NON-CURRENT ASSETS				
Property, plant & equipment	13	8,162,897	8,012,211	6,433,395
Intangibles	14	41,279		5,874
Total Non-Current Assets		8,204,176	8,012,211	6,439,269
TOTAL ASSETS		12,918,130	9,405,636	9,811,464
CURRENT LIABILITIES				
GST Payable		248,752	68,976	108,265
Income Tax Payable		210,130	90,894	-
Trade and other payables	10	1,934,977	668,948	1,362,932
Employee Benefit Liabilities		103,248	100,000	143,666
Finance leases - current portion	15	3,187		3,675
Total Current Liabilities		2,500,294	928,818	1,618,538
NON-CURRENT LIABILITIES				
Finance leases - non-current portion	15	-		3,188
Deferred tax liability	12	1,019,028	745,000	567,089
Total Non-Current Liabilities		1,019,028	745,000	570,277
TOTAL LIABILITIES		3,519,322	1,673,818	2,188,815
NET ASSETS		\$9,398,808	7,731,818	\$7,622,649

*Explanations of major variances against budget are provided in note 22.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

- 11 -

27

Wellington Cable Car Limited
Statement of Financial Position
As at 30th June 2015

	<i>Note</i>	<i>Actual</i> 2015 \$	<i>Budget</i> 2015 \$	<i>Actual</i> 2014 \$
Represented by:				
EQUITY				
Share capital	19	7,434,846	7,434,846	7,434,846
Accumulated Comprehensive Revenue and Expense	19	1,963,962	296,972	187,803
TOTAL EQUITY		<u>\$9,398,808</u>	<u>7,731,818</u>	<u>\$7,622,649</u>

For and on behalf of the Board:

Director  Director 
Date 30 Sep 15

*Explanations of major variances against budget are provided in note 22.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

27

Wellington Cable Car Limited
Statement of Cash Flow
For the Year Ended 30th June 2015

	Note	<i>Actual</i> 2015 \$	<i>Budget</i> 2015 \$	<i>Actual</i> 2014 \$
Cash flows from operating activities				
Receipts from operations		9,582,561	12,639,368	7,349,737
Payments to suppliers and employees		(7,003,019)	(12,640,600)	(7,205,709)
Payments of Tax		(6,399)		(15,499)
Subvention Payment			(90,894)	(208,535)
Goods and services tax (net)		140,487		(51,766)
<i>Net cash from operating activities</i>		2,713,630	(92,126)	(131,772)
Cash flows from investing activities				
Receipts from interest		45,411	65,743	68,282
Disposal of property, plant and equipment		19,130		33,089
Purchase of property, plant and equipment		(2,141,013)	(378,000)	(1,889,890)
Investment in term deposits		(10,976)		1,308,435
Matured Investment in term deposits				(278,368)
<i>Net cash from investing activities</i>		(2,087,448)	(312,257)	(758,452)
Cash flows from financing activities				
Dividend		-	(50,000)	-
<i>Net cash from financing activities</i>		-	(50,000)	-
Net (decrease)/increase in cash and cash equivalents		626,182	(454,383)	(890,224)
Cash and cash equivalents as at the beginning of the year		458,214	547,808	1,348,438
Cash and cash equivalents at the end of the year		<u>1,084,396</u>	<u>93,425</u>	<u>458,214</u>

*Explanations of major variances against budget are provided in note 22.
The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*



Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These are the financial statements of Wellington Cable Car Limited. Wellington Cable Car Limited is a company wholly owned by Wellington City Council and is registered under the Companies Act 1993. It is a Council-controlled Organisation as defined by Section 6 of the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of the Wellington Cable Car Limited is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Wellington Cable Car Limited has designated itself as a public benefit entity for Financial Reporting Purposes.

The financial statements are for the year ended 30 June 2015 and were approved by the Board of Directors on 30 September 2015.

Basis of Preparation

These financial statements have been prepared on the basis that the company is a going concern and has the continuing support of its shareholders. Based on the continuing financial support of its shareholders, the company would satisfy the solvency requirements of the Companies Act 1993.

Statement of Compliance

The financial statements of Wellington Cable Car Limited have been prepared in accordance with the reporting requirements of the Companies Act 1993 and the Local Government Act 2002.

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards. The company is eligible to report as a Tier 2 reporting entity with reduced disclosures on the basis that it does not have public accountability and is not large.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP) and they comply with PBE accounting standards.

Other accounting policies set out below have been applied consistently to all periods presented in these financial statements.

These financial statements are the first financial statements that have been presented in accordance with the new PBE Accounting Standards.

Measurement Base

The financial statements of Wellington Cable Car Limited have been prepared on an historical cost basis, except where modified by the revaluation of trolley bus overhead lines.

The information is presented in New Zealand dollars.

Changes in Accounting Policies

There has been one change in accounting policies, being in relation to the valuation of the Trolley Bus Overhead Network. The change being a move from the revaluation method to cost method. Please refer to Note 23 for further explanation of the change. All other policies have been applied on bases consistent with those used in previous years.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

Specific Accounting Policies

In the preparation of these financial statements, the specific accounting policies are as follows:

(a) Judgements and Estimations

The preparation of financial statements requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised when the revision affects only that period. If the revision affects both current and future periods, it is reflected in the current and future periods.

Judgements that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

(b) Property, Plant & Equipment

Recognition

Property, plant and equipment consist of operational assets. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Measurement

Property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised. In accordance with IPSAS 17, borrowing costs are capitalised if they are directly attributable to the acquisition, construction, or production of a qualifying asset.

Trolley Bus Overhead and Poles

The Traction network is valued at cost less accumulated depreciation in accordance with IPSAS 17, and annually reviewed for impairment to ensure its carrying value is accurately reflected. Please refer to Note 23 for further explanation.

Cable Car Asset

The Cable Car assets comprising the Cable Car Tracks & Wires and Cable Car Equipment are valued at cost less accumulated depreciation in accordance with IPSAS 17, and annually reviewed for impairment to ensure its carrying value is accurately reflected..

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment in accordance with PBE IPSAS 21 and PBE IPSAS 26. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue and Expense.

Disposal

Realised gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to Accumulated Comprehensive Revenue and Expense.

Depreciation

Depreciation is provided on all property, plant and equipment, except for assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The depreciation rates of the major classes of property, plant and equipment are as follows:

Cable Car Tracks & Wires	2%
Cable Car Equipment	2%
Cable Car Equipment	10%-33%
Computer Equipment	33%
Motor Vehicles	20%
Furniture & Fittings	20%
Trolley Bus Overhead Wire System & Fittings	2.5%-20%
Trolley Bus Overhead Wire System Equipment	10%

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work-in-progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed. It is transferred to the relevant asset class only if it is probable that future economic benefits associated with the item will flow to Wellington Cable Car Limited and the cost of the item can be reliably measured.

(c) Foreign Currencies

Transactions in foreign currencies that are settled in the accounting period are translated into NZD (the functional currency) using the spot exchange rates at the dates of the transaction. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Statement of Financial Position date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Statement of Comprehensive Revenue and Expense.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

(d) Intangible Assets

Intangible assets comprise computer software which has a finite life and is initially recorded at cost less any amortisation and impairment losses. Amortisation is charged to the Statement of Comprehensive Revenue and Expense on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer Software 3 years

Realised gains and losses arising from disposal of intangible assets are recognised in the Statement of Comprehensive Revenue and Expense in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the Statement of Comprehensive Revenue and Expense.

(e) Goods & Services Tax

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

(f) Income Tax

Income tax expense is charged in the Statement of Comprehensive Revenue and Expense in respect of the current year's results. Income tax on the surplus or deficit for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable revenue for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at balance date. Deferred income tax assets are recognised to the extent that it is probable that future taxable surplus will be available against which the temporary differences can be utilised.

(g) Inventories

Wellington Cable Car Limited's inventory comprises of items held in respect of maintaining and operating the Overhead Trolley Bus network. Any inventory items utilised in providing this service is reimbursed by Greater Wellington Regional Council at its cost to Wellington Cable Car Limited. In accordance with PBE IPSAS 12, all inventory has been valued at cost using the weighted average cost formula. Any inventory items that are reclaimed from the existing Overhead Network are entered into inventory at a nil cost value, and where subsequently refurbished, the refurbishment costs are included in calculating the weighted average cost of that item.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

(h) **Leases**

Finance Leases

Assets purchased under finance leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the property are included as non-current assets in the Statement of Financial Position. Finance Leases will be capitalised at the present value of the minimum lease payments. A corresponding liability is also disclosed with lease payments being apportioned between the liability and interest payments.

The depreciation policy for depreciable assets, that are the subject of a finance lease, will be consistent with that for assets that are owned, unless there is no certainty that the lessee will take ownership by the end of the lease term, in which case the assets will be depreciated over the shorter of the estimated useful life of the asset or the lease term.

Operating Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under these leases are expensed in the Statement of Comprehensive Revenue and Expense in the period in which they are incurred. Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Revenue and Expense as an integral part of the total lease payment.

(i) **Statement of Cash Flow**

The Statement of Cash Flow has been prepared using the direct approach.

Operating activities include cash received from all revenue sources of the company and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of the company.

(j) **Related Parties**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties also include key management personnel or a close member of the family of any key management personnel.

Directors' remuneration is any money, consideration or benefit received, receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of legitimate work expenses or the provision of work-related equipment such as cell phones and laptops.

(k) **Financial Instruments**

Wellington Cable Car Limited classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Trade and other receivables

Trade and other receivables are recorded at their fair value, less any provision for impairment. A provision for impairment is established where there is objective evidence that the company will not be able to collect all amounts according to the original terms of receivable. The amount of the provision is the difference between the asset's carrying amount and the present value of

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

estimated future cash flows discounted using effective interest method. Receivables with a short duration are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their fair value.

Short Term Investments

Short term investments comprise an ANZ term deposit that is invested for a period of less than 12 months. This is recorded at its fair value.

Trade and other payables

Short term payables are recorded at face value.

(l) **Revenue**

Wellington Cable Car Limited derives revenue from the cable car passenger service with fares being the sole source of income.

Additional revenue is received from projects in relation to the Traction Network to modify the network at the request of outside parties and there are also pole occupancy licences in place.

Revenue is recognised when billed or earned on an accrual basis.

(m) **Grants**

The trolley bus overhead wiring system funding is from contract payments by the Greater Wellington Regional Council.

Grants are recognised as revenue when received, unless conditions apply. Any grants for which conditions apply under the grant agreement are carried as liabilities until all the conditions have been fulfilled.

(n) **Expenses**

Expenses are recognised when the goods or services have been received on an accrual basis.

(o) **Employee Benefit liabilities**

A provision for employee benefits (holiday leave) is recognised as a liability when benefits are earned but not paid.

Holiday leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) and 16(4) of the Holidays Act 2003.

2. NATURE OF THE BUSINESS

Wellington Cable Car Limited owns and maintains the trolley bus overhead network in the Wellington City area and some suburbs providing a facility for the use of NZBus who are contracted to provide trolley bus services by Greater Wellington Regional Council. The cost of the overhead network maintenance is funded by Greater Wellington Regional Council.

Wellington Cable Car Limited also owns and operates the Wellington Cable Car providing a passenger service and acting as a tourist attraction for the city of Wellington.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

The cable car business is funded from cable car fares.

The funding agreement with the Greater Wellington Regional Council provides revenue to meet the cost of the overhead network maintenance for the Trolleybus Overhead wire system. Further revenue is derived from pole service charges levied on third parties utilising the company's poles to support telecommunication cables and other equipment. Revenue has also been derived from various pole placements arising from changes to the trolley overhead system to accommodate street and underground services changes. Management fees are also collected from third parties operating high vehicle/loads and those requiring safe access in proximity to the overhead wires by having the lines de-energised.

As a result of the review of public transport services during the 2014 year where a decision was made to cease Trolley Bus services in Wellington with effect from 30 June 2017, Wellington Cable Car Limited is currently planning for the de-commissioning of the network and working closely with Greater Wellington Regional Council and Wellington City Council on this. The quantum of this impact and any future changes as a result has not been quantified or resolved as yet however Wellington Cable Car Limited envisages that this will be further known in the year ended 30 June 2016. The de-commissioning project is to be funded through disposition of Overhead Network division assets, and further by assistance from Greater Wellington Regional Council and Wellington City Council.

3. CONTINGENT LIABILITIES

At balance date there are no known contingent liabilities (2014:\$0).

4. OPERATING REVENUE

	<i>2015</i>	<i>2014</i>
	\$	\$
Cable Car revenue	2,399,460	2,177,637
GWRC revenue	5,101,339	5,261,488
Third party contract revenue	371,889	311,930
Miscellaneous revenue	288,928	96,892
GWRC revenue - Safety Protection Project	1,847,409	-
	<u>10,009,025</u>	<u>7,847,947</u>

5. OPERATIONS AND GENERAL EXPENSES

	<i>2015</i>	<i>2014</i>
	\$	\$
Cable car operational costs	422,874	461,724
Overhead contractor expenses	1,696,330	1,394,413
Overhead operational costs	406,412	471,118
Overhead repairs and maintenance	2,403,794	2,587,832
Miscellaneous expenses	863,331	792,424
	<u>5,792,741</u>	<u>5,707,511</u>

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

6. AUDITOR'S REMUNERATION

Amounts received or due and receivable by Audit New Zealand on behalf of the Auditor-General for:

	2015	2014
	\$	\$
Auditing the financial statements	34,040	27,781
	<u>34,040</u>	<u>27,781</u>

7. RELATED PARTIES

Wellington Cable Car Limited (100% owned by WCC) contracts various services from Wellington City Council.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Wellington Cable Car Limited would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other Councils / Council Controlled Organisations are not disclosed as related party transactions when they are consistent with the normal operating arrangements between Councils / Council Controlled Organisations and undertaken on the normal terms and conditions for such transactions.

We are required to disclose the remuneration and related party transactions of key management personnel, which comprise the Directors, the Chief Executive, the Overhead Manager, the Cable Car Maintenance Manager and the Passenger Service Manager.

Key management personnel

	2015	2014
	\$	\$
Key management personnel remuneration	506,998	533,991
Full-time equivalent members	<u>4</u>	<u>4</u>

The following employees received remuneration greater than \$100,000 in the 2015 year:

	2015	2014
\$100,000 - \$109,999	-	2
\$110,000 - \$119,999	-	1
\$140,000 - \$149,999	1	-
\$200,000 - \$209,999	1	-

Directors' remuneration

	2015	2014
	\$	\$
R Drummond (Resigned 31 March 2014)	-	23,000
A Briscoe (Resigned 31 March 2014)	-	11,500
N Crauford (Resigned 31 March 2014)	-	11,500
A Matthews (Appointed 1 April 2014)	20,000	4,000
A Wilson (Appointed 1 April 2014)	<u>24,000</u>	<u>8,000</u>
Total Directors' remuneration	44,000	58,000
Full-time equivalent members	<u>2</u>	<u>3</u>

jj

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

Total Related Party Remuneration	550,998	591,991
Total Full-time equivalent members	<u>6</u>	<u>7</u>

There have been no other transactions with Directors other than Directors' remuneration.

In respect of director's remuneration, the amount stated above disclose actual amounts paid. The variance of \$1,328 to the Statement of Comprehensive Revenue and Expense relates to an over accrual in the prior year.

It is noted that the directors' remuneration listed above for A Matthews and A Wilson is payable to Wellington City Council.

8. FINANCIAL INSTRUMENTS

The accounting policies for financial instruments have been applied to the line items below:

Financial Assets

	<i>2015</i>	<i>2014</i>
	\$	\$
Cash and cash equivalents	1,084,396	458,214
Short term deposits	289,345	278,368
Trade receivables	2,570,767	1,976,889
Other receivables	<u>71,998</u>	<u>8,814</u>
Total Financial assets	<u>4,016,506</u>	<u>2,722,285</u>

Financial Liabilities

	<i>2015</i>	<i>2014</i>
	\$	\$
Trade payables	679,332	647,220
Sundry payables	1,252,565	715,595
Related party payables	<u>3,080</u>	<u>117</u>
	<u>1,934,977</u>	<u>1,362,932</u>

9. TRADE AND OTHER RECEIVABLES

	<i>2015</i>	<i>2014</i>
	\$	\$
Trade receivables	2,543,483	1,972,956
Related party receivables	<u>27,284</u>	<u>3,933</u>
Net trade receivables	2,570,767	1,976,889
Sundry receivables	<u>71,998</u>	<u>8,814</u>
	<u>2,642,765</u>	<u>1,985,703</u>

The above balance comprise the following :

Exchange: \$231,888 (2014: \$336,280)
Non-Exchange: \$2,410,877 (2014: \$1,649,423)

The provision for impairment has been calculated based on a review of significant debtor balances and a

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

collective assessment of all debtors (other than those determined to be individually impaired) for impairment. The collective impairment assessment is based on an analysis of past collection history and write-offs.

10. TRADE AND OTHER PAYABLES

	<i>2015</i>	<i>2014</i>
	\$	\$
Trade payables	679,332	647,220
Sundry payables	1,252,565	715,595
Related party payables	3,080	117
	<u>1,934,977</u>	<u>1,362,932</u>

11. INCOME TAX EXPENSE

	<i>2015</i>	<i>2014</i>
	\$	\$
Current year	222,719	10,885
Adjustments to current tax in prior periods	(1,510)	(1)
Deferred tax	451,939	107,557
	<u>673,148</u>	<u>118,441</u>

Reconciliation of effective tax rate:

	<i>2015</i>	<i>2014</i>
	\$	\$
Surplus for the period excluding income tax	<u>2,449,388</u>	<u>326,501</u>
Prima facie income tax at 28%	685,829	91,420
Effect of non-deductible expenses	1,430,595	1,417,779
Effect of tax exempt income	(1,945,649)	(1,473,441)
Prior period adjustment	(1)	12,024
Effect of group loss offset	0	0
Deferred tax adjustment	502,374	70,659
	<u>673,148</u>	<u>118,441</u>

Wellington Cable Car Limited's tax liability for 2014 was satisfied by way of withholding tax credits on interest earned. It is expected that the tax liability for the 2015 year will be offset by tax losses from / subvention payment to WCC however no amount has been provided for this.

	<i>2015</i>	<i>2014</i>
	\$	\$
Imputation credits available for use in subsequent periods	74,565	62,026

No adjustment have been made for credits associated with the tax payable for the year ended 30 June 2015 due to the expected tax loss offset/subvention payment with Wellington City Council.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

**12. DEFERRED TAX ASSETS AND
LIABILITIES**

Recognised deferred tax assets/(liabilities):

	Property, plant & equipment \$	Provisions \$	Total \$
Balance, 30 June 2012	(879,051)	148,618	(730,433)
Charged to Revenue	178,984	23,473	202,457
Charged to other comprehensive income	68,444	-	68,444
Balance, 30 June 2013	<u>(631,623)</u>	<u>172,091</u>	<u>(459,532)</u>
Charged to Revenue	(8,672)	(98,885)	(107,557)
Charged to other comprehensive income	-	-	-
Balance, 30 June 2014	<u>(640,294)</u>	<u>73,206</u>	<u>(567,089)</u>
Charged to Revenue	(457,496)	5,556	(451,939)
Charged to other comprehensive income	-	-	-
Balance, 30 June 2015	<u>(1,097,790)</u>	<u>78,762</u>	<u>(1,019,028)</u>

13. PROPERTY, PLANT & EQUIPMENT

	2015 \$	2014 \$
Cable Car and equipment		
Cost		
Opening balance	5,341,490	3,385,349
Additions	295,634	1,956,141
Closing balance	<u>5,637,124</u>	<u>5,341,490</u>
Accumulated depreciation		
Opening balance	1,327,585	1,225,554
Current year depreciation	115,687	102,031
Closing balance	<u>1,443,272</u>	<u>1,327,585</u>
Carrying amount	<u>4,193,852</u>	<u>4,013,905</u>
Cable car tracks and wires		
Cost		
Opening balance	1,363,778	1,363,778
Closing balance	<u>1,363,778</u>	<u>1,363,778</u>
Accumulated depreciation		
Opening balance	409,135	381,859
Current year depreciation	27,276	27,276
Closing balance	<u>436,410</u>	<u>409,135</u>
Carrying amount	<u>927,368</u>	<u>954,643</u>

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

	2015 \$	2014 \$
Trolley bus overhead		
Cost/Valuation		
Opening balance	461,333	692,000
Impairment	-	(230,667)
Closing balance	<u>461,333</u>	<u>461,333</u>
Accumulated depreciation		
Opening balance	-	-
Current year depreciation	11,966	17,300
Elimination of depreciation on impairment	-	(17,300)
Closing balance	<u>11,966</u>	<u>-</u>
Carrying amount	<u>449,367</u>	<u>461,333</u>
Wire system equipment		
Cost		
Opening balance	79,506	79,506
Closing balance	<u>79,506</u>	<u>79,506</u>
Accumulated depreciation		
Opening balance	47,582	39,779
Current year depreciation	6,883	7,803
Closing balance	<u>54,465</u>	<u>47,582</u>
Carrying amount	<u>25,041</u>	<u>31,924</u>
Motor vehicles		
Cost		
Opening balance	1,034,431	287,913
Additions	2,448	931,612
Disposals	(10,029)	(185,094)
Closing balance	<u>1,026,850</u>	<u>1,034,431</u>
Accumulated depreciation		
Opening balance	186,262	285,940
Current year depreciation	183,110	85,416
Disposals	(10,029)	(185,094)
Closing balance	<u>359,343</u>	<u>186,262</u>
Carrying amount	<u>667,507</u>	<u>848,169</u>
Furniture		
Cost		
Opening balance	61,238	61,238
Closing balance	<u>61,238</u>	<u>61,238</u>
Accumulated depreciation		
Opening balance	41,024	35,096

- 25 -

LD

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

	2015	2014
	\$	\$
Current year depreciation	5,808	5,928
Closing balance	46,832	41,024
Carrying amount	14,406	20,214
Computer equipment		
Cost		
Opening balance	256,250	253,564
Additions	26,947	6,476
Disposals	-	(3,789)
Closing balance	283,197	256,251
Accumulated depreciation		
Opening balance	236,889	228,717
Current year depreciation	16,477	11,021
Disposals	-	(2,849)
Closing balance	253,366	236,889
Carrying amount	29,831	19,362
Work-In-Progress		
Cost		
Opening balance	83,847	1,047,277
Additions	1,771,679	79,000
Transfers	-	(1,042,430)
Closing balance	1,855,525	83,846
Accumulated depreciation		
Opening balance	-	-
Current year depreciation	-	-
Closing balance	-	-
Carrying amount	1,855,525	83,846
Total Property, Plant & Equipment		
Cost		
Opening balance	8,681,873	7,170,625
Additions	2,096,707	2,973,228
Disposals	(10,029)	(1,231,313)
Impairment	-	(230,667)
Closing balance	10,768,551	8,681,873
Accumulated depreciation		
Opening balance	2,248,476	2,196,945
Current year depreciation	367,207	256,775
Elimination of depreciation on impairment	-	(17,300)
Disposals	(10,029)	(187,943)
Closing balance	2,605,654	2,248,477

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

	<i>2015</i>	<i>2014</i>
	\$	\$
Carrying amount	<u>8,162,897</u>	<u>6,433,396</u>

Motor Vehicles

It is noted that of the total carrying value of motor vehicles owned by Wellington Cable Car Limited, \$631,983 pertains to motor vehicles utilised in the Overhead division of the Company.

Trolley Bus Overhead Network

The Trolley Bus Overhead Network assets comprise both Poles and Wires. Wellington Cable Car Limited is unable to determine the split between poles and wires given the historical cost information when the network was acquired, however using the current replacement cost as a proxy, Wellington Cable Car Limited has calculated the split to be approximately 69% Poles and 31% Wires.

Restrictions

There are no restrictions over Wellington Cable Car Limited's property, plant & equipment. No property, plant or equipment are pledged as security for liabilities.

14. INTANGIBLES

	<i>2015</i>	<i>2014</i>
	\$	\$
Cost		
Opening balance	127,861	122,079
Acquired by direct purchase	<u>44,306</u>	<u>5,782</u>
Closing balance	<u>172,167</u>	<u>127,861</u>
Accumulated amortisation		
Opening balance	121,987	99,190
Current year amortisation	<u>8,901</u>	<u>22,797</u>
Closing balance	<u>130,888</u>	<u>121,987</u>
Carrying amount	<u>41,279</u>	<u>5,874</u>

Restrictions

There are no restrictions over the title of Wellington Cable Car Limited's intangible assets. No intangible assets are pledged as security for liabilities.

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

15. FINANCE LEASES

Finance leases are secured over the assets to which they pertain. Interest rates which are fixed for the term of the agreement are detailed below along with the original term.

	2015 \$	2014 \$
Leases outstanding at balance date:		
Telecom Rentals	3,187	6,863
Total	<u>3,187</u>	<u>6,863</u>
Repayable as follows:		
Less than one year	3,187	3,675
	3,187	3,675
One to five years	-	3,188
	-	3,188
Total	<u>3,187</u>	<u>6,863</u>

16. OPERATING LEASE COMMITMENTS

	2015 \$	2014 \$
Non-cancellable operating lease commitments:		
<u>Land and Buildings</u>		
Not later than 1 year	71,261	78,880
Later than 1 and not later than 2 years	14,870	48,956
Later than 2 and not later than 5 years	-	-
	<u>86,131</u>	<u>127,836</u>
<u>Plant and equipment</u>		
Not later than 1 year	19,446	3,859
Later than 1 and not later than 2 years	27,613	6,753
Later than 2 and not later than 5 years	-	-
	<u>47,059</u>	<u>10,612</u>
	<u>133,190</u>	<u>138,448</u>

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

**17. OPERATING AND CAPITAL
COMMITMENTS**

	2015 \$	2014 \$
<u>Contractor</u>		
Not later than 1 year	2,700,000	2,700,000
Later than 1 and not later than 2 years	2,700,000	2,700,000
Later than 2 and not later than 5 years	-	2,700,000
	<u>5,400,000</u>	<u>8,100,000</u>

Capital Commitments

At balance date there are no known capital commitments (2014: \$0)

18. BORROWINGS

Bank overdraft

Wellington Cable Car Limited's bank overdraft facility totals \$50,000. The current interest rate on the facility is 12.15% (2014:11.65%). The actual overdraft facility was un-drawn as at 30 June 2015 (2014: un-drawn).

19. SHAREHOLDERS' EQUITY

Capital

These shares have full voting rights and participate fully in all dividends and proceeds upon winding up.

	2015 \$	2014 \$
7,434,746 fully paid Ordinary Shares	7,434,846	7,434,846
Total Issued and Paid up Capital	<u>7,434,846</u>	<u>7,434,846</u>

**Accumulated Comprehensive Revenue and
Expense**

	2015 \$	2014 \$
Accumulated Comprehensive Revenue & Expense Opening Balance	187,803	188,278
Net Surplus after tax	<u>1,776,159</u>	<u>(475)</u>
Available for appropriation	<u>1,963,962</u>	<u>187,803</u>
Accumulated Comprehensive Revenue & Expense Closing Balance	<u>1,963,962</u>	<u>187,803</u>

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

20. SIGNIFICANT EVENTS AFTER BALANCE DATE

The following significant events occurred after balance date:

1. Wellington Cable Car Limited entered into a contract with Doppelmayr (NZ) Limited on 27 July 2015 for the supply of a new Electric Drive and Controls system. Wellington City Council is assisting with the funding in relation to this project, which will be undertaken over a two month period commencing June 2016.

21. STATUTORY DEADLINE

Section 67 of the Local Government Act 2002 requires delivery to shareholders and available to the public within three months of balance date.

22. MAJOR VARIANCES TO BUDGET

The following are explanations in respect of the major variances between the actual and budgeted results for the year ended 30 June 2015 for the financial reports on pages 9 to 13.

Statement of Comprehensive Revenue and Expense

The Company achieved minor cost savings and efficiencies over a number of areas relating to operating and maintaining the Cable Car, however the major variances relate to the Overhead Network.

The funding for the maintenance and capital works for the Overhead Network is supplied by Greater Wellington Regional Council (GWRC) and, as such, the Company does not derive a surplus on Overhead Network operations.

For the year ending 30 June 2015, the major variances relate to costs savings and deferrals in regard to three separate budgeted capital projects:

(a) Karori Stage 2 and Bus Highway No. 1 network section replacement projects which had a positive impact of approximately \$0.64m due to delays in construction mainly as a result of seasonal extreme weather conditions, and

(b) Trolley Bus electrical safety protection system. This was originally planned to be rolled out across the entire network wide rollout with estimated expenditure in 2014/15 of \$2.75m. However after the decision by GWRC to cease trolley bus services after June 2017, it was agreed with GWRC early during the financial year that a more limited rollout would occur with a \$0.91m reduction of expenditure required during 2014/15 to \$1.84m. Furthermore, from a Statement of Revenue and Expense perspective, the original budget had provided for these costs to be expensed, however the capital expenditure will now be capitalised post completion of the project (expected midway through the 2016 financial year). As a result, the costs at 30 June 2015 have been recorded on the Statement of Financial Position as having a positive impact for 2014/15 of \$1.84m, even though this expenditure will be capitalised in 2015/16.

Statement of Changes in Equity

The major variance between the actual position as at 30 June 2015 and that originally budgeted by the Company relates to the increased surplus for the year which is outlined above in the Statement of Comprehensive Revenue and Expense section.

The Company had also originally budgeted to declare a \$50k dividend to Wellington City Council,

Wellington Cable Car Limited
Notes to the Financial Statements
For the Year Ended 30th June 2015

however, it was subsequently decided by Wellington City Council that these funds were to be retained to fund future Company capital expenditure.

Statement of Financial Position

Other than the impact of the variance between the budgeted and actual surplus for the 2014/15 year which resulted in larger cash reserves than expected, the major variance in the Statement of Financial Position between the actual and budgeted positions is due to trade payables and trade receivables.

Trade payables and trade receivables are dependent largely on the timing of work completion and capital projects. For the year ended 30 June 2015, there were some significant projects which were in progress or recently completed for the Overhead Network, in particular the Trolley Bus electrical safety protection system and the Bus Highway No.1 network section replacement project. WCCL is required to fund certain costs and then retrospectively seek reimbursement from GWRC (for example, inventory), however for the majority of costs, GWRC funds the costs to WCCL prior to them being payable to WCCL's suppliers. As a result of this, both the trade receivables and trade payables balances were significantly higher than the Company had originally budgeted for.

Statement of Cash Flow

As discussed in the commentary on the Statement of Revenue and Expense, the receipts from operations and payments to suppliers are less than those budgeted for by the Company as a result of cost savings on overhead network projects, along with minor delays in project work due to seasonal extreme weather conditions and a reduction in project scope for the Trolley Bus electrical safety protection system.

**23. ADJUSTMENTS ON TRANSITION TO THE
NEW PBE ACCOUNTING STANDARD**

Wellington Cable Car Limited has reviewed the financial statements previously audited for the year ended 30 June 2014 and note there have been no numerical adjustments or reclassifications required arising from the transition to the new PBE accounting standards.

It is noted that in respect of the carrying value of the Overhead network assets, Wellington Cable Car Limited adopted the cost method on 1 July 2014. Wellington Cable Car Limited is using deemed cost as at 1 July 2014 as a proxy for actual cost, as we have insufficient information to quantify the historic cost of individual assets within this class. Given the nature of the assets and intended decommissioning, valuing these assets at cost is considered to be more informative to the user of the financial statements.



Wellington Cable Car Limited
Statement of Service Performance
For the Year Ended 30 June 2015

Wellington Cable Car Limited
Statement of Service Performance - Performance Targets and Other Measures for
the year ended 30 June 2015

Cable Car Service Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Cable car vehicles, track, tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZTA to be obtained each year.	Timely approval received	<i>Achieved.</i>
Cable Car service reliability	Percentage reliability	Greater than 99%	<i>Result 99.84%. Achieved.</i>
Cable Car Service maintains Qualmark endorsement to confirm that the Cable Car Service meets the established tourism standards	Qualmark endorsement maintained	Qualmark endorsement maintained when annual requalification is required (March 2015)	<i>Qualmark endorsement applied for and achieved in 2015.</i>
New Cable Car Asset Management Plan (AMP) produced	New Asset Management Plan produced	New Asset Management Plan produced and long term planning and financial implications fed into WCC planning system	<i>In Progress – AMP to be completed by 31 October 2015.</i>
WCCL can fund its long term Cable Car capital expenditure programme	Appropriate budgeted amount set aside each year for long term capital works programme	Sufficient financial reserves are maintained to permit funding of capital works programme through a combination of cash, borrowing and grants	<i>Not Achieved. As part of updating the Cable Car Asset Management Plan and the required capital works to be undertaken, in the short to medium term, WCC will be largely funding the Elective Drive replacement in the 2015/2016 year.</i>

Trolley Bus Overhead Network Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Inspection, maintenance repair and replacement of trolley bus overhead network components is successfully undertaken to ensure contracted levels of reliability are achieved	Number of network failures due to inadequate maintenance	Nil failures	None from current maintenance activities that were inadequate. WCCL believes there is a more appropriate measure to be reported on which can be measured more appropriately. The new measure (power outages) is reported below.

Wellington Cable Car Limited
Statement of Service Performance
For the Year Ended 30 June 2015

Performance Indicator	Measure	Target/Result	Actual
Number of power outages on the Trolley Bus Overhead Electrical Network attributable to WCCL.	Number of power outages occurring on the network.	24 per annum	There were 94 power outages in the 2014/15 year. This number includes outages arising from WCCL, Wellington Electricity, NZ Bus and third parties. For the 2015/16 year WCCL will report specifically on the stated performance indicator. ¹
Trolley Bus Overhead Network Asset Management Plan (AMP) updated and reviewed	Draft Asset Management Plan completion	Asset Management Plan agreed and planning / financial implications fed into GWRC planning system	<i>Achieved - AMP provided to GWRC on 22 August 2014.</i>
Trolley Bus Overhead Network Poles identified in the AMP 2014/15 as requiring urgent and critical replacement are programmed for replacement	Pole replacements completion	Completed in accordance with the programme	<i>The pole replacement programme for 2014/2015 was modified to 82 planned pole replacements. 15 poles from this programme were commenced but not completed due to third party work still being required.</i>
Network section replacement projects as agreed with GWRC are satisfactorily completed.	Network section replacement programme completion	Replacement completed in accordance with the programme	<i>Achieved.</i>
WCCL Pole occupants have formal contracts and appropriate pole user charges are being paid	Number of contracts current	All recent users have current contracts. All "Existing Works" users have contracts signed by 30 June 2015, and continue with current contracts.	<i>Pole occupants without existing user rights have paid their rental charges in accordance with their contracts. Occupants claiming "existing works" rights do not yet all have contracts concluded due to unresolved differences in interpretation of legislation however discussions have been had to enter into contracts even at a nil value to ensure safety areas are covered.</i>
GWRC funding agreement being complied with.	Number of breaches of agreement	Nil breaches by WCCL.	<i>Nil breaches have been from a reporting perspective and agreed with GWRC. No penalties have been incurred.</i>

¹ Reported results are based on information gathered from an internal database maintained by Wellington Cable Car Ltd. The provided information cannot be substantiated due to custom SQL scripts being required to generate detailed information, and this was unable to be generated before 30 September 2015.

Wellington Cable Car Limited
Statement of Service Performance
For the Year Ended 30 June 2015

Performance Indicator	Measure	Target/Result	Actual
Performance requirements in the GWRC Trolley Bus Overhead funding agreement are met.	GWRC Contract payments received	Paid in accordance with agreed funding levels	<i>All payments due have been received.</i>
	Other Contract Requirements	No complaints from GWRC	<i>Achieved.</i>

All of WCCL Activities Performance Measures

Performance Indicator	Measure	Target/Result	Actual
Compliance with appropriate regulations and statutes	Number of adverse comments from relevant regulatory authorities	Nil adverse comments	<i>Achieved</i>
Budgetary requirements approved by the WCCL Board are met	Degree of variance from budget	Within 10% or Board approved variance	<i>All variances approved and signed off by Directors at the following Board meeting.</i>
Board delegations are adhered to	Board and leadership team approvals of financial and contractual commitments and expenditure	All approvals of financial and contractual commitments and expenditure are in accordance with delegations policy	<i>Achieved</i>
WCCL Corporate and Operational Risks are proactively identified, assessed and managed to an As Low As Reasonably Practicable (ALARP) level using "Isolate – Eliminate – Minimise" principles	WCCL Corporate and Operational Risks are proactively identified, assessed and managed	Nil Extreme Risks extant High Risks are proactively managed in accordance with "Isolate – Eliminate – Minimise" principles	<i>Achieved</i>

Cable Car Patronage

All Passenger Trips

2014/15	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Estimated Passenger Trips	185,994	267,793	363,432	188,628	1,005,847
Actual Passenger Trips	193,281	268,787	318,017	196,331	976,416

17

Wellington Cable Car Limited
Statement of Service Performance
For the Year Ended 30 June 2015

Wellington Residents Satisfaction Survey:

The annual survey conducted by WCC asks the questions below:

Question	Target	Actual
Have you used the cable car in the last 12 months?	30% of respondents have used cable car	53%
How do you rate the standard and operational reliability of the cable car (Good or Very good)	95% of respondents with some knowledge of the cable car rate it Good or Very good	92%

Independent Auditor's Report

**To the readers of
Wellington Cable Car Limited's
financial statements and performance information
for the year ended 30 June 2015**

The Auditor-General is the auditor of Wellington Cable Car Limited (the company). The Auditor-General has appointed me, Mari-Anne Williamson, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages 9 to 31, that comprise the statement of financial position as at 30 June 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 32 to 35.

In our opinion:

- The financial statements of the company:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards with reduced disclosure requirements.
- The performance information of the company presents fairly, in all material respects, the company's achievements measured against the performance targets adopted for the year ended 30 June 2015.

Our audit was completed on 30 September 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand and Public Benefit Entity Standards with reduced disclosure requirements. The Board of Directors is also responsible for preparation of the performance information for the company.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the company.



Mari-Anne Williamson
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Wellington Cable Car Limited
would like to thank all its employees, sub-contractors
and supporting staff in Wellington City Council for their
hard work and efforts throughout the year.

CREDITS

Funding:

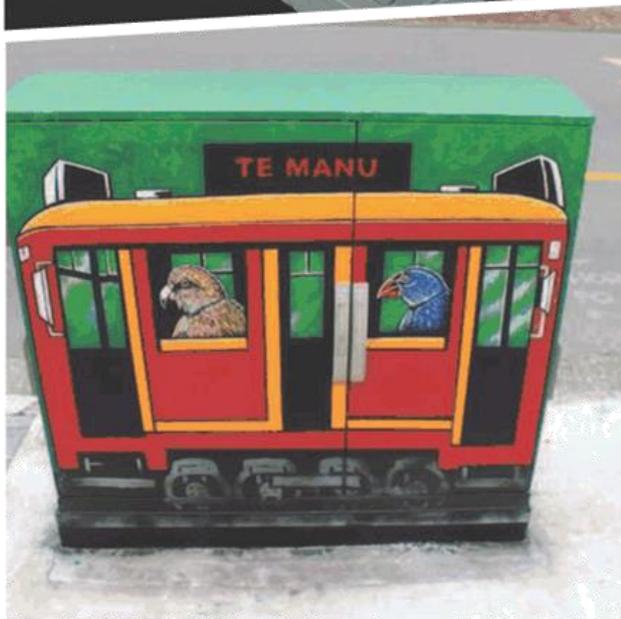
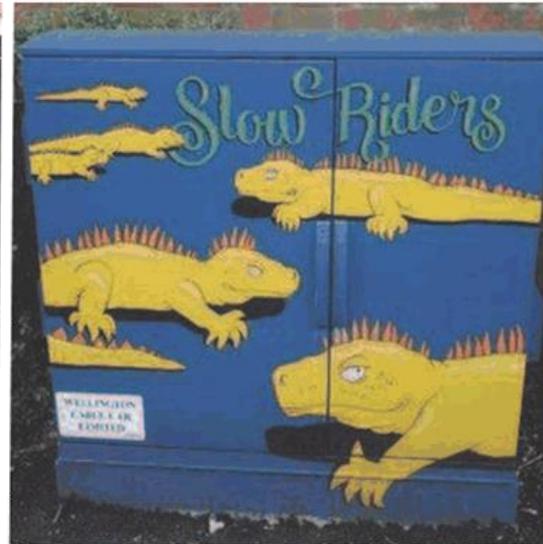
Wellington City Council
Greater Wellington Regional Council

Overhead Network Contractor:

Transfield Services Limited

All other Vendors and Suppliers

All Staff and Patrons



**Wellington Cable Car Limited and Wellington City Council
Trolley Bus Cabinet Mural Project**

Artists: Kelly Spencer Amy Church
Tina Rae Carter Tom Wallace
Jade Townsend Bruce Mahalski

30 Glover Street, Ngauranga,
Wellington, 6035 New Zealand
P: +64 4 473 2721
E: info@wellingtoncablecar.co.nz
W: www.wellingtoncablecar.co.nz

CAR SHARE POLICY

Purpose

1. Attached to the report is the draft Car Share Policy for review by the Committee and approval to consult on the draft Policy.

Summary

2. Car share schemes have become popular around the world and there is now growing interest in New Zealand for car sharing. The concept involves a car share organisation that provides cars in various locations. The cars are either owned or leased by the car share provider or by members, which are shared amongst members, who book cars through websites or phone and pay per hour.
3. Wellington City Council has adopted a strategic position in the Urban Growth Plan 2014-2043 to facilitate the provision of car share schemes in Wellington. This initiative seeks to help address the problems the city is facing in relation to the efficiency and sustainability of its transport network while also reducing our greenhouse gas emissions and responding to climate change. As cities grapple with the challenges resulting from increased congestion and pressure on road space, car share schemes are gaining traction world-wide as a Travel Demand Management (TDM) tool that can help reduce overall car dependence.
4. Part One of the attached draft Car Share Policy sets out the purpose of the policy, the objectives that the Council is seeking to achieve and the criteria against which the Council can assess applications from providers seeking Council support. A set of Design Guidelines sits alongside the Car Share Policy as Part Two of the Policy.
5. Following approval by the Committee, the public will be consulted on the draft Car Share Policy.
6. During the consultation period, a trial for car sharing will be held using on-street car parks. The trial will allow Council to assess utilisation rates of the on-street car parks and uptake of car sharing.

Recommendations

That the Transport and Urban Development Committee:

1. Receive the information.
2. Agree to approve the draft Car Share Policy for consultation.

Background

7. The Committee agreed at its 21 May 2015 meeting to officers developing a car share policy for consideration by the Committee. A workshop to inform the design of the policy was held in August 2015.

Discussion

8. The underlying problem that the Car Share Policy is seeking to solve primarily relates to current and future levels of congestion. To address this, the Council adopted a strategic position in the Urban Growth Plan 2014-2043 to facilitate the provision of car share schemes in Wellington. This initiative seeks to help address the problems the city is facing in relation to the efficiency and sustainability of its transport network while also reducing our greenhouse gas emissions and responding to climate change. As cities grapple with the challenges resulting from increased congestion and pressure on road space, car share schemes are gaining traction world-wide as a TDM tool that can help reduce overall car dependence.
9. The draft Car Share Policy is in two parts. Part One sets out the objectives and criteria of the policy and Part Two the rules of operation and design guidelines.
10. In recognition of the benefits of car sharing including the public good element and its role as a TDM measure, the draft Policy proposes that Wellington City Council will provide a full subsidy for on-street car parks in the CBD for the exclusive use of all authorised car share providers meeting Council criteria. The car parks will be allocated for a one year period, after which the provision of the car park will be reviewed.

Consultation

11. Consultation on the draft Car Share Policy will be held over a six week period. The draft Policy will be made available on the Council website with the public being invited to make submissions.
12. Officers will report back to the Committee on feedback received at the conclusion of the submission period. An updated draft Car Share Policy reflecting submissions received will be provided for consideration and referral to Council for adoption.
13. During the consultation period, the provision of on-street car parks for the exclusive and free use of car share vehicles will be trialled within the CBD during the remainder of the 2015/16 financial year. This will provide the Council with good information about the uptake of car sharing in Wellington where on-street car parks have been allocated.

Financial Implications

14. The operation of the car share scheme will involve costs for the Council, including internal legal and administrative costs and the cost of on-street modifications to signs and road markings. There will also be ongoing operational costs to administer the scheme as well as loss of parking revenue for parking spaces allocated to a car share vehicle. The intention is to charge car share providers a nominal fee for the administrative costs of issuing permits for the scheme.
15. Final costs will be determined when the location of the on-street car parks have been finalised. This information will be provided as part of the report back to the Committee on submissions.

Next Actions

16. Details about the car share trial are currently being worked through. Discussions about the criteria for providers and location of the car parks are being held with the incumbent car share provider and other organisations that have indicated an interest in the provision of car share services.

-
17. Further information about the trial, including which providers have agreed to participate will be provided at the Transport & Urban Development Committee meeting scheduled for 19 November 2015.

Attachments

Attachment 1. Draft Car Sharing Policy

Page 57

Author	Elise Webster, Principal Advisor
Authoriser	Anthony Wilson, Chief Asset Officer

SUPPORTING INFORMATION

Consultation and Engagement

It is proposed that the public be consulted on the draft Car Share Policy following agreement by Council.

Treaty of Waitangi considerations

The draft Car Share Policy has no specific Treaty of Waitangi considerations.

Financial implications

The operation of the car share scheme will involve costs for the Council, including internal legal and administrative costs and the cost of on-street modifications to signs and road markings. There will also be ongoing operational costs to administer the scheme as well as loss of parking revenue for parking spaces allocated to a car share vehicle.

Policy and legislative implications

The allocation of on-street car parks for the exclusive use of car share vehicles will require an amendment to the Wellington Consolidated Bylaw 2008 or Council Committee resolution.

Risks / legal

The allocation of the free and exclusive use of car parks for car share vehicles as proposed in the draft Policy may raise concerns for some members of the public, for example retailers adjacent to the car park and those with disability permits who pay for car parking. Members of the public will have the opportunity to provide feedback as part of consultation on the draft Policy.

Climate Change impact and considerations

The draft Car Share Policy will have a positive climate change impact through the reduction of greenhouse emissions as a result of the removal of some cars from the network.

CAR SHARE POLICY (DRAFT)

Part One: Objectives and Criteria

**Part Two: Rules of Operation
and
Design Guidelines**

October 2015

PART ONE: OBJECTIVES AND CRITERIA

Introduction

Car share schemes have become very popular around the world and there is growing interest in New Zealand for car sharing. The concept involves a car share organisation that provides cars in various locations. The cars are either owned or leased by the car share provider or by members, which are shared amongst members, who book cars through websites or phone and pay per hour.

Car sharing works best in areas of high urban density supported by good public transport access. Wellington is well suited for car sharing given the relatively high population density in the CBD, particularly in comparison to other New Zealand cities. There are also relatively low levels of car ownership amongst residents in Wellington's CBD for example amongst students. 14.5% of Wellingtonians don't own a car, with that number increasing to 45.6% amongst residents in Te Aro.

Wellington City Council has adopted a strategic position in the *Urban Growth Plan 2014-2043* to facilitate the provision of car share schemes in Wellington. This initiative seeks to help address the problems the city is facing in relation to the efficiency and sustainability of its transport network while also reducing our greenhouse gas emissions and responding to climate change. As cities grapple with the challenges resulting from increased congestion and pressure on road space, car share schemes are gaining traction world-wide as a travel demand management (TDM) tool that can help reduce overall car dependence.

Part One of the Car Share Policy sets out the purpose of the policy, the objectives that the Council is seeking to achieve and the criteria against which the Council can assess applications from providers seeking Council support. A set of Design Guidelines sits alongside the Car Share Policy as Part Two of the Policy.

The underlying problem that the Car Share Policy is seeking to respond to primarily relates to transport choice. Car sharing offers an additional means of transport for Wellingtonians, in conjunction with other transport modes. It will also contribute to a reduction in current and future levels of congestion. Along the local road network, buses and general traffic in Wellington city experience slow and variable travel times for a number of reasons including high traffic volumes. At the same time the city's population is expected to grow from the current 200,000 to 250,000 people which will mean that traffic volumes are also likely to increase, further exacerbating congestion levels.

Purpose of the Policy

In order to optimise Wellington's transport system, in a way that minimises the impact on the environment and make it more efficient, Wellington City Council has a transport hierarchy which places pedestrians at the top. Through the Council's overarching strategy *Wellington Towards 2040: Smart Capital* and the *Urban Growth Plan 2014-2043*, Wellington City Council supports a sustainable transport hierarchy which encourages walking, cycling and public transport. Car sharing fits within a broader definition of "public" transport, along with taxis.

Both strategies also focus on the liveability of the city. Car sharing contributes to a world-class quality of life, not only by helping to reduce congestion, but by providing alternative ways for people to move around the city in a way that suits them best and reduces a person's need to own a car.

The Council has also made a commitment to continue reducing our greenhouse gas emissions and responding to climate change by investing in our public transport network and cycle ways to reduce car use and improve travel efficiency. The Council will, where possible, encourage the use of electric cars within car share schemes.

The Council recognises in its *Urban Growth Plan 2014-2043* that cars will continue to be a necessary option for many people. Car share schemes allow people to have access to cars when they need one, without needing to own their own car, and in this way meet the Council's transport and climate change objectives.

It is anticipated that support for car share schemes will lead to a reduction in car ownership based on experience in cities such as Auckland, London, Sydney and San Francisco. In addition there are indications of greater use of public transport by people who car share. 40% of car share users in Auckland interviewed in 2014 were using more public transport since they started car sharing.

Car sharing objectives

The Council recognises the value of TDM measures, including car sharing, to improve the efficiency of its transport network. Car share schemes have the potential to contribute to the following objectives around transport, sustainability and quality of life by:

- Reducing the need to own a car
- Reducing congestion, by removing some cars from the network
- Reducing greenhouse emissions
 - through the removal of some cars from the network
 - as a result of car share vehicles typically being newer and more fuel-efficient than the average New Zealand vehicle
- Increasing the use of public transport, and encouraging the active modes of walking and cycling
- Freeing up parking spaces, and using street parking more efficiently
- Reducing the cost of living for residents as car ownership is reduced
- Contributing to the liveability of the city by increasing transport choice and providing alternative ways for people to travel.

A key plank of the policy is the development of a comprehensive monitoring and evaluation framework to assist with evidence gathering to assess whether these objectives have been met.

The use of TDM measures has also been included in the Wellington Regional Land Transport Plan (RLTP). TDM is described in the Wellington RLTP as a collection of measures used to:

- Maximise the use of the existing network
- Reduce the demand for travel, particularly by single occupancy vehicles

- Influence the use of efficient and sustainable travel options.

Car share schemes address the 'demand side' of TDM measures in terms of the provision of good travel options and associated promotion of behaviour change. Its growth in cities around the world, including Auckland, suggests there is increasing interest by car users in exploring alternative ways of accessing vehicles for those times when they need a car, without the need to own a car, or at least a second car.

It is difficult to say what level of behaviour change we can expect to see in Wellington and when, although it is likely that we could only expect to see real benefits over the longer term.

Benefits

There is a wide range of benefits that have been attributed overseas to membership of car share schemes, at a personal and systemic level. To date, little evidence has been collected about the benefits achieved in New Zealand, reflecting the nascent nature of the car share market here. A small survey of 100 members of Cityhop and Car Share NZ was carried out by Auckland Transport (AT) in 2014. The survey found that benefits included financial savings from a reduction in car maintenance costs and car ownership as well as environmental benefits.

As a tool for reducing overall numbers of cars on the road, AT found behaviour change in relation to private car ownership with over half of those surveyed having either reduced the number of cars they have, or at least delayed the purchase of their next/first car. Of those that hadn't changed their car ownership, just under a third did not own a car. In addition operators such as Cityhop have cited overseas studies as evidence that the allocation of a car park for a car share vehicle replaces the need for 12 other cars on average to park within a 250 metre radius. Further analysis is required to corroborate these findings.

In light of the dearth of research available in New Zealand, the car share sector is reliant on overseas evidence. For example in a June 2010 report by the Union Internationale de Tramways/Internationaler, UIPT (International Association of Public Transport) on 'The State of European Car-Sharing', information is provided on the state of car sharing in 14 European countries. The report notes that some providers reported a ratio amongst their customers of one car sharing vehicle for seven personal vehicles either disposed of or not purchased, and these findings are replicated in a number of other international studies.

In a 2010 report by the Transportation Sustainability Research Center (TSRC) at Berkeley University based on data from an on-line survey of North American car sharing members in late-2008, the consequences of car-sharing for 6,000 car sharers were investigated. The results showed that the average vehicles per household dropped from 0.47 to 0.24 of which most constituted one-car households becoming carless. In addition the average fuel economy of car sharing vehicles used most often by respondents was 10 miles per gallon (3.6 km per litre) more efficient than the average vehicle shed by respondents.

Other areas of research relating to car sharing, have been in relation to on-demand ride services (or ridesourcing) which use smartphone applications to connect community drives with passengers. A TSRC study in 2014 found that 40% of ridesourcing users stated they

had reduced their driving due to the service and with ridesourcing beginning to emerge in the New Zealand market it will be useful to follow its progress here.

An aggregate analysis of the data collected through the Berkeley University survey suggested that car sharing has taken between 90,000 to 130,000 vehicles off the road which equates to 9 to 13 vehicles for each car sharing vehicle. The survey also found that those who shared cars also made more use of public transport, bicycles and walking.

However, as identified by London's Car Club Coalition which comprises operators, car club/rental trade bodies, Greater London Authority, London Councils and Transport for London, a number of knowledge gaps exist. To learn more from international studies, an assessment of overseas research will be undertaken as part of a monitoring and evaluation work programme.

Criteria

Wellington City Council will consider car share operators seeking support from Council that have well-designed processes in place. Operators will need to acknowledge the Council as a partner and provide -

- full details about the organisation and governance arrangements
- a clear business plan that:
 - provides evidence of the commercial viability of the scheme or, in the case of new entrants, indications of the potential commercial viability
 - sets out the scheme's targets for membership growth and utilisation
 - outlines the organisation's experience in establishing similar schemes
- detailed plans about how the scheme will run, including:
 - the process for becoming a member of the scheme and membership options
 - fees and charges, and payment options
 - the operating model that will be used, and process for using a vehicle
 - systems/infrastructure that supports the scheme
 - options for potential integration with Wellington's future integrated ticketing system in the above processes
- agreed data management, reporting and evaluation systems
- a promotion and marketing plan.

The car share provider will be required to:

- i. Have a network of cars in locations that are accessible to all members.
- ii. Not unreasonably refuse membership to any resident or business.
- iii. Supply an internet and phone-based booking system available to members 24 hours per day, and allowing immediate booking of vehicles.
- iv. Offer minimum booking durations of one hour, and maximum booking durations for cars that have the exclusive use of on-street car parks.

Council Support

In recognition of the benefits of car sharing including the public good element and its role as a TDM measure, Wellington City Council will provide a full subsidy for on-street car

parks in the CBD for the exclusive use of all authorised car share providers meeting Council criteria.

There will be no maximum number of car parks set. Each car share provider will be allocated an initial two car parks, with more car parks allocated if the provider is able to demonstrate demand for more car parks. Users will be required to pay for parking elsewhere in the city. The car parks that will be made available will be in similar locations for all providers and will be allocated for a one year period, after which the provision of the car park will be reviewed.

Targets

Modest targets will initially be set following negotiations between the provider and Wellington City Council.

Because car sharing complements sustainable transport modes, the Council recognises that the uptake of car sharing will be influenced by the quality of the public transport and cycling networks available. The Council will continue to work with its partners, Greater Wellington Regional Council and the New Zealand Transport Agency, to achieve further improvements in public transport and cycling.

In subsequent years stretch targets will be set for out years based on performance rates achieved, and network improvements, following the implementation of the car share policy. The aim will be to raise targets closer to those set by cities such as the City of Sydney which has ambitious targets to increase penetration of car sharing to 10% of all households by 2016.

Monitoring and Evaluation Framework

The evaluation of performance of car sharing in the Wellington context is an integral part of the car share policy so that behaviour change of members over time can be monitored.

An evaluation will be implemented to understand the extent to which the Council's car share investment:

- Reduces car ownership by participants
- Increases the use of public transport and active modes by participants
- Reduces car use by participants
- Reduces the number of cars in Wellington, traffic congestion, and cars parked in the city
- Reduces vehicle emissions.

The following higher level outcomes will be explored (noting that these are impacted by a range of other TDM initiatives and other factors):

- Improving quality of life
- Well managed population growth
- The sustainability of Wellington city.

It is proposed that the evaluation will draw on data from:

- Performance monitoring of car share providers – membership, car share travel data by users
- Pre survey of participants when they join a scheme
- 2 x six month surveys of existing participants
- Exit surveys of departing participants
- Wellington City Council data and data analysis methods to assess emissions and managed growth impacts, and provide comparison data for personal transport characteristics.

The evaluation will be scoped further and in more detail with the Council's Research and Evaluation team and car share providers.

Promotion of Car Sharing

In addition to providing a subsidy for the exclusive use of car parks, Wellington City Council will provide ongoing marketing and promotion of Wellington's car share schemes through the Council's website and at one-off events as appropriate.

Electric Car Share Vehicles

The car share policy covers electric vehicles used for car sharing. A separate policy on electric car charging stations is currently being developed.

Review

The Car Share Policy will be reviewed two years after the policy is approved.

PART TWO: RULES OF OPERATION AND DESIGN GUIDELINES

Car Share Operators

To qualify for Wellington City Council assistance, a car share operator will be required to enter into a legal agreement with the Council and must:

- Have, or be developing, a network of cars in locations that are accessible to all members
- Allow any driver with a full license to join, subject to reasonable creditworthiness and driving history checks
- Supply an internet and phone-based booking system that is available to members 24 hours per day
- Offer minimum booking durations of at least one hour, or less
- Ensure that no vehicle in an on-street space is booked for longer than four days, unless a replacement vehicle is provided for the space
- Prohibit the routine long-duration reservation or exclusive use, including overnight, of an on-street vehicle by any one member – or agree that the space is only reserved for car sharing for a specified period, for example between 8am and 6pm, Monday to Friday.

Operators will need to acknowledge the Council as a partner and provide -

- full details about the organisation and governance arrangements
- a clear business plan that:
 - provides evidence of the commercial viability of the scheme or, in the case of new entrants, indications of the potential commercial viability
 - sets out the scheme's targets for membership growth and utilisation
 - outlines the organisation's experience in establishing similar schemes
- detailed plans about how the scheme will run, including:
 - the process for becoming a member of the scheme and membership options
 - fees and charges, and payment options
 - the operating model that will be used, and process for using a vehicle
 - systems/infrastructure that supports the scheme
 - options for potential integration with Wellington's future integrated ticketing system in the above processes
- agreed data management, reporting and evaluation systems
- a promotion and marketing plan.

The city reserves the right to reject any application for the establishment of an on-street car share space. The city may also refuse speculative and large scale placement of car share vehicles in the absence of reasonably foreseeable resident and business demand.

Operating Model

Car share operators using the A – A (Back to Base) car share operating model will be eligible to apply for a car park subsidy and exclusive use of the car park from Wellington City Council. Over time the Council will move to widen the policy to allow for the A –B (one way) and Zonal models.

All car share operators with cars owned or leased by the car share provider, as well as cars owned by members and shared with other members (peer to peer) are covered by the car share policy. Vehicles will be required to meet all relevant vehicle standards.

Growth in long term membership, not just the level at which hireage fees are set, has been identified as key to the success of car share schemes. Council will expect to see a clear plan for how the provider will promote its business and seek to increase membership.

WCC will support car sharing through its promotion of the scheme on the Council's website, and by including links to the car share operators' own websites.

Reporting

Car share operators will be required:

- to provide monthly
 - a detailed usage report, itemised by location, indicating numbers of bookings per month, average trip distance and length of booking
 - membership levels and composition between businesses and individuals
- to be independently audited annually by a Council approved financial auditor and will be required to demonstrate that it is financially sound.

Permits

Permits for car share vehicles will be issued to approved car share providers that meet all Council criteria. A nominal fee for the administrative costs of issuing permits will apply to all car share vehicles.

Wellington City Council will fund in full the line-marking and signage of car share spaces for the first two years of the car share scheme, after which this will be reviewed.

Non Compliance

In the case of non-compliance with the rules of operation, as set out in the contract with the car share operator, the Council will in the first instance discuss any breaches with the operator. If the breach cannot be resolved satisfactorily, the Council may impose sanctions to remedy the breach and deter future non-compliance.

Sanctions, if applied, will be progressively escalated and may include suspension of an operator's right to use a dedicated car share space or termination of an operator's agreement with Wellington City Council.

Enforcement

Wellington City Council will enforce regulations that prohibit non-car share vehicles parking in car share spaces.

All costs associated with infringement notices given to the car share vehicle will be met by the operator. The Council will not waive parking infringement notices that have been issued to car share vehicles.

DRAFT