

# **Statement of Intent 2018/19 Wellington Cable Car Limited**



**Presented to the Council Controlled Organisations Sub-Committee  
Pursuant to Schedule 8 of the Local Government Act (2002)**

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## 1. Introduction

Wellington Cable Car Limited (WCCL) is proud to present the Statement of Intent for 2018/19 as required by the Local Government Act, 2002 and WCCL's Shareholder, Wellington City Council. As a Council Controlled Organisation (CCO), WCCL is accounted for as a Public Benefit Entity (PBE).

WCCL has historically comprised two operating divisions – the Cable Car and the Trolley Bus Overhead Electrical Network, however, with the demise of Trolley Bus services in October 2017, WCCL is going through a significant change process. The Traction Services operating division is completing the Network Decommissioning Project, and once this is complete, this part of the business will be wound down and all remaining assets will be disposed.

### **Cable Car**

From a regulatory perspective, the Cable Car is a funicular railway and operates under the jurisdiction of the Railways Act, 2005 (overseen by the New Zealand Transport Agency (NZTA) Rail Safety Regulator).

The Cable Car is funded solely by passenger revenue and does not receive any other central or local government funding to subsidise it. With the upturn in the local economy and international tourist visitors to New Zealand, the Cable Car carries in excess of 1,000,000 passengers per annum. Its patronage is split between local residents and visitors to Wellington. However, future growth is predicted with visitors (in particular, cruise ship passengers and free, independent travellers).

Despite the healthy passenger number, under the current fares structure, future revenue will be insufficient to fund the Cable Car's ongoing asset management programme (in particular, the replacement of rolling stock which needs to commence in 2024). WCCL will be increasing fares in July 2018 to partially bridge the gap between anticipated future costs and income received (primarily, passenger revenue). Part of the aim of the fare changes is to encourage local residents to take advantage of the significant discounts available by using multi-trip passes and discount systems such as Snapper. If this fare increase is not sufficient, further increases will be reviewed in the future.

Provision of the SuperGold scheme is another area that is causing WCCL financial angst. The Ministry of Transport caps the funding available, and the nature of the passenger usage often clashes directly with the Cable Car's busiest periods that occur when cruise ships visit Wellington (approximately 60 days per annum). This lack of sufficient SuperGold funding has been raised before with the Ministry of Transport to no avail, and this very popular scheme is not sustainable in the long term.



Figure 1: Cambridge Tce – looking North



Figure 2: Cambridge Tce after network removed

### **Trolley Bus Overhead Electrical Network**

Physical decommissioning of the Trolley Bus overhead electrical network commenced in October 2017 and has proceeded extremely well to date. Practical completion is expected before December 2018, and some of the remaining physical infrastructure (Poles and Building Anchors) will be transferred to Wellington City Council on or before 30 June 2019.

The staff and supporting contractors of the Traction Services operating division have performed and behaved in an exemplary fashion throughout this unusual period in WCCL's history. Their amazing efforts to maintain operational services over many years whilst achieving very high levels of safety is gratefully appreciated. They can be justifiably proud of their efforts.

## 2. Strategic Direction

### a) Core Purpose

The primary business activities of WCCL are the:

1. Provision of the Cable Car passenger service, to meet the needs of local residents (including commuters and students) and visitors to Wellington. This operation is financed from passenger fare income and any additional revenue developed from WCCL and other tourism-related activities.
2. Decommissioning of the Trolley Bus overhead electrical network under contract from GWRC, using Broadspectrum as the main sub-contractor and is funded by GWRC.

Whilst WCCL still owes infrastructure pertaining to the network, additional work includes:

- Infrastructure-related activities undertaken within Wellington. Third-party projects requiring the overhead electrical network to be relocated and/or modified (for example, construction projects within the CBD);
- Maintaining WCCL's pole network funded via pole user charges from telecommunications companies using WCCL's poles to support their communication networks.
- Assisting KiwiRail with repairs and upgrades to the Wellington Region overhead rail electrical traction services network.

### b) Cable Car Passenger Operating Environment Update

The operating environment during the 2017/18 year has continued to be strong, and the whole tourism industry in Wellington (including the Cable Car) has benefitted significantly from this. Further growth, in the tourism sector is predicted. Local growth is harder to predict, noting the projected relatively small population increase in Kelburn and the adjacent suburbs.

The Cable Car is the second most visited tourist attraction in Wellington after the Museum of New Zealand Te Papa Tongarewa, and customer feedback indicates that it is perceived as an iconic attraction for Wellingtonians and visitors alike. Patronage is shared between local residents (including students at Victoria University of Wellington) and tourists.

Looking further ahead, it is likely that the tourist market will take a larger share of the total number of passengers, based upon current estimates from the NZ tourism industry and the Wellington Regional Economic Development Agency (WREDA). To further leverage off this opportunity and in order for the Company to continue to enhance the overall visitor experience (for both locals and tourists), WCCL will work more proactively with WREDA during the 2018/19 year to assist in the identification of opportunities. For budgeting purposes, an annual growth rate of 1% increase in passenger numbers and revenue for the next three years has been assumed.

### **c) Health, Safety, and Wellness**

The Health and Safety at Work Act 2015 has now been enacted and this is already driving positive behaviours and greater collaboration between key players in the Wellington public transport sector. This includes regular meetings between PCBUs at which learnings are shared, and initiatives are discussed to promote safety and raise awareness. WCCL's partners in this process include WCC, GWRC and NZTA, Broadspectrum, NZ Bus, and Wellington Electricity.

WCCL's staff and sub-contractors have a huge role to play in the success of the Company. Looking after the most important asset WCCL possesses (its staff), and giving them the health, safety, and wellness support they need to carry on doing excellent work is important to the Company and our customers and is given a very high priority in everything that we do.

### 3. Nature and Scope of Activities

The activities that are undertaken and the outputs that WCCL seeks to deliver across both operating divisions are as follows:

<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
<p>a. <u>Operation of Cable Car Service</u></p>	<p><u>Key Generic Activities and Outcomes</u></p> <ol style="list-style-type: none"> <li>1. Ensure all legal and statutory requirements are met.</li> <li>2. Safe operation of the Cable Car service with no serious injuries or fatalities, by ensuring high importance is placed on the safety of staff, contractors and members of the public, and meeting statutory requirements.</li> <li>3. Reliable operation of Cable Car service by ensuring appropriate staffing levels and that assets are managed in accordance with the strategy and policies outlined in Cable Car Asset Management Plan.</li> <li>4. High standard of customer service provided, with convenience for regular users and a memorable experience for visitors to Wellington.</li> <li>5. Stakeholder engagement with all relevant central government departments, councils, organisations, companies, suppliers and third parties whose activities impinge upon or who could affect Cable Car services.</li> <li>6. Cable Car marketing activities managed in accordance with the company' Marketing Plan. This includes the promotion of Wellington as a place to live, work and play.</li> <li>7. Manage the operation of the Cable Car within the timetable to maximise the throughput of passengers, without detracting from the overall experience of visitors to the facility.</li> <li>8. Train employees to ensure that they perform all aspects of their work helpfully and in accordance with safety and operational requirements.</li> <li>9. Set revenue targets for the Cable Car service to contribute optimally to WCCL's net profit after tax.</li> <li>10. Ensure appropriate insurance cover is held for Cable Car assets and functions.</li> <li>11. Cable Car Health and Safety Plan kept up to date and appropriately managed.</li> <li>12. Ensure the ongoing viability of the Cable Car</li> </ol>

<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
<p>b. <u>De-Commissioning of Trolley Bus Traction Services</u></p>	<p>13. Ensure the future planning for the Cable Car and its importance to the Wellington visitor economy and visitor experience, specifically by working pro-actively with WCC, WREDA, and other CCOs / Trusts to enhance the overall visitor experience of the Cable Car.</p> <p>14. Ensure the Company considers opportunities to utilise WCC's shared services capabilities which are fit for purposes and scale of the Company's activities, as and when these opportunities are presented; specifically, in relation to the provision of information technology support.</p> <p><u>Key Generic Activities and Outcomes</u></p> <ol style="list-style-type: none"> <li>1. Ensure all legal and statutory requirements are met.</li> <li>2. Ensure the safe and efficient de-commissioning of the Trolley Bus Overhead Network (which is scheduled to complete by December 2018).</li> <li>3. Stakeholder engagement with all relevant central government departments, councils, organisations, companies, suppliers and third parties whose activities impinge upon or who could affect Trolley Bus services.</li> <li>4. Train WCCL employees (and Broadspectrum employees where necessary) to ensure that they can perform all aspects of their work satisfactorily and in accordance with safety and operational requirements.</li> <li>5. Ensure appropriate insurance cover is held for Traction Services assets and vehicles, excluding the overhead electrical network infrastructure.</li> <li>6. Dispose of Traction Services assets and vehicles, when practicable.</li> <li>7. Liaise and negotiate with WCC, GWRC, utility companies and broadband providers to manage third party use of WCCL Poles for safety reasons and to secure revenue.</li> <li>8. Provide assistance to organisations that need to relocate overhead electrical network assets for road building/modification purposes or earthquake strengthening works.</li> <li>9. Enable the efficient and effective transfer of the pole network assets post de-commissioning to Wellington City Council.</li> </ol>

## 4. Performance Measurements

### a) Cable Car Passenger Services Performance Measures

Performance Indicator	Measure	Target/Result
Cable Car vehicles, track, tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZTA Rail Safety Regulator to be obtained each year	Timely approval received
Cable Car Service Reliability	Percentage Reliability	Greater than 99.0%
Cable Car User Satisfaction Survey	<p><u>Local Residents:</u></p> <p>How often do you use the Cable Car?</p> <p><u>Tourists:</u></p> <p>How do you rate the visitor experience on the Cable Car?</p>	<p>X% travel on the Cable Car at least once every year</p> <p>2018/19 – 52% 2019/20 – 54% 2020/21 – 56%</p> <p>Y% of respondents provide a rating of greater than 6 on a scale of 1 to 10</p> <p>2018/19 – 91% 2019/20 – 92% 2020/21 – 93%</p>
Cable Car Service maintains Qualmark endorsement to verify that the Cable Car Service meets established tourism standards	Qualmark endorsement maintained	Qualmark endorsement maintained when annual requalification is required
Cable Car Asset Management Plan (AMP) implemented and maintained	Asset Management Plan as approved by the Board is implemented with care and efficiency.	Asset Management Plan implemented, and long-term planning and financial implications fed into WCCL and WCC planning and financial systems
Cable Car Passenger Trips	Passenger trips as per the estimates below	Passenger trip estimates achieved, or variances explained

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<b><u>Estimated Cable Car Passenger Numbers and Revenue</u></b>					
	<b>1<sup>st</sup> Qtr</b>	<b>2<sup>nd</sup> Qtr</b>	<b>3<sup>rd</sup> Qtr</b>	<b>4<sup>th</sup> Qtr</b>	<b>Full Year</b>
<b>2017/18 (SOI Estimates)</b>	206,367	293,010	375,962	216,589	1,091,928
<b>2017/18 (Pax)</b>	190,600 <sup>2</sup>	330,011	375,962 <sup>1</sup>	216,589 <sup>1</sup>	<b>1,113,162</b>
<b>2017/18 (Revenue)</b>	577,441	882,835	\$1,053,333 <sup>1</sup>	\$536,983 <sup>1</sup>	<b>3,050,592</b>
<b>2018/19</b>					
<b>(Pax)</b>	190,269	325,642	375,856	243,479	<b>1,135,246</b>
<b>(Revenue)</b>	\$533,317	\$1,028,047	\$1,242,635	\$716,750	<b>\$3,520,749</b>
<b>2019/20</b>					
<b>(Pax)</b>	192,059	326,366	379,559	245,872	<b>1,143,856</b>
<b>(Revenue)</b>	\$539,415	\$1,033,099	\$1,254,733	\$723,620	<b>\$3,550,867</b>
<b>2020/21</b>					
<b>(Pax)</b>	194,903	331,209	385,256	249,544	<b>1,160,912</b>
<b>(Revenue)</b>	\$547,118	\$1,048,123	\$1,273,336	\$734,094	<b>\$3,602,671</b>

1. Estimated figures for the remainder of the 2017/18 financial year.
2. The Cable Car had its annual shutdown during this quarter as it was deferred from the 2016/17 year and therefore not budgeted for in the 2017/18 year.

**b) WCCL Corporate Activities Performance Measures**

<b>Performance Indicator</b>	<b>Measure</b>	<b>Target/Result</b>
Compliance with appropriate regulations and statutes	Number of adverse comments from the relevant regulatory authorities	Nil adverse comments
WCCL Corporate and Operational Risks are proactively identified, assessed and managed to an As Low As Reasonably Practicable (ALARP) level in accordance with the principles contained in AS/NZS ISO 31000:2009.	WCCL Corporate and Operational Risks are proactively identified, assessed and managed	Nil Extreme Risks extant  High Risks are proactively managed and eliminated or minimised.
WCCL disaster recovery plan update	WCCL completes a detailed review and update of the existing disaster recovery plan given the recent natural hazards in Wellington and the inherent nature of its business	Update of the WCCL disaster recovery plan.

**c) Financial Performance Measures**

<b>Performance Indicator</b>	<b>Measure</b>	<b>Target/Result</b>
Budgetary requirements approved by the WCCL Board are met	Degree of variance from budget	Within 10% of Board approved variance
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 the delegations' policy
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 as included in the Asset Management Plan, through a combination of cash, external borrowing, and grants / external funding

## 5. Board's Approach to Governance

- The Board of Directors normally comprises two members. All are appointed by WCC for varying terms, according to WCC practices.
- The Chairman and other Director are both appointed by WCC.
- The Board currently meets formally every two months (typically five meetings per annum). Further detail on Board practices is outlined below at paragraph 5(c).

### a) Responsibility of the Directors

The Board supports the principles of good governance as set out in "The Four Pillars of Governance Best Practice for New Zealand Directors" (incorporating the Code of Practice for Directors), issued by the Institute of Directors in New Zealand (Inc.) in 2012.

The responsibilities of the Directors include:

- Exercising prudence and skill in their governance of the company, and to act in accordance with the requirements of the Companies Act 1993 and all other relevant legislation in the execution of their duties;
- Managing WCCL to meet:
  - The objectives of WCCL's Board;
  - General WCC objectives for WCCL as expressed from time to time;
  - Monitoring and addressing policy, solvency and statutory matters of the company;
  - Monitoring all of the company's activities and ensuring the company acts in accordance with its stated objectives.
  - A 'no surprises' approach to its shareholder and stakeholders

### b) Delegated Functions

The Board of Directors delegates the day-to-day management of the company to the CEO and their leadership team, who are required to act in accordance with the Board's approved delegations' policy.

### c) Board Practices

The Board's practices include:

- i) The Chair and the CEO discuss current issues on a weekly basis
- ii) The Directors and the CEO meet monthly for a formal catch-up to discuss governance issues.
- iii) The Board meets bi-monthly or more frequently on an as-required basis.

## 6. Organisational Health, Capability and Risk Assessment

WCCL is committed to developing and maintaining an enduring and resilient approach to health and safety that embeds a culture of zero harm within the company, adheres to legislative requirements and ensures that staff, contractors, and the general public are not exposed to unnecessary risk or harm in their dealings with WCCL. The following approaches and organisational procedures are in place or are being developed to ensure that WCCL meets its obligations to the Council and the Wellington public as required by the Health and Safety at Work Act 2015, the Railways Act 2005, Local Government Act 2002 and other pertinent legislation:

### a) Organisational Approach to Health and Safety:

WCCL works in conjunction with WCC to ensure that WCCL remains “*ahead of the curve*” under the Health and Safety at Work Act, 2015 in addition to the ongoing rail safety practices that are undertaken by the NZTA Rail Safety Regulator (Cable Car).

The Cable Car operates under a license granted by the NZTA Rail Safety Regulator and follows well-established procedures for the investigation and reporting of any near misses or accidents. The vast majority of reported events comprise of slips, trips or falls, or members of the general public who have injured themselves elsewhere and ask for first aid assistance while travelling on the Cable Car.

At a governance level, Health and Safety reporting is a mandatory item at all Board meetings, ensuring that Directors remain apprised of current statistics and any developments arising.

As a result, WCCL has in place appropriate Health and Safety policies, practices and procedures to meet its responsibilities covering hazard identification and management, emergency planning, accident reporting, investigation management, contractor management and safe work procedures (incorporating appropriate Safe Systems of Work).

### b) Capital Investment and Asset Management Plans:

Ensuring that adequate funding is secured in order to meet the requirements of the long-term Cable Car capital investment plan is a very high priority as several significant large equipment replacement programmes will be needed over the next 10-12 years.

Over the recent years, WCCL has liaised with NZTA and GWRC in addition to WCC to identify whether becoming part of the Metlink public transport network was a viable option in order to secure the required funding. During the 2017/18 year, WCCL (in consultation with WCC) has reached the conclusion that the Company remaining an independent transport operator is the best course of action.

Given the decision not to seek to become part of the Metlink public transport network, The Company has been reviewing its long-term operational and structural model to identify options for raising the required funding via managed fare increases, along with prudent expense management and funding the remaining amount via debt funding or grant funding from WCC.

By putting in place a secure long-term funding model (ideally which the Company can internally fund), it allows WCCL to be financially independent.

**c) Emergency Planning and Business Continuity:**

WCCL has an existing disaster recovery plan, however, during the 2017/18 year, the Company has as a measure to complete a detailed review and update of this plan given the recent natural events and the inherent nature of the WCCL business. The disaster recovery plan focuses on effective communications with staff and the general public in the event of an emergency event, as well as IT system and data recovery. The importance of maintaining the Cable Car passenger service for the general public in the event of accidents, incidents, and natural disasters, and the safety of the Overhead Trolley Bus Network until such time it is fully de-commissioned.

**d) Risk Management:**

The company's Risk Management Policy is to actively manage risk by assessing risks on at least an annual basis, using the methodologies and practices laid down in AS/NZS ISO 31000:2009 (Risk Management). These risks are identified and actively managed under the following categories:

- a) Health and Safety
- b) Environment
- c) Asset Management
- d) Financial and Commercial
- e) Statutory and Legislation
- f) Corporate
- g) Project
- h) Operational
- i) HR
- j) IT

In each category, the effect of a risk on the business have been considered and the level of risk assessed, taking into account any controls that have been put in place. Risk mitigation actions and controls are determined such that the level of risk is considered to be As Low As Reasonably Practicable (ALARP) using the principles of eliminate, substitute, isolate or engineering controls.

WCCL has no risks that have an Extreme assessment.

The Risk Register currently contains 5 risks that have a High Assessment (3 Cable Car and 2 Trolley Bus).

WCCL regularly reviews and updates it's WCCL Risk Register, and the latest version containing all of the High risks as of writing date is included in Appendix One.

BroadSpectrum has their own Risk Registers that pertain to certain aspects of Trolley Bus de-commissioning project. Regular health and safety meetings are held with BroadSpectrum (as required of PCBUs by the Health and Safety at Work Act, 2015) where any significant hazards and risks arising are discussed, and actions agreed to eliminate or mitigate risk (where practicable).

## 7. Additional Information

### Ratio of Shareholders Funds to Total Assets

#### Definition of Terms

**Shareholders' funds:** Represents the net equity the shareholder has contributed to the Company since its incorporation. This amount includes issued share capital, revaluation reserves, and retained earnings. For completeness, this amount would also include any balances in the shareholder current account that exist, noting that this is not applicable in the case of WCCL as the Company is self-sufficient financially (other than specific grants received from WCC and GWRC) and pays all amounts in respect of dividends when they are declared. As at 30 June 2017, the shareholders' funds equated to \$9.724m.

**Total Assets:** Represent the total assets, both intangible and tangible of the Company, disclosed in accordance with applicable financial reporting standards. For completeness, it is noted that any tax liabilities in respect of GST and deferred tax are classified as liabilities irrespective of them being a debit or credit balance. As at 30 June 2017, the Total Assets of the Company equated to \$12.183m.

**Ratio** of Shareholders Funds to Total Assets as at 30 June 2017 – 80%

#### a) Estimate of Amount Intended for Distribution

The Board and Management of the Company are continuously investigating additional revenue-earning streams, and the result of these activities may require initial capital investment in order to provide increased revenue (and therefore dividend) streams in future years subject to any agreement reached in relation to the future funding of the Cable Car asset management plan. The Company is also undertaking a full review of future fare increases and ensuring prudent expense management to ensure maximum cash reserves are in place when required.

Cable Car passenger numbers and revenue have continued to increase over the recent years since the completion of the new Cable Car Kelburn terminus in 2013 as well as the other improvements and strategic marketing initiatives the Company has been undertaking since 2014. The Directors anticipate revenue will continue to increase given the recent work on the Cable Car electric drive in June/July 2016 and continuing growth in tourist numbers in Wellington.

However, because of the planned capital investment programme detailed within this Statement of Intent (specifically the Cable Car assets) and the Company's aim to remain as financial independent wherever possible, the Company will not declare any dividends in respect of the 2017/18 year and the subsequent two financial years.

As stated in this Statement of Intent, there is the long-term requirement to ensure that the capital investment programme of the Company is adequately funded. In order to determine these needs, the Company has produced a comprehensive 50-year Asset Management Plan covering the period 2016 – 2066 (in respect of the Cable Car operations only given the cessation of Trolley Bus services). In addition to the additional maintenance required over the coming years, the most important project within the capital investment programme is the replacement of the Cable Car Passenger Vehicles and Bogies (currently planned for 2025/26). This is considered the bare minimum to obtain a licence to operate from the NZTA rail safety regulator and maintain the operation at an acceptable level of performance and customer experience. In addition, the Cable Car is an iconic attraction, and WCCL wishes to maintain the highest levels of service and customer experience wherever possible.

**b) Acquisition Procedures**

The Company will only issue shares or acquire shares in other companies or become a partner with any other business with the express prior permission of WCC.

The Company will fully investigate and report to WCC any proposal to enter into partnerships or to sell any buildings or other significant assets before binding commitments are entered into.

**c) Activities for which the Board Seeks Compensation from a Local Authority**

The Company obtains funding from the following sources, noting that no significant operational or capital funding has previously been provided by WCC for many years prior to the Electric Drive replacement which commenced in the 2015/16 year which was much appreciated by the Company:

- The company is funded by GWRC to de-commission the Trolley Bus overhead electrical network;
- The Cable Car operation will be funded from fares.
- Income from undertaking miscellaneous services for third parties relating to the Trolley Bus overhead electrical network, including project management (for example, the Victoria University Pipitea campus construction project); and

Utility companies that currently pay for the use of Trolley Bus poles (for example, Telecommunications companies for UFB infrastructure).

**d) Estimate of commercial value of shareholders investment**

The estimate of commercial value is equal to the equity value of the company as at 30 June 2017, is \$9.724m.

The commercial value is reassessed annually, following completion of the audited annual report of the Company.

**e) Other matters (if applicable), e.g. Water supply services, LGA requirements**

Nil

**f) Supplementary information the entity wishes to include**

**Insurance Programme**

The insurance programme for the respective operating divisions is as follows:

**(1) Cable Car Service**

All assets related to the cable car service are covered by a policy with Lloyds of London.

The amount of cover necessary has been calculated on the basis of Probable Maximum Loss, as advised by the structure and earthquake engineering consultant who surveyed the assets and reported to WCCL. The Company maintains an investment fund which exceeds any excess payable under this insurance policy to ensure sufficient business operations funds exist at any point in time.

**(2) Material Change**

Following the Canterbury earthquakes, it was not possible to get continued cover from the then insurer, or from any other NZ-based insurer. The placement was made with Lloyds through an introduction by WCC on the best terms that could be achieved, but not for full replacement. WCCL was able to get its cover only on the strength of the consultant's report and his assessment of Probable Maximum Loss.

At the time of writing, WCCL has not completed its insurance renewal in respect of the 2018/19 year, however, given the Kaikoura earthquake in November 2016 and the impact it has on market premiums payable, it is expected that insurance premiums will increase over those payable in respect of the 2017/18 year; this is also due to WCCL negotiating a premium cap for the two years commencing in the 2016/17 year.

**(3) Cable Car Service**

All assets related to the cable car service are covered by a policy with Lloyds of London.

The amount of cover necessary has been calculated on the basis of Probable Maximum Loss, as advised by the structure and earthquake engineering consultant who surveyed the assets and reported to WCCL. The Company maintains an investment fund which exceeds any excess payable under this insurance policy to ensure sufficient business operations funds exist at any point in time.

**(4) Trolley Bus Overhead Network**

The trolley bus overhead network itself (poles, stays wires, contact wire, and other equipment) is self-insured.

The warehouse and contents, including inventory and equipment, is insured with an NZ-based insurer (Aon as broker).

Motor Vehicles are insured with an NZ-based insurer (AON).

Liability covers are insured with an NZ-based insurer (AON).

## **Appendix 1: WCCL Risk Register (High Risks)**

Wellington Cable Car Limited (Cable Car Risk Register as at 11 May 2018 - Highs Only)

Risk ID #	Hazard Title	Risk Items	Risk Causes	Risk Effects	Risk Controls	Pre-Controls Probability	Pre-Controls Impact	Pre-Controls Risk	Probab-ility	Impact	Risk Rating	Categories									
0007	Earthquake (Small) - (sets off EQ monitor in Control room)	1- Minor to serious injuries e.g. unconsciousness, cuts, abrasions or loss of life due to falling debris	1- Small Earthquake	1- Damage to infrastructure and equipment	1- Cars automatically slow to creep speed and stop at the next station function tripped by EQ monitor. The monitor has a trigger level of 0.01g	Possible	Major	High	Possible	Moderate	High	Health & Safety									
		2 - Loss of equipment		2 - Injury to employee/ contractor		2 - Evacuation signs fitted at Lambton and Kelburn Terminals	Possible	Moderate	High	Possible	Minor	Medium	Plant and Equipment								
		3 - Damage to structure				3 - Employees are trained in evacuation procedures															
		4 - Disruption to cable car services				4 - All exits are clearly identified with illuminated signs															
0019	Damage to Cable Car by general public (anytime including after hours)	1- Disruption to Cable Car services	1- Unauthorised entry to Cable Car premises by public . Likely to be elevated at certain times of the year due to seasonal and large events.	1- Vandalism/damage to Cable Car property	1- Cars locked at night	Almost Certain	Major	Extreme	Possible	Moderate	High	Plant and Equipment									
		2 - Damage to property		2 - Disruption to Cable Car services									2 - Monitored camera surveillance and alarms inside both Kelburn and Lambton Terminals								
		3 - Injuries to public		3 - Injuries to general public									3 - Both Kelburn and Lambton Terminals locked at night								
													4 - Isolating transformer used to supply mains power to strip								
													5 - Driver's pre-test run inspection conducted								
													6 - Sprinkler system at Kelburn to deter trespassers								
													7 - Chain installed at Kelburn (below the Control Room)								
													8 - Trespass signage installed between Salamanca and Kelburn								
													9 - Drivers have right to refuse entry on cars and lower station								
													10 - Drivers have radio communications and access to Security staff								
													11 - Security guards on site during events which may attract anti-social behaviour								
													12 - Scenario training on how to manage challenging situations provided to staff bi-annually								
													13 - A security camera has been installed on each cable car								
0029	Physical violence to staff by general public	1- Mental and physical ill health of employees and passengers	1- Public under the influence of drugs or alcohol	1- Stress and possible physical violence to driver and passengers	1- Drivers have right to refuse entry on cars and lower station	Likely	Major	Extreme	Possible	Moderate	High	Health & Safety									
		2 - Disruption to Cable Car services		2 - Disruption to Cable Car services									2 - Drivers have radio communications and access to Security staff	Possible	Moderate	High	Unlikely	Moderate	Medium	Plant and Equipment	
				3 - Minor damage to Cable Car and property									3 - Security guards on site during events which may attract anti-social behaviour								
													4 - Scenario training on how to manage challenging situations provided to staff bi-annually								
													5 - A security camera has been installed on each cable car								

Wellington Cable Car Limited (Traction Services Risk Register as at 11 May 2018 - Highs Only)

Risk ID #	Hazard Title	Risk Items	Risk Causes	Risk Effects	Risk Controls	Pre-Controls Probability	Pre-Controls Impact	Pre-Controls Risk Rating	Probability	Impact	Risk Rating	Categories	
0004	Earthquake (Large 5.5+)	1 - Injuries due to falling debris	1 - Earthquake - (Large)	1 - Damage to Glover Street building, overhead network, stock and equipment, public property and roading infrastructure.	1 - Reference Civil Defence Emergency Management Advice: Drop Cover Hold. Evacuation Assembly point: Footpath near the "emergency sign" located by the driveway entrance	Likely	Major	Extreme	Possible	Moderate	High	Health & Safety	
		2 - Damage and loss of plant and equipment (i.e. Truck, Van, Tooling, Stock)		2 - Injury to employees	2 - A Civil defence cabinet with first aid, food and other supplies are located by the Warehouse entrance. The water containers are changed every six months.	Possible	Moderate	High	Possible	Minor	Medium	Plant and Equipment	
		3 - Damage to overhead network infrastructure			3 - Staff are Trained first aiders.	Possible	Major	High	Possible	Minor	Medium	Financial	
					4 - Evacuation/emergency signs are fitted within the Glover Street building.								
					5 - Overhead network inspection to be completed by staff/contractor.								
					6 - The overhead network has been designed, constructed and is maintained by competent persons.								
					7 - Structural inspection of building to be completed by an independent qualified person, building to be above 33% of code.								
0020	Extreme Weather Events	1 - Injuries to employees/contractors, damage to property	1 - Extreme weather conditions (wind, rain, flooding)	1 - Injury/illness to employee/contractor, and or general public	1 - WCCL vehicles are fuelled, equipment/stock at Glover Street Warehouse ready to use/distribute. Stock is also replenished at WCCL's contractor warehouse.	Possible	Major	High	Possible	Moderate	High	Health & Safety	
			2 - Debris flying around	2 - Damage to overhead infrastructure	2 - Materials and rubbish securely stored/disposed of at WCCL Glover Street building and the Kilbirnie pole yard.	Possible	Moderate	High	Unlikely	Minor	Low	Plant and Equipment	
			3 - Slippery surfaces	3 - Damage to plant and equipment	3 - Contractors undertake field operations. They make safe or repair any damage to the overhead network.	Possible	Major	High	Unlikely	Moderate	Medium	Operational Impact	
				4 - Damage to property	4 - Observe and look after each other in the work party.	Possible	Moderate	High	Unlikely	Minor	Low	Reputation	
					5 - PPE/Wet weather gear worn.								
					6 - If not safe and conditions are dangerous, work is stopped.								

## **Appendix 2: Accounting Policies**

### **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 2017 and were approved by the Board of Directors on 2 October 2017.

#### **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 have been no changes in accounting policies during the current financial year.

### **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 and highlighted below:

- The net realisable value of inventory in respect of The Trolley Bus division has been estimated at salvage value using recognised market values existing at balance date. Refer to Note 11.
- The value of the pole network has been estimated at its disposal value, being nil. The basis of this being the expected transfer value.

#### **(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 24 for further explanation.

## **Cable Car Assets**

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.

## **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
- Cable Car Equipment
- Cable Car Equipment
- Computer Equipment
- Motor Vehicles
- Furniture & Fittings
- Trolley Bus Overhead Wire System & Fittings
- Trolley Bus Overhead Wire System Equipment
- Trolley Bus Overhead Protection System

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.

**(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

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 the lower of cost using the weighted average cost formula or net realisable value. 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.

**(h) Leases**

**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 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. The non-exchange revenue consists of the funding for the operation of the Trolley Bus Network which is received from Greater Wellington Regional Council and also funding received from Wellington City Council for the replacement of the electric drive system.

- Exchange	3,170,573
- Non -Exchange	4,086,494
	<u>7,257,067</u>

**(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.

## **Appendix 3: Forecast Financial Statements**

WCCL Statement of Intent 2018/19

Wellington Cable Car Limited - Business Plan

Statement of Comprehensive Income for the years ending 30 June 2019, 2020 and 2021

	2018 Forecast	2019 - Qtr 1 \$000	2019 - Qtr 2 \$000	2019 - Qtr 3 \$000	2019 - Qtr 4 \$000	2019 - Total \$000	2020 \$000	2021 \$000
<b><u>OVERHEAD DIVISION</u></b>								
<b>Income</b>	<b>6,250</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>2,519</b>	<b>0</b>	<b>0</b>
Contractor Operations Costs	920	0	0	0	0	0	0	0
Wellington Cable Car Operations Costs	440	0	0	0	0	0	0	0
Reactive Maintenance	50	0	0	0	0	0	0	0
<b>Total Operating Expenses</b>	<b>1,410</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating Surplus/Loss before Replacements</b>	<b>4,840</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>2,519</b>	<b>0</b>	<b>0</b>
Pole Replacements	0	0	0	0	0	0	0	0
Feeder Pillar Replacements	0	0	0	0	0	0	0	0
Special Works Replacement	0	6	6	6	6	0	0	0
Contact Wire Replacements / Rentensions	0	0	0	0	0	0	0	0
AMP Expenditure	0	0	0	0	0	0	0	0
<b>Total Replacements</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total 3rd Party Jobs Completed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Overhead Division Items Subject to Business Case to GWRC</b>								
Investigation Funding / Decommissioning	4,840	630	630	630	630	2,519	0	0
Contact Wire Replacements / Rentensions	0	0	0	0	0	0	0	0
Other Network Upgrade Expenditure	0	0	0	0	0	0	0	0
<b>Total Maintenance cost</b>	<b>4,840</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>635</b>	<b>2,519</b>	<b>0</b>	<b>0</b>
Depreciation	225	38	38	38	38	150	0	0
<b>Total Expenses</b>	<b>6,475</b>	<b>673</b>	<b>673</b>	<b>673</b>	<b>673</b>	<b>2,669</b>	<b>0</b>	<b>0</b>
<b>Overhead Overall Surplus/ (Loss)</b>	<b>(225)</b>	<b>(37)</b>	<b>(37)</b>	<b>(37)</b>	<b>(37)</b>	<b>(150)</b>	<b>0</b>	<b>0</b>

	2018 Forecast	2019 - Qtr 1 \$000	2019 - Qtr 2 \$000	2019 - Qtr 3 \$000	2019 - Qtr 4 \$000	2019 - Total \$000	2020 \$000	2021 \$000
<b><u>COMPANY ACTIVITIES DIVISION</u></b>								
Cable Car Income	3,050	533	1,028	1,243	717	3,521	3,551	3,603
Cable Car Operations	1,123	322	322	322	322	1,288	1,336	1,386
Cable Car Maintenance	811	178	178	178	178	710	741	810
Depreciation	200	63	63	63	63	250	263	249
Cable Car Expenses Subtotal	2,134	562	562	562	562	2,248	2,339	2,445
<b>Cable Car Operating Surplus/ (Loss)</b>	<b>915</b>	<b>(29)</b>	<b>466</b>	<b>681</b>	<b>155</b>	<b>1,273</b>	<b>1,211</b>	<b>1,157</b>
<b><u>EXTERNAL ACTIVITIES</u></b>								
3rd Party Services Net Contribution	0	0	0	0	0	0	0	0
Sundry External Income	217	55	55	55	55	220	77	79
<b>External Activities Operating Surplus / (Loss)</b>	<b>217</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>220</b>	<b>77</b>	<b>79</b>
Administration Expenses	423	158	158	158	158	633	661	680
<b>External Activities Division Surplus/ (Loss)</b>	<b>709</b>	<b>(132)</b>	<b>363</b>	<b>577</b>	<b>52</b>	<b>860</b>	<b>628</b>	<b>556</b>
<b>WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) BEFORE TAX</b>	<b>484</b>	<b>(169)</b>	<b>325</b>	<b>540</b>	<b>14</b>	<b>710</b>	<b>628</b>	<b>556</b>
Income Tax Expense	142	(46)	93	153	6	206	183	164
<b>WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) AFTER TAX</b>	<b>342</b>	<b>(124)</b>	<b>233</b>	<b>387</b>	<b>8</b>	<b>504</b>	<b>445</b>	<b>393</b>
<b>The Total Surplus / (Loss) After Tax Consists of:</b>								
Total Income	9,517	1,224	1,718	1,933	1,407	6,282	3,628	3,681
Total Expenditure	(9,175)	(1,347)	(1,486)	(1,546)	(1,399)	(5,777)	(3,183)	(3,289)
	342	(124)	233	387	8	504	445	393

**Wellington Cable Car Limited - Business Plan**

**Statement of Movements in Equity for the years ending 30 June 2019, 2020 and 2021**

	Notes	Forecast			
		2018 \$000	2019 \$000	2020 \$000	2021 \$000
Opening Equity - 1 July		9,725	10,067	10,571	11,016
Net Surplus/(loss) for the period		342	504	445	393
Total Recognised Revenues and Expenses		<u>342</u>	<u>504</u>	<u>445</u>	<u>393</u>
Distribution to Owners		-	-	-	-
Closing Balance 30 June		<u>10,067</u>	<u>10,571</u>	<u>11,016</u>	<u>11,408</u>

**Wellington Cable Car Limited - Business Plan**

**Statement of Financial Position for the years ending 30 June 2017, 2018 and 2019**

	Notes	2018 \$000	2019 \$000	2020 \$000	2021 \$000
<b>CURRENT ASSETS</b>					
Bank	1	2,773	3,271	3,645	3,875
Inventory		100	-	-	-
Work In Progress		-	-	-	-
Accounts Receivable		<u>350</u>	<u>150</u>	<u>150</u>	<u>150</u>
		3,223	3,421	3,795	4,025
<b>FIXED ASSETS</b>					
	2	<u>8,206</u>	<u>8,003</u>	<u>8,053</u>	<u>8,053</u>
<b>TOTAL ASSETS</b>		<u>11,429</u>	<u>11,424</u>	<u>11,849</u>	<u>12,078</u>
<b>CURRENT LIABILITIES</b>					
Accounts Payable/Accruals		862	353	333	170
Current Portion of Term Loan		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		862	353	333	170
<b>NON CURRENT LIABILITIES</b>					
ANZ Bank Loan		-	-	-	-
Deferred Tax Liability		500	500	500	500
Employee Retirement Gratuity		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		500	500	500	500
<b>NET ASSETS</b>		<u>10,067</u>	<u>10,571</u>	<u>11,016</u>	<u>11,408</u>
<b>SHAREHOLDERS' FUNDS</b>					
Represented by:					
Authorised Capital					
Ordinary Shares at \$1 fully paid		7,435	7,435	7,435	7,435
Retained Earnings		<u>2,631.83</u>	<u>3,136</u>	<u>3,581</u>	<u>3,973</u>
		<u>10,067</u>	<u>10,571</u>	<u>11,016</u>	<u>11,408</u>

**Notes and Assumptions:**

- 1 Bank balance has been taken as the balancing figure and includes any short term deposits and the Cable Car self insurance fund.
- 2 The 2018 balance sheet is the forecast position as at the time of completing this Statement of Intent.
- 3 No distribution to owners based on the Company accumulating funds for further capital replacements required however will be assessed on an annual basis.

**Wellington Cable Car Limited**  
**Statement of Cash Flows**  
**For the Years Ended 30 June 2019,2020,2021**

	<b>Year Ended 30 June 2018 - Forecast</b>	<b>Year Ended 30 June 2019</b>	<b>Year Ended 30 June 2020</b>	<b>Year Ended 30 June 2021</b>
<b>Cash flows from operating activities</b>				
<u>Cash was received from:</u>				
Operating receipts	10,302	6,403	3,598	3,659
Interest received	23	56	30	23
<u>Cash was disbursed to:</u>				
Payments to suppliers and employees	(9,399)	(5,559)	(2,758)	(3,038)
Net cash inflow / (outflow) from operating activities	<u>926</u>	<u>900</u>	<u>870</u>	<u>643</u>
<b>Cash flows from investing activities</b>				
<u>Cash was received from:</u>				
Investments	-	-	-	-
Sale of Fixed Assets	-	-	-	-
<u>Cash was applied to:</u>				
Purchase of fixed assets	(250)	(197)	(313)	(249)
Net cash inflow / (outflow) from investing activities	<u>(250)</u>	<u>(197)</u>	<u>(313)</u>	<u>(249)</u>
<b>Cash flows from financing activities</b>				
<u>Cash was received from:</u>				
Term Loan	-	-	-	-
<u>Cash was applied to:</u>				
Payment of Dividend	-	-	-	-
Term Loan	-	-	-	-
Payment of Tax	-	-	-	-
Subvention Payment	(458)	(206)	(183)	(164)
Net cash inflow/(outflow) from financing activities	<u>(458)</u>	<u>(206)</u>	<u>(183)</u>	<u>(164)</u>
Net Increase/(decrease) in Cash held	<u>218</u>	<u>497</u>	<u>374</u>	<u>230</u>
Opening Cash Balance	2,556	2,773	3,271	3,645
Closing Cash Balance	<u>2,773</u>	<u>3,271</u>	<u>3,645</u>	<u>3,875</u>