



Wellington Cable Car Limited
Responding to COVID 19
Revised Statement of Intent 2020/21

Presented to

Wellington City Council

in line with the Local Government Act (2002)

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IMPACTS OF COVID-19 on FY2019-20

COVID-19 forced NZ into lockdown at midnight on Wednesday 25th March 2020. The Cable Car was closed at 7pm on Monday 23rd March 2020 and remained closed until Thursday 14th May 2020. Since reopening visitation has reduced significantly and operational plans have had to change and evolve to cater to demand.

This document should be read in conjunction with the DRAFT 2020/21 SOI which was submitted to WCC.

Operational responses

Like many businesses, the Cable Car was not an essential service and was closed during Alert Levels 4 and 3. During Alert Level 3, essential maintenance on assets was carried out to ensure the safe operation & running of the Cable Car upon reopening.

The Cable Car opened its doors to the public on Thursday 14th May 2020, when NZ moved into Alert Level 2 and established the following protocols.

Operational Teams

The company is operating a two-team system to allow us to react to any potential staff infection without compromising service.

This is constantly evaluated and updated to align with the latest MOH recommendations.

Contact Tracing

We have adopted the RIPPL app with QR codes displayed at both the Lambton Quay and Kelburn Terminals.

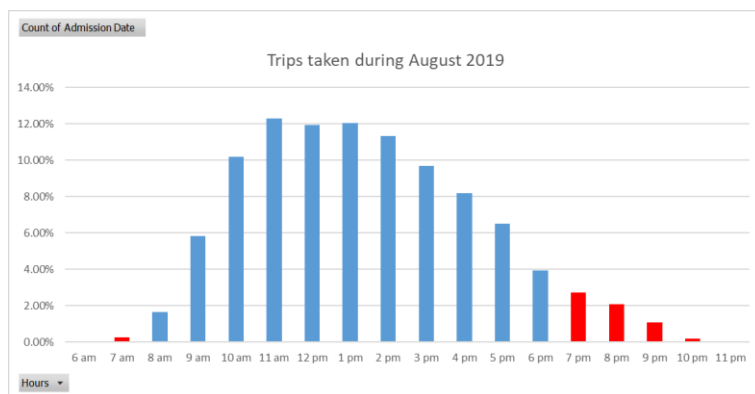
The company has also ensured that pre-purchased tickets (e.g. 10 or 25 multitrip), Snapper cards and Super Gold cards (by an exchange program) all now provide contact details for tracing purposes.

Opening Hours

Operating hours have been reduced to meet customer demand and financial viability.

To determine how to reduce hours without significantly impacting service, we compared scan data from a similar time period in 2019.

Our decision was also balanced to continue to provide a public transport service to Wellington and continue to be an alternative for people to access the Kelburn precinct, the Botanic Gardens and Zealandia.



In response to the analysis, operational hours have reduced from,

- Mon to Fri – 7.00am – 10.00pm
- Sat – 8.30am – 10.00pm
- Sun & Public holidays – 8.30am – 9.00pm

to;

- Mon to Fri – 7.30am – 7.00pm
- Sat & Sun – 8.30am – 7.00pm

It is expected that 94% of the business can be serviced during these times, with operational savings. It is our current assumption that these operating times will remain for FY 2020-21 with minor variations should we see demand improved or increased patronage

Revenue Impact

Losing our international visitors due to border closures represents the greatest reason for revenue reduction. Whether they drove, flew or cruised into Wellington, this is our highest yielding segment and will leave a large hole.

Seating Capacity

Further to the loss of international visitors, the loss in capacity due to social distancing requirements significantly impacted passenger numbers and in turn revenue.

To meet standards set out by MOH, we can safely carry 12 passengers per trip. In comparison to pre-COVID-19 operations, that is a reduction of 60% if counting only seated passengers and 80% reduction if counting a full car.

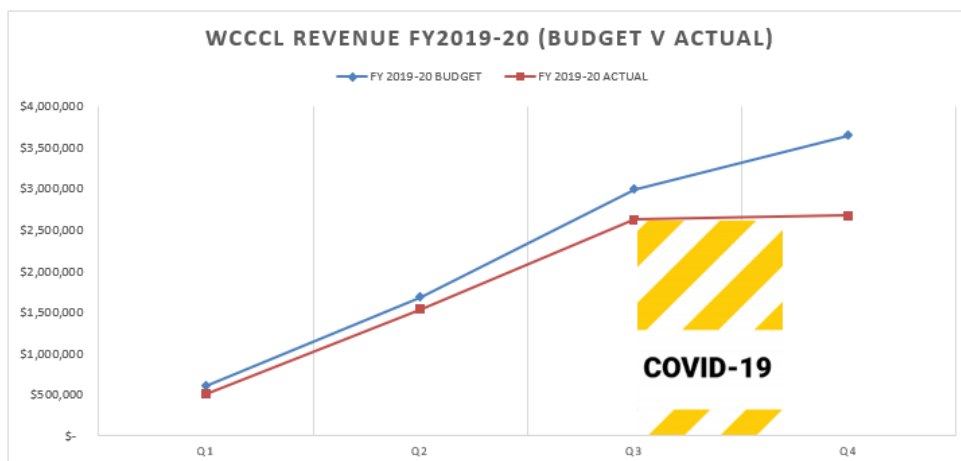
	Pre COVID-19	Alert Level 2	% Change
Seating Capacity	30	12	-60%
Carrying Capacity	60	12	-80%

Contributing Factors

Other contributing factors for low patronage include.

- VIC Uni students have not returned to campus learning
- Many businesses allowing staff to work from home where possible.
- Public transport (Train & bus network) operating free of charge till June 30th 2020

Once these items are taken into consideration, it is expected the Cable Car will have a \$900k revenue shortfall during FY 2019-20



KEY ASSUMPTIONS FY 2020-21

This plan has been prepared using the following parameters provided by Council’s Letter of Engagement received on 13 May 2020.

- No further financial assistance from the NZ Government (wage subsidies)
- Alert Level 2 for all of Q1
- Alert Level 1 for Q2, Q3 and Q4
- Trans-Tasman travel recommences for Q4

WCCCL has made some further business-specific assumptions.

- Given social distancing in Alert Level 2 (Q1), limited capacity of passengers on all cars
- We expect to return to pre-COVID-19 business levels in 3 years, therefore forecasting for FY2021-23 was done as follows
 - FY 2021-22 at 75% of FY 2019-20
 - FY 2022-23 at 90% of FY 2019-20

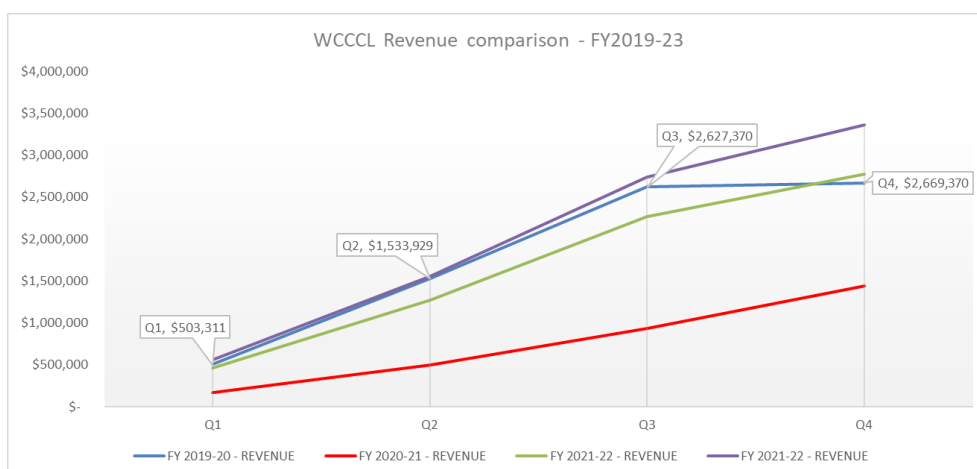
WCCCL Passenger Trips and Revenue

		Q1	Q2	Q3	Q4	TOTAL
FY 2019-20	Trips	179,669	320,508	406,680	13,800	920,657
	Revenue	\$ 503,311	\$ 1,030,618	\$ 1,093,441	\$ 42,000	\$ 2,669,370
		Q1	Q2	Q3	Q4	TOTAL
FY 2020-21	Trips	62,887	126,961	163,614	163,495	516,957
	Revenue	\$ 167,505	\$ 334,919	\$ 435,996	\$ 499,567	\$ 1,437,988
		Q1	Q2	Q3	Q4	TOTAL
FY 2021-22	Trips	157,873	246,720	295,409	167,885	867,887
	Revenue	\$ 462,379	\$ 809,151	\$ 998,542	\$ 508,494	\$ 2,778,566
		Q1	Q2	Q3	Q4	TOTAL
FY 2022-23	Trips	192,317	301,186	345,164	204,646	1,043,314
	Revenue	\$ 563,809	\$ 988,485	\$ 1,186,704	\$ 620,438	\$ 3,359,436

NOTES:

1. FY 2019-20 Q1, Q2 & Q3 are Actuals.
2. FY 2019-20 Q4 is an estimated forecast to June 30 based on what has been observed since opening at Alert Level 2 (2,300 pax/week and \$7,000 / week)
3. FY 2020-21 Q1 includes a 15-day scheduled shutdown to carry out critical safety upgrade.

It is expected that we should return to pre COVID business levels within 3 years. The extended forecast is illustrated bellow.



Maintenance & CAPEX Review

We have looked critically at our expenditure and deferred a significant amount of works for future years.

The process undertaken was to retain works that fell into 3 broad categories.

- Maintaining critical assets
- H&S Critical
- Revenue Generating initiatives

If items were not identified to fit into these categories, they have been deferred to future years.

We have reduced planned spending (spending identified in the original SOI) in R&M and CAPEX by ca. \$400k for FY 20-21 without sacrificing critical works

It is noted that there is ca. \$2M of capital works currently planned in FY 2021-22 for Tunnel strengthening. This is the culmination of years of works, and critical works planned to protect key infrastructure for the Cable Car. This body of work will be reviewed during the next planning and budgeting process to ascertain its progress.

WCCL RE FORECAST FINANCIALS

Wellington Cable Car Limited - Business Plan

Statement of Comprehensive Income for the years ending 30 June 2021, 2022 and 2023

	2020 Forecast	2021 - Qtr 1 \$000	2021 - Qtr 2 \$000	2021 - Qtr 3 \$000	2021 - Qtr 4 \$000	2021 - Total \$000	2022 \$000	2023 \$000
COMPANY ACTIVITIES DIVISION								
Cable Car Income	2,783	168	335	436	500	1,438	2,779	3,359
Cable Car Operations	986	256	256	256	256	1,031	1,059	1,081
Cable Car Maintenance	1,397	444	261	247	247	1,205	1,043	1,382
Depreciation	300	75	75	75	75	300	310	295
Cable Car Expenses Subtotal	2,682	776	592	578	578	2,536	2,412	2,758
Cable Car Operating Surplus/ (Loss)	100	(608)	(257)	(142)	(78)	(1,098)	367	602
EXTERNAL ACTIVITIES								
Sundry External Income	257	27	27	27	27	247	254	262
External Activities Operating Surplus / (Loss)	257	27	27	27	27	247	254	262
Administration Expenses	942	191	191	191	191	834	818	837
External Activities Division Surplus/ (Loss)	(584)	(772)	(421)	(306)	(242)	(1,685)	(197)	27
WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) BEFORE TAX	(584)	(772)	(421)	(306)	(242)	(1,685)	(197)	27
Income Tax Expense	(98)	(214)	(116)	(84)	(66)	0	0	15
WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) AFTER TAX	(487)	(557)	(305)	(222)	(176)	(1,685)	(197)	12
The Total Surplus / (Loss) After Tax Consists of:								
Total Income	3,040	195	362	463	527	1,685	3,033	3,621
Total Expenditure	(3,526)	(752)	(666)	(685)	(702)	(3,370)	(3,230)	(3,609)
	(487)	(557)	(305)	(222)	(176)	(1,685)	(197)	12

Wellington Cable Car Limited - Business Plan
Statement of Movements in Equity for the years ending 30 June 2021, 2022 and 2023

	Notes	Forecast			
		2020 \$000	2021 \$000	2022 \$000	2023 \$000
Opening Equity - 1 July		10,876	10,389	8,704	8,507
Net Surplus/(loss) for the period		(487)	(1,685)	(197)	12
Total Recognised Revenues and Expenses		<u>(487)</u>	<u>(1,685)</u>	<u>(197)</u>	<u>12</u>
Distribution to Owners		-	-	-	-
Closing Balance 30 June		<u>10,389</u>	<u>8,704</u>	<u>8,507</u>	<u>8,519</u>

Represented by:

		2020 \$000	2021 \$000	2022 \$000	2023 \$000
CURRENT ASSETS					
Bank	1	3,786	2,490	174	(70)
Inventory		331	-	-	-
Accounts Receivable		167	86	166	201
		<u>4,283</u>	<u>2,576</u>	<u>340</u>	<u>131</u>
FIXED ASSETS					
	2	<u>7,544</u>	<u>7,367</u>	<u>9,487</u>	<u>9,703</u>
TOTAL ASSETS		<u>11,828</u>	<u>9,944</u>	<u>9,827</u>	<u>9,834</u>
CURRENT LIABILITIES					
Accounts Payable/Accruals		414	490	570	565
Current Portion of Term Loan		-	-	-	-
		<u>414</u>	<u>490</u>	<u>570</u>	<u>565</u>

Wellington Cable Car Limited - Business Plan
Statement of Financial Position for the years ending 30 June 2021, 2022 and 2023

	Notes				
NON CURRENT LIABILITIES					
ANZ Bank Loan		-	-	-	-
Deferred Tax Liability		1,024	750	750	750
Employee Retirement Gratuity		-	-	-	-
		<u>1,024</u>	<u>750</u>	<u>750</u>	<u>750</u>
NET ASSETS		<u>10,389</u>	<u>8,704</u>	<u>8,507</u>	<u>8,519</u>
SHAREHOLDERS' FUNDS					
Represented by:					
Authorised Capital					
Ordinary Shares at \$1 fully paid		7,435	7,435	7,435	7,435
Retained Earnings		2,954	1,269	1,072	1,084
		<u>10,389</u>	<u>8,704</u>	<u>8,507</u>	<u>8,519</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 2020 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 2021,2022,2023

	Year Ended 30 June 2020 - Forecast	Year Ended 30 June 2021	Year Ended 30 June 2022	Year Ended 30 June 2023
Cash flows from operating activities				
<u>Cash was received from:</u>				
Operating receipts	2,941	1,715	2,903	3,537
Interest received	50	50	50	50
<u>Cash was disbursed to:</u>				
Payments to suppliers and employees	(4,167)	(2,664)	(2,840)	(3,305)
Net cash inflow / (outflow) from operating activities	(1,176)	(899)	113	281
Cash flows from investing activities				
<u>Cash was received from:</u>				
Investments	-	-	-	-
Sale of Fixed Assets	-	-	-	-
<u>Cash was applied to:</u>				
Purchase of fixed assets	(143)	(123)	(2,430)	(510)
Net cash inflow / (outflow) from investing activities	(143)	(123)	(2,430)	(510)
Cash flows from financing activities				
<u>Cash was received from:</u>				
Term Loan	-	-	-	-
<u>Cash was applied to:</u>				
Payment of Dividend	-	-	-	-
Term Loan	-	-	-	-
Payment of Tax	98	(274)	-	(15)
Subvention Payment	-	-	-	-
Net cash inflow/(outflow) from financing activities	98	(274)	-	(15)
Net Increase/(decrease) in Cash held	(1,221)	(1,296)	(2,317)	(243)
Opening Cash Balance	5,007	3,786	2,490	174
Closing Cash Balance	3,786	2,490	174	(70)
Closing cash balance per GL	3,786	2,490	174	(70)