

Statement of Intent 2017/18 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 its Statement of Intent for 2017/18 as required by the Local Government Act, 2002 and WCCL's Shareholder, Wellington City Council. WCCL comprises two operating divisions – the Cable Car and the Trolley Bus Overhead Electrical Network, both of which are funded differently. As a Council Controlled Organisation (CCO), WCCL is accounted for as a Public Benefit Entity (PBE).

The Cable Car is funded by passenger revenue and occasional grants from Wellington City Council (WCC) for specific projects (for example, the Electric Drive project in 2016 was part-funded by WCC). The Cable Car carries approximately 1,000,000 passengers per annum and its patronage is split between local residents and visitors to Wellington. The Cable Car is regulated as a funicular railway under the Railways Act, 2005 by the New Zealand Transport Agency (NZTA) Rail Safety Regulator. Despite the healthy number of passengers, future revenue will be insufficient to fund the Cable Car's ongoing asset management programme (in particular, large ticket items such as the replacement of rolling stock) needed to maintain this service. WCCL is continuing to work closely with NZTA, GWRC and WCC to investigate the potential provision of public transport subsidies to support this service. If these are not forthcoming, an increase in fares will be required in the near future to mitigate the gap between costs and income received (primarily, passenger revenue).

The Trolley Bus network is grant funded by Greater Wellington Regional Council (GWRC). Trolley Bus services will cease during 2017 and WCCL will commence decommissioning the network and disposing of the overhead network assets shortly thereafter. This process is expected to take approximately 12 months and is currently scheduled to commence in November 2017, dependent upon (a) final confirmation of the date of cessation of Trolley Bus services and (b) the outcome of the procurement process for the decommissioning work. At the time of writing, both of these activities are a work-in-progress and whilst assumptions can be made for planning purposes, these are not definite at this stage. As it has for many years, WCCL continues to ensure that the network remains operationally available for Trolley Bus services and that public safety is protected, whilst ensuring compliance with all statutory legislation, regulations, codes and applicable standards.



Notwithstanding the proposed structural changes for the company, the core strategies and activities outlined in this Statement of Intent continue the thrust of the previous Statement of Intent for 2016/17. The company's principal activities relate to its long-term public transport infrastructure assets – the Trolley Bus overhead electrical network and the Wellington Cable Car.

2. Strategic Direction

a) Core Purpose

The primary business activities of WCCL are:

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. In 2016 the Company received grant funding from WCC to assist in the replacement of the electric drive and maintenance work on the Cable Cars. The company is planning to qualify for central and local government Public Transport subsidies as part of the Metlink network (similar to the ferries), and is working closely with NZTA, GWRC and WCC on this proposal, which may impact on the 2017/18 year as outlined in section 6(b).
2. Provision of Trolley Bus traction services by means of the overhead electrical network for use by Trolley Buses in Wellington under contract from GWRC, using Broadspectrum as the maintenance services provider. This operation is financed from payments by GWRC on a cost recovery basis, to cover planned maintenance and reactive defect rectification of the overhead electrical network.

This also includes:

- Infrastructure-related activities undertaken within Wellington. In particular, 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.
- The planning and commencement of the decommissioning process, which will commence during the 2017/18 year. WCCL is also investigating the potential sale of the poles to a utility company once the network has been decommissioned.

b) Cable Car Passenger Operating Environment Update

The operating environment for 2016/17 year has continued to be strong and the whole tourism industry in Wellington (including the Cable Car) has benefitted significantly from this. Passenger figures and revenue increased in the 2015/16 year to 1,047,000 and \$2.7 Million respectively, even though the Cable Car shut down for a large upgrade in June 2016. Further growth, particularly in the tourism sector is predicted. Local growth is harder to predict, noting the projected relatively small increase in the Kelburn and adjacent suburb populations.

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. In respect of the tourist market, WCCL is looking forward to the addition of further tourist attractions in Wellington City, including the film museum.

Victoria University student numbers have declined in recent years due to changes in the locations of student accommodation and this trend is continuing because of this permanently changed demographic. There is clear evidence that the price of student fares (which is much lower than an equivalent bus fare) is not the cause of this decline in student numbers. In response, the company has become part of the Victoria University of Wellington inter-campus travel scheme using the Snapper system and while this has helped it has not completely arrested the trend of declining student passengers.

c) Trolley Bus Network Decommissioning

At the time of writing, WCCL is in the closing stages of finalising the procurement phase for the decommissioning of the Trolley Bus overhead electrical network, which is scheduled to commence in November 2017 with a planned completion date 12 months from commencement. This will include removal of 80 Km of network, associated electrical supply feeder pillars, the electrical fault protection system and those poles not required to support critical infrastructure (including electricity supply cables, telecommunications ultra-fast broadband networks, street lighting, road signs and traffic lights). WCCL is also negotiating the potential sale of the remaining poles and is in the final stages of completing the last of the pole user license agreements with Telecommunications utility providers.

There should not be any negative financial impact on the Company arising from the decommissioning of the Trolley Bus Network, as the Company believes the costs will be fully funded by external parties as outlined in Section 7(e). The restructuring costs that may result from the cessation of the Overhead division of the business have been provided for by the Company and are minor in value.

d) Strategic Change Initiatives

WCCL will need to change and evolve as the Traction Services side of the Company winds down. There will be some restructuring costs associated with this but these have not yet been fully scoped at this stage.

e) 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 Broadspectrum, NZ Bus, Wellington Electricity, WCC, GWRC and NZTA.

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>
a. <u>Operation of Cable Car Service</u>	<p><u>Key Generic Activities and Outcomes</u></p> <ol style="list-style-type: none"> 1. Ensure all legal and statutory requirements are met. 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. 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. 4. High standard of customer service provided, with convenience for regular users and a memorable experience for visitors to Wellington. 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. 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. 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. 8. Train employees to ensure that they perform all aspects of their work helpfully and in accordance with safety and operational requirements. 9. Set revenue targets for the Cable Car service to contribute optimally to WCCL's net profit after tax. 10. Ensure appropriate insurance cover is held for Cable Car assets and functions. 11. Cable Car Health and Safety Plan kept up to date and appropriately managed. 12. Ensure the ongoing viability of the Cable Car

<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
<p>b. <u>Operation and 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 closely with WCC, WREDA and other CCOs / Trusts.</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"> 1. Ensure all legal and statutory requirements are met. 2. Safe operation of the Trolley Bus overhead electrical network 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. 3. Operate, maintain, repair and replace (where required) the Trolley Bus overhead electrical network assets in accordance with the Asset Management Plan. 4. The Trolley Bus Overhead Electrical Network is fully available for Trolley Bus services as contracted for by GWRC, subject to damage caused by extreme weather / third parties, or any requirements to undertake reactive maintenance or defect rectification. 5. Ensure the safe and efficient de-commissioning of the Trolley Bus Overhead Network post the cessation of Trolley Bus services (which is planned to commence in November 2017). 6. 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. 7. 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. 8. Ensure appropriate insurance cover is held for Traction Services assets and vehicles, excluding the overhead electrical network infrastructure.

<u>Core Strategies</u>	<u>Key Activities and Outcomes Sought</u>
	<p>9. Ensure the Trolley Bus Traction Services Health and Safety Plan is kept up to date and appropriately managed.</p> <p>10. 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.</p> <p>11. Provide assistance to third parties who are required to move high loads through the overhead electrical network.</p> <p>12. Provide assistance to organisations that need to relocate overhead electrical network assets for road building / modification purposes or earthquake strengthening works.</p>

4. Performance Measurements

1. 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%
Cable Car User Satisfaction Survey	<p><u>Local Residents:</u> How often do you use the Cable Car?</p> <p><u>Tourists:</u> 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>2017/18 – 50% 2018/19 – 52% 2019/20 – 54%</p> <p>Y% of respondents provide a rating of greater than 6 on a scale of 1 to 10</p> <p>2017/18 – 90% 2018/19 – 91% 2019/20 – 92%</p>
Cable Car Service maintains Qualmark endorsement to confirm 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, WCC and GWRC planning and financial systems
Cable Car Passenger Trips	Passenger trips as per the estimates below	Passenger trip estimates achieved or variances explained

<u>Estimated Cable Car Passenger Numbers and Revenue</u>					
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2016/17 (SOI Estimates)	149,815	293,325	354,332	200,039 ¹	997,511
2016/17 (Pax)	107,020 ²	266,165	354,422 ¹	200,039 ¹	927,646²
2016/17 (Revenue)	210,316	636,218	986,848	675,935 ¹	2,509,317
2017/18 (Pax)	206,367	293,010	375,962	216,589	1,091,928
2017/18 (Revenue)	\$490,792	\$808,556	\$1,053,333	\$536,983	\$2,889,665
2018/19 (Pax)	210,171	302,556	388,492	220,198	1,121,417
2018/19 (Revenue)	\$498,111	\$889,891	\$1,188,638	\$600,910	\$3,177,551
2019/20 (Pax)	213,107	312,457	401,492	223,873	1,150,928
2019/20 (Revenue)	\$550,145	\$947,149	\$1,235,377	\$612,637	\$3,345,308

1. Estimated figures for the remainder of the 2016/17 financial year.
2. The 2016/17 figures were affected by the shutdown for the replacement of the electric drive and controls system June - August 2016. This impacted upon passenger numbers for the year by approximately 30,000 – 40,000. There was also a transient negative impact upon local passenger numbers following the November 2016 earthquake.

2. Trolley Bus Services Performance Measures

Performance Indicator	Measure	Target/Result
Hazard Notices issued to WCCL in respect of Network Issues	Number of hazard notices issued to WCCL in respect of network issues caused by WCCL or a result of inadequate maintenance by WCCL.	Nil notices
Trolley Bus Overhead Network Decommissioning Project	Trolley Bus Overhead Network Decommissioning Plan and Schedule agreed with GWRC and procurement process completed	Procurement process for safe and efficient Trolley Bus Overhead Network Decommissioning organised and ready to commence at the appropriate time.
GWRC funding and performance agreement compliance	Number of breaches of agreement	Nil breaches by WCCL Nil complaints from GWRC

3. WCCL Corporate Activities Performance Measures

Performance Indicator	Measure	Target/Result
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 events in Wellington and the inherent nature of its business	Completion of the update of the WCCL disaster recovery plan.

4. Financial Performance Measures

Performance Indicator	Measure	Target/Result
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 and are currently senior Council Officers (City Engineer and Chief Financial Officer).
- The Board currently meets formally every two months (typically 5 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 his 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 meets with the CEO weekly to discuss current issues
- 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:

Health and Safety legislation has been overhauled in New Zealand, and the old Health and Safety in Employment Act 1992 has been replaced by the new Health and Safety at Work Act 2015 (HASWA) modelled upon the Australian equivalent. WCCL is working in conjunction with WCC to ensure that WCCL remains “*ahead of the curve*” under the new regime that now exists in addition to the continuing practices that are undertaken by the NZTA Rail Safety Regulator for the 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 whilst travelling on the Cable Car.

WCCL participated in the very successful WorkSafe New Zealand Safety Star Rating Scheme pilot in the 2016/17 year, and is keen to participate in similar schemes in the future.

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:

Sourcing adequate funding 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. WCCL will continue to liaise with NZTA and GWRC in addition to WCC to identify appropriate finance (which could be a combination of debt, grant, and external funding from both local and central government funding streams).

Should the Company be successful in becoming part of the Metlink public transport network, this may have an impact on the 2017/18 financial year financial statements as it would form part of the 2018 Long Term Plan of GWRC and the business case is premised on the Company receiving funding from the 2018 year onwards. Should this initiative not be successful, the Company will work to assess other options and funding mechanisms as the Company would not be financially viable in the long term. This can be seen from the following charts which show the Company's cashflow over the next 15 years and its 50 year capital expenditure forecast.

Chart 1: Cable Car 15 year cash flow analysis (Incl. 3% inflation)

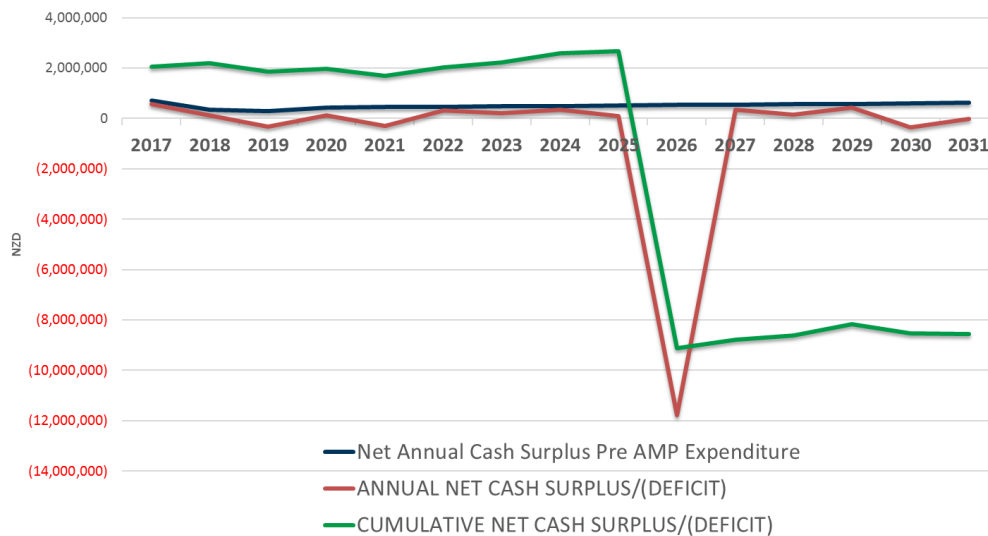
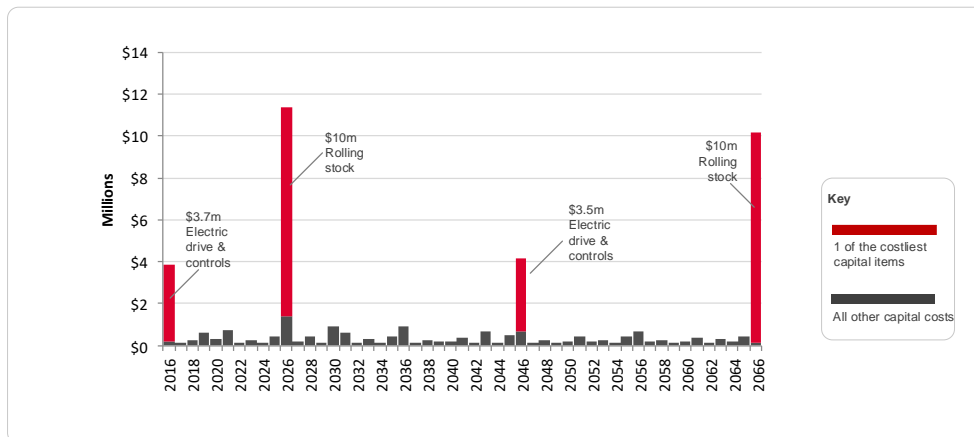


Chart 2: Cable Car 50 year capital expenditure forecast (current costs)



The two operating divisions of WCCL each have their own Asset Management Plans and associated capital investment plans. The Cable Car Asset Management Plan, in particular, was fundamentally rewritten and re-issued in February 2016 to cover the 50-year period through to 2066.

c) Staff Engagement and Training:

The two operating divisions of WCCL each have staff engagement responsibilities and conduct a variety of training to support their activities as well as continuing professional development for employees. Some training is conducted in-house or using services provided by others CCOs and Trusts, but WCCL also engages external training providers. These are essential for customer service ("front-of-house") related

activities, first aid, HT driver training, IT and specialist technical training (noting the unique nature and design of the Trolley Bus network and the skills required for its upkeep).

d) 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, bearing in mind the importance of maintaining Cable Car and Trolley Bus passenger services for the general public in the event of accidents, incidents and natural disasters.

e) Environmental Impact Assessment and Practices:

WCCL does not produce high levels of waste or contaminated materials, and therefore does not have a highly developed environmental impact procedure for analysing its carbon footprint. However, it does undertake sensible initiatives including separation and recycling of waste paper products, plastics, aluminium tins, food waste, conventional garbage and metals (ferrous and non-ferrous). It also endeavours to use suppliers which value the environment, such as the selection of its printing and photocopying equipment.

f) 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 11 risks that have a High Assessment (9 Cable Car and 2 Trolley Bus).

WCCL regularly reviews and updates its WCCL Risk Register (of which a major update was completed in February 2016), and the latest version containing all of the High risks as of writing date is included in Appendix One.

NZ Bus, BroadSpectrum, and Wellington Electricity all have their own Risk Registers that pertain to certain aspects of Trolley Bus operational services. Regular health and safety meetings are held with all of these organisations (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

a) 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 but 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 2016, the shareholders' funds equated to \$9.350m.

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 2016, the Total Assets of the Company equated to \$11.877m.

Ratio of Shareholders Funds to Total Assets as at 30 June 2016 – 78%

b) 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, specifically by NZTA and GWRC.

Cable Car passenger numbers and revenue have increased post 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 also the major project for the 2017/18 year, the decommissioning of the Trolley Bus Overhead Network, 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.

c) 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.

d) 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 operate and maintain the Trolley Bus overhead electrical network until the planned cessation of Trolley Bus services, at which time GWRC will partially fund the de-commissioning of the Trolley Bus overhead electrical network and the company will fund the remainder for which reserves have been retained in the recent years;
- The Cable Car operation will be funded from fares.
- WCCL, in conjunction with WCC, GWRC, NZTA and WREDA is undertaking an NZTA Better Business Case to ascertain the feasibility and merits of the Cable Car operation becoming part of the Metlink public transport network;
- 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).

e) 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 2016, is \$9.350m.

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

At the time of completing this Statement of Intent, the Company believes that the costs of decommissioning the Trolley Bus Overhead Network will be externally fully funded, however should this not eventuate, this will have an impact on the commercial value of the Company and be included in its next Statement of Intent.

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

Nil

g) 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 and 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 2017/18 year, however given the Kaikoura earthquake in November 2016 it is expected that insurance premiums will increase over those payable in respect of 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 a NZ-based insurer (Aon as broker).

Motor Vehicles are insured with a NZ-based insurer (Aon).

Liability covers are insured with a NZ-based insurer (Aon).

Appendix 1: WCCL Risk Register (High Risks)

Cable Car Risk Register (High Only) as at 15 February 2017

Risk ID #	Hazard Title	Risk Items	Risk Causes	Risk Effects	Risk Controls	Pre-Controls Probability	Pre-Controls Impact	Pre-Controls Risk Rating	Pre-Controls Overall Risk Score	Post-Controls Probability	Post-Controls Impact	Post-Controls Overall Risk Score	Post-Controls Risk Rating	Categories
0034	Defective Systems: Braking	1 - Loss of Cable Car service	1 - Breakdown or failure	1 - Loss of Cable Car service	1 - Multiple methods of redundancy designed into the system.	Almost Certain	Catastrophic	25	Extreme	Unlikely	Catastrophic	20	High	Operational Impact
		2 - Financial Risk to the Company			2 - Rigorous preventative maintenance, including weekly checks, and an annual shutdown.	Almost Certain	Major	23	Extreme	Unlikely	Catastrophic	20	High	Plant and Equipment
		3 - Damage to P & E			3 - One bogie is overhauled and changed out per annum.									
0031	Damage and or physical violence caused by intoxicated public/students	1 - Mental and physical ill health of employees	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	Moderate	17	High	Possible	Moderate	16	High	Health & Safety
		2 - Loss of Cable Car service		2 - Loss of Cable Car service	2 - Drivers have radio communications and access to WCC security staff									
				3 - Minor damage to Cable Car and property	3 - Security guards on site during events which may attract intoxicated behaviour									
0007	Earthquake (Small) - (sets off EQ monitor in Control room)	1 - Injuries, unconsciousness, cuts and 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	19	High	Possible	Moderate	16	High	Health & Safety
		2 - Loss of equipment		2 - Injury to employee/ contractor	2 - Evacuation signs fitted at Lambton and Kelburn Terminals	Possible	Moderate	16	High	Possible	Minor	9	Medium	Plant and Equipment
		3 - Damage to structure			3 - Employees are trained in evacuation procedures									
		4 - Loss of cable car service,			4 - All exits are clearly identified with illuminated signs									
					5 - Car evacuation procedures taught and practised regularly as detailed in Drivers and Health & Safety Manuals									
					6 - Telephone interconnects with radio in both Cars, programmed with emergency numbers									
					7 - Tunnels, bridges, visual inspection before service recommences									
					8 - Tunnel convergence monitored									
0021	After hours Interference with a Cable Car by general public	1 - Loss of Cable Car service	1 - Unauthorised entry to Cable Car premises by public . Likely to be elevated at certain times of the year (season and large events).	1 - Vandalism/damage to Cable Car property	1 - Lower Car locked inside terminal at night	Almost Certain	Major	23	Extreme	Possible	Moderate	16	High	Plant and Equipment
		2 - Damage to property		2 - Loss of Cable Car Service	2 - Monitored camera surveillance and alarms inside both Kelburn and Lambton Terminals									
					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.									
0022	Workers around the cars during operation	1 - Vehicle strike causing injury, broken bones and or bruising	1 - People trespassing on the track	1 - Injury to Worker	1 - Workers and Contractors wear the appropriate PPE for task with high viz and sturdy footwear a minimum and given H&S training, including hazard identification	Likely	Major	22	Extreme	Possible	Moderate	16	High	Health & Safety
		2 - Loss of Cable Car Service	2 - Workers undertaking work without prior briefing or authorisation	2 - Loss of Cable Car service	2 - Portable RT can be used by workers to communicate with drivers	Likely	Moderate	17	High	Possible	Moderate	16	High	Plant and Equipment
					3 - Appropriate scaffolding, signage, barriers and netting used as required									
					4 - Drivers notified of any such work									
					5 - Drivers notify each other when workers are in the proximity of the track									
					6 - Drivers use Cable Car bell from a distance of no less than 4 sets of track rollers as a warning to workers. If no acknowledgement received, Cars must be stopped									
0039	Passengers on Station Platforms	1 - Injury to passenger	1 - Standing where the Cable Car could strike them.	1 - Injury to passenger	1 - Signs and markings on platforms to indicate risk to passengers.	Likely	Moderate	17	High	Possible	Moderate	16	High	Health & Safety
		2 - Loss of Cable Car service		2 - Loss of Cable Car services	2 - Drivers trained to be observant and look out for potential accidents.									
0041	Workers injured by mechanical handling equipment	1 - Injury to worker	1 - Dropping/mishandling of mechanical handling equipment and equipment being lifted	1 - Injury to personnel caused by impact	1 - Authorised employee use only.	Likely	Moderate	17	High	Possible	Moderate	16	High	Health & Safety
				2 - Damage to equipment	2 - Danger areas are fenced off.									
					3 - Regular checks to ensure lifting equipment is serviceable.									
					4 - Register kept of ropes, slings and lifting equipment.									
					5 - PPE gear worn.									
					6 - Safety strops used where applicable.									

Traction Services Risk Register (High Only) as at 15 February 2017

Risk ID #	Hazard Title	Risk Items	Risk Causes	Risk Effects	Risk Controls	Pre-Controls Probability	Pre-Controls Impact	Pre-Controls Risk Rating	Pre-Controls Overall Risk Score	Post-Controls Probability	Post-Controls Impact	Post-Controls Overall Risk Score	Post-Controls Risk Rating	Categories
0005	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 - Structural inspection of building to be completed by an independent qualified person, building to be above 33% of code.	Likely	Major	22	Extreme	Possible	Moderate	16	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	16	High	Possible	Minor	9	Medium	Plant and Equipment
		3 - Damage to overhead network infrastructure			3 - Staff are Trained first aiders.	Possible	Major	19	High	Possible	Minor	9	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.									
0023	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	19	High	Possible	Moderate	16	High	Health & Safety
		2 - Loss of trolley bus operations	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	16	High	Unlikely	Minor	5	Low	Plant and Equipment
		3 - Loss of DC power supply	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	19	High	Unlikely	Moderate	12	Medium	Operational Impact
				4 - Damage to property	4 - Reports sent to media if the trolley buses have been affected by the weather and are not operating.	Possible	Moderate	16	High	Unlikely	Minor	5	Low	Reputation
				5 - Loss of DC power supply to trolley bus network.	5 - Work in conjunction with Wellington Electricity to restore DC supply safely.									
					6 - Observe and look after each other in the work party.									
					7 - If not safe and conditions are dangerous, work is stopped.									
					8 - PPE/Wet weather gear worn.									

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 2016 and were approved by the Board of Directors on 09 December 2016.

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.

(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**

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 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.

Appendix 3: Forecast Financial Statements

Wellington Cable Car Limited - Business Plan**Statement of Comprehensive Income for the years ending 30 June 2018, 2019 and 2020**

	2017 Forecast	2018 - Qtr 1 \$000	2018 - Qtr 2 \$000	2018 - Qtr 3 \$000	2018 - Qtr 4 \$000	2018 - Total \$000	2019 \$000	2020 \$000
<u>OVERHEAD DIVISION</u>								
Income	4,359	1,497	1,497	1,497	1,497	5,965	2,213	0
Contractor Operations Costs	1,802	0	0	0	0	0	0	0
Wellington Cable Car Operations Costs	1,303	269	269	269	269	1,075	316	0
Reactive Maintenance	551	13	13	13	13	50	0	0
Total Operating Expenses	3,656	281	281	281	281	1,125	316	0
Operating Surplus/Loss before Replacements	703	1,216	1,216	1,216	1,216	4,840	1,896	0
Pole Replacements	371	0	0	0	0	0	0	0
Feeder Pillar Replacements	20	0	0	0	0	0	0	0
Special Works Replacement	62	6	6	6	6	0	0	0
Contact Wire Replacements / Rentensions	140	0	0	0	0	0	0	0
AMP Expenditure	0	0	0	0	0	0	0	0
Total Replacements	593	6	6	6	6	0	0	0
Total 3rd Party Jobs Completed	0	0	0	0	0	0	0	0
Overhead Division Items Subject to Business Case to GWRC								
Investigation Funding / Decommissioning	110	1,210	1,210	1,210	1,210	4,840	1,896	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	0
Total Maintenance cost	703	1,216	1,216	1,216	1,216	4,840	1,896	0
Depreciation	225	56	56	56	56	225	0	0
Total Expenses	4,584	1,553	1,553	1,553	1,553	6,190	2,213	0
Overhead Overall Surplus/ (Loss)	(225)	(56)	(56)	(56)	(56)	(225)	0	0

COMPANY ACTIVITIES DIVISION

	2017 Forecast	2018 - Qtr 1 \$000	2018 - Qtr 2 \$000	2018 - Qtr 3 \$000	2018 - Qtr 4 \$000	2018 - Total \$000	2019 \$000	2020 \$000
Cable Car Income	2,509	491	809	1,053	537	2,890	3,178	3,345
Cable Car Operations	942	262	262	262	262	1,048	1,086	1,126
Cable Car Maintenance	782	203	203	203	203	811	691	746
Depreciation	168	50	50	50	50	200	215	204
Cable Car Expenses Subtotal	1,892	515	515	515	515	2,059	1,992	2,076
Cable Car Operating Surplus/ (Loss)	618	(24)	294	539	22	830	1,185	1,269
EXTERNAL ACTIVITIES								
3rd Party Services Net Contribution	8	0	0	0	0	0	0	0
Sundry External Income	680	54	54	54	54	217	74	75
External Activities Operating Surplus / (Loss)	687	54	54	54	54	217	74	75
Administration Expenses	536	108	108	108	108	433	586	600
External Activities Division Surplus/ (Loss)	769	(78)	240	485	(32)	614	673	744
WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) BEFORE TAX	544	(134)	183	428	(88)	389	673	744
Income Tax Expense	96	(36)	53	122	(23)	116	149	216
WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) AFTER TAX	448	(98)	130	307	(65)	273	524	528
The Total Surplus / (Loss) After Tax Consists of:								
Total Income	7,606	2,042	2,360	2,604	2,088	9,094	5,464	3,420
Total Expenditure	(7,157)	(2,140)	(2,229)	(2,298)	(2,153)	(8,820)	(4,940)	(2,893)
	448	(98)	130	307	(65)	274	524	528

Wellington Cable Car Limited - Business Plan
Statement of Movements in Equity for the years ending 30 June 2018, 2019 and 2020

	Notes	2017 \$000	2018 \$000	2019 \$000	2020 \$000
Opening Equity - 1 July		9,350	9,798	10,072	10,595
Net Surplus/(loss) for the period		448	273	524	528
Total Recognised Revenues and Expenses		<u>448</u>	<u>273</u>	<u>524</u>	<u>528</u>
Distribution to Owners		-	-	-	-
Closing Balance 30 June		<u>9,798</u>	<u>10,072</u>	<u>10,595</u>	<u>11,123</u>

Wellington Cable Car Limited - Business Plan
Statement of Financial Position for the years ending 30 June 2017, 2018 and 2019

	Notes	2017 \$000	2018 \$000	2019 \$000	2020 \$000
CURRENT ASSETS					
Bank	1	1,748	2,940	3,615	4,091
Inventory		450	100	-	-
Work In Progress		-	-	-	-
Accounts Receivable		<u>750</u>	<u>150</u>	<u>150</u>	<u>150</u>
		2,948	3,190	3,765	4,241
FIXED ASSETS					
	2	<u>8,500</u>	<u>8,248</u>	<u>8,200</u>	<u>8,317</u>
TOTAL ASSETS		11,448	11,438	11,964	12,558
CURRENT LIABILITIES					
Accounts Payable/Accruals		600	316	319	385
Current Portion of Term Loan		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		600	316	319	385
NON CURRENT LIABILITIES					
ANZ Bank Loan		-	-	-	-
Deferred Tax Liability		1,050	1,050	1,050	1,050
Employee Retirement Gratuity		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		1,050	1,050	1,050	1,050
NET ASSETS		<u>9,798</u>	<u>10,072</u>	<u>10,595</u>	<u>11,123</u>
SHAREHOLDERS' FUNDS					
Represented by:					
Authorised Capital					
Ordinary Shares at \$1 fully paid		7,435	7,435	7,435	7,435
Retained Earnings		<u>2,363</u>	<u>2,636.52</u>	<u>3,160</u>	<u>3,688</u>
		<u>9,798</u>	<u>10,072</u>	<u>10,595</u>	<u>11,123</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 2017 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 2018, 2019 and 2020

	Year Ended 30 June 2017 - Forecast	Year Ended 30 June 2018	Year Ended 30 June 2019	Year Ended 30 June 2020
Cash flows from operating activities				
<u>Cash was received from:</u>				
Operating receipts	8,534	9,606	5,398	3,355
Interest received	66	66	66	66
<u>Cash was disbursed to:</u>				
Payments to suppliers and employees	(7,870)	(8,191)	(4,473)	(2,406)
Net cash inflow / (outflow) from operating activities	729	1,480	991	1,015
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	(1,254)	(173)	(167)	(322)
Net cash inflow / (outflow) from investing activities	(1,254)	(173)	(167)	(322)
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	-	-	-	-
Subvention Payment	173	(116)	(149)	(216)
Net cash inflow/(outflow) from financing activities	173	(116)	(149)	(216)
Net Increase/(decrease) in Cash held	(352)	1,192	675	476
Opening Cash Balance	2,100	1,748	2,940	3,615
Closing Cash Balance	1,748	2,940	3,615	4,091