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	ECUTIVE SUMMARY COVID-19 IMPACT, ACTIONS & INTENT

This Statement of Intent (SOI) is presented to the Wellington City Council (Council) in line with the Local Government Act 2002. It reflects the special interest that the Council has in Wellington Cable Car Limited (WCCL) as a Council Controlled Organisation (CCO) and the Cable Car as an iconic city attraction.

This Statement of Intent includes the objectives, governance structure, activities, and performance targets of WCCL. It responds to the Letter of Expectation and aims to ensure ongoing alignment with the Council's plans, policies, and strategies.

It is also influenced by the:

- operating environment
- age and condition of our infrastructure and assets
- users and community expectations

Performance targets are included for the next three years, with a detailed focus on the period from 1 July 2021 to 30 June 2022.

EXECUTIVE SUMMARY

For many years, Wellington Cable Car Limited (WCCL) has been a profitable Council Controlled Organisation (CCO), with the autonomy not to require funding assistance from Wellington City Council (WCC) and the ability to fund its ongoing maintenance, CAPEX, and asset renewals.

In FY 2018/19 (considered a baseline year), WCCL hosted 1.17M trips. In FY 2019/20, that number decreased to 862k and expected to drop further FY 2020/21 to 517k. This equates to a 55% drop in visitation from 18/19 to 20/21. The end of year financial result across the same three years shows similar trends. In FY 2018/19 WCCL posted a pre-tax profit of \$930k, and this changed significantly in FY 2019/20 where WCCL posted a pre-tax deficit and current forecasts suggesting that the FY 2020/21 deficit will increase to (\$1.46M).

The Cable Car is destined to remain in survival mode until international borders re-open and high yielding visitors return in greater volumes. Businesses across Aotearoa are facing these challenges, including our CCO whānau. However, given that the Cable Car is fully exposed to fare revenue and owning and managing all its aging assets, it means that WCCL is acutely exposed.

The Cable Car Board and management appreciated the support by Council through the inclusion of the COVID-19 response budget to assist CCO's in its 2020/21 Annual Plan. Given the forecasts losses in 2022, advocates the carrying forward of any remaining budget to assist, should it be required in 2021/22.

At the time of writing, a free-flowing trans-Tasman bubble with Australia is not expected before 2022, with other air routes following depending on vaccination schedules, demand. The current assumption is that even when international travel resumes, Cruise Ships will not return to Wellington at the frequency or volume once seen. This continues to represent a significant risk for the Cable Car as it aims to fill the void.

In response to the current environment, WCCL has reviewed its business model, reorganised itself in a leaner, more innovative & efficient team. These initiatives have significantly reduced operational costs, slowing the erosion of cash reserves.

Whilst we have used these reserves for more than 12 months, it has become clear that without international visitation, the Cable Car will continue to deplete its reserves for the next two years, including funds set aside for asset replacement. The support provided by WCC in FY 2020/21 and inclusion of the Cable Car tunnel strengthening in the Council's 2021-31 LTP is critical to managing WCCL's future capital funding requirements.

1. COVID-19 IMPACT, ACTIONS & INTENT

From May 2020, as NZ came out of Alert Level 4, and with the gravity of the situation facing the Cable Car, a comprehensive review of its entire operation started with the aim to survive the pandemic, became more agile, reduce costs, and right sized itself in preparation for future operations.

The process that continues has transformed this business and continues to evolve as our operating environment changes. Below, some of the significant actions (both cost-saving and revenue-generating) undertaken are highlighted, and where appropriate, more details are referenced further in the SOI.

1.1. MITIGATING ACTIONS

Reviewing Service Levels – In pre-COVID-19 times, the Cable Car had operated till 10pm Monday to Saturday (Sunday & Public Holidays 9pm). Analysis indicated that the service from 8pm was poorly utilised and seldomly profitable; however, pre COVID-19, it was acceptable to maintain longer hours as a community service and absorb this cost. Hours of operation have been reduced to match visitation demand and shortened to 8pm Monday to Saturday, with a 7pm closing on Sundays & Public Holidays.

Reducing costs – Commercial contracts have been reviewed and renegotiated with suppliers to meet current operational needs. Partnerships with other CCOs continue to be explored for mutual benefit, such as working with Experience Wellington to share underutilised commercial office space for mutual benefit.

Significant insurance premium increases have annulled various cost savings initiatives. WCCLs premium increase by \$142k in FY 2020/21 representing a 34% increase in a single year.

Given the fixed cost nature of the business, there are limited opportunities to rationalise costs further without discussing a significant reduction in operating hours, increasing risk exposure, or hibernating the business for periods.

Structure review – WCCL was structured and staffed to meet <1.1M passengers per year. In 2020, the organisation went through a review and subsequently re-structure to ensure the appropriate functions were in place to support the survival in a COVID-19 world with the correct number of staff. WCCL went from a headcount of 24 to 19, a 20% reduction in staff numbers (a combination of FT, PT, Fixed term, and Casual roles).

CAPEX & Maintenance – All CAPEX and maintenance items were scrutinised, and all non-critical spend has been and continues to be deferred to future years. Items that remain fall into three broad categories.

- Maintaining critical assets for a safe and reliable operation
- H&S Critical
- Revenue Generating initiatives

Approximately \$3M of spending has been deferred thus far, including seismic strengthening of tunnels and key investigative work on various other assets. Further information on WCCL Assets can be found in section five.

Government Assistance & relief funding – WCCL applied and received two out of the three COVID-19 subsidies offered by the central government. We remain vigilant for any available funding and apply where appropriate.

Website and eCommerce – In September 2020, WCCL partnered with a local development team and launched a new website focused on eCommerce. This has enabled us to drive more online promotions and discounts for local commuters.

Marketing initiatives – New marketing initiatives, messaging, and comms have been developed to appeal to and attract local and domestic customers. Product combos, specialty offering and collaborations and with other CCOs are being released to attract new customers. Further information on Marketing is contained in section four.

Product development & New channels — As part of the re-structure, a Business Development role was established and focuses on opening new channels and identifying new products. Thus far, a new tour product was developed, tested, and now on offer to school groups visiting the Cable Car and several Experience Wellington venues.

Pricing – To date we have not materially adjusted pricing. There is research to suggest that there is limited price elasticity with the local commuter market. With rising operational costs, price increases will need to be considered to ensure that additional burden is not going to be placed on the operation.

1.2. CABLE CAR FINANCIAL AND COMMERCIAL LENS

From a period of sustained profits prior to the impact of COVID-19, the Cable Car, since February 2020, has incurred significant reductions in passenger numbers, primarily because of a decline in international visits. Despite cost-saving & efficiency initiatives, this has and will continue to have a significant impact on the Company's profitability, to a point where forecasts show significant losses for the next two years at least.

	2018/19 Actual	2019/20 Actual	202	20/21 Forecast	20	21/22 Forecast	202	22/23 Forecast	20	23/24 Forecast
Passenger numbers	1,170,392	862,487		516,957		602,490		843,486		1,096,532
Total expenditure	\$ (4,690)	\$ (3,964)	\$	(3,179)	\$	(3,219)	\$	(3,273)	\$	(3,537)
Total income	\$ 5,304	\$ 3,049	\$	1,719	\$	1,839	\$	2,587	\$	3,400
Profit/(Loss) Before DPRN & Tax	\$ 614	\$ (915)	\$	(1,752)	\$	(1,680)	\$	(986)	\$	(437)
Depreciation (DPRN)	\$ 316	\$ (294)	\$	(293)	\$	(300)	\$	(300)	\$	(300)
Profit/(Loss) before tax	\$ 930	\$ (621)	\$	(1,459)	\$	(1,380)	\$	(686)	\$	(137)
Closing Cash Position	\$ 5,007	\$ 4,097	\$	2,688	\$	1,603	\$	1,239	\$	1,413

NOTES:

- 1 2019/20 Includes COVID-19 subsidy revenue
- 2 –2020/21 revenue forecast is prior to accounting for any COVID-19 response funding support that may be provided as part of WCC's COVID-19 support budget.

Should international tourism not return in the next 18 months, the Cable Car will continue to post deficits eroding its cash reserves and constrain its ability to fund ongoing maintenance and future asset renewal programmes.

The WCCL board have considered several different scenarios, however it is noted that these would have potentially significant impacts on the community and the vibrancy of the City.

These options include

- 1) Operating the Cable Car during peak commuter service only until demand increases to profitable levels
- 2) Rolling stops during the day to achieve worker break requirements as an alternative to additional staff to cover rest and meal breaks
- 3) Hibernate the service through winter or until international borders re-open and tourists

return

4) Reduce the number of assets insured (e.g., not insure the intermittent stations) to reduce increasing premiums

It is appreciated that Council and the Wellington public may consider some or all these untenable. Accordingly, this Statement of Intent is predicated on continuing to operate the Cable Car as outlined in the SOI and continue to seek efficiencies, driving new business and increasing utilisation.

The Board is happy to maintain the course that has been charted and given the changing environment, will closely monitor progress. The Cable Car is appreciative of the support from Council through 2020/21 from the \$5M set aside in the Council budget for CCO's, this has been a good initiative and depending on how the drawdown of this occurs across the year if there are any unallocated funds we would recommend retaining to provide similar support in 21/22 should trading conditions not improve.

1.3. FUNDING FOR ASSET RENEWAL & MAINTENENCE

Given the current financial environment and an aging asset base, WCCL continues to explore options to fund asset renewal, deferred maintenance, and seismic strengthening through various means.

As part of the LTP process, WCCL updated its Asset Management Plan (AMP) and applied for \$4.5M over six years for Seismic Strengthening and Assessments of the Cable Car Tunnels, Bridges and Lambton Terminal. Concurrently through the Regional Land Transport Programme (RLTP), \$2.4M over the next three years, was applied to invest in the same body of work. The total costs for this work are \$6.9m over six years (\$4.5M from WCC via the LTP and \$2.4M from Waka Kotahi RLTP).

The Board supports the initiative to include the provision of funding for the strengthening of Cable Car tunnels in the Council's 2021-2031, as the sustained operating losses forecast from 2020-2023 mean the Cable Car will no longer be building cash reserves for capital replacement and is unlikely to be able to fund these works as initially envisaged.

1.4. OUR INTENT FOR FY 2021/22

WCCLs vision for 2021/22 remains to host uniquely Wellington experiences that locals are proud of and visitors remember & share. Our focus is to ensure that the Wellington Cable car provides safe, reliable, and efficient service to commuters and visitors alike.

Having made significant losses in FY 2019/20 & 2020/21, all non-essential CAPEX and maintenance work remains deferred due to lack of funding. We acknowledge the councils support in maintain some critical works in the LTP programme and await the decision.

Given our broad and varied asset base, WCCL aims to increase its understanding of our asset base by continuing exploratory work on bridges, terminals, stations, and track where possible. Having a deep understanding of all assets will allow WCCL to make educated decisions on prioritising maintenance work.

WCCL will continue to ensure that financial discipline is maintained to minimise the draw on cash reserves to ensure financial sustainability is returned as soon as possible.

We will continue developing and refining new products, especially those

that open new revenue streams and attract new and emergent markets. We will continue to develop collaborations with our CCO whānau for mutual benefit.



Any price increase was deferred for the summer period; however, it will need to be considered soon. Casual Fares' last price adjustment was July 2018, with adjustments to Family and Multi-Trip in February 2020. In 2021 a price adjustment will be required to keep in step with rising operational, insurance and maintenance costs.

Finally, WCCL is committed to looking after its staff, who have continued to perform admirably in the face of extremely challenging and uncertain times. Without them, the operation is nothing, and it is because of them, the Cable Car looks forward to its 120th birthday in 2022.



2. FY 2021-22 PERFORMANCE MEASURES

WCCL monitors our performance over the following seven categories

- 1. Health & Safety
- 2. Environmental
- 3. Quality
- 4. Reliability / Timeliness

- 5. Visitation
- 6. Revenue
- 7. Financial independence

We have developed a performance framework and performance measure to track our performance over these critical areas.

2.1. HEALTH & SAFETY

Performance Indicator	How will it be measured	Target/Result		
Cable Cars, track, tunnels, bridges, buildings, and equipment are maintained to the required standard.	Required inspections and tests will be satisfactorily completed. Recommendations will be actioned.	Rail safety licence maintained.		
Wellington Cable Car has a robust Asset Management Plan (AMP).	The Asset Management Plan will be updated in 2021/22 and approved by the Board.	Asset Management Plan will be approved and implemented.		
Health and Safety is actively managed and systematically improved.	Risk register reviewed at each H&S meeting, with mitigation and minimisation options discussed and, where possible, implemented.	Improved infrastructure, equipment, tools, processes, and training.		

2.2. ENVIRONMENTAL

Performance Indicator	How will it be measured	Target/Result
Cable Car Sustainability	Develop an Emissions Reduction	The Emissions Reduction plan is
Cable Cal Sustainability	plan.	approved and implemented.

2.3. QUALITY

Performance Indicator	How will it be measured	Target/Result		
Cable Car User Satisfaction	User Satisfaction Survey administered and analysed by independent research specialist.	Maintain Net Promoter Score equal to or better than CXI Benchmark.		
	Trip Advisor and Google ranking	Maintain a rating of 4.2 or higher for both platforms		
The service level meets established tourism standards.	Annual Qualmark assessment.	Qualmark GOLD standard reached and maintained.		

2.4. RELIABILITY / TIMELINESS

Performance Indicator	How will it be measured	Target/Result
Cable Car Service Reliability	Percentage Reliability	Greater than 99.0%

2.5. VISITATION

Estimated Cable Car Passenger Trips								
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Total			
2021/22 Trips	114,469	172,881	183,809	131,331	602,490			

2.6. REVENUE

Estimated Cable Car Passenger Revenue								
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Total			
2021/22 Revenue	\$364,269	\$545,306	\$521,061	\$407,968	\$1,838,604			

2.7. FINANCIAL DISCIPLINE

Performance Indicator	Measure	Target/Result
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 following the delegations' policy

2.8. COUNCILS EXPECTATIONS

Wellington Cable Car will continue to remain aligned with the Council's plans, policies, and strategies. Below is a list of specific items raised in the letter of expectation and Wellington Cable Car's response to each of these:

Council's Expectations	Wellington Cable Car's Response
	The Cable Car is fully electric with a carrying capacity of 100 pax on a motor about the same size as a Ute. WCCL prides itself on being one of the most efficient modes of transport in Wellington.
Te Atakura First to Zero Policy	In 2020, we commissioned and received a report that included several recommendations for improving electricity use and CO_2 emissions. Several recommendations have already been implemented, and we are continuously looking for opportunities to improve our performance.
Support Council's Te Tauihu Te Reo Maori Policy	Wellington Cable Car publishes an information brochure in Te Reo Maori and has a Maori language option on the Cable Car website.
Support Te Mapihi Maurea Naming Policy	As Wellington Cable Car facilities are progressively upgraded, we will seek ways to incorporate Te Reo into wayfinding and other signage where appropriate.
Accessible Wellington	In 2018, Wellington Cable Car achieved the first Platinum Accessibility Rating of any organisation in Wellington. We remain focussed on maintaining and, where possible, working with interested groups to improve the experience and accessibility for all visitors.
An innovative, inclusive quirky	Wellington Cable Car supports local artists wherever possible and will continue to look for ways to use local artwork to enhance the Cable Car visitor experience.
city	We will continue to work with artists to provide them with a platform to show their arts and support other initiatives such as, "What if the city was a Theatre?"
	Wellington Cable Car supports the Council's commitment to the Living Wage. All Wellington Cable Car employees are paid at or above the Living Wage.
An accessible capital city	We will continue to find opportunities to improve signage and wayfinding at both the Lambton Quay and Kelburn terminal areas

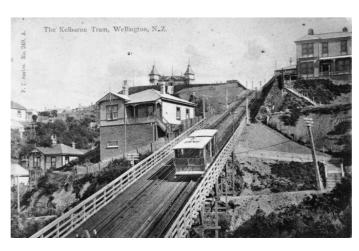
Council's Expectations	Wellington Cable Car's Response
Kelburn precinct	In 2020 the Cable Car reinitiated a korero which involves all stakeholders around the Kelburn precinct, whether they be CCOs or local businesses. This collaborative approach was focused on driving visitation and improving the visitor experience to the precinct. In 2021/22, the Cable Car will continue to lead in that space and facilitate further discussion for mutual benefit.
Health and Safety at Work Act 2015.	Wellington Cable Car is acutely aware of its obligations under the Health and Safety at Work Act 2015. We are always looking for opportunities to improve worker safety and have recently finalised a new Safety Management System. We have regular health and safety meetings to discuss opportunities to assess, eliminate and reduce risks.
Provide an update on significant upgrade and renewal projects over the next three years	Details on the age and condition of assets are included in section 5. Next year we plan to complete track maintenance work, detailed bridge inspections and planning for seismic improvements of the tunnels.
Provide an update on the proposed Car replacement	2021/22 will see the replacement and refurbishment of the 4 th and 5 th bogies, respectively. After the final refurbishment, and in consultation with manufactures and technical experts, we will be able to make an informed decision about the condition and the remaining life. At this stage, it is not believed that replacement will occur in this LTP cycle.
Provide an update on Asset Management Planning.	We now have comprehensive and detailed seismic performance information on our tunnels, tracks, and sleepers. Further investigation needs to be conducted on bridges, terminals, and stations, which will be used to update our Asset Management Plan in 2021/22.

3. ABOUT THE WELLINGTON CABLE CAR

3.1. WCCL HISTORY

The Wellington Cable Car is one of the City's best-known tourist attractions. It is a funicular railway with a track length of 609 meters which climbs 120 metres from the Lambton Terminal at the end of Cable Car Lane through to the Kelburn Terminal on Upland Road. The route includes three tunnels and three bridges. The Wellington Cable Car opened in February 1902, and the Cable Car Route is now a Heritage Area.

¹There have been several equipment upgrades and improvements over time. The most significant of these was the almost complete replacement 1978/79. This included replacing the original wooden Cars with steel-framed Cars, replacing the drive system, replacing the original double tracks with a single track and a passing loop. The original wooden viaducts were also replaced in the 1930s with the current hot riveted steel rail beams supported by concrete More recently, the Kelburn pillars.



terminal was replaced in 2013, and the drive and control systems were replaced in 2016.



²The Cable Car was developed initially to provide convenient public transport between the village suburb of Kelburn and the city centre. The Cable Car continues to provide a public transport function; however, it has been adopted as an iconic symbol of Wellington, and in pre-COVID-19 times, was the second most visited tourist attraction in the City, welcoming 1.1 million passengers per year.

The Cable Car is well maintained, but as a high use public transport asset, it now requires more comprehensive maintenance and inspections and forward-looking planning and asset management to ensure that it can continue to provide reliable and safe travel in the future.

In recent times, the Cable Car has been solely by passenger revenue and does not receive any other central or local government funding to subsidise it.

¹ 1957 Evening Post - https://tiaki.natlib.govt.nz/#details=ecatalogue.208556

² 1957 Evening Post - https://tiaki.natlib.govt.nz/#details=ecatalogue.459563

3.2. SHARED PURPOSE

In 2020, with a relatively new board of directors, the appointment of a new Chief Executive and having to re-evaluate its business model due to the COVID-19 pandemic, the Cable Car developed its Shared Purpose and Values to help guide it through its next phase of operation.



Our Shared Purpose ..

Host uniquely Wellington experiences that locals are proud of and visitors remember & share

3.3. VALUES

Our Values ..



Kaitiakitanga

Custodians of a Wellington taonga & our environment

Safe Workplace

Safe Site & Safe Conversations

Guest Centred

The guest experience makes our business

Pride

We strive to take pride in everything we do

Team

The Team works together to deliver consistently great Wellington experiences

Adaptability

We embrace new ideas to sustain & improve our business

3.4. APPROACHES TO GOVERNANCE

WCCL is a Council Controlled Organisation (CCO) incorporated in 1991 to manage the Wellington Cable Car and the Overhead Trolley Bus network. The Company's constitution requires that the Board has a minimum of two Directors. The Directors are currently members of the WCC executive appointed by Wellington City Council delegated to its Chief Executive.

The Board meets regularly, and formal Board meetings are held quarterly, with additional meetings scheduled as required. The Board are responsible for guiding the strategic direction and approving the Statement of Intent. The Board monitors the organisations performance and the performance of the Chief Executive. They also monitor the policies and practices of Wellington Cable Car to ensure that they are aligned with the Council and other stakeholders' expectations.

3.5. MANAGEMENT & STRUCTURE

During 2020/21, WCCL undertook a full review of its size and structure to ensure that the organisation fit for efficient operations in a post COVID world.

Reporting to the Chief Executive, the Asset & Engineering Manager, Operations Team Leader, Company Accountant and Sales & Marketing Executive form a small but agile group with complementary skills sets to continue to ensure the Cable Car operates safely, efficiently, and effectively.

The Ops TL looks after a team of skilled and engaged Drivers who ensure the safe and timely operation of the Cable Car.

3.6. PEOPLE

We recognise that our people are at the core of our business. We are committed to creating a positive environment that allows our people to thrive personally and professionally, enabling them to bring their whole selves to the workplace.

Key initiatives which have started in 2020/21 and will continue into 2021/22 include:

- Ensuring staff wellbeing is monitored given the current and ongoing challenges
- Using our Shared Purpose to guide business decision making
- Embedding our values into Day-to-Day operations:
- Continued focus on Personal & Professional development
- Focus on career development and progression
- Collaborative approach to problem-solving, including the development of SOPs to support training

3.6.1 HARASSMENT

WCCL is committed to maintaining a safe and discrimination-free environment that encourages respect for the dignity of everyone. We endeavour to maintain an environment free from harassment based on gender, race, colour, religion, national origin, ancestry, age, marital status, sexual orientation, pregnancy, physical or mental disability, or citizenship.

3.7. ENVIRONMENT

The Cable Car is electric and is a very energy efficient mode of transport because it is a funicular the Cars are virtually weightless. The motor to drive the Cable Car is less than 200kW (smaller than a Ford Ranger) with a carrying capacity of 200 pax (100 in each car).

The Cable Car also has regenerative braking, so the energy to slow and stop the Cars under normal operation is fed back into the local electricity network. Because of this, we are described as a distributed generator.



In 2020 WCCL commissioned an Energy Emissions Profile and a type 1 Energy Audit. We have implemented several recommendations and continuously looking for opportunities to improve our performance.

We continue to provide our emissions data to WCC as part of its emission inventory process.

WCCL remains focused on reducing energy consumption and minimising our footprint wherever possible. Our goal is to work with Councils Climate Change Response Team to develop an emissions reduction plan.

3.8. OPERATIONAL HOURS

In response to COVID-19 and with the aim of looking at how to operate more efficiently and effectively, hours of service were reviewed.

Historically the Cable Car had operated till 10pm Monday to Saturday (Sunday & Public Holidays 9pm). Analysis indicated that the service from 8pm was seldomly profitable.

WCCL moved to a Summer / Winter timetable, with the changes aligned to daylight savings.

Hours of operation were reduced to match visitation demand and shortened to 8pm Monday to Saturday, with a 7pm closing on Sundays & Public Holidays.

We continue to reflect on usage needs and adjust timings to suit seasonality and forecast demand.



3.9. OPERATIONAL EFFICIENCIES

WCCL strives for continuous improvement in its operational management. Systems and Processes are continuously reviewed with a focus on ensuring we operate in the most effective manner. Where possible, we are using applications to automate repetitive tasks to minimize processing time and removing human errors.

3.10. DATA SECURITY & IT

During 2020/21, WCCL migrated all its data systems and storage to a cloud-based system, enabling the organisation to work remotely much more quickly and efficiently should the need arise. This migration also ensures that our security systems were reviewed and 2FA introduced to ensure we meet the industry standard for data security.



4. SALES & MARKETING

4.1. MARKETING STRATEGY

WCCL has taken time to review and reflect on its operational model, customers, products, and services. Through this, 6 main Market origin categories were identified.



In 2020/21, WCCL developed a new Strategic Marketing plan and established key focus areas.

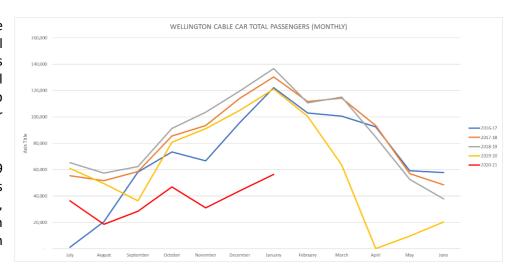
These included

- Campaigns targeting
 - o Friends and Family visit Wellingtonias
 - Domestic tourist aligned with city and partner events
- Develop greater penetration in the School / Education market
- Partnership with CCOs to appeal to new audiences with a specific family focus
- Maintain connection with wholesalers / ITOs to capitalise when border re-open
- Continue to be a leader in the revitalisation of the Kelburn precinct at the top of the Cable Car

4.2. MARKET CONDITIONS

For several years, the Cable Car enjoyed substantial year on year growth thanks to growth in international tourism and cruise ship berth during the summer months.

As a result of the COVID-19 pandemic, visitation has been hit incredibly hard, with an <55% loss in passengers when compared to FY 2018/19.



The loss of high yielding international visitation coupled with flexible working patterns where fewer people are coming into the CBD daily and the increase in operational costs are increasing proves to be a challenging time for the Cable Car. Like many other businesses in Wellington, the Cable Car has refocussed its offering to a predominantly domestic market, choosing to target a family-friendly offering and collaboration with other CCOs and businesses around Kelburn such as Space Pace, Cable Car Museum, Zealandia, and the Botanic Gardens.

The Cable Car is more reliant than ever on events in Wellington to attract customers, especially domestic tourists. WOW, Music Concerts, Festivals, and sporting fixtures will help bring Kiwis into the CDB and ride the Cable Car.

With new strains emerging, uncertainty around travel bubbles (a likely hood the pacific will open before Australia causing a negative impact on domestic tourism in NZ) and uncertainty around vaccination programs, the Cable Car is planning on another year with only domestic visitation. In the longer term, there is consideration being given to the possibility that we may never see the volume of cruise ships arriving in Wellington, which highlights the importance of efficient operation and appropriate market appeal.

4.3. PRICING

Our aim with pricing is to maximise profit and passenger numbers. It is always a balance to set prices that represent value for all customers; typically, tourists have different expectations than local commuters. The last price adjustment for Casual Fares was July 2018, and Family and Multi-Trip passes had a price adjustment in February 2020. In 2021 a price adjustment will need to be made to keep in step with rising operational and employment costs.

6.3.1 SuperGold

When the SuperGold scheme was introduced, WCCL received 75% of the adult passenger fare which quickly reduced to 65%. Since 2016 the funding has been capped and in 2021 remains at \$91k. The current reimbursement rate (2020/21) is \$2.26 (ex GST) per trip, and at the time of writing, it is expected funding to be reached in March 2021.

We will seek to secure increased funding for the SuperGold Scheme to reflect the increased demand and improve the financial position of the Company.

4.4. CUSTOMER EXPERIENCE

We are continuously investigating options to enhance the visitor experience. Options actively being considered include.

- Improved signage on Lambton Quay to guide people down Cable Car lane
- Curating the Customer Journey from Lambton Quay, though Cable Car lane, Lambton Terminal to Kelburn
- Wayfinding and directional signage at both Terminals, including deployment of further digital screens
- Upgrade of the Lambton Terminal
- Replacement and upgrade of the display lights in the upper two tunnels.

Over time, other work will also be required to upgrade, replace and improve retaining walls near the track, fencing and security.

4.5. EVENTS

Events continue to be a great way to attract customers to the cable car and make the precinct more vibrant. We have developed a full calendar for the coming year, which includes participating in WCC initiatives such as "What if the City was a theatre?". We have hosted our own such as Fairy Trina kids' events, Halloween and continue to work with other community groups such as China Cultural center Wellington for mid-autumn, Speed Dating and utilising the event as a venue.

5. NATURE AND SCOPE OF ACTIVITIES

As Kaitiaki of this Taonga, all our activities support our shared purpose to operate, maintain, promote, and improve the iconic Wellington Cable Car for future generations.

5.1. LEGISLATIVE REQUIREMENTS

Legal requirements continue to evolve and become more robust. Examples of this are the Health and Safety in Employment Act, 2005, the Local Government Act, Building Act, Railways Act, Passenger Ropeways Regulations, and others. We will continue to improve our infrastructure, systems, and processes to meet these evolving legislative requirements.

5.2. ASSETS

The Cable Car owns and maintains a range of infrastructure assets, with a broad range of complexity, age, and condition. Most of the simple maintenance is completed in house with overflow work being outsourced out. More complex and require specialist skills to inspect, test, access and maintain. We partner with a range of technical specialists where specialised skills and/or tools/instruments are required.

Our oldest assets are our three tunnels. Construction of these began in 1898 and over the last few years, investigations into the seismic performance of the tunnels have been undertaken to give us an excellent understanding of the condition and the risks.

The three steel bridges were constructed in the 1930s, to replace the original wooden bridges. We have a good understanding of the maintenance requirements of Salamanca Bridge, with some more investigation to be complete at Rawhiti and Talavera. Further seismic assessments need to be carried out at all three bridges.

The existing track was installed in 1979. Pre-used rail was used, with a mix of new treated pine and hardwood sleepers. The rail is generally in good condition and is expected to be serviceable for another 40-50 years.

The steel-framed Cars date back to 1979. They are in very good condition but are showing signs of their age. The motor, drive and control system were replaced in 2016 and remains compliant with current European Standards. This equipment and these systems are regularly maintained following the manufacturer's recommendations.

The complexity and range of assets means that it is extremely expensive to maintain. The Cable Car has applied for Waka Kotahi and LTP funding to assist with the investigative costs to better understand works required to ensure the Cable Car runs safely and reliability for future generations.

9.2.1 TUNNELS

We have been working with WSP to assess the Seismic performance of the Cable Car tunnels. The tunnels were constructed back in 1902 and are an essential heritage feature of the Cable Car.

While there are no immediate safety concerns, several options to improve seismic resilience have been identified. Resource Consent was issued for remediation work on the Upper Portal of the middle tunnel, which allows the following steps to be undertaken when finances allow.



These improvements will be undertaken over time to improve the seismic resilience of the tunnels steadily.

9.2.2 BRIDGES

In 2019/20, we responded to a recommendation to treat areas of rust on the longest bridge at Salamanca station. This work evolved into a complete repaint. The work also prompted investigation into the condition of the roller bearings and the fixing of these to the concrete priers. Approximately one-third of the fixings were replaced, and the roller bearings were refilled with oil.

We will washdown and inspect the other two bridges (at Rawhiti and Everton Terrace) in 2020. This will allow us to assess the condition and plan any painting and repair work that may be needed in future years.

We also plan to begin work to update the seismic assessment of the bridges in 2020/21.

9.2.3 TRACK



The track was installed in 1979, using second-hand rail supported by a mix of treated pine and hardwood sleepers. The sleepers are now over 40 years old, and the ones in exposed areas are due for replacement. This work will be prioritised and scheduled to be completed during our usual annual shutdown.

During the 2020 shutdown, ten sleepers were replaced with new composite sleepers.

Given the uniqueness of the rail, we have had to look internationally to be able to source replacement sections. Work on the track will be ongoing and will be scheduled to take place during our annual shutdowns.

9.2.4 CARS / BOGIES

Following advice from the original equipment manufacturer, we completed a comprehensive maintenance and inspection on the Cars in 2019. This work was done in partnership with Doppelmayr/Garaventa Group and local engineers from ACME Engineering. Similar work will also be completed in 2020 on the two lower bogies.

We have four bogies in use (two in each car) and one spare. The bogies (chassis under Cars) are progressively being reconditioned by specialist engineers at ACME engineering, based on technical advice from Garaventa in Switzerland. When this work is completed, we will have better



understanding of the condition and remaining service life of all the bogies. During this process, all safety systems are tested to the appropriate standards to ensure that they continue to meet their original performance requirements.

This will allow us to make an evidence-based decision about the condition and the expected remaining operating life of the Cars and therefore plan for replacement of the rolling stock.

9.2.5 TERMINALS & STATIONS

We have recently completed a high-level seismic assessment of our Lambton Terminal and will continue to plan for more detailed assessments and improvements (where necessary) to all our infrastructure.

The intermediate stations are serviceable, but the stations at Talavera and Salamanca may require improvements to meet current safety standards.

6. HEALTH, SAFETY & WELLBEING

WCCL is committed to developing and maintaining an enduring and resilient approach to Health, Safety and Wellbeing that embeds a culture of zero harm within the Company, adhere to legislative requirements and ensures that staff, contractors, and the public are not exposed to unnecessary risk or harm in their dealings with WCCL.

This is reflected in the following policy statement.

We are committed to creating a work environment that supports and grows our people and enables them to go home healthy and safe every day.

We must build a workplace environment that encourages and supports our people to take responsibility for their Health, Safety and Wellbeing as well as supporting others that they are working and engaging with (including passengers and contractors).

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:

6.1. 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:

In each category, the effect of a risk on the business has been considered, and the level of risk assessed, considering any controls that have been put in place. Risk mitigation actions and controls are determined such that the level of risk is 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.

WCCL regularly reviews and updates its WCCL Risk Register, and the latest version containing all the high risks is included in Appendix One.

At a governance level, Health & Safety reporting is a standing item at all Board meetings, ensuring that Directors remain across 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).

6.2. INSURANCE PROGRAMME

The placement was made with Lloyds through an introduction by WCC on the best terms that could be achieved, but not for complete replacement. WCCL has continued this approach in the subsequent years based on advice from its insurance broker AON and does not expect this to change in the period relating to this statement of intent.

The amount of cover necessary has been calculated on the basis of Probable Maximum Loss, as advised by the structure and earthquake engineering consultant.

In FY 2019/20, WCCL insurance cost were \$415k compare to \$557k in FY 2020/21. A \$142k or 34% increase in a single year negates most of the operational savings made through various initiatives.

At the time of writing, WCCL has not completed its insurance renewal regarding the 2021/22 year; however, we are preparing for another significant premium increase.

7. APPENDIX ONE - WCCL RISK REGISTER (High Risks)

7.1. RISK MATRIX

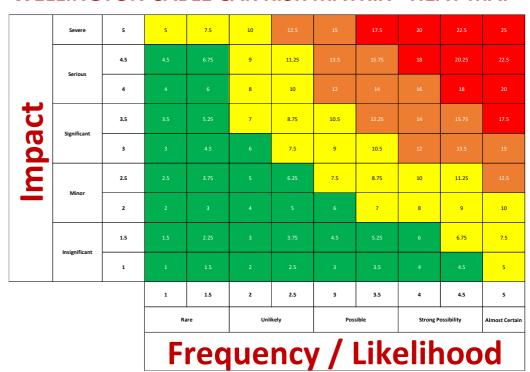
WELLINGTON CABLE CAR RISK MATRIX



		F	requency / Likelihood		
	People	Environment		Likelihood	
1	Insignificant Minor bumps, bruises or abrasions possible.	Insignificant Minor impact on business operations \$100 > COST < \$1,000	Insignificant Negligible environmental impact	1	Rare Not observed in 10 years and very unlikely
2	Minor First Aid or minor medical treatment is required.	Minor Minor impact, minimal reputational damage \$1,000 > COST < \$10,000	Minor Minor environmental impact able to be resolved without external assistance	2	Unlikely Occurred maybe once in last 10 years but still unlikely
3	Significant Incident requiring treatment by a qualified practitioner	Significant Significant reputational damage, possibility of closing Operation for short period of time \$10,000 > COST < \$100,000	Significant Significant environmental impact requiring outside assistance to resolve	3	Possible Occurred once in the last 5 years and occurrence is always possible
4	Serious Life or limb threatening injuries	Serious Serious reputational damage, possibility of closing Operation for extended period of time \$100,000 > COST < \$250,000	Serious Serious environmental impact requiring outside assistance to resolve, long term effects on environment.	4	Strong Possibility Occurred once in the last year and occurrence is probable
5	Severe Fatalities are possible.	Severe Severe reputational damage, possibility of closing Operation for indefinitely \$250,000 > COST	Severe Widespread contamination/damage, serious long term threat to environment. Requires significant outside agency assistance to resolve.	5	Almost Certain Monthly occurrence is probable

7.2. HEAT MAP

WELLINGTON CABLE CAR RISK MATRIX - HEAT MAP





7.3. HIGH RISKS

Business & Strategic Risks

		Pre-controls				Post Controls	
Risk/Hazard Identified	Impact	Frequency / Likelihood	Rating	Mitigation/Controls	Impact	Frequency / Likelihood	Rating
Cruise Ships dont return to Wellington	5	3		Ensure alternate market segments are identified and part of Strategic Marketing plan Differential pricing for Internation Casual passangers Work with Wholesale / Trade to ensure we have reach into international channels Maintain relationship with WCC	4	3	
Closed International Borders	5	3		Maintain close relationships with Local Stakeholders i.e.: Students (Halls of Residence, VUWSA), Kelburn residents Ensure domestic tourism is part of Marketing efforts to mitigate risks of lack of international tourism. Maintain relationship with WCC	4	3	
Operational risk	3	5		Clearly defined SOPs for known events and how to address them Regular staff training and competency checks Constant reviews to ensure learning are captured and new events incorporated into training	2	4	8

Maintenance Risks

		Pre-controls				Post Controls	
Risk/Hazard Identified	Impact	Frequency / Likelihood	Rating	Mitigation/Controls	Impact	Frequency / Likelihood	Rating
Damage to the cable car by the general public after business hours	3.5	3.5	12.25	Security cameras at Kelburn and Lambton, and inside the Cars. Intruder alarm at Lambton and Kelburn Terminal which is monitored and patrols are sent if the alarm is triggered. Sprinkler system at the Kelburn Terminal to discourage trespassers. Some sections of the track are fenced to minimise access, together with signage to discourage trespassers. Smoke detectors at Lambton Terminal and in the winding room. Sprinkler system at the Lambton Terminal.	2.5	2.5	6.25
Untidy workplace and wet floor areas (leading to a risk of slip, trip or fall)	3	4	12	Tidy workspace - cables managed, floor clear of objects and oil & water spills cleaned up	3	2	
Moving Rope	4	3	12	Workers given H&S induction training via ZHA Workers do not cross track when Haul Rope is moving Drivers notified before work commences on track (Start time & Location) & high vist placed at Lambton Quay terminal Track workers must carry radio and maintain comms with Drivers Drivers instructed not to start until clearance is given by track worker	3	2	6
Pitt work *Slips trips and falls *Fractures *Head injury	4	3	12	Restricted access (trained staff only) Chicken mesh used on deck surrounding pit to provide non-slip surface Floor is slopped and free draining Oil spills are cleaned up immediately Appropriate PPE is available and used	3	2	
Extreme Weather Events (water/wind)	3	4	12	Gutters and drains kept clear. Wind speed monitored. Drivers monitor weather and report any damage or extreme weather.	3	2	6
Fire (anywhere on Cable Car premesis)	4	3	12	Fire hoses at all intermediate stations. Fire extinguishers in both Cable Cars, control room, winding room and ticket box. Lambton and Kelburn Terminals has fire alarm call points and siren connected to fire service and monitoring NZ. Employees are trained in evacuation procedures. Drivers are trained to use firefighting equipment. All fire fighting equipment is inspected regularly and well maintained. Fire alarm and sprinkler system are checked regularly as part of Building Warrant of Firenses process. Fire sprinkler system in Lambton Terminal. Smoke detectors connected to fire alarm system in the Kelburn Terminal and winding room. Exit signs and emergency lighting provided in Lambton and Kelburn Terminals. Passenger entry and exits gates all open on activation of fire alarm (this is tested regularly as part of BWOF tests). Secondary fire egress in the Lambton Terminal, for use if main egress is unsafe.	3	2	6
Hazardous Substance Use and Storage *Liquid *Gas	4	3	12	Hazardous Substance Register (and listed on Zero Harm) Follow MSDS recommendations Correct Storage (separation and safety storage cabinets in winding room and garage) Spill kits available Eye wash stations in winding room and dungeon and running water available at intermediate stations and Terminals Appropriate PPE is available and used	2	2	4

Drivers & Ticket Booth

Pre-controls Pre-controls				Post Controls			
Risk/Hazard Identified	Impact	Frequency / Likelihood	Rating	Mitigation/Controls	Impact	Frequency / Likelihood	Rating
Emergency Situations - Extreme Weather Events (water/wind) - Fire (Station) - Fire (Car)	5	3	15	Fire warden to clear zones Evacuation training to all staff Fire Extinguisher training Wind speed monitor programmed to decrease car speed to creep and stop at the next station if activated above 117kph winds	5	1	
Earthquake	5	3	15	Earthquake sensor in control room Earthquake SOP Staff Training	4	1	4
Slipping & Tripping Stairs Uneven surfaces Wet floors	3.5	4	14	Sturdy footwear No rushing / running Mopping up wet floors "Slippery When Wet" signs available at both Terminals Non-slip coatings on station platforms	3	2	6
Medical Event	4	3	12	All staff trained in first aid. First aid kits in Cars, Driver's room, Control room and Winding room. Portable kit in the Control Room for when working on the Track. These are checked monthly. Defibrillator in each car and ticket kiosk. Contact numbers of emergency services and local medical assistance posted on the safety notice board in Drivers' Room and Ticket Booth. A radio system operates between the two cars, Ticket Booth, Control Room, and Winding Room.	3	3	9
Confrontational Situations Public confrontation - physical & verbal threats or abuse.	3	4	12	De escalation training United company stance that we do not tolerate abuse in the workplace Support to front line staff by ability to call on supervisors/managers for back up in confrontational situations	3	2	6
Cable Car breakdown mid track	3	4	12	All employees attend evacuation practices conducted annually Torches and ladder carried on each car to assist with evacuations Preventative maintenance of Cable Car to lessen likelihood of breakdowns.	3	2	6
General Public: On station platforms	4	3	12	Signs and markings on platforms to indicate risk to passengers fences in locations away from stations where there is high risk (e.g. Clifton car park) Emergency stop buttons at all stations and in the ticket booth. Drivers trained to be observant, look out for potential issues. Cable Car reduces speed as it approaches stations	4	1	4

8. APPENDIX TWO - FINANCIAL INFORMATION

Wellington Cable Car Limited - Business Plan
Statement of Comprehensive Income for the years ending 30 June 2022, 2023 and 2024

Cable Car Income

Cable Car Operations
Cable Car Maintenance
Cable Car Wages
Depreciation
Cable Car Expenses Subtotal

Cable Car Operating Surplus / (Loss)

EXTERNAL ACTIVITIES

Sundry External Income

External Activities Operating Surplus / (Loss)

Administration Expenses

External Activities Division Surplus/ (Loss)

WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) BEFORE TAX

Income Tax Expense/Benefit

WELLINGTON CABLE CAR - TOTAL SURPLUS/ (LOSS) AFTER TAX

The Total Surplus / (Loss) After Tax Consists of:

Total Income

Total Expenditure

2022 - Qtr 1	2022 - Qtr 2	2022 - Qtr 3	2022 - Qtr 4	2022 - Total	2023	2024
\$000	\$000	\$000	\$000	\$000	\$000	\$000
364	545	521	408	1,839	2,587	3,400
88	93	89	84	353	371	391
118	109	45	23	296	172	249
298	300	304	298	1,201	1,283	1,371
75	75	75	75	300	300	300
579	578	513	480	2,150	2,126	2,311
(215)	(32)	8	(72)	(312)	460	1,089
0	0	0	0	0	0	0
0	0	0	0	0	0	0
265	266	270	267	1,069	1,147	1,226
(480)	(298)	(263)	(339)	(1,380)	(686)	(137)
 (480)	(298)	(263)	(339)	(1,380)	(686)	(137)
				0	0	0
(480)	(298)	(263)	(339)	(1,380)	(686)	(137)
364	545	521	408	1,839	2,587	3,400
845	843	784	747	3,219	3,273	3,537
(480)	(298)	(263)	(339)	(1,380)	(686)	(137)

Wellington Cable Car Limited - Business Plan Statement of Movements in Equity for the years ending 30 June 2022, 2023 and 2024

\$000 \$000	\$000
Opening Equity - 1 July 9,117 7,736	7,050
Net Surplus/(loss) for the period (1,380) (686)	(137)
Total Recognised Revenues and Expenses (1,380) (686)	(137)
Distribution to Owners	-
Closing Balance 30 June 7,736 7,050	6,913
Represented by:	
2022 2023 \$000 \$000	2024 \$000
CURRENT ASSETS	
Bank 1 1,603 1,239	1,413
Inventory 294 294	294
Accounts Receivable 29 31 1,926 - 1,564	<u>47</u> 1,754
1,920 - 1,304	1,754
FIXED ASSETS 2 7,010 6,710	6,410
TOTAL ASSETS 8,936 - 8,274	8,164
CURRENT LIABILITIES	
Accounts Payable/Accruals 296 311	327
Employee benefit liabilities and provisions 200 210	221
Taxes payable	-
496 - 521	548
Wellington Cable Car Limited - Business Plan	
Statement of Financial Position for the years ending 30 June 2022, 2023 and 2024	
NON CURRENT LIABILITIES Notes	
Deferred Tax Liability 704 704	704
704 704	704
NET ASSETS 7,736 7,050	6,913
SHAREHOLDERS' FUNDS	
Represented by:	
Retained Earnings 3 7,736 7,050	6,913
7,736 7,050	6,913

Notes and Assumptions:

- 1 Bank balance has been taken as the balancing figure and includes any short term deposits and the Cable Car self
- 2 The 2022 balance sheet is the forecast position as at the time of completing this Statement of
- 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 2022, 2023, 2024

	Year Ended 30 June 2022	Year Ended 30 June 2023	Year Ended 30 June 2024
Cash flows from operating activities			
Cash was received from: Operating receipts Interest received	1,839 -	2,587 -	3,400 -
<u>Cash was disbursed to:</u> Payments to suppliers and employees	(2,923)	(2,950)	(3,226)
Net cash inflow / (outflow) from operating activities	(1,085)	(363)	174
Cash flows from investing activites			
Cash was received from: Investments Sale of Fixed Assets			- -
<u>Cash was applied to:</u> Purchase of fixed assets	-	-	-
Net cash inflow / (outflow) from investing activities		-	-
Cash flows from financing activites			
Cash was received from: Term Loan	-	-	-
Cash was applied to: Payment of Dividend Term Loan Payment of Tax	- - -	- - -	- - -
Subvention Payment	-	-	-
Net cash inflow/(outflow) from financing activities		-	
Net Increase/(decrease) in Cash held	(1,085)	(363)	174
Opening Cash Balance	2,688	1,603	1,239
Closing Cash Balance	1,603	1,239	1,413
Closing cash balance per GL	1,603	1,239	1,413

