

WELLINGTON CABLE CAR LIMITED

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REPORT TO THE MONITORING SUBCOMITTEE FOR THE FIRST QUARTER OF 2005/06

FINANCE

Cable Car & Trolleybus System Income

Cable Car fare income is 21.8 % above budget for the first quarter and 15.7% above the same period in the 2004/05 year.

The monthly WRC contract payment to cover the cost of inspection, maintenance, and repairs of the trolleybus overhead system has been received despite there not being a formal contract arrangement between GWRC and WCCL following the expiry of the contract on 31 January 2005. This payment is in sufficient to maintain the assets or address the maintenance deferred over the last 5 years.

WCCL is continuing to provide the trolley overhead services pending the completion of the transfer of the assets to GWRC or a regularisation of the contract arrangements. Discussions are continuing on the transfer of the overhead assets and GWRC are seeking advice on the condition of the assets yet are unwilling to accept that the current condition has been influenced by the failure to fund maintenance to the required standard..

Income from Miscellaneous work

Pole and trolley bus overhead project income is over budget due to the ever increasing amount of road change activity by third parties requiring the network to be moved or adjusted. The inner city bypass work which is ongoing is generating revenue.

EXPENSES

Cable Car Operation

Expenditure on the passenger service operation for the three month period was 2.4% below budget.

Cable Car Maintenance and Operations

The expenditure on Cable Car maintenance and operations was 26 % below budget for the quarter due to timing issues, expenditure will be caught up later in the year.

Trolleybus Overhead System and Pole Work

Expenditure for the first quarter on the trolleybus overhead system was 7% below budget.

Administration and Loan Interest

The administration expenditure was over budget for the quarter, primarily due to one-off salary payments and legal fees relating to the regularisation of the company's structure and the transfer of assets to the GWRC.

The general depreciation charges are in line with the budget for the period.

Income and Expenditure Overview

The operating surplus for the quarter was \$92,000 against a budget loss of \$39,000 due to higher than expected cable car fare income, miscellaneous pole revenue, interest payments and lower than expected operating expenses.

Passenger Numbers

The passenger numbers for the first quarter were 233,982 which are 19.4% above estimate, and 14.1% above the total for the same period in 2004/05.

GENERAL

Cable car operating Contract

Transfield New Zealand continued satisfactorily under the Cable Car operating contract which runs until June 2006. The overall number of customer complaints has been low, however one serious complaint about driver behaviour has been addressed in a satisfactory manner by contractor, in that additional supervision and training is being provided.

Cable Car maintenance

Reliability for the cable car system for quarter was in excess of 99.9%.

Lambton terminal

Preliminary designs are near completion for the Lambton terminal upgrade which will include a modified layout, new turnstiles and ticketing systems.

Trolley Bus Overhead

Increased inspections of the overhead have been initiated with a view to further developing detailed asset management plans. However the continued uncertainty over ownership makes satisfactory planning difficult particularly with respect of vehicle replacement policy.

Trolley Bus Overhead future

WCCL is expecting the ownership of the overhead network to transfer to the GWRC. However it appears likely that WCCL will have to continue managing the network well into the next financial year particularly given the high work-load due to the roading projects being undertaken.

Rob Thompson

CHAIRMAN