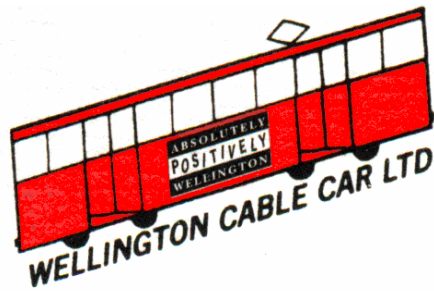


# WELLINGTON CABLE CAR LIMITED

## STATEMENT OF INTENT

For 2007/08 – 2008/09



## Introduction

This statement of intent has been prepared by Wellington Cable Car Limited, as required by the Local Government Act 2002, for a Council Controlled Trading Organisation. (CCTO).

### 1. Objectives of the Company

The main business of WCCL is to maintain and operate the Wellington Cable Car system from passenger fare income and to maintain a trolley bus overhead wire system funded via a contract with the Greater Wellington Regional Council. This business will be managed to meet:-

- (i) General objectives set specifically by Wellington City Council and
- ii) Objectives arising from the Wellington City Councils desire for the company to contribute to community outcomes described in the Long Term Community Plan

#### 1.1 General Objectives

*The company will:-*

*(i) Have a partnership approach with Council and other CCO's*

- (a) The company will communicate with the Shareholder on a regular basis particularly after Board meetings.
- (b) The company will co-operate with other CCO's in developing future packages and enhancements for tourism related activities.

*(ii) Have a regional focus where this is appropriate*

- (a) The company will market the cable car to attract visitors from other regions.

*(iii) To appropriately acknowledge the contribution of Council*

- (a) The company includes WCC logos on all marketing material and communications

*(iv) To achieve maximum effectiveness and efficiency of, and concentrated focus, on delivery*

- (a) The company will manage the operation of the cable car to timetable and with the objective of having zero breakdowns
- (b) The company will manage the maintenance of the trolley bus system with the objective of minimising breakdowns.

*(v) To access alternative sources of funding and endeavour to reduce the company's reliance on ongoing Council funding and*

*(vi) To operate as breakeven after depreciation*

- (a) The company will continue to develop areas sources of income arising from the ownership and management of the trolley bus overhead system, including third party projects, pole occupancy rentals and equipment hire.
- (b) The company will seek adequate contract payments from the Greater Wellington Regional Council to cover the trolley bus overhead expenditure necessary to provide adequate asset maintenance.
- (c) The company will set revenue targets for the cable car operation to cover the operation and maintenance expenditure.

**1.2 The objectives of the company in order to contribute to the Council's community outcomes are as follows:**

*i) In order to contribute to the community outcome of "Wellington's transport system will be*

- *designed meet the needs of its people efficiently and sustainable"*
- *Accessible and affordable for all, "*
- *Wellington will be pedestrian and cyclist friendly"*

a) The company will operate the Cable Car as an efficient, reliable and safe transport service.

b) The company's will enhance its viability and income base by continuing to identify business opportunities which utilise the company's assets and expertise and, as a result, enhance the commercial attractiveness of the company.

c) The company will maintain the trolleybus overhead wiring system to a safe and reliable standard.

d) The company will operate successfully and within the Board's approved annual budget

e) To ensure that all available funds are used efficiently by minimising the shareholders' direct investment and maximising the shareholders' value in the company.

*ii) In order to contribute to the community outcome of "Wellington will be a prime tourist and conference destination....."*

a) The company will enhance the Cable Car's attractiveness as a Wellington tourist icon.

b) The company will develop additional tourism related business supplementary to the normal cable car passenger service.

*iii) In order to contribute to the community outcome of “Wellington’s use of non-renewable resources will reduce”*

- a) The company will manage the trolley bus overhead wiring system to allow the efficient use by the bus operator.

## **2. Nature and scope of activities**

- 2.1 The company will operate and maintain the Wellington Cable Car.
- 2.2 The company will maintain the trolley bus overhead wire network in accordance with good asset management practice and to meet statutory safety requirements, and to meet the operational requirements of the Greater Wellington Regional Council.
- 2.3 The company will maintain the cable car plant and equipment to meet statutory requirements
- 2.4 To achieve the objectives set out in 1.1 the company will take the following actions:
  - Maintain the Cable Cars, track, plant, tunnels, bridges, and buildings in accordance with best engineering practice.
  - To manage the passenger service to ensure the ongoing safety of passengers, appropriate levels of customer service and efficient revenue collection.
  - Continue marketing of the Cable Car and the visitor attractions accessible by the cable car, thereby enhancing the value of the business through increased patronage and fare income and promoting Wellington tourism interests and also through improved management of recently established “in-house” staffing.
  - Identify options for enhancing the cable car travel experience for both local passengers and tourists, and to work with the Shareholder and the operators of other attractions closely associated with the cable car service, to implement such options.
  - Exhibit at all times, consistent with the nature of the business, a sense of social and environmental responsibility by having regard to the interests of the community in which the company conducts its business
  - Be a good employer at all times and to adopt appropriate EEO policies.
  - Acknowledge the shareholder's Strategic Vision, Mission and Operating Principles and incorporate elements of those statements into the operations of the company where appropriate

- Identify as appropriate Wellington City Council ownership in publicity and marketing strategies.
- Plan the renovation of the stations and facilities along the route.

### **3. Ratio of shareholders funds to Total Assets**

- 3.1 The ratio of shareholders funds to total assets will not be less than 75% for the 2007/08 year and for the ensuing financial years. Total assets include current and fixed assets.

### **4. Accounting Policies**

The financial statements are prepared in accordance with the New Zealand generally accepted accounting practice. They comply with New Zealand equivalents to IFRS (NZIFRS) and other applicable financial reporting standards as appropriate for public benefit entities.

The financial statements for the year ended 30 June 2007 were WCCL's first financial statements complying with NZIFRS and NZIFRS1.

For details of the accounting policies please refer to the financial content of the business plan.

## 5. Performance targets and other measures.

5.1 The performance measures for 2007/08 are:

Performance indicator	Measure	Result
Cable car vehicles, Track, Tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by Land Transport NZ to be done by February each year.	Approval granted
Inspection, maintenance and repair of trolley bus overhead network are carried out	Number of complaints by trolley bus operator	None
Compliance with appropriate regulations and statutes	Number of adverse comments from the relevant regulatory authorities.	None
Budgetary requirements approved by the WCCL Board are met	Degree of variance from budget	Within 10% or Board approved variance
Board delegations are adhered to	Board and management approvals of commitments and expenditure	All approvals of expenditure and commitments are in accordance with delegations policy
Company Risks and Vulnerabilities are maintained at an acceptable limit and identified in the Risk and Vulnerability register.	Number of Risk and Vulnerabilities not identified and where possible mitigated to an acceptable limit	None

5.2 Passenger number per quarter:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Passenger journeys</b>	224,000	242,000	316,000	216,000

5.3 Residents satisfaction Survey:

Question	Target
Have you used the Cable car in the last 12 months?	30%
How do you rate the standard and operational reliability of the cable car (Good/Very good)	90%

## 6. Dividend Policy

- 6.1 The company will pay the shareholder dividend payments in consultation and with the agreement of the shareholder.

## **7. Information provided to the shareholder**

Reports will be provided to the shareholder as required by legislation or as mutually agreed.

These include:

- Details relating to any proposal by the company to diversify the range or scope of activities beyond those described in this Statement of Intent.
- A quarterly report in respect of all activities of the company that will include comment on the performance of the Cable Car passenger service and the maintenance of the trolley bus overhead network.
- Half yearly reports prepared in accordance with Local Government Act 2002.
- An annual report and audited financial statement as required by the Financial Reporting Act 1993 and clause 67 of the Local Government Act 2002.
- Advice, as far as practicable, of any events or activities planned which are likely to arouse significant public interest upon which the shareholder may wish to respond quickly.

The information set out above will be provided at regular times as agreed with the Council's Monitoring Subcommittee.

## **8. Board Structure and Function**

- 8.1 The Board of Directors comprises of three members. All are appointed by Council for varying first terms of one to three years. According to council policy there is a maximum length of service of six years.
- 8.2 The Chairman is appointed by the Council.
- 8.3 The Board is currently meeting monthly.
- 8.4 Responsibilities of the Board 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.
  - Addressing policy, solvency and statutory issues of the company.

- Monitoring the company's activities and ensuring the company acts in accordance with its stated objectives.

8.5 Specific Board objectives include:

- Ensuring the ongoing safe and efficient operation of the Cable Car system.
- Ensuring the ongoing safe and efficient management of the Trolley Bus Overhead Network.
- Ensuring that the companies risk profile is appropriate through review of the Risk and Vulnerability schedule prepared by management. This schedule identifies risks and their impacts, and the necessary actions to mitigate or control the risks. The routine management reports to the Board of Directors will continue to identify issues which impact on the companies risk profile. External resources will be deployed to supplement the skills that are held by management and staff.
- The company's management of risk will be reviewed and reported upon by the Auditor on an annual basis.

## 8.6 Delegated functions

The Board of Directors delegate the day to day management of the company to the Management team, who are required to act in accordance with the Boards approved delegations policy.

## 8.7 Consultation

In order to meet their responsibilities the Board will seek independent advice and consult with the management team on matters beyond the scope of their expertise.

## 9. Procedure for Share Acquisitions, Purchase/Sale of Assets

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

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

## 10. Valuation of Shareholders' Investment

10.1 The Boards' estimate of the commercial value of the shareholders equity in the company on 1 July 2006 was \$4,074,774. The value is re-examined annually.

Comment [BJB1]: Total shareholders funds as ar 30 june 03

## 11. Activities for which Compensation is sought

The company will pursue to the greatest practicable extent the payment of maintenance funding from the GWRC needed to maintain the trolley bus overhead wiring network` without compromising the profitability of the cable car operation. However, should the shareholder require the company to undertake obligations or services in excess of those that the Wellington Regional Council will make payment for or can be met from Cable Car fares or other income, the company will seek compensation to restore an adequate level of income to meet the business's needs.