

**QUARTER PERFORMANCE**

- The highlight was the handover of the new Kelburn terminal, which will be officially opened during Q3.
- Plans to introduce Snapper were advanced during the quarter, with a heads of agreement executed in December.
- Agreement in principle was reached with Transfield Services for the renegotiation of the trolley bus maintenance contract for a further three years.
- Projects have commenced to replace the wire in the Karori and wire and poles in the Hataitai sections of the overhead trolley bus network.

**YEAR TO DATE PERFORMANCE**

- YTD passenger numbers are tracking 18% below target and 17% below last year. This reflects a number of factors including disruption caused by the construction of the Kelburn terminal, the disruption of the July and August earthquakes, and a lower number of cruise ships this year compared to last year.
- The initial budget did not include the impact of a temporary reduction in cruise ship numbers in 2013/14 or disruption due to the construction of the new terminal.
- WCCL is continuing to develop a network wide safety protection prototype to test on the overhead trolley bus network. It is scheduled to be installed in March 2014. This project was originally scheduled for 2013/14; however, this has been re-forecast for 2014/15 to reflect the timing of the prototype work.

**SUMMARY FINANCIALS**

\$'000

<b>FINANCIAL PERFORMANCE</b>	<b>Q2 Actual</b>	<b>Q2 Budget</b>	<b>Variance</b>	<b>YTD Actual</b>	<b>YTD Budget</b>	<b>Variance</b>	<b>Annual Budget</b>
Total Revenue	1,675	3,780	(2,105)	2,790	6,329	(3,539)	11,732
Total Expenses	1,676	3,590	1,914	2,871	6,215	3,344	11,466
Net Surplus	(1)	190	(191)	(81)	115	(196)	265
Operating Surplus	(14)	190	(176)	(127)	115	(242)	388
<b>FINANCIAL POSITION</b>							
Total Assets	9,001			9,001			9,850
Total Liabilities	1,460			1,460			2,227
Equity	7,542			7,542			7,623
<b>CASH FLOWS</b>							
Total Net Cash Flows	(505)			(1,080)*			27
Opening Cash	2,080			2,655			721
Closing Cash	1,575			1,575			748

\* Includes capex of \$1.0m

- YTD cable car fare income is below budget by \$168k (or 15%), reflecting the lower than target passenger trips.
- YTD trolley bus overhead income is much lower than budget (\$1.7m relative to \$5.1m). This reflects changes to the agreed work plan with GWRC subsequent to the business plan included with the SOI. Trolley bus overhead income is matched to the expenditure on the network.
- As a result, the YTD before tax result is a deficit of \$127k, compared to a budgeted surplus of \$115k. The variance of \$242k primarily reflects the lower than budgeted cable car fare income, combined with lower than budgeted electric bus income and higher than budgeted cable car maintenance costs (work on the tunnels originally anticipated in 2012/13) and administration expenses.
- This year, the company is also including a change in accounting, from accounting for the subvention payments on a cash basis when paid to accounting for them on an accrued basis. This means that 2013/14 is likely to have a one-off tax impact.

**KPI DASHBOARD**

MEASURE		Q2	YTD	3 Year	Comments
		31 Dec 13	31 Dec 13	Trend*	
Passenger trips	Target	292,300	516,400	Declining	Q2 visitors were 14% below target and last year. YTD visitors are tracking 18% below target and 17% below last year.
	Actual	251,893 ✗	424,173 ✗	↘	
Fare income	Target	\$684k	\$1,096k	Steady	Q2 cable car fare income is below budget by \$94k (or 14%), reflecting the lower than target passenger trips.
	Actual	\$590k ✗	\$928k ✗	→	
Cable car reliability	Target	>99%	>99%	Steady	Q2 reliability was below target due to an equipment failure in mid-November. The reliability since then has been back at normal expected levels.
	Actual	97.6% ✗	98.3% ✗	→	

**ISSUES & OUTLOOK**

- Cable Car Passengers: With the completion of the Kelburn terminal, the Company is focused on maximising passenger numbers for the remainder of the year and into 2014/15. This should be helped by initiatives like the Festival's Power Plant exhibition in the Botanic Garden and the introduction of Snapper. The Snapper implementation is now operating (in time for the start of the university teaching year).
- Passenger Gates: The Company has identified a number of long-running issues with the gates and ticketing system and a project has commenced to investigate the replacement of these gates and the point of sale system and further improve passenger flow in the Lambton terminal.
- Overhead Network: GWRC has indicated that it will look to review the future of the overhead network beyond 2017 over the coming year.
- Change in governance: The Council has resolved to bring Wellington Cable Car in-house and, as a result, this board will be restructured from 1 April 2014.

**Passenger Numbers (cumulative)**

