

Wellington Cable Car Company Limited

2006/07 Business Plan (Draft 1)

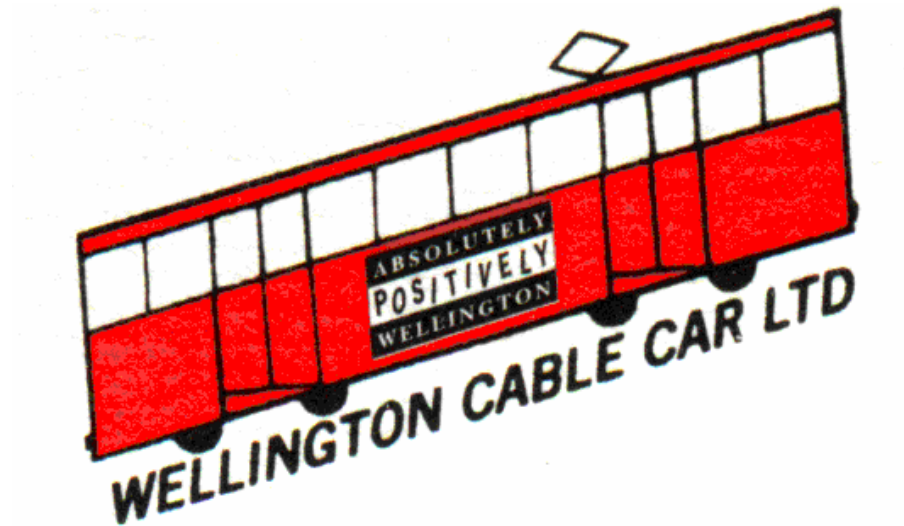


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Wellington Cable Car Company Limited - 2005/06 Business Plan

Overview

Wellington Cable car Company Limited has prepared the 2006/07 Business Plan in a format which identifies its business plan activities against draft Statement of Intent (SOI) objectives and the specific requirements in the Wellington City Council's Statement of Expectations and Council Requirements.

The level of uncertainty relating to the trolley bus overhead network has still to be resolved and makes business planning difficult.

The overhead budget is the same as that provided to the GWRC in a proposal to discuss the contract arrangements. The situation is now critical since the level of urgent maintenance requires expenditure well in excess of the current contract payments from the GWRC. The situation is exacerbated by the fact that the volume of project work which usually provides a profit will have largely dried up in the 2006/07 year.

Wellington City Council have been advised of the unsatisfactory nature of the current company structure and the ownership situation in which Wellington Cable Car Company Limited carries all of the risks and obligations associated with asset ownership, but does not receive an appropriate revenue stream. Further to WCCL's approaches to WCC, discussions related to the transfer of ownership to the Greater Wellington Regional Council have commenced but appeared to have stalled. At the time of Business Plan preparation there is no commitment from the GWRC to take over ownership or to provide adequate funding.

The financial statements accompanying this report have been prepared with the assumption that the levels of expenditure on the trolley overhead will meet the urgent maintenance requirements without any provision for a financial return.

The business plan has been divided into three sections:-

1. General
2. Cable car
3. Trolley Bus Overhead Network

GENERAL SECTION

Councils General Objectives for CCO's	SCI Objectives	Strategy	Performance measure
Have a partnership approach with Council and other CCO's	Acknowledge the shareholder's Strategic Vision, Mission and Operating Principles and incorporate elements of those statements into the operations of the company where appropriate	Coordination with Cable car precinct participants Maintain positive relations with WCC departments Coordinate with Wellington Tourism Identify as appropriate Wellington City Council ownership in publicity and marketing strategies.	Contribution to Group activities to agreed programmes No complaints from WCC Cooperate to enable filming and media events as requested Ongoing
Achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery	To operate the Cable Car as an efficient, reliable and safe transport service and to work closely with the passenger service contractor to further enhance the Cable Car's attractiveness as a Wellington tourist icon.	Plan to achieve high reliability, meet safety requirements and high levels of customer service	Business plan measures achieved
Access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding	To ensure that all available funds are used efficiently by minimising the shareholders' direct investment and maximising the shareholders' value in the company.	Approach Transfund to seek subsidiary and equity with bus Subsidies. Promote where appropriate alternative business opportunities	Transfund subsidiary arranged by June 2006 Initiate charge outs where appropriate for company resources utilised in providing services to third parties, including advertising opportunities by September 2005
Operate at break even	To operate successfully and within the Board's approved annual budget	Budget on a conservative basis to give a small surplus	Financial position within 10% of budget

Cable Car Section

Shareholder Expectations	WCCL Business Plan Items	Strategy	Performance measure
Focus on developing the cable car as a key visitor attraction and work with Cable Car Precinct, other tourist attractions and othe Council organisations to achieve this	Safety	Meet NZ Transport requirements as a minimum	No H&S issues arise
		Successfully achieve operating certification	NZ Transport issues certificate
		Compliance with appropriate regulation and statutes	No adverse comments from relevant regulatory bodies
	Service reliability and standard	Maintenance to continue high reliability – preventative maintenance programme, breakdown response times and spares provision	Achieve 99.0% reliability including period for annual survey Recovery from breakdowns within 30 minutes
		Facility maintenance for passenger comfort – station roofing repairs and cleaning contractor management	No complaints with respect to cleanliness or discomfort.
	Visual attraction	Cable car bodywork replacement and roof painting	Facilities presented to high standard.
		Station and associated fencing refurbishment	Maintenance programme achieved
	Passenger experience and customer service	Ticketing efficiency through implementation of enhanced ticketing systems including automation and provision of passenger options	Ticketing system enhancements in service by 30 September 2006
		Improve contractor customer service performance by involvement in recruitment	No customer service complaints Passenger survey results to give 90% rating cable car service as good/very good
	Product enhancement	Lambton Terminal Upgrade	Terminal upgrade completed by 30 September 2006
Continue to develop the concept of “more than the ride” to other attractions		Marketing includes other attractions - ongoing	
Implement on-route commentary		PA installed and commentary recorded by 31 December 2006	
Develop concepts for “on route experience” i.e. creates attractions along the route.		Concepts developed by 30 June 2007	
	Develop top of cable car attractions within Cable Car Precinct concept.	Contribution made to cable car precinct group to agreed programmes	

		<p>Develop “through the cable car and beyond” concepts. E.g. to Kelburn and Karori wild life facilities.</p> <p>Enhance “off-peak” experience through:-</p> <ul style="list-style-type: none"> ▪ Coordination with Carter Observatory, botanical gardens and Skyline events. 	<p>Concepts developed by June 2007</p> <p>Co-ordination is occurring as events occur</p>
<p>Develop WCCL’s understanding of its passenger market, notwithstanding its role in commuter transportations, with a view to growing tourism element of its business.</p>	<p>Marketing Plan development and implementation</p>	<p>Further refinement of target audiences from;-</p> <ul style="list-style-type: none"> ▪ Commuters ▪ Victoria university ▪ Educational areas ▪ Suburban visitors ▪ Wellington and adjacent regional visitors ▪ Corporate visitors ▪ NZ Inter area tourists ▪ International visitors ▪ Railway/transport enthusiasts ▪ Tourists <p>Continued Marketing via</p> <ul style="list-style-type: none"> ▪ Internet <ul style="list-style-type: none"> ○ Tourism sites ○ Business directory sites ○ Vehicle Travel sites ▪ Education magazines ▪ University magazines ▪ Local newspapers ▪ Foreign language magazines (Chinese) ▪ Road Maps 	<p>Passenger numbers 5% above same period in previous year</p> <p>Marketing plan implemented through 2006/07</p> <p>WCCL web-site developed by 30 November 2006</p>
		<p>Enhance ticketing pricing and systems to improve passenger identification</p>	<p>Pricing and ticketing strategy developed by 30 September 2006 for implementation along with terminal upgrade.</p>
		<p>Coordination of marketing with Precinct participants</p>	<p>Coordination occurring as agreed</p>
		<p>Co-ordination with other city attractions</p>	<p>Coordination occurring as agreed</p>

Trolley Overhead section

Shareholder Expectations	WCCL Business Plan Items		
<p>On the assumption that the required funding is confirmed as forthcoming for the overhead network, develop an Asset Management Plan which addresses urgent maintenance. (if WCCL retains ownership and a contract with GWRC is established)</p>	<p>Asset Management Plan</p>	<p>Normal asset management planning is impractical with the large volume of critical and urgent maintenance required during the financial year.</p>	<p>Implement critical and urgent maintenance work during the 2006/07 year.</p> <p>Maintain asset database and continue inspections.</p>
<p>Facilitate transfer of ownership to GWRC (if ownership is to be transferred to GWRC)</p>		<p>Develop ownership transfer process in conjunction with GWRC</p> <p>Develop overhead management structure if required</p> <p>Develop management contract terms if required</p> <p>Establish organisation if required</p>	<p>Brief GWRC on overhead operation</p> <p>Establish transfer costs</p> <p>Establish staff management strategy</p> <p>Management contract agreed with GWRC before 1 July 2007..</p>