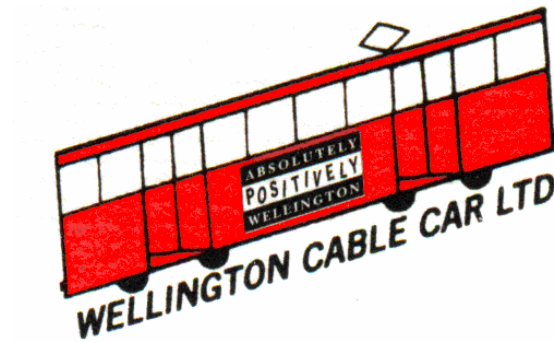


# WELLINGTON CABLE CAR LIMITED

## STATEMENT OF INTENT

**For 2006/07 – 2007/08**



# 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 from a subsidy provided by the Wellington Regional Council.

1.1 The primary objectives of the company are as follows:

- (i) 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.
- (ii) To maintain the trolleybus overhead wiring system to a safe and reliable standard subject to resolution and extension of contract payments.
- (iii) To increase the company's 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.
- (iv) To operate successfully and within the Board's approved annual budget
- (v) To ensure that all available funds are used efficiently by minimising the shareholders' direct investment and maximising the shareholders' value in the company.

## 2. Nature and scope of activities

2.1 The company will operate in the Wellington area providing through competitive contracts the ongoing operation of the Wellington Cable Car.

2.2 The company will maintain the trolley bus overhead wire network in accordance with the requirements of the Greater Wellington Regional Council

2.3 The company will continue to maintain the cable car plant and equipment.

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 specify and control the contract for the passenger service to ensure the ongoing safety of passengers, appropriate levels of customer service and efficient revenue collection.
- Specify and control the contract for the inspection, maintenance, and repair of the trolleybus overhead to ensure that the trolley bus operator receives agreed levels of service, and in order to comply with the relevant regulations and statutes.
- Continue marketing of the Cable Car in its key target customer sectors, thereby enhancing the value of the business through increased patronage and fare income.
- 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.
- Undertake the renovation of the Lambton Quay terminal in consultation with and agreement of the Shareholder.

### **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 2006/07 year and for the ensuing financial years. Total assets include current and fixed assets less current liabilities.

### **4. Accounting Policies**

The accounting policies recognised by the Institute of Chartered Accountants of New Zealand for the measurement and reporting of profit and financial position have been adopted by the company. 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 2006/07 are:

Performance indicator	Measure	Result
Cable car vehicles, Track, Tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by 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

5.2 Passenger number per quarter:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
<b>Passenger journeys</b>	210,000	215,000	275,000	204,000

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 contractors operating the Cable Car passenger service and maintaining 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 generally meet five or six time each year.

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.

#### 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 2005 was \$3,805,004. The value is re-examined annually.

### **11. Activities for which Compensation is sought**

The company will pursue to the greatest practicable extent the payment of maintenance funding and subsidies 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 subsidise 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.