

WELLINGTON CABLE CAR LIMITED ANNUAL REPORT 2005/06 REVIEW

1. Introduction

The directors of Wellington Cable Car Limited (WCCL) have submitted their audited annual report for the year to 30 June 2006.

2. Performance

a) *Financial results*

Statement of Financial Performance

<i>\$'000</i>	FY Actual	FY Budget	2004/05 Actual
Income	2,692	2,324	2,492
Expenditure	2,422	2,259	2,127
Operating surplus	270	65	365
Operating margin	10.0%	2.8%	14.6%
Return on equity	6.9%	1.7%	9.6%

Last year the company posted its biggest surplus in the previous ten years. Fare income from the Cable car was above budget with the Cable car carrying over 1 million passengers for the first time, increasing 8.3% over the previous year.

As the equity has reduced due to the write-down of the trolleybus overhead asset over the previous 5 years, the surplus represents a very satisfactory return on equity.

No dividend has been declared, to allow the company to invest in refurbishing and upgrading the Cable Car terminals in the first six months of 2006/07.

Statement of Financial Position

<i>\$'000</i>	FY Actual	FY Budget	2004/05 Actual
Current assets	1,963	1,229	1,530
Non-current assets	2,684	2,785	2,593
Current liabilities	571	120	318
Non-current liabilities	-	-	-
Equity	4,076	3,894	3,805
Current ratio	3.4:1	10:1	4.8:1
Equity ratio	88%	97%	92%

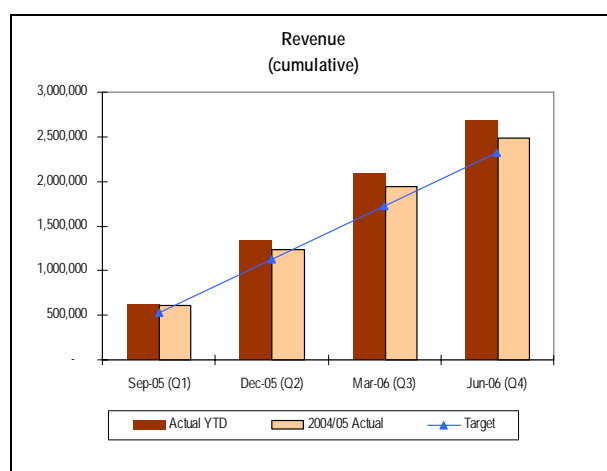
The company has an uncomplicated balance sheet, with no debt and stable, low levels of inventory and receivables. The equity position has improved further this

year with the additional surplus. It is expected that the company will be able to fund a reasonable level of capital expenditure without recourse to the Council.

Statement of Cash Flows

\$'000	FY Actual	Budget	2004/05 Actual
Operating	482	106	519
Investing	(191)	(293)	(33)
Financing	-	-	(24)
Net	291	(187)	462
Closing balance	1,193	659	902

b) Trends

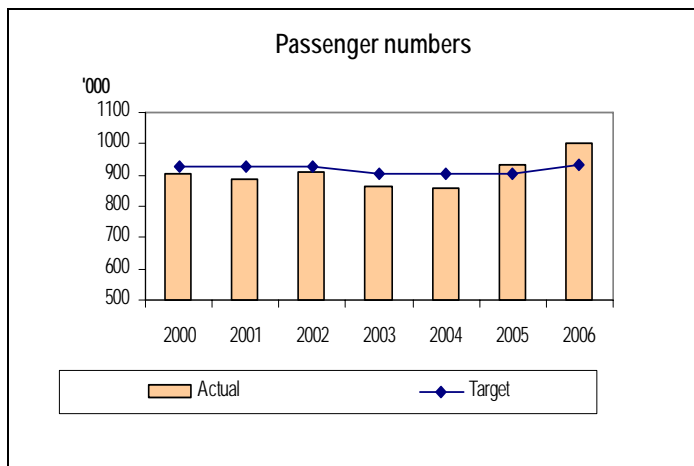


c) KPIs

Measure	2005/06 Target	2005/06 Actual	Comment
Cable car vehicles, Track, Tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by LTSA, to be done by February each year.		Achieved
Inspection, maintenance and repair of trolley bus overhead network are carried out	Number of complaints by trolley bus operator		Achieved
Cable Car passengers ('000)	904,000	1,000,000	Achieved
Compliance with	Number of adverse		Achieved

appropriate regulations and statutes	comments from the relevant regulatory authorities.		
How do you rate the standard and operational reliability of the cable car (Good/Very good)	Residents Survey	90%	Achieved
Have you used the Cable car in the last 12 months?	Residents Survey	30%	Achieved
Satisfaction with service			Achieved
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	

(ii) Trends



There has been a continuing upward trend in passenger numbers on the Cable Car. The upturn in tourist numbers using the Cable Car in 2005 has continued.

c) *Significant changes*

(i) In activities

There have not been any changes in the activities undertaken by WCCL, but progress is being made on the proposed transfer of the trolleybus overhead network to Greater Wellington. Agreement has been reached to sell the network to GWRC and the sale process is being worked through.

(ii) Other – governance

Roger Drummond was appointed chair on 1 December 2005 following Rob Thompson's retirement on 31 November 2005.

3. Discussion

a) Key items from the year

TROLLEYBUS OVERHEAD NETWORK:

Greater Wellington has agreed to purchase the network and the sale process is continuing.

CABLE CAR LEASE: WCCL is working with the Council's Property business unit to resolve the outstanding issues with regard to the lease of the Cable Car land and related assets (such as bridges, tunnels etc).

CABLE CAR TERMINAL UPGRADES: The company developed plans for the refurbishment and upgrade of the terminals, commencing with the Lambton terminus. Construction on this will be undertaken in the first six months of 2006/07.

b) Issues for consideration

Currently trolleybus network operations account for more than half of the company's income. Discussions have commenced with Council officers, management and the board on the structuring of the operations for the future. There are a range of options being considered including how to best utilise the Cable Car lane and terminal areas.

4. Conclusion

WCCL has had a positive year, in terms of its key indicators: passenger numbers, revenue and profits.

Contact Officer: *Warren Ulusele, Portfolio Manager, Council Controlled Organisations*