

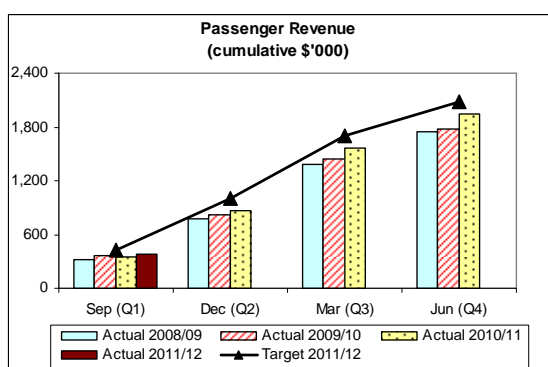
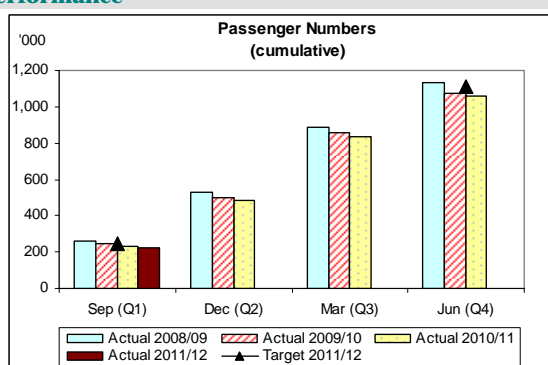
Quarterly Review – Wellington Cable Car Limited

Wellington Cable Car Limited has presented its report for the quarter ended 30 September 2011 for review. A summary of key findings is presented below and the full report is attached.

Highlights / Summary

- Cable car passenger numbers for the quarter were 221,962, which was 11% below budget and 3% below the same period last year.
- Passenger numbers in Q1 were impacted by the cable car breakdown in August. The power supply to the cable car was affected by spikes from the national grid during the snow storm and the cable car was out of action from Monday night through Thursday afternoon (and subject to graffiti attack). A 'free' day was run on the Friday as a thank-you for customers' patience.
- The Company estimates that this breakdown resulted in the loss of approximately 9,600 passenger trips and \$16,000 in fare income.

Performance



Macro Key Performance Indicators

The following KPIs have been reported by the company:

Measure	Annual Target	Quarter Target	Quarter Actual	YTD Target	YTD Actual
Passenger trips	1,109,000	248,800	221,962	248,800	221,962
Cable Car reliability (%)	> 99%	> 99%	97.1%	> 99%	97.1%
Fare income \$k	2,077	419	380	419	380

- The reliability of the cable car was 97.1% for the quarter, reflecting the snowstorm related breakdown.

Activities during the quarter

- Some overhead network maintenance activities were put on hold during RWC 2011 to minimise disruption, as discussed with WCC.
- It is anticipated that all planned asset replacements on the overhead network for this year will be completed by the end of the year.
- The Company estimates that, while there was some increase in adult cash fare trips during September (the fare category likely for RWC 2011 visitors), there was no net passenger gain relative to last year. This reflects changes in local transport and activity plans, including the school holidays being moved to October.

Financial Commentary

- The Q1 deficit of (\$58k) was greater than the budgeted deficit of (\$7k). This was due to a slightly greater than budgeted overhead network deficit and lower than budgeted cable car, electric bus and third party income.
- Income and expenses for the overhead division were below budget for Q1. This is due to some capex items being subject to approval of business cases. Over the full year, revenue for the work undertaken for GWRC should match expenditure.
- Cable car fare income of \$380k was 9% below budget, reflecting below budget passenger numbers and the free day, but ahead of last year due to fare rises from October 2010.
- The Company has a cash balance of \$1.4m at quarter end.

Statement of Financial Performance

For the quarter ended 30 September 2011

\$'000	Q1 Actual	Q1 Budget	YTD Actual	YTD Budget	2011/12 FY Budget
Income	1,307	1,616	1,307	1,616	11,195
Expenditure	1,365	1,622	1,365	1,622	10,760
Net surplus	(58)	(7)	(58)	(7)	435

	(0.4%)	(0.4%)	(4.4%)	(0.4%)	5.6%
Operating margin	(0.4%)	(0.4%)	(4.4%)	(0.4%)	5.6%

Statement of Financial Position

As at 30 September 2011

\$'000	YTD Actual	2010/11 FY Actual	2011/12 FY Budget
Current assets	3,359	3,809	1,414
Non-current assets	5,117	5,148	7,727
Current liabilities	1,018	1,420	1,000
Non-current liabilities	498	522	745
Equity	6,959	7,015	7,396

	3.3	2.7	1.4
Current ratio	3.3	2.7	1.4
Equity ratio	82%	78%	81%

Statement of Cash Flows

For the quarter ended 30 September 2011

\$'000	YTD Actual	2010/11 FY Actual	2011/12 FY Budget
Operating	(437)	2,638	1,829
Investing	(24)	(1,649)	(2,546)
Financing	-	-	(39)
Net	(460)	989	(756)

	1,435	1,894	314
Closing balance	1,435	1,894	314

Note: 2011/12 FY Budget is as approved in the Business Plan.

Contact officer:

Maree Henwood

Profile - Wellington Cable Car Limited

Wellington Cable Car Limited (WCCL) is a wholly owned subsidiary of the Council.

The company owns, maintains and operates the cable car assets. The cable car operation does not receive any external funding or subsidy.

It also owns and is responsible for maintenance of the trolley bus overhead wire network. Income is derived from the overhead wire network from: contract payments from the regional council to cover maintenance; third party projects requiring the overhead network to be relocated or modified; pole occupancy rentals; and a management fee for handling high load escorts through the city.



Entity Data

Established	1 July 1991	
Board	Roger Drummond (Chair) Jeremy Ward Nicki Crauford	<i>Term expires:</i> 31 Dec 2011 31 Dec 2011 30 June 2014
CEO	Des Laughton	
Balance date	30 June	
Number of FTE staff	17.5	
Website	www.wellingtoncablecar.co.nz	
Type of entity	Company	
LGA designation	CCTO	
By reason of	Board control: all Directors appointed by Council	
Council interest	\$3.81 million (<i>book value</i>)	
Type of interest	100% Shareholding	

WELLINGTON CABLE CAR LIMITED

30 Glover Street, Ngauranga, Wellington
Phone (04) 4732 707 Fax (04) 4732 710



8 November 2011

REPORT TO THE MONITORING SUBCOMITTEE FOR THE FIRST QUARTER OF 2011/12 (to 30 September 2011)

FINANCE

Cable Car and Trolley Bus System Income

Cable Car fare income (at \$380K) is 9% below budget for the quarter, but 11% above the same quarter in 2010/11. The variances reflect lower than budget passenger numbers achieved this quarter and higher fares this year, which were implemented subsequent to last year's quarter.

The trolley bus overhead network maintenance contract income from Greater Wellington Regional Council (GWRC) (\$849K) is shown as 17% below budget for the quarter. The budget includes provision for some capital expenditure items that are subjected to approval of business cases.

Some trolley bus overhead network maintenance activities were curtailed as required by WCC, during the lead up and holding of Rugby World Cup games In Wellington.

Revenue for the work undertaken for GWRC for reactive maintenance and planned maintenance is budgeted to match to expenditure over the full year.

Income from External Activities

External activities include sundry work related to the trolley bus overhead system resulting from third party requests, including providing escorts to high loads through the city and WCC initiated activities. The net contribution for the quarter from external activities is \$35K against a budget of \$55K, the difference being due to the timing of activities for this type of work.

Administration

Administration costs amount to \$98K against a budget of \$97K, which is \$1K (1%) above budget.

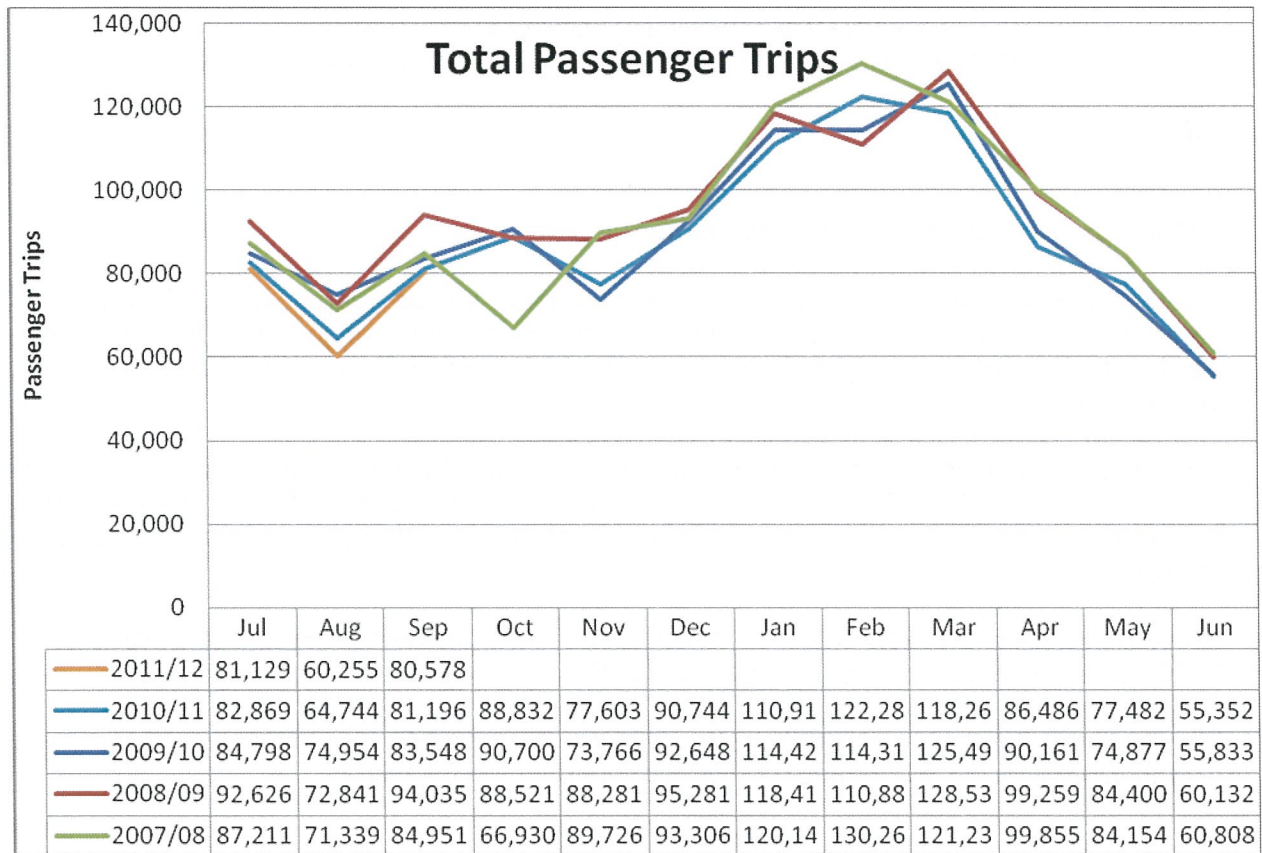
Income and Expenditure Overview

The overall income for the quarter was \$1,307K, which was 19% below budget. Overall expenditure was \$1,365K, which was 16% below budget. The overall loss after tax was \$55K against a budget loss of \$7K.

Cable Car Passenger Numbers

The actual passenger number for the quarter was 221,962, which is 11% below estimate and 3% below the same period in the previous year.

The following chart indicates the overall pattern of cable car patronage.



There are two separate matters which are reflected in the comparisons of actual passenger numbers with the estimate for this year and the actual passengers last year.

° Breakdown – August 2011

The power supply to the cable car was affected by spikes from the national grid during the storm on Monday 15 August 2011. Failure of electrical control components in the winding room stopped the service at 6.15pm, during the evening peak.

Service resumed on Thursday 18 August 2011 at 2.00pm.

An estimated 7,100 passenger trips and \$11,900 net revenue were lost during the breakdown period.

On Friday 19 August 2011, fares were not charged as a goodwill gesture, in recognition of the disruption caused to passengers and their patience and goodwill towards the company,

particular following the graffiti vandalism to one of the cable cars, which was still trapped outside of its normal parking place on the Tuesday night.

There were 2,500 free trips, with net fare revenue of \$4,100 foregone.

After adjustment for the effect of this breakdown, the following would have been achieved:

- ° YTD September 2011.
- ° Total passengers trips would have been 231,562.
- ° 7 % below estimate.
- ° 1% above same period previous year.

° **Rugby World Cup 2011**

The estimate of passengers for September 2011 was increased by 20,000 to reflect anticipated extra patronage by RWC visitors.

Although there was an increase in Adult Cash Fare Trips, the fare category that applied to RWC visitors, of 6,700 over last year. However the total of all passenger trips fell by 600 against last year, reflecting changes in local transport and activity patterns including rescheduling of school holidays into October.

Cable Car Reliability

The reliability of the cable car was 97.14% for the quarter, reflecting the August stoppage. If it were not for that stoppage, the result would have been 100%.

GENERAL

Cable Car Operation

The cable car continues to be operated by our own staff and management, as it has been since 1 April 2007. The number of complaints received has been negligible.

Cable Car maintenance

Routine maintenance has continued to be undertaken.

Trolley Bus Overhead

It is anticipated that all of the planned asset replacements in the Asset Management Plan for the current year will be completed by the end of the financial year, as activity is now concentrated on them.

Des Laughton, CEO

p.p. Roger Drummond
Chairman of the Board of Directors

A handwritten signature in blue ink that reads "Laughton". The signature is written in a cursive style with a large initial 'L'.

Des Laughton,
CEO

Wellington Cable Car Limited - Business Plan								Budget 2011 / 2012 - Total \$000
Profit and Loss for the year ending 30 June 2012								
	Actual	Budget	Variance		Actual	Budget	Variance	
	2012 - Qtr 1	2012 - Qtr 1	2012 - Qtr 1		2012 - YTD	2012 - YTD	2012 - YTD	
	\$000	\$000	\$000		\$000	\$000	\$000	
OVERHEAD DIVISION								
Income	849	1,022	(173)		849	1,022	(173)	5,815
Contractor Operations Costs	333	386	53		333	386	53	1,544
Wellington Cable Car Operations Costs	225	224	(1)		225	224	(1)	896
Total Operating Expenses	557	610	53		557	610	53	2,440
Operating Surplus/Loss before Replacements	292	412	(120)		292	412	(120)	3,376
Reactive Maintenance	131	108	(23)		131	108	(23)	432
Contact Wire Replacements / Rentensions	5	30	25		5	30	25	1,164
Pole Replacements	111	173	62		111	173	62	691
Feeder Pillar Replacements	20	21	1		20	21	1	83
Special Works Replacement	25	30	5		25	30	5	120
Vehicle Replacements	0	0	0		0	0	0	610
Safety Protection on Feeder Pillars	0	50	50		0	50	50	275
Total Replacements	292	412	120		292	412	120	3,376
Total Maintenance & Replacement Cost	292	412	120		292	412	120	3,376
Depreciation	31	22	(10)		31	22	(10)	87
Total Expenses	881	1,044	163		881	1,044	163	5,902
Overhead Overall Surplus / (Loss)	(31)	(22)	(10)		(31)	(22)	(10)	(87)
COMPANY ACTIVITIES DIVISION								
Cable Car Income	380	419	(39)		380	419	(39)	2,077
Cable Car Operations	176	186	10		176	186	10	744
Cable Car Maintenance	127	134	7		127	134	7	537
Depreciation	37	46	9		37	46	9	182
	340	366	25		340	366	25	1,463
Electric Bus Income	0	20	(20)		0	20	(20)	80

	2012 - Qtr 1	2012 - Qtr 1	2012 - Qtr 1		2012 - YTD	2012 - YTD	2012 - YTD	2011 / 2012 - Total
	\$000	\$000	\$000		\$000	\$000	\$000	\$000
Electric Bus Operations	0	2	2		0	2	2	8
Electric Bus Maintenance	2	14	12		2	14	12	56
	2	16	14		2	16	14	64
Cable Car Operating Surplus / (Loss)	37	57	(20)		37	57	(20)	629
EXTERNAL ACTIVITIES								
3rd Party Services Net Contribution	2	4	2		2	4	2	16
External Pole Work Net Contribution	0	1	1		0	1	1	5
3rd Party Overhead Projects Net Contribution	4	10	5		4	10	5	287
Sundry External Income	29	40	11		29	40	11	160
External Activities Operating Contribution Surplus / (Loss)	35	55	20		35	55	20	468
Total Company Activities Operating Contribution Surplus / (Loss)	72	112	40		72	112	40	1,098
Administration Expenses	98	97	(1)		98	97	(1)	387
Company Activities Division Operating Surplus / (Loss)	(26)	15	(41)		(26)	15	(41)	710
WELLINGTON CABLE CAR - TOTAL SURPLUS / (LOSS) BEFORE TAX	(58)	(7)	(51)		(58)	(7)	(51)	623
Tax Expense	0	0	0		0	0	0	189
WELLINGTON CABLE CAR - TOTAL SURPLUS / (LOSS) AFTER TAX	(58)	(7)	(51)		(58)	(7)	(51)	435
	0	(0)	0		0	(0)	0	(0)
The Total Surplus / (Loss) After Tax Consists of:								
Total Income	1,307	1,616	(309)		1,307	1,616	(309)	11,195
Total Expenditure	(1,365)	(1,622)	258		(1,365)	(1,622)	258	(10,760)
	(58)	(7)	(51)		(58)	(7)	(51)	435
	0	(0)	0		(0)	(0)	0	(0)

**Wellington Cable Car Limited
Statement of Financial Position
As at 30 September 2011**

	Year to Date 2011/12		Year to Date 2010/11	
ASSETS	\$	\$	\$	\$
Current Assets				
Bank Accounts Total	1,435,188		721,064	
Inventory	1,269,334		558,686	
WIP	58,944		148,701	
Accounts Receivable less Provision	426,155		865,297	
Sundry Debtors & Prepayments	166,794		116,417	
RWT Deductions	2,239		16,800	
Total Current Assets		3,358,654		2,426,966
Fixed Assets				
Cable Car & Civil Works	1,196,030		1,196,030	
Cable Car Terminal Refurbishment	40,659			
Cable Car Equipment	2,259,717		2,246,884	
Cable Car Tracks & Wires	1,379,291		1,379,291	
Cable Car Motor Vehicles	13,147		58,948	
Electric Buses	47,640			
Furniture & Fittings	40,045		37,429	
Computer Equipment	112,255		109,359	
Computer Software	110,944		41,937	
Overhead Equipment	72,731		72,731	
Overhead Wire System	4,165,708		2,535,000	
Overhead Motor Vehicles	277,266		277,266	
Fixed Asset Clearing Account			639	
Accumulated Depreciation	(4,598,591)		(1,965,978)	
Total Fixed Assets		5,116,841		5,989,536
TOTAL ASSETS		8,475,495		8,416,502
LIABILITIES				
Current Liabilities				
Accounts Payable	308,856		506,498	
Accruals	591,875		539,636	
Ostendo Accruals Clearing Acct			(49,172)	
AC Temp Credit Card	(11,500)			
GST TOTAL	(40,176)		1,170	
PAYE Suspense	14,237		11,753	
Revenue received in advance				
Prebilled charges TOTAL	(93,704)		(233,315)	
Current Portion of Term Liabilities				
Total Current Liabilities		769,588		776,570
Non Current Liabilities				
National Bank Loan facility			(74)	
Provision for Income Tax	(23,589)		(4,991)	
Deferred Tax Liability	522,000		688,000	
Total Non Current Liabilities		498,411		682,935
Ostendo Clearing Accounts				
Descriptor Expenses	62,991			
Purchase Receipts	180,980			
Sales Clearing Account	4,600			
Ostendo - Misc				
Total Ostendo Clearing Accounts		248,571		
TOTAL LIABILITIES		1,516,570		1,459,505
NET ASSETS		6,958,926		6,956,997
SHAREHOLDER'S FUNDS				
Ordinary Shares	7,434,846		7,434,846	
Retained Earnings	(464,148)		(2,297,287)	
Revaluation Reserve	176,000		2,600,000	
Tax on Equity items			(727,389)	
Less: Dividend Paid	(130,000)		(130,000)	
Current Year Earnings	(57,772)		76,827	
TOTAL SHAREHOLDER'S FUNDS		6,958,926		6,956,997

Wellington Cable Car Company Limited
Statement of Cash Flows
For the 2012 Year

	Year Ended 30 June 2011	Quarter Ended 30 September 2011
Cash flows from operating activities		
<u>Cash was received from:</u>		
Operating receipts	8,356	1,870
<u>Cash was disbursed to:</u>		
Payments to suppliers and employees	(5,735)	(2,114)
Payment of Tax	-	-
Subvention Payment	(151)	-
GST	159	(191)
Net cash inflow / (outflow) from operating activities	<u>2,629</u>	<u>(437)</u>
Cash flows from investing activities		
<u>Cash was received from:</u>		
Investments	-	-
Interest received	62	14
Sale of Fixed Assets	-	-
<u>Cash was applied to:</u>		
Purchase of fixed assets	(1,702)	(38)
Net cash inflow / (outflow) from investing activities	<u>(1,640)</u>	<u>(24)</u>
Cash flows from financing activities		
<u>Cash was received from:</u>		
Term Loan	-	-
<u>Cash was applied to:</u>		
Payment of Dividend	-	-
Term Loan	-	-
Net cash inflow/(outflow) from financing activities	<u>-</u>	<u>-</u>
Net Increase/(decrease) in Cash held	989	(460)
Opening Cash Balance	905	1,894
Closing Cash Balance	<u><u>1,894</u></u>	<u><u>1,435</u></u>

**Reconciliation of Net Surplus/(Deficit) before Taxation and Dividend Paid with
Cash inflow from operating activities for the Year Ended 30 June 2012**

	<u>Quarter ended 30 September 2011</u>
Net Profit/(Loss) before tax	(58)
Add non cash items:	
Movement in provision for impairment of doubtful debts	-
Depreciation	68
(Gain)/Loss on Assets sold/disused	-
	<hr/>
	11
Add / (deduct) movements in Working Capital:	
(Increase) / Decrease in accounts receivable & other assets	481
Increase / (Decrease) in accounts payable & other accruals	(311)
(Increase) / Decrease in inventory	(604)
Add / (deduct) investing activities:	
Net (gain) / loss on sale of assets	
Net (receipt) / payment interest income	(14)
Net (receipt) / payment withholding tax	2
Net (receipt) / payment Subvention Payment	
Net (receipt)/payment Income Tax	
	<hr/>
Net cash inflow from operating activities	<u><u>(437)</u></u>