

DRAFT

2012/2013

Wellington Cable Car Limited STATEMENT OF INTENT



CONTENTS

Introduction	4
Purpose of Statement of Intent	4
Planning WCCL'S Place in Wellington's Future	4
Board Structure and Function	5
Responsibilities of the Directors	6
Delegated Functions	6
Board Performance Review	6
Primary Business Activities of WCCL – Nature and Scope.....	6
The Objectives of WCCL's Board	7
General Objectives of WCC for WCCL.....	8
Specific Topics – 2012/13.....	11
Risk Management	19
Procedure for Share Acquisitions, Purchase/Sale of Assets	20
Performance Targets and Other Measures for 2012/13	21
Cable Car Service Performance Measures.....	21
Trolley Bus Overhead Network Service Performance Measures	21
All of WCCL Activities Performance Measures.....	22
Cable Car Patronage	24
Trips Paid by Multi-trip Concession Ticket	24
Trips Paid by Cash (Single or Return).....	24
All Passenger Trips.....	24
Wellington Residents Satisfaction Survey:.....	25
Dividend Policy	26

Information provided to the Shareholder.....	26
Activities for which Compensation is Sought.....	26
Community Outcomes.....	27

INTRODUCTION

This Statement of Intent has been prepared by Wellington Cable Car Limited (WCCL), as required by the Local Government Act 2002 for a Council Controlled Trading Organisation (CCTO).

WCCL was established in 1991 as a CCTO by Wellington City Council, to:

- a) Own, maintain and operate the Wellington Cable Car system from passenger fare income (i.e. without public passenger transport subsidies); and
- b) Own and maintain the Wellington trolley bus overhead wire network in order that it can be utilised to provide trolley bus services, as specified in a contract between the Greater Wellington Regional Council (GWRC) and its nominated bus company. WCCL's maintenance of the trolley bus overhead network is met by payments from GWRC.

PURPOSE OF STATEMENT OF INTENT

The purpose of a Statement of Intent (SOI) is to publicly state the activities and intentions of WCCL for the period encompassed by the SOI. It provides Wellington City Council (WCC), as the shareholder, with the opportunity to influence the direction of the company. The SOI also provides a basis for accountability of the Directors of WCCL to the shareholder, for the performance of the company.

This SOI sets out the objectives and performance targets for WCCL for the twelve months to 30 June 2013, and describes the nature and scope of the activities to be undertaken by WCCL to achieve its objectives and performance targets.

PLANNING WCCL'S PLACE IN WELLINGTON'S FUTURE

This SOI has a life of one year. It is part of a legislative framework created by the Local Government Act 2002 which, through Wellington City Council's Long Term Plan, sets forth the activities to be undertaken and the services to be provided for Wellington over a ten year period, together with their financial dimensions.

In 2011 WCC signed off on its vision for the future of Wellington through *Wellington Towards 2040: Smart Capital*. The vision is expressed through four core themes for community outcomes:

- People-centred city;
- Connected city;
- Eco-city;
- Dynamic central city.

It is an aspirational strategy and will inform the future work and investments of the WCC.

The WCC Long Term Plan is currently being updated and is intended to align WCC-led projects and activities with the goals of *Wellington Towards 2040: Smart Capital*.

WCC has also adopted other individual strategies and plans, including:

Wellington City Economic Development Strategy, which aims to attract, retain and grow investment, to create jobs, and to support sustainable economic growth in Wellington City.

Accessible Wellington Action Plan, which aims to enhance Wellington's reputation as an inclusive and socially responsible city and one that is accessible, safe and easy to get around.

WCCL intends to align its strategic priorities and planning with the outcomes desired by relevant strategies of WCC. In previous SOI's, WCCL has summarised the way its activities support WCC's desired community outcomes by reference to the WCC Long Term Plan. The updated plan for 2012 has not yet been published for consultation. For this SOI, WCCL has therefore summarised the way its activities support WCC's community outcomes by reference directly to *Wellington Towards 2040: Smart Capital*.

BOARD STRUCTURE AND FUNCTION

The Board of Directors normally comprises three members. All are appointed by WCC for varying terms, according to WCC policy.

The Chairman is appointed by WCC.

The Board is currently formally meeting bi-monthly.

RESPONSIBILITIES OF THE DIRECTORS

The responsibilities of the directors 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;

Managing WCCL to meet:

The objectives of WCCL's Board;

General objectives of WCC for WCCL as expressed from time to time;

Monitoring and addressing policy, solvency and statutory matters of the company;

Monitoring all of the company's activities and ensuring the company acts in accordance with its stated objectives.

DELEGATED FUNCTIONS

The Board of Directors delegates the day to day management of the company to the Management team, who are required to act in accordance with the Board's approved delegations policy.

BOARD PERFORMANCE REVIEW

The Board of Directors annually undertakes a review of its performance as a Board and as individuals on the Board.

PRIMARY BUSINESS ACTIVITIES OF WCCL – NATURE AND SCOPE

The primary business activities of WCCL are:

Provision of the Cable Car passenger service, to meet the needs of local commuters and other users from within New Zealand and internationally, financed from passenger fare income and any additional revenue developed from increasing WCCL's tourism related activity;

Provision of the trolley bus overhead network for use by trolley bus services in Wellington City, with income from payments by GWRC under a contract, on a cost recovery basis, to cover reactive and planned maintenance of the existing overhead network;

Maintain WCCL's pole network funded via a contract with GWRC and pole user charges from utilities using WCCL's poles to support their networks; and

Infrastructure-related activities undertaken within Wellington City on a profit earning basis, being:

- i) Projects initiated by parties other than GWRC requiring the overhead network to be relocated and/or modified;
- ii) Protection of the trolley bus overhead network from damage by escorting high loads through the city, and protection of parties requiring safe access in proximity to overhead lines by de-energising the lines.

THE OBJECTIVES OF WCCL'S BOARD

Effective management of the primary business activities of WCCL;

Ensuring high importance is placed on safety, for the well-being of staff, contractors and members of the public, to meet statutory requirements and to provide the appropriate levels of service reliability:

Ensuring the on-going safe and efficient operation of the Cable Car system;

Ensuring the ongoing safe and efficient operation of the Trolley Bus Overhead Network.

Customer service standards such that the cable car business is enhanced and meets or exceeds standards measured through ratepayer surveys conducted by WCC;

Embrace the vision of WCC for the future of Wellington expressed through *Wellington Towards 2040: Smart Capital* and where practicable align the strategic priorities and planning of WCCL with the community outcomes sought by it, while remaining aligned with the WCC Long Term Plan.

Effective management of WCCL's transition from a Public Benefit Entity to a Profit Oriented Entity;

Earning an appropriate rate of return on the pole assets through revenue from the pole users;

Ensuring that the trolley bus overhead network costs are not subsidised by other activities of WCCL;

Ensuring that the company's risk profile is appropriate, through review of the Risk and Vulnerability schedule prepared by management. This schedule identifies risks and their impacts, and the actions necessary to mitigate or control the risks:

The routine management reports to the Board of Directors will continue to identify issues which impact on the companies risk profile;

The company's management of risk will be reviewed and reported upon by the Auditor on an annual basis;

External resources will be deployed to supplement the skills that are held by Directors, management and staff;

Practice environmental responsibility with respect to the company's activities, by considering the effects of its activities on climate change, waste minimisation and carbon costs, and planning and implementing practical responses;

Ensuring that actions arising from specific topics raised by WCC in its Letter of Expectations for 2012/13 (as noted in a following section) are appropriately planned and implemented.

GENERAL OBJECTIVES OF WCC FOR WCCL

In its Letter of Expectations dated 16 December 2011, WCC has noted its general objectives for WCCL. The following table records the activities that WCCL will undertake to meet WCC's general objectives for WCCL.

Table of General Objectives of WCC for WCCL

WCC General Objectives	WCCL Activities to meet WCC's General Objectives
<p><i>i) Have partnership approach with WCC and other CCOs</i></p>	<p>The company will:</p> <ul style="list-style-type: none"> a) Communicate with the Shareholder on a regular basis particularly after Board meetings; b) Remain committed to its relationship with WCC, and ensure a “no surprises” policy of open communication; c) Co-operate with other CCOs in developing future packages and enhancements for tourism related activities.
<p><i>ii) Have a regional focus, where this is appropriate</i></p>	<p>The company's Marketing Plan will include attracting visitors from other regions of New Zealand and internationally.</p>
<p><i>iii) Appropriately acknowledge the contribution of WCC</i></p>	<p>The company includes WCC logos on marketing material and communications where appropriate.</p>
<p><i>iv) Achieve maximum effectiveness and efficiency of service delivery</i></p>	<p>The company will:</p> <ul style="list-style-type: none"> a) Manage the operation of the cable car within the timetable to maximise the throughput of passengers without detracting from the overall experience of visitors to the facility; b) Manage the cable car assets through its Cable Car Asset Management Plan, anticipating potential obsolescence and failure modes with the objective of having zero breakdowns due to asset failure; c) Train cable car staff to ensure that breakdowns due to operator error are minimised; d) Manage the maintenance of the trolley bus overhead network through its Trolley Bus Overhead Network Asset Management Plan, with the objective of minimising breakdowns and facilitating an effective trolley bus service, as required by the GWRC and the trolley bus operator; e) Monitor overseas developments in equipment and techniques and adopt as appropriate.

Table of General Objectives of WCC for WCCL	
WCC General Objectives	WCCL Activities to meet WCC's General Objectives
v) <i>To operate at breakeven or better after depreciation expense.</i>	<p>The company will:</p> <ul style="list-style-type: none"> Continue to develop other sources of income arising from the ownership and management of its assets: <ul style="list-style-type: none"> Providing third party services on a commercial basis; Establishing pole user charges from all parties utilising WCCL's pole assets; Continue to obtain adequate contract payments from the Greater Wellington Regional Council to cover the expenditure to provide adequate asset maintenance and necessary upgrades in functionality (including safety) for the trolley bus overhead network, (working within GWRC processes and in consultation with WCC); Set revenue targets for the cable car operation to cover the operation and maintenance expenditure.

Discussion of specific topics for WCCL raised by WCC in its Letter of Expectations for 2012/13:

Funding arrangements

WCCL operates the cable car service funded by passenger fares.

In 2010, WCCL reviewed its Kelburn Terminus, which requires substantial maintenance. WCCL saw the opportunity to enhance the visitor experience at the Kelburn attractions, beyond what WCCL could justify for its own operation, by replacing the Kelburn Terminus. WCC supported WCCL's vision. To contribute to the project, in recognition of the benefits to the city and its visitors, WCC acknowledged that WCCL could retain the amount that would otherwise be paid as dividend, to meet the additional capital cost.

This arrangement applied to the results of the financial years 2009/10 and 2010/11.

WCCL intends to resume dividend payments to WCC as shareholder in 2012/13, from the 2011/12 year. WCCL will seek to obtain alternative loan finance for the Kelburn Terminus, the cost of which will impact on the amount of dividend paid to WCC.

Health and Safety Management

The two operating divisions of WCCL (Cable Car Service and Trolley Bus Overhead Network) each have their own health and safety management:

Health and Safety Plan;

Regular Meetings between management to discuss health and safety matters;

Regular meetings between operating management and staff to discuss health and safety matters;

Regular meetings between operational management and contractors to raise and consider safety and health matters.

Insurance Programme

The insurance programme for the respective operating divisions is as follows:

Cable Car Service

All assets related to the cable car service are covered by a policy with Lloyds of London.

The amount of cover necessary has been calculated on the basis of Probable Maximum Loss, as advised by the structure and earthquake engineering consultant who surveyed the assets and reported to WCCL.

Material Change

Following the Canterbury earthquakes, it was not possible to get continued cover from the then insurer, or from any other NZ-based insurer. The placement was made with Lloyds on the best terms that could be achieved, but not for full replacement. WCCL was able to get its cover only on the strength of the consultant's report and his assessment of Probable Maximum Loss.

Trolley Bus Overhead Network

The trolley bus overhead network itself (poles, stays wires, contact wire and other equipment) is not insured, and has never been. WCCL has attempted to get quotations for cover, but have not been successful. We understand that lines companies generally do not have insurance cover.

The warehouse and contents, including inventory and equipment is insured with a NZ based insurer.

Motor Vehicles are insured with a NZ based insurer

Liability covers are insured with a NZ based insurer.

Business Continuity Plan

WCCL does not have a formal business recovery plan, and intends to document one formally. However, it does have a disaster recovery plan, which focuses on IT systems and data recovery.

Cable Car Offering to Passengers

The strategy to continue improving the attractiveness of the cable car offering is as follows:

- a) In simple terms, a passenger trip on the Cable Car is a means of travel between two of the stations on the track.
- b) As the Cable Car is a unique means of travel, in New Zealand, this provides the basis for an interesting message to the public to enjoy the experience of riding on the Cable Car.
- c) However, the Cable Car, in addition to being an attraction in its own right, is located within an environment where there are several other valuable Wellington attractions:

Kelburn Precinct

Panoramic city and harbour view
Cable Car Museum
Carter Observatory
Dominion Observatory
Botanic Garden entrance
Start of walk to City via historic Thorndon site, Parliament and wharves
Zealandia Experience at Karori Sanctuary (transit point)

CBD

Vibrancy of the Central Business District

Waterfront

Wellington Museum

By linking with these other attractions, we have the foundation for a compelling message that explains how taking a trip on the Cable Car offers access to wide-ranging and memorable experiences.

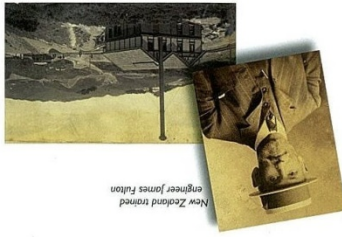
- d) The marketing message expands beyond a five or ten minute ride on the Cable Car, to ways in which even a whole day could be spent experiencing the attractions in the vicinity.
- e) As some of the linked attractions do not charge admission fees, the opportunity to create chargeable services is restricted. However, the opportunities to do so will be pursued.
- f) The underlying commercial intent of WCCL is for passengers to use the Cable Car, benefiting the company by increased fare revenue and profit

WCCL recently introduced a new brochure, which contains an informative map and devotes space to 'thumbnail' the associated attractions. It has been well received by users. A copy of the printed brochure is enclosed overleaf – note that it is folded in normal presentation, with the map being the inside spread.

WELLINGTON CABLE CAR
SINCE 1902

The Cable Car has a single track with a passing loop half way. The cars are fitted with flanged wheels on one side and flat wheels on the other, which means they can steer around the loop using the flanged wheels whilst the flat wheels slide across the central rail. The system has numerous safety features including two gripper brakes on each car as well as passenger load sensing, overload prevention and earthquake protection.

how it works



The successful Wellington businessman Martin Kennedy is credited with the original idea for the Wellington Cable Car. With his many business and political connections he persuaded the Upland Estate Company to include it in their plans for the suburb of Kelburn. The cable car was designed by New Zealand trained engineer James Fulton, who also surveyed and set out the Kelburn suburb. Construction of the cable car started in 1899 and was opened on 22 February 1902, carrying over 4,000 people on its first weekend of operation. By 1904 trailers had been added to the cars to increase seating capacity to 62 and a Tea House had been built at the summit. In 1933 electricity replaced steam as the power for the cable car. In 1978 the original system which had remained largely unchanged since 1902 made its last run and was replaced by a new Swiss designed system which remains in operation today.

how it all started



at the top

Cable Car Lookout
The Kelburn Lookout affords stunning views over the City of Wellington and out over the Great Harbour of Tara – Te Whanganui-a-Tara. The Cable Car Museum and top entrance to the Botanic Garden are adjacent to the lookout.

Cable Car Museum
This award winning Museum brings to life the story of Wellington's iconic cable car. Situated within the original winding house the museum is home to two of the original cars and the winding gear once used to haul the cars up the steep incline.

Free Admission
www.museums.wellington.org.nz

more to explore

Wellington Botanic Garden
Features 25 hectares of unique landscape, protected native forest, conifers, specialized plant collections and colourful floral displays. It is classified as a garden of national significance by the Royal New Zealand Institute of Horticulture and is a Historic Places Trust heritage area. Enjoy a leisurely downhill walk through the gardens and back to town.
Free Admission



Carter Observatory and Planetarium
Situated just 2 minutes from the top of the Cable Car.

Discover the importance of the stars in traditional Maori life, explore the multimedia exhibitions and view some of New Zealand's most prestigious astronomical artefacts. Enjoy the show in the digital full-dome planetarium. Planetarium shows are scheduled throughout the day. **Admission charges apply**
www.carterobservatory.org.nz



Zealandia

Just 5 minutes from the top of the cable car by free shuttle or a leisurely 25 minute walk through Kelburn. Zealandia is New Zealand's award winning eco attraction. A must see if you want to get a real taste of New Zealand's amazing natural heritage. Your Zealandia experience includes the exhibition centre and 225 hectares of the eco sanctuary.
Admission charges apply www.visitzealandia.com



- **A car every 10 minutes**
Monday to Friday 7am to 10pm
Saturday 8:30am to 10pm
Sunday and public holidays 9am to 9pm
closed Christmas Day
- For latest fare and timetable information
www.wellingtoncablecar.co.nz



- The lower terminus is situated in Cable Car Lane which is on Lambton Quay opposite Grey Street and next to McDonalds
- The Cable Car is fully accessible to wheelchairs, mobility scooters and pushchairs.
- Bicycles carried at the discretion of the Company.

The Cable Car is proudly owned, operated and maintained by Wellington Cable Car Limited



WELLINGTON CABLE CAR
SINCE 1902

WELLINGTON'S TOP SPOTS
A CAR EVERY 10 MINUTES



Proposed New Kelburn Terminal

The planning phase for the proposed replacement of the Kelburn Cable Car Terminal is well advanced, with the design selected after full stakeholder and public consultation on the short list of two. The design incorporates operational functionality improvements, together with an internal viewing platform which offers another vantage point over the city, particularly when the weather is inclement.

It was imperative to either undertake significant repairs, with an associated closure of service for a short period, or replace the structure and gain benefits for the operation of the cable car service, and also the wider community. The benefits to the wider community of the city from replacement have been recognised. The Kelburn precinct is a centre of visitor attractions (e.g. Botanic Garden, Cable Car Museum and as a transit point for Zealandia) and the new terminus will help provide improved enjoyment of the area for the many tourists and visitors to the city.

The project construction will be undertaken during the period April to August 2013, to avoid disruption during the tourist and visitor season.

The project is being managed by a professional Project Manager who has previously undertaken a successful project for WCCL.

Plan to better leverage marketing

WCCL notes the request by WCC that it participate in the development of a plan by PWT, Parks and Gardens, Zealandia and the Museum Trust in conjunction to better leverage marketing between the attractions in the Kelburn precinct. This approach is welcomed and WCCL will participate fully.

Charges for access and use of trolley bus poles

WCCL wishes to obtain an acceptable rate of return on its investment in trolley bus poles, which are also used by telecommunications and electricity utilities to support their networks. WCCL's ability to charge for their access and use of the trolley bus poles is made difficult by the ambiguous wording of the relevant legislation which WCCL sought to get clarified. Unfortunately the Government turned our request down. In the absence of legislation to clearly support WCCL's ability to achieve an acceptable rate of return, WCCL will attempt to negotiate an interim pricing regime, albeit at a more nominal level. This interim pricing regime will operate until legislative or other clarity is achieved to support pricing based on an acceptable rate of return.

This is a key strategic initiative. WCCL is obtaining a legal review of the issue and suspects that assistance from WCC and GWRC may be needed to support approaches to the utility companies.

Technical Review Group

The initial work of the Technical Review Group confirmed that WCCL must not permit Wellington Electricity (WELL) and NZ Bus to implement as of right a provision in their electricity supply contract, but which WCCL was not party to, in the event that there is a failure in WELL's DC supply assets.

This phase of work also identified that there was a risk that the DC power supply would terminate on 30 June 2017 if more immediate forward planning was not undertaken by GWRC. This matter was brought to GWRC's attention and the TRG is now focusing on forward issues.

WCCL also introduced the power supply issue that has arisen in the re-configured Manners Mall, to the TRG and that forum has proposed a solution that should be implemented in the 2011/12 year.

RISK MANAGEMENT

The company's Risk Management Policy is that risk is assessed on at least an annual basis and documented in the Risk and Vulnerability Schedule, under the following categories of risk:

- a) Financial
- b) Disaster Recovery and Systems backup
- c) Assets and their Management
- d) Personnel Management
- e) Statutory Risks
- f) Commercial Risks

In each category all aspects of the business are considered and the level of risk assessed and mitigation actions determined as appropriate. The Board of Directors considers Risk and Vulnerability issues as they arise, updates the Risk and Vulnerability Schedule as required, and formally reviews the Schedule annually.

As the nature of the business involves electrical and mechanical equipment, as well as involving passenger transport, day to day business involves frequent assessments of the risks.

It considers WCCL has the following risks that have a high risk assessment:

Risk Defined	Risk Assessment	Method of Control
Assets and their Management		
Potential for serious injury/fatality due to risk of the trolley bus overhead network not having adequate protection against short circuits.	High	Mitigation Steps: <ul style="list-style-type: none"> - Electrical protection consultant engineer engaged to design solution. - Regular inspection regime initiated, to continue until protection equipment installed.
Financial		
In the event of earthquake damage to cable car assets, WCCL may have insufficient funds to meet maximum cost of excess/deductible under Material Damage Insurance policy.	High	Mitigation methods to be determined. Consider: <ul style="list-style-type: none"> - Amending Insurance Policy terms. - Investigate financing methods including self-insurance reserve fund.
In the event of earthquake damage to trolley bus overhead network, WCCL may have insufficient funds to meet cost of reinstatement of trolley bus overhead network.	High	Mitigation methods to be determined. Consider: <ul style="list-style-type: none"> - Obtain insurance cover - Notify Greater Wellington Regional Council, NZ Bus, and network utility companies with assets fixed

to the poles.

PROCEDURE FOR SHARE ACQUISITIONS, PURCHASE/SALE OF ASSETS

The Company will only issue shares or acquire shares in other companies or become a partner with any other business with the express prior permission of WCC.

The Company will fully investigate and report to WCC any proposal to enter into partnerships or to sell any buildings or other significant assets before commitments are entered into.

PERFORMANCE TARGETS AND OTHER MEASURES FOR 2012/13

CABLE CAR SERVICE PERFORMANCE MEASURES

Performance indicator	Measure	Target/Result
Cable car vehicles, track, tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZTA to be obtained each year.	Timely approval received
Cable Car service reliability	Percentage reliability	Greater than 99%
Cable Car Service has Qualmark endorsement to confirm that the Cable Car Service meets established tourism standards	Qualmark endorsement held.	Qualmark endorsement maintained

TROLLEY BUS OVERHEAD NETWORK SERVICE PERFORMANCE MEASURES

Performance indicator	Measure	Target/Result
Inspection, maintenance and repair of trolley bus overhead network are carried out to provide appropriate levels of reliability	Number of network failures due to inadequate maintenance	Nil failures
Trolley Bus Overhead Network Draft Asset Management Plan prepared	Draft Asset Management Plan completion	Draft Annual AMP 2013/14 prepared by 30 August 2012
Trolley Bus Network Poles identified in AMP 2012/13 as requiring urgent and critical replacement are programmed for replacement	Pole replacements completion	Completed in accordance with the programme
Overhead components replacement or repairs	Component programme completion	Replacement completed in accordance with the

		programme
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Performance indicator	Measure	Target/Result
WCCL pole occupants have formal contracts and appropriate pole user charges are being paid.	Number of contracts current	All recent users have current contracts. All "Existing Works" users have contracts signed by 30 June 2013.
GWRC funding agreement being complied with.	Number of breaches of agreement	Nil breaches by WCCL
Performance requirements in the GWRC Trolley Bus Overhead funding agreement are met.	GWRC Contract payments received Other Contract Requirements	Paid in accordance with agreed funding levels No complaints from GWRC

ALL OF WCCL ACTIVITIES PERFORMANCE MEASURES

Performance indicator	Measure	Target/Result
Compliance with appropriate regulations and statutes	Number of adverse comments from the relevant regulatory authorities.	Nil adverse comments
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
Company Risks and Vulnerabilities are maintained at an acceptable limit and identified in the Risk and Vulnerability register.	Number of Risk and Vulnerabilities not identified, and where possible, mitigated to an acceptable limit	Nil Risks and Vulnerabilities not identified Nil Risks and Vulnerabilities not mitigated to acceptable limit
Contribute to review of back office functions	Positive participation in the back office review to be undertaken for efficiency gains	Participation assessed to be positive

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CABLE CAR PATRONAGE

TRIPS PAID BY MULTI-TRIP CONCESSION TICKET

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Passenger trips	71,700	52,700	77,900	69,500	271,800

TRIPS PAID BY CASH (SINGLE OR RETURN)

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Passenger trips	150,200	236,700	270,600	144,400	801,900

ALL PASSENGER TRIPS

2012/13	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Passenger trips	221,900	289,400	348,500	213,900	1,073,700

WELLINGTON RESIDENTS SATISFACTION SURVEY:

The annual survey conducted by WCC asks the questions below:

Question	Target
Have you used the cable car in the last 12 months?	30% of respondents have used cable car
How do you rate the standard and operational reliability of the cable car (Good/Very good)	95% of respondents with some knowledge of the cable car rate it Good/Very good

DIVIDEND POLICY

The company will pay the shareholder a dividend of 60% of Net Profit after Tax, subject to the directors discharging their statutory duty in making that decision each year.

INFORMATION PROVIDED TO THE SHAREHOLDER

Reports will be provided to the shareholder as required by legislation and 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 the Cable Car passenger service and the maintenance of 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 significant events or activities that may impact on either party will be brought to their attention as soon as it can be reasonably done.

The information set out above will be provided at regular times as agreed with the Council's Monitoring Subcommittee.

ACTIVITIES FOR WHICH COMPENSATION IS SOUGHT

The Company obtains funding from the following sources:

The company will pursue to the greatest practicable extent the funding from the GWRC needed to maintain and replace the trolley bus overhead network. The other activities of WCCL will not subsidise the funding needed for the maintenance and replacement of the trolley bus overhead network;

The cable car operation will be funded from fares and any enhanced tourism activities.

However, should the shareholder require the company to undertake obligations or services which cannot be covered by the funding from these sources, the company will seek compensation from WCC to restore an adequate level of income to meet the business's requirements.

COMMUNITY OUTCOMES

The contributions by WCCL which support community outcomes sought by *Wellington Towards 2040: Smart Capital* are summarised in the following four tables:

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Wellington Towards 2040: Smart Capital

Goal: People Centred City

Our city will be healthy, vibrant, affordable and resilient, with a strong sense of identity and 'place'.

Drivers of the Goal relevant to WCCL

Suburbs with unique identities:

Support strong links and access to good transport between suburban areas and the CBD

Wellington as a 'Smart' City

Use new technologies to improve quality and efficiency of city infrastructure ...

Active communities that support innovation and resilience

Develop spaces and places (physical) to engage with each other

Healthy and safe communities

Respond to changing populations by investing in healthy and safe access to recreation activities for older people across a range of different abilities

Contributions by WCCL

Maintain safe and reliable cable car service between Kelburn and CBD

Maintain the trolley bus overhead network to a safe and reliable standard

Investigate opportunities to use new technologies and consider their implementation

Support activities that keep the cable car terminus at Kelburn as a focal point of Wellington

Investigate courses of action that improves use of the cable car service by a range of different abilities

Wellington Towards 2040: Smart Capital

Goal: Connected City

Our people, places and ideas will link to networks across physical, virtual and social connections.

Drivers of the Goal relevant to WCCL

Effective and efficient regional infrastructure

Continue to improve the city's public transport and pedestrian/cycling infrastructure as a distinctive feature of Wellington, aligned with low-carbon goals

National and international connections that support Wellington's economic, social and cultural goals

Clear understanding of Wellington's unique characteristics (the Wellington 'story') and role in wider networks, nationally and internationally

Contributions by WCCL

Operate the cable car service as an efficient, reliable and safe transport service

Maintain the trolley bus overhead network to a safe and reliable standard

Continue policy to allow cycles to be carried on cable cars subject to comfort of other passengers being unaffected

Promote walking as an activity to be undertaken in conjunction with cable car rides

Promote the cable car and the attractions that can be accessed by it as 'must see and do' attractions for visitors to Wellington

Wellington Towards 2040: Smart Capital

Goal: ECO City

Our city will take an environmental leadership role as the Capital of clean and green New Zealand

Drivers of the Goal relevant to WCCL

A city with a green economy

Require businesses to integrate sustainability into their business models

Infrastructure to create a secure and resilient city

Continue to prioritise the council's work to develop an approach to earthquake resilience in the city, consistent with the work of central government

Invest in infrastructure to build resilience to climate change impacts, sea level rise and unexpected natural events

Contributions by WCCL

Implement appropriate sustainability initiatives

Monitor and investigate cable car infrastructure assets – tunnels, bridges and track, for earthquake resilience and upgrade as necessary

As above

Wellington Towards 2040: Smart Capital

Goal: Dynamic Central City

The central city will be a place of creativity, exploration and innovation offering the lifestyle of a much larger city

Drivers of the Goal relevant to WCCL

Supporting the central city as Wellington's economic engine room of the wider Wellington city and region

Continue to invest in growing economic activity in the central city for the benefit of the wider city and region

Wellington's 'story' told through built form and natural heritage

Showcase what Wellington values – respect for the natural environment, heritage, and creativity

Contributions by WCCL

Invest to maintain safety and reliability of the cable car service to ensure it remains an iconic attraction and transport service

As the cable car track has heritage status, ensure it is maintained in a manner sensitive to its values