

Quarterly Review – Wellington Waterfront Limited

Wellington Waterfront Limited has presented its report for the quarter ended 31 December 2010 for review. A summary of key findings is presented below and the full report is attached.

Highlights

- Wharewaka and Taranaki Street public space project management are on target and budget for completion for the opening on Waitangi Day, 2011.
- During Q2 the board of directors of WWL was reduced from 5 to 3 with the unexpected passing of the chairman of WWL and WCC not appointing a Councillor representative to the board.
- A comprehensive review of the operations of WWL has been initiated at the request of the WWL board with the results expected by March 2011.

Progress - KPIs

- Architects Tennent & Brown have been appointed to prepare a preliminary concept design for the possible establishment of a building on the service Jetty (ex Ferry Wharf) to accommodate the Maritime Police and dive squad. Target date has been deferred to Q4
- Further progress has been made on Asset management plan for completion Q3.
- The progress of District Plan proposed variation 11 has been deferred pending the outcome of the Framework review due Q4. Sites 8 & 9: WWL has terminated discussions with an Auckland-based developer due to uncertainty relating to the outcome of DPV11 and a review of the Framework.
- Master planning for the Queen's Wharf precinct concluded this quarter, the results of which will be presented to Council in February 2011.
- The target date for the UN Studio Building has been deferred from Q2 to Q4 pending preliminary high-level discussions between WWL, WCC and Central Government.

Macro Key Performance Indicators

The following KPI's have been reported by the company

Measure	Annual Target	Quarter Target	Quarter Actual
Capital expenditure (\$ million)	\$4.394m	\$1.345	\$1.497
Commercial proceeds (\$ million)	\$1.450m	-	\$0

- The annual target for Commercial proceeds has been met

Activities during the quarter

- WWL assisted developers Willis Bond & Co with preparation of the launch of the proposed redevelopment of the OPT to be announced publicly in January 2011
- WWL participation in planning for RWC 2011 is ongoing.
- Detailed planning has commenced on the Kumutoto public toilets ahead of construction beginning in Q3 subject to final costs being under budget.
- Negotiations have commenced with the proprietors of both Shed 5 and the Dockside for new long-term leases on each property.

Financial Commentary

- The YTD net operating deficit was \$1,622k against a budgeted deficit of \$1,836k. The main reason for the favourable result is the YTD Public and Commercial planning costs being \$153k under budget. This is due to timing differences between the budget and commencement of projects and some projects being cancelled.
- Capital expenditure was \$1,497k for the quarter against a budget of \$1,345k. The major capital expenditure item in Q2 was \$1,449k for the Taranaki Street Wharf public space development.
- As at 31 December 2010, the advance from Council was \$8.8m.

Statement of Financial Performance

For the quarter ended 31 December 2010

\$'000	Q2 Actual	Q2 Budget	YTD Actual	YTD Budget	FY Budget
Income	1,138	1,109	2,248	2,187	4,408
Expenditure	1,917	1,938	3,870	4,023	8,803
Operating surplus / (deficit)	(779)	(829)	(1,622)	(1,836)	(4,395)

Statement of Financial Position

As at 31 December 2010

\$'000	YTD Actual	2009/10 Actual	FY Budget
Current assets	8,686	9,099	2,028
Non-current assets	160,733	159,542	179,630
Current liabilities	3,123	961	1,775
Non-current liabilities	8,801	9,161	14,200
Equity	157,495	158,519	165,681
Current ratio	2.8	9.5	1.1
Equity ratio	93%	94%	91%

Statement of Cash Flows

For the quarter ended 31 December 2010

\$'000	YTD Actual	2009/10 Actual	FY Budget
Operating	250	(1,545)	(1,630)
Investing	(238)	(2,763)	2,056
Financing	-	4,400	-
Net	12	92	426
Closing balance	530	518	668

Note: FY Budgets are as approved in the Business Plan.

Contact officer:

Richard Hardie

Profile - Wellington Waterfront Limited

Wellington Waterfront Limited (WWL) is a wholly owned subsidiary of the Council.

The Company is proprietor of approximately 20 hectares of land as bare trustee for the Council. The land – on the seaward side of the road – stretches from Wellington Railway Station to the Overseas Passenger Terminal. It also includes 12 hectares of harbour bed.

WWL manages the Lambton Harbour Development Project (the Project). From 1987 this was a joint venture between the Council and the Wellington Harbour Board. In 1989 the Harbour Board was dissolved, and its interests transferred to the Council. The waterfront has progressively been transformed from a working industrial port to one of the city's key recreational areas. Development is guided by the Wellington Waterfront Framework, which covers issues relating to the character of the waterfront.

WWL is letting contracts for commercial developments, generally for long term leases. This commercial income contributes significant funding to the public space developments. The balance is funded by the Council.

The Project was scheduled for completion by 2007 at a cost to Council of not more than \$15 million, plus the annual management fee. However, it is currently anticipated that waterfront development will continue to 2009 and beyond.



In June 2007, Council approved \$15m of temporary additional funding to the Project, to be drawn down and repaid over a three year period.

In September 2009, the Council reconsidered its previous decision to transfer the management of the waterfront project into Council and confirmed that WWL should continue to manage the projects indefinitely, subject to a further review in mid 2012.

Entity Data

Established	28 September 1987	
Board	Mark Petersen Robert Gray Jane Black	<i>Term expires:</i> 31 Dec 10 31 Dec 12 31 Dec 12
CEO	Ian Pike	
Balance date	30 June	
Number of FTE staff	7	
Website	www.wellingtonwaterfront.co.nz	
Type of entity	Company	
LGA designation	CCTO	
By reason of	Board control: all Directors appointed by Council	
Council interest	\$1,000 (book value)	
Type of interest	100% Shareholding	