

## Quarterly Review – Wellington Waterfront Limited

Wellington Waterfront Limited has presented its report for the quarter ended 31 March 2012 for review. A summary of key findings is presented below and the full report is attached.

### Highlights

- The Environment Court hearing of the District Plan variation 11 appeal concluded on 13 March 2012. The decision delivered in April was not in favour of the Council and will have significant implications on the Waterfront Development Plan.
- The 4-week public consultation on Newcrest Group's preliminary concept design for site 10 was completed.
- Construction work on the redevelopment of the OPT began
- The marketing of the Shed 5 lease was completed. While there is some interest in the lease of the site, in the current economic climate there is no interest in a long-term upfront lease.

### Progress – KPIs

- The motor home park continued to experience higher than expected levels of occupancy (over 70% per night) through the quarter.
- A seismic strengthening assessment of Shed 11 was completed.
- A new lease agreement with Helipro in Shed 1 was negotiated
- A 12-year lease with Dockside restaurant was successfully negotiated.
- Work continues on the development of disaster recovery and business continuity plans for the company
- Insurance cover for WWL has been successfully negotiated, however the new rate equates to a 58% increase (\$600k). The increase is in line with those experienced by companies with a similar asset base.

### Public Events

- Major events on the waterfront this quarter included the Hertz Sevens, the NZ International Arts Festival, Home Grown, the Dragon Boat Festival and the Relay for Life.
- WWL continues to work with the Council's Events team to provide event spaces and infrastructure.

### Macro Key Performance Indicators

The following KPI's have been reported by the company

Measure	Annual Target	Quarter Target	Quarter Actual
Capital expenditure (\$million)	\$6.050	\$0.914	\$1.042
Commercial proceeds (\$million)	\$4.0	\$0	\$0

- The annual target for Commercial proceeds is not now going to be met in June 2012. As a result, WWL will exceed its \$15 million loan financing at year end. This will be considered by Council as part of the Long Term Plan deliberations on the revised Waterfront Development Plan.

### Activities during the quarter

- Concept design work for the upgrading and leasing of Shed 1 is underway.
- WWL continues to work with marina businesses regarding the occupation of the redeveloped OPT, although progress is slow.
- Wharf pile maintenance on the Outer-T continues to run ahead of schedule and on budget.
- Improvements were undertaken on the Frank Kitts Park laneway, along with an upgrade to power distribution and improvements in the quality of the grassed areas.
- Preparations are underway for the repainting of the Maritime Police building.

### Financial Commentary

- The YTD net operating deficit was (\$2.3m) against a budgeted deficit of (\$2.7m). The main reason for the \$347k favourable variance is the better than expected YTD lease revenue from car parking, the motor home park and unbudgeted rental increases for tenants.
- Property costs are over budget for the quarter by (\$177k), mainly due to timing variances. These are still expected to level out by the end of the year.
- Major capital expenditure during the quarter was \$829k towards wharf repiling costs.
- At the end of Q2, the advance from Council was \$13.4 million. This is expected to increase through Q4 by \$2.9million.
- The sale of the Shed 5 lease is not now expected to be realised. As a result, WWL's loan financing is projected now to be at \$16.3m by year end, over their cap of \$15m, and their net capex for the year being over plan.

### Statement of Financial Performance

For the quarter ended 31 March 2012

\$'000	Q3		YTD		FY
	Actual	Budget	Actual	Budget	Budget
Income	1,231	1,033	3,578	3,167	4,433
Expenditure	1,897	1,961	5,921	5,857	7,812
Operating surplus / (deficit)	(666)	(928)	(2,343)	(2,690)	(3,379)

### Statement of Financial Position

As at 31 March 2012

\$'000	2011/12 YTD	2011/12 FY	2010/11
	Actual	Budget	Actual
Current assets	8,638	8,780	9,697
Non-current assets	159,345	168,102	157,558
Current liabilities	3,124	1,193	1,201
Non-current liabilities	13,401	15,881	13,057
Equity	151,458	159,808	152,997
Current ratio	2.8	1	8
Equity ratio	90%	90%	91%

### Statement of Cash Flows

For the quarter ended 31 March 2012

\$'000	2011/12 YTD	2011/12 YTD	2010/11
	Actual	Budget	Actual
Operating	573	482	1,477
Investing	(3,630)	(5,129)	(3,264)
Financing	2,400	4,100	2,200
Net	(387)	(547)	413
Closing balance	544	22	931

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

Contact officer:

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## 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.

In February 2011, the Council undertook a review of the implementation agency options for the Waterfront and concluded that a 'reduced status quo' mandate for Wellington Waterfront Limited was the preferred option, with the recommendations subsequently implemented.

### Entity Data

Established	28 September 1987	
Board	Robert Gray (chair) Jane Black Derek McCorkingdale Justin Lester (WCC)	<i>Term expires:</i> 30 June 13 31 Dec 12 31 Dec 14 31 Oct 13
CEO	Ian Pike	
Balance date	30 June	
Number of FTE staff	8	
Website	<a href="http://www.wellingtonwaterfront.co.nz">www.wellingtonwaterfront.co.nz</a>	
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	