

Quarterly Review – Wellington Waterfront Limited

Wellington Waterfront Limited has presented its report for the quarter ended 31 March 2013 for review. A summary of key findings is presented below and the full report is attached.

Highlights

- As a result of the 'expressions of interest' campaign for the development of North Kumutoto, 9 developers were selected and invited to submit a request for proposal. The proposals are expected in May.
- The Thursday evening summer food market was launched and enjoyed considerable success.
- The motor home park enjoyed its strongest trading period, averaging an occupancy rate of 78% (30 motor homes per night)
- Four new quotation pieces were installed on the Writers Walk, which were officially opened by the Governor General, Sir Jerry Mataparae.

Progress – KPIs

- The Kumutoto draft open space master plan was completed
- Wharf fender repairs and replacement along the Taranaki St Wharf promenade began during the quarter.
- The redevelopment of the Overseas Passenger Terminal is progressing well and is now expected to be completed ahead of schedule, by June 2014.
- WWL worked with GWRC and officers to address water quality issues raised around the jump platform located on the Taranaki Street wharf. Various options are being considered.
- A new deed of lease for Positively Wellington Venues' use of Shed 6 has been prepared. An agreement will be signed in Q4.

Public Events

- WWL worked with the Council's Events team for the hosting of a number of summer events on the waterfront, including:

Event	Visitor Numbers
Homegrown Festival	19,000
Asian Night Food market	15,000
AMI Round the Bays	13,000
Dragon Boat Festival	11,000
Waitangi Day Celebrations	10,000
Pacifica Festival	10,000
NZ Fashion Week	4,000

Macro Key Performance Indicators

The following KPI's have been reported by the company

Measure	Annual Target	Quarter Target	Quarter Actual
Capital expenditure (\$,000)	\$2,666	\$200	\$0
Commercial proceeds (\$,000)	\$0	\$0	\$0

- At the end of Q3, the advance from Council was \$17.891 million.

Activities during the quarter

- The majority of the seismic strengthening project for the Shed 6 wharf was completed. The project is running on time and to budget.
- The temporary ice skating rink returned to Queen's Wharf at the end of March and will run through to mid May. Safety concerns have been worked through between WWL, Council officers and ice rink management.
- WWL has commenced the development of Universal Access Guidelines in consultation with TAG and the Council's Accessibility Advisory Group.

Financial Commentary

- The Q3 operating result was an operating deficit of \$35k, \$268k (88%) ahead of budget.
- Revenue of \$486 was \$116k (31%) ahead of budget, as a result of better than anticipated lease and car park revenue. Total expenses were \$152k (23%) under budget through savings in property costs.
- The YTD net operating deficit was \$4m against a budgeted deficit of \$3.4m. The main reason for the \$600k unfavourable variance is YTD depreciation being over budget by \$1.57m. This is due largely to the revaluation of Waterfront Assets in June 2012.
- Depreciation will continue at a higher than budgeted amount for the rest of the year and is still expected to finish \$2m higher than budget at year end.

Statement of Financial Performance

For the quarter ended 31 March 2013

\$'000	Q3		YTD		YTD	FY
	Actual	Budget	Actual	Budget	Budget	Budget
Income	486	370	3,693	3,392	4,608	4,608
Expenditure	343	501	4,639	5,221	6,994	6,994
Operating surplus (deficit) before depreciation	143	(131)	(946)	(1,829)	(2,386)	(2,386)
Depreciation	178	172	3,118	1,548	2,064	2,064
Operating surplus (deficit) after depreciation	(35)	(303)	(4,064)	(3,377)	(4,450)	(4,450)

Statement of Financial Position

As at 31 March 2013

\$'000	2012/13 YTD	2012/13 FY	2011/12 FY
	Actual	Budget	Actual
Current assets	1,789	1,691	2,098
Non-current assets	232,681	232,808	234,715
Current liabilities	2,641	2,632	3,384
Non-current liabilities	17,892	17,892	15,001
Equity	213,937	213,975	218,428
Current ratio	.68	.64	.62
Equity ratio	91%	91%	92%

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.

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.

In June 2012, the Council approved extending loan financing to the Project to \$20.582m through to 30 June 2014 pending the receipt of \$24.075m in commercial revenues over the next three years.

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	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	