

Quarterly Review – Wellington Waterfront Limited

Wellington Waterfront Limited has presented its report for the quarter ended 30 September 2010 for review. A summary of key findings is presented below and the full report is attached.

Highlights

- Two major rent reviews of space leased by WWL on the waterfront were concluded during the quarter.
- The Sunday Harbourside Market was reconfigured to meet demand for additional stallholder space and extra car parks.

Progress - KPIs

- Wharewaka and Taranaki Street public space project management, Overseas Passenger Terminal redevelopment and Queens Wharf master planning are all on target.
- Asset management plan – achieve core status by Q2 – on target.
- Resource consent for the Chinese Garden in Frank Kitts Park has been deferred until the Wellington Chinese Garden Society significantly advances its fundraising.
- Sites 8, 9 & 10 – achieve a favourable DPV11 decision at the Environment Court by Q2 – delayed until Q4.
- Kumutoto toilets – target completion deferred from Q2 to Q4.
- Service jetty – complete design planning and regulatory approvals by Q2 – target date deferred to Q4.
- UN Studio Building – preliminary feasibility study deferred from Q2 to Q4 pending preliminary discussions between WWL, WCC and central government for establishment of the UN Studio building as a national art gallery.

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	\$1.649	\$677k
Commercial proceeds (\$ million)	\$1.450m	-	\$1.450m

Activities during the quarter

- Project management of the wharewaka and surrounding public space continued on budget and on track for completion before the proposed opening on Waitangi Day in February 2011.
- Overseas Passenger Terminal developer continues planning and development of design ahead of planned construction in mid 2011.
- WWL terminated investigations into the development of a temporary ice-skating rink and tensile structure due to the financial non-viability of both projects.
- Planning and investigations are ongoing into the development of the Kumutoto public toilet facility within Council approved budget. Target date for completion has been moved from Q2 to Q4.
- WWL participation in planning for RWC 2011 is ongoing.

Financial Commentary

- The YTD net operating deficit was \$843k against a budgeted deficit of \$1.112m. The main reason for the favourable result is timing differences in the commencement of projects and some projects being cancelled.
- Capital expenditure was \$677k for the quarter against a budget of \$1.649m. The major capital expenditure item in Q1 was \$469k for the Taranaki Street Wharf public space development.
- The main underspends against the capital budget are on the TSW public space (\$481k), Kumutoto toilets (\$278k) and Chaffers Marina maintenance (\$250k).
- As at 30 September 2010, WWL had borrowed \$8.8m from Council.

Statement of Financial Performance

For the quarter ended 30 September 2010

\$'000	Q1	Q1	YTD	YTD	FY
	Actual	Budget	Actual	Budget	Budget
Income	1,110	1,097	1,110	1,097	4,408
Expenditure	1,953	2,209	1,953	2,209	8,803
Operating surplus / (deficit)	(843)	(1,112)	(843)	(1,112)	(4,395)

Statement of Financial Position

As at 30 September 2010

\$'000	YTD	2009/10	FY
	Actual	Actual	Budget
Current assets	10,070	9,099	2,028
Non-current assets	159,755	159,542	179,630
Current liabilities	3,049	961	1,775
Non-current liabilities	8,801	9,161	14,200
Equity	157,975	158,519	165,681
Current ratio	3.3	9.5	1.1
Equity ratio	93%	94%	91%

Statement of Cash Flows

For the quarter ended 30 September 2010

\$'000	YTD	2009/10	FY
	Actual	Actual	Budget
Operating	440	(1,545)	(1,630)
Investing	746	(2,763)	2,056
Financing	-	4,400	-
Net	1,186	92	426
Closing balance	1,704	518	668

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

Contact officer:

Danny McComb

Appendix 1

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	