

## Quarterly Review – Wellington Waterfront Limited

Wellington Waterfront Limited has presented its report for the quarter ended 31 December 2011 for review. A summary of key findings is presented below and the full report is attached.

### Highlights

- The Waterfront continued to serve as a Rugby World Cup 2011 destination with the Fanzone experience extended through to the Semifinals in October.
- In December, WWL signed a development agreement with Newcrest Group for Site 10, which is conditional on WCC approval.
- Work commenced on responding to a Request for Proposal from Porirua City Council for the establishment of a Revitalisation Project Delivery Unit.
- The temporary ice skating rink was erected over October and November, attracting over 30,000 visitors during its six weeks of operation.
- The temporary relocation of OPT ground floor marina service tenants was completed successfully.

### Progress – KPIs

- The hearing on the appeal of DPV11 is set for 12 March 2012. At the request of WCC, WWL has withdrawn as a S274 party to proceedings.
- Stage 3 of the wharf maintenance project is progressing well and is now 6 weeks ahead of schedule. The project is now expected to run through to September/October 2012. Work on the wharf piles at the southern end of the Outer-T was completed during the quarter, with contractors now moving to the stem area.
- The contract for OPT went 'unconditional' in December.
- The plan for shared services is progressing with the next stage of implementation expected to go 'live' in Q3
- A preliminary concept design has been prepared for Shed 5 ahead of an anticipated marketing campaign on the sale of the Shed 5 lease to commence in February 2012.
- The Motorhome park on Site 10 continues to draw strong numbers of campers following the success of the park during RWC2011.

### Public Events

- Rugby World Cup 2011 events were successfully wrapped up during the quarter.
- The Royal New Zealand Navy held their 70<sup>th</sup> Anniversary celebrations on Queens Wharf in October and, in combination with the final events of RWC2011, culminated in the largest crowds ever seen on Wellington's waterfront.

### 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	\$1,854	\$1.489
Commercial proceeds (\$million)	\$4.0	\$0	\$0

- The annual target for Commercial proceeds is scheduled to be met in June 2012. Should this commercial income not be realised, WWL might exceed its \$15 million loan financing at year end.

### Activities during the quarter

- WWL continued to assist developers Willis Bond & Co with development planning for OPT. Design work for the public space around OPT and Clyde Quay Park is progressing well.
- Preliminary work on the upgrading and leasing of Shed 1 has begun.
- WWL's review of the Porirua City Council CBD revitalisation plan was completed and well received.
- Holmes Consulting Group is currently undertaking an extensive wharf and seawall survey to establish seismic upgrade requirements.

### Financial Commentary

- The YTD net operating deficit was (\$1.677m) against a budgeted deficit of (\$1.762m). The main reason for the \$85k favourable variance is the better than expected YTD lease revenue.
- Property costs are over budget for the quarter by (\$59k), mainly due to timing variances. These are still expected to level out by the end of the year.
- Public and Commercial Planning costs are under budget by (\$11k) due to timing differences with the commencement of some planning projects.
- At the end of Q2, the advance from Council was \$13 million. This is expected to increase through Q3 by \$1million.
- If the sale of the Shed 5 lease does not come through in Q4 then WWL's loan financing is projected to be at \$15.3m by year end, just over their cap of \$15m.

### Statement of Financial Performance

For the quarter ended 31 December 2011

\$'000	Q2		YTD		FY
	Actual	Budget	Actual	Budget	Budget
Income	1,123	1,039	2,347	2,134	4,433
Expenditure	2,000	1,937	4,024	3,986	7,812
Operating surplus / (deficit)	(877)	(898)	(1,677)	(1,762)	(3,379)

### Statement of Financial Position

As at 31 December 2011

\$'000	2011/12 YTD	2011/12 FY	2010/11
	Actual	Budget	Actual
Current assets	8,589	8,780	9,697
Non-current assets	158,838	168,102	157,558
Current liabilities	2,570	1,193	1,201
Non-current liabilities	13,001	15,881	13,057
Equity	151,856	159,808	152,997
Current ratio	3	1	8
Equity ratio	91%	90%	91%

### Statement of Cash Flows

For the quarter ended 31 December 2011

\$'000	2011/12 YTD	2011/12 YTD	2010/11
	Actual	Budget	Actual
Operating	(82)	203	1,477
Investing	(2,599)	(3,176)	(3,264)
Financing	2,000	2,500	2,200
Net	(681)	(473)	413
Closing balance	250	96	931

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.

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 McCorkindale 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	7	
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	