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ME HEKE KI PŌNEKE
WELLINGTON CITY COUNCIL

Wellington

WELLINGTON WATERFRONT LIMITED ANNUAL REPORT 2004/05 REVIEW

1. Introduction

The directors of Wellington Waterfront Limited (WWL) have submitted their audited annual report for the year to 30 June 2005. Note that these accounts are for the Wellington Waterfront Project which includes WWL.

2. Performance

a Financial results

(i) Against targets

Statement of Financial Performance

\$'000	FY Actual	FY Budget	2003/04 Actual
Income	4,809	3,627	5,430
Expenditure	6,672	7,215	5,980
Operating surplus	(1,863)	(3,588)	(550)
Revaluation gain	26,886	-	2,422
Net surplus	25,023	(3,588)	1,872
Operating margin	-	-	-
Return on equity	-	-	-

The company has posted a surplus of \$25.02 million due to unrealised property revaluations. This is largely a reflection of the state of the property market. The fluctuations in income are caused mostly by the sale of assets, which generate varying surpluses.

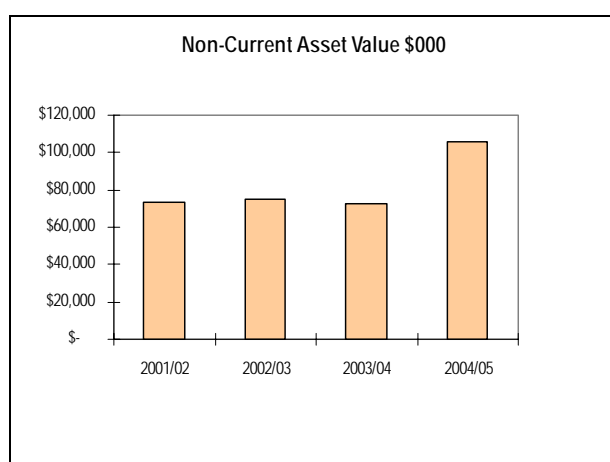
Statement of Financial Position

\$'000	FY Actual	FY Budget	2003/04 Actual
Current assets	12,504	6,754	18,393
Non-current assets	105,655	86,718	72,923
Current liabilities	2,095	423	1,288
Non-current liabilities	-	-	-
Equity	116,064	93,049	90,028
Current ratio	6:1	16:1	14:1
Equity ratio	98%	100%	99%

Statement of Cash Flows

\$'000	FY Actual	FY Budget	2003/04 Actual
Operating	(218)	(2,159)	530
Investing	1,043	394	2,218
Financing	-	-	-
Net	825	(1,765)	2,748
Closing balance	10,676	5,081	9,851

(ii) Trends



The change in asset value in 2004/05 reflects the property revaluation in the last year.

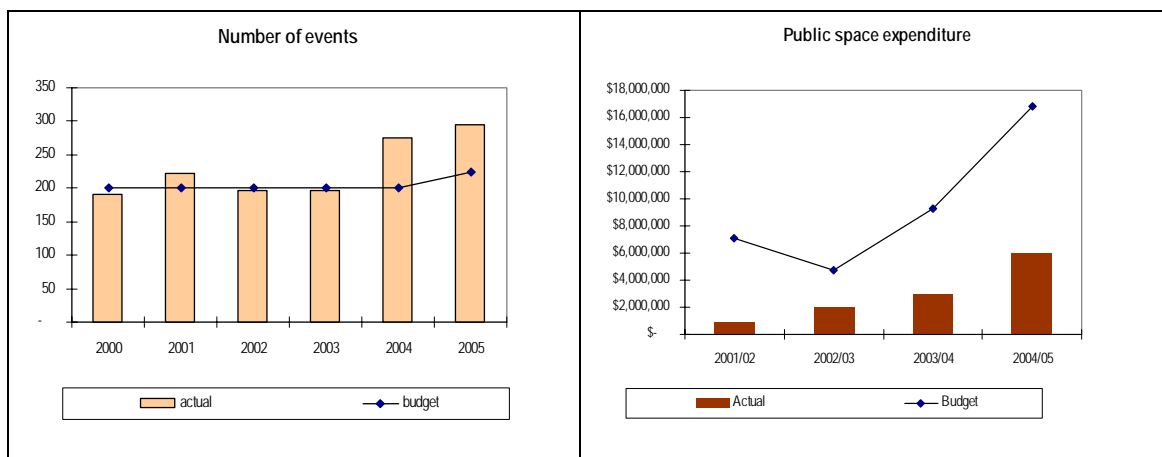
b KPIs

(i) Against targets

Measure	2004/05 Target	2004/05 Actual
Work within approved budget and business plan	To be achieved	Achieved
Work within and report on the approved strategic plan and Statement of intent	To be achieved	Achieved
Residents visiting the waterfront	96%	95% of residents visited the waterfront at least once
No. of events on the waterfront	225	295
Project timeliness, number of milestones achieved on time	75%	50% achieved for the year and another 25% delayed by six months
Capital Expenditure	\$16.9 million	\$6.8 million
Commercial Proceeds	\$11.7 Million	\$7.5 million

The major capital expenditure incurred in 2004/05 was for the Waitangi Park redevelopment, with additional expenditure made in a number of other areas including refurbishment of the Queens Wharf Events Centre, a Global Challenge walkway and Kumutoto public space development.

(ii) Trends



The development of the waterfront as events venue is shown in the above graph, while the lengthy consent and consultation processes is shown by the slower than planned expenditure levels. However with a number of projects proceeding in the next year, the public space expenditure will increase.

c Significant changes

(i) In activities

There have not been any changes in the activities undertaken by WWL.

(ii) Other – governance

Councillor Judy Siers completed her term in October 2004, and was replaced by Councillor Ray Ahipene-Mercer. Richard Burrell and Ross Martin retired from the board in December 2004, and were replaced by Dave Pritchard and Stephen Kos who were appointed in January 2005.

3. Discussion

a Key items from the year

SIGNIFICANT PROJECT PROGRESS: A number of projects progressed during the year. These included commencing construction of Area 1 of Waitangi Park and finalised designs for Kumutoto and the public open space. Redevelopment of the Odlin building, Herd St Post Office, opening of the Steamship Wharf having moved the building from Greta Point all occurred.

EVENTS PROGRAMMING: The waterfront is continuing its key role as an events venue with more than 1.0 million visitors attracted to the waterfront.

b Issues for consideration

Council officers will continue to work closely with the company given the range and scale of the projects that are in progress. The Wharewaka is likely to result in the creation of a new entity to own this facility.

4. Conclusion

a Summary of analysis

WWL has continued to progress and complete a range of waterfront projects during the year but there are a number of significant projects still in progress. The prudent management of these projects is important for the Council and the city.

b Looking forward

The company continues to manage a number of complex development projects. The company's approach to the development of Site 7 provides a model for developing other areas on the waterfront.

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