



SEAVIEW MARINA LTD
STATEMENT OF INTENT
FOR THE YEAR ENDING 30 JUNE 2019

Contents

1. Mission	3
2. Nature and Scope of Activities	3
3. Corporate Governance Statement	3
4. Corporate Goals	3
5. Specific Objectives for the year ending 30 June 2019	4
6. Performance Measures	6
7. Financial Projections	6
8. Reporting to the Shareholder	10
9. Accounting Policies	11
10. Acquisition/Divestment of Shares or Assets in any Company or Organisation	11
11. Compensation Sought	12
12. Pricing Policy	12
13. Transactions with Related Parties	12
14. Directory.....	14

1. **Mission**

Seaview Marina Ltd (the Company) mission is to be the centre for recreational marine activities and services in the Wellington Region.

2. **Nature and Scope of Activities**

Seaview Marina Ltd (the Company) is responsible for the operation of the boating facilities and services, the maintenance of infrastructural assets and the development of additional facilities and services as demand dictates.

3. **Corporate Governance Statement**

The Company is owned by the Hutt City Council (100% shareholder) and accordingly is a Council Controlled Trading Organisation (CCTO) as defined by the Local Government Act 2002. The Directors' role is defined in Section 58 of the Act which requires that all decisions relating to the operation of a CCTO shall be made pursuant to the authority of the directorate of the CCTO and its Statement of Intent (SI). In addition to the obligations of the Local Government Act, the Company is also covered by the Companies Act 1993 which places other obligations on the Directors.

The Directors are responsible for the preparation of the SI which, along with the three-year financial plan, is provided to the Company's Shareholder, Hutt City Council. Monthly, six monthly and annual reports of financial and operational performance are provided to the Shareholder.

The Directors of the Company are responsible for the overall control of the Company but no cost-effective internal control system will permanently preclude all errors or irregularities. The control systems operating within the Company reflect the specific risks associated with the business of the company.

4. **Corporate Goals**

The principle goal of the Company is to operate as a successful business, achieving the objectives of its shareholder as specified in this Statement of Intent. The specific corporate goals of the Company are as follows:

General

- 4.1 To ensure that the Statement of Intent and operating policies for the Company are consistent with the operating policies of the Hutt City Council.
- 4.2 To ensure that the Statement of Intent and operating strategies are adhered to.

- 4.3 To keep the Shareholder informed of matters of substance affecting the Company.
- 4.4 To perform continual reviews of the operating strategies, financial performance and service delivery of the Company.
- 4.5 To develop the Company into one of New Zealand's premier marina businesses.
- 4.6 To further expand and diversify the Company's marina facilities.

Economic

- 4.7 To maximise the financial returns achieved and the value added by the Company
- 4.8 To return a minimum of 5% return on equity (ROE) per annum.
- 4.9 To maintain the Company's financial strength through sound and innovative financial management.

Social and Environmental

- 4.10 To maximise the financial returns achieved and the value added by the Company
- 4.11 To promote safe work practices
- 4.12 To act as a socially responsible and environmentally aware corporate citizen and to contribute to, or assist where possible, with the City Council community outcomes (as listed in the Annual Plan).

5. Specific Objectives for the year ending 30 June 2019

In pursuit of its corporate goals, the Company has the following objectives for the next 12 months:

General

- 5.1 To review the Statements of Intent and Strategic Plans for consistence with the objectives of the Hutt City Council.
- 5.2 To review the operating activities of the Company for compliance with the goals and objectives stated in the Statement of Intent and Strategic Plan
- 5.3 To report all matters of substance to the Shareholder

Economic

- 5.4 To achieve all financial projections.
- 5.5 To achieve equal or greater than a 5% return on equity (ROE).
- 5.6 To ensure that the reporting requirements of the Company and the Shareholder are met.

Social and Environmental

- 5.7 To maintain good employer status by:
 - (a) complying with all employment legislation;
 - (b) operating open and non-discriminatory employment practices.
- 5.8 To ensure no transgression of environmental and resource laws.
- 5.9 To review the activities undertaken by the Company for the purposes of being a good socially and environmentally responsible corporate citizen.

6. Performance Measures

	Key Performance Indicator	Financial Year ending June 2019	Financial Year ending June 2020	Financial Year ending June 2021	Reporting Frequency
Financial					
1	Deliver annual budgeted incomes	Achieve 100% of budgeted incomes	Achieve 100% of budgeted incomes	Achieve 100% of budgeted incomes	Annually
2	Control operational expenses	Operational expenses within budget	Operational expenses within budget	Operational expenses within budget	Annually
3	Achieve prescribed return on investment	5%	5%	5%	Annually
4	Manage Capital Expenditure	Complete within budget and on time	Complete within budget and on time	Complete within budget and on time	Annually
Relationship & Communication					
5	Client Service	85% satisfaction for the exit/entry survey	85% satisfaction in the bi-annual survey	85% satisfaction for the exit/entry survey	Annually
6	Newsletter communications	Complete four newsletters per annum	Complete four newsletters per annum	Complete four newsletters per annum	Quarterly
7	Meet all shareholder reporting deadlines	See Section 9	See Section 9	See Section 9	Schedule in Section 9
Risk Management and Human Resources					
8	Notifiable health and safety incidents	None	None	None	Monthly to board
9	Business Continuity Plan	Run test scenario and review	Run test scenario and review	Run test scenario and review	Six monthly
Marketing					
10	Implement marketing strategy to improve occupancy rates	Achieve 90% existing berth occupancy	Achieve 90% existing berth occupancy	Achieve 90% existing berth occupancy	Monthly to board
11	Media and Public Relations	10 enquiries per month from website	12 enquiries per month from website	14 enquiries per month from website	Monthly to board

7. Financial Projections

The projections have been prepared using a number of assumptions about the future as well business trends over the previous five years. In determining these projections the Board and Management have applied their judgement to the future commercial environment in which the Company operates.

Financial performance projections

Financial Year Ending 30 June	2019 \$	2020 \$	2021 \$
Total Revenue	2,354,154	2,455,133	2,604,063
Total Expenses	1,737,691	1,791,715	1,876,035
Net Surplus/(Deficit)	616,463	663,418	728,028
Total Assets	9,841,479	10,940,630	11,410,658
Total Liabilities	2,963,972	3,399,704	3,141,704
Total Equity	6,877,507	7,540,926	8,268,954

Capital Expenditure projections

Financial Year Ending 30 June	2019 \$	2020 \$	2021 \$
Wifi system (including fibre upgrade)	52,000		
Large yacht cradles (x2)	30,000		
Compass Café extension	40,000		
Upgrade lighting on hardstand	35,000		
*Note 1 Breakwater			
*Note 2 Dockway widening			
Southern berths and fuel wharf		1,000,000	
Southern berths final infill			1,000,000
Miscellaneous		75,000	50,000
New utility vehicle	30,000		
Total Capital Expenditure	187,000	1,075,000	1,050,000

Note 1: The future of the breakwater is still under discussion with the Shareholder and the final decision may require changes to the KPI's in Table 6

Note 2: In the period ending 2020 a project to widen the travel lift dockway may be initiated but this will require the development and approval of a business case for the project.

Note.3: Ownership of infrastructural assets is retained by the shareholder (or other clients). As a business that returns all benefits to shareholders, a statement of the ratio of shareholders' funds to assets is not considered appropriate.

Note 4 Seaview Marina returns all financial benefits to its shareholder through increases in the capital value of the marina. All trading profits are retained by Seaview Marina and invested in the strategic development programme.

Statement of Financial Performance

	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
Rentals	276,088	292,138	292,138
Diesel Sales	165,000	165,000	165,000
Other User Charges	1,903,066	1,987,995	2,136,925
Other Revenue	10,000	10,000	10,000
Total Revenue	2,354,154	2,455,133	2,604,063
Employee related expenses	379,288	386,339	393,518
Cost of Diesel Sales	154,000	154,000	154,000
Operating Expenses	639,754	646,014	652,178
Total Operating Expenses	1,173,042	1,186,353	1,199,696
Finance Expenses	103,005	111,005	125,755
Depreciation	461,643	494,357	550,584
Total Expenses	1,737,691	1,791,715	1,876,035
Net Surplus / (Deficit)	616,463	663,418	728,028

Statement of Financial Position

	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
Cash & cash equivalents	371,310	127,251	75,929
Debtors and other receivables	61,564	59,131	81,065
Total Current Assets	432,874	186,382	156,994
Net Book Value of Assets	9,408,605	10,754,248	11,253,664
Total Non Current Assets	9,408,605	10,754,248	11,253,664
Total Assets	9,841,479	10,940,630	11,410,658
Creditors and Other Payables	263,972	299,704	291,704
Advances from Related Parties	0	400,000	150,000
Total Current Liabilities	263,972	699,704	441,704
Borrowings	2,700,000	2,700,000	2,700,000
Total Non Current Liabilities	2,700,000	2,700,000	2,700,000
Total Liabilities	2,963,972	3,399,704	3,141,704
Net Assets	6,877,507	7,540,926	8,268,954
Acc Funds	(14,404,396)	(13,740,977)	(13,012,949)
Share Capital	21,281,903	21,281,903	21,281,903
Total Equity	6,877,507	7,540,926	8,268,954

Statement of Cash Flows

	2018/19 Budget	2019/20 Forecast	2020/21 Forecast
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from rentals	2,147,690	2,227,827	2,308,067
Interest received			
Receipts from user charges and other income	55,190	68,127	133,450
Cash was applied to:			
Payments to employees	(379,288)	(386,339)	(393,518)
Payments to suppliers	(608,263)	(602,670)	(673,566)
Interest paid	(103,005)	(111,005)	(125,755)
Net cash flows from operating activities	1,112,323	1,195,940	1,248,678
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of assets held for sale			
Cash was applied to:			
Purchase of property, plant and equipment	(1,337,000)	(1,840,000)	(1,050,000)
Net cash flows from investing activities	(1,337,000)	(1,840,000)	(1,050,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings - Hutt City Council	0	400,000	(250,000)
Cash was applied to:			
Repayment of borrowings - Hutt City Council			
Net cash flows from financing activities	0	400,000	(250,000)
Net inc / (dec) in cash, cash equivalents and bank overdrafts	(224,677)	(244,060)	(51,322)
Cash & cash equivalents at beginning of the year	595,987	371,310	127,251
Cash & cash equivalents at the end of the year	371,310	127,251	75,929

8. Reporting to the Shareholder

8.1 Annual

- (a) Draft Statement of Intent prior to 12 February 2018
- (b) Approved Statement of Intent prior to 30 June 2018

8.2 Monthly

- (a) Income Statement
- (b) Balance Sheet
- (c) Statement of Cash Flows
- (d) Activity Report

8.3 Half Yearly – within two months of the end of the six month period

- (a) Directors' Report – a review of the performance for the half year
- (b) Income Statement
- (c) Statement of Movements in Capital
- (d) Balance Sheet
- (e) Statement of Cash Flows
- (f) Notes to the Financial Statements

8.4 Annual – within three months of the end of the financial year

9. Accounting Policies

9.1 General Accounting Policies

The accounting policies recognised by the New Zealand Institute of Chartered Accountants complying with NZ International Financial Reporting Standards will be adopted by the Company.

9.2 Particular Accounting Policies

The particular accounting policies which materially affect the measurement and reporting of financial performance and financial position are consistent with the Hutt City Council and are fully listed in the Company's annual report and website.

10. Acquisition/Divestment of Shares or Assets in any Company or Organisation

The Company will only invest in the shares of another company or invest in an entity if the investment is considered to be likely to produce added value to the Company. In order to maximise benefit to the Shareholder, shares or assets may also be sold in response to, or in anticipation of, on-going changes in the marketplace.

11 Compensation Sought

At the request of the Shareholder, the Company may undertake activities that are not consistent with its normal commercial objectives. Specific financial arrangements will be entered into to meet the full commercial cost of undertaking such activities.

12. Pricing Policy

The Company operates in a competitive market competing with four other marinas within the Wellington Region and to a lesser extent with the Marlborough marinas. All marina charges, apart from the Wellington Marine Centre Leases, are reviewed on an annual basis. The review is based on a number of criteria which are listed below:

12.1 Market Trends

The Company adjusts charges according to movements in other marinas of a similar standard.

12.2 Operating costs

Increases in operating costs related to the marina activities compared with the previous year (not CPI).

12.3 Achievement of ROE

The Hutt City Council sets a minimum ROE which the Company is required to achieve each year and to achieve this rental charges are set accordingly.

12.4 Service and facility upgrades

Improvements in services and facilities will have an impact on the calculation of rentals.

12.5 Demand considerations

The marinas in Wellington are progressively moving to full capacity and this will be taken into account in future price setting.

13. Transactions with Related Parties

Transactions between the Company, Lower Hutt City Council and other Hutt City Council controlled enterprises will be conducted on a wholly commercial basis. Charges from Hutt City Council and its other companies will be made for services provided as part of the normal trading activities of the Company.

Related Party	Transaction
Hutt City Council Finance Department	Provision of accounting services and the consolidation of the Company's financial accounts into the Hutt City Council's accounts.
Hutt City Council IT Department	Provision of technical support for the Company's computer hardware and systems.
Urban Plus Ltd	Provision of advice and support with leasing issues for the Company's Wellington Marine Centre

14. Directory

Directors

Brian Walshe (Chairman)

Chris Milne

Peter Steel

Chief Executive

Alan McLellan

Registered Office

100 Port Road

Seaview

Lower Hutt

New Zealand

Postal Address

Private Bag 33 230

Petone 5012

Telephone

04 568 3736

Website

www.seaviewmairna.co.nz

Auditor

Audit New Zealand on behalf of the

Auditor General

Bankers

Westpac New Zealand Limited

Lower Hutt

New Zealand

Solicitors

Thomas Dewar Sziranyi Letts

Level2, Corner Queens Drive and Margaret Street

Lower Hutt

New Zealand