



## SEAVIEW MARINA: SIX MONTH REPORT For the Period to 31 December 2019

### 1. Introduction

Seaview Marina Ltd has had an excellent start to the 2019/2020 financial year and projections indicate another successful year.

Strong demand for berths has kept the occupancies in the mid 95% range. Trailer parks have been full all year, and the hardstand operation has had its most successful six month period. The Wellington Marine Centre is fully tenanted, and the trailer boat launching ramp is achieving budget. Liveaboard revenue is on budget and there is a continuing demand for liveaboard status.

There are two areas where revenue has been below budget - power recovery and diesel sales. The former relates to the unavailability of our contractor to replace the present power pedestals with new units capable of monitoring power. Diesel sales have dropped because of intense price competition from Chaffers.

Expenses are under control at 94% of YTD budget, although SML personnel expenses are 5% over budget because of a resignation, subsequent recruitment costs and the requirement to hire temporary staff for cover while training our new staff member.

Over the first six months two key capital expenditure projects were completed. The Compass Café was upgraded with its undercover seating area increasing from 14m<sup>2</sup> to 56m<sup>2</sup> with a 30m<sup>2</sup> deck over the water - a great asset to the marina. The fibre network around the marina has been completed, providing an upgrade to our security capabilities.

Two major projects are planned for the second half of the year and include a \$1 million, 35 berth development (starting in March 2020), and a \$350k upgrade of all non-compliant power pedestals to allow power charges to be levied.

The marina successfully applied for a renewal of our Seabed License, and this was granted by the Greater Wellington Regional Council, which will guarantee the marina's operation until 20 December 2054. SML's focus on health and safety has resulted in no notifiable incidents over the first six months.

Our client service performance remains a priority and monitoring of feedback from both existing and departing clients result in approval ratings in the mid 90 percentile range. SML's client service survey is carried out every two years and will be completed by the end of February 2020.

## 2. Financial Results

Detailed financial statements can be found in the Appendix.

### Overall result

SML achieved a surplus of \$191k for the six months to 31 December 2019, \$50k higher than planned. Earnings before interest, tax and depreciation amounted to \$441k compared to a YTD budget of \$423k.

### Operating revenue

For the six months ended 31 December 2019, YTD revenue at \$1.186m is \$26k below budget YTD, but \$89k or 8.1% up on last year.

All revenue categories are broadly in line with budget, with the exception of electricity recharges, \$23k below budget YTD and net diesel sales, \$5k below budget YTD.

No revenue has been earned from the planned charging of licensees for their electricity usage. Charging is expected to start in April of this financial year, rather than from 1 July 2019 as planned. The charging of licensees for power consumption is dependent on all power pedestals being fully operational, which is now expected to be completed by the end of March. This will result in a budget shortfall at year-end.

In relation to net diesel sales, some of the past big users like Shanco and Cook Strait Fishing are not using the facility this year, a reflection of the price competition with Chaffers Marina.

Activity at the hardstand continues to perform strongly, particularly when compared to last financial year. Boat storage revenue continues to remain high, with berths 95% occupied. Occupancy rates for the month were 100% for the trailer park and 94.5% for marina berths (including the new berths).

Revenue is expected to be below budget at year-end by \$50k largely due to the delay in on-charging for electricity and the loss of some big diesel users.

	Year to date					Full Year			
	Actual	Budget	Variance	PY Actual	Variance	Forecast	Budget	Variance	PY Actual
<b>Revenue</b>									
Net diesel sales	5,575	18,090	(12,515)	15,387	(9,812)	11,000	26,770	(15,770)	24,503
Tenancy revenue	155,798	151,758	4,040	149,058	6,740	312,150	303,527	8,623	307,525
Electricity recharges	-	27,978	(27,978)	-	-	14,000	55,960	(41,960)	-
Finance revenue	1,470	2,502	(1,032)	4,386	(2,916)	2,900	5,000	(2,100)	7,988
Ramp revenue	19,812	14,845	4,967	18,684	1,127	35,000	33,495	1,505	35,021
Boat storage revenue	840,754	840,125	629	760,684	80,070	1,763,000	1,772,108	(9,108)	1,572,857
Hardstand revenue	112,790	110,476	2,314	97,718	15,072	230,000	220,536	9,464	210,774
Live aboard revenue	40,668	41,568	(900)	38,156	2,513	80,000	83,140	(3,140)	76,396
Other revenue	9,231	5,004	4,227	6,701	2,529	12,000	10,000	2,000	15,493
Gain on sale of assets	-	-	-	6,087	(6,087)	-	-	-	4,998
<b>Total revenue</b>	<b>1,186,098</b>	<b>1,212,346</b>	<b>(26,248)</b>	<b>1,096,861</b>	<b>89,236</b>	<b>2,460,050</b>	<b>2,510,536</b>	<b>(50,486)</b>	<b>2,255,554</b>

### Operating expenses

Expenses at \$745k are \$44k below budget YTD largely due to the following under-spends:

- the business case budget not being utilised, resulting in favourable variance of \$27k;
- electricity expenses, below budget YTD by \$13k, due to the fee (planned from 1 July) to Energy Management Professionals (EMP) for handling electricity on charging to licensees, budgeted at \$35k for the year, not being required yet; and,
- other expenses, below budget by \$15k, due to specialist services being lower than planned.

Personnel expenses are above budget YTD by \$12k due to a one-off payment and additional expenses to cover for training and backfilling of positions in the second quarter of this financial year

Expenses are forecast to be below budget at year-end by \$75k largely due to the business case budget not being fully utilised and lower than planned other expenses.

Expenses	Year to date					Full Year			
	Actual	Budget	Variance	PY Actual	Variance	Forecast	Budget	Variance	PY Actual
Personnel expenses	253,610	241,558	(12,052)	200,903	(52,707)	505,000	479,203	(25,797)	419,671
Maintenance	30,657	27,552	(3,105)	22,858	(7,799)	63,000	51,036	(11,964)	64,231
Electricity	47,449	60,260	12,811	38,858	(8,591)	90,000	117,999	27,999	73,753
Insurance	87,984	90,000	2,016	60,229	(27,755)	176,000	180,000	4,000	120,533
Security	61,983	59,706	(2,277)	68,037	6,054	122,000	119,412	(2,588)	136,963
Operational contracts	10,196	8,037	(2,159)	7,231	(2,965)	20,854	24,352	3,498	20,794
Environmental services	54,641	52,564	(2,077)	45,134	(9,506)	110,000	104,882	(5,118)	104,168
Rates and water charges	50,115	53,603	3,488	54,546	4,431	104,000	110,000	6,000	109,302
Promotion and publicity	1,619	12,498	10,879	18,871	17,252	15,000	25,000	10,000	20,213
Travel	1,421	2,502	1,081	5,838	4,417	2,021	5,004	2,983	8,204
Business cases and research	-	26,958	26,958	1,375	1,375	5,000	53,912	48,912	1,375
Breakwater rental	50,000	49,998	(2)	-	(50,000)	100,000	100,000	-	-
Loss on sale of assets	6,528	-	(6,528)	-	-	6,528	-	(6,528)	-
Other expenses	89,008	104,002	14,994	106,259	17,251	180,000	203,762	23,762	248,088
<b>Total expenses</b>	<b>745,211</b>	<b>789,238</b>	<b>44,027</b>	<b>630,138</b>	<b>(108,544)</b>	<b>1,499,403</b>	<b>1,574,562</b>	<b>75,159</b>	<b>1,327,295</b>

Finance charges are tracking to budget, representing the current cost of funds of 3.5%.

Depreciation charges YTD are below budget by \$32k. This is a timing difference, largely due to the power pedestals and fibre network developments either not being operational or completed at the start of the current financial year.

	Year to date					Full Year			
	Actual	Budget	Variance	PY Actual	Variance	Forecast	Budget	Variance	PY Actual
Finance expenses	51,926	51,924	(2)	51,926	-	99,914	100,510	596	103,005
Depreciation	197,568	229,923	32,355	200,618	3,050	446,574	466,938	20,364	396,206
<b>Total finance and depreciation</b>	<b>249,494</b>	<b>281,847</b>	<b>32,353</b>	<b>252,544</b>	<b>3,050</b>	<b>546,488</b>	<b>567,448</b>	<b>20,960</b>	<b>499,211</b>

## Capital expenses

SUMMARY	YTD Spend	Estimated				Forecast Variance	Carry Forward from Prior Year	Total Spend Life to Date	Capitalised	Work In Progress
		Spend to Complete	Year End Forecast	Full Year Budget	Forecast Variance					
Nauti Park Cradles	24,025	-	24,025	30,000	5,975	-	24,025	-	24,025	
Power Pedestals	21,247	237,753	259,000	259,000	-	267,418	288,666	-	288,666	
Miscellaneous	65,022	14,978	80,000	80,000	(0)	24,351	89,373	(44,865)	44,508	
Ramp Tarseal	-	35,000	35,000	53,000	18,000	-	-	-	-	
Tunnel House	-	75,000	75,000	75,000	-	5,031	5,031	-	5,031	
Café expansion	182,452	-	182,452	100,000	(82,452)	10,952	193,404	-	193,404	
Ballustrades	3,597	12,000	15,597	30,000	14,404	1,683	5,280	-	5,280	
Catamaran Work Area	-	-	-	400,000	400,000	-	-	-	-	
Fibre Network System	-	35,000	35,000	35,000	-	12,322	12,322	-	12,322	
Pier Upgrade	1,651	13,349	15,000	25,000	10,000	41,814	43,465	-	43,465	
Entrance gate	36,466	18,534	55,000	55,000	-	-	36,466	-	36,466	
Piers H and I	-	1,000,000	1,000,000	1,000,000	-	-	-	-	-	
<b>Grand Total</b>	<b>334,459</b>	<b>1,441,614</b>	<b>1,776,073</b>	<b>2,142,000</b>	<b>365,927</b>	<b>363,571</b>	<b>698,029</b>	<b>(44,865)</b>	<b>653,164</b>	

YTD spend is \$334k. Assets capitalized in the first six months amounted to \$45k. Carry forwards from prior years totaled \$364k. With the exception of the café development (over budget by \$82k), all other developments are expected to be either below or in line with budget.

Capital spend is expected to be below budget at year end by \$366k (excludes capital carry forwards from prior years).

## Forecast to Year End

Seaview Marina is expected to achieve a net surplus after depreciation and finance charges of \$414k, \$46k above budget. This will result in a Return on Equity of 4.6% compared with a budgeted Return on Equity of 4%.

## Cash position

Available cash at 31 December 2019 was \$907k, of which \$867k was on call investments. Offsetting this is \$229k owing to HCC being December current account charges (settled in January). Sufficient funds are available to cover remaining creditors. Seaview is well placed to embark on the second stage of its in-water development.

## Financial Performance Measures

The table below provides an indication of the status to date or expected status at year end against the financial measures outlined in the 2019/20 Statement of Intent:

### ***Deliver annual budgeted revenues for each of the four business entities:***

	<b>Target</b>	<b>YTD Actual</b>	<b>Status</b>
Boat storage	100%	100.1%	Achieved
Hardstand	100%	102.1%	Achieved
Marine Centre	100%	102.7%	Achieved
Launching ramp	100%	133.5%	Achieved

### ***Control operational expenses***

	<b>Target</b>	<b>Forecast Year end</b>	<b>Status</b>
Operational expenses within budget (1)	1,574,562	1,499,403	Achieved

### ***Achieve prescribed return on equity***

	<b>Target</b>	<b>Forecast Year end</b>	<b>Status</b>
Return on equity (2)	4%	4.6%	Achieved

### ***Manage capital expenditure***

	<b>Target</b>	<b>Forecast Year end</b>	<b>Status</b>
Complete within budget and on time (3)	2,142,000	1,776,073	Achieved

[Exception: Café development project, which is above budget by \$82k]

(1) Operational expenses are defined as all expenses controllable by Seaview Management.

Excludes depreciation and finance charges

(2) Return on equity is defined as net Surplus / (Deficit) divided by the opening balance of equity at the start of the year

(3) Excludes carry forward of expenses on projects from prior years.

## Non-Financial Performance Measures

The table below provides an indication of the status to date or expected status at year end against the non-financial measures outlined in the 2019/20 Statement of Intent:

Performance Measure	Target	Reporting Frequency	Status
<b>Relationship and Communication</b>			
Client service	85% satisfaction for the exit/entry survey	Annual	Measure not applicable until 30 June 2020
Newsletter communications	One newsletter each quarter	Quarterly	Achieved
Meet all shareholder reporting deadlines: <ul style="list-style-type: none"> <li>• Annual Report (Year Ended 30 June 2019)</li>   <li>• Draft Statement of Intent (2020/21 to 2022/23)</li>   <li>• Six Month Report (to 31 December 2019)</li>   <li>• Final Statement of Intent</li> </ul>	By 30 September 2019  By 1 March 2020  By 1 March 2020  By 30 June 2020	Within three months after the end of each financial year  Delivered to Shareholder on or before 1 March in the year preceeding the year to which the draft relates  Delivered to Shareholder on or before 1 March  Delivered to Shareholder before commencement of the financial year to which it relates	Achieved  Not applicable within this reporting period.  Not applicable within this reporting period.  Not applicable within this reporting period.
<b>Risk Management and Human Resources</b>			
Maximum notifiable health and safety incidents	2 per year	Monthly	Achieved – nil to 31 December 2019
Business Continuity Plan	Run test scenario and review	Annual	Measure not applicable until 30 June 2020
Staff satisfaction	Achieve 85% staff satisfaction	Annual	Measure not applicable until 30 June 2020
<b>Marketing</b>			
Media and Public relations	10 enquiries per month from website	Monthly	

## Appendix 1: FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2019

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE MONTH ENDED 31 Dec 2019									
	Year to date					Full Year			
	Actual	Budget	Variance	PY Actual	Variance	Forecast	Budget	Variance	PY Actual
<b>Revenue</b>									
Net diesel sales	5,575	18,090	(12,515)	15,387	(9,812)	11,000	26,770	(15,770)	24,503
Tenancy revenue	155,798	151,758	4,040	149,058	6,740	312,150	303,527	8,623	307,525
Electricity recharges	-	27,978	(27,978)	-	-	14,000	55,960	(41,960)	-
Finance revenue	1,470	2,502	(1,032)	4,386	(2,916)	2,900	5,000	(2,100)	7,988
Ramp revenue	19,812	14,845	4,967	18,684	1,127	35,000	33,495	1,505	35,021
Boat storage revenue	840,754	840,125	629	760,684	80,070	1,763,000	1,772,108	(9,108)	1,572,857
Hardstand revenue	112,790	110,476	2,314	97,718	15,072	230,000	220,536	9,464	210,774
Live aboard revenue	40,668	41,568	(900)	38,156	2,513	80,000	83,140	(3,140)	76,396
Other revenue	9,231	5,004	4,227	6,701	2,529	12,000	10,000	2,000	15,493
Gain on sale of assets	-	-	-	6,087	(6,087)	-	-	-	4,998
<b>Total revenue</b>	<b>1,186,098</b>	<b>1,212,346</b>	<b>(26,248)</b>	<b>1,096,861</b>	<b>89,236</b>	<b>2,460,050</b>	<b>2,510,536</b>	<b>(50,486)</b>	<b>2,255,554</b>
<b>Expenses</b>									
Personnel expenses	253,610	241,558	(12,052)	200,903	(52,707)	505,000	479,203	(25,797)	419,671
Maintenance	30,657	27,552	(3,105)	22,858	(7,799)	63,000	51,036	(11,964)	64,231
Electricity	47,449	60,260	12,811	38,858	(8,591)	90,000	117,999	27,999	73,753
Insurance	87,984	90,000	2,016	60,229	(27,755)	176,000	180,000	4,000	120,533
Security	61,983	59,706	(2,277)	68,037	6,054	122,000	119,412	(2,588)	136,963
Operational contracts	10,196	8,037	(2,159)	7,231	(2,965)	20,854	24,352	3,498	20,794
Environmental services	54,641	52,564	(2,077)	45,134	(9,506)	110,000	104,882	(5,118)	104,168
Rates and water charges	50,115	53,603	3,488	54,546	4,431	104,000	110,000	6,000	109,302
Promotion and publicity	1,619	12,498	10,879	18,871	17,252	15,000	25,000	10,000	20,213
Travel	1,421	2,502	1,081	5,838	4,417	2,021	5,004	2,983	8,204
Business cases and research	-	26,958	26,958	1,375	1,375	5,000	53,912	48,912	1,375
Breakwater rental	50,000	49,998	(2)	-	(50,000)	100,000	100,000	-	-
Loss on sale of assets	6,528	-	(6,528)	-	-	6,528	-	(6,528)	-
Other expenses	89,008	104,002	14,994	106,259	17,251	180,000	203,762	23,762	248,088
<b>Total expenses</b>	<b>745,211</b>	<b>789,238</b>	<b>44,027</b>	<b>630,138</b>	<b>(108,544)</b>	<b>1,499,403</b>	<b>1,574,562</b>	<b>75,159</b>	<b>1,327,295</b>
<b>Net surplus / (deficit) before finance &amp; depreciation</b>	<b>440,887</b>	<b>423,108</b>	<b>17,779</b>	<b>466,723</b>	<b>(19,308)</b>	<b>960,647</b>	<b>935,974</b>	<b>24,673</b>	<b>928,259</b>
Finance expenses	51,926	51,924	(2)	51,926	-	99,914	100,510	596	103,005
Depreciation	197,568	229,923	32,355	200,618	3,050	446,574	466,938	20,364	396,206
<b>Net surplus / (deficit) after finance &amp; depreciation</b>	<b>191,393</b>	<b>141,261</b>	<b>50,132</b>	<b>214,179</b>	<b>(16,258)</b>	<b>414,159</b>	<b>368,526</b>	<b>45,633</b>	<b>429,048</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 Dec 2019

	Actual 31 Dec 2019 \$000	Budget 30 June 2020 \$000	Actual 30 June 2019 \$000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	906,923	163,104	656,429
Debtors and other receivables	148,668	51,609	38,472
Inventory	11,916	17,973	21,204
Prepayments	89,381	9,036	7,394
<b>Total current assets</b>	<b>1,156,888</b>	<b>241,722</b>	<b>723,499</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10,592,867	13,070,802	10,769,439
Intangible assets	1,227	1,227	1,257
Assets under construction	653,164	-	363,571
<b>Total non current assets</b>	<b>11,247,258</b>	<b>13,072,029</b>	<b>11,134,267</b>
<b>Total assets</b>	<b>12,404,146</b>	<b>13,313,751</b>	<b>11,857,766</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables and deferred revenue	279,675	453,602	176,309
Employee entitlements	67,695	22,456	26,521
Borrowings	-	-	-
Advances from related parties	229,166	-	18,720
<b>Total current liabilities</b>	<b>576,535</b>	<b>476,058</b>	<b>221,551</b>
<b>NON CURRENT LIABILITIES</b>			
Borrowings	2,700,000	3,500,000	2,700,000
<b>Total non current liabilities</b>	<b>2,700,000</b>	<b>3,500,000</b>	<b>2,700,000</b>
<b>Total liabilities</b>	<b>3,276,535</b>	<b>3,976,058</b>	<b>2,921,551</b>
<b>Net assets (assets minus liabilities)</b>	<b>9,127,611</b>	<b>9,337,692</b>	<b>8,936,217</b>
<b>EQUITY</b>			
Accumulated funds	(14,507,135)	(14,297,051)	(14,698,529)
Revaluation reserve	2,352,842	21,281,903	2,352,842
Share capital	21,281,903	2,352,841	21,281,903
<b>Total equity</b>	<b>9,127,610</b>	<b>9,337,693</b>	<b>8,936,216</b>

## STATEMENT OF CASH FLOWS FOR THE MONTH ENDED 31 Dec 2019

	Actual 31 Dec 2019 \$000	Budget 30 June 2020 \$000	Actual 30 June 2019 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Receipts from rentals	999,146	2,296,171	2,152,385
Interest received	1,470	5,000	7,988
Receipts from user charges and other income	217,461	372,715	292,938
	<b>1,218,076</b>	<b>2,673,886</b>	<b>2,453,311</b>
<i>Cash was applied to:</i>			
Payments to employees	(212,436)	(452,205)	(415,606)
Payments to suppliers	(579,262)	(1,285,707)	(1,173,835)
Interest paid	(51,926)	(100,510)	(103,005)
	<b>(843,625)</b>	<b>(1,838,422)</b>	<b>(1,692,446)</b>
<b>Net cash flows from operating activities</b>	<b>374,451</b>	<b>835,464</b>	<b>760,865</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Sale of assets held for sale	-	-	-
	-	-	-
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment	(44,787)	(2,142,000)	(311,186)
Purchase of assets under construction	(289,617)	-	(286,580)
	<b>(334,404)</b>	<b>(2,142,000)</b>	<b>(597,766)</b>
<b>Net cash flows from investing activities</b>	<b>(334,404)</b>	<b>(2,142,000)</b>	<b>(597,766)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash was provided from:</i>			
Proceeds from borrowings - Hutt City Council	210,445	800,000	-
	<b>210,445</b>	<b>800,000</b>	<b>-</b>
<i>Cash was applied to:</i>			
Repayment of borrowings - Hutt City Council	-	-	(183,568)
	-	-	<b>(183,568)</b>
<b>Net cash flows from financing activities</b>	<b>210,445</b>	<b>800,000</b>	<b>(183,568)</b>
<b>Net increase / (decrease) in cash, and cash equivalents</b>	<b>250,492</b>	<b>(506,536)</b>	<b>(20,469)</b>
Cash, cash equivalents and bank overdrafts at beginning of the year	656,429	669,640	676,898
<b>Cash, and cash equivalents at the period/year</b>	<b>906,921</b>	<b>163,104</b>	<b>656,429</b>