



Statement of Intent 2011-2012



Seaview Marina Limited Statement of Intent 2011/2012

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1 Purpose

The purpose of this Statement of Intent is to:

- state publicly the activities and intentions of this Council Controlled Organisation for the year and the objectives to which those activities will contribute
- provide an opportunity for shareholders to influence the direction of the organisation
- provide a basis for the accountability of the Directors to their shareholders for the performance of the organisation.

This Statement of Intent covers the year 1 July 2011 to 30 June 2012.

2 Introduction

Seaview Marina Limited (SML) is responsible for the profitable operation of the existing marina facilities and services, as well as for developing the marina to its full potential. SML operates as a Council Controlled Trading Organisation under the Local Government Act 2002 and has one shareholder, the Hutt City Council.

The SML Board has a strategy to develop SML into the best marina facility in the lower North Island. To achieve this, development of strategic services and facilities has been a key focus and this will continue to be a priority.

SML staff members are committed to providing the best marina facilities and services in the Wellington region.

3 History

In 1989 Wellington Harbour Board transferred the Seaview Marina Development to the Hutt City Council. On completion in May 1992 the WRC issued HCC with a 35 year Coastal Permit.

The site is situated at the southern end of Port Road, Seaview and comprises of approximately 22 hectares, 5 hectares being reclaimed ground and 17 hectares seabed.

Initially Seaview Marina was run under the Property Department of HCC. The HCC reviewed the operation and decided to set up Seaview Marina as a Council Controlled Organisation on 1 April 2003.

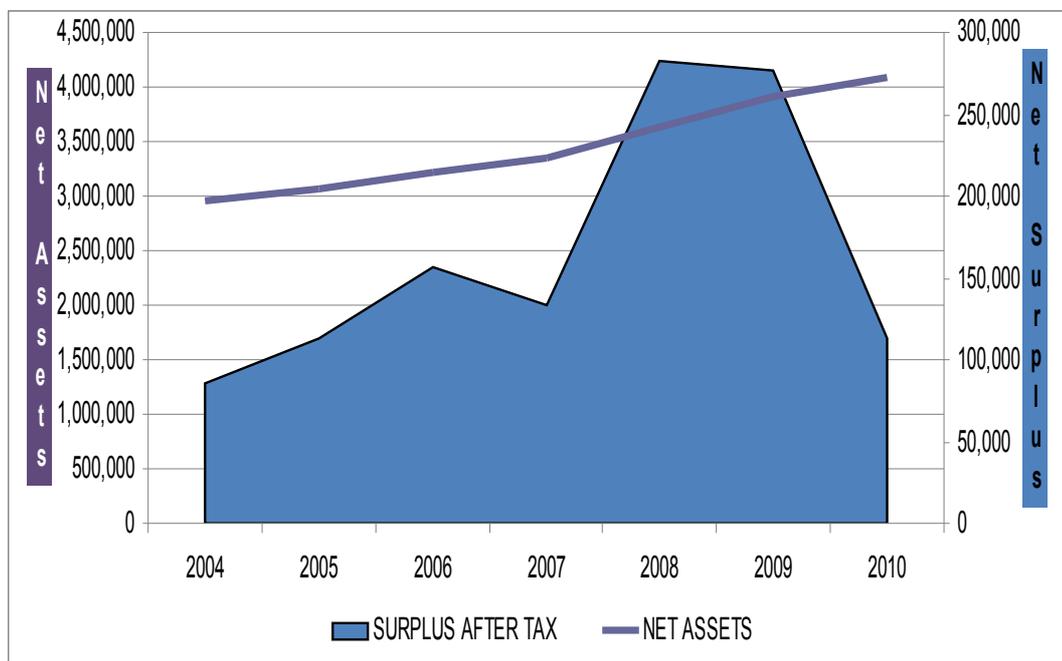
A professional manager was employed and a Board consisting of David Ogden (resigned on becoming HCC Mayor), Bryan Jackson (Chairman), Arthur Stewart and John Anderson.

The marina is protected by a breakwater. The in-water facilities include

267 berths and 22 pole moorings. On the land area there are secure storage for 202 trailer boats and a four lane trailer boat launching ramp.

Other facilities include a diesel wharf and boat haul-out dockway. The hardstand has 25 cradles and is serviced by a 50 tonne boat hoist (purchased in 2010). Office and ablution blocks are situated in the centre of the marina. A 2000 square metre marine service centre (the Sea Centre is due for completion early July 2010).

Since 2003 the marina has performed strongly against budget and Board and Council agreed targets as can be seen in the data shown below.



4 Nature and scope of activities

Below is a summary of SML activities:

Activity	Nature	Scope	Annual Targets
Provision of services	The marina provides facilities and services for recreational and some small commercial vessels. The aim is to be a 'one stop' facility.	<ul style="list-style-type: none"> Leased floating berths Leased trailer boat dry storage Leasing of Sea Centre office and workshop space to marine related services 50 tonne boat hoist capacity Lease of hardstand and boat cradle facilities 	<ul style="list-style-type: none"> 93% occupancy 100% occupancy 80% occupancy 600 lifts 5500 cradle-days
Maintenance	The marina is located in a harsh marine environment which is subject to strong winds from both the north west and the south. With a large capital component being floating berths maintenance is a critical issue for the ongoing provision of facilities and services	<ul style="list-style-type: none"> Programming maintenance schedules for each category of asset under SML's control Inspection of all assets on a prescribed schedule Provision of maintenance work either by contractors or by SML staff Review of the industry knowledge with regards to maintenance Where necessary replacement of worn or damaged facilities 	<p>Maintenance schedules developed by SML staff, in accordance with manufacturers recommendations, are documented.</p> <p>These form the basis of SML's annual maintenance program</p>
Monitoring	Monitoring our clients needs, both those of our boat owners and the tenants of the Sea Centre, will be critical for decisions on future development as well as keeping SML as one of the top marinas in NZ. Another critical monitoring program is to maintain the environment.	<ul style="list-style-type: none"> Client service survey results Tenant satisfaction results Trade waste monitoring MAF surveys within the marina 	<ul style="list-style-type: none"> Annual survey Annual survey Quarterly (ELS) As prescribed by MAF scientists
Management	To ensure timely and efficient delivery of facilities and services to our clients coupled with necessity to provide the ROI required by the shareholder strong management is required.	<ul style="list-style-type: none"> Project management Service delivery Improvement opportunities Staff management Financial performance 	Achieved against Board established targets
Development	The marina capacity can	Determination of timing	The SML Strategic Plan

	<p>be increased by an estimated 140 berths to give SML a maximum of 407 berths. Trailer boat storage is at full capacity and demand indicates the need to provide stacking options. With the Sea Centre development due for completion in July 2010 future developments of land based structures will be programmed into the 2010/2015 SML Strategic Plan</p>	<p>and size of new berths will be programmed on demand patterns</p> <ul style="list-style-type: none"> • Trailer boat stacking options are being reviewed and priced • Additional structural development may be required as the number of vessels using the marina grows • Possible expansion of both covered and uncovered trailer boat storage onto adjacent available areas along Port Road • Joint venture opportunities with clubs or service providers where applicable e.g. Hakes Marine 	<p>will provide targets for completion of each of the strategic developments. Management and staff will be monitored on the project management of these proposals</p>
Public Access	<p>SML is required under the District Plan to provide public access to the Marina land area. It is used extensively for walkers and bikers as a link between the Hutt River Trail to the west and the Eastern Bays walkway to the east</p>	<ul style="list-style-type: none"> • Establish a designated walkway through the marina joining the two existing walkways • Provide facilities and landscaping to encourage the use of the marina by the general public 	<p>The existing landscape plan for the marina will be revisited over 2011 and a final simplified version developed.</p> <p>SML will provide capital budget over the next five years to achieve this development.</p> <p>Each year SML will achieve the specified development</p>

Since April 1 2003 SML has operated as a CCO and has achieved a trading profit each financial year since.

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

Over the next five years SML is committed to continuing the development of the marina while maintaining the ROI agreed with the shareholder. The relationship with the shareholder will, of necessity, remain close as payments, general ledger and financial reporting are provided by the Finance and Accounts Departments of the Hutt City Council under a service level agreement.

Expanding the berth and storage facilities will remain the focus for development on the SML site. This development will be targeted to estimated demand for the facilities. Management will be required to keep a close eye on demand patterns for all SML facilities and make recommendations based on sound trends.

5 Our business objectives

SML's principal objectives are:

- to operate as a successful business, returning benefits to shareholders.
- to exhibit a sense of social and environmental responsibility by having regard to the interests of the community and to conduct its affairs in accordance with sound business practice.
- Provide a first class service to SML's licensees, casual users, contractors and the general public.

Section 59 of the Local Government Act 2002 also provides that the principal objective of Council Controlled Trading Organisations is to achieve the objectives of the shareholder, be a good employer, and exhibit a sense of social and environmental responsibility by having regard to the interests of the community and to conduct its affairs in accordance with sound business practice.

In order to meet these objectives we focus our work on asset planning and development, capital project management, operations management, risk management, health and safety, environmental issues, strategic direction and corporate governance.

6 Strategic Objective

The SML site is zoned as a Special Recreational Activity area under the City of Lower Hutt District Plan. Permitted activities include:

- Recreational activities
- Boat building, repairs, sail making and other associated activities
- Parks and reserves
- Lighthouses, navigational aids, and beacons
- Pipelines within the pipeline corridor
- Restaurants and cafes

The potential of the marina complex is yet to be maximised and the SML Board's focus has been to develop the site to provide facilities and services which are lacking elsewhere in the Wellington Harbour.

The SML Mission Statement is:

'To become the centre for recreational marine activities in the Wellington Region'

This will be achieved through:

- The provision of high quality boat storage facilities
- The operation of a purpose built trailer boat launching ramp
- Development of the best boat servicing hardstand area in the Wellington Region
- The provision of 'on site' services and facilities to attract marine support businesses to the marina
- A first class client service approach
- Development of the site for general recreation by the public of Lower Hutt

7 Corporate Governance

This statement provides an overview of SML's main corporate governance policies, practices and processes adopted by the Board.

The Board of Directors

The board of directors consists of four members. They are responsible for the proper direction and control of SML.

To ensure that SML has the continuity of the relevant knowledge, skills and experience, the expiry dates of their terms of office vary for each director. Each director can serve a maximum of three years.

Due the need to achieve the successful completion and leasing of the rental units, the Hutt City Council has extended each director's tenure until the 'Sea Centre' is completed and enough of the rental units are leased to cover the financing costs of the facility.

Unanimous approval of the Board is required for:

- 1.1. significant changes to the company's structure
- 1.2. extraordinary transactions (entering into any contract or transaction except in the ordinary course of business)
- 1.3. delegation of Directors' powers to any person
- 1.4. any decision to diversify business into a business not forming part of or being naturally ancillary to the core business of managing water services
- 1.5. major transactions including establishment and renewal of contracts for delivery of services
- 1.6. disputes (commencing or settling any litigation, arbitration or other proceedings which are significant or material to the company's business)
- 1.7. borrowings in a manner that materially alter the company's banking

arrangements, advancing of credit (other than normal trade credit) exceeding \$5,000 to any person except for making deposits with bankers, or giving of guarantees or indemnities to secure any person's liabilities or obligations

- 1.8. sale of assets (sell or dispose of fixed assets for a total price per transaction exceeding \$100,000 or a series of aggregated transactions exceeding \$200,000)
- 1.9. capital expenditure (other than in the ordinary course of doing business) at a total cost to the company, per transaction, exceeding \$100,000 or a series of aggregated transactions exceeding \$200,000.

The agreement of the Shareholder is required for:

- 1.10. any changes to the constitution
- 1.11. any increases in capital and the issue of further securities, share buybacks and financial assistance
- 1.12. any alteration of rights attaching to shares
- 1.13. any arrangement, dissolution, reorganisation, liquidation, merger or amalgamation of the company
- 1.14. any "major transactions" as that term is defined in the Companies Act 1993.

Ratio of consolidated shareholders funds to total assets

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.

Accumulated profits and capital reserves

There is no intention to pay a dividend in the 2011/12 financial year or succeeding years.

Information to be provided to shareholders

In each year SML shall comply with the reporting requirements under the Local Government Act 2002 and the Companies Act 1993 and regulations.

In particular SML will provide:

- 1 A statement of intent detailing all matters required under the Local Government Act 2002, including financial information for the next three years.
- 2 Within one month after the end of each quarter the Company shall provide a report on the operations of SML to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the LGA 2002).
- 3 Within two months after the end of the first half of each financial year, the

Company shall provide a report on the operation of SML to enable an informed assessment of its performance, including financial statements (in accordance with section 66 of the LGA 2002).

- 4 Within three months after the end of each financial year, SML will provide an annual report which provides a comparison of its performance with the statement of intent, with an explanation of any material variances, audited consolidated financial statements for that financial year, and an auditors report (in accordance with section 67, 68 and 69 of the LGA 2002).

Compensation from Local Authority

It is not anticipated that the company will seek compensation from the Hutt City Council other than in the context of normal commercial contractual relationships.

Commercial value of the shareholders' investment

The net value of the shareholders' investment in the company is estimated to be valued at \$4,083,252 as at 30 June 2010. This value shall be assessed by the Directors on completion of the annual accounts or at any other time determined by the Directors. The method of assessment will use the value of shareholders funds as determined in the annual accounts as a guide.

8 Statement of accounting policies

SML will apply the following accounting policies consistently during the year and apply these policies to the Statement of Intent. In accordance with the New Zealand Institute of Chartered Accountants Financial Reporting Standard 42 (FRS 42), the following information is provided in respect of the Statement of Intent.

Reporting entity

SML is a company registered under the Companies Act 1993 and a Council Controlled Organisation as defined by Section 6 of the Local Government Act 2002. The current shareholder is the Hutt City Council.

The financial statements have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002.

For the purposes of financial reporting SML is a public benefit entity.

Reporting period

The reporting period covers the 12 months from 1 July 2011 to 30 June 2012.

Specific accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The measurement basis applied is historical cost.

The accrual basis of accounting has been used unless otherwise stated. These financial statements are presented in New Zealand dollars rounded to the nearest thousand, unless otherwise stated.

Judgements and estimations

The preparation of financial statements in conformity with NZ IFRS requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Where material, information on the major assumptions is provided in the relevant accounting policy or will be provided in the relevant note to the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes.

a) Revenue

SML derives revenue from its licensees and casual clients. The income is generated from a range of rentals for boat storage and building tenancies as well as services available through facilities provided by SML.

Revenue is recognised when earned and is reported in the financial period to which it relates.

b) Expenses

Expenses are recognised when the goods or services have been received on an accrual basis.

c) Taxation

Income tax expense is charged in the statement of financial performance in respect of the current year's earnings after allowing for permanent differences. Deferred taxation is determined on a comprehensive basis using the liability method.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

d) Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST, with the exception

of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

e) Financial instruments

SML classifies its financial assets and financial liabilities according to the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and evaluates this designation at every reporting date.

Financial assets

SML classifies its investments into the following categories: financial assets at fair value through profit and loss and loans and receivables.

Loans and receivables comprise cash and cash equivalents, trade and other receivables.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for loans of a similar maturity and credit risk. Trade and other receivables issued with duration of less than 12 months are recognised at their nominal value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Financial liabilities

SML classifies its financial liabilities into the following categories: financial liabilities at fair value through profit and loss or other financial liabilities.

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with duration of more than 12 months are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised in the statement of financial performance as is any gain or loss when the liability is derecognised. Financial liabilities entered into with duration of less than 12 months are recognised at their nominal value.

Property, plant and equipment

Recognition

Property, plant and equipment consist of operational assets. Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits over the total life of an existing asset and can be measured reliably. Costs that do not meet the criteria for capitalisation are expensed.

Measurement

Items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment includes the purchase consideration and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential and that can be measured reliably is capitalised.

Impairment

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported in the statement of financial performance.

Disposal

Gains and losses arising from the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in the statement of financial performance in the period in which the transaction occurs.

Depreciation

Depreciation is provided on all property, plant and equipment, except for assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any residual value) over its useful life. The depreciation rates of the major classes of property, plant and equipment are as follows:

Telephone system 10.75 per cent

Furniture 7.80–18.60 per cent

Plant and equipment 7.80–48.0 per cent

The residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance date.

Work in progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

g) Intangible assets

Acquired intangible assets are initially recorded at cost.

Intangible assets with finite lives are subsequently recorded at cost less any amortisation and impairment losses. Amortisation is charged to the statement of financial performance on a straight-line basis over the useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer software five years

Realised gains and losses arising from disposal of intangible assets are recognised in the statement of financial performance in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported in the statement of financial performance.

h) Employee benefits

A provision for employee benefits (holiday leave) is recognised as a liability when benefits are earned but not paid. These include salaries and wages accrued up to balance date.

Holiday leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with sections 16(2) and 16(4) of the Holidays Act 2003.

i) Other liabilities and provisions

Other liabilities and provisions are recorded at the best estimate of the expenditure required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

j) Equity

Equity is the shareholders' interest in the entity and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the entity.

The components of equity are accumulated funds and retained earnings.

k) Leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased items, are classified as operating leases. Payments made under these leases are charged as expenses in the statement of financial performance in the period in which they are incurred. Payments made under operating leases are recognised in the statement of financial performance on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of financial performance as an integral part of the total lease payment. Leases, which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item, are classified as finance leases.

l) **Statement of cash flows**

The statement of cash flows has been prepared using the direct approach.

Operating activities include cash received from all income sources of the company and a record of the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets. Financing activities relate to activities that change the equity and debt capital structure of the company.

m) **Related parties**

A party is related to SML if:

- directly or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with SML
 - has an interest in SML that gives it significant influence over the control of the company
 - has joint control over SML
- the party is an associate of SML
- the party is a member of key management personnel of SML
- the party is a close member of the family of any individual referred to above
- the party is an entity controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to above.

Directors' remuneration is any money, consideration or benefit received receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of legitimate work expenses or the provision of work-related equipment such as cell phones and laptops.

9 Key performance indicators

Key performance indicators	Target	Reporting frequency
Develop and complete asset management plans annually as detailed in the operational plan for 2011/2012	Completion of approved asset management plan within agreed timeframe.	Quarterly
Deliver F Pier 10m berths and G Pier 12m berths over the 2011/2012 financial year, but these targets are demand driven.	Within agreed timeframes and budget	Quarterly
Deliver budgeted operating and maintenance activities for SML	As detailed in the 2011/2012 operational plan	Quarterly
Manage and operate SML within its 2011/12 budget	As approved by the Board	Quarterly

Provide an agreed Return On Investment (ROI) to the Hutt City Council	2011/2012 - 5.0%	Annually
Review staffing structure and recommend changes in line with the Taylor report	Implement the payments module of MMS which will require a part time support person by the 31 December 2011.	Implemented by 31/12/2011
Achieve targeted marina berth, trailer park and hard stand occupancy rates. Achieve improvement in monthly boat haul out performance	As detailed in Section 4	Quarterly
Achieve excellent customer satisfaction, including all licensees, casual users of the marina and the general public	Develop an independent survey and achieve greater than an 85% satisfaction rating	Annual
Comply with financial, technical and regulatory standards	Full compliance	Quarterly
Develop a 5 year capital development plan to support the recreational use of the marina by the general public	To have this included in the 2011/2012 budget document. Additional to this will be a project plan for the five years with annual completion targets set	Approved 5 year capital budget by 31 December 2011
Work with the Council to develop a strategy that will encourage the public to use the current beach and monitor the usage back to the Council	Gain acceptance of the plan by the HCC. Note the company has assumed there is no financial or legal liability for this and it has not been budgeted for	Approved by the Board by 31 December 2011
Develop a business case for possible widening of the marina dockway and dredging out the marina seabed to facilitate larger vessels	Include this in the SML 5 year plan and determine priority	Approved by the Board by 31 December 2011

10 Directory

Directors

Bryan Jackson (Chairman)
Arthur Stewart
Chris Milne
Ross Jamieson

Chief Executive

Alan McLellan

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