

annual review 2009

WELLINGTON WATERFRONT



Lambton Harbour Development Project

World class dining, cafés, entertainment and enjoyment on Wellington's Waterfront

POSITIVELY
Wellington
WATERFRONT



CONTENTS

4	From the Chair
4	Mission
5	Vision
6	Chief Executive's Report
9	Waterfront Tenants
10	Shed 11 Portrait Gallery
11	The Boatshed Gallery
12	Wellington Free Ambulance Response Post
13	Maritime Police Station
14	Wagamama
15	Shed 5
16	St Johns Bar
17	Dockside Bar
18	Mojo Roastery
19	East By West Ferry Terminal
20	Awards
22	Harbourside Market
23	Sustainability Case Study
26	Governance
27	Company Directory
28	Financial Statements
28	Responsibility Statement
29	Audit Report
30	Statement of Significant Accounting Policies
33	Statement of Financial Performance
34	Statement of Changes in Equity
35	Statement of Financial Position
36	Statement of Cash Flows
37	Notes to the Financial Statements

From the Chair

TRIMMING THE SAILS, TIGHTENING THE ROPES, REASSESSING THE COURSE, IN A SEA-CHANGE YEAR.

The 2008/09 year has been a turbulent one internationally. After a sustained period of economic growth in New Zealand and around the world, the year we review could not have been more different. Turbulent seas and shifting wind patterns require the ship to be sailed differently. So, for the team at Wellington Waterfront, it has been a time of battening down the hatches, correcting our course, checking our speed and trimming the sails. Having done that, we believe we are in a much better position to approach the seas that lie ahead of us.

Wellington Waterfront Limited has been quick to respond to the new world. Changes have been made at all levels of the organisation – to our governance, management, cost structures and strategic direction. It has been a year with its fair share of disappointment and consolidation, but also excitement, achievement, recognition and continual innovative striving toward the completion of the waterfront project.

Our assessment is that we are around 60% of the way to the finish line. Much has been achieved this year in delivering new attractions to the waterfront; in developing exciting plans for future delivery and in better aligning ourselves with the overall objectives that Wellington City Council has for the City. We have continued to gain recognition for our work; this year alone we have been the recipient of thirteen awards, taking our total tally since the project began to thirty-four. A year of varied accomplishments is outlined later in this report.

Wellington City Council Waterfront Review

Our owner, Wellington City Council, completed a review of Wellington Waterfront's operation in December 2008. Consideration was given to how the City could best deliver its objectives for the waterfront in light of the progress that has been made, the work still to be done, the changing economic environment and its impact

Mission

Our mission is to deliver the city's vision for the waterfront and, in doing so, be recognised as a leading waterfront development organisation, confident of our position, trusted by our stakeholders, and playing a leadership role as an integral part of our business.

Vision

Wellington's waterfront is a special place that welcomes all people to live, work and play in the beautiful and inspiring spaces and architecture that connect our city to the sea and protect our heritage for future generations.

on the cost structure of the Company. A decision was taken that the Company would be transferred into Wellington City Council by 30 June 2010. Between the time of the review and the handover the Company would complete its planning for all waterfront precincts, gain resource consents for the many projects in various stages of conceptual development and prepare for a seamless transition. Due to the fast changing economic environment that prevailed at the time this report was completed, it was agreed that a further review would be completed during the 2009/10 year to either confirm or reassess the decision in light of changed circumstances. We look forward to that review being completed as soon as possible.

Financial Position

The financial position of the waterfront project has been significantly affected by the slowing economy and general downturn. Tenant interest and development activity is much reduced from previous years and as a result we have reassessed our expectations around the timing of commercial proceeds. This is in addition to the delays caused by the outworkings of the regulatory resource management process. The appeal to the Environment Court for the Overseas Passenger Terminal development project is a case in point.

In its December 2008 review, Council confirmed a funding package for the Company and its activities over a ten year time frame. This included medium-term funding to cover the shortfall until commercial proceeds are reasonably expected to be realised.

By the end of the 2008/09 financial year \$4.4 million of funding had been advanced to meet contractual and operating obligations.

Governance

The board farewelled three hard working and committed directors during the year. Alison Timms term ended at the end of December 2008. Stephen Kos and David Pritchard tendered their resignations from the Board also in December. This has reduced the board complement from eight to five. All three departing directors made outstanding contributions in the time they served the Waterfront. I thank them for their unflagging dedication and commitment to the Project. I look forward to working with my reduced team of directors in the year that is ahead.

Staff numbers have also reduced. Over the course of the last three years, staff numbers have halved to a current team of seven. This very dedicated group of WWL employees remain committed to delivering a world class waterfront. This report will outline their achievements throughout what has been a difficult year. I have no doubt that the board and management will continue to serve the Council and its citizens in an exemplary manner in the forthcoming year.

You can look forward to the continued innovative delivery of an exciting, varied and international class Wellington waterfront.



Photography credit: Andrew Gregory: IN-Business magazine.

Chief Executive's Report

CAPITALISING ON THE WORK THAT HAS GONE BEFORE AND COMPLETING THE PLANNING FOR WHAT LIES AHEAD. LEASING... PLANNING...SCOOPING.

Wellington Waterfront Limited has had a highly successful year despite very challenging external conditions. We continue to attract and secure tenants of national and international standard, we have made significant progress in the planning and development of a number of major projects and our efforts have continued to win plaudits in local and national urban design awards.

Tenancies across the waterfront

We are committed to providing a wide variety of experiences on the waterfront. Our aim is to ensure that there is something for everyone to do and enjoy. Already you can spend hours in a number of cultural and arts institutions, eat at a variety of restaurants, bars and cafes, enjoy the parks and promenade and go for a paddle or a bike ride or climb a wall! To further our objective, this year we have added a number of even more varied and exciting tenancies to an already compelling suite of businesses and attractions.

Wagamama opened its doors within the ground floor space of the Meridian Building at the beginning of the year. This London-based noodle eating house has been incredibly popular and often has long queues of eager hungry patrons looking forward to selecting from its extensive menu. Representatives from the Wagamama London management team stated at the restaurant opening that Wellington was the most spectacularly sited of all their restaurants worldwide. It is not hard to see why! The Italian restaurant, so popular on Auckland's viaduct basin, Portofino, opened its doors in July 2009. We are well on our way to developing a cluster of eating establishments to complement Courtenay Place. Within less than 200 metres of each other we have the Chicago Bar & Restaurant, Dockside, Shed 5, Loaded Hog, One Red Dog, Wagamama and, Portofino.

The East by West Ferry offices also opened in the Meridian building in July. While Jeremy Ward and his team have been on the waterfront for 20 years, they have never enjoyed such outstanding premises, and are now much closer to their everyday customers. Following the move Jeremy and the team started offering new travel options to their customers which will help this service grow and develop over time.

The New Zealand Portrait Gallery opened the doors of Shed 11 this year with a wide and varied line-up of exhibitions which are planned to run through to the end of summer 2010. This national institution runs extremely well curated exhibitions and Wellingtonians and visitors alike have enjoyed an interesting programme throughout the year. We are working with the Gallery trustees in the hope that Shed 11 will become their home for many years to come.

In the neighbouring Shed 13 a new Mojo concept promoting the Wellington coffee experience opened its doors in July 2009. Mojo will showcase its coffee bean storage and blending process in Mojo Coffee Central. The last truly original shed on the waterfront will be put to use in the 21st century in a way that is entirely consistent with the expectations of its designers and builders way back in the early 1900s.

We especially welcome two new tenancies of quite a different nature and purpose. The Wellington Free Ambulance established an emergency response post within the Linkspan Building, and opened its doors in November. This small Roger Walker designed building has been unoccupied for at least 16 years. It is especially satisfying that it is now being used for such an important use and by a quintessentially Wellington organisation. This is perhaps the smallest ambulance station in the world!

Also adding to the health, safety and security of Wellingtonians is the recent establishment of the Maritime Police and National Dive Unit within the ex-Eastbourne Ferry Terminal. This space, previously occupied by Gibson Rusden designers, is ideally suited to its new use, being adjacent to the Service Jetty, allowing ready access to police and dive craft.

Development Planning

We were delighted to be advised in June 2009 that the appeal against the resource consent previously granted for the Overseas Passenger Terminal redevelopment was unsuccessful. While the delay brought about by the appeal is not without financial and delivery timing implications, Wellington Waterfront and the project developer, Willis Bond & Company, can now progress the development with complete planning certainty. We look forward to construction commencing and the complete revitalisation of this obsolete structure and its surrounds.

Planning for the Chinese Garden component within the Frank Kitts Park redevelopment has continued unabated. Delegations from Wellington's sister cities, Beijing and Xiamen, have visited the site and reviewed the winning Wraight & Associates design proposal for this very special part of Wellington's waterfront. Design refinement, resource consent applications and intensive fund raising are the next steps to enable delivery of this project.

We have significantly progressed Athfield Architect's concept designs for sites 8 – 10 within the Kumutoto precinct. Resource consent applications will be submitted following the outcome of Wellington City Council's Variation 11 to its District Plan which was the subject of a hearing in August 2009.

Wellington City Council gave the go-ahead for the Company to seek public input on the development of the Outer-T of Queens Wharf. This is a major planning exercise that will inform the master planning for the entire Queens Wharf precinct. We expect to run an ideas competition early in the 2009/10 year.

Events on the Waterfront

The WCC's Events Team is responsible for the facilitation and management of events on the waterfront, which remains the venue of choice for a wide range of activities. Particular highlights this year include; the World of Wearable Arts in September 2008, Ride of Your Life, and the Sky Show Fireworks display, both held in November 2008, the Harley Owners Group (HOG) Rally in February 2009, and the Vodafone Homegrown and Dragon Boat Festival both held in March 2009.

Property Management

WWL is responsible for the day-to-day management of all parts of the waterfront (excluding Waitangi Park) including maintenance, security and cleaning as well as more major works.

Two high profile examples of this area of the business are the external refurbishment and repainting of Shed 5 and the commencement of the under-wharf pile replacement and refurbishment programme. Stage one of the pile maintenance programme started in June 2009 and includes the repair of wharf piles under Taranaki Street Wharf. A comprehensive repair programme will roll out over a ten year period. It is of no small significance that the wharf piles under the Overseas Passenger Terminal will be paid for by the developer and not the Wellington ratepayer.

wellington waterfront

Financial Review

The Project made a loss of \$9.211 million this year, compared with a surplus of \$8.859 million last year.

The operating deficit before revaluations in 2009 was \$5.872 million, compared with a \$3.771 million deficit in 2008. The overall deficit was exacerbated by an unrealised loss on revaluation of our property portfolio of \$3.339 million compared with a gain of \$12.630 million in 2008.

Operating revenue of \$4.028 million in 2009 was slightly lower than that of last year. Lease income was \$728,000 higher than 2008 offset by other income and surplus on sale of assets being lower.

Operating expenditure for the year was higher than the previous year's expenses by \$1.331 million due largely to increasing property costs, public and commercial planning costs for future developments and interest costs.

Capital expenditure incurred in 2009 was mainly for the preliminary costs for construction of the wharewaka and other minor public space enhancements.

Liquidity

The company's cash position at the end of the year was \$426,000 compared with \$2.001 million at the end of 2008. An interest accruing advance of \$500,000 was made to the waterfront project from the Wellington City Council bringing the total advance to \$4.400 million.

Summary

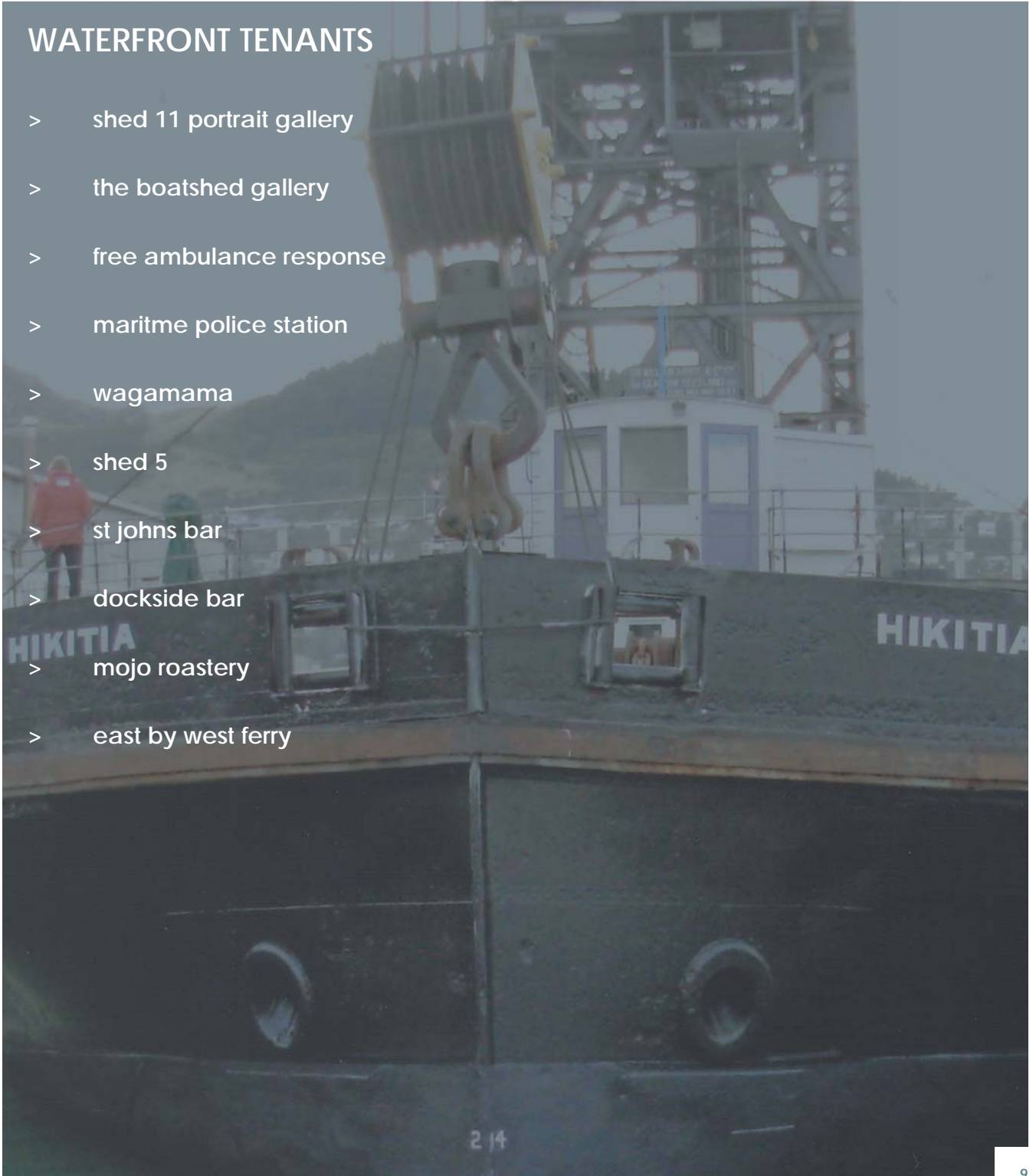
It has certainly been a year of change. In addition to a rapidly adjusting economic environment and a change of the guard at board level we have also experienced management changes. Our long standing property manager of some eight years, Michael Hibma, resigned to head overseas, making way for Allan Brown to join the team. Chris Fox, who served the company in his position as Corporate Manager, left Wellington Waterfront in May 2009. Michael and Chris's dedicated and loyal support to the Project is only matched by the small team they leave behind. While the contribution the staff are able to make to the City is considered a pleasure and a privilege, it is not without its controversy. It is with much gratitude that I have such a committed team.

I also wish to acknowledge the tenants and other waterfront businesses, persevering developers, contractors and consultants all of whom have made major contributions throughout the year. We have had a particularly constructive working relationship with our shareholder and owner, Wellington City Council, this year. The Council continue to provide expert advice, run comprehensive consultation programmes and of course, ongoing financial support.

We intend providing an even better waterfront experience for Wellingtonians to enjoy in the year ahead.

WATERFRONT TENANTS

- > shed 11 portrait gallery
- > the boatshed gallery
- > free ambulance response
- > maritime police station
- > wagamama
- > shed 5
- > st johns bar
- > dockside bar
- > mojo roastery
- > east by west ferry



shed 11 portrait gallery



This elegant Edwardian building places us within a fast growing arts and business precinct. Here the portrait gallery feels very much a part of a cultural ribbon that extends along the harbour's edge.

We very much hope we can stay!

Anna Leydon and I feel so lucky to have a boatshed as our gallery.
We love the ever-changing view and parade of people from all over Aotearoa and the world.



free ambulance response post



WELLINGTON FREE AMBULANCE.
THIS NEW AMBULANCE RESPONSE POST HAS BEEN PIVOTAL
IN REDUCING THE TIME IT TAKES OUR CREWS TO RESPOND
TO EMERGENCIES IN THE CITY. THANKS TO WELLINGTON
WATERFRONT FOR MAKING THIS ICONIC BUILDING
AVAILABLE TO US.

The building is ideally situated for Police between Centre Point's Operations and the public areas of Queen's Wharf.



wagamama



*"it's an absolute pleasure to be working in a restaurant with the amazing views of Wellington harbour, it's certainly a change to my last restaurant in Camden, London!
I can't wait for the summer and the chance to venture out onto the water."*





The most invigorating and refreshing environment to work in.

Fantastic to be part of the community that is enthusiastic about the waterfront and its activities.

The waterfront provides a perfect environment for relaxing and enjoying the hospitality that is on offer from the many establishments.

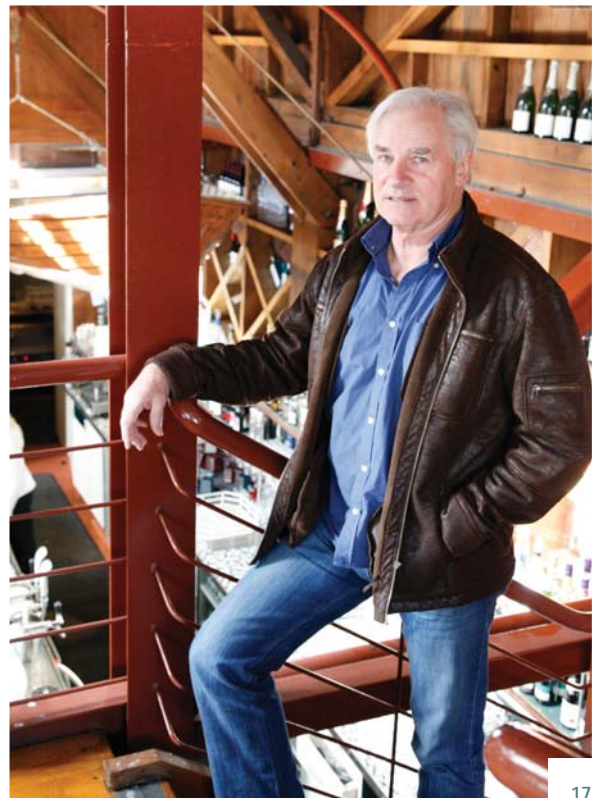
st johns bar

Every day I am inspired
by this building & position
on the waterfront - we
feel extremely privileged
to have access to such a
unique site..





We are proud to be a part of the Wellington waterfront community. The Wellington waterfront has a unique atmosphere and offers an idyllic dining experience.



Being born and raised in Wellington, it's really great to see the waterfront being used to its full potential.



From our new offices on the waterside of the Meridian Building, we're as close to the water as you can get in Wellington! With the best views in town, it's a superb place to work and play!



Awards



Year after year Wellington's waterfront scores highly in the Wellington City Council commissioned Residents Satisfaction Survey. Feedback from Wellingtonians and visitors alike – whether from our shores or overseas - about our waterfront is nothing short of glowing. And as the waterfront continues to be revitalised the accolades keep coming.

The year 2008/09 has seen Wellington Waterfront Limited – meet one of the seven objectives set for the waterfront in spades. Together with providing ready access, a safe and attractive environment buzzing with events and activities, and protecting the heritage of this valuable Wellington precinct, the Company is charged with gaining local and international recognition for its urban design.

Since the inception of the Company, it has won some thirty four awards – and thirteen of those have been received this year. The recent awards cross many disciplines, categories and precincts across the entire waterfront. Recognition has been given by groups as eclectic as the NZ Contractors Federation, Illumination Engineering Society, NZ Institute of Landscape Architects, the Property Council and the Wellington Civic Trust. It is fantastic to see recently completed public spaces, buildings and artwork that collectively make up the waterfront experience, acknowledged so widely.

Wellington seems to be setting the standards in exemplary urban and landscape design and there is no place where this is more evident than on the waterfront. Tributes have included recognition for overall

sustainability, visionary design, lighting, heritage restoration and the delivery of outstanding landscape and built architecture. Sustainable development ranges from the delivery of urban wetlands within Waitangi Park through to New Zealand's first new and occupied environmentally sustainable building – the Meridian corporate office in Kumutoto.

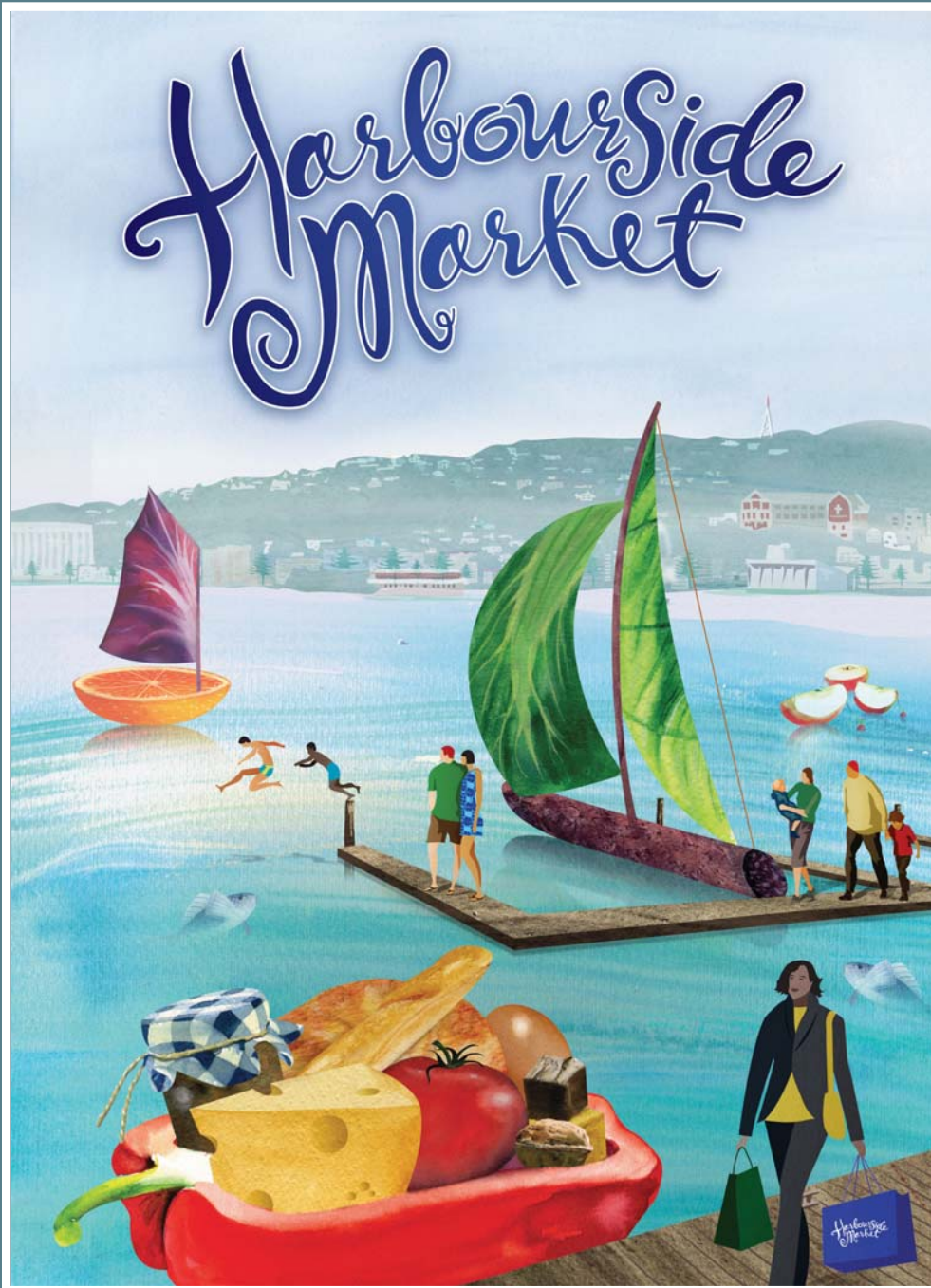
Awards have included not only the best development in various categories but often the supreme award across all categories. Waitangi Park was presented as the Supreme Winner in the Wellington Civic Trust awards. The waterfront without doubt offers some of the best public spaces in Wellington.

According to the NZ Institute of Architects and the Wellington Civic Trust, the waterfront also has delivered the best building in 2008/09 for sustainable architecture – Meridian Building.

Perhaps most charmingly of all, Solace in the Wind, our beloved naked man peering out over the Te Papa breastworks, won the People's Choice Award for the public art category in the Wellington Civic Trust awards. Selection of this category was by public vote. The Company, in collaboration with the Wellington City Council, ensured that this work will be enjoyed for many years to come by purchasing Solace for the city.

Recent developments on the waterfront are gaining the acclamation of the public and professional bodies alike. Numerous projects are in the pipeline - and we fully expect the list of awards to grow.

August 2008	<ul style="list-style-type: none"> • NZ Contractors Federation, 2008 National Construction Awards – Category 3 (projects between \$5million and \$20 million) winner – Kumutoto Public Spaces (awarded to Brian Perry Civil). • Association of Consulting Engineers NZ – Silver Award of Merit – Shed 13 Strengthening and Refurbishment. • Association of Consulting Engineers NZ – Gold Award of Excellence – Meridian Building, Site 7 Kumutoto Plaza.
September 2008	<ul style="list-style-type: none"> • Wellington Civic Trust Awards: • Supreme Winner – Waitangi Park • Best Public Space – Waitangi Park • Best Building category – Meridian • People's Choice Award – Solace in the Wind
October 2008	<ul style="list-style-type: none"> • Illumination Engineering Society – Lighting Design – Award of Excellence – Kumutoto Public Space
November 2008	<ul style="list-style-type: none"> • NZ Institute of Architects: • Wellington Architecture Award for Sustainable Architecture – Meridian Building (awarded to Studio Pacific Architecture in association with Peddle Thorp Architects) • Wellington Architecture Award for Urban Design – Kumutoto, North Queens Wharf (awarded to Studio Pacific Architecture in association with Isthmus Group)
May 2009	<ul style="list-style-type: none"> • NZ Institute of Architects: • New Zealand Architecture Medal Finalist 2009 for Sustainable Architecture – Meridian Building (awarded to Studio Pacific Architecture in association with Peddle Thorpe Architects) • New Zealand Architecture Award 2009 for Sustainable Architecture – Meridian Building (awarded to Studio Pacific architecture in association with Peddle Thorpe Architects) • New Zealand Architecture Award 2009 for Small Project Architecture – Len Lye Water Whirler Pier (awarded to Athfield Architects Ltd)



IN DEVELOPING THE WATERFRONT, WELLINGTON WATERFRONT LIMITED IS WORKING TO THE THEMES, VALUES, PRINCIPLES AND OBJECTIVES CONTAINED IN THE WELLINGTON WATERFRONT FRAMEWORK.

HARBOURSIDE MARKET CASE STUDY

Harbourside Market (previously known as Waitangi Park Market) has recently undergone a number of changes. Wellington Waterfront Limited invested in the establishment of a market office in February 2009 and has introduced a number of initiatives which support the three key pillars to guide sustainable development. Sustainability for the market is about achieving a future that is both desirable and achievable in social, economic and environmental terms.



Social

- Make Harbourside Market a sustainable community by creating programmes that work in partnership with local community organisations relating to the production and supply of food;
- Introduce understanding of sustainability inside and outside the market by promoting greater awareness and education of the food chain;
- Involve the Wellington community in as many aspects of the market as possible;

Economic

- Maintain and develop the stallholder base and diversity to include locally based produce;
- Ensure the market supports all income brackets of the Wellington community and balances the needs of diverse socio economic groups;

Environmental

- Reduce market waste and eliminate the use of plastic bags by the end of the third quarter of 2009;
- Identify the market supply for current stallholders and determine the right geographical base for the market to meet the goals of a sustainable market.



RECENT INITIATIVES:

The first major change was the introduction of a brand name – **Harbourside Market**. The Harbourside brand now reflects the true picture of a community market located on the waterfront using vibrant colours and playful images to illustrate the energy and diversity that this market has to offer in the heart of Wellington.

The second change was to move the market further north in the car park to make room for new stallholders and the start of a car parking programme to involve local community groups. The **car parking programme** is a win/win situation for both the market and community groups. Given the current economic situation, community groups are seeking new ways to raise funds. To date, the market has involved four very different community groups in this fundraising activity. There is a waiting list of 20 community groups scheduled for the next six

months. Feedback from both customers and community groups has been extremely positive.

Third, the establishment of a **Quality Review Team**. The objective of this team is to balance the needs of customers with the needs of stallholders in order to ensure that the market supplies local quality produce that can be traced back to the source. The team consists of Richard Till, an experienced Chef and TV food presenter and Fiona McMillan who is a food writer. Richard and Fiona assess new prospective stallholders to the market using the following criteria:

- Quality produce
- Traceability of produce – knowing how the produce is made
- Locally based – knowing where the produce is sourced

THE MARKET IS TRANSITIONING TOWARDS A FARMERS' MARKET MODEL WHERE LOCAL GROWERS ARE THE SELLERS OF THE PRODUCE WHICH PROVIDES THE CUSTOMER WITH A GREATER UNDERSTANDING OF WHERE THE PRODUCE COMES FROM AND HOW IT IS MADE.

Harbourside Market is currently a mixed market which sources produce from all over New Zealand. The market is transitioning towards a farmers' market model where local growers are the sellers of the produce which provides the customer with a greater understanding of where the produce comes from and how it is made. Since the introduction of the quality review team 17 new locally based stallholders have been introduced to the stallholder mix. Their focus on quality and traceability ensures that the right produce is being delivered to the customer. This supports the economic pillar of quality and diversity using local produce wherever possible.

Finally, the market office along with selected stallholders agreed to develop a food partnership programme with a local food shelter whereby perishable produce will be given to the food shelter at the end of every market day. The **food partnership programme** commenced with two Wellington based organisations – the Wellington City Mission and the Suzanne Aubert Home of Compassion, Wellington Soup Kitchen.

This programme is currently run as a pilot programme but it is expected to roll out to encompass all perishable foods i.e. fish, meat and dairy in the coming year. The programme supports the social pillar of the community partnership. Harbourside Market is the first market in New Zealand to launch a programme of this kind.

Harbourside Market is committed to reducing waste wherever possible. Reusable bags replacing plastic will be introduced to the market in mid July 2009. All stallholders are committed to eliminating the use of plastic bags. An **environmental sustainability** programme is soon to be launched in conjunction with selected voluntary stallholders, the Climate Change and Sustainability Advisory Practice team of Pricewaterhouse Coopers (PwC) and two local schools.

This programme will be sponsored by PwC and has the support of the Climate Change team of Wellington City Council. The objective of the programme will be to:

- Involve local Wellington schools in the market place in understanding how much food supply is sourced locally;
- Assist stallholders in identifying market and stallholder waste and to identify what stallholders can do to minimise the impact on the environment;
- Develop the capability among local schools to profile local markets in terms of waste and stallholder food miles.

The outcome from the programme will be to identify what tactical steps can be taken by individual stallholders to minimise waste and a timeline implemented to record these activities; and enable the market office to identify how much produce is sourced locally.

The programme supports two pillars – the environmental pillar to reduce waste and focus on local suppliers and; the social pillar to build greater awareness among the community of the food chain.

Harbourside Market has made considerable progress since the introduction of a market office in February 2009. There is considerable work to be undertaken in the year ahead to achieve and implement the goals outlined in the sustainability strategy. The success of these activities to date can be accredited to the dedicated stallholders who make up this market, and the market volunteers that have put endless hours of effort into the above activities.

wellington waterfront

Governance

Wellington Waterfront Ltd is a Council Controlled Organisation (CCO) with a mandate to implement plans and projects, oversee development contracts, and manage the day-to-day operations of the waterfront.

Role of the Board of Directors

WWL's Board is responsible to its shareholder, Wellington City Council, for the implementation of the Waterfront Development Project. The Board sets objectives, strategy, key policy areas and approval of key project phases and specific agreements.

The Board and its Code of Conduct are governed by WWL's constitution, policy manual, the Land Trust Deed, the Company's Overview Agreement with Wellington City Council, and the Board's Annual Work Plan. These documents set out those matters on which only the Board can make decisions. These include borrowings, approval of annual accounts, providing information to the shareholder, major capital projects, approval of development contracts and the disposal of assets.

Each year the company produces a three-year Strategic Plan, a Business Plan, and an operating budget for the Waterfront Project. These are reviewed and approved by the Board. Financial statements and individual project reports are prepared monthly, and reviewed by the Board throughout the year, to monitor management's performance against the Business Plan and operating budget.

The Board aims to ensure that the shareholder and stakeholders are informed of all major developments affecting the project. Management meets regularly with Council officers to plan and discuss the project's progress, and regularly provides progress reports to various Wellington City Council committees.

Information is communicated to the shareholder and stakeholders in the Annual Report, Half Yearly Report and Quarterly Reports to the Monitoring Sub-committee, monthly financial reports and narrative, as well as numerous other communications. The Board also facilitates input from stakeholders and specific interest and user groups on various developments, as well as the Wellington City Council, in the formulation of its Business Plan and Statement of Intent.

Board Membership

The Company's Constitution sets the size of the Board at not less than four. The Board currently comprises five directors, all appointed by the shareholder, which also sets Director remuneration annually.

Board Operations

The Board normally meets monthly and additionally when required.

Conflicts of Interest

The Directors are aware of their responsibility to act in the best interests of the project and WWL. An Interests Register is maintained and updated at each Board meeting.

Board Committees

The Board has two formally-constituted committees that focus on specific areas of responsibility. From time to time, special committees are appointed to deal with specific matters.

Audit and Risk Committee

The Audit and Risk committee provides a direct link between the external auditors and the Board to ensure that financial reporting responsibilities are met. The committee oversees management's practices, policies and controls in protecting both the project and the company's financial position and meeting legislative requirements. The Committee also ensures the effectiveness of audit and risk management processes.

People and Performance Review Committee

This committee sets and reviews the terms and conditions of the Chief Executive's employment contract. The People and Performance Review Committee is also responsible for setting objectives and performance targets for the Chief Executive and monitoring their achievement. WWL's human resources and remuneration policies are also set and managed by this committee.



Company Directory of the Lambton Harbour Development Project for the year ended 30 June 2009

Company Name:	Wellington Waterfront Limited
Nature of Business:	Management services – implementation of the development of Wellington’s waterfront and day to day operation of the waterfront area
Registered Office:	Shed 6, Queens Wharf, Jervois Quay, Wellington
Postal Address:	PO Box 395, Wellington 6140
Telephone:	64 4 495 7820
Facsimile:	64 4 473 2912
Directors:	Michael Cashin – Chair Ray Ahipene-Mercer Robert Gray David Kernohan Stephen Kos (resigned 31 January 2009) Mark Petersen David Pritchard (resigned December 2008) Alison Timms (term ended 31 December 2008)
Bankers:	ASB Bank Limited, Wellington
Auditor:	Audit New Zealand, on behalf of the Auditor-General
Shareholder:	Wellington City Council – 1,000 Shares
Solicitors:	Greenwood Roche Chisnall Simpson Grierson DLA Phillips Fox
Website Address:	www.wellingtonwaterfront.co.nz
Chief Executive:	Ian Pike
Executive Assistant:	Maria Mouroukis
Project Managers:	Michael Faherty Andrew Howie
Property Manager:	Allan Brown (appointed January 2009) Michael Hibma (resigned September 2008)
Corporate Manager:	Chris Fox (resigned May 2009)
Financial Accountant:	Kirstin Gardiner
Administration Officer:	John Tiller

RESPONSIBILITY STATEMENT

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

The Directors of Wellington Waterfront Limited (the Directors) are responsible for preparing the financial statements and ensuring that they comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Lambton Harbour Development Project as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date.

The Directors consider that the financial statements of the Lambton Harbour Development Project have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates and that all relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Lambton Harbour Development Project, and facilitate compliance of the financial statements with the Financial Reporting Act 1993.

The Directors consider that they have taken adequate steps to safeguard the assets of the Lambton Harbour Development Project, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the financial statements for the Lambton Harbour Development Project for the year ended 30 June 2009.

For and on behalf of the Board of Directors of Wellington Waterfront Limited:



M Cashin
Chair



M Petersen
Director
August 2009

**TO THE READERS OF LAMBTON HARBOUR DEVELOPMENT PROJECT'S
(KNOWN AS WELLINGTON WATERFRONT PROJECT) FINANCIAL STATEMENTS**
OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

The Auditor-General is the auditor of Lambton Harbour Development Project (the Project). The Auditor General has appointed me, A P Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Project, for the year ended 30 June 2009.

Unqualified opinion

In our opinion:

the financial statements of the Project on pages 28 to 47:

- comply with generally accepted accounting practice in New Zealand; and
- fairly reflect:
 - the Project's financial position as at 30 June 2009; and
 - the results of its operations and cash flows for the year ended on that date.

The audit was completed on 26 August 2009, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the Board of the Wellington Waterfront Limited (the Board representing the Project) and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and performance information did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and performance information. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and performance information.

We evaluated the overall adequacy of the presentation of information in the financial statements and performance information. We obtained all the information and explanations we required to support the opinion above.

Responsibilities of the Board and the Auditor

The Board is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Board as at 30 June 2009 and the results of its operations and cash flows for the year ended on that date. The Board is also responsible for preparing performance information that fairly reflects service performance achievements for the year ended 30 June 2009. The Board's responsibilities arise from the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and performance information and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Project.



A P Burns
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Nature of the entity

The Wellington Harbour Board and the Wellington City Council Vesting and Empowering Act 1987 ('the Empowering Act') established the Lambton Harbour Development Project (known as 'the Wellington Waterfront Project' or 'the Project') as a joint venture between the Wellington Harbour Board and the Wellington City Council. With the dissolution of the Wellington Harbour Board on 31 October 1989, its interest in the Project was transferred to the Wellington City Council under the provisions of the Local Government (Wellington Region) Reorganisation Order 1989.

These financial statements have been prepared to meet the requirements of Section 16 of the Empowering Act. This section requires that annual financial statements of the Project be prepared. The statements cover the works and activities carried out for the Wellington City Council in the area described below. They have been prepared by Wellington Waterfront Limited which, by agreement with Wellington City Council, undertakes the management and development of the Project.

In the Empowering Act:

- the term 'Lambton Harbour Development Project' means:

"the implementation and promotion of the concept plan and includes all works and activities-

- (a) Within the Lambton Harbour Development Area; and
- (b) Outside the Lambton Harbour Development Area in respect of land, airspace, or subsoil used as a means of ingress or egress, plaza, terrace, podium or for other purposes associated with or incidental to the Lambton Harbour Development Area."

- the term 'Lambton Harbour Development Area' means:

"the land described in the Second Schedule to this Act; and includes any variation of the Lambton Harbour Development Area".

The Second Schedule to the Empowering Act lists parcels of land totalling approximately twenty hectares in area. This land is on the seaward side of Waterloo and Jervis Quays, Wakefield Street and Oriental parade, and stretches from Wellington Railway Station in the north to the Overseas Passenger Terminal in the south.

- the term 'land' includes:

Land under the sea constituting part of the bed of the Harbour of Wellington.

The Second Schedule to the Empowering Act also itemises twelve hectares, being part of the bed of the Harbour of Wellington, and this 'land' therefore also constitutes part of the Project.

Basis of preparation

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

They comply with NZ International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for public benefit entities (PBE).

For financial reporting periods commencing on or after 1 January 2007, New Zealand reporting entities were required to apply NZ IFRS. The Project adopted NZ IFRS for external reporting purposes for the accounting period commencing 1 July 2006 which means that these accounts have been prepared in accordance with NZ IFRS applicable to PBE for the third time.

The Project is a PBE for the purposes of NZ IFRS and has elected to take advantages of certain exemptions within the individual NZ IFRS. These exemptions have been taken only where practicable and necessary with the intention to efficiently and cost effectively manage the impact of the transition upon the Project.

The accounting principles recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed by the Project, with the exception of certain assets which are valued in accordance with the policies stated below.

The financial statements are presented in New Zealand dollars and are rounded to the nearest thousand.

Specific accounting policies

The following particular accounting policies that materially affect the measurement of financial performance and financial position have been applied:

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings as a current liability in the statement of financial position.

Financial instruments

The Project is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term investments, receivables and payables. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance.

Revenue

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

Trade and other receivables

Receivables are stated at their expected net realisable value after providing for any doubtful and uncollectable debts.

A provision for impairment of receivables is established when there is objective evidence that the Project will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Deferred income

Lease income received that does not relate to the current accounting year has been recorded as a liability. Development margins are recognised using the percentage of completion method.

Investments

Investments are stated at the lower of cost and net realisable value. Any decreases are recognised in the statement of financial performance.

Investments in bank deposits are initially measured at fair value plus transaction costs. After initial recognition investments in bank deposits are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

At each balance sheet date the Project assesses whether there is any objective evidence that an investment is impaired. Any impairment losses are recognised in the statement of financial performance.

Property, plant and equipment

Land comprising the Lambton Harbour Development Area (see 'Nature of the entity' above) is held by Wellington Waterfront Limited as bare trustee for Wellington City Council and is reflected in these financial statements.

"Property, plant and equipment" comprises the following items:

- (a) Land, as above;
- (b) Buildings and other improvements attached to this land;
- (c) 'Other assets' comprising office equipment, computers, and plant and equipment used in the management of the Project.

Property (land, buildings and other improvements) is further categorised as follows:

- (a) Investment property: - property leased long term for an annual rental;
- (b) Development property: - property intended for future commercial development as either investment property or for realisation (but on which no specific commitment has been made or intention to proceed declared);
- (c) Property intended for realisation: - property intended to be realised by way of commercial development and on which a specific decision has been taken;
- (d) Other land & buildings: – comprising all other property and includes land and buildings held primarily or solely for recreational purposes, plus roadways, promenades and the like.

All property is re-valued annually by an independent registered valuer.

Investment properties and development properties are valued at current market value as prescribed under IAS 40 – Investment Property. Depreciation is not charged on these properties. Revaluation gains or losses are recognised in the statement of financial performance in the year which they occur.

Wellington Waterfront Limited has entered into agreements with property developers to lease and develop various development sites around the Lambton Harbour Development Area. The term of these lease arrangements range from 35 to 999 years. On termination of the leases, the land and buildings revert back to the Project or its successor.

The proceeds received from the granting of development rights at the commencement of these arrangements are credited against the investment property, with any surplus or loss taken to the statement of financial performance.

As these are investment properties they are re-valued annually to current market value, taking into account any future rental income and any reversionary interest in the property on termination of the lease.

Property intended for realisation is treated in a similar fashion to investment property and development property except that it is valued at the lower of cost (or carrying value at the time it was categorised as property intended for realisation) and net realisable value. Other land and buildings are valued at fair value. Revaluation gains or losses are credited or debited to the revaluation reserve under the asset class "other land and buildings", except that revaluation gains which reverse previous revaluation losses that were recognised in the statement of financial performance are recognised as revenue in the Statement of Financial Performance. If losses debited to the revaluation reserve result in a debit balance in the other property class, then this balance is expensed in the statement of financial performance. On sale or disposal of a property in this category the gain or loss, calculated as the difference between the sale price and the carrying value, is recognised in the Statement of Financial Performance and any balance remaining for that property in the revaluation reserve is transferred to retained earnings.

Development work in progress is stated at cost.

Open spaces infrastructure, office equipment, architectural models, plant and equipment and fixtures and fittings are stated at cost less accumulated depreciation.

Major depreciation rates are:

Buildings	1 – 2.5% Diminishing Value or 2 – 10% of valuation
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(Note: Depreciation is not provided on buildings held for investment or development purposes.)

Other assets	33.3% Straight Line or 20 – 40% Diminishing Value
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Capital work in progress is not depreciated. The total cost of a project is transferred to land and buildings and/or plant and equipment on its completion and then depreciated.

wellington waterfront

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, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease. We are continually reviewing the maintenance required on our wharves and have engaged specialist engineers to undertake a comprehensive review of all wharf structures.

Revaluations

The result of any revaluation of the Project's property, plant and equipment is credited or debited to the asset revaluation reserve for that class of property, plant and equipment. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised firstly in the Statement of Financial Performance up to the amount previously expensed, and then secondly credited to the revaluation reserve for that class of property, plant and equipment.

Accumulated depreciation at revaluation date is eliminated against the gross carrying amount so that the carrying amount after revaluation equals the revalued amount.

The carrying amount of non-current assets measured at cost has been reviewed to determine whether it is in excess of the asset's recoverable amount. Where an asset's recoverable amount is lower than its carrying amount, it has been written down to that lower value.

Marina revaluation reserve

The Marina revaluation reserve comprises the unrealised development margin relating to the sale of Chaffers Marina. When Chaffers Marina was originally sold to Chaffers Marina Holdings Limited, Lambton Harbour Development Project received shares as payment for the unsold marina berths. This unrealised development margin is progressively realised as the shares are sold.

Associate companies

Wellington Waterfront Limited's shares in Chaffers Marina Holdings Limited are held in a fiduciary capacity for Wellington City Council.

The interest in Chaffers Marina Holdings Limited has been reflected in the financial statements on an equity accounting basis, which shows the share of surpluses/deficits in the statement of financial performance and the share of post acquisition increases/decreases in net assets in the statement of financial position.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of the receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Statement of cash flows

For the purpose of the statement of cash flows, cash includes cash on hand and deposits held at call with banks.

Operating activities include cash received from all income sources and records the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise capital injections by, or repayment of capital to, Wellington City Council.

Commitments

Future expenses and liabilities to be incurred on contracts that have been entered into at balance date are disclosed as commitments to the extent that there are equally unperformed obligations.

Contingencies

Contingent liabilities are disclosed at the point at which the contingency is evident.

Comparative amounts

Comparative amounts have been restated for changes in presentation.

Changes in accounting policies

There have been no further changes in accounting policies. All accounting policies have been applied on a consistent basis throughout the year.

LAMBTON HARBOUR DEVELOPMENT PROJECT STATEMENT OF FINANCIAL PERFORMANCE

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$000's	2008 \$000's
Income			
Lease income		3,517	2,789
Other income		436	1,333
Interest income		75	90
Surplus / (Deficit) on long term lease of assets		-	600
Total income		4,028	4,812
Expenses			
Property costs	1	5,978	5,279
Public and commercial planning		1,277	655
Public activities and communication		512	675
Administration		1,846	1,883
Interest costs		299	89
Total expenses		9,912	8,581
Share of associate's surplus / (deficit)	5	12	(2)
Operating deficit		(5,872)	(3,771)
Unrealised gain on revaluation			
Unrealised gain / (loss) on revaluation of investment and development properties	6	(336)	12,630
Wharf repiling costs of investment and development properties	6	(3,003)	-
Total unrealised gain / (loss) on revaluation		(3,339)	12,630
Net surplus attributable to Wellington City Council		(9,211)	8,859

The accompanying notes form part of these financial statements.

LAMBTON HARBOUR DEVELOPMENT PROJECT STATEMENT OF CHANGES IN EQUITY
OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$000's	2008 \$000's
Net surplus attributed to Wellington City Council		(9,211)	8,859
Movement in asset revaluation reserves:			
Other land and buildings	9	1,106	13,880
Wharf repiling costs	9	(6,767)	-
		(5,661)	13,880
Total recognised revenues and expenses for the year		(14,872)	22,739
Contribution from owner - Wellington City Council		1,650	1,650
Contribution from / (Distribution to) owner - Wellington City Council		47	5,777
Change in equity for the period		(13,175)	30,166
Opening equity			
Equity brought forward as at 1 July		177,114	146,948
Total opening equity		177,114	146,948
Equity as at 30 June		163,939	177,114

The accompanying notes form part of these financial statements.

LAMBTON HARBOUR DEVELOPMENT PROJECT STATEMENT OF FINANCIAL POSITION

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$000's	2008 \$000's
Current assets			
Cash and cash equivalents	2	426	501
Short term deposits		-	1,500
Trade and other receivables	3	380	911
Prepayments		866	569
Property intended for realisation	4	7,368	7,368
		9,040	10,849
Non-current assets			
Investment in associate	5	1,009	997
Property, plant and equipment	6	160,152	171,056
Term receivables	7	405	405
		161,566	172,458
Total assets		170,606	183,307
Liabilities			
Trade and other payables		1,508	1,327
Deferred income		205	131
Retentions and bonds	8	62	202
		1,775	1,660
Non-Current Liabilities			
Term liabilities		4,400	3,900
Deferred income		492	633
		4,892	4,533
Equity			
Wellington City Council		147,060	154,574
Asset revaluation reserve	9	16,879	22,540
		163,939	177,114
Total funds employed		170,606	183,307

The accompanying notes form part of these financial statements.

LAMBTON HARBOUR DEVELOPMENT PROJECT STATEMENT OF FINANCIAL POSITION

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$000's	2008 \$000's
Cash flows from operating activities:			
<i>Cash was provided from:</i>			
Receipts from customers		4,356	6,501
Interest received		75	90
Net goods and services tax received (paid)		(177)	68
<i>Cash was disbursed to:</i>			
Payment to suppliers		(6,033)	(5,491)
Net cash flows generated (to)/from operating activities	12	(1,779)	1,168
Cash flows from investing activities:			
<i>Cash was provided from:</i>			
Sale of shares		11	26
<i>Cash was disbursed to:</i>			
Purchase of property, plant and equipment		(354)	(9,816)
Net cash flows from investing activities		(343)	(9,790)
Cash flows from financing activities:			
<i>Cash was provided from:</i>			
Wellington City Council equity contributions		47	5,777
Wellington City Council loan contributions		500	6,500
<i>Cash was disbursed to:</i>			
Repayment of Wellington City Council loan		-	(2,600)
Net cash flows from financing activities		547	9,677
Net increase/(decrease) in cash held		(1,575)	1,055
Cash at the beginning of the year		2,001	946
Cash at the end of the year		426	2,001
Represented by:			
Total cash and cash equivalents	2	426	2,001

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's	
1	Operating expenses		
	Total operating expenses include the following:		
	Audit fees - statutory audit	37	40
	Bad debts written off	156	-
	Change in the provision for doubtful debts	-	-
	<i>Depreciation</i>		
	- Other land improvements and buildings	2,152	1,446
	- Other assets	92	96
	Other property costs	3,734	3,737
	Total property costs	5,978	5,279

2	Cash and cash equivalents		
	Cash at bank and on hand	426	501
	Short term deposit maturing within three months of balance date	-	1,500
	Total cash and cash equivalents	426	2,001

3	Trade and other receivables		
	Accounts receivable	380	900
	Other receivables	-	11
		380	911
	less provision for impairment / doubtful debts	-	-
	Total trade and other receivables	380	911

Other receivables represents the current portion of marina sales

Analysis of trade and other receivables

	Not past due	283	802
	Past due 0-3 months	70	42
	Past due 3-6 months	7	7
	Past due more than 6 months	20	60
	Total trade and other receivables	380	911

There are no impairment disclosures as all receivables are considered collectable. Of the amount outstanding at 30 June 2009, \$53,000 or 14%, is owed from Wellington City Council. There is no concentration of credit risk with respect to receivables outside WCC, as the Project has a number of customers.

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's
4	Property intended for realisation	
Land	5,687	5,687
Buildings	1,681	1,681
	7,368	7,368

Property intended for realisation has been revalued to the lower of carrying value or net realisable value. The Overseas Passenger Terminal resource consent was upheld by the Environment Court in June 2009. This satisfies a necessary condition within the Development Agreement; the Agreement remains conditional upon the Developer securing minimum agreements for sale and purchase and/or leasing commitments for the completed building.

5 Investment in associate

Wellington Waterfront Limited (Wellington Waterfront) holds shares in Chaffers Marina Holdings Limited (Chaffers) as bare trustee on behalf of Wellington City Council.

Share of deficit before tax	12	(2)
Share of movement in asset revaluation reserve	-	-
Equity accounted movement in associate	12	(2)
Share of equity at beginning of year	(408)	(406)
Change of equity due to the change in shareholding during the year	-	-
Total change in equity since acquisition	(396)	(408)
Shares at beginning of year	1,379	1,379
Change in shares during the year	-	-
Call option	26	26
Change in call option during the year	-	-
Total investment in associate	1,009	997

Associate	Assets	Liabilities	Revenues	Surplus/(Deficit)
	2009	2009	2009	2009
	\$000	\$000	\$000	\$000
Chaffers Marina Holdings Limited	5,465	61	926	110

Wellington Waterfront's interest in Chaffers Marina Limited of 14.8% (2008 14.8%) has been reflected in the financial statements on an equity accounting basis reflecting the special rights (as set out in Chaffers Marina Limited's Constitution) which attach to the golden shares that it holds in Chaffers Marina Limited. Wellington Waterfront Limited has significant influence in Chaffers Marina Limited as the single largest shareholder and the holder of the golden share with significant rights attached.

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's	
6	Property, plant & equipment		
	Valuation of property		
	<p>Property intended for realisation has been revalued to the lower of carrying value or net current value. Investment property and Development property has been revalued to current market value. Other land and buildings have been revalued to fair value, as at 30 June 2009 by Paul Butchers BBS, FNZPI, Registered Valuer, Director of International Property consultants, CB Richard Ellis.</p> <p><i>The revaluations take into account the following developments:</i></p> <p>On 19 July 2000 Wellington City Council approved in principle a three stage process. Stage 1 being development of an overall framework for the waterfront. Stage 2 being development of plans for each area of the waterfront, and Stage 3 implementation.</p> <p>Stage 1 of this process has been undertaken by the Waterfront Leadership Group. Their proposed framework for the waterfront was adopted as policy by the Wellington City Council on 3 April 2001.</p> <p>Features of the Wellington Waterfront Framework will be incorporated into the District Plan by way of a variation to that Plan (Variation No.22) and forms the basis for future design briefs under Stage 2 of the process. This variation was approved by Wellington City Council on 29 April 2002.</p> <p>The valuation of the waterfront's land and buildings is greatly influenced by permitted uses. The values ascribed reflect the uses as can best be determined from the Wellington Waterfront Framework.</p>		
	Investment property - at valuation		
	Investment land at valuation - opening balance	12,460	9,116
	Additions	-	-
	Disposals	-	-
	Wharf repiling costs	(3,003)	-
	Revaluation movement	1,221	3,344
	Investment land at valuation - closing balance	10,678	12,460
	Investment buildings at valuation - opening balance	4,831	4,295
	Transfer from Property intended for realisation	-	485
	Additions	13	-
	Disposals	-	-
	Capitalised costs from Work in Progress	12	-
	Revaluation movement	(321)	51
	Investment buildings at valuation - closing balance	4,535	4,831
	Total investment property - at valuation	15,213	17,291

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's
6	Property, plant & equipment (continued)	
	Development property - at valuation	
Development land at valuation - opening balance	34,157	25,563
Additions	-	-
Disposals	-	-
Transfer between class	-	-
Revaluation movement	(688)	8,594
Development land at valuation - closing balance	33,469	34,157
Development buildings at valuation - opening balance	1,208	7,935
Additions	-	-
Disposals	-	-
Transfer to Property intended for realisation	-	(7,368)
Revaluation movement	(548)	641
Development buildings at valuation - closing balance	660	1,208
Total development property - at valuation	34,129	35,365
	Other land and buildings - at valuation	
Other land at valuation - opening balance	54,909	42,815
Disposals	-	-
Wharf repiling costs	(4,679)	-
Revaluation movement	(3,406)	12,094
Other land at valuation - closing balance	46,824	54,909
Other buildings at valuation - opening balance	61,042	45,780
Less accumulated depreciation	-	-
Total other buildings - opening balance	61,042	45,780
Additions	25	-
Transfer between class	-	-
Depreciation expense	(2,152)	(1,446)
There have been no significant events subsequent to 30 June 2009	-	-
Capitalised costs from Work in Progress	17	14,919
Wharf repiling costs	(2,088)	-
Revaluation movement	4,512	1,789
Other buildings at valuation - closing balance	61,356	61,042
Total other land and buildings - at valuation	108,180	115,951

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's
6	Property, plant & equipment (continued)	
	Other assets - at cost	
Other assets - at cost	3,074	3,021
Less accumulated depreciation	(1,623)	(1,527)
Total other assets - opening balance	1,451	1,494
Transfer between class	-	-
Adjustment to asset value	-	-
Additions	60	53
Disposals	-	-
Depreciation expense	(92)	(96)
Other assets at cost - closing balance	1,419	1,451
	Work in progress	
Work in progress - at cost - opening balance	998	6,832
Additions	242	9,085
Capitalised to property, plant and equipment classes	(29)	(14,919)
Work in progress - at cost - closing balance	1,211	998
Total property, plant & equipment	160,152	171,056
	Unrealised gain / (loss) on revaluation of investment and development properties	
Revaluation movement - Investment property land	1,221	3,344
Revaluation movement - Investment property buildings	(321)	51
Revaluation movement - Development property land	(688)	8,594
Revaluation movement - Development property buildings	(548)	641
	(336)	12,630
	Unrealised gain / (loss) on revaluation of other land and buildings property	
Revaluation movement - Investment property land	(3,406)	12,094
Revaluation movement - Investment property buildings	4,512	1,789
	1,106	13,883

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's
6		
Property, plant & equipment (continued)		
Wharf repiling costs		
Investment and development Property		
Wharf repiling costs - Investment property land	3,003	-
Total investment and development property	3,003	-
Other land and buildings		
Wharf repiling costs - other land	4,679	-
Wharf repiling costs - other buildings	2,088	-
Total other land and buildings	6,767	-
Total wharf repiling costs	9,770	-

Following a comprehensive survey of Wellington Waterfront Limited's wharf piles by Holmes Consulting Limited, and an estimate of the expected costs to repair/replace, WWL has budgeted for these costs to be expended over a ten year timeframe. As a consequence, asset values have reduced by \$9.77 million.

The investment (and development) properties earned ground leases of \$2,483,611 (2008: \$2,030,762). Ground leases are parcels of land owned by the Lambton Harbour Development Project on the waterfront. The buildings on the ground leases are owned by other parties (building owners). The land has been leased to the building owners for periods ranging from 35 to 999 years. The land and buildings are properties which are not held for operational purposes and are leased to external parties.

Direct operating expenses of investment properties

- From investment properties that generated income	557	419
- From investment properties that did not generate income	-	94

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note		2009 \$000's	2008 \$000's
7	Term receivables		
	Long-term receivables	405	405
	Total term receivables	405	405
8	Retentions and bonds		
	Retentions on construction contracts	61	201
	Tender deposits	-	-
	Bonds held on hireage venues	1	1
	Total retentions and bonds	62	202
9	Asset revaluation reserve		
	<i>Marina</i>		
	Opening balance at 1 July	52	52
	Realised during the year	-	-
	Closing balance at 30 June	52	52
	<i>Other land and buildings</i>		
	Opening balance at 1 July	22,488	8,608
	Surplus on revaluation	1,106	13,880
	Wharf repiling costs	(6,767)	-
	Total Surplus on revaluation	(5,661)	13,880
	Closing balance at 30 June (before transfer to statement of financial performance)	16,827	22,488
	Credit balance transferred to statement of financial performance	-	-
	Closing balance at 30 June	16,827	22,488
	Total asset revaluation reserve	16,879	22,540
10	Contingent asset and contingent liability		

As mentioned in Note 4, the resource consent relating to the Overseas Passenger Terminal was upheld by the Environment Court in June 2009. As a result Wellington Waterfront Limited may receive revenue arising from development of the site. (2008 Nil). There are no contingent liabilities at 30 June 2009 (2008 Nil).

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's
11		
Contractual commitments		
<i>Capital Commitments</i>		
As at 30 June 2009 there were contractual commitments to a value of \$1,631,000 not provided for in the financial statements (2008 \$466,000). These commitments relate to the 2009/10 (\$1,381,000) and 2010/11 (\$250,000) financial years.		
<i>Operating Commitments</i>		
Non-cancellable operating lease commitments		
Operating Commitments		
Not later than one year	646	646
Later than one year and not later than five years	1,329	1,566
Later than five years	0	0
Total non-cancellable operating lease commitments	1,975	2,212
Non-cancellable operating lease commitments - as lessor		
Land and buildings		
Not later than one year	2,011	2,135
Later than one year and not later than five years	3,339	3,576
Later than five years	3,051	3,236
Total non-cancellable operating lease commitments - as lessor	8,401	8,947

Contingent rentals totaling \$76,000 (2008 \$152,000) have been recorded as lease income in these accounts

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's
12	Reconciliation of net surplus with net cash flows from operations	
	Net surplus attributable to Wellington City Council	(9,211) 8,859
	<i>Add/(less) non cash items and non-operating items</i>	
	Depreciation	2,244 1,541
	Loss on disposal of assets	- -
	Vested income	- -
	Wellington Waterfront Limited fee*	1,650 1,650
	Share of associate's deficit	(12) 2
	Assets revalued	3,339 (12,630)
	Profit on sale of property, plant and equipment	- -
	Profit on sale of shares	- -
		(1,990) (578)
	<i>Add/(less) movements in working capital items relating to operations</i>	
	Decrease/(increase) in accounts receivable	531 1,906
	Decrease/(increase) in prepayments	(297) (67)
	Increase/(decrease) in accounts payable	184 279
	Decrease/(increase) in retentions and bonds	(140) (240)
	Increase/(decrease) in deferred income	(67) (132)
	Net cash flows from operating activities	(1,779) 1,168

*Since 1 July 1998 Wellington Waterfront Limited's fee has been paid directly to Wellington Waterfront Limited by Wellington City Council. It is recorded in these financial statements as a non-cash expense with a contra equity contribution from Wellington City Council.

13 Financial Instruments

Credit risk

In the normal course of business the Lambton Harbour Development Project incurs credit risk from short term investments, trade debtors and term receivables. There are no significant concentrations of credit risk. The Lambton Harbour Development Project invests only in deposits with registered banks with satisfactory credit ratings. The Project has processes in place to review the credit quality of customers prior to the granting of credit. The Project's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents (note 2), and trade receivables (note 3). There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired. The cash and cash equivalents and short term deposits are held with the ASB Bank Limited which has a credit rating of Aa2 as determined by Moody's Investors Service on 11 May 2007.

Interest rate risk

Interest on short term deposits is at fixed rates. Interest on call deposits is at a floating rate set by the bank.

Foreign currency risk

The Lambton Harbour Development Project has no foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's
13	Financial Instruments (continued)	
<i>Liquidity risk</i>		
<p>Liquidity risk is the risk that the Project will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash. The Project has recently received approval for short-term funding from Council to cover cash requirements arising from delays in receipt of commercial proceeds. Any of the Project's deposits are short-term.</p> <p>Cash and other receivables comprise cash and cash equivalents and trade and other receivables.</p> <p>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 Project provides money, goods or services directly to a debtor with no intention of trading the receivable. Trade and other receivables are recognised at fair value. Allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.</p> <p>Cash and cash equivalents comprise cash balances and call deposits with up to three months maturity from the date of acquisition. These are recorded at their nominal value.</p>		
<i>Financial liabilities</i>		
<p>Financial liabilities comprise trade and other payables. Financial liabilities entered into with duration less than 12 months are recognised at their nominal value. The term liability to Wellington City Council is being charged at a fixed rate of 7.5%. There is no sensitivity concerning the interest rate.</p>		
14	Capital management	
<p>The Project's capital is its equity, which comprises capital and retained surpluses. Equity is represented by net assets. The Project requires the directors to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently. The Project's equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.</p>		
15	Related parties	
<i>Wellington City Council (Council)</i>		
Wellington City Council has 100% equity in the Lambton Harbour Development Project		
Net amount received from/(paid to) Council during the year was:		
- relating to operating revenue and expenses	(608)	1,586
- relating to Wellington Waterfront Limited Management fee	1,650	1,650
Net amount owed by/(owed to) Council at 30 June was:		
- relating to operating revenue and expenses	(978)	465
- on loan from Council	(4,400)	(3,900)

NOTES TO THE FINANCIAL STATEMENTS

OF THE LAMBTON HARBOUR DEVELOPMENT PROJECT FOR THE YEAR ENDED 30 JUNE 2009

Note	2009 \$000's	2008 \$000's
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15 Related parties (continued)

Wellington Waterfront Limited (Wellington Waterfront)

Land, buildings, infrastructure and leasehold interests in land within the Lambton Harbour Development Area are held by Wellington Waterfront as bare trustee for Council and are included in these financial statements. Other assets and liabilities of Wellington Waterfront held on behalf of the Lambton Harbour Development Project have also been reflected in these financial statements.

Wellington Waterfront received \$1,650,000 from Council as a management fee for managing the Lambton Harbour Development Project (2008 \$1,650,000). This amount is recognised in these financial statements as an equity contribution, and as management fee expense.

Lambton Harbour Development Project has an advance from Wellington Waterfront of \$1,000 (2008 \$1,000). The advance is repayable on demand.

Chaffers Marina Holdings Limited (Chaffers)

Net amount received from/(paid to) Chaffers during the year was:

- relating to operating revenue and expenses	(171)	46
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Net amount owed by/(owed to) Chaffers at 30 June was:

- relating to operating revenue and expenses	(3)	(281)
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Wellington Waterfront paid \$250,000 plus GST to Chaffers Marina Limited in February 2009 as a contribution towards deferred maintenance of the wavescreen (2008 \$250,000 was owed).

Amounts due on marina berth sales are secured over Chaffers Marina Holdings Limited shares.

Wellington Waterfront received a net \$121,700 (2008 \$117,000) from CentrePort Limited for wharf licence fees and electricity recharges. Mark Petersen, a director of Wellington Waterfront Limited, is also a director of CentrePort Limited.

16 Significant events subsequent to balance date

There have been no significant events subsequent to 30 June 2009

17 Going concern assumption

The going concern assumption has been applied during the preparation of these financial statements. Wellington City Council completed a review of Wellington Waterfront Limited's operation in December 2008 and a decision was made to transfer Wellington Waterfront Limited into Wellington City Council by 30 June 2010. It was agreed that a further review would be completed during the 2009/10 year to either confirm or reassess the decision in light of any changed circumstances. The assets and projects currently undertaken by Wellington Waterfront Limited are likely to continue in their current form.

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