



Wellington Waterfront Limited

QUARTERLY REPORT

to the

Council Controlled Organisations Performance

Subcommittee

Wellington City Council

Quarter ended 31 December 2009

Wellington Waterfront Limited
February 2010

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1. EXECUTIVE SUMMARY

Wellington Waterfront Limited (WWL) is pleased to present its report for the quarter ending 31 December 2009 outlining progress of the Wellington Waterfront Project and the Company.

1.1 *The Wellington Waterfront Project*

Key events during the quarter include:

- Design development of the Athfield Architects competition winning design for sites 8 & 9 was terminated in December 2009
- Wharf maintenance work at Taranaki St and Queens Wharves nearing completion
- Installation of retractable bollards at the Hunter Street intersection completed
- Commencement of the construction of a 39 site motorhome park on Site 10
- Commencement of the transfer of management of our car parks from Wilson Parking to in house management.
- The Outer-T competition successfully completed with the announcement of six selected ideas, all entries subsequently displayed in WWL's project information centre
- A Saturday craft market opened in mid December in Frank Kitts car park

1.2 *The Company - Wellington Waterfront Limited*

Wellington City Council reviewed its earlier decision to transfer WWL's project development and management responsibilities to the Council in July 2010 and confirmed that WWL should continue to manage waterfront projects indefinitely subject to review in mid 2012.

The economic climate has had a significant impact on the timing of proposed future key commercial developments on the waterfront, with the deferral period creating an opportunity to explore and implement a variety of interim uses for future development sites.

2. THE WELLINGTON WATERFRONT PROJECT

2.1 *Work Plan Implementation*

Progress on implementing the work plan is reported below.

Kumutoto

Sites 8 & 9

Independent planning commissioners appointed by WCC to assess proposed District Plan Variation 11 (DPV11) reported their recommendations to WCC in mid-November 2009. The recommendations supported the general thrust of the originally proposed DPV11 but with some minor modifications.

The independent planning commissioners recommended a reduction of the originally proposed maximum building height for development on sites 8 & 9 along with rejection of an additional discretionary height margin. Development of the Athfield Architects competition winning design for sites 8 & 9 was terminated in December 2009.

The independent planning commissioners recommendations on DPV11 to WCC have been appealed by three parties – Historic Places Trust, Queens Wharf Holdings Limited and Waterfront Watch Incorporated. Mediation hearings are likely to be undertaken in the second quarter of 2010 with any unresolved differences likely to proceed to the Environment Court in the second half of 2010.

WWL proposes to continue to support the proposed DPV11 and WWL will take a full and active part in the appeal process.

Site 10

Preliminary discussions with an independent developer acting on behalf of Hilton Hotels did not progress due to the economic recession and uncertainty around the planning approvals process, including the unknown outcome of DPV11.

WWL has embarked on the development of a 39 space motorhome park on site 10. Construction is 90% complete and the motorhome park will open in mid February.

Queens Wharf

Outer-T

Selected ideas were announced at a breakfast for all entrants on 4 November 2009. Further correspondence has been had with the six finalists with the winning entries playing a key part in the master-planning of the Queens Wharf precinct in early 2010.

Hunter Street

Installation of the retractable bollards and redevelopment works around the Hunter Street entrance to the waterfront were satisfactorily completed during the second quarter and this has significantly reduced vehicular use of the promenade on the seaward side of Shed 6.

Frank Kitts Park

Frank Kitts Park

The design proposal for the Chinese Garden component of the redevelopment of Frank Kitts Park has been endorsed by representatives of Wellington's sister cities, Xiamen and Beijing.

The Wellington Chinese Garden Society is in discussions with the sister cities about materials that may be supplied for the garden.

Taranaki Street Wharf

Wharewaka

WWL is managing the project on behalf of the Wharewaka o Poneke Charitable Trust. The Trust has appointed LT McGuinness as the construction contractor and they will be underway on site in early January 2010.

Construction is expected to be complete in early 2011.

Taranaki St Wharf Public Space

WWL is underway with the design of the public space design surrounding the wharewaka and the adjacent grassed mound and lagoon. It is expected that the public space upgrade work will be carried out during the second half of the wharewaka construction.

Taranaki St Wharf Repairs

The project is nearing completion and will be delivered on time and on budget.

Waitangi Precinct

Overseas Passenger Terminal and Clyde Quay Wharf

The developer is progressing with design work. WWL is reviewing the public space design around the building. It is hoped that construction will commence in early 2011.

2.2 General Operations

Property Management

Asset Management Plan

The development of the WWL AMP has proven to be a larger task than originally estimated. The skill and experience levels required for this work were not existent internally and have had to be developed concurrently with the AMP. The company's assets are wide ranging and many are historic. Capturing all life cycle management data from this suite of assets is a large task. The all encompassing nature of AMP planning has required adjustment and improvements to systems right across the business including accounting, documentation of policies, budgeting and archiving. Additional training and resource is now being applied to the completion of this project.

New Leases, Rent Reviews and Lease Renewals

Another conversion of a Frank Kitts Park boatshed was undertaken in the period, converting this under-utilised area into a thriving community of craft outlets. In this case the rubbish room was converted into 'Taonga Ponamu' or Maori greenstone treasure House.

We also entered into a lease of the Frank Kitts car park with Wellington Creative Limited for a Saturday Craft Market.

Car Park Management

WWL is rolling out the transfer of management of car parks from Wilson Parking to in-house management. This project has included re-configuring the layout of the parks, establishing new rates and enforcement regimes and signage.

Sites 8, 9, 10, and Barnett St will be established on 1 January 2010 with Clyde Quay to follow in March 2010.

Community Relations

During the quarter WWL undertook the following community relations activities:

- Regular updates to WWL's website to ensure project information and business listings were current. A new section on the Outer-T ideas competition includes a gallery of all the entries
- A display of the Outer-T ideas competition entries created in the project information centre
- Responded to general public enquiries regarding waterfront matters
- Organised and managed the Outer-T ideas competition breakfast and announcement of the winning entries.

2.3 Financial Performance

Statement of Financial Performance

The YTD net operating deficit is \$1.926 million against a budgeted deficit of \$2.428 million. The main factor contributing to the \$502,000 favourable variance is YTD Commercial planning costs being \$387,000 under budget. This is mainly due to timing differences between the budget and commencement of projects.

Statement of Financial Position

The net assets / equity position of the Project remains strong. The major capital expenditure items in the second quarter were \$382,000 towards wharf maintenance, \$215,000 for the Site 10 motorhome park development and \$178,000 for the Hunter Street intersection upgrade.

Liquidity

The Project's bank balance at 31 December 2009 totalled \$129,000. Current Assets and Current Liabilities totalled \$920,000 and \$1.383 million respectively with a working capital ratio of 0.67:1.

Forecast

As at 31 December 2009 WWL has borrowed \$6.750 million from Council. Borrowing is forecast to increase during the 4th quarter due to anticipated insurance payments and the construction of the Kumutoto public toilets.

3. THE COMPANY – Wellington Waterfront Limited

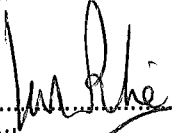
3.1 Comment on Progress

The Board continues its focus on ensuring the design, consultation, funding, and planning requirements of the waterfront development are completed effectively and according to the Framework by WWL management.

3.2 Financial Performance

The YTD Net Surplus is \$108,000 compared with the budgeted surplus of \$57,000. The major items contributing to the \$51,000 favourable variance are YTD Personnel costs and Administration costs under budget \$38,000 and \$9,000 respectively.

For the Board of:
Wellington Waterfront Limited


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Ian Pike
Chief Executive Officer
23 February 2010

WELLINGTON'S WATERFRONT

WELLINGTON WATERFRONT PROJECT
and
WELLINGTON WATERFRONT LIMITED

FINANCIAL STATEMENTS

for the quarter ending 31st December 2009

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Note:

The Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987 requires the Wellington City Council to cause to be prepared financial statements for the Lambton Harbour Development Project (as defined in the Act).

The term "Wellington Waterfront Project" as used in these financial statements is synonymous with "Lambton Harbour Development Project".

WELLINGTON WATERFRONT PROJECT
STATEMENT OF FINANCIAL PERFORMANCE
for the quarter ending 31st December 2009

Second Quarter			Year To Date			Full Year
Actual	Budget	Variance	Actual	Budget	Variance	Budget
\$000's	\$000's		\$000's	\$000's	\$000's	\$000's
REVENUE						
902	892	10	1,808	1,788	20	3,526
-	-	-	1	-	1	114
2	-	-	2	-	2	131
131	103	28	254	207	47	413
3	8	(5)	6	12	(6)	24
1,038	1,003	35	2,071	2,007	64	4,208
EXPENSES						
1,387	1,452	65	2,730	2,866	136	5,729
119	275	156	232	625	393	1,025
115	117	2	220	255	35	492
447	345	(102)	815	689	(126)	2,034
2,068	2,189	(121)	3,997	4,435	438	9,280
(1,030)	(1,186)	156	(1,926)	(2,428)	502	(5,072)

WELLINGTON WATERFRONT PROJECT
STATEMENT OF MOVEMENTS IN EQUITY
for the quarter ending 31st December 2009

Second Quarter			Year To Date			Full Year
Actual	Plan	Variance	Actual	Budget	Variance	Budget
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
90,356	90,356	-	163,937	163,937	-	163,937
(1,030)	(1,186)	156	(1,926)	(2,428)	502	(5,072)
300	300	-	600	600	-	1,200
-	-	-	-	-	-	-
89,626	89,470	156	162,611	162,109	502	160,065

WELLINGTON WATERFRONT PROJECT
STATEMENT OF FINANCIAL POSITION
as at 31st December 2009

	<i>Actual Dec-09 \$000's</i>	<i>Actual Sep-09 \$000's</i>
CURRENT ASSETS		
Deposits/bank	129	715
Operating receivables	275	154
Marina receivables - current portion	-	11
Prepayments	527	702
Intercompany	(11)	(6)
Properties intended for sale	7,368	7,368
TOTAL CURRENT ASSETS	8,288	8,944
NON CURRENT ASSETS		
Fixed assets	161,001	160,746
Shares in Chaffers Marina Holdings Ltd	983	983
Option asset	26	26
Meridian Building Receivables	447	447
TOTAL NON CURRENT ASSETS	162,457	162,202
TOTAL ASSETS	170,745	171,146
CURRENT LIABILITIES		
Accounts payable	572	861
Retentions and bonds	123	126
Deferred income	688	666
TOTAL CURRENT LIABILITIES	1,383	1,653
NON CURRENT LIABILITIES		
Advance from associate company	1	1
Long term advance - WCC	6,750	6,150
TOTAL NON CURRENT LIABILITIES	6,751	6,151
EQUITY		
Wellington City Council	145,731	146,462
Asset revaluation reserves	16,880	16,880
TOTAL EQUITY	162,611	163,342
TOTAL FUNDS EMPLOYED	170,745	171,146

WELLINGTON WATERFRONT PROJECT
STATEMENT OF CASHFLOWS
for the quarter ending 31st December 2009

	Second Quarter			Full Year
	<i>Actual</i> \$000's	<i>Budget</i> \$000's	<i>Variance</i> \$000's	<i>Budget</i> \$000's
OPERATIONS				
Cash In	808	1,000	(192)	4,077
Cash Out	(1,045)	(1,163)	118	(6,888)
Net Operation Cash Flows	(237)	(163)	(74)	(2,811)
INVESTMENT				
Cash In	600	1,350	(750)	5,950
Cash Out	(949)	(1,233)	284	(3,322)
Net Investment Cash Flows	(349)	117	(466)	2,628
FINANCING				
Cash In	-	-	-	-
Cash Out	-	-	-	-
Net Financing Cash Flows	-	-	-	-
NET MOVEMENT IN CASH FLOWS	(586)	(46)	(540)	(183)
Opening Balance	715	391	324	426
Closing Balance	129	345	(216)	243
REPRESENTED BY:				
Cash				
Bank Deposits	129	400	895	544
Total Cash	129	345	(216)	243

WELLINGTON WATERFRONT PROJECT
CAPITAL EXPENDITURE - CURRENT YEAR
as at 31st December 2009

	Year To Date			Year End
	Actual	Budget	Variance	Budget
	\$'000	\$'000	\$'000	\$'000
PUBLIC SPACE				
<i>Taranaki Wharf Project</i>				
TSW Public Space	-	-	-	-
TSW Traffic Control	-	100	100	100
Total Taranaki Wharf	-	100	100	100
<i>Wharewaka</i>				
Wharewaka	44	187	143	187
Total Wharewaka	44	187	143	187
<i>Kumutoto NQW</i>				
Kumutoto WC	-	-	-	400
Kumutoto Campervan	215	500	285	500
Total Kumutoto NQW	215	500	285	900
<i>Wharf Maintenance</i>				
Wharf Maintenance	1,115	1,300	185	1,415
Total Wharf Maintenance	1,115	1,300	185	1,415
<i>Minor Works</i>				
Other	26	100	24	200
Hunter St Traffic Control	511	520	9	520
Total Minor Works	537	620	33	720
TOTAL PUBLIC SPACE	1,911	2,707	746	3,322
TOTAL CAPITAL EXPENDITURE	1,911	2,707	796	3,322

WELLINGTON WATERFRONT LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
for the quarter ending 31st December 2009

Second Quarter			Year To Date			Full Year
Actual	Plan	Variance	Actual	Budget	Variance	Budget
\$000's	\$000's		\$000's	\$000's	\$000's	\$000's
REVENUE						
300	300	-	600	600	-	1,200
4	2	2	8	5	3	10
304	302	2	608	605	3	1,210
EXPENSE						
183	198	(15)	359	397	38	959
29	29	-	58	58	-	117
53	47	6	83	93	10	188
265	274	(9)	500	548	48	1,264
39	28	11	108	57	51	(54)
NET SURPLUS (DEFICIT)						

WELLINGTON WATERFRONT LIMITED
STATEMENT OF FINANCIAL POSITION
as at 31st December 2009

	<i>Actual</i> <i>Dec-09</i> \$000's	<i>Actual</i> <i>Sep-09</i> \$000's
CURRENT ASSETS		
Deposits/Bank	552	532
Accounts Receivable	36	13
Prepayments	7	14
	595	559
NON CURRENT ASSETS		
Office Equipment	18	19
Computer Equipment	10	11
Motor Vehicle	1	1
	29	31
TOTAL ASSETS	624	590
CURRENT LIABILITIES		
Accounts Payable / Accruals	99	105
Tax Provision	-	-
Management Fee in advance	354	354
	453	459
EQUITY		
Paid Up Capital	1	1
Retained Earnings	170	130
TOTAL EQUITY	171	131
TOTAL FUNDS EMPLOYED	624	590

WELLINGTON WATERFRONT LIMITED
STATEMENT OF CASHFLOWS
for the quarter ending 31st December 2009

	Second Quarter			Full Year
	<i>Actual</i> \$000's	<i>Budget</i> \$000's	<i>Variance</i> \$000's	<i>Budget</i> \$000's
OPERATIONS				
Cash In	337	338	(1)	1,315
Cash Out	(317)	(431)	114	(1,383)
Net Operation Cash Flows	20	(93)	113	(68)
INVESTMENT				
Cash In	-	-	-	-
Cash Out	-	-	-	-
Net Investment Cash Flows	-	-	-	-
NET MOVEMENT IN CASH FLOWS				
	20	(93)	113	(68)
Opening Balance	532	627	-	523
Closing Balance	552	534	113	455
REPRESENTED BY:				
Cash	552	534	18	455
Total Cash	552	534	18	455

**WELLINGTON WATERFRONT LIMITED
KEY PERFORMANCE INDICATORS
For Year Ending 30 June 2010**

Key Performance Indicators for 2009/10

- **Oversee design development and apply for resource consent for the development of Kumutoto sites 8 & 9 in Q2. Planning for the redevelopment of sites 8, 9 and 10 in the Kumutoto precinct were suspended at the end of June, pending the outcome of the planning commissioners' recommendation to WCC on proposed District Plan Variation 11 setting maximum building heights for each site. As a consequence of the commissioners' decision and subsequent appeal, WWL terminated Athfield's work on design development.**
- **Oversee design development, apply for resource consent and complete construction planning for the redevelopment of Frank Kitts Park subject to reaching agreement with the Wellington Chinese Garden Society and Wellington Chinese sister cities. Application for resource consent has been deferred until the Wellington Chinese Garden Society significantly advances its fundraising.**
- **Project manage the construction of the wharewaka at Taranaki Street Wharf which is due to commence January 2010 and be completed February 2011 – on target.**
- **Oversee design development and the completion of further public space developments at Taranaki St Wharf in conjunction with the Wharewaka – on target.**
- **Develop concepts, seek approvals, and oversee design development for the redevelopment of Queens Wharf, including Shed 6 and the Outer-T and prepare a master plan that will be publicly consulted upon as part of the process of adopting it as a variation to the district plan – on target.**
- **Complete phase 1 of the wharf refurbishment programme – on target.**
- **Develop concepts, seek approvals, oversee design development and facilitate the development of interim uses on development sites around the waterfront. Motorhome Park commenced, other investigations ongoing.**

- Prepare transitional plans in anticipation of a transfer of responsibility from WWL to WCC. **Development of the Asset Management Plan is proceeding. Extension of time for company agreed in the 2009/10 Development Plan.**

Measure	Frequency of measure	Target 2009/10	Quarter 2 2009/10
<i>Financial</i>			
Capital expenditure (public space and commercial development expenditure)	Quarterly	\$3.322	\$786,000
Commercial proceeds	Quarterly	\$0.000m	\$0.000m