
Wellington Waterfront Limited

Statement of Intent

An overview of our planned strategies and activities 2011/12



What is our 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."



What is our mission/purpose?

To implement the Wellington Waterfront Framework that contains criteria for the development of each area of the waterfront.

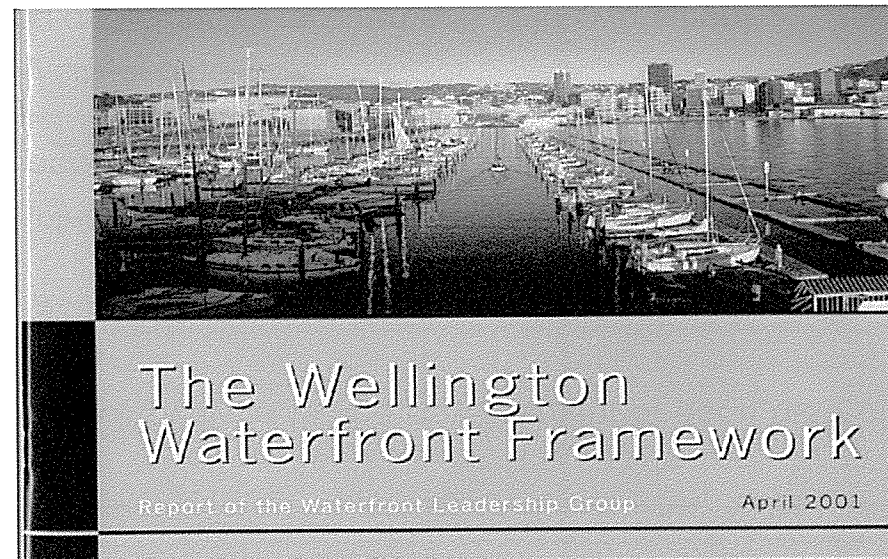
We will know we are on track when:

- We have developed a waterfront that is locally and internationally recognised for its design
- We have developed an attractive waterfront that is accessible, safe and caters to a wide range of activities for locals and visitors
- We have integrated the waterfront with the adjoining city and harbour
- We have completed the design, consultation, funding and planning requirements of the waterfront development
- The waterfront's heritage, maritime activity and history, and the city's cultural diversity is celebrated

What guides our work?

The Wellington Waterfront Framework is our principal guiding document. We also operate under specific legislation and authorities including:

- Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987
- Constitution of Lambton Harbour Management Limited (now Wellington Waterfront Limited - WWL)
- The Overview Agreement between Wellington City Council (WCC) and WWL
- Board of Directors' Charter
- Marine and Coastal Area Act 2011



What values guide our work?

- Social responsibility
- Environmental sustainability
- Regard for the interests of the community
- Being a good employer; ensuring our people add value and are valued

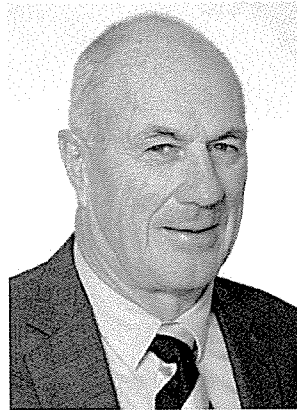


Our People - Governance

The Board is responsible to shareholders for the implementation of the Project by participation in the setting of objectives, strategy, and key policy areas, and the approval of key project phases and specific agreements.

Board membership:

- Robert Gray (Chair)
- Jane Black
- Mark Petersen (retires 30 June 2011)



Robert Gray



Jane Black



Mark Petersen

What is the role of the Board?

The Board is responsible for:

- Overseeing the implementation of the Project on behalf of the Wellington City Council
- Its work and its code of conduct are governed by the Company's constitution, the Overview Agreement with Council, the Charter, and the Board of Directors' Charter
- The Board reviews and approves the three year strategic plan and an operating budget prepared by management
- These documents include approval of annual accounts, provision of information to our shareholder, major capital projects, approval of development contracts, and disposal of assets
- The Board also reviews monthly financial statements, and individual project reports to monitor management's performance against the budget and the three year plan
- The Board aims to ensure our shareholder and stakeholders are informed of all major developments affecting the projects

How does the Board operate?

- The Board meets regularly, no less than six times a year
- Board Committees:
 - Audit and Risk Committee - overviews management's practices; policies; financial position; the effectiveness of audit and risk management processes; and liaises with external auditors
 - People and Performance Committee - ensures appropriate remuneration; people policies; procedures and programmes are in place; and reviews the terms and conditions of the CEO's employment and is responsible for setting the objectives and performance targets of the CEO
 - The Board conducts an annual self-evaluation by surveying each member against set criteria

Our People – Management

WWL operates with a small team of dedicated people each with clearly defined roles and responsibilities.

- The staff take responsibility for each of the projects and developments; care and maintenance of the infrastructure and facilities; restoration projects; health, safety and cleanliness on the waterfront; and management of the 100 tenancies and waterfront businesses
- We have a core staff of eight plus an additional part time resource to manage the Harbourside Market

How we plan our work?



What principles guide our work?

There are a number of inter-linking themes reflecting the public's interest in the future of the waterfront. These themes are considered and included in the planning of the waterfront as a whole and in each of the individual areas:

- Expression of heritage and history
- Expression of Maori heritage and presence
- 'sense of place' for Wellingtonians
- Diversity of experience
- Sense of collective ownership and involvement
- Experience of space and openness
- Ease of access for all



Where do we work?

There are five distinct areas (precincts) on the waterfront. Each precinct has its own character that relates to both the built form and open spaces, and reflects the close proximity of the area to the central city.

- Kumutoto
- Queens Wharf
- Frank Kitts Park
- Taranaki Street Wharf
- Waitangi Park

The Waterfront



Our relationships and partnerships

Wellington City Council:

WWL is appointed by the Council as its implementation manager of the Lambton Harbour Development Project (the 'project'). WWL makes recommendations and presents design outcomes and business cases to Council for approval. WCC remains responsible for all decision-making on the waterfront. WWL works closely with the Council and acknowledges the valuable contribution the Council makes towards the operation of the waterfront.

In our dealings with the Council:

- We operate a no surprises policy where we inform Council of any significant issue
- Our key relationships are with WCC's Technical Advisory Group, the CCO Performance Sub-Committee and WCC officers, including the Urban Strategy Group and the External Communications Unit
- We are responsible for ensuring that:
 - For its part, an open and effective basis for consultation and co-operation is maintained with Council
 - The waterfront is clean, safe and well maintained
 - Council has relevant and timely advice to inform its decision-making. This will include financial advice and will involve WWL contributing to a financial model for the waterfront
 - Contracts entered into are appropriate to deliver the desired outcome and reflect Council's policy
 - Public space development projects are delivered to plan, on time and on budget
- We work collaboratively with Positively Wellington Tourism in promoting the waterfront – the most recent example being the knowledge shared and assistance provided in the establishment of the Motorhome

Park. While it failed to come to fruition, we worked alongside PWT in identifying suitable i-Site locations on the waterfront

- We entered into a formal Memorandum of Understanding with the Wellington Museums Trust several years ago. Activities include working together on the establishment of a historic review of the waterfront development as an educational programme for school groups and visitors alike
- WWL has a positive relationship with the newly formed Wellington Venues Limited. WWL completed a major study on convention facilities in 2010 in conjunction with the Wellington Convention Centre and more recently has completed a preliminary review of the TSB Bank Arena, also in conjunction with Wellington Convention Centre.

We undertake active engagement with the waterfront's various communities of interest, fostering input into the implementation of the waterfront's various projects.

Community:

WWL's ultimate accountability is to Wellingtonians and it demonstrates this by aiming to operate with transparency and through a willingness to engage with the public and welcomes feedback.

Feedback is encouraged through:

- The website
- Waterfront Project Information Centre
- Feedback forms
- Open days
- Other activities such as the Outer-T ideas competition and public representation on the Queens Wharf Steering Group
- Formal feedback sought through public consultation processes

Community and interest groups:

Community groups are encouraged to provide input through the above processes as well as presentations and face-to-face meetings.

We are also in regular contact with various interest groups including the media; arts; Chamber of Commerce; tenants/businesses; and our neighbours.

The objectives and our approach to relationship management for each key stakeholder are applied across all WWL work streams to ensure we are transparent and open in all our communications and that our relationships are constructive.

Regular planning and co-ordination group meetings are held with businesses, tenants and neighbours to facilitate event integration into their business plans and establish collaborative activities to promote the waterfront.

A summary of our day-to-day work

As the implementation manager of the Project we are responsible for a number of activities on a day-to-day basis. These include:

- Managing the operations on the waterfront, including property management (excluding Waitangi Park) inclusive of leasing, cleaning, maintenance, and security
- Advising the appropriate Council committees on all aspects of waterfront development, including budgets, development phasing, technical information, costs, feasibility and commercial issues
- Commissioning work on detailed designs for both public spaces and buildings based on approved performance briefs
- Selecting and appointing designers and other consultants
- Marketing waterfront sites and properties as appropriate to get the best return for the Council. The commercial return received from these properties is used to fund the public space expenditure on the waterfront. Commercial receipts supplement the agreed WCC funding
- Acting as the contact point for anybody interested in a development project on the waterfront
- Negotiating and managing contracts for the design and construction of public space
- Negotiating and managing contracts and leases for all building development sites and the refurbishment and re-use of existing buildings
- Managing the Harbourside Market and Motorhome Park
- Developing long term plans for the operation of the waterfront at the conclusion of the project

2010/11 achievements

In a constrained economic climate, it was gratifying to see so many projects come to fruition or get underway including:

- Wharewaka construction together with surrounding public space, completes development of Taranaki Street Wharf precinct
- Wellington Waterfront Motorhome Park successfully completed its first year of operation
- Access control bollards at Taranaki St restricting vehicular traffic to the promenade were installed
- Preparation for the third stage of wharf maintenance was completed
- Completion of the Kumutoto toilets and refurbishment of toilet facilities in Sheds 1 and 6
- Master planning for Queens Wharf precinct completed
- Overseas Passenger Terminal redevelopment advanced
- Planning for NZ Police building completed
- Significant number of events held on the waterfront
- Continued assistance in development of the Great Harbour Way
- Environmental sustainability incorporated into all new development designs
- Roll-out of recycling facilities across the waterfront
- Wi-fi made available across the waterfront
- Completion of comprehensive asset management plan

What are our plans for 2011/12

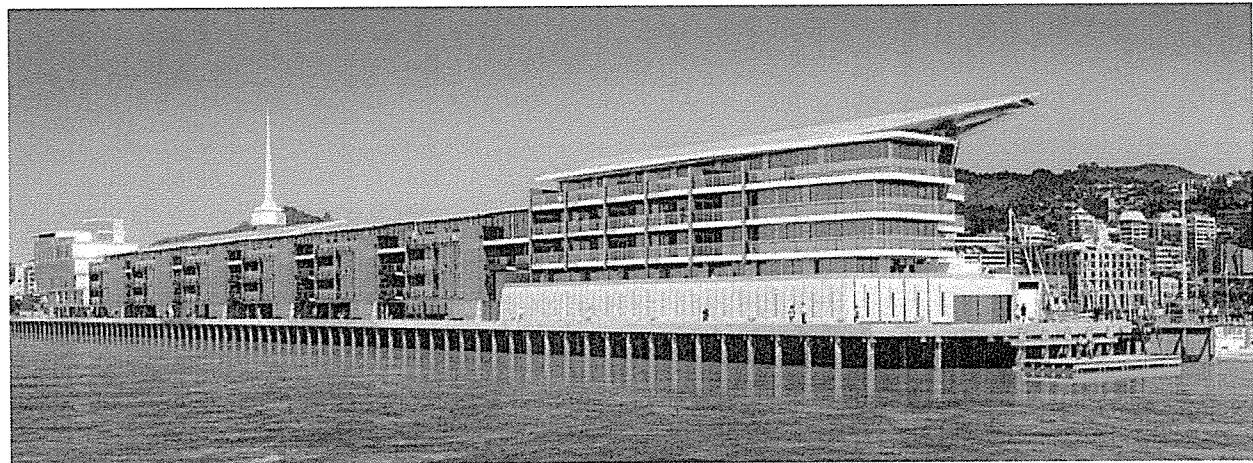
2011/12 focus will continue on project development albeit with a greater focus on infrastructure upgrades. Specific proposals for the services to be undertaken, and the detail of public space developments and commercial developments are included in the business plan for the project.

- By June 2012 WWL believes plans for the following projects will be significantly advanced and in some instances completed:
 - Stage 3 of a major wharf pile maintenance programme
 - Better utilisation of wharves around the waterfront
 - Overseas Passenger Terminal construction expected to commence
 - Site 10, Kumutoto – plans for Site 10 advanced along with resolution of District Plan Variation 11
 - Helicopter building on Outer-T, Queens Wharf
 - Frank Kitts Park – Chinese Garden fund raising
 - Transition Building – Waitangi Park
 - Asset Management Plan implementation
 - Disaster recovery and business continuity plans completed and implemented
 - Maintenance projects
 - Continued planning of specific projects within the Queens Wharf precinct
 - Rugby World Cup

- Migration of our in-house financial function to a recently established shared services division within Council. A Service Level Agreement will be prepared by WWL and agreed with Council prior to implementation, expected to commence in September 2011
- In addition, we will continue to investigate additional revenue sources to improve our operating position. These include:
 - Sale of long-term lease interests in sheds 3, 5 & 13
 - Development of sites 8 & 9, Kumutoto
 - Complete expeditious and fair rental reviews and lease renewals in order to maximise rental income streams
 - Explore opportunities for increasing our income through the creation of new tenancies

Overseas Passenger Terminal

- Preparation will begin for the construction of the OPT by Willis Bond expected in the second quarter (Q2)
- Negotiate ground floor tenancies – temporary and permanent re-location; design of surrounding public space



KPI: Facilitate the commencement of construction in Q2 (subject to Willis Bond confirming the contract) and complete all WWL ground floor lease negotiations

Site 10 Kumutoto

- Management of temporary motorhome park on site 10. The site will provide spaces and ablution facilities for 39 motorhomes for the short-to-medium term and during the Rugby World Cup
- Development of long-term concept plans for site 10 will continue
- WWL will work closely with the Council in support of its District Plan Variation 11, the subject of an Environment Court appeal



KPI: Progress development discussions with the aim of realising a development in line with funding expectations

Helicopter Building – Queens Wharf

- Initial planning
- Design development
- Gain WCC approval
- Project manage construction



KPI: Subject to gaining all necessary approvals, complete project by Q4

Wharf pile maintenance programme

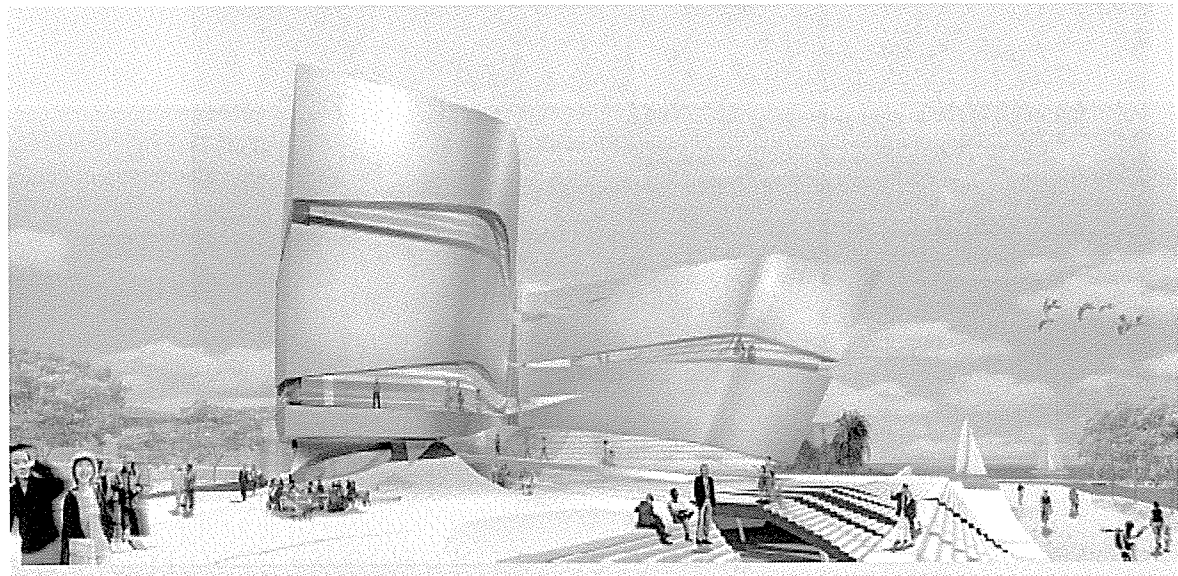
- Substantially complete Queens Wharf Outer-T pile repair
- Construction to commence in June/July 2011 and is expected to take 12-18 months



KPI: Significantly advance phase 3 of wharf pile refurbishment programme

Transition site – Waitangi Park precinct

- Initial planning in conjunction with Te Papa
- Design development subject to the outcome of the proposed Waterfront Framework review and shareholder approval



KPI: Progress planning for development and enter into Memorandum of Understanding with Te Papa by Q4

Disaster Recovery and Business Continuity Plan

- Disaster recovery business continuity plans completed and implemented



KPI: Complete comprehensive disaster recovery and business continuity plans by Q4

Maintenance projects

- Roll out the full planned and reactive maintenance requirements that the Asset Management Plan prescribes on time and within budget
- Regular maintenance programmes will be implemented across the waterfront



KPI: Roll-out the full planned and reactive maintenance requirements that the AMP prescribes on time and within budget

Rugby World Cup

WWL is excited about the prospect of contributing to and participating in the planning for Wellington's part in the Rugby World Cup 2011. Ongoing regular meetings with the City Council Rugby World Cup Directorate is ensuring a collaborative effort between WCC and WWL, and as a result we expect a seamless organisation of this significant event on the waterfront.

The wharewaka will be the heart of the Rugby World Cup Festival, and Queens Wharf will be a natural congregation point for locals and visitors alike.

Existing attractions on the Waterfront will also be a draw-card including: harbour cruises/taxis; helicopters; wharf berthage; the New Zealand Portrait Gallery; the Museum of Wellington City and Sea; markets; and food and beverage.

Specific activities being undertaken by WWL include:

- Facilitation of negotiations/discussions with tenants within and adjacent to village and fan zone; general liaison/advice in regard to utilities, services connections, access control, etc
- Liaison with and input into planning and location of the RWC 2011 sculpture on the waterfront
- WWL upgrading public wc's on waterfront
- WWL installation of waste recycling bins next to litter bins on waterfront (funded by a Ministry for the Environment initiative through 'Love New Zealand')
- WWL coordination / facilitation of quarterly briefings of waterfront tenants by RWC 2011 personnel



- WWL input into planning of waterfront 'theming' eg flags, way-finding beacons, lighting, signage, dressing up of selected waterfront features such as cranes, etc
- Encouraging/facilitating extended operation of waterfront markets (Frank Kitts Market and Harbourside Market) to increase hours and days of operation particularly around quarter-finals weekend
- WWL offer to convert casual commuter car parks into temporary additional motorhome parks
- Liaison with RWC 2011 and CentrePort over possible use of WWL berths by visiting passenger liners providing additional temporary accommodation



KPI: Constructively contribute to Rugby World Cup planning in collaboration with Wellington City Council

Environmental Sustainability

Environmental sustainability is incorporated into all new development designs, and our processes are already delivering high quality spaces within budget.

What we've achieved:

- Sustainable designs 5-star building delivered with implicit water & energy savings – Meridian Building
- Water purifying treatment of stormwater water in Waitangi Park
- Experimental wind turbine in Waitangi Park
- Incorporating water and energy saving features in motorhome park amenities building
- Recycling facilities provided across the waterfront
- Wi-Fi facilities provided across the waterfront



What we intend to do:

- Incorporate into designs for proposed buildings environmentally friendly features e.g. active measures – low energy lights, low flow rates for water, grey water usage, waterless wc's, solar power, wind power, use of chilled beams, opening windows, blinds, etc to reduce reliance on air-conditioning, sea-water heat

exchangers, re-use of building materials; passive measures – bike racks, no car parks, planning configuration that encourages use of stairs as opposed to lifts

- Incorporating building features that will cope with expected sea-level rise / storm surges/potential water inundation into waterfront buildings over the next 50 years
- Encouraging construction contractors to adopt environmentally sound building practices
- Continuing to foster the development of inner-city apartments thereby reducing both urban sprawl and reliance on motor vehicle use
- Ensuring adequate and conveniently placed rubbish and recycling receptacles are provided along the waterfront for both our tenants and the public
- Reduction of car parks over time
- WWL will work with the climate change directorate within WCC to better understand Council's requirements and implement further initiatives where appropriate

What are our risks & how do we minimise them?

WWL is a publicly owned company and there is considerable degree of community interest in our work. It is the company's job to balance the diverse community and commercial interests in the waterfront.

- WWL has identified the following key risk areas that it must manage in order to achieve its objectives:

1. Brand & Image

Formal and informal feedback that WWL obtains from stakeholders and the wider public, indicate that the image of WWL is well regarded. The high degree of public interest in WWL's work often creates controversy and the company must balance diverse community and commercial interests while not tarnishing its reputation.

WWL places significant emphasis on the importance of its image.

WWL intends to retain and where possible improve its image by:

- Maintaining the highest possible levels of integrity and professional standards
- Maintaining a balanced focus on desired community and commercial outcomes
- Remaining open and transparent in all of its business dealings
- Remaining highly innovative
- Communicating effectively with stakeholders and the citizens of Wellington via its website, project information centre, tenant and business communications and public consultation and engagement
- Meeting project timelines and budgets or performing to stated commitments on each project

2. Market Environment

The slow New Zealand and indeed international economy reduces opportunities available to Wellington Waterfront.

Despite the generally gloomy economic backdrop, there are glimpses of optimism as evidenced by some prospective tenant and developer interest in waterfront development opportunities to position themselves ahead of an expected improvement in the property market by 2014. Further signs of optimism are evident with developers Willis Bond & Co experiencing high levels of buyer participation in the Overseas Passenger Terminal apartment development.

3. Regulatory Environment

The regulatory environment and the high degree of public interest in WWL's proposed projects pose the risk of considerable delay and can result in significant costs when proposed projects are delayed or abandoned.

4. Human Resource

A company's main asset is its people and the knowledge, experience, dedication and skill they bring are key to the company's success. The risk of business interruption through the potential loss of any one or more members of its senior executive team cannot be overlooked and requires strategies to enable business continuity regardless of the loss of any key member.

5. Capital Availability / Credit

The global financial crisis was accompanied by the sudden withdrawal of credit which in turn compounded the effects of the crisis and led to the ensuing global recession.

WWL is reliant on the availability of capital. WWL and WCC entered into a loan agreement in 2008, which was ratified again in 2009. The availability of capital/credit is also crucial to property developers that WWL works with. Many developers are currently experiencing difficulty securing or renewing credit facilities.

6. Environmental Impact

WWL takes all possible practicable measures to minimise the effects its business activities may have on the environment and the effects that the environment may have on its business activities.

The effects of climate change, earthquake, tsunami, king tide (10/4/2012), storms, fire, gas or chemical leaks, disease pandemics or other potentially catastrophic events could have a devastating impact on the waterfront, physically and financially. WWL has comprehensive insurance cover that is regularly reviewed. WWL now requires all development design to take into account and make allowance for the effect that climate change may have on its buildings the waterfront and the wider environment.

Measures taken by WWL include ensuring that all construction and operational activities on the waterfront comply with statutory requirements and that careful consideration is given to the potential effects of hazards in design, construction and operation.

Hazard management and other health and safety issues are regularly reviewed and monitored. WWL's building and service contractors, suppliers and tenants are all encouraged to adopt sustainable business practices.

Development of a comprehensive Business Continuity and Disaster Recovery Plan is planned for this year.

7. Physical Assets

The importance of WWL's assets and infrastructure and the need to maintain them to an appropriate standard is a key potential risk area that WWL has focused on in recent years and has taken active measures to address.

The single most important action that has been implemented is the development of a formal asset management plan that records relevant information about every single WWL asset and outlines a maintenance plan for the expected future remaining life of each asset.

The asset management plan will allow more proactive management of WWL's physical assets. This will reduce risks associated with the ownership, maintenance and operation of its assets, particularly its vital infrastructure.

8. Public Safety

WWL recognises the importance of maintaining a good public safety record for the waterfront.

WWL must remain vigilant to potential risks to public safety and take appropriate measures to ensure that public safety is not compromised. WWL retains the services of an independent specialist consultant with a focus on IPTED (injury prevention through environmental design) and CPTED (crime prevention through environmental design) to assist with the identification of actual or potential hazards and undertake a prioritised continuous improvement programme to eliminate or mitigate risks.

- These risks are reviewed on a regular basis with regards to their likelihood of occurrence, impacts and mitigation measures. Greater detail of the risks, probability, impact and mitigation strategies are contained in the risk matrix within the Risk Management Policy which is prepared annually for inclusion in the business plan.

Audit and Risk Assurance Processes

- The Board has a dedicated Audit and Risk Committee
- The Committee believes the issues of segregation of duties, project management disciplines, contract/payment authorisation and banking controls, and the regular monthly reporting of financial information to the Board and WCC are appropriate
- WWL has had positive audits by WCC's Risk Assurance Unit and Audit New Zealand for procurements and project management
- Adherence is given to WWL's comprehensive Project Management Manual, Corporate Manual, and Asset Management Plan

How do we achieve financial stability in the short-term and work towards financial independence?

WWL is coming out of a period of adjustment and consolidation due to the impact of the global economic environment on the developers' interest and tenants' requirements, setbacks in the Environment Court, and the governance review undertaken by WCC which has now been completed.

Details of our operations include:

- WCC has allocated \$15 million to the development of high quality public space on the waterfront. This funding has gone towards maintaining and redeveloping existing infrastructure
- Approximately 75% of the actual costs of the waterfront development comes from income derived from commercial arrangements with developers and investors
- Additional temporary funding was approved in 2009 by WCC as a result of the economic environment, to fund future planning and for public space development. This funding was increased as part of the approved process for the governance review. The ten year financial forecast is shown on the following page. In the current economic environment there remains considerable uncertainty about delivering financial projections. WWL management will work assiduously to reduce risk and maximise commercial returns from the project within the context of the Wellington Waterfront Framework.

Financial – Ten Year Financial Forecast

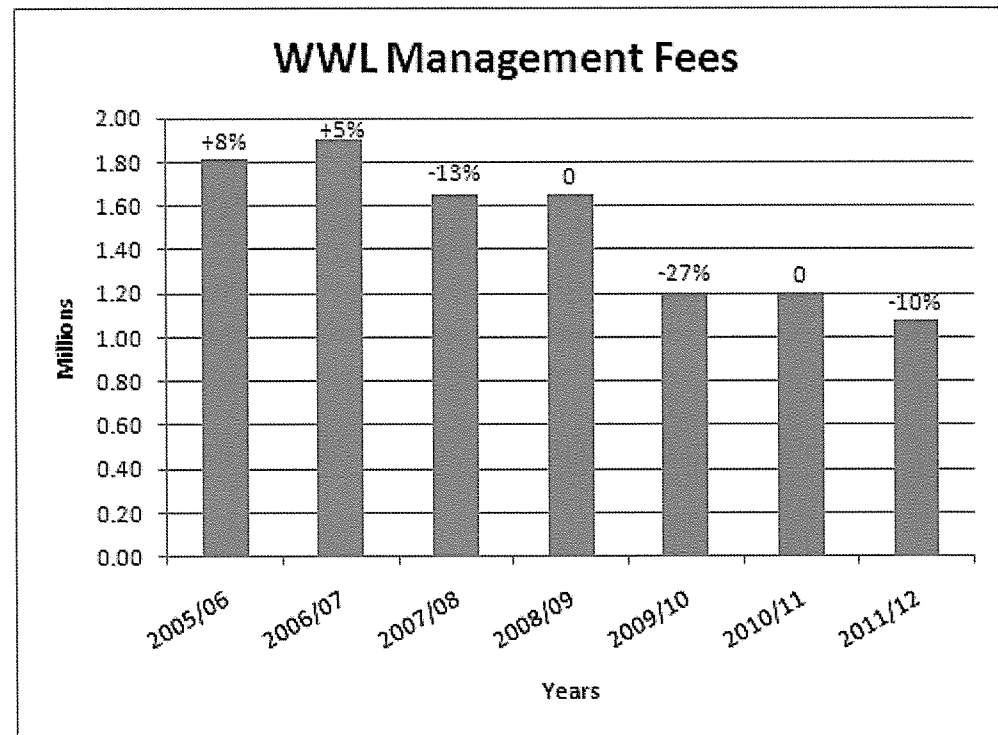
CASH FUNDS SCHEDULE	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Public Space Fund											
Loan Financing - Balance	11,900	14,500	16,400	3,400	1,900	600	1,700	5,200	6,800	8,400	9,800
Receipts											
WCC Equity Contribution / Loan Financing	11,900	2,600	1,900	(13,000)	(1,500)	(1,300)	1,100	3,500	1,600	1,600	1,400
Total Receipts		2,600	1,900	(13,000)	(1,500)	(1,300)	1,100	3,500	1,600	1,600	1,400
Payments											
Public Space Improvements		6,050	1,034	7,161	4,894	649	360	2,639	526	315	319
Total Payments		6,050	1,034	7,161	4,894	649	360	2,639	526	315	319
Net Transactions for Period		(3,450)	866	(20,161)	(6,394)	(1,949)	740	861	1,074	1,285	1,081
Brought Forward Balance											
Net Transactions for Period		(3,450)	866	(20,161)	(6,394)	(1,949)	740	861	1,074	1,285	1,081
Commercial Development Fund											
Receipts											
Proceeds from Commercial Developments		4,000	0	20,875	6,980	2,600	0	0	0	0	0
Total Receipts		4,000	0	20,875	6,980	2,600	0	0	0	0	0
Net Transactions for Period		4,000	0	20,875	6,980	2,600	0	0	0	0	0
Operations Fund											
Receipts											
WCC Equity Contribution - WWL Fee		1,075	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Receipts from customers											
Lease/rental		2,291	1,996	1,397	1,183	961	966	994	1,000	1,008	1,010
Carpark/Motorhome		1,432	1,426	924	936	943	950	957	964	971	971
Recoveries		397	346	267	235	200	203	206	209	212	216
Interest Received		24	24	24	24	24	24	24	24	24	24
Total Receipts		5,218	4,842	3,663	3,429	3,178	3,193	3,231	3,246	3,265	3,270
Payments											
Operating Expenses before Int, Tax, Depc'n											
Property costs		2,371	2,237	1,557	1,382	1,290	1,281	1,302	1,321	1,341	1,361
Community relations		55	56	58	59	60	61	62	63	63	64
Overheads (including mm fee)		1,315	1,277	1,325	1,288	1,314	1,316	1,322	1,303	1,354	1,310
Planning costs - projects		350	450	0	0	0	0	0	0	0	0
Insurance		967	996	1,026	1,041	1,057	1,073	1,089	1,105	1,121	1,138
Operating Expenses before Int, Tax, Depc'n		5,058	5,016	3,966	3,770	3,720	3,731	3,774	3,791	3,880	3,874
Working Capital Adjustments - Payables		400	0	0	0	0	0	0	0	0	0
Loan payments / interest		717	751	221	124	39	111	338	442	546	637
Total Payments		6,175	5,767	4,187	3,893	3,759	3,841	4,112	4,233	4,426	4,511
Net Transactions for Period		(957)	(926)	(525)	(464)	(581)	(648)	(881)	(987)	(1,162)	(1,241)
Net Transactions for Period		(957)	(926)	(525)	(464)	(581)	(648)	(881)	(987)	(1,162)	(1,241)
Net Cash at end of Period	569	162	102	292	414	484	576	556	644	767	607

Cost Management

WWL, in recognition of an increasingly difficult trading environment, reduced its costs by 27% in 2009. This included savings gained by a company restructure combined with a reduction in Directors' fees. A further 17% reduction from \$1.2 million to \$1.075 million has been achieved for the 2011/12 year.

The Company has:

- Reduced its staff by outsourcing its financial activities to a WCC shared services business unit
- Reduced governance costs by reducing the number of directors and the frequency that the Board meets



WWL contribution to WCC vision

The Council's vision is to achieve global competitive advantage by positioning our city as *Creative Wellington-Innovation Capital*.

In line with this vision the Council has identified thirteen outcomes that describe its aspirations to the city.

WWL is contributing to these outcomes in a number of ways:

- More Liveable:
 - The Waterfront is already a jewel in Wellington's crown, and a major driver of the Framework document is to work towards the goal of making the city more liveable.
 - Currently we contribute in a number of ways: by providing a diverse array of attractions e.g. events, markets, recreational opportunities; providing the opportunity for more inner city residential apartments; and by making our buildings more publicly accessible e.g. Sheds 11, 13, 6, 1.
 - The combination of both green public spaces and publically accessible spaces in commercial operations, such as the Queens Wharf, wharewaka and Taranaki St Wharf public spaces means we are creating a destination for more public gathering and recreational spaces; as well as a place for Wellingtonians to enjoy what makes Wellington unique.

- Stronger Sense of Place:
 - The principles that guide our work are set out on page 6, and each speaks to developing a stronger sense of place – this theme is considered and included in all our planning for the waterfront generally and projects specifically. This sense of space is being addressed directly in the Queens Wharf redevelopment project which sits at the heart of the waterfront.

- Other activities that speak to this outcome on the waterfront are the planned artworks, the three museums and two galleries that already exist to tell our stories, the writers walk and the regular reminders of waterfront history – plaques and historic information totems.
- More Compact:
 - WWL is working assiduously to integrate the waterfront with the adjoining city and harbour.
 - The waterfront now offers a distinct and compact restaurant/bar/café precinct, and we continue to add to the opportunity for people to live, work and enjoy recreational activities in the central city.
- More Eventful:
 - WWL, with the help of the Council, has succeeded in creating the premier event space in New Zealand.
 - We already hold a significant numbers of public events; WOW, Pinot Noir, HomeGrown, Chinese New Year, Guy Fawkes, 24hour Relay, Ride for Life, Diwali, International Festival of the Arts, the Fringe Festival, and the Dragon Boat festival to name a few.
- More Inclusive:
 - A key driver for our overall planning is to make the waterfront as accessible as possible both physically but also for the large community of interests that exist in our city.
 - The Waterfront hosts Maori, Chinese, Italian and Greek Festivals.
 - We are addressing the needs of the youth culture with the skate park, not to mention the water activities provided and facilitation of enabling young people to swim in the central harbour.

- The wharewaka development is a major new initiative that will bring lots more people to the waterfront and provide a place for celebration and acknowledgement of our heritage both maritime and cultural.
 - We consult with disability groups and adhere to the universal charter for disabled design to enable full access by disabled people to the entire waterfront.
- More Actively Engaged:
 - WWL's ultimate accountability is to Wellingtonians, and we proactively and reactively respond to the need for all our stakeholders and the public to be involved.
 - High public interest means that we operate with a high level of transparency and with a great willingness to engage with the public and others, and welcome feedback.
 - Activities we undertake to ensure engagement include: the Waterfront Framework review; updating the project information office; the establishment of an ideas box; development plan and strategic plan consultation; and consultation on all specific developments as required in the resource management process.
- Better Connected:
 - Wi-fi broadband coverage is available across the waterfront.
 - From a physical connectivity perspective the waterfront is connected by controlled pedestrian intersections/crossings, flat easy to walk surfaces, the integration of the Great Harbour Way, and the Queens Wharf Master Plan and connections back to the city.

- More Sustainable:

- Environmental sustainability is incorporated into all new development designs, and our processes are already delivering high quality environmental spaces within budget.
- The Meridian building is an example of what can be achieved under our processes.
- Waterfront wide recycling facilities.
- WWL is also working on ensuring that our visitors and our businesses and tenants can contribute to making the waterfront an environmentally sustainable precinct.

- Safer:

- WWL adheres to the Crime Prevention Through Environmental Design principles and as a result we have low injuries and low crime statistics.
- We undertake constant revision of our practices with Health and Safety consultants.
- Lighting design plays a large part in making our precinct safer.
- Water safety is a priority with ladders and life rings readily available.
- The waterfront also has a Police and Ambulance presence.
- Pedestrian priority prevails on the promenade – WWL continues to monitor and improve the occasional conflict between pedestrian space and the presence of vehicles and non-vehicular transport including bicycles, scooters and rollerblades. The recent installation of bollards and signage has improved pedestrian safety.

- Healthier:
 - Lots of recreational opportunities are available on the waterfront with more to come.
 - Wellington waterfront is a hub for many public recreational activities e.g. bike the bays, fun runs, kayaking, rock climbing to name just a few.
- Prosperity/Prosperous:
 - The development of events, buildings which provide employment during and after construction, enticing new restaurants to Wellington and working on the delivery of hotel and conference centres all contribute to the prosperity of Wellington.
- More Competitive:
 - Meridian building created an environment that helped attract and retain good staff, and we expect to achieve similar results with other developments.
 - The Waterfront adds enormously to the desirability of Wellington as a place to work, live, and visit.
- More Entrepreneurial:
 - The hallmark of WWL projects is to showcase Wellington and its creative innovation whether that is through our buildings, our urban design, our designer toilets or our new way of doing things.

Our Future

- WCC has extended WWL's life-span indefinitely; in line with sound business practice this decision will be reviewed on a three yearly basis
- WWL has already shifted responsibility for Waitangi Park and waterfront events to Council
- WWL is developing long-term plans for the operation of the waterfront at the conclusion of the Project

Our Legacy

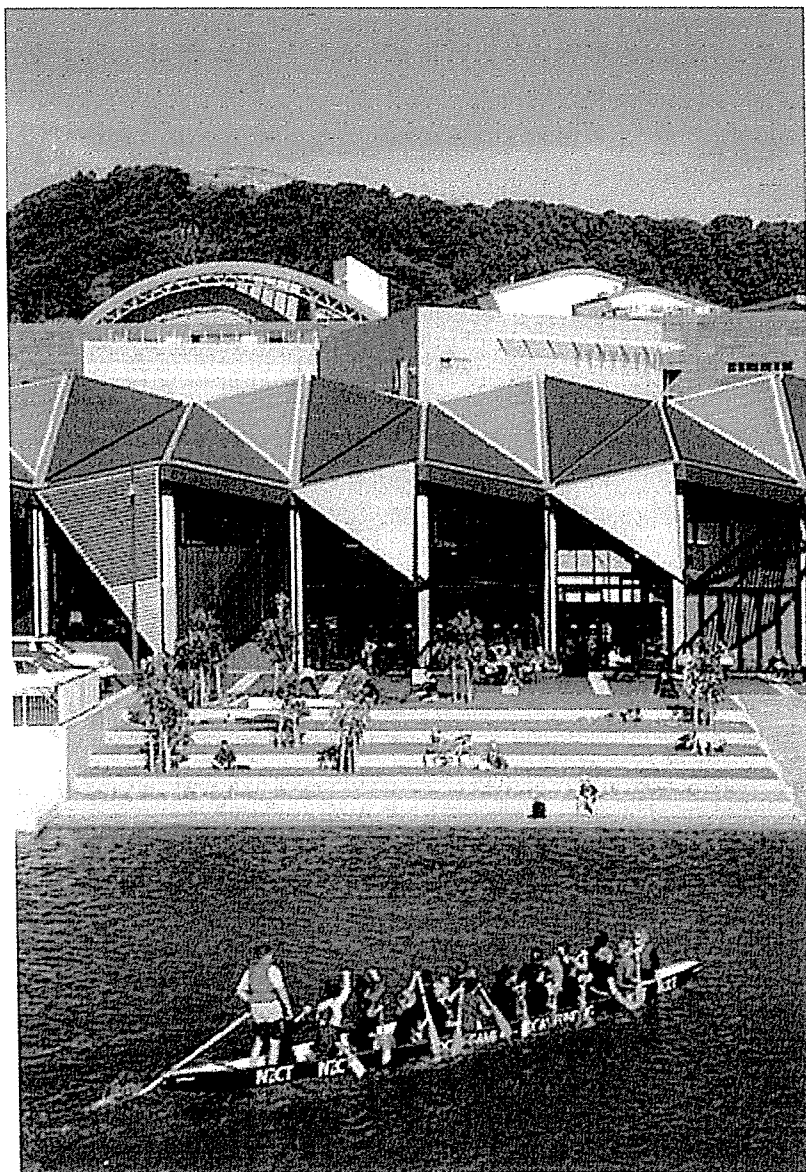
- A waterfront transformed as a place of architectural, cultural and recreational renown
- A vibrant, dynamic, inspiring and multi-faceted waterfront that reflects the city's heritage, its people, and meets the needs of the future
- It will contain:
 - a network of public parks and open spaces - over 12 hectares of new and improved open space including Waitangi and Frank Kitts parks, Kumutoto and extensive promenades
 - provide both passive and active recreational opportunities

- cultural and heritage facilities catering to the needs of tourists and locals alike
- mixed use, sustainable communities will be developed offering recreational space, commercial office space, apartments, and retail/food and beverage facilities
- ultimately WWL will be measured by its delivery of the principles and objectives clearly outlined in the Wellington Waterfront Framework

Wellington Waterfront Limited

Strategic Plan 2011 - 2014

Including Deliverables for 2011/12



Introduction

The small team at Wellington Waterfront Limited has been busy over the course of the last year with a wide array of projects. The most notable has been the completion of Te Raukura in time for its opening on Waitangi Day. The feedback on the building and its surrounding public space has been overwhelmingly positive. Wellington Waterfront was engaged as project manager for this development, and we are delighted with the outcome. All of the various projects and planning that have been completed through the year move the waterfront ever closer toward the objectives set out in the Wellington Waterfront Framework. I take this opportunity to remind you of some of our achievements during 2010/11:

- Wharewaka construction together with surrounding public space, completes development of the Taranaki Street Wharf precinct
- Wellington Waterfront Motorhome Park successfully completed its first year of operation
- Access control bollards at Taranaki St Wharf restricting vehicular traffic to the promenade were installed
- Preparation for the third stage of wharf maintenance was completed
- Completion of the Kumutoto toilets and refurbishment of toilet facilities in Shed 6
- Master planning for Queens Wharf precinct completed
- Overseas Passenger Terminal redevelopment advanced
- Significant number of events held on the waterfront
- Continued assistance in development of the Great Harbour Way
- Environmental sustainability incorporated into all new development designs
- Roll-out of recycling facilities across the waterfront
- Wi-fi made available across the waterfront
- Completion of comprehensive asset management plan

It was for perhaps some of these reasons, as well as the forward programme you will read about in this plan, that the Wellington City Council elected to indefinitely defer the transition of the operation of Wellington Waterfront Limited to Council. A comprehensive governance review was instigated by Wellington City Council in December 2010. An independent consultant was appointed to complete this task and their recommendation was presented to, and endorsed by, Wellington City Council in February 2011. The report was compelling in its logic and was overwhelmingly supported by Councillors. We look forward to implementing Council's plans for the waterfront over the next three years, with the full assurance and confidence of Council officers and politicians.

During the forthcoming year we will be delivering the following projects:

- Stage 3 of a major wharf pile maintenance programme
- Better utilisation of wharves around the waterfront
- Overseas Passenger Terminal construction expected to commence
- Site 10, Kumutoto – plans for Site 10 advanced along with resolution of District Plan Variation 11
- Progress development of a purpose-built helicopter building on the Outer-T
- Frank Kitts Park – assist with Chinese Garden fund raising
- Transition Building – Waitangi Park
- Asset Management Plan implementation
- Disaster recovery and business continuity plans completed and implemented
- Maintenance projects
- Continued planning of specific projects within the Queens Wharf precinct
- Rugby World Cup
- Migration of our in-house financial function to a recently established shared services division within Council. A Service Level Agreement will be prepared by WWL and agreed with Council prior to implementation, expected to commence in September 2011

We are confident that in a year's time the waterfront will be an even more enjoyable and dynamic space than it is already. Our aim is to continue to develop it for the pride and pleasure of all Wellingtonians and visitors alike.

Robert Gray
Chairman

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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.

Mission

To deliver the city's vision for the waterfront and, in so doing, 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.

Values

- Leadership
- Proactivity
- Professionalism
- High ethical standards
- Collaboration

Principles

We embrace the principles outlined in the Wellington Waterfront Framework:

- Giving expression to heritage and history, particularly Maori heritage and presence
- Providing a "sense of place" for Wellingtonians
- Providing for a diversity of experience
- Providing a sense of collective ownership and involvement
- Providing an experience of space and openness
- Providing ease of access for all

Objectives

Seven objectives have been set for the waterfront. The overall design, and the detailed area-by-area designs, will be developed to achieve these objectives when the redevelopment is completed.

The objectives are:

- The waterfront is locally and internationally recognised for its design
- The waterfront is readily accessible to all people
- The waterfront is, and is perceived to be, safe at all times
- The waterfront is seen as an attractive place that draws Wellingtonians and visitors alike
- The waterfront successfully caters for a wide range of events and activities
- Significant heritage buildings are protected on the waterfront
- Activities on the waterfront are integrated with those on the harbour

Ownership

Wellington Waterfront Limited (WWL) is a Council Controlled Organisation (CCO) established to implement the Wellington Waterfront Framework. The Framework, which outlines the City's vision for the waterfront, also includes criteria for the development of each area of the waterfront and is our principal guiding document.

As a CCO, and by virtue of an Overview Agreement with the Wellington City Council (WCC), WWL complies with the WCC's reporting structure through provision of an annual business plan, quarterly status reports, plus half yearly and annual reports.

WWL has key relationships with the WCC's Technical Advisory Group, the CCO Performance Sub-Committee and WCC officers, including the Urban Strategy Group and the External Communications Unit.

WWL's ultimate accountability is to Wellingtonians and it demonstrates this by aiming to operate with transparency and through a willingness to engage with the public and welcome their feedback.

Waterfront Boundaries

The area owned and managed by WWL (approximately 20 hectares) extends along the seaward side of Waterloo, Customhouse and Jervois Quays and Cable Street (excluding Te Papa). The area is divided into five precincts:

- **Kumutoto** - From the Waterloo on Quay Apartments (opposite the Wellington Railway Station) to the northern end of the Fronde Harbourside Centre. The area includes the waterfront promenade, Heritage Trail, the former Eastbourne Ferry Terminal Building, Sheds 11 and 13, the Tug Wharf, The Loaded Hog and Meridian Energy buildings, Kumutoto public space and development sites 8, 9 and 10.
- **Queens Wharf** – From the Fronde Harbourside Centre and Wharf Office Apartments to the southern end of the TSB Bank Arena. It includes the waterfront promenade, Heritage Trail, Writers Walk, Queens Wharf, The Bond Store (housing The Museum of Wellington City & Sea), Plimmer's Ark, New Zealand Academy of Fine Arts, Shed 5, Shed 6, Dockside and the Queens Wharf Outer-T, including Shed 1 on its northern arm and the Helipro helipads on the southern arm.
- **Frank Kitts Park** – From the southern ends of the TSB Bank Arena and Shed 6 to the northern edge of the Taranaki Street Wharf Lagoon. The area includes the waterfront promenade, Heritage Trail, Writers Walk, children's playground, Frank Kitts Park, Frank Kitts Park car park, Tanya Ashken Albatross sculpture, Paul Dibble Fruits of the Garden sculpture, Len Lye Water Whirler, Wahine Memorial and commemorative plaques.
- **Taranaki Street Wharf** – From the Taranaki Street Wharf Lagoon and Bridge to the Te Papa Breastworks (excluding Te Papa). Within the area are the waterfront promenade, Heritage Trail, Writers Walk, the Wellington Rowing and Star Boating clubs, the wharewaka site, a large, sloping lawn, the Wellington Free Ambulance Building, the NZX Centre, The Wellington Brewing Company, Circa Theatre, the Kupe Statue, the Linkspan building, Bascule Bridge and the northern Te Papa promenade.
- **Waitangi** – From the promenade between Te Papa and Chaffers Marina to Herd Lane, Clyde Quay Wharf and Oriental Parade. The precinct comprises waterfront and streetside promenades, Heritage Trail, Writers Walk, Waitangi Park (now administered by the WCC), Chaffers Dock, proposed development sites 1- 4, Chaffers Marina, the Overseas Passenger Terminal and Clyde Quay Wharf.

A map of the waterfront area managed by WWL is appended.

Funding

The Wellington City Council has allocated \$15 million to the development of high quality public space on the waterfront. This funding also goes towards maintaining and redeveloping existing infrastructure such as the promenade and various wharf structures. A much greater proportion (approximately 75%) of the actual cost of these public works comes from the income WWL derives through commercial arrangements it enters into with commercial developers and investors, through long term ground leases and development opportunities.

As a consequence of delays in receipt of commercial proceeds WWL received approval from Council in December 2008, confirmed in 2011, for temporary additional funding to fund future planning and for public space development.



How success will be measured

By the end of the Project, Wellington's waterfront will have been transformed into a place of architectural, cultural and recreational renown. The end result will be a vibrant, dynamic, inspiring and multi-faceted waterfront that reflects the city's heritage, its people and that has its eye to the future.

The waterfront project is all about contributing to a better city and showcasing New Zealand's capital. It is an opportunity to promote and open up access to our harbour, create parks and public places, provide new commercial and living accommodation, and in doing all of this, demonstrate excellence in urban planning and design. The city's tourism industry will also be bolstered through the creation of new cultural, recreational and entertainment destinations.

The redeveloped waterfront will contain a network of public parks and open spaces. Over 12 hectares of improved open space (including Waitangi and Frank Kitts parks, Kumutoto and extensive promenades) will provide both passive and active recreational opportunities. In addition, over 36,000sqm of cultural and heritage facilities will be provided catering to the needs of tourists and locals alike. Mixed-use, sustainable communities will be developed, offering commercial office space, apartments plus retail/food and beverage facilities. Collectively these provide living, working and playing opportunities 24 hours a day, 7 days a week.

Ultimately, WWL will be measured by its delivery of the principles and objectives clearly outlined in the Wellington Waterfront Framework. Accordingly, we steadily work towards the provision of:

- A diversity of activities including maritime, commercial, entertainment, open space, recreation, culture and heritage
- Improved access along the waterfront and between the city and the harbour
- An evolving waterfront experience that is mindful of its historic past and its future
- Urban design worthy of the waterfront setting
- A consultative process that encourages stakeholder participation

In the short-term however, success during the coming year will be determined by how well we meet our Key Performance Indicators.

Key Performance Indicators for 2011/12

- **Overseas Passenger Terminal**
 - Facilitate the commencement of construction in Q2 (subject to Willis Bond confirming the contract) and complete all WWL ground floor lease negotiations
- **Site 10 – Kumutoto**
 - Progress development discussions with the aim of realising a development in line with funding expectations
 - Favourable DPV11 decision at the Environment Court
- **Helicopter building – Queens Wharf**
 - Subject to gaining all necessary approvals, complete project by Q4
- **Wharf pile maintenance programme**
 - Significantly advance phase 3 of wharf pile refurbishment programme
- **Transition site**
 - Progress planning for development and enter into Memorandum of Understanding with Te Papa by Q4
- **Disaster Recovery and Business Continuity Plans**
 - Complete comprehensive disaster recovery and business continuity plans by Q4
- **Maintenance projects**
 - Roll out the full planned and reactive requirements that the AMP prescribes on time and within budget
- **Rugby World Cup**
 - Constructively contribute to planning in collaboration with WCC



Operating Environment – Managing Key Risks

WWL recognises ever present operating risks, particularly in the current business environment. In common with other successful businesses, WWL manages risk through a process of identifying key risks and having effective controls to manage risks appropriately.

A risk is an event that has a reasonable probability of happening. When it does happen, it has an impact and is measured in terms of likelihood and consequence.

Risks can have negative consequences which require strategies to accept, minimise or avoid identified risks. Risks can also have positive consequences which require strategies to maximise opportunities by being creative or innovative.

Not all risks are of equal importance and the nature of risk is such that it can change over time. New risks can emerge and existing risks may change in nature or occasionally disappear altogether.

WWL has identified the following key risk areas that it must manage in order to achieve its objectives:

- Brand and Image
- Market Environment
- Regulatory Environment
- Human Resource
- Capital availability / credit
- Environment Impact
- Physical Assets
- Public Safety

1. Brand and Image

Formal and informal feedback that WWL obtains from stakeholders and the wider public, indicate that the image of WWL is well regarded. The high degree of public interest in WWL's work often creates controversy and the company must balance diverse community and commercial interests while not tarnishing its reputation.

A recent major survey of some of New Zealand's leading companies identified a bad reputation as the biggest threat to their business. The survey showed that 92% of chief executives regarded corporate reputation as a prime asset, compared with 54% who thought it was in 2006.

WWL places significant emphasis on the importance of its image.

WWL intends to retain and where possible improve its image by:

- maintaining the highest possible levels of integrity and professional standards
- maintaining a balanced focus on desired community and commercial outcomes
- remaining open and transparent in all of its business dealings
- remaining highly innovative
- communicating effectively with stakeholders and the citizens of Wellington via its website, project information centre, tenant and business communications and public consultation and engagement
- meeting project timelines and budgets or performing to stated commitments on each project

2. Market Environment

New Zealand hopes for an improvement in economic conditions following the 2007/08 global financial crisis and serious catastrophic February 2011 Christchurch earthquake. The effects of the earthquake together with the cost of funding the repair of leaky homes will inevitably result in a significant increase in the government's operating deficit that has pushed out the target date for a balanced budget to 2014/15.

A cap on government spending to reduce the already large operating deficit together with the need to divert finance and resources to rebuild Christchurch will have a dampening effect on economic activity for the rest of New Zealand. The Christchurch earthquake and other significant events that caused large insurance claims throughout Australasia and the Pacific in late 2010 and early 2011 is likely to push up building insurance premia for the coming year.

The slowing of the economy and completion of several large commercial office developments in Wellington over the past year is leading to increased vacancy rates for mainly 'B' and 'C' grade office accommodation.

Despite the generally gloomy economic backdrop, there are glimpses of optimism as evidenced by some prospective tenant and developer interest in waterfront development opportunities to position themselves ahead of an expected improvement in the property market by 2014. Further signs of optimism are evident with developers Willis Bond & Co experiencing high levels of buyer participation in the Overseas Passenger Terminal apartment development.

3. Regulatory Environment

The current regulatory environment and the high degree of public interest in WWL's proposed projects pose the risk of considerable delay and can result in significant costs when proposed projects are delayed or abandoned.

WWL does however acknowledge that the regulatory process helps achieve a balanced outcome.

The more significant regulatory requirements that WWL must comply with are the Resource Management Act, Building Act, the Marine & Coastal Area (Takutai Moana) Act as well as health and safety legislation and local authority bylaws and regulations.

WWL has taken an active part in supporting proposed District Plan Variation 11, promoting the inclusion of more detailed policy provisions and non-notification of complying applications for future development on the waterfront and Kumutoto (sites 8, 9 & 10) in particular. Independent planning commissioners recommendations in regard to DPV11 have been appealed and WWL will continue to participate in the process as it proceeds to the Environment Court in the second half of 2011.

4. Human Resource

A company's main asset is its people and the knowledge, experience, dedication and skill they bring are key to the company's success.

The size of WWL's board and management team will reduce further in 2011 as a result of the governance review initiated by Wellington City Council in December 2010 which means everyone's contribution is vital to the success of the company. The risk of business interruption through the potential loss of any one or more members of its senior executive team cannot be overlooked and requires strategies to enable business continuity regardless of the loss of any key member.

The company manages this risk through appropriate remuneration and incentive policies and providing developmental opportunities where possible.

5. Capital Availability / Credit

The global financial crisis was accompanied by the sudden withdrawal of credit which in turn compounded the effects of the crisis and led to the ensuing global recession.

WWL is reliant on the availability of capital. WWL and WCC entered into a loan agreement in 2008, which was ratified again in 2009. The availability of capital/credit is also crucial to property developers that WWL works with. Many developers are currently experiencing difficulty securing or renewing credit facilities.

6. Environmental Impact

WWL takes all possible practicable measures to minimise the effects its business activities may have on the environment and the effects that the environment may have on its business activities.

The effects of climate change, earthquake, tsunami, king tide (10/4/2012), storms, fire, gas or chemical leaks, disease pandemics or other potentially catastrophic events could have a devastating impact on the waterfront, physically and financially. WWL has comprehensive insurance cover that is regularly reviewed. WWL now requires all development design to take into account and make allowance for the effect that climate change may have on its buildings the waterfront and the wider environment.

Measures taken by WWL include ensuring that all construction and operational activities on the waterfront comply with statutory requirements and that careful consideration is given to the potential effects of hazards in design, construction and operation.

Hazard management and other health and safety issues are regularly reviewed and monitored. WWL's building and service contractors, suppliers and tenants are all encouraged to adopt sustainable business practices.

Development of a comprehensive Business Continuity and Disaster Recovery Plan is planned for this year.

7. Physical Assets

The importance of WWL's assets and infrastructure and the need to maintain them to an appropriate standard is a key potential risk area that WWL has focused on in recent years and has taken active measures to address.

The single most important action that has been implemented is the development of a formal asset management plan that records relevant information about every single WWL asset and outlines a maintenance plan for the expected future remaining life of each asset.

The asset management plan will allow more proactive management of WWL's physical assets. This will reduce risks associated with the ownership, maintenance and operation of its assets, particularly its vital infrastructure.

In 2009, WWL commenced an ongoing programme of wharf strengthening with extensive wharf pile replacement or repair work undertaken at Taranaki St Wharf, Queens Wharf Outer T and the Jetty Wharf. This work will continue at periodic intervals around the rest of the waterfront over the course of the next five years. A significant further upgrade is planned this year.



8. Public Safety

WWL recognises the importance of maintaining a good public safety record for the waterfront.

WWL must remain vigilant to potential risks to public safety and take appropriate measures to ensure that public safety is not compromised. WWL retains the services of an independent specialist consultant with a focus on IPTED (injury prevention through environmental design) and CPTED (crime prevention through environmental design) to assist with the identification of actual or potential hazards and undertake a prioritised continuous improvement programme to eliminate or mitigate risks.

Contractors and public event organisers are required to submit documented hazard identification and appropriate health & safety procedures to WWL prior to commencement of any work or event on the waterfront.



Area	Risk	Probability	Impact	Current Mitigation
Brand & Image	The effect adverse publicity, or an adverse event, could have on company reputation.	M	H	Communicating effectively with stakeholders, special interest groups and citizens of Wellington through a variety of means including website, project information office, public consultation and engagement, business communications and media. Maintaining highest possible levels of integrity and professional standards.
Market Environment	Adverse economic conditions have a dampening effect on demand for new development	H	H	Consideration being given to interim uses for development sites pending an upturn in the economy.
Regulatory Environment	Regulatory delays causes the development process to slow down which in turn imposes additional costs, jeopardising project feasibility and increasing the likelihood of planned developments not proceeding.	H	H	WWL works closely with developers, consultants, and regulatory authorities to ensure that processes are followed. WWL participates in the process of changes to regulations.
Human Resource	Business interruption through loss of key senior staff.	M	H	WWL manages this risk through appropriate remuneration and incentive policies and providing developmental opportunities where possible.
Capital Availability / Credit	Non-availability of capital would prevent WWL undertaking planning or facilitating new developments.	L	H	WWL entered a loan agreement with WCC in 2008, which was ratified again in 2009 and 2011.
Environmental Impact	Effects of climate change, natural disasters and actions by WWL or its tenants or contractors causing environmental damage.	L	H	Implementation of business continuity and disaster recovery plans. Maintaining adequate insurance cover. Maintaining WWL policies and procedures to ensure tenants and contractors comply with WWL requirements to minimise the effect of any activities on the environment.

Area	Risk	Probability	Impact	Current Mitigation
Physical Assets	Risk of damage to property, inconvenience or loss to businesses and/or the public, or risk of harm to people as a result failure of physical assets or infrastructure.	L	M	Implementation of a formal asset management plan that identifies and records relevant information about assets and outlines an appropriate maintenance plan for each asset to eliminate the sudden or unexpected failure of physical assets or infrastructure has been completed.
Public Safety	Risk of serious harm to members of public through poor health and safety provisions on the waterfront	L	M	Identification and removal or mitigation of potential hazards. Regular inspection regimes by WWL complemented by independent inspections and checks Appropriate signage and traffic management provisions.

Delivering the Waterfront Framework

There are two main tasks involved in delivering the Council's vision for the waterfront, as elucidated in the Wellington Waterfront Framework – providing opportunities for Wellingtonians to enjoy the waterfront's current offerings – and the development of new ones for the future.

The first is determined by how well the waterfront is operated and maintained, how the diverse interests and moods of waterfront visitors and its business operators are catered for throughout the year.

The second is achieved through the delivery of new features – either the redevelopment of existing sites, or the development of new buildings and open space. This includes ensuring that designs meet the standards and expectations outlined in the Framework, improving access between the city and the waterfront, working with developers and the public to secure the best outcomes and liaising with other key partners to explore future development opportunities.

WWL has broken the delivery of these two tasks into the following work streams:

- Telling the Waterfront's Stories
- Maintaining the Environment
- Working on the Waterfront
- Design and Project Implementation
- Development Strategy
- Investigating Further Recreational and Cultural Opportunities

Effective and efficient delivery of these work streams is underpinned by the following range of corporate activities and processes:

- People
- Communications
- Strategy and Planning
- Governance
- Internal Systems and Processes
- Finance

Strategic objectives have been set for each of these areas of work, along with the adoption of an approach to the work and a range of delivery targets set for the 11/12 year – these are more fully outlined on the following pages.

Telling the Waterfront's Stories

Strategic Objective

Tell the stories of the waterfront – from pre-colonial history through to the present day – to preserve Wellington's heritage now and for future generations.

A number of existing elements have gone some considerable way to meeting this objective:

- **Maritime Heritage Trail** – a series of lit glass totems, provides a key element in educating visitors about waterfront heritage
- **WWL's website** – a source of information about the area's history
- **Commemorative plaques** – a series of plaques along the Frank Kitts Park promenade provide further points of interest
- **Historical maritime relics** – heritage cranes, anchors, buoys, etc throughout the waterfront
- **Wellington Writer's Walk** – plaques with sculptural form and relevant quotes about the city and harbour, tell their story in a more contemporary way. We expect additional plaques will be added to this impressive collection this year
- **Museum of Wellington City & Sea** – provides an accessible, comprehensive and intriguing exploration of the waterfront's role in the city's maritime and social history

In the 2011/12 year these elements will be refreshed so that they are in first class condition for the Rugby World Cup in 2011.

Further Developments

WWL has a Memorandum of Understanding with the Museum of Wellington City & Sea to assist with the identification and development of additional programmes/opportunities to present the waterfront's history and stories.

As the current major redevelopment of the waterfront approaches its conclusion it is appropriate to archive records of the development activities and proposed schemes, for future generations to reflect upon. During development many documents, plans, photographs, scale models, awards and the like are created that form a rich tapestry of the times and aspirations of our generation. We will work with conservators and the Museum of Wellington City & Sea to ensure that these records are retained in good and appropriate condition for posterity.

This year we will work with the Museum of Wellington City & Sea to have available a site (either in the existing Information Centre or another suitable location) to supplement and expand upon the Heritage Trail, as an educational tool for school groups, to create a potential integrated recreational and learning experience, provide a tourist attraction for the

Rugby World Cup, an information centre for future waterfront projects as well as a promotional tool for the Museum itself.

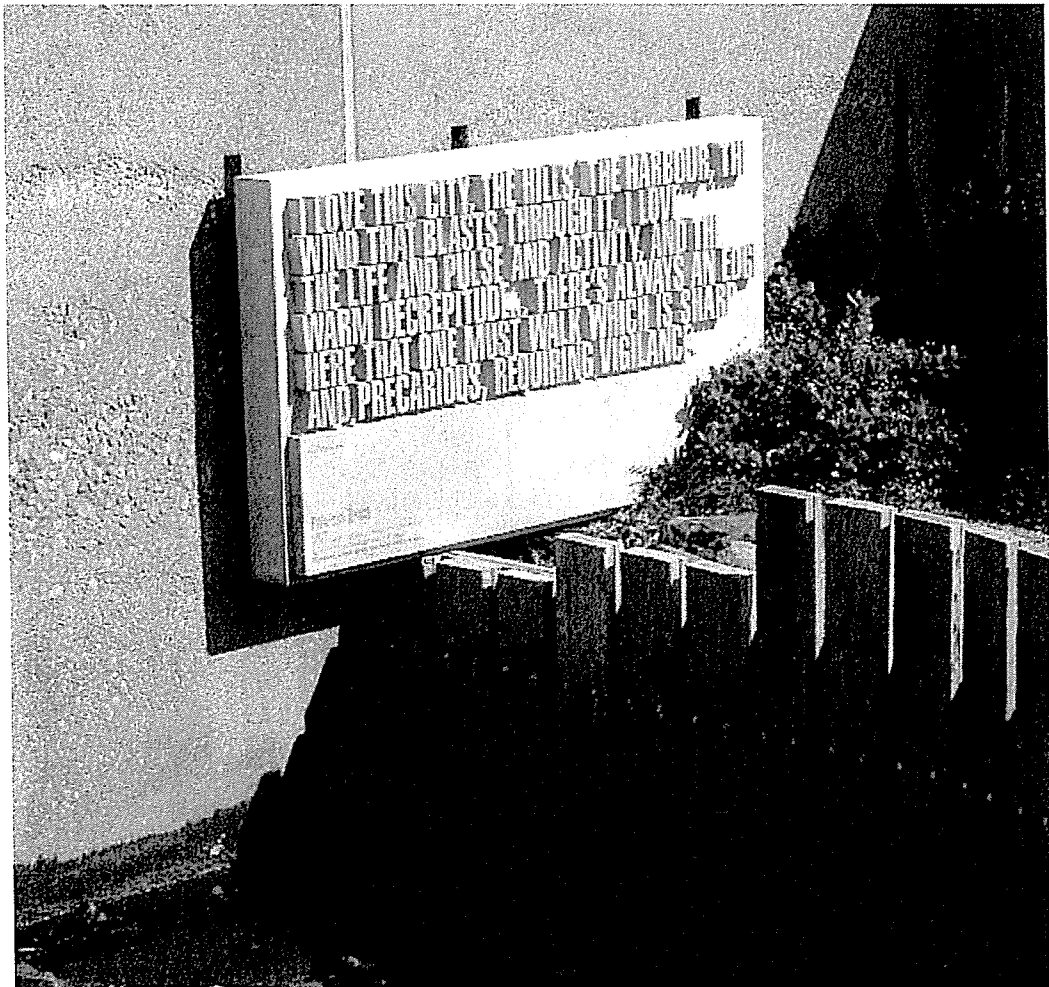
The Approach

- Ensure that Wellington Harbour, its waterfront and maritime histories, as well as future development proposals, are presented so they are easily understood, identifiable and attractive to the public.
- Ensure that the history of the waterfront is appropriately acknowledged and celebrated within all future public space developments.



This Year's Delivery

- Install any new Writers Walk Plaques on the waterfront as they become available.
- To create an expanded educational, display and tourist location along with a potential recreational and learning facility located at Queens Wharf in association with the Museum of Wellington City & Sea.



Maintaining the Environment

Strategic Objective

To ensure the waterfront is a vibrant and attractive environment through the provision of spaces that are safe, clean, efficient, well maintained and to support the operation of a diverse range of businesses and activities on the waterfront.

Maintenance standards across the waterfront vary according to their development status. Where development has been completed, asset standards are expected to be maintained at a first class level whereas areas awaiting development, for example the Overseas Terminal and wharf, Sheds 1 & 6 at Queens Wharf must be kept safe, clean and serviceable until they are ready for transformation.

As development progresses there is a corresponding increase in waterfront usage. This brings challenges in maintaining waterfront infrastructure, increased cleaning and security requirements and a commensurate increase in cost. The use of high quality materials in the construction of the waterfront's public space can also make developments more expensive in the short term but cheaper to maintain over time. It also needs to be recognised that due to its severe environment, the waterfront is generally an expensive place to maintain.

Management issues will also arise out of the changing nature of redeveloped waterfront spaces. New developments add to and/or change traffic needs. WWL has installed telescopic bollards at Taranaki Street Wharf and at the rear of the TSB Bank Arena. These traffic control devices will be managed to minimise all but essential traffic and comply with our resource consents.

WWL maintains its assets in accordance with its Asset Management Plan (AMP). The AMP contains a comprehensive description of all the assets on the waterfront and details plans and budget provisions for optimising each assets life cycle, and ability to perform to its desired level of service.

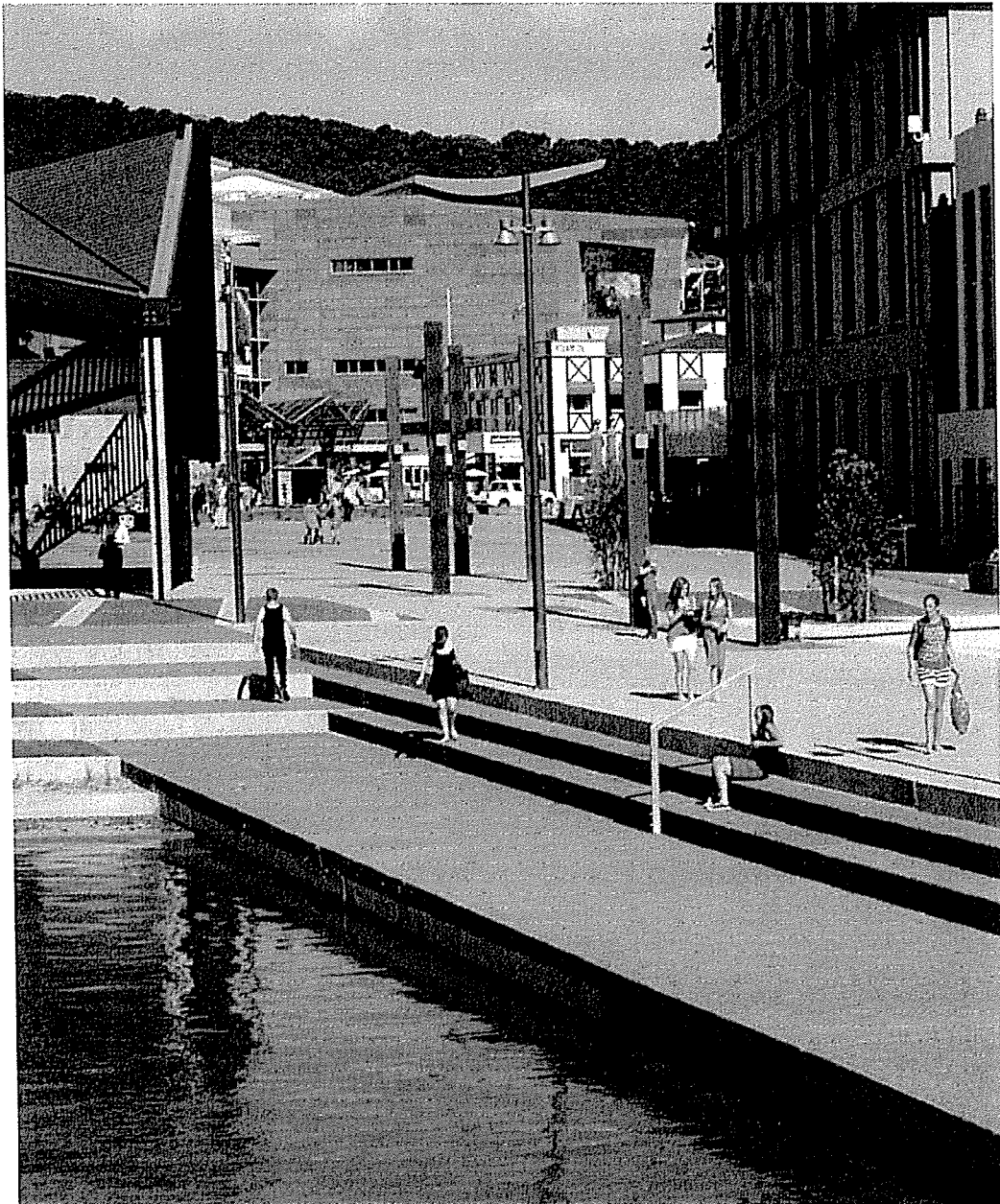
WWL's AMP predicts regular maintenance and renewal requirements. These are undertaken by contract with outside providers. Our maintenance contractors are also very responsive to the unforeseen maintenance and damage repair issues that are inherent in operating a high profile, active public space.

Contractors play a key role in this and WWL selects contractors with a proven ability and expects them to operate within the standards of good commercial and professional practice.

A particular focus is on both Crime Prevention through Environmental Design (CPTED) and Injury Prevention through Environmental Design (IPTED). The essence of these practices is to design spaces with natural access control, natural surveillance, implied territoriality, and minimal trip and fall contributors. All new developments are assessed for their lifecycle assurance of CPTED and IPTED conformance. Existing areas are progressively upgraded to reduce the potential for criminal activity or accidental injury.

WWL ensures that its operations, maintenance and development activities comply with Health and Safety legislation and best practice. Regular independent health and safety audits are our measure of compliance.

Recycling of restaurant and business waste has been in place for many years. One legacy project of the Rugby World Cup will be the inclusion of public space recycling bins for recycling of glass, plastic and cans. This project is being undertaken in association with the 'Love New Zealand' programme of the Ministry of the Environment. Thirty new bins will be installed on the waterfront, and the supporting infrastructure of separate collection of the waste streams, compaction, and removal will be put in place.

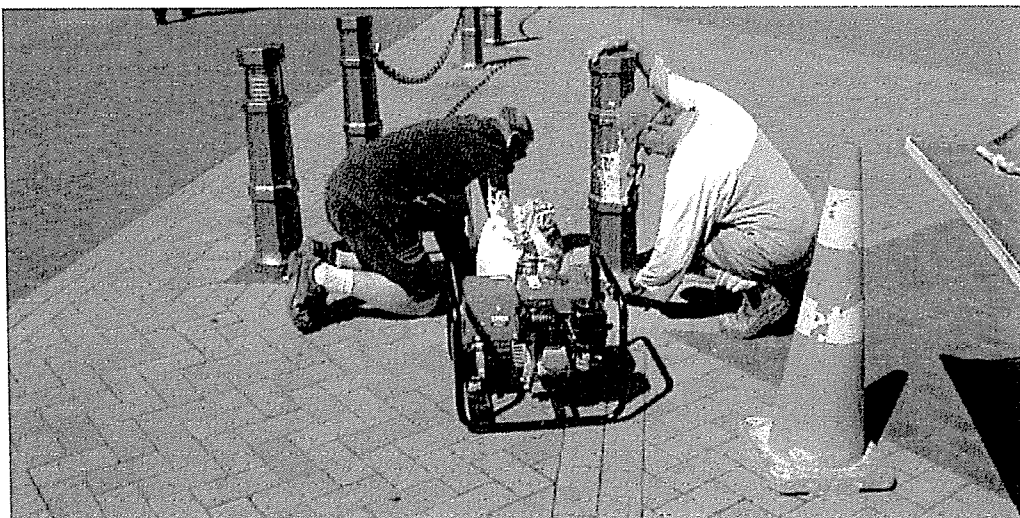


Approach

- Set asset maintenance standards and cleaning levels of service according to whether the area is developed or awaiting redevelopment, while maintaining the general waterfront environment to a high standard.
- Ensure contractors operate with appropriate regard to Health & Safety requirements, are efficient and have the maintenance of a high quality waterfront as a priority.
- Contribute to planning of all new development projects to ensure future maintenance and contracts are easily managed and kept to a minimum.
- Anticipate and plan for future maintenance or construction needs.

This Year's Delivery

- Review the 2011/12 Asset Management Plan and update it for the 2012/13 year, then annually for the next three years.
- Undertake a comprehensive independent CPTED/IPTED review of the waterfront and develop a set of tools and policies that assure lifetime compliance with best practice.
- Roll out the full planned and reactive maintenance requirements that the AMP prescribes on time and within budget.
- Upgrade the waterfront recycling programme to include the public spaces and develop improved waste stream handling infrastructure. This to be in place ahead of the Rugby World Cup.
- Upgrade the public toilet facility in Queens Wharf and Frank Kitts Park in time for the Rugby World Cup.



Working on the Waterfront

Strategic Objective

Provide a range of infrastructure and facilities that allows for the operation of a diverse range of business and activities on the waterfront.

The range and number of businesses/organisations operating on the waterfront continues to grow. WWL recognises the considerable contribution each business has made to what the waterfront has become.

Similarly the events that the Wellington City Council Events team organises have grown to a full calendar over the summer months providing the vibrancy and attraction the waterfront has for a wide and growing number of community sectors. These events bring both strong positive and occasional negative impacts to Waterfront businesses and facilities.

WWL will initiate a continuous improvement programme of work with the City Events team to upgrade the event facilities, and improve the resilience of the waterfront event spaces to bounce back from any negative event consequences.

Market activities associated with the Harbourside Market (produce), and the Frank Kitts Underground Market (craft) will continue. WWL will enhance this section of the Waterfront community through continued minor improvements to infrastructure. The markets will extend the hours of operation during the Rugby World Cup.

Car parking on the waterfront is mainly a temporary activity on development sites to generate income. The management regime of the car parks is optimising revenue by maximising the use of space, setting competitive pricing and undertaking fair enforcement.

Approach

WWL works to optimise the business environment for our tenants as well as event organisers through communication, issues identification, negotiation and planning.

WWL will facilitate planning and communication between event organisers and Waterfront businesses. In particular we will foster the development of precinct business communities centred on Queens Wharf, Frank Kitts Park and Taranaki Street Wharf to integrate their business planning into the events programme and establish their own collaborative activities to enhance their business opportunities on the waterfront.

We maintain regular contact with our tenants, other waterfront occupants (such as the New Zealand Academy of Fine Arts, Museum of Wellington City & Sea) and residents occupying apartments on the waterfront.

We will also continue to carry out expeditious and fair rent reviews, lease renewals, and manage lease expiries prior to their effective date. A programme is in place to meet all tenants on a regular basis.

Any complaints or accidents are registered, and responded to, within 24 hours.

This Year's Delivery

- Continue regular planning and co-ordination of group meetings for Taranaki Street Wharf, Frank Kitts Park and Queens Wharf precincts to facilitate event integration and collaborative activities.
- Collaborate with Wellington City Events Team to improve the Events Infrastructure and improve the resilience of the physical infrastructure.



Design and Project Implementation

Strategic Objective

To achieve a high standard of design and implementation of open spaces, public buildings and commercial developments, taking into account robust urban design principles. These include the use and amenity value of spaces and the way users interact between and within buildings and open space developments.

WWL ensures that designs utilise high quality detailing, materials and construction methods appropriate for the waterfront environment. We also recognise the requirement to deliver designs that fit within approved budgets.

It is also important that designs promote diversity on the waterfront by encouraging flexibility of use and allow for elements to be adaptable over time. Wellington's Waterfront is being built for the long term, not just for today's generation.

Approach

All buildings and public spaces will enhance the waterfront environment. Key features include:

- Distinctive design – high quality architecture and landscape design with attention to external appearance, environmental sustainability, use of materials, appropriate bulk and form, interior quality and functionality.
- Design consistency – designs developed for each area will achieve a high level of consistency and integration with neighbouring and surrounding areas.
- Open space – a variety of spaces will be provided and any buildings surrounding them shall encourage activities to engage the users of those spaces. Open spaces should be shaped with well-defined edges and appropriate connection to the water and other places.
- Promenade – develop and enhance people's experience of the promenade, recognising its predominantly pedestrian nature and encourage access to the water.
- Connections – develop and enhance connections and integration from the waterfront to the city.
- Diversity – ensure that the designs and building use is consistent with "live, work and play" objectives.

The Technical Advisory Group (TAG) is actively involved in each project from inception. TAG will review and critique the development of design guidelines, briefs and designs as they evolve.

Only design consultants with a reputation for delivering to a high standard will be engaged.

Design strategies containing guidelines and principles have been adopted for the following:

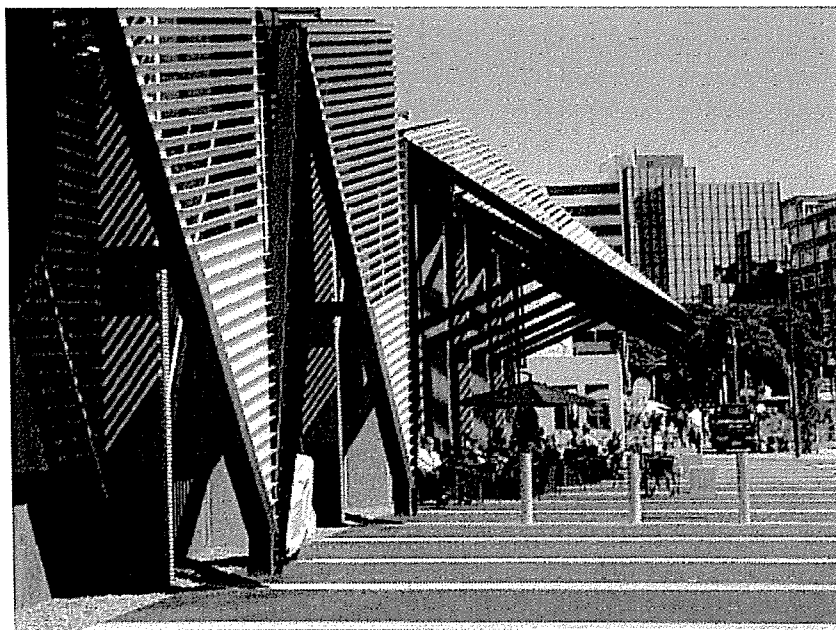
- Heritage treatment
- Signage
- Car parking
- Traffic management
- Lighting
- Furniture
- Ground floor uses
- Universal disability charter
- Crime Prevention Through Environmental Design (CPTED)

These strategies are included in the brief for each project as appropriate.

WWL is a signatory to the Ministry for the Environment's Urban Design Protocol and implements proven principles of high quality urban design.

This Year's Delivery

- Continue to implement project processes to ensure consultation and delivery is well executed.
- Continue to utilise design guidelines to ensure delivery of the projects is within accepted parameters.
- As a signatory to the Ministry for the Environment's Urban Design Protocol WWL will ensure that designs are prepared in accordance with stated best practice.



Development Strategy

Strategic Objective

To complete and implement plans for delivering the vision for the waterfront.

Careful planning and design over the last year has laid a good platform for the forthcoming year:

- Wellington City Council successfully obtained resource consent for the district plan change, Variation 11. The resource consent has been appealed to the Environment Court.
- Design work has been completed for the Frank Kitts park redevelopment in partnership with the Wellington Chinese Garden Society and Wellington's sister cities Beijing and Xiamen.
- Willis Bond & Co Ltd, together with WWL has continued design development of the Overseas Passenger Terminal building and surrounding public space. Marketing for the sale of apartments was launched in February 2011.
- The Outer-T ideas competition provided a launch pad for the wider Queens Wharf master-planning and a number of sub-projects which are being investigated.
- Stage 3 of the wharf maintenance programme will see a major refurbishment of the wharf piles and sub-structure in the Queens Wharf precinct.

Ultimately, the development of the waterfront is WWL's core business, so management of all projects will be controlled by WWL taking a lead role until resource consents are in place. Once consents are obtained, WWL will then determine the most beneficial way to implement the plans for each site.

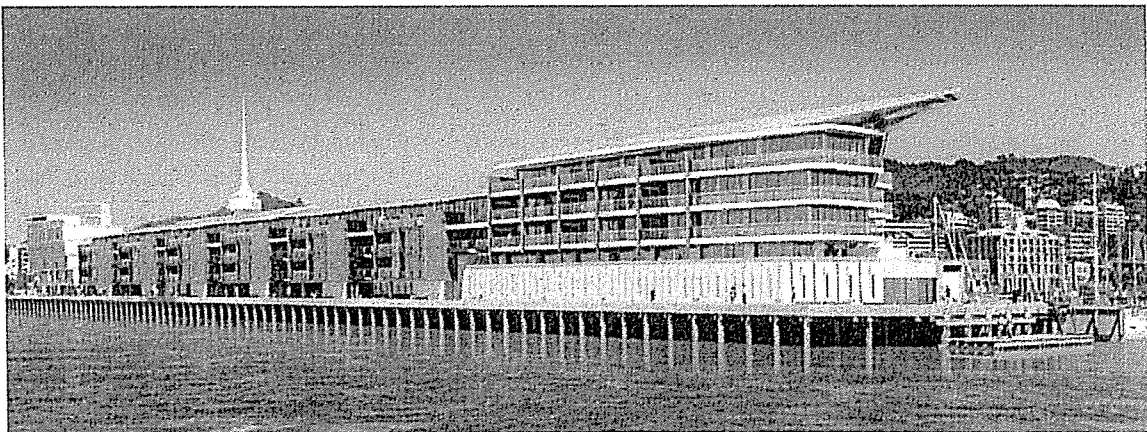
Approach

Developments are funded and built through judicious commercial arrangements with developers and investors. Commercial proceeds enable the delivery of high quality public spaces that would not be possible if WWL was solely reliant on WCC funding. To this end, WWL has negotiated ground leases in return for up-front payments on numerous buildings across the waterfront eg Shed 21, NZX, Chaffers Dock, Meridian Building and Shed 11.

In all instances the land and improvements revert to WWL (or its successor) at the end of each lease.

This Year's Delivery

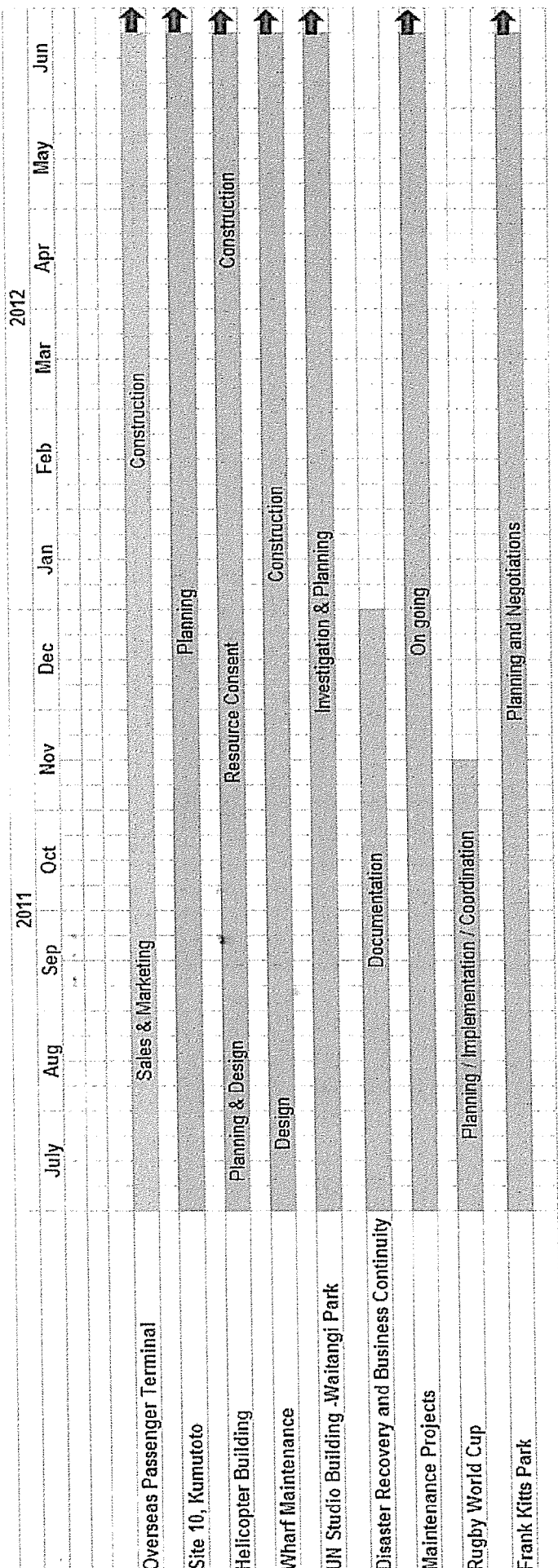
- Design the public spaces around the Overseas Passenger Terminal and work closely with the developer, Willis Bond & Co Ltd. Construction of the building likely to start in Q2.
- Assist the Wellington Chinese Garden Society with their fundraising strategy.
- Continue developing the Queens Wharf master planning ideas focusing on Shed 1 and the Outer-T.
- Complete construction of the Kumutoto public toilet by Q1.
- Subject to developer approval, assist with the design development of a new helicopter hangar building on the southern arm of the Queens Wharf Outer-T.



Project Plan Table

PROJECTS	USE	STATUS
Overseas Passenger Terminal – Clyde Quay Wharf	Redevelopment of the Overseas Passenger Terminal into a complex of residential apartments with associated complementary ground floor uses.	The developer's project marketing for apartment sales began in February 2011. Construction likely to start in November 2011. Design for the public space to be developed in conjunction with the developer's programme. Construction of public spaces to be completed in parallel with the building. WWL negotiating with existing Overseas Passenger Terminal tenants regarding opportunities in the new development.
Sites 10, Kumutoto	Building site in Kumutoto, adjacent to the Whitmore St entrance.	District Plan variation 11 currently being appealed to the Environment Court.
Helicopter Building	Development of a new helicopter hangar and administration office adjacent to the existing heli-pad.	Planning and feasibility to continue.
Wharf Maintenance	Major repair and upgrade work to be completed on Queens Wharf.	Construction to start in Q2 and take approximately one year.
UN Studio Building (Waitangi Park Site 4)	A new four storey building to provide cultural/recreational amenities and some car parking for Waitangi Park, designed to transition from the bulk and height of Te Papa to the Park.	Planning and investigation to continue.
Disaster Recovery and Business Continuity Plan	Ensuring public safety, disaster planning and continuity of WWL and other waterfront businesses	Early planning in consultation with other emergency services.
Maintenance Projects	Maintenance of all WWL assets	ongoing
Rugby World Cup 2011	Rugby World Cup 2011 Festival	Complete enabling work to assist in the successful hosting of RWC festival.
Frank Kitts Park	To be redeveloped to provide greater integration between the city and the harbour and to include a Chinese Garden.	Wellington Chinese Garden Society currently in fundraising phase.

The following chart outlines development processes and timeline for the 2011/12 year:



Investigating further Recreational and Cultural Opportunities

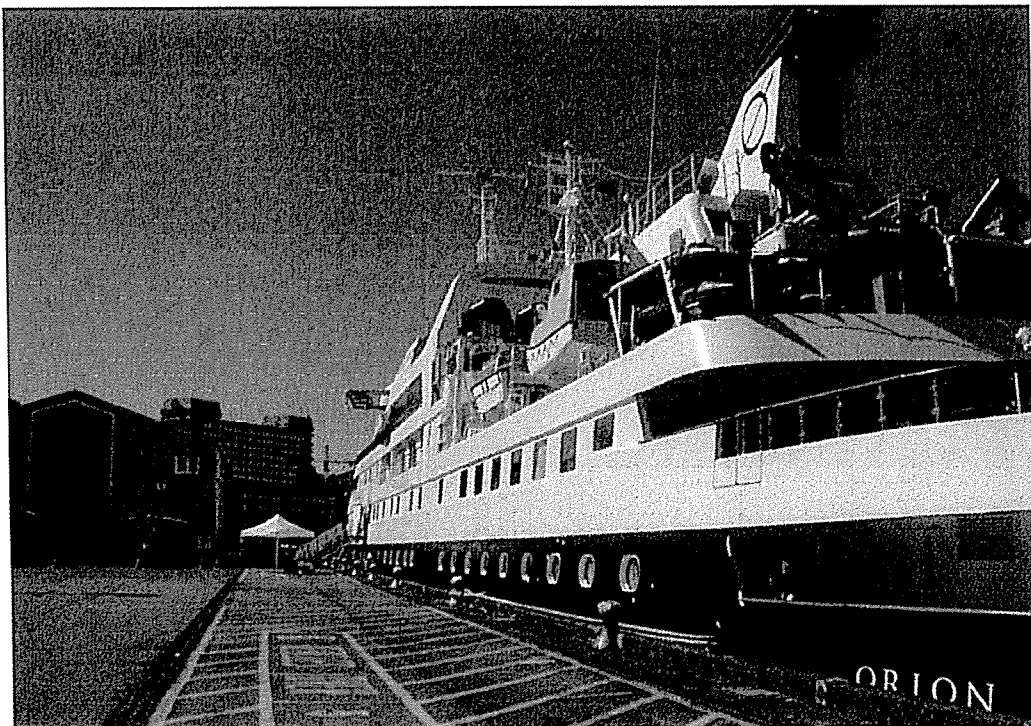
Strategic Objective

To provide a range of amenities and features that enhances opportunities for recreational and cultural activities on the waterfront.

The measures taken by WWL over previous years have been effective in contributing to the survival of waterfront businesses, from the impacts of the global financial crisis. However the weight of world and local events will mean we face an ongoing period of restrained growth and investment. The anticipated environment we will operate in is one where;

- There will be a slow return to normal economic activity.
- Increased cost reduction focus particularly in the area of energy efficiency and resource conservation.
- Walking and cycling around the waterfront will not only continue to grow as an affordable commuting option but also a low cost leisure and health promoting activity.
- There will be continuing growth in international cruise ships calling at Wellington.
- The Rugby World Cup will be a major highlight of the year and will provide opportunity for legacy benefits.

Wellington Waterfront will continue to work with other organisations, notably the Wellington Sculpture Trust to provide locations and support the establishment of high quality significant artworks and sculpture.



Approach

Annually, WWL staff, Directors and other stakeholders brain-storm ideas for the provision of recreational and cultural amenities on the waterfront. These are investigated as to their appropriateness and feasibility, as are the considerable numbers of proposals that come from external individuals and organisations.

This Year's Delivery

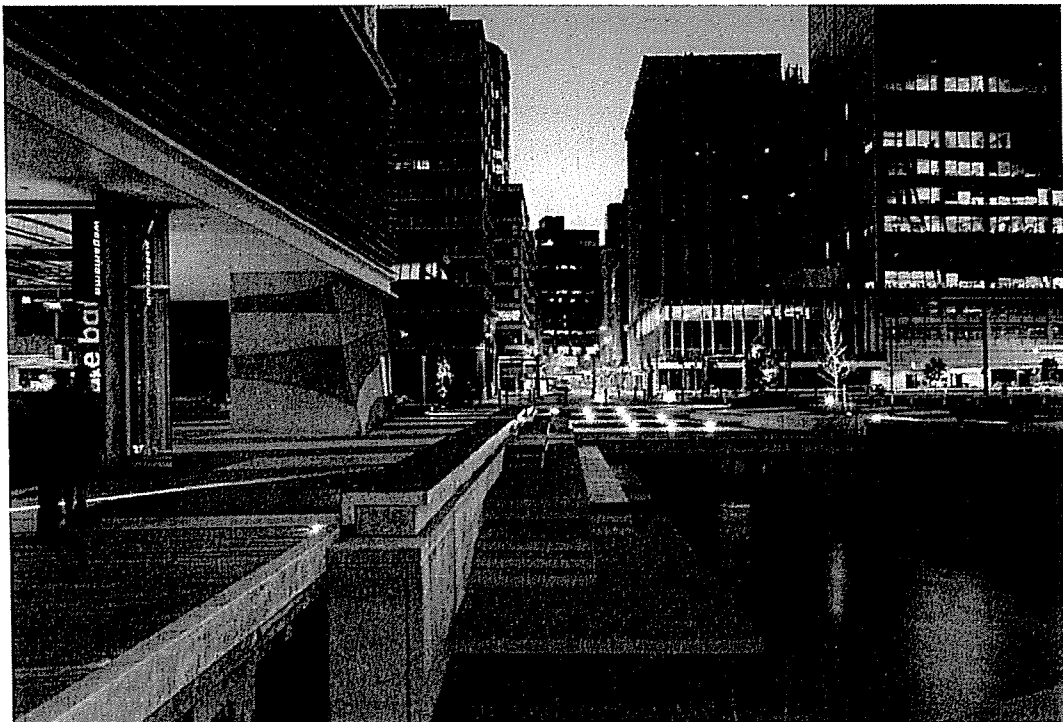
- Work with the Greater Harbour Way coalition to improve the way in which cyclists and walkers share the traffic ways on the waterfront.
- Provide an exciting adventure activity centred on the bascule bridge cut-out.



Corporate Support

WWL's focus on delivering and developing the waterfront experience is supported by corporate activities and processes that underpin efficient and effective delivery. They are discussed below under the following headings:

- People
- Communication
- Strategy and Planning
- Governance
- Finance
- Internal Systems and Process
- Information Management



People

Strategic Objective

To maintain a small, high performance team that demonstrates the required capabilities, values innovation, acts professionally and ethically and operates in an environment that fosters delivery to the highest standards.

Approach

With a staff complement of only seven, it is imperative that we retain and attract highly motivated and skilled people that exemplify the organisation's values to provide optimum delivery of the Wellington Waterfront Framework. WWL has developed and maintained a strong team-based culture that recognises and utilises each individual's skills and actively promotes effective communication, co-operation and teamwork. Staff members are able to develop professionally through a series of personal and professional training opportunities.

The Board's People and Performance Sub-committee ensures that appropriate remuneration and people policies, procedures and programmes are in place.

This Year's Delivery

- Ensure all staff have Performance Agreements for the 2011/12 year – by 31 July 2011.
- Complete performance appraisals with all staff on a half-yearly basis.
- Enable staff to implement their individual training plans – review half-yearly.
- Ensure all managers complete and regularly update their conflicts of interest declarations, according to company policy – review quarterly.
- Acknowledge and celebrate success – as appropriate.

Communication

Strategic Objective

To ensure Wellingtonians share the Wellington Waterfront Framework's vision for the waterfront, understand how the physical features will make the vision real and support WWL's efforts to bring the vision into reality.

WWL must convey strong, often visual, messages about the future waterfront to help Wellingtonians place proposed new developments and visualise how they will enhance their experience of the waterfront. It is also important to remind them of the asset that already exists and that this actually came about through a development process.

To ensure these messages are clear and well understood, WWL must tailor the content, delivery and frequency of its communication activity to meet the needs of its various audiences.

There are challenges to communicating effectively with Wellingtonians. These include the cost of communicating to mass audiences through paid media, the principle within the news media that conflict and controversy make news – positive stories generally do not, the initial anxiety among Wellingtonians that any new proposal may compromise their enjoyment of the current waterfront experience, the number and diversity of communities of interest and the difficulty of communicating concepts.

Approach

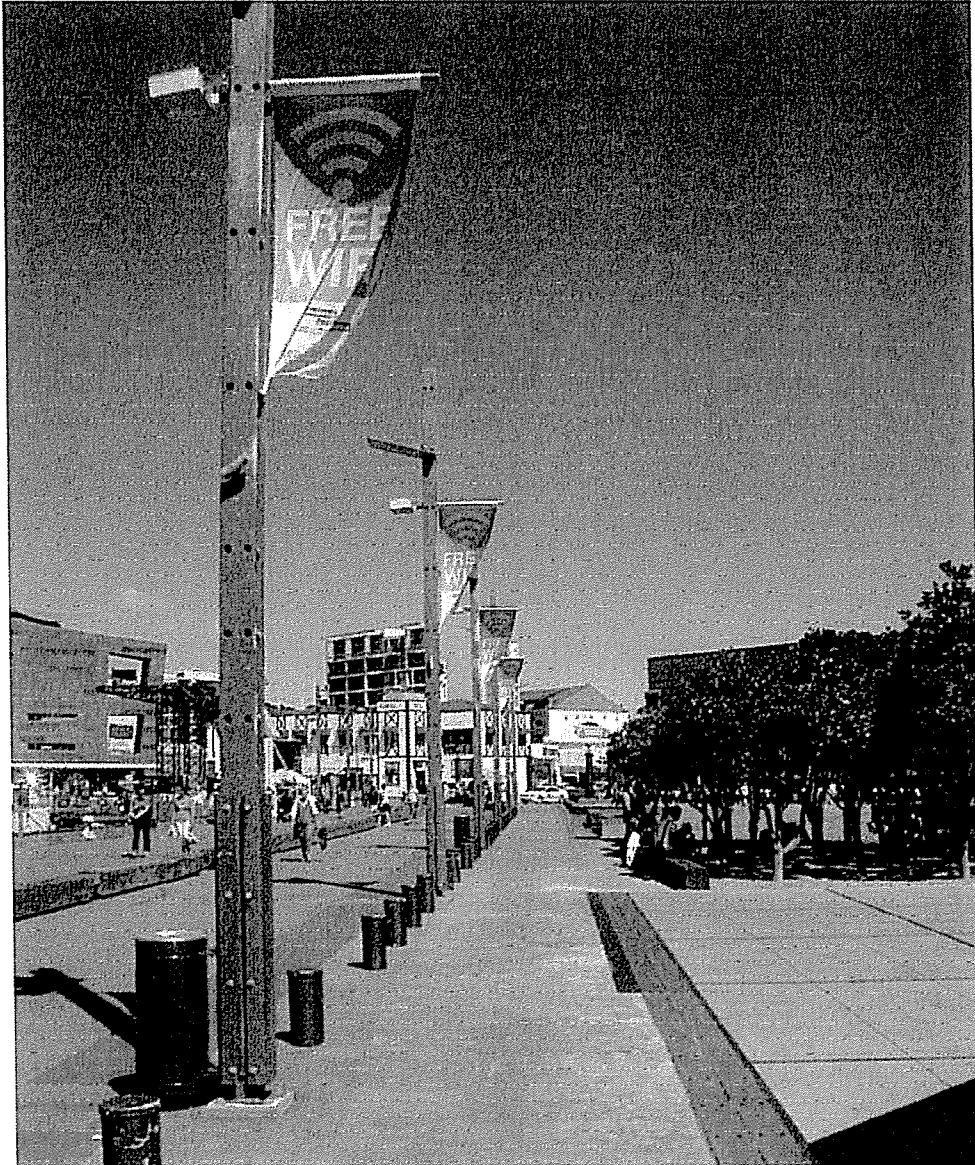
WWL uses a combination of approaches to engage effectively with key stakeholders and inform the public about waterfront development projects. It is important that WWL continues to build confidence among Wellingtonians that we share the things they value about the waterfront, have their interests at heart and that we have the expertise to do the job to a high standard.

Communications in the coming year will continue to focus on keeping the wider community abreast and further strengthening relationships with key stakeholders.

This focus translates into the following key areas of work, all of which are underpinned by ongoing research and consultation:

- Communicating with Wellingtonians through a programme of presentations and displays in the community, the continued enhancement of WWL's Waterfront Project Information Centre, maintenance of its website and active engagement with the waterfront's various communities of interest.
- Promoting to the public and fostering input into the implementation of the waterfront's various projects, through specific communications activities planned for each project.

- Maintaining effective relationships with key stakeholders, particularly the Wellington City Council and the waterfront community, through a managed programme of engagement, appropriate to each group.



Strategy and Planning

Strategic Objective

To have robust, transparent strategy and business plans that will allow us to plan comprehensively, deliver efficiently and measure honestly, while retaining the flexibility to respond to the changing environment in which we operate.

WWL has developed a comprehensive three-year Strategic Plan and will continue to develop the annual Business Plans that will see those strategies delivered. These plans are informed by the various governing documents/frameworks we are required to operate within as well as providing details on our activities and approach.

The Strategic Plan will continue to be regarded as a living, dynamic document and will be amended as necessary to reflect changes in the property market and in stakeholder expectations.

Approach

Strategy development and planning are regular activities in WWL's business year and take into account long, medium and short term horizons that can be reviewed and aligned to changing circumstances. WWL ensures that the annual business plan and staff's individual work plans are aligned with and support delivery of the strategy.

This Year's Delivery

- Work closely with WCC to ensure that strategies and plans support and are supported by the city's objectives, and meet the requirements outlined in the Council's Letter of Expectation and WWL's Statement of Intent.
- Ensure that organisational and individual KPIs are determined prior to the beginning of the financial year and follow the approaches and deliverables outlined in the Strategic Plan.
- Review WWL's current standard and methods of reporting and implement areas identified for improvement.
- Work closely with the Council's Rugby World Cup Directorate to ensure the waterfront contributes to the success of this event.

Governance

Strategic Objective

To provide strong, well-focused Board leadership for WWL that enables the organisation to achieve its objectives by ethical and robust decision making at a strategic and policy level and provide input into specific operational issues when required.

Directors are appointed by the shareholder and usually serve three year terms. This ensures a regular turnover of Directors, bringing new views and skills to the board table. There are three Directors on the Board.

WWL's Board has the task of meeting its obligations of running a "public" company at the same time as meeting the multi-dimensional complexities arising from being a politically accountable Council Controlled Organisation. The Board has a commitment to timely and effective communication and positive working relationships with WCC and its various committees.

Approach

As with any company, the board sets the tone and exemplifies the values of the organisation. Best practice examples provided by the Institute Of Directors have been embraced as guidelines.

Because of the environment in which WWL operates, the Board has always played a key role in the delivery of the company strategy.

In fostering good governance practices we are continually monitoring the separation of the various roles and responsibilities of management, the Board, and WCC.

Relationships are fostered with our shareholder, the WCC, so that its commitment to WWL, as its waterfront implementation manager, is reinforced, and that the value and principles enshrined in the key governance documents continue to be recognised. These documents are:

- Wellington Harbour Board and Wellington City Council Vesting and Empowering Act 1987
- Constitution of Lambton Harbour Management Limited (Wellington Waterfront Ltd)
- Overview Agreement between WCC and Lambton Harbour Management Limited (Wellington Waterfront Ltd)
- Property Trust Deed
- Statement of Intent
- The Wellington Waterfront Framework
- Marine and Coastal Area Act 2011

This Year's Delivery

- Ensure that WCC is kept fully apprised of WWL's activities through regular formal meetings with WCC representatives.
- Work with WCC's CCO Performance Sub-Committee to monitor Key Performance Indicators agreed for WWL in the waterfront's development.
- Review Board practices and processes to maintain the distinction between governance and management – ongoing as part of the role of WWL's People and Performance Committee.
- Following last year's comprehensive Board self-assessment perform a follow-up Governance Review questionnaire.

Internal Systems and Process

Strategic Objective

To have disciplined and consistent implementation of our strategies and project plans, comply with legislative requirements and have sound internal controls that protect assets and operations from undetected fraud or theft.

It has become increasingly important to document, standardise and review the systems in place for project delivery; consultation and resource consents, property maintenance, asset management and health and safety. A comprehensive Corporate Manual assists in ensuring that delivery in each area of the business is consistent.

This manual will also aid a smooth hand-over from WWL to the WCC on completion of the waterfront project.

Risk management plans across each of WWL's work-streams have also been combined within a single Risk Management Policy. WWL has consulted with the WCC's Risk Assurance team to ensure all risks significant to the City Council are also identified. This Risk Management Policy is contained within the Corporate Manual.

The Company utilises and maintains a comprehensive Project Management Manual. This document sets out the Company's policies on procurements, letting of tenders, project reporting and post project evaluation.

Approach

This objective is met through ongoing reviews and updates of WWL's Corporate Manual accounting procedures, information management processes and systems and staff's individual work plans. The meeting of legislative compliance requirements also assists in ensuring that assets are protected and fraud or theft cannot go undetected.

This Year's Delivery

- Review and update the Asset Management Plan on an ongoing basis.
- Ensure compliance with legislative requirements – ongoing.
- Establish a Service Level Agreement for the handing over of finance as part of the Shared Services Unit within Council.
- Progressively digitalise information storage.

Finance

Strategic Objective

Ensure that all development proposals are able to be funded as and when required and that all financial reporting is in accordance with General Accepted Accounting Practices (GAAP)

With limited funding resources available to us from WCC, we need to ensure we prioritise our projects, maximise financial returns from commercial developments, while at the same time complying with various prescribed Wellington Waterfront Framework and operational guidelines.

During 2006/07, WWL advised WCC that delays in the timing of WWL's receipt of some commercial proceeds had occurred, resulting in a temporary funding shortfall in WWL's cash flow. In June 2007 Council approved temporary additional funding to cover this shortfall until the proceeds from the development sites have been received. This will not increase the amount of funding of \$15 million already agreed by the WCC.

In December 2008 and again in 2009 and 2011 WCC reviewed the operation of the waterfront. A detailed review was performed on the long term financial implications for the waterfront and these were included in the Council's Long Term Council Community Plan. During the latest review process it emerged that the finance and accounting function currently carried out on site at WWL by the financial accountant will be taken over by the newly established Shared Services Unit at WCC. The handover is expected to be completed by 31 August 2011.

WWL has adopted the International Financial Reporting Standards in conjunction with WCC.

Approach

To ensure the necessary funding is available to meet WWL's and the Project's funding requirements at the appropriate time we continue to maintain and enhance a dynamic financial model to manage our cash-flow.

Forecast financial statements will be produced in collaboration with WCC under a shared services programme.

WWL also actively manages risks and insurances so that any ill-effects from occurrences are controlled.

WWL is currently developing a Service Level Agreement outlining the Company's current finance and accounting support and which details the basis on which the services from WCC's Shared services Unit will be provided.

This Year's Delivery

- Continually monitor financial resources and outcomes to ensure the necessary funding is available to meet WWL's and the Project's requirements at the appropriate time.
- Ensure a smooth handover of the financial and accounting functions to the Shared Services Unit at WCC.

In support of this Business Plan the financial statements include:

- A forecast statement of financial performance
- A forecast statement of financial position
- A forecast statement of cash flows
- Any other forecast financial statements required by GAAP
- A reconciliation of net cash flows from operating activities to the net surplus / (deficit) in the operating statement
- A statement of movement in equity or taxpayers' funds

We are required to provide the above budgeted requirements for each quarter of 2011/12.

Financial Plan

The financial plan adheres to Council's policy that:

- Revenue made on the waterfront is used to fund expenditure on the waterfront, and
- A contribution of up to \$15 million to fund public space and waterfront operating costs, plus an annual management fee, will be made in the period to the completion of waterfront development set out in the Waterfront Framework.
- WWL has received Council approval for short term funding to complete contracted public space expenditure over the three years covered by this Strategic Plan. This short term funding will be repaid as commercial proceeds are received.

Forecast WCC funding by year (excluding the Management Fee)

	WCC Capital Contribution	WCC Contribution TSB Bank Arena upgrade	WCC Temporary Additional Funding / (Repaying)	Total WCC Contribution
	\$ million	\$ million	\$ million	\$ million
2005/06 (actual)	4.00	-	-	4.00
2006/07 (actual)	7.25	0.32	-	7.57
2007/08 (actual)	3.75	1.80	3.90	9.45
2008/09 (actual)	-	-	0.50	0.50
2009/10 (actual)	-	-	4.40	4.40
2010/11	-	-	3.10	3.10
2011/12	-	-	2.60	2.60
2012/13	-	-	1.90	1.90
Beyond 2014			-6.60	-6.60
Total	15.00	2.12	9.80	26.92

Of the WCC's capital contribution of \$15m, \$4.00m was drawn down in 2005/06 to enable Stage 1 of Waitangi Park to be completed. \$7.25m was drawn down in 2006/07 to enable the commencement of the committed Kumutoto public space and in 2007/08 the balance (\$3.75m) was drawn down to complete the Kumutoto public space development. WWL's forecast borrowings are expected to be \$11.90 million at June 2011.

The Financial Plan also allows for the continued WCC funding of the management fee which covers the annual operating costs (payroll, governance, IT and administration) of Wellington Waterfront Limited.

The Financial Plan includes the following schedules:

1. Schedule of Commercial Developments

Shows the forecast proceeds from commercial developments each year based on the project plan programme.

2. Schedule of Public Space Developments and Other Capital Expenditures

Shows the forecast expenditure on Public Space and other capital expenditure projects for each year based on the Project Plan.

3. Funding Schedule

Shows the Wellington Waterfront Project forecast receipts and payments and the proposed funding mechanisms and amounts.

4. Earnings Statement (Statement of Financial Performance)

The forecast annual Statement of Financial Performance.

Rental income is forecast to decline over the next few years as income generating assets are either released for long term development or are replaced by developed public space. Operating expenses are forecast to be \$850,000 higher in both 2011 and 2012 than in 2013 due to planning costs.

5. Statement of Assets and Liabilities (Statement of Financial Position)

The forecast annual statement of financial position.

6. Movements in Equity

The forecast annual movements in the Wellington Waterfront Project's equity.

WCC's equity in the Wellington Waterfront Project is projected to increase from \$139.9m (June 2007) to \$169.9m (June 2013).

7. Cash Funds Schedule

A detailed forecast of annual receipts and payments.

CCO: Wellington Waterfront Project
Business Plan 2011/12

\$x000's

MOVEMENTS IN EQUITY	2012	2013	2014
Statement of Movements in Equity			
Opening Balance	155,686	159,882	158,924
Net Profit / (Loss) after Tax	(3,479)	(3,908)	(3,545)
Commercial Development proceeds	4,000	0	20,875
Total recognised revenues and expenses for the year	521	(3,908)	17,330
Contributions from WCC			
Loan Contributions for Public Space	2,600	1,900	(13,000)
Equity Contributions for Operations	0	0	0
Equity Contributions for Management Fee	1,075	1,050	1,050
Total WCC Equity Contributions	3,675	2,950	(11,950)
Equity as at 30th June	159,882	158,924	164,304

**CCO: Wellington Waterfront Project
Business Plan 2011/12**

\$x000's

EARNINGS STATEMENT							
	Qtr to 30-Sep-11	Qtr to 31-Dec-11	Qtr to 31-Mar-12	Qtr to 30-Jun-12	Total YE 30-Jun-12	Total YE 30-Jun-13	Total YE 30-Jun-14
Revenue							
Trading Income	1,086	1,019	1,019	1,208	4,333	3,981	2,802
Other Income	1,086	1,019	1,019	1,208	4,333	3,981	2,802
Total Revenue							
Expenditure							
Employee Costs	1,260	1,246	1,243	1,282	5,031	5,012	3,936
Other Operating Expenses	516	516	516	516	2,064	2,126	2,189
Depreciation				717	717	751	221
Interest	1,776	1,762	1,759	2,515	7,812	7,889	6,347
Total Expenditure							
	(690)	(743)	(740)	(1,306)	(3,479)	(3,908)	(3,545)
Net Surplus/(Deficit) before Taxation							
Taxation Expense							
Net Surplus/(Deficit)	(690)	(743)	(740)	(1,306)	(3,479)	(3,908)	(3,545)
Operating Margin	-63.5%	-72.9%	-72.6%	-108.1%	-80.3%	-98.2%	-126.5%

CCO: Wellington Waterfront Project
Business Plan 2011/12

FUNDING SCHEDULE		2011/12	2012/13	2013/14	Total
		\$m	\$m	\$m	\$m
Receipts					
Operating		4.218	3.842	2.663	10.722
Proceeds from commercial developments		4.000	0.000	20.875	24.875
Total receipts		8.218	3.842	23.538	35.597
Payments					
Waterfront operating costs		5.175	4.767	3.187	13.130
Public space developments		6.050	1.034	7.161	14.245
Total payments		11.225	5.802	10.348	27.375
Net cash surplus/(deficit)		-3.007	-1.960	13.190	8.223
Funded by:					
Realisation of / (investment in) term deposits		0.569			0.569
Wellington City Council contributions - Drawdown (balance of \$15M)					0.000
Wellington City Council contributions - Borrowing		2.600	1.900	-13.000	-8.500
Total funding		3.169	1.900	-13.000	-7.931
Funding from Wellington City Council					
Contributions for public space developments		2.600	1.900	-13.000	-8.500
Total Wellington City Council Funding		2.600	1.900	-13.000	-8.500

**CCO: Wellington Waterfront Project
Business Plan 2011/12**

SCHEDULE OF COMMERCIAL DEVELOPMENTS					
	2011/12 \$m	2012/13 \$m	2013/14 \$m	2015 and beyond \$m	Total \$m
Summary of Commercial Developments	4.000	0.000	20.875	9.580	34.455
SCHEDULE OF PUBLIC SPACE DEVELOPMENTS AND OTHER CAPITAL EXPENDITURE					
	2011/12 \$m	2012/13 \$m	2013/14 \$m	2015 and beyond \$m	Total \$m
Kumutoto - Sites 8 and 9				2.000	2.000
Queens Wharf master plan implementation					0.000
Frank Kitts Park			5.000		5.000
Shed 11 Canopy	0.100				0.100
Taranaki Street Wharf (TSW)					0.000
TSW traffic control measures					0.000
OPT public space	0.400	0.650	1.819		2.869
Chaffers Marina - maintenance					0.000
Chaffers Marina - relocation	0.500				0.500
Wharf maintenance*	4.520			4.070	8.590
Kumutoto public space - WC					0.000
Minor Works	0.100	0.100	0.050	0.350	0.600
Repairs and maintenance - renewals	0.430	0.284	0.292	3.282	4.288
Total	6.050	1.034	7.161	9.702	23.947

*Note: Wharf maintenance excludes Overseas Passenger Terminal wharf structure and assumes Outer-T repaired to a minimum level only.

Wellington Waterfront Project

CASH FUNDS SCHEDULE	2010/11	2011/12	2012/13	2013/14
Public Space Fund				
Loan Financing - Balance	11,900	14,500	16,400	3,400
Receipts				
WCC Equity Contribution / Loan Financing	11,900	2,600	1,900	(13,000)
Total Receipts		2,600	1,900	(13,000)
Payments				
Public Space Improvements		6,050	1,034	7,161
Total Payments		6,050	1,034	7,161
Net Transactions for Period		(3,450)	866	(20,161)
Brought Forward Balance				
Net Transactions for Period		(3,450)	866	(20,161)
Commercial Development Fund				
Receipts				
Proceeds from Commercial Developments		4,000	0	20,875
Total Receipts		4,000	0	20,875
Net Transactions for Period		4,000	0	20,875
Operations Fund				
Receipts				
WCC Equity Contribution - WWL Fee		1,075	1,050	1,050
Receipts from customers				
Lease/rental		2,291	1,996	1,397
Carpark/Motorhome		1,432	1,426	924
Recoveries		397	346	267
Interest Received		24	24	24
Total Receipts		5,218	4,842	3,663
Payments				
Operating Expenses before Int, Tax, Depc'n				
Property costs		2,371	2,237	1,557
Community relations		55	56	58
Overheads (including mm fee)		1,315	1,277	1,325
Planning costs - projects		350	450	0
Insurance		967	996	1,026
Operating Expenses before Int, Tax, Depc'n		5,058	5,016	3,966
Working Capital Adjustments - Payables		400	0	0
Loan payments / interest		717	751	221
Total Payments		6,175	5,767	4,187
Net Transactions for Period		(957)	(926)	(525)
Net Transactions for Period		(957)	(926)	(525)
Net Cash at end of Period	569	162	102	292

LAMBTON HARBOUR DEVELOPMENT AREA

WWL - LAND & BUILDING OWNED

WWL - LAND ONLY OWNED

Lambton Harbour

WELLINGTON CITY

