

POSITIVELY
Wellington
WATERFRONT

Wellington Waterfront Limited

Statement of Intent

An overview of our planned strategies and activities 2012/13



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.

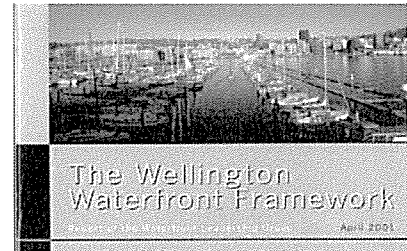
We will know we are on track when:

- 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



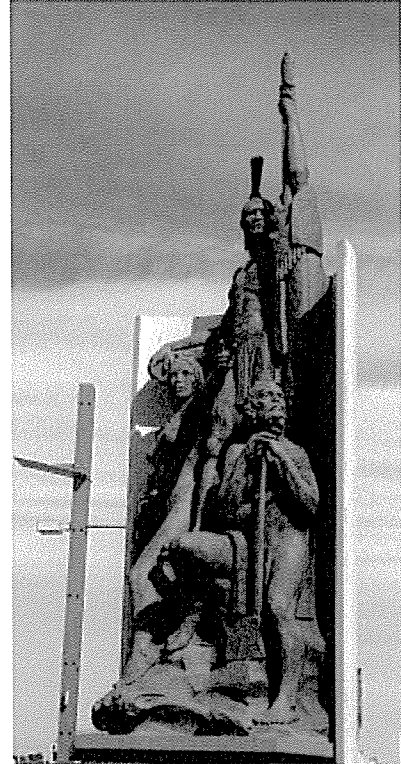
How we plan our work



What principles guide our work?

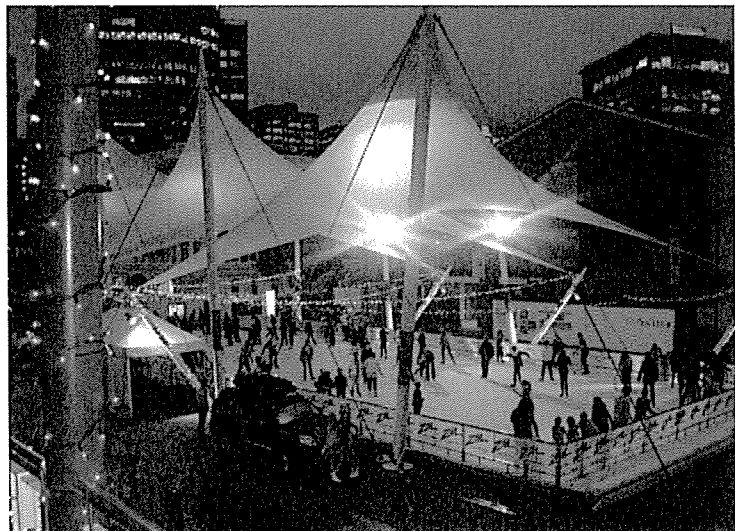
There are a number of inter-linking themes reflecting the public's interest in the future of the waterfront. These themes are considered and included in the planning of the waterfront as a whole and in each of the individual areas:

- 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



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 – term ends 31 December 2012*)
- Jane Black (*term ends 31 December 2012*)
- Cr Justin Lester (*appointed 29 June 2011; term ends 13 October 2013*)
- Derek McCorkindale (*appointed 1 July 2011; term ends 31 December 2013*)



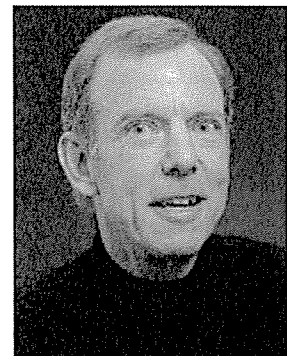
Robert Gray



Jane Black



Cr Justin Lester



Derek McCorkindale

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

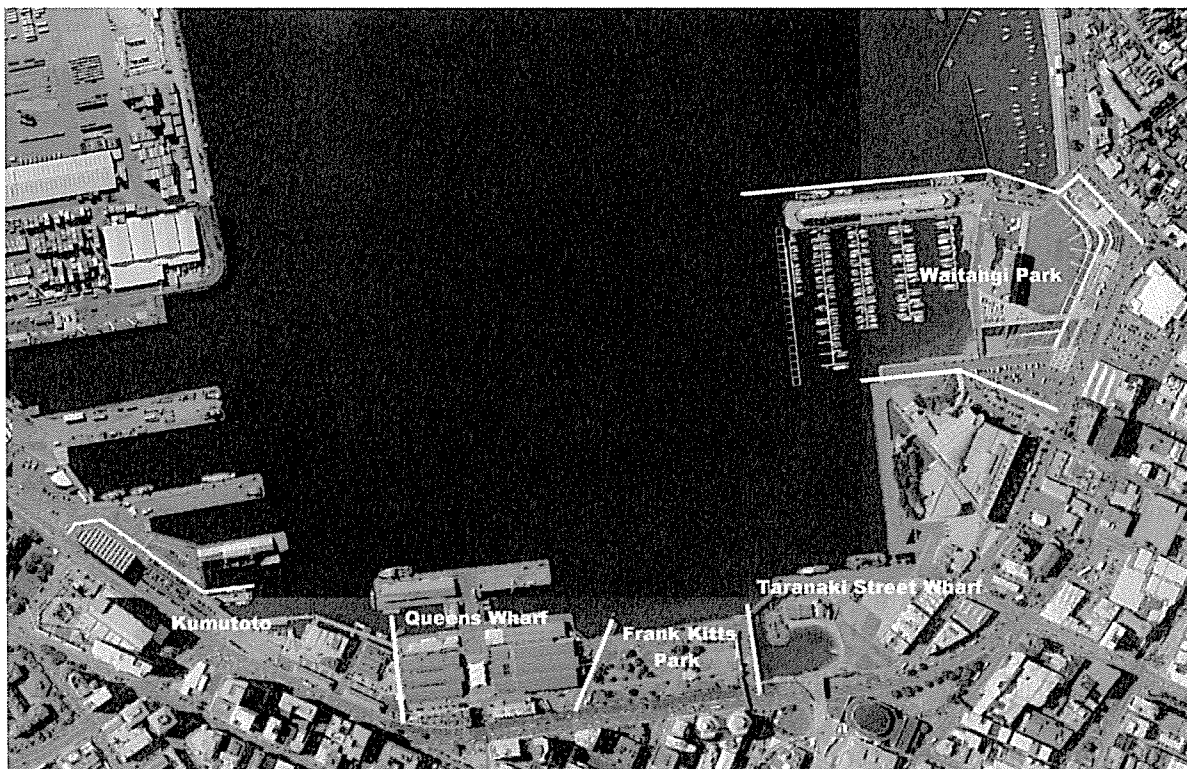
WWL operates with a small team of dedicated people each with clearly defined roles and responsibilities.

- 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 ten including three specialist managers of the Harbourside Market and Wellington Waterfront Motorhome Park

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



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.

Other territorial authorities:

An opportunity exists for WWL to apply its project, development and urban renewal skills and expertise to other territorial authorities within the Wellington region. As well as increasing regional cooperation this would allow WWL to better use its resources, improve economies of scale and enhance our balance sheet position by attracting consultancy fees. Discussions will be held with neighbouring authorities throughout the year with the aim to secure a consultancy commission in the 2012/13 year.

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

Performance Targets and Other Measures for 2012/13

Performance Indicator	Measure	Target/Result
Successful completion of the marketing of Shed 5, Queens Wharf	Long term lease (between 12-25 years) entered into by Qtr 2	An improved cash flow and food & beverage offering
Site 10, Kumutoto	Subject to the District Plan variation 11 Environment Court outcome and WCC approval, meet the contractual milestones as set out within the Development Agreement with Newcrest Group	Progress development toward delivery of cash flow projections and Kumutoto stage 2 completion
Shed 1, Queens Wharf	Long term development proposal for Shed 1 approved by WCC by Qtr 4	Revitalisation of this high profile wharf shed
Transition site, Waitangi Park	Meet the contractual milestones within the Memorandum of Understanding entered into with Te Papa	Advance the long term solution for the transition site
Wharf pile refurbishment, Queens Wharf	Complete stage 2 of these works within budget	Continued infrastructural upgrade of the waterfront
Asset Management and Business Continuity Plans	Complete identified improvement of these plans	Ensure ongoing development of these working documents
Website	Refresh the WWL website and ensure all information is current, up to date and relevant	Ensure WWL is represented appropriately in the social media network
Diving Board, Taranaki Street Wharf	Implement the delivery of the diving board within the Circa cut-out space, on time and within approved budget	Development of additional recreational opportunities on the waterfront
Overseas Passenger Terminal, Waitangi Park	Complete the urban design proposal for the public space and achieve Technical Advisory Group sign-off	Ensure WWL delivers its contractual obligations regarding public space around the completed OPT
Sites 8 & 9, Kumutoto	Subject to the outcome of District Plan variation 11, call for expressions of interest for the development of these sites	Progress development toward delivery of cash flow projection and Kumutoto stage 2 completion
Maintenance Projects	Ensure waterfront-wide maintenance and infrastructure renewal is delivered to budgetary expectations	Maintain high standard of property management and maintenance
Queens Wharf master planning	Investigate development options for Shed 6 and make recommendation to WCC by Qtr4	Continued planning of specific projects within the Queens Wharf precinct
Shared Services – WCC	Ensure fully integrated shared services platform is established	Deliver on WCC's objective to roll out a shared services division

	and maintained	
Revenue Maximisation	Maximise rental income streams through judicious asset management and by seeking additional revenue opportunities	Improvement to WWL's overall cash flow
Events Management	Introduce an events focus into WWL's work programme	Continued development of the waterfront as a leading edge and innovative space
Financial	Manage our budget to ensure at year end: <ul style="list-style-type: none"> ▪ Waterfront Operating Costs \$6.472m ▪ Public Space Development \$2.666m ▪ Proceeds from Operating Receipts & Commercial Development \$14.363m ▪ Loan Finance Balance \$12.270m 	Continued prudent financial management of the waterfront

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
- 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

- Ensuring adequate and conveniently placed rubbish and recycling receptacles are provided along the waterfront for both our tenants and the public
- Reduction of surface 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 and 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. Political

This is the risk of WWL being voted out of existence by its shareholder WCC, resulting in impacts such as disestablishment of the WWL Board, WWL job losses and disruption to completion of waterfront development in accordance with the guiding principles of the Framework.

WWL has limited ability to control this risk other than to continue to achieve the objectives of the Wellington Waterfront Framework as efficiently and as professionally as possible.

2. Natural Disaster

This is the risk of damage/loss of assets, injury, fatalities from earthquakes, tsunami, tidal activity, storms and other natural phenomena, resulting in impacts such as property damage, cessation of development activity, business interruption, financial losses, requirement for new capital, tortuous insurance claim processes, litigation against WWL, directors, shareholders, and prosecutions.

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 hazards in design, construction and operation.

Hazard management and other health and safety issues are regularly reviewed and monitored. WWL's buildings and services 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.

3. Cashflow / Income

This is the financial risk that the business (company and/or the project) does not achieve projected cashflows and income levels, resulting in impacts such as cash shortages, a need to borrow and further reduce costs within the business.

Commencement of the Willis Bond development of the Overseas Passenger Terminal and possible future development of site 10 by Newcrest Group help reduce the likelihood of risk to cashflow and income in what is otherwise a subdued New Zealand economy.

4. Environmental Disaster

This is a risk that WWL's assets are damaged, employees or members of the public are injured or killed, through toxic materials spills, explosions, gas leaks, etc resulting in property damage, cessation of development activity, business interruption financial losses, requirement for new capital, tortuous insurance claim processes, litigation against WWL directors or shareholders, and prosecutions .

While the risk likelihood is low, the potential impact is high and 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.

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

5. Brand & Image

This is a risk that the WWL brand is damaged through low quality delivery, non-performance, scandal, unethical or inappropriate behaviour, resulting in impacts such as refusal of developers, consultants, businesses or other parties to deal with WWL, leading in turn to potential cash shortages and other adverse effects which limit the ability of WWL to function properly.

Formal and informal feedback that WWL obtains from stakeholders and the wider public, indicate that the brand and image of WWL are 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.

While the risk likelihood of damage to brand and image is relatively low, the potential impact is very high and WWL must continue to strive to maintain and where possible, enhance its brand and image through the following measures:

- 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 and engaging effectively with stakeholders and the citizens of Wellington via its website, project information centre, regular communications and interaction with waterfront tenants and businesses
- Meeting project timelines and budgets and performing to stated commitments on each project

6. Development Delays

This is the risk that commercial property and or public space development projects underperform relative to expected outcomes for any reason (regulatory, financial, physical, etc) resulting in impacts such as cash shortages, a need to borrow and to further reduce costs.

While the impact of this occurring is moderately high, the likelihood of it occurring has been assessed as relatively low due to WWL's development of and adherence to robust project management practices and procedures.

7. 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.

8. Public Safety

This is the hazard of personal safety risk whereby one or more members of the public suffer injury/trauma/theft, resulting in impacts such as litigation against WWL and directors and prosecution under OSH legislation.

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

WWL remains vigilant to potential risks to public safety and takes 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.

9. Operational

The risk that abuse of WWL's operational processes leads to fraud or misappropriation resulting in impacts such as cash shortages and a need to borrow and further reduce costs within the business.

While the impact of this occurring is moderately high, the likelihood of it occurring has been assessed as relatively low due to the robust processes that WWL has in place together with regular external audits that are undertaken.

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 Company's 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 maintain financial stability in the short-term and work towards financial independence?

- The funding of the Waterfront Project and its phasing was thoroughly assessed in 2000/01 and included in the Wellington Waterfront Framework.
- The Council's total investment in the Project was established at \$15 million and at that time was expected to be expended over the six-year life of the development, finishing in 2006/07.
- The cost of the project was understood to be much greater than \$15 million. Approximately 75% of the actual costs of the waterfront development comes from income derived from commercial arrangements with developers and investors. In other words, the public monies contribution was to be significantly supplemented by private investment, including payments for leases, licences, management fees, car parking revenues etc.
- Completion of the Project did not occur in the projected six year timeframe due to a combination of factors including the high public interest in the development (often resulting in regulatory delays) and changes in the national and international economic environment.
- Additional temporary funding was approved in 2009 by WCC. 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.
- The Wellington Waterfront Framework made no financial or timing provision for the repair and upgrade of the considerable infrastructure that supports the Wellington Waterfront. Major wharf pile upgrades and the seismic strengthening of buildings, seawalls and other structures, was simply not anticipated in the financial planning for the Project. As a consequence, the Project is bearing the burden of this necessary upgrade work to the extent that it is now limiting our ability to advance the Project.
- In summary, the initial Council contribution of \$15 million was expected to fund the development of public space surrounding commercial development over a period of six years. It was not expected that the Project would inherit what has turned out to be a similar financial requirement for necessary infrastructural upgrades nor that completion would take more than twice the time frame – ie we are currently in our twelfth year.

- To that extent, the Project is seeking financial relief by way of additional and separate loan funding for its expenditure on the upgrade of its infrastructural assets, most notably the repair of wharf piles. This includes expenditure made over the last four years of \$4.238 million and for future costs of \$5.552 million to be expended in 2012/13 (\$1.482 million), 2014/15 (\$2.035 million) and 2017/18 (\$2.035 million). These future costs were previously anticipated in our forward funding programme.



Financial – Ten Year Financial Forecast

CASH FUNDS SCHEDULE											
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
Public Space Fund											
Public Space Fund Loan Balance	6,550.0	10,150.0	300.0	3,100.0	4,400.0	6,100.0	8,300.0	10,400.0	12,600.0	14,830.0	
Wharf Repiling Loan Balance	5,720.0	5,720.0	7,755.0	7,755.0	7,755.0	9,790.0	9,790.0	9,790.0	9,790.0	9,790.0	
Receipts											
WCC Equity Contribution / Loan Financing	(9,750)	3,600	(9,850)	2,800	1,300	1,700	2,200	2,100	2,200	2,230	
WCC Loan - Wharf Repiling	5,720	0	2,035	0	0	2,035	0	0	0	0	
Total Receipts	(4,030)	3,600	(7,815)	2,800	1,300	3,735	2,200	2,100	2,200	2,230	
Payments											
Public Space Improvements	2,666	3,042	11,284	5,699	410	2,589	476	265	269	269	
Total Payments	2,666	3,042	11,284	5,699	410	2,589	476	265	269	269	
Net Transactions for Period	(6,696)	558	(19,099)	(2,899)	890	1,146	1,724	1,835	1,931	1,961	
Commercial Development Fund											
Receipts											
Proceeds from Commercial Developments	8,650	1,000	23,875	400	400	400	0	0	0	0	
Total Receipts	8,650	1,000	23,875	400	400	400	0	0	0	0	
Net Transactions for Period	8,650	1,000	23,875	400	400	400	0	0	0	0	
Operations Fund											
Receipts											
WCC Equity Contribution - WWVL Fee	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	
Receipts from customers	2,510	2,126	1,599	1,384	1,409	1,435	1,462	1,489	1,516	1,544	
Lease/rental	1,449	1,082	1,104	1,126	1,148	1,171	1,195	1,219	1,243	1,268	
Carpark/Motorhome	429	435	353	327	333	340	347	354	361	368	
Recoveries	24	24	100	24	24	24	24	24	24	24	
Total Receipts	5,713	4,968	4,455	4,161	4,215	4,271	4,327	4,385	4,444	4,504	
Payments											
Operating Expenses before Int, Tax, Depcn	2,502	2,374	1,796	1,618	1,612	1,642	1,673	1,705	1,650	1,683	
Property costs	55	56	57	58	59	60	62	63	64	65	
Community relations	1,540	1,525	1,571	1,556	1,562	1,565	1,572	1,554	1,606	1,563	
Overheads (including mm fee)	700	300	0	0	0	0	0	0	0	0	
Planning costs - projects	1,675	1,530	1,561	1,592	1,624	1,656	1,689	1,723	1,757	1,793	
Insurance											
Total Payments	6,472	5,785	4,985	4,824	4,857	4,924	4,996	5,045	5,078	5,104	
Net Transactions for Period	(759)	(817)	(1,530)	(1,662)	(1,642)	(1,709)	(1,675)	(1,730)	(1,678)	(1,599)	
Operating Capital Adjustments - Payables	400	0	0	0	0	0	0	0	0	0	
Interest	713	432	17	178	253	351	477	598	725	853	
Interest - Wharf repiling loan	317	329	446	446	446	563	563	563	563	563	
Total Payments	7,902	6,546	5,448	5,448	5,555	5,838	6,036	6,206	6,365	6,520	
Net Transactions for Period	(2,190)	(1,578)	(993)	(1,287)	(1,340)	(1,567)	(1,709)	(1,820)	(1,921)	(2,016)	
Net Cash at end of Period	114	94	3,878	92	42	20	36	51	61	6	

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 12% reduction from \$1.2 million to \$1.075 million was achieved for the 2011/12 year.

Over the last three years the Company has embraced a cost minimisation policy and has reduced costs by a number of means including outsourcing its financial activities to a WCC shared services business unit and reducing the number of directors and the frequency that the Board meets.

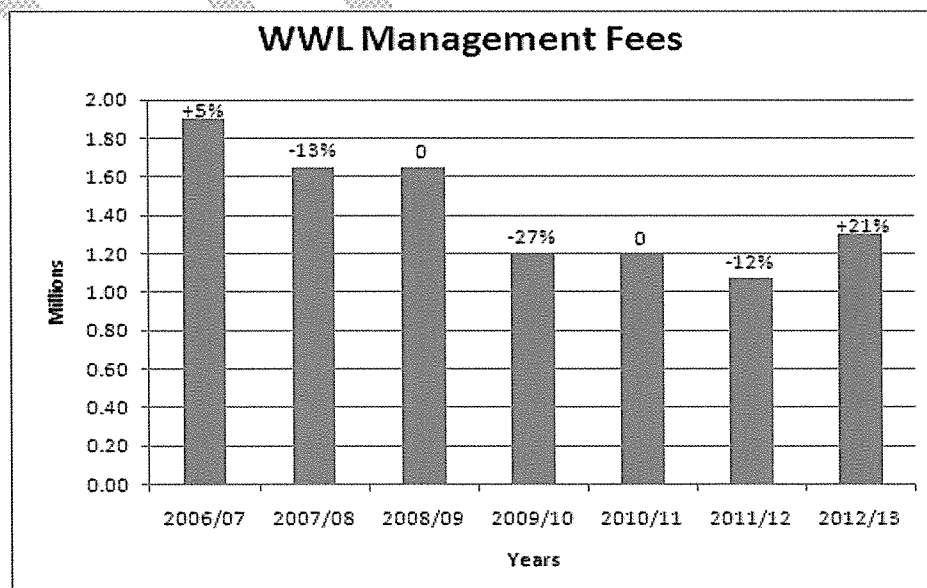
With substantially increased workloads and pressures across the organisation it is apparent that the Management Fee which has been relatively static since 2008 needs to increase.

WWL is currently managing and facilitating a waterfront revitalisation programme that will result in more than \$200 million being committed to waterfront improvements over the next twelve months. This is the largest private investment commitment the waterfront has seen in its 25 year history. It is also the most significant spend undertaken by property investors across the city.

It has become apparent that the complement of staff at WWL (currently eight FTE's) needs to increase to meet work demands that are at levels not seen since 2007. A \$225,000 increase to the management fee will enable extra resourcing and streamlining of the operation.

Without this additional funding, serious consequences to the workplan would result in:

- Significant delays to the receipt of commercial proceeds
- Inability to progress projects critical to the wider city's interests
- Human resource implications at WWL



WWL contribution to Wellington City Council's vision



Toward 2040: Smart Capital is the Council's strategic plan that sets out a vision for the future of Wellington City – a vision that builds on the city's existing strengths – such as its natural beauty, vibrancy, compactness, close-knit communities and great people – while raising the bar higher.





WWL has and will continue to contribute to the four pillars identified within the Toward 2040 strategic document. They are:




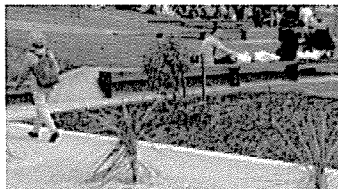

- People Centred City
- Connected City
- Eco-City
- Dynamic Central City



People Centred City	What have we done so far	What more can we do
Maori Culture and History 	<ul style="list-style-type: none"> • Wharewaka development • Waitangi Park – inclusion of design references - pou, waharoa, shadows of the waka • Kupe statue • Naming protocols 	<ul style="list-style-type: none"> • Writers walk – inclusion of Maori literature • Deliver on expectations of the wharewaka development • Interpretation across the waterfront to include pre-colonial stories • Waka ama competitions
Open and welcoming City 	<ul style="list-style-type: none"> • Ethnic festivals - Diwali, Asian Night Market, Chinese New Year, Pacifica Festival, Arts Festival and Dragon Boating • International events - Global Ocean Race, and Rugby Sevens • Public spaces that encourage people to come and linger • Motorhome park • Public artworks • Sporting Events –Marathon, Round the Bays, Relay for Life 	<ul style="list-style-type: none"> • Improved accessibility and stronger links between the waterfront and the CBD • Joint promotion of the waterfront with WCC • Artists in residence programme within the OPT
Suburbs: Unique identities ‘Smart City’ 	<ul style="list-style-type: none"> • Great Harbour Way (GHW) • Free WiFi across the waterfront • Electric car charging points • Waterfront business clusters – food and beverage, arts and crafts, sporting and recreational 	<ul style="list-style-type: none"> • Further development of the GHW • Interpretive signage using modern technology • Attract innovative organisations and clusters to the waterfront • Energy efficient lighting across the waterfront
Active communities that support innovation and resilience 	<ul style="list-style-type: none"> • Free WiFi • Collaboration amongst CCO's • Development of numerous public gathering spaces 	<ul style="list-style-type: none"> • Encourage greater waterfront community collaboration • Improved website and use of social media
Healthy and safe communities 	<ul style="list-style-type: none"> • Crime Prevention Through Environmental Design (CPTED) & Injury Prevention Through Environmental Design (IPTED) initiatives • Cycle calming initiatives • Vehicle restrictions and controls • Water fountains • Public amenities • Safe work practices • Water safety and access • Pedestrian priority • Fitness programmes 	<ul style="list-style-type: none"> • CCTV installation • Adventure playground concept advanced • Encourage active transport • Fitness stations

Connected City	What have we done so far	What more can we do
<p>Supporting effective and efficient regional, national and international infrastructure</p> 	<ul style="list-style-type: none"> • Free WiFi across the waterfront 	<ul style="list-style-type: none"> • Ensure that waterfront infrastructure is future-proofed
<p>City-to-city connection, nationally and internationally, that support Wellington's economic, social and cultural goals</p> 	<ul style="list-style-type: none"> • Website and links • Intersection upgrades and pedestrian crossings to connect the waterfront with the CBD 	<ul style="list-style-type: none"> • Website improvements including links to other centres • Further improved links between the waterfront and the CBD
<p>City and regional connections that drive economic growth and innovation</p>	<ul style="list-style-type: none"> • Not applicable to the Waterfront company 	<ul style="list-style-type: none"> • Facilitating business community clusters
<p>Connecting people internationally to support market access and knowledge exchange</p>	<ul style="list-style-type: none"> • Not applicable to the Waterfront company 	

Eco City	What have we done so far	What more can we do
<p>Develop a city based approach to developing Wellington as an eco-city</p> 	<ul style="list-style-type: none"> • Creation of many green public spaces incorporating - wetlands, recycled materials, natural irrigation and local plantings • New buildings incorporating green building principals - Meridian, Wharewaka 	<ul style="list-style-type: none"> • Sustainability as a key focus to all new developments • Green lighting initiatives
<p>A city with a green economy</p> 	<ul style="list-style-type: none"> • Plentiful exercise space for city dwellers • Policy to reduce surface car parks 	<ul style="list-style-type: none"> • Further develop waterfront open spaces. • Promote the waterfront as the 'city's front-yard' • Advocate for better commuter cycle routes
<p>Build sustainability into Wellington's urban environment</p> 	<ul style="list-style-type: none"> • Public spaces using recycled materials • Energy efficient lighting • Water meters • Recycling initiatives • Building design to take into account climate change 	<ul style="list-style-type: none"> • Encourage waterfront businesses to recycle • Initiate waste minimisation policies
<p>Infrastructure to create a secure and resilient city</p> 	<ul style="list-style-type: none"> • Infrastructure assessments and asset management • Future proofing infrastructure for new projects • Consistent renewal of assets • Earthquake strengthening • Wharf substructure upgrade 	<ul style="list-style-type: none"> • Asset renewal • Programmed maintenance

Dynamic Central City	What have we done so far	What more can we do
<p>Supporting the central city as the economic engine room of the wider Wellington city and region</p> 	<ul style="list-style-type: none"> • A built environment with public spaces for people to live, work and play • Created a recreational playground for city dwellers 	<ul style="list-style-type: none"> • Retain Wellington business in the central city through high quality developments and public spaces
<p>Wellington's 'story' told through built form and natural heritage</p> 	<ul style="list-style-type: none"> • Refurbished and protected Sheds 3, 5, 11, 13, 21, 22, Odilins, Wellington Free Ambulance, Overseas Passenger Terminal and Eastbourne Ferry Terminal • Interpretative signage 	<ul style="list-style-type: none"> • Protection of historic relics by reusing in new developments
<p>A showcase for Wellington's green infrastructure and quality built form</p> 	<ul style="list-style-type: none"> • High quality new building developments - Meridian, Wharewaka, Kumutoto toilet • Retention and refurbishment of historic waterfront buildings • High quality successful public spaces - Kumutoto, Waitangi Park, Taranaki St Wharf • Victoria university Eco-house project 	<ul style="list-style-type: none"> • New developments including Site 10, Shed 1, Transition Building and helicopter hangar • Improvements to Frank Kitts Park • Redevelopment of Clyde Quay park and environs
<p>Actively plan for population growth in the central city</p> 	<ul style="list-style-type: none"> • Refurbished parks and improved public spaces • Better access to and around the waterfront 	<ul style="list-style-type: none"> • Provide residential opportunities • Create new public spaces
<p>Strategic planning for urban development in the central city</p> 	<ul style="list-style-type: none"> • Master-planning projects – Queens Wharf and Kumutoto • Adherence to good urban design protocols -Technical Advisory Group (TAG) 	<ul style="list-style-type: none"> • Master-planning of Kumutoto north • Supporting and enhancing the link between the waterfront and the Clyde Quay marina.

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 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

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 and car park/motorhome 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 higher in both 2013 and 2014 than in 2015 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.

CCO: Wellington Waterfront Project
Statement of Intent 2012/13

SCHEDULE OF COMMERCIAL DEVELOPMENTS		2012/13	2013/14	2014/15	2016 and beyond	Total
		\$m	\$m	\$m	\$m	\$m
Summary of Commercial Developments		8.650	1.000	23.875	1.200	34.725
SCHEDULE OF PUBLIC SPACE DEVELOPMENTS AND OTHER CAPITAL EXPENDITURE		2012/13	2013/14	2014/15	2016 and beyond	Total
		\$m	\$m	\$m	\$m	\$m
Kumutoto - Site 10			1.900	1.900		3.800
Queens Wharf master plan implementation				2.000		2.000
Frank Kitts Park					5.000 ✓	5.000
Shed 11 Canopy		0.100				0.100
Shed 11 Seismic upgrade		0.500				0.500
OPT public space		0.100	0.750	4.440		5.290
Wharf maintenance*		1.482		2.035	2.035 ✓	5.552
Minor Works		0.200	0.100	0.100	0.200	0.600
Repairs and maintenance - renewals		0.284	0.292	0.809	2.742	4.127
Total		2.666	3.042	11.284	9.977	26.969

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

CCO: Wellington Waterfront Project
Statement of Intent 2012/13

FUNDING SCHEDULE			
	2012/13	2013/14	2014/15
	\$m	\$m	\$m
Total	\$m		
Receipts			
Operating	4.413	3.668	3.155
Proceeds from commercial developments	8.650	1.000	23.875
Total receipts	13.063	4.668	27.030
Payments			
Waterfront operating costs	6.602	5.246	4.148
Public space developments	2.666	3.042	11.284
Total payments	9.268	8.288	15.432
Net cash surplus/(deficit)	3.794	-3.620	11.599
Funded by:			
Realisation of / (investment in) term deposits	0.350		
Wellington City Council contributions - Wharf loan	5.720	0.000	2.035
Wellington City Council contributions - Borrowing	-9.750	3.600	-9.850
Total funding	-3.680	3.600	-7.815
Funding from Wellington City Council			
Contributions for public space developments/wharf repiling	-4.030	3.600	-7.815
Total Wellington City Council Funding	-4.030	3.600	-7.815

CCO: Wellington Waterfront Project
Statement of Intent 2012/13

\$x000's

STATEMENT OF FINANCIAL PERFORMANCE							
	Qtr to 30-Sep-12	Qtr to 31-Dec-12	Qtr to 31-Mar-13	Qtr to 30-Jun-13	Total YE 30-Jun-13	Total YE 30-Jun-14	Total YE 30-Jun-15
Revenue							
Trading Income	1,146	1,173	1,133	1,150	4,602	3,857	3,269
Other Income							
Total Revenue	1,146	1,173	1,133	1,150	4,602	3,857	3,269
Expenditure							
Employee Costs							
Other Operating Expenses	1,457	1,464	1,404	1,551	5,876	5,782	4,982
Depreciation	516	516	516	516	2,064	2,105	2,147
Interest				1,030	1,030	761	463
Total Expenditure	1,972	1,980	1,920	3,096	8,969	8,648	7,592
Net Surplus/(Deficit) before Taxation	(826)	(807)	(788)	(1,947)	(4,368)	(4,791)	(4,324)
Taxation Expense							
Net Surplus/(Deficit)	(826)	(807)	(788)	(1,947)	(4,368)	(4,791)	(4,324)
Operating Margin	-72.1%	-68.8%	-69.5%	-169.3%	-94.9%	-124.2%	-132.3%

CCO: Wellington Waterfront Project
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\$x000's

STATEMENT OF FINANCIAL PERFORMANCE							Total YE 30-Jun-13	Total YE 30-Jun-14	Total YE 30-Jun-15
Revenue									
Trading Income	1,146	1,173	1,133	1,150	4,602		3,857	3,269	
Other Income	1,146	1,173	1,133	1,150	4,602		3,857	3,269	
Total Revenue									
Expenditure									
Employee Costs	1,457	1,464	1,404	1,551	5,876		5,782	4,982	
Other Operating Expenses	516	516	516	516	2,064		2,105	2,147	
Depreciation				1,030	1,030		761	463	
Interest	1,972	1,980	1,920	3,096	8,969		8,648	7,592	
Total Expenditure									
Net Surplus/(Deficit) before Taxation	(826)	(807)	(788)	(1,947)	(4,368)		(4,791)	(4,324)	
Taxation Expense									
Net Surplus/(Deficit)	(826)	(807)	(788)	(1,947)	(4,368)		(4,791)	(4,324)	
Operating Margin	-72.1%	-68.8%	-69.5%	-169.3%	-94.9%		-124.2%	-132.3%	

CCO: Wellington Waterfront Project
Statement of Intent 2012/13

\$x000's

MOVEMENTS IN EQUITY	2013	2014	2015
Statement of Movements in Equity			
Opening Balance	149,993	151,545	152,654
Net Profit / (Loss) after Tax	(4,368)	(4,791)	(4,324)
Commercial Development proceeds	8,650	1,000	23,875
Total recognised revenues and expenses for the year	4,282	(3,791)	19,551
Contributions from WCC			
Loan Contributions for Public Space	(9,750)	3,600	(9,850)
Loan Contributions for Wharf Costs	5,720	0	2,035
Equity Contributions for Management Fee	1,300	1,300	1,300
Total WCC Equity Contributions	(2,730)	4,900	(6,515)
Equity as at 30th June	151,545	152,654	165,691