



Wellington Waterfront Limited

QUARTERLY REPORT

**to the Transport & Urban Development Committee
Wellington City Council**

Quarter ended 30 September 2013

*Wellington Waterfront Limited
November 2013*

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1. EXECUTIVE SUMMARY

Wellington Waterfront Limited (WWL) is pleased to present its report for the quarter ending 30 September 2013 outlining progress of the Wellington Waterfront Project and the Company.

1.1 *The Wellington Waterfront Project*

Key events during the quarter include:

- WWL completed a Request for Proposal process and selected a preferred developer for the proposed future development of sites 9 & 10 at Kumutoto. WWL proposes to work with the developer over the course of the next quarter to negotiate and agree outline commercial terms prior to seeking Council endorsement to proceed to public consultation on the preliminary concept design in early 2014.
- WWL successfully completed the seismic strengthening of the inner-T of Queens Wharf and worked collaboratively with Positively Wellington Venue's contractor team for the delivery of the new temporary convention centre in Shed 6. The Shed 6 convention centre was successfully completed and opened by the Prime Minister in August.
- Willis Bond's redevelopment of Clyde Quay Wharf (ex-Overseas Passenger Terminal) continues on programme and notable achievements during the past quarter included the completion of the under-wharf carpark and the reattachment of the building's distinctive spire.
- WWL commenced the first stage of the development of the public space around the Clyde Quay Wharf (CQW) redevelopment. The public space development work will proceed concurrently with redevelopment of the building through to programmed completion of the entire development in the second quarter of 2014.
- WWL commenced planning for the replacement of the CQW fendering on the eastern (Oriental Bay) side of the wharf with works expected to commence in early 2014.
- WWL commenced planning for the sub-leasing of its ground floor premises in the CQW development.
- WWL commenced planning for the future redevelopment of the Frank Kitts Park children's playground.
- WWL successfully completed the re-leasing of the Frank Kitts Park carpark.

- WWL commenced investigations into the possible future establishment of the Queens Wharf water basin activity zone.
- WWL and WCC completed the development and formal implementation of the 'Waterfront Events Protocols' for the hosting and running of events on the waterfront by City Events and all other users.
- WWL advanced the planning for the proposed introduction of the integrated recycling and waste management system (including Kai to Compost collection system from waterfront restaurants) to be implemented across the waterfront from late 2013.
- WWL commenced planning for the return, enhancement and expansion of last year's successful inaugural summer market from January through March 2014.
- WWL and WCC commissioned BECA Engineering to prepare a solution enabling the Taranaki Street wharf jump platform to be operational for the 2013/14 summer season.

1.2 *The Company – Wellington Waterfront Limited*

- WWL farewelled project manager Andrew Howie from the WWL staff after eight years of service and welcomed Monique Treder as assistant property manager.
- Audit NZ completed its audit of WWL for the year ended 30 June 2013.

2. THE WELLINGTON WATERFRONT PROJECT

2.1 *Work Plan Implementation*

Progress on implementing the work plan is reported below.

Kumutoto

WWL completed a Request for Proposal process and in July 2013 selected a preferred developer for the proposed future development of sites 9 & 10 at Kumutoto.

Primary selection criteria was the preliminary concept design and proposed range of uses for both sites.

WWL proposes to work with the developer over the course of the next quarter to negotiate and agree outline commercial terms prior to seeking Council

endorsement to proceed to public consultation on the preliminary concept design in early 2014.

WWL will continue to develop plans for the redevelopment of public space (including site 8) to be undertaken concurrently with the developers plans for proposed buildings in sites 9 & 10.

Occupancy of the Wellington Waterfront motorhome park is showing early signs of increase as the spring season approaches.

WWL's six year lease of the ground floor of the Meridian building expired and was not renewed. WWL's initial lease of the ground floor not only assisted in the successful sale of the development but also assisted the successful establishment of suitable ground floor tenancies within the building. It is expected that the existing ground floor tenants (Mojo, Portofino, East by West and Wagamama) will continue their occupancy with their lease arrangements now direct with the building owner DNZ Limited.

Queens Wharf

Shed 6

WWL successfully completed the seismic strengthening of the inner-T of Queens Wharf and worked collaboratively with Positively Wellington Venue's contractor team for the delivery of the new temporary convention centre in Shed 6.

The Shed 6 convention centre was successfully completed and opened by the Prime Minister in August.

Lease negotiations were completed and a new lease was signed with Positively Wellington Venues during the past quarter.

Shed 5

Refurbishment and sealing of the asbestos roof was completed during the quarter which concludes the building's refurbishment project.

Queens Wharf Activity Zone

WWL commenced investigations into the possible future establishment of the Queens Wharf water basin activity zone.

Frank Kitts Park Precinct

WWL commenced planning for the future redevelopment of the Frank Kitts Park children's playground.

Following WWL's competitive tendering of the opportunity to lease the Frank Kitts Park among established commercial carpark operators, WWL selected the incumbent tenant Wilson Parking NZ and agreed a single advance rental payment for a six year lease term.

Taranaki Street Wharf Precinct

WWL commenced preliminary planning for the return, enhancement and expansion of last year's successful inaugural summer market from January through March 2014.

WWL and WCC commissioned BECA Engineering to prepare a solution enabling the Taranaki Street wharf jump platform to be operational for the 2013/14 summer season.

Waitangi Precinct

Clyde Quay Wharf (ex-Overseas Passenger Terminal)

WWL continues to work collaboratively with the developer of Clyde Quay Wharf. Notable progress during the last quarter was the completion of the basement carpark and the return of the distinctive spire on top of the building.

Tangible signs of progress became apparent during the quarter with the appearance of some of the new building's structural steel frame at the end of the wharf.

Construction is on programme and due for completion in mid-2014.

WWL commenced the first stage of the development of the public space around the Clyde Quay Wharf (CQW) redevelopment. The public space development work will proceed concurrently with redevelopment of the building through to programmed completion of the entire development in the second quarter of 2014.

WWL commenced planning for the replacement of the CQW fendering on the eastern (Oriental Bay) side of the wharf with works expected to commence in early 2014.

WWL commenced planning for the sub-leasing of its ground floor premises in the CQW development.

2.2 *General Operations*

Property Management

Lease of Shed 6 to Wellington Venues Limited

Completed and signed by WWL and WVL.

Recreational Activity Precinct

WWL commenced investigations into the establishment of a recreational activity precinct around Queens Wharf in the vicinity of the existing Ferg's Rock & Kayak facility.

Universal Access Guidelines

WWL continues to work with WCC's Technical Advisory Group and Accessibility Action Group on the development and embedding of Universal Access Guidelines to help ensure the waterfront is accessible to all.

Bridge Maintenance

General maintenance and re-painting of the bascule and lagoon bridges continued during the quarter.

Waterfront Event Protocols

WWL and WCC completed the development and formal implementation of the 'Waterfront Events Protocols' for the hosting and running of events on the waterfront by City Events and all other users.

Waste Management

WWL advanced the planning for the proposed introduction of the integrated recycling and waste management system (including Kai to Compost collection system from waterfront restaurants) to be implemented across the waterfront from late 2013.

Summer Market

WWL commenced planning for the return, enhancement and expansion of last year's successful inaugural summer market from January through March 2014.

2.3 *Financial Performance*

Statement of Financial Performance

The YTD net operating deficit is \$1.715 million against a budgeted deficit of \$1.836 million. The main factor contributing to the \$121,000 favourable variance is largely due to the negotiated favourable insurance premium.

Statement of Financial Position

The net assets/equity position of the Project remains strong. The major capital expenditure in the first quarter was completing the shed 6 seismic strengthening work.

Liquidity

The Project's bank balance at 30 September 2013 totalled \$976,400.

Current Assets and Current Liabilities totalled \$4.594 million and \$4.674 million respectively with a working capital ratio of 0.98:1.

Forecast

As at 31 March 2013, WWL has borrowed \$19.741 million from Council.

3. THE COMPANY – WELLINGTON WATERFRONT LIMITED

3.1 *Comment on Progress*

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

3.2 *Financial Performance*

The YTD Net Surplus is \$69,000 compared to the budgeted deficit of \$29,000. The major items contributing to the \$98,000 favourable variance are the salary for the open Project Manager position not yet being filled and the reversal of the \$60,000 year end accrual for bonuses being reversed.

For the Board of:
Wellington Waterfront Limited



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Ian Pike
Chief Executive Officer
November 2013

Performance Targets and Other Measures for 2013/14

Action	Measure	Council Strategic Alignment					
Kumutoto Sites 9 & 10	Developer selection process completed. Council approval granted. Public consultation process completed. Resource consent application submitted						
Shed 1	Advance a long term solution for Shed 1 and seek WCC approval						
Shed 5	Complete building and public space improvements associated with the redevelopment of Shed 5: - Refurbish asbestos roof - Create improved southern entry						
Shed 6	Complete seismic strengthening of wharf & building Collaborate with WVL to establish a temporary Conference Centre Reconfigure Ferg's Kayak tenancy to introduce additional attractions into the Queens Wharf precinct Work in conjunction with Wellington Venues Ltd regarding options for an external refit of Shed 6 and TSB Bank Arena						
TSB Bank Arena	Seek naming rights sponsor and negotiate a new agreement						
Queens Wharf Water Basin Activity Zone	Plan and implement the development of additional adventure and entertainment activities in the water basin between Shed 6 and the Outer-T						
Four Plinths Sculpture	Assist the Wellington Sculpture Trust with the biennial change of the works on the four plinths between Te Papa and Circa in time for the opening of the International Festival of the Arts						
Transition site, Waitangi Park	Arrive at a development go/no go decision with Te Papa						
Clyde Quay Wharf	Finalise WWL ground floor leasing arrangements for publicly accessible active edge tenancies. Complete the development of the Clyde Quay public space and the Boat Harbour Park subject to confirmation of recovering commercial revenues from the building development						
Asset Maintenance	Maintain waterfront assets and infrastructure in accordance with the AMP and within budget (\$285k)						
Asset Renewal	Renew waterfront assets as scheduled in AMP within budget (\$292k) includes: Repaint tripod crane, lagoon bridge, bascule bridge, under wharf infrastructure support						
Business Continuity and Disaster Recovery Plan	Develop a mobile phone Application that provides digital access to plans and actions						
Capital Raising	Investigate alternative means to raise development capital. Secure advance rental payment for Frank Kitts Park car park						
Frank Kitts Park Redevelopment	Subject to capital raising, apply for a resource consent for the redeveloped park and complete the installation of a new children's playground						
Festival of Lights	Collaborate with City Events to develop this major event for Wellington						
Public Land Development Agency	Contribute to a proposition regarding the formation of a public land development agency						

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Action	Measure	Council Strategic Alignment					
Digital Strategy	Install QR Codes adjacent to sculpture, historic buildings and other items of interest that provide access to a wealth of digitally stored information						
Universal accessibility	Embed a protocol for the development of public spaces that requires detailed consideration of accessibility issues. Complete a survey of existing public spaces to assess accessibility issues						
Governance	Annual board self-evaluation completed. Hold a public Annual General Meeting						
Finance	<p>Manage our budget to ensure at year end we achieve our targets</p> <p style="text-align: right;">millions</p> <ul style="list-style-type: none"> ▪ Waterfront Operating Costs \$11.362 ▪ Public Space Development \$7.057 ▪ Proceeds from Operating Receipts & Commercial Development \$15.075 ▪ Loan Finance Balance <ul style="list-style-type: none"> ○ Public Space \$8.589 ○ Wharf Repiling \$5.720 						

	Economic Development Strategy		Accessible Wellington Action Plan
	Events Policy		Living City Programme
	Digital Strategy		Arts & Culture Strategy

WELLINGTON WATERFRONT PROJECT

and

WELLINGTON WATERFRONT LIMITED

FINANCIAL STATEMENTS

for the quarter ending 30 September 2013

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Wellington Waterfront Project (WWP)

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Wellington Waterfront Limited (WWL)

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Statement of Financial Position
Statement of Cashflows

Note:

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

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

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WELLINGTON WATERFRONT PROJECT STATEMENT OF FINANCIAL PERFORMANCE for the quarter ending 30 September 2013

First Quarter			Year To Date			Full Year
Actual \$000's	Budget \$000's	Variance \$000's	Actual \$000's	Budget \$000's	Variance \$000's	Budget \$000's
REVENUE						
1,013	901	112	1,013	901	112	3,603
0	3	(3)	0	3	(3)	10
0	0	0	0	0	0	0
111	98	13	111	98	13	393
6	6	0	6	6	0	24
1,130	1,008	122	1,130	1,008	122	4,030
EXPENSES						
2,044	2,074	30	2,044	2,074	30	8,288
86	138	52	86	138	52	550
3	14	11	3	14	11	55
712	618	(94)	712	618	(94)	2,469
2,845	2,844	(1)	2,845	2,844	(1)	11,362
(1,715)	(1,836)	(121)	(1,715)	(1,836)	(121)	(7,332)
OTHER INCOME						
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(1,715)	(1,836)	(121)	(1,715)	(1,836)	(121)	(7,332)

WELLINGTON WATERFRONT PROJECT STATEMENT OF MOVEMENTS IN EQUITY for the quarter ending 30 September 2013

First Quarter			Year To Date			Full Year
Actual \$000's	Budget \$000's	Variance \$000's	Actual \$000's	Budget \$000's	Variance \$000's	Budget \$000's
209,742	209,742	0	209,742	209,742	0	209,742
(1,715)	(1,836)	(121)	(1,715)	(1,836)	(121)	(7,332)
0	0	0	0	0	0	0
268	268	0	268	268	0	1,075
208,295	208,174	(121)	208,295	208,174	(121)	203,485

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WELLINGTON WATERFRONT PROJECT STATEMENT OF FINANCIAL POSITION as at 30 September 2013

	<i>Actual Sep 2013 \$000's</i>	<i>Actual Jun 2013 \$000's</i>
CURRENT ASSETS		
Deposits/bank	976	909
Operating receivables	2,058	520
Prepayments	1,557	1,904
Intercompany account	17	16
TOTAL CURRENT ASSETS	4,608	3,349
NON CURRENT ASSETS		
Fixed assets	215,884	216,848
Shares in Chaffers Marina Holdings Ltd	875	875
Option asset	26	26
Long term receivable - Willis Bond Ltd	10,675	10,675
Fitout / lease inducement receivables	554	554
TOTAL NON CURRENT ASSETS	228,014	228,978
TOTAL ASSETS	232,622	232,327
CURRENT LIABILITIES		
Accounts payable	1,122	1,384
Retentions and bonds	477	84
Deferred income	2,986	1,375
TOTAL CURRENT LIABILITIES	4,585	2,843
NON CURRENT LIABILITIES		
Advance from associate company	1	1
Long term advance - WCC	19,741	19,741
TOTAL NON CURRENT LIABILITIES	19,742	19,742
EQUITY		
Wellington City Council	134,170	135,617
Asset revaluation reserves	74,125	74,125
TOTAL EQUITY	208,295	209,742
TOTAL FUNDS EMPLOYED	232,622	232,327

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WELLINGTON WATERFRONT PROJECT STATEMENT OF CASHFLOWS for the quarter ending 30 September 2013

First Quarter			Year To Date			Full Year
Actual \$000's	Budget \$000's	Variance \$000's	Actual \$000's	Budget \$000's	Variance \$000's	Budget \$000's
OPERATIONS						
1,306	985	321	1,306	985	321	4,030
(1,089)	(1,458)	(369)	(1,089)	(1,458)	(369)	(9,999)
<u>217</u>	<u>(473)</u>	<u>(48)</u>	<u>217</u>	<u>(473)</u>	<u>(48)</u>	<u>(5,969)</u>
INVESTMENT						
0	0	0	0	0	0	14,375
(150)	(137)	13	(150)	(137)	13	(550)
<u>(150)</u>	<u>(137)</u>	<u>13</u>	<u>(150)</u>	<u>(137)</u>	<u>13</u>	<u>13,825</u>
FINANCING						
0	0	0	0	0	0	1,100
0	0	0	0	0	0	(7,891)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,791)</u>
67	(610)	(35)	67	(610)	(35)	1,065
909	909	909	909	909	909	909
<u>976</u>	<u>299</u>	<u>874</u>	<u>976</u>	<u>299</u>	<u>874</u>	<u>1,974</u>
REPRESENTED BY:						
0	0	0	0	0	0	0
976	299	874	976	299	874	1,974
<u>976</u>	<u>299</u>	<u>874</u>	<u>976</u>	<u>299</u>	<u>874</u>	<u>1,974</u>

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WELLINGTON WATERFRONT PROJECT CAPITAL EXPENDITURE - CURRENT YEAR for the quarter ending 30 September 2013

	Actual	Capitalised Costs	Year To Date			Year end
			Total	Budget	Variance	Plan
			\$'000	\$'000	\$'000	\$'000
PUBLIC SPACE						
<i>Overseas Passenger Terminal</i>						
Overseas Passenger Terminal	13		28	25	3	100
Total Overseas Passenger Terminal	13	0	28	25	3	100
<i>Wharf Maintenance</i>						
Wharf Maintenance	0		46	0	46	0
Total Wharf Maintenance	0	0	46	0	46	0
<i>Minor Works</i>						
Minor Projects	0		5	25	(20)	100
CAPEX Renewals	0		70	25	45	100
Shed 11 Seismic	1		1	0	1	0
Jump Platform	0		0	0	0	0
Shed 6 Earthquake Strengthening	0		0	0	0	0
Shed 11 - Canopy	0		0	0	0	0
Total Minor Works	1	0	76	50	26	200
TOTAL PUBLIC SPACE	14	0	150	75	75	300
TOTAL CAPITAL EXPENDITURE	14	0	150	75	75	300

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WELLINGTON WATERFRONT LIMITED STATEMENT OF FINANCIAL PERFORMANCE for the quarter ending 30 September 2013

Actual \$000's	First Quarter		Variance \$000's		Year To Date			Full Year Budget \$000's
	Budget \$000's				Actual \$000's	Budget \$000's	Variance \$000's	
				REVENUE				
90	90		0	Management fees	269	269	0	1,075
1	1		0	Interest	3	4	(1)	15
91	91		0	Total revenue	272	273	(1)	1,090
				EXPENSES				
87	93		(6)	Personnel	169	280	(111)	1,120
(14)	(22)		8	Salary recoveries	(37)	(65)	28	(260)
132	215		(83)	Net personnel	132	215	(83)	860
18	19		(1)	Governance	18	19	(1)	76
53	68		(15)	Other	53	68	(15)	272
203	302		(99)	Total expenses	203	302	(99)	1,208
(5)	(9)		4	NET SURPLUS / (DEFICIT)	69	(29)	98	(118)
0	0		0	Subvention payment	0	0	0	79
(5)	(9)		4	NET SURPLUS / (DEFICIT) AFTER TAX	69	(29)	98	(197)

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WELLINGTON WATERFRONT LIMITED STATEMENT OF FINANCIAL POSITION for the quarter ending 30 September 2013

	<i>Actual Sep 2013 \$000's</i>	<i>Actual Jun 2013 \$000's</i>
CURRENT ASSETS		
Cash on hand and in bank	244	332
Accounts receivable	477	116
Prepayments	32	31
Total current assets	753	479
NON-CURRENT ASSETS		
Office equipment	4	4
Computer equipment & software	22	24
Motor vehicle	0	0
Total non-current assets	26	28
TOTAL ASSETS	779	507
CURRENT LIABILITIES		
Accounts payable and accruals	205	271
Management fee in advance	174	174
Deferred income	269	0
Total current liabilities	648	445
EQUITY		
Paid up capital	1	1
Retained earnings	130	61
TOTAL EQUITY	131	62
TOTAL FUNDS EMPLOYED	779	507

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WELLINGTON WATERFRONT LIMITED STATEMENT OF CASHFLOWS for the quarter ending 30 September 2013

First Quarter			Year To Date			Full Year
Actual \$000's	Budget \$000's	Variance \$000's	Actual \$000's	Budget \$000's	Variance \$000's	Budget \$000's
OPERATIONS						
180	273	(93)	180	273	(93)	1,090
(268)	(341)	73	(268)	(341)	73	(1,208)
<u>(88)</u>	<u>(68)</u>	<u>(20)</u>	<u>(88)</u>	<u>(68)</u>	<u>(20)</u>	<u>(118)</u>
NET OPERATIONS CASHFLOW						
INVESTMENT						
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET INVESTMENT CASHFLOW						
(88)	(68)	(20)	(88)	(68)	(20)	(118)
332	332	0	332	332	0	332
<u>244</u>	<u>264</u>	<u>(20)</u>	<u>244</u>	<u>264</u>	<u>(20)</u>	<u>214</u>
CLOSING BALANCE						
REPRESENTED BY:						
0	0	0	0	0	0	0
244	264	(20)	244	264	(20)	214
<u>244</u>	<u>264</u>	<u>(20)</u>	<u>244</u>	<u>264</u>	<u>(20)</u>	<u>214</u>