



Wellington Waterfront Limited

QUARTERLY REPORT

to the

Council Controlled Organisations Performance

Subcommittee

Wellington City Council

Quarter ended 30 September 2010

Wellington Waterfront Limited
November 2010

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Appendix:

Appendix A - Financial Statements and KPI's

1. EXECUTIVE SUMMARY

Wellington Waterfront Limited (WWL) is pleased to present its report for the quarter ending 30 September 2010 outlining progress of the Wellington Waterfront Project and the Company.

1.1 *The Wellington Waterfront Project*

Key events during the quarter include:

- WWL continues project management on behalf of The Wharewaka o Poneke Charitable Trust development of the wharewaka and WWL's development of surrounding public space adjacent to the wharewaka and lagoon. The project remains on budget and on time for completion before the proposed opening on Waitangi Day in February 2011
- Master-planning workshops by the WWL convened Steering Group for Queens Wharf and Outer-T continued and are expected to finish in November 2010
- Overseas Passenger Terminal developer (Willis Bond & Co) continues planning and development of design ahead of planned commencement of construction in mid 2011
- Preliminary investigations have commenced into establishing a building on the service jetty (ex-Eastbourne Ferry Wharf) to accommodate the operational requirements of the Wellington Maritime Police
- Two major rent reviews of space leased by WWL on the waterfront were concluded during the quarter
- The Sunday Harbourside Market was reconfigured to meet demand for additional stallholder space and extra car parks
- WWL continues its involvement in planning for the Rugby World Cup 2011.

1.2 *The Company - Wellington Waterfront Limited*

WWL terminated investigations into the development of a temporary (seasonal) ice-skating rink and tensile structure due to the financial non-viability of both proposed projects.

2. THE WELLINGTON WATERFRONT PROJECT

2.1 *Work Plan Implementation*

Progress on implementing the work plan is reported below.

Kumutoto

District Plan - Proposed Variation 11 (DPV11)

WCC has engaged in pre-mediation discussions with DPV11 submitters in an effort to resolve or minimise areas of difference between the WCC independent planning commissioners recommendations and submitters.

WWL continues to actively support DPV11 and will maintain engagement with WCC and appellants in an effort to seek a satisfactory outcome.

No date has so far been set for the matter to proceed to the Environment Court.

Sites 8 & 9

WWL has commenced preliminary discussions with an Auckland based developer interested in investigating the development potential of sites 8 & 9. The developer has excellent credentials, including a strong balance sheet and successful past involvement in a major Wellington waterfront development.

Site 10

WWL has commenced preliminary discussions with a substantial and successful Wellington developer interested in investigating the development potential of site 10.

The developer has commissioned a Sydney based architect to develop an outline concept design as a basis for engagement with WWL, WCC and submitters against DPV11 in early 2011.

Service Jetty (ex Eastbourne Ferry Wharf)

Preliminary investigations have commenced into the practical and financial feasibility of building a structure on the service (ex Eastbourne Ferry) jetty to accommodate the operational requirements of the Wellington Maritime Police and Police National Dive Squad.

Kumutoto Public Toilets

Planning and investigations are ongoing into the development of the Kumutoto Public toilet facility within the WCC approved budget.

Queens Wharf

Queens Wharf Precinct

WWL has, during 2010, facilitated several workshops with the Queens Wharf Steering Group on the development of a master plan for the future of the Queens Wharf precinct including the Outer-T.

Master-planning is expected to conclude in November 2010 and this will be followed by further work by WWL to align potential uses and public expectations with affordable and financially feasible future redevelopment.

Frank Kitts Park

Frank Kitts Park

Representatives of WWL and WCC conducted a successful visit to Wellington sister cities Xiamen and Beijing in mid 2010 to negotiate and finalise the nature and extent of sister city support by way of donations of materials and major elements for the Chinese Garden.

WWL planning and design as well as Wellington Chinese Garden Society fund-raising are ongoing.

Taranaki Street Wharf

Wharewaka

WWL provides construction project management services for the Wharewaka o Poneke Charitable Trust development of the new wharewaka (waka house) adjacent to the Taranaki St Wharf.

Construction commenced in January 2010 and remains on budget and on time for expected completion and opening on Waitangi Day 2011.

Taranaki St Wharf Public Space

Construction of the public space surrounding the wharewaka commenced in late July 2010 and remains on budget and on time for expected completion and opening on Waitangi Day 2011.

The wharewaka and environs will be the hub of the Rugby World Cup 2011 village in Wellington.

Waitangi Precinct

UN Studio Building

Further preliminary high level discussions are planned for early 2011 between WWL, WCC and central government for establishment of the UN Studio building as a national art gallery on the Transition site at Barnett St.

Harbourside Market

The layout of the Sunday Harbourside Market has been reconfigured to meet demand for additional stalls and assist with additional demand for car parking.

Overseas Passenger Terminal and Clyde Quay Wharf

The developer (Willis Bond) continues to develop the design of the project and intends to commence marketing of apartments in early 2011 with construction possibly commencing in mid 2011.

2.2 General Operations

Property Management

Asset Management Plan

The development of the WWL Asset Management Plan continues and is expected to be completed in December 2010.

New Leases, Rent Reviews and Lease Renewals

WWL exercised its three year right of renewal of lease of office premises within Queens Wharf Southside complex immediately adjacent to the TSB Bank Arena from July 2010. WWL's subtenant (NZ Olympic Committee) which occupies the tenancy, similarly renewed its sub-lease on similar terms.

The rent for WWL's head-lease of the ground floor retail component of the Meridian building was reviewed in September and a 10% increase that was pre-agreed at the commencement of the lease three years earlier was completed.

There were no other significant new leases, rent reviews or lease renewals during the quarter.

Maintenance

Normal routine maintenance was undertaken during the quarter. Independent condition assessments were undertaken on seawalls, bridges and infrastructure (electrical, gas, water and waste-water) services by external specialists. This information (along with condition assessments undertaken in the previous quarter for wharves and

wharf piles) will be compiled in the Asset Management Plan and used for planning future repair or replacement of those assets.

Solar House

Victoria University building research will be temporarily erecting a proto-type solar powered house at the north end of Frank Kitts Park in March/April 2011 prior to entry into an international competition in the US in mid 2011.

Public Events

Wellington Waterfront will be the focus of public events and celebrations associated with Rugby World Cup 2011 in Wellington and WWL continues its participation in planning for the event.

2.3 Financial Performance

Statement of Financial Performance - Wellington Waterfront Project

The YTD net operating deficit is \$843,000 against a budgeted deficit of \$1.007 million. The main factors contributing to the \$164,000 favourable variance are YTD Public and Commercial planning costs being \$199,000 under budget. This is due to timing differences between the budget and commencement of projects and some projects being cancelled.

Statement of Financial Position

The net assets / equity position of the Project remains strong. The major capital expenditure item in the first quarter was \$469,000 towards the Taranaki Street Wharf public space development.

Liquidity

The Project's bank balance at 30 September 2010 totals \$1.704 million. This balance is higher than budgeted due to the timing of project payments and interest payments.

Current Assets and Current Liabilities totalled \$10.070 million and \$3.049 million respectively with a working capital ratio of 3.30:1.

Forecast

As at 30 September 2010 we have borrowed \$8.800 million from Council.

3. THE COMPANY – Wellington Waterfront Limited

3.1 *Comment on Progress*

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

3.2 *Financial Performance*

The YTD Net Surplus is \$101,000 compared with the budgeted surplus of \$48,000. The major items contributing to the \$53,000 favourable variance are YTD Personnel costs being under budget by \$46,000.

For the Board of:
Wellington Waterfront Limited

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Ian Pike
Chief Executive Officer
8 December 2010

**WELLINGTON WATERFRONT LIMITED
KEY PERFORMANCE INDICATORS
For Year Ending 30 June 2011**

Key Performance Indicators for 2010/11

- Wharewaka - Continue project management of the construction of the wharewaka at Taranaki Street Wharf which is due for completion in February 2011 – **on target**.
- Taranaki Street Public Space - Continue project management of the construction of further public space developments at Taranaki St Wharf in conjunction with the wharewaka – **on target**.
- Overseas Passenger Terminal Redevelopment - Facilitate the commencement of construction in mid 2011 (subject to developer Willis Bond & Co confirming the contract) and complete all WWL ground floor lease negotiations – **on target**.
- Frank Kitts Park - Oversee design development, apply for resource consent and complete construction planning for the redevelopment of Frank Kitts Park subject to reaching agreement with the Wellington Chinese Garden Society and Wellington Chinese sister cities. **Application for resource consent has been deferred until the Wellington Chinese Garden Society significantly advances its fundraising.**
- Sites 8, 9 & 10 – Achieve a favourable DPV11 decision at the Environment Court by Q2 – **progress to the Environment Court delayed until Q4.**
- Kumutoto Toilet – **target date for completion of project deferred from Q2 to Q4**
- Queens Wharf Master-planning – Complete the master-plan and gain WCC approvals to the direction of the precinct by Q4 – **on target**
- Service Jetty – Kumutoto – complete design planning and regulatory approvals phases by Q2 – **target date now deferred to Q4.**
- Interim Uses – the proposed seasonal ice-skating rink at Queens Wharf and Tensile Structure at Barnett St have been abandoned due to the financial non-viability of either project.

- UN Studio Building – target date of Q2 for preliminary feasibility study deferred (until Q4), pending preliminary high level discussions between WWL, WCC and central government for establishment of the UN Studio building as a national art gallery
- Asset Management Plan – Achieve ‘core’ status by Q2 – on target.
- Rugby World Cup – WWL participation in planning for RWC 2011 is ongoing.

Measure	Frequency of measure	Target 2010/11	Quarter 1 2010/11
<i>Financial</i>			
Capital expenditure (public space and commercial development expenditure)	Quarterly	\$4.394	\$677,000
Commercial proceeds	Quarterly	\$1.450m	\$1.450m