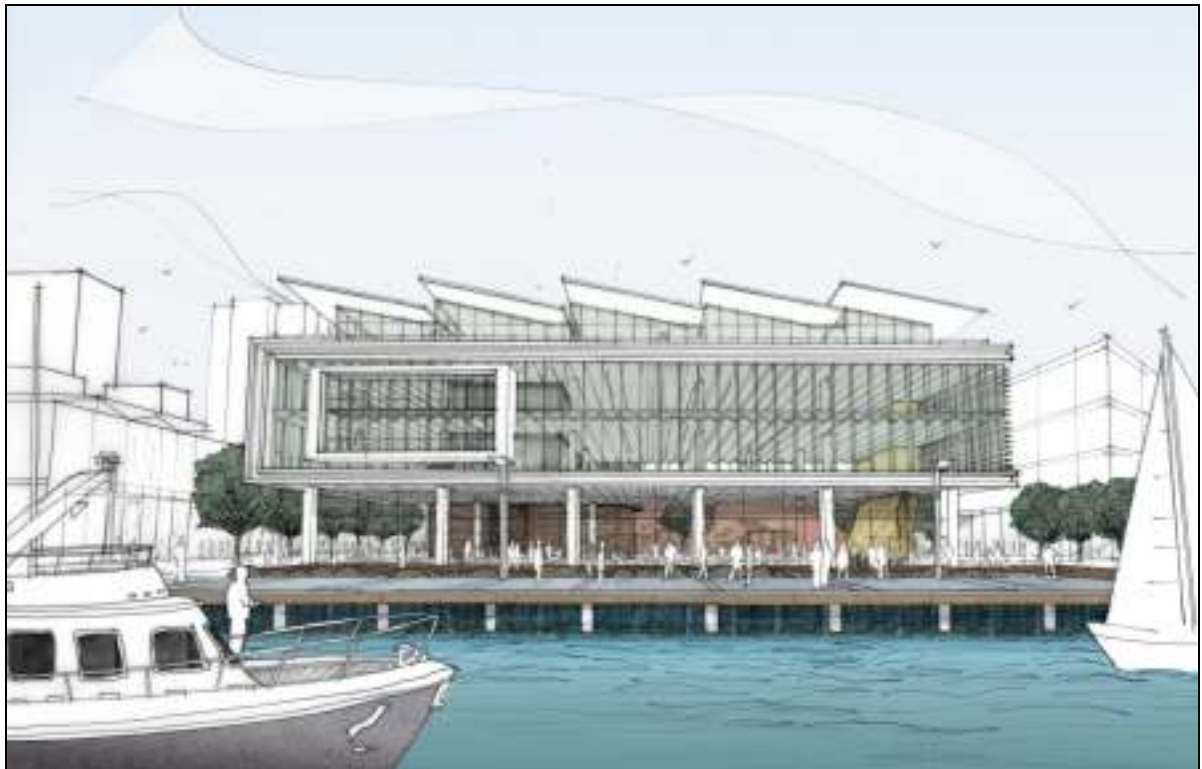


## **Wellington Waterfront Limited**

**Strategic Plan 2007 – 2010**

**Business Plan 2007 – 2008**



**June 2007**

## Introduction

The efforts of Wellington Waterfront Ltd (WWL) and its key partners were recognised and rewarded in a variety of ways during the 2006/07 year.

WWL celebrated the completion and tenanting of the Wellington Free Ambulance building and the first two stages of the adjacent public space in the Taranaki Street Wharf precinct.

During the year, the Chaffers Dock development was also finished and its residents are contributing to the new neighbourhood gradually forming around the Waitangi precinct. Meanwhile, excellent progress was made in the construction of the eco-friendly Meridian building and new public space within the Kumutoto precinct.

We were delighted with recognition gained for two distinctive waterfront features through an award from the International Federation of Landscape Architects for the Taranaki Street Wharf design and the Len Lye *Water Whirler* (in conjunction with Bill Cuthbert's *Sky Blues* installation) attracting New Zealand's Creative Places Supreme Award.

We're also pleased to see that visits to the waterfront continue to increase, with a staggering 77% of Wellingtonians now reporting they visit the waterfront at least monthly! Other key measures of public satisfaction with the developing waterfront experience also continue to rise<sup>1</sup>. A unique form of recognition made during the year was the assignment of naming rights to TSB Bank Ltd for the Queens Wharf Events Centre, which accordingly, is now known as the TSB Bank Arena.

This year, we expect to see even more success on the waterfront:

The Kumutoto precinct is becoming one of the waterfront's most exciting development areas. The completion of the stunning Meridian building, soon to be the first new commercial building to achieve New Zealand's 5 Green Star rating is a much-anticipated milestone, along with Kumutoto precinct's innovative public space development scheduled for completion at the same time. And heritage building Shed 13 is also to undergo refurbishment, enabling it to once again, make a useful contribution to the life of the waterfront.

Refining development packages for Kumutoto's sites 8, 9 and 10 will be undertaken during the 07/08 year. Once these have been completed, Kumutoto will be on the road to completion and a new city character area will have been created.

The developers of the Hilton Hotel proposal will be having their day in court as they present their case to the Environment Court in July 2007, and we're hoping for a positive result there.

The future for the Frank Kitts Park precinct is getting very exciting as its redesign progresses through 07/08, rejuvenating the park's shared space to enable the provision of a diverse range of pre-existing, and new, activities.

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<sup>1</sup> UMR Research Waterfront Users Survey for Wellington Waterfront Ltd – March/April 2008

The Wellington Tenth Trust anticipates the start of construction on the wharewaka proposed in the Taranaki Street Wharf precinct. Once that work gets underway, completion of the Taranaki Street Wharf landscape design can also begin.

In the Waitangi precinct, we will be looking forward to developer Willis Bond and Co taking its proposal for the redevelopment of Overseas Terminal and Clyde Quay Wharf to the Greater Wellington Regional Council for resource consent. With a successful outcome there, Willis Bond could be in a position to start planning the start of construction within the following 12 months.

Meanwhile, work will continue to find suitable funders and tenants for sites 1 – 4 within the Waitangi precinct. Our aim is for the buildings to offer viable, attractive and exciting indoor recreational options that will complement the hugely popular Waitangi Park.

Assignment of responsibility to the Wellington City Council for the facilitation of events on the waterfront will begin from 1 July 2007. WWL will continue to enable events to be staged on the waterfront, that will complement other waterfront activities and maintain the vibrancy and diversity that continuously attracts Wellingtonians to the waterfront.

WWL will intensify its engagement with key stakeholders and the community, building on a solid platform of strategic communication initiatives. This means actively engaging with the public and supporting the unique combination of values already attributed to the waterfront by Wellingtonians.

As a consequence of delays in receipt of commercial proceeds WWL will need to borrow a maximum of \$4.60 million net in the 2007/08 financial year. This borrowing, secured against the waterfront assets, has been agreed by Wellington City Council, and will be paid back as soon as proceeds allow. It must be emphasised that in the overall timeframe of this Strategic Plan the WCC contribution will be limited to the approved \$15 million and is a timing issue only.

So WWL is in good heart as we reflect on our previous successes and continue to apply a winning formula toward the development of an international quality, sustainable, diverse, attractive and vibrant Wellington waterfront.

Fran Wilde  
Chair

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**Wellington Waterfront Limited**  
**PART A - STRATEGIC PLAN 2007 – 2010**

## **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 Waterfront Framework:

- 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

## **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 Waterfront Development Sub-Committee, its Technical Advisory Group, the CCO Performance Sub-Committee and WCC officers, including the Urban Strategy Group and the External Communications Unit.

However, WWL's ultimate accountability is to Wellingtonians and it demonstrates this by operating with transparency and a willingness to engage with the public.

### 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 Synergy Harbourside Centre. The area includes waterfront promenade, Heritage Trail, the former Eastbourne Ferry Terminal Building, Sheds 11 and 13, the Tug Wharf, The Loaded Hog building, Site 7 and Kumutoto public space (now under construction), and development sites 8, 9 and 10.
- **Queens Wharf** – From the Synergy Harbourside Centre and Wharf Office Apartments to the southern end of the TSB Bank Arena. It includes waterfront promenade, Heritage Trail, Writers Walk, Queens Wharf Square and Sails, The Bond Store (housing The Museum of Wellington City & Sea), Plimmers Ark, New Zealand Academy of Fine Arts, Shed 5, Shed 6, Dockside and the Queens Wharf outer-T, including Shed 1 (site of the proposed Hilton Hotel) 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 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 waterfront promenade, Heritage Trail, Writers Walk, the Wellington Rowing and Star Boating clubs, the proposed 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 and 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, Chaffers Dock, proposed development sites 1, 2, 3 and 4, Chaffers Marina, the Overseas Passenger Terminal and Clyde Quay Wharf.

### Strategic Objective

Our overall objective is to fully implement the high level concept plan articulated in the WCC's Wellington Waterfront Framework. In doing this we will:

- Develop a waterfront that is locally and internationally recognised for its design
- Develop an attractive waterfront that is accessible, safe and caters for a wide range of activities for locals and visitors

- Celebrate waterfront heritage, maritime activity and history, and the city's cultural diversity
- Integrate the waterfront with the adjoining city and harbour
- Complete the design, consultation, funding and planning requirements of the waterfront development within budget over a four–five year timeframe

## **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, such as the sale of long term ground leases and development opportunities.

## **Roles**

- Delivering the waterfront experience – optimising Wellingtonians enjoyment of the waterfront now
- Developing the waterfront experience – building new waterfront features

## **How we will measure success**

By the end of the Project, Wellington's waterfront will have been transformed into a place of architectural, cultural, entertainment and recreational renown. The end result will be a vibrant, dynamic, inspiring and multi-faceted waterfront experience reflecting the city's heritage, its people and 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, build 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 new and 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 more than 37,000sqm of commercial office space, 290 apartments plus 16,000sqm of retail/food and beverage facilities. Collectively these provide living, working and playing opportunities 24 hours a day, 7 days a week.

Wellington's waterfront belongs to the people and will remain an invaluable public resource. Through public consultation, the Wellington Waterfront Framework was formulated, encouraging the opportunity for public and other stakeholders to have a voice in shaping our city. We have the plan to move forward. Wellington Waterfront Limited is committed to

ongoing consultation and through the City Council's Waterfront Development Sub-committee, will provide this opportunity for each development as it is progressed.

We will be measured by our delivery of the principles and objectives clearly outlined in the Wellington Waterfront Framework and we will provide:

- 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

This plan addresses how we will deliver to Wellington and New Zealand a truly international waterfront.

## **Operating Environment – Managing Key Risks**

WWL is a publicly owned organisation with a high degree of community interest in its work – an interest that often generates controversy. The company must attempt to balance diverse community and commercial interests.

The following is a list of key risk areas that WWL must manage in order to achieve its objectives:

1. Balancing financial and community demands
2. Public opinion
3. The Wellington property market
4. The construction market
5. The resource consent process
6. Natural catastrophes and disaster recovery
7. Threats to security
8. Managing stakeholder relationships
9. The political environment

### **1. Balancing Financial and Community Demands**

Delivering a high quality waterfront with comparatively little cost to ratepayers is a challenge. WWL must obtain the best commercial outcome that provides for high quality investment in public space.

Initiatives such as joint venture agreements with developers and sharing development margins are being explored. We are also seeking to obtain high returns from some leases to subsidise uses that have high social and amenity value but may not be commercially viable.

### **2. Public Opinion**

There is a high degree of interest in the waterfront development. Some groups are intensively organised and vocal. We acknowledge their concerns. WWL must also understand the interests of the wider community and balance those interests to achieve the best overall outcome. WWL is acutely aware of the need to fulfil public expectations on a wider scale; we also need to influence design leadership on individual projects.

The cost of upgrading significant infrastructural assets is generally not well understood. Ageing wharf structures and promenades are in some instances in need of major repair/replacement. Major civil and/or structural work does not come cheaply. WWL must meet these costs out of its ratepayer funding (\$15 million), supplemented by development activity. Balancing the need for development activity with the delivery of high quality public space and infrastructure requires ongoing effective communication.

WWL uses a combination of formal and informal research. We conduct an annual telephone survey of waterfront users and use focus groups and formal interviews where more detailed information is required. Informal feedback is encouraged via the WWL website, newsletters, Waterfront Project Information Centre, feedback forms, face-to-face meetings and

presentations. Formal feedback is sought, in conjunction with WCC, through public consultation processes.

Feedback and research results are incorporated into strategic and business planning, the standard, range and number of services and facilities offered on the waterfront and in designs and uses for future developments.

### **3. The Wellington Property Market**

The New Zealand economy remains buoyant with key fundamentals such as business and consumer confidence, unemployment, immigration levels, wage increases and economic growth all positive. Despite this, the New Zealand economy looks set, over the next couple of years, to grow at a much slower rate than has been the case over the previous five years. The Wellington economy, however, continues to perform ahead of the overall New Zealand economy and there is no suggestion that the current momentum will not continue throughout 2007.

Wellington commercial offices continue to record historically low vacancy levels due mainly to the continued expansion of the government sector with good quality space in short supply, especially if a tenant is looking for large floor plates or contiguous floors. Investment returns from Wellington office property over the last year exceed 22%. Wellington Waterfront Limited is poised well to benefit from these positive conditions.

The strong growth in demand for CBD apartments over the last five years has resulted in value growth and an increase in the number of units sold and developed. Recent releases of better quality apartments to the market appear to have met with strong demand. Significant increases in values have been evident in quality developments such as Chaffers Dock and boathouses and the Chews Lane development have set a new benchmark within the inner city. Apartment market drivers and Wellington demographics suggest that this sector of the housing market will remain robust for some time yet. The waterfront presents a number of residential development opportunities and our planning and timing intends to capitalise on market conditions.

### **4. The Construction Market**

Pressure on non-residential building costs continued throughout 2006. In annual terms, cost escalation in this sector was 6.0% in the year to September 2006. This exceeds 4.5% in the September 2005 year, but remains well below 9.8% in the September 2004 year.

Non-residential building cost escalation is expected to ease slightly from mid 2007, before rising again from early 2008 and declining again from early to mid 2009 (Source: Rider Hunt).

We will continue to ensure our tendering processes result in the most competitive prices for all construction planned during the period and our quality objectives are not compromised.

### **5. Resource Consent Process**

All developments are subject to resource consent and are publicly notified. Applications generally attract wide interest and many submissions, so planning must be rigorous and detailed. Delay in gaining consent for any development impacts on the delivery of the whole Wellington Waterfront Framework, not just the project in question. WWL works closely with developers, consultants, WCC and Greater Wellington Regional Council to ensure that at

each stage of a project, correct processes are followed and adequate consultation is undertaken.

## **6. Natural Catastrophes and Disaster Recovery**

The effects of climate change, earthquake, tsunami, king tides, storms, fire, gas or chemical leaks, disease pandemics or other potentially catastrophic events could have a devastating impact on the waterfront, physically and fiscally. WWL has comprehensive insurance cover that is regularly reviewed. The company is careful to ensure all construction and operational activities on the waterfront comply with statutory requirements, and considers the potential effects of hazards in design, construction and operation. Hazard management and other health and safety issues are regularly reviewed and monitored.

## **7. Threats to Security**

WWL is part of the Port Facility Security Plan as required by the Maritime Security Act 2004. There have been significant changes to port security that have impacted on how CentrePort runs shipping in the Wellington waterfront area.

The waterfront could be vulnerable to acts of sabotage and violence. WWL assesses such risks as part of its risk management planning associated with any new project and the maintenance of safety across the waterfront in general. WWL works with the police and our own security contractor to manage incidences if they arise.

## **8. Managing Stakeholder Relationships**

WWL identifies and monitors relationships with its most influential stakeholders and, where necessary, develops formal relationship management plans. These plans aim to encourage greater involvement where the influence is positive and/or constructive, or attempt to minimise the impact of negative influencers.

WWL's key stakeholders include the Wellington City Council, Wellington's tangata whenua, members of the waterfront community – including waterfront businesses and neighbours – and groups and organisations with specific interests in city development and/or promotion.

A range of communication channels are used to engage with and update stakeholders, from WWL's monthly newsletter *On The Waterfront*, to regular meetings, presentations and reports, open days, displays and the Waterfront Project Information Centre and website.

The objectives and approaches to relationship management for each key stakeholder are applied across all WWL work streams, ensuring every contact between WWL and its key stakeholders is constructive.

## **9. Political Environment**

As a Council Controlled Organisation, WWL operates within the political environment of Wellington's local government. Political moods can fluctuate from one elected Council to the next and have the potential to influence WCC's policy relating to the waterfront and its governance and funding structures.

We work transparently and endeavour to be responsive to ideas and constructive criticisms, demonstrating a willingness to effectively engage with politicians and the public and applying rigorous standards of project and financial management.

WWL has a renewed commitment to maintaining effective communication with its shareholder, the Council. We run a 'no surprises' policy, ensuring the Council and its senior officers are informed of issues in a timely manner. WWL regularly updates Councillors and senior Council staff via formal reporting processes, the Waterfront Development Sub-committee, the Strategy and Policy Committee and the CCO Performance Sub-committee.

## **Delivering the Waterfront Experience – optimising Wellingtonians' enjoyment of the waterfront now**

*In Delivering the Waterfront Experience, WWL maximises opportunities the waterfront offers now to achieve the Wellington Waterfront Framework's vision. This is determined by how well the waterfront is operated and maintained, how the stories of the waterfront are told and how the diverse interests and moods of waterfront visitors are catered for throughout the year. WWL undertakes this work through five work streams:*

- *Activities and Events*
- *Telling the Waterfront's Stories*
- *Reflecting Culture*
- *Living and Working on the Waterfront*
- *Maintaining the Environment*

### **ACTIVITIES AND EVENTS**

#### **Strategic Objective**

***To ensure that the waterfront is a vibrant, lively place, featuring a variety of activities and events, yet also allowing for more individual, reflective activity, to appeal to the needs of the diverse Wellington community and its visitors.***

The Wellington Waterfront Framework emphasises the waterfront's role as a place for recreation. WWL builds play elements into the designs of all public space developments.

Accordingly, WWL will continue to participate in a joint working group with the Wellington City Council and Save Our Sports to consider options for relocating the indoor sports activities that currently take place in Shed 1.

Equally important is an ongoing programme of events and other activities on the waterfront, that allows all ages and interests to entertain or be entertained.

As an events venue, the waterfront is almost at full capacity now, especially during the summer months. Therefore, careful management of the number, type and frequency of events is required to ensure the waterfront remains an attractive and viable event venue.

Waterfront park facilities offer opportunities for a variety of new and existing waterfront activities and events, as do its network of promenades and plazas. However, the planning and staging of events must accommodate the impact of maintenance works or developments that will be occurring around the waterfront and the mix of other uses within the waterfront area. It is also important that waterfront venues are 'rested' from time to time to allow maintenance to be undertaken. Events and activities planned for the waterfront must also adhere to any relevant resource consent conditions and comply with all statutory requirements.

The schedule of events on the waterfront must avoid clashes with other activities on the waterfront and around the city.

As at 1 July 2007, the Wellington City Council's City Events Team is to assume all responsibility for the staging of events on the waterfront.

### **Approach**

- Establish protocols with Wellington City Council regarding the facilitation and maintenance of an ongoing programme of quality indoor and outdoor events that is free to, or affordable by, families, local Wellingtonians and visitors
- Ensure the completion of all new developments are appropriately celebrated
- Ensure venue options are explored in any new development, indoors or out, and that existing venues continue to fulfil event venue requirements
- Provide a diverse range of spaces for public use from activity spaces to quiet areas

## **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.***

The Maritime Heritage Trail, with its accompanying booklet, is a key element in educating waterfront visitors about waterfront heritage. A virtual visit to the waterfront via the WWL website is also a source of information about the area's history.

The presence of the Museum of Wellington City & Sea, situated on Queens Wharf provides free to the public a comprehensive, accessible and intriguing exploration of the waterfront's role in the city's maritime and social history.

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.

Further interpretive opportunities are incorporated into new developments and will come on-stream as they progress.

### **Approach**

- Ensure that Wellington's waterfront and maritime histories are presented so they are easily understood, identifiable and attractive to the public
- Continue to work with the Museum of Wellington City & Sea to assist with the identification and development of additional programmes/opportunities to present the waterfront's history
- Ensure that the history of the waterfront is appropriately acknowledged and celebrated within all future public space developments

## REFLECTING CULTURE

### Strategic Objective

***To enhance the visitor experience by reflecting the waterfront's cultural dimension – through traditional and contemporary expressions of Maori culture and the cultures of Wellington's diverse ethnic communities, and by acknowledging other cultural/recreational activities or features that reflect Wellington life in the 21<sup>st</sup> century.***

Proposed waterfront developments, public art, events and activities go a long way towards meeting this objective, as does an ongoing engagement with the waterfront's cultural institutions. This enables us to capitalise on their expertise and create more opportunities to further the objectives of both parties.

### Approach

- Maori/tangata whenua cultural involvement is integral to the waterfront experience and is or will be, reflected in waterfront designs, art, place names and traditional ceremonies associated with waterfront development activities
- Maintain and further develop positive relationships with cultural groups and institutions on the waterfront and throughout the city
- Ensure that the ongoing development of the waterfront's contemporary culture is supported in development designs, through the provision of appropriate spaces and facilities
- Through the WCC Events Team, provide opportunities for peoples from differing backgrounds to give expression to their culture through participation in festivals and events staged on the waterfront
- Investigate opportunities for the provision of further public art installations

## **LIVING AND WORKING ON THE WATERFRONT**

### **Strategic Objective**

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

The Wellington Waterfront Framework envisions the waterfront as a place to live, work and play. Leases and licences are granted and managed to ensure a range of viable activities exist and can succeed on the waterfront. As development progresses, the vision is being realised, but with this diverse mix of uses comes the potential for conflict, mainly around noise and traffic, generally as a result of:

1. Impact of construction/development activity
2. Competing interests of users

WWL attempts to minimise these through communication, issues identification, negotiation and planning. Event activities will also be scheduled with these matters in mind.

### **Approach**

- Operate in a manner that recognises the contribution to the waterfront experience of tenants, other organisations and the residents who make up the waterfront community, while maximising the return from commercial activities
- Encourage uses which fit the Framework requirement to provide activities for a range of different people
- Contribute to the provision of an infrastructure that will allow further concessions, users and events
- Contribute advice to designers and developers to ensure future maintenance and operational requirements are appropriately considered when planning developments
- Identification of problem areas and developing management plans to deal with conflicts, such as noise and traffic issues associated with development activity

## **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 and well maintained and that cater for a diverse range of businesses and activities.***

As development progresses there is a corresponding increase in waterfront usage. This brings challenges in maintaining waterfront infrastructure, increased cleaning and security needs and a commensurate increase in cost.

Management issues will also arise out of the changing nature of redeveloped waterfront spaces. New developments add to and/or change traffic needs. In accordance with the Wellington Waterfront Framework, surface commuter parking is being removed progressively from the waterfront. Strategically located car parks will continue to be provided. This change in the number and use of car parks makes the waterfront safer and easier for promenaders, joggers and other pedestrian waterfront users.

The use of high quality materials in the construction of the waterfront's public space can make developments more expensive in the short term but cheaper to maintain over time. WWL keeps a register of maintenance issues and is responsive to unforeseen maintenance issues as soon as they arise. Contractors play a key role in this and WWL expects them to operate within the standards of good commercial and professional practice. WWL ensures all contracts with suppliers and other contractors are robust and measurable.

Ensuring that the waterfront is an attractive environment involves more than maintenance. Orderly co-existence of different activities, including pedestrian and vehicle use, is critical.

### **Approach**

- Set maintenance and cleaning standards according to whether the area is developed or awaiting redevelopment
- Maintain the general waterfront environment to a high standard with the exception of Waitangi Park that from 1 July 2007 becomes the responsibility of Wellington City Council
- Ensure contractors work to a high standard, are efficient and have the maintenance of a high quality waterfront as a priority
- Anticipate and plan for future maintenance or construction needs



## **Developing the Waterfront Experience – building the new waterfront features for future generations**

*In Developing the Waterfront Experience, WWL will deliver new features – either the redevelopment of existing sites or the creation of new buildings and open space – to meet the Waterfront Framework’s vision for the waterfront’s future. 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 any future development opportunities.*

*The work involved in achieving these goals is divided into two areas:*

- *Development*
- *Design and Project Implementation*

### **DEVELOPMENT STRATEGY**

#### **Strategic Objective**

***To complete and implement plans for delivering the vision for the waterfront over a four to five year time-frame.***

This time-frame is longer than that envisaged by the Wellington Waterfront Framework. This is a result of unavoidable delays in planning (eg resource consents) and the fact that the scope of the public space work has been more detailed than was originally anticipated, incorporating feedback from comprehensive public consultation. WWL has always taken the view that the quality of the final outcome is more important than strict conformance to a development timetable devised several years previously.

#### **Approach**

We build and fund developments through judicious commercial arrangements with developers and investors. Commercial proceeds enable us to deliver a very high quality public space that would not be possible if we were to rely on WCC funding alone. WWL achieves an optimal balance between quality, time and cost by:

- Aiming for high quality in design and overall architectural excellence and amenity value while ensuring public space and commercial developments are sufficiently diverse and complementary
- Managing time by following an appropriate development process, including effective consultation
- Maximising financial outcomes through the monitoring of market conditions to capitalise on market opportunities. Managing costs, and participating in development margins where appropriate, particularly where risks are minimal and manageable

Below is a brief outline of the uses of the buildings on the waterfront to meet the vision of having a waterfront for Wellingtonians to *live, work and play*.

Following the outline is a project plan table providing a brief description of the likely use and location of each of the projects and their current development status.

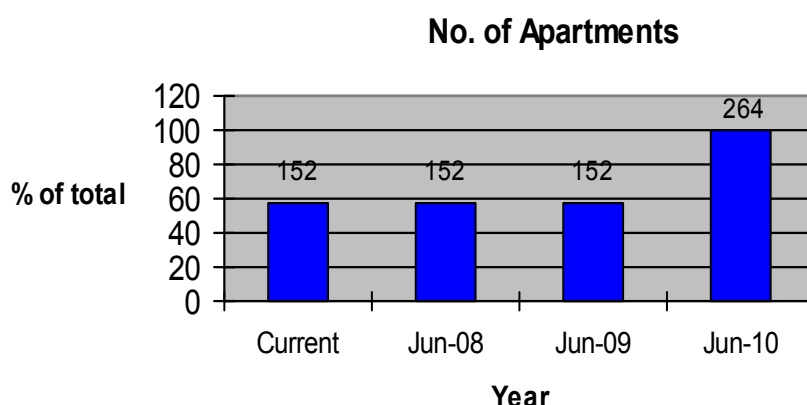
“Living on the Waterfront” - Apartments

The Wellington Central Business District (CBD) apartment market remains strong at the high quality end of the market.

Within the waterfront precinct there are currently 152 apartments. This represents approximately 58% of the total expected by the time the Project is complete. There are no apartments scheduled for construction during the next 12 months.

Ultimately, about 264 apartments are targeted to be built on the waterfront. Four of our five precincts will offer high quality residential accommodation:

<b>Kumutoto:</b>	Waterloo on Quay (43), Sites 8 & 9 (24)
<b>Queens Wharf:</b>	Queens Wharf Apartments (31)
<b>Taranaki St Wharf:</b>	NZX (7)
<b>Waitangi Park:</b>	Chaffers Dock (65), Chaffers Dock Boathouses (6) Overseas Terminal (70), Site 3 (18)



The total number of apartments WWL is proposing is not regarded as a key risk. Research indicates the strongest demand appears to be for large floor plate, high quality apartments in good locations. Views generally add significant value. Ideally, an unobstructed waterfront location with good sun is a highly sought-after combination.

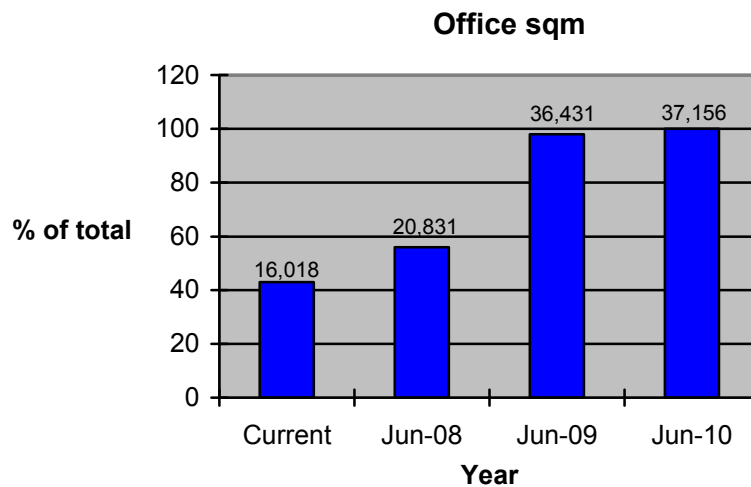
Recent research has confirmed that there is little perceived difference in value between waterfront apartments and Oriental Bay.

Based on resale of waterfront and Oriental Bay apartments between December 2004 and December 2006, sales in dollar terms have increased in the order of 15% per annum.

Overall, WWL believes that offering higher value apartments that capitalise on the aspect offered by our location is not a significant risk. Developers carry out extensive market research prior to committing to construction and usually need to meet a threshold of pre-sales in order to secure funding. Thus they will be in the best position to deliver the type and quantity of apartments that meet market demand.

“Working on the Waterfront” - Office Accommodation

Office accommodation on the waterfront currently occupies about 16,000sqm. We expect to add a further 21,000sqm by 2009/10.

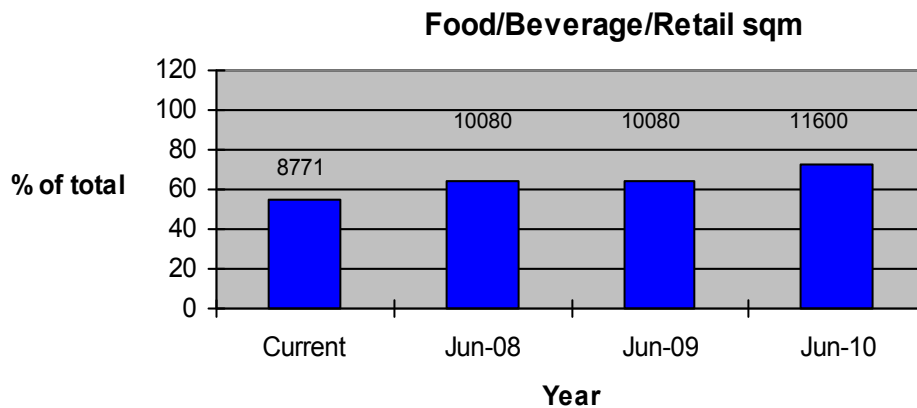


The majority of the remaining proposed space is provided by three buildings - Sites 7, 9 & 10 - in the Kumutoto precinct. Site 7 (4,800sqm) will be completed in the 2007/08 year.

WWL does not expect the quantity of office space to represent a significant risk. What will be critical however is *timing*. The office leasing market continues to be at a point in the lease expiry cycle whereby a number of significant tenants are considering accommodation options. Contributing to this is an expanding government sector and recognition by organisations of the benefits of higher quality space. The risk for WWL is timing – we must ensure we make stock available to coincide with this demand.

“Playing on the Waterfront” – Retail and Entertainment

The retail sector presents a much greater challenge than the office and residential sectors. The Framework policy requiring ground floor space to be “predominantly accessible to the public” is a difficult mandate to meet successfully. We want a variety of uses beyond just cafes and bars – day and night activities, for different age groups and interests. Providing this is an ongoing challenge.



Retail and food/beverage outlets currently occupy 8,300sqm of the waterfront - approximately 52% of the expected total. A further 7,500sqm will be provided by the time the Project is complete.

WWL has commissioned research to help determine the appeal of the waterfront to retailers and to operators of other attractions, and to gauge its sustainability. Together with further feasibility studies, these provide WWL with an objective and comprehensively researched view on the attraction of the area, including projected spend, identification of operators who would meet WWL's social and commercial objectives for the waterfront, the optimal mix of operators, need for 'anchor' tenants in strategic locations, and a financial overview including rental levels and likely required incentives.

The challenges and opportunities associated with providing a diverse mix of activities at ground floor level on the waterfront are numerous:

- The amount and range of spaces to lease
- Identifying appropriate and sustainable uses, WWL must provide for a complementary range of experiences
- Communicating the vision of what the waterfront will become, rather than just as it is, so retailers and the public can be confident about committing retail businesses in a location still undergoing major development and without an, as yet, established critical mass
- Improving city to sea connections by better pedestrian and vehicular access
- Ensuring the ground floor spaces are value enhancing and make a significant contribution to development returns
- Making sure operators provide 'active edges'. Inward-focused activities including various cultural and overt night time activities, for example museums and movie theatres, would need to be located appropriately

## Project Plan Table

PROJECTS	USE	STATUS
<b>Projects under construction:</b>		
Site 7	Four storey commercial development – with ground floor retail/food and beverage facilities.	Due for completion in October 2007.
Kumutoto Public Space	Public space and landscaping including reconstructed tug wharf and promenade.	Due for completion by December 2007.
Shed 13	Earthquake strengthening and external refurbishment for future use – yet to be decided.	Re-engineered – structural upgrade only. Construction commenced March 2007, due for completion by September 2007.
<b>Projects in design phase:</b>		
Waitangi Park Sites 1 & 2	Low level building within the Waitangi Park precinct adjacent to the Clyde Quay Boat Harbour to contain recreational activities on the ground floor and upper floors if viable.	Design competition held and WDSC approval granted in November 2005.
Waitangi Park Site 3	A four storey, mixed-use building site on Waitangi Park to the east of Chaffers Dock containing activities complementary to the neighbouring park and apartments.	Design competition held and WDSC approval granted in November 2005.
Rest of Area 3 – Waitangi Park	The area of public open space between the Clyde Quay Boat Harbour and Chaffers Dock including the area in front of the Overseas Passenger Terminal.	Operating as an open car park while building development options are explored considering the adjacent OPT development.
Transition Building	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.	Design competition held and WDSC approval granted in November 2005.
Rest of Area 2 – Waitangi Park	Part of an activity zone around the western edge of the Park, zoned for different use including a weekend market. Includes a Maori ceremonial area.	Ongoing collaboration between the Park designers and the Design Competition winner. This area will remain as a car park until the building concept is further advanced.
Wharewaka	The Wellington Tenth Trust proposal (in conjunction with WCC) to construct a wharewaka (canoe house) to house ceremonial waka and provide a cultural attraction for visitors.	Resource consent granted in November 2005. Action with Tenth Trust to progress the design.
Taranaki St Wharf public space	Improvement of landscaping around Taranaki St Wharf and the lagoon, including a bridge to enhance links between Civic	Mound adjacent to lagoon now removed. Value engineering of bridge to

	Square and Te Papa, an extension to the lagoon and attractive grassed and planted areas around the Wellington Free Ambulance building.	commence 2007.
Outer-T Hotel	A 142 room 5-star boutique hotel constructed within the area currently occupied by Shed 1.	Resource consent granted in September 2006. Currently appealed to the Environment Court for hearing in July 2007.
Overseas Passenger Terminal – Clyde Quay	Redevelopment of the Overseas Passenger Terminal into a complex of residential apartments with associated complementary ground floor uses.	Concept design and 125 year lease tenure approved June 2007 by WCC. Developer to seek resource consent.
Sites 8 & 9	Building sites in Kumutoto, adjacent to the Whitmore St entrance.	Design competitions finalised and resource consent applications lodged early 2008.
Site 10	Up to 6 storey mixed-use commercial development.	Design competitions finalised and resource consent applications lodged early 2008.
Frank Kitts Park	Frank Kitts Park – Possible re-orientation of Frank Kitts Park providing greater integration between the city and the harbour. Also to include the Chinese Garden.	Design competition to be run 2007/08 period.
<b>Projects yet to be commenced:</b>		
Shed 6, and TSB Bank Arena	Shed 6 – Proposed redevelopment, potentially in conjunction with TSB Bank Arena.  TSB Bank Arena – Proposed redevelopment of the building in conjunction with Shed 6 and in particular, addressing southern end design issues.	To be actioned 2007/08 period.

## 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 elements to be adaptable over time. Wellington's Waterfront is being built for the long term, not just for today's generation.

### Approach

- Design strategies containing guidelines and principles have been adopted for the following:
  - Heritage treatment (buildings)
  - Car parking
  - Traffic Management
  - Lighting
  - Ground Floor Uses

These strategies will be 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.
- 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, use of materials, appropriate bulk and form, interior quality and functionality
  - Identity and imagery developed – to reflect or complement pre & post European heritage aspects of the waterfront, and its maritime location
  - 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 the space. 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
  - Diversity – ensure that the design and building use is consistent with “live, work, and play” objectives
  - Connections – develop and enhance connections and integration from the waterfront to the city
- The Technical Advisory Group (TAG) will be 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.

## 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*

*WWL is a member of the New Zealand Business Excellence Foundation and is implementing its seven Baldrige Criteria for Business Excellence:*

1. *Leadership*
2. *Strategic planning*
3. *Customer and Market Focus*
4. *Measurement, Analysis and Knowledge Management*
5. *Human Resource Focus*
6. *Process Management*
7. *Business Results*

*WWL is committed to this world class organisational improvement framework and international best practice standards will apply across each business unit within the company.*

## **PEOPLE**

### **Strategic Objective**

***To maintain a small, high performance team committed to achieving the Wellington Waterfront Framework's vision, that demonstrates required capabilities, values innovation, acts professionally and ethically and operates in an environment that fosters delivery to the highest standards.***

### **Approach**

- Attract and retain highly motivated and skilled people
- Exemplify the organisation's values
- Review various modules of the Business Excellence framework in relation to leadership and human resources
- Develop and maintain a strong team-based culture that recognises and utilises each individual's skills and actively promotes effective communication, co-operation and teamwork

- Ensure all staff members have the opportunity to develop professionally through a series of personal and professional training opportunities
- Celebrate the successful achievement of milestones

## **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, visual messages about the current and future waterfront experience to help Wellingtonians place proposed new developments and visualise how they will enhance that experience.

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.

WWL uses a combination of approaches to engage effectively with key stakeholders, inform the public and promote the waterfront experience.

### **Approach**

- Envision the atmosphere, experiences and emotions of living, working and playing on the waterfront – now and in the future
- Describe the physical elements and explain how they interact with each other to achieve the vision of the Wellington Waterfront Framework
- Build confidence among Wellingtonians that WWL shares the things they value about the waterfront, has their interests at heart and the expertise to do the job to a high standard

## **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 will develop a comprehensive and ongoing three year Strategic Plan and annual Business Plan. These plans will be informed by the various governing documents/frameworks we are required to operate within as well as provide details on our activities and approach.

### **Approach**

- Ensure that strategy development and planning are regular activities in our business year and take into account long, medium and short term horizons that can be reviewed and aligned to changing circumstances
- Optimise delivery against the strategy by ensuring that annual business plans and individual work plans are aligned with and support delivery of the strategy
- Continue with the introduction of the Business Excellence framework in relation to strategic planning and business results
- Continue to promote economic, social and environmental sustainability
- Ensure all reporting to our shareholder (monthly, quarterly, half yearly and annually) and the public is timely and of the highest professional standard
- Begin a comprehensive succession planning programme towards a smooth transition of the Project from WWL to WCC

## **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.***

WWL 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 eight Directors on the Board.

Our Board contains one Director who is also a WCC Councillor. This appointment further strengthens our representation between WCC and WWL.

Our 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 WCC Council Controlled Organisation. The Board has a commitment to timely and effective communication and positive working relationships with WCC and its various committees.

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.

### **Approach**

- Adopt and adhere to the principles, standards and guidelines issued by the Institute of Directors of New Zealand
- Foster relationships 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
  - Waterfront Development Plan
  - Statement of Intent
  - The Wellington Waterfront Framework
  - Foreshore and Seabed Act 2004

## **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.***

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.

We have adopted the International Financial Reporting Standards in conjunction with WCC.

### **Approach**

- Ensure the necessary funding is available to meet WWL's and the Project's funding requirements at the appropriate time
- Produce forecast financial statements required by the WCC as outlined in its Letter of Expectation
- Continue introduction of the module of the Business Excellence framework in relation to business results
- Continue to maintain and enhance a dynamic financial model to manage our cash-flow
- Perform an ongoing review of financial management processes
- Continue to develop and improve financial reporting of each project with greater emphasis on "cost to complete" reporting
- Actively manage risks and insurances so that effects from occurrences are controlled
- Ensure all financial systems and annual accounts comply with accepted auditing guidelines

## **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.***

As WWL accelerates its implementation and faces consequent new challenges by the environment we are creating, it is increasingly important to document, standardise and review the systems in place for project delivery, consultation and resource consents, property maintenance and asset management, health and safety. Our comprehensive quality plan will assist in ensuring that we improve our delivery in each area of the business.

### **Approach**

- Ongoing review of WWL's Quality Assurance and Procedures Manual
- Review and work with the WCC Risk Assurance Unit to ensure best practice internal audit processes are in place and up to date
- Review accounting procedures for ordering goods and services and implement changes if necessary
- Ensure on-going legislative compliance
- Maintain effective information management processes and systems that deliver the information WWL needs to support key organisational processes and objectives
- Prepare a Disaster Recovery Plan

**Wellington Waterfront Limited**  
**PART B – BUSINESS PLAN 2007/08**

## **Key Performance Indicators for 2007/08**

### **Delivering the Waterfront Experience**

- Maintain the very high level of public opinion satisfaction in each category of our annual surveys for which we have accountability
- Increase the waterfront business satisfaction survey to at least 70% in each category of our annual survey
- Manage effective community promotional tours of display material by June 2008
- Engage with WCC to ensure that the transfer of events management is well managed thereby ensuring the continued delivery of high quality events on the waterfront

### **Developing the Waterfront Experience**

- Refurbishment of the exterior of Shed 13 completed by 1 August 2007
- Site 7 ground floor tenants fully tenanted
- Arrangements are entered into with the New Zealand Centre for Photography and New Zealand Portrait Gallery for a two-year trial period in Shed 11 to establish the viability of these organisations establishing a permanent gallery space in this venue in the future
- Stages 1 & 2 of Kumutoto public space completed by December 2007 within budget and to approved quality criteria
- Construction of wharewaka commenced, subject to Wellington Tenth Trust funding
- Resource consents lodged for the redevelopment of the Overseas Terminal and Clyde Quay wharf
- Concept designs completed for sites 8, 9 and 10
- TAG quality assessment on all developments completed during the year
- Provide assistance to Waterfront Investments Limited in its appeal to the Environment Court for the Hilton Hotel development

### **Corporate Support**

- Full implementation of the New Zealand Business Excellence Foundation criteria for performance excellence
- Completion of the Disaster Recovery Plan

## Delivering the Waterfront Experience

### ACTIVITIES AND EVENTS

#### Strategic Objective

***Ensure that the waterfront is a vibrant, lively place, featuring a variety of activities and events, yet also allowing for more individual, reflective activity, to appeal to the needs of the diverse Wellington community and its visitors.***

#### This Year's Delivery

As at 1 July 2007, the events management function within WWL was transferred to the Wellington City Council's Events Team and protocols between the two parties agreed.

WWL and the City Events Team will liaise regularly on matters relating to events facilitation on the waterfront. This is to ensure events integrate successfully with WWL's development and maintenance programme and to minimise any potential negative impacts upon waterfront businesses and residents arising from the staging of events. The success of this will be measured in WWL's annual satisfaction survey of the waterfront community.

As the manager of the waterfront, WWL will continue to apply high standards to the 'business as usual' aspects of our work in this area, in particular, maintaining positive working relationships with event professionals, community groups, etc when they are staging events on the waterfront.

The completion of construction of the Meridian building and public space within the Kumutoto precinct is scheduled to occur late in 2007. WWL will facilitate the celebration of these major milestones by staging opening events and activities for the public.

WWL will consult with city event managers to take into account the potential for new public space to become a venue for events.

WWL will continue to participate in a joint working group with the Wellington City Council and Save Our Sports to consider options for relocating the indoor sports activities that currently take place in Shed 1.

#### Milestones

- Together with the Wellington City Council's Events Team, WWL will:
  - Support and encourage event managers and promoters to stage waterfront events that complement and enhance the waterfront experience and the city's wider events strategy
  - Maintain quality benchmarks for staging events on the waterfront – incorporating standards relating to event management, safety, accessibility and cultural diversity
  - Maintain current high satisfaction levels (in WWL annual Wellington public opinion and waterfront community research) with the waterfront

community and the public, in the number, range and quality of events, the provision of information to promote events and advice to affected parties.

- Ensure that all resource consent conditions attached to the use of Waitangi Park for event purposes are adhered to
- Stage opening events associated with completion of construction in Kumutoto Precinct – December 2007
- Event managers will be consulted on the design concept for Frank Kitts Park to ensure it can continue to function successfully as an events space – August 2007 - June 2008

## **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.***

### **This Year's Delivery**

WWL will continue to work with the Museum of Wellington City & Sea, under the terms of a Memorandum of Understanding, to jointly explore further opportunities to acknowledge and celebrate the history of the waterfront.

This arrangement includes obtaining Museum advice and input into the incorporation of heritage interpretation in waterfront developments and supporting the Museum's education team to present its educational programmes to visiting schools.

WWL will liaise with the Wellington Tenth's Trust to develop interpretation about the Maori history relevant to the Taranaki Street Wharf Precinct, as part of that area's redevelopment.

WWL's own communication channels will incorporate accurate and relevant heritage information, where appropriate, in particular on its website and in assistance provided in response to student enquiries.

### **Milestones**

- In conjunction with the Museum of Wellington City & Sea, consider opportunities for heritage interpretation within the redesign of Frank Kitts Park – August 2007 – June 2008.
- In conjunction with the Museum of Wellington City & Sea, continue to review the schools education programme to ensure it is still appropriately aligned to school curricula.
- Upon completion of developments, install appropriate interpretive signage about the pre-colonial history related to the Taranaki Street Wharf precinct.
- Maintain heritage information on WWL website and insert links to other relevant websites that contain information about the history of the waterfront – August 2007.

## REFLECTING CULTURE

### Strategic Objective

***Enhance the visitor experience by reflecting the waterfront's cultural dimension – through traditional and contemporary expressions of Maori culture and the cultures of Wellington's diverse ethnic communities, and by acknowledging other cultural/recreational activities or features that reflect Wellington life in the 21<sup>st</sup> century.***

### This Year's Delivery

While many development projects around the waterfront are completed, there remain several areas still to undergo redevelopment or are as yet incomplete. WWL will actively seek to engage with Wellington's ethnic communities to explore ways in which they may see their cultures reflected and integrated within the design of these areas.

The successful working relationships that have been built between WWL and the waterfront's cultural institutions will be maintained. Joint venture initiatives between these parties will be encouraged to further integrate their activities within the surrounding waterfront environment.

The installation of public art within the Kumutoto precinct will be investigated.

Planning continues on the Wellington Tenth's Trust's proposed wharewaka within the Taranaki Street Wharf precinct. As developed designs become known, WWL will work with tangata whenua to build on their presence within the precinct to showcase traditional and contemporary Maori culture, through heritage interpretation and visual art.

A two-year interim arrangement has been entered into with the New Zealand Centre for Photography and the New Zealand Portrait Gallery to ascertain the feasibility of Shed 11 becoming their permanent home.

### Milestones

- Monitor arrangements with the New Zealand Centre for Photography and New Zealand Portrait Gallery regarding their tenure in Shed 11 – ongoing until June 2009
- Completion of the exterior refurbishment of Shed 13 – 1 August 2007
- Public art installation selected for Kumutoto – 1 December 2007
- Engagement with city ethnic communities – 1 August 2007
- 92% satisfaction that the waterfront provides a wide range of outdoor activities for visitors – March 2008 Waterfront Users Survey
- 85% satisfaction that the waterfront has enough attractions/events to suit the entire family - March 2008 Waterfront Users Survey

## **LIVING AND 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.***

### **This Year's Delivery**

Surveys of members of the waterfront community to ascertain their views of our responsiveness and service levels will be continued this year. Their feedback helps to ensure we are meeting and understanding their needs. We will also maintain regular contact with our tenants, other waterfront businesses (such as the New Zealand Academy of Fine Arts, Museum of Wellington City & Sea) and residents occupying apartments on the waterfront.

The two key expectations the waterfront community has about our performance are problem solving and communication.

We will continue to use a problem-solving approach to any tenant issue and be responsive to their needs.

As construction and redevelopment of the various public spaces and buildings on the waterfront increases, so too will the level of communication with neighbouring occupiers to ensure they are aware of progress and have an opportunity to provide feedback.

The redevelopment of the Overseas Terminal, Shed 1, the construction of Site 7 and Kumutoto public space and the refurbishment of Shed 13 will present changes for current tenants and opportunities for new ones. We are actively planning for these changes and keeping occupants up to date. In addition, WWL will continue to identify opportunities for the provision of further concessions, and users to add variety and vitality to the waterfront.

Construction activity related to works on the wharewaka and lagoon development, Site 7 and Kumutoto public space will also impact on neighbouring tenants. We will monitor these effects in consultation with the neighbours and ensure impacts are mitigated.

We will be actively working with designers and planners to ensure they are aware of the need to consider future maintenance and health & safety issues, that they take into account the needs of disabled persons, provide adequate street furniture, ensure the presence of events infrastructure (such as power, water etc) and enhance entry points to the waterfront.

As usual, 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 at least a six-monthly basis. Any complaints or accidents will be registered, and responded to, within 24 hours.

## **Milestones**

- Develop and implement communication plans around each construction activity to ensure all tenants and waterfront businesses are aware of construction programming well in advance
- 70% of respondents in March 2008 waterfront business and public opinion surveys state that WWL is meeting responsibilities either completely or to a large extent
- Review and evaluate opportunities for further tenants/concessions and waterfront users, ensuring that they meet the objectives of the Waterfront Framework, including concessions in Frank Kitts Park and the Linkspan building
- 65% of respondents in March 2008 waterfront business survey are satisfied that their requests and queries are resolved to a large extent

## **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 and well maintained and that cater for a diverse range of businesses and activities.***

### **This Year's Delivery**

As at 1 July 2007, the maintenance and management of Waitangi Park was transferred to the Wellington City Council's Parks and Gardens Team. It was agreed that the transfer of this activity was appropriate given that it is completed and is able to be separately identified from the rest of the waterfront. WWL has responsibility for maintenance of the remainder of the waterfront.

Maintenance standards across the waterfront vary according to their development status. The development last year of a detailed Asset Management Plan (AMP) has enabled us to highlight areas of development and maintenance that will require attention in the future. The AMP contains a detailed description of all the major assets on the waterfront and details relating to future expenditure.

Where development has been completed standards are expected to be maintained at a high level; areas awaiting development must be kept safe, clean and serviceable until they are ready for transformation.

Maintenance work targets minor improvements and adherence to pre-set standards for sites where no further development is proposed in the short term.

A special project to restore the heritage gates and fences around the waterfront continues from last year.

Sites awaiting redevelopment, for example the Overseas Terminal and wharf, the outer-T of Queens Wharf and Shed 6 are maintained as necessary, to a safe, usable and presentable standard, having regard to their various uses.

Car parks in the Kumutoto precinct will reduce due to the public space construction and development of Site 7. WWL will continue to liaise with the car park operator as these developments progress.

A register of maintenance and health and safety issues is operated to monitor both contractor progress and performance. In conjunction with this, a programme of updating and reviewing supply contracts is undertaken each year.

WWL will continue implementing traffic management controls on the waterfront and will install systems including a barrier bollard to limit and manage vehicular access at the entrance to Taranaki Street Wharf and the waterfront entrance at the rear of the TSB Bank Arena.

## **Milestones**

- Complete traffic control measures for the waterfront entrances at Taranaki Street Wharf, and the Hunter Street entrance (the rear of the TSB Bank Arena) by 30 June 2008
- Complete Health & Safety and Disaster Recovery plans by 31 March 2008
- Contribute to planning of all new development projects to ensure future maintenance and contracts are easily managed and kept to a minimum
- 80% of maintenance items completed on time and to prescribed standards
- 90% of Wellingtonians surveyed in 2008 public opinion survey consider the waterfront is a well maintained and clean environment

## Developing the Waterfront Experience

### DEVELOPMENT STRATEGY

#### Strategic Objective

***Complete plans for transforming the waterfront into an attractive, highly accessible and safe area catering to a wide range of diverse activities that Wellingtonians and visitors will desire to visit and use frequently, and do so by successfully balancing commercial and public interests.***

#### This Year's Delivery

During 2007/08 planning for the majority of the remaining sites in the development programme will be initiated or underway. The management of these new projects will be controlled by WWL taking a lead role until resource consents are in place. Once consents are obtained, WWL will determine the most beneficial way to implement the plans for the site.

Planning for the Waitangi Park precinct, including the redevelopment of the Overseas Terminal, will continue.

Construction of the Site 7 building and Kumutoto public space is well advanced with completion of construction around the building timed to coincide with the completion of the building in December 2007.

#### Milestones

- Complete the structural works to Shed 13
- Complete architectural and landscape competitions for sites 8, 9 and 10
- Complete architectural and landscape competitions for Frank Kitts Park and the Chinese garden
- Work with developer to achieve resource consent for the OPT
- Work with developer to confirm resource consent for redevelopment of the Hilton hotel on the Outer T
- Resource consent application lodged for site 8,9 or 10
- Develop concept for Shed 6/TSB Bank Arena redevelopment

## **DESIGN AND PROJECT IMPLEMENTATION**

### **Strategic Objective**

***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.***

### **This Year's Delivery**

- WWL has a comprehensive understanding of what a wide range of Wellingtonians want to experience on their waterfront. This understanding is based on the Wellington Waterfront Framework, which was the subject of wide consultation and includes detailed results from recent and ongoing research

### **Milestones**

- 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
- WWL is 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

### PEOPLE

#### Strategic Objective

***To maintain a small high performance team committed to achieving the Waterfront Framework's vision, demonstrates required capabilities, values innovation, acts professionally and ethically and operates in an environment that fosters delivery to the highest standards.***

#### This Year's Delivery

The 2007/08 year will build upon the changes in management in WWL. The introduction of new personnel and the restructuring of the Events and Communications roles will create new opportunities for the Company to strengthen its relationship with the Wellington community.

The high work load being undertaken within an intensely political environment requires an ever greater level of team work and collaboration amongst staff. The CEO will continue to provide strong leadership in these areas.

The company's performance management system, which was developed in 2004/05, will be refined continually to ensure it provides management and incentives for top delivery.

#### Milestones

- Ensure all staff have Performance Agreements for the 2007/08 year
- Complete performance appraisals with all staff on a quarterly basis
- Enable staff to implement their individual training plans
- Ensure all managers complete and regularly update their conflicts of interest declarations, according to company policy
- Acknowledge and celebrate success

## **COMMUNICATION**

### **Strategic Objective**

***Ensure Wellingtonians share the 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.***

### **This Year's Delivery**

WWL's communications in the coming year will focus on supporting the practical implementation of our development projects and promoting the waterfront experience for Wellington's diverse communities, better engaging with Wellingtonians at the grass roots level and strengthening relationships with our key stakeholders.

A new role of Community Relations Manager will drive the achievement of these goals, replacing the more strategic role of Communications Manager.

This focus translates into five 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, enhancement of WWL's Waterfront Project Information Centre, maintenance of its website, delivery of its monthly newsletter 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 development projects, through specific communications activities planned for each project
- Better utilising local and national media to communicate with mass and target audiences by building relationships with key media; actively providing good, newsworthy stories to a range of media outlets; and seeking opportunities for positive news stories to support WWL's profile as a leader in innovative waterfront development
- Developing effective relationships with key stakeholders, particularly the Wellington City Council and the waterfront community, through a managed programme of engagement, appropriate to each group
- Promoting the waterfront experience to Wellingtonians and visitors, to increase visitation and provide a benchmark for public accountability around preserving or enhancing that experience

### **Milestones**

#### **Community Information Programme**

- Stage a series of displays throughout the year in high profile locations around Wellington

- Establish a schedule of presentations to a wide range of Wellington communities throughout the year, either in the community or on the waterfront
- Create a central archive of information for student enquiries about waterfront developments
- Develop an effective, dynamic and interactive Waterfront Project Information Centre
- Respond to public enquiries

#### Project Communications

- Develop and/or implement communication plans to consult with or inform the public about design development, resource consent applications or construction of the following waterfront projects:
  - Kumutoto 7 & public space
  - Sites 8 – 10
  - Shed 13
  - Hilton Hotel
  - Frank Kitts Park
  - Wharewaka
  - Sites 1 - 4
  - Overseas Terminal

#### Media

- Undertake a range of activities that will:
  - Build Wellington waterfront's profile as an excellent example of good waterfront development and lift the profile of WWL's reputation as experts in this field
  - Target media channels to publicise good, newsworthy stories about specific or general aspects of the waterfront's development and the waterfront experience
  - Establish protocols for dealing with issues in a way that enhances WWL's reputation

#### Stakeholder Relationship Management

- Conduct annual public opinion survey – March/April 2008
- Conduct annual waterfront community satisfaction survey March/April 2008
- Conduct additional research as needs arise
- Publish 11 issues of the *On The Waterfront* newsletter and continue to encourage subscriptions – monthly
- Implement stakeholder management plans – ongoing

- Review and update stakeholder management plans – November 2007
- Liaison with WCC's Events Team
- Manage contract for the operation of the TSB Bank Arena

#### Waterfront Promotion

- Consolidate the waterfront brand through implementation of the marketing including advertising, updating and distribution of waterfront map and collaboration with Positively Wellington Tourism and waterfront businesses
- Identification and engagement of sponsors to promote the waterfront

## **STRATEGY AND PLANNING**

### **Strategic Objective**

***Our goal is 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.***

### **This Year's Delivery**

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

In response to corporate accountability trends and expectations and obligations under the Local Government Act 2002, WWL will review and enhance its sustainability reporting as part of its regular reporting to the Wellington community.

### **Milestones**

- Maintain the annual planning cycle, including a programmed board review that allows decisions to be taken in a considered way – January through May 2008
- 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 – March 2008
- 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 – by 1 July 2007
- Continue to enhance our sustainability reporting by considering social and environmental concerns as well as financial / non-financial measures – by September 2007.
- Review WWL's current standard and methods of reporting and implement areas identified for improvement

## **GOVERNANCE**

### **Strategic Objectives**

***Provide strong, well-focused 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.***

### **This Year's Delivery**

Because of the highly political nature of the business, the board of WWL 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.

It is also important for the board to review its own operations objectively.

### **Milestones**

- Ensure that WCC is kept fully apprised of WWL's activities that affect its role as shareholder and party to the agreement for the provision of waterfront management and services by WWL – ongoing through regular formal meetings with WCC representatives
- Work with WCC's Waterfront Development Sub-Committee and CCO Performance Sub-Committee to ensure performance of the roles and KPIs agreed for WWL in the waterfront's development – ongoing
- Review board practices and processes to maintain the distinction between governance and management – ongoing as part of the role of the WWL People and Performance Committee
- Conduct a board self-assessment in line with best practice as exemplified by Institute of Directors guidelines – September 2007

## **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).***

#### **This Year's Delivery**

We will continuously 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.

During 2006/07, WWL advised WCC that some delay in the timing of WWL's receipt of some commercial proceeds had occurred. These delays resulted in a temporary funding shortfall in WWL's cash flow. On 27 June 2007 approval was received from Council to allow temporary additional funding to be made available to cover the 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 support of this Business Plan the financial statements (to be appended) 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 2007/08.

#### **Milestones**

- Review all financial management processes and where necessary upgrade – by December 2007 - Ongoing
- Actively manage risks and insurances so that effects from occurrences are controlled – by March 2008

## **INTERNAL SYSTEMS AND PROCESS**

### **Strategic Objective**

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

### **This Year's Delivery**

As WWL implements its delivery programme, it has become increasingly important to document, standardise and review the systems in place for project delivery, including standards and processes for consultation and resource consents.

The completion and constant review of the Quality and Assurance Procedures Manual (QAPM) will assist us in achieving this.

The risk management plans across each of WWL's various workstreams are to be combined within a single Risk Management Policy. WWL will work with the WCC's Risk Assurance team to ensure all risks significant to the City Council are also identified.

### **Milestones**

- Complete development of the WWL Risk Management Policy and WCC risk identification – by December 2007
- Review the accounting procedures for ordering goods and services and implement changes if necessary – by September 2007
- Identify areas and sensitive areas of potential fraud – consider areas outlined in the WCC Audit and Risk Management Subcommittee report dated 10 March 2006 – Ongoing
- Implementation of the New Zealand Business Excellence Foundation criteria for performance excellence

## 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.
- We have received Council approval for short term funding to complete contracted public space expenditure over the three years covered by this Business Plan. This short term funding is a timing issue only and will be repaid as commercial proceeds are received.

Forecast WCC funding by year (excluding the Management Fee) is shown:

	<b>WCC Operating Contribution</b>	<b>WCC Capital Contribution</b>	<b>WCC Contribution TSB Bank Arena upgrade</b>	<b>WCC Temporary Additional Funding</b>	<b>Total WCC Contribution</b>
	\$ million	\$ million	\$ million	\$ million	\$ million
2005/06 (actual)	-	4.00	-	-	4.00
2006/07 (actual)	-	7.25	0.32	-	7.57
2007/08	-	3.75	1.80	4.60	10.15
2008/09	-	-	-	4.05	4.05
2009/10	-	-	-	(8.65)	(8.65)
<b>Total</b>	-	<b>15.00</b>	<b>2.12</b>	-	<b>17.12</b>

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 Taranaki Street Wharf (mound removal) and Kumutoto planned public space developments to proceed. This has ensured no delays pending the receipt of proceeds from the disposal of development sites. Further draw downs, including additional short term borrowing, have been planned for 2007/08 and 2008/09.

The Financial Plan has in the past included WCC funding of \$2.6m, which Council has separately approved for the upgrading of the TSB Bank Arena. With a small amount of expenditure in 2006/07 this expenditure is now forecast at \$1.8m during 2007/08 and is included in this Business Plan.

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. WCC requested that the management fee be reduced from \$1.90 m and the fee is forecast at \$1.75m for 2007/08, \$1.75m for 2008/09 and \$1.75 m for 2009/10.

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. Income Statement (Statement of Financial Performance)**

The forecast annual Statement of Financial Performance

Rental income is forecast to decline significantly over the next few years as income generating assets are either released for long term development or are replaced by developed public space.

Gains on the realisation of assets are projected in years 2007/08 to 2009/10 as the long term lease of development sites is completed.

Depreciation costs are expected to increase over the same period as public space developments are completed.

**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 decline from \$125.115m (June 2006) to \$119.251m (June 2010)

**7. Cash Funds Schedule**

A detailed forecast of annual receipts and payments