

REPORT 2
(1215/52IM)

**Report of the Council Controlled Organisation Performance
Subcommittee**
Meeting of Monday 8 April 2013

**Members: Mayor Wade-Brown, Alan Isaac (Chair), Councillors Coughlan,
Marsh and Pannett and Suse Reynolds.**

THE SUBCOMMITTEE RECOMMENDS:

1. ITEM 018/13C DRAFT STATEMENTS OF INTENT FOR 2013/14
(1215/52/02/IM) (REPORT 2)

THAT the Strategy and Policy Committee:

- 1. Note that the Chair will write to each organisation, on the basis of the officer assessment provided in this cover report and as detailed below, requesting changes for the final 2013/14 Statements of Intent for presentation to this Subcommittee at its meeting of 5 June 2013:*

General

- In general, the Council Controlled Organisations have addressed the requests set out in the Letters of Expectation, including outlining how their activities align with Council strategies, committing to holding a public meeting, and understanding the challenging economic environment for the Council. Where relevant, an extra comment should be added confirming the entity's commitment to the Accessibility Action Plan and reminding them of a need to report under this Plan;*
- The format of the draft Statements of Intent have been aligned to a standard template as recommended in the 2012 Plimmer Review of Council Controlled Organisations.*

Basin Reserve Trust

- Reflect a proactive approach to engaging with the Economic Development and Events teams to undertake preparatory work should Wellington win the hosting of a cricket test for the upcoming Indian tour, including liaising with New Zealand Cricket to secure a test match against India at the Basin and for other sporting and non sporting events*

- *Provide more detail of planning to increase ground utilisation to reach the target requested in the Letter of Expectation of a 10% increase by 2014/15;*
- *Provide an explicit key performance indicator and timeline for the completion of an Asset Management Plan, along with appropriate indicators by which progress can be measured;*
- *Provide financials that are consistent with the presentation of the annual audited financial statements*
- *Provide more detail about the Trust's involvement in the Museum Stand's future and the NZTA Flyover, noting that for both projects Council approval is required.*

Capacity Infrastructure Services Limited

- *Ideally add reference to the work of the Local Government Infrastructure Efficiency Expert Advisory Group and the development of regional technical standards;*
- *Include reference to the work being undertaken as part of the asset management improvement plan and establishing a framework to support a standard approach for asset management plans across client councils, as a priority for Capacity;*
- *Clarify that the Company will focus on asset prioritisation work programmes and on working with the Council to ensure that information flows on asset data are robust;*
- *Confirm Capacity's commitment to the Council's Living City programme and consider how it can show innovation in order to move beyond legislative requirements to leadership (in conjunction with its shareholder councils) on education and action, particularly in the areas of water management conservation, resilience, emergency preparedness, and integrated stormwater catchment work;*
- *Note that the Company will report on the progress of the further development of an organisation-wide risk management framework as part of the standard reporting framework;*
- *Discuss how Capacity can take a more pro-active role in its relationship with Tangata Whenua;*
- *Reflect the performance measures for the outcomes based model once the new Service Level Agreement is finalised;*
- *Include three years worth of performance targets once the outcomes based model key performance indicators are agreed. The wording for Schedule 2 should also be updated to reflect that "these projects are the agreed work programmes with client councils and underpin the key performance indicator on delivering capital projects within budget and timeframes". Schedule 2 should present three years worth of projects.*

Positively Wellington Tourism

- *Provide a more detailed presentation of financials (specifically the revenue and expense lines) consistent with the presentation of the annual audited financial statements;*
- *Identify key performance indicators which are measured annually and those which are measured quarterly;*
- *Clarify definitions and identify sources for key performance indicator measures;*
- *Finalise key performance indicators which are incomplete or work in progress;*
- *Include detail to explain proposed reductions in the Trust's key performance indicators.*
- *Provide a clearer picture of the funding and expenditure of PWT, to outline the relationship between the Council downtown levy and the allocation of funding to PWT.*

Positively Wellington Venues Limited

- *Confirm key performance indicators for assessing venue occupancy rates and deliver baseline measures so that growth and progress can be measured across this key area of the business;*
- *Set an explicit goal in relation to working with the Events team, along with supporting commentary, around what is to be achieved through this relationship, particularly in relation to increasing the economic returns of World of Wearable Arts and the New Zealand International Festival of the Arts;*
- *Provide more detail concerning strategies for increasing and improving exposure to the Arts for children and young people;*
- *Explain or remove in Section 3 references to running a design competition to develop concepts for the external refit of TSB Arena/Shed 6;*
- *Identify the timeframe for completing the assessment of Performing Arts Foundation and other Venues subsidies, and commit to establishing a reporting framework to give the Council a clear understanding of how community organisations are utilising opportunities for Venues access support.*
- *Work in conjunction with Wellington Waterfront Limited on options for an external refit of the TSB Arena and Shed 6*
- *Provide more detail around the Capital Expenditure items currently being considered for inclusion in the 2013/2014 budget, prior to their inclusion in the 2013/2014 statement of intent*

Wellington Cable Car Limited

- *Provide a greater level of detail on the Company's contribution to the relevant strategies of the Council, particularly the Economic Development Strategy, the Living City programme and the Accessibility Wellington Action Plan;*

- *Provide detail around the Company's planned strategies to: address the medium term reduction in passenger numbers using the Cable Car, improve the attractiveness of the cable car offering to passengers, and better promote and integrate with the full range of tourist and visitor experiences at the top of the Cable Car;*
- *Identify any opportunities for further efficiency gains, revenue growth and low priority service-level reductions to improve overall returns;*
- *Include an update on the progression of the Kelburn terminal project, particularly plans to mitigate any construction-related impacts on tourists and commuters;*
- *Reinstate the key performance indicator around Qualmark endorsement;*
- *Outline the reasoning behind the Company's proposed 60% dividend payout ratio for 2013/14;*
- *Include an updated forecast for 2012/13.*

Wellington Museums Trust

- *Commit the Trust to holding at least one meeting in a public forum;*
- *Provide a more detailed presentation of financials (specifically the revenue and expense lines) consistent with the presentation of the annual financial statements;*
- *Provide greater explanation as to forecast visitation at facilities, particularly the rationale for reduced forecast visitation;*
- *Include any new measurement of visitation key performance indicators as a shadow-measure in 2013/14 and also retain the current key performance indicator measure of visitation.*
- *Ensure that the financial statements included in the Trust's final statement of intent, specifically the statement of cash flows, cash flow reconciliation and the balance sheet are corrected in the final statement of intent.*

Wellington Waterfront Limited

- *Discuss the factors that have driven the changes evident in Wellington Waterfront Limited's capital works programme in the current operating environment;*
- *Acknowledge the change in timing on the North Kumutoto and Overseas Passenger Terminal development projects, and provide a key performance indicator around receiving commercial revenues prior to undertaking expenditure on public space;*
- *State explicitly that the three new public space projects will not proceed until the Waterfront Development Plan has been signed off and, if included in the Waterfront Development Plan, that the necessary commercial proceeds have been realised;*

- *Reflect that Wellington Waterfront Limited will contribute to (not lead) a Council-led assessment of creating a public land development agency;*
- *Consider celebrating in more detail work that is being done in the Living City and Accessibility Action Plan space, particularly around collaborating with other stakeholders on initiatives to clean up the harbour and consider the impact of climate change on the waterfront*
- *Work in conjunction with Positively Wellington Venues on options for an external refit of the TSB Arena and Shed 6.*

Wellington Zoo Trust

- *Include quarterly visitor targets;*
- *Include three years of performance targets.*

Wellington Regional Stadium Trust

- *Provide an update on each of the key sporting codes;*
- *Confirm that the Trust will report on how it is tracking relative to its outlined non-financial performance measures in its regular reporting to the Subcommittee;*
- *Note that the draft business plan will be provided to the Council in May and has not been commented on in this report*
- *Note the points around concerts in particular the challenging market and that an update be provided to the Subcommittee at the next meeting.*

2. *Note that the New Zealand Local Government Funding Agency Limited will pay a cash dividend to shareholders for the year to 30 June 2012, which is ahead of its 2012 Statement of Intent targets and will continue to pay a dividend in 2013/14. The Chair of the Shareholders' Council will meet with the New Zealand Local Government Funding Agency Limited to discuss its strategy of building up retained earnings versus providing lower borrowing costs to shareholders in the short term, while noting this represents a healthy financial position.*
3. *Note that the Karori Sanctuary Trust's draft Statement of Intent will be received by the end of April and will be presented to the Council Controlled Organisations Performance Subcommittee meeting on 5 June 2013.*

Alan Isaac
Chair