

# COUNCIL CONTROLLED ORGANISATION PERFORMANCE SUBCOMMITTEE

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## AGENDA – PART 1

**FRIDAY 27 SEPTEMBER 2013**

**11.00AM**

**Committee Room One  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington**

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### **MEMBERS:**

Mayor Wade-Brown  
Councillor Coughlan  
Councillor Marsh  
Councillor Pannett  
Alan Isaac (Chair)  
Suse Reynolds

**NOTE:** The reports contained in this agenda are for consideration and should not be construed as Council decisions or policy unless and until adopted. Decisions of the Council can be accessed in the minutes at this link:  
<http://wellington.govt.nz/your-council/meetings/committees/council-controlled-organisation-performance>



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### Have your say!

You can make a short presentation to the member of this Subcommittee at this meeting. Please let us know by noon the working day before the meeting. You can do this either by phoning 803 8334, faxing 801 3020, e-mail: [public.participation@wcc.govt.nz](mailto:public.participation@wcc.govt.nz) or writing to Democratic Services, Wellington City Council, PO Box 2199, Wellington, giving your name, phone number and the issue you would like to talk about.

Electronic copies of the reports to be presented at this Council Controlled Organisation Performance Subcommittee meeting can be accessed on our website: <http://wellington.govt.nz/your-council/meetings/committees/council-controlled-organisation-performance>

**COUNCIL CONTROLLED  
ORGANISATION PERFORMANCE  
SUBCOMMITTEE**

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**MINUTES**

**WEDNESDAY 5 JUNE 2013**

**2.00pm – 2.55pm, 3.06pm – 4.24pm**

**Committee Room One  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington**

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**PRESENT:**

Mayor Wade-Brown	(2.00pm – 2.55pm, 3.06pm – 4.24pm)
Councillor Coughlan	(2.00pm – 2.55pm, 3.06pm – 4.24pm)
Councillor Marsh	(2.00pm – 2.55pm, 3.06pm – 4.24pm)
Councillor Pannett	(2.00pm – 2.55pm, 3.08pm – 4.24pm)
Alan Isaac (Chair)	(2.00pm – 2.55pm, 3.06pm – 4.24pm)
Suse Reynolds	(2.00pm – 2.55pm, 3.06pm – 4.24pm)

025/13FM **APOLOGIES**  
(1215/52/02/IM)

**NOTED:**

There were no apologies.

026/13FM **MINUTES FOR CONFIRMATION**  
(1215/52/02/IM)

**Moved Alan Isaac, seconded Councillor Marsh, the motion that the Council Controlled Organisation Performance Subcommittee approve the minutes of the ordinary meeting held on Monday 8 April 2013, having been circulated, be taken as an accurate record of that meeting.**

**The motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisation Performance Subcommittee:*

- 1. Approve the minutes of the ordinary meeting held on Monday 8 April 2013, having been circulated, be taken as an accurate record of that meeting.*

027/13FM **CONFLICT OF INTEREST DECLARATIONS**  
(1215/52/02/IM)

**NOTED:**

1. Councillor Marsh noted a conflict of interest in relation to Report 2 – Review of the Performance of all Council Controlled Organisations for the Quarter Ended 31 March 2013 and Report 3 - Final Statements of Intent for Council Controlled Organisations for the Year 2013/14.
2. Councillor Coughlan noted a conflict of interest in relation to Report 2 – Review of the Performance of all Council Controlled Organisations for the Quarter Ended 31 March 2013 and Report 3 - Final Statements of Intent for Council Controlled Organisations for the Year 2013/14.

028/13FM **PUBLIC PARTICIPATION**  
(1215/52/02/IM)

**NOTED:**

There is no public participation.

029/13FM **COUNCIL CONTROLLED ORGANISATION PRESENTATIONS – WELLINGTON REGIONAL STADIUM TRUST AND WELLINGTON MUSEUMS TRUST**  
(1215/52/02/IM) (ORAL REPORT)

**NOTED:**

1. Chair John Shewan, Trustee Linda Rieper and Retiring Chief Executive Officer David Gray from Wellington Regional Stadium Trust were present to update the Subcommittee on the activities of the Stadium Trust.

030/13FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 MARCH 2013**  
Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, Portfolio Manager, Council Controlled Organisations and Maree Henwood, Portfolio Manager, Council Controlled Organisations.  
(1215/52/02/IM) (REPORT 2)

**NOTED:**

The Subcommittee commenced discussion on Report 2. Discussions on the Basin Reserve Trust, Capacity Infrastructure Services Ltd and Positively Wellington Tourism were completed.

(The meeting adjourned for afternoon tea at 2.55pm and reconvened at 3.06pm.)

(Alan Isaac, Suse Reynolds, Mayor Wade-Brown and Councillors Coughlan and Marsh were present when the meeting reconvened.)

031/13FM **COUNCIL CONTROLLED ORGANISATION PRESENTATIONS – WELLINGTON REGIONAL STADIUM TRUST AND WELLINGTON MUSEUMS TRUST (CONTINUED)**  
(1215/52/02/IM) (ORAL REPORT)

**NOTED:**

1. Chair Quentin Hay and Chief Executive Officer Pat Stuart from Wellington Museums Trust were present to update the Subcommittee on the activities of the Wellington Museums Trust.

(During the presentation from the Wellington Museums Trust, Councillor Pannett returned to the meeting at 3.08pm.

032/13FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 MARCH 2013 (CONTINUED)**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, Portfolio Manager, Council Controlled Organisations and Maree Henwood, Portfolio Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 2)

**NOTED:**

1. The Subcommittee completed discussions on Positively Wellington Venues, Wellington Cable Car Limited, Wellington Museums Trust, Wellington Waterfront Limited, Wellington Zoo Trust, Karori Sanctuary Trust, Local Government Funding Agency, Zealandia and Wellington International Airport Limited.
2. Anthony Wilson – Chief Asset Officer was in attendance to answer questions from the Subcommittee regarding Capacity Infrastructure Services Ltd.

**Moved Alan Isaac, seconded Councillor Marsh, the substantive motion.**

**Moved Councillor Pannett, seconded Councillor Coughlan, the following amendments to recommendation 2(c), 2(g), 2(i) and 2(k):**

THAT the Council Controlled Organisation Performance Subcommittee:

2. Recommend that the Strategy and Policy Committee notes the following matters with regard to the third quarter 2012/13 performance of Council Controlled Organisations **with the following amendments (in bold and strikethrough)**:
  - (c) At Positively Wellington Tourism, work on the Destination Wellington initiative dominated its work programme and delayed some of its expenditure. Year to date expenditure is \$1.1m behind forecast and cash on hand exceeds budget at 31 March 2013 by \$1.2m. Expenditure in quarter four is expected to recover the delays to date and the Trust's financial position is expected to normalise (to budget) by year **end**.
  - (g) Wellington Waterfront Limited recorded an operating deficit for quarter three of \$35k against a budgeted deficit of \$303k. Work has progressed well on receiving proposals for the development of the North Kumutoto precinct and the seismic strengthening of the Shed 6 wharf. Over 90,000 people participated in events and activities on the Waterfront during the quarter. At the end of quarter three, the advance from Council was \$17.891 million (not including the \$2.9m for wharf piles). **Note that the**

**financial statements were tabled at the meeting and are attached to the minutes.**

- (i) At 31 March 2013, the Local Government Funding Agency total lending was \$1.8 billion, well in excess of its Statement of Intent target for 30 June 2013. ~~The quarter three~~ **After paying interest on borrower notes, the** surplus before dividends and tax was \$1.58m, ~~-\$0.55m (230%)~~ **ahead of its forecast.** The start-up phase of the entity has been more successful than forecast and, as a result, the Company will be declaring a full dividend to shareholders in the current financial year.
- (k) Event highlights at Westpac Stadium during the quarter included Nitro Circus Live, the Hertz Sevens tournament, and the New Zealand vs England Twenty/20 match. The Trust remains on track to deliver an above budget full year result. Since quarter end, David Gray's replacement as Chief Executive has been announced as Shane Harmon, who was General Manager Marketing and Communications for Rugby New Zealand 2011. Shane will take over when David retires on 30 June 2013, after 16 years of service with the Trust **and the Subcommittee acknowledge the achievements made by the Trust under his leadership.**

**The amendment was put and declared CARRIED.**

**The substantive motion as amended was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisations Performance Subcommittee:*

1. *Receive the information.*
2. *Recommend that the Strategy and Policy Committee notes the following matters with regard to the third quarter 2012/13 performance of Council Controlled Organisations:*
  - (a) *The Basin Reserve Trust, after allowing for depreciation of \$69k, made an operating surplus for the quarter of \$90k, \$100k ahead of budget. Year to date the Trust has a net deficit after depreciation of \$6k, \$123k ahead of budget. The highlight for the quarter was the hosting of the New Zealand versus England test match. Although weather affected, the match drew good crowds to the Basin with one sold-out day and good national and international media coverage.*
  - (b) *At the end of March, Capacity was forecasting a capex carry forward of \$1.35m for Wellington City Council. Design and*

*access issues have resulted in delays to the Tasman Street stormwater renewal project. Similarly, wastewater work deferred to accommodate the Buckle Street upgrade will be undertaken in 2013/14. Year to date capex spend is under-budget by \$3.0m or 17%. Capacity reports an expected opex overspend for the full year of \$1.4m (or 3.5% of budget). The forecast year-end overspend is due to higher than budgeted levels of reactive maintenance and unbudgeted increases in treatment plant tariffs. This overspend is forecast to be offset by favourable variances in asset stewardship within Wellington City Council budgets.*

- (c) *At Positively Wellington Tourism, work on the Destination Wellington initiative dominated its work programme and delayed some of its expenditure. Year to date expenditure is \$1.1m behind forecast and cash on hand exceeds budget at 31 March 2013 by \$1.2m. Expenditure in quarter four is expected to recover the delays to date and the Trust's financial position is expected to normalise (to budget) by year **end**.*
- (d) *Positively Wellington Venues posted a net loss for the quarter of \$77k, \$8k below budget. Year to date the company had an operating deficit of \$27k, \$46k ahead of budget. The company remains on target to achieve a breakeven position at year end. Although venue occupancy is below 2011/12 levels for the same period, revenue has increased by 5%. Work to deliver the modified Shed 6 venue ahead of the closure of the Town Hall in August 2013 is progressing well.*
- (e) *Cable car passenger numbers for the quarter were 4.7% above target for the same period last year. As a result, year to date passenger numbers are up 2.1% on last year. The Company anticipates achieving its budgeted result for the year.*
- (f) *Total year to date visitor numbers at Museums Trust (511,033) have regained the ground lost in quarters one and two and are above the year to date forecast visitation numbers (479,500). The Trust expects its year end result will align with the budget.*
- (g) *Wellington Waterfront Limited recorded an operating deficit for quarter three of \$35k against a budgeted deficit of \$303k. Work has progressed well on receiving proposals for the development of the North Kumutoto precinct and the seismic strengthening of the Shed 6 wharf. Over 90,000 people participated in events and activities on the Waterfront during the quarter. At the end of quarter three, the advance from Council was \$17.891 million (not including the \$2.9m for wharf piles). **Note that the financial statements were tabled at the meeting and are attached to the minutes as appendix 1.***



- (h) *Year to date visitation of 180,085 at Wellington Zoo is ahead of last year by 8.5% and ahead of plan by 10%. The year to date operating surplus of \$229k is above the budgeted \$133k, due to trading income being above budget, largely due to the higher than budgeted visitor numbers. Quarter four is typically run at a material loss and the Trust expects a small surplus for the full financial year.*
- (i) *At 31 March 2013, the Local Government Funding Agency total lending was \$1.8 billion, well in excess of its Statement of Intent target for 30 June 2013. ~~The quarter three~~ **After paying interest on borrower notes, the surplus before dividends and tax was \$1.58m, \$0.55m (230%) ahead of its forecast.** The start-up phase of the entity has been more successful than forecast and, as a result, the Company will be declaring a full dividend to shareholders in the current financial year.*
- (j) *Despite Zealandia's visitor numbers falling below forecast for the third quarter in a row, total revenue for quarter three was \$47k above budget and expenditure was \$56k better than budget. Year to date, the Trust's operating cash surplus was \$18k, a \$555k improvement on the forecast deficit of \$537k for the period. As a result, cash on hand was \$945k at 31 March 2013. However, this performance somewhat belies the underlying challenges to the business in membership and visitor numbers. These challenges are well understood by the Trust and its strategic initiatives will target visitation and to grow its revenues from all sources.*
- (k) *Event highlights at Westpac Stadium during the quarter included Nitro Circus Live, the Hertz Sevens tournament, and the New Zealand vs England Twenty/20 match. The Trust remains on track to deliver an above budget full year result. Since quarter end, David Gray's replacement as Chief Executive has been announced as Shane Harmon, who was General Manager Marketing and Communications for Rugby New Zealand 2011. Shane will take over when David retires on 30 June 2013, after 16 years of service with the Trust **and the Subcommittee acknowledge the achievements made by the Trust under his leadership.***
- (l) *Wellington International Airport Limited has presented its annual report for the year ended 31 March 2013. The company reports a good year with 7% growth in revenue. Capacity in to Wellington increased by 5.7% on the back of the addition of a 9<sup>th</sup> aircraft to the Jetstar fleet.*
3. *Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report.*

4. *Note any issues for the Chair to raise with the entities covered by this report.*

**NOTED:**

The resolutions differ from the recommendations in the officer's report as follows:

The Subcommittee added the text in **bold** and deleted the text with ~~striketrough~~.

033/13FM **FINAL STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR 2013/14**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, Portfolio Manager, Council Controlled Organisations and Maree Henwood, Portfolio Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 3)

**Moved Alan Isaac pro-forma, seconded Councillor Marsh, the substantive motion being the recommendations in the officer's report.**

**Moved Alan Isaac, seconded Councillor Pannett, the following amendments:**

THAT the Council Controlled Organisations Performance Subcommittee:

5. Agree to recommend that the Strategy and Policy Committee approve the Wellington Cable Car Limited 2013/14 Statement of Intent, noting that, subsequent to the terminal redevelopment, further discussions will occur between senior WCC officers and the Board regarding an optimal dividend policy for the Company ~~in the current financial environment~~ **to be reflected in future statements of intent.**

New 9 Seek prior to the Strategy and Policy Committee meeting on 20 June 2013

- (i) Clarification from the Chief Executive Officer of the Wellington Museums Trust that there has been no material change to the Statements of Intent as presented at the meeting.
- (ii) Confirmation that the resource consent application for Frank Kitts Park Children's Playground does not include the whole of Frank Kitts Park.

**The amendments were accepted by the meeting.**

**The substantive motion as amended was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisations Performance Subcommittee:*

1. *Receive the information*
2. *Note that following the last Subcommittee meeting the Chair wrote to the Council Controlled Organisations requesting changes to be made in their Statements of Intent and that these changes have been included in the final Statements of Intent*
3. *Agree to recommend that the Strategy and Policy Committee approve the following 2013/14 Statements of Intent as outlined below:*
  - (a) *Basin Reserve Trust*
  - (b) *Positively Wellington Venues Limited*
  - (c) *Partnership Wellington Trust (trading as Positively Wellington Tourism)*
  - (d) *Wellington Museums Trust*
  - (e) *Wellington Waterfront Limited*
  - (f) *Wellington Zoo Trust*
  - (g) *Wellington Regional Stadium Trust*
4. *Agree to recommend that the Strategy and Policy Committee approve the Capacity Infrastructure Services Limited 2013/14 Statement of Intent, noting that the performance measures will be updated once the final Service Level Agreements under the outcomes based model are agreed. The updated performance measures and targets will be brought back to the Subcommittee for consideration.*
5. *Agree to recommend that the Strategy and Policy Committee approve the Wellington Cable Car Limited 2013/14 Statement of Intent, noting that, subsequent to the terminal redevelopment, further discussions will occur between senior WCC officers and the Board regarding an optimal dividend policy for the Company ~~in the current financial environment~~ **to be reflected in future statements of intent.***
6. *Note that the draft 2013/14 Statement of Intent for the Karori Sanctuary Trust was received by 30 April as requested, and that apart from adjustments to the financial statements that could result from decisions on pricing, its final Statement of Intent is not expected to differ materially from the draft.*
7. *Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report.*

8. *Note any issues for the Chair to raise with the entities covered by this report.*
9. ***Seek prior to the Strategy and Policy Committee meeting on 20 June 2013***
- (i) ***Clarification from the Chief Executive Officer of the Wellington Museums Trust that there has been no material change to the Statements of Intent as presented at the meeting.***
  - (ii) ***Confirmation that the resource consent application for Frank Kitts Park Children's Playground does not include the whole of Frank Kitts Park.***

**NOTED:**

The resolutions differ from the recommendations in the officer's report as follows:

The Subcommittee added the text in **bold** and deleted the text with ~~striketrough~~.

034/13FM **FORWARD PROGRAMME**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, Portfolio Manager, Council Controlled Organisations and Maree Henwood, Portfolio Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 4)

**Moved Alan Isaac, seconded Councillor Coughlan, the substantive motion.**

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisation Performance Subcommittee:*

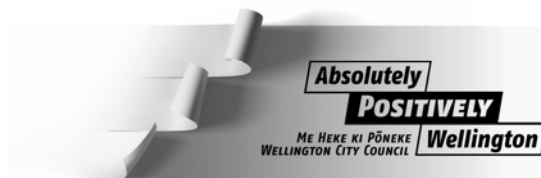
1. *Receive the information.*
2. *Agree to the forward programme attached as appendix a of the officer's report.*

The meeting concluded at 4.24pm.

Confirmed: \_\_\_\_\_  
Chair  
/ /

# COUNCIL CONTROLLED ORGANISATION PERFORMANCE SUBCOMMITTEE

27 September 2013



REPORT 1  
(1215/52/02/IM)

## COUNCIL CONTROLLED ORGANISATION ANNUAL REPORTS FOR THE YEAR ENDED 30 JUNE 2013

### 1. Purpose of report

This report provides the Subcommittee with a review of the annual reports submitted by Council Controlled Organisations (CCOs). Separate reports analysing each entity's performance are attached as appendices.

### 2. Recommendations

Officers recommend that the Council Controlled Organisation Performance Subcommittee:

1. *Receive the information.*
2. *Note that 2012/13 Annual Reports have been received from the following entities:*
  - (a) *Basin Reserve Trust (draft)*
  - (b) *Capacity Infrastructure Services Limited*
  - (c) *Positively Wellington Tourism*
  - (d) *Positively Wellington Venues Limited*
  - (e) *Wellington Cable Car Limited*
  - (f) *Wellington Museums Trust*
  - (g) *Wellington Waterfront Limited (draft)*
  - (h) *Wellington Zoo Trust*
  - (i) *Karori Sanctuary Trust (draft)*
  - (j) *Wellington Regional Stadium Trust*
3. *Note any issues for the Chair to raise with the entities covered by this report.*

### 3. Background

The Local Government Act 2002 requires CCOs to deliver an annual report on the organisation's performance for the year. It also requires the Council to regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of the Council's objectives and aims.

Included in the responsibilities of the Council Controlled Organisations Performance Subcommittee (CCOPS) are:

- monitoring the Council's interests in its CCOs and Council Organisations (COs);
- bringing to the attention of the Strategy and Policy Committee any matters that it believes are relevant in the Committee's consideration of the financial performance or delivery of strategic outcomes of the Council's CCOs and COs; and
- ensuring that the activities of the CCOs are aligned to the Council's strategic direction.

For this report the audited and unaudited CCO annual reports have been reviewed by officers to assess any risks or issues from the perspective of the Council's interest. Any significant issues identified are included in the appendices.

### **3.1 New Zealand Local Government Funding Agency Limited (LGFA)**

Council is an 8.3% shareholder in the LGFA, along with the Crown and 30 other local authorities.

At the time of preparing this covering report, officers had not received the LGFA's audited financial statements and annual report. The company is expected to meet the statutory deadline of 30 September 2013 and officers will provide a report on the LGFA's annual report and financial statements to 30 June 2013 at the next CCOPS meeting.

### **3.2 Wellington Regional Stadium Trust**

A Court of Appeal ruling clarified the Trust's status and confirmed that it is not a CCO. It is included in this report because of the materiality of the Council's financial commitment to the Trust and the Trust's contribution to Council outcomes.

### **3.3 Wellington International Airport Ltd (public excluded)**

Wellington International Airport Ltd has a March year end. Its annual report was considered at the Subcommittee meeting of 5 June 2013.

### **3.4 Council Organisations**

At previous CCOPS meetings it was recommended that a number of Council Organisations also be monitored through CCOPS. Therefore, Karori Sanctuary Trust is included within this report.

## **4. Discussion**

The entities covered in this report contributed to a number of key Council strategies in 2012/13. It should be noted that not all Council Controlled Organisations are included under each strategy, while others cross over amongst many of the Council's strategies.

**Economic Development Strategy and Events Policy:**

The Council's Economic Development Strategy aims to attract, retain and grow investment, to create jobs, and to support sustainable economic growth in Wellington City. It has four platforms:

- Smart Capital
- Destination Wellington
- Connected Capital and
- Open for Business

The Council's Events Policy has nine directions aimed at achieving the vision of Wellington as the Events Capital of New Zealand. These are to:

- Develop, grow, attract and retain events
- Maximise the advantages of being home to creative, cultural and artistic leaders
- Ensure sustainable development
- Ensure Council operations are aligned with event provision
- Strengthen current partnerships and develop new ones
- Demonstrate industry leadership
- Improve the spread of Wellington events over the year
- Profile and tell the story of Wellington as the Events Capital and
- Establish and maintain a strong volunteer base for Wellington events

It is important to note that the business as usual operations of many of the entities in this report contribute directly to these strategies, particularly those of Positively Wellington Tourism (PWT), Positively Wellington Venues (PWV) and the Wellington Regional Stadium Trust.

A summary of some of the contributions of the CCOs to these strategies in 2012/13 is outlined below.

<b>Entity</b>	<b>Relevant KPIs</b>	<b>Commentary</b>
<b>PWV (Venues)</b>	601 performance days (target 655)  351 convention/events days (target 377)	Revenue targets for both performance days and convention/events days were exceeded.  Ticket sales were up 14% on the previous year.  Highlights included 41 sold out performances.  WOW continued its success, selling out with over 20,000 people from out of Wellington attending.  Conference business was up 10% on the previous year, with a 44% increase in the number of attendees.  Of the \$110m total convention delegate spend in Wellington during 2012/13, PWV accounted for 40% of the market share.  PWV reports that their Show business contributed \$23.5m to the Wellington economy during the year.

<p><b>PWT</b></p>	<p>Domestic visitor nights grew by 7% (target 2%)</p> <p>International visitor nights declined by 13% (target flat)</p> <p>Australian arrivals to Wellington declined by 0.7% (target 7% growth)</p> <p>Cruise passengers grew by 33.6% (target 22%)</p> <p>23% of NZ convention market (target 22%)</p> <p>Airline capacity from Australia increased 0.3% (target flat)</p>	<p>Contributed to the marketing and promotional efforts around most events run by the Council or CCOs.</p> <p>A campaign with Tourism NZ, Air NZ and other partners focused on creating awareness that this region is the food and wine capital of New Zealand.</p> <p>A survey of Australian travellers saw 74% of respondents report increased awareness of Wellington as a visitor destination compared to a year ago.</p> <p>Started work on a collaborative marketing plan for visitor attractions in the Cable Car precinct, undertaking market research amongst visitors and locals.</p> <p>Worked closely with the Council on Destination Wellington, which aims to attract business, talent and investment to Wellington.</p>
<p><b>Stadium</b></p>	<p>53 events (target 47)</p> <p>Event revenue \$6.1m (target \$4.7m)</p>	<p>Highlights included the St Kilda vs Sydney Swans AFL match, the Warriors vs Bulldogs NRL match, the All Blacks versus Argentina match, and Nitro Circus Live, as well as the continually successful Sevens tournament.</p> <p>The Warriors match attracted approximately 14,000 attendees from outside the Wellington region and Nitro Circus Live approximately 6,000. An estimated 5,000 fans flew from Australia for the AFL game.</p> <p>The AFL and Warriors games also provided significant Australasian media coverage.</p>
<p><b>Waterfront</b></p>	<p>99% residents visiting the waterfront (target 95%)</p> <p>99% residents satisfied with the waterfront (target 90%)</p>	<p>Worked closely with the Council's Events team, other CCOs and commercial contractors around events such as the Sevens and the Middle Earth Hobbit market in November.</p> <p>Temporary ice skating rink at Queens Wharf (March through May) drew over 22,000 people.</p> <p>Thursday evening summer food market enjoyed some success</p>
<p><b>Basin Reserve</b></p>	<p>22 events hosted (target 23)</p> <p>32,878 people attended events (target 34,800)</p>	<p>The highlight was the New Zealand v England test in March, which attracted a crowd of over 17,000 for the first four days, and received significant national and international broadcasting coverage.</p>



<b>Wellington Cable Car</b>	1,060,458 cable car passengers (target 1,073,700)	Finalised its plans and commenced construction for the redevelopment of the Kelburn terminal, which should provide an improved visitor experience and will include improved precinct visitor attraction signage.
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### ***Our Living City Programme:***

The Council's Our Living City programme aims to grow Wellington's urban-nature connections and contribute towards the Wellington Towards 2040 vision. It has three goals around which projects are grouped. These are:

- Growing and enjoying our natural capital
- Transforming our economy and reducing our impact and
- Showing leadership

The business as usual operations of many of the entities in this report contribute directly to this work, particularly the Zoo, Zealandia and PWT. For example, the Our Living City team is working with Destination Wellington to ensure that our urban nature is woven into the Wellington story.

A summary of some of the impacts of the CCOs in contributing to these strategies in 2012/13 is outlined below.

<b>Entity</b>	<b>Relevant KPIs</b>	<b>Commentary</b>
<b>Wellington Zoo</b>	<p>Visitor survey on conservation awareness completed, showing increased community knowledge of the Zoo's work in this area</p> <p>39.8% of the collection is in managed programmes (target 41%)</p>	<p>Announced in June that it is CarboNZero certified, the first Zoo to achieve this accreditation</p> <p>Opened the Green You, Green Zoo exhibit (focusing on environmental sustainability)</p> <p>Successfully bred Grand Skinks, a critically endangered species where the Zoo (in partnership with DOC) cares for an insurance population.</p> <p>Successfully bred Tuatara hatchlings, the first to be hatched in The Roost Te Pae Manu (previous eggs laid at the Zoo have been hatched at Victoria University).</p> <p>Four kaka were released under the breed-for-restoration programme.</p> <p>The Nest Te Kohanga provides emergency veterinary care for native animals. Species treated during the year included a Royal Penguin, a Chatham Island Taiko, some White Capped Mollymawk Albatrosses and Otago Skink health checks.</p>
<b>Zealandia</b>	<p>177 native plant species (target 171)</p> <p>41 species of exotic fauna for control</p>	<p>Worked with the Living City team and other partners (such as Kelburn Normal School) on the Karori Halo project to encourage backyard biodiversity in neighbouring areas</p> <p>Successfully bred 103 kaka chicks and 48 hihi chicks</p>

	(target 34)	<p>Maintains a strategic relationship with Victoria University's Centre for Biodiversity &amp; Restoration Ecology, hosting four PhD and two MSc projects.</p> <p>Alongside research undertaken by Zealandia staff, there are currently seven major research projects underway.</p>
<b>Capacity</b>	<p>Estimated 12% unaccounted-for water (target 19.5%)</p> <p>"Residential" consumption of 270L per person per day (target 345L)</p>	<p>Reported on progress on the Water Conservation Plan in November, noting that the Company is working to improve its benchmarking data, but acknowledging a number of challenges in engaging with the top 25 commercial customers to date. The Company has engaged with the three highest commercial users and installed equipment to monitor water use and inform them of unusual consumption patterns.</p> <p>The 'Aquarius' water conservation education tool was taken into primary schools and other venues.</p> <p>Continued to work on developing an integrated catchment management plan as part of its stormwater resource consent.</p>

### **Arts and Culture Strategy:**

The Council's Arts and Culture strategy aims to:

- build on the city's existing strengths and untapped opportunities to provide a focus for Council investment, asset management and staff;
- provide direction so we can work more effectively with others - communities, business, tertiary institutions, and the arts and cultural sector - to address the challenges before us; and
- reinvigorate Wellington's arts and cultural offerings to residents and visitors.

A summary of some of the impacts of the CCOs in contributing to this strategy in 2012/13 is outlined below.

<b>Entity</b>	<b>Relevant KPIs</b>	<b>Commentary</b>
<b>Wellington Museums Trust</b>	Visitation 649k (target 620k)	<p>Annual visitors to the City Gallery, Museum of Wellington and Cable Car Museum were above target, helped by the strong cruise ship season, good weather and programming.</p> <p>The Museum of Wellington City &amp; Sea was named one of the best 50 museums in the world (the only one in New Zealand and one of only two in Australasia).</p> <p>The Trust worked with the Council, PWT and Te Papa to scope the Wellington educational tourism market opportunity. PWT is now looking at options to link the domestic schools market to its Destination Wellington work.</p>

		<p>The Capital E National Arts Festival was very successful, attracting over 50,000 attendees and achieving a high standard of critical acclaim and positive feedback.</p> <p>In March a suite of exhibitions opened at City Gallery including Moving on Asia which is the Gallery's most significant presentation of work from Asia (and the largest showing of video art at the Gallery).</p>
<b>Waterfront</b>		<p>The installation of the Nga Kina sculpture in the Kumutoto precinct was completed in November, and four new quotation pieces were installed on the Writers Walk (officially opened by Sir Jerry Mataparae).</p>

**Digital Strategy:**

The Council's Digital Strategy aims to set the direction for Wellington to achieve global recognition as a creative digital city and alongside our other goals, evolve to 'Wellington Creative Digital Capital'. There are three key areas of focus:

- Make Wellington the place where talent wants to live
- Inspire shared knowledge and development of ideas and creativity
- Make Wellington a world leading place for digital activity

A summary of some of the impacts of the CCOs in contributing to this strategy in 2012/13 is outlined below.

<b>Entity</b>	<b>Relevant KPIs</b>	<b>Commentary</b>
<b>Wellington Museums Trust</b>		<p>The Capital City Connections programme (an education collaboration between Capital E, Museums Wellington, Carter Observatory and City Gallery using smart technology) is a finalist for the Museums Aotearoa annual awards.</p>
<b>Venues</b>		<p>PWV has reviewed their digital needs and capability and is working with the Council's Innovation team to improve access to wi-fi and other technologies (such as signage and live video streaming for NZSO concerts) across all their venues.</p>

**Accessible Wellington Action Plan:**

The Council's Accessible Wellington Action Plan aims to support people and partnerships that reduce and eliminate social and physical barriers in Council's facilities, services and programmes.

The Action Plan supports outcomes for places, people and partnerships in Wellington that will:

- reduce and eliminate social and physical barriers in our facilities, programmes, services and information mediums

- provide best-practice examples in planning for universal access and service delivery as well as in the development and implementation of policies
- provide staff development opportunities that will help enhance the Council's understanding and delivery of the action plan
- strengthen advocacy and partnerships with other tiers of government, departments and community stakeholders to address and eliminate barriers to participation
- reinforce a culture that celebrates the diversity of all people who live, work, and study or visit our city

A summary of some of the impacts of the CCOs in contributing to this strategy in 2012/13 is outlined below.

<b>Entity</b>	<b>Relevant KPIs</b>	<b>Commentary</b>
<b>Wellington Museums Trust</b>		The Death and Diversity exhibition at the Museum of Wellington City & Sea was awarded a 2012 NZ Diversity award by the Race Relations Commissioner.
<b>Waterfront</b>		WWL has hosted the Accessibility Advisory Group (AAG) on a walk around of Waterfront public spaces to assess accessibility issues, and committed to consulting directly with the AAG with respect to accessibility issues on all development projects.  In conjunction with TAG and the AAG, WWL has commenced the development of Universal Access Guidelines for the Waterfront.
<b>Cable Car</b>		Wellington Cable Car commenced a 'soft' opening for its electric bus service in the Botanic Garden in December. This provides an option for visitors with mobility limitations to move between the Kelburn terminal and the Lady Norwood Rose Garden.  The company consulted with the AAG in finalising its plans for the Kelburn terminal redevelopment.
<b>Cable Car, Museums, Venues, Zoo, Zealandia &amp; PWT</b>		All contributed to this year's Wellington Open Day.

#### **4.1 Consultation and Engagement**

Questions have been asked of the CCOs to ensure that matters are understood and reflected clearly in the reports. Relevant directors and business units have been consulted as necessary to ensure the Council's perspective on issues is reflected in this report.

## 4.2 Financial and Long Term Plan considerations

The CCOs work within the confines of the Council's overall Long Term Plan and Annual Plan framework.

### Operating Expenditure

\$'000	Annual Plan Project	Operating Grant Total	Actual Project Total	Annual Plan Total	Commentary
Karori Sanctuary Trust	A288	350	938	1,037	Lower interest incurred on loan due to favourable interest rates
Wellington Waterfront Ltd	A312	1,075	1,091	1,091	
- Wellington Waterfront Ltd Project	C378	-	1,015	1,183	Lower interest incurred on loan due to favourable interest rates
Basin Reserve Trust	C008	355	721	805	Difference reflects lower than budgeted depreciation
Wellington Zoo Trust	C046	2,799	4,415	4,342	Difference reflects higher than budgeted depreciation
Wellington Museums Trust	C102	7,710	8,339	8,401	Underspend is due to lower interest costs due to favourable interest rates
- Carter Observatory	C659	300	773	803	
Positively Wellington Tourism	C105	4,740	4,740	4,740	Excludes Destination Wellington related funding
- Australia marketing		1,000	1,000	1,000	
Wellington Venues Ltd	C686	-	3,258	4,598	Difference reflects lower than budgeted depreciation

The Wellington Regional Stadium Trust, Positively Wellington Venues, Wellington Cable Car Limited and Wellington International Airport Limited do not directly receive Annual Plan funding. Capacity Infrastructure Services Limited is funded through the Asset Planning budget.

### Capital Expenditure

\$'000	Annual Plan Project	Actual Total	Annual Plan Total	Commentary
Wellington Zoo Trust Renewals	CX125	173	172	
Wellington Zoo Trust Upgrades	CX340 and CX340_CF	1,971	3,068	Variance is due to the deferral to the Meet the Locals projects, which is now underway
Wellington Waterfront Development	CX131	6,307	4,460	Over-spend relates to Shed 6 wharf strengthening work approved separately by the Council
Basin Reserve	CX503	126	124	
Wellington Convention Centre	CX275	3,178	5,494	Includes work on the Shed 6 project and Venues asset renewals work.

The above figures do not include unspent capex during 2012/13 that has been approved for carry-forward to 2013/14.



It should also be noted that all CCOs have adopted NZ International Financial Reporting Standards (NZ IFRS). Karori Sanctuary Trust (a CO) is exempt from this requirement.

#### **4.3 Climate change impacts and considerations**

The CCOs work with the Council as part of its Our Living City programme – see earlier discussion.

### **5. Conclusion**

The review of the annual reports provides an opportunity for CCOPS to identify any particular issues that need to be explored with the entities, or raised with the Strategy and Policy Committee.

*Contact Officers: Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, Portfolio Manager, Council Controlled Organisations and Maree Henwood, Portfolio Manager, Council Controlled Organisations*

## SUPPORTING INFORMATION

### 1) Strategic fit / Strategic outcome

*These entities and projects support the achievement of a range of outcomes across most strategic areas. Where relevant, reference is made to the 2012- 22 Long Term Plan.*

### 2) LTP/Annual Plan reference and long term financial impact

*Refer to section 4.2 of this report.*

### 3) Treaty of Waitangi considerations

*This report raises no new treaty considerations. Where appropriate the entities do consult with the Council's Treaty Relations unit, and with the Tenth's Trust, as part of normal operations.*

### 4) Decision-making

*This is not a significant decision.*

### 5) Consultation

#### a) General consultation

*A draft of each entity report will be circulated to the individual entity, with comments passed on to the Subcommittee as appropriate.*

#### b) Consultation with Maori

*See section 3 above.*

### 6) Legal implications

*The Council's lawyers have been consulted during the year as part of normal operations. There are no new legal issues raised in this report.*

### 7) Consistency with existing policy

*This report is consistent with existing WCC policy.*



# BASIN RESERVE TRUST

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

The Basin Reserve Trust (BRT or the Trust) presents its Annual Report for 2012/13, including financial statements and performance measures.

### 2. 2012/13 Performance

- In July, the renewal of the drainage on the Basin Reserve outfield was undertaken. Although bad weather initially hampered progress, there were no issues with grass strike and the field was ready for the traditional Boxing Day game. The project has improved the ground's resilience not only against weather-related delays for cricket, but also for expanding the number of other sports and events that can be accommodated during the year.
- The highlight for the season was the NZ v England test match in March 2013. Although adverse weather conditions forced the match to be shortened, crowds were strong for the first four days of the contest.
- In addition to 1st-class matches, the Basin hosted the final of the Gillette Cup between Hutt Valley High School and Scot's College, and the final of the Wanderers Trophy Twenty20 competition between HIBS and St Pats Silverstream.

### Statement of Financial Performance

#### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 Budget	2011/12 Actual
Income	635	505	601
Income excl WCC grants	280	325	421
Expenditure	562	459	445
Surplus/(Deficit) before depreciation	72	46	156
Depreciation	273	270	267
Surplus/(Deficit)	(201)	(224)	(111)

#### Statement of Financial Position

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 Actual
Current assets	154	72	111
Non current assets	893	844	1,140
Current liabilities	99	86	102
Non current liabilities	-	-	-
Equity	948	830	1,149
Current ratio	1.5:1	0.8:1	1: 1
Equity ratio	91%	91%	91%

### Statement of Cash Flows

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Operating	94	26	30
Investing	(49)	-	(71)
Financing	(4)	-	(6)
Net	41	26	(46)
Closing balance	82	56	42

A review of the Trust's financial statements highlights the following points:

- After absorbing depreciation of \$273k, the Trust recorded a deficit of \$201k for 2012/13 against a budgeted deficit of \$224k. This favourable result was due primarily to revenue being \$130k (26%) above budget because of a \$175k increase in the Council's operational grant to the Trust, which was not included in the Trust's budget.
- Revenue (excluding the Council grant) of \$280k was \$45k below budget, primarily due to lost event income as a result of the ground closure in 2012.
- Expenses were \$103k (22%) over budget in part as a result of increased maintenance work that was made possible through the increase in the Trust's operating grant. Additional costs associated with the England test match and unbudgeted legal fees in connection with the NZTA flyover proposal also contributed to the increase in operating expenses.

### Key Performance Indicators (KPI)

KPIs for 2012/13 were impacted by the closure of the grounds from July to December 2012 for the drainage works, and two days of the NZ v England test match being cancelled because of the weather. As such, the results for Events and Event Days are below target, as was Numbers Attending Events.

Work on upgrading the player facilities in the R.A. Vance stand contributed to the Trust meeting hirer satisfaction standards for the year.

The Trust's financial results were skewed this year by the unbudgeted increase of \$175k in operating funding from the Council. This enabled much needed additional spending on building and ground maintenance. Other unbudgeted expenses included high water rates, work and legal fees associated with the NZTA Basin flyover project.

Below are the audited measures for the year:

<b>Number of Events</b>	<b>2012/13 Actual</b>	<b>2012/13 Target</b>	<b>2011/12 Actual</b>
Cricket	20	15	16
Other sports	1	6	11
Community	1	2	1
<b>Total Events</b>	<b>22</b>	<b>23</b>	<b>28</b>
<b>Number of Event Days</b>	<b>2012/13 Actual</b>	<b>2012/13 Target</b>	<b>2011/12 Actual</b>
Cricket	32	34	29
Other sports	1	6	11
Community	1	2	1
<b>Total Event Days</b>	<b>34</b>	<b>42</b>	<b>41</b>
	<b>2012/13 Actual</b>	<b>2012/13 Target</b>	<b>2011/12 Actual</b>
Number attending events	32,878	34,800	24,507
Event revenue	\$275,685	\$322,100	\$367,449
Non-event revenue as % of total revenue	56%	36%	39%

## **Governance**

The Trustees during the year were:

Douglas Catley (Chair)

Don Neely

John Morrison (Councillor)

Sir John Anderson

## **3. Key issues and activities going forward**

### **Increased use of the Basin Reserve**

With improved drainage capability now in place, the Trust has been asked to explore options to increase the utilisation of the facility. Next year is a significant year for the Trust with the Basin hosting the NZ v West Indies cricket test in December, and in February 2014 the NZ v India test match. Both events are expected to draw strong crowds and have strong international interest.

### **Asset Management**

The Facilities Management Plan for the Basin has been completed in draft and is expected to be implemented in October 2013. This will provide a programme for the maintenance and renewal of the Basin Reserve assets and to also address the deferred maintenance issues.

### **Turf Management Agreement**

The current Turf Management Agreement between the Basin Reserve Trust and Westpac Regional Stadium comes to an end in April 2014. Under this agreement the Stadium provided a range of turf management services to the Basin without charge. The Trust is currently exploring various options for future turf

management arrangements. This could have a significant negative impact on their future operational expenses.

### **The Museum Stand**

Officers have prepared an options report for Council to consider in relation to the future of the Museum Stand. This report is expected to go to the Strategy and Policy Committee shortly after the 2013 elections.

### **Basin Reserve Flyover**

The Trust will continue to monitor and have input into the NZTA's plans to build a flyover around the Basin Reserve through to the Mt Victoria Tunnel. In order to mitigate any environmental impacts on the Basin Reserve, the detailed design and construction of a new Basin building is expected to take place over the next two years. The Trust has confirmed that the operating and maintenance costs associated with a new building on the Basin will be met by the Trust and not ratepayers.

## **4. Conclusion**

The closure of the Basin Reserve for 4 months in July 2012 had an adverse impact on the Trust's ability to reach its performance targets for number of events and event days. However, work on the playing surface, along with further capital renewals and maintenance projects will ensure that the facility remains the country's premiere test cricket venue. The Trust benefitted from an unbudgeted increase in their opex funding increase the levels of maintenance carried out at the ground.

# CAPACITY INFRASTRUCTURE SERVICES LTD

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

Capacity Infrastructure Services Ltd (Capacity or the Company) presents its Annual Report including audited financial statements and performance measures.

### 2. 2012/13 performance

- Capacity managed \$105 million in spending for its three customers, including \$35 million in capex projects and \$70 million in opex spending.
- During 2012/13 the Company oversaw the renewal or upgrade of over 21km of pipe in 61 projects across Wellington, Hutt City and Upper Hutt City. Pumps were upgraded in 11 pump stations and three reservoirs were seismically strengthened.
- The Company co-ordinated rapid and effective responses to a number of emergencies during the year, including restarting pumps after winter storms, diverting drainage services around a major landslip, and, since year end, checking how assets performed during the July and August earthquakes.
- Sadly, there was a fatality at the Devon Street worksite in July. The subsequent Ministry of Business, Innovation and Employment investigation found that Capacity's procedures were not deficient. Following this incident, the Company identified areas that could be further improved upon and now has in place a revised suite of health and safety forms and procedures for it and its contractors.
- The major Messines Road reservoir project was completed. This substantially increased the capacity of the reservoirs serving Karori and upgraded them to modern seismic codes. It was completed for \$6m, under the initial \$7m budget estimate.
- Regional water conservation messages continued during the summer and water usage dropped across Capacity's customers. In particular, following most of the Wellington region going without rain for almost 40 days from early February 2013, water restrictions in place resulted in almost flat water consumption in March and a decrease of nearly 7% in April relative to the previous year.
- The Company published a regional standard for Water Services Code of Practice for development projects.
- Capacity employee Nicola Chisnall won a science, engineering and architecture management training award from the Wellington branch of the NZ Federation of University Women.
- Unaccounted-for water continues to decline; it is at 12% in Wellington city, compared to 16% in 2008/09.

## Financials

### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Income	7,620	8,298	7,798
Expenditure	7,646	8,298	7,715
Operating Surplus/(Deficit)	(26)	0	83
Tax expense/(benefit)	(79)	0	4
Net Surplus/(Deficit)	53	0	87

### Statement of Financial Position

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Current assets	1,881	1,294	1,700
Non current assets	279	187	165
Current liabilities	1,744	1,204	1502
Non current liabilities	0	0	0
Equity	416	276	363
Current ratio	1.08	1.07	1.13
Equity ratio	19.3%	18.6%	21.5%

### Statement of Cash Flows

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Operating	532	(74)	345
Investing	(97)	(121)	(115)
Financing	0	0	0
Net	435	(195)	230
Closing balance	814	388	379

A review of the Company's financial statements highlights the following points:

- Capacity returned a surplus of \$53k in 2013, compared to a surplus of \$87k in 2012. The Company does not budget to make a profit or loss and a deficit or surplus generally reflects timing differences between operating costs and revenues.
- The operating deficit (before tax benefit) reflects an increase in leave accrued by staff not funded by charge-out rates agreed with customers. This is a non-cash item and reflects a timing difference between leave accrued and leave taken.
- Operating expenditure decreased by 0.9% to \$7.6m (\$7.7m in 2012 and \$7.3m in 2011), reflecting tight cost control.
- Personnel costs are the largest single category of operating expenditure for Capacity and were contained at \$5.8m (\$5.7m in 2012 and 2011), an increase of 0.7%.
- The higher than budgeted operating cash flow partially reflects timing differences, with a decrease in the HCC receivable balance and an increase in trade payables.
- Capacity's balance sheet reflects its management company structure, with a small capital base of \$0.4m.

A review of the Company's capex and opex spending in 2012/13 shows:

### Capital Project Expenditure

\$ '000	Actual	Budget	Variance to Budget	
WCC	21,617	24,128	10.5%	\$2.2m carried forward for Davis St culvert strengthening, Beach St sewer replacement and Tasman St and Oban St.
HCC	9,786	11,877	17.6%	\$1.5m carried forward
UHCC	3,483	3,897	10.6%	A project was delayed due to third party action.
Total	34,886	39,902	12.6%	

### Operating Project Expenditure

\$ '000	Actual	Budget	Variance to Budget	
WCC*	39,959	38,817	(2.9%)	Unfavourable variance relates to higher than budgeted levels of reactive maintenance and unbudgeted increases in treatment plant tariffs.
HCC	22,786	22,826	0.2%	In line
UHCC	6,852	6,952	0.1%	In line
Total	69,597	68,595	1.5%	

\* These figures may not reconcile exactly to WCC figures as Capacity makes an additional adjustment for non-controllable costs (e.g. depreciation, insurance) at the sewage plant (C087).

### Operations

- The Company reported on progress under the Water Conservation Plan. The Company has engaged with the three highest commercial users and has installed equipment to monitor water use and inform them of unusual consumption patterns. A plan to engage with the remaining commercial high water users is being developed.
- The 'Aquarius' water conservation education tool was taken into primary schools and other venues, including the Royal Society's Science Teachers' Forum. Capacity also contributed to the WCC 'Home & Dry' energy assessment programme (250 low-flow shower roses and 180 aerator inserts were installed in 2013).
- Capacity continued to work on developing an integrated catchment management plan as part of its stormwater resource consent. This included preparing environmental assessments, developing a stormwater education programme and contributing to the stormwater youth design workshop convened by WCC.
- In Wellington, Capacity installed nine flow meters in wastewater pump stations to help identify areas with high inflow and infiltration issues. Flow data collected is also being used to appraise the trunk model to evaluate overflow performances. Investigative work was carried out in Khandallah, Ngaio, Island Bay, Owhiro Bay, Houghton Bay and Davis Street stormwater catchments. Specification and tender documents were prepared for the inflow/infiltration investigation planned for Island Bay.

- A regional stormwater hydraulic modelling strategy in HCC, UHCC and WCC was completed.
- During 2012/13 the water service emergency preparedness group completed a report on managing the restoration and recovery of water services after an emergency. This was assimilated into emergency response plans for each of WCC, HCC and UHCC. The Company also updated its own emergency management plans. Capital projects also continued to improve resilience, including strengthening work at the reservoirs in Johnsonville, Newlands and Mt Wakefield, installing the Tasman Street water main in Wellington and the Knights Road emergency link main in Hutt City, and upgrading an emergency water bore supply in Upper Hutt City.
- Preliminary design work for the Hospital Prince of Wales reservoir was completed. Public consultation towards obtaining a resource consent to construct the reservoir was expected in 2013/14; however, this project is likely to be deferred until the next Long Term Plan.
- Capacity worked with five community liaison groups to ensure network performance information is shared and community concerns considered in network management decisions.
- Since year end, David Hill has announced his retirement as Chief Executive after ten years in the role. The board has commenced a recruitment process for his successor.

### Key Performance Indicators

As set out below, the Company has achieved its target for the majority of its performance measures for 2012/13:

<b>Performance targets for Capacity from Statement of Intent 2012/13</b>		
<b>KEY PERFORMANCE INDICATOR</b>	<b>ACTUAL</b>	<b>RESULT</b>
Service quality: Fewer than 4 unplanned water supply cuts per 1000 connections	Achieved	WCC – 1.3 HCC – 2.7 UHCC – 2.2
Service quality: Fewer than 1.2 wastewater incidents (blockages) reported per km of wastewater reticulation pipeline	Achieved	WCC – 0.5 HCC – 0.7 UHCC – 0.5
Service quality: Zero dwelling flood notifications as a result of a 1:50 year flooding event (or less).	Mainly achieved	WCC – 49 HCC – 0 UHCC – 0  Locally intense rain overwhelmed the network in parts of Wellington during a 1-in-20 year storm
Service quality: Water quality compliant with standards.	Achieved	WCC – b HCC – b UHCC – A1a



<b>Performance targets for Capacity from Statement of Intent 2012/13</b>		
<b>KEY PERFORMANCE INDICATOR</b>	<b>ACTUAL</b>	<b>RESULT</b>
Customer focus: Respond to at least 97% of all service requests within 1 hour of notification (average of 3 waters).	Mainly achieved	WCC – 79% HCC – 98% UHCC – 98%  WCC data recording impacted by contractor transition issues. No service delivery impact.
Cost effectiveness: Trend of operating cost of delivering water supply, wastewater and storm water services relative to a national average	Achieved	The three-year (2009–2012) average cost of delivering the three water activities among cities surveyed is \$222.11. Costs vary according to topography, network age and materials. Over the past two years, the average cost per connection for WCC has increased.
Compliance: Full compliance with relevant standards and legislation	Achieved	Achieved
Compliance: No infringements of resource consents	Achieved	Achieved
Deliver capital projects within budget and time frames	Achieved	See separate table
Deliver operating projects within budget and time frames	Mainly achieved	See separate table
Manage Capacity within budget	Achieved	See Statement of Comprehensive Income table

<b>Performance targets for Wellington City Council 2012/13</b>			
<b>WATER - KEY PERFORMANCE INDICATOR</b>	<b>TARGET</b>	<b>RESULT</b>	<b>ACTUAL</b>
Compliance with New Zealand drinking water standards	100%	Achieved	<b>2013: 100%</b> 2012: 100% 2011: 100%
Water distribution network quality grading	Graded 'a' to 'b'	Achieved	2013: 'b'
Response time to service requests (customer contact and work prioritisation within one hour of request)	97%	Achieved	<b>2013: 98.6%</b> 2012: 99.7% 2011: 99.3%
Customer satisfaction with water network	95%	Achieved	<b>2013: 99.2%</b> 2012: 97.8% 2011: 94%
Complaints re: taste and odour *	Less than 200 (used to be 80)	Achieved	<b>2013: 165</b> 2012: 202

<b>Performance targets for Wellington City Council 2012/13</b>			
<b>WATER - KEY PERFORMANCE INDICATOR</b>	<b>TARGET</b>	<b>RESULT</b>	<b>ACTUAL</b>
			2011: 289
Properties with appropriate water pressure (250kpa)	98%	Not achieved	<b>2013: 96%</b> 2012: 96% 2011: 96%  This figure is largely a consequence of housing development above existing reservoir levels, a factor beyond Capacity's control.
Estimated % unaccounted-for water	19.5% of bulk water supplied	Achieved	<b>2013: 12%</b> 2012: 13% 2011: 14%
"Residential" consumption	345l per person/day	Achieved	<b>2013: 270l</b> 2012: 278l 2011: 297l

\* The main cause of taste and odour complaints is the change in supply from 'run of river' water to water from storage lakes, a factor beyond Capacity's control. The target for this KPI was adjusted in the Council's 2012/22 LTP.

WCC also has two other targets that were reported on in its annual report:

- A target for **100%** of fire hydrants tested to meet NZ Fire Service Code of Practice fire fighting water supply requirements. 2013 result 95% (2012 100% and 2011 no testing was carried out in Wellington).
- A target of **90%** of residents surveyed to agree that water services provide good value for money. In 2013 81% of respondents agreed (2012 84% and 2011 85%). This data is from the WCC residents survey; it is uncertain what impact the change in interviewing method for the survey has had.

<b>Performance targets for Wellington City Council 2012/13</b>			
<b>WASTEWATER - KEY PERFORMANCE INDICATOR</b>	<b>TARGET</b>	<b>RESULT</b>	<b>ACTUAL</b>
Response time to service requests (customer contact and work prioritisation within one hour of request for Response A; people on site equipped to make the repair for Response B)	97%	Not achieved	<b>2013: 67%</b> 2012: 96% 2011: 91%  As noted during the year, the below target service responsiveness results for drainage have been due to issues with new staff and the City Care IT reporting system. Capacity has noted no significant issues with the actual service response.

<b>Performance targets for Wellington City Council 2012/13</b>			
<b>WASTEWATER - KEY PERFORMANCE INDICATOR</b>	<b>TARGET</b>	<b>RESULT</b>	<b>ACTUAL</b>
Customer satisfaction	85%	Achieved	<b>2013: 99%</b> 2012: 93.5% 2011: 94%
Freshwater monitored sites within acceptable bacteria count	95%	Not achieved	<b>2013: 89%</b> 2012: 93% 2011: 100%
Resource consent compliance	100%	Achieved	100%

<b>Performance targets for Wellington City Council 2012/13</b>			
<b>STORMWATER - KEY PERFORMANCE INDICATOR</b>	<b>TARGET</b>	<b>RESULT</b>	<b>ACTUAL</b>
Response time to service requests (customer contact and work prioritisation within one hour of request for Response A; people on site equipped to make the repair for Response B)	95%	Not achieved	<b>2013: 71.5%</b> 2012: 97.8% 2011: 92%  As noted during the year, the below target service responsiveness results for drainage have been due to issues with new staff and the City Care IT reporting system. Capacity has noted no significant issues with the actual service response.
Customer satisfaction	85%	Achieved	<b>2013: 100%</b> 2012: 93.8% 2011: 78%
Resource consent compliance	100%	Achieved	100%
Properties flooded as a result of a 1:50 year rain event	0	Not achieved	<b>2013: 49</b> 2012: 0 2011: 0  All of the properties flooded were a result of 4 significant weather events. Investigations on network capacity are being undertaken to understand cause and potential solutions.

<b>Performance targets for Wellington City Council 2012/13</b>			
<b>STORMWATER - KEY PERFORMANCE INDICATOR</b>	<b>TARGET</b>	<b>RESULT</b>	<b>ACTUAL</b>
Compliance at monitored bathing beaches	95%	Not achieved	<b>2013: 89.4%</b> 2012: 95% 2011: 96% Samples collected within 48 hours of heavy rain can have high readings when follow-up testing records low readings.

The additional target that WCC reports on in its annual report is that **75%** of residents surveyed agree that wastewater and storm water services provide good value for money.

- In 2013 79% of respondents agreed with this for wastewater and 69% agreed for stormwater.

### **Governance**

The directors of the company at 30 June 2013 were:

Peter Allport (Chairman)  
 Cr Andy Foster  
 Ian Hutchings  
 Peter Leslie  
 John Strahl  
 Cr David Bassett

## **3. Key issues going forward**

### **1. Updated Shareholdings and Transition to outcomes-based business model**

Wellington, Hutt, Upper Hutt and Porirua City Councils have now voted to approve adding Upper Hutt and Porirua City Councils as shareholders in Capacity. Porirua City Council will also join as a customer for the first time. These changes are anticipated to be effective from 1 November 2013.

At the same time, Capacity will shift to an outcomes-based business model in order to make it easier for shareholder councils to monitor the results and outcomes of the Company's performance. It should also make it easier for the Company to identify and achieve potential efficiencies in the regional management of water and drainage services.

### **2. Emergency Management**

Capacity is a member of the Wellington Lifelines Group. With Wellington city being the most exposed to the risk of extended supply interruption, work continues on upgrading reservoir storage facilities, trying to identify alternative surface water sources, and implementing a plan to install emergency storage tanks at over 30 locations around the city. Emergency preparedness will continue to be a key area of focus for the Council and Capacity over the next few years.

With the strengthening work that has already been undertaken, around 45% of Wellington's stored water is in seismically secure storage (reservoirs meeting contemporary design codes with suitable automated protection devices like auto-closing

valves). With further projects planned over the next few years, including those that increase the amount of stored water such as the Hospital Prince of Wales reservoir, 80% of Wellington's stored water should be in seismically secure storage by 2023.

#### **4. Conclusion**

Capacity had a steady trading year and effectively contained costs, particularly in personnel costs (by far the largest expense category for the Company). In 2013 Capacity achieved a high percentage of its Key Performance Indicators, particularly those for which it has direct responsibility.

# POSITIVELY WELLINGTON TOURISM

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

Partnership Wellington Trust – trading as Positively Wellington Tourism (PWT) - presents its Annual Report for 2012/13, including audited financial statements and performance measures.

### 2. 2013/13 performance

2012/13 highlights include:

- The world premiere of *The Hobbit An Unexpected Journey* allowed PWT to build on relationships formed during the Rugby World Cup 2011. More than 100 media were hosted in Wellington during the week of the premiere including some of the world's largest broadcasters.
- A survey of Australian travellers saw 74% of respondents report that their awareness of Wellington as a visitor destination had increased when compared to the year before. Trans-Tasman air capacity was maintained, with an increase of 0.3% to 979,056 seats.
- The results from PWT's Australian marketing initiatives saw Australian international arrivals up 7% to 69,824 from January to June 2013, in comparison to the same period last year. This performance helped to recover a weak first half performance (a period in 2011 that included Rugby World Cup). Overall Australian visitor arrivals were static, with a 0.7% decrease on the previous year to 138,160.
- A two phase joint venture campaign with Tourism New Zealand, Air New Zealand, and local and regional partners was launched to profile the range of food and wine experiences found in Hawke's Bay, Wairarapa, Marlborough and Wellington. Following phase one of the campaign Australian arrivals to Wellington in January increased by 5.1% - over twice the average level of growth experienced by the rest of New Zealand.
- PWT's high digital profile and increasing online presence continues to position the organisation as a media channel in its own right. With almost 2.5 million visits made to [www.wellingtonnz.com](http://www.wellingtonnz.com), PWT's digital strategy and platform is used in both driving consumer engagement and encouraging bookings.
- The combined reach of the KNOW Wellington audience increased to 122,400, up 53% on target. Visits to [www.wellingtonnz.com](http://www.wellingtonnz.com) increased 25% to 2,497,065.
- Cruise passenger arrivals to Wellington grew 33.6% to 172,015 during the 2012/13 season.
- Commercial domestic guest nights increased by 7.8% to 1,409,757.

## Statement of Financial Performance

### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 Actual
Total Income	11,771	11,560	11,377
Total Expenditure excl. depreciation	11,578	11,415	11,170
Depreciation	184	143	205
Operating Surplus/(deficit)	9	2	3

### Statement of Financial Position

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 Actual
Current assets	2,337	891	1,412
Non current assets	122	167	272
Current liabilities	1,948	567	1,182
Non current liabilities	0	0	0
Equity	511	492	502
Current ratio	1.20	1.57	1.2
Equity ratio	20.8%	46.5%	30%

### Statement of Cash Flows

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 Actual
Operating	791	76	82
Investing	-35	-49	89
Financing	-	0	-
Net	757	27	(7)
Opening balance	1,021	1,021	1,029
Closing balance	1,778	1,048	1,021

A review of PWT's financial statements highlights the following points:

- The financial result for the year was an operating surplus of \$9k compared to a budgeted surplus of \$2k and a prior year surplus of \$3k.
- Total revenue increased by \$394k led primarily by funding for the Destination Wellington programme which was offset by reduced partner income (down by \$80k year on year) and a reduction in revenue from the i-SITE visitor centre.
- Sales at the i-SITE visitor centre were \$286k behind budget and \$65k behind the previous year, due to the continued decline of international visitors to Wellington, which can still be attributed to the global financial position and is anecdotally a similar story around the country.
- Expenses increased by \$388k with the main areas of increase being personnel costs (up by 3.7% over 2012) and marketing, publications and cruise shuttle expenses (up by 7.3%) as part of to the Destination Wellington programme.
- The Trust's operating cash flow was stronger than budget due to timing differences in the payment of creditors and other payables (which increased by \$843,667 year-on-year). Accordingly, cash on hand at year

*This report is officer advice only. Refer to minutes of the meeting for decision.*

end was \$1.77m versus budget of \$1.0m, however this will normalise during the current financial year.

### Key Performance Indicators (KPI)

2012/13 KPIs are still influenced by the effects of RWC 2011. The Trust's KPIs for the year, as agreed in its SOI, are listed below:

PERFORMANCE MEASURES	TARGET 2012/13	ACTUAL 2012/13
(1.) Australia Marketing – International direct arrivals to Wellington Airport from Australia	Increase Australian visitor arrival by 7% over 2011/12 levels	0.7% decrease Not achieved
Australia Marketing – Airline capacity	Maintain Airline capacity at 2011/12 levels	0.3% increase Achieved
(2.) International / Long haul – International visitor nights	Maintain international visitor room nights relative to 2011/12 levels	13.3% decrease Not achieved
New Zealand and Event Marketing – Domestic Visitor nights	Increase domestic visitor nights by 2% over 2011/12 levels	7.05% increase Achieved
New Zealand and Event Marketing – Weekend occupancy in partner hotels	Increase by 2% over 2011/12 levels	1.0% increase Not achieved
Downtown Marketing – weekend visitation	Maintain at 2011/12 levels	0.85% decrease Not achieved
Downtown Marketing – subscribed audience of KNOW Wellington	Increase the audience (including Social Media) to 45% of residents	KNOW audience increased to 53% of residents Achieved
(3.) i-SITE Visitor Centre – i-SITE revenue	Maintain revenue to 2011/12 levels	1.7% decrease Not achieved
i- SITE Visitor Centre – Visitor numbers	Maintain 2011/12 numbers	4.6% decrease Not achieved
Convention Bureau Sales and Marketing – leads and referrals	3% increase in leads and referrals to Bureau partners relative to 2011/12	4.9% increase Achieved
Convention Bureau Sales and Marketing – Convention market share within NZ market	22% of national market	23% of NZ market Achieved
(4.) Organisational – Cost effectiveness	Maintain Council's funding at less than 50% of total income	Council funding 48.7% Achieved
Organisational – Cost effectiveness	Maintain overhead costs as less than 12% of total activity costs	Overhead costs were 8.6% of total activity costs Achieved
Online and IT – Visits to <a href="http://www.wellingtonnz.com">www.wellingtonnz.com</a>	10% growth in visitors relative to 2011/12	25% increase Achieved
Online and IT – Bookings through <a href="http://www.wellingtonnz.com">www.wellingtonnz.com</a>	Generate \$680k of bookings through the i-Site	\$572k sales Not achieved

- (1.) In the first half of the year to 31 December 2012 Australian visitor arrivals were significantly behind target. However in the second half of the year to 30 June 2013 the position recovered strongly such that the final Australian visitor numbers was almost the same as 2011/12. Although this outcome was well below the target of a 7%

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year-on-year growth, the second half performance is considered a good result and bodes well for achieving the 2013/14 target of 5% growth.

- (2.) The KPI figures for international visitors are still affected by the Rugby World Cup 2011. This effect will not influence KPIs in 2013/14. The underlying reason for the reduction in total international visitors to Wellington is attributed to the subdued global economy.
- (3.) i-SITE revenue was down on target as a result of reduced visitation resulting from the lower overall international visitor numbers (down by 4.7% on 2011/12).
- (4.) Positively Wellington enjoys \$1.5m Joint Venture activity with Air New Zealand and Tourism New Zealand. This funding does not go through the Trust's accounts but is spent directly by those organisations on agreed combined and collaborative marketing activity for Wellington in Australia.

## **Governance**

The Trustees at year end were:

Mike O'Donnell (Chair – replacing John Milford)  
Jo Coughlan (Councillor)  
Howard Greive  
John Milford (former Chair, retired)  
Peter Monk (term expired on 31 December 2012)  
Ruth Pretty (term expired on 31 December 2012)  
Glenys Coughlan (term expired on 31 December 2012)  
Ed Sims (appointed January 2013)  
Sarah Gibbs (appointed January 2013)  
Chris Wilkinson (appointed January 2013)

## **3. Key issues and activities going forward**

### **Australian Campaign**

PWT will continue to work with their key partners through 2013/14 to increase the recognition and desirability of Wellington as a visitor destination in the Australian market.

### **Destination Wellington**

The Destination Wellington project aims to attract business, talent and investment to Wellington City and PWT is responsible for developing and telling *the Wellington story* through destination marketing that demonstrates Wellington is the place to invest, work or do business. PWT is working closely with Council on this programme.

#### **4. Conclusion**

Initiatives such as Visa Wellington on a Plate continue to draw people in to the CBD. In the digital space, PWT has achieved strong results through various media channels and is now able to share information directly with over 240,000 people at any one time. These channels have helped drive over 2.5 million visits to the Trust's web site to find information and make bookings online. Initiatives such as Visa Wellington on a Plate continue to draw people in to the CBD. Around 4,500 Australian Football fans arrived in Wellington to watch an AFL match held at Westpac Stadium and PWT continues to provide the marketing for key city events such as World of Wearable Arts Awards Show and the Wellington Sevens. The Destination Wellington programme has begun and with a story for Wellington, and a new visual identity in place will inform a growing commitment from PWT across all its work streams in conjunction with Grow Wellington and Wellington City Council.

# **POSITIVELY WELLINGTON VENUES**

## **REVIEW OF 2012/13 ANNUAL REPORT**

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### **1. Purpose of report**

Positively Wellington Venues (PWV or Venues) presents its Annual Report for 2012/13, including audited financial statements and performance measures.

### **2. 2012/13 Performance**

- The redevelopment of Shed 6 as a replacement convention centre space for the Town Hall while it is out of commission for earthquake strengthening was successfully delivered on time and on budget.
- In the Show & Performance area, ticket sales were up 14% over the previous year with 41 sell out shows across a wide range of genres
- Conference & Events business was up by 10% with a 44% increase in the number of delegates when compared with the previous year
- PWV reports that their Show business contributed \$23.5m to the Wellington economy during the year, and that PWV-hosted conventions accounted for 40% of the total convention spend in the Wellington economy.
- PWV launched their new publicity brochure, “LIVE in Wellington”
- The company re-launched the Wellington Conventions and Events expo as “Show me Wellington” to inspire, engage and create a better platform from which to showcase to potential clients what Wellington has to offer
- Show Highlights included the following sell out performances: Flight of the Concorde; Bill Bailey; the Wiggles; Tu Tanga Polyfest; Mumford & Sons; Ben Harper; Black Keys; Morrissey; 7 Days Live; Stephen Merchant; Alan Davies; Macklemore; Neil Young; Ed Sheeran; Rodriguez; Tony Joe White; Joan Armatrading; First Laughs; Danny Bhoj; Bryan Adams; Six60; Robert Plant; Bonnie Raitt; Disney on Ice; Madame Butterfly; Glenn Miller Band; and the Phantom of the Opera
- Conference Highlights included a diverse mix: NZ Trustees Association; NZ College of Midwives; 4<sup>th</sup> Digital Earth Summit; Australasian Society for Clinical Immunology and Allergies; Safety 2012; Australasian Society for Intellectual Disability; Ombudsman Institute World Conference; and Webstock.

## Statement of Financial Performance

A summary of the Venues Project financial statements is given below.

### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Income	15,816	15,291	14,811
Direct event costs and wages	8,997	8,343	8,618
Expenditure	6,753	6,947	6,651
Operating Surplus / (Deficit)	66	1	(458)
Non operational items	129	-	(811)
Net surplus/(deficit)	195	1	(1,269)

### Statement of Financial Position

\$ '000	2012/13 FY Actual	2011/12 FY Actual
Current assets	2,889	2,649
Non current assets	1,170	1,056
Current liabilities	3,581	3,419
Equity	477	287
Current ratio	.81	.77
Equity ratio	10%	42%

### Statement of Cash Flows

\$ '000	2012/13 FY Actual	2011/12 FY Actual
Net cash flow	(182)	
Closing balance	(8)	174

*Note: the Company's financial statements have been prepared using NZ IFRS.*

A review of the financial statements of the Venues Project highlights the following points:

- Operating revenue of \$15.8m was \$500k (3%) better than plan, and \$1m (7%) ahead of the previous year's result of \$14.8m. This favourable result was achieved despite venue utilisation being 84 days (8%) below target as a result of aligning their pricing policy across all venues.
- Operating expenditure of \$6.8m was \$200k (3%) under budget, due largely to savings made in personnel costs, marketing and travel. The gross margin improved from 41% to 43%.
- Venues delivered an operating surplus of \$66k, compared to a budgeted break-even position.

## Key Performance Indicators (KPI)

2012/13 was the company's second full year of operations, with a focus on building the business and improving financial performance. Changes have been made to the organisational structure in order to better align operations to the key revenue streams. A significant focus was on the design and construction of a temporary replacement venue for the Town Hall that is to be closed in 2014/15 for earthquake strengthening.

Key Performance Indicator	Outcome
<b>Business Viability</b>	
<ul style="list-style-type: none"> <li>On budget (or better) financial performance across bottom line revenue and expenditure targets</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Increase annual volume of ticket sales to ticketed events over 2011/12 levels.</li> </ul>	Achieved
<b>Venue Utilisation</b>	
<ul style="list-style-type: none"> <li>Achieve or exceed hire days and/or venue revenue over previous year</li> </ul>	Achieved for revenue; not achieved for hire days
<ul style="list-style-type: none"> <li>Maintain an appropriate mix of commercial and community hires</li> </ul>	Achieved
<b>Duty of Care</b>	
<ul style="list-style-type: none"> <li>Develop and implement an OHS performance indicator system</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Safety and security of patrons, visitors and Staff Managed</li> </ul>	Achieved
<ul style="list-style-type: none"> <li>Complete a Venue Equipment Asset Management Plan</li> </ul>	Not achieved. Deferred to 2014 due to budget constraints
<ul style="list-style-type: none"> <li>Achieve and maintain ISO 14001:2004 Environmental Management System certification</li> </ul>	Achieved across all Venues
<ul style="list-style-type: none"> <li>To implement updated health &amp; safety policies and procedures</li> </ul>	Achieved
<b>New community access programmes</b>	
<ul style="list-style-type: none"> <li>Review Community Access Strategy with WCC grants and Community events teams and roll out with WCC</li> </ul>	Partially achieved. Review completed, roll out pending.
<ul style="list-style-type: none"> <li>Launch <i>Wellington on Stage</i> July 2012</li> </ul>	Not achieved. Deferred due to budget constraints.
<b>Marketing Edge</b>	
<ul style="list-style-type: none"> <li>Increase events revenue by 5% over 2011/12</li> </ul>	Not achieved (3.5% growth)
<b>Outstanding Experiences</b>	
<ul style="list-style-type: none"> <li>Maintain or improve audience and hirer satisfaction ratings in annual survey and focus group research</li> </ul>	Achieved
<b>Town Hall Alternative Venue Development</b>	
<ul style="list-style-type: none"> <li>Deliver Shed 6 as an alternative venue for the Town Hall on time and on budget</li> </ul>	Achieved

## **Governance**

The directors during the year were:

Chris Parkin (Chair)  
Cr Ngaire Best  
Cr. Paul Eagle  
Mike Egan  
Sam Knowles (retired 31 December 2012)  
Linda Rieper  
Samantha Sharif  
Lorraine Witten  
Daniel Bridges (appointed 1 January 2013)

### **3. Key issues and activities going forward**

#### **Town Hall closure**

With the Town Hall closed from October 2013, and the refurbished Shed 6/TSB Arena complex now open for business, PWV is looking in 2013/14 to roll out a strong marketing programme to maximise the use of the replacement venue for the Town Hall.

#### **Financial and operational KPIs**

With the refurbished Shed 6 facility now in operation, PWV will look to achieving growth in the business as well as growing the company's contribution to the wider Wellington economy and community. PWV also plans to negotiate strong commercial arrangements with suppliers in ticketing, food and beverage, security and taxi services that deliver the best value for money.

#### **Community Access**

PWV will continue to work actively with the Council to ensure that legacy and community events are suitably supported. Venues will work with City Events to deliver existing events, and to attract new events to the community, including strategies that will increase opportunities for children to experience the Arts.

### **4. Conclusion**

In its second full year of trading, Venues faced some big operational and commercial challenges. Although the issue of developing a suitable replacement facility for the Town Hall was a significant focus during the year, the company has made changes to a number of areas across the business that has enabled them to streamline their operations and improve their marketing efforts. As a result, they have turned in a better than forecast trading profit.

# WELLINGTON CABLE CAR LTD

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

The Wellington Cable Car Limited (WCCL or the Company) presents its Annual Report including audited financial statements and performance measures.

### 2. 2012/13 performance

- On an underlying basis, adjusted for the revaluation of the overhead network, underlying NPAT was higher than budgeted and last year.
- There were 1.06 million passenger trips in 2012/13, down 1.2% on target and 0.7% on last year. While the second and third quarters benefited from the strong cruise ship season, the fourth quarter was well below target and is likely to have been impacted by the commencement of construction work at the Kelburn terminal.
- Reliability of the cable car remains in excess of 99%.
- Funding from Greater Wellington Regional Council (GWRC) continued for the maintenance of the overhead network, allowing the backlog of critical maintenance to continue to be addressed.
- 62 trolley bus overhead poles were replaced as part of the urgent and critical maintenance programme. This is lower than previous years (100 poles in 2012 and 120 poles in 2011), due to the deferral of some work pending the safety protection system investigation.
- Significant work was undertaken on the design of an additional network-wide safety protection system for the overhead network, in conjunction with GWRC and Wellington Electric Lines. A business plan is now in development for GWRC assessment. If approved, this work is likely to be rolled out in 2014.
- Since year end, Des Laughton has announced his retirement as Chief Executive after four years in the role. The board has appointed an interim Chief Executive and commenced a recruitment process for his successor.

## Financials

### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Income	6,647	9,935	8,415
Expenditure	6,417	9,508	7,233
Operating Surplus/(Deficit)	229	427	1,181
Tax Expense	(156)	134	232
Subvention Payments	131	-	317
Net Surplus/(Deficit) after tax	254	294	632
Estimated Net Underlying Result *	654	294	185

\* See later table for calculation

## Statement of Financial Position

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Current assets	4,932	1,821	5,012
Non current assets	4,997	7,334	5,669
Current liabilities	1,839	876	2,302
Non current liabilities	466	745	740
Equity	7,623	7,534	7,639
Current ratio	2.68	2.08	2.18
Equity ratio	76.8%	82.3%	71.5%

## Statement of Cash Flows

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Operating	816	4,053	576
Investing	(49)	(4,682)	(1,025)
Financing	(94)	(156)	(10)
Net	672	(785)	(459)
Closing balance	1,348	721	677

A review of the Company's financial statements highlights the following points:

- During 2012/13 the Company paid a dividend to the Council of \$94k (relating to the 2011/12 year) and made a subvention payment of \$131k to the Council.
- Cable Car income increased 7.9% from \$2.01m in 2012 to \$2.17m in 2013, 2.3% below the budgeted level.
- Income from GWRC for the overhead network decreased by 32.3% to \$3.8m (\$5.6 in 2012) and was 47% below the budgeted level. This reflects the deferral of the budgeted safety protection system and the timing of other work. Expenses on the overhead network match the income from GWRC.
- The reported net surplus of \$254k includes a \$557k revaluation expense relating to the overhead network. The table below presents the estimated 'normalised' underlying results:

\$'000	2010/11	2011/12	2012/13
Profit Before Tax	2,483	1,181	229
One-off adjustments	1,565	622	-557
Normalised Profit Before Tax*	918	560	786
Normalised Tax Expense	119	58	1
Subvention Payment	151	317	131
Normalised Tax Expense / Subvention Payment	270	375	132
Estimated Net Underlying Result (excluding one-off adjustments)	648	185	654

\* excludes adjustments for lower depreciation as result of revaluations

- Compared to budget, cable car expenses were significantly lower, third party income was higher, interest income was higher, and depreciation was lower (partially due to the revaluation of the overhead network). Some of these items reflect timing (i.e. expenses deferred to 2013/14).
- As a result, the 'normalised' net surplus of approximately \$654k is significantly higher than the budgeted surplus of \$294k.



- The company has no borrowings and is in a sound financial position, having \$2.65m in cash and short-term investments (\$2.21m in 2012) to fund the Kelburn Terminal upgrade.

## Operations

### Cable Car:

- The annual safety assessment of the cable car was carried out in April 2013 and a small number of conditions and recommendations were raised, largely of an administrative nature. Following consideration of WCCL's responses to these matters, NZTA provided full clearance and noted it was satisfied that WCCL is fully compliant with requirements.
- The replacement of the Kelburn Terminus commenced in 2012/13 and construction is now underway. The new Terminus should be completed in late October, in time for the summer tourist season.
- The electric shuttle bus service between the Kelburn Terminus and lower Botanic Garden commenced in January 2013.
- WCCL participated in the Wellington Open Day, donating \$3,902 to Wellington Free Ambulance.

### Trolley Bus Overhead Network:

- 11 special aerial switches (for changing buses to a different track) were replaced during the year.
- No roadside DC feeder pillars were replaced as this will form part of the safety protection system being evaluated.
- No trolley bus collector wire was replaced, due to the deferral of some work pending the safety protection system investigation.
- The Company's internal inspection and conditioning database has continued to be developed during 2012/13, receiving positive feedback from overseas equivalent operators.

## Key Performance Indicators

### Passenger Numbers per Quarter:

	<b>First Quarter</b>	<b>Second Quarter</b>	<b>Third Quarter</b>	<b>Fourth Quarter</b>	<b>Total</b>
Target passenger numbers on the Cable Car	221,900	289,400	348,500	213,900	1,073,700
<b>Actual passenger numbers on the Cable Car</b>	<b>218,700</b>	<b>294,676</b>	<b>364,773</b>	<b>182,309</b>	<b>1,060,458</b>
Last year actual passenger numbers	221,962	289,417	348,480	207,775	1,067,634
Actual compared to Target	-1.4%	1.8%	4.7%	-14.8%	-1.2%
Actual compared to Last Year	-1.5%	1.8%	4.7%	-12.3%	-0.7%

## Residents Satisfaction Survey:

Question	Target	Actual
Have you used the Cable Car in the last 12 months?	30%	45%
How do you rate the standard and operational reliability of the Cable Car? (Good/Very Good)	95%	94%

Cable Car Service Performance		
2012/13 Performance Indicator	Target	Result
Cable car vehicles, track, tunnels, bridges, buildings and equipment are maintained to required safety standards	Approval by NZTA	Achieved
Cable car service reliability	Greater than 99%	Achieved
Cable car service has Qualmark endorsement to confirm it meets established tourism standards	Qualmark endorsement obtained	Application delayed to 2013/14

Trolley Bus Overhead Network Performance Measures		
2012/13 Performance Indicator	Target	Result
Inspection, maintenance and repair of trolley bus overhead network are carried out to provide appropriate levels of reliability	No network failures due to inadequate maintenance	None from inadequate maintenance activities. Failures still occur due to backlog of maintenance not yet remedied, but rate is decreasing
Trolley bus overhead network asset management plan prepared	Draft annual AMP 2013/14 prepared by 31 August 2012	Achieved
Trolley bus network poles identified as requiring urgent and critical replacement are programmed	Pole replacement programme completed	Pole replacement programme modified to 62 poles. 53 poles were commenced but not completed, due to third party work still being required. 19 poles were replaced, including some for 3rd parties and some due to storm damage.
Overhead components replacement or repairs	Replacement or repairs completed in accordance with programme	Achieved
WCCL pole occupants have formal contracts and appropriate pole user charges are being paid	All recent users have current contracts.  All 'existing works' users have signed contracts by 30 June 2013 and continue with current contracts	Pole occupants without existing user rights have paid rental charges in accordance with contracts; Occupants claiming existing user rights do not yet have contracts due to unresolved differences in legislation interpretation
GWRC funding agreement compliance	Nil breaches by WCCL	Achieved

Performance requirements in GWRC funding agreement	Payments made in accordance with agreed funding levels and no complaints from GWRC	All payments due have been received.  Achieved
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<b>All of Cable Car Performance Activities</b>		
<b>2012/13 Performance Indicator</b>	<b>Target</b>	<b>Result</b>
Compliance with appropriate regulations and statutes	No adverse comments	Achieved
Budgetary requirements approved by the WCCL Board are met	Within 10% or Board approved variance	Achieved
Board delegations are adhered to	Board and management approvals of commitments and expenditure are in accordance with delegations policy	Achieved
Company risks and vulnerabilities are maintained at an acceptable limit and identified in the Risk and Vulnerability register	No risks and vulnerabilities not identified (and where possible mitigated to an acceptable limit)	Achieved
Contribute to review of back office functions	Participation assessed to be positive	Positive participation achieved, but no change being made to processing platforms

## **Governance**

The Board of Directors at 30 June 2013 was:

Roger Drummond (Chairman)  
Dr Nicki Crauford  
Anthony Briscoe

### **3. Key issues going forward**

#### **1. Charges for access and use of trolley bus poles**

WCCL is continuing to work to increase its revenue from the investment in trolley bus poles, which are also used by a variety of utility companies to support their networks.

#### **2. The trolley bus overhead network's future beyond 2017**

The funding agreement between WCCL and Wellington Regional Council expires on 30 June 2017.

Greater Wellington Regional Council has flagged that it plans to review the future of the overhead network beyond 2017 in 2013/14. The outcome of this review may have a significant impact on the Company. WCCL is unlikely to be directly involved in this review, but will ensure it provides all relevant information to involved parties so that an informed decision can be made.

### **3. Passenger numbers**

Passenger numbers decreased slightly in 2012/13. This is due to the strong second and third quarter results being offset by the weaker fourth quarter result. This is probably a temporary impact due to construction work commencing at the Kelburn terminal, but is something the Company will monitor closely.

Once completed, the opening of the new Kelburn terminal should boost passenger numbers for the remainder of 2013/14, although the first quarter is likely to still have a construction-related impact. There are also less cruise ship visits planned for this summer (76 ship visits compared to 90 last year), which may impact cable car passenger numbers. For 2013/14, WCCL is forecasting 1,084,400 passengers, a 2.3% increase on 2012/13.

### **4. Kelburn terminal redevelopment**

The Kelburn terminal upgrade project is under construction. It is anticipated to be completed in late October 2013, to avoid disruption during the main tourist season.

### **4. Conclusion**

WCCL had a reasonably good year in 2012/13. While slower than anticipated pole revenue streams have resulted in a revaluation of the overhead network, the Company's underlying profitability is at above budgeted levels. As a result, it has built up cash and short-term investments to \$2.65m, more than enough to cover the upgrade of the Kelburn terminus; construction on this project is now underway. The key strategic issue facing the company is the GWRC review of the trolley bus overhead network in 2013/14, the outcome of which may have material implications for WCCL.

# WELLINGTON MUSEUMS TRUST

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

The Wellington Museums Trust (the Trust) presents its Annual Report for 2012/13 including audited financial statements and performance measures.

### 2. 2012/13 performance

- Total visitor numbers for the year were 649,021 (2012: 607,613) versus the SOI target of 620,000. The higher visitation was due in part to the Capital E National Arts Festival for Children which attracted a record audience of 50,536 and helped Capital E, achieve close to its visitation target for the year despite its building being declared earthquake prone during the year.
- Total education visitation was 94,583 with just under 30,000 (2012: 31,912) school children participating in curriculum aligned programmes supported by the Ministry of Education's Learning Experiences Outside the Classroom (LEOTC).
- Carter Observatory won an award for its on-line presence in the tourism sector.
- The Museum of Wellington City & Sea was named one of the best 50 museums in the world (the only one in New Zealand and one of only two in Australasia).
- The Trust's financial performance was in line with budget. After allowing for depreciation of \$377k the Trust recorded a small surplus of \$7k compared to a budgeted deficit of \$89k, and prior year deficit of \$94k.

### Statement of Financial Performance

A summary of the Trust's financial statements is given below.

#### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Income	11,682	11,192	10,939
Expenditure excl. depreciation	11,298	10,905	10,655
Operating Surplus/(Deficit)	384	287	284
Depreciation & amortisation	377	376	379
Net Surplus/(Deficit)	7	(89)	(94)

## Statement of Financial Position

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Current assets	1,003	418	1,514
Non current assets	4,368	4,087	4,342
Current liabilities	1,305	815	1,778
Non current liabilities	82	137	101
Equity	3,984	3,553	3,977
Current ratio	0.77	0.51	0.85
Equity ratio	74.2%	78.9%	67.9%

## Statement of Cash Flows

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Operating	(112)	184	428
Investing	(403)	(400)	(226)
Financing	0	0	0
Net	(515)	(216)	203
Opening balance	540	540	338
Closing balance	25	324	540

A review of the Trust's financial statements highlights the following points:

- Higher visitor numbers in the financial year ended 30 June 2013 as reflected in slightly increased revenue and expenses.
- Total operating revenue was \$11.6m (2012: \$10.9m) and operating expenses \$11.7m (2012: \$11.0m).
- In 2013, operating revenues and operating expenses represented approximately \$18 per visitor which is a similar level to 2012 and up slightly from around \$17 per visitor in 2011.
- In 2013, the Trust produced an operating cash deficit of \$112k, leaving the Trust with a net decrease in cash held of \$515k after fixed asset purchases totalling \$403k. Purchases for fixed assets included \$250k work-in-progress on the Bond Store Museum Redevelopment Project, the balance (\$153k) was business as usual purchases.
- At year end 2013, the Trust's cash reserves had fallen to \$25K (2012: \$540k). The position was broadly in line with its budget for 2012/13.

## Key Performance Indicators (KPI)

The KPI results are as follows:

City Outcomes	Actual	Target	Status
Total visitation	649,021	620,000	Achieved
City Gallery	161,681	143,000	Achieved
Capital E	100,329	102,000	Not achieved
Carter Observatory	48,820	50,000	Not achieved
Museum of Wellington	98,605	93,800	Achieved

*This report is officer advice only. Refer to minutes of the meeting for decision.*

<b>City Outcomes</b>	<b>Actual</b>	<b>Target</b>	<b>Status</b>
Colonial Cottage Museum	1,825	2,100	Not achieved
Cable Car Museum	235,866	227,000	Achieved
NZ Cricket Museum	1,895	2,100	Not achieved
Quality of Visit	94% of visitors rate their experience as good or very good	90% of visitors rate their experience as good or very good	Achieved
Repeat Visitation	An average of 48% repeat visitation was achieved	An average of 27% repeat visitation is achieved	Achieved
City residents' awareness	Museum of Wellington 96% City Gallery Wellington 90% Cable Car Museum 93% Colonial Cottage 52% Capital E 90% Carter Observatory 94%	Museum of Wellington 90% City Gallery Wellington 88% Cable Car Museum 90% Colonial Cottage 55% Capital E 85% Carter Observatory 87%	Achieved Achieved Achieved Not achieved Achieved Achieved
% of items aligned with Collections Policy	75%	75% of Collections are aligned with the Collection policy	Achieved
Council subsidy per visit (including rental grant)	<b>\$12.46</b>  City Gallery Wellington 12.43 Museums Wellington 4.64 Capital E 13.35 Carter O. 7.37	<b>\$13.04</b>  City Gallery Wellington 13.73 Museums Wellington 5.05 Capital E 12.60 Carter O. 7.78	Achieved
Non Council sourced revenue	<b>3,480,000</b>  City Gallery Wellington 421,000 Museums Wellington 1,000,000 Capital E 1,198,000 Carter O. 610,000	<b>3,131,000</b>  City Gallery Wellington 373,000 Museums Wellington 600,000 Capital E 1,330,000 Carter O. 612,000	Achieved
Spend by visit	<b>\$2.95</b>  City Gallery 0.51 Museums Wellington 2.38 Capital E 5.72 Carter O. 9.65	<b>\$3.18</b>  City Gallery 1.20 Museums Wellington 1.51 Capital E 6.30 Carter O. 10.41	Not Achieved

*This report is officer advice only. Refer to minutes of the meeting for decision.*

Total visits at 649,021 comfortably exceeded the SOI target of 620,000 for the year ended 30 June 2013.

- Capital E underperformed its SOI target due to the earthquake resilience issues of the site – but notwithstanding turned in a very strong performance under the circumstances and on the back of it being a children’s festival year.
- The Cable Car Museum continues to outperform its SOI targets.
- City Gallery and Wellington Museum of City & Sea both achieved creditable visitation figures ahead of SOI targets. Carter Observatory was just below (2.4%) its SOI target.
- Both the Colonial Cottage and the Cricket Museum were affected due to earthquake resilience issues (Museum Stand closed and Colonial Cottage closed for a short period to earthquake-strengthen its chimney).

Levels of visitor satisfaction remain high across the institutions. Repeat visitation exceeded targets and was particularly high at City Gallery (84% repeat visitation). The main facilities scored over 90% in Council’s Annual Residents’ Awareness Survey.

The Council subsidy per visit was \$12.46 against budget of \$13.04 due to higher overall visitation versus budget.

The Trust also exceeded its target relating to non-Council revenue (\$3.13m). In general, this was due to higher than budgeted retail income, one off grants and grants carried forward from previous financial years and reported in 2013 to match the associated expenditure, and increased donations. Museums Wellington’s<sup>1</sup> reported income incorporates income that was originally targeted by the Trust but reported as achieved by Museums Wellington in line with the Auditors requirements. Accordingly, the positive variance (\$1m actual versus \$600k budget) is due to a combination of these factors.

## Operations

- The Museum of Wellington City & Sea was chosen by *The Times* of London, as one of 50 top museums in the world, and was the only New Zealand museum to be placed on the list. It was also recognised in the 2013 Trip Advisor Traveller’s Choice Award as one of the top 25 museums in the South Pacific and one of the top 10 museums in New Zealand.
- Capital E National Arts Festival attracted an audience of 50,536 to 131 performances in nine venues around Wellington. A total of 556 bus trips transported thousands of students to and from Festival performances. The Capital E National Theatre for Children showcased its collaboration with the New Zealand Symphony Orchestra which transformed Witi Ihimaera’s novel *Sky Dancer*.
- City Gallery presented 29 exhibitions and a further 7 video works. Exhibition highlights included *The Sophist’s Mirror: Ben Cauchi*; *Len Lye: Kaleidoscope*, the opportunity to be the first New Zealand venue for Christchurch Art Gallery’s exhibition *Shane Cotton: The Hanging Sky* and securing *In a Lonely Place*, New Zealand’s first solo exhibition of work by New York photographer Gregory Crewsdon.

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<sup>1</sup> The Museum of Wellington City & Sea, the Cable Car Museum and the Colonial Cottage Museum are included in the Museums Wellington group and since December 2012 the Carter Observatory has been added.

*This report is officer advice only. Refer to minutes of the meeting for decision.*



- The Museum commemorated the 45th anniversary of the Wahine storm of 1968 with a week-long series of unique events. It is two generations since the disaster so the Museum involved young people as a way of handing the story on.
- In August 2012, the Museum of Wellington City & Sea was awarded a Human Rights Commission Diversity Award recognising its outstanding contribution to the New Zealand Diversity Action Programme through its exhibition Death and Diversity and the accompanying public programmes.
- The Carter Observatory team won the inaugural eTourism Award 2012 for best activity/attraction/tour online presence in the tourism sector.
- Carter's venue hire and retail activities have improved during the year and included participation in the 2012 Visa Wellington on a Plate with sell-out dining experience The Moon is Made of Cheese.

## **Governance**

The Trustees during the year were:

Quentin Hay (Chair)

Councillor Ray Ahipene-Mercer (from 1 November 2010)

Alick Shaw

Philip Shewell (retired 30 June 2013)

Jo Bransgrove (resigned December 2012)

Jackie Lloyd (retired 30 June 2013)

Rachal Farrant (appointed 1 July 2013)

Jill Wilson (appointed 1 July 2013)

### **3. Key issues and activities going forward**

In 2013-14 the Trust will progress the redevelopment of the Museum of Wellington City & Sea and complete the Trust's review of its programmes and provisions for children and young people while re-establishing Capital E in its new location.

### **Financial**

The Trust has committed to achieving a breakeven position after funding depreciation in 2013/14 as requested by Council. The Trust has indicated that an ongoing challenge to achieving break-even is its ability to absorb cost increases, without affecting the programme is increasingly difficult to achieve.

### **4. Conclusion**

The Trust delivered a range of exhibitions and events to an audience of 649,021 visitors. Visitor satisfaction levels remain high and the profile of the Trust's facilities amongst Wellington's residents increased overall. The Trust received a number of recognitions during the year, the highlight being The Museum of Wellington City & Sea was chosen by *The Times* of London, as one of 50 top museums in the world, and was the only New Zealand museum to be placed on the list. After allowing for depreciation of \$377k, the Trust had a successful year, reporting a surplus of \$7k which was an improvement on a budget deficit of \$89k for the year.

# Wellington Waterfront Limited

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

Wellington Waterfront Limited (WWL) presents its draft Annual Report for 2012/13, including unaudited financial statements and performance measures.

### 2. 2012/13 Performance

- A comprehensive refurbishment of Shed 5
- The development of a comprehensive design brief and master plan for the North Kumutoto precinct
- Seismic Strengthening of Shed 11 and the Shed 6 wharf
- Contributing with Positively Wellington Venues to the Shed 6 refurbishment project as a replacement venue for the Town Hall
- The diamond jubilee visit to the Waterfront by HRH Prince Charles and the Duchess of Cornwall
- The opening of the Thursday evening food and entertainment market on the Taranaki Street wharf
- The installation of Michael Tuffery's *Nga Kina* sculpture in the North Kumutoto cut out space
- The installation of four new works on the Wellington Writer's Walk
- Wellington's waterfront received a 'Highly Commended' award in the inaugural New Zealand Urban Design Awards in November 2012 in the Built Projects category.

### Statement of Financial Performance

An unaudited summary of the Waterfront Project financial statements is given below.

#### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 Actual
Income	5,172	4,608	8,215
Expenditure	6,906	9,058	7,742
Operating Surplus / (Deficit)	(1,734)	(4,450)	473
Other Comprehensive Income	365	-	55,511
Net surplus / (deficit)	(1,369)	(4,450)	55,984

## Statement of Financial Position

\$ '000	2012/13 FY Actual	2011/12 Actual
Current assets	3,350	2,097
Non current assets	228,976	226,342
Current liabilities	1,604	2,009
Non current liabilities	20,960	16,375
Equity	209,762	210,056
Current ratio	2 : 1	1 : 1
Equity ratio	90%	92%

## Statement of Cash Flows

\$ '000	2012/13 Actual	2011/12 Actual
Net cash flow	718	(740)
Closing balance	909	191

*Note: the Company's financial statements have been prepared using NZ IFRS.*

A review of the financial statements of the Waterfront Project highlights the following points:

- The Project made a net operating deficit of (\$1.4m) compared to a budget deficit of (\$4.5m) and a prior year operating profit of \$56m. The 2012 profit was due to the revaluation of fixed assets.
- Operating revenue of \$5.172m exceeded the budget of \$4.6m by 12% due in part to increased income from facilities and car park/motorhome revenue.
- Operating expenditure of \$6.9m was \$2.2m under budget due primarily to the \$3.5m gain on the revaluation of investment and development properties.
- Capital expenditure was \$2.95m for the year against a budget of \$2.7m. Key projects included the completion of the seismic strengthening work on Shed 11 and the Shed 6 wharf, and significant progress being made on the redevelopment of the Overseas Passenger Terminal.
- There were no commercial proceeds from development projects budgeted for in 2012/13.
- The total of the WCC loan is \$19.7m at year end, \$0.9m better than the budgeted balance of \$20.6m. The favourable outcome was due primarily to wharf repiling coming in \$112k under budget, commercial revenues being \$350k ahead of budget, and the timing of interest payments.

## Key Performance Indicators (KPI)

Wellington waterfront delivered on the following projects in line with the Waterfront Development Plan

Key Performance Indicator	Outcome
<ul style="list-style-type: none"><li>Complete the marketing of Shed 5, entering in to a long term lease</li></ul>	Completed
<ul style="list-style-type: none"><li>Enter into an MOU with Te Papa over the Transition Site at Waitangi Park</li></ul>	Design and feasibility studies complete. The project is currently on hold.
<ul style="list-style-type: none"><li>Complete stage 2 of the Queen's Wharf wharf pile refurbishment</li></ul>	Completed
<ul style="list-style-type: none"><li>Implement the delivery of the jump platform on the Taranaki Street wharf.</li></ul>	Completed
<ul style="list-style-type: none"><li>Complete the urban design proposal for the Overseas Passenger Terminal.</li></ul>	Completed
<ul style="list-style-type: none"><li>Complete the revised North Kumutoto design brief and call for expressions of interest for the development of the site</li></ul>	Completed
	<b>Actual</b>
Capital expenditure (\$2.7million)	\$2.95m

## Operational Activities:

During 2012/13, WWL continued to deliver an ongoing programme of asset management and renewal work, with an increased emphasis on overall resilience and business continuity, especially in terms of natural disasters. The company continues to work closely with the Council on delivering large-scale public events and services on the Waterfront, with 98% of residents reporting in the WCC annual survey that they had visited the waterfront during the year.

Operational highlights for the year included:

- Restoration and painting of the historic Eastbourne Ferry Terminal
- Installation of the jump platform on the Taranaki Street Wharf in November 2012 was immediately successful. The amenity was closed in February 2013 due to water contamination, but WWL is engaged with the Council on developing a solution to this issue.
- The successful return of the ice rink in March 2013 with over 22,000 skaters
- Working with the Council's Events team, the waterfront hosted a diverse range of events and activities through the year, including the Homegrown Festival, the Asian Night Food market, AMI Round the Bays, the Dragon Boat Festival, and Waitangi Day celebrations.

## Governance

The directors during the year were:

- Robert Gray (Chair)
- Jane Black
- Justin Lester (Councillor)
- Derek McCorkindale

### **3. Key issues and activities going forward**

#### **Overseas Passenger Terminal**

The Overseas Passenger Terminal is expected to be completed in mid 2014.

#### **Sites 9 and 10 North Kumutoto**

Following the completion of a tender process, WWL is negotiating with developers to establish a preferred design option and commercial terms. The project is expected to progress to detailed design and the signing of a lease agreement in 2013/14

#### **Queens Wharf**

Advance a long term solution for Shed 1 and seek WCC approval and complete building and public space improvements associated with the redevelopment of Shed 5

#### **Frank Kitts Park Children's Playground**

The children's playground is now 15 years old and in need of upgrade and repair. This will be undertaken in 2013/14.

### **4. Conclusion**

WWL continued to progress a number of projects through 2012/13, with good progress made on two of the remaining large-scale developments – the redevelopment of the Overseas Passenger Terminal, and the completion of a design brief for the development of Sites 9 & 10 in the North Kumutoto precinct. A comprehensive programme of asset maintenance and renewals continues to be rolled out, with a number of projects undertaken during the year to strengthen and preserve the heritage assets in the waterfront precinct.

A number of major public events were held on the Waterfront throughout 2012/13, with WWL working closely with the Council's Events team to ensure that the necessary infrastructure was in place. This included the successful delivery of a Thursday evening Summer food and entertainment market, and the return of the outdoor ice skating rink on Queens Wharf that attracted over 22,000 skaters.

During the year, WWL collaborated with the Council and Positively Wellington Venues to deliver a refurbished Shed 6 and strengthened Shed 6 wharf as a replacement venue for the Town Hall that is due to close for earthquake strengthening in November 2013.

# WELLINGTON ZOO TRUST

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

The Wellington Zoo Trust (WZT or the Trust) presents its Annual Report including audited financial statements and performance measures.

### 2. 2012/13 performance

- Visitors to the Zoo increased by 7% over 2011/12, reaching a record 232,130 visitors, well above the target of 206,703.
- Wellington Zoo became the world's first carboNZero certified zoo, thanks to a unique and successful partnership with Beca and the Department of Internal Affairs. Wellington Zoo had a five-year commitment to reducing its carbon footprint, Beca provided technical expertise in attaining carboNZero certification, and it was made possible by Department of Internal Affairs funding. In addition to being one of the major external donors for the Asia Precinct, ASB Bank funded the cost of the certification itself and the required carbon offsets.
- Wellington Zoo won the Vibrant Gold Award, which recognises high-achieving events, tourism and hospitality facilities, at the 2013 Wellington Gold Awards.
- Of the 24 targets set for 2012/13, including internal measures, the Zoo team met or exceeded 17 of 24.

### Financials

#### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Income	6,414	6,343	6,472
Income excl WCC grants & Capital grants	3,209	3,075	2,981
Expenditure	6,320	6,343	6,171
Surplus/(Deficit)	94	0	301
Operating Surplus/Deficit (excl Capital Grant Income/Exp)	8	0	5

#### Statement of Financial Position

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Current assets	2,446	1,558	2,144
Non current assets	91	60	98
Current liabilities	1,708	1,159	1,469
Non current liabilities	12	48	50
Equity	817	401	723
Current ratio	1.43	1.34	1.46
Equity ratio	32.2%	24.8%	32.2%

## Statement of Cash Flows

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Operating	502	26	-4
Investing	-13	0	-11
Financing	0	0	0
Net	489	26	(15)
Closing balance	1,831	1,388	1,342

A review of the Trust's financial statements highlights the following points:

- 2013 was another very strong year for WZT with record visitors of 232,130 and an operating surplus of \$8k, after accounting for transfers to restricted funds.
- For the first time, operating income generated by the Zoo in 2013 exceeded the Council operating grant provided.
- Trading income was strong, largely reflecting the increased visitor numbers. It increased 11.7% on 2012 and was well above budget. This was partially offset by lower operating and capital grants and donations income.
- Personnel expenditure remains the Zoo's largest cost category, representing two-thirds of operating expenses. Personnel costs rose by 5.4% in 2013, but were slightly under the budgeted amount.
- The WZT balance sheet continues to strengthen, with a cash balance of \$1.8m at June year end (including restricted funds of \$0.5m). Operating cash flow for 2013 was very positive, although this was largely a result of the timing of payments.

## Operations

- A Meerkat Close Encounter package was launched in August 2012 and has proven extremely popular.
- The vet team managed several high profile cases including a Royal Penguin, a Chatham Island Taiko and some White Capped Mollymawk Albatrosses. Nearly 500 patients from over 50 different species were treated at The Nest Te Kohanga during 2012/13. Patients were brought in from Department of Conservation (DOC), the SPCA, ZEALANDIA, and members of the community, continuing to show the widespread recognition of The Nest Te Kohanga as the centre for native wildlife care in the Wellington region and beyond. The Zoo's vets are also involved in projects such as a study of the prevalence of Plasmodium (malaria) amongst wild Little Blue Penguins in the Wellington region, with DOC and Massey University.
- Nearly 10,000 students from more than 250 schools visited to participate in Ministry of Education LEOTC programmes, with 34% of these visitors from outside the Wellington region.
- The Zoo received a \$100k bequest from a former staff member, which was used to purchase an x-ray digital imager for The Nest.
- The Zoo school holiday programme continues to be very popular, running at approximately 97% capacity over the four school holiday periods. 98% of parents were satisfied with their children's experience.

## Zoo Capital Programme

The Zoo's Asia Precinct (for sun bears and tigers) was opened in September 2012 by Mayor Wade-Brown, along with representatives from major donors ASB Bank and Pub Charity. As part of its work with conservation groups, the Zoo is using this redeveloped enclosure to highlight the work of Free the Bears and 21<sup>st</sup> Century Tiger.

The Green Zoo, Green You exhibit, which focuses on sustainability actions within the Zoo, was opened in October 2012.

Hero HQ, the new reptiles, invertebrates and spiders enclosure, was opened by Mayor Wade-Brown in April 2013.

The Asia Precinct was a finalist in the NZ Institute of Builders awards in June 2013. Kamala's (the Hub) won the NZ Architecture Award for Small Projects in May 2013 and a 2012 Wellington Architecture Award for Public Architecture.

## Key Performance Indicators

<b>Performance targets for Wellington Zoo Trust from 2012/13 Statement of Intent</b>			
<b>KEY PERFORMANCE INDICATOR</b>	<b>TARGET</b>	<b>ACTUAL</b>	<b>Comments</b>
Fundraising targets for ZCP reached or exceeded	2013: \$468,693 2012: \$766,601 2011: \$658,894	<b>2013: \$406,538</b> 2012: \$691,477 2011: \$579,921	Lower than target but spend was also below expectations. The amount vested over the ZCP to date is 25% of total spend.
Meeting ZCP project timing & budget programme	Asia completed in Sep  Reptile Rotunda completed  Servals, Dingoes, Wallabies completed	Asia completed Sep 2012  Reptile Rotunda completed  Servals, Dingoes, Wallabies under construction	Asia and Reptile Rotunda completed.  Servals, Dingoes, Wallabies is under construction and will be complete by end of 2013.
Increase total admissions by 2% each year on base year 2005/06 (170,116 visitors) as per business plan	2013: 206,703 2012: 191,982 2011: 187,810	<b>2013: 232,130</b> 2012: 216,457 2011: 196,267	Achieved
Average income per visitor (excluding WCC grant)	2013: \$14.88 2012: \$14.86 2011: \$13.76	<b>2013: \$13.82</b> 2012: \$13.77 2011: \$13.44	Not achieved, but increased on previous years. Was impacted by 6,803 visitors on Wellington Open Day (\$2 entry).
Ratio of Trust generated income as a % WCC grant	2013: 110% 2012: 102% 2011: 90%	<b>2013: 115%</b> 2012: 107% 2011: 94%	Achieved



<b>Performance targets for Wellington Zoo Trust from 2012/13 Statement of Intent</b>			
<b>KEY PERFORMANCE INDICATOR</b>	<b>TARGET</b>	<b>ACTUAL</b>	<b>Comments</b>
Average WCC subsidy per visitor	2013: \$13.54 2012: \$14.58 2011: \$14.42	<b>2013: \$12.06</b> 2012: \$12.93 2011: \$14.26	Achieved (due to strong visitor numbers)
Visitor survey conducted	1 project	1 project	Achieved – conservation awareness / feedback survey
Staff turnover (not including casual and fixed term roles)	2013: <15% 2012: <15% 2011: <15%	<b>2013: 17.2%</b> 2012: 19.5% 2011: 22.3%	Higher than expected but WZT does not currently consider this a matter of concern.
Collection in managed programmes (% of total collection)	2013: 41% 2012: 41% 2011: 41%	<b>2013: 39.8%</b> 2012: 40% 2011: 38.1%	Requirement set by ZAA; reflects new invertebrate and reptile species for Hero HQ (not in managed programmes).
Volunteer hours (FTE)	2013: >=5 FTE 2012: >=5 FTE 2011: >5 FTE (9,600 hrs)	<b>2013: 4.19 FTE</b> 2012: 5.5 FTE 2011: 5.1 FTE (9,729 hrs)	Not achieved due to long term wellness leave of Volunteer Manager. Corporate volunteering interest remains high.
Wellingtonians visiting the Zoo	2013: 50% 2012: 50% 2011: 50%	<b>2013: 49%</b> 2012: 52% 2011: 40%	Very close to target.  This data is from WCC residents survey; it is uncertain what impact the change in interviewing method for the survey has had.

### **Governance**

The Board of Trustees at 30 June 2013 was:

Ross Martin (Chair)  
 Francie Russell (Deputy Chair)  
 Linda Meade  
 Alan Dixson  
 Cr Simon Marsh (Council)

### **3. Key issues going forward**

#### **1. Continued visitor number growth**

WZT enjoyed excellent visitor growth in 2013, reaching a record 232,130 visitors, reflecting the continued improvements in the visitor experience offering and the Zoo Capital Plan investment. The challenge for WZT is to continue growth in visitor numbers to the Zoo and consolidate on its recent success. For 2013/14 WZT forecasts visitors of 216,890, which is well within the actual visitors achieved in 2012/13.

#### **2. Ability to raise capital donations**

Of the total \$5.2m the Trust needs to be able to source in capital donations for the Zoo Capital Plan (the 10-year capital programme totalling \$20.9m), it has already vested \$4.3m. This leaves WZT a balance of \$0.9m to be funded between 2013/14 and 2015/16 to meet its commitment to the Council under the Zoo Capital Plan (ZCP) agreement, including \$0.35m the Trust already has in its restricted funds.

During 2012/13, WZT received capital grants and donations of \$406k, including \$300k from Pub Charity (towards Meet the Locals) and \$50k from Infinity Foundation (towards Hero HQ).

As agreed under the original ZCP proposal, WZT has vested 25.0% of the total Zoo Capital Plan spend to date to the Council.

The remaining ZCP projects are the Australia Precinct, which has been updated and is due to open in September 2013, the Servals exhibit where work is due to commence in late 2013 or early 2014 and Meet the Locals. Meet the Locals is the Zoo's planned New Zealand precinct; the procurement process is underway and construction is anticipated to commence in summer.

#### **3. Continued focus on conservation and sustainability**

The Zoo continues to promote conservation and sustainability and position itself as a leader, within its industry and within the Wellington region, of sustainable business practices and conservation messaging. During 2012/13 Dr Sarah Rusholme conducted conservation stakeholder research on behalf of the Zoo and found that it is recognised as a leader in engaging the community in conservation issues. This role for the Zoo fits very well with the Council's increasing focus on the Our Living City programme.

### **4. Conclusion**

Wellington Zoo Trust had another very successful year in 2012/13, with record visitor numbers, positive media coverage, continued progress on the Zoo Capital Plan, \$1.8m in the bank (including restricted funds of \$0.5m) and a small positive operating surplus.

# KARORI SANCTUARY TRUST

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

The Karori Sanctuary Trust (Zealandia or the Trust) presents its unaudited Annual Report, financial statements and performance measures.

### 2. Highlights for the year

The 2012/13 year was both challenging and rewarding for the Trust. The challenges for the Trust are not over and the board and management are continuing to work hard toward securing the long-term sustainability of the sanctuary.

Significant achievements include:

- Confirmation of Council's funding commitment to Zealandia of \$2.1 million over three years to 2014/15.
- The development of a future-facing strategy by the new Board, staff and stakeholders, focused on building reputation, revenue and relationships.
- Funding from Wellington Regional Amenities Fund for a Year 1 pilot Nature Connections visitor experience project bringing together staff and stories from Wellington Zoo and Zealandia (lead partners), Pukaha Mount Bruce, Staglands and DOC.
- Revenue targets were achieved despite lower than forecast visitor numbers due largely to a higher number of paying visitors. Zealandia hosted its highest number of weddings to date, and food, beverage and function revenue for the year was strong.
- Volunteers donated over 36,000 hours to Zealandia – the equivalent of nearly \$500,000.
- 1,200 students from local schools participated in outreach<sup>1</sup> learning programmes: 40% more than last year.
- The Trust observed a 62% increase in breeding kākāriki pairs and 94% of Zealandia by Night tour visitors saw at least one kiwi - up from 85% last year.

### Statement of Financial Performance

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Income	2,749	2,749	2,654
Total Expenditure excl. depreciation	2,986	3,243	3,112
Operating Surplus/(Deficit)	(237)	(493)	(458)
Depreciation	915	940	929
Net Surplus/(Deficit)	(1,152)	(1,433)	(1,386)

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<sup>1</sup> Zealandia staff or volunteers visiting schools.

## Statement of Financial Position

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Current assets	886	470	1,229
Non current assets	17,060	17,072	17,912
Current liabilities	604	482	547
Non current liabilities	10,947	10,947	11,047
Equity	6,395	6,114	7,547
Current ratio	1.47	0.98	2.25
Equity ratio	35.6%	34.9%	39.4%

## Statement of Cash Flows

\$ '000	2011/12 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Operating	(128)	(537)	(543)
Investing	(62)	(100)	(83)
Financing	(141)	(133)	(100)
Net	(331)	(770)	(727)
Opening balance	1066	1066	1,793
Closing balance	735	296	1,066

A review of the Trust's unaudited draft financial statements for the year ended 30 June 2013 highlights the following points:

- Total revenue was on target at \$2.7m and operating expenses (excl. depreciation) were contained to \$3.0m. The Trust's operating deficit was \$237k for the year versus \$458k last year.
- After allowing for depreciation of \$915k, the reported year-end loss of \$1.15m was still an improvement on the previous year (\$1.39m loss) – however, the underlying negative cash flow still required the Trust to draw on its cash reserves by \$331k for the year (2012: cash reserves declined by \$727k).

## Key Performance Indicators (KPI)

The following KPI measures were provided by KST.

Measures	2011-12 Actual	2012-13 Actual	2012-13 Budget	Achieved/not achieved
(1.) Total visitor numbers	87,897	82,749	88,401	Not achieved
Membership units	4,830	4,527	5,139	Not achieved
(2.) No. of student visits (including outreach and school holiday programme)	6,556	8,121	6,751	Achieved
(3.) Average subsidy per visit	\$0.45	\$4.23	\$3.96	Not achieved
Average revenue per visit (excludes Council funding & interest)	\$29.13	\$28.69	\$27.05	Achieved

Visitors surveyed - Overall visitor experience	9.2	9.3	9.0	Achieved
Volunteer numbers	>400	428	>400	Achieved
% of school visits rate their overall satisfaction as being good to excellent	98%	100%	>98%	Achieved
Qualmark accredited	Maintain	Maintain	Maintain	Achieved

- (1.) Although visitor numbers were below target for the year, due in part to the decline in memberships during the year, paid visitors to the sanctuary were above target and the total revenue figures were on budget.
- (2.) The education and learning visitation figures are growing in strength and will continue to grow in importance as strategic partnerships with the likes of Victoria University of Wellington are developed.
- (3.) The subsidy per visitor figure is below target due in part to the lower than expected visitor numbers, but for the most part due to \$350k Council's grant.

## Operations

- As noted in the Trust's highlights, the Trust made a successful funding grant application to the Wellington Regional Amenities Fund for a Year 1 pilot Nature Connections visitor experience project bringing together staff and stories from Wellington Zoo and Zealandia (lead partners), with Pukaha Mount Bruce, Staglands and DOC.
- The Trust has received good visitor feedback for its new toutouwai/robin behaviour talks by trained volunteers.
- The Trust is scaling back kākā monitoring due to the increasing population – estimates are that there are now over 200 kākā in Wellington.
- At least four Maud Island frogs are now living outside the enclosures and the Trust observes healthy census results of Maud Island frogs within its enclosures.
- The Trust has received verification that the DOC-led pest fish eradication in 2011 in the upper lake and tributaries has been successful.
- A higher than expected number of two egg little spotted kiwi nests in the sanctuary.
- Engaged with more than 6,500 students and helped with planting thousands of trees in Wellington parks in conjunction with Council and local schools.
- Volunteers donated over 36,000 hours to Zealandia – the equivalent of nearly \$500,000.
- There are seven major research projects at Zealandia and the Trust hosts four PhD and two MSc projects in the valley, alongside research undertaken by Zealandia staff.
- In December 2012, Nancy Ward-McIntosh retired from the position of Chief Executive of the Trust and was replaced by Natasha Petkovic-Jeremic in an Acting Chief Executive capacity pending the appointment by the new board of a permanent Chief Executive.
- The Trust in conjunction with Council transitioned its payroll processing to Council's shared services programme.

- The Trust is working on options with Victoria University of Wellington to co-locate staff and students at Zealandia to develop a living laboratory experience at the sanctuary.

## **Governance**

An interim board was appointed for a 6 month term from June to December 2012 to review the Trust's operating performance in relation to applications for grant funding to support its operations. The interim board chair was Kevin Brady and other board trustees included George Hickton, Charles Daugherty, Pam Fuller and Stephen Thompson.

Upon the dissolution of the interim board, Denise Church and Phillip Meyer were appointed to the board by Council. George Hickton resigned and Charles Daugherty, Pam Fuller and Stephen Thompson were appointed until June 2013 and have since been reappointed for terms ending December 2015.

At 30 June 2012 the Trustees were;  
 Denise Church QSO, Chair  
 Prof. Charles Daugherty ONZM  
 Pam Fuller  
 Phillip Meyer  
 Steven Thompson

## **Guardians**

Jim Lynch, Chair  
 Matu Booth  
 Mike Britton  
 Andy Foster  
 Justin Lester  
 Peter Love  
 Nicky Nelson  
 Kate Underwood

## **3. Key issues and activities going forward**

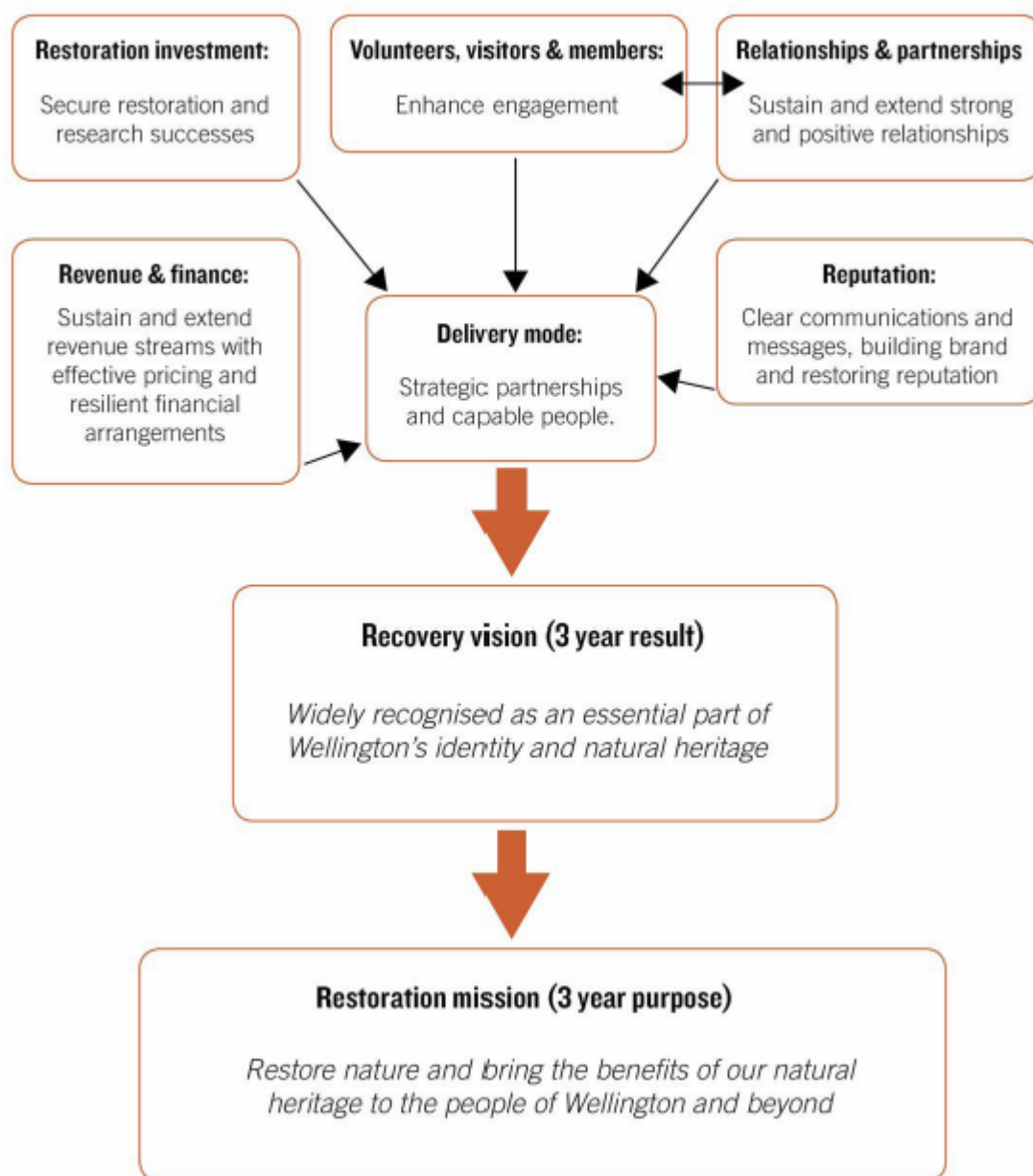
The Trust Board and management have worked hard since the beginning of the year to refine the work of the interim board into strategies that the business can adopt to help deliver sustainability and strengthen Zealandia's revenue, relationships and reputation.

The strategies aim to deliver on new statements of vision and mission.

- Vision: Zealandia is recognised by the people of Wellington as an essential part of Wellington's identity and natural heritage.
- Mission: To bring the benefits of our natural heritage to the people of Wellington and beyond.

The Trust has outlined its strategic objectives in a one-page plan for 2013/14. Delivering on these objectives are key priorities for the Trust this year.

## ONE PAGE PLAN FOR 2013/14



## 4. Conclusion

2012/13 was an important year for the Trust with Council committing \$2.1m funding over 3 years to support its operations. Although membership has fallen slightly and visitor numbers were below last year, the Trust's revenue (\$2,749k) met its budget and the Trust's operating loss before depreciation (\$237k) was a material improvement on the equivalent lost of \$458k last year. Notwithstanding, the Trust's operations are gradually reducing its cash reserves – albeit more slowly than was forecast 18 months ago. In 2012/13, the Trust's cash position reduced by \$331k which is a significant improvement on the reduction in 2011/12 of \$727k – but mostly attributed to Council's operating grant of \$350k. The Trust's new governance and management are focussed on executing a range of strategic initiatives designed to put the Trust on a footing which is likely to still require Council funding but at levels which are considered sustainable.

# WELLINGTON REGIONAL STADIUM TRUST

## REVIEW OF 2012/13 ANNUAL REPORT

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### 1. Purpose of report

The Wellington Regional Stadium Trust (WRST or the Trust) presents its Annual Report including audited financial statements and performance measures.

### 2. 2012/13 performance

- The Stadium hosted 53 events, including the Sevens tournament, the All Blacks vs Argentina match, the New Zealand vs England Twenty20 match, and Nitro Circus. Total attendance for the year was over 440,000.
- The Stadium hosted the first AFL Premiership game outside of Australia when St Kilda played the Sydney Swans on Anzac Day. An estimated 5,000 fans flew from Australia and the Stadium received positive feedback from both teams and the AFL. It also hosted a NZ Warriors NRL game as the home team for the first time, drawing a crowd of 28,096, including approximately 14,000 attendees from outside the Wellington region.
- The Trust achieved a net surplus of \$3.1m, down 22% on 2012 (which included Rugby World Cup), but well ahead of the budgeted \$2.3m.
- The external bank loan balance was \$7.9m at year-end, \$1.6m lower than the budgeted level of \$9.5m. At balance date the loan limit is \$13m, leaving \$5.1m in available drawdown funds.
- The Stadium Master Plan programme commenced during 2012/13.
- David Gray retired as Chief Executive after 16 years with the Trust. His successor is Shane Harmon.

### Financials

#### Statement of Comprehensive Income

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Income	16,702	15,130	18,715
Expenditure	13,640	12,810	14,802
Surplus/(Deficit)	3,062	2,320	3,913

#### Statement of Financial Position

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Current assets	1,296	1,330	2,484
Non current assets	95,654	96,860	94,114
Current liabilities	7,737	4,880	8,325
Non current liabilities	10,611	14,930	12,733
Equity	78,602	78,380	75,540
Current ratio	0.17	0.27	0.30
Equity ratio	81.1%	79.8%	78.2%



## Statement of Cash Flows

\$ '000	2012/13 FY Actual	2012/13 FY Budget	2011/12 FY Actual
Operating	3,462	3,060	5,345
Investing	(5,364)	(6,040)	(1,213)
Financing	430	2,000	(3,500)
Net	(1,472)	(980)	632
Closing balance	136	880	1,608

A review of the Trust's financial statements highlights the following points:

- Event revenue decreased by 20% to \$6.1m in 2013, but was above the budgeted level of \$4.7m.
- The Trust has seen a decrease in sponsorship and signage revenue, reflecting the challenging economic environment and corporate budgets post RWC2011. Costs have been tightly controlled, although insurance costs have increased 36% during 2013, reflecting the market.
- The ratio of net surplus to revenue for 2013 of 18.3% is lower than the 20.9% in 2012, with lower interest costs being offset by higher depreciation as the Master Plan work commenced.
- With \$2.8m of revenue accounted for by the amortisation of the original membership, corporate box and sponsorship funding, and these arrangements drawing towards the end of their existing terms, the Stadium's cash flow performance will become increasingly important in judging the Trust's performance going forward (relative to net surplus).
- The Trust continues to be in a healthy financial position, generating \$3.5m in operating cash flow for the year. While this is lower than the extremely strong \$5.3m generated in 2012, it is within the band of recent years' performance. The nine-year average operating cash flow is \$3.8m. The Trust has \$5.1m in available loan facilities and \$136k in cash on hand.

## Operations

- The Stadium's 2012/13 calendar remained extremely busy, featuring 53 events, including four community events. For the first time it hosted five major sporting codes, with the addition of the AFL and NRL games to the existing ITM Cup, Super Rugby, cricket and football fixtures.
- ITM Cup average attendance was 5,018 for the regular season, an increase of over 1,200 on the previous year. Super Rugby average attendances were 13,100, compared to 13,498 in the prior year, although the 23k fans that watched the game against the Chiefs in July 2012 assisted this average. Average attendances for Phoenix games were 6,512, down from 7,909 in the previous year.
- WRST has now commenced work on the Stadium Master Plan, the 10-year upgrade programme designed to maintain Westpac Stadium as a first-class facility. During 2012/13 work was completed on new changing rooms and a media room and upgrades were completed for two existing changing rooms and the Members Lounge on level 3.
- The first of a series of public-facing projects has commenced with construction of a new mezzanine lounge bar on the eastern side of the public concourse in August 2013. This is expected to be completed in early 2014.

- During 2013 the Trust provided turf management services worth \$233k to Basin Reserve at no charge and charged for services worth \$16k. Trust staff also provided resources and turf management assistance at Karori Park.

## Key Performance Indicators

<b>Performance Targets for Stadium Trust from 2012/13 Statement of Intent</b>			
<b>Measure</b>	<b>Target</b>	<b>Actual</b>	<b>Result</b>
Number of events	2013: 47 2012: 50 2011: 47	<b>2013: 53</b> 2012: 55 2011: 56	Achieved
Event revenue (\$000)	2013: 4,690 2012: 5,177 2011: 5,120	<b>2013: 6,097</b> 2012: 7,658 2011: 6,362	Achieved
Total revenue (\$000)	2013: 15,130 2012: 15,740 2011: 14,650	<b>2013: 16,702</b> 2012: 18,715 2011: 16,733	Achieved
Net Surplus/Deficit (\$000)	2013: 2,320 2012: 3,740 2011: 1,280	<b>2013: 3,062</b> 2012: 3,913 2011: 3,470	Achieved
Bank borrowing to total assets	2013: 9.7% 2012: 11.14% 2011: 13.8%	<b>2013: 8.2%</b> 2012: 7.8% 2011: 7.8%	Achieved

As noted in previous years, the Trust believes that the number of events held in 2013 was close to the maximum level that the Stadium can host in any one year. The number of regularly scheduled events from the principal tenants, combined with pack-in and pack-out days, training sessions and turf refurbishment does not leave much room for additional events to be scheduled.

## Governance

The board of trustees effective 30 June 2013 was:

John Shewan (Chair)  
 Sir John Anderson  
 Liz Dawson  
 Steven Fyfe  
 Susan Elliott  
 Mark McGuinness  
 Cr John Morrison (WCC)  
 Cr Chris Laidlaw (WRC)

### **3. Key issues going forward**

#### **1. Renewal of memberships and corporate box licenses**

The key issue currently facing the Trust is the renewal of the memberships and corporate boxes in 2015. Marketing of the new offerings is expected to commence in late 2013, with first priority going to existing members. The structure and take-up of these packages will have implications for the profitability and cash flow of the Trust.

#### **2. Encouraging attendance**

The Stadium had over 440,000 attendees in 2012/13; however, this is the lowest total attendance figure in many years. The anticipated national pick-up in rugby attendances post a strong All Blacks performance at the Rugby World Cup was not evident in 2012/13. In terms of the key sporting codes, although the ITM Cup average attendance was up on last year, Super Rugby and Phoenix average attendances were down.

It is important to note that the Trust does not control the key contributors to attendance figures: ticket prices, fixtures, and team performance. However, the Stadium does contribute to the quality of the fan experience at the ground and collaborative marketing efforts. Going forward, as noted in its annual report, the Trust is committed to working collaboratively with its key customers to enhance the fan experience and to ultimately achieve bigger crowds. It plans to do this through its Stadium Master Plan projects and even closer working relationships with the major sporting codes and the Council.

#### **3. Stadium Master Plan**

Work has now commenced on the Trust's Stadium Master Plan, the 10-year plan to ensure the Stadium remains a first-class and competitive venue. As noted earlier, the first in a series of public-facing projects has now commenced with the construction of the mezzanine lounge bar on the eastern side. This work, combined with the Trust continuing to work collaboratively with the Stadium's key customers, is designed to ensure the total fan experience is an excellent one and in line with international stadia standards.

### **4. Conclusion**

The Trust recorded another good result in 2012/13, particularly given the difficulty in following the Rugby World Cup focused 2011/12 year. Attendees overall were lower than the previous few years; however, there were also exciting new events (AFL, NRL home game) added to existing iconic events like the Sevens. In addition, work on the Master Plan commenced and the Trust's financial performance continued to demonstrate solid cash flow and an above budget surplus.

The stadia market remains a competitive one, particularly in the current economic conditions, however the Trust remains well positioned to continue to improve the fan experience through the Stadium Master Plan and will be focusing on its corporate box and member renewals.