

# 2012/13 LETTERS OF EXPECTATION TO COUNCIL CONTROLLED ORGANISATIONS

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## Discussion

The 2012/13 Letters of Expectation will be split into three parts:

- An introductory section stressing the importance of the SOIs, the need for quality and noting general issues and high-level Council outcomes largely affecting all the CCOs
- A short, focussed cover letter outlining the key issues for each CCO from an ownership perspective
- A more detailed appendix outlining what needs to be covered by the particular CCOs in their draft SOIs.

### 4.1 General Issues

A number of issues to be addressed in the Letters of Expectation relate to most or all of the CCOs and these points will be made in the covering letter, as follows:

- In 2011, the Council signed off on its vision for the future of Wellington through *Wellington Towards 2040: Smart Capital*. All Council business units are expected to align their strategic planning to *Wellington Towards 2040*, particularly the community outcomes: 'People-Centred City', 'Eco-City', 'Connected City' and 'Dynamic Central City'. In relation to this, each CCO will be asked to review individual Council strategies and plans (for example the Economic Development Strategy, Arts and Culture Strategy, Accessible Wellington Action Plan) relevant to their entity and clearly describe how their strategic priorities and planning align with the community outcomes outlined in *Wellington Towards 2040: Smart Capital*. They should also refer to the Council's supporting strategies in their short, medium and long-term planning. In particular, how do their key activities contribute to these community outcomes and are there activities which are undertaken that do not contribute to these outcomes? Where there are non-contributing activities, a clear understanding of why these activities are undertaken, the cost of providing these services and any implications from ceasing these activities needs to be articulated.
- Reflecting the continuing difficult economic environment for ratepayers and the financial pressures on Council, which include dealing with the impact of leaky buildings and earthquake strengthening, CCOs will be required to consider how their services and activities can be delivered within the current

funding arrangements and to clearly identify options to reduce the level of funding reliance on Council. This may include shared service opportunities, increasing non-Council revenue streams, partnering with other organisations to deliver services/activities and other options to deliver sustainably more for less.

- Continuing the focus of CCOPS on risk management, the LoE will ask all CCOs to describe:
  - how they manage health and safety responsibilities within their organisation, and identify any associated liability for the Council;
  - an overview of their insurance programme outlining coverage and deductibles and explanations of any material changes from prior years; and
  - their business continuity plan status.
- Note that the Council is undertaking a governance review, which may potentially have future implications for some of its CCO operations.

## 4.2 Specific Issues

As noted above, officers have compiled a list of key issues for each CCO to address in its SOI. If the Subcommittee agrees, then these points will be incorporated into the Letter of Expectation.

<b>CCO</b>	<b>Key issue</b>
Basin Reserve Trust	<ul style="list-style-type: none"> <li>• Outline the deferred maintenance and renewal priorities, timing of the work programmes required and detailed cost profile.</li> <li>• Outline of the process and timeline for the renegotiation of the Turf Management contract with the Wellington Regional Stadium Trust.</li> <li>• Outline plans to improve the utilisation of the Basin, particularly in collaboration with Council’s Events team</li> <li>• Provide an update on plans for a new stand to mitigate the effects of the proposed flyover, including timelines and needs for approval</li> </ul>
Capacity Infrastructure Limited	<ul style="list-style-type: none"> <li>• Outline the tangible results the Company expects to achieve in continuing work on the regional delivery of water and drainage services, including deadlines. Examples should include:               <ul style="list-style-type: none"> <li>○ The finalisation and presentation of a business proposal to PCC; and</li> <li>○ An analysis presented to WCC and HCC of the implications to them if new shareholders are added.</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Outline in detail the planned delivery outcomes and deadlines (including education) for the water conservation and emergency response strategies (including emergency water availability), now that initial plans have been developed.</li> <li>• Investigate and validate work on WCC's renewals curves, as this is a key part of the Council's resilience planning.</li> <li>• Please note that WCC will be reviewing its water and drainage KPIs as part of the Long Term Plan process. The SOI KPIs will be reviewed as part of this broader work programme.</li> </ul>
Positively Wellington Tourism	<ul style="list-style-type: none"> <li>• Lead the development of a plan, to be developed in conjunction with Parks and Gardens, Zealandia, the Museums Trust and Wellington Cable Car, to better leverage marketing between the attractions in the Kelburn precinct.</li> <li>• Significant focus on providing promotion and support to the Council's CCOs, including taking the lead on promoting Wellington's performance and events spaces to local, national and international markets.</li> <li>• In relation to PWT's priority KPIs and initiatives, provide details of their expected value-add.</li> <li>• Outline strategies to maintain the level of Australian visitors to Wellington following the completion of the Council funding initiative in 2011/12.</li> <li>• Please note that WCC is currently reviewing how to progress its Destination Wellington objective.</li> </ul>
Positively Wellington Venues	<ul style="list-style-type: none"> <li>• Outline in detail the economic and operational impact of planned earthquake strengthening work on the Town Hall and Opera House, and strategies for mitigating the disruption to business.</li> <li>• Council has an expectation that Venues will have completed its establishment phase during the 2011/12 financial year and will transition to break even in the next financial year and deliver appropriate operating surpluses thereafter.</li> <li>• Detail strategies and relevant KPIs for advancing community engagement and venue access.</li> </ul>

	<ul style="list-style-type: none"> <li>• Agree on measures that capture performance data and refine KPIs to be presented in the SOI accordingly.</li> <li>• Participate in discussions, to be led by WCC, about the potential for additional events spaces in the city.</li> </ul>
Wellington Cable Car Limited	<ul style="list-style-type: none"> <li>• Outline in detail how the Company intends to continue improving the attractiveness of the cable car offering to passengers, including tourists, and how the cable car experience can be better integrated with the full range of tourist and visitor experiences at the top of the Cable Car.</li> <li>• Discuss the proposed redevelopment of the Kelburn terminal, including an outline of anticipated functionality improvements and other benefits of the work, budgets, delivery milestones and risk management plans.</li> <li>• Please note that any plans with financial implications for WCC should be linked, where relevant, to the Council's Long Term Plan and Cable Car Precinct work.</li> <li>• Participate in the development of a plan, to be led by PWT and developed in conjunction with Parks and Gardens, Zealandia and the Museums Trust, to better leverage marketing between the attractions in the Kelburn precinct.</li> <li>• Update on the status of the work on user charges on poles for the overhead trolley bus network and the technical review group and how these issues can be progressed to satisfactory conclusions.</li> </ul>
Wellington Museums Trust	<ul style="list-style-type: none"> <li>• Noting that the Carter Observatory management agreement is due to expire on 30 June 2012, the Trust is asked to report to Council on the option to extend the term of the agreement or make this arrangement more permanent.</li> <li>• Address strategies and actions for turning around lower-than-budgeted visitor numbers at City Gallery, including opportunities for partnerships and collaboration.</li> <li>• Outline the plans and commercial potential of either a refurbished Capital E building or a new home for Capital E.</li> <li>• Detail the plan and timeframe for further work on Plimmer's Ark.</li> <li>• Participate in the development of a plan, to be</li> </ul>

	<p>led by PWT and developed in conjunction with Parks and Gardens, Zealandia and Wellington Cable Car, to better leverage marketing between the attractions in the Kelburn precinct.</p>
<p>Wellington Waterfront Limited</p>	<ul style="list-style-type: none"> <li>• Within the Waterfront framework, consider and present options to maximise or increase commercial revenues on the Waterfront over the next 10 years, including the range of development options and ideas for introducing an events focus in to the work programme.</li> <li>• Present an impact assessment and forward work programme for the wharf pile maintenance and upgrade project that shows the impact of this work on the loan financing profile.</li> </ul>
<p>Wellington Zoo Trust</p>	<ul style="list-style-type: none"> <li>• Update on the remaining term of the Zoo Capital Plan and the associated fundraising strategy.</li> <li>• Discussion of the status of upgrade work post the completion of the current ZCP.</li> <li>• Trust plans to improve the financial sustainability of the Zoo and continue to decrease the reliance on Council funding.</li> </ul>
<p>Westpac Stadium Trust</p>	<ul style="list-style-type: none"> <li>• Update on the development of the Master Plan.</li> </ul>