

**REPORT 1**  
(1215/11/IM)

**Report of the Council Controlled Organisation Performance  
Subcommittee**  
**Meeting of Monday 12 March 2012**

**Members: Mayor Wade-Brown, Denise Church, Alan Isaac (Chair), Councillors  
Coughlan, Marsh and Ritchie.**

**THE SUBCOMMITTEE RECOMMENDS:**

1. **ITEM 006/12FM REVIEW OF PERFORMANCE OF ALL COUNCIL  
CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED  
31 DECEMBER 2011**  
(1215/52/02/IM) (REPORT 2)

*THAT Strategy and Policy Committee:*

1. *Note the following matters with regard to the second quarter 2011/12  
performance of Council Controlled Organisations:*
  - (a) *The Basin Reserve has been engaged in a busy period of  
maintenance and activity in preparation for the cricket season.  
The Trust has continued to advance its programme of deferred  
maintenance work, with attention focussing this quarter on  
replacing parts of the roof of the R.A. Vance stand. The Trust  
has extended the night time closure of the Basin Reserve  
through to June 2012.*
  - (b) *Capacity is continuing the Messines Road Reservoir upgrade,  
with tank 2 commissioned in December. Construction work on  
the Tacy St stormwater pump station is complete and  
commissioning of the pumps will now occur in March.*
  - (c) *Positively Wellington Tourism reports that the calendar year  
2011 has been a strong year for tourism numbers and  
businesses in Wellington. There was significant growth in  
arrivals from Australia to Wellington, well ahead of the national  
trend.*
  - (d) *Much of the focus for the second quarter of trading as Positively  
Wellington Venues was focused on setting up the business  
structures and operational mechanisms. Venue utilisation  
tracked well for the quarter with performances accounting for*

- (e) *35% of utilisation and convention/events business taking 65%. Forward bookings for 2012/13 are tracking at 60% of budget, but Positively Wellington Venues reports a loss to date of \$700k of business as a result of hires pulling out in response to seismic issues and concerns. As a result of transition and one-off costs, the year-to-date result is (\$556k), \$408k behind the projected deficit of (\$148k).*
- (f) *Following a strong November and December, Wellington Cable Car passenger numbers for the second quarter were 289,417, which was in line with budget and 12% above the same period last year. Year to date passenger numbers are 5% below budget, but 5% above last year.*
- (g) *Overall, visitor numbers for the Museums Trust in the second quarter (including Carter) were 169,163, 9.6% below the budget of 175,760. Oceania at the City Gallery did not achieve the projected audience numbers. Carter Observatory celebrated the 70th anniversary of the opening of the observatory on 20 December.*
- (h) *Final preparations were made ahead of construction beginning on the Overseas Passenger Terminal redevelopment, with tenants successfully relocated to temporary site. Work continued on development and design options for Site 10, with a development agreement signed with Newcrest Group conditional on the approval of the Wellington City Council in quarter three. As at 31 December, the loan advance was \$13 million, but should commercial proceeds from the sale of the Shed 5 lease not be realised then Wellington Waterfront Limited will exceed their \$15 million loan financing by year end.*
- (i) *Year to date visitation of 104,481 for the Zoo was ahead of target by 13,734 (or 15%) and ahead of last year by 7,215 (or 7%). Management continue to attribute this to favourable word of mouth and press, particularly related to the strategic Zoo Capital Plan improvements.*
- (j) *The New Zealand Local Government Funding Agency was incorporated on 1 December 2011 with paid up capital of \$25m, including a \$5m ordinary shareholding by the New Zealand Government. Wellington City Council is an establishment shareholder with 8% of the paid up capital (\$2 million).*
- (k) *The outstanding event for the half for the Wellington Regional Stadium Trust was the Rugby World Cup. The Stadium hosted 8 games, including 2 quarter finals, and received very positive feedback from both patrons and organisers. It is on track to deliver an above budget full year result.*

- (l) *Visitors for Zealandia for the second quarter were 25,829, 8.5% below the budget of 28,238. However, revenue for the quarter was only 4% below budget reflecting higher trading revenue per visitor.*

2. **ITEM 007/12FM REVIEW OF DRAFT STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR 2012/13**  
(1215/52/02/IM) (REPORT 3)

*THAT Strategy and Policy Committee:*

1. *Note that:*

- (a) *The Chair will write to each organisation, on the basis of the officer assessment provided in this cover report and as detailed below, requesting changes for final 2012/13 Statements of Intent for presentation to this Subcommittee at its meeting of 8 June 2012:*

*Capacity Infrastructure Services Limited*

- *Recognising that Capacity manages contractors on behalf of Wellington City Council, confirm that Capacity has an active process for considering health and safety obligations for contractor management at each stage of: pre-qualification of contractors, engagement of contractors, induction and monitoring of contractors, and an annual or post project review of the contractor's performance;*
- *Include any update on the proposed new model with Upper Hutt City and Porirua City as additional shareholders;*
- *Add commentary on Capacity's four principal strategies for example progress made to date, how future progress will occur and how it will be measured;*
- *Set out a clearer explanation of the alignment between the business objectives and the Company's activities;*
- *Have a greater emphasis on resilience, including discussion on the progress of emergency water availability work and the seven activities in the Water Conservation and Efficiency Plan;*
- *Provide additional detail on the plans and timing of the analysis to investigate and validate work on renewals forecasts;*
- *Include three years worth of performance targets;*
- *Include wording equivalent to "any performance measures where targets are not being achieved (or as requested by shareholders) will be included and*

*commented upon in Capacity's reports" in the KPI section;*

- *Include an outline of all of the Councils' Long Term Plan measures as a schedule;*
- *Discuss the progress of benchmarking and comparative analysis work;*
- *Reflect the agreed Long Term Plan funding at that point in time and make comment on any financial and resourcing implications of the final work programme level;*
- *Add a revised column with an estimate to 30 June 2012 as a comparison point for the forecast figures; and*
- *Include a sentence confirming the Company's commitment to its relationship with its Council shareholders and a "no surprises" policy of open and transparent communication and accountable reporting.*

#### *Positively Wellington Tourism*

- *KPIs need to be reviewed as to whether "at 2011/12 levels" is appropriate in order to give actual performance targets and include commentary on why a number of KPIs are at static levels;*
- *Quarterly KPI targets should be phased where appropriate;*
- *Include three years of performance targets across the KPIs;*
- *Confirm that Positively Wellington Tourism has appropriate health and safety policies in place to meet its responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work procedures; and*
- *The Letter of Expectation discussed communication and access to information and the Trust's Statement of Intent needs, therefore, to reference the "no surprises" basis for operations and decision making and have a statement confirming the principles governing the relationship between the Council and the Trust.*

#### *Wellington Museums Trust*

- *Make links to other relevant Council strategies, e.g. recently adopted Arts and Culture Strategy;*
- *Include commentary on why visitor forecasts are static for Capital E, City Gallery and Museum of Wellington;*
- *Include more information on the specific strategies to address visitor numbers at the City Gallery;*
- *Outline plans to address the 2014/15 deficit;*

- *Provide updated plans regarding the Capital E redevelopment and the Plimmer's Ark project; and*
- *Confirm that the Trust has appropriate health and safety policies in place to meet its responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work procedures.*

*Wellington Zoo Trust*

- *Add discussion on the Asia Precinct and Meet the Locals projects and what they will add to the current Zoo experience;*
  - *Reflect the agreed Long Term Plan funding at that point in time and make comment on any potential impact on service provision and options to address this situation;*
  - *Confirm that the Trust has appropriate health and safety policies in place to meet its responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, and safe work procedures;*
  - *Recognising that the Trust manages contractors on behalf of Wellington City Council, confirm that it has an active process for considering health and safety issues at each stage of: pre-qualification of contractors, engagement of contractors, induction and monitoring of contractors, and a post project review of the contractor's performance;*
  - *Include three years worth of performance targets; and*
  - *Reinstate a performance measure around accessibility to Wellingtonians and one around income per visitor or Trust generated spend per visitor.*
- (b) *The draft Statements of Intent for the remaining Council Controlled Organisations will be presented to the Council Controlled Organisation Performance Subcommittee at its meeting on 23 April 2012.*

**Alan Isaac**  
**Chair**