
REPORT 12
(1215/11/IM)

Report of the Strategy and Policy Committee
Meeting of Tuesday 1 June 2010

Members: Mayor Prendergast, Councillors Ahipene-Mercer, Best, Cook, Coughlan, Foster (Deputy Chair), Gill, Goulden, McKinnon (Deputy Chair), Morrison, Pannett, Pepperell, Ritchie, Wade-Brown and Wain.

MATTERS CONSIDERED BY THE COMMITTEE

The Strategy and Policy Committee dealt with a number of issues for which it has delegated powers to act and therefore these are before the Council for noting.

The Committee hereby recommends that the information be received.

1. **ITEM 127/10P 2010/11 DRAFT ANNUAL PLAN: SUMMARY OF CONSULTATION**
(1215/52/IM) (REPORT 1A)

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Receive the submissions that were lodged as part of the special consultative procedure for the 2010/11 Draft Annual Plan (previously distributed).*
3. *Note that a response will be provided to all submitters on the issues raised in their submissions following adoption of the 2010/11 Annual Plan.*
4. *Note that submissions of an operational nature have been provided to relevant business units for consideration against existing work programmes and will be actioned as appropriate.*

2. **ITEM 128/10P 2010/11 DRAFT ANNUAL PLAN: REPORT OF THE HEARINGS SUBCOMMITTEE**
(1215/52/IM) (REPORT 1B)

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Receive the minutes of the draft Annual Plan Hearings Subcommittee meeting of 13 May 2010 (attached as appendix one to the Officer's Report).*

3. **129/10P CONSULTATION ON DRAFT 2010 CLIMATE CHANGE ACTION PLAN**
(1215/52/IM) (REPORT 2)

THAT the Strategy and Policy Committee:

1. *Receives the information.*
2. *Note that 82 written submissions were received and 22 oral submissions were heard on the draft 2010 Climate Change Action Plan during the consultation process undertaken from 9 April to 10 May 2010.*
3. *See Part A.*
4. *See Part A.*
5. *See Part A.*
6. *See Part A.*
7. *Agree to amend the draft 2010 Climate Change Action Plan to clarify:*
 - (a) *how transport, urban planning and other strategies will be reviewed as part of the City Strategy – Wellington 2040 project;*
 - (b) *how some transport solutions can both reduce emissions and reduce risks relating to oil supply constraints and high oil prices;*
 - (c) *how the Council will lead community engagement and inclusion in decision making relating to climate change action;*
 - (d) *how reductions in aviation emissions rely on improvements in aircraft and fuel technologies;*

- (e) *the methodology for measuring community emissions;*
- (f) *the Council's corporate emission reduction targets (which were not included in the draft CCAP);*
- (g) *that biodiversity is a key consideration when promoting forestry development.*

8. *See Part A.*

9. *Delegate to the portfolio leader for climate change and the Chief Executive the authority to make any changes required to reflect the decisions of this Committee, prior to the Climate Change Action Plan going to Council.*

4. **ITEM 134/10P COUNCIL CONTROLLED ORGANISATION
PERFORMANCE SUBCOMMITTEE
(1215/52/IM) (REPORT 7)**

THAT the Strategy and Policy Committee:

1. *Notes that:*

(a) *the Chair will write to each organisation, on the basis of the officer assessment provided in the officer's report and as detailed below, requesting changes for final 2010/11 Statements of Intent for presentation to this Subcommittee at its meeting of 24 June 2010.*

(b) *Relevant Council Controlled Organisations:*

(i) *Outline potential strategies for dealing with the likely Government GST increase from 12.5% to 15% from 1 October 2010.*

(ii) *Address the Letter of Expectation request with respect to what services could be foregone if annual operating grants were reduced by 5%.*

(iii) *Include level of Council subsidy per visitor as a Key Performance Indicator.*

(c) *Basin Reserve Trust:*

(i) *Outline additional operational risks that the Trust may face such as loss of funding, insufficient number and type*

of events, emergence of rival venues, etc. and information about mitigation measures relating to these risks.

- (ii) Outline how the Trust plans to achieve Council's funding at less than 35% of total income.*
- (iii) Provide some indications of the plans for the screen replacement in the future.*
- (iv) Provide information about leveraging the key visitor attractions and the hop on–hop off bus initiative.*

(d) Capacity Infrastructure Services Limited:

- (i) Include discussion on having achieved anticipated efficiencies from past investments and ways to achieve further efficiencies.*
- (ii) Include some further discussion on climate change and waste minimisation.*
- (iii) Set out more detail on the historic return to shareholders from Capacity's business expansion.*
- (iv) Clarify that the development of the Company's benchmarking methodology does not replicate work being undertaken elsewhere.*
- (v) Provide more detail of the risks that Capacity faces, their probability and impact, and mitigation measures that it has in place.*
- (vi) Explain how the realignment of resources will impact the Company and under what circumstances shareholders could be asked for additional funding.*
- (vii) Include the agreed wording on Key Performance Indicators reporting, incorporating Service Level Agreement Key Performance Indicators which are not being achieved and those specifically requested to be included.*

(e) Positively Wellington Tourism:

- (i) Include all performance measures regarding the Australian marketing campaign, as agreed at the Strategy and Policy Committee meeting in June 2009.*

- (ii) *Demonstrate how the Trust will achieve its objective to maintain Council funding at less than 50% of total income.*
 - (iii) *Include information about reasons for the stagnant trading income.*
 - (iv) *Provide information on how the Trust will achieve an increase of 5% in visitor expenditure as it forecasts to increase visitor numbers (except for Australia) by 2% from the previous year's levels.*
 - (v) *Define Key Performance Indicators in relation to Zealandia: Karori Sanctuary experience and the Carter Observatory.*
 - (vi) *Provide information about leveraging the key visitor attractions and the hop on–hop off bus initiative.*
- (f) *St James Theatre Trust:*
- (i) *Detail its proposed activities in relation to climate change action, and waste minimisation and emissions trading legislation.*
 - (ii) *Present forecast financial statements for 2010/11 to 2012/13, and work with officers to develop Key Performance Indicators that measure performance against their stated objectives.*
- (g) *Wellington Cable Car Limited:*
- (i) *Include strategic discussion of the Company's plans for the Rugby World Cup, improving the visitor experience in the Kelburn precinct, increasing coordination with other Kelburn precinct stakeholders, and the progress of the overhead trolley bus network review work and funding agreement.*
 - (ii) *Set out the Company's plans for achieving additional revenue through use of the existing overhead trolley bus network.*
 - (iii) *Include further discussion of climate change and waste minimisation.*
 - (iv) *Provide some further detail of the Risk and Vulnerability schedule.*

- (v) *Provide further detail on the Cable Car tourism new initiatives Key Performance Indicator.*
 - (vi) *Provide information about leveraging the key visitor attractions and the hop on–hop off bus initiative.*
- (h) *Wellington Museums Trust:*
- (i) *Provide information about the review timeline and updated financial statements for 2010/11.*
 - (ii) *Include more explanation of the City Gallery’s risk rating and forecast visitor numbers.*
 - (iii) *Provide information about new/reviewed strategy and expected Council support relating to Capital E.*
 - (iv) *Provide some further detail of how the Trust and Carter will leverage off the other visitor attractions.*
 - (v) *Include commentary regarding Carter funding from fundraising activities and its future capital programme.*
 - (vi) *Provide information about leveraging the key visitor attractions and the hop on–hop off bus initiative.*
- (i) *Wellington Waterfront Limited:*
- (i) *Agree performance measures once the final waterfront development plan is approved.*
- (j) *Wellington Zoo Trust:*
- (i) *Clearly articulate the strategies in place to increase visitation and in so doing, reduce the Trust’s reliance on Council funding.*
 - (ii) *Discuss strategies to address performance measures which are flat or declining.*
 - (iii) *Provide information about leveraging the key visitor attractions and the hop on–hop off bus initiative.*

- (k) *Wellington Regional Stadium Trust:*
 - (i) *Note that the Trust will include in its standard reporting an update when it completes the risk management processes identified by Marsh and when it receives the outcome of the energy audit.*
 - (ii) *Include discussion of the Trust's intention to remedy the current issues with the cladding and roof, regardless of the court proceedings outcome.*

- (l) *Karori Sanctuary Trust:*
 - (i) *Outline in more detail the mitigation measures relating to the risk of not achieving the visitor and revenue targets.*
 - (ii) *Include the key mechanisms and practical implications of the Memorandum of Understanding agreement between Positively Wellington Tourism and Karori Sanctuary Trust.*
 - (iii) *Outline how the Trust is going to work closely and leverage off other Council Controlled Organisations e.g. Cable Car and Carter Observatory.*
 - (iv) *Include information about monthly reporting in the first year of the operation as requested by Council Controlled Organisation Performance Subcommittee.*
 - (v) *Agree to finalise an Asset Management Plan.*
 - (vi) *Provide information about leveraging the key visitor attractions and the hop on–hop off bus initiative.*

5. **ITEM 135/10P COUNCIL CONTROLLED ORGANISATION
PERFORMANCE SUBCOMMITTEE
(1215/52/IM) (REPORT 8)**

THAT the Strategy and Policy Committee:

- 1. *Notes the following matters with regard to the second quarter 2009/10 performance of Council Controlled Organisations:*
 - (a) *The Basin Reserve Trust has completed the construction of the off-field practice wicket and already received positive feedback and the highest possible rating from the International Cricket Council.*

- (b) *Council officers continue to work with Capacity to finalise the new Service Level Agreement and anticipate having it signed by the end of April 2010.*
 - (c) *Positively Wellington Tourism received \$1 million additional funding from the Government for its Australia marketing campaign. The campaign has already started and the Australian visitor numbers are performing particularly well.*
 - (d) *The St James Theatre Charitable Trust received Council approval to go overdrawn in January but expects to be back in credit before June 2010.*
 - (e) *Cable car passenger numbers were impacted in the quarter by poor weather, however, passenger numbers over the medium term are likely to be helped by the reopening of Carter Observatory.*
 - (f) *The Museums Trust continues to perform well with visitor numbers and revenue targets higher than budget. The Trust offered a range of exhibition and public programmes and celebrated 10 years of Museum of Wellington City and Sea. The transition of Carter to the Museums Trust is progressing as planned and is expected to be completed by July 2010.*
 - (g) *The Zoo successfully tendered the catering operations during January and February and announced Mojo as the new operator starting 1 March 2010.*
 - (h) *Wellington Regional Stadium Trust had a very good second quarter which included hosting the sell-out All Whites game to secure a place in the Football World Cup. The year-to-date surplus is well above budget and the annual result should also comfortably exceed the original budget.*
 - (i) *The Karori Sanctuary Visitor Centre Project continues on time and on budget and it is due to open to the public on 2 April 2010.*
2. *Notes that the Council Controlled Organisation Performance Subcommittee continues to monitor the Karori Sanctuary Visitor Centre project at the direction of the Strategy and Policy Committee and that, further to the previous Council Controlled Organisation Performance Subcommittee update report on 7 December 2009, the next update report is included within this report.*

6. **ITEM 136/10P TO ESTABLISH A NEW COUNCIL-CONTROLLED TRADING ORGANISATION TO MANAGE THE MERGED OPERATIONS OF THE ST JAMES THEATRE CHARITABLE TRUST AND THE WELLINGTON CONVENTION CENTRE (1215/52/IM) (REPORT 6)**

THAT the Strategy and Policy Committee:

1. *Receives the information.*
2. *See Part A.*
3. *See Part A.*
4. *See Part A.*
5. *See Part A.*
6. *See Part A.*
7. *See Part A.*

7. **ITEM 139/10P COMMUNITY FACILITIES POLICY AND IMPLEMENTATION PLANS FEEDBACK FROM CONSULTATION (1215/52/IM) (REPORT 3)**

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *See Part A.*
3. *Delegate the authority to the Chief Executive and the Social Portfolio Leader to make any changes required to reflect the decisions of this committee prior to the Community Facilities Policy going to Council.*
4. *See Part A.*
5. *See Part A.*
6. *See Part A.*
7. *See Part A.*
8. *See Part A.*
9. *See Part A.*

10. *See Part A.*
11. *See Part A.*
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24. *See Part A.*
25. *See Part A.*
26. *See Part A.*
27. *See Part A.*
28. *See Part A.*
29. *See Part A.*

8. **ITEM 140/10P 2010/11 DRAFT ANNUAL PLAN: KEY ISSUES AND FUNDING REQUESTS**
(1215/52/IM) (REPORT 4)

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Note that decisions relating to the draft Community Facilities Policy and the draft Climate Change Action Plan are covered in reports two and three and will be included in the final 2010/11 Annual Plan presented to Council.*
3. *Agree the variances (as per the Draft Annual Plan and outlined in appendix one) be included in the final 2010/11 Annual Plan.*

| <i>Variance</i> | <i>2010/11 \$000 (Opex)</i> | <i>2010/11 \$000 (Capex)</i> | <i>Out-year funding / comment</i> |
|---|-------------------------------------|--------------------------------------|--|
| <i>(a) Rugby World Cup Village</i> | <i>100</i> | <i>-</i> | <i>An additional \$50k of operational funding in 2011/12</i> |
| <i>(b) CBD Street Cleaning</i> | <i>225</i> | <i>-</i> | <i>The increase in operational funding in the out-years is \$450k per year with an extra variation during the Rugby World Cup of \$350k.</i> |
| <i>(c) Rugby World Cup Sculpture</i> | <i>11</i> | <i>350</i> | <i>-</i> |
| <i>(d) Maori Heritage Trail</i> | <i>-</i> | <i>37</i> | <i>-</i> |
| <i>(e) Newtown Park sportsfield upgrade</i> | <i>-</i> | <i>-</i> | <i>Budget: 37k of operational expenditure in 2011/12.</i> |
| <i>(f) Courtenay Place toilets upgrade</i> | <i>-</i> | <i>500</i> | <i>-</i> |
| <i>(g) Parking advisory signs</i> | <i>-</i> | <i>300</i> | <i>-</i> |
| <i>(h) Waterloo Quay Roading improvements</i> | <i>-</i> | <i>-</i> | <i>Rephasing of work</i> |
| <i>(i) Fences and guardrails</i> | <i>115</i> | <i>-</i> | <i>-</i> |

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|-----|--|-----|---------|---|
| (j) | <i>St James Theatre Charitable Trust</i> | 217 | - | - |
| (k) | <i>Lyall Bay Surf Club</i> | - | 300 | - |
| (l) | <i>Bus shelters</i> | - | 250 | <i>An additional \$100k from 2011/12</i> |
| (m) | <i>Basin Reserve Trust</i> | - | 112 | - |
| (n) | <i>Enviroschools</i> | 10 | - | - |
| (o) | <i>Strengthening the City to Sea Bridge</i> | - | 250 | - |
| (p) | <i>Repiling of Aro Valley community hall</i> | - | 100 | - |
| (q) | <i>New signage for dog areas</i> | - | 40 | - |
| (r) | <i>Spatial Structure Plan</i> | 55 | - | - |
| (s) | <i>Development of a computerised model</i> | - | 18 | - |
| (t) | <i>Adelaide Rd</i> | - | (3.431) | <i>Recognising change in LTNZ funding reducing the total project by \$10.255m</i> |

Note: interest and depreciation of capital variances are not reflected in the table but are included in the projects and programmes budget attached to report 5.

4. *Agree to include the following funding additions (detailed in appendix two, as amended) and changes in the final 2010/11 Annual Plan:*

| <i>Variance</i> | <i>2010/11 \$000 (Opex)</i> | <i>2010/11 \$000 (Capex)</i> | <i>Out-year funding / comment</i> |
|--|-------------------------------------|--------------------------------------|---------------------------------------|
| (a) <i>Restoring the Golden Mile legal costs</i> | - | 277 | - |
| (b) <i>Aro Valley Community Hall insulation</i> | - | 10 | - |
| (c) <i>City Housing Upgrade programme</i> | - | - | <i>Rephasing of work</i> |

| | | | | |
|-----|---|----|-----|---|
| (d) | Safety upgrade of Constable/Riddiford St park | 15 | 200 | - |
| (e) | Liquor Bylaw signs / communication (provision) | 15 | 75 | - |
| (f) | Wellington Zoo Trust additional operating funding | 90 | - | - |

5. *Note the response to prominent matters and funding requests raised during the consultation period as outlined in appendix three, as amended.*
6. *Note that submissions that related to operational matters such as maintenance or renewal works have been provided to relevant officers and will be considered alongside existing work programmes.*

9. **ITEM 141/10P RECOMMENDED ADOPTION OF THE 2010/11 ANNUAL PLAN**
(1215/52/IM) (REPORT 5)

THAT the Strategy and Policy Committee recommends that Council:

1. *Agree the projects and programmes budgets, the Forecast Funding Impact Statements and the schedule of fees and charges attached to this report (noting that any changes arising as part of these deliberations will be incorporated into the final statements presented to Council).*
2. *Agree that officers prepare the 2010/11 Annual Plan based on the 2010/11 draft Annual Plan and reflect any changes agreed at this meeting of the Strategy and Policy Committee (1 June 2010).*
3. *Note that as a result of the '2010 Budget' Goods and Services Tax (GST) will increase from 12.5% to 15% with effect from 1 of October 2010. This will necessitate changes to the GST component of rates, fees and user charges, which will be incorporated into the final statements presented to Council.*
4. *Note that the 2010/11 Annual Plan does not include any provision of costs associated with the Government proposal on weathertight homes.*

Mayor Prendergast
Chair