
**REVIEW OF COUNCIL CONTROLLED ORGANISATIONS
BUSINESS PLANS 2006/07**

1. Purpose of Report

This report provides the Subcommittee with an overview of the 2006/07 Business Plans submitted by entities for Council approval in compliance with the requirements of their funding deeds.

2. Recommendations

It is recommended that the Subcommittee:

1. *Receive the information.*
2. *Confirm the issues, if any, that it wishes to draw to the attention of the Strategy and Policy Committee in relation to the business plans submitted by:*
 - *Basin Reserve Trust*
 - *Capacity (Wellington Water Management Ltd)*
 - *Positively Wellington Business*
 - *Positively Wellington Tourism*
 - *Wellington Cable Car Ltd*
 - *Wellington Museums Trust*
 - *Wellington Regional Stadium Trust*
 - *Wellington Zoo Trust*
3. *Note that St James Trust has not had time to submit their Business Plan to their board for approval. Their Business Plan will be tabled at the next Subcommittee meeting.*

3. Background

Under the arrangements that the Council has with its Council Controlled Organisations (CCOs), set out in their Trust deed, funding deed or management agreement, they are

required to present their annual Business Plan and Statement of Intent to the City Council for ratification. In some cases, this requirement also encompasses a strategic plan.

It is the Subcommittee's role to review these documents and bring any matters that it believes are pertinent to the Strategy and Policy Committee's attention. It is noted that the Strategy and Policy Committee has the delegated authority to approve the business plans.

4. Discussion

4.1 Inclusions

Existing CCOs

As noted above, all CCOs are required to present their annual Business Plan for ratification. The following entities were included in the 2005/06 review and, with the exception of St James Trust, have all provided 2006/07 Business Plans for review:

- *Basin Reserve Trust*
- *Capacity (Wellington Water Management Ltd)*
- *Positively Wellington Business*
- *Positively Wellington Tourism*
- *St James Theatre Trust*
- *Wellington Cable Car Ltd*
- *Wellington Museums Trust*
- *Wellington Regional Stadium Trust*
- *Wellington Zoo Trust*

Wellington Regional Stadium Trust

The Business Plan for the Wellington Regional Stadium Trust is also included. In June 2005 the Court of Appeal heard a case between the Inland Revenue Department (IRD) and the Trust, which sought to clarify the status of the Trust. This included clarifying the effect of the empowering act; and determining whether the Trust would be deemed a CCO (or a CCTO) under the provisions of the LGA 2002. The judgement was released on 6th September 2005, and it determined that the Trust is not a CCO under the LGA 2002, because it has been established under its own empowering act, and this takes precedence over the LGA. IRD chose not to appeal to the Supreme Court.

Notwithstanding this, the terms of the Trust Deed require that a Business Plan is reviewed and approved by the Council each year, and accordingly the 2006/07 Business Plan is included.

Wellington Waterfront Ltd

The Business Plan for Wellington Waterfront Ltd is reviewed by the Waterfront Development Subcommittee (WDSC), and then forwarded to the Strategy and Policy Committee (SPC) for approval. The 2006/07 Business Plan will flow from the Waterfront Development Plan (WDP), the draft of which was approved by the WDSC

on 8 May 2006. The WDSC are currently seeking feedback from the public on the draft WDP and will incorporate any changes arising from this feedback into the final WDP.

The Business Plan, a draft of which has already been prepared by WWL will be finalised once the final WDP has been approved by the WDSC. The WDSC are meeting again on 26 June where the final WDP will be tabled for approval, as well as the 2006/07 Business Plan.

4.2 Compliance with funding deeds

These business plans have demonstrated an appropriate level of compliance with the terms of the respective funding deeds, trust deeds and constitutions, as applicable.

4.3 Council support

The following table sets out the level of Council support that is being provided in 2006/07. The first column (Direct) shows the amount of funding that is being paid direct to the entities, for example in the form of grants or capital expenditure. The second column (Other) shows the amount of indirect funding, for example depreciation, labour charges and interest.

The prior year's budget is also included for comparison.

Entity	Project	Direct (grants)	Other (e.g. depn)	2006/07 Budget	2005/06 Budget
		\$000	\$000	\$000	\$000
Operating expenditure					
Wellington Museums Trust	C102	5,131	483	5,614	5,388
Positively Wellington Tourism	C105	4,116	0	4,116	4,116
Positively Wellington Business	C434	2,211	0	2,211	2,010
Wellington Waterfront Ltd	A312	1,897	0	1,897	1,919
Basin Reserve Trust	C008	180	263	443	408
St James Theatre Charitable Trust	C580	155	0	155	230
Wellington Zoo Trust	C046	2,688	823	3,511	3,178
Capital expenditure					
Wellington Museums Trust	CX486	0	0	0	300
Wellington Waterfront Ltd	CX131	0	0	0	8,000
Wellington Zoo Trust	CX125	352	0	352	195
Wellington Zoo Trust	CX340	1,800	0	1,800	2,750

Note that no grant funding is provided to Wellington Cable Car Ltd, Wellington Regional Stadium Trust or to Capacity (Wellington Water Management Ltd).

5. Review of business plans

5.1 Positively Wellington Business

Overview

PWB's focus continues to be on facilitating four core economic development activities: creating new businesses, growing existing business, attracting new businesses and retaining existing businesses. PWB has highlighted a new role in assisting with coordinating the policy approaches of the Wellington regions TLA's. The Business Plan sets out the programmes which support PWB's overall mission of growing business.

The Wellington Regional Strategy (WRS) is scheduled for signoff in September 2006. PWB underwent a restructure in 2005/06 to ensure services are delivered more efficiently in light of possible outcomes of the Wellington Regional Strategy. This restructure has now been completed.

PWB have requested a 10 percent increase in their core funding to \$2.211m from Wellington City Council. The Trust has been requested to submit additional information before a final decision is made.

Changes

The following changes have been noted for the 2006/07 year:

Budget	Per 2006/07 Plan	Per 2005/06 Plan	Change
Revenue from all Sources	\$3,928m	\$4,232m	(\$0.304m)
Expenditure (inc Depreciation)	\$3,921m	\$4,227m	(\$0.306m)
Net Surplus/Deficit	\$0.007m	\$0.004m	\$0.003m

5.2 Positively Wellington Tourism

Overview

There are no material changes to the Positively Wellington Tourism (PWT) Business Plan compared to the 2005/06 version. PWT continues to focus on positioning Wellington as a destination of choice both domestically and internationally while leading the industry with high quality, inspirational marketing and programmes. PWT has signalled a tighter market as a result of weakening growth in most inbound markets as well as a flat domestic market and continued outbound travel by New Zealanders.

The Visitor Centre will continue to be reviewed in terms of understanding service levels and ensuring consistency across the client management system.

PWT has been provided funding to develop a strategy to attract at least one airline to fly daily long-haul services ex Wellington.

Changes

The following changes have been noted for the 2006/07 year:

Budget	Per 2006/07 Plan	Per 2005/06 Plan	Change
Revenue from all Sources	\$9,672m	\$9,654m	\$0.018m
Expenditure (inc Depreciation)	\$9,672m	\$9,655m	\$0.017m
Net Surplus/Deficit	\$0m	(\$0.001m)	\$0.001m

5.3 St James Theatre Trust

Overview

A Business Plan has yet to be received from the St James Theatre Trust.

5.4 Wellington Museums Trust

Overview

There are no material changes to the Wellington Museums Trust (WMT) Business plan compared to the 2005/06 version.

WMT continues to focus on making Wellington the ultimate arts and heritage destination in New Zealand as a place to live and a place to visit. The Trust has noted its intention to build the profile of the Trust as the city's largest grouping of cultural and heritage attractions and its contribution to the WCC vision as the cultural capital. This may result in a rebranding of the Trust.

Changes

The following changes have been noted for the 2006/07 year:

Budget	Per 2006/07 Plan	Per 2005/06 Plan	Change
Revenue from all Sources	\$7,686m	\$7,188m	\$0.498m
Expenditure (inc Depreciation)	\$7,888m	\$7,293m	\$0.595m
Net Surplus/Deficit	(\$0.201m)	(\$0.105)	(\$0.096m)

5.5 Wellington Regional Stadium Trust

Overview

The Trust's business plan presents a strengthening financial position, with annual net surpluses of approx. \$1.6 million projected for the next three years. This is below the targeted surplus of \$2.0 p.a. million required by the Trust to meet its obligations and continue to enhance the Stadium. The plan presents a stable cash position for the Trust for the next five years.

The utilisation of the stadium is increasing with 81% of available weekends in 2006 scheduled compared to 71% in 2005.

There is no change in the aims of the Trust.

Changes

The following budget changes are noted for the 2006/07 year. The current years plan reflects the strengthening of the Trust's position and the uncertainty of the second and third year revenue projections.

Budget	Per 2006/07 plan	Per 2005/06 plan	Change
Event days	35	38	(3)
Event revenue \$m	5.28	4.61	0.67
Event operating costs \$m	2.78	2.63	0.16
Net surplus \$m	1.71	1.36	0.35
Stadium enhancements (capex)	\$446k	\$326K	\$120k

5.6 Wellington Cable Car Limited

Overview

The business plan highlights the major risks to the business relating to the ownership and maintenance of the trolleybus network which is becoming increasingly critical with projected maintenance costs exceeding the revenue received for providing this service.

There are a number of product enhancements planned for the Cable Car during 2006/07, the most significant of which is the Lambton Terminal upgrade. The marketing plan targets a further 5% increase in passenger numbers for the Cable car in 2006/07.

The Council may wish to discuss the dividend position of the company with the planned completion of the Terminal upgrade this year.

Changes

The following budget changes are noted for the 2006/07 year based on the draft business plan budget provided. The changes reflect the increased cost of the Trolleybus overhead operation and the gradual improvement in the financial performance of the Cable Car operation with increased passenger numbers.

Budget	Plan 2006/07	Plan 2005/06	Change
Total income	2,719	2,324	395
Total expenses	2,753	2,259	494
Net surplus	-34	65	-99
Dividend	-	-	-
Capital expenditure	Tbc	293	-

5.7 Capacity (Wellington Water Management Limited)

Overview

The strategic business plan is similar in content to what might be expected in the Statement of Intent and highlights the contribution Capacity makes to city outcomes, key risks and key strategies.

The key deliverables of the business plan are the delivering on the service level agreements and completion of asset management plans with the shareholding councils. This is monitored by Council Infrastructure staff.

Capacity is managing \$87 million in operating expenditure and \$44 million in capital expenditure on behalf of the Wellington and Hutt City Councils. Capacity needs to ensure it has the staff capability to deliver the strategic services required under the agreements with the Councils and deliver the planned savings.

Changes

The following budget changes are noted for the 2006/07 year. Capacity invoices the Council for actual expenses incurred and is currently operating below budget in the 2005/06 year. However this business plan has now added an inflation adjustment to later year forecasts.

Budget	Per 2006/07 plan	Per 2005/06 plan	Change
Total income	4,825	4,825	-
Total expenses	4,825	4,825	-
Net surplus	-	-	-

5.8 Wellington Zoo Trust

Overview

Wellington Zoo Trust continues to pursue its vision of creating a magical place of learning and fun which leaves visitors with a sense of wonder and respect for nature, and a belief in the need for a sustainable co-existence between wildlife and people. The Zoo Trust has presented a detailed Business Plan which seeks to show how achieving the Zoo's strategic goals of animal well being, conservation and learning will help Council deliver on its desired outcomes.

The Zoo has highlighted staff remuneration, planning costs and animal acquisition costs as the key areas where they are feeling budget constraints. The table in 4.3 above shows that the Zoo has received an increase in operational funding for 2006/07 of 13.5% (\$320,000) compared to 2005/06.

The Zoo has decided to bring its fundraising in-house and hopes to improve on the \$1.9 million sponsorship received to date. The majority of this funding will be used to supplement the CAPEX funding provided by Council on finalisation of the Zoo Capital Plan, to be received by Council Officers in October.

Changes

The following budget changes are noted for the 2006/07 year:

Budget	Per 2006/07 plan	Per 2005/06 plan	Change
Revenue from all sources	\$4,436,986	\$3,995,139	\$ 441,847
Expenditure	\$4,436,986	\$3,995,139	\$441,847
Net Surplus / (Deficit)	\$0	\$0	\$0

5.9 The Basin Reserve Trust

The business plan sets out a stronger position for the Trust. The Trust is providing for investment in playing surfaces, and building repairs and maintenance to ensure the international standards of the facilities are maintained. This is being achieved on the back of the sponsorship support, development of the function facilities and a summer concert programme.

The Trust is working with the Council on enhancing the heritage and historical value of the Basin including repositioning of the Wakefield memorial and commissioning a conservation report for the Museum stand.

Changes

The following budget changes are noted for the 2006/07 year. The sponsorship of Prime Finance has assisted the Trust to project close to a break even position for 2005/06 and a small surplus for 2006/07.

Budget	Plan 2006/07	Plan 2005/06	Change
Revenue from all sources	\$0.435m	\$0.317m	0.118m
Expenditure	\$0.398m	\$0.384m	0.014m
Net Surplus / (Deficit)	\$0.027m	(\$0.067m)	0.094m

6. Conclusion

This report summarises the business plans for the Council Controlled Organisations and highlights some areas that the Subcommittee may wish to explore in future review of each entity.

After considering these reports, the Subcommittee can, if it considers it appropriate to do so, draw any matters arising to the attention of the Strategy and Policy committee.

If it believes it will clarify the information presented or assist with its monitoring role the Subcommittee can also ask the Chairman to seek responses from the Board or Chairperson of an entity to any queries it may have. These responses would then be tabled at the next meeting of the Subcommittee.

Contact Officers:

Ian Clements, Portfolio Manager Council Controlled Organisations

Geoff Lawson, Portfolio Manager Council Controlled Organisations

Lisa Clarke-Watson, Portfolio Manager Council Controlled Organisations

Supporting Information

1) Strategic Fit / Strategic Outcome

The operations of the entities covered by this report support a variety of strategic objectives as set out in the 2006/2007 LTCCP.

2) LTCCP/Annual Plan reference and long term financial impact

Please refer to the covering report that prefaces each entity business plan

3) Treaty of Waitangi considerations

There are none arising from this report.

4) Decision-Making

This does not involve a significant decision. The report reviews the Business Plans of various entities.

5) Consultation

a) General Consultation

Discussions have been held with each entity regarding the detail set out in its business plan and each has been provided with an opportunity to comment on the points included in the report. Where considered appropriate, these comments have been incorporated into the report.

b) Consultation with Maori

Where considered appropriate, discussions will be held with local Maori, and these comments will be incorporated into the report. There were no such issues arising from this report.

6) Legal Implications

There are none arising from this report.

7) Consistency with existing policy

This does not involve a policy decision. The report reviews the business plans of various entities and as such is for information purposes.