
**REVIEW OF THE 2005/06 ANNUAL REPORTS AND
AUDITED FINANCIAL STATEMENTS OF COUNCIL
CONTROLLED ORGANISATIONS**

1. Purpose

This report provides the Subcommittee with a review of the annual reports submitted by Council Controlled Organisations (CCO's) for Council approval in compliance with the requirements of the Local Government Act 2002. Separate covering reports including – as relevant - matters for the Subcommittee's consideration, preface each entity's documents.

2. Recommendations

It is recommended that the Subcommittee:

1. *Receive the information.*
2. *Note that following the agreement in principle to sell the trolley-bus network Council officers are continuing to work with the board of Wellington Cable Car Ltd to develop the strategic options for the business.*
3. *Note that Council officers are working with Positively Wellington Business to determine the effect, if any, on them of the Wellington Regional Strategy*
4. *Note that there are no issues for the Chair of this Subcommittee to raise with the Chairs of the entities.*
5. *Note that there are no issues to be brought to the attention of the Strategy and Policy Committee.*

3. Background

The audited annual reports received from CCO's have been reviewed by officers to assess any risks or issues from the perspective of Council's shareholder interest. Issues have been discussed with the relevant entity. These annual reports with an officer covering report are attached as appendices.

It is the Subcommittee's role to review these documents and bring matters of importance to the Strategy and Policy Committee's attention before ratification.

4. Documents for Review

Council Controlled Organisations

To comply with statutory requirements, this report reviews the performance of Council Controlled Organisations (CCO's). These are:

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

Council Organisations

At previous Subcommittee meetings it was recommended that a number of Council Organisations (and other entities) would also be monitored on a quarterly basis. These are:

- Wellington Regional Stadium Trust
- Karori Wildlife Sanctuary Trust
- Wellington International Airport Limited
- Sink F69 Trust
- Te Papa
- International Festival of the Arts

The Wellington Regional Stadium Trust has received a ruling from the Court of Appeal that clarifies its status and that it is not a CCO. However it is included because of the reporting obligations included in the Funding Agreement between the Council and the Trust.

The Karori Wildlife Sanctuary Trust has been included because of the materiality of the funding that Council has committed to, subject to the trust receiving an equivalent amount of Central Government funding.

Wellington International Airport Ltd has a March year-end, and therefore this report covers the first quarter to 30th June (as the annual report for the year to March 2006 was covered in the previous Subcommittee meeting on 7th June 2006). The materiality of Council's investment in the airport is the reason for their inclusion within this report. As at previous meetings, any discussions of

the Airport beyond that information which is available publicly must be taken in Public excluded.

The Sink F69 Trust also has a March year-end and presentation of the final audited accounts for the year to 31 March 2006 will result in the termination of the Council underwrite facility of \$600k. The trust has been included here due to the materiality of the underwrite facility and audited accounts will be tabled as soon as they are received.

At the time of writing, the audited accounts for 2005/06 for Te Papa and the International Festival of the Arts were not yet available.

5. Compliance with Local Government Act 2002

In accordance with the Local Government Act 2002 (LGA 2002) section 67 Council Controlled Organisations must within three months after the end of each financial year submit a report on the organisation's operations during that year. The LGA 2002 also states:

- Section 67 – the report must contain information that is necessary to enable an informed assessment of the operations of that organisation and its subsidiaries.
- Section 68 – the report must include audited consolidated financial statements for that financial year for that organisation and its subsidiaries.

All of the Council Controlled Organisations, and the majority of the other entities covered within this report, have submitted documents in accordance with the legislative requirements. The report from the Sink F69 Trust does not have audited financial statements.

6. Annual Plan Reference

Operating Expenditure \$'000

	Annual Plan Project	Actual Total	Annual Plan Total
Karori Wildlife Sanctuary Trust	A288	968	1026
Wellington Waterfront Ltd	A312	1,809	1,919
Basin Reserve	C008	434	408
Wellington Zoo Trust	C046	3,234	3,178
Wellington Museums Trust	C102	5,682	5,388
Positively Wellington Tourism	C105	4,116	4,116
Positively Wellington Business	C434	2,010	2,010
St James Theatre Charitable Trust	C580	229	230

The Stadium Trust, Cable Car and Capacity do not directly receive Annual Plan funding.

Capital Expenditure \$'000

	Annual Plan Project	Actual Total	Annual Plan Total
Wellington Waterfront Development ¹	CX131	0	8,000
Wellington Zoo Trust Upgrades	CX340	1,978	2,750
Wellington Zoo Trust Renewals	CX125	195	195
Wellington Museums Trust	CX486	436	350

The above figures do not include unspent CAPEX brought forward from 2004/05 and unspent CAPEX during 2005/06 has been approved for carry-forward to 2006/07.

7. Discussion

The performance of each entity has been reviewed and any issues that have been identified for the subcommittee to consider are highlighted within each of the covering reports, attached as appendices.

The role of the CCO Unit is to provide the Subcommittee with a review of the efficiency and effectiveness of each entity. To this end performance measures as set out within the Statement of Intent have been assessed, along with the financial position of each entity. In addition, other comments have been made where it is deemed necessary – for example where an unbudgeted revenue stream has masked a variance that would otherwise have required explanation. There may also be specific issues of a more strategic nature that are considered significant and therefore require further explanation.

8. Conclusion

The review of the Annual Reports provides an opportunity for the CCO Performance Subcommittee to identify any particular issues that need to be explored with the entities, or raised with the Strategy and Policy Committee. It is proposed that the Subcommittee identify these issues for the CCO Unit to take up with each relevant Chair. The Subcommittee can also raise any relevant issues at the next meeting of the Strategy and Policy Committee.

Contact Officer: *Wayne Maxwell, Director, Strategy and Partnerships*

¹ WWL spent \$4 million against the carried forward CAPEX budget of \$7.6 million

Supporting Information

1) Strategic Fit / Strategic Outcome

These entities and projects support the achievement of a range of outcomes across most KAAs. Where relevant, reference is made to the 2005/06 Annual Plan.

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

Please refer to section 6 of the 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 Trust, as part of normal operations.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

Where appropriate, clarification has been sought from individual entities regarding disclosure of information not contained within their annual reports.

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.