
MINUTES

MONDAY 20 APRIL 2009

9.23AM

**Committee Room One
Ground Floor, Council Offices
101 Wakefield Street
Wellington**

PRESENT:

Mayor Prendergast (9.23am – 10.10am, 11.12am – 12.49pm)
James Ogden (Chair)
Councillor Ritchie
Alan Isaac

IN ATTENDANCE:

Councillor Ahipene-Mercer (12.08pm – 12.49pm)
Councillor Pannett (11.04am – 12.49pm)

APOLOGIES:

Councillor Coughlan
Councillor Foster

013/09FM **APOLOGIES**
(1215/52/02IM)

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Accept apologies for absence from Councillor Coughlan and Foster.*

014/09FM **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/02IM)

NOTED:

There were no conflicts of interest declared.

015/09FM **PUBLIC PARTICIPATION**
(1215/52/02IM)

NOTED:

There was no public participation.

016/09FM **MINUTES FOR CONFIRMATION**
(1215/52/02/IM)

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Approve the minutes of the meeting held on Monday 2 March 2009 be taken as read and confirmed as an accurate record of that meeting.*

017/09FM **ORAL PRESENTATIONS: WELLINGTON MUSEUMS TRUST AND WELLINGTON WATERFRONT LIMITED**
(1215/52/02IM) (REPORT 1)

NOTED:

1. Pat Stuart and Viv Beck addressed the Subcommittee on behalf of Wellington Museums Trust. They noted that there was an all time high recorded in visitor numbers 2008. The support from the Council on their funding bid was a major highlight and greatly appreciated. The performance from 2008/09 showed great promise and they are on track to meet their 2008/09 Key Performance Indicators. The Trust continues to work on their holistic approach to running the museums.

(Mayor Prendergast left the meeting at 10.10am.)

018/09FM **ORDER OF BUSINESS**
(1215/52/02/IM)

NOTED:

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Consider the agenda as follows:
Report 2: Update on Current Issues
Report 3: Draft Statements of Intent for Council Controlled Organisations for the Year 2009/10
Report 1 cont: Oral Presentation from Wellington Waterfront Limited.
Report 3 cont: Draft Statements of Intent for Council Controlled Organisations for the Year 2009/10
Report 4: Forward Programme*

019/09FM **UPDATE ON CURRENT ISSUES**

Report of Allan Prangnell, Manager, Council Controlled Organisations
(1215/52/02/IM) (ORAL REPORT)

NOTED:

At the time of preparing Report 2: Draft Statements of Intent for Council Controlled Organisations for the Year 2009/10, the officers had not received draft statements of intent from the Basin Reserve Trust and Wellington Regional Stadium Trust. It was noted that this is not good practice. Monthly reporting requirements from Capacity have not quelled the concerns of officers. It was suggested that a Council audit team undertake a financial audit of Capacity. There have been funding bids from Positively Wellington Tourism and St James Charitable Trust.

020/09FM **DRAFT STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR 2009/10**

Report of Allan Prangnell, Manager, Council Controlled Organisations
(1215/52/02/IM) (REPORT 3)

(Councillor Pannett joined the meeting at 11.04am.)

(Mayor Prendergast returned to the meeting at 11.12am.)

(The discussion of the Draft Statements of Intent was suspended until the conclusion of the presentation from Wellington Waterfront Limited.)

(Councillor Ahipene-Mercer joined the meeting at 12.08pm.)

021/09FM ORAL PRESENTATIONS: WELLINGTON MUSEUMS TRUST AND WELLINGTON WATERFRONT LIMITED (CONTINUED)

NOTED:

2. Ian Pike and Mike Cashin addressed the Subcommittee on behalf of Wellington Waterfront Limited (WWL). The presentation touched on the recent Wellington City Council review of WWL. WWL have reduced their management fee and has begun transitional planning. The 2008/09 and 2009/10 work programmes were highlighted, specifically major projects.

022/09FM DRAFT STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR 2009/10 (CONTINUED)

Moved Mayor Prendergast, seconded Mr Isaac the substantive motion amended as follows:

Add the following changes to the officer's recommendations in 2 (a) and 2 (b):

Capacity

- add social and environmental responsibility to the principal objectives
- request that Capacity invite the Wellington City Council audit team to do an audit to review the effectiveness of key financial controls
- ensure that the Statement of Intent clearly sets out the approval process for additional business.

Positively Wellington Tourism

- define Key Performance Indicators in relation to visitor numbers to the Karori Wildlife Sanctuary Trust and the Carter Observatory, and outline the assumptions underpinning them
- undertake to explore a more direct marketing relationship with both Karori Wildlife Sanctuary Trust and Carter as per the Council decision on Thursday 16 April 2009.

Wellington Museums Trust

- recognise that the Trust's financial sustainability is subject to continuing significant Council funding.

Wellington Waterfront Limited

- should include a summary of financial implications

Wellington Zoo Trust

- ~~include a revision of the targeted working capital reserve to a more realistic level~~
 - ~~plan to reduce the dollar amount of its Council operating grant, and target the year that this will happen~~
 - provide a three year plan for the use of operating grants and operating services at an appropriate level
- b) Final Statements of Intent will be presented to Council for approval at its meeting of 29 June 2009.

Moved Councillor Ritchie an amendment, which failed for want of a seconder.

The amended substantive motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Receive the information.*
2. *Recommend that the Strategy and Policy Committee (SPC) notes 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 2009/10 Statements of Intent for presentation to this Subcommittee at its meeting of 19 June 2009*

Basin Reserve Trust

- *officers received the Basin's SOI five weeks after the statutory deadline and consequently have not had time to prepare an analysis*

Capacity

- *demonstrate organisational health and capability to deliver Capacity's obligations under the new Service Level Agreement.*
- *provide significantly more detail of the risks that Capacity faces, their probability and impact, and the mitigation measures that they have in place to address them in relation to, for example, the Upper Hutt contract and the delivery of Asset Management Plans.*

- *provide assurance that Capacity's financial reporting will be both timely and accurate, and that they have the necessary resources and processes in place to deliver this*
- *more explanation of how the Company intends to provide a return on investment to its shareholders*
- *more explanation of the costs and benefits of the proposed in-house engineering design team, and the expansion of the project supervision team to manage the Council's capital works programme*
- *clearly state the quantum of revised annual savings targets from 1 July 2009 onwards and formalise it as a Key Performance Indicators*
- *articulate the costs, benefits and methodology of promoting conservation benefits to ratepayers*
- *provide greater clarity over Capacity's business objectives, including effectiveness and efficiency in managing the water assets, and proactive community engagement as ways of achieving these objectives*
- *provide more context when reporting any savings or reductions in unbudgeted over-expenditure by referencing them to agreed targets and Key Performance Indicators*
- ***add social and environmental responsibility to the principal objectives***
- ***request that Capacity invite the Wellington City Council audit team to do an audit to review the effectiveness of key financial controls***
- ***ensure that the Statement of Intent clearly sets out the approval process for additional business.***

Positively Wellington Tourism

- *demonstrate how the Trust will achieve its objectives with its current funding by budgeting for a break-even position, consistent with Council policy*
- *provide information on how the Trust will achieve an increase of 5% in visitor expenditure given the current economic climate*
- *provide more information about the e-marketing and online sales discrepancy in planned and delivered Key Performance Indicators*
- *define Key Performance Indicators in relation **in relation to visitor numbers** to the Karori Wildlife Sanctuary Trust and the Carter Observatory, and outline the assumptions underpinning them*
- *undertake to explore a more direct marketing relationship with both Karori Wildlife Sanctuary Trust and Carter **as per the Council decision on Thursday 16 April 2009.***

St James Theatre Trust

- *detail the operating measures in place to manage the Trust's tight cash flow during the current downturn*
- *remove the clause stating that "the Settlor has committed itself to underwriting major capital risks" and replace it with more appropriate wording*
- *include forecast financial statements for 2009/10 to 2011/12 and Key Performance Indicators that measure performance against stated objectives*

Wellington Cable Car Limited

- *set out the Company's plans for effecting a legislative change to enable charging of existing utility users of the network, i.e., time frame and costs*
- *include relevant and measurable Key Performance Indicators that measure the Company's efficiency and effectiveness*
- *provide details of the Risk and Vulnerability schedule*
- *consider the implications of the funding agreement with Greater Wellington Regional Council and incorporate this into the Statement of Intent*
- *indicate how the Company will effect board evaluation and development*

Wellington Museums Trust

- *demonstrate how the Trust will achieve its objectives and its new strategy within its draft Long Term Council Community Plan funding, and outline how and when the Trust will achieve a breakeven position*
- *acknowledge that there will be no more increases in the Council operational grant before the end of the 2011/12 year*
- *include additional Key Performance Indicators to reflect the increases in operational funding*
- ***recognise that the Trust's financial sustainability is subject to continuing significant Council funding.***

Wellington Waterfront Limited

- *include more quantitative Key Performance Indicators to drive performance and accountability*
- *reflect the re-focusing of the company's resources towards gaining consents for the approved projects. It is acknowledged that it may not be possible to obtain all the necessary consents and that there will be project implementation work during the period. It is important, however, that the Statement of Intent reflects the commitment to prepare for improved economic*

conditions by obtaining the necessary consents in advance. The Statement of Intent could reflect this intention and some form of appropriate measurements

- *provide more detailed information on the assessment, probability, impact and mitigation of risk*
- *acknowledge the review that will take place regarding the transfer of implementation functions to the Council and the currently agreed date of July 2010. The Statement of Intent should provide an explanation of how the company intends to prepare for the review and the transfer of responsibilities.*
- ***should include a summary of financial implications***

Wellington Zoo Trust

- *detail how the Trust will ensure that at the end of the Zoo Capital Plan, the Zoo's appearance is not 'half-finished'*
- *explain the rationale behind the increased total personnel costs*
- ***provide a three year plan for the use of operating grants and operating services at an appropriate level***

Wellington Regional Stadium Trust

- *officers received the Stadium's Statement of Intent the day before the signing-off deadline for this report and consequently have not had time to prepare an analysis*

Karori Wildlife Sanctuary Trust

- *include the implementation of the governance and project management review recommendations, as approved by Council at its meeting of 16 April 2009*
- *include a review and update (as appropriate) of the risk management register*
- *include an update of the Trust's alignment to Council's vision and outcomes in the draft 2009/10 Long Term Council Community Plan*
- *agree to prepare an Asset Management Plan.*
- *commit to the implementation of a board development program*
- *undertake to work closely with Positively Wellington Tourism in the marketing of the Visitor Centre*

- b) *Final Statements of Intent will be presented to Council for approval at its meeting of 29 June 2009.*

NOTED:

1. The resolutions differed from the recommendations in the officer's report as follows:

The Subcommittee added the words in **bold**.

2. Councillor Ritchie requested her dissenting vote regarding the Statement of Intent for Wellington Waterfront Limited be recorded.

023/09FM **FORWARD PROGRAMME**

Report of Council Controlled Organisation Team.
(1215/52/02IM)

(REPORT 4)

Moved Mayor Prendergast, seconded Mr Ogden the substantive motion, amended as follows:

- Add a report on the Museums Trust Collections Policy.
- Move Positively Wellington Tourism presentation to the June meeting.

The substantive motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisations Performance Subcommittee:

1. *Receive the information.*
2. *Agree to the forward programme attached to this report **as amended**.*

NOTED:

1. The resolutions differed from the resolutions in the officer's report as follows:

The Subcommittee added the words in **bold**.

The meeting concluded at 12.49pm.

Confirmed: _____

Chair

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