
MINUTES

FRIDAY 19 JUNE 2009

**9.15AM – 10.35AM
10.48AM – 12.04PM**

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

PRESENT:

Mayor Prendergast (9.17am – 10.35am, 10.48am – 12.04pm)
James Ogden (Chair) (9.17am – 10.35am, 10.48am – 12.04pm)
Councillor Coughlan (9.17am – 10.35am, 10.48am – 12.04pm)
Councillor Foster (9.33am – 10.35am, 10.48am – 12.04pm)
Councillor Ritchie (9.17am – 10.35am, 10.48am – 12.04pm)

APOLOGIES:

Alan Isaac
Councillor Foster (for lateness)

024/09FM **APOLOGIES**
(1215/52/02IM)

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Accept apologies for absence from Alan Isaac.*
- 2. Accept apologies for lateness from Councillor Foster.*

025/09FM MINUTES FOR CONFIRMATION
(1215/52/02/IM)

Moved Mayor Prendergast, seconded James Ogden, the motion that the Council Controlled Organisation Performance Subcommittee approve the minutes of the meeting held on Monday 20 April 2009 be taken as read and confirmed as an accurate record of that meeting.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Approve the minutes of the meeting held on Monday 20 April 2009 be taken as read and confirmed as an accurate record of that meeting.*

026/09FM CONFLICT OF INTEREST DECLARATIONS
(1215/52/02IM)

NOTED:

1. Mayor Prendergast declared a conflict of interest in relation to Wellington Airport Limited.
2. Councillor Coughlan declared a conflict of interest in relation to Positively Wellington Tourism.
3. For a conflict of interest declaration from Councillor Foster, please see 029/09FM.

027/09FM PUBLIC PARTICIPATION
(1215/52/02IM)

NOTED:

There was no public participation.

028/09FM UPDATE ON CURRENT ISSUES

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

NOTED:

Allan Prangnell, Manager, Council Controlled Organisations advised that there have been budget bids from Council Organisations as follows:

- Positively Wellington Tourism who are looking for just over \$1m increase to leverage central government and commercial partner funding to aggressively target Australian tourist market.
- St James would like \$200,000 for 2009/2010 and 2010/2011 to enable it to share risk with promoters, who are increasingly less willing to bear all the risk on shows at the moment. The downturn is impacting significantly on St James revenue streams, though food and beverage is performing well however the Trust will continue to experience cash flow pressures without additional funding. There is an aim to complete the Asset Management Plan for the Trust buildings in second half of 2009.
- Premises Management Trust would like Council to provide a guarantee for a \$400,000 loan, to fund redevelopment works at the School of Drama. A contract for works has already been let. The advice of officers is that, having already committed to a contract, they can fund the contract from cash reserves. The Council should not get involved with a guarantee and monitoring if it doesn't need to.

Mr Prangnell reported that Karori Sanctuary Trust has five of seven new board members in place. Last two should be in place by 1 July 2009 – recommendation from appointments panel coming to the Council meeting on 29 June 2009.

Other issues which are of interest in relation to the Sanctuary are as follows:

- Trust Deed amendments agreed to in principle. A final draft is to be approved by Trust and Council Chief Executive Officer Garry Poole in the next week. The Deed must be changed and approved before the Sanctuary Trust can draw down on additional loan funding.
- The new board must review pricing and revenue strategy as a priority.
- The Trust and Positively Wellington Tourism are close to agreeing to enter a contract for on marketing the new Visitor Centre, and subsequent operations.

The Subcommittee were advised that Brian Brown has resigned as General Manager of Wellington Cable Car Limited.

Mr Prangnell advised the Subcommittee regarding Statements of Intent for the following:

- Officers advise that Council give the new Karori Wildlife Sanctuary Trust board time to put its mark on their Statement of Intent, and be asked to present it for approval in September 2009. The Trust are to be present for a Subcommittee meeting to be arranged in August/September 2009.
- The Capacity Statement of Intent (SOI) is to be recommended for approving, but subject to the approval of the new Service Level Agreement which defines the services being purchased by Council from Capacity, and includes measures to assess Capacity's performance in achieving these services. The performances measures in the SOI must align with the performance measures are in the new Service Level Agreement.

- The Basin Reserve Trust is struggling with its monitoring requirements. Its draft Statement of Intent is late and final Statement of Intent were both received late. The Trust is however financially performing well.

029/09FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 MARCH 2009**

Report of Allan Prangnell, Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 2)

(Councillor Foster joined the meeting at 9.33am.)

Councillor Foster declared a conflict of interest in relation to the Karori Wildlife Sanctuary Trust.

(The meeting adjourned for morning tea at 10.35am and reconvened at 10.48am. All members of the Subcommittee were present when the meeting reconvened.)

030/09FM **RESOLUTION TO EXCLUDE THE PUBLIC**

(1215/52/02/IM)

Moved Mr Ogden, seconded Councillor Coughlan the motion to exclude the public.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisations Performance Subcommittee: Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following parts of the proceedings of this meeting namely:

Report 2 - Review of the performance of all Council Controlled Organisations for the Quarter ended 31 March 2009

- ***Wellington International Airport Limited***

Grounds: S48(1)(a) That public conduct of the whole or relevant part of the proceedings of the meeting will be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

Reason: S7(2)(b)(ii) Protect information where the making available of the information would be likely unreasonably to prejudice the commercial

position of the person who supplied or who is the subject of the information.

(The meeting moved into public excluded at 10.57am.)
(The meeting returned to open session at 11.07am.)

(For item 031/09FM, please see the public excluded minutes.)

032/09FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 MARCH 2009 (CONTINUED)**
Report of Allan Prangnell, Manager, Council Controlled Organisations.
(1215/52/02/IM) (REPORT 2)

Moved Councillor Coughlan, seconded Councillor Foster the substantive motion amended as follows:

2. (b) Council officers continue to work with Capacity to agree the nature and level of services to be purchased in the new Service Level Agreement, in view of the current agreement expiring on 30 June 2009 **and would expect the new service level agreement to be finalised by 31 July 2009.**
2. (f) Wellington Cable Car Limited achieved a 17% increase in year to date Cable Car passenger numbers and are on track to return a dividend to the Council. **We note that discussions are occurring at a senior level between Wellington City Council, New Zealand Bus, Greater Wellington Regional Council and Wellington Electricity on the capacity of the overhead network.**

The substantive motion as amended was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisations Performance Subcommittee:

1. *Receive the information*
2. *Recommend that the Strategy and Policy Committee notes the following matters with regard to the third quarter 2008/09 performance of Council Controlled Organisations:*
 - (a) *The Basin Reserve Trust continues to perform strongly, exceeding targeted event revenue and successfully renewing its naming rights sponsorship.*
 - (b) *Council officers continue to work with Capacity to agree the nature and level of services to be purchased in the new Service*

Level Agreement, in view of the current agreement expiring on 30 June 2009 and would expect the new service level agreement to be finalised by 31 July 2009..

- (c) *Positively Wellington Tourism is being challenged by the economic downturn but the key Australian market is responding well with a 3.5% increase in the March quarter compared to 2007/08.*
- (d) *Positively Wellington Tourism is seeking an increase in funding from the Council that aims to leverage additional funding from external partners; the funding, which is sought for the key Australian market, will be considered as part of the Long Term Council Community Plan deliberations.*
- (e) *The St James Theatre Charitable Trust continues to experience cash flow pressures; while it is achieving good attendances for the lesser number of shows that it is hosting, without additional external funding it will struggle to fill gaps in its calendar using Own Shows and Joint Ventures.*
- (f) *Wellington Cable Car Limited achieved a 17% increase in year to date Cable Car passenger numbers and are on track to return a dividend to the Council. **We note that discussions are occurring at a senior level between Wellington City Council, New Zealand Bus, Greater Wellington Regional Council and Wellington Electricity on the capacity of the overhead network.***
- (g) *The Museums Trust has performed well against its key performance indicator's, presenting 24 new temporary exhibitions (against an annual target of 12) and 142 events (against an annual target of 80).*
- (h) *Wellington Waterfront Limited has received estimates for the wharf repairs and is now going out to tender on the priority sites.*
- (i) *In May, the Environment Court appeal against the resource consent approval for the Overseas Passenger Terminal was heard. The appeal was unsuccessful and so the resource consent still stands.*
- (j) *The Stadium Trust continues to perform strongly by managing a full but well-balanced scheduled of sporting, cultural and community events.*
- (k) *The Karori Wildlife Sanctuary Trust is effecting the Council's preferred governance option and is amending its Trust Deed accordingly.*

3. *Recommend that the Strategy and Policy Committee notes that the Council Controlled Organisation Performance Subcommittee is monitoring the Karori Sanctuary Visitor Centre project at the direction of the Strategy and Policy Committee and that, further to the original report on 2 March 2009, the second update report is included within this report. The Subcommittee noted the following recommendations in respect of the Project:*
- (a) *Dean Riddell, the independent expert appointed by the Trust at Council's request has been appointed Chair of the Project Steering Group for the duration of the Project.*
 - (b) *On 16 April 2009, Council approved an increase in the loan to the Trust of a further \$480,000, comprising an increase to the contingency of \$420,000 and \$60,000 for Mr Riddell's fees.*
 - (c) *The Steering Group considered that there was no material benefit in trying to bring forward the Project completion date through increased resourcing.*
 - (d) *As at 31 May, 87% of the construction cost has been committed and there is still \$468,000 of contingency remaining.*
 - (e) *The main construction contractor, Fletcher Construction, has indicated that the Project will be back on track for its estimated completion date of March 2010 when the roof of the building is closed in at the end of July 2009.*
4. *Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report*
5. *Note any issues for the Chair to raise with the entities covered by this report.*

NOTED:

The resolutions differ from the recommendations in the officer's report as follows:

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

033/09FM **FINAL 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)

Moved Prendergast, seconded Councillor Coughlan, the substantive motion amended as follows:

4. Agree to recommend that Council approve the following 2009/10 Statement of Intent's:
 - (d) Wellington Regional Stadium Trust, **subject to approval by Greater Wellington.**

6. (a) Agree to recommend that Council approve the Wellington Museums Trust 2009/2010 Statement of Intent and note that the Trust is forecasting a deficit after depreciation for the next three years and states that subsequent deficits and / or reductions in service levels are likely unless it achieves budget or better in the previous three financial years and an inflation adjustment to Council's baseline funding is approved in 2012/2013 and subsequent years
 - (b) **However officers have confirmed that for the 2012/2013 financial year, regardless of the level of Council's baseline funding the Trust must achieve at least a break even position after depreciation.**

The substantive motion as amended without recommendation 7(c)(i) was put and declared CARRIED.

The substantive motion recommendation 7(c)(i) was put and declared CARRIED.

RESOLVED AND RECOMMENDED TO COUNCIL:

THAT the Council Controlled Organisations Performance Subcommittee:

1. *Receive the information.*
2. *Note that following the 20 April 2009 Subcommittee meeting the Chair wrote to the Council Controlled Organisation's requesting changes to be made in their Statements of Intent and that many of these changes have been included in the final Statement of Intent.*
3. *Note that the usual practice is for the Strategy and Policy Committee to approve Statement of Intent's however, given that there are no more Strategy and Policy Committee meetings before 30 June 2009, officers advise that the Subcommittee should make its recommendations direct to Council.*
4. *Agree to recommend that Council approve the following 2009/10 Statements of Intent:*
 - (a) *Positively Wellington Tourism*
 - (b) *Wellington Cable Car Limited*
 - (c) *Wellington Zoo Trust*
 - (d) *Wellington Regional Stadium Trust, **subject to approval by Greater Wellington.***

5. *Agree to recommend that Council approve the St James Theatre Trust 2009/10 Statement of Intent and note that the Trust's cash flow pressures are likely to continue over the year that the Statement of Intent covers, and that officer's will continue to monitor the situation.*

6. (a) *Agree to recommend that Council approve the Wellington Museums Trust 2009/10 Statement of Intent and note that the Trust is forecasting a deficit after depreciation for the next three years and states that subsequent deficits and / or reductions in service levels are likely unless it achieves budget or better in the previous three financial years and an inflation adjustment to Council's baseline funding is approved in 2012/13 and subsequent years.*

- (b) ***However officers have confirmed that for the 2012/2013 financial year, regardless of the level of Council's baseline funding the Trust must achieve at least a break even position after depreciation.***

7. *Agree to recommend that Council approve the:*
 - (a) *Basin Reserve Trust 2009/10 Statement of Intent subject to:*
 - (i) *The revision of the Trust's financial forecasts to reflect the fact that any approved Council funding for the new practice wickets would be recorded in the Council's financial records as internal capex upgrade funding of an existing (owned) asset.*
 - (ii) *The Trust explaining the rationale for its forecast losses almost doubling since the previous Statement of Intent.*
 - (iii) *The Trust committing to preparing an Asset Management Plan as a matter of urgency.*

 - (b) *Capacity 2009/10 Statement of Intent subject to:*
 - (i) *The final Service Level Agreement between Capacity and Council being agreed, and the Service Level Agreement and Statement of Intent being aligned in terms of strategy, outputs and performance measures*
 - (ii) *The Statement of Intent being approved by Hutt City Council, Capacity's other shareholder.*

 - (c) *Wellington Waterfront Limited (WWL) 2009/10 Statement of Intent subject to:*
 - (i) *the final Waterfront Development Plan, as approved by Strategy and Policy Committee after consultation, being accurately reflected in the final Wellington Waterfront Limited Statement of Intent.*

8. *Note that Positively Wellington Tourism will report back to the Council before the end of June 2009 to update officers on the status of the Karori Wildlife Sanctuary's marketing plan for the opening of the Visitor Centre.*
9. *Note that Positively Wellington Tourism is approaching the Council with a new initiative funding request to invest in the Australian market; this request will be considered as part of the Long Term Council Community Plan deliberations, and any Council commitment would be contingent on at least an equivalent amount of funding being received from external funding sources.*
10. *Agree to recommend that Council agree that, in order to give the incoming board a reasonable opportunity to engage and set strategic direction for the organisation, Strategy and Policy Committee consider the Karori Wildlife Sanctuary's 2009/10 Statement of Intent in September 2009.*

NOTED:

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

The Subcommittee added the text in **bold**.
2. Councillor Ritchie requested that her dissenting vote be recorded against recommendation 7(c)(i).

034/09FM **REVIEW OF THE 2007/08 ANNUAL REPORTS AND FINANCIAL STATEMENTS OF COUNCIL ORGANISATIONS AND OTHER ENTITIES**

Report of Allan Prangnell, Manager, Council Controlled Organisations.
(1215/52/02/IM) (REPORT 4)

Moved Mayor Prendergast, seconded Councillor Ritchie the substantive motion.

The substantive motion was put and was declared CARRIED.

RESOLVED AND RECOMMENDED TO THE STRATEGY AND POLICY COMMITTEE:

THAT the Council Controlled Organisations Performance Subcommittee:

1. *Receive the information.*
2. *Recommend that the Strategy and Policy Committee:*
 - (a) *Note that there were no issues for the Chair of the Subcommittee to raise with the Council Organisations on the basis of the 2007/08 Annual Reports received.*
 - (b) *Note that the Hannah Playhouse Trust has appealed against District Plan Change 48.*
 - (c) *Note that the Council provided a grant of \$168,981 to the Sink F69 Trust to allow it to repay the funds outstanding under the underwrite agreement, and to terminate the underwrite agreement with the Council.*
 - (d) *Note that Councillors should inform the Chief Executive when approached to become directors or trustees of entities to which Council has not previously appointed directors or trustees, as this is a useful means of becoming aware of the existence of any new Council Organisation that Council is obliged to monitor under the Local Government Act 2002.*

035/09FM **FORWARD PROGRAMME**

Report of Allan Prangnell, Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 5)

NOTED:

The Subcommittee noted that there would be an extra meeting of the Subcommittee in August. Officers will advise the members of the date in due course.

RESOLVED:

THAT the Council Controlled Organisations Performance Subcommittee:

1. *Receive the information.*
2. *Approve the Forward Programme attached as Appendix 1 to the officer's report.*

The meeting concluded at 12.04pm.

Confirmed: _____

Chair

/ /