

MINUTES

FRIDAY 23 OCTOBER 2009

9.17AM

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

PRESENT:

Councillor Coughlan
Councillor Foster
James Ogden (Chair)
Councillor Ritchie
Alan Isaac

APOLOGIES:

Mayor Prendergast

023/09FM **APOLOGIES**
(1215/52/02IM)

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Accept apologies for absence from Mayor Prendergast.*

024/09FM **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/02IM)

NOTED:

There were no conflicts of interest declared.

025/09FM **PUBLIC PARTICIPATION**
(1215/52/02IM)

NOTED:

There was no public participation.

026/09FM **ORDER OF BUSINESS**
(1215/52/02/IM)

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Consider the agenda as follows:
Report 2: Council Controlled Organisations Presentations
Report 1: Update on Current Issues
Report 2 (continued): Council Controlled Organisations Presentations
Report 3: Review of the Performance of all Council Controlled
Organisations for the Year Ended 30 June 2009
Report 4: Final Statement of Intent for Karori Sanctuary Trust for the
2009/2010 Year
Report 5: Forward Programme*

018/09FM **COUNCIL CONTROLLED ORGANISATIONS PRESENTATIONS**
(1215/52/02/IM) (REPORT 2)

NOTED:

1. David Hill and Bryan Jackson addressed the Subcommittee on behalf of Capacity. It was noted that Capacity has been recognised as a centre of excellence for water management services and have been asked to present around the world on the capacity model. They noted that the majority of key operational performance indicators have been met. However, the financial target was not met.

(Councillor Foster joined the meeting at 9.25am.)

Capacity has been able to make capital savings in Wellington. However, this is not included in the savings model. Capacity is currently looking to find some common ground for water services among the Councils they serve. A regional approach is a priority, but there are problems associated with working under different asset management and financial systems. A Water Conservation Strategy has recently been developed with the Council. Capacity said there has been regional agreement on the Strategy, which will be rolled out in several stages following consultation with the public. Capacity thought that the savings model was not the best way to measure success. Capacity is exceeding in other areas and is looking forward to a new service level agreement. Capacity believes it is delivering on customer satisfaction and maintaining service levels.

(Councillor Foster left the meeting at 10.03am.)

019/09FM UPDATE ON CURRENT ISSUES

(1215/52/02IM)

(REPORT 1)

NOTED:

1. Neil Cherry, Chief Financial Officer, updated the Subcommittee on a number of issues that were not covered by Report 3. Since the last meeting, officers have been focusing on year end performance, particularly working on a financial health check. Officers are continuing to look into how to predict and monitor when Council Controlled Organisations (CCOs) may come into financial problems, and how to take pro-active steps to prevent this. A lot of work has been done on the Rugby World Cup 2011, with officers encouraging CCOs to consider the role they can play over this period. CCOs will also be encouraged to bring forward their planning and budgeting processes so they are aligned with those of the Council. Officers have been working on and reviewing the board appointment process. The Service Level Agreement for Capacity is currently being finalised by the Director, Infrastructure. The major area of focus for Karori Sanctuary Trust is the visitor centre project and café hard fit out. It is proposed that this is covered by the contingency budget. A Memorandum of Understanding was signed between Karori Sanctuary Trust and Positively Wellington Tourism on Thursday 22 October 2009.

(Councillor Foster returned to the meeting at 10.10am.)

The Waterfront Development Plan is currently being consulted on. St James Theatre has undertaken work on an asset condition assessment and will work with officers to develop this into an asset management plan. There are still significant financial issues to be dealt with. There is a new Chief Executive for the Cable Car. The Cable Car will

be paying a dividend to the Council and there are discussions underway relating to the overhead cable network. Officers are monitoring the Positively Wellington Tourism Australian marketing campaign. The opening of the City Gallery has been hugely successful for the Museums Trust, and a lot of positive feedback has been received. The Zoo also remains on track with visitor numbers and sponsor targets despite the economy and will shortly be opening The Nest.

020/09FM **COUNCIL CONTROLLED ORGANISATIONS PRESENTATIONS
(CONTINUED)...**

(1215/52/02/IM)

(REPORT 2)

NOTED:

1. John Morrison, Craig Heatly and Peter Clinton addressed the Subcommittee on behalf of the Basin Reserve Trust. There is continual pressure to maintain the grounds to international standards for test status. Of crucial importance to the Trust is maintaining the ambience, tradition and history of the Basin Reserve. The construction of the practice wickets is developing well. These practice wickets are needed to maintain the Basin Reserve's position as a top ground for test cricket. There is an issue with the sight screens in that they need to be higher to meet international standards. The refurbishment of the Long Room is complete and is receiving increasing numbers of bookings for functions. The Basin Reserve has seen more cricket than expected. It is ranked the best ground in New Zealand by the players and is therefore in high demand. The Trust is keen to work with the Council on other events, bearing in mind the cricket schedule. There are plans to refurbish the Museum stand and the Trust is looking at the possibility of a tenant to help pay for the cost of this. The Asset Management Plan is a work in progress. The Trust has been liaising with Council officers on this as they have no internal expertise in this area. The initial stages are complete and the Trust is confident full completion is less than six months away. The Trust is also willing to talk to the Council about community use of the buildings. Finally, they thanked the Council and noted their gratitude for the support they receive.

021/09FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL
CONTROLLED ORGANISATIONS FOR THE YEAR ENDED 30
JUNE 2009**

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

(REPORT 3)

**Moved Councillor Coughlan, seconded Mr Isaac the substantive motion
amended as follows:**

New 2:

Recommend that the Strategy and Policy Committee notes the following key risks and issues facing the entities, outlined in the individual analyses and summarised in the covering report:

- a. Asset management plans are yet to be completed for the Basin Reserve Trust and Wellington Waterfront Limited and St James Theatre Charitable Trust;
- b. St James Theatre Charitable Trust continues to experience cash flow pressures;
- c. Wellington Regional Stadium Trust is continuing to address issues with cladding and the roof, and is also addressing revenue management risks;
- d. Council officers are working to address issues relating to the Cable Car trolley bus overhead wire network and will provide an update to the Council Controlled Organisation Performance Subcommittee at the next meeting on 7 December 2009.

The amended substantive motion was put and declared CARRIED.

**RESOLVED AND RECOMMENDED TO THE STRATEGY AND
POLICY COMMITTEE:**

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Receive the information*
2. *Recommend that the Strategy and Policy Committee notes the following key risks and issues facing the entities, outlined in the individual analyses and summarised in the covering report:*
 - a. *Asset management plans are yet to be completed for the Basin Reserve Trust and Wellington Waterfront Limited and St James Theatre Charitable Trust;*
 - b. *St James Theatre Charitable Trust continues to experience cash flow pressures;*
 - c. *Wellington Regional Stadium Trust is continuing to address issues with cladding and the roof, and is also addressing revenue management risks;*

- d. ***Council officers are working to address issues relating to the Cable Car trolley bus overhead wire network and will provide an update to the Council Controlled Organisation Performance Subcommittee at the next meeting on 7 December 2009.***
3. *Note the 12-month forward work programme of the Council Controlled Organisation officers, drawn from some of the key challenges facing the individual entities.*

NOTED:

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

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

022/09FM **FINAL STATEMENT OF INTENT FOR KARORI SANCTUARY TRUST FOR THE 2009 / 2010 YEAR**

Report of Natasha Petkovic-Jeremic – Portfolio Manager, Council Controlled Organisations.

(1215/52/02IM)

(REPORT 4)

Moved Councillor Ritchie, seconded Mr Isaac the substantive motion.

The substantive motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Receive the information*
2. *Note that in April, Council agreed that as a condition of its additional loan funding, the Trust had to implement governance and management review recommendations, including changes at the governance level*
3. *Note that it is usual for the Council Controlled Organisation Performance Subcommittee to approve the final Statement of Intents in June of each year. Officers recommended in June 2009 that, in order to give the incoming Karori Sanctuary Board a reasonable opportunity to engage and set strategic direction for the organisation, the Council should agree to consider the Karori Sanctuary's 2009/10 Statement of Intent in October 2009*

4. *Note that the Council is satisfied that all conditions relating to Council's loan funding have been met, including the final execution of the changes to the Karori Sanctuary Trust Deed.*
5. *Note that the new Board has reviewed and approved the visitor numbers and pricing strategy (144,448 visitors and \$2.1 million revenue from entry in 2010/11)*
6. *Recommend that the Strategy and Policy Committee approve the Trust's 2009/10 Statement of Intent.*

023/09FM **FORWARD PROGRAMME**

Report of Ian Clements – Portfolio Manager, Council Controlled Organisations.

(1215/52/02IM)

(REPORT 5)

Moved Mr Isaac, seconded Councillor Ritchie the substantive motion.

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 as appendix one of the officer's report.*

The meeting concluded at 12.39pm.

Confirmed: _____

Chair

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