
MINUTES

MONDAY 5 DECEMBER 2011

1.02PM - 2.53PM

3.07PM - 4.04PM

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

PRESENT:

Mayor Wade-Brown (1.02pm - 1.44pm, 1.45pm - 2.53pm, 3.07pm - 4.02pm)
Denise Church (1.02pm - 2.53pm, 3.08pm - 4.04pm)
Alan Isaac (Chair) (1.02pm - 2.53pm, 3.07pm - 4.04pm)
Councillor Marsh (1.02pm - 2.53pm, 3.07pm - 4.04pm)
Councillor Ritchie (1.02pm - 2.05pm, 2.08pm - 2.34pm, 2.35pm - 2.53pm,
3.08pm - 3.15pm, 3.17pm - 3.34pm)

APOLOGIES:

Councillor Coughlan

IN ATTENDANCE:

Councillor Morrison (1.02pm - 1.44pm)

DEMOCRATIC SERVICES OFFICER IN ATTENDANCE:

Fiona Dunlop - Committee Advisor
Sophie Rapson - Committee Advisor

037/11FM **APOLOGIES**
(1215/52/02/IM)

Moved Alan Isaac, seconded Councillor Marsh, the motion that the Council Controlled Organisation Performance Subcommittee receive apologies for absence from Councillor Coughlan.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Receive apologies for absence from Councillor Coughlan.*

038/11FM **MINUTES FOR CONFIRMATION**
(1215/52/02/IM)

Moved Alan Isaac, seconded Denise Church, the motion that the Council Controlled Organisation Performance Subcommittee approve the minutes of the ordinary meetings held on Monday 7 March 2011 and Monday 17 October 2011, having been circulated, be taken as an accurate record of those meetings..

The motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Approve the minutes of the ordinary meetings held on Monday 7 March 2011 and Monday 17 October 2011, having been circulated, be taken as an accurate record of those meetings.*

039/11FM **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/02/IM)

NOTED:

Councillor Marsh declared a conflict of interest regarding Report 1 Review of Performance of all Council Controlled Organisations for the Quarter Ended 30 September 2011 as he is a Trustee of Wellington Zoo.

040/11FM **PUBLIC PARTICIPATION**
(1215/52/02/IM)

NOTED:

There was no public participation.

041/11FM **ORDER OF BUSINESS**
(1215/52/02/IM)

NOTED:

The Chair advised that the order of business for the meeting would be follows:

Report 2 -Council Controlled Organisations Performance Presentations

- Basin Reserve Trust

Report 1 - Review of Performance of all Council Controlled Organisations for the Quarter Ended 30 September 2011

Report 2 -Council Controlled Organisations Performance Presentations

- Wellington Cable Car Limited

Report 1 - Review of Performance of all Council Controlled Organisations for the Quarter Ended 30 September 2011 (continued)

Report 3 - Annual Report for Wellington Cable Car Limited 2010/11

Report 4 - 2012/13 Letters of Expectation to Council Controlled Organisations

Report 5 - Council Controlled Organisation Team Forward Work Programme

Report 6 - Forward Programme

042/11FM **COUNCIL CONTROLLED ORGANISATIONS PERFORMANCE PRESENTATIONS**

- **Wellington Cable Car Limited and Basin Reserve Trust**

(1215/52/02/IM)

NOTED:

1. Basin Reserve Trust Doug Catley (Chair) and Peter Clinton and Craig Healy from Cricket Wellington were in attendance. They updated the Subcommittee on the Trusts Quarter ended 30 September 2011.

(Councillor Morrison left the meeting at 1.44pm.)

(Mayor Wade-Brown left the meeting at 1.44pm.)

(Mayor Wade-Brown returned to the meeting at 1.45pm.)

043/11FM REVIEW OF PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 30 SEPTEMBER 2011

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations

(1215/52/02/IM)

(REPORT 1)

NOTED:

The Subcommittee commenced discussion on Report 1. During discussion it was necessary to adjourn the discussion for the Subcommittee to take Report 2 - Council Controlled Organisations Presentations - Wellington Cable Car Limited and Basin Reserve Trust.

Please see 045/11FM for the decisions on Report 1.

044/11FM COUNCIL CONTROLLED ORGANISATIONS PERFORMANCE PRESENTATIONS

- **Wellington Cable Car Limited and Basin Reserve Trust**
(1215/52/02/IM)

NOTED:

1. Wellington Cable Car Limited - Roger Drummond (Chair) and Des Laughton (Chief Executive Officer) were in attendance. They addressed the meeting regarding the quarter ended 30 September 2011.

(During the presentation from Wellington Cable Car Limited, Councillor Ritchie left the meeting at 2.05pm.)

(During the presentation from Wellington Cable Car Limited, Councillor Ritchie returned the meeting at 2.08pm.)

(During the presentation from Wellington Cable Car Limited, Councillor Ritchie left the meeting at 2.34pm.)

(During the presentation from Wellington Cable Car Limited, Councillor Ritchie returned the meeting at 2.35pm.)

045/11FM REVIEW OF PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 30 SEPTEMBER 2011

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations

(1215/52/02/IM)

(REPORT 1)

(The meeting adjourned for afternoon tea at 2.53pm and reconvened at 3.07pm.)

(Mayor Wade-Brown, Councillor Marsh and Alan Isaac were present when the meeting reconvened.)

(Councillor Ritchie returned to the meeting at 3.08pm.)

(Denise Church returned to the meeting at 3.08pm.)

(Councillor Ritchie left the meeting at 3.15pm.)

(Councillor Ritchie returned to the meeting at 3.17pm.)

Moved Alan Isaac, seconded Councillor Marsh, the substantive motion.

The substantive motion 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 note the following matters with regard to the first quarter 2011/12 performance of Council Controlled Organisations:*
 - (a) *The Basin Reserve Trust had a strong quarter of activity as a result of hosting four training sessions as part of Rugby World Cup 2011. Work continues on completing maintenance work identified in the Shand Shelton report, and the trial night time closure of the ground is being well received.*
 - (b) *For the first quarter, Capacity overspent relative to budget on capex for Wellington City Council. No year-end variance is expected at this stage. Construction on the Tacy Street stormwater pump station and the Messines Road reservoir continues.*
 - (c) *Positively Wellington Tourism was heavily involved in the planning and delivery of Rugby World Cup 2011 events and has reported a very strong quarter across all of its key performance areas.*
 - (d) *Positively Wellington Venues had its first quarter of operation with the St James Theatre and Opera House fully merged into the business structure. Venue utilisation is tracking well, despite the anticipated drop-off of corporate business during the Rugby World Cup 2011 period. Progress continues towards the wind up of the St James Theatre Trust in quarter two.*

- (e) *Cable car passenger numbers for the quarter were 221,962, which was 11% below budget and 3% below the same period last year. Passenger numbers in the quarter were impacted by the cable car breakdown in August, following the snow storm.*
 - (f) *Overall, visitor numbers for the Museums Trust in quarter one were 124,782, 12% short of its quarterly target. Museum of Wellington performed particularly well; but City Gallery, Carter Observatory, Capital E and Cable Car Museum were all below their quarterly targets. However, repeat visitation to the Trust's museums and gallery spaces was 42% for the quarter, well above the 27% reported for the same period last year.*
 - (g) *Wellington Waterfront Limited helped facilitate numerous events on the waterfront associated with Rugby World Cup 2011. Preparation work has continued on the Overseas Passenger Terminal development project. Wellington Waterfront Limited's Asset Management Plan was signed off by the auditors during the quarter.*
 - (h) *Quarter one visitation for Wellington Zoo of 51,608 was ahead of target by 9,590 and ahead of last year by 7,077. Zoo management attribute the increase to favourable word of mouth and press around Happy Feet and other new exhibits.*
 - (i) *Wellington Regional Stadium Trust had a good first quarter. The Stadium hosted eleven events, including four Rugby World Cup events, and tracked above budget.*
 - (j) *The Karori Sanctuary Trust exceeded its quarterly visitor target by 3% and last year's quarter one result by 9.7%, mainly due to pre-booked tours to see Sirocco. A number of strategies have been implemented to enhance the education and visitor experience. At the last Council Controlled Organisations Performance Subcommittee meeting, the Subcommittee requested that the Trust provide any request for operational funding support from the Council by 30 November 2011.*
3. *Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report.*
 4. *Note any issues for the Chair to raise with the entities covered by this report.*

**046/11FM ANNUAL REPORT FOR WELLINGTON CABLE CAR LIMITED
2010/11**

Report of Maree Henwood, Portfolio Manager, Council Controlled
Organisations
(1215/52/02/IM)

(REPORT 3)

Moved Alan Isaac, seconded Mayor Wade-Brown the substantive motion.

The substantive motion 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 note the following:*
 - (a) *Wellington Cable Car Limited had a good year in 2010/11. On an underlying basis, the Company exceeded its budget forecast and is making progress on plans for the redevelopment of the Kelburn terminal. However, passenger numbers were below budget and last year.*

047/11FM 2012/13 LETTERS OF EXPECTATION TO COUNCIL CONTROLLED ORGANISATIONS

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations
(1215/52/02/IM) (REPORT 4)

Moved Alan Isaac, seconded Denise Church, the substantive motion with additions to recommendations 2 and 3 as indicated in bold.

THAT the Council Controlled Organisation Performance Subcommittee:

1. Receive the information.
2. **Recommend that the Strategy and Policy Committee note** the key messages to be included in the 2012/13 Letters of Expectation to Council Controlled Organisations, **as confirmed by the Subcommittee and attached as appendix 1.**
3. Note that officers will prepare formal 2012/13 Letters of Expectation incorporating the directions of the Subcommittee for signing by the Chair of this Subcommittee and **that the issues identified for each Council Controlled Organisation in the Letters of Expectation be presented with strong directives and clear expectations for reporting back to the Council Controlled Organisations Performance Subcommittee, including relevant deliverables and milestones against which progress can be measured.**

4. Note that the Subcommittee can expect to receive draft 2012/13 Statements of Intent, alongside officers' analyses, for its consideration at its meetings in March and April 2012.

(Councillor Ritchie left the meeting at 3.34pm.)

The substantive motion with additions to recommendations 2 and 3 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 note the key messages to be included in the 2012/13 Letters of Expectation to Council Controlled Organisations, as confirmed by the Subcommittee and attached as appendix 1 to the minutes.***
3. ***Note that officers will prepare formal 2012/13 Letters of Expectation incorporating the directions of the Subcommittee for signing by the Chair of this Subcommittee and that the issues identified for each Council Controlled Organisation in the Letters of Expectation be presented with strong directives and clear expectations for reporting back to the Council Controlled Organisations Performance Subcommittee, including relevant deliverables and milestones against which progress can be measured.***
4. *Note that the Subcommittee can expect to receive draft 2012/13 Statements of Intent, alongside officers' analyses, for its consideration at its meetings in March and April 2012.*

NOTED:

The resolution differs from the recommendations in the officer's report as follow:

The Subcommittee added the text in bold.

(Mayor Wade-Brown left the meeting at 4.02pm.)

048/11FM **COUNCIL CONTROLLED ORGANISATION TEAM FORWARD WORK PROGRAMME**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations
(1215/52/02/IM) (REPORT 5)

Moved Denise Church, seconded Councillor Marsh, the substantive motion.

The substantive motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisations Performance Subcommittee:

1. *Receive the information.*
2. *Note any issues for the Chair to raise with the Strategy and Policy Committee.*
3. *Note any issues for the Chair to raise with the Council-Controlled Organisations team.*

049/11FM **FORWARD PROGRAMME**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations
(1215/52/02/IM) (REPORT 6)

Moved Alan Isaac, seconded Councillor Marsh, the substantive motion.

The substantive motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Receive the information*
2. *Agree to the forward programme attached as appendix 1 to the officer's report.*

050/11FM **RESOLUTION TO EXCLUDE THE PUBLIC**
(1215/52/02/IM)

NOTED:

The Subcommittee did not have any issues to raise regarding the Review of Annual Reports for the Quarter Ended 30 September 2011 - Wellington International Airport Limited and did not go into public excluded session.

The meeting concluded at 4.04pm.

Confirmed: _____
Chair
/ /

2012/13 LETTERS OF EXPECTATION TO COUNCIL CONTROLLED ORGANISATIONS

Discussion

The 2012/13 Letters of Expectation will be split into three parts:

- An introductory section stressing the importance of the SOIs, the need for quality and noting general issues and high-level Council outcomes largely affecting all the CCOs
- A short, focussed cover letter outlining the key issues for each CCO from an ownership perspective
- A more detailed appendix outlining what needs to be covered by the particular CCOs in their draft SOIs.

4.1 General Issues

A number of issues to be addressed in the Letters of Expectation relate to most or all of the CCOs and these points will be made in the covering letter, as follows:

- In 2011, the Council signed off on its vision for the future of Wellington through *Wellington Towards 2040: Smart Capital*. All Council business units are expected to align their strategic planning to *Wellington Towards 2040*, particularly the community outcomes: 'People-Centred City', 'Eco-City', 'Connected City' and 'Dynamic Central City'. In relation to this, each CCO will be asked to review individual Council strategies and plans (for example the Economic Development Strategy, Arts and Culture Strategy, Accessible Wellington Action Plan) relevant to their entity and clearly describe how their strategic priorities and planning align with the community outcomes outlined in *Wellington Towards 2040: Smart Capital*. They should also refer to the Council's supporting strategies in their short, medium and long-term planning. In particular, how do their key activities contribute to these community outcomes and are there activities which are undertaken that do not contribute to these outcomes? Where there are non-contributing activities, a clear understanding of why these activities are undertaken, the cost of providing these services and any implications from ceasing these activities needs to be articulated.
- Reflecting the continuing difficult economic environment for ratepayers and the financial pressures on Council, which include dealing with the impact of leaky buildings and earthquake strengthening, CCOs will be required to consider how their services and activities can be delivered within the current funding arrangements and to clearly identify options to reduce the level of funding reliance on Council. This may include shared service opportunities, increasing non-Council revenue streams, partnering

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with other organisations to deliver services/activities and other options to deliver sustainably more for less.

- Continuing the focus of CCOPS on risk management, the LoE will ask all CCOs to describe:
 - how they manage health and safety responsibilities within their organisation, and identify any associated liability for the Council;
 - an overview of their insurance programme outlining coverage and deductibles and explanations of any material changes from prior years; and
 - their business continuity plan status.
- Note that the Council is undertaking a governance review, which may potentially have future implications for some of its CCO operations.

4.2 Specific Issues

As noted above, officers have compiled a list of key issues for each CCO to address in its SOI. If the Subcommittee agrees, then these points will be incorporated into the Letter of Expectation.

CCO	Key issue
Basin Reserve Trust	<ul style="list-style-type: none"> • Outline the deferred maintenance and renewal priorities, timing of the work programmes required and detailed cost profile. • Outline of the process and timeline for the renegotiation of the Turf Management contract with the Wellington Regional Stadium Trust. • Outline plans to improve the utilisation of the Basin, particularly in collaboration with Council's Events team • Provide an update on plans for a new stand to mitigate the effects of the proposed flyover, including timelines and needs for approval
Capacity Infrastructure Limited	<ul style="list-style-type: none"> • Outline the tangible results the Company expects to achieve in continuing work on the regional delivery of water and drainage services, including deadlines. Examples should include: <ul style="list-style-type: none"> ○ The finalisation and presentation of a business proposal to PCC; and ○ An analysis presented to WCC and HCC of the implications to them if new shareholders are added. • Outline in detail the planned delivery outcomes and deadlines (including education) for the water conservation and emergency response strategies (including emergency

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	<p>water availability), now that initial plans have been developed.</p> <ul style="list-style-type: none"> • Investigate and validate work on WCC's renewals curves, as this is a key part of the Council's resilience planning. • Please note that WCC will be reviewing its water and drainage KPIs as part of the Long Term Plan process. The SOI KPIs will be reviewed as part of this broader work programme.
<p>Positively Wellington Tourism</p>	<ul style="list-style-type: none"> • Lead the development of a plan, to be developed in conjunction with Parks and Gardens, Zealandia, the Museums Trust and Wellington Cable Car, to better leverage marketing between the attractions in the Kelburn precinct. • Significant focus on providing promotion and support to the Council's CCOs, including taking the lead on promoting Wellington's performance and events spaces to local, national and international markets. • In relation to PWT's priority KPIs and initiatives, provide details of their expected value-add. • Outline strategies to maintain the level of Australian visitors to Wellington following the completion of the Council funding initiative in 2011/12. • Please note that WCC is currently reviewing how to progress its Destination Wellington objective.
<p>Positively Wellington Venues</p>	<ul style="list-style-type: none"> • Outline in detail the economic and operational impact of planned earthquake strengthening work on the Town Hall and Opera House, and strategies for mitigating the disruption to business. • Council has an expectation that Venues will have completed its establishment phase during the 2011/12 financial year and will transition to break even in the next financial year and deliver appropriate operating surpluses thereafter. • Detail strategies and relevant KPIs for advancing community engagement and venue access. • Agree on measures that capture performance data and refine KPIs to be presented in the SOI accordingly.

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	<ul style="list-style-type: none"> • Participate in discussions, to be led by WCC, about the potential for additional events spaces in the city.
<p>Wellington Cable Car Limited</p>	<ul style="list-style-type: none"> • Outline in detail how the Company intends to continue improving the attractiveness of the cable car offering to passengers, including tourists, and how the cable car experience can be better integrated with the full range of tourist and visitor experiences at the top of the Cable Car. • Discuss the proposed redevelopment of the Kelburn terminal, including an outline of anticipated functionality improvements and other benefits of the work, budgets, delivery milestones and risk management plans. • Please note that any plans with financial implications for WCC should be linked, where relevant, to the Council's Long Term Plan and Cable Car Precinct work. • Participate in the development of a plan, to be led by PWT and developed in conjunction with Parks and Gardens, Zealandia and the Museums Trust, to better leverage marketing between the attractions in the Kelburn precinct. • Update on the status of the work on user charges on poles for the overhead trolley bus network and the technical review group and how these issues can be progressed to satisfactory conclusions.
<p>Wellington Museums Trust</p>	<ul style="list-style-type: none"> • Noting that the Carter Observatory management agreement is due to expire on 30 June 2012, the Trust is asked to report to Council on the option to extend the term of the agreement or make this arrangement more permanent. • Address strategies and actions for turning around lower-than-budgeted visitor numbers at City Gallery, including opportunities for partnerships and collaboration. • Outline the plans and commercial potential of either a refurbished Capital E building or a new home for Capital E. • Detail the plan and timeframe for further work on Plimmer's Ark. • Participate in the development of a plan, to be led by PWT and developed in conjunction with Parks and Gardens, Zealandia and

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	<p>Wellington Cable Car, to better leverage marketing between the attractions in the Kelburn precinct.</p>
<p>Wellington Waterfront Limited</p>	<ul style="list-style-type: none">• Within the Waterfront framework, consider and present options to maximise or increase commercial revenues on the Waterfront over the next 10 years, including the range of development options and ideas for introducing an events focus in to the work programme.• Present an impact assessment and forward work programme for the wharf pile maintenance and upgrade project that shows the impact of this work on the loan financing profile.
<p>Wellington Zoo Trust</p>	<ul style="list-style-type: none">• Update on the remaining term of the Zoo Capital Plan and the associated fundraising strategy.• Discussion of the status of upgrade work post the completion of the current ZCP.• Trust plans to improve the financial sustainability of the Zoo and continue to decrease the reliance on Council funding.
<p>Westpac Stadium Trust</p>	<ul style="list-style-type: none">• Update on the development of the Master Plan.