

**COUNCIL CONTROLLED
ORGANISATION PERFORMANCE
SUBCOMMITTEE**

MINUTES

FRIDAY 8 JUNE 2012

**1.06PM - 2.47PM
3.03PM – 4.45PM**

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

PRESENT:

Denise Church	(1.06pm – 2.47pm, 3.03pm – 4.23pm)
Councillor Coughlan	(1.06pm – 2.47pm, 3.03pm – 4.45pm)
Alan Isaac (Chair)	(1.06pm – 2.47pm, 3.03pm – 4.45pm)
Councillor Marsh	(1.06pm – 2.47pm, 3.03pm – 3.15pm, 3.27pm – 3.34pm, 3.35pm – 4.30pm)
Councillor Ritchie	(1.23pm – 1.32pm, 1.36pm – 2.47pm, 3.05pm – 3.35pm, 3.37pm – 4.45pm)

APOLOGIES:

Mayor Wade-Brown

DEMOCRATIC SERVICES OFFICER IN ATTENDANCE:

Sophie Rapson - Committee Advisor

COUNCILLORS IN ATTENDANCE:

Councillor Foster
Councillor Morrison

MANAGEMENT BOARD IN ATTENDANCE

Garry Poole – Chief Executive Officer
Peter Garty – Chief Financial Officer

018/12FM **APOLOGIES**
(1215/52/02/IM)

NOTED:

Moved Alan Isaac, seconded Denise Church, the motion that apologies for absence from Mayor Wade-Brown be accepted.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Accept apologies for absence from Mayor Wade-Brown.*

019/12FM **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 meeting held on Monday 23 April 2012, having been circulated, be taken 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 ordinary meeting held on Monday 23 April 2012, having been circulated, be taken as an accurate record of this meetings.*

020/12FM **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/02/IM)

NOTED:

- 1. Councillor Marsh noted a conflict of interest in relation to Report 2 - Review of the Performance of all Council Controlled Organisations for the Quarter Ended 31 March 2012 and Report 3 - Final Statements of Intent for Council Controlled Organisations for the Year 2012/13 for the Wellington Zoo Trust.**

2. Councillor Coughlan noted a conflict of interest in relation to Report 2 - Review of the Performance of all Council Controlled Organisations for the Quarter Ended 31 March 2012 and Report 3 - Final Statements of Intent for Council Controlled Organisations for the Year 2012/13 for Positively Wellington Tourism.

021/12FM PUBLIC PARTICIPATION
(1215/52/02/IM)

NOTED:

There was no public participation.

022/12FM COUNCIL CONTROLLED ORGANISATIONS PERFORMANCE PRESENTATIONS
Wellington Cable Car Limited and Wellington Museums Trust.
(1215/52/02/IM) (REPORT 1)

NOTED:

1. Representatives from Wellington Cable Car Limited (Des Laughton and Nicki Crauford) were in attendance. They updated the Subcommittee on the proposed Kelburn terminus and the Wellington Cable Car 2012/2013 Statement of Intent.
2. Representatives from Wellington Museums Trust (Pat Stuart and Quentin Hay) were in attendance. They updated the Subcommittee on the Trust's plans and challenges for the future and the Trust's 2012/2013 Statement of Intent.

(Councillor Ritchie joined the meeting at 1.23pm.)

(Councillor Ritchie left the meeting at 1.32pm.)

(Councillor Ritchie returned to the meeting at 1.36pm.)

(Councillor Morrison left the meeting at 1.52pm.)

(The meeting adjourned for afternoon tea at 2.47pm and reconvened at 3.03pm.)

(Denise Church, Alan Isaac, Councillors Coughlan and Marsh were present when the meeting reconvened.)

(Councillor Ritchie returned to the meeting at 3.05pm.)

(Councillor Marsh left the meeting at 3.15pm.)

023/12FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 MARCH 2012**

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 2)

Moved Alan Isaac, seconded Denise Church, 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 notes the following matters with regard to the third quarter 2011/12 performance of Council Controlled Organisations:*
 - (a) *The Basin Reserve has enjoyed a busy start to the year, with the ground being utilised for international, domestic and youth cricket events, including the NZ vs. South Africa test match. The Museum Stand was closed during the quarter pending further structural tests and a decision about its future. Allowing for depreciation, the Trust made an operating surplus of \$38,000 which is well ahead of budget.*
 - (b) *Wellington, Hutt and Upper Hutt City Councils have now approved the proposal that Capacity's existing client councils consider a governance model change to incorporate an outcomes-based model and for Upper Hutt City Council and Porirua City Council to become shareholders. Porirua City Council is not expected to consider this issue before July. In the interim, officers continue to work with Capacity on the draft documentation supporting this structure*
 - (c) *Positively Wellington Tourism enjoyed a good quarter with several major events drawing visitors to the city. Figures for direct arrivals into Wellington from Australia continue to grow, and cruise ship numbers were up 36% compared to the same period last year. In March the company worked with commercial partners to host a mega-familiarisation of potential convention bookers that has so far netted bookings for 2 conventions of over 500 delegates. Of note during the quarter*

was that i-Site revenue was up 5% on the same quarter in 2011/12.

- (d) *For Positively Wellington Venues, the New Zealand International Festival of the Arts was the major event of the quarter across all venues. As a result of good ticket sales, bar revenue increased 24% over that of the previous festival. Other major activities during the period included continuing efforts to secure an alternative venue for the company when the Town Hall is decommissioned for seismic strengthening in 2013. Operational assets from the St James Theatre Charitable Trust were transferred on to the Company's balance sheet this quarter.*
- (e) *Cable car passenger numbers for the quarter were 348,480, which was 2.0% under budget and 0.8% below the same period last year. Year to date passenger numbers are 4% below budget, but 3% above last year. Wellington Cable Car Limited's third quarter surplus was significantly less than the budgeted surplus. This was largely due to budgeted third party work which did not eventuate, particularly the cancellation of a major project which had been budgeted for. As a result, the Company has revised its original budgeted net surplus for 2011/12.*
- (f) *Overall, visitor numbers for the Museums Trust in the third quarter (including Carter) were 173,844, 12% better than budget of 154,540. City Gallery performed significantly better than in quarter one and quarter two; Museum of Wellington, Cable Car Museum, Colonial Cottage and Cricket Museum all performed better than forecast. Capital E achieved only 50% of its visitor target; however management forecast that total visitor numbers for the full year should be close to the budgeted level. Carter Observatory welcomed more than 5,600 visitors in January, exceeding the monthly target by more than 1,200, but was below target for the quarter.*
- (g) *The most significant event of the quarter for Wellington Waterfront Limited was the Environment Court hearing on the appeal of the Council's proposed District Plan variation 11. A paper will be considered by the Council's Strategy and Policy Committee in June on the impact of the court's decision on the Waterfront Development Plan and the company's loan financing. Other highlights included wrapping up a public consultation on the proposed design for the Newcrest development on Site 10 and further work on wharf piles on the Outer-T.*

- (h) *Year to date visitation of 166,041 for the Zoo was ahead of target by 15,284 and ahead of last year by 15,065 (or 10% in each case). Management continue to attribute this to favourable word of mouth with the Zoo Capital Plan improvements and better visitor experience. The Q3 performance was particularly strong given the higher number of wet days this year versus last year. As a result, the Zoo exceeded its full year visitor target of 191,982 on 8 May 2012.*
- (i) *The New Zealand Local Government Funding Agency Limited held its inaugural issue of debt on 15 February 2012. The first issue was for two tranches totalling \$300m. At its meeting of the 8th March 2012 the Local Government Funding Agency Shareholders' Council considered the company's inaugural draft Statement of Intent. The forecasts are in line with the shareholders expectations of asset growth and profitability.*
- (j) *The Stadium Trust continues to track above its budgeted surplus year to date and is on track to achieve an estimated net surplus of \$4.2m for 2011/12, compared to the original budgeted surplus of \$3.7m and the revised forecast of \$4m.*
- (k) *Visitors to ZEALANDIA for the third quarter at 24,986 were below target of 28,720. Management attributes this to wet weather and also notes that they discontinued the school holiday programme in the quarter as they focused on developing a new Junior Ranger programme to replace the old school holiday programme. Year to date international visitors were 28% above the previous year. Cash as at the end of March 2012 stood at \$1.3m, \$465k better than budget.*
- (l) *Wellington International Airport Limited has presented its annual report for the year ended 31 March 2012. The company reports a strong year with 8% growth in revenue reflecting in part the Company's on-going focus on efficiency, particularly in repairs and maintenance and energy costs. In February 2012 Steve Sanderson took over from Steven Fitzgerald as the airport's Chief Executive.*
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.*

(Councillor Marsh returned to the meeting at 3.27pm.)

(Councillor Marsh left the meeting at 3.34pm.)

(Councillor Marsh returned to the meeting at 3.35pm.)

(Councillor Ritchie left the meeting at 3.35pm.)
 (Councillor Ritchie returned to the meeting at 3.37pm.)

024/12FM **FINAL STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR 2012/13**

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 3)

Moved Alan Isaac, seconded Councillor Coughlan, the substantive motion with changes to the recommendations in the officer's report as follows (in bold and with strikethrough):

THAT the Council Controlled Organisations Performance Subcommittee:

1. Receive the information
2. Note that following the last Subcommittee meeting the Chair wrote to the Council Controlled Organisations requesting changes to be made in their Statements of Intent and that these changes have been included in the final Statements of Intent
3. Agree to recommend that the Strategy and Policy Committee approve the following 2012/13 Statements of Intent as outlined below:
 - a) Basin Reserve Trust
 - b) ~~Positively Wellington Venues Limited~~
 - e) ~~Wellington Cable Car Limited~~
 - b) Wellington Museums Trust
 - c) Wellington Zoo Trust
 - f) ~~Wellington Regional Stadium Trust~~
4. Agree to recommend that the Strategy and Policy Committee approve the Capacity Infrastructure Services Limited 2012/13 Statement of Intent, noting that updated Schedules 1 and 2 will be provided once the final Long Term Plan is agreed, and also noting that the Company's Statement of Intent is likely to be significantly updated before the end of 2012
5. Agree to recommend that the Strategy and Policy Committee approve the Positively Wellington Tourism 2012/13 Statement of Intent, noting that if a revised version of the Statement of Intent is necessary following the finalisation of the Long Term Plan, this will be brought back to the Subcommittee.

6. **Agree to recommend that the Strategy and Policy Committee approve the Positively Wellington Venues Limited 2012/13 Statement of Intent, excluding the new Performing Arts Foundation, noting that a revised version of the Statement of Intent is necessary following the finalisation of the Long-Term Plan and the confirmation of base line key performance indicators following the company's first year of operation. With respect to the Performing Arts Foundation, the Subcommittee recommends investigating removing the ticket levy and dissolving the Trust.**
7. **Agree to recommend that the Strategy and Policy Committee approve the Wellington Regional Stadium Trust 2012/13 Statement of Intent, subject to the provision of further detail on the Master Plan business case.**
8. **Agree to recommend that the Strategy and Policy Committee approve the Wellington Cable Car Limited 2012/13 Statement of Intent, noting that confirmations of discussions with Greater Wellington Regional Council on the future of the overhead network will be added. The Council Controlled Organisation Performance Subcommittee discussed in detail the Kelburn terminal redevelopment, noting that on balance the Subcommittee supports this proposal as outlined in the Statement of Intent.**
9. Note that a final 2012/13 Statement of Intent has not been received from Wellington Waterfront Limited, pending a Strategy and Policy Committee decision on the Waterfront Development Plan.
10. Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report.
11. Note any issues for the Chair to raise with the entities covered by this report.

(Denise Church left the meeting at 4.23pm.)

The substantive motion with changes was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisations Performance Subcommittee:

1. *Receive the information*
2. *Note that following the last Subcommittee meeting the Chair wrote to the Council Controlled Organisations requesting changes to be made in their Statements of Intent and that these changes have been included in the final Statements of Intent*

3. *Agree to recommend that the Strategy and Policy Committee approve the following 2012/13 Statements of Intent as outlined below:*
 - a) *Basin Reserve Trust*
 - ~~b) *Positively Wellington Venues Limited*~~
 - ~~c) *Wellington Cable Car Limited*~~
 - b) *Wellington Museums Trust*
 - c) *Wellington Zoo Trust*
 - ~~f) *Wellington Regional Stadium Trust*~~

4. *Agree to recommend that the Strategy and Policy Committee approve the Capacity Infrastructure Services Limited 2012/13 Statement of Intent, noting that updated Schedules 1 and 2 will be provided once the final Long Term Plan is agreed, and also noting that the Company's Statement of Intent is likely to be significantly updated before the end of 2012*

5. *Agree to recommend that the Strategy and Policy Committee approve the Positively Wellington Tourism 2012/13 Statement of Intent, noting that if a revised version of the Statement of Intent is necessary following the finalisation of the Long Term Plan, this will be brought back to the Subcommittee.*

6. ***Agree to recommend that the Strategy and Policy Committee approve the Positively Wellington Venues Limited 2012/13 Statement of Intent, excluding the new Performing Arts Foundation, noting that a revised version of the Statement of Intent is necessary following the finalisation of the Long-Term Plan and the confirmation of base line key performance indicators following the company's first year of operation. With respect to the Performing Arts Foundation, the Subcommittee recommends investigating removing the ticket levy and dissolving the Trust.***

7. ***Agree to recommend that the Strategy and Policy Committee approve the Wellington Regional Stadium Trust 2012/13 Statement of Intent, subject to the provision of further detail on the Master Plan business case.***

8. ***Agree to recommend that the Strategy and Policy Committee approve the Wellington Cable Car Limited 2012/13 Statement of Intent, noting that confirmations of discussions with Greater Wellington Regional Council on the future of the overhead network will be added. The Council Controlled Organisation Performance Subcommittee discussed in detail the Kelburn terminal redevelopment, noting that on balance the Subcommittee supports this proposal as outlined in the Statement of Intent.***

9. *Note that a final 2012/13 Statement of Intent has not been received from Wellington Waterfront Limited, pending a Strategy and Policy Committee decision on the Waterfront Development Plan.*
10. *Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report.*
11. *Note any issues for the Chair to raise with the entities covered by this report.*

NOTED:

The resolution differs from the recommendations as follows:

The Subcommittee added the text in bold and deleted the text with strikethrough.

(Councillor Marsh left the meeting at 4.30pm.)

025/12FM **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 4)

Moved Alan Isaac, seconded Councillor Coughlan, 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.*

026/12FM **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 5)

Moved Alan Isaac, seconded Councillor Coughlan, the substantive motion with changes to the recommendations in the officer's report as follows (in bold):

THAT the Council Controlled Organisations Performance Subcommittee:

1. Receive the information.
2. Agree to the forward programme attached to this report as appendix A, **amended as follows:**
 - (a) **Monday 15 October 2012**
 - **Delete Karori Sanctuary Trust**
 - **Add Positively Wellington Tourism**

The substantive motion as amended 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 appendix A, amended as follows:*
 - (b) *Monday 15 October 2012*
 - *Delete Karori Sanctuary Trust*
 - *Add Positively Wellington Tourism*

NOTED:

The resolution differs from the recommendations as follows:

The Subcommittee added the text in bold.

The meeting concluded at 4.45pm.

Confirmed: _____

Chair
/ /