

**COUNCIL CONTROLLED  
ORGANISATIONS PERFORMANCE  
SUBCOMMITTEE  
8 JUNE 2012**



**REPORT 3**  
(1215/52/02/IM)

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

**1. Purpose of report**

To provide the Subcommittee with the final 2012/13 Statements of Intent received from Council Controlled Organisations (CCOs), in compliance with Local Government Act 2002 and Council reporting requirements.

**2. Recommendations**

It is recommended that the 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*
  - d) *Wellington Museums Trust*
  - e) *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. *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.*
7. *Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report.*
8. *Note any issues for the Chair to raise with the entities covered by this report.*

### **3. Background**

The requirements for Statements of Intent (SOIs) are prescribed in the Local Government Act 2002.

Under the Local Government Act 2002, CCOs are required to submit a draft SOI to the Council by 1 March in the previous financial year. As a matter of good practice, the Council preceded this with a Letter of Expectation, sent to all CCOs in December, which outlined the Council's expectations in respect of the SOIs to be received. This process provided both the Council and the CCOs with an opportunity to fine-tune respective expectations ahead of submitting the final SOI for Council approval prior to the beginning of the 2012/13 financial year.

Officers received the draft SOIs and tabled these at the CCOPS meetings on 12 March and 23 April. This report included issues that had been identified in each SOI that were expected to be addressed in the final SOI. The Chair of the Subcommittee wrote to each CCO, highlighting these issues and requesting that they be addressed in the final SOI, to be submitted to officers by 16 May.

These final SOIs are included in this report for referral to the Strategy and Policy Committee for its approval. As the key accountability document between the Council and the Board of each entity, the approval or support of the SOI is important in confirming the strategic direction and accountability to Council of each organisation.

### **4. Entities Covered by this Report**

A final Statement of Intent has been received by the following CCOs:

- Basin Reserve Trust
- Capacity Infrastructure Services Ltd
- Positively Wellington Tourism

- Positively Wellington Venues
- Wellington Cable Car Ltd
- Wellington Museums Trust
- Wellington Zoo Trust

A final Statement of Intent has also been received by the following entity that the Council treats as a CCO:

- Wellington Regional Stadium Trust

#### **4.1 Karori Sanctuary Trust**

Given the current Eco-city CCO proposal, due to be considered by the Council in June, officers have not received a Statement of Intent from Karori Sanctuary Trust.

#### **4.2 Wellington Waterfront Ltd**

At the time of preparing this report, Wellington Waterfront Ltd (Waterfront or the Company) was in the process of revising its Waterfront Development Plan (WDP) to take into account the impact of the Environment Court's decision on the appeal of District Plan variation 11. The WDP forms the basis of the work programme that informs the Company's SOI. The revised WDP is expected to be approved by the Council's Strategy and Policy Committee later in June. Subsequent to this, Waterfront will deliver its final 2012/13 SOI. The document will be presented to CCOPS at their meeting on 15 October 2012.

#### **4.3 New Zealand Local Government Funding Agency**

The New Zealand Local Government Funding Agency Limited (LGFA) is a CCO, with eighteen territorial authorities and the Crown as shareholders. Wellington City Council's role is as an establishment shareholder with an 8% paid up capital shareholding at present.

At its meeting of the 8th March 2012 the LGFA Shareholders' Council considered the company's draft Statement of Intent for 2012/2013. The draft SOI is almost identical to the company's first SOI (2011/12) which came into effect upon the LGFA's establishment on 1 December 2011, except that its financial forecasts now look forward to 30 June 2015. The forecasts are in line with the shareholders expectations (based on the business case for the establishment of the LGFA) of asset growth and profitability.

The LGFA's SOI is expected to be finalised and published on the entity's website before the end of June.

## **5. Issues for the Subcommittee to Consider**

### **Council Controlled Organisations:**

#### **5.1 Basin Reserve Trust**

In its final SOI for 2012/13, the Basin Reserve Trust (the Trust) has responded to all points raised by CCOPS in its letter on 30 April.

The Trust was asked to discuss in depth the implications of having to operate within the current grant level of \$180k, along with details on the Trust's management duties that will not proceed as a result of pressure on the budget. On page 5, the SOI notes that the 'mandatory' costs of keeping the ground functional and operating have increased 103% in the past 5 years while their grant has remained static. As such, non-vital activities such as preventative maintenance and special cleaning are attended to on an 'as needed' basis.

The SOI acknowledges the importance of establishing opportunities to utilise the venue beyond cricket and sports events and to this end the Trust has committed to establishing a relationship with Positively Wellington Venues in order to consider new ways to market the Basin Reserve further as an events space (without compromising its role as a first-class cricket venue).

As requested, the reasons for the increase in the annual management fee with Cricket Wellington are discussed. Cricket Wellington undertakes a significant amount of the day-to-day management of the Basin on behalf of the Trust. The fee change signalled in the SOI reflects the increase in the volume and depth of work that Cricket Wellington is expected to undertake. A review is scheduled in two years.

With respect to health and safety, the SOI confirms that the Trust has a suite of policies in place to cover the operation of the ground. In terms of contractor management, however, because on-site contractors are paid through a WCC capex grant, these workers are covered by the Council's existing policies.

The Trust was asked to address the timing of work programmes required to complete the maintenance and renewal work identified in the Shand Shelton report, along with a detailed cost profile. This has not been done, but the SOI acknowledges the Trust's intent to have an ongoing working relationship with the Council's Project Management Office to manage the outstanding work programme and budgets in consultation with the Trust's priorities. Along these lines, the Trust is working with the Council's Property directorate to have an Asset Management Plan in place by the end of 2012/13.

A summary of preparations for the Cricket World Cup is included in the final SOI, along with a summary of major sporting events in the years leading up to

the World Cup. This discussion shows that the Trust is working actively to position the Basin Reserve as a multi-use recreational facility.

Finally, the Basin Reserve Trust has included in its SOI a summary of the night time ground closure trial, including the process followed and evidence of the success of the trial. The trial has had a positive impact in reducing levels of vandalism (and associated costs). As a result, the Trust has signalled that it intends to make permanent the evening closure of the Basin Reserve, noting that they will continue to monitor vandalism levels and discuss possible further mitigation measures with Council officers.

Officers recommend that CCOPS recommend that the Strategy and Policy Committee approve the Basin Reserve Trust's 2012/13 SOI.

## **5.2 Capacity Infrastructure Services Ltd**

The final 2012/13 SOI of Capacity Infrastructure Services Ltd (Capacity or the Company) responds to the points raised by CCOPS in its letter of 23 April, albeit some of the commentary is generic in nature. The key changes from the draft SOI include:

- An update on the progress of the proposed governance and model changes, noting that Porirua City Council's current timing may mean their position is not formalised until late 2012.
- As requested, the client Councils' Long Term Plan measures have been included as a reference, and a reference to the 'no surprises' policy has been added.
- Additional detail has been added on the 'stakeholder intimacy' and 'empowering our people' strategic areas of focus, with the Company planning an organisation-wide customer service training programme as part of its two-year customer focus programme.
- The Company has noted that it has appointed a consultant to prepare a business case on integrated information management. Officers note that any work in this area will need to be coordinated with specific Council initiatives on information management.
- Capacity notes that it will review its asset management plans in the current year and continue to seek 'advanced asset management status' across client Councils.
- As requested, additional detail has been added on the elements and likely timing of the work to validate long term renewal forecasts, which will be carried out in consultation with Councils.

- There is also additional detail included on water conservation planning, with the continuation of active leak detection, further analysis of large customer usage, analysis of the impact of water patrols, and the Company noting that it will report to Wellington City Council on progress on the Water Conservation Plan's activities by the end of 2012.
- As requested, additional detail has been added on resilience planning, with the Company noting it has an internal emergency management committee to oversee planning in this area, it is involved in both the Wellington Lifelines Group and the Water Services Emergency Preparedness Group, it is currently writing an emergency water supply plan, and it will deliver detailed action plans to client Councils in or by early 2012/13.
- Capacity has confirmed that it has sufficient resources to deliver the draft Long Term Plan work programmes. However, officers note that Schedules 1 and 2 have not been updated to reflect the Council's current draft Long Term Plan figures. Because the final Long Term Plan is still under deliberation, this will need to be updated once the final amounts are agreed.
- As requested, the Company has confirmed that KPIs will be reported on where targets have not been met or as requested by shareholders. It has also confirmed that health and safety issues are taken into consideration in contractor management.
- A discussion of benchmarking and comparative analysis has been added. The Company notes that KPIs are currently under review and will be updated to meet the new outcomes-based model.

However, as noted in the Statement of Intent, the proposed changes to Capacity's business model and the equity arrangements for additional shareholders will involve a material change to the Company's method of operation, governance and draft financial forecasts (by including Porirua City Council). As a result, Capacity anticipates at least one further revised version of this Statement of Intent. With this in mind, officers expect that, following the confirmation of a Porirua City Council decision, there may be significant revision to this document once the governance arrangements and service level agreements are finalised.

As a result, officers recommend that CCOPS 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. Any significantly updated version will be brought back to the Subcommittee for consideration.

Please note that Capacity's SOI needs to be approved by both shareholder Councils, Wellington City Council and Hutt City Council.

### **5.3 Positively Wellington Tourism (Partnership Wellington Trust)**

Positively Wellington Tourism (PWT or the Trust) has provided a detailed final SOI for 2012/13 and has responded to the points raised in the letter from the Chair of the Subcommittee, dated 23 April 2012.

In response to CCOPS's request to include commentary regarding static performance targets, the Trust has outlined a number of issues.

In regards to downtown weekend visitation the Trust notes that an ongoing weak economic situation in New Zealand and concerns regarding job security in the government sector in Wellington mean that retail spending is reduced, causing reduced CBD visitation.

International visitation target remains static as, judged separately from Australian visitation, Tourism New Zealand and the Ministry of Economic Development forecast that visitors to New Zealand from long haul markets except China will at best be maintained at current levels and that some important markets to Wellington such as the UK will continue to decline. At this stage the vast majority of holiday visitors to NZ from China only visit Auckland and Rotorua, delivering low levels of economic benefits. The Trust outlines that its activity in this market is to pursue conference and incentive business and the nascent Chinese independent traveller market.

The i-Site revenue target also remains static. This follows a significant increase in revenue during 2011 (the year following the re-development of the interior). The number of visitors is static reflecting the reduction in long haul arrivals into New Zealand from western markets.

In response to the request to include quarterly targets for KPIs, the Trust notes that it recognises the ebbs and flows of business activity and visitor movements through the year but also understands that growth in business activity should be its target at all times of the year. The organisational KPIs reflect this ambition by targeting a noted percentage growth over previous years for each individual quarter.

As requested, the Trust has included three years of performance targets, confirmed that the Trust has appropriate health and safety policies in place and has included a 'no surprises' principle for operations and decision making in its relationship with Council.

Officers note that Trust is awaiting the final LTP decision in regards to its proposal to retain the Long Haul and Australian funding at the same level as in 2011/12 (\$200k and \$1m). If the funding is not approved, KPIs and financial statements will have to be adjusted accordingly.

Officers recommend that CCOPS recommend that the Strategy and Policy Committee approve PWT's final SOI, noting that if a revised version of the SOI is necessary following the finalisation of the LTP, this will be brought back to the Subcommittee.

#### **5.4 Positively Wellington Venues**

The 2012/13 final SOI for Positively Wellington Venues Limited (Venues or the Company) responds to all of the points raised in the letter from the Chair of the Subcommittee, dated 30 April 2012.

Venues has committed (sec 2.2.3) to providing monthly updates to WCC on the financial and progress status of the development of temporary accommodation facilities ahead of the closure of the Town Hall in May 2013 to ensure that the project is running on time and within budget.

With respect to providing baseline measures for relevant Key Performance Indicators, the company has addressed this issue by separating out the significant performance measurements from those targets used for internal evaluation. Officers note that some of the baseline measures will be confirmed following the company's first year of operation and given to the Subcommittee during the Quarter 1 reports.

The SOI now references a commitment to sharing details of the Performing Arts Foundation (PAF) Trust Deed and its grants and subsidies criteria with the Council's City Grants team to ensure that there is very good strategic alignment of the Venues subsidy, sponsorships and PAF. Moreover, the Company and City Grants will share details of grants approved to ensure there is no double dipping and to keep track of the financial level of community support and access.

Venues has included a reference to the relationship with Council as operating on a "no surprises" basis.

Officers recommend that CCOPS recommend that the Strategy and Policy Committee approve the final 2012/13 SOI from Positively Wellington Venues.

#### **5.5 Wellington Cable Car Ltd**

The 2012/13 final SOI for Wellington Cable Car Limited (the Company or WCCL), responds to all of the points raised in the letter from the Chair of the Subcommittee, dated 30 April.

As requested, the Company has outlined in detail the Company's specific strategic vision for its planned Kelburn terminal redevelopment. The final SOI explains clearly the problems with the existing 34-year old terminal structure, including issues with the roof, guttering and spouting, security, lack of weather protection, and winding room access. The benefits of the redevelopment for WCCL will include the addressing of all of the identified issues, improved work amenities, and an anticipated increase in passengers if an internal viewing

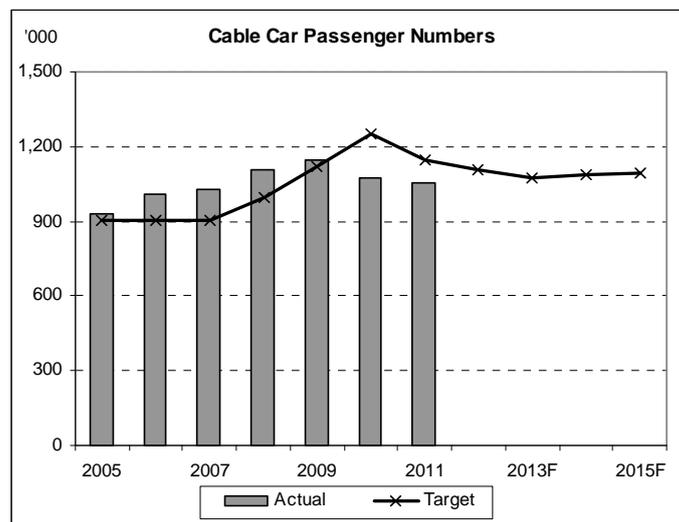
platform is available. It will also avoid substantial repair work that would otherwise be required. The Company anticipates broader community benefits to include improved amenities and weather protection for passengers, an improved gateway area at the centre of the Kelburn precinct, and a kiosk for Friends of the Botanic Garden. A wide range of entities have been consulted on the Company's plans to date at the pre-design and design stages in order to ensure a good level of strategic alignment with the entities in the area.

The Company reiterates that it intends to resume dividend payments to the Council in 2012/13 from the profit earned in 2011/12. It is arranging alternative loan finance for the Kelburn terminal redevelopment, the cost of which may impact on future dividends. Forecast dividends as per the business plan are \$156k in 2012/13 (based on the revised surplus for 2011/12 of \$260k), \$176k in 2013/14, and \$187k in 2014/15.

The Company has also included three years of performance targets, a timeline for the business continuity planning work, confirmation on its health and safety policies, and has added the couple of LGA requirements needed.

A review of the business plan and the updated SOI notes the following points:

- Passenger numbers are forecast to decrease by 3% in 2012/13 relative to the 2011/12 forecast, and then increase by 1% a year in 2013/14 and 2014/15. This appears reasonable relative to the passenger figures year to date for 2011/12 and relative to recent years (as shown in the chart below). Fare income is forecast to increase at a higher rate.



- There is only one material third party overhead network project budgeted to be undertaken in 2012/13: the Adelaide Rd upgrade.
- For 2012/13 the Company is forecasting cable car fare income of \$2.2m, a surplus before tax of \$427k and a net surplus after tax of

\$294k. These figures are lower than the 2012/13 estimates from last year's business plan, which had fare income of \$2.2m, a before tax surplus of \$640k and a net surplus after tax of \$461k. The lower estimates are effectively driven by a much lower external activities operating surplus, reflecting a tougher economic environment for third party projects.

Officers recommend that CCOPS recommend that the Strategy and Policy Committee approve WCCL's final 2012/13 SOI.

### **5.6 Wellington Museums Trust (including Carter Observatory)**

Wellington Museums Trust's (the Trust) final 2012/13 SOI provides a good overview of its goals, performance and strategic priorities. The Trust has responded to points raised by CCOPS in its letter to the Trust on 23 April.

In response to the request to make links to relevant Council strategies, the Trust has provided a detailed outline of the links to the Council's 2040 vision and a brief statement that the Trust will be working with Council to help it achieve its Arts and Culture Strategy.

As requested, the Trust has provided information regarding its static visitor forecast for a number of its institutions. The Trust outlines that for 2012-13 the total visitation target is set at 620,000 taking into consideration a vibrant and exciting programme at City Gallery but no major international shows, the inclusion of the 2013 Capital E National Arts Festival with a reduced events programme, and the commencement of the redevelopment of the visitor experience at the Museum of Wellington City & Sea. The Trust will review its visitation target annually as part of business planning. Visitation projections for 2013/14 and 2014/15 show a reduced target due to the biennial programming of Capital E's National Festival for young people and the Trust's decision not to commit to a festival in 2015 at this stage.

In response to the request for more information on the specific strategies to address visitor numbers at the City Gallery, the Trust outlines a programme of exhibitions for 2012/13 and notes that a newly appointed director will focus on evaluating the Gallery's future programming to meet the evolving interests of diverse audiences and to ensure that visitation continues to grow.

The Trust forecasts a deficit of (\$147k) in 2014/15. This has reduced from the (\$263k) deficit forecasted in the draft SOI. As requested, the Trust has outlined strategies to address this deficit issue including potentially reducing event programming, not committing to a Capital E 2015 National Festival for young people at this stage and a continual review of organisational efficiencies.

In addition, the Trust has provided more information about improving revenue streams including sponsorship and venue hire. The Trust will continue to develop its retail capability through the redevelopment of the Museum of

Wellington City & Sea, within refurbished or new accommodation for Capital E, and at City Gallery Wellington.

The Trust has developed a fundraising strategy to guide its approach to fundraising in support of planned capital projects and the development and delivery of the visitor experience. Included in this strategy is the Trust's commitment to strengthening existing sponsorship relationships.

CCOPS has requested that the Trust includes updated information regarding the Capital E redevelopment and Plimmer's Ark project. The Trust has briefly outlined that the Capital E accommodation feasibility study will include a review of options such as refurbishing of the current building through to moving to rental accommodation elsewhere in the CBD.

The Trust has completed detailed preparatory work on moving the recovered Plimmer's Ark timbers from Shed 6 to a new location. This has involved a further estimate of the time required and likely cost involved to complete the conservation process. In light of this information, the Trust plans to review the project with Council before committing to the next phase in the project.

Officers recommend that CCOPS recommend that the Strategy and Policy Committee approve the Museum Trust's final 2012/13 SOI.

#### **5.7 Wellington Waterfront Ltd**

At the time of preparing this report, Wellington Waterfront Ltd (Waterfront or the Company) was in the process of revising its Waterfront Development Plan (WDP) to take into account the impact of the Environment Court's decision on the appeal of District Plan variation 11. The WDP forms the basis of the work programme that informs the Company's SOI. The revised WDP is expected to be approved by the Council's Strategy and Policy Committee later in June. Subsequent to this, Waterfront will deliver its final 2012/13 SOI. The document will be presented to CCOPS at their meeting on 15 October 2012.

#### **5.8 Wellington Zoo Trust**

Wellington Zoo Trust's (the Zoo's or the Trust's) final SOI is very thorough and clearly presented and gives an excellent overview of the Zoo's operations and fit with Council's strategic outcomes. It has addressed all of the issues raised by the Subcommittee in its letter of 23 April, including detailed commentary on its health and safety management policies and financial forecasts that reflect the Council's current draft Long Term Plan.

As requested, the Zoo has reinstated performance measures around accessibility to Wellingtonians and income per visitor or Trust generated spend per visitor. The Zoo has also included additional commentary for the Asia Precinct and Meet the Locals projects, as requested.

The following comments are noted from the Zoo's final SOI:

- The visitor number forecast for 2012/13 has been increased relative to the draft SOI, reflecting the Zoo's continued strong performance in this area. The revised target of 206,703 reflects an increase of 7.7% on the 2011/12 visitor target of 191,982.
- The forecast average income per visitor of \$14.88 is largely in line with the 2011/12 target, as is the target of 50% of Wellingtonians visiting the Zoo.
- The Trust's 2012/13 budget reflects an unchanged operating grant of \$2.799m from the Council and forecasts a breakeven operating position for the year. On current phasing, the Trust requests \$1.875m for the Zoo Capital Plan programme. However, as there is an anticipated carry-forward balance from 2011/12 due to project phasing, the lesser amount of \$622k has been included in the Council's Long Term Plan for 2012/13. The key Zoo Capital Plan spending in 2012/13 is to be on the completion of the Asia Precinct, the start of Meet the Locals, and upgrading the servals, dingoes and wallabies exhibits.

Officers recommend that CCOPS recommend that the Strategy and Policy Committee approve the Zoo's final 2012/13 SOI.

#### **Other Organisations:**

##### **5.9 New Zealand Local Government Funding Agency**

At its meeting of the 8th March 2012 the LGFA Shareholders' Council considered the company's draft Statement of Intent for 2012/2013. The draft SOI is almost identical to the company's first SOI (2011/12) which came into effect upon the LGFA's establishment on 1 December 2011 except that its financial forecasts now look forward to 30 June 2015. The forecasts are in line with the shareholders expectations (based on the business case for the establishment of the LGFA) of asset growth and profitability.

The SOI was prepared by Russell McVeagh as one of the many foundation documents that was needed to create the LGFA ready for its first issue of debt securities in February 2012. The document is succinct and well presented, containing all the necessary facts and complying with the LGA 2002.

The Shareholders' Council has reviewed the 2012/13 SOI and is comfortable with the document. The LGFA's final SOI is expected to be published on the entity's website before the end of June. There will be an opportunity to discuss this document at the Subcommittee meeting on 15 October 2012.

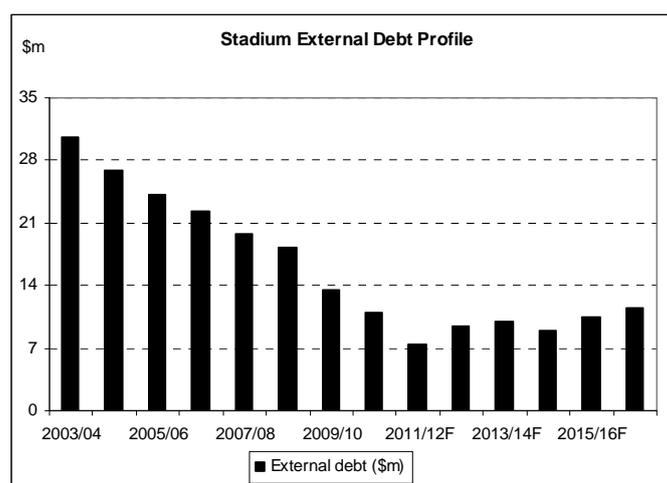
## 5.10 Wellington Regional Stadium Trust

The final SOI for the Wellington Regional Stadium Trust (the Trust) is comprehensive and clear in setting out the Trust's operations, opportunities and challenges. It was submitted with its Business Plan for 2012/13 and a summary of its 5-year strategic plan.

The Trust has responded to the point raised by CCOPS in its letter of 30 April, confirming that hazard management is included in the Trust's health and safety policies.

The Business Plan includes a high-level but well explained discussion of the Trust's plans for its Stadium Master Plan. It notes that the Master Plan has been developed in the context of new standards being set by recently developed stadia and the renewal of membership and corporate box licences in 2014. Accordingly, in developing the Master Plan strategy, the trustees have focused on ensuring the Stadium is the best developed stadium in New Zealand to accommodate certain events, providing high quality facilities for members and box holders, and providing a substantially improved public area experience. This Plan is the cornerstone of maintaining the Stadium as a critical and up-to-date piece of regional infrastructure.

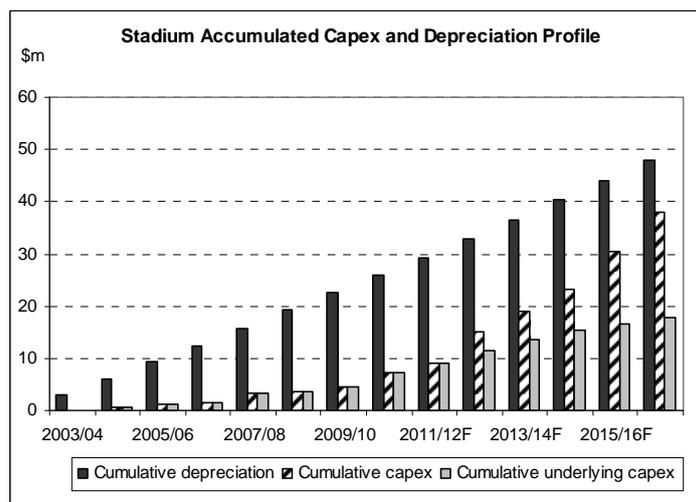
As noted previously, the Trust will not be approaching either Council for additional funding in relation to the Master Plan developments. Officers note that the Stadium's strong cash flows and existing debt facility should offer more than adequate funding for the projected Master Plan and regular capex spend of \$29m over the next five years. This is in line with the Trust's comment that \$23m is expected to come from the Stadium's cash flows and the balance from a modest increase in debt levels (as illustrated in the chart below).



The risk profile of the planned development is reduced by the fact that the Master Plan is a series of independent, smaller projects which can be

implemented as funds allow and as can be accommodated within the Stadium's event schedule.

The following chart gives an overview of the Stadium's headline capex, underlying renewals capex and depreciation profile, noting that the headline capex includes the Master Plan upgrade projects. In the absence of the Master Plan, the actual underlying capex would have needed to be greater than represented here. At a high level, this chart suggests that the magnitude of the Master Plan development appears reasonable relative to the asset base involved.



A review of the Trust's business plan notes the following points:

- The Trust will have held 55 events by the end of 2011/12; this continues to be at the upper end of the number which can reasonably be expected to be held in a year.
- The Trust is estimating a net surplus of \$4.2m for 2011/12, slightly above the revised forecast surplus of \$4.0m and above the original forecast of \$3.7m. Future surpluses are not expected to be at this level.
- It is estimating an external bank loan balance of \$7.5m by June 2012, well below the budgeted bank loan balance of \$11.0m.
- Forecast net surpluses for the next 3 years are \$2.32m for 2012/13, \$2.66m for 2013/14 and \$2.08m for 2014/15.
- For 2012/13 the Trust is forecasting holding 47 events, resulting in events income of \$4.69m and a net surplus of \$2.32m. This is slightly lower than the \$2.6m 2012/13 net surplus estimate from last year's SOI, largely due to lower forecast event revenue and higher forecast event and other operating costs.

- The Trust notes that its forecasts suggest that it can continue to maintain its surplus at an average of about \$2m per annum through to 2015. Beyond 2014 the Trust will have a different arrangement with memberships and corporate boxes; however, it is taking a conservative approach in regard to these forecasts when considering any borrowing requirements.

Officers recommend that CCOPS recommend that the Strategy and Policy Committee approve the Stadium Trust's final 2012/13 SOI. Please note that the Trust's final SOI needs to be agreed by the two settlors, Wellington City Council and Greater Wellington Regional Council.

## **6. Conclusion**

The final SOIs address the key issues requested by CCOPS and provide a clear discussion of how each CCO contributes towards Council's outcomes.

Officers will continue to work with the CCOs to ensure that the SOIs continually improve and drive the performance of this important group of entities that provide a range of critical and popular services to the City.

Contact Officers:

*Richard Hardie, Portfolio Manager, Council Controlled Organisations*

*Maree Henwood, Portfolio Manager, Council Controlled Organisations*

*Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations*

## SUPPORTING INFORMATION

### 1) Strategic fit / Strategic outcome

*These entities and projects support the achievement of a range of outcomes across most strategic areas. CCOs are required to state in their Statements of Intent how they contribute to Council's strategic goals.*

### 2) LTP/Annual Plan reference and long term financial impact

*Please refer to the individual covering report that prefaces each entity.*

### 3) Treaty of Waitangi considerations

*This report raises no new treaty considerations. Where appropriate the entities do consult with the Council's Treaty Relations unit, and with the Tenth Trust, as part of normal operations.*

### 4) Decision-making

*This is not a significant decision.*

### 5) Consultation

#### a) General consultation

*A draft of each entity report will be circulated to the individual entity, with comments passed on to the sub-committee as appropriate*

#### b) Consultation with Maori

*See section 3, above.*

### 6) Legal implications

*The Council's lawyers have been consulted during the year as part of normal operations. There are no new legal issues raised in this report.*

*A Statement of Intent is a legal requirement for CCOs under the Local Government Act 2002.*

### 7) Consistency with existing policy

*This report is consistent with existing WCC policy.*