

**COUNCIL CONTROLLED
ORGANISATION PERFORMANCE
SUBCOMMITTEE**

MINUTES

MONDAY 15 OCTOBER 2012

1.04PM – 2.57PM

3.14PM – 3.44PM

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

PRESENT:

Mayor Wade-Brown	(1.04pm – 2.57pm, 3.14pm – 3.40pm.)
Denise Church	(1.04pm – 2.57pm, 3.14pm – 3.44pm.)
Councillor Coughlan	(1.04pm – 2.23pm, 2.28pm – 2.57pm, 3.14pm – 3.44pm.)
Alan Isaac (Chair)	(1.04pm – 2.57pm, 3.14pm – 3.44pm.)
Councillor Marsh	(1.04pm – 2.57pm, 3.14pm – 3.44pm.)
Councillor Ritchie	(1.04pm – 2.43pm, 2.49pm – 2.57pm, 3.23pm – 3.44pm.)

DEMOCRATIC SERVICES OFFICER IN ATTENDANCE:

Sophie Rapson - Committee Advisor

COUNCILLORS IN ATTENDANCE:

Councillor Foster
Councillor McKinnon

EXECUTIVE LEADERSHIP TEAM IN ATTENDANCE

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

027/12FM **APOLOGIES**
(1215/52/02/IM)

NOTED:

There were no apologies.

028/12FM **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 Friday 8 June 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 Friday 8 June 2012, having been circulated, be taken as an accurate record of this meetings.*

029/12FM **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 2011/12 Annual Reports and Audited Financial Statements of Council Controlled Organisations for the Wellington Zoo Trust.
2. Councillor Coughlan noted a conflict of interest in relation to Report 2 - Review of the 2011/12 Annual Reports and Audited Financial Statements of Council Controlled Organisations for Positively Wellington Tourism.
3. Alan Isaac (Chair) noted a conflict of interest in relation to Report 2 - Review of the 2011/12 Annual Reports and Audited Financial Statements of Council Controlled Organisations for Basin Reserve Trust.

030/12FM **PUBLIC PARTICIPATION**
(1215/52/02/IM)

NOTED:

There was no public participation.

(Councillor McKinnon joined the meeting at 1.04pm.)
(Councillor Foster joined the meeting at 1.09pm.)

031/12FM **COUNCIL CONTROLLED ORGANISATIONS PERFORMANCE PRESENTATIONS**

Positively Wellington Venues
(1215/52/02/IM)

(REPORT 1)

NOTED:

1. Representatives from Positively Wellington Venues (Glenys Coughlan and Kelvin Wong) were in attendance. They gave an overview of Positively Wellington Venues Annual Report 2011/12.

032/12FM **REVIEW OF THE 2011/12 ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS OF COUNCIL CONTROLLED ORGANISATIONS**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, 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.

(Councillor McKinnon left the meeting at 2.08pm.)
(Councillor Coughlan left the meeting at 2.23pm.)
(Councillor Coughlan returned to the meeting at 2.28pm.)
(Councillor McKinnon returned to the meeting at 2.33pm.)
(Councillor Foster left the meeting at 2.34pm.)
(Councillor Ritchie left the meeting at 2.43pm.)
(Councillor Ritchie returned to the meeting at 2.49pm.)
(Councillor McKinnon left the meeting at 2.54pm.)

(The meeting adjourned for afternoon tea at 2.57pm and reconvened at 3.14pm.)

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

(Councillor Ritchie returned to the meeting at 3.23pm.)

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 2011/12 performance of Council Controlled Organisations:*

(a) The Basin Reserve Trust

2011/12 returned good results for the Basin Reserve Trust with revenue projections exceeded and event numbers on target. The cricket highlight was the NZ v South Africa in March. The Trust is working closely with the Council to complete deferred maintenance work and establish a regular maintenance programme, with a major project currently underway to assess the earthquake resilience of the Museum Stand and to determine its future.

(b) Capacity

Capacity had a steady trading year and contained costs, particularly personnel, which is a significant operating expense for the company. All of the major performance targets were met. The company has undertaken a comprehensive review of its ownership and governance structure with respect to the regionalisation of services and, as at 30 June 2012, Wellington, Hutt and Upper Hutt city councils had voted to approve adding Upper Hutt and Porirua city councils as shareholders in Capacity.

(c) Positively Wellington Tourism

Positively Wellington Tourism continues to achieve growth in a number of areas within a challenging economic climate, and Wellington continues to outperform other New Zealand cities as a national and international tourist destination. The financial result for the year was an operating surplus of \$3k compared to a budgeted deficit of \$38k. In terms of their performance indicators, the company had a strong year meeting all but one of their targets. Work has continued on developing the Australia markets and the Wellington i-Site Visitors Centre continues to perform strongly with sales \$530k better than budget.

(d) Wellington Cable Car Ltd

The company has returned another sound trading performance in 2012 with a net operating surplus of \$632k and achieved all of its service and performance targets. The key strategic issue facing the company in coming years is its funding arrangement with Wellington Regional Council for its management of the trolley bus overhead network (which is due to terminate 30 June 2017).

(e) The Wellington Museums Trust

The Trust had a successful year, reporting an overall surplus (excluding Carter) of \$7k compared to a budgeted deficit of \$95k. The Trust delivered a range of exhibitions and events to an audience of 607,613 visitors, with visitor satisfaction levels increasing to an average of 94.5%. However, its ability to absorb cost increases without affecting the programme is proving increasingly difficult to achieve.

(f) Wellington Venues Ltd

Positively Wellington Venues has made steady progress throughout 2011/12 in developing its operating platform for the future. At the same time, the company has also faced some significant challenges, especially around developing the business case for a temporary venue to replace the Town Hall during seismic strengthening work. However, this year has provided PWV with baseline performance data against which relevant performance measures can be set and future progress assessed. While Venues did not meet its revenue or event projections for the year, operating expenditure was in line with budget. The company reported establishment and extra-ordinary costs of \$811k.

(g) Wellington Waterfront Ltd.

WWL achieved several milestones this year with the highest visitor numbers recorded on the waterfront during October 2011, and the start of construction towards the redevelopment of the Overseas Passenger Terminal. However, the company also faced several challenges, especially with commercial proceeds on Shed 5 not being realised and work on Site 10 deferred following the Environment Court decision on District Plan variation 11. The Project made an operating deficit of \$2.04m compared to a budget deficit of \$3.4m.

(h) Wellington Zoo Trust

The Wellington Zoo Trust has backed-up a very successful financial year ended 30 June 2011 with another year of record

visitor numbers and admissions revenue. The Zoo achieved several milestones, including welcoming 216,457 through the doors and exceeding 200,000 visitors for the first time, and recording over 1,500 animal contact hours. The Trust's total revenue was stable with increased admissions revenues offsetting a fall in non-Council grants and donations. Overall, Wellington Zoo continues to focus on its core operations and is achieving very credible results, and generally achieving or exceeding its KPIs.

(i) Wellington Regional Stadium Trust

The Trust recorded another very good result in 2011/12. Overall, the Trust achieved a net surplus of \$3.91 million, 13% ahead of the previous year, and met its performance targets, including hosting 55 events and having a total attendance of 250,350 at Rugby World Cup 2011 games in Wellington. During the year the Trust completed the design concepts, specific projects, timelines and detailed budgets for the Stadium Master Plan.

(j) Zealandia

Through 2011/12, there have been encouraging improvements in the Trust's core (non- grant funded) activities. The financial deficit for the year of \$1.4m was significantly better than the plan of \$2.03m, and excluding Council grants was an improved result compared to 2010/11. In terms of the Trust's performance indicators, Zealandia did not reach its visitor number projections, although visitor experience ratings continue to exceed expectations. In April/May 2012, a public consultation was held on the "Eco City" proposal to help understand the appetite for providing the necessary support to Zealandia to underpin its immediate viability. The results of this work were reported back to Council in June 2012.

- 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*

NOTED:

Note that in Report 2 – Review of the 2011/12 Annual Reports and Audited Financial Statements of Council Controlled Organisations, item 7.1 Basin Reserve should read "The cricket highlight was the NZ v South Africa in March which, while rain affected, had an attendance of over 11,000".

Noted that in Report 2 – Review of the 2011/12 Annual Reports and Audited Financial Statements of Council Controlled Organisations, p.32 should read “PWT would be responsible for telling the Wellington Story through destination marketing that would show why Wellington is the place to invest, work or do business”.

Noted that in Report 2 – Review of the 2011/12 Annual Reports and Audited Financial Statements of Council Controlled Organisations, p.43 should read "Visitation -- Museum of Wellington: Actual 102,894; Target 92,700; Status -- Achieved".

Noted that in Report 2 – Review of the 2011/12 Annual Reports and Audited Financial Statements of Council Controlled Organisations, p.50 should read "Venue Utilisation -- 5% increase in hired days over previous year: Achieved (a 10% increase in utilisation and 11.8% growth in ticket sales)", "Venue Utilisation -- Achieve budgeted number of performances and performance revenue: Not Reported" and "Venue Utilisation -- Achieve budgeted number of convention and event hires revenue: Not Reported".

033/12FM **COUNCIL CONTROLLED ORGANISATION TEAM FORWARD WORK PROGRAMME**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, Portfolio Manager, Council Controlled Organisations, and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 3)

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. *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*

(Mayor Wade-Brown left the meeting at 3.40pm.)

034/12FM **FORWARD PROGRAMME**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, 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 Marsh, the substantive motion.

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.*

035/12FM **RESOLUTION TO EXCLUDE THE PUBLIC**

(1215/52/02/IM)

Moved Alan Isaac, seconded Councillor Marsh, the motion to exclude the public.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, resolve that the public be excluded from the following part of the proceedings of this meeting namely:*

Report 2 – Review of the 2011/12 Annual Reports and Audited Financial Statements of Council Controlled Organisations

Grounds: Section 48(1)(a) That public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7

Reasons: Section 7(2)(b)(ii) Would be likely unreasonably to prejudice the commercial position

Section 7(2)(c)

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

Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information –

- (i) Would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.*

The meeting went into public excluded session at 3.41pm.

For item 236/12FM, please see the public excluded minutes.

The meeting concluded at 3.44pm.

Confirmed: _____

Chair

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