
**DRAFT STATEMENTS OF INTENT FOR COUNCIL
CONTROLLED ORGANISATIONS FOR THE YEAR
2013/14**

1. Purpose of Report

To provide the Subcommittee with an analysis of the draft 2013/14 Statements of Intent received from Council Controlled Organisations (CCOs), in compliance with the Local Government Act 2002 and Council reporting requirements.

2. Recommendations

It is recommended that the Subcommittee:

- 1. Receive the information*
- 2. Recommend that the Strategy and Policy Committee notes that the Chair will write to each organisation, on the basis of the officer assessment provided in this cover report and as detailed below, requesting changes for the final 2013/14 Statements of Intent for presentation to this Subcommittee at its meeting of 5 June 2013:*

General

- In general, the Council Controlled Organisations have addressed the requests set out in the Letters of Expectation, including outlining how their activities align with Council strategies, committing to holding a public meeting, and understanding the challenging economic environment for the Council. Where relevant, an extra comment should be added confirming the entity's commitment to the Accessibility Action Plan and reminding them of a need to report under this Plan;*
- The format of the draft Statements of Intent have been aligned to a standard template as recommended in the 2012 Plimmer Review of Council Controlled Organisations.*

Basin Reserve Trust

- *Reflect a proactive approach to engaging with the Economic Development and Events teams to undertake preparatory work should Wellington win the hosting of a cricket test for the upcoming Indian tour, including liaising with New Zealand Cricket to secure a test match against India at the Basin;*
- *Provide more detail of planning to increase ground utilisation to reach the target requested in the Letter of Expectation of a 10% increase by 2014/15;*
- *Provide an explicit key performance indicator and timeline for the completion of an Asset Management Plan, along with appropriate indicators by which progress can be measured;*
- *Provide financials that are consistent with the presentation of the annual audited financial statements.*

Capacity Infrastructure Services Limited

- *Ideally add reference to the work of the Local Government Infrastructure Efficiency Expert Advisory Group and the development of regional technical standards;*
- *Include reference to the work being undertaken as part of the asset management improvement plan and establishing a framework to support a standard approach for asset management plans across client councils, as a priority for Capacity;*
- *Clarify that the Company will focus on asset prioritisation work programmes and on working with the Council to ensure that information flows on asset data are robust;*
- *Confirm Capacity's commitment to the Council's Living City programme and consider how it can show innovation in order to move beyond legislative requirements to leadership (in conjunction with its shareholder councils) on education and action, particularly in the areas of water management, resilience, emergency preparedness, and integrated stormwater catchment work;*
- *Note that the Company will report on the progress of the further development of an organisation-wide risk management framework as part of the standard reporting framework;*
- *Discuss how Capacity can take a more pro-active role in its relationship with Tangata Whenua;*
- *Reflect the performance measures for the outcomes based model once the new Service Level Agreement is finalised;*
- *Include three years worth of performance targets once the outcomes based model key performance indicators are agreed. The wording for Schedule 2 should also be updated to reflect that "these projects are the agreed work programmes with client councils and underpin the key performance indicator on delivering capital projects within budget and timeframes". Schedule 2 should present three years worth of projects.*

Positively Wellington Tourism

- *Provide a more detailed presentation of financials (specifically the revenue and expense lines) consistent with the presentation of the annual audited financial statements;*
- *Identify key performance indicators which are measured annually and those which are measured quarterly;*
- *Clarify definitions and identify sources for key performance indicator measures;*
- *Finalise key performance indicators which are incomplete or work in progress;*
- *Include detail to explain proposed reductions in the Trust's key performance indicators.*

Positively Wellington Venues Limited

- *Confirm key performance indicators for assessing venue occupancy rates and deliver baseline measures so that growth and progress can be measured across this key area of the business;*
- *Set an explicit goal in relation to working with the Events team, along with supporting commentary, around what is to be achieved through this relationship, particularly in relation to increasing the economic returns of World of Wearable Arts and the New Zealand International Festival of the Arts;*
- *Provide more detail concerning strategies for increasing and improving exposure to the Arts for children and young people;*
- *Explain or remove in Section 3 references to running a design competition to develop concepts for the external refit of TSB Arena/Shed 6;*
- *Identify the timeframe for completing the assessment of Performing Arts Foundation and other Venues subsidies, and commit to establishing a reporting framework to give the Council a clear understanding of how community organisations are utilising opportunities for Venues access support.*

Wellington Cable Car Limited

- *Provide a greater level of detail on the Company's contribution to the relevant strategies of the Council, particularly the Economic Development Strategy, the Living City programme and the Accessibility Wellington Action Plan;*
- *Provide detail around the Company's planned strategies to: address the medium term reduction in passenger numbers using the Cable Car, improve the attractiveness of the cable car offering to passengers, and better promote and integrate with the full range of tourist and visitor experiences at the top of the Cable Car;*
- *Identify any opportunities for further efficiency gains, revenue growth and low priority service-level reductions to improve overall returns;*
- *Include an update on the progression of the Kelburn terminal project, particularly plans to mitigate any construction-related impacts on tourists and commuters;*

- *Reinstate the key performance indicator around Qualmark endorsement;*
- *Outline the reasoning behind the Company's proposed 60% dividend payout ratio for 2013/14;*
- *Include an updated forecast for 2012/13.*

Wellington Museums Trust

- *Commit the Trust to holding at least one meeting in a public forum;*
- *Provide a more detailed presentation of financials (specifically the revenue and expense lines) consistent with the presentation of the annual financial statements;*
- *Provide greater explanation as to forecast visitation at facilities, particularly the rationale for reduced forecast visitation;*
- *Include any new measurement of visitation key performance indicators as a shadow-measure in 2013/14 and also retain the current key performance indicator measure of visitation.*

Wellington Waterfront Limited

- *Discuss the factors that have driven the changes evident in Wellington Waterfront Limited's capital works programme in the current operating environment;*
- *Acknowledge the change in timing on the North Kumutoto and Overseas Passenger Terminal development projects, and provide a key performance indicator around receiving commercial revenues prior to undertaking expenditure on public space;*
- *State explicitly that the three new public space projects will not proceed until the Waterfront Development Plan has been signed off and, if included in the Waterfront Development Plan, that the necessary commercial proceeds have been realised;*
- *Reflect that Wellington Waterfront Limited will contribute to (not lead) a Council-led assessment of creating a public land development agency;*
- *Consider celebrating in more detail work that is being done in the Living City and Accessibility Action Plan space, particularly around collaborating with other stakeholders on initiatives to clean up the harbour and consider the impact of climate change on the waterfront.*

Wellington Zoo Trust

- *Include quarterly visitor targets;*
- *Include three years of performance targets.*

Wellington Regional Stadium Trust

- *Provide an update on each of the key sporting codes;*
- *Confirm that the Trust will report on how it is tracking relative to its outlined non-financial performance measures in its regular reporting to the Subcommittee;*
- *Note that the draft business plan will be provided to the Council in May and has not been commented on in this report.*

3. *Recommend that the Strategy and Policy Committee notes that the New Zealand Local Government Funding Agency Limited will pay a full dividend to shareholders for the year to 30 June 2012, which is ahead of its 2012 Statement of Intent targets and will continue to pay a full dividend in 2013/14. The Chair of the Shareholders' Council will meet with the New Zealand Local Government Funding Agency Limited to discuss its strategy of building up retained earnings versus providing lower borrowing costs to shareholders in the short term, while noting this represents a healthy financial position.*
4. *Recommend that the Strategy and Policy Committee notes that the Karori Sanctuary Trust's draft Statement of Intent will be received by the end of April and will be presented to the Council Controlled Organisations Performance Subcommittee meeting on 5 June 2013.*

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 precedes this with a Letter of Expectation (LoE) to CCOs, which outlines the Council's expectations in respect of the SOIs it will receive.

The draft SOI process provides both the Council and CCOs with an opportunity to fine-tune respective expectations ahead of submitting a final SOI for owner approval (Council) in June each year.

4. Entities covered by this report

4.1 Council Controlled Organisations

Draft Statements of Intent were received from the following organisations:

Organisation	Date Received
Basin Reserve Trust	7 March
Capacity Infrastructure Services Ltd	By 1 March
New Zealand Local Government Funding Agency Ltd	By 1 March
Positively Wellington Tourism	By 1 March
Positively Wellington Venues	18 March
Wellington Cable Car Ltd	By 1 March
Wellington Museums Trust	By 1 March
Wellington Waterfront Ltd	8 March
Wellington Zoo Trust	By 1 March
Wellington Regional Stadium Trust	By 1 March

In general, the CCOs have addressed the requests set out in the Letters of Expectation, including outlining how their activities align with Council strategies, committing to holding a public meeting, and understanding the tough economic environment for the Council. Officers have consulted with the Asset Planning, Economic Development, Events, Living City and Accessibility Action Plan teams on the content of the draft SOIs to solicit their feedback. While, for the most part, each CCO has addressed their relevant strategy areas, we are looking to add an extra comment to most of the draft SOIs confirming their commitment to the Accessibility Action Plan and reminding them of a need to report under this Plan.

All the CCOs have aligned the format of the SOIs to a standard template as recommended in the Plimmer CCO Review report.

4.2 New Zealand Local Government Funding Agency Ltd

The Council is a minority (circa 7.5%) shareholder in the New Zealand Local Government Funding Agency Ltd (LGFA), together with 29 other local authorities and the New Zealand Government, making a total of 31 shareholders. The LGFA's founding documentation created a Shareholders' Council and this body is responsible for monitoring the performance of the LGFA and liaison between shareholders and the LGFA. Wellington City Council is a member of the Shareholders' Council, along with a representative from the Department of Internal Affairs, Whangarei District Council, Tauranga City Council, Bay of Plenty Regional Council, Western Bay of Plenty District Council, Greater Wellington Regional Council and Selwyn District Council.

The Shareholders' Council provided the LGFA board with a Letter of Expectation for the 2013/14 year and received the LGFA's draft SOI for 2013/14 on 1 March 2013.

The LGFA intends to pay a full dividend for the year ended 30 June 2013, which is ahead of its SOI targets. The draft SOI for 2013/14 maintains the payment of a full dividend.

The Chair of the Shareholders' Council has scheduled a meeting with the LGFA to discuss its draft SOI and to understand the Board's intentions around building up retained earnings ahead of providing reduced borrowing costs to shareholders. It is acknowledged that this is a healthy position for the LGFA to operate from and is confirmation of its successful launch and rapid growth.

4.3 Council Organisations

4.3.1 Karori Sanctuary Trust

The Karori Sanctuary Trust is now included in the Council Controlled Organisations Performance Subcommittee (CCOPS) quarterly reporting regime by virtue of the Council's \$10.38 million non-recourse loan to them and is now required to provide an SOI.

Following an independent review of the Trust's activities in 2012 and the appointment of an interim board of trustees from 1 July to 31 December 2012, a significant amount of work is now being done by the Trust which is strategic in nature and responds to the findings and recommendations of the interim board. With the strategic workshops and initiatives being undertaken as a priority by the Trust, a presentation was made by the Chair and Acting CEO to CCOPS at its March 2013 meeting.

The Trust has committed to providing the Council with a draft SOI reflecting this work by the end of April. This will be considered at the CCOPS meeting on 5 June 2013.

4.3.2 Wellington Regional Stadium Trust

A Court of Appeal ruling clarified the Trust's status and confirmed that it is not a CCO. The Trust has undertaken to provide an SOI because of the materiality of the Council's financial commitment to the Trust and the Trust's contribution to Council outcomes.

5. Discussion

5.1 Basin Reserve Trust

The Basin Reserve Trust (BRT or the Trust) has delivered a draft Statement of Intent that broadly outlines its business objectives and strategies for 2013/14. The SOI addresses the key points raised in the LoE, and is in line with the requirements of the LGA.

In relation to the Council's Events Strategy, the LoE asked the Trust to work with the Economic Development team to engage with international sporting federations in hosting international sporting events in Wellington, with particular emphasis on the forthcoming Indian cricket tour and the 2015 Cricket World Cup. The SOI has addressed this issue, noting in particular the opportunities to leverage the 2014 Indian tour to develop economic links with India. Ahead of New Zealand Cricket allocating the test matches, officers consider that the Trust should take a proactive approach to engaging with the Economic Development and Events teams to undertake preparatory work should Wellington win the hosting of a cricket test. This position should be reflected in the SOI. Furthermore, the Trust should take a proactive approach to liaising with New Zealand Cricket to secure the India test match at the Basin.

The Trust was asked in the LoE to address the utilisation of the Basin with the goal of increasing the number of events by 10% for 2014/15 and beyond. Officers note that the SOI lacks sufficient commentary on this matter and the KPIs for venue utilisation have decreased over the next three years. The Trust accounts for the decline in winter sport in 2013/14 as being a result of the final stage of the drainage project that is scheduled to be completed in April 2013 that will require time for the grass surface to recover. The draft SOI also notes that first-

class cricket usage will decline slightly as a result of NZ Cricket's decision to play some domestic Twenty20 matches on Friday nights for the Broadcast market – without floodlights at the Basin these matches will have to be played at Westpac Stadium. Officers request more commentary be provided in the SOI to address these issues and provide an action plan for increasing ground utilisation to meet the required target. This may include opportunities to engage more with the cricketing community through club, district and college cricket matches.

In response to the request in the LoE to complete the Asset Management Plan, the Trust has signalled its intentions to work with Council officers to complete this work. Officers note that the issue of the AMP has been outstanding for some time now and asks BRT to provide an explicit KPI and timeline in the final SOI for seeing this matter through to completion.

Officers note that the Trust's draft SOI only briefly references the current issues of the Museum Stand's future and the proposed NZTA flyover. Officers note that for both projects Council approval is required.

In terms of other KPIs, the draft SOI includes for the first time targets around the use of the Basin outside of match/game days and other events in order to reflect the use of the ground as an important practice facility for cricket and other sporting codes.

The Trust has presented a detailed set of financial documents. Officers note that the format of the accounts is very different to those presented in the annual report. The Trust will be asked to update their reporting to be in line with the format of the year-end accounts ahead of submitting their final SOI. The accounts themselves reflect the increase in operational funding that was allocated in the Council's 2012/22 Long Term Plan to help the Trust address an outstanding programme of maintenance work and their difficult cash position.

Summary Recommendations

The final 2013/14 SOI should:

- Reflect a proactive approach to engaging with the Economic Development and Events teams to undertake preparatory work should Wellington win the hosting of a cricket test for the upcoming Indian tour, including liaising with New Zealand Cricket to secure a test match against India at the Basin.
- Provide more detail of planning to increase ground utilisation to reach the target requested in the Letter of Expectation of a 10% increase by 2014/15.
- Provide an explicit KPI and timeline for the completion of an Asset Management Plan, along with appropriate indicators by which progress can be measured.
- Provide financial statements that are consistent with the presentation of the annual audited financial statements.

5.2 Capacity Infrastructure Services Limited

Capacity Infrastructure Services Ltd's (Capacity's or the Company's) draft SOI provides an overview of its operating activities and outlines the likely changes from the proposal to shift to an outcomes based model, provide services to Porirua City Council, and include both Porirua and Upper Hutt City Councils as shareholders. Detailed comments are provided below and incorporate feedback from the Council's Asset Planning team, as a key client of the Company.

The strategic section of the draft Statement of Intent is significantly improved on last year, with a clear statement of its core purpose in section 2.1 and a comprehensive overview of the Company's operating environment, including Local Government reform. Ideally there would also be reference to the work of the Local Government Infrastructure Efficiency Expert Advisory Group and the development of regional technical standards in this section.

Officers note that the Company acknowledges economic constraints as a key part of its operating environment. However, there are a number of clarifications required in this section. First, officers request the Company include reference to the work being undertaken as part of the asset management improvement plan and establishing a framework to support a standard approach for asset management plans across client councils, which should be Capacity's first priority in this area. The Council's expectation is that the Company will also focus on asset prioritisation work programmes and on working with the Council to ensure that information flows on asset data are robust. These comments may also have implications for the Asset management planning section on page 20.

As requested in the Letter of Expectation, the Company discusses its environmental focus and the broad spectrum of possible actions, including education and water conservation support programmes. Officers request that Capacity confirm its commitment to the Council's Living City programme and consider how it can show the innovation it discusses in order to move beyond legislative requirements (such as resource consent conditions) to leadership (in conjunction with its shareholder councils) on education and action, particularly in the areas of water management, resilience, emergency preparedness, and integrated stormwater catchment work.

The Company has noted a number of process improvements it is looking to introduce. This year it is planning to complete and implement a contract manual, to supplement the individual council manuals and take a regional approach to contract management. Following the fatal Devon St incident, while the MBIE report did not have particular recommendations for Capacity, the Company has identified several improvements that it will implement in its health and safety management processes.

Officers note that Capacity is looking to further develop an organisation-wide risk management framework during 2013/14, as part of the transition to an outcomes based model. This is a key piece of work for the Company and officers

expect that commentary on its progress will be included as part of the standard reporting framework.

Officers are pleased to see Capacity acknowledge the importance of working with other council departments to minimise public disruption and ensure cities present themselves positively. This is reiterated in Capacity's commitment to working with relevant operators to ensure Capacity's work does not interfere with the running of events under the Events Policy discussion.

Officers are also pleased to see the Company acknowledge the importance of public awareness about the nature of urban water management and encourage Capacity in its efforts to look for new ways to inform and learn from the many communities with which it works. As an example, the Company is requested to discuss in the final SOI how it can take a more pro-active role in its relationship with Tangata Whenua.

Capacity has included a set of KPIs consistent with prior years. It has also included a set of draft KPIs proposed under the outcomes based model. Officers are very pleased to see the performance trends included in the suggested serviceability tables. It is important to note that these KPIs will be finalised once the new Service Level Agreement is completed. Officers will discuss with the Company the practicality of also including a serviceability table for stormwater.

In relation to the Company's KPIs, consistent with the LGA, officers request three years worth of performance targets once the outcomes based model KPIs are agreed. The wording for Schedule 2 should also be updated to reflect that "these projects are the agreed work programmes with client councils and underpin the KPI on delivering capital projects within budget and timeframes". Schedule 2 should also present three years worth of projects.

Summary Recommendations

The final 2013/14 SOI should:

- Ideally add reference to the work of the Local Government Infrastructure Efficiency Expert Advisory Group and the development of regional technical standards;
- Include reference to the work being undertaken as part of the asset management improvement plan and establishing a framework to support a standard approach for asset management plans across client councils, as a priority for Capacity;
- Clarify that the Company will focus on asset prioritisation work programmes and on working with the Council to ensure that information flows on asset data are robust;
- Confirm Capacity's commitment to the Council's Living City programme and consider how it can show innovation in order to move beyond legislative requirements to leadership (in conjunction with its shareholder councils) on education and action, particularly in the areas

of water management, resilience, emergency preparedness, and integrated stormwater catchment work;

- Note that the Company will report on the progress of the further development of an organisation-wide risk management framework as part of the standard reporting framework;
- Discuss how Capacity can take a more pro-active role in its relationship with Tangata Whenua;
- Reflect the performance measures for the outcomes based model once the new Service Level Agreement is finalised; and
- Consistent with the LGA, include three years worth of performance targets once the outcomes based model KPIs are agreed. The wording for Schedule 2 should also be updated to reflect that “these projects are the agreed work programmes with client councils and underpin the KPI on delivering capital projects within budget and timeframes”. Schedule 2 should present three years worth of projects.

These comments may also have implications for the asset management planning section on page 20.

5.3 Positively Wellington Tourism

Positively Wellington Tourism (PWT or the Trust) has presented its draft Statement of Intent for 2013/14.

The draft SOI provides a good overview of planned activities for the next 12 months. The Trust has responded to the expectation that it will operate with a 3% (\$174k) reduction in its operational grant funding in 2013/14.

The Executive Summary provides a good synopsis of the document, which begins by acknowledging some of the successful recent events hosted by the city (RWC 2011 and the premier of the first movie in the Hobbit trilogy).

The SOI identifies the importance of the downtown levy ratepayers in supporting the Trust and its achievements. It notes that the value of the visitor sector to Wellington today is worth \$1.4 billion and brings a vibrancy and vitality to the city for its residents and its visitors.

The Trust comments that, in a global sense, its operating environment is strong (2012 saw worldwide international arrivals exceed 1 billion) and growing, with the United Nations World Tourism Organisation forecasting 4% growth in 2013. However, the New Zealand market is challenged by a strong NZD and static (at best) international arrivals – with many statistics showing declining international arrivals. The relative strength of the NZD also has an impact on spending for all tourists (except those from Australia) and is encouraging New Zealanders to spend their holidays offshore. As a result of these changes to the operating environment, the Trust has observed that maintaining visitor numbers to Wellington will be challenging.

Alignment with Council's policies, strategies and KPIs

The synergy and connection between the Council's strategies and the intentions of the Trust, in conducting its business, are strong. In particular, the Trust acknowledges the significance of the Council's Economic Development Strategy and its Destination Wellington initiative which aims to attract business, talent and investment to the Wellington region.

The draft SOI acknowledges that many of the Trust's activities contribute significantly to *'Toward 2040: Smart Capital'* with a thorough discussion of the Trust's contribution to a range of Council's key strategies:

1. In relation to the Living City programme, the Trust's draft SOI identifies the potential development of a 'Great Ride'¹ in the Wellington region as both a sound initiative befitting Wellington's remarkable natural setting and one that leverages the investment being made by Central Government in cycle tourism through Tourism New Zealand.
2. A significant part of the Trust's efforts already focus on developing its digital reach and communications with its market. In this area, the Trust is a very strong contributor to the Council's Digital Strategy.
3. The Trust's contribution to the Events policy is best evidenced by its role in the promotion and marketing of significant events in Wellington. PWT is contracted to market both the Wellington Rugby Sevens and the World of Wearable Arts events in the city, among many other significant events. Alignment with the Council's Arts and Culture Strategy is also achieved by the Trust's promotion and marketing of exhibitions.
4. The Trust's Wellington Visitor Strategy states that 'accessibility needs to be a consideration in all activities and infrastructural developments to deliver upon the goal of destination excellence.' The strategy goes on to describe specific actions which provide a good level of alignment with the Accessible Wellington Action Plan.
5. It is important that the Trust's activities align closely with the Council's Economic Development Strategy. The Trust's core activity promotes the city and all it has to offer to visitors and the draft SOI identifies its commitment to some key areas which demonstrate the overall contribution of PWT to the Council's Economic Development Strategy.
 - Events – Membership of Hertz Sevens Board; AFL – Membership of Joint Marketing Committee; participant in Events Assessment Group and Events Forum
 - Arts and Culture – Membership of Arts Wellington Board, delivery of WCC marketing commitments for World of Wearable Arts, leverage city investment in International Festival of the Arts and Te Papa.
 - Urban Nature – MOU on marketing activity in place with Zealandia and Wellington Zoo

¹ Through the Hutt Valley, over the Rimutakas and into the Wairarapa.

- Capital City – leading ‘Capital’ visitor attractions in the production of brochure *Wellington Capital Highlights*
- Retail – Window dressing competitions for World of Wearable Arts; promotional activity to Wellington residents through KNOW Wellington e-news programme.
- Food & Beverage - leading ‘Craft Beer’ attractions in production of brochure *Craft Beer Capital*; marketing and delivery of *Visa Wellington On a Plate*

The 2013/14 final SOI will include KPIs for PWT that relate specifically to the Destination Wellington initiative. These KPIs are the subject of a separate paper to CCOPS and not discussed here.

Some of the Trust’s KPIs have been refined based on prevailing market conditions and their current relevance and usefulness under the circumstances. Where KPIs have been withdrawn, replacements have been proposed which are expected to provide better performance information.

The table below identifies five key KPIs to which the Trust has proposed material reductions. At this stage, the draft SOI doesn’t have sufficient information to evaluate the proposed reductions, in particular, the proposed reduction in Australian visitor arrivals to Wellington International Airport.

KPIs	2013 Factor	2014 Factor
Australian visitor arrivals to WIAL	107%	105%
Wellington C&I market share to as % of national market	22%	20%
Leads & referrals from convention partners	103%	102%
Cruise passengers	122%	105%
Sales of Wellington i-SITE product	105%	102.5%

Previous experience with monitoring the Trust’s quarterly reports reveals that some of the KPIs are reported quarterly and others are reported annually. There is also a range of information sources that supply the relevant data to monitor performance against KPIs. The Trust’s SOI should be clear about its definitions for its KPIs and identify its sources for data that underpins its KPIs.

At the time of writing, some of the Trust’s KPIs were a work in progress. Any incomplete KPIs will need to be finalised in the Trust’s final SOI.

Summary Recommendations

The final 2013/14 SOI should:

- Provide a more detailed presentation of financials in the SOI (specifically the revenue and expense lines) consistent with the presentation of the annual audited financial statements.
- Identify KPIs which are measured annually and those which are measured quarterly.
- Clarify definitions and identify sources for KPI measures.
- Finalise KPIs which are incomplete or work in progress.
- Include detail to explain proposed reductions in the Trust's key performance indicators.

5.4 Positively Wellington Venues Ltd

Positively Wellington Venues (PWV or Venues) has delivered a draft Statement of Intent that outlines their business objectives and strategies for 2013/14. The SOI addresses the key points raised in the Letter of Expectation, and is in line with the requirements of the LGA.

The SOI reflects strongly the Chair's introductory comments that the company 'needs to adopt a commercial approach to our business.' This is evident in a number of areas, including the emphasis on strategies to secure top-tier international arts and conference events, reviewing and streamlining processes and procedures across all areas of their business, and creating business partnerships that are commercially viable and sustainable. However, while the focus of the 2013/14 SOI is on growing PWV's sales revenue and managing costs, after two years of operation a framework for assessing venue occupancy rates is still not in place with benchmark measures. Officers recommend that the final SOI confirm KPIs for venue occupancy rates and deliver baseline measures so that growth and progress can be measured across this key area of the business.

The request in the Letter of Expectation to 'maintain and enhance Wellington's reputation as the Arts, Culture and Events Capital of New Zealand' is addressed well. PWV is clearly taking a proactive approach to sourcing big-ticket events that will contribute to the city's reputation as a vibrant cultural capital. A key part of delivering on this expectation is the partnership with Positively Wellington Tourism and Te Papa to fund an Australian-based marketing position that will drive business to Wellington. The success of this was evident in 2012 when PWV was able to secure a New Zealand-exclusive season of The Mouse Trap on the back of a tour of Australia.

The Council's Economic Development and Events strategies are addressed extensively in the Venues draft SOI, with targets set to bring in two large Australasian conferences and to secure at least one New Zealand-exclusive show for Wellington. However, while the Chair's introduction recommends closer collaboration with the Council's Events team, beyond the establishment in 2012 of an 'events forum', there is little within the body of the SOI that suggests how

this relationship will be developed through 2013/14 – an obvious example is the lack of reference to working/leveraging the existing Council Events infrastructure in the PWV Strategic Framework in Section 2.3. Officers recommend that an explicit goal be set in relation to working with the Events team, along with supporting commentary around what is to be achieved through this relationship, particularly in relation to increasing the economic returns of WOW and the NZ International Festival of the Arts.

One area in the SOI that is light on detail is the matter of working with the Council's Arts and Culture team to ensure that our local creative talent can access the city's venues and public spaces to develop and present their work. While this issue is acknowledged in the SOI and reference is made to opening up fringe areas as gallery space, it is clear that PWV is waiting for the Council to take the next step in proposing the terms for an agreement on community access and support. Officers note that the Council's Economic Development manager is preparing to work with PWV on this matter and that substantial progress should have been achieved by June 2013. However, officers also recommend that more detail be provided in the SOI concerning strategies for increasing and improving exposure to the Arts for children and young people, as requested in the Letter of Expectation.

Another part of the SOI that requires clarification is Section 3 Nature and Scope of Activities. Under the strategy 'Champion the quality and ongoing development of Wellington's Event Infrastructure' is the proposal to run a design competition to develop concepts for the external refit of TSB Arena/Shed 6. The context for this initiative is not discussed, although the responsibility for such work would appear to reside with Wellington Waterfront Limited. Officers recommend that the issue either be addressed in more detail or removed from the SOI.

The draft SOI notes that research is currently underway to better understand how to make the most of the respective roles of the Performing Arts Fund and the Council administered Wellington Venues Subsidy. The SOI should identify the timeframe for completing this assessment and commit to establishing a reporting framework to give the Council a clear understanding of how community organisations are utilising opportunities for Venues access support.

PWV's draft accounts show that the company is forecasting a \$104k surplus by June 2014. The out years, however, show more modest surpluses of \$30k and \$50k respectively that PWV attributes to reduced venue capacity through the on-going closure of the Town Hall, and 2014/15 not being a festival year. This is reflected in static revenue (a 1% increase) and direct costs over the out years, but a projected 3% increase in expenditure due largely to rises in insurance and depreciation costs.

Summary Recommendations

The final 2013/14 SOI should:

- Confirm key performance indicators for assessing venue occupancy rates and deliver baseline measures so that growth and progress can be measured across this key area of the business.
- Set an explicit goal in relation to working with the Events team, along with supporting commentary, around what is to be achieved through this relationship, particularly in relation to increasing the economic returns of World of Wearable Arts and the New Zealand International Festival of the Arts.
- Provide more detail concerning strategies for increasing and improving exposure to the Arts for children and young people.
- Explain or remove in Section 3 references to running a design competition to develop concepts for the external refit of TSB Arena/Shed 6.
- Identify the timeframe for completing the assessment of Performing Arts Foundation and other Venues subsidies, and commit to establishing a reporting framework to give the Council a clear understanding of how community organisations are utilising opportunities for Venues access support.

5.5 Wellington Cable Car Limited

Wellington Cable Car Limited's (WCCL's or the Company's) draft Statement of Intent outlines the planned contributions of the Company to the Council's objectives at a high level. While the Company confirms that it intends to align its strategic priorities and planning with the outcomes desired by the Council, officers request a greater level of detail in the final Statement of Intent on the Company's contribution to the relevant strategies of the Council, particularly the Economic Development Strategy, the Living City programme and the Accessible Wellington Action Plan.

As outlined in the Letter of Expectation, officers request detail around the Company's planned strategies to:

- address the medium term reduction in passenger numbers using the Cable Car;
- improve the attractiveness of the cable car offering to passengers, including tourists; and
- better promote and integrate with the full range of tourist and visitor experiences at the top of the Cable Car, including Botanical Gardens, Zealandia and Kelburn Village.

The Letter of Expectation also requested that the Company identify any opportunities for further efficiency gains, revenue growth and low priority service-level reductions to improve overall returns.

The draft SOI contains very limited discussion of the plans to redevelop the Kelburn terminal. The final SOI should include an update on the progression of this project and, in particular, plans to mitigate any construction-related impacts on tourists and commuters.

The draft SOI also notes that during 2013/14 the Regional Council has planned it will investigate the continuation of trolley bus services beyond 2017. WCCL intends to be an active participant in this review.

In line with the Letter of Expectation, the Company has confirmed that it will undertake an informal board evaluation at least annually and that it is happy to hold its 2013 AGM in a public forum.

The Company also notes that it is currently undertaking an external review of its health and safety policies (to ensure consistency across its two businesses) and that it is doing further work on enhancing its business continuity plan.

The KPIs proposed by the Company are similar to prior years and officers are comfortable that they are relevant and appropriate in judging its performance. WCCL has removed the KPI on Qualmark endorsement; however, officers request its reinstatement as it does represent a mark of established tourism standards. The Company has also added measures on recycling and participation in the GWRC review of trolley buses. The 2013/14 passenger target of 1,084,400 represents a 1% increase relative to the 2012/13 forecast, which appears reasonable given the maturity of this business and is in line with the Council's LTP.

While the Letter of Expectation requested that the board consider increasing its payout ratio for the dividend to be paid in 2013/14, consistent with past policy, the Company has reaffirmed its dividend policy of paying 60% of net profit after tax (subject to the directors discharging their statutory duty in making that decision), noting that the board is cognisant of the Council's Long Term Plan forecasts and are committed to providing a return commensurate with that plan. Officers request that the final SOI outline the reasoning behind the 60% dividend payout ratio in 2013/14.

The draft business plan has recently been provided to Council officers, which is earlier than prior years. While officers have not yet had a chance to review it in detail, the forecast net surplus after tax for 2013/14 is forecast to be \$265k. This is 15% lower than the 2013/14 position forecast last year of \$312k, reflecting higher unfunded depreciation for the overhead network and lower external activities income, partially offset by higher cable car income. The final SOI should also include an updated forecast for 2012/13.

Summary Recommendations

The final 2013/14 SOI should:

- Provide a greater level of detail on the Company's contribution to the relevant strategies of the Council, particularly the Economic

Development Strategy, the Living City programme and the Accessibility Wellington Action Plan;

- Provide detail around the Company's planned strategies to: address the medium term reduction in passenger numbers using the Cable Car, improve the attractiveness of the cable car offering to passengers, and better promote and integrate with the full range of tourist and visitor experiences at the top of the Cable Car;
- Identify any opportunities for further efficiency gains, revenue growth and low priority service-level reductions to improve overall returns;
- Include an update on the progression of the Kelburn terminal project, particularly plans to mitigate any construction-related impacts on tourists and commuters;
- Reinstate the KPI around Qualmark endorsement;
- Outline the reasoning behind the Company's proposed 60% dividend payout ratio for 2013/14; and
- Include an updated forecast for 2012/13.

5.6 Wellington Museums Trust

The Executive Summary of Wellington Museums Trust's (the Trust's) draft SOI provides a useful outline of the opportunities and challenges for the Trust in 2013/14.

As requested in the Letter of Expectation, the Trust has presented its forecast financial statements on the basis that the Council's grant funding in 2013/14 will not increase from 2012/13. The Council's proposed operating grant totals \$6.29m and its rental subsidy to the Trust is \$1.77m (total funding \$8.06m in 2013/14).

An enduring expectation of the Trust is that it must break-even after funding depreciation (circa \$380k per annum). In 2013/14, total Council funding will represent approximately 74% of the Trust's total operating expenditure.

The Trust earns interest income of approximately \$65k per annum from its holdings of cash and liquid investments. In view of the depth of its funding arrangements with the Council, the Trust's holdings of cash and equivalents provides a sound basis for the Trust to operate, despite inflationary pressures and static Council funding.

The Council and the Trust have been aiming to reverse a downward trend of visitation to the City Gallery. In addition to some successful exhibitions, staggered exhibition changes at the City Gallery has meant that the gallery does not close between seasons, increasing access and adding at least six weeks visitation to the year. This has been a significant factor in reversing the downward trend of visitation to the facility.

Capital E

The issue of the closure of the Capital E building in 2012 and its likely impact is addressed by two action points for 2013/14:

1. Develop a new business case and operating model which is supported by the Council.
2. Complete the move of the Capital E business to new accommodation, with a launch of a new delivery model by 1 January 2014.

Alignment with Council's policies, strategies and KPIs

The draft SOI acknowledges that the Trust's facilities contribute to a range of the Council's key strategies:

1. Economic Development Strategy. In the main, the Trust's activities are relatively fundamental to a city that aims to attract talent and investment. As such, the Trust provides an important supporting role to the Council's Economic Development Strategy.
2. Events Strategy. Matariki, the biennial National Arts Festival for Children and the National Theatre for Children are some of the Trust's flagship events that are hosted at facilities managed by the Trust. In 2013/14 the Trust intends to explore opportunities to partner with Te Papa on collaborative projects designed to attract domestic and international visitors to Wellington.
3. Arts and Culture Strategy. City Gallery is one of Wellington's flagship facilities within a portfolio of assets and activities that support the Council's Arts and Culture Strategy. The Trust's objective is to present a balanced programme that grows the audience in Wellington for contemporary art, year on year, without sacrificing risk and innovation.
4. Digital Strategy. The Trust acknowledges the power of digital technology to enrich its traditional experiences. Capital E is a sector leader in digital production and engagement for young people, weaving technology into its onsite and offsite experiences. Carter Observatory operates a state-of-the-art digital planetarium and the City Gallery has a strong track record in showcasing art rooted in digital creativity. However, the Trust's ability to grow its digital strategy across its other facilities is limited by funding.
5. The Trust's objective is to reduce and eliminate social and physical barriers in Trust facilities, services and programmes. In 2013/14, the Trust will implement regular accessibility audits at each facility on a three-year rolling basis.

In 2013/14, to monitor its visitation performance, the Trust proposes introducing a visitor target range of +/- 5% of a midpoint of the average of the previous three years. The Trust is seeking to provide more certainty around its visitation targets so that significant variations that result from certain kinds of programme content and environmental changes are accommodated. A range of this kind will mean that the impact of blockbuster events will be absorbed into

the calculation over time. The rationale behind the smoothing effect of the 3 year midpoint average is to encourage a balanced programme, without sacrificing risk and innovation. Officers request more information on this proposed change to the Trust's KPIs and propose that this change is tracked in 2013/14 as a shadow-KPI while retaining the current method of measuring the Trust's visitation KPIs.

Some of the Trust's key performance indicators are reduced slightly from 2012/13.

- Total visitors are expected to fall from 617,900 in 2012/13 to 607,073 in 2013/14, led by reductions in visitation at the two most visited facilities within the Trust's portfolio: the City Gallery (down 3,000) and the Cable Car Museum (down 6,000). The SOI should discuss the rationale for these visitation figures, particularly the reduced visitation numbers.
- The Council subsidy per visit and the visitor spend per visit are relatively stable KPIs, albeit both are reduced slightly in 2013/14 from the forecast results in 2012/13. The Council subsidy per visit is forecast to increase slightly to \$10.28 (up from \$10.10), while visitor spend per visit is forecast to reduce slightly from \$4.86 (2012/13) to \$4.78 (2013/14).

The Trust acknowledges that its Board will undertake an annual review of the overall Board, individual and the Chair's performance and report to CCOPS by 30 September 2012. It is not clear from the draft SOI that the Trust will hold a meeting in a public forum during 2013/14, as signalled in the Letter of Expectation. The Trust's commitment to this expectation will be sought in its final SOI.

Summary Recommendations

The final 2013/14 SOI should:

- Commit the Trust to holding at least one meeting in a public forum.
- Provide a more detailed presentation of financial statements (specifically the revenue and expense lines) to comply with the presentation of the annual financial statements.
- Provide greater explanation as to forecast visitation at facilities, particularly the rationale for reduced forecast visitation.
- Include any new measurement of visitation KPIs as a shadow-measure in 2013/14 and also retain the current measure of visitation.

5.7 Wellington Waterfront Limited

Wellington Waterfront Limited (WWL or the Company) has presented its draft 2013/14 Statement of Intent to CCOPS addressing the matters outlined in the Letter of Expectation and meeting the required LGA criteria. References below to specific projects and budgets are discussed in relation to the three-year Waterfront Development Plan (WDP). The WDP is Council's mechanism for approving and tracking all capital development projects on the Waterfront and a

three-year programme of works that was approved as part of the 2012-22 Long Term Plan (LTP).

The LoE asked the company to address several specific strategy areas in their 2013/14 SOI, specifically the Economic Development, Arts and Culture and Digital strategies. These are discussed in detail in section 3 of the SOI – *Nature and Scope of Activities*.

In relation to the Economic Development Strategy, WWL was asked to deliver on all commercial revenues within the WDP approved as part of the 2012/22 LTP – specifically, the development of the North Kumutoto precinct (sites 9 and 10), the completion of the Overseas Passenger Terminal (OPT) redevelopment project, and renegotiating the naming rights for the TSB Arena. The projects remain consistent with those approved in the WDP, although the timing has changed.

As a result of a protracted design process, the commercial proceeds from the development of the Kumutoto precinct are likely to be realised in 2014/15, with the corresponding public space payments pushed out from 2014-16 to 2016/17 accordingly. Similarly, the draft SOI signals the potential change in timing of the OPT development as a result of work progressing well ahead of schedule. WWL is forecasting that the building will be completed now in June 2014, which means that the public space development work scheduled originally for 2014/15 may need to take place in 2013/14. The expenditure, however, is off-set by the bringing forward of commercial proceeds from this development.

The net result is that the North Kumutoto and OPT development projects have swapped order in terms of completion dates. However, the payment of public space costs and receipt of commercial proceeds move together.

The final SOI should acknowledge the change in timing on the North Kumutoto and OPT development projects, and provide a KPI around receiving commercial revenues prior to undertaking expenditure on public space.

The WDP includes three new opportunities to develop public space and improve public facilities around the Queen's Wharf and Frank Kitts Park precinct that are reflected in the draft SOI:

- An upgrade to the children's playground at the north end of Frank Kitts Park
- Modifying office space at the north end of Shed 6 to facilitate increased public activity in the area
- Providing facilities to promote a series of water-based activities in the Queen's Wharf precinct

These projects are expected to be consulted on as part of the WDP through the Draft Annual Plan. The financial impact on the WDP will be neutral as the cost of this work will be paid for through the commercial proceeds gained from the sale of the lease on the Frank Kitts car park. The SOI should state explicitly that these public space projects will not proceed until the WDP has been signed off

and, if included in the WDP, that the necessary commercial proceeds have been realised.

The draft SOI provides extensive discussion on how the Company will deliver to the Council's Arts and Culture Strategy. A number of initiatives are identified that will engage the Council's Events team and other stakeholders. While it is not clear how all of these initiatives will be funded, WWL's contribution will be largely around providing the open space for activities to take place and some management responsibilities.

As part of the Council's Digital Strategy, WWL was asked to work with the Council's Events team to investigate options for a lights festival for Wellington. The company acknowledges the project and notes the intention to collaborate fully with the Council's Events team.

The draft SOI states that WWL will investigate the concept of the company's role as a public land development agency. This idea of establishing a Land Development Agency was a Councillor-led resolution passed as part of the 2012 CCO review. The resolution did not recommend that WWL lead the investigation. Rather, the project will be officer-led and will engage WWL and other stakeholders in reaching a decision about how best to advance the City's Urban Development Strategy. The SOI should be revised, therefore, to reflect that WWL will contribute to (not lead) a Council-led investigation around the merits of creating a Public Land Development Agency.

Finally, the WWL 2013/14 SOI addresses a number of other strategy areas and generally the links are well considered and strong. Living City and the Accessibility Action Plan are referenced across a range of projects and strategic priorities, although officers would like to see greater reference to celebrating the work that is already being carried out in collaboration with other agencies on cleaning up the harbour and thinking around the impact of climate change.

WWL has presented a set of performance targets and other measures for 2013/14. In addition to the new capital projects discussed above, several of the projects do not include financial implications or completion dates. Officers will work with WWL to incorporate these milestones.

Summary Recommendations

The final 2013/14 SOI should:

- Discuss the factors that have driven the changes evident in WWL's capital works programme in the current operating environment.
- Acknowledge the change in timing on the North Kumutoto and OPT development projects, and provide a KPI around receiving commercial revenues prior to undertaking expenditure on public space.
- State explicitly that the three new public space projects will not proceed until the WDP has been signed off and, if included in the WDP, that the necessary commercial proceeds have been realised.

- Reflect that WWL will contribute to (not lead) a Council-led assessment of creating a public land development agency.
- Consider celebrating in more detail work that is being done in the Living City and Accessibility Action Plan space, particularly around collaborating with other stakeholders on initiatives to clean up the harbour and consider the impact of climate change on the waterfront.

5.8 Wellington Zoo Trust

The draft SOI for Wellington Zoo Trust (the Zoo or the Trust) is comprehensive and clearly presented and outlines how the Zoo is aligning itself with the Council's desired outcomes and its strategies to continue to build on its recent strong operating performance. As requested in the Letter of Expectation, the Trust notes that it will hold an open Community Meeting to discuss the strategic activities for the Zoo in 2013/14 (date to be announced) and acknowledges that it will report back to the Chair of CCOPS on its board evaluation review by 30 September 2013.

Also as requested in the Letter of Expectation, the draft SOI includes discussion on the Zoo's alignment with the Council's Living City Programme and Economic Development Strategy. Much of the Trust's thinking in these areas reflects 'business as usual' for the Zoo, particularly in its work around greater financial sustainability and integration of conservation and sustainability across it as an organisation. The Zoo has an ambition to become the first carbon zero zoo in the world and is a key stakeholder in the region's conservation community.

The Trust was asked to live within a reduced operating grant of \$2.715m for 2013/14, a 3% decrease from the 2012/13 grant level. The Trust has incorporated this reduced operating grant in its draft SOI budget forecasts. It comments that the Trust understands the rationale for this request given the current period of tight financial circumstances. The Trust will manage to this budget; reducing the salary increase planned for staff and reducing expenditure on fundraising and staff training. However, the Trust also notes that these measures may not be sustainable beyond 2013/14 as in the long run the pressure of rising costs will mean that a lower level of grant funding may jeopardise conservation outcomes and lead to a potential loss of staff and visitors.

On the capital side, the Trust acknowledges the \$241k for its capital renewals budget in the LTP and \$1.6m for the Zoo Capital Plan (ZCP) programme in 2013/14. The key ZCP spending in 2013/14 is to be on the completion of the Servals, Dingoes and Wallabies area and on starting Meet the Locals.

Officers are comfortable with the Trust's suggested KPIs, which are largely consistent with its 2012/13 targets. Visitor numbers are forecast to increase by nearly 5% over the 2012/13 target to 216,890. This is a considerably higher level of visitor growth than the 2% per year included as part of the original approved business plan for the ZCP. As a result, the target Council subsidy per visitor falls

significantly from \$13.54 in 2012/13 to \$12.52 in 2013/14 (noting that this does not include separate Council costs such as depreciation).

A new performance measure, number of “in the wild” conservation projects supported, has been included. This is to reflect the global trend, as demonstrated in the world Zoo and Aquarium Conservation Strategy, towards zoos being required to demonstrate support of in-situ conservation as part of a broader species management framework.

For completeness, officers request that the Trust include quarterly visitor targets for 2013/14 and, in line with the LGA, include three years of performance targets.

The Trust notes that it operates under a Contract for Services with the Council and requests that the contract be extended for a further year.

In general, the financial forecasts included in the draft SOI for 2013/14 appear reasonable, implying a 2% increase in trading income, a 1% decline in employee costs and a 3% increase in other operating expenses for 2013/14 relative to the revised 2012/13 forecasts. The Trust is forecasting a breakeven position for 2013/14 and a strong cash position of \$1.5m by June 2014, including restricted funds of \$0.4m.

The forecast average income per visitor is \$14.82 which is relatively consistent with the target for the past two years. It is worth noting that 2013/14 is the first year that the Trust anticipates earning more from trading income than from its Council grant.

Summary Recommendations

The final 2013/14 SOI should include:

- Quarterly visitor targets; and
- Three years of performance targets.

5.9 Wellington Regional Stadium Trust

The draft SOI for Wellington Regional Stadium Trust (WRST or the Trust) is clear and thorough and provides a high-level overview of current operational matters. The Trust notes that Westpac Stadium is the busiest stadium in New Zealand, hosting around 50 major event days (plus community events). In 2013 it will have hosted major competition games of Rugby, Cricket, Football, Rugby League and AFL in one year; it is the only New Zealand stadium with that functionality.

The Trust notes that its key short to medium term challenges are:

- the renewal of the Deloitte Club memberships and corporate box licences from 2015;
- the Cricket World Cup and FIFA Under 20 Football World Cup in 2015;

- the renewal of the Sevens contract from 2016; and
- the implementation of the Stadium Master Plan

Planning for membership and corporate box renewals is well advanced and WRST has observed that memberships should be on sale in late 2013, with new corporate box offers in the marketplace in 2014. The Trust notes that the terms of new memberships may have a material impact on future income statements. Currently around \$2.7m a year of revenue in the income statement is from amortised membership/box funding, compared to an average net surplus of \$3.3m over the past five years. From 2015 onwards, WRST expects that funds are most likely to be paid on an annual basis.

The draft SOI recognises the effect of falling crowd attendance at some events on both the Stadium and key tenants. While it can not control team performance, WRST sees its role in increasing attendance to be providing the best live experience possible for patrons. It is focusing its day-to-day management and the Master Plan strategy on achieving this. The Trust notes that teams securing home play-off games can make the difference between a normal year and a great year. Given this context, officers request that the Trust provide an update on each of the key sporting codes.

The draft SOI observes that the concert market has changed with fewer stadium concerts capable of attracting larger crowds touring New Zealand, and with more venues bidding for a limited supply of events. With the many high quality indoor venues that are now operating, particularly in Australia, major acts usually do not tour with the equipment required for an outdoor production. Accordingly, the Trust notes that hosting one major concert per year is probably no longer a reasonable expectation. As a result, management is assertively seeking out available opportunities and considering a range of financial arrangements.

There continues to be a good level of enquiry for exhibitions and the Trust's biggest challenge here is to find dates that can accommodate these events.

As requested in the Letter of Expectation, WRST discusses its strategic fit at a high level with the Council's Economic Development strategy, Events Policy, Arts and Culture Strategy, Digital Strategy, Accessible Wellington Action Plan and Living City Programme. Amongst other things, the draft SOI notes that Be.Accessible reviewed the Stadium's accessibility in 2011 and issued it their highest rating, Platinum. On the digital front, the Trust has included a substantial technology budget in the long term Master Plan and, most recently, with the new turnstiles installed in 2012, now allows print at home tickets and purchasing tickets via cell phones. From a cultural perspective, the Stadium anticipates active involvement in the 2015 First World War Centenary commemorations.

Also as requested in the Letter of Expectation, the Stadium discusses working with promoters and the Council to attract events to the Stadium that are unique to Wellington. In particular, in order to ensure that Wellington's reputation as

an events city is maintained and enhanced, the Trust has committed to working closely with involved parties to meet the expectations of the Local Organising Committee and the Regional Co-ordination Group for the Cricket World Cup and the FIFA Under 20 Football World Cup in 2015. Likewise, the Trust will work to ensure the AFL game is delivered to the AFL's very high standards and St Kilda's expectations are met and that, similarly, the Warriors NRL home game at the Stadium is delivered in a way that encourages them to return. Given the importance of these events to the city, officers request confirmation that the Trust will report on how it is tracking relative to these non-financial performance measures in its regular reporting to CCOPS.

The Trust continues to note its desire for the Council to consider investing in infrastructure to improve access to the Stadium over the medium to long term, particularly improving the connection from Queens Wharf to the Fran Wilde Walk, recognising the importance of the Fran Wilde Walk as a link between Centreport and the city, and between Thorndon and Centreport, and reinstating the Davis Street overbridge. This is not work specifically factored into the Council's Long Term Plan, but may be an area the Council wishes to discuss with the Stadium Trust in order to better facilitate this connection in the future.

In line with previous years, the draft business plan will be provided to the Council in May. As a result, officers can not yet comment on the financial projections of the Trust.

Summary Recommendations

The final 2013/14 SOI should:

- Provide an update on each of the key sporting codes; and
- Confirm that the Trust will report on how it is tracking relative to its outlined non-financial performance measures in its regular reporting to CCOPS.

It is noted that the draft business plan will be provided to the Council in May and has not been commented on in this report.

6. Conclusion

Officers have assessed the draft Statements of Intent for 2013/14. Overall, the quality and focus of the draft SOIs continues to improve and the high-level format of them has been aligned to a standard template, as recommended in the 2012 Plimmer Review of Council Controlled Organisations.

A number of changes are recommended to the Subcommittee. Subject to its approval of these changes being requested, and subsequent approval by the Strategy and Policy Committee, the Subcommittee's views will be communicated to CCOs in time for amended (final) SOIs to be presented to this Subcommittee at its meeting on 5 June 2013.

Contact Officers:

Richard Hardie, Portfolio Manager, Council Controlled Organisations;
Warwick Hayes, Portfolio Manager, Council Controlled Organisations;
Maree Henwood, 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 copy of each entity report will be circulated to the individual entity, with comments passed on to the Subcommittee 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.