

## **2014/15 LETTERS OF EXPECTATION TO COUNCIL CONTROLLED ORGANISATIONS**

### **1. Purpose of report**

To seek the Committee's consideration and input into the key messages for the 2014/15 Letters of Expectation to the following Council Controlled Organisations (CCOs):

- Positively Wellington Tourism
- Positively Wellington Venues
- Wellington Museums Trust
- Basin Reserve Trust
- Wellington Regional Stadium Trust (although it is not technically a CCO)

### **2. Executive summary**

Officers will incorporate any feedback from the Committee into the formal Letters of Expectation. These will be signed by the Chair of this Committee before 20 December 2013.

### **3. Recommendations**

It is recommended that the Committee:

- 1. Receive the information*
- 2. Confirm the key messages to be included in the 2014/15 Letters of Expectation to the following organisations*
  - a) Basin Reserve Trust*
  - b) Positively Wellington Tourism*
  - c) Positively Wellington Venues*
  - d) Wellington Museums Trust*
  - e) Wellington Regional Stadium Trust*
- 3. Note that officers will prepare formal 2014/15 Letters of Expectation incorporating the directions of the Committee for signing by the Chair of this Committee.*
- 4. Note that the Committee can expect to receive draft 2014/15 Statements of Intent, alongside officers' analyses, for its consideration at the meeting in March/April 2014.*

## 4. Background

All Council Controlled Organisations are required by the Local Government Act 2002 to prepare a draft Statement of Intent (SOI) for the Council by 1 March of the preceding financial year. To provide an owner's perspective and input into this strategic document, the Council sets out its expectations in a Letter of Expectation (LoE). This process provides both the Council and CCOs with an opportunity to fine-tune respective expectations ahead of submitting a final SOI for Council's approval.

The draft timetable for approval of 2014/15 Statements of Intent is outlined in the table below:

<b>Item</b>	<b>Date</b>	<b>Comment</b>
Committee input into 2014/15 LoEs.	3 December 2013	Officers receive any Committee feedback and incorporate it into final letters.
LoE sent to CCO board Chairs and copied to Chief Executives.	By 20 December 2013	Letters to be signed by Committee Chair.
Draft SOIs received by officers	1 March 2014	Note this is the statutory deadline.
Draft SOIs presented to this Committee	March/April 2014	Officers analyse SOIs and provide advice to the Committee.
Committee feedback on draft SOIs provided to CCOs	Before 30 April 2014	Letters to be signed by Chair of the Committee.
Final SOIs received by officers.	May 2014	
Final SOIs provided to Council for approval.	Before 30 June 2014	

## 5. Discussion

The 2014/15 Letters of Expectation will be split into three parts:

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

### 5.1 General Issues

Consistent with last year, all CCOs will be asked to discuss their alignment with the Council's relevant strategic priorities and policies, including the Economic Development Strategy, the Events Policy, and the Arts and Culture Strategy.

### 5.2 Specific Issues

As noted above, officers have compiled a list of key issues for each CCO to address in its SOI. If the Committee agrees, then these points will be incorporated into the LoE, together with any areas of focus from the Committee.

<b>CCO</b>	<b>Key issues</b>
Basin Reserve Trust	<ul style="list-style-type: none"> <li>• Deliver the programme of capital maintenance for 2014/15 as outlined in the Facilities Management Plan.</li> <li>• Secure a new naming rights sponsor for the Basin Reserve.</li> <li>• Outline the Trust's role in the Cricket World Cup 2015, including picking up domestic cricket matches impacted by CWC2015 events.</li> <li>• Explore entering into a multi-year deal with NZ Cricket to secure future test matches at the Basin Reserve.</li> <li>• Prepare a future-focussed Master Plan discussion document on the Trust's long term vision for the Basin Reserve, including an action plan to cover the period when the ground is closed for construction of the new building at the north end of the ground.</li> </ul>
Positively Wellington Tourism	<ul style="list-style-type: none"> <li>• Outline the anticipated value for the city from the third year of the Australian marketing campaign.</li> <li>• Discuss the Destination Wellington target outcomes, work programme and relevant KPIs.</li> <li>• Outline plans to address declining numbers in downtown weekend visitation.</li> <li>• Outline any potential step-changes required in PWT's strategic focus, work programme and/or KPI focus, to assist the Council in better achieving its goals as outlined in the Economic Development Strategy.</li> </ul>
Positively Wellington Venues	<ul style="list-style-type: none"> <li>• Maintain and enhance Wellington's reputation as the Arts, Culture and Events Capital of New Zealand by continuing to attract world class music and theatre acts, and new arts and cultural events.</li> <li>• Increase venue utilisation to deliver on the financial projections anticipated in the business case for the refurbished Shed 6 space.</li> <li>• Outline any potential step-changes required in PWV's plans or programmes to increase venue utilisation in order to assist the Council in better achieving its goals as outlined in the Economic Development Strategy.</li> </ul>
Wellington Museums Trust	<ul style="list-style-type: none"> <li>• Outline the Trust's strategies and plans in terms of: <ul style="list-style-type: none"> <li>○ Capital E's positioning in the long term;</li> <li>○ the Museum of Wellington City and Sea redevelopment; and</li> <li>○ the long-term financial sustainability of the current Carter Observatory business model,</li> </ul> with a particular emphasis on identifying any potential financial implications for the Council. </li> <li>• Discuss the potential for the Trust to reduce the Council subsidy per visitor over time.</li> </ul>
Wellington Regional Stadium Trust	<ul style="list-style-type: none"> <li>• Work collaboratively with the Council's Events team and PWT to achieve the best outcome for the city from the FIFA Under-20s World Cup and Cricket World Cup in 2015 and other events at the Stadium.</li> </ul>

### 5.3 Consultation and Engagement

The majority of the expectations outlined above have been discussed with each CCO and officers will work with the CCOs to ensure the context is clear as they draft their SOIs.

### 5.4 Financial and Long-term plan considerations

The CCOs work within the confines of the Council's overall Long Term Plan and Annual Plan framework.

It is recognised that each of the CCOs is in a different position with respect to being able to continue to deliver their services within the current operational grant funding envelope. It is proposed that the draft SOI should reflect grant funding expectations in line with the draft 2014/15 Annual Plan as follows:

<b>Operating Grant (\$'000)</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15*</b>	<b>Commentary</b>
Basin Reserve Trust	355	355	355	
Wellington Museums Trust	7,710	7,710	7,860	Includes rental grant
- Carter Observatory	300	300	312	
Positively Wellington Tourism	4,740	4,600	4,630	Excludes Destination Wellington related funding
- Australia marketing	1,000	1,000	1,000	
Positively Wellington Venues	-	-	-	

\* As reflected in the current version of the Draft Annual Plan.

The Wellington Regional Stadium Trust, Positively Wellington Venues, and Wellington International Airport Limited do not directly receive Annual Plan operational grant funding.

### 5.5 Climate change impacts and considerations

The CCOs work with the Council and other organisations as part of considering environmental sustainability in their operations, including with the Council's Our Living City programme.

## 6. Conclusion

Officers will incorporate any feedback from the Committee into the formal Letters of Expectation. These will be signed by the Chair of this Committee before 20 December 2013.

Officers will ask CCOs to submit draft 2014/15 Statements of Intent by 1 March 2014. These will be presented, along with officers' analysis and comments, to the Committee at its meeting in March/April. The Committee's comments on the draft SOIs from that meeting will be provided to CCOs, with a view to final SOIs being presented for approval to this Committee and to the Council in June 2014.

Contact Officer: *Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, Portfolio Manager, Council Controlled Organisation and 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 the 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

*Officers have liaised internally with relevant business units in the formation of this report.*

#### b) Consultation with Maori

*See section 3, above.*

### 6) Legal implications

*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.*