

REPORT 2
(1215/11/IM)

**Report of the Council Controlled Organisation Performance
Subcommittee**
Meeting of Monday 15 October 2012

**Members: Mayor Wade-Brown, Denise Church, Alan Isaac (Chair), Councillors
Coughlan, Marsh and Ritchie.**

THE SUBCOMMITTEE RECOMMENDS:

1. **ITEM 0326/12FM REVIEW OF THE 2011/12 ANNUAL REPORTS
AND AUDITED FINANCIAL STATEMENTS OF COUNCIL
CONTROLLED ORGANISATIONS (1215/52/02/IM) (REPORT 2)**

THAT Strategy and Policy Committee:

1. *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.