
REPORT 2
(1215/52/02/IM)

REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 MARCH 2006

1. Purpose of Report

To provide the Subcommittee with an analysis of the performance of all Council Controlled Organisations (and other selected entities) for the quarter ended 31 March 2006, in compliance with Local Government Act 2002 and Council reporting requirements.

2. Recommendations

It is recommended that the Subcommittee:

- 1. Receive the information.*
- 2. Note that there were no issues to raise with the entities covered by this report.*
- 3. Note that there were no issues to raise with Strategy and Policy Committee in regard to this report.*

3. Background

It is a requirement of the Local Government Act 2002 (the Act) that where the Council is a shareholder in a council organisation it must regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of:

- The Council's objectives for the organisation
- The desired results, as set out in the organisation's statement of intent
- The Council's overall aims and outcomes.

The Council Controlled Organisations Performance Subcommittee (CCOPS) is tasked with the assessment of the efficiency and effectiveness of each entity. Officers have

included a brief overview that includes the agreed Key Performance Indicators and financial summaries. The issues that have been identified from officers' reviews are included in this covering report.

4. Entities covered by this report

4.1 Council Controlled Organisations

To comply with statutory requirements, officers will report quarterly to the Subcommittee on the performance of Council Controlled Organisations (CCOs). These are:

Basin Reserve Trust
Capacity
Positively Wellington Business
Positively Wellington Tourism
St James Theatre Charitable Trust
Wellington Cable Car Ltd
Wellington Museums Trust
Wellington Waterfront Ltd
Wellington Zoo Trust

4.2 Wellington Regional Stadium Trust

The Wellington Regional Stadium Trust has received a ruling from the Court of Appeal that clarifies its status and confirms that it is not a CCO. However it is included because of the materiality, both of the financial commitment and the contribution to Council outcomes.

4.3 Council Organisations

At the CCOP Subcommittee meetings on 14 February 2005 and 17 March 2006, it was recommended that a number of Council Organisations would also be monitored on a quarterly basis. These are shown in the following table.

	Level of Financial Commitment	Materiality* of the Project or Organisation to Council Outcomes	Financial risk
Wellington International Airport Ltd	✓		
The Museum of New Zealand Te Papa Tongarewa	✓	✓	
NZ International Festival of the Arts Trust	✓	✓	
Karori Wildlife Sanctuary Trust (business case dependent)	✓	✓	
Sink F69 Trust (for the project duration)			✓
Carter Observatory			✓

*Officers have set the level of materiality as \$500k

The following entities have been included within this quarter:

The Karori Wildlife Sanctuary Trust
Wellington International Airport Limited

Carter Observatory

Officers are working with the International Festival of the Arts Trust and with Te Papa to identify if they are able to report to the Subcommittee in future.

Sink F69 is the subject of a separate report which is to be tabled at the Strategy and Policy Committee meeting on June 15.

5. Issues for the Subcommittee to consider

Council Controlled Organisations:

5.1 *Basin Reserve Trust*

There are no issues for discussion.

5.2 *Capacity - Wellington Water Management Ltd*

Council Infrastructure services have commented that strategic services to the Council are not yet being delivered in accordance with the service level agreement.

There are no other issues for discussion.

5.3 *Positively Wellington Business (Wellington Regional Economic Development Trust)*

There are no issues for discussion.

5.4 *Positively Wellington Tourism (Partnership Wellington Trust)*

PWT is keeping a monitoring brief on issues relating to the proposed Air New Zealand and Qantas Tasman Network Agreement (TNA) signed recently. This is subject to authorisation from the New Zealand Minister of Transport and the Australian Competition and Consumer Commission. The proposal has been publicly opposed by Wellington Airport and a number of other business groups in Wellington.

Any proposal that has the potential to impact positively or negatively on Wellington tourism and its development is of significant interest to PWT. This is particularly so with the TNA as both Air New Zealand and Wellington Airport are valued marketing partners and significant funders of the PWT marketing activity.

PWT has made a submission to the Australian Consumer and Commerce Commission, and is planning to make a further submission to the Ministry of Transport in relation to this issue. The focus of these submissions is on assurances around capacity and frequency of flights as well as competitive pricing.

5.5 *St James Theatre Charitable Trust*

The board of St James has expressed its concern at the loss of Audience Development funding for the coming years. Council officers have noted that other funding avenues are considered more appropriate for this area – particularly LEOTC funding however the Trust has noted that there is no selection round commencing 1 July 2006 or 1 July 2007 for the Arts/Nga Toi.

The Trust also notes that it does not fit the essential LEOTC criteria of “providing specific education services” as the Trust is providing a schools’ coordination service rather than actual teaching services through the Audience development Programme. As a result several of the activities under ‘Audience Development’ will cease as of 30 June 2006.

5.6 *Wellington Cable Car Ltd*

The company has had another positive performance for the quarter with passenger numbers and revenue above budget.

The proposed sale of the trolley bus network remains under discussion however continuing issues with the funding of both the network and the trolleybuses themselves is prolonging this process.

It was decided that a resource consent was required for the Lambton Terminal upgrade and this has been subsequently lodged. This project has also now been sent out for tender.

5.7 *Wellington Museums Trust*

A report prepared by an independent consultant on the future of the collection store at Tyers Road has been completed and concludes for a number of reasons that the facility is not a suitable venue for storing a museum collection.

The Trust has set a target of three years to re-house the collection in a permanent space that meets appropriate standards. Council Officers will work with the Trust on this issue as well as investigating the possible relocation of the Plimmers Ark exhibit.

5.8 *Wellington Waterfront Ltd*

As noted in the quarterly report, WWL continue to implement procedures and quality processes for all projects. Further to the audit of Waitangi Park procurement processes and project management by Audit New Zealand (ANZ), the WCC Audit and Risk Management team are currently reviewing the implementation of the ANZ recommendations. WWL advise that the \$5 million budget over run for Waitangi Park will not be exceeded.

The draft waterfront development plan for 2006/07 and the OPT redevelopment proposal have been presented to the public for feedback, the results of which will be presented to the Waterfront Development Subcommittee on June 26.

In 2006/07, WWL will develop KPI's incorporating project milestones based on the key stages of development such as design brief, resource consent, detailed design and construction. They will report against these measures on a quarterly basis and explain any variances.

5.9 Wellington Zoo Trust

Alison Lash, the Zoo CEO announced her resignation during the quarter; the recruitment of her successor is well under way. Mauritz Basson, the General Manager has taken over as Acting CEO. Potential losses of institutional knowledge from Alison's departure have been mitigated by the restructuring of senior management to absorb the burden of day to day operations.

On 1 March 2006, the draft Zoo Capital Programme was tabled at the Strategy and Policy Committee. Alison has been hired to assist with the business case preparation and the Zoo Trust expects the final programme to be presented to Council Officers in October 2006.

5.10 Wellington Regional Stadium Trust

There are no issues for discussion.

5.11 Wellington International Airport Limited

There are no issues for discussion.

5.12 The Karori Wildlife Sanctuary Trust

The resource consent hearing for the Visitor & Education Centre was held between the 5 - 7 April 2006 with a decision to grant the application, subject to consent conditions, issued on the 1 May 2006.

5.13 Sink F69 Trust

During the quarter the Trust requested a payment of \$60k to enable it to pay Eventpro the remaining funds owed for preparation of the frigate for sinking.

The Trust also requested that the Council convert the funds outstanding by the Trust to the Council into a grant. This would enable the underwrite agreement with the Trust to be terminated and the Council involvement in the project to end. Risk Assurance has also reviewed the project and a report will be presented to the Strategy and Policy Committee on June 15.

There are positive levels of interest in the wreck with reported dive activity in line with expectations. The frigate broke into three sections during a storm in March and this raised considerable media attention. This occurred earlier than the Trust might have envisaged it originally occurring.

5.14 Carter Observatory

Management changes were made at the Observatory to reduce costs and increased attention has been placed on the business case for redevelopment with the Chair leading this process.

The financial situation remains tight and the situation is unlikely to be sustainable beyond the short/medium term. The business case seeks to address this by refreshing the Carter and providing it with a revitalised learning experience for visitors.

Carter has been working closely with MORST and a near final draft business case is being reviewed for MORST by Price Waterhouse Coopers. Carter is also working with Positively Wellington Tourism to validate the business case assumptions. Council officers have been working alongside Carter to assist with the development of the business case. This is planned to be presented to the Strategy and Policy Committee on August 10.

6. Conclusion

A covering report prefaces each entity's quarterly report which summarises the information for the quarter. The issues for the Subcommittee to consider have been determined after review of the documents by officers and discussion with the entities. After considering these reports, the Subcommittee can, if it considers it appropriate to do so, draw any matters to the attention of the Strategy and Policy Committee.

If it believes it will help clarify the information presented or assist with its monitoring role the Subcommittee can also ask the Chair to seek responses from a Board or Trust Chair to any queries it may have. These responses would then be tabled at the next meeting of the Subcommittee.

Contact Officers:

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Geoff Lawson, 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 KAAs. Where relevant, reference is made to the 2005/06 Annual Plan.

2) LTCCP/Annual Plan reference and long term financial impact

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

3) Treaty of Waitangi considerations

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

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

A draft of each entity report has been circulated to the individual entity and their comments have been incorporated into the final report 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.

7) Consistency with existing policy

This report is consistent with existing WCC policy.