
REPORT 4
(1215/52/02/IM)

REVIEW OF THE 2007/08 ANNUAL REPORTS AND FINANCIAL STATEMENTS OF COUNCIL ORGANISATIONS AND OTHER ENTITIES

1. Purpose

This report reviews the annual reports or financial statements submitted by Council Organisations (COs) and a number of other external organisations. The purpose of this report is to highlight any of issues that the Subcommittee needs to consider.

2. Recommendations

It is recommended that the Subcommittee:

1. *Receive the information.*
2. *Recommend that the Strategy and Policy Committee:*
 - a) *Note that there were no issues for the Chair of the Subcommittee to raise with the Council Organisations on the basis of the 2007/08 Annual Reports received.*
 - b) *Note that the Hannah Playhouse Trust has appealed against Plan Change 48.*
 - c) *Note that the Council provided a grant of \$168,981 to the Sink F69 Trust to allow it to repay the funds outstanding under the underwrite agreement, and to terminate the underwrite agreement with the Council.*
 - d) *Note that Councillors should inform the Chief Executive when approached to become directors or trustees of entities to which Council has not previously appointed directors or trustees, as this is a useful means of becoming aware of the existence of any new Council Organisation that Council is obliged to monitor under the Local Government Act 2002.*

3. Background

Section 65 of the Local Government Act 2002 requires the Council to “...regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of –

- (a) the local authority’s objectives for the organisation: and...
- (b) the overall aims and outcomes of the local authority.”

In many cases the objective and desired outcome of the Council’s involvement in and/or funding of a CO’s activities is not explicitly stated. This review is an initial step in that process. A number of other entities that are not classified as COs¹ have also been reviewed due to the financial commitment by the Council to those entities.

The annual reports received from COs have been reviewed by officers to assess any risks or issues from the perspective of the Council’s interest. It is the Subcommittee’s role to review this report and bring any matters of importance to the Strategy and Policy Committee’s attention.

There are a number of other entities that may also fall within the CO classification and officers will endeavour to update the Council records to keep them abreast of these organisations.

The Local Government Act 2002 defines any organisation in which the Council has:

- shares; or
- control, directly or indirectly, of votes at any meeting of the members or controlling body of the organisation; or
- the right, directly or indirectly, to appoint 1 or more of the trustees, directors, or managers (however described) of the organisation.

The Act includes a number of exclusions to this definition.

There is no requirement in the Act for the company or organisation to inform the Council that they fall within the definition of a CO. One useful way that the Council can find out about the existence of any new CO is when Councillors are invited to become trustees or directors to which Council has not previously appointed directors or trustees. It is important that Councillors inform the Chief Executive when this happens.

¹ To be a Council Organisation requires the Council to have the right to or to have board representation

4. Organisations Reviewed

The following Council Organisations have been included in this review:

Organisation	Council Relationship
Included with CCO reporting to CCOPS	
Wellington International Airport Ltd	34% Shareholding plus \$14m debt
Karori Wildlife Sanctuary Trust	Significant Funding; Landlord
Included in this report	
Creative Communities Scheme	Administration of this scheme
Lyall Bay Reef Charitable Trust	Nil
Joe Aspell Trust	Accounting and audit services
Wellington Regional Orchestra Foundation Inc.*	Grant funding
Museum of New Zealand Te Papa Tongarewa*	Funding
Wellington Youth Orchestra	Grant funding
Adam Foundation Trust	Nil
Hannah Playhouse Trust	44% shareholding
NZ International Festival of the Arts Trust	Funding
Wellington Region 2020 Communications Trust	Grant Funding
Hutt Minoh Friendship House Trust	Nil
Wellington Xiamen Association	Grant funding
Sink F69 Trust*	Underwrite agreement to 600,000
The New Zealand Schools of Dance and Drama Premises Management Trust	Landlord Potential guarantee of \$400,000

** These entities are not Council Organisations, as the Council has no appointment rights, however the Council requests and monitors financial information these entities as a condition of the level of financial support provided to them.*

1. DISCUSSION

The annual report of each organisation has been reviewed and summarised in the attached appendices. Following an assessment of these reports, officers have highlighted some issues and made comments on points we consider should be noted by the subcommittee below:

5.1 The Hannah Playhouse Trust

The Chair's report for the Annual General Meeting notes the Trust's objection to the Council's Plan Change 48 which restricts the height of the building to 21m (it is currently 27m with one discretionary storey). The Trust has lodged an appeal with the Environment Court but is hoping to negotiate an exemption with the Council.

5.2 Sink F69 Trust

The Council provided a grant of \$168,981 to the Sink F69 Trust to allow it to repay the funds outstanding under the underwrite agreement, and to terminate the underwrite agreement with the Council.

5.3 The New Zealand Schools of Dance and Drama Premises Management Trust

The School of Drama have sought a loan from Bank of New Zealand for \$400,000, repayable over 10 years, to finance an upgrade of the drama school's teaching facilities. This matter is currently before Council as part of the LTCCP deliberations.

5. Conclusion

The review of the Annual Reports provides an opportunity for the CCO Performance Subcommittee to identify any particular issues that need to be explored with the entities. It is proposed that the Subcommittee identify these issues for the CCO Unit to take up with each relevant Chair and raise at the next Strategy and Policy Committee.

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Supporting Information

1) Strategic Fit / Strategic Outcome

These entities and projects support the achievement of a range of outcomes across most strategy areas.

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

Where appropriate the LTCCP/ Annual Plan impact has been referred to in the body of this report.

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

Not applicable

b) Consultation with Maori

See section 3, above.

6) Legal Implications

There are no new legal issues raised in this report.

7) Consistency with existing policy

This report is consistent with existing WCC policy.