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**MINUTES**

**MONDAY 12 MARCH 2012**

**1.09PM - 2.45PM  
2.49PM – 3.53PM**

**Committee Room One  
Ground Floor, Council Offices  
101 Wakefield Street  
Wellington**

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**PRESENT:**

Mayor Wade-Brown	(1.09pm - 2.45pm, 2.51pm – 3.31pm)
Denise Church	(1.09pm - 2.45pm, 2.49pm – 3.53pm)
Councillor Coughlan	(1.09pm – 2.39pm, 2.40pm – 2.45pm, 2.51pm – 3.12pm, 3.13pm – 3.53pm)
Alan Isaac (Chair)	(1.09pm - 2.45pm, 2.49pm – 3.53pm)
Councillor Marsh	(1.09pm - 2.45pm, 2.49pm – 3.32pm)
Councillor Ritchie	(1.15pm – 1.45pm, 1.50pm – 2.20pm, 2.43pm – 2.45pm, 2.49pm – 2.52pm, 2.55pm – 3.04pm)

**DEMOCRATIC SERVICES OFFICER IN ATTENDANCE:**

Sophie Rapson - Committee Advisor

001/12FM **APOLOGIES**  
(1215/52/02/IM)

**NOTED:**

There were no apologies.

002/12FM **MINUTES FOR CONFIRMATION**  
(1215/52/02/IM)

**Moved Alan Isaac, seconded Denise Church, the motion that the  
Council Controlled Organisation Performance Subcommittee approve**

**the minutes of the ordinary meeting held on Monday 5 December 2011, having been circulated, be taken as an accurate record of that meeting.**

**The motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisation Performance Subcommittee:*

1. *Approve the minutes of the ordinary meeting held on Monday 5 December 2011, having been circulated, be taken as an accurate record of this meetings.*

**003/12FM CONFLICT OF INTEREST DECLARATIONS**  
(1215/52/02/IM)

**NOTED:**

Councillor Marsh declared a conflict of interest regarding Report 2 Review of Performance of all Council Controlled Organisations for the Quarter Ended 31 December 2011 as he is a Trustee of Wellington Zoo.

**004/12FM PUBLIC PARTICIPATION**  
(1215/52/02/IM)

**NOTED:**

There was no public participation.

(Councillor Ritchie joined the meeting at 1.15pm.)

**005/12FM COUNCIL CONTROLLED ORGANISATIONS PERFORMANCE PRESENTATIONS**  
**Wellington Regional Stadium Trust and Positively Wellington Tourism**

(1215/52/02/IM)

(REPORT 1)

**NOTED:**

1. Representatives from Wellington Regional Stadium Trust (Paul Collins and David Gray) and Positively Wellington Tourism (John Milford and David Perks) were in attendance. They updated the Subcommittee on the Trusts Quarter ended 30 December 2011 and future opportunities and challenges facing their organisations.

(Councillor Ritchie left the meeting at 1.45pm.)

(Councillor Ritchie returned to the meeting at 1.50pm.)

*Council Controlled Organisation Performance Subcommittee  
Meeting of Monday 12 March 2012*

(Councillor Ritchie left the meeting at 2.20pm.)  
(Councillor Coughlan left the meeting at 2.39pm.)  
(Councillor Coughlan returned to the meeting at 2.40pm.)  
(Councillor Ritchie returned to the meeting at 2.43pm.)

(The meeting adjourned for afternoon tea at 2.45pm and reconvened at 2.49pm.)

(Denise Church, Alan Isaac, Councillor Marsh and Councillor Ritchie were present when the meeting reconvened.)

(Mayor Wade-Brown returned to the meeting at 2.51pm.)  
(Councillor Coughlan returned to the meeting at 2.51pm.)  
(Councillor Ritchie left the meeting at 2.52pm.)  
(Councillor Ritchie returned to the meeting at 2.55pm.)  
(Councillor Ritchie left the meeting at 3.04pm.)

006/12FM **REVIEW OF PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 DECEMBER 2011**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 2)

**Moved Alan Isaac, seconded Denise Church, the substantive motion.**

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisations Performance Subcommittee:*

1. *Receive the information*
2. *Recommend that the Strategy and Policy Committee notes the following matters with regard to the second quarter 2011/12 performance of Council Controlled Organisations:*
  - (a) *The Basin Reserve has been engaged in a busy period of maintenance and activity in preparation for the cricket season. The Trust has continued to advance its programme of deferred maintenance work, with attention focussing this quarter on replacing parts of the roof of the R.A. Vance stand. The Trust has extended the night time closure of the Basin Reserve through to June 2012.*

- (b) *Capacity is continuing the Messines Road Reservoir upgrade, with tank 2 commissioned in December. Construction work on the Tacy St stormwater pump station is complete and commissioning of the pumps will now occur in March.*
- (c) *Positively Wellington Tourism reports that the calendar year 2011 has been a strong year for tourism numbers and businesses in Wellington. There was significant growth in arrivals from Australia to Wellington, well ahead of the national trend.*
- (d) *Much of the focus for the second quarter of trading as Positively Wellington Venues was focused on setting up the business structures and operational mechanisms. Venue utilisation tracked well for the quarter with performances accounting for 35% of utilisation and convention/events business taking 65%. Forward bookings for 2012/13 are tracking at 60% of budget, but Positively Wellington Venues reports a loss to date of \$700k of business as a result of hires pulling out in response to seismic issues and concerns. As a result of transition and one-off costs, the year-to-date result is (\$556k), \$408k behind the projected deficit of (\$148k).*
- (e) *Following a strong November and December, Wellington Cable Car passenger numbers for the second quarter were 289,417, which was in line with budget and 12% above the same period last year. Year to date passenger numbers are 5% below budget, but 5% above last year.*
- (f) *Overall, visitor numbers for the Museums Trust in the second quarter (including Carter) were 169,163, 9.6% below the budget of 175,760. Oceania at the City Gallery did not achieve the projected audience numbers. Carter Observatory celebrated the 70th anniversary of the opening of the observatory on 20 December.*
- (g) *Final preparations were made ahead of construction beginning on the Overseas Passenger Terminal redevelopment, with tenants successfully relocated to temporary site. Work continued on development and design options for Site 10, with a development agreement signed with Newcrest Group conditional on the approval of the Wellington City Council in quarter three. As at 31 December, the loan advance was \$13 million, but should commercial proceeds from the sale of the Shed 5 lease not be realised then Wellington Waterfront Limited will exceed their \$15 million loan financing by year end.*
- (h) *Year to date visitation of 104,481 for the Zoo was ahead of target by 13,734 (or 15%) and ahead of last year by 7,215 (or 7%). Management continue to attribute this to favourable word*

*of mouth and press, particularly related to the strategic Zoo Capital Plan improvements.*

- (i) *The New Zealand Local Government Funding Agency was incorporated on 1 December 2011 with paid up capital of \$25m, including a \$5m ordinary shareholding by the New Zealand Government. Wellington City Council is an establishment shareholder with 8% of the paid up capital (\$2 million).*
  - (j) *The outstanding event for the half for the Wellington Regional Stadium Trust was the Rugby World Cup. The Stadium hosted 8 games, including 2 quarter finals, and received very positive feedback from both patrons and organisers. It is on track to deliver an above budget full year result.*
  - (k) *Visitors for Zealandia for the second quarter were 25,829, 8.5% below the budget of 28,238. However, revenue for the quarter was only 4% below budget reflecting higher trading revenue per visitor.*
3. *Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report.*
  4. *Note any issues for the Chair to raise with the entities covered by this report.*

(Councillor Coughlan left the meeting at 3.12pm.)

(Councillor Coughlan returned to the meeting at 3.13pm.)

**007/12FM REVIEW OF DRAFT STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR 2012/13**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 3)

**Moved Alan Isaac, seconded Denise Church, the substantive motion.**

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisations Performance Subcommittee:*

1. *Receive the information.*
2. *Recommend that the Strategy and Policy Committee notes that:*

- (a) *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 final 2012/13 Statements of Intent for presentation to this Subcommittee at its meeting of 8 June 2012:*

*Capacity Infrastructure Services Limited*

- *Recognising that Capacity manages contractors on behalf of Wellington City Council, confirm that Capacity has an active process for considering health and safety obligations for contractor management at each stage of: pre-qualification of contractors, engagement of contractors, induction and monitoring of contractors, and an annual or post project review of the contractor's performance;*
- *Include any update on the proposed new model with Upper Hutt City and Porirua City as additional shareholders;*
- *Add commentary on Capacity's four principal strategies for example progress made to date, how future progress will occur and how it will be measured;*
- *Set out a clearer explanation of the alignment between the business objectives and the Company's activities;*
- *Have a greater emphasis on resilience, including discussion on the progress of emergency water availability work and the seven activities in the Water Conservation and Efficiency Plan;*
- *Provide additional detail on the plans and timing of the analysis to investigate and validate work on renewals forecasts;*
- *Include three years worth of performance targets;*
- *Include wording equivalent to "any performance measures where targets are not being achieved (or as requested by shareholders) will be included and commented upon in Capacity's reports" in the KPI section;*
- *Include an outline of all of the Councils' Long Term Plan measures as a schedule;*
- *Discuss the progress of benchmarking and comparative analysis work;*
- *Reflect the agreed Long Term Plan funding at that point in time and make comment on any financial and resourcing implications of the final work programme level;*
- *Add a revised column with an estimate to 30 June 2012 as a comparison point for the forecast figures; and*
- *Include a sentence confirming the Company's commitment to its relationship with its Council shareholders and a "no surprises" policy of open and transparent communication and accountable reporting.*

*Positively Wellington Tourism*

- *KPIs need to be reviewed as to whether "at 2011/12 levels" is appropriate in order to give actual performance targets and*

*include commentary on why a number of KPIs are at static levels;*

- *Quarterly KPI targets should be phased where appropriate;*
- *Include three years of performance targets across the KPIs;*
- *Confirm that Positively Wellington Tourism has appropriate health and safety policies in place to meet its responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work procedures; and*
- *The Letter of Expectation discussed communication and access to information and the Trust's Statement of Intent needs, therefore, to reference the "no surprises" basis for operations and decision making and have a statement confirming the principles governing the relationship between the Council and the Trust.*

#### *Wellington Museums Trust*

- *Make links to other relevant Council strategies, e.g. recently adopted Arts and Culture Strategy;*
- *Include commentary on why visitor forecasts are static for Capital E, City Gallery and Museum of Wellington;*
- *Include more information on the specific strategies to address visitor numbers at the City Gallery;*
- *Outline plans to address the 2014/15 deficit;*
- *Provide updated plans regarding the Capital E redevelopment and the Plimmer's Ark project; and*
- *Confirm that the Trust has appropriate health and safety policies in place to meet its responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work procedures.*

#### *Wellington Zoo Trust*

- *Add discussion on the Asia Precinct and Meet the Locals projects and what they will add to the current Zoo experience;*
- *Reflect the agreed Long Term Plan funding at that point in time and make comment on any potential impact on service provision and options to address this situation;*
- *Confirm that the Trust has appropriate health and safety policies in place to meet its responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, and safe work procedures;*
- *Recognising that the Trust manages contractors on behalf of Wellington City Council, confirm that it has an active process for considering health and safety issues at each stage of: pre-*

*qualification of contractors, engagement of contractors, induction and monitoring of contractors, and a post project review of the contractor's performance;*

- *Include three years worth of performance targets; and*
- *Reinstate a performance measure around accessibility to Wellingtonians and one around income per visitor or Trust generated spend per visitor.*

(b) *The draft Statements of Intent for the remaining Council Controlled Organisations will be presented to the Council Controlled Organisation Performance Subcommittee at its meeting on 23 April 2012.*

(Mayor Wade-Brown left the meeting at 3.31pm.)

(Councillor Marsh left the meeting at 3.32pm.)

008/12FM **COUNCIL CONTROLLED ORGANISATION TEAM FORWARD WORK PROGRAMME**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 4)

**Moved Alan Isaac, seconded Denise Church, the substantive motion.**

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisations Performance Subcommittee:*

1. *Receive the information.*
2. *Note any issues for the Chair to raise with the Strategy and Policy Committee.*
3. *Note any issues for the Chair to raise with the Council-Controlled Organisations team.*

009/12FM **FORWARD PROGRAMME**

Report of Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, Portfolio Manager, Council Controlled Organisations.

(1215/52/02/IM)

(REPORT 5)

**Moved Alan Isaac, seconded Denise Church, the substantive motion.**

The substantive motion was put and declared CARRIED.

**RESOLVED:**

*THAT the Council Controlled Organisation Performance Subcommittee:*

1. *Receive the information.*
2. *Agree to the forward programme attached to the officer's report.*

010/12FM **RESOLUTION TO EXCLUDE THE PUBLIC**  
(1215/52/02/IM)

**NOTED:**

The Subcommittee did not have any issues to raise regarding the Review of Annual Reports for the Quarter Ended 30 December 2011 - Wellington International Airport Limited and did not go into public excluded session.

The meeting concluded at 3.53pm.

Confirmed: \_\_\_\_\_  
Chair  
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