
REPORT 2
(1215/52/02IM)

DRAFT STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR 2012/13 – PART 2

1. Purpose of Report

To provide the Subcommittee with an analysis of the remaining draft 2012/13 Statements of Intents received from Council Controlled Organisations (CCOs), in compliance with the Local Government Act 2002 and Council reporting requirements.

2. Recommendations

It is recommended that the 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:*

Basin Reserve Trust

- *Discuss in depth the implications of having to operate within the current grant level of \$180k, along with details on the Trust's management duties that will not proceed as a result of pressure on the budget;*
- *Investigate having a relationship with Positively Wellington Venues in order to consider new opportunities to market the Basin Reserve further as an events space (without sacrificing its role as a first-class cricket venue);*
- *Outline the reasons for the increase in the annual management fee with Cricket Wellington and note the mechanism in place for negotiating and approving any changes;*

- *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;*
- *Recognising that the Trust manages contractors with funding provided by 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;*
- *Address the timing of work programmes required to complete the maintenance and renewal work identified in the Shand Shelton report, along with a detailed cost profile;*
- *If agreed, outline a procedure and time frame to work with officers on passing the deferred maintenance project to the Council's Project Management Office to manage the outstanding work programme and budgets in-house;*
- *Provide more detail on the development and implementation of an Asset Management Plan that the Statement of Intent notes is a 'matter of urgency', including a timeline for completion by the end of 2012/13; and*
- *Note preparations for the Cricket World Cup and other major events anticipated for 2013/14 and 2014/15, with high-level details on the nature of these opportunities and what work needs to be done in order to secure these events.*
- *Include in the final Statement of Intent a summary of the night time ground closure trial, including the process followed and evidence of the success of the trial, along with an appropriate recommendation.*

Positively Wellington Venues Limited

- *Include a commitment to provide regular financial and progress updates on the development of temporary accommodation facilities ahead of the closure of the Town Hall in May 2013 to ensure that the project is running on time and within budget;*
- *Provide baseline measures for relevant Key Performance Indicators from which officers can assess progress;*
- *Include a mechanism or Key Performance Indicator for reporting the financial level of their community support and access;*
- *Reference a commitment to having a Council representative or officer as part of the decision-making and/or oversight process for the Sponsorship Portfolio and the new Performing Arts Foundation; and*
- *Include a reference to the relationship with Council as operating on a "no surprises" basis.*

Wellington Cable Car Limited

- *Include three years worth of performance targets;*
- *Include the matters required in order to meet LGA requirements (e.g. ratio of shareholders funds to assets, company accounting policies);*
- *Confirm that WCCL 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*
- *Add a timeline for the business continuity planning and documentation.*
- *It is noted that the draft business plan will be provided to the Council in May and has not been commented on in this report.*

Wellington Waterfront Limited

- *Re-forecast the budget from the perspective of no increase to the current management fee to bring the budget in line with the \$1.075 million allocation that is in the draft Long Term Plan. Given the request for additional resourcing, the Statement of Intent needs to articulate more clearly how Wellington Waterfront Limited's work programme and budgeted expenditure could be prioritised to work within the current funding arrangements, and the impact both financial and non-financial of projects that do not come to fruition;*
- *Provide relevant milestone dates where necessary for 2012/13 projects presented as Key Performance Indicators;*
- *Provide more specific detail on how the Company intends to maximise or increase commercial revenues on the waterfront over the next 10 years;*
- *Give more consideration and detail to the idea of introducing an events focus into the work programme, including an assessment of the resourcing requirements and whether or not such a focus is desirable and/or achievable for Wellington Waterfront Limited; and*
- *Confirm that Wellington Waterfront Limited has appropriate health and safety policies in place to meet its legal responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work procedures.*

Wellington Regional Stadium Trust

- *Confirm that hazard management is included in the Stadium's Health and Safety policies.*
- *It is noted that the draft business plan will be provided to the Council in May and has not been commented on in this report.*

- (b) *The draft Statements of Intent for the other Council Controlled Organisations were considered by the Council Controlled Organisation Performance Subcommittee at its meeting on 12 March 2012.*

3. Background

The requirements for Statements of Intent (SOIs) are prescribed in the Local Government Act 2002.

Under the Local Government Act 2002, CCOs are required to submit a draft SOI to the Council by 1 March in the previous financial year. As a matter of good practice, the Council precedes this with a Letter of Expectation (LoE) to CCOs, which outlines the Council's expectations in respect of the SOIs it will receive.

The draft SOI process provides both the Council and CCOs with an opportunity to fine-tune respective expectations ahead of submitting a final SOI for owner approval (Council) in June each year.

4. Entities covered by this report

4.1 Council Controlled Organisations

To date, draft Statements of Intent have been received from the following organisations:

Basin Reserve Trust
Capacity Infrastructure Services Ltd
Positively Wellington Tourism
Positively Wellington Venues
Wellington Cable Car Ltd
Wellington Museums Trust
Wellington Waterfront Ltd
Wellington Zoo Trust
Wellington Regional Stadium Trust

Four draft Statements of Intent were considered at the meeting of 12 March 2012. The remaining draft Statements of Intent are included in this report.

4.2 Wellington Regional Stadium Trust

A Court of Appeal ruling clarified the Trust's status and confirmed that it is not a CCO. The Trust has undertaken to provide an SOI because of the materiality of the Council's financial commitment to the Trust and the Trust's contribution to Council outcomes.

4.3 Council Organisations

The Karori Sanctuary Trust is now included in the Council Controlled Organisations Performance Subcommittee (CCOPS) quarterly reporting regime

(all COs also provide an annual report to the Council) and by virtue of the Council's \$10.38 million non-recourse loan to them is now required to provide an SOI. As the recommendation of the working group on the future structure of the Trust is now out for public consultation, the Karori Sanctuary Trust has not submitted a draft SOI for 2012/13.

4.4 Local Government Funding Agency

The draft SOI for the Local Government Funding Agency was considered by the Shareholders Council of that entity and was noted to be consistent with the original 2011/12 SOI developed at the entity's formation. A copy of the final SOI will be provided to CCOPS as part of the June meeting.

5. Discussion

5.1 Basin Reserve Trust

The Basin Reserve Trust (BRT or the Trust) has presented its draft Statement of Intent for 2012/13. The document describes clearly how the Trust's priorities align with the Council's community outcomes and strategies.

The SOI notes that the Trust generates revenue through several sources – primarily ground hire, electronic screen rental, naming rights sponsorship (Hawkins Construction) and food and beverage concessions. The BRT, however, believes that the level of operational funding they currently receive from the Council is insufficient to manage the Basin Reserve assets and as such they had applied through the Long Term Plan process for an increase in their opex grant from \$180k to \$460k. The BRT's initial financial forecasting in the draft SOI reflected the anticipated increase in their operational grant but officers asked the Trust to re-forecast their 2012/13 budget based on the status quo operational grant of \$180k. The revised budget based on the operating grant of \$180k is included with the draft SOI and shows an operating surplus before depreciation of \$45,755.

It is not clear from the SOI what the rationale is for proposing an increase in operational support, nor is there discussion on how the Trust might find ways to maximise income from their current revenue streams. The final SOI should discuss in depth the implications of having to operate within the current grant level of \$180k, along with details on the Trust's management duties that will not proceed as a result of pressure on the budget.

Officers note that the day-to-day management of the Basin Reserve is administered by Cricket Wellington. The relationship between the BRT and Cricket Wellington has been strong over the years and has helped maintain the Reserve's reputation as one of the country's premiere cricket grounds. However, Cricket Wellington's expertise is not in the marketing and development of a large, multi-purpose venue space. It is recommended, therefore, that the Trust is requested to investigate having a relationship with Positively Wellington Venues in order to consider opportunities to market the Basin Reserve more effectively as an events space (without sacrificing its role as a first-class cricket venue).

The financial documents show that the 'management fee' to Cricket Wellington has increased from \$36,640 (2010/11) to \$42,500 (2011/12) to a proposed \$56,360 in 2012/13 (a 53% increase over 3 years). Officers recommend that the Trust be asked to account in the SOI for this increase and note the mechanism in place for negotiating and approving the annual management fee.

The Letter of Expectation requested an overview of how the Trust manages its health and safety responsibilities, its insurance programme and the status of its business continuity plan. Detail on these elements of risk management is limited, although the SOI notes on page 5 that the Trust has engaged advisors to assist with business continuity planning and health and safety compliance, and that their current health and safety policy would benefit from review and updating. The SOI should 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.

Recognising that the Trust manages contractors with funding provided by Wellington City Council, the SOI should confirm that the BRT 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.

The LOE asked the Trust to address the timing of work programmes required to complete the maintenance and renewal work identified in the Shand Shelton report, along with a detailed cost profile. These have not been articulated and should be addressed in the final SOI. If the Trust agrees, outline a procedure and time frame to work with officers on passing the deferred maintenance project to the Council's Project Management Office to manage the outstanding work programme and budgets in-house. Officers believe this would assist the coordinated completion of the project and enable the Trust to focus on the development and implementation of an Asset Management Plan that the SOI notes is a 'matter of urgency'.

Officers note that the Trust has indicated they would like to make permanent the night time closure of the Basin Reserve following a successful 9 month trial period. As such, the Trust should include in the final SOI a summary of the trial including the process followed and evidence of the success of the trial, along with an appropriate recommendation.

Summary Recommendations

The final 2012/13 SOI should:

- Discuss in depth the implications of having to operate within the current grant level of \$180k, along with details on the Trust's management duties that will not proceed as a result of pressure on the budget;

- Investigate having a relationship with Positively Wellington Venues in order to consider opportunities to market the Basin Reserve further as an events space (without sacrificing its role as a first-class cricket venue);
- Account for the increase in the annual management fee with Cricket Wellington and note the mechanism in place for negotiating and approving any changes;
- 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;
- Recognising that the Trust manages contractors with funding provided by 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;
- Address the timing of work programmes required to complete the maintenance and renewal work identified in the Shand Shelton report, along with a detailed cost profile;
- If the Trust agrees, outline a procedure and time frame to work with officers on passing the deferred maintenance project to the Council's Project Management Office to manage the outstanding work programme and budgets in-house;
- Provide more detail on the development and implementation of an Asset Management Plan that the SOI notes is a 'matter of urgency', including a timeline for completion by the end of 2012/13; and
- Note preparations for the Cricket World Cup and other major events anticipated for 2013/14 and 14/15, with high-level details on the nature of the opportunities and what work needs to be done in order to secure these events.
- Include in the final SOI a summary of the night time ground closure trial, including the process followed and evidence of the success of the trial, along with an appropriate recommendation.

5.2 Positively Wellington Venues

Positively Wellington Venues (PWV or the Company) has delivered an extensive draft Statement of Intent that outlines their business objectives and strategies for 2012/13. The SOI addresses the key points raised in the Letter of Expectation, and includes a detailed section on their strategic intent to grow the business.

The planned closure of the Town Hall in 2013 for earthquake strengthening has the potential to have a significant impact on PWV's business capability. To this end, in February 2012 PWV presented a business case to move their core conference and event business to a temporary location in the TSB Arena and Shed 6. The plan requires Council funding to offset the cost of developing the new space and in March the Council agreed to include a \$4 million contribution in the draft Long Term Plan (LTP) to cover this. The LTP is currently out for consultation. Nonetheless, the Company's 2012/13 SOI factors in to their budgeting and work programme the impact of non or part replacement of the

Town Hall spaces should the result of consultation on the LTP prove unfavourable to this funding.

Officers recommend that CCOPS request regular financial and progress updates on the development of temporary accommodation facilities ahead of the closure of the Town Hall in May 2013 to ensure that the project is running on time and within budget.

Taking into account successfully finding a replacement space for the loss of the Town Hall, PWV has presented a break-even budget for 2012/13 as requested in the LOE. The SOI notes that this will be achieved through changes in sales and marketing and by targeting cost efficiencies, particularly around staffing and discretionary costs. As a result of a reduction in venue space available (merging the capacity of TSB/Shed 6 and the Town Hall), the projection for the two out years is to continue with a break-even result. A key aspect to note, however, is that the budget assumes the company will meet their 2011/12 budget and does not include \$165k of 'legacy costs' associated with pre-existing contracts. As a result, officers' request updated forecasts for 2011/12 be included in the final SOI.

Section 3.6 outlines the financial impact of not finding a replacement space for the Town Hall. The net result would be a substantial trading loss in 2013/14 and 2014/15 of around \$1.3m, with figures contained to this level at the expense of reduced staff numbers and discretionary costs. Officers note that in this 'worst case' scenario, once the Town Hall comes back on line in 2015 it will take PWV some time to return business activity back to its present level.

The SOI outlines in section 3.7 up to \$250k of potential capital expenditure for 2012/13 including electronic promotional signage (\$100k), new uniforms (\$40k), replacement 'point of sale' hardware for the St James and Opera House (up to \$50k) and website redevelopment (\$40k). Should these projects go ahead, they will be funded through the Company's cash reserves.

PWV has presented a suite of KPIs that report on both their Business Plan, specific 'business transformation' projects and targets to meet the Council's Towards 2040 vision. Officers consider that the KPI objectives delivered in the draft SOI will provide Council with a good understanding of the health of the organisation through the year. However, a number of the KPIs currently do not have a baseline measure from which to assess progress. PWV has not yet completed a full year of commercial operations and the SOI notes that PWV will develop these through 2012/13 based on the results of 2011/12. It is recommended, therefore, that the SOI be amended to include baseline targets for relevant KPIs, with some set as interim measures to be updated once first-year figures are assessed. The SOI suggests that some measures will be reported on as "achieved, partly achieved, not achieved." Once baseline figures are provided, officers recommend that reporting against these targets should be in sufficient detail to permit officers to understand by how much the target has been met or missed.

Section 2.3.5 of the PWV SOI discusses in some detail a 'revamped community access programme', noting the challenge the company faces in delivering a

break-even budget against Council's expectation of providing a sufficient level of access to community organisations and events (as discounted venue hire translates to lost revenue to the company). The initiatives discussed in section 2.3.5, in principle, appear to align with the Council's intentions to ensure the new CCTO provided for \$250k per annum of major event and community access (passed by Council on 1 June 2010). However, officers recommend that the final SOI include a commitment from PWV to have a Council representative(s) included in the decision-making and/or oversight process for the PWV Sponsorship portfolio and the new Performing Arts Foundation (PAF) in order to ensure transparency in meeting Council's intentions. PWV should also be asked to include a mechanism or KPI for reporting the financial level of their Community support and access.

The LOE asked Venues to describe how its strategic priorities align with Council's community vision and outcomes as articulated in its Wellington 2040 plan. This has been outlined in section 4.2 where it is clear that PWV is in a position to play a central role in the Council's long term vision for Wellington.

The discussion pertaining to PWV's health and safety responsibilities is contained in Attachment 2 where it is noted that the organisation has a current policy that is reviewed regularly. There is also a detailed section on Risk Management and Health and Safety (section 2.2.4) in which strategies are outlined, including an overview of the company's insurance programme, with a target to ensure they have updated Health and Safety and Earthquake policies and procedures in place prior to 2012/13 Q1.

Summary Recommendations

The final 2012/13 SOI should:

- Include a commitment to provide regular financial and progress updates on the development of temporary accommodation facilities ahead of the closure of the Town Hall in May 2013 to ensure that the project is running on time and within budget;
- Provide baseline measures for relevant KPIs from which officers can assess progress;
- Include a mechanism or KPI for reporting the financial level of their community support and access;
- Reference a commitment to having a Council representative or officer as part of the decision-making and/or oversight process for the PWV Sponsorship portfolio and the new PAF; and
- Include a reference to the relationship with Council as operating on a "no surprises" basis.

5.3 Wellington Cable Car Limited

Wellington Cable Car Limited's (WCCL's or the Company's) draft Statement of Intent outlines the planned contributions of the Company to the Council's objectives. As requested in the Letter of Expectation, it includes detail on the Company's proposed Kelburn Terminal redevelopment project. The Board has decided to proceed with this development, noting it was imperative to either

undertake significant repairs, with an associated closure of service for a short period, or replace the structure and gain benefits for the operation of the cable car service, and also the wider community. The project is currently planned for completion in August 2013. The draft SOI notes that WCCL intends to resume dividend payments to the Council in 2012/13.

The draft SOI also incorporates the request to discuss opportunities to better integrate the visitor experience and leverage marketing between attractions in the Kelburn precinct, including affirming WCCL's support for a plan in this area to be led by PWT.

The draft SOI includes an update on WCCL's plans to charge for access to its poles and work underway on some trolley bus overhead network power supply issues identified by the Company.

Officers are comfortable that the KPIs proposed by the Company are relevant and appropriate in judging its performance in relation to its objectives. To be consistent with the LGA, officers request three years worth of performance targets. The 2012/13 passenger target of 1,073,700 represents a 3.2% decline relative to the 2011/12 forecast. This represents a 3.5% decline in multi-trip passenger estimates and a 3.1% decline in one-off ticket estimates. The one-off ticket passenger estimate for 2011/12 included an estimate for Rugby World Cup visitors.

There are a number of other matters which should be included in the final SOI in order to meet LGA requirements (e.g. ratio of shareholders funds to assets, company accounting policies).

As requested, the Company has provided an analysis of its insurance coverage on page 12. It has also provided detail on its health and safety program on page 11 including the existence of health and safety plans and regular meetings on health and safety matters. To complete this section, WCCL is asked to confirm that it 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.

The Company has noted that it does not yet have, but will formally document, a business continuity plan; however, it does have a disaster recovery plan focusing on data recovery. Officers recommend that a timeline be added for the business continuity planning and documentation.

In line with previous years, the draft business plan will be provided to the Council in May. As a result, officers can not yet comment on the financial plans of the Company or an updated forecast for 2011/12.

Consistent with past policy, the Company has reaffirmed its dividend policy of 60% of net profit after tax (subject to the directors discharging their statutory duty in making that decision) on page 26.

Summary Recommendations

The final 2012/13 SOI should:

- Include three years worth of performance targets;
- Include the matters required in order to meet LGA requirements (e.g. ratio of shareholders funds to assets, company accounting policies);
- Confirm that WCCL 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
- Add a timeline for the business continuity planning and documentation.

It is noted that the draft business plan will be provided to the Council in May and has not been commented on in this report.

5.4 Wellington Waterfront Limited

Wellington Waterfront Limited (WWL or the Company) has presented its draft 2012/13 Statement of Intent to CCOPS that addresses many of the requirements outlined in the Letter of Expectation.

The SOI contains details pertaining to how WWL's key activities contribute to the Council's community outcomes expressed through Wellington Towards 2040: Smart Capital. There is also a section on risk management noting that comprehensive business continuity and disaster recovery plans are scheduled for development. In line with the Company's 2011/12 targets, this documentation is expected to be in place by Q1 of 2012/13.

A full suite of financial documents is provided in the SOI and includes an increase in the management fee from \$1.075m to \$1.3m for extra staff resourcing. Included on page 20 is WWL's case for change which notes that keeping the funding at current levels could delay projects and commercial proceeds, and have human resource implications for the company. The SOI makes clear that there are a number of financial and commercial pressures on WWL in the light of the current economic climate, anticipated work programmes, and the impact of unanticipated infrastructure projects (most significantly, the wharf pile upgrades), noting that these factors are having a negative impact on WWL's financial stability. However, how WWL's work programme or budgeted expenditure could be adjusted to work within the current funding arrangements is not discussed, nor is the impact of not receiving commercial proceeds from anticipated projects that do not come to fruition. Officers recommend that the final SOI address these concerns. Officers note also the Council's current draft LTP does not incorporate any increase in the management fee above the \$1.075m recommended in the 2011 review of WWL and request, therefore, that WWL reforecast their budgets based on the assumption of status quo funding for 2013/14.

WWL has presented a 10-year cash fund schedule that shows a significant return on commercial proceeds over the next 3 years from the development of Site 10, the Overseas Passenger Terminal (OPT). However, returns from the

OPT have been pushed out a year from previous forecasts and the SOI should address at a high level why this has occurred and whether there is risk of further delays. In terms of public space development, officers note that the anticipated payments on the Kumutoto precinct have almost doubled (from \$2m to \$3.8m) since the previous projection. Similarly, \$2m has now been allocated to the Queens Wharf Master Plan implementation that was not previously anticipated. As such, the SOI should address the reasons for these changes, alternative options that have been considered to contain project costs, and the impact the additional expenditure will have on the ability of WWL to meet their loan financing obligations.

The LOE asked WWL to consider and present options to maximise or increase commercial revenues over the next 10 years, including ideas for introducing an events focus in to the work programme. Aside from development initiatives outlined previously, there is little discussion in the SOI about new or alternative opportunities that the company might consider pursuing. The final SOI should provide more detail about these aspects of the medium and long-term business strategy.

WWL has presented a set of performance targets and other measures for 2012/13. There are, however, questions that arise from these. Officers note that several of the projects do not include completion dates and they will work with WWL to incorporate these milestones.

The draft SOI includes a brief summary of the Trust's public safety profile but needs more detail on health and safety policies that are in place. To complete this section, officers request that WWL confirms that it has appropriate health and safety policies in place to meet its legal responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work procedures.

Summary Recommendations

The final 2012/13 SOI should:

- Re-forecast the budget from the perspective of no increase to the current management fee to bring the budget in line with the \$1.075m allocation that is in the draft Long Term Plan. Given the request for additional resourcing, the SOI needs to articulate more clearly how WWL's work programme and budgeted expenditure could be prioritised to work within the current funding arrangements, and the impact both financial and non-financial of projects that do not come to fruition;
- Provide relevant milestone dates where necessary for 2012/13 projects presented as KPIs;
- Provide more specific detail on how WWL intends to maximise or increase commercial revenues on the waterfront over the next 10 years;
- Give more consideration and detail to the idea of introducing an events focus into the work programme, including an assessment of the resourcing requirements and whether or not such a focus is desirable and/or achievable for WWL; and

- Confirm that WWL has appropriate health and safety policies in place to meet its legal responsibilities covering, as applicable, hazard identification and management, emergency planning, accident reporting and investigation management, contractor management and safe work procedures.

5.5 Wellington Regional Stadium Trust

The draft SOI for Wellington Regional Stadium Trust (WRST or the Trust) is very clear and thorough and provides a high-level overview of current operational matters, including the relationships with the established sporting codes. It notes that the Trust is working on opportunities in Australian Football League (AFL) given the AFL's strategic plans to expand into new markets. WRST is also continuing to look at potential Rugby League games for the city. The Trust comments that 2011/12 was a quiet year for concerts, but there are encouraging signs for 2012/13. If necessary to secure a major event, the Trust notes that it will investigate opportunities to co-promote events.

As requested in the Letter of Expectation, it includes an update on the progress of the Stadium Master Plan, with the Trust noting that it expects the Plan to be communicated to the public in mid to late 2012. There is no intention to seek additional funding from either WCC or GWRC to fund the planned developments.

There is also commentary on the major challenges facing the Trust. One is increased competition from and comparisons with the recently upgraded Eden Park facilities and the newly built Dunedin Stadium. The other is the renewal of the Stadium memberships and corporate box licences in 2014. The Trust is preparing for these renewals through the Master Plan planning process, and with market research being conducted on both members' desires and comparative offers elsewhere. Once that is completed, a comprehensive sales and marketing plan will be implemented, with the sales process expected to commence by mid 2013.

The draft SOI observes that attendances fluctuate at games and the Trust works closely with promoters to maximise attendance and improve the patron experience, noting that team performance is the biggest impact on attendance. In line with worldwide economic trends, the Stadium is experiencing reduced spending on hospitality at events and a market that is more selective about purchasing event tickets. This may be a continued area of discussion, particularly given the context of the other challenges discussed above.

As requested in the Letter of Expectation, WRST discusses its strategic fit with the Council's Wellington Towards 2040: Smart Capital strategy, including the opportunity to secure long term recurring events that would be unique to Wellington. The current opportunity highlighted by the Trust in that regard is with the AFL: St Kilda has publicly stated they are in talks with AFL chiefs about playing in Wellington. The Trust also highlights its desire for WCC to consider investing in infrastructure to improve access to the Stadium over the medium to long term, particularly improving the connection from Queens Wharf to Fran Wilde Walk and recognising the importance of the Fran Wilde Walk as a link between Centreport and the city and between Thorndon and Centreport.

As requested, the Trust discusses its contribution to the Council's Economic Development Strategy and to the Accessible Wellington Action Plan. The draft SOI notes that Be.Accessible reviewed the Stadium's accessibility and issued it their highest rating, Platinum.

The draft SOI also includes a comprehensive discussion of WRST's health and safety programme on page 8; officers ask that the Trust confirm that hazard management is included in the policies outlined in the Stadium's Health & Safety booklet. The Stadium's insurance programme is discussed on pages 8 and 9. The Stadium reviewed its Business Continuity Plan in 2010, with assistance from a leading consultant, and has finalised the updated Plan.

In line with previous years, the draft business plan will be provided to the Council in May. As a result, officers can not yet comment on the financial plans of the Trust, the specific KPI targets, or an updated forecast for 2011/12.

Summary Recommendations

The final 2012/13 SOI should:

- Confirm that hazard management is included in the Stadium's Health and Safety policies.

It is noted that the draft business plan will be provided to the Council in May and has not been commented on in this report.

6. Conclusion

Officers have assessed the draft Statements of Intent for 2012/13. The quality and focus of the SOIs continues to improve, and officers will work with CCOs to ensure that this remains the case.

A number of changes are recommended to the Subcommittee. Subject to its approval of these changes being requested, the Subcommittee's views will be communicated to CCOs in time for amended (final) SOIs to be presented to this Subcommittee at its meeting on 8 June 2012.

Contact Officers: *Richard Hardie, Portfolio Manager, Council Controlled Organisations, Maree Henwood, Portfolio Manager, Council Controlled Organisations and Natasha Petkovic-Jeremic, 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 Council's strategic goals.

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's Trust, as part of normal operations.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

A copy of each entity report will be circulated to the individual entity, with comments passed on to the sub-committee 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.

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.