
2013/14 LETTERS OF EXPECTATION TO COUNCIL CONTROLLED ORGANISATIONS

1. Purpose of Report

To seek the Committee's consideration and input into the key messages for the 2013/14 Letters of Expectation to Council Controlled Organisations (CCOs).

2. Recommendations

It is recommended that the Subcommittee:

- 1. Receives the information*
- 2. Confirm the key messages to be included in the 2013/14 Letters of Expectation to Council Controlled Organisations*
- 3. Note that officers will prepare formal 2013/14 Letters of Expectation incorporating the directions of the Subcommittee for signing by the Chair of this Subcommittee*
- 4. Note that the Subcommittee can expect to receive draft 2013/14 Statements of Intent, alongside officers' analyses, for its consideration at its meetings in March and April 2013.*

3. Background

All Council Controlled Organisations are required by the Local Government Act 2002 to prepare a draft Statement of Intent (SOI) for the Council by 1 March of the preceding financial year. To provide an owner's perspective and input into this strategic document, the Council sets out its expectations in a Letter of Expectation (LoE). This 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).

The draft timetable for approval of 2013/14 Statements of Intent is outlined in the table below:

Item	Date	Comment
CCOPS input into 2013/14 LoEs	29 November 2012	Officers receive CCOPS feedback and incorporate it into final letters
LoE sent to CCOs	By 13 December 2012	Letters to be signed by Chair of CCOPS
Draft SOIs received by officers	1 March 2013	Note this is the statutory deadline
Draft SOIs presented to CCOPS	8 April 2013	Officers analyse SOIs and provide advice to CCOPS
Feedback on draft SOIs provided to CCOs	Before 30 April 2012	Letters to be signed by Chair of CCOPS
Final SOIs received by officers	10 May 2013	
Final SOIs presented to CCOPS	5 June 2013	If CCOPS approves the final SOIs, it will recommend that SPC adopts them
Final SOIs provided to Strategy & Policy Committee (SPC) for approval	Before 30 June 2013	SPC is the Committee responsible for formal approval of SOIs

4. Discussion

The 2013/14 Letters of Expectation will be split into three parts:

- An introductory section stressing the importance of the SOIs, the need for quality and noting general issues and high-level Council outcomes largely affecting all the CCOs
- A short, focussed cover letter outlining the key issues for each CCO from an ownership perspective
- A more detailed appendix outlining what needs to be covered by the particular CCOs in their draft SOIs.

4.1 General Issues

A number of issues to be addressed in the Letters of Expectation (LOE) relate to most or all of the CCOs and these points will be made in the covering letter, as follows:

1. All CCOs are asked to review their KPIs and ensure alignment with Council's Strategic priorities. CCOPS will assess them on this basis.
2. The 2012-22 Long Term Plan requires significant savings and efficiencies to be achieved across all parts of the organisation across the ten years. Council is part way through an internal restructuring with a view to aligning the structures with 2040 and to drive efficiencies. CCOs will be required to also contribute towards achieving the savings target.

Operating Grants

It is recognised that each of the CCOs is in a different position with respect to being able to continue to deliver their services with reduced funding. It is proposed that grant funding direction be provided through the LOE as follows:

- *Wellington Zoo Trust* – grant for 2013/14 set at \$2.715m a 3% reduction from the 2012/13 grant level.
 - *Positively Wellington Tourism* – grant for 2013/14 set at \$4.6m, a 3% reduction from the 2012/13 grant level. This excludes the \$1m grant funding for the Australian Marketing initiative, the funding for Destination Wellington and the \$200k grant for Long Haul.
 - *Wellington Museums Trust*¹ – no change to the grant funding, recognising that the trust has worked over the past two years to deliver a break even financial position after funding depreciation².
 - *Basin Reserve Trust* – no change to the grant funding to recognise that increased grant funding was agreed for 2012/13 to enable the trust to manage the maintenance issues.
 - *Cable Car* – The Cable Car does not receive any grant funding from Council. However, for 2013/14 the dividend policy should increase from 60% to 100% for 2012/13 financial year payable in 2013/14.
 - *Positively Wellington Venues* – Venues does not receive any grant funding from Council. The Venues SOI for 2012/13 forecast a Net profit of \$30k for the 2013/14 financial year, Council expects Venues to deliver on this outcome ensuring that all legacy and shared service costs have been fully absorbed in arriving at the Net profit with no reduction in community access and utilisation.
 - *Wellington Waterfront Limited* – no change to the grant funding recognising that the waterfront is already operating at a deficit and has significant commercial revenue targets to achieve.
3. In June 2012, the Council signed off on the 2012-22 Long Term Plan with its goal of implementing the city's vision for the future as articulated in *Wellington Towards 2040: Smart Capital*. The strategy outlines 4 community outcomes: 'People-Centred City', 'Eco-City', 'Connected City'

¹ The Trust has indicated that it is seeking an increase in its baseline grant funding of \$213,788 (3.6%) for 2013/14 to offset increases in fixed costs.

² This is subject to the resolution of the accommodation issues around Capital E which may have financial consequences that will need to be considered in light of the solutions and the outcome of the feasibility report.

and 'Dynamic Central City'. All business units and CCOs are expected to align their strategic planning to *Wellington Towards 2040*. Supporting each of these outcomes are 3 priority areas: 'An inclusive place where talent wants to live', 'resilient city', and 'a well managed city'.

4.1.1 General Alignment with Council Policies and Strategies

The following strategies and plans have been used to inform Council's outcome expectations of CCOs. General expectations for all CCOs are provided below, with specific outcomes listed alongside each CCO on the following pages.

- a. The **Economic Development Strategy** aims to attract, retain and grow investment, business and talent, to create jobs and support economic growth in Wellington. The Council expects each CCO to have a role to play in delivering on this strategy. For each CCO, the LOE will reference the following high-priority actions:

All:

- **How to better promote Wellington as a great place to visit, live, work and invest to attract, retain and grow investment in the city**
- **How to promote Wellington's image and international reputation to the achievement of the Economic Development Strategy's aims.**

- b. The **Events Policy** recognises that events are highly valued by Wellingtonians. The arts and culture, sports, business and community sectors all organise events and rely on them for success both for themselves and for the broader community. By managing venues and events spaces, and promoting central Wellington as a vibrant and active place for all, CCOs are a key part of Council's mechanism for delivering the Events Strategy. For each CCO, the LOE will reference the following high-priority actions:

All:

- **Work with the Council's Economic Development team to ensure Council operations (services and facilities) are aligned with event provisions. A 'one stop shop' approach is to be developed to enable event managers to obtain the necessary advice and services for staging an event in Wellington.**
- **Strengthen current partnerships and develop new ones.**
- **Improve the spread of Wellington Events over the year.**
- **Contribute to the development and maintenance of a single Events website.**
- **Work collaboratively to deliver on the Events Policy action points.**

- c. Through the **Accessible Wellington Action Plan (AWAP)**, the Council has committed to supporting people and partnerships that reduce and eliminate social and physical barriers in WCC's facilities, services and programmes. With a focus on the Council's AWAP, the LOE will ask all CCOs to describe:

All:

- **how each CCO manages their Accessibility responsibilities within the organisation to reduce and eliminate social and physical barriers**
- **Establish a regular accessibility audit cycle for all facilities, services and recreation/community activities.**
- **Review how accessibility information is promoted in publications, marketing and press releases.**

- d. The Council's **Arts and Culture Strategy** aims to provide the best and boldest arts experiences in Wellington, as well as opportunities for all people to actively participate both in the arts and arts education. The objective is to build on the goals of *Smart Capital* and our success as New Zealand's creative capital. An important part of the strategy is facilitating greater collaboration between arts organisations and venue providers in the areas of arts marketing, education and management, to reduce the costs to individual organisations and build overall capacity. The CCOs, as managers and promoters of a range of the city's major venues and public art spaces, have an important role to play in delivering on the goals of the Arts and Culture strategy. The high-priority areas to address within the LOE are as follows:

All:

- **Consider strategies to increase the visibility of contemporary Maori, Pasifika and Asian arts, as well as encourage greater cross-cultural exploration.**
- **Work with the Council's Arts and Culture team to ensure that Council-funded organisations and activities are accessible and relevant to diverse audiences.**
- **Promote Wellington's unique Arts and Culture sector.**

- e. In line with the goals of *Smart City*, the Council has developed its **Digital Strategy** to build on our current strengths and better support and develop our future capabilities in this area. One of the key aims is to support the establishment of a range of programmes and activities that focus on both social and economic outcomes in order to achieve global recognition as a creative digital city. The CCOs have a role to play in this area by creating opportunities to inspire shared knowledge and the development of ideas and creativity in the digital realm.

All:

- **Encourage and support conferences and expos, freely available civic information, highly visible digital creative works, and access to information.**

- f. The Council's **Living City policy** is broader than just the environment, equally encompassing economic, environmental, social and cultural considerations. The Living City policy has three work programme goals: Growing and enjoying our nature capital; transforming our economy and reducing our impact; showing leadership in this area.

All:

- **Reflect on how each CCO can embrace and support the Living City work programme goals. This might include such things as climate change mitigation and adaptation, resilience to natural events, enhancing the connection of people with the urban-natural environment, biodiversity and pest management and utilising smart infrastructure and green technology, research and services.**

4.2 Specific Issues

As noted above, officers have compiled a list of key issues for each CCO to address in its SOI. If the Subcommittee agrees, then these points will be incorporated into the Letter of Expectation.

Basin Reserve Trust

Events Strategy

- Partner with the Economic Development team to engage with international sporting federations in hosting international sporting events in Wellington in particular the Indian Cricket Tour and the Cricket World Cup.

Other

- Improve the utilisation of the Basin by 10% for 2014/15 and beyond.
- Complete the Asset Management Plan for the basin.

Capacity

Other

- With respect to the ownership restructuring, work with the owners to develop a shareholders agreement as a mechanism to agree common direction
- Agree and implement the detail of an outcomes model and associated transition plan

Positively Wellington Tourism

Economic Development Strategy

- Identify opportunities to actively contribute to our reputation as the Arts, Culture and Events Capital
- Continue to deliver tourism promotions into key markets that promote Wellington's events, retail, recreational, eco and visitor offerings
- Work with WIAL and the Economic Development team to deliver long haul flights to Wellington.

Events Strategy

- Work with the Economic Development team to demonstrate industry leadership in the area of strategic planning for major New Zealand events
- Profile and tell the story of Wellington as the events capital of New Zealand

Accessible Wellington Action Plan

- Investigate promoting the use of 'Companion Cards' (free passes for helpers)

Arts and Culture Strategy

- Wellington is "a city of ideas providing inspiration to all". Profile and celebrate this area by developing strategies to see a greater flow of ideas, information and talent between all those involved in creating and presenting Arts activity in Wellington.

Destination Wellington

- Deliver on the specific actions for year 2 of destination Wellington against a defined set of WCC KPIs

Other

- Outline the marketing programme and support for the AFL initiative to ensure the agreed objectives are achieved.

Positively Wellington Venues

Economic Development Strategy

- Maintain and enhance Wellington's reputation as the Arts, Culture and Events Capital of New Zealand

Events Strategy

- Attract world class music and theatre acts, and new arts and cultural events.
- Work in partnership with the Economic Development team with respect to WOW and the NZ International Arts Festival to increase economic returns and to strengthen their positions as key contributors to Wellington's Arts and Culture sector.

- Through the Performing Arts Fund develop and implement a strategy to grow and support Wellington's skills base and talent in events and the supporting services.

Arts and Culture Strategy

- Work with the Council's Arts and Culture team to ensure that our local creative talent can access the city's venues and public spaces to develop and present their work.
- Support children and young people's exposure to the arts

Other

- Develop KPIs, that will enable Council to understand the performance of Venues and the contribution to the city's strategies and outcomes, particularly economic development
- Clarify and agree with Council officers the terms for major event and community support and funding
- That a replacement venue for the Town Hall is available and ready for use when the Town Hall is closed for earthquake strengthening.

Wellington Cable Car

Other

- Detailed strategies to improve the attractiveness of the cable car offering to passengers, including tourists, and how the cable car experience can better promote and integrate with the full range of tourist and visitor experiences at the top of the Cable Car, including Botanical Gardens, Zealandia and Kelburn Village.
- Outline plans to address the medium term reduction in passenger numbers using the Cable Car.

Wellington Museums Trust

Economic Development Strategy

- Ensure programmes and exhibitions build on and contribute to our reputation as the Arts, Culture and Events Capital
- Consider opportunities to develop art and exhibits to visually express Wellington's digital strengths, and support the city's smart capital image

Events Strategy

- Partner with Te Papa to successfully attract exhibitions that will attract domestic and international tourists to the city
- Develop niche arts events that define Wellington's competitive advantage

Arts and Culture Strategy

- Increase activity in the area of education programmes for the Arts
- Work with the Council's Arts and Culture team to ensure that our local creative talent can access the city's venues and public spaces to develop and present their work.

- Attract and embrace the best and boldest creative people from across NZ and the world to present their ideas and collaborate in Wellington
- Encourage and profile activities that promote debate on contemporary issues to stimulate new thinking and ideas.
- Make Wellington the destination of choice for Arts and Culture education experiences

Other

- Outline plans for stage two of the redevelopment of the Museums of City and Sea
- Outline plans to address falling visitor numbers at the City Gallery

Wellington Waterfront Limited

Economic Development Strategy

- Deliver on all commercial revenues within the Waterfront Development Plan

Arts and Culture Strategy

- Encourage and facilitate the use of venues and public spaces on the waterfront for creative activities and events

Digital Strategy

- Work with the Council's Events team to investigate options for a lights festival for Wellington

Wellington Regional Stadium Trust

Other

- Attract events that will deliver economic benefit to the city economy
- Support PWT and the Economic Development team in promoting the AFL initiative to showcase Wellington and deliver on the agreed objectives for the games played in Wellington.

5. Next Steps

Officers will incorporate the feedback from the Subcommittee on the draft key issues into the compilation of formal Letters of Expectation. These will be signed by the Chair of CCOPS before 13 December 2012.

Officers will ask CCOs to submit draft 2013/14 Statements of Intent by 1 March 2013. These will be presented, along with officers' analysis and comments, to the CCO Performance Subcommittee (CCOPS) at its meetings in April. Comments on the draft SOIs from that meeting will be provided to CCOs, with a view to final SOIs being presented for approval to the CCOPS and SPC Committees in June 2013.

Contact Officers:

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Warwick Hayes, Portfolio Manager, Council Controlled Organisations
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) LTP/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

Officers have liaised internally with relevant Directors in the formation of this report.

b) Consultation with Maori

See section 3, above.

6) Legal implications

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.