

**REVIEW OF THE PERFORMANCE OF ALL COUNCIL  
CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED  
31 DECEMBER 2012**

**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 December 2012, 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 the following matters with regard to the second quarter 2012/13 performance of Council Controlled Organisations:*
  - a) *The Basin Reserve Trust, after allowing for depreciation of \$68k, made an operating deficit for the quarter of \$158k, \$44k below budget. However, year to date the Trust has a net deficit after depreciation of \$84k, \$25k ahead of budget. As a result of the renewal of drainage on the Basin Reserve playing surface, there was no use of the ground possible until Boxing Day.*
  - b) *Year to date, Capacity is reporting an overspend of \$116k (or 0.6%) against the opex budget for Wellington City Council, largely due to increased operating and maintenance costs. Capacity is also reporting an under spend of \$1.9m (or 15%) year to date against the capex budget, largely due to project plans being behind schedule. Council officers continue to work with Capacity to minimise the impact of the identified budget issues. City Care took over responsibility for the drainage service responsiveness indicators on 1 July 2012. These results are significantly below target year to date, largely due to transfer issues with new staff and the City Care IT reporting system. Officers expect that these issues will be resolved in time for quarter four. There has been no adverse impact on customer complaints.*

- c) *Positively Wellington Tourism saw growth in domestic visitation to Wellington during the quarter, but subdued international visitation compared to the same period in 2011/12. Tourism New Zealand has partnered with the Trust for the Australian Marketing Campaign with a contribution of \$500k. The Trust is tracking ahead of its budget year to date, but this is due to timing differences that will be normalised by year end.*
- d) *Positively Wellington Venues achieved a net profit in quarter two of \$207k, \$21k ahead of budget, and remains on target to achieve a breakeven net profit result for 2012/13. Although venue occupancy is below 2011/12 levels for the same period, revenue has increased by 10%. Work has begun to deliver the modified Shed 6 venue ahead of the closure of the Town Hall in August 2013.*
- e) *Wellington Cable Car has lodged the resource consent application for the Kelburn terminal redevelopment with Wellington City Council. Subject to receiving resource consent, construction is still expected to commence in April. The Company paid a dividend of \$94k to the Council during the quarter. The Company anticipates achieving its budgeted result for the year.*
- f) *Visitor numbers for the Museums Trust in quarter two were 157,679, 10% below the target of 174,940, largely related to the earthquake prone building issues at Capital E. In quarter two, the Trust recorded a surplus of \$305k against a budgeted deficit of \$22k, mainly due to reduced operating expenses. At this stage, the Trust expects to record a deficit of \$118k at year end 30 June 2013 due to the financial impact on Capital E.*
- g) *Wellington Waterfront Limited recorded an operating deficit for quarter two of \$2.9m against a budgeted deficit of \$2.3m. The main reason for this \$594k unfavourable result is that depreciation for the year to date is over budget by \$1.2m because of the revaluation of Waterfront assets. The Taranaki Street Wharf jump platform has been closed while water quality tests are undertaken. At the end of quarter two, the advance from Council was \$17.891 million.*
- h) *Year to date visitation of 112,920 at Wellington Zoo is ahead of last year by 8% and ahead of plan by 3%. The strong December quarter was helped by the newly opened Asia Precinct and less wet weather days than last year. The year to date operating surplus of \$110k is above the budgeted \$29k, due to trading income being above budget, largely due to the higher than budgeted visitor numbers and personnel costs being slightly below budget. The Trust expects a minimal surplus for the full financial year.*
- i) *The New Zealand Local Government Funding Agency Limited's quarter two surplus before dividends and tax was \$0.79m, or \$0.55m ahead of its forecast. As a result, it anticipates being in a position to make a larger first dividend payment than forecast.*

- j) *The interim board of the Karori Sanctuary Trust completed its review of the business and reported to the Council in December 2012. The new board is now in place and Denise Church accepted the role as Chair commencing 1 January 2013. Despite visitor numbers falling below budget in quarter two, paying visitors have maintained revenue just above budget. Excluding depreciation, the year to date operating deficit was \$234k, against a budgeted deficit of \$376k and this is reflected in the Trust's improved cash position versus budget. Cash at bank at 31 December 2012 was \$654k or \$185k better than the budgeted cash balance of \$469k.*
- k) *Total attendance at the Stadium was 160,591 and it welcomed its seven millionth patron during the half. The Trust recorded a year to date surplus of \$1.0m, well above the budgeted surplus of \$0.5m. It is on track to deliver an above budget full year result. The Master Plan work got underway with the upgrade of the changing rooms and the administrative offices. The upgrade to the Deloitte Clubroom member lounge will commence in March and design work for the Mezzanine bars is being finalised.*

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.*

### **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 regularly to the Subcommittee on the performance of Council Controlled Organisations (CCOs).

These are:

- Basin Reserve Trust
- Capacity Infrastructure Services Ltd
- Partnership Wellington Trust (Positively Wellington Tourism)
- Wellington Venues Ltd (Positively Wellington Venues)
- Wellington Cable Car Ltd
- Wellington Museums Trust
- Wellington Waterfront Ltd
- Wellington Zoo Trust

#### **4.2 New Zealand Local Government Funding Agency**

The LGFA was established by the NZ Government in conjunction with 18 local authorities (including Wellington City Council) on 1 December 2011. The Government is the largest single shareholder with an investment of \$5m. Following a share sell-down in November 2012, the LGFA's share register now contains 30 local authorities plus the Crown. This Council's shareholding is 7.5%, represented by paid up capital of \$1.87m and an equivalent \$1.87m commitment to uncalled capital.

#### **4.3 Wellington Regional Stadium Trust**

A Court of Appeal ruling clarified the Trust's status and confirmed that it is not a CCO. It is included in this report because of the materiality of the Council's financial commitment to the Trust and the Trust's contribution to Council outcomes.

#### **4.4 Council Organisations**

At previous CCOPS meetings it was recommended that a number of Council Organisations also be monitored on a quarterly basis. Accordingly, the following entities have been included within this quarter:

- Karori Sanctuary Trust (Zealandia)
- Wellington International Airport Limited

### **5. Issues for the Subcommittee to Consider**

#### **Council Controlled Organisations:**

##### **5.1 Basin Reserve Trust**

Quarter two is traditionally a busy period of activity for the Basin Reserve as the ground keepers prepare the playing surface for the upcoming cricket season and the first games are played. This year, with the renewal of drainage on the Basin Reserve playing surface, there was no use of the ground possible until the Boxing Day Twenty20 match between the Firebirds and the Central Stags. However, the ground was ready for the match and has been performing extremely well in subsequent games. Renewing the drainage at the Basin is expected to increase utilisation of the playing surface by allowing for a faster

turn around between events, and also lessen the length and severity of weather-related delays during cricket matches.

The Trust continues to work with officers and NZTA on mitigation measures to offset the impact of the proposed traffic bridge at the northern end of the ground.

Preparations continue ahead of hosting the England v New Zealand cricket test in March 2013. This is expected to be the major sporting highlight of the year at the Basin.

After allowing for depreciation of \$68k, the Trust made an operating deficit of \$158k, \$44k below budget. The main reason for this unfavourable result is that income was 27% below budget due to the closing of the ground for most of the quarter. Expenses were also higher than expected owing to unbudgeted maintenance work being undertaken in response to the increase in grant revenue following the confirmation of the Council's Long Term Plan. YTD, the Trust has a net deficit after depreciation of \$84k, \$25k ahead of budget.

## **5.2 Capacity Infrastructure Services Ltd**

Following the fatal accident in quarter one, MBIE has reviewed the Company's health and safety practices and has not identified recommendations for improvement. The MBIE investigation also found that there were no breaches of the HSE Act by the contractor.

Porirua City Council has agreed to consultation documents being prepared on the proposal from Capacity that it become a shareholder and customer. It also agreed that negotiations continue with Capacity and the other Councils on the PCC proportion of overheads for the first two years.

Capacity continued work on increasing resilience for the network. The Carmichael reservoir strengthening is complete and work has commenced on the Newlands No. 2 reservoir and the upgrade of the water main in Tasman St. A trial water bore was completed in Miramar, but did not locate a viable potable water supply.

Capacity budgets for a breakeven position. Revenue is below budget by 4.9% YTD and this has been offset by lower than budgeted personnel and operating expenditure.

The Council's internal reports record a slight YTD opex underspend of \$252k (or 1%) compared to budget and a slight forecast overspend (\$123k) for the full year. However, Capacity reports a YTD overspend of \$116k (or 0.6%) compared to budget and an expected overspend for the full year of \$1.4m (or 3.7% of budget). This is due to the underfunding of reactive maintenance work and unbudgeted increases in treatment plant tariffs. Officers are looking into the differences between the Capacity report and the WCC reports. Council officers are also continuing to work with Capacity to minimise the impact of identified budget issues.

Capex for quarter two (\$6.6m) was slightly under budget (\$7.0m). YTD capex is under-budget by \$1.9m or 15%. At the end of December the budget was expected to be fully spent by year end.

City Care took over responsibility for the drainage service responsiveness indicators on 1 July 2012. The below target results are largely due to transfer issues with new staff and the City Care IT reporting system. Capacity has noted no significant issues with City Care's actual service response YTD and expects the indicators to be correct in time for quarter four.

### **5.3 Positively Wellington Tourism (PWT)**

Quarter two has been one in which the challenging winter performance of the visitor sector in Wellington was offset by a range of events and promotions that increased domestic visitation relative to the second quarter of 2011/12. The highlight of PWT's quarter was the premiere of the Hobbit – An Unexpected Journey. The premiere led to one of the busiest visitor weeks that Wellington has ever experienced.

This first part of the summer holidays is one of the most challenging for the visitor and hospitality sectors in Wellington. During this period, PWT led a 'Kids Stay Free' promotion supported by its hotel commercial partners. The booking and promotional period was 23 October – 14 December 2012, and stay period was 15 December 2012 – 30 January 2013. The results of this campaign were that Kids Stay Free outperformed the 2011/12 summer '3 for 2' campaign in terms of booking value by 108%:

- Rooms sold increased by 7% (15 – 31 Dec, Hotel Monitor)
- 8,509 visits direct to landing page on WellingtonNZ.com
- 13,680 total page views on WellingtonNZ.com
- 105 bookings during promotional period

In quarter two, PWT delivered phase one of a major initiative in Australia in conjunction with Air New Zealand, Tourism New Zealand and various local and regional partners; this work continues to promote Wellington as a sophisticated destination.

PWT's web visitation and social media successes in quarter two are highlights of its KPI measures in this area of its business. In quarter two, visits to [www.wellingtonnz.com](http://www.wellingtonnz.com) increased by 88% on the same quarter last year, and 47% over the six months to 31 December 2012. The driver of web site traffic was predominately Hobbit related (Wellington Film campaigns, Wellington Film Map, Hobbit Artisan Market listing etc) and the launch of the Wellington Christmas Cracker campaign.

Air New Zealand and Tourism New Zealand have both committed to invest with PWT in its Australian marketing campaign. PWT's revenue budgets were based on the value of the matching funding commitments from Air NZ and other third party funding to the Australian marketing partnership. As part of the agreements with these partners PWT will not receive these funds directly and the funds will be invested in the marketing campaign alongside PWT's contribution. This results in PWT reporting both lower partner revenues and

associated costs in relation to the Australian Marketing activity. As a result, PWT recorded revenue for quarter two of \$2.7m (versus budget \$3.2m). Expenditure of \$2.9m for the period was close to budget. The reason for the \$500k reduction in revenue (versus budget) is related to the Australian marketing campaign with Air New Zealand and Tourism New Zealand.

Although revenue was below budget in the quarter for the reason noted above, PWT's balance sheet was bolstered by significant holdings of cash (\$1.5m) at 31 December 2012. Much of this was related to the Destination Wellington project receiving 8 months revenue in 6 months (i.e. timing difference). PWT is tracking ahead of its budget year to date, but this is due to timing differences that will be normalised by year end.

#### **5.4 Positively Wellington Venues (PWV)**

Positively Wellington Venues continues to track well against budget YTD, posting a net profit for the quarter of \$207k that was \$21k ahead of budget. Net profit for the half year is \$250k, \$54k ahead of budget.

Working with officers and Wellington Waterfront Ltd, PWV continued work on finalising the detail for the temporary replacement venue in Shed 6 while the Town Hall is closed for earthquake strengthening. In October the Council signed off on the fit out and seismic strengthening work and preparations were made for having construction begin in January 2013. A steering group has been appointed comprising representatives from PWV, WWL and Council to oversee the project and ensure that the work is delivered on time and on budget.

Six months into the year, Venues is tracking well on their KPIs. Venue utilisation, however, is down 10% on the previous year, and 27 Community hire days for the quarter is down on the same quarter in 2011/12 (38 days). This is due in part to WCC/PWV sponsored free screenings of RWC2011 matches last year that inflated the numbers for the quarter. PWV has recently completed a review of their sales and marketing strategies and is focussed on increasing utilisation for the second half of the year. There were a number of sold out performances across all the venues during the quarter, including WOW, Ben Harper, Mumford & Sons, the Black Keys, Bill Bailey, Stephen Merchant, 7 Days, and Morrissey. Overall audience and hirer satisfaction continues to rate very highly on PWV's surveys.

Venues and Council have begun the process of agreeing what legacy or other sponsorship support PWV is expected to provide for community organisations or strategic partners. This will be developed ahead of finalising the 2013/14 SOI and will also identify any impacts to the financial position of PWV arising out the decisions made. PWV has also begun the process of reviewing the Performing Arts Foundation Trust (PAF) and will report the results to CCOPS later in the year.

With respect to other KPIs and activities, PWV has now achieved ISO accreditation for Quality Management Systems across all venues. These are the only venues in New Zealand to have achieved this status. Work continued through the quarter on relocating the administration offices for the New

Zealand International Festival of the Arts into the St James Theatre. This project was completed in January 2013. Finally, PWV has reached an agreement with the Academy of Fine Arts on Queens Wharf to provide venue management services for their performance spaces beginning in 2013.

### **5.5 Wellington Cable Car Ltd**

Cable car passenger numbers for the second quarter were 294,676, which was 1.8% above target and 1.8% above the same period last year. As a result, following the slower first quarter result, year to date passenger numbers are up slightly on last year and target.

The resource consent application for the Kelburn terminal redevelopment has been lodged with Wellington City Council. Subject to receiving resource consent, construction is still expected to commence in April and the budget remains at \$1.875m.

Trolley bus overhead network maintenance income from Greater Wellington Regional Council and expenses are shown as well below budget for the quarter. The budget includes provision for capital expenditure items that are subject to business case approval, on which investigative work is still being undertaken. Revenue for the work undertaken for reactive and planned maintenance is budgeted to match expenditure over the full year.

The Company paid a dividend of \$94k for 2011/12 to Council during the quarter. Year to date, its before tax surplus of \$169k is tracking above the budgeted \$85k. This reflects the lower than budgeted cable car fare and electric bus income being more than offset by lower than budgeted cable car operations and maintenance expenses (the lower than budgeted expenses reflect timing differences). Lower than budgeted administration expenses and higher than budgeted external activities contribution also contributed. The Company anticipates achieving its budgeted result for the year.

### **5.6 Wellington Museums Trust**

Visitor numbers for the Trust in Q2 were 157,679, 10% below the target of 174,940. The 17,261 visitor shortfall was largely related to the earthquake prone building issues at Capital E (visitors were 16,764 below target at Capital E). There were compensating variances at Cable Car Museum (4,248 down) and City & Sea (4,122 up). The higher than budgeted visitation at City & Sea is attributed to its proximity to the cruise ship passengers walking to and from the city. There is no immediately obvious explanation for the lower than forecast visitation figures at the Cable Car museum other than a growing number of attractions in its precinct. Despite this, the Trust comments that excluding Capital E, overall visitation is tracking according to target. The Museum of Wellington City & Sea and the Cable Car Museum, which were behind target, caught up during December and January (not visible in the Q2 report). City Gallery's visitation is tracking well and likely to exceed target at year end.



The Trust's upcoming programme includes:

- City Gallery opened *Artwork: Peter Campbell* on Friday 22 February. A "soft" opening of *Moving on Asia* coinciding with Chinese New Year celebrations brought record attendance to City Gallery over 23 and 24 February.
- Len Lye: *Kaleidpscope and Touch Me Baby I'm Bodycentric, A Multimodalplosion!* presented by Chicks on Speed and Lisa Walker will open to the public on 2 March.
- The Capital E National Arts Festival for young people runs from 11 – 23 March. The world premiere of *Sky Dancer* on 8 March at the Wellington Town Hall followed by a function at City Gallery will formally launch the Festival.
- Carter Observatory's latest campaign to raise awareness and drive visitation *Fill your head with Space* was launched earlier in the month. The creative work was provided by Clemenger BBDO on a pro-bono basis.
- The next iteration of *TestBed* at the Museum of Wellington City & Sea will be a prototype of the central interpretive strategy to be used on the top floor.

In quarter two, the Trust recorded a surplus of \$305k against a budgeted deficit of \$22k. This result was attributable mainly to reduced operating expenses. The YTD operating surplus was \$413k versus a budgeted deficit of \$45k. Excluding Capital E (see below), financial variances are timing only and the Trust expects to meet its financial targets at 30 June 2013.

Due to earthquake prone building issues, children's creative technology activities have not operated from the Capital E building since December 2012. Some staff are still based at Capital E and some have relocated to the Bond Store. A report that assesses options for the future of the Capital E to address earthquake prone issues is nearing completion.

The business of Capital E has continued to operate from temporary venues pending some certainty about the options for the building, but it is expected that visitation will not reach the targets set in the Trust's 2012/13 SOI (102,000 visits). Visitation is expected to fall short of the target by 8,750 which, under the circumstances, is a modest shortfall. Importantly, the Trust still expects to meet its overall visitation target for the year to 30 June 2012 of 620,000.

At this stage the negative financial implications for the Trust of earthquake prone issues for Capital E is expected to be \$118k. In recognition of the Trust's inability to absorb this loss and fully fund its depreciation, the Trust has requested that Council fund this by providing a rental free period (estimated value \$170k) to the Trust. As yet, this request has not been considered by officers.

## **5.7 Wellington Waterfront Ltd**

Wellington Waterfront Ltd made significant progress on a number of projects during quarter two. Following a period of public consultation, the North

Kumutoto Design Brief was adopted by the Council in November. The company convened a half-day consultation meeting in mid-December with selected stakeholders and councillor representatives to discuss a vision for the future development of North Kumutoto. WWL has begun the process of seeking expressions of interest in the development of both sites with a request for proposals set to go out to developers in quarter three.

Working with officers and Positively Wellington Venues Ltd, WWL continued work on finalising the detail for the temporary replacement venue for PWV in Shed 6 while the Town Hall is closed for earthquake strengthening. WWL is represented on a steering group that has been appointed to oversee the project and ensure that the work is delivered on time and on budget. WWL completed contract documentation for the seismic strengthening work on the Shed 6 wharf ahead of work commencing in January 2013.

Two significant additions to the waterfront public space were completed and opened during the quarter: Michael Tuffery's *Nga Kina* installed in the Kumutoto area, and a jump platform in the cut-out space on the Taranaki wharf in response to illegal and dangerous jumping off the nearby ambulance building. The jump platform was officially opened in November by HRH the Prince of Wales. Both installations are proving very popular with visitors to the waterfront, although the jump platform has been closed while water quality tests are undertaken. Other key events during the quarter included the completion of the latest phase of the wharf maintenance programme on the outer-T of Queen's Wharf. Seismic strengthening of Shed 11 was completed as planned, while the construction of the structure on the Overseas Passenger Terminal site was started.

The company recorded an operating deficit for quarter two of \$2.9m against a budgeted deficit of \$2.3m. The main reason for this \$594k unfavourable result is that depreciation for the year to date is over budget because of the revaluation of assets in quarter one. Depreciation will continue at a higher than budgeted amount for the rest of the year and is still expected to finish \$2m higher than budget. Income was \$175k (7%) higher than budget primarily due to better than anticipated operating recoveries. At the end of quarter two, the advance from Council was \$17.891 million. This is expected to increase through quarter three by \$200k, but is tracking as anticipated.

## **5.8 Wellington Zoo Trust**

Year to date visitation of 112,920 is ahead of last year by 8% and ahead of plan by 3%. The strong December quarter was helped by the newly opened Asia Precinct and less wet weather days than last year.

The year to date operating surplus of \$110k is above the budgeted \$29k, due to trading income being above budget, largely due to the higher than budgeted visitor numbers, and personnel costs being slightly below budget. The Trust expects a minimal surplus for the full financial year.

Work is underway on the Zoo's next capital projects: the Reptile Rotunda; Servals, Wallabies and Dingoes; and planning work is underway for Meet the

Locals. In terms of fundraising, during the second quarter, a capital donation of \$50k was received from the Infinity Foundation towards the Reptile Rotunda. The Zoo's target for its Zoo Capital Plan capital raising is \$469k for this year. It has already raised \$361k or 77% of the target.

From a Council perspective, the Zoo renewals spend is under-budget year to date, due to the timing of spend, but is expected to be fully spent at year end. The Zoo Capital Plan spend is over-budget year to date due to the timing of expenditure for the completion of the Asia precinct, but it is expected to be slightly under-spent by year end.

### **Other Organisations:**

#### **5.9 New Zealand Local Government Funding Agency Ltd (LGFA)**

The LGFA's quarter two surplus before dividends and tax was \$0.79m, \$0.55m (230%) ahead of its SOI forecast. The start-up phase of the entity has been more successful than forecast and, as a result, the LGFA will be declaring a full dividend to shareholders in the current financial year. The board is also investigating methods to balance the payment of dividends with providing further reductions in borrowing costs to participating local authorities.

Since launching in December 2011, the LGFA has significantly exceeded its lending targets. At 31 December 2012, total lending was \$1.55bn, well in excess of its SOI target for 30 June 2013 (\$1.1 bn).

Performance against its SOI targets are, for the most part, very satisfying but are tempered with shareholders' expectations of continuing pricing improvements as the business matures from its start-up phase.

| <b>Performance Measure</b>                   | <b>Target</b> | <b>Result</b> | <b>Outcome</b> |
|--|---------------|---------------|----------------|
| 1. Average cost of funds relative to NZGS    | <0.50%        | 0.84%         | Not achieved   |
| 2. Average margin above LGFA's cost of funds | <0.40%        | 0.30%         | Achieved       |
| 3. Annualised operating overheads            | <\$3.2m       | \$3.0m        | Achieved       |
| 4. Lending to participating councils         | >\$900m       | \$1,530m      | Achieved       |
| 5. Number of council shareholders            | ≥30           | 30            | Achieved       |
| 6. Number of eligible borrowers              | ≥40           | 30            | Not achieved   |

LGFA's relative average cost of funds continues to steadily improve. At the December bond tender, LGFA's weighted average cost of funds had fallen to 0.76% over NZGS; the best result achieved to date.

During the quarter, LGFA's credit ratings were reaffirmed at AA+, equivalent to the NZ Sovereign rating.

An overarching summary of the LGFA's performance on its SOI targets is that very satisfying progress is being made but its shareholders' focus will remain on lowering the cost of debt to participating local authorities and maintaining focus on its other business objectives.

### **5.10 Karori Sanctuary Trust**

The interim board completed its review of the business and reported to Council in December 2012. This board was dissolved as planned effective 31 December 2012.

Denise Church accepted the role as Chair of the board from 1 January 2013 and is joined by Philip Meyer (new) and existing board members Steven Thompson, Pam Fuller and Professor Charles Daugherty. In accepting the role, Denise Church resigned from CCOPS.

Nancy McIntosh-Ward resigned effective 31 December 2012 following a long tenure as the Trust's CEO. Nancy was replaced by Natasha Petkovic-Jeremic as Acting Chief Executive effective 1 January 2013.

Visitors for the quarter at 20,385 were 12% (2,763) below target of 23,148. The main reason for the continuing drop in visitor numbers is related to the decline in memberships. Daily paying visitors are holding the revenue figures up, with total YTD income of \$1.19m versus budget YTD income of \$1.18m. Growing the sanctuary's membership is a key strategic initiative of the current management.

The fundraising/marketing committee has met a few times focusing on developing a new community/membership strategy to increase memberships and donations.

Excluding depreciation, operating expenditure is below YTD budget by \$142k and this is reflected in the Trust's improved cash position versus budget. YTD, the operating deficit (before depreciation) was \$234k, against a budgeted deficit of \$376k. Cash at bank at 31 December 2012 was \$654k (Q1: \$881k), \$185k better than budget. Trading losses for the full year are expected to reduce the cash to \$296k at 30 June 2013; however, current trading performance may return a better result than this.

### **5.11 Wellington Regional Stadium Trust**

Total attendance at the Stadium was 160,591 and it welcomed its seven millionth patron during the half. ITM Cup rugby attendances improved relative to last year (when they were impacted by RWC timing). They averaged 5,018, compared to 3,816 last year and 5,854 the year before. Average attendances for the Phoenix regular games were 7,234 (slightly up on last year's 6,610). However, these figures were helped by the 11,575 who came to the first game of the season.

The Trust recorded a year to date surplus of \$1.0m, well above the budgeted surplus of \$0.5m. It is on track to deliver an above budget full year result.

The Master Plan work got underway with the upgrade of the changing rooms and the administrative offices. The upgrade to the Deloitte Clubroom member lounge will commence in March and design work for the Mezzanine bars is being finalised.

During the quarter, the members' survey and corporate box survey were undertaken. Both surveys reported good results and improvement on last year, with the membership survey result matching the best overall rating received previously. The Trust continues to work on its new membership proposal from 2015 and expects to be selling the new packages by the end of 2013.

Chief Executive David Gray has announced he will retire in June and the recruitment process for his replacement is underway.

### ***5.12 Wellington International Airport Limited (public excluded)***

The quarterly report for the quarter ended 31 December 2012 is attached in the appendix. Council officers have reviewed the report. It does not raise any material new issues for the Subcommittee to consider. Officers note that WIAL is challenging the Commerce Commission's report on price setting in the High Court, arguing that the Commission used a flawed model in deriving its findings. As such, officers are not able to comment on the matter at this time. Also, WIAL's support of *The Hobbit: An Unexpected Journey* premiere generated a significant amount of media exposure, particularly the giant sculpture of Gollum by Weta Workshop located in the main terminal.

## **6. Conclusion**

A short report prepared by officers is given for each entity's quarterly report (excluding LGFA) which summarises the information for the quarter and relevant current issues. 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 considers that 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 will then be tabled at the next meeting of the Subcommittee.

Contact Officers: *Richard Hardie, Portfolio Manager, Council Controlled Organisations, Warwick Hayes, 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. Where relevant, reference is made to the 2012/13 Annual Plan.*

### **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's 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 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.*

### **7) Consistency with existing policy**

*This report is consistent with existing WCC policy.*