
2014/15 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 2014/15 Letters of Expectation to the following Council Controlled Organisations (CCOs):

- Wellington Cable Car Limited
- Wellington Waterfront Limited

2. Executive summary

Officers will incorporate any feedback from the Committee into the formal Letters of Expectation. These will be signed by the Chair of this Committee before 20 December 2013.

3. Recommendations

It is recommended that the Committee:

- 1. Receive the information*
- 2. Confirm the key messages to be included in the 2014/15 Letters of Expectation to the following organisations*
 - a) Wellington Cable Car Limited*
 - b) Wellington Waterfront Limited*
- 3. Note that officers will prepare formal 2014/15 Letters of Expectation incorporating the directions of the Committee for signing by the Chair of this Committee.*
- 4. Note that the Committee can expect to receive draft 2014/15 Statements of Intent, alongside officers' analyses, for its consideration at the meeting in March/April 2014.*

4. 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 Council's approval.

The draft timetable for approval of 2014/15 Statements of Intent is outlined in the table below:

Item	Date	Comment
Committee input into 2013/14 LoEs.	3 December 2013	Officers receive any Committee feedback and incorporate it into final letters.
LoE sent to CCO board Chairs and copied to Chief Executives.	By 20 December 2013	Letters to be signed by Committee Chair.
Draft SOIs received by officers	1 March 2014	Note this is the statutory deadline.
Draft SOIs presented to this Committee	March/April 2014	Officers analyse SOIs and provide advice to the Committee.
Committee feedback on draft SOIs provided to CCOs	Before 30 April 2014	Letters to be signed by Chair of the Committee.
Final SOIs received by officers.	May 2014	
Final SOIs provided to Council for approval.	Before 30 June 2014	

5. Discussion

The 2014/15 Letters of Expectation will be split into three parts:

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

5.1 General Issues

Consistent with last year, all CCOs will be asked to discuss their alignment with the Council's relevant strategic priorities and policies, including the Economic Development Strategy and the Accessible Wellington Action Plan.

5.2 Specific Issues

As noted above, officers have compiled a list of key issues for each CCO to address in its SOI. If the Committee agrees, then these points will be incorporated into the LoE, together with any areas of focus from the Committee.

CCO	Key issues
Wellington Cable Car Ltd	<ul style="list-style-type: none"> • Coordinate with the Council to action the relevant recommendations from the recent Cable Car Precinct research work • Cooperate with the Council and Regional Council to provide information and feedback as required in any discussions around the future of the trolley bus overhead network
Wellington Waterfront	<ul style="list-style-type: none"> • Complete the development of public space around the Clyde Quay wharf and the redeveloped Overseas Passenger Terminal • Deliver a refurbished children's playground at Frank Kitts Park • Significantly advance work on Site 10 and manage stakeholder relationships, particularly around the development of public space on Sites 8, 9 and 10 currently scheduled for 2015/16. • Deliver a new 3-year Waterfront Development Plan working to the time frame for the development of the 2015-25 Long Term Plan

5.3 Consultation and Engagement

The majority of the expectations outlined above have been discussed with each CCO and officers will work with the CCOs to ensure the context is clear as they draft their SOIs.

5.4 Financial and Long-term plan considerations

The CCOs work within the confines of the Council's overall Long Term Plan and Annual Plan framework.

It is recognised that each of the CCOs is in a different position with respect to being able to continue to deliver their services within the current operational grant funding envelope. It is proposed that the draft SOI should reflect grant funding expectations in line with the draft 2014/15 Annual Plan as follows:

Operating Grant (\$'000)	2012/13	2013/14	2014/15*	Commentary
Wellington Waterfront Ltd	1,075	1,075	1,075	

** As reflected in the current version of the Draft Annual Plan.*

Wellington Cable Car Limited does not directly receive Annual Plan operational grant funding; the Company is expected to pay dividends to the Council.

5.5 Climate change impacts and considerations

The CCOs work with the Council and other organisations as part of considering environmental sustainability in their operations, including with the Council's Our Living City programme.

6. Conclusion

Officers will incorporate any feedback from the Committee into the formal Letters of Expectation. These will be signed by the Chair of this Committee before 20 December 2013.

Officers will ask CCOs to submit draft 2014/15 Statements of Intent by 1 March 2014. These will be presented, along with officers' analysis and comments, to the Committee at its meeting in March/April. The Committee's comments on the draft SOIs from that meeting will be provided to CCOs, with a view to final SOIs being presented for approval to this Committee and to the Council in June 2014.

Contact Officers: *Richard Hardie, Portfolio Manager, Council Controlled Organisations and Maree Henwood, 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 the 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 business units 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.