
MINUTES

MONDAY 7 DECEMBER 2009

**9.18AM – 10.42AM
10.56AM – 12.15PM
12.15PM – 12.20PM (PUBLIC EXCLUDED SESSION)**

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

PRESENT:

| | |
|---------------------|---|
| Mayor Prendergast | (9.18am – 10.32am) |
| James Ogden (Chair) | (9.18am – 10.42am, 10.56am – 12.20pm) |
| Councillor Coughlan | (9.18am – 10.42am, 10.56am – 12.20pm) |
| Councillor Ritchie | (9.18am – 9.59am, 10.00am – 10.42am, 10.56am – 12.20pm) |
| Alan Isaac | (9.18am – 10.42am, 10.56am – 12.20pm) |

APOLOGIES:

Councillor Foster
Mayor Prendergast (for early departure)

024/09FM **APOLOGIES**
(1215/52/02IM)

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Accept apologies for absence from Councillor Foster.*
- 2. Accept apologies for early departure from Mayor Prendergast.*

025/09FM **MINUTES FOR CONFIRMATION**
(1215/52/02/IM)

Moved Mr Isaac, seconded Councillor Coughlan, the motion that the minutes of the meetings held on Friday 25 September 2009 and Friday 23 October 2009 be taken as read and confirmed as an accurate record of that meeting.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

- 1. Approve the minutes of the meetings held on Friday 25 September 2009 and Friday 23 October 2009 be taken as read and confirmed as an accurate record of that meeting.*

026/09FM **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/02IM)

NOTED:

1. Mayor Prendergast declared a potential conflict of interest in relation to Wellington International Airport Limited.
2. Councillor Coughlan declared a potential conflict of interest in relation to Positively Wellington Tourism.
3. Mr Isaac declared a potential conflict of interest in relation to the Basin Reserve Trust and the Museums Trust.

027/09FM **PUBLIC PARTICIPATION**
(1215/52/02IM)

NOTED:

There was no public participation.

028/09FM **ORDER OF BUSINESS**
(1215/52/02/IM)

NOTED:

The Council Controlled Organisation Performance Subcommittee considered the agenda as follows:

- Report 2: Council Controlled Organisation Presentations – Presentation from Wellington Cable Car Limited
- Report 1: Update on Current Issues
- Report 3: Review of the Performance of all Council Controlled Organisations for the Quarter Ended 30 September 2009
- Report 2: Council Controlled Organisation Presentations (continued) – Wellington Museums Trust
- Report 3: Review of the Performance of all Council Controlled Organisations for the Quarter Ended 30 September 2009 (continued)
- Report 4: 2010/2011 Letters of Expectation to Council Controlled Organisations
- Report 5: Forward Programme

029/09FM **COUNCIL CONTROLLED ORGANISATION PRESENTATIONS:**
WELLINGTON CABLE CAR LIMITED (9.28AM – 9.45AM)
 (1215/52/02/IM) (ORAL REPORT)

NOTED:

Roger Drummond and Des Laughton addressed the Subcommittee on behalf of Wellington Cable Car Limited (WCCL). They updated the Subcommittee on the following matters:

- WCCL has a funding agreement in place with Greater Wellington Regional Council (GWRC) regarding the trolley bus networks. WCCL is receiving payments from GWRC in accordance with the agreement.
- The maintenance of the trolley bus wires is ongoing. Any shortfall in maintenance due to poor weather in the winter will be resolved during the summer.
- Repairs are required for the roof of the Cable Car terminal in Kelburn. WCCL is currently deciding whether to solely repair the roof or undertake a complete renovation of the terminal. This decision is expected to be made by the end of March 2010 with any repairs or renovations completed by November 2010.
- WCCL is aiming to attract more visitors to the Cable Car through working in conjunction with the Cable Car Museum, Carter Observatory and the Botanic Gardens. There are also intentions to investigate links with Karori Wildlife Sanctuary.
- WCCL expect to meet their 2009 / 10 financial targets.
- Signage of Cable Car Lane is an ongoing issue to be addressed. WCCL would like to rent wall space on the corner of the buildings at the entrance to Cable Car Lane and on the walls of the Lane itself for signage.

030/09FM UPDATE ON CURRENT ISSUES**(9.45AM – 9.58AM)**Report of
(1215/52/02/IM)**(ORAL REPORT)****NOTED:**

Ian Clements, Portfolio Manager, Council Controlled Organisations, updates the Subcommittee on the following issues:

- There has been agreement with Central Government regarding funding for Positively Wellington Tourism's Australian Marketing campaign. Officers are to follow up on the exact terms of this agreement.
- The construction of the practice wicket for the Basin Reserve Trust will be completed by the middle of January 2010. The Trust continues to work with Council officers on their Asset Management Plan.
- The Visitor Centre for the Karori Wildlife Sanctuary is running on time and budget. Some of the contingency fund has been used for the hard fit out of the café. Visitor numbers are also ahead of target.
- The Zoo continues to perform well. Visitor numbers are ahead of target. The Nest is opening on Wednesday 8 December 2009 on time and on budget.
- St James Theatre Charitable Trust continues to experience cash flow difficulties. There has been a lull in the number of shows performed at the St James Theatre. However, the shows that are performed have been well attended.

(Councillor Ritchie left the meeting at 9.59am.)

(Councillor Ritchie returned to the meeting at 10.00am.)

**031/09FM REVIEW OF THE PERFORMANCE OF ALL COUNCIL
CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED
30 SEPTEMBER 2009**

(10.01AM – 10.15AM)Report of the Council Controlled Organisations Team.
(1215/52/02/IM)**(REPORT 3)****NOTED:**

The discussion of Report 3 was adjourned until the conclusion of the presentation from Wellington Museums Trust.

032/09FM **COUNCIL CONTROLLED ORGANISATION PRESENTATIONS:**
WELLINGTON MUSEUMS TRUST (10.15AM – 10.42AM)
 (1215/52/02/IM) (ORAL REPORT)

NOTED:

Viv Beck and Pat Stuart addressed the Subcommittee on behalf of Wellington Museums Trust (the Trust). They updated the Subcommittee on the following matters:

- There has been an extraordinary response to the reopening of the City Gallery with 49,249 visitors attending the opening exhibitions.
- The Wellington City to Sea Museum has recently celebrated its 10th Birthday and is on target to exceed visitor expectations.
- The Trust's capacity to deliver on expectations continues to be a challenge due to financial constraints. The current reality is that the majority of new money that was given to the Trust through the Long Term Council Community Plan will be used for "business as usual" rather than new initiatives.
- The Trust declared a willingness to take on the operation of Carter Observatory. Concern was expressed regarding the fact that salaries for the Trust's current staff are lower than the salaries pitched for Carter Observatory staff.
- The Trust is looking to redevelop Capital E. The concept review for this project is expected to be completed by 30 June 2010.
- The Trust is committed to generating between 28% and 32% of revenue needed to operate. Fundraising continues to present the greatest challenge in terms of generating revenue.
- The relocation of the collection is a priority for the Trust. This is expected to be complete by 30 June 2012.
- The operating costs of running the City Gallery have increased since it was reopened. Despite this, the Trust is committed to maintaining the success of the City Gallery.
- The Trust is aiming to be fully funding depreciation by 2012 / 13. However, in order to do this, the Trust will need to reduce expenditure by \$300,000.
- It was stressed that all these matters have been outlined to the Subcommittee in draft. The Trustees have not yet discussed any of these matters in detail.

(Mayor Prendergast left the meeting at 10.32am.)

(The meeting adjourned at 10.42am.)

(The meeting reconvened at 10.56. When the meeting reconvened Councillors Coughlan and Ritchie, Mr Ogden and Mr Isaac were present.)

033/09FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 30 SEPTEMBER 2009 (CONTINUED)** (10.56AM – 11.38AM)
 Report of the Council Controlled Organisations Team.
 (1215/52/02/IM) (REPORT 3)

Moved Mr Isaac, seconded Councillor Coughlan recommendation 2, amended as follows:

Amended 2b:

- i. Council officers continue to work with Capacity to agree the nature and level of services to be purchased in the new Service Level Agreement, in view of the current agreement having expired on 30 June 2009
- ii. The Council Controlled Organisation Performance Subcommittee expressed concern that the Service Level Agreement had still not been agreed and requested officers to report back with an updated time frame for completion at the next Council Controlled Organisation Performance Subcommittee meeting.

Amended 2g:

The Council has agreed to retain Wellington Waterfront Limited to manage the Waterfront Project and note the Council Controlled Organisation Subcommittee seeks the finalisation of the Asset Management Plan in order to provide confirmation of funding requirements.

Recommendation 2, as amended, was put and declared CARRIED.

Moved Councillor Ritchie, seconded Mr Ogden, the remainder of the substantive motion as amended.

The remainder of the substantive motion, as amended, was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Receive the information*
2. *Recommend that the Strategy and Policy Committee notes the following matters with regard to the first quarter 2009/10 performance of Council Controlled Organisations:*
 - a) *The Basin Reserve Trust continues to perform well and the construction of the off-field practice wicket is within budget and on target for completion in January 2010.*

- b)
 - i) *Council officers continue to work with Capacity to agree the nature and level of services to be purchased in the new Service Level Agreement, in view of the current agreement having expired on 30 June 2009*
 - ii) ***The Council Controlled Organisation Performance Subcommittee expressed concern that the Service Level Agreement had still not been agreed and requested officers to report back with an updated time frame for completion at the next Council Controlled Organisation Performance Subcommittee meeting.***
 - c) *Positively Wellington Tourism remains confident that it will receive additional funding for its Australia marketing campaign after the Cabinet recently announced an additional \$20 million in tourism funding for 2009/10*
 - d) *The St James Theatre Charitable Trust continues to experience cash flow pressures but still managed a busy and well attended first quarter*
 - e) *Wellington Cable Car Limited recently confirmed a dividend to the Council after another strong performance in the 2008/09 year*
 - f) *The Museums Trust successfully re-opened the City Gallery with sustained strong visitation*
 - g) ***The Council has agreed to retain Wellington Waterfront Limited to manage the Waterfront Project and the Council Controlled Organisation Performance Subcommittee seeks the finalisation of the Asset Management Plan in order to provide confirmation of funding requirements***
 - h) *The Zoo Trust has just been announced as the winner of the Trailblazer/ Not for Profit Award at the 2009 NZI National Sustainable Business Network Awards in Auckland*
 - i) *The Westpac Stadium was rated the best sports venue in New Zealand in a recent survey by Nielsen Company / Brand Advantage*
 - j) *The Karori Sanctuary Visitor Centre Project continues on time and on budget*
3. *Recommend that the Strategy and Policy Committee notes that the Council Controlled Organisation Performance Subcommittee continues to monitor the Karori Sanctuary Visitor Centre project at the direction of Strategy and Policy Committee and that, further to the previous Council Controlled Organisation Performance Subcommittee update report on 23 October, the next update report is included within the officers' report*

4. *Note that as per the report to Council Controlled Organisation Performance Subcommittee on 23 October, officers continue to monitor the key risks and action any ensuing issues emanating from their ongoing monitoring and any additional risks highlighted by the Financial Healthchecks*
5. *Note any other issues for the Chair to raise with the Strategy and Policy Committee in regard to this report*
6. *Note any issues for the Chair to raise with the entities covered by this report.*

NOTED:

1. The resolutions differed from the recommendations in the officers' report as follows:

The Subcommittee added the words in **bold**,

034/09FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 30 SEPTEMBER 2009** (11.38AM – 12.12PM)
 Report of the Council Controlled Organisations Team.
 (1215/52/02/IM) (REPORT 4)

Moved Mr Isaac, seconded Councillor Coughlan the substantive motion, amended as follows:

Amended recommendation 2:

- a. Confirm the key messages to be included in the 2010/11 Letters of Expectation to Council Controlled Organisations, with the following amendments to the specific issues:

St James Theatre Charitable Trust

- In the absence of the Venues Review Project, maximise event opportunities through constructive interaction with Council's Events team

Positively Wellington Tourism

- Development of major events in conjunction with Council's events team
- Response to the reduction in Downtown spend

Wellington Museums Trust

- ~~Maintain~~ Build upon 30% non-Council revenue

- b. Note that the specific issues relating to the Letter of Expectation for Capacity are drafted on the presumption that the Service Level Agreement will be agreed by the time the Statement of Intent takes effect.

The substantive motion, as amended, was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisation Performance Subcommittee:

1. *Receives the information*
2. *a. Confirm the key messages to be included in the 2010/11 Letters of Expectation to Council Controlled Organisations, with the following amendments to specific issues:*
 - St James Theatre Charitable Trust*
 - *In the absence of the Venues Review Project, maximise event opportunities through constructive interaction with Council's Events team*
 - Positively Wellington Tourism*
 - *Development of major events in conjunction with Council's events team*
 - *Response to the reduction in Downtown spend*
 - Wellington Museums Trust*
 - *~~Maintain~~ Build upon 30% non-Council revenue*
- b. Note that the specific issues relating to the Letter of Expectation for Capacity are drafted on the presumption that the Service Level Agreement will be agreed by the time the Statement of Intent takes effect.*
3. *Note that officers will prepare formal 2010/11 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 2010/11 Statements of Intent, alongside officers analyses, for its consideration at its meeting in April 2010.*

NOTED:

1. The resolutions differed from the recommendations in the officers' report as follows:

The Subcommittee added the words in **bold**.

2. The full table of specific issues, with amendments in **bold** is as follows:

| CCO | Key issue |
|---------------------------------|--|
| Basin Reserve Trust | <ul style="list-style-type: none"> • Asset renewals and maintenance • Asset Management Plan implementation • Pressure to maintain the Basin buildings and ground to international standards and as a premier city's venue for cricket events and non-sport events • Maximise event opportunities through relationship with Council's Events team |
| Capacity Infrastructure Limited | <ul style="list-style-type: none"> • All measures included in the LTCCP, including measures on water demand to be incorporated • Ensure that a single set of measures is used to measure performance and these are accurately reported in the SLA and SOI • Potential changes to a new regionalisation environment and/or need to consider performance metrics |
| Karori Wildlife Sanctuary | <ul style="list-style-type: none"> • New visitor centre, first full year of operation, new operation structure, new staff and achievement of revenue targets • Increased levels of monitoring as requested by SPC • Implementation of the KST and PWT MOU regarding marketing activities for Zealandia • Close working relationship with other visitor attractions |
| Positively Wellington Tourism | <ul style="list-style-type: none"> • Implementation of the new Australian strategy • Promotion of city attractions-Karori and Carter focus in 2010/11 • Development of major events • RWC - role regarding integration, visitor packages etc • I-site - future development and relocation • Update on Wellington Tourism Strategy • <i>Development of major events in conjunction with Council's events team</i> |

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| | <ul style="list-style-type: none"> • <i>Response to the reduction in Downtown spend</i> |
| St James Theatre Charitable Trust | <ul style="list-style-type: none"> • Ability to operate sustainably before depreciation, ie, from a cash perspective • Approved AMP to facilitate Council funding capital renewals • In the absence of the Venues Review Project, maximise event opportunities through constructive interaction with Council's Events team |
| Wellington Cable Car Limited | <ul style="list-style-type: none"> • Technical review group (trolley bus performance issues) • Funding agreement with GWRC • Potential repair/upgrade to Kelburn terminal • Improvement on coordination with other stakeholders in the Kelburn tourist precinct |
| Wellington Museums Trust | <ul style="list-style-type: none"> • Carter transition and the first year of integration • Maintaining momentum of redeveloped City Gallery after successful re-opening • Collection store project and Plimmer's Ark relocation-projects implementation • Maintain Build upon 30% non-council revenue • Strategies to fully fund depreciation by 2012/13 • Capital E redevelopment |
| Wellington Waterfront Limited | <ul style="list-style-type: none"> • Completion and peer review of asset management plans for entire Waterfront • Ongoing financial sustainability of Waterfront development • Demonstrate financial viability of interim uses projects • Queens Wharf master plan |
| Wellington Zoo Trust | <ul style="list-style-type: none"> • Maintain skills and expertise to manage and implement Zoo Capital Programme (ZCP) • Consolidation/approval of ZCP versions 3 and 4 • Timing of access to capex budgets • Continued discussion on grant reduction |

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| | and appropriate levels of working capital |
| Westpac Stadium Trust | <ul style="list-style-type: none"> • WST view on risk mitigation measures to be discussed |

035/09FM **FORWARD PROGRAMME** (12.12PM – 12.14PM)
 Report of Ian Clements, Portfolio Leader, Council Controlled Organisations.
 (1215/52/02/IM) (REPORT 5)

Moved Councillor Coughlan, seconded Mr Isaac the substantive motion, amended as follows:

Amended recommendation 2:

Agree the forward programme attached as Appendix One to the officer's report, with the following amendments:

- Move the presentation from Wellington Regional Stadium Trust from April to June.
- Have a presentation from Karori Wildlife Sanctuary Trust in April.

The substantive motion, as amended, was put and declared CARRIED.

RESOLVED:

1. *Receive the information.*
2. *Agree to the forward programme attached as Appendix One to the officer's report, amended as follows:*
 - ***Move the presentation from Wellington Regional Stadium Trust from April to June.***
 - ***Have a presentation from Karori Wildlife Sanctuary Trust in April.***

NOTED:

1. The resolutions differed from the recommendations in the officer's report as follows:

The Subcommittee added the words in **bold**.

036/09FM **RESOLUTION TO EXCLUDE THE PUBLIC**
 (1215/52/02/IM)

Moved Councillor Coughlan, seconded Mr Isaac the motion to exclude the public.

The motion was put and declared CARRIED.

RESOLVED:

THAT the Council Controlled Organisations Performance Subcommittee: Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following parts of the proceedings of this meeting namely:

Report 2 - Review of the performance of all Council Controlled Organisations for the Quarter ended 30 September 2009

- **Wellington International Airport Limited**

Grounds: S48(1)(a) That public conduct of the whole or relevant part of the proceedings of the meeting will be likely to result in the disclosure of information for which good reason for withholding would exist under Section 7.

Reason: S7(2)(c) Protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information –
(i) Would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.

(The meeting moved into public excluded at 12.15pm.)

(For item 037/09FM, please see the public excluded minutes.)

The meeting concluded at 12.20pm.

Confirmed: _____
Chair
/ /