

**COUNCIL CONTROLLED  
ORGANISATION PERFORMANCE  
SUBCOMMITTEE**

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**MINUTES**

**MONDAY 11 MARCH 2013**

**9.31am – 10.40am, 10.59am – 12.44pm  
(12.35pm – 12.44pm – Public Excluded)**

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

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**PRESENT:**

Mayor Wade-Brown	(9.36am – 10.40am)
Councillor Coughlan	(9.31am – 10.24am, 10.25am – 10.40am, 10.59am - 12.44pm)
Councillor Marsh	(9.31am – 10.11am, 10.13am – 10.40am, 10.59am – 12.19pm, 12.22pm - 12.44pm)
Councillor Pannett	(9.35am – 10.40am, 10.59am - 12.44pm)
Alan Isaac (Chair)	(9.31am – 10.40am, 10.59am – 12.44pm)

**IN ATTENDANCE:**

Councillor Foster (10.04am – 10.31am)

**DEMOCRATIC SERVICES OFFICER IN ATTENDANCE:**

Fiona Dunlop - Committee Advisor

001/13FM **APOLOGIES**  
(1215/52/02/IM)

**Moved Alan Isaac, seconded Councillor Marsh, the motion that  
apologies for lateness from Mayor Wade-Brown be accepted.**

**The motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisation Performance Subcommittee:*

- 1. Accept apologies for lateness from Mayor Wade-Brown.*

002/13FM **MINUTES FOR CONFIRMATION**  
(1215/52/02/IM)

**Moved Alan Isaac, seconded Councillor Marsh, the motion that the Council Controlled Organisation Performance Subcommittee approve the minutes of the ordinary meeting held on Thursday 29 November 2012, having been circulated, be taken 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 ordinary meeting held on Thursday 29 November 2012, having been circulated, be taken as an accurate record of this meetings.*

003/13FM **CONFLICT OF INTEREST DECLARATIONS**  
(1215/52/02/IM)

**NOTED:**

1. Councillor Marsh noted a conflict of interest in relation to Report 2 – Review of the Performance of all Council Controlled Organisations for the Quarter Ended 31 December 2012 for the Wellington Zoo Trust.
2. Councillor Coughlan noted a conflict of interest in relation to Report 2 – Review of the Performance of all Council Controlled Organisations for the Quarter Ended 31 December 2012 for Positively Wellington Tourism.

004/13FM **PUBLIC PARTICIPATION**  
(1215/52/02/IM)

**NOTED:**

Pauline Swann addressed the meeting regarding Report 2 - Review of the Performance of all Council Controlled Organisations for the Quarter Ended 31 December 2012 for Wellington Waterfront Limited.

(During Public Participation, Councillor Pannett joined the meeting at 9.35am.)

(During Public Participation, Mayor Wade-Brown joined the meeting at 9.36am.)

005/13FM **COUNCIL CONTROLLED ORGANISATION PRESENTATIONS –  
WELLINGTON ZOO TRUST AND ZEALANDIA**  
(1215/52/02/IM) (ORAL REPORT)

**NOTED:**

1. Karen Fifield - Chief Executive Officer of Wellington Zoo Trust and Ross Martin – Chair of the Wellington Zoo Trust were present to update the Subcommittee on the activities of Wellington Zoo.

(During the presentation from the Wellington Zoo Trust, Councillor Foster joined the meeting at 10.04am.)

006/13FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL  
CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED  
31 DECEMBER 2012**

Report of 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.

(1215/52/02/IM)

(REPORT 2)

**NOTED:**

The Subcommittee commenced discussion on Report 2. Discussions on the Basin Reserve Trust were completed.

(Councillor Marsh left the meeting at 10.11am.)

(Councillor Marsh returned to the meeting at 10.13am.)

(Councillor Coughlan left the meeting at 10.24am.)

(Councillor Coughlan returned to the meeting at 10.25am.)

(Councillor Foster left the meeting at 10.31am.)

During discussions on Capacity various questions were raised regarding Capacity.

(Mayor Wade-Brown left the meeting at 10.40am.)

(The meeting adjourned for morning tea at 10.40am and reconvened at 10.59am.)

(Alan Isaac, Councillors Coughlan, Marsh and Pannett, were present when the meeting reconvened.)

Haydn Read – Manager, Strategic Asset Planning was present to answer various questions raised by the Subcommittee in relation to Capacity.

Please see 008/13FM for the decisions on Report 2.

007/13FM **COUNCIL CONTROLLED ORGANISATION PRESENTATIONS –  
WELLINGTON ZOO TRUST AND ZEALANDIA (CONTINUED)**  
(1215/52/02/IM) (ORAL REPORT)

**NOTED:**

1. Natasha Petkovic-Jeremic – Acting Chief Executive Officer of Zealandia and Denise Church – Chair of the Zealandia Board were present to update the Subcommittee on the activities of Zealandia.

008/13FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL  
CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED  
31 DECEMBER 2012 (CONTINUED)**

Report of 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.

(1215/52/02/IM)

(REPORT 2)

**Moved Alan Isaac, seconded Councillor Pannett, the substantive motion with changes to the recommendations 2(a) and (c) in the officer's report as follows:**

THAT the Council Controlled Organisations Performance Subcommittee:

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. **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 and that officer's will keep the Subcommittee informed on developments.**
  - (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.  
**Key Performance Indicators for Destination Wellington for the 2012/2013 year are in draft and that the final are expected at the April 2013 meeting of the Subcommittee.**

(Councillor Marsh left the meeting at 12.19pm.)

(Councillor Marsh returned to the meeting at 12.22pm.)

**The substantive motion with changes to recommendations 2(a) and (c) was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisations Performance 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. **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, and that officers will keep the Elected Members informed on developments.***
  - (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. **Key Performance Indicators for Destination Wellington for the 2012/2013 year are in draft and that the final are expected at the April 2013 meeting of the Subcommittee.**

- (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.*

**NOTED:**

The resolutions differ from the recommendations in the officer's report as follows:

The Subcommittee added the text in bold.

009/13FM **COUNCIL CONTROLLED ORGANISATION TEAM FORWARD WORK PROGRAMME**

Report of Report of 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.

(1215/52/02/IM)

(REPORT 3)

**Moved Alan Isaac, seconded Councillor Marsh, the substantive motion.**

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisations Performance Subcommittee:*

1. *Receive the information*
2. *Note any issues for the Chair to raise with the Strategy and Policy Committee*
3. *Note any issues for the Chair to raise with the Council-Controlled Organisations team*

010/13FM **FORWARD PROGRAMME**

Report of Report of 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.

(1215/52/02/IM)

(REPORT 4)

**Moved Alan Isaac, seconded Councillor Pannett, the substantive motion.**

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Council Controlled Organisations Performance Subcommittee:*

1. *Receive the information*
2. *Agree to the forward programme attached as appendix one of the officer's report.*



011/13FM **RESOLUTION TO EXCLUDE THE PUBLIC**  
(1215/52/02/IM)

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

**The substantive 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 31 December 2012 - Appendices relating to Wellington International Airport Limited***

- Grounds: s48(1)(a) That public conduct of the whole or the 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)(b)(ii) Would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.*
- 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 –*
- s7(2)(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 went into public excluded session at 12.35pm.

For Item 012/13FM, please see the public excluded minutes.

The meeting concluded at 12.44pm.

Confirmed: \_\_\_\_\_  
Chair  
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