

REPORT 1
(1215/11/IM)

**Report of the Council Controlled Organisation Performance
Subcommittee**
Meeting of Friday 8 June 2012

**Members: Mayor Wade-Brown, Denise Church, Alan Isaac (Chair), Councillors
Coughlan, Marsh and Ritchie.**

THE SUBCOMMITTEE RECOMMENDS:

1. **ITEM 023/12FM REVIEW OF THE PERFORMANCE OF ALL
COUNCIL CONTROLLED ORGANISATIONS FOR THE
QUARTER ENDED 31 MARCH 2012**
(1215/52/02/IM) (REPORT 1)

THAT Strategy and Policy Committee:

1. *Note the following matters with regard to the third quarter 2011/12
performance of Council Controlled Organisations:*
 - a) *The Basin Reserve has enjoyed a busy start to the year, with the
ground being utilised for international, domestic and youth
cricket events, including the NZ vs. South Africa test match. The
Museum Stand was closed during the quarter pending further
structural tests and a decision about its future. Allowing for
depreciation, the Trust made an operating surplus of \$38,000
which is well ahead of budget.*
 - b) *Wellington, Hutt and Upper Hutt City Councils have now
approved the proposal that Capacity's existing client councils
consider a governance model change to incorporate an
outcomes-based model and for Upper Hutt City Council and
Porirua City Council to become shareholders. Porirua City
Council is not expected to consider this issue before July. In the
interim, officers continue to work with Capacity on the draft
documentation supporting this structure*

- c) *Positively Wellington Tourism enjoyed a good quarter with several major events drawing visitors to the city. Figures for direct arrivals into Wellington from Australia continue to grow, and cruise ship numbers were up 36% compared to the same period last year. In March the company worked with commercial partners to host a mega-familiarisation of potential convention bookers that has so far netted bookings for 2 conventions of over 500 delegates. Of note during the quarter was that i-Site revenue was up 5% on the same quarter in 2011/12.*
- d) *For Positively Wellington Venues, the New Zealand International Festival of the Arts was the major event of the quarter across all venues. As a result of good ticket sales, bar revenue increased 24% over that of the previous festival. Other major activities during the period included continuing efforts to secure an alternative venue for the company when the Town Hall is decommissioned for seismic strengthening in 2013. Operational assets from the St James Theatre Charitable Trust were transferred on to the Company's balance sheet this quarter.*
- e) *Cable car passenger numbers for the quarter were 348,480, which was 2.0% under budget and 0.8% below the same period last year. Year to date passenger numbers are 4% below budget, but 3% above last year. Wellington Cable Car Limited's third quarter surplus was significantly less than the budgeted surplus. This was largely due to budgeted third party work which did not eventuate, particularly the cancellation of a major project which had been budgeted for. As a result, the Company has revised its original budgeted net surplus for 2011/12.*
- f) *Overall, visitor numbers for the Museums Trust in the third quarter (including Carter) were 173,844, 12% better than budget of 154,540. City Gallery performed significantly better than in quarter one and quarter two; Museum of Wellington, Cable Car Museum, Colonial Cottage and Cricket Museum all performed better than forecast. Capital E achieved only 50% of its visitor target; however management forecast that total visitor numbers for the full year should be close to the budgeted level. Carter Observatory welcomed more than 5,600 visitors in January, exceeding the monthly target by more than 1,200, but was below target for the quarter.*
- g) *The most significant event of the quarter for Wellington Waterfront Limited was the Environment Court hearing on the appeal of the Council's proposed District Plan variation 11. A paper will be considered by the Council's Strategy and Policy*

Committee in June on the impact of the court's decision on the Waterfront Development Plan and the company's loan financing. Other highlights included wrapping up a public consultation on the proposed design for the Newcrest development on Site 10 and further work on wharf piles on the Outer-T.

- h) Year to date visitation of 166,041 for the Zoo was ahead of target by 15,284 and ahead of last year by 15,065 (or 10% in each case). Management continue to attribute this to favourable word of mouth with the Zoo Capital Plan improvements and better visitor experience. The Q3 performance was particularly strong given the higher number of wet days this year versus last year. As a result, the Zoo exceeded its full year visitor target of 191,982 on 8 May 2012.*
- i) The New Zealand Local Government Funding Agency Limited held its inaugural issue of debt on 15 February 2012. The first issue was for two tranches totalling \$300m. At its meeting of the 8th March 2012 the Local Government Funding Agency Shareholders' Council considered the company's inaugural draft Statement of Intent. The forecasts are in line with the shareholders expectations of asset growth and profitability.*
- j) The Stadium Trust continues to track above its budgeted surplus year to date and is on track to achieve an estimated net surplus of \$4.2m for 2011/12, compared to the original budgeted surplus of \$3.7m and the revised forecast of \$4m.*
- k) Visitors to ZEALANDIA for the third quarter at 24,986 were below target of 28,720. Management attributes this to wet weather and also notes that they discontinued the school holiday programme in the quarter as they focused on developing a new Junior Ranger programme to replace the old school holiday programme. Year to date international visitors were 28% above the previous year. Cash as at the end of March 2012 stood at \$1.3m, \$465k better than budget.*
- l) Wellington International Airport Limited has presented its annual report for the year ended 31 March 2012. The company reports a strong year with 8% growth in revenue reflecting in part the Company's on-going focus on efficiency, particularly in repairs and maintenance and energy costs. In February 2012 Steve Sanderson took over from Steven Fitzgerald as the airport's Chief Executive.*

2. **ITEM 024/12FM REVIEW OF DRAFT STATEMENTS OF INTENT FOR COUNCIL CONTROLLED ORGANISATIONS FOR THE YEAR 2012/13**
(1215/52/02/IM) (REPORT 3)

THAT Strategy and Policy Committee:

1. *Approve the following 2012/13 Statements of Intent as outlined below:*
 - a) *Basin Reserve Trust*
 - b) *Wellington Museums Trust*
 - c) *Wellington Zoo Trust*
2. *Approve the Capacity Infrastructure Services Limited 2012/13 Statement of Intent, noting that updated Schedules 1 and 2 will be provided once the final Long Term Plan is agreed, and also noting that the Company's Statement of Intent is likely to be significantly updated before the end of 2012*
3. *Approve the Positively Wellington Tourism 2012/13 Statement of Intent, noting that if a revised version of the Statement of Intent is necessary following the finalisation of the Long Term Plan, this will be brought back to the Subcommittee.*
4. *Approve the Positively Wellington Venues Limited 2012/13 Statement of Intent, excluding the new Performing Arts Foundation, noting that a revised version of the Statement of Intent is necessary following the finalisation of the Long Term Plan and the confirmation of base line key performance indicators following the company's first year of operation. With respect to the Performing Arts Foundation, the Subcommittee recommends investigating removing the ticket levy and dissolving the Trust.*
5. *Approve the Wellington Regional Stadium Trust 2012/13 Statement of Intent, subject to the provision of further detail on the Master Plan business case.*
6. *Approve the Wellington Cable Car Limited 2012/13 Statement of Intent, noting that confirmations of discussions with Greater Wellington Regional Council on the future of the overhead network will be added. The Council Controlled Organisation Performance Subcommittee discussed in detail the Kelburn terminal redevelopment, noting that on balance the Subcommittee supports this proposal as outlined in the Statement of Intent.*
7. *Note that a final 2012/13 Statement of Intent has not been received from Wellington Waterfront Limited, pending a Strategy and Policy Committee decision on the Waterfront Development Plan.*

Alan Isaac
Chair