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**REPORT 7**  
*(1215/52/IM)*

**Report of the Council Controlled Organisations  
Performance Subcommittee Meetings of Monday 14  
February 2005 and Monday 21 March 2005**

**Members:** Mayor Prendergast, Councillors Ahipene-Mercer, Morrison,  
Ritchie, Wain, and James Ogden (Chair) and Wayne Mills

**MATTERS CONSIDERED BY THE SUBCOMMITTEE**

The Council Controlled Organisation Performance Subcommittee dealt with a number of issues for which it has delegated powers to act and therefore these are before the Strategy and Policy Committee for noting.

The Subcommittee hereby recommends:

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*THAT the Strategy and Policy Committee:*

- 1. Receive the minutes of the Council Controlled Organisation Performance Subcommittee meetings, Monday 14 February 2005 and Monday 21 March 2005 (Attached as Appendix 1).*

**James Ogden**  
**Chair**

**MINUTES**

**MONDAY 14 FEBRUARY 2005**

**9.23AM**

**Committee Room Two**  
**Ground Floor, Council Offices**  
**101 Wakefield St**  
**Wellington**

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**PRESENT:**

James Ogden (Chair)  
Councillor Ahipene-Mercer  
Councillor Morrison (9.28am – 11.30am)  
Councillor Ritchie  
Councillor Wain  
Wayne Mills

**APOLOGIES:**

Mayor Prendergast

001/05FM **APOLOGIES**  
(1215/57/IM)

**RESOLVED:**

*THAT the Monitoring Subcommittee:*

- 1. Receive apologies for absence from Mayor Prendergast.*

002/05FM **CONFLICT OF INTEREST DECLARATIONS**  
(1215/47/01/IM)

**NOTED:**

There were no declarations made.

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### 003/05FM PUBLIC PARTICIPATION (1215/57/IM)

#### NOTED:

There was no public participation.

(Councillor Morrison joined the meeting at 9.28am)

### 004/05FM REVIEW OF THE 2003/04 ANNUAL REPORTS AND FINANCIAL STATEMENTS OF COUNCIL ORGANISATIONS AND OTHER ENTITIES

Report of Kevin Murphy, Director, Council Controlled Organisations.

(1215/57/IM)

(REPORT 1)

(The meeting adjourned for morning tea at 10.45am and reconvened at 10.55am).

#### RESOLVED:

*THAT the Council Controlled Organisation Performance Subcommittee:*

- 1. Receive the information.*
- 2. Confirm **that there are no** issues it wishes the Chair of this Subcommittee to raise with the Council Organisations.*
- 3. Note that officers will be investigating Wellington International Airport Ltd's dividend policy, and will report back to the Subcommittee if required on any issues and need for further action.*
- 4. Agree that officers investigate the background and history of the Wellington Christmas Parade Trust and report this back to the Subcommittee.*

#### NOTED:

The resolution differs from the recommendations in the officer's report as follows:

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

### 005/05FM FORWARD PROGRAMME AND OTHER ISSUES REPORT

(1215/57/IM)

(ORAL REPORT)

#### NOTED:

1. Kevin Murphy, Director Council Controlled Organisations, spoke

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about the format for the upcoming subcommittee meetings and provided a forward programme plan, outlining the particular subjects that will be reported on at each meeting.

The meeting concluded at 11.30am.

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

Chair

/ /

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**REPORT 1**  
*1215/57/IM*

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## **REVIEW OF THE 2003/2004 ANNUAL REPORTS AND FINANCIAL STATEMENTS OF COUNCIL ORGANISATIONS AND OTHER ENTITIES**

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### **1. Purpose**

This report reviews the annual reports or financial statements submitted by Council Organisations (COs) and a number of other external organisations. It highlights a number of issues for the Subcommittee's to consider.

Section 65 of the Local Government Act 2002 requires the Council to "...regularly undertake performance monitoring of that organisation to evaluate its contribution to the achievement of –

- (a) the local authority's objectives for the organisation: and....
- (c) the overall aims and outcomes of the local authority."

In many cases the objective and desired outcome of the Council's involvement in and/or funding of a CO's activities is not explicitly stated. This review is an initial step in this process. A number of other entities that are not classified as COs<sup>1</sup>, have also been reviewed due to the financial commitment by the Council to those entities.

### **2. Recommendations**

It is recommended that the Subcommittee

1. *Receive the information.*
2. *Confirm any issues it wishes the Chair of this Subcommittee to raise with the Council Organisations.*
3. *Confirm any issues it wishes to raise with the Strategy and Policy Committee.*

### **3. Background**

The annual reports received from COs have been reviewed by officers to assess any risks or issues from the perspective of the Council's interest. It is the Subcommittee's role to review this report and bring any matters of importance to the Strategy and Policy Committee's attention.

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<sup>1</sup> To be a Council Organisation requires the Council to have the right to board representation

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## 4. Organisations Reviewed

The following Council Organisations have been included in this review:

| Organisation                                    | Council 2003/04 financial commitment                   |
|---|--|
| Wellington International Airport Ltd            | 34% Shareholding net asset value \$49m plus \$14m debt |
| NZ International Festival of the Arts Trust     | 600,000  |
| Karori Wildlife Sanctuary Trust                 | 574,000  |
| Sink F69 Trust                                  | Agreement to underwrite costs to 600,000               |
| Carter Observatory Board                        | 150,000  |
| Wellington Region 2020 Communications Trust     | 135,129  |
| NZ Academy of Sport Central                     | 50,000   |
| Christmas Parade Trust                          | 35,000   |
| Education Wellington International <sup>2</sup> | 30,000   |
| Wellington Xiamen Association                   | 15,000   |
| Wellington Youth Orchestra                      | 9,600  |
| Festival of Japan Trust                         | 5,000  |
| Creative Communities Scheme                     | Administration of this scheme                          |
| Wellington City Lender of Last Resort Trust     | 3,000  |
| Joe Aspell Trust                                | In kind audit  |
| Adams Foundation Trust                          | Nil  |
| Hannah Playhouse Trust                          | Nil  |
| Hutt Minoh Friendship House Trust               | Nil  |
| Lyall Bay Reef Charitable Trust                 | Nil  |

Financial Information has also been provided from the following entities:

| Organisation   | Council 2003/04 financial commitment |
|--|--------------------------------------|
| Museum of New Zealand Te Papa Tongarewa                        | 2,000,000                            |
| New Zealand Schools of Dance & Drama Premises Management Trust | 150,000 capital                      |
| New Zealand Film and Television School                         | Loan of 87,000                       |
| Wellington Regional Orchestra Foundation                       | 50,000                               |

## 5. Discussion

The annual report of each organisation has been reviewed and summarised in the attached appendices. Key issues from the review are as follows.

### *Wellington International Airport*

- This is the largest CO, represented by the value of the Council's shareholding in the company and subordinated debt held by the company. The Council's shareholding has a book value of \$49 million, however no dividend was paid to the Council in 2003/04 on this investment.
- Settlement of landing charge disputes and the conclusion of the Commerce Commission inquiry during 2003/04 is likely to improve financial performance for the company. However, as was the case in 2003/04, any improvement in financial performance will not necessarily reflect in an improved dividend return for the Council. The dividend policy will remain a company issue and influenced by the majority shareholder, Infratil.

<sup>2</sup> Education Wellington International is now part of Positively Wellington Business.

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- Given the significance of this shareholding, it is recommended that Wellington Airport should be part of a continued monitoring framework that reports against the Council objectives for this investment.
- While the shareholding is a strategic asset for the Council, the objectives of the Council for this shareholding need to be clearly defined so that future monitoring can be undertaken against agreed measures.

### *Te Papa*

- Te Papa is not a CO; however it receives a material financial contribution of \$2.0 million from the Council. This funding is 5% of Te Papa's revenue and is still significant for Te Papa, despite its reliance (48%) on Crown funding.
- Te Papa is a significant contributor to the city economy. It remains the major visitor attraction in the city and has key linkages with a number of Council achievement areas.
- Visitor numbers to Te Papa have remained at approximately 1.3 million over the last five years. In 2003/04, 1.289 million people visited Te Papa. This was 4% below the previous year. However overall numbers have been maintained by growth in international visitors. International visitors were 45% of adult visitors in 2003/04. This compares to 41% of adult visitors the previous year, and 32% of total visitors in 1999/00.
- The contract with Te Papa aims to encourage alignment and leverage between the visitor attractions at Te Papa with other city attractions and the creative community in Wellington.
- The funding agreement could include more closely defined measures, such as set targets for NZ visitor numbers from outside Wellington and subject to agreement on joint initiatives, to help ensure that the economic benefits sought by the Council are being achieved.

### *International Festival of the Arts*

- The Council has been a core funder of this festival since its inception in 1986. The funding provided by the Council, \$1.1 million over two years<sup>3</sup>, is key to the Festival's viability and supports the administration costs of the Festival. The Festival itself is established as a key event in the national arts calendar and is strongly associated with Wellington city.
- The Festival is considered outside the events funding criteria. The assessment of the economic impact of the 2000 Festival was that it added \$12.7 million in value to the Wellington city economy (excluding the impact of the Edinburgh Tattoo).
- Key points from the review of the 2004 festival include that;
  - Approximately 1 in 10 Wellingtonians had friends or family from out of town stay to attend a festival event and 41% of those attending from outside the region stayed in paid accommodation.
  - In 2004, 30% of Wellingtonians aware of the Festival attended at least one event (52% in 2002)
  - In 2004, 4% of New Zealanders aware of the Festival attended at least one event (7% in 2002).

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<sup>3</sup> The Council provided funding of \$600k in 2003/04 and \$500k in 2002/03.

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- Defined targets and monitoring against these targets is required to enable the Council to continue to assess the effectiveness of its funding and how the economic benefits from the Festival accrue to Wellington city.

### *Karori Wildlife Sanctuary*

- This CO is reliant on Council funding and support, with the Council funding 34% of the Trust revenue and guaranteeing the \$1.5 million loan from the Community Trust.
- The business case outlining future options for the sanctuary is due to be considered by the Council. The outcome from this will determine the level of future involvement by the Council.
- The sanctuary is part of a wider strategy of developing high quality natural habitat in Wellington that allows wildlife to thrive, and educational attractions that promote Wellington as a visitor destination. The sanctuary is continuing to establish its presence in the region. Visitor numbers have been maintained and the conservation programme is continuing to increase its diversity.

### *Carter Observatory*

- The Observatory is another visitor attraction within the city and it is also reliant on Council funding with 17% of revenue from Council funding in 2003/04.
- It has developed distance education modules to expand its range of services and became registered as a Private Training Establishment offering a range of Astronomy courses.
- It has had a key focus on evaluating future options for the Observatory and a business case is being prepared for the Council's consideration. The proposed changes to the Crown's direct involvement in the Observatory and the development of the business case provides the Council with an opportunity to work closely with Observatory to define its future role in the city and understand how this aligns with Council goals.

### *New Zealand Schools of Dance & Drama Premises Management Trust and the Hannah Playhouse Trust*

- These two Trusts own and manage the properties used by sporting and cultural groups. The Hannah Playhouse Trust is a CO. In both cases the Council has provided financial support to enable the Trusts to meet their commitments.
- The Council could consider reviewing the options for those areas where the Council has a property management interest to see if there are any alternative structures that would provide more effective coordination of the Council's involvement.

### *NZ Film and Television School*

- Repayment of the Council loan of \$87k is continuing and this is expected to be complete in 2005. Relocation options for the school are being considered and this includes working through options with Council officers.

### *NZ Academy of Sport*

- The Council actively supported the establishment of this Academy in Wellington, and has provided funding of \$50k in 2003/04. The Academy is not

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reliant on the Council funding at this point (4% of revenue) and is in a financially stable position. The funding provided could still be considered as Council support for its establishment and the economic benefit for the city.

- When the Council participated in a joint bid to establish the Academy in Wellington, the decision to provide funding was based on the Academy providing economic benefit, Council support for education sector, achievement of recreation outcomes, and a good fit with the strategic direction of the city.
- However given the Academy's financial position, at the next review this funding might be able to be reprioritised to support other new initiatives in the city. A total of \$350k will have been provided to the Academy by 2005/06, when the current funding commitment has come to an end.

### *Sink F69 Trust*

- The funding agreement between the Council and the Trust is still yet to be finalised however this project is likely to proceed in 2005.
- Given the commitment to underwrite the project costs up to \$600k, close monitoring will be undertaken for the duration of this project to ensure the financial risk for the Council is understood and managed. This is likely to be monthly or weekly in the initial stages.

### *Christmas Parade Trust*

- There have been some continuing issues with this event. There were 14 community groups in the 2003 parade, which provides some indication of the level of its community support. And the future direction for the event is not clear. Council funding should be reviewed unless clear direction can be provided by the Trust on how it can increase community ownership and involvement in this event.

## **6. Accountability Documents**

To ensure that the reason for the Councils involvement in these organisations is clearly understood and well documented, an appropriate accountability document should be in place to govern the relationships.

This process is in place where organisations obtain funding through the grants processes. There are targets set and review processes in place which achieve this purpose.

However for the organisations which receive funding through other Council processes or have board representation, a similar process to Council Controlled Organisations is required. A document, similar to a Statement of Intent is required, which sets out the organisation's purpose and defines how this aligns with Council outcomes. This would also establish performance measures for any funding. This could provide an overall framework for the relationship and would provide the basis for future reviews.

## **7. Monitoring Level**

The following factors should be taken into account to establish the level of monitoring to be undertaken by the Council.

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- The level of financial commitment by the Council
- The significance of the project or organisation to achieving the Councils outcomes.
- The financial risk of the project or organisation, and;

Those organisations that have high financial commitment or risk, or have a significant impact on the Councils outcomes would receive more regular financial and performance monitoring by the Council than those which do not fit these criteria. This list would change as commitments by the Council changed and should be reviewed annually by the Subcommittee.

The organisations that would meet these criteria, based on 2003/04 funding and current commitments, include;

|   | Level of Financial Commitment | Materiality* of the Project or Organisation to Council Outcomes | Financial risk |
|---|-------------------------------|---|----------------|
| Wellington International Airport Ltd                      | ✓                             |   |                |
| The Museum of New Zealand Te Papa Tongarewa               | ✓                             | ✓   |                |
| NZ International Festival of the Arts Trust               | ✓                             | ✓   |                |
| Karori Wildlife Sanctuary Trust (business case dependent) | ✓                             | ✓   |                |
| Sink F69 Trust (for the project duration)                 |                               |   | ✓              |
| NZ Film and Television School Trust (Loan)                |                               |   | ✓              |

\*Officers have set the level of materiality above \$500k.

The remaining organisations would continue to be subject of an annual review and a report to Council on the outcomes achieved by the organisation.

It is recommended that the Subcommittee confirms those organisations that the Council should monitor regularly and any issues that officers should take into account in this process.

### 8. Conclusion

The review of the Annual Reports provides an opportunity for the CCO Performance Subcommittee to identify any particular issues that need to be explored with the entities. It is proposed that the Subcommittee identify these issues for the CCO Unit to take up with each relevant Chair and raise at the next Strategy and Policy Committee.

Contact Officer: *Kevin Murphy, Director Council Controlled Organisations*

| <b>Supporting Information</b>   |
|---|
| <p><b>1) Strategic Fit / Strategic Outcome</b><br/> <i>These entities and projects support the achievement of a range of outcomes across most KAAs. Where relevant, reference is made to the 2004/05 Annual Plan.</i></p>                                   |
| <p><b>2) LTCCP/Annual Plan reference and long term financial impact</b><br/> <i>Please refer to section 6 of the report.</i></p>  |
| <p><b>3) Treaty of Waitangi considerations</b><br/> <i>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.</i></p> |
| <p><b>4) Decision-Making</b><br/> <i>This is not a significant decision.</i></p>  |
| <p><b>5) Consultation</b></p> <p><b>a) General Consultation</b><br/> <i>Not applicable</i></p> <p><b>b) Consultation with Maori</b><br/> <i>See section 3, above.</i></p>   |
| <p><b>6) Legal Implications</b><br/> <i>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.</i></p>  |
| <p><b>7) Consistency with existing policy</b><br/> <i>This report is consistent with existing WCC policy.</i></p>   |

**MINUTES**

**MONDAY 21 MARCH 2005**

**9.19AM**

**Committee Room Two**  
**Ground Floor, Council Offices**  
**101 Wakefield St**  
**Wellington**

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**PRESENT:**

Mayor Prendergast  
James Ogden (Chair)  
Councillor Ahipene-Mercer (9.53am – 12.00pm)  
Councillor Ritchie (10.36am – 12.00pm)  
Councillor Wain  
Wayne Mills

**APOLOGIES:**

Councillor Ahipene-Mercer (For lateness)  
Councillor Morrison  
Councillor Ritchie (For lateness)

006/05FM **APOLOGIES**  
(1215/57/IM)

**RESOLVED:**

*THAT the Monitoring Subcommittee:*

- 1. Receive apologies for absence from Councillor Morrison.*
- 2. Receive apologies for lateness from Councillors Ahipene-Mercer and Ritchie.*

007/05FM **MINUTES FOR CONFIRMATION**  
(1215/57/IM)

**RESOLVED:**

*THAT the minutes of the meeting held on Monday 29 November 2004 and Monday 14 February 2005, having been circulated be taken as read and confirmed as an accurate record of those meetings.*

008/05FM **CONFLICT OF INTEREST DECLARATIONS**  
(1215/57/IM)

**NOTED:**

1. Mayor Prendergast cited a conflict of interest in relation to Wellington International Airport Limited as she is a Director. She stated that it was a disqualifying conflict of interest and consequently would not debate and vote on the items in Report 1.
2. Councillor Shaw cited a conflict of interest in relation to Capacity as he is a Director. He stated that it was a disqualifying conflict of interest and consequently would not debate on the items in Report 1.

009/05FM **PUBLIC PARTICIPATION**  
(1215/57/IM)

**NOTED:**

There was no public participation.

010/05FM **REVIEW OF THE PERFORMANCE OF ALL COUNCIL  
CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED  
31 DECEMBER 2004**

Report of Kevin Murphy, Director, Council Controlled Organisations.  
(1215/57/IM) (REPORT 1)

(Councillor Ahipene-Mercer joined the meeting at 9.53am).  
(Councillor Ritchie joined the meeting at 10.36am).

**NOTED:**

Fran Wilde, Chair and Ian Pike, Commercial Manager of Wellington Waterfront Limited, provided the subcommittee with an update on the latest construction contracting arrangements for Waitangi Park.

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(The meeting adjourned for morning tea at 10.37am and reconvened at 10.55am).

### RESOLVED:

*THAT the Council Controlled Organisations Performance Subcommittee:*

1. *Receive the information.*
2. *Confirm **that there were no issues** that the Subcommittee wishes the Chairman of the Subcommittee to raise with the Chairpersons of the entities covered by this report in regard either to their performance for the quarter ended 31 December 2004 or to other matters of concern to the Subcommittee, **except for what is contained in recommendations 4 and 5 below.***
3. *Confirm **that there were no issues** that the Subcommittee believes should be brought to the attention of the Strategy and Policy Committee in regard either to any entity's performance for the quarter ended 31 December 2004 or to other matters of concern to the Subcommittee.*
4. *Agree to encourage the Wellington International Airport Limited to formalise a dividend policy in which the company resolves to pay out an appropriate proportion of tax paid profit to shareholders subject to normal prudential requirements for profit retention, and that the Chair of the Subcommittee is to progress this matter with Wellington International Airport Limited.*
5. *Agree to encourage the Wellington International Airport Limited to enter into a shareholders agreement in which the company established an appropriate framework of principles and policies to guide its relationship with shareholders, and that the Chair of the Subcommittee is to progress this matter with Wellington International Airport Limited.*

### NOTED:

The resolution differs from the recommendations in the officer's report as follows:

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

The meeting concluded at 12.00pm

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

Chair

/ /

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**REPORT 1**  
*1215/57/IM*

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## **REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 31 DECEMBER 2004**

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### **1. Purpose of Report**

To provide the Subcommittee with an analysis of the performance of all Council Controlled Organisations for the quarter ended 31 December 2004, in compliance with Local Government Act 2002 and Council reporting requirements.

### **2. Recommendations**

It is recommended that the Subcommittee:

- 1. Receive the information.*
- 2. Confirm the issues, if any, that the Subcommittee wishes the Chairman of the Subcommittee to raise with the Chairpersons of the entities covered by this report in regard either to their performance for the quarter ended 31 December 2004 or to other matters of concern to the Subcommittee.*
- 3. Confirm the issues, if any, that the Subcommittee believes should be brought to the attention of the Strategy and Policy Committee in regard either to any entity's performance for the quarter ended 31 December 2004 or to other matters of concern to the Subcommittee.*

### **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 (CCOP), formerly the Monitoring Subcommittee, 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.

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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 quarterly to the Subcommittee on the performance of Council Controlled Organisations (CCOs). These are:

- Wellington Waterfront Ltd
- Positively Wellington Tourism (Partnership Wellington Trust)
- Positively Wellington Business (Wellington Regional Economic Development Trust)
- St James Theatre Charitable Trust
- Wellington Museums Trust
- Wellington Cable Car Ltd
- Wellington Zoo Trust
- Capacity (Wellington Water Management Ltd)
- Wellington Regional Stadium Trust

Note that the Basin Reserve Trust had not been established as at 31 December. Officers will commence quarterly reporting on this CCO from the third quarter.

### 4.2 Wellington Regional Stadium Trust

Note that the status of Wellington Regional Stadium Trust is presently being determined through the courts. A recent decision by the High Court has been appealed by IRD. Until this appeal is heard, the status of the Trust is unclear, but the Council opts to review the Trust regularly due to materiality, and according to the terms of the funding deed. Currently this requires the Trust to report to the Council on a half-yearly basis, and as such the Trust has been included with this review.

### 4.3 Council Organisations

At the CCOP Subcommittee meeting on 14 February it was recommended that a number of Council Organisations would also be monitored on a quarterly basis. These are shown in the following table.

|   | Level of Financial Commitment | Materiality* of the Project or Organisation to Council Outcomes | Financial risk |
|---|-------------------------------|---|----------------|
| Wellington International Airport Ltd                      | ✓                             |   |                |
| The Museum of New Zealand Te Papa Tongarewa               | ✓                             | ✓   |                |
| NZ International Festival of the Arts Trust               | ✓                             | ✓   |                |
| Karori Wildlife Sanctuary Trust (business case dependent) | ✓                             | ✓   |                |
| Sink F69 Trust (for the project duration)                 |                               |   | ✓              |
| NZ Film and Television School Trust (Loan)                |                               |   | ✓              |

\*Officers have set the level of materiality above \$500k

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A process is as yet to be established and agreed with Te Papa and the NZ International Festival of the Arts Trust. Reporting of Wellington International Airport Limited, Karori Wildlife Sanctuary Trust, and Sink F69 Trust will commence in the next quarter.

NZ Film and Television School has provided financial statements for the six months ending 31 December 2004. The School has made a surplus of \$24k in this period, is ahead of budget and loan repayments to the Council are still on track to be repaid this year.

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

### **5.1 *Wellington Waterfront Ltd***

- The company continues to hold significant cash balances at present, but these are all budgeted to be spent during the year, primarily on the Waitangi Park development. Future liquidity is dependant on the timing of proceeds from other commercial developments such as the Overseas Passenger Terminal and Shed 1 developments. While forecasts are positive, the timing of these commercial proceeds is an area of uncertainty.
- WWL expects to have to drawdown the Council contribution to enable it to commit to the Taranaki St Wharf West and Kumutoto public space developments in 2005/06.
- The Waitangi Park Area One development is continuing with a number of operational issues being worked through.

### **5.2 *Positively Wellington Tourism (Partnership Wellington Trust)***

- PWT strongly support product development opportunities such as the Karori Wildlife Sanctuary and the Marine Education Centre, recognising the economic contribution from tourism is based on enhancing existing product and offering new attractions. The Strategy and Policy Committee recommended (10 March) that the aforementioned projects be included within the Draft Annual Plan for public consultation.
- PWT continue to focus on leveraging private sector funding. Discussions are also underway with NZTE with regard to potential access of grant funding.
- Strategy and Policy Committee recommended that PWT be provided additional operational funding (\$505k) for CPI increases, Australian Campaign and Research.

### **5.3 *Positively Wellington Business (Wellington Regional Economic Development Trust)***

- A number of companies have been successful in gaining international contracts as a result of business cluster activities or participation in international expos. These include the Earthquake Engineering New Zealand Cluster gaining a \$3m contract in Turkey, and a Wellington based call centre gaining a UK based outsourcing contract. As many of these initiatives involve facilitating business growth there is considerable lead time before the value is realised.

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- PWB is playing a key role in the development of the Wellington Regional Strategy and is working very closely with this and all other Councils in research and analysis for this strategy.
- Due to the time lag of information no key performance indicators have been provided. PWB are currently working on the release of the Regional Outlook update for the Wellington Region.

## **5.4 St James Theatre Charitable Trust**

- The flying system project is currently underway and it is anticipated that the Opera House will re-open during May as expected.

## **5.5 Wellington Museums Trust**

- The Colonial Cottage visitor numbers are below target and it receives a high subsidy per visitor. The target visitor numbers for the year for the Cottage are only 4,700. The second quarter visitor target was 900 while actual visitors were 507 (43% below the target).
- Strategy and Policy Committee recommended that WMT be provided additional operational funding (\$60k) for CPI increases.

## **5.6 Wellington Cable Car Ltd**

- The company is continuing to negotiate with GWRC regarding the overheads maintenance contract. GWRC has requested that this be rolled over till 31 July 2005. The uncertain future of the trolley bus service remains a significant issue for the company.
- Concept plans for the redevelopment of the Lambton terminal have been received and are being evaluated.
- Cable car passenger numbers in the quarter continued to be above the previous year.

## **5.7 Wellington Zoo Trust**

- The long range development plan for the Zoo remains a major focus for the Trust. Officers are working with the Trust to complete a comprehensive review of the capital programme.
- The actual capital expenditure (\$165k) is well below the budget of \$1.567 million. The major project, the Chimpanzee enclosure, is yet to commence because tenders are not being let until all the funding is secured.
- Visitor numbers are exceeding the previous year and the five year average. The target set for the visitation in the Statement of Intent is based upon the five year average which is well below last year's actual achievement. This target although agreed in the Statement of Intent may be reviewed for 2005/06.

## **5.8 Capacity - Wellington Water Management Ltd**

- The service level agreement between the Council and Capacity was completed in the quarter, as well as asset management plans for Wellington city's water, waste water and storm water assets.
- The Council had the asset management plans independently reviewed and is working with Capacity to prioritise and implement the recommended improvements.

## **5.9 Wellington Regional Stadium Trust**

- The Trust had a successful first half of the financial year, and is in a financial position to meet its commitments and undertake capital expenditure.
- The management of the Basin Reserve has been separated out and will be managed by the Basin Reserve Trust. This trust was settled in February 2005 and will be included in the third quarter report.

## **6. Conclusion**

A covering report prefaces each entity's quarterly report which summarises the information for the quarter. 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 believes it will help clarify the information presented or assist with its monitoring role the Subcommittee can also ask the Chairman to seek responses from a Board or Trust Chairperson to any queries it may have. These responses would then be tabled at the next meeting of the Sub Committee.

Contact Officer: *Kevin Murphy, Director, Council Controlled Organisations*

| <b>Supporting Information</b>   |
|---|
| <p><b>1) Strategic Fit / Strategic Outcome</b><br/> <i>These entities and projects support the achievement of a range of outcomes across most KAAs. Where relevant, reference is made to the 2004/05 Annual Plan.</i></p>   |
| <p><b>2) LTCCP/Annual Plan reference and long term financial impact</b><br/> <i>Please refer to the individual covering report that prefaces each entity.</i></p>   |
| <p><b>3) Treaty of Waitangi considerations</b><br/> <i>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.</i></p>   |
| <p><b>4) Decision-Making</b><br/> <i>This is not a significant decision.</i></p>  |
| <p><b>5) Consultation</b></p> <p><b>a) General Consultation</b><br/> <i>A draft of each entity report has been circulated to the individual entity and their comments have been incorporated into the final report as appropriate.</i></p> <p><b>b) Consultation with Maori</b><br/> <i>See section 3, above.</i></p> |
| <p><b>6) Legal Implications</b><br/> <i>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.</i></p>  |
| <p><b>7) Consistency with existing policy</b><br/> <i>This report is consistent with existing WCC policy.</i></p>   |