
REPORT 1
(1215/52/IM)

**Report of the Council Controlled Organisations Performance
Subcommittee of Monday 11 April 2005**

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

THE SUBCOMMITTEE RECOMMENDS:

1. **ITEM 015/05FM REVIEW OF 2005/06 STATEMENTS OF INTENT
(REPORT 1) (1215/57/IM)**

THAT the Strategy and Policy Committee:

1. *Approve the letters of expectation, as amended (attached as Appendix 1 to this report).*
2. *Approve the extension of the following funding deeds to 30 June 2006:*
 - a. *Positively Wellington Business*
 - b. *Positively Wellington Tourism*
 - c. *Wellington Museums Trust*

James Ogden
Chair

Appendix 1

Notes for councillors

1. It is proposed that a letter of expectation, setting out the Council's response to the draft statements of intent submitted by Council Controlled Organisations (CCO), should be forwarded to each Chairperson.
2. The attached draft letters of expectation have been amended to reflect the recommended changes of the CCO Performance Sub Committee. Where the Sub Committee has recommended to the Strategy and Policy Committee that text be deleted, it has been "struck through". Where the Sub Committee has recommended adding text, it has been "bolded".
3. By approving the recommendations of the CCO Performance Sub Committee, the Strategy and Policy Committee will be confirming that the content of the letters, as amended, is appropriate and will be approving their release to the CCOs.

Appendix 1

Mr Doug Catley
Chair
Basin Reserve Trust
PO Box
Wellington

Dear Doug

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask the Trust to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of the Trust in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of the Trust in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that the Trust continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how the Trust contributes to the Council's strategic direction and outline how the Trust's objectives and strategies underpin this.

Notwithstanding the need for the Trust to comply with the objects set out in its Trust Deed, the Council as a stakeholder, would like the Trust when planning and undertaking its activities during 2005/06 to address the following areas of focus:

- While the establishment of the Trust placed renewed emphasis on ensuring the Basin Reserve is the premier cricketing venue in ~~Wellington~~ **New Zealand**, the Council would like the Trust to also focus on developing the use of the venue by other community/sporting groups.
- **The Council would like the Trust to maximise the opportunities for raising funds from alternative sources, but in a manner consistent with the achievement of the Council's objectives.**
- **The Council believes the Trust should also focus on the retention and maintenance of the heritage value of the assets under its management.**

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders, as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

In addition, the Council's general objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven¹.

¹ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

Desired Results

The performance targets and measures for 2005/06 are to be agreed between the Council and the Trust and are required to be submitted in the final SOI due on 30 June 2005.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in the Trust's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes the Trust is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

We look forward to a positive relationship with the Trust as it develops its plans for this over the next year and we look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Mr Bryan Jackson
Chair
Capacity
PO Box
Wellington

Dear Bryan

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask Capacity to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of Capacity in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of Capacity in achieving the vision for our city as *Creative Wellington – Innovation Capital*. **Note that the Council has consulted with Hutt City Council regarding these expectations.**

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that Capacity continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how Capacity contributes to the Council's strategic direction and outline how Capacity's objectives and strategies underpin this.

Notwithstanding the need for Capacity to comply with the objects set out in its company constitution, the Council as a stakeholder would like Capacity when planning and undertaking its activities during 2005/06 to address the following areas of focus:

- The Council believes Capacity should have a primary focus on service delivery to existing customers and should not in the meantime focus on maximising shareholder value at the expense of achieving desired service levels **or increasing the business risk to shareholders**.
- The Council would also like Capacity to consider an increased emphasis on promoting and practising sustainable water usage and conservation.

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so;
- To conduct its affairs in accordance with sound business practice.

In addition, the Council's general objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven².

² They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

Desired Results

Council officers will work with Capacity to agree performance measures so that these measures are in place for 2005/06. We recommend that performance measures are established in the following areas:

- Asset Management Plans;
- Compliance with resource Consents;
- Customer Service;
- Contractor Performance, and;
- Financial Performance.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in Capacity's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes Capacity is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like Capacity to consider these issues and ensure that they are taken into account.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Ken Douglas
Chair
Positively Wellington Business
PO Box
Wellington

Dear Ken

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask Positively Wellington Business (PWB) to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of PWB in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of PWB in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that PWB continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how PWB contributes to the Council's strategic direction and outline how PWB's objectives and strategies underpin this.

Notwithstanding the need for PWB to comply with the objects set out in its Trust Deed, **there is a specific matter** the Council as a stakeholder would like PWB **to take into account** when planning and undertaking its activities during 2005/06. ~~to address the following area of focus:~~ **The Council supports PWB** ~~will~~ **in playing** a key role in delivering on the proposed Regional Strategy for both Wellington City and across the Wellington region. Once the Regional Strategy has been confirmed the Council would like PWB to clearly set out its **strategic** priorities for the city and agree these with the Council. **In the meantime the officers will work closely with PWB to ensure the focus areas for the next 12 months are consistent with those of the Council. Note that the Council has consulted with other stakeholders regarding this expectation.**

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

In addition, the Council's general objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven³.

³ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

Desired Results

Last year's measures and targets have been included in the draft SOI as a stopgap. Given the delay in receiving economic data and probable change in business focus, the performance measures will need to be reviewed and measures included that reflect the contribution that PWB will make in future to the city economy. Officers will work with PWB on this to ensure measures are in place for 2005/06.

Please note that the compensation from the Council will need to be updated for the final SOI with the final values agreed for inclusion in the Annual Plan.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in PWB's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes PWB is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like PWB to consider these issues and ensure that they are taken into account.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Phillip Shewell
Chair
Positively Wellington Tourism
PO Box
Wellington

Dear Phillip

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask Positively Wellington Tourism (PWT) to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of PWT in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of PWT in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that PWT continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how PWT contributes to the Council's strategic direction and outline how PWT's objectives and strategies underpin this.

Notwithstanding the need for PWT to comply with the objects set out in its Trust Deed, there is one specific matter the Council as primary stakeholder would like PWT to take into account when planning and undertaking its activities during 2005/06. While the Council believes the Trust's continued strong focus on marketing Wellington to its visitors and undertaking appropriate market research and data collection is appropriate, it does not believe the Trust should actively engage in product development. **However the Council supports PWT continuing other than to be able to continue to provide advice to the Council on prospective publicly funded initiatives and to facilitate investment in Wellington by commercial tourism operators.**

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

In addition, the Council's general objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven⁴.

Desired Results

Last year's measures and targets have been included in the draft SOI. Given the delay in receiving tourism data, the performance measures need to be reviewed and measures included that reflect the contribution that PWT is

⁴ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

making to the city economy. Officers will work with PWT on this to ensure measures are in place for 2005/06.

Please note that the compensation from the Council will need to be updated for the final SOI with the final values agreed for inclusion in the Annual Plan.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in PWT's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes PWT is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like PWT to consider these issues and ensure that they are taken into account.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Geoff Atkinson
Chair
St James Theatre Trust
PO Box
Wellington

Dear Geoff

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask the Trust to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of the Trust in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of the Trust in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that the Trust continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how the Trust contributes to the Council's strategic direction and outline how its business objectives and strategies underpin this.

Notwithstanding the need for the Trust to comply with the objects set out in its Trust Deed, the Council as primary stakeholder, would like the Trust when planning and undertaking its activities during 2005/06 to address the following areas of focus:-

- ~~The Council believes the Trust should continue to focus on the retention, maintenance and sustainable use of the two city heritage assets under its management – the St James Theatre and Opera House.~~
- ~~As part of its aim to foster a lively and creative city that offers rich and varied cultural experiences to residents and visitors,~~ The Council believes the Trust should continue to balance the need to **keep under constant review how it can best** maintain an effective and sustainable theatre operation ~~and~~ **while furthering** the Council's interest in fostering arts and culture in the city ~~and offering rich and varied cultural experiences to residents and visitors.~~ To that end ~~the Trust should~~ consideration should be given to the **how it can maximise use of the Trust's facilities (for example, through further development of the food and beverage business) and ensuring space is used effectively** without compromising the core theatre business.
- **The Council believes the Trust should also keep under constant review how it can best service the requirements of its major hirers, bearing in mind the Council's desire to support and encourage a viable and thriving Wellington theatre production community.**

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so;
- To conduct its affairs in accordance with sound business practice.

In addition, the Council's objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;

- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven⁵.

Desired Results

The targets and measures need to be provided and agreed with Council and included in the final SOI for 2005/06.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in the Trust's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes the Trust is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like the Trust to consider these issues and ensure that they are taken into account.

⁵ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Mr Rob Thompson
Chair
Wellington Cable Car Limited
PO Box
Wellington

Dear Rob

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask Wellington Cable Car Limited (WCCL) to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of WCCL in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of WCCL in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that WCCL continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how the organisation contributes to the Council's strategic direction and outline how the organisations objectives and strategies underpin this.

Notwithstanding the need for WCCL to comply with the objects set out in its company constitution, the Council as a stakeholder, would like WCCL when planning and undertaking its activities during 2005/06 to address the following areas of focus:

- The Council believes WCCL should focus on developing the Cable Car as a key visitor attraction in the city and work closely with the Cable Car Precinct, other tourism attractions and other Council organisations operating in this market to achieve this objective. The extension of the Cable Car Museum will facilitate the company's efforts.
- The Council views the Cable Car as an iconic tourism attraction, notwithstanding its role in commuter transportation. We would like WCCL to further develop its understanding of its passenger market with a view to growing the tourism element of its business.
- Assuming the required funding is confirmed as forthcoming for the overhead wires for the trolley bus service, the Council's expectation is for the WCCL to develop an Asset Management Plan that deals adequately with all deferred maintenance.

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders, as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so;
- To conduct its affairs in accordance with sound business practice.

In addition, the Council's general objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,

- operate at breakeven⁶.

Desired Results

The Council would like additional targets relating to service reliability and cost effectiveness, of both the Cable Car and Trolley Bus cable network, to be measured. These should be agreed with Council and submitted in the final SOI that is due on 30 June 2005.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in WCCL's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes WCCL is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like WCCL to consider these issues and ensure that they are taken into account.

⁶ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

We look forward to receiving your final SOI by 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Mr Bill Brien
Chair
Wellington Museums Trust
PO Box
Wellington

Dear Bill

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask the Trust to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of the Trust in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of the Trust in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that the Trust continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how the Trust contributes to the Council's strategic direction and outline how the Trust's objectives and strategies underpin this.

Notwithstanding the need for the Trust to comply with the objects set out in its Trust Deed, the Council as primary stakeholder, would like the Trust when planning and undertaking its activities during 2005/06 to address the following areas of focus:-

- ~~The Council believes the Trust should continue to focus on retention, maintenance and sustainable use of the heritage assets under its management.~~
- ~~The Council believes the Trust should consider whether the value and awareness within the city of the Colonial Cottage, which is subsidised at a higher level than other venues, can be enhanced in order to increase the level of visitation.~~
- The Council has recommended additional funding in the Draft Annual Plan which should allow the Trust to maintain current service levels. It does not therefore accept the number of events that can be accommodated within the annual programme at the City Gallery should be limited.
- **The Council would like the Trust to undertake a review of its activities with the objective of improving visitation and reducing the overall Council Subsidy.**

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

In addition, the Council's general objectives for CCO's are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,

- operate at breakeven⁷.

Desired Results

We note that the measure of average retail spend per customer is not included within the SOI, it is however included in the Trust's business plan. Officers have requested that the final SOI be updated to include this existing measure.

We also note that, despite a predicted increase in the number of visitors to Wellington the number of expected attendances has been reduced for some venues. The Council believes visitor number targets should be revised upwards to ~~at least their previous level~~ **the revised forecast levels for the 2004-2005 financial year.**

Subject to these amendments, the Council is otherwise comfortable with the proposed measures and targets.

Please note that the compensation from the Council will need to be updated for the final SOI with the final values agreed for inclusion in the Annual Plan. The value included in the SOI for 2006/07 will be subject to agreement in the next Annual Plan process.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in the Trust's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes the Trust is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

⁷ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like the Trust to consider these issues and ensure that they are taken into account.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Paul Collins
Chair
Wellington Regional Stadium Trust
PO Box
Wellington

Dear Paul

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask the Trust to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of the Trust in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of the Trust in achieving the vision for our city as *Creative Wellington – Innovation Capital*. **Note that the Council has consulted with Greater Wellington Regional Council regarding these expectations.**

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that the Trust continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how the Trust contributes to the Council's strategic direction and outline how the Trust's objectives and strategies underpin this.

Notwithstanding the need for the Trust to comply with the objects set out in its Trust Deed, the Council as a stakeholder, would like the Trust when planning and undertaking its activities during 2005/06 to address the following areas of focus:

- While the Trust performed well in the last year the Council notes that some issues, such as sound quality **and crowd behaviour**, have been raised at recent events. **While acknowledging that these have been issues for the promoters rather than the Trust, the Council's interest is in the resulting impression of Wellington and the Stadium as a venue.** The Council would like the Trust to **explore ways** to focus on minimise the impact such issues may have on the likelihood of future events being staged in Wellington.
- While recognising that the Trust has significant financial obligations to meet, and that balancing the Stadium's community asset status with these obligations is at times difficult, the Council would like the Trust to explore opportunities for staging more community events.
- **The Council is currently consulting on a proposal to establish a council controlled organisation to be known as the Indoor Stadium Development Trust. In the event that this entity is established, the Council would like the Stadium Trust to work closely with this new entity as it undertakes a business plan and fundraising campaign.**

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

In addition, the Council's general objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;

- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven⁸.

Desired Results

The performance targets and measures for 2005/06 are to be agreed with Council and provided in the final SOI. Where appropriate these targets should be broken down and provided for each six month period in the financial year.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in the Trust's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes the Trust is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

⁸ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like the Trust to consider these issues and ensure that they are taken into account.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Ms Fran Wilde
Chair
Wellington Waterfront Limited
PO Box
Wellington

Dear Fran

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask Wellington Waterfront Limited (WWL) to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is ...”to provide an opportunity for the shareholders to influence the direction of the organisation.” With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of WWL in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of WWL in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council’s position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council’s strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that WWL continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how WWL contributes to the Council's strategic direction and outline how WWL's objectives and strategies underpin this.

However, there are no additional specific objectives that the Council wishes to see incorporated into the SOI at this time.

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives of its [settlor(s)/shareholders] both commercial and non-commercial, as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so;
- To conduct its affairs in accordance with sound business practice.

In addition, the Council's general objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven⁹.

Desired Results

We note that some performance targets and measures are still to be provided. We would like WWL to consider including performance measures for project cost and quality, alongside the measure of project timeliness which is in the SOI.

Please note that the compensation from the Council will need to be updated for the final SOI with the final values included when these are confirmed in the Annual Plan process.

⁹ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in the Trust's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes the Trust is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis. The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like the Board to consider these issues and ensure that they are taken into account.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive

Neale Pitches
Chair
Wellington Zoo Trust
PO Box
Wellington

Dear Neale

2005/06 Statement of Intent and Council Expectations

Thank you for the draft Statement of Intent (SOI) that you provided to the Council for review. It was considered on 11th April by the Council Controlled Organisation Performance Subcommittee which then made recommendations to the Strategy and Policy Committee regarding the matters the Council should, if necessary, ask the Trust to reflect in its SOI prior to Council adoption. Subsequently, at its meeting of 21 April, the Strategy and Policy Committee approved the contents of this letter.

Under Schedule 8 of the Local Government Act 2002 a key purpose of a statement of intent is "...to provide an opportunity for the shareholders to influence the direction of the organisation." With this in mind, for the first time, the Council has decided it will be more proactive in setting its expectations of the Trust in the coming year. Accordingly, this letter sets out our response to the SOI and also our expectations of the contribution of the Trust in achieving the vision for our city as *Creative Wellington – Innovation Capital*.

The Council envisages that its expectations will be reflected in the final statement of intent to be approved. I would be happy to elaborate on the Council's position in regard to the contents of this letter, if you or your board wishes to discuss them.

Expected Contribution to Council Objectives

The Council's strategic direction continues to build on its vision for Wellington city as *Creative Wellington – Innovation Capital* and it is vital that the Trust continues to deliver on the Council objectives to enable this vision to be achieved.

The business plan and SOI should clearly demonstrate how the Trust contributes to the Council's strategic direction and outline how the Trust's objectives and strategies underpin this.

Notwithstanding the need for the Trust to comply with the objects set out in its Trust Deed, the Council as a stakeholder, would like the Trust when planning and undertaking its activities during 2005/06 to address the following areas of focus:-

- An object of the Trust is that it “..*will manage, administer, plan, develop, maintain, operate and promote the Wellington Zoo as a zoological park for the benefit of inhabitants of Wellington and as an attraction to visitors to Wellington.*” The Wellington Zoo is first and foremost a key community asset of the city and the Council believes the Trust's primary focus should be on developing and maintaining the zoo as a good quality but not necessarily world-leading facility for promoting animal conservation and education to Wellington City **region** residents. Achievement of any tourism benefit should be a secondary objective for the Trust and should only be a consideration in the context of minimising reliance on Council funding.
- It follows that the Council believes the focus of the Trust's development programme should first and foremost be to secure the adequate welfare of existing animals and the adequate health and safety of Zoo visitors **and staff**.
- Based on the experience of the 2004/2005 financial year to date, the Council believes the Trust should set realistic rather than stretch targets for the sourcing of non-Council funding towards its development programme, to avoid the risk of either incurring delays to the commencement of approved projects or having to re-scope them.
- The Council believes the Trust should also review whether it should develop capacity to be able to deliver on its proposed development programme.

Ownership and Control Objectives

Section 59 of the Local Government Act 2002 **also** sets out statutory objectives that a Council Controlled Organisation (CCO) must fulfil. They are:

- To achieve the objectives, both commercial and non-commercial, of its settlor(s) or shareholders as specified in the SOI;
- To be a good employer;
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.

In addition, the Council's general objectives for CCOs are that they should:

- have a partnership approach with Council and other CCOs;
- have a regional focus, where this is appropriate;
- achieve maximum effectiveness and efficiency of, and concentrated focus on service delivery;
- access alternative sources of funding and endeavour to reduce their reliance on ongoing Council funding; and,
- operate at breakeven¹⁰.

Desired Results

Noting that a new target has been included to measure the proportion of non-Council funding raised by the Trust – we support the measure but, per the above reference, question the achievability of the target - we are comfortable with the proposed measures and targets set out in the draft SOI.

Please note that the compensation from the Council will need to be updated for the final SOI with the final values agreed in the Annual Plan process.

Performance Reporting Expectations

Financial Information

We wish to clarify the information we require to be provided to the Council under Sec 9. 1 (h) of Schedule 8 of the Local Government Act 2002 and establish the standards for this information.

Consolidated financial statements covering 2005/06 and the two following years should be incorporated in the Trust's strategic or business plan that is provided to the Council. This should include a statement of financial performance, statement of financial position and cashflow statement.

For reporting purposes the Trust is required to provide a budgeted statement of financial performance for each quarter for 2005/06.

A draft template is attached that sets out the suggested format for providing financial information.

Performance Targets

Where it is appropriate the performance targets should also be provided for each quarter so that actual performance can be monitored on a quarterly basis.

¹⁰ They are not required to generate a profit or surplus apart from where this is required to meet financial obligations. Neither are they required to pay a contribution or dividend to Council.

The quarterly targets should be phased appropriately to reflect any seasonal differences that are expected.

Conclusion

In developing its business plan and final SOI for the 2005/06 year Council would like the Board to consider these issues and ensure that they are taken into account.

We look forward to receiving your final SOI before 30 June 2005.

Yours sincerely

Garry Poole
Chief Executive