
REPORT 1*1215/57/IM*

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

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.

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

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.
- 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*

Supporting Information

1) Strategic Fit / Strategic Outcome

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.

2) LTCCP/Annual Plan reference and long term financial impact

Please refer to the individual covering report that prefaces each entity.

3) Treaty of Waitangi considerations

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.

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

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.

b) Consultation with Maori

See section 3, above.

6) Legal Implications

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.

7) Consistency with existing policy

This report is consistent with existing WCC policy.