
REPORT 1*1215/52/02/IM*

**REVIEW OF THE PERFORMANCE OF ALL COUNCIL
CONTROLLED ORGANISATIONS FOR THE QUARTER
ENDED 30 SEPTEMBER 2005**

1. Purpose of Report

To provide the Subcommittee with an analysis of the performance of all Council Controlled Organisations for the quarter ended 30 September 2005, 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 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 30 September 2005 or to other matters of concern to the Subcommittee.*

Or

Note that there were no issues to raise with the entities covered by this report.

- 3. Confirm the 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 30 September 2005 or to other matters of concern to the Subcommittee.*

Or

Note that there were no issues to raise with Strategy and Policy Committee in regard to this report.

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) 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:

- Basin Reserve Trust
- Capacity
- Positively Wellington Business
- Positively Wellington Tourism
- St James Theatre Charitable Trust
- Wellington Cable Car Ltd
- Wellington Museums Trust
- Wellington Waterfront Ltd
- Wellington Zoo Trust

4.2 Wellington Regional Stadium Trust

The Wellington Regional Stadium Trust has received a ruling from the Court of Appeal that clarifies its status and confirms that it is not a CCO. However it is included because of the materiality, both of the financial commitment and the contribution to Council outcomes.

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)			✓

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

The following entities have been included within this quarter:

- The Karori Wildlife Sanctuary Trust
- Wellington International Airport Limited
- Sink F69 Trust
- Te Papa

Officers are working with the International Festival of the Arts Trust and with Te Papa to identify if they are able to report to the Subcommittee in future. Note that the Film & Television School is no longer included, following the repayment of the loan in July.

5. Issues for the Subcommittee to consider

Council Controlled Organisations:

5.1 *Basin Reserve Trust*

Agreement has been reached with a potential naming rights sponsor for the Basin Reserve and is subject to satisfying resource consents regarding signage.

Officers are working with the Trust to put a process in place to account for and report the value of “in kind services” provided to the Trust by the Stadium Trust, and on general reporting requirements.

5.2 *Capacity - Wellington Water Management Ltd*

The savings target for the year is \$625k, and results are to be reported annually. The majority of the savings are expected to accrue from the Abigroup contract.

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

Staff turnover has been higher than anticipated, partly due to the recent restructure.

5.4 *Positively Wellington Tourism (Partnership Wellington Trust)*

The number of domestic inbound visitors to Wellington showed negative growth in the last quarter, however strong growth in international visitors has continued.

5.5 St James Theatre Charitable Trust

The loss of a major season reinforces the fragile nature of the theatre market, and its impact on the Trust. Notwithstanding this, the Trust results are better than budget, in net terms.

5.6 Wellington Cable Car Ltd

Cable car passenger numbers are again ahead of the corresponding quarter last year, by 14%. The numbers are attributed to the level of visitors to the city this year.

Negotiations regarding the sale of the trolley bus overhead network are continuing with GWRC. An independent consultants review of the condition of the network has been commissioned and will be available by 30 November 2005.

5.7 Wellington Museums Trust

Overall visitation numbers are ahead of budget by 8.9% for the quarter as a result of strong performances by the City Gallery and Capital E.

Management have highlighted to Council Officers that some decisions will need to be made regarding the long term management options for the Plimmer's Ark restoration project. The options will be considered as part of the activity review of the Museum Trust currently underway.

5.8 Wellington Waterfront Ltd

The company has a number of projects in the resource consent and negotiation stages, including Kumutoto (and Site 7), Taranaki Street Wharf, Overseas Passenger Terminal and outer-T Hotel. Public reaction to some of these projects has been at higher levels than experienced in recent times.

Waitangi Park is advised as being due for completion in February 2006 and as at 30 September, costs were \$907,000 over budget. Officers have asked the company to advise what the final project costs are expected to be.

It is not expected that the company will need to draw down the full \$15 million that was budgeted for during the course of the year for all waterfront projects. Officers have asked for an updated project plan and adjusted cashflow forecast.

5.9 Wellington Zoo Trust

Work commenced on the Chimp enclosure, which is one of the Trust's major capex projects for the year.

The long term aim of increasing visitor numbers has been successful so far but pricing may need to be reviewed to ensure the full benefits are realised.

5.10 Wellington Regional Stadium Trust

The Trust has commenced quarterly reporting.

The Court of Appeal ruling has confirmed that the Trust exists under its own legislation, and is not a CCO.

5.11 Wellington International Airport Limited

The airport intends to undertake significant capital expenditure, with upgrades to the terminal, runway and aircraft facilities, with a view to catering for the new generation of long haul aircraft.

The airport and the council are continuing negotiations over the airports dividend policy.

The quarterly accounts provide by the airport are 'Public Excluded' and as such are not available for publication.

5.12 The Karori Wildlife Sanctuary Trust

No issues were raised.

5.13 Sink F69 Trust

The Trust has signalled an expected shortfall in fundraising, and will discuss this with Council officers in early December, once the bulk of the project activity has concluded. Accordingly there is no quarterly report provided here.

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 Subcommittee.

Contact Officer: *Wayne Maxwell, Acting 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.