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**COUNCIL CONTROLLED ORGANISATIONS - 2005/06  
STATEMENTS OF INTENT**

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**1. Purpose of Report**

To present to the Subcommittee the final 2005/6 Statements of Intent received from Council Controlled Organisations (CCOs) and other relevant external organisations.

**2. Recommendations**

It is recommended that the Subcommittee:

1. *Receive the information.*
2. *Confirm any issues that it wishes to draw to the attention of the Strategy and Policy Committee regarding the Statements of Intent, as attached to the officer's report from:*
  - a. *Positively Wellington Business*
  - b. *Positively Wellington Tourism*
  - c. *St James Theatre Trust*
  - d. *Wellington Museums Trust*
  - e. *Wellington Regional Stadium Trust*
  - f. *Wellington Waterfront Ltd*
  - g. *Wellington Cable Car Ltd*
  - h. *Wellington Water Management Ltd*
  - i. *Wellington Zoo Trust*
  - j. *Basin Reserve Trust*
3. *Recommend that the Strategy and Policy Committee approve the Statements of Intent.*

**3. Background**

Officers held a workshop on 4 March 2005 to provide councillors with an opportunity to discuss their expectations around the outcomes and objectives that they wish council controlled organisations (CCOs) to address in their 2005/2006 Statements of Intent (SOIs). The feedback from this workshop was noted by officers to inform preliminary discussions with the CCOs regarding their draft SOIs.

Following the workshop, at the meeting of the CCO Performance (CCOP) Subcommittee 11 April 2005, officers presented the draft SOIs for consideration and the newly introduced letter of expectation. At its meeting 21 April, the Strategy and Policy

Committee agreed to the new process and content of a letter of expectation to be sent to each CCO.

Each CCO has now presented its final SOI and these are appended to this report.

## **4. Legislative requirements**

The LGA2002 (Section 64 schedule 8, clause 9) requires that Council Controlled Organisations must have a statement of intent.

### **4.1 Purpose of the Statements of Intent**

The SOI is the governance document between the shareholder / owner and the board of the particular entity. It is a public statement of how the entity will manage and protect the owner's interest. It does this by specifying its objectives, scope, activities and governance mechanism.

Schedule 8 clause 1 states: The purpose of a statement of intent is to:

- state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and
- provide an opportunity for shareholders to influence the direction of the organisation; and
- provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.

### **4.2 Modifications, completion and availability to the public**

Schedule 8, clause 4 states “that the board may, by written notice, modify a statement of intent at any time,” subject to the shareholders agreement.

Schedule 8, clause 5 states “the shareholders of a council-controlled organisation may, by resolution, require the board to modify the statement of intent by including or omitting any provision or provisions of the kind referred to in clause 9 (a) to (i)”. The board must comply with this request. The shareholders are required to consult with the board prior to giving notice of the resolution.

Each CCO submitted a draft SOI on 1 March (or soon after) as required by the LGA 2002. The final SoI must be delivered to the Council for ratification on or before 30 June 2004. Each CCO has now submitted a final SOI for review by the Council.

A completed SOI must be made available to the public by the board within one month after the date on which it is delivered to the shareholders.

## **5. Compliance with statutory or funding deed requirements**

Officers have checked all entities' SOIs for compliance with the requirements of both their funding deeds and the LGA 2002, where applicable. All draft statements have been reviewed, and no compliance issues have been raised. All statements have been updated to provide the information required by the Act. Finally, it is noted that no significant changes have been made to the contents of the SOIs, other than the update on key performance measures.

## **6. Discussion**

### **6.1 Entities covered by this report**

The following are included by virtue of their status as Council Controlled Organisations (CCOs):

- *Positively Wellington Business*
- *Positively Wellington Tourism*
- *St James Theatre Trust*
- *Wellington Cable Car Ltd*
- *Wellington Museums Trust*
- *Wellington Waterfront Ltd*
- *Wellington Water Management Ltd*
- *Wellington Zoo Trust*
- *Basin Reserve Trust*

In addition, a 2005/06 SOI has been received from:

- *Wellington Regional Stadium Trust*

The Wellington Regional Stadium Trust is presently seeking a declaratory judgement through the Courts to define its status for tax and local government purposes. IRD has deemed that the Trust is a CCTO, while part of the Trust's defence is that it was created under its own enabling legislation, and as such the Local Government Act 2002 does not apply. Notwithstanding this issue, the terms of the Trust's funding deed requires the SOI to be provided to the stakeholder Councils for ratification.

### **6.2 Review of Statement of Intent**

In accordance with its Terms of Reference, the Subcommittee reviews the SOI and bring any matters that it believes are relevant to the attention of the Strategy and Policy Committee before it ratifies each SOI.

Each entity's SOI is attached for the Subcommittee's consideration in Appendix 1.

### **6.3 Letters of Expectation**

Officers proposed that a letter of expectation was sent to each of the entities. As highlighted in the report of 11 April, this is consistent with best practice, and is a process employed by CCMAU (Crown monitoring unit) in regard to crown entities. The

purpose of the letter provided a formal response to the draft SOI, and also to set out the Council's expectations of each CCO. This included some generic principles, and where appropriate set out specific areas of focus. It should be noted that the Council's expectations are not contrary to the objects set out in each Trust deed.

It is worth noting that whilst they have not necessarily made specific reference within their SOI to the full contents of the letter of expectation, each CCO has considered the issues and provided a verbal commitment to take these on board (Wellington Museums Trust, Positively Wellington Tourism and Capacity provided a formal written response, which has been included in Appendix 1). This commitment is demonstrated, for example, in changes to performance targets.

Each letter of expectation is attached alongside the SOI in Appendix 1 for information.

## **7. Analysis**

### **Positively Wellington Business**

Due to the time lag in obtaining economic data, proxy measures have been used to measure the performance for PWB. This will continue until such time that improved economic data is more readily available. However, PWB have included new micro performance measures which estimate the economic impact of the work undertaken by the Trust.

### **Positively Wellington Tourism**

Due to the time lag in obtaining tourism data, proxy measures have been used to measure the performance for PWT. This will continue until such time that improved economic data is more readily available.

### **St James Theatre Trust**

The St James are signalling a tough year ahead and this is reflected in the lower target levels set out in the key performance measures.

### **Wellington Museums Trust**

In the response to the letter of expectation, WMT have reconsidered the targets set for visitor numbers. There has been an increase in the expected number of visitors to the City Gallery; Capital E remains lower than the current year's target as 2005-2006 does not include a children's festival and this accounted for around 24,000 visitors; the Museum of Wellington City and Sea visitor target has been retained at 85,000 and the Colonial Cottage has been increased to 4,000 visitors. The other facilities including Plimmers Ark and the Cricket Museum remain unchanged.

WMT continue to signal constraints on core funding and as a result are undertaking a review of all facilities. Officers will assist with this process to ensure the review focuses on efficiency and effectiveness.

### **Wellington Regional Stadium Trust**

There no specific issues to bring to the Subcommittee's attention.

### **Wellington Waterfront Ltd**

The letter of expectation asked for the addition of measures and targets relating to project cost and quality. These have been incorporated.

### **Wellington Cable Car Ltd**

The letter of expectation asked for the addition of measures and targets relating to service reliability and cost effectiveness of the Cable Car and Trolley Bus overhead network. As a result of the ongoing discussions relating to the Trolley Bus overhead network this has not been progressed and officers are continuing to work with WCCL on this matter.

### **Capacity**

The new measures relating to Asset Management Plans; Compliance with resource consents; customer services; contractor performance and financial performance have all been included with the SOI.

### **Wellington Zoo Trust**

Some references contained within the SOI need clarification. In particular the issues of fundraising, discretion over use of funds and Council involvement on the planning task force have been raised. These are to be resolved and the Subcommittee should perhaps signal to the Trust (and to the Strategy and Policy Committee) that approval of the SOI will not represent acceptance of the Trust's views on these issues.

The Trust has also included a copy of the master plan for the Long Range Development Plan (LRDP) of the Zoo – this again is for information purposes only as no agreement has been reached on this programme of works. The business case for the LRDP will be presented for consideration to the Council during the 2006-2007 Annual Plan budget deliberations.

### **Basin Reserve Trust**

This is the Trust's first SOI since its formal establishment in February 2005. No significant issues arise at this stage.

## **8. Conclusion**

The review of the Statements of Intent provides an opportunity for the CCOP Subcommittee to identify any particular lines of enquiry or issues that need to be drawn to the attention of the relevant Strategy and Policy committee. Each CCO has taken on board the issues raised within the letter of expectation sent by the Council.

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## **Supporting Information**

### **1) Strategic Fit / Strategic Outcome**

The operations of the entities covered by this report support a variety of strategic objectives as set out in the 2004/2005 Council Plan.

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

### **3) Treaty of Waitangi considerations**

There are none arising from this report.

### **4) Decision-Making**

This does not involve a significant decision. The report reviews the statements of intent for the entities and forms the governance document between the Council and the entity..

### **5) Consultation**

#### **a) General Consultation**

Discussions have been held with each entity regarding the detail set out in its statement of intent. Each has been provided with an opportunity to comment. Where considered appropriate, these comments have been incorporated into the covering report.

#### **b) Consultation with Maori**

Where considered appropriate, discussions will be held with local Maori, and these comments will be incorporated into the covering report. There were no such issues arising from this report.

### **6) Legal Implications**

Each Statement of Intent complies with the requirements of the Local Government Act 2002.

### **7) Consistency with existing policy**

This does not involve a policy decision. The report reviews the statements of intent for the entities.