

---

**REVIEW OF COUNCIL CONTROLLED ORGANISATIONS  
BUSINESS PLANS 2005/06**

---

**1. Purpose of Report**

This report provides the Subcommittee with an overview of the 2005/06 Business Plans submitted by entities for Council approval in compliance with the requirements of their funding deeds.

**2. Recommendations**

It is recommended that the Subcommittee:

1. *Receive the information.*
2. *Confirm the issues, if any, that it wishes to draw to the attention of the Strategy and Policy Committee in relation to the business plans submitted by:*

- *Basin Reserve Trust*
- *Capacity (Wellington Water Management Ltd)*
- *Positively Wellington Business*
- *Positively Wellington Tourism*
- *St James Theatre Trust*
- *Wellington Cable Car Ltd*
- *Wellington Museums Trust*
- *Wellington Regional Stadium Trust*
- *Wellington Zoo Trust*

**3. Background**

Under the arrangements that the City Council has with its controlled organisations (CCOs), set out in their Trust deed, funding deed or management agreement, they are required to present their annual business plan and statement of intent to the City Council for ratification. In some cases, this requirement also encompasses a strategic plan.

It is the Subcommittee's role to review these documents and bring any matters that it believes are pertinent to the Strategy and Policy Committee's attention. It is noted that the Strategy and Policy Committee has the delegated authority to approve the business plans.

Last year the Subcommittee reviewed business plans at its meeting of 16 August 2004. This year the Subcommittee has already reviewed statements of intent for CCOs at its meetings of 11 April and 30 June. The Statement of Intent (SOI) is the key accountability document between the Council and CCO's under the LGA 2002.

Accordingly, the purpose of this report is to table and review the business plans.

## **4. Discussion**

### **4.1 Inclusions**

#### *Existing CCOs*

As noted above, all CCOs are required to present their annual business plan for ratification. The following entities were included in the 2004/05 review, and are now providing 2005/06 business plans for review:

- *Basin Reserve Trust*
- *Capacity (Wellington Water Management Ltd)*
- *Positively Wellington Business*
- *Positively Wellington Tourism*
- *St James Theatre Trust*
- *Wellington Cable Car Ltd*
- *Wellington Museums Trust*
- *Wellington Regional Stadium Trust*
- *Wellington Zoo Trust*

#### *Wellington Regional Stadium Trust*

The business plan for the Wellington Regional Stadium Trust is also included. In June the Court of Appeal heard a case between the Inland Revenue Department and the Trust, which sought to clarify the status of the Trust. This included clarifying the effect of the empowering act; and determining whether the Trust would be deemed a CCO (or CCTO) under the provisions of the LGA 2002. The judgment was released on 6<sup>th</sup> September 2005, and it determined that the Trust is not a CCO under the LGA 2002, because it has been established under its own empowering act, and this takes precedence over the LGA. IRD have until 3<sup>rd</sup> October to seek leave to appeal to the Supreme Court, however this is considered unlikely.

Notwithstanding this, the terms of the Trust Deed require that a business plan is reviewed and approved by the Council each year, and accordingly the business plan is included.

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

The business plan for Wellington Waterfront Ltd is reviewed by the Waterfront Development Subcommittee (WDS), and then forwarded to the Strategy and Policy Committee (SPC) for approval. The 2005/06 business plan was reviewed by WDS at its meeting on 16<sup>th</sup> May 2005, and was subsequently approved by SPC on 9<sup>th</sup> June 2005, subject to any changes following consultation on the draft development plan. There were no changes to the business plan following consultation. Therefore, while the Waterfront's business plan does not need to be reviewed by this Subcommittee, a copy has been included for information purposes.

#### **4.2 Compliance with funding deeds**

These business plans have demonstrated an appropriate level of compliance with the terms of the respective funding deeds, trust deeds and constitutions, as applicable.

#### **4.3 Council support**

The following table sets out the level of Council support that is being provided in 2005/06. The first column (Direct) shows the amount of funding that is being paid direct to the entities, for example in the form of grants or capital expenditure. The second column (Other) shows the amount of indirect funding, for example depreciation, labour charges and interest.

The prior year's budget is also included for comparison.

<b>Entity</b>	<b>Project</b>	<b>Direct (grants)</b>	<b>Other (e.g. depn)</b>	<b>2005/06 Budget</b>	<b>2004/5 Budget</b>
		<b>\$000</b>	<b>\$000</b>		<b>\$000</b>
<b>Operating expenditure</b>					
Wellington Museums Trust	C102	5,131	257	5,388	5,327
Positively Wellington Tourism	C105	4,116	0	4,116	3,611
Positively Wellington Business	C434	2,010	0	2,010	1,980
Wellington Waterfront Ltd	A312	1,916	16	1,932	1,674
Basin Reserve Trust	C008	180	228	408	400
St James Theatre Charitable Trust	C580	230	0	230	235
Wellington Zoo Trust	C046	2,299	814	3,113	3,113
<b>Capital expenditure</b>					
Wellington Museums Trust	CX486	350	0	350	300
Wellington Waterfront Ltd	CX131	8,000	0	8,000	5,531
Wellington Zoo Trust	CX125	195	0	195	406
Wellington Zoo Trust	CX340	2,750	0	2,750	1,160

Note that no grant funding is provided to Wellington Cable Car Ltd, Wellington Regional Stadium Trust nor to Capacity (Wellington Water Management Ltd).

#### **4.4 Changes from 2004/05**

As the SOIs have been approved by Council including establishing the Key Performance Indicators for 2005/06, officers will continue to monitor the performance of each entity and report on any significant changes in each quarterly report. The business plans reflect the performance set out in the SOIs and it is not expected that

there would be significant changes in the business plans compared to previous years without a change in strategic direction of any entity.

## **5. Review of business plans**

### **5.1 Positively Wellington Business**

#### **Overview**

Positively Wellington Business (PWB) continues to contribute significantly to the Wellington Regional Strategy and the outcome of this will be crucial to the future of PWB. The focus areas for PWB remain the same - growing new business, creating new business, retaining existing business and attracting new business to the region – and its business plan sets out the range of activities it will undertake to underpin its mission of Growing Businesses.

PWB is undergoing a restructure to ensure the most efficient delivery of services.

#### **Changes**

The following budget changes are noted for the 2005/06 year:

<b>2005/06 targets/budget</b>	<b>Per 2005/06 plan</b>	<b>Per 2004/05 plan</b>	<b>Change</b>
Revenue from all sources	\$5,121m	\$5.122m	-\$0.001m
Expenditure	\$5,117m	\$5.120m	-\$0.003m
Net Surplus / (Deficit)	\$0.004m	\$0.002m	\$0.002m

### **5.2 Positively Wellington Tourism**

#### **Overview**

There are no material changes to the Positively Wellington Tourism (PWT) Business plan, compared to the 2004/05 version. PWT continues to focus on positioning Wellington as a destination of choice domestically and internationally and be regarded as the most vibrant, innovative and creative centre for tourism marketing and development.

The Visitor Information Centre has undergone changes during 2004-2005 and the review of the centre should continue as there is an opportunity to lift the face of the tourism industry for Wellington.

PWT has been provided funding to undertake tourism research, in a particular demand based research. Officers will work closely with PWT to ensure research information is available to the Council.

#### **Changes**

The following budget changes are noted for the 2005/06 year:

2005/06 targets/budget	Per 2005/06 plan	Per 2004/05 plan	Change
Revenue from all sources	\$8.477m	\$7.778m	\$0.699m
Expenditure	\$8.556m	\$7.887m	\$0.669m
Net Surplus / (Deficit)	(\$0.079m)	(\$0.109m)	\$0.030m

### 5.3 St James Theatre Trust

#### Overview

There are no material changes to the St James Theatre Trust's (The Trust) Business plan, compared to the 2004/05 version.

The Trust has a focused mission: "Management of the Westpac St James Theatre and the Opera House for the maximum benefit of the performing arts in Wellington and the promotion of Wellington as the Creative Capital."

The Trust is investigating the potential for developing the back lot of the St James Theatre. As part of the requirements of the Trust Deed, the Trust must gain the prior approval from the Council as Settlor for any major transaction or building project. The Trust has commissioned a report on the potential options and the Board is currently undertaking a review of this information.

#### Changes

The following budget changes are noted for the 2005/06 year:

2005/06 targets/budget	Per 2005/06 plan	Per 2004/05 plan	Change
Revenue from all sources	\$4.414m	\$3.785m	\$0.629m
Expenditure (inc Depreciation)	\$5.367m	\$4.326m	\$1.041m
Net Surplus / (Deficit)	(\$0.953m)	(\$0.541m)	(\$0.412m)

### 5.4 Wellington Museums Trust

#### Overview

There are no material changes to the Wellington Museums Trust (WMT) Business plan, compared to the 2004/05 version.

WMT is focused on making Wellington the ultimate arts and heritage destination in New Zealand. It plans to lead the cultural development and contribute to the economic development of the Capital.

#### Changes

The following budget changes are noted for the 2005/06 year:

2005/06 targets/budget	Per 2005/06 plan	Per 2004/05 plan	Change
Revenue from all sources	\$7.188m	\$7.283m	(\$0.095m)
Expenditure	\$7.293m	\$7.411m	(\$0.118m)
Net Surplus / (Deficit)	(\$0.105m)	(\$0.128m)	(\$0.023m)

## 5.5 Wellington Regional Stadium Trust

### Overview

There are no material changes to the Stadium's business plan, compared to the 2004/05 version. It is noted that the Basin Reserve is no longer included in the plan, on the basis that a new Trust was established in February 2005 for that purpose.

The Stadium Trust is continuing to focus on securing a diverse range of events, and maximising utilisation of the venue.

Capital expenditure is mostly for portable wickets, upgrading food and beverage outlets and interior fit-out. No major asset renewals are expected in the medium term.

### Changes

The following budget changes are noted for the 2005/06 year:

2005/06 targets/budget	Per 2005/06 plan	Per 2004/05 plan	Change
Event days	35	32	3
Event revenue	\$5.75m	\$4.82m	\$0.93m
Event operating costs	\$3.17m	\$2.27m	\$0.09m
Net surplus	\$1.87m	\$1.37m	\$0.50m
Stadium enhancements (capex)	\$0.710m	\$0.500m	\$0.210m

## 5.6 Wellington Cable Car Limited

### Overview

Agreement in principle has been reached to transfer the trolley bus overheads system to the GWRC. The current contract with GWRC for maintenance of the trolley bus overheads system is continuing to be rolled over till this issue is resolved. For the purposes of this plan, WCCL has assumed that the operation will be continued on the same terms and conditions as in 2004/05 and that GWRC will meet the cost of any required asset replacements.

WCCL plans to complete the upgrade of the Lambton terminal by September 2007 and plans to develop its visitor experience by working with the top of the cable car attractions, on-route experience, and the cable car and beyond attractions such as Karori Wildlife Sanctuary, Carter Observatory and Skyline events.

No dividends are expected this financial year.

### Changes

The following budget changes are noted for the 2005/06 year:

2005/06 targets/budget	Per 2005/06 plan	Per 2004/05 plan	Change
Total income	\$2.324m	\$2.359m	(\$0.035m)
Total expenses	\$2.259m	\$2.259m	-
Net surplus	\$0.065m	\$0.101m	(\$0.036m)
Dividend	\$-	\$-	-
Capital expenditure	\$0.293m	\$0.107m	\$0.186m

## 5.7 Capacity (*Wellington Water Management Limited*)

### Overview

Capacity was established in July 2003, and commenced operating in April 2004. This is the second year of operations and the first full business plan for the subcommittee to review.

Service level agreements (SLAs) are now completed with councils. The asset management plan for the Council is due to be completed by December 2005.

The plan describes Capacity's long-term vision of being an infrastructure services across a range of areas, wider than water, waste water and stormwater. However the core focus for 2005/05 remains: to build core capability in its operating processes and practices and to ensure service delivery standards are met for the current assets it manages.

### Changes

The following budget changes are noted for the 2005/06 year:

2005/06 targets/budget	Per 2005/06 plan	Per 2004/05 plan	Change
Total income	\$4.825m	\$4.496m	\$0.329m
Total expenses	\$4.825m	\$4.611m	\$0.214m
Net surplus	\$-	(\$0.115m)	\$0.115m

## 5.8 Wellington Zoo Trust

### Overview

The Wellington Zoo Trust's (The Zoo) vision "Wellington Zoo....a magical place of learning and fun, leaving visitors with a sense of wonder and respect for nature, and a belief in the need for a sustainable co-existence between wildlife and people."

The Zoo has planned a number of significant health and safety capex projects for 2005-2006 and officers from the Council's Property Business Unit as asset owner are working closely with the Zoo.

It is intended that the Zoo will present its Capital Development Programme as part of the 2006/07 Long Term Council Community Plan.

### Changes

The following budget changes are noted for the 2005/06 year:

2005/06 targets/budget	Per 2005/06 plan	Per 2004/05 plan	Change
Revenue from all sources	\$3.995m	\$4.001m	-
Expenditure	\$3.995m	\$4.001m	-
Net Surplus / (Deficit)	\$-	\$-	-

## 5.9 The Basin Reserve Trust

### Overview

The Basin Reserve Trust (Trust) was settled in February 2005. The Trust is in its initial stages of developing its future direction and this business plan is the first step for the Trust.

The business plan focuses on maintaining the events programme at The Basin and maintaining its status as the best option for major cricket matches. The test match programme has a major impact on the revenue targets and changes due to cancelling the Zimbabwe tour programme have reduced the 2005/06 revenue targets.

The major areas for remedial work in 2005/06 are the irrigation system and refurbishment of function rooms.

### Changes

This is the first full year of operation for the Trust.

2005/06 targets/budget	Per 2005/06 plan	Per 2004/05 plan	Change
Revenue from all sources	\$0.317m	-	-
Expenditure	\$0.384m	-	-
Net Surplus / (Deficit)	(\$0.067m)	-	-

## 6. Conclusion

This report summarises the business plans for the Council Controlled Organisations and highlights some areas that the Subcommittee may wish to explore in future review of each entity.

After considering these reports, the Subcommittee can, if it considers it appropriate to do so, draw any matters arising to the attention of the Strategy and Policy committee.

If it believes it will clarify the information presented or assist with its monitoring role the Subcommittee can also ask the Chairman to seek responses from the Board or Chairperson of an entity to any queries it may have. These responses would then be tabled at the next meeting of the Subcommittee.

Contact Officers:

*Amarjit Younger, Portfolio Manager Council Controlled Organisations*

*Wayne Maxwell, Portfolio Manager Council Controlled Organisations*

## **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 2005/2006 Council Plan.

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

Please refer to the covering report that prefaces each entity business plan

### **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 Business Plans of various entities.

### **5) Consultation**

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

Discussions have been held with each entity regarding the detail set out in its business plan and each has been provided with an opportunity to comment on the points included in the report. Where considered appropriate, these comments have been incorporated into the report.

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

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

### **6) Legal Implications**

There are none arising from this report.

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

This does not involve a policy decision. The report reviews the business plans of various entities and as such is for information purposes.