
REVIEW OF THE 2004/05 ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS OF COUNCIL CONTROLLED ORGANISATIONS

1. PURPOSE

This report provides the Subcommittee with a review of the annual reports submitted by Council Controlled Organisations (CCOs) for Council approval in compliance with the requirements of the Local Government Act 2002. Separate covering reports including – as relevant – matters for the Subcommittee’s consideration, preface each entity’s documents.

2. RECOMMENDATIONS

It is recommended that the Subcommittee

- 1. Receive the information.*
- 2. Confirm any issues it wishes the Chair of this Subcommittee to raise with the Chairs of the entities.*
- 3. Raise any policy and purchase interest issues to be addressed at the Strategy and Policy Committee.*

3. BACKGROUND

The audited annual reports received from CCOs have been reviewed by officers to assess any risks or issues from the perspective of Council’s shareholder interest. Issues have been discussed with the relevant entity. These annual reports with an officer covering report are attached as appendices.

It is the Subcommittee’s role to review these documents and bring matters of importance to the Strategy and Policy Committee’s attention before ratification.

4. DOCUMENTS FOR REVIEW

Council Controlled Organisations

To comply with statutory requirements, this report reviews the performance of Council Controlled Organisations (CCOs). These are:

- Basin Reserve Trust

- Positively Wellington Business
- Positively Wellington Tourism
- St James Theatre Charitable Trust
- Wellington Cable Car Ltd
- Wellington Museums Trust
- Wellington Waterfront Ltd.
- Wellington Zoo Trust
- Capacity (Wellington Water Management Ltd)

Council Organisations

At the CCOP Subcommittee meeting on 14 February 2005 it was recommended that a number of Council Organisations (and other entities) would also be monitored on a quarterly basis. These are:

- Wellington Regional Stadium Trust
- Karori Wildlife Sanctuary Trust
- Wellington International Airport Limited
- Sink F69 Trust
- Te Papa
- NZ Film and Television School

The Wellington Regional Stadium Trust has received a ruling from the Court of Appeal that clarifies its status and that it is not a CCO. However it is included because of the reporting obligations included in the Funding Agreement between the Council and the Trust.

The Sink F69 Trust also has a March year-end, although the project had not completed any significant activity to that point. The Trust has provided a detailed report to the 31st July, being approximately the half-way point in the project, and it is considered more appropriate to report on this information, than to adhere to the March (or June) quarters.

Wellington International Airport Ltd has a March year-end, and therefore this report should cover the first quarter to 30th June (as the annual report for the year to March 2005 was covered in the previous Subcommittee meeting on 30th June 2005). This report has not been received, and will be included for the November subcommittee meeting.

The Karori Wildlife Sanctuary Trust and Te Papa have not as yet completed their annual reports and these will be reported on at the November subcommittee meeting.

The Film and Television School is not a Council Organisation, but rather is being monitored while the balance of the \$300,000 loan from the Council is being repaid. As of July 2005 the final instalment has been paid by the Film School, and accordingly it is not considered necessary to provide any further reports to the Subcommittee.

5. COMPLIANCE WITH LOCAL GOVERNMENT ACT 2002

In accordance with the Local Government Act 2002 (LGA 2002) section 67 Council Controlled Organisations must within three months after the end of each financial year submit a report on the organisation's operations during that year. The LGA 2002 also states:

- Section 67 – the report must contain information that is necessary to enable an informed assessment of the operations of that organisation and its subsidiaries.
- Section 68 – the report must include audited consolidated financial statements for that financial year for that organisation and its subsidiaries.

Eight of the Council Controlled Organisations, and the majority of the other entities covered within this report, have submitted documents in accordance with the legislative requirements. The report from the Sink F69 Trust does not have audited financial statements. Audit New Zealand has not completed the audit of the Basin Reserve Trust, as at the date these reports were prepared. The Wellington Zoo Trust has not submitted its annual report as yet, but has provided a fourth quarter report.

6. ANNUAL PLAN REFERENCE

Operating Expenditure \$'000

	Annual Plan Project	Actual Total	Annual Plan Total
Wellington Museums Trust	C102	5,327	5,327
Positively Wellington Tourism	C105	3,611	3,611
Wellington Zoo Trust	C046	3,179	3,113
Positively Wellington Business	C434	1,980	1,980
Wellington Waterfront Ltd	A312	1,673	1,674
Basin Reserve	C008	397	400
St James Theatre Charitable Trust	C580	226	235

The Stadium Trust, Cable Car and Capacity do not directly receive Annual Plan funding.

Capital Expenditure \$'000

	Annual Plan Project	Actual Total	Annual Plan Total
Wellington Waterfront Development	CX131	0	5,531
Wellington Zoo Trust Upgrades	CX340	323	1,160
Wellington Zoo Trust Renewals	CX125	252	406
Wellington Museums Trust	CX486	287	300

The unspent capex has been approved for carry-forward to 2005/06.

7. DISCUSSION

The performance of each entity has been reviewed and any issues that have been identified for the subcommittee to consider are highlighted within each of the covering reports, attached as appendices.

The role of the CCO Unit is to provide the Subcommittee with a review of the efficiency and effectiveness of each entity. To this end performance measures as set out within the Statement of Intent have been assessed, along with the financial position of each entity. In addition, other comments have been made where it is deemed necessary – for example where an unbudgeted revenue stream has masked a variance that would otherwise have required explanation. There may also be specific issues of a more strategic nature that are considered significant and therefore require further explanation.

8. SINK F69 TRUST

The project is well underway and a project report from the Trust is attached. The Trust has drawn down \$203,981 and has repaid \$45,000. It is also in discussion with the Council over the potential uses of the propellers from the frigate.

There has been a considerable amount of interest in the project and the Trust has utilised a number of avenues such as TradeMe to sell off the fittings removed from the ship.

9. CONCLUSION

The review of the Annual Reports provides an opportunity for the CCO Performance Subcommittee to identify any particular issues that need to be explored with the entities, or raised with the Strategy and Policy Committee. It is proposed that the Subcommittee identify these issues for the CCO Unit to take up with each relevant Chair. The Subcommittee can also raise any relevant issues at the next meeting of the Strategy and Policy Committee.

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 section 6 of the report.

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.