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## **2014/15 LETTERS OF EXPECTATION TO COUNCIL CONTROLLED ORGANISATIONS**

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### **1. Purpose of report**

To seek the Committee's consideration and input into the key messages for the 2014/15 Letters of Expectation to the following Council Controlled Organisations (CCOs):

- Capacity Infrastructure Services Ltd
- Wellington Zoo Trust
- Zealandia (which is not a CCO)

### **2. Executive summary**

Officers will incorporate any feedback from the Committee into the formal Letters of Expectation. These will be signed by the Chair of this Committee before 20 December 2013.

### **3. Recommendations**

It is recommended that the Committee:

- 1. Receive the information*
- 2. Confirm the key messages to be included in the 2014/15 Letters of Expectation to the following organisations:*
  - (a) Capacity Infrastructure Services Ltd*
  - (b) Wellington Zoo Trust*
  - (c) Zealandia*
- 3. Note that key messages for Capacity should be agreed with the other Shareholding Councils.*
- 4. Note that officers will prepare formal 2014/15 Letters of Expectation incorporating the directions of the Committee for signing by the Chair of this Committee.*
- 5. Note that the Committee can expect to receive draft 2014/15 Statements of Intent, alongside officers' analyses, for its consideration at the meeting in March/April 2014.*

### **4. Background**

All Council Controlled Organisations are required by the Local Government Act 2002 to prepare a draft Statement of Intent (SOI) for the Council by 1 March of the preceding financial year. To provide an owner's perspective and input into this strategic document, the Council sets out its expectations in a Letter of Expectation (LoE).

This process provides both the Council and CCOs with an opportunity to fine-tune respective expectations ahead of submitting a final SOI for Council's approval.

The draft timetable for approval of 2014/15 Statements of Intent is outlined in the table below:

<b>Item</b>	<b>Date</b>	<b>Comment</b>
Committee input into 2013/14 LoEs.	3 December 2013	Officers receive any Committee feedback and incorporate it into final letters.
LoE sent to CCO board Chairs and copied to Chief Executives.	By 20 December 2013	Letters to be signed by Committee Chair.
Draft SOIs received by officers	1 March 2014	Note this is the statutory deadline.
Draft SOIs presented to this Committee	March/April 2014	Officers analyse SOIs and provide advice to the Committee.
Committee feedback on draft SOIs provided to CCOs	Before 30 April 2014	Letters to be signed by Chair of the Committees.
Final SOIs received by officers.	May 2014	
Final SOIs provided to Council for approval.	Before 30 June 2014	

## **5. Discussion**

The 2014/15 Letters of Expectation will be split into three parts:

- An introductory section stressing the importance of the SOIs, the need for quality and noting any general issues largely affecting all the CCOs;
- A short, focussed section outlining the key issues for each CCO from an ownership perspective; and
- A more detailed appendix outlining what needs to be covered by the particular CCOs in their draft SOIs.

### **5.1 General Issues**

Consistent with last year, all CCOs will be asked to discuss their alignment with the Council's relevant strategic priorities and policies, including the Economic Development Strategy and the Our Living City work programme.

### **5.2 Specific Issues**

As noted above, officers have compiled a list of key issues for each CCO to address in its SOI. If the Committee agrees, then these points will be incorporated into the LoE, together with any areas of focus from the Committee.

<b>CCO</b>	<b>Key issues</b>
Capacity	<ul style="list-style-type: none"> <li>• Discuss plans for continued work in the areas of water conservation, stormwater management and resilience planning.</li> <li>• Work collaboratively with the Council's Events team to ensure planned work is scheduled around the FIFA Under-20s World Cup and Cricket World Cup.</li> <li>• Review the KPIs presented in the SOI as necessary, in light of the recent KPI review work undertaken.</li> </ul>
Wellington Zoo Trust	<ul style="list-style-type: none"> <li>• Discuss the potential for the Trust to continue its recent positive momentum going forward.</li> <li>• Outline the impact of the work on visitor experience funded by the Regional Amenities fund.</li> </ul>
Zealandia	<ul style="list-style-type: none"> <li>• Discuss plans to build on the market re-positioning and pricing work undertaken this year.</li> <li>• To acknowledge the importance of non-council donations and funding, provide a measure (or measures) with the Trust's Key Performance Indicators that highlight the performance of the Trust in this area.</li> <li>• Report on the status of the partnership with Victoria University.</li> <li>• Outline the impact of the work on visitor experience funded by the Regional Amenities fund.</li> <li>• Reflecting the fact that 2014/15 is the final year of currently agreed Council funding in the LTP, the SOI should outline the Trust's thinking in terms of longer term Council funding that may be required.</li> </ul>

### **5.3 Consultation and Engagement**

The majority of the expectations outlined above have been discussed with each entity and officers will work with the CCOs to ensure the context is clear as they draft their SOIs.

### **5.4 Financial and Long-term plan considerations**

The CCOs work within the confines of the Council's overall Long Term Plan and Annual Plan framework.

It is recognised that each of the CCOs is in a different position with respect to being able to continue to deliver their services within the current operational grant funding envelope. It is proposed that the draft SOI should reflect grant funding expectations in line with the draft 2014/15 Annual Plan as follows:

<b>Operating Grant (\$'000)</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15*</b>	<b>Commentary</b>
Karori Sanctuary Trust	350	875	875	2014/15 is the final year of currently agreed Council funding.
Wellington Zoo Trust	2,799	2,715	2,757	

*\*As reflected in the current version of the Draft Annual Plan.*

Note that Capacity Infrastructure Services Limited is funded through the Asset Planning budget.

#### **5.5 *Climate change impacts and considerations***

The CCOs work with the Council and other organisations as part of considering environmental sustainability in their operations, including with the Council's Our Living City programme.

### **6. Conclusion**

Officers will incorporate any feedback from the Committee into the formal Letters of Expectation. These will be signed by the Chair of this Committee before 20 December 2013.

Officers will ask CCOs to submit draft 2014/15 Statements of Intent by 1 March 2014. These will be presented, along with officers' analysis and comments, to the Committee at its meeting in March/April. The Committee's comments on the draft SOIs from that meeting will be provided to CCOs, with a view to final SOIs being presented for approval to this Committee and to the Council in June 2014.

Contact Officers:

*Warwick Hayes, Portfolio Manager, Council Controlled Organisation*

*Maree Henwood, Portfolio Manager, Council Controlled Organisations*

## **SUPPORTING INFORMATION**

### **1) Strategic fit / Strategic outcome**

*These entities and projects support the achievement of a range of outcomes across most strategic areas. CCOs are required to state in their Statements of Intent how they contribute to the Council's strategic goals.*

### **2) LTP/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**

*Officers have liaised internally with relevant business units in the formation of this report.*

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

*See section 3, above.*

### **6) Legal implications**

*A Statement of Intent is a legal requirement for CCOs under the Local Government Act 2002.*

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

*This report is consistent with existing WCC policy.*