



CONTROLLED ORGANISATIONS

# Council Controlled Organisations

Developments including the Public Audit Act 2001 and Financial Reporting Standard (FRS) 37 'Consolidating Investments in Subsidiaries', have required Council to review the organisations in which it has significant interest.

In terms of the provisions in the Public Audit Act 2001, the following organisations are deemed 'Public Entities':

- Palmerston North Airport Limited
- Palmerston North City Council Holdings Limited
- Regent Theatre Trust
- Te Manawa Museums Trust
- Caccia Birch Trust
- Globe Theatre Trust
- Palmerston North Performing Arts Trust
- Palmerston North City Environmental Trust
- Vision Manawatu
- Manawatu Promotional Trust
- Jaycee Trust
- Heritage Trust

In terms of FRS 37, the entities which Council are required to consolidate at this stage are:

- Arena Manawatu
- Caccia Birch Trust Board
- Globe Theatre Trust Board
- Palmerston North Airport Limited
- Palmerston North City Council Holdings Limited
- Palmerston North City Environmental Trust
- Palmerston North Performing Arts Trust
- Regent Theatre Trust
- Te Manawa Museums Trust

Palmerston North City Environmental Trust was consolidated for the first time last year.

How have Palmerston North City Council's significant goals and objectives in regard to ownership of the Council Controlled Organisations (CCOs) been implemented or attained during the year?

CCOs are a vital part of Council, fulfilling roles that Council does not have the capacity to do. CCOs operate under separate identities which enable them to be run in their respective areas and governed by Boards separate to Council. This ensures that their goals and objectives together with Council's goals and objectives for the CCOs are the key focus.

The CCOs sit within two of the six Palmerston North City Council Outcomes: An Active Community, and An Effective and Responsible Council.

Council's key goals and objectives for the Outcomes are measured through KPIs which have been reported on within this document. These KPIs show progress towards the goals and objectives as they are an ongoing thing.



# Arena Manawatu

Arena Manawatu is the premier sports and recreation facility serving Palmerston North and the wider Manawatu region. The complex provides both indoor and outdoor sports arenas serving the needs of a diverse range of sports including rugby, speedway, netball, basketball, roller-skating, indoor hockey and a host of others.

The Board is responsible for managing the Arena Manawatu complex in a manner that optimises utilisation of the venues for multi-sport recreation and leisure use by the communities of Palmerston North and the wider Manawatu region.

#### Main Goals:

- To carry out asset renewal and new development programmes for the venue and facilities in partnership with stakeholders and private enterprises.
- To coordinate regional community sport, recreation and leisure activities as the major uses of the venue.
- To maximise commercial opportunities through sport, leisure and entertainment events.
- To provide the highest service standards in sport and leisure facilities and event management.

#### Activity Emphasis:

The Board is responsible for managing Arena Manawatu to have a primary focus on local sport and recreation events. Overall revenues from rentals, sales and events fund approximately 50% of operational costs, the balance being met by Council grants and subsidies. Additionally the Council is the major provider of capital development funding.

#### Performance Measures:

The Council and the Board have developed a statement of intent. KPIs by 30 June 2008 will include:

- Annual income is \$1.25 million excluding subsidies
- Community use of the venues is a minimum of 18,000 hours per annum
- A minimum of 6,500 hours of venue use is directed to major events per annum

In 2004/05 progress towards the above are as follows:

- Operating Revenue \$1.39 million (excluding PNCC operating grant and fundraising grant)
- Community use of the venue was 21,376 hours
- A total of 4,526 hours of venue use was directed to major events.

# Caccia Birch Trust Board

The Council is the owner of the facility and the principal funder of the Caccia Birch House. The Trust Board has been established to control, develop, promote and enhance, and maintain the property so that it may be utilised and enjoyed by the residents of the Manawatu Community.

## Main Goals:

- To protect, conserve and preserve the special character of Caccia Birch House & Coach House as Historic Heritage Buildings.
- To be fiscally prudent.
- To maximise public use and enjoyment of the house, coach house, and gardens.
- To ensure the facilities offered by the Trust meets or exceeds the expectations of users.

## Activity Emphasis:

Council's key purpose for owning the Property is for the protection, conservation, and preservation of Caccia Birch House and Coach House as historic heritage buildings, enabling the community and subsequent generations to enjoy its special character.

## Performance Objectives:

To ensure interior, exterior and gardens maintained to high standard through implementation of asset management plans (AMP).	Target met: Evidence suggests that interior, exterior and gardens are maintained to a high standard through the implementation of AMP
That the Trust Board's business operation of providing function and conference facilities are self-funding.	Target met: Evidence suggests that the Board is self-funding
That the Trust hosts at least one public event each year.	Target met: Manawatu Charitable Opera ran a musical event in March 2005 and several free open days to the public
To achieve a minimum of 68% occupancy per year.	Target met: 76.32% monthly average



# Globe Theatre Trust Board

The Globe Theatre is a fully equipped theatre seating 200 patrons. Home to the Manawatu Theatre Society. Its primary focus is a community theatre where individuals and groups are able to put their own performances at an affordable price.

## Main Goals:

- To maintain a community focus for the Theatre, reflecting the needs of Palmerston North residents.
- To be fiscally prudent.
- To maintain standards equal or better than best industry practice
- To recognise the special relationship that exists with the Manawatu Theatre Society through their historical, financial and operational association with the Theatre.

## Activity Emphasis:

- To ensure accessibility both physically and financially
- To foster a sense of community
- To encourage youth
- To assist amateurs
- Promoting participation

## Performance Objectives:

To achieve 110 performance nights per year.	Target achieved: 138
To achieve 160 usage nights per year.	Target achieved: 215
To achieve a 70:30 mix of amateur/professional usage.	Target achieved: Major users were Manawatu Theatre, dance teachers, and the Shakespeare Festival. There were three major professional users during the period..
To meet all financial commitments as and when due.	Target achieved: positive working capital position
Operational procedures reflect current industry standard.	Target achieved: There were no breaches of Trust Board policy and guidelines
That a functional working partnership is formed with Manawatu Theatre Society that meets the needs of both parties.	Target achieved: A Memorandum of Understanding continues to set the guidelines for this relationship.

# Palmerston North Airport Limited

The Company's Vision is for Palmerston North International Airport to be "The Airport City for Central New Zealand". Council's interest represents 86.5% of the issued capital (76.7% of paid-up capital). Palmerston North Airport Limited owns and operates Palmerston North International Airport.

## Main Goals:

- To be the principal central New Zealand passenger and freight hub.
- To service international flights with a focus on trans-Tasman and the Pacific; and
- To lead Manawatu regional economic development.

## Activity Emphasis:

To continue to provide quality services to its customers and to work to maximise the returns of shareholders' funds and company assets. Specific projects will include improved roading access to the terminal and to potential industrial sites and land purchase to enable future development.

## Performance Measures:

For the purposes of this statement, land, buildings, and hangers are valued at fair value. The remaining fixed assets are valued at cost, being the purchase price of the airport business plus subsequent acquisitions, less depreciation.

The Company will aim to achieve the following performance targets:

A ratio of net surplus before tax/ interest/ revaluations to total assets of 7%.	Target achieved: 7%
A ratio of net surplus after tax/ interest/ revaluations to consolidated shareholders' funds of 6%.	Target achieved: 53%
To maintain an interest coverage ratio of net surplus before interest and tax to interest at or above 2.2.	Target achieved: 3.1
To maintain a level of customer satisfaction of 90% and will periodically measure this by customer survey.	Target not measured.
Total passenger through put of 470,000 during 2004/05.	Target achieved: 547,536



## Financial Information:

2003/04 Actual 15 Months \$000		2004/05 Actual 12 Months \$000	2004/05 Budget \$000
5,957	Revenue	5,586	5,002
4,569	Less: Cost of Operations	4,184	3,883
<b>1,388</b>	<b>Operating Profit Before Taxation</b>	<b>1,402</b>	<b>1,119</b>
96	Recovery of Border Control Costs		
229	Capital Contributions		
<b>1,173</b>	<b>Operating Surplus Before Taxation</b>	<b>1,402</b>	<b>1,119</b>
511	Less : Taxation	565	369
<b>1,202</b>	<b>Net Profit After Taxation</b>	<b>837</b>	<b>750</b>

Further information can be obtained from the Palmerston North Airport Limited Statement of Corporate Intent, available from the offices of the company, or at [www.pnairport.co.nz/overview.php3](http://www.pnairport.co.nz/overview.php3).



Palmerston North International Airport

# Palmerston North City Council Holdings Limited

The purpose of Palmerston North City Council Holdings Limited is to own shares in subsidiary companies as determined by the shareholders. The company is a Council Controlled Trading Organisation for the purposes of the Local Government Act 2002.

## Main Goals:

- To address any business opportunities referred by the shareholders.

## Activity Emphasis:

To provide a return on shareholders' equity.

## Performance Measures:

The Company will aim to achieve a ratio of:

Net profit before tax/interest/ revaluations to total fixed assets (including revaluations) of nil.	Target not achieved: (0.01)
Net profit after tax/revaluations to total fixed assets (including revaluations) of nil.	Target not achieved: (0.11)
Net profit before tax/interest/ revaluations to consolidated shareholder's funds of nil.	Target not achieved: (0.01)
Net profit after tax/revaluations to consolidated shareholder's funds of nil.	Target not achieved: (0.11)

## Financial Information:

2003/04 Actual \$000		2004/05 Actual \$000	2004/05 Budget \$000
116	Revenue	133	-
7	Less: Cost of Operations	7	7
<b>109</b>	<b>Net Profit Before Taxation</b>	<b>126</b>	<b>(7)</b>
-	Less : Taxation	-	-
<b>109</b>	<b>Net Profit After Taxation</b>	<b>126</b>	<b>(7)</b>

Further information can be obtained from the Palmerston North City Holdings Limited Statement of Corporate Intent, available from the offices of the company.



# Regent Theatre Trust Board

The objectives of the Trust Board are the control, promotion and enhancement of the Regent Theatre, so that it may be utilised and enjoyed by the community. The Regent Theatre is the City's main civic auditorium; the regional centre for performing arts; and one of the City's heritage 'jewels'. The Council provides an operational grant to the Board.

## Main Goals:

- To contribute to the achievement of the City Vision by making Palmerston North an exciting place in which we live.
- To maintain and encourage local community usage of the Theatre.
- To optimise revenue earning opportunities.

## Activity Emphasis:

To provide an opportunity to Palmerston North and the wider community to experience the Theatre and all aspects of the performing arts.

## Performance Measures:

Attracting audience numbers of not less than 110,000 per year.	Target not met: 97,964
That the Auditorium achieves a minimum of 180 live nights per year.	Target met: 189
That the annual community survey completed by Council reveals a satisfaction rating of 90%.	Target achieved: 96%
There is a minimum of 5 National/International shows per year.	Target met: 46

# Te Manawa Museums Trust Board

The Council is the owner of the facility and the principal funder of the Te Manawa. The Trust Board has been established to govern, control, develop, promote and enhance, and maintain the institution so that it may be utilised and enjoyed by the residents of the Manawatu particularly, and visitors to the region.

## Main Goals:

- To provide innovative learning and recreation opportunities which challenge the community perception of museums, art, science and heritage.
- To maintain visitor numbers through challenging, informative and exciting exhibitions and programmes.
- To care for the region's heritage through collections and preservation, built on a foundation of scholarship.
- To optimise revenue earning opportunities.

## Activity Emphasis:

Te Manawa is an acknowledged community asset that provides an exciting and challenging lifelong learning, interactive and recreational experiences in art, science and heritage. The Science Centre, Museum and Art Gallery provide services to education, interactive science, natural history, cultural heritage and visual arts and maintains accessible collections to enrich the community and encourage visitors to the city.

## Performance Objectives:

To provide worthwhile visitor experiences which attract a minimum of 100,000 visitors per annum.	Target achieved: 110,755
To provide worthwhile visitor experiences that meet the expectation of residents as indicated by the annual Palmerston North City Council Community Survey, with satisfaction ratings of 90% or better as 'very good or good'.	Target achieved: 92%
To provide exhibitions of art, science and heritage that open to schedule for each 6-month period.	Target achieved: 30 exhibitions opened to schedule.
To provide educational services that attract a minimum of 120 schools per annum.	Target achieved: Education programmes were delivered to 196 Educational Organisations of which 120 were schools.





*The Paul Dibble Sculpture outside Te Manawa*