
PUBLIC EXCLUDED MINUTES

THURSDAY 16 APRIL 2009

10.51AM

**Council Chamber
First Floor, Town Hall
Wakefield Street
Wellington**

PRESENT:

Mayor Prendergast (Deputy Chair)
Councillor Ahipene-Mercer
Councillor Best
Councillor Gill
Councillor McKinnon (Chair)
Councillor Morrison
Councillor Pannett
Councillor Pepperell
Councillor Ritchie
Councillor Wade-Brown
Councillor Wain

APOLOGIES:

Councillor Coughlan
Councillor Goulden
Councillor Ritchie
Councillor Foster for lateness and early departure.

074/09P **KARORI SANCTUARY TRUST – FUTURE GOVERNANCE
OPTIONS**
Report of Allan Prangnell, Manager, Council Controlled Organisations
(1215/52/IM) (REPORT 4)

**Moved Councillor Ritchie the motion to suspend Standing Orders for
this item of business.**

The motion failed for want of a seconder.

Moved Councillor McKinnon, seconded Councillor Ahipene-Mercer the substantive motion, amended as follows:

New 7 (e):

the Council includes in its June LTCCP deliberations an increase to its interest free loan funding for the Visitor Centre project by up to \$480,000, taking its maximum total loan commitment to \$10.38 million, to cover:

New 7 (f):

the Council makes provision in its June LTCCP deliberations for additional transitional funding of \$300,000 to meet the Trust's expense of remunerating Trustees for the 3 years to 2011/12 (\$160,000 in 2009/10, \$100,000 in 2010/11, \$40,000 in 2011/12), after which the Trust will meet the expense from its operating revenues.

New 10:

Note that, subject to the approval of the recommendations above, the following information from this report will be made public as soon as possible following the Council meeting:

- a) Changes to the KWST Board have been requested by Council as a condition of its loan funding. These include:
 - i. Reduction of overall Board members to a minimum of seven and a maximum of eight trustees
 - ii. Increase in Council appointees from two to three
 - iii. Specification of skills and competencies required
 - iv. Remuneration of trustees
- b) Council has agreed to an additional \$480k loan facility to cover contingencies that may arise through the remainder of the visitor centre project, and project oversight fees, subject to Council approval at its LTCCP deliberations in June 2009
- c) Council has approved funding for trustee remuneration for 3 years - after this period, the costs pass to the Trust, subject to Council approval at its LTCCP deliberations in June 2009.

Moved Mayor Prendergast, seconded Councillor Best the following amendments:

Amend recommendation 10:

- 10 Note that, subject to the approval of the recommendations above, the following information from this report will be made public as soon as possible following the Council meeting:
- a) Changes to the KWST Board have been requested by Council as a condition of its loan funding. These include:
 - ii. Reduction of overall Board members to a minimum of seven and a maximum of eight trustees
 - ii. Increase in Council appointees from two to three
 - iii. Specification of skills and competencies required
 - iv. Remuneration of trustees (**\$13,000 for trustees and \$26,000 for the Chair**)
 - v. **the management fees of the Chair of the Project Steering Group, which are estimated at \$60,000**

New recommendation 11:

- 11. That Positively Wellington Tourism's commitment to the visitor numbers and income projections is reinforced by their funding any shortfall on these projections for the first 3 years of operation.**

The amendment to recommendation 10 was ACCEPTED with leave of the meeting.

(The meeting adjourned at 11.34am in order to seek officer advice on the amendment new recommendation 11.)

(The meeting reconvened at 11.40am.)

The amendment new recommendation 11 was WITHDRAWN with leave of the meeting.

Moved Councillor Ritchie, seconded Councillor Pepperell the following amendments:

Amend recommendation 7:

- 7. b) the Karori Wildlife Sanctuary Trust be requested to amend its Trust Deed so as to:
 - (i) increase the number of Council appointed Trustees to 3 (**one** of whom will **be a Councillor**, with the others to be external appointments using the selection process normally adopted for board members of Council Controlled Organisations)

- (iv) Provide Council with the right to select the Chair of the Trust (from within the trustees appointed to the Board by Council)

New recommendation 11:

- 11. That the report be deferred until we receive further information from officers on:
 - a. the governments funding commitment.
 - b. Rooding, car park, and landowner compensation costs.
 - c. a review of the business case to take into account realistic visitor numbers given the proposed fees.
 - d. the terms of the loan and whether the sanctuary is in breach of the terms of the agreement.
 - e. feedback from the Council Controlled Organisation Performance Subcommittee meeting on Monday, 20 April 2009.

New recommendation 12:

- 12. Establish the Karori Wildlife Sanctuary as a CCO.

The amendment new recommendation 11 was put and declared LOST.

The amendment new recommendation 12 was put and declared LOST.

The amendment to recommendation 7 (b) (i) was put and declared LOST.

(The meeting adjourned at 12.49pm for lunch.)

(The meeting reconvened at 1.19pm.)

The amendment to recommendation 7 (b) (iv) was put and declared CARRIED.

Moved Councillor Morrison, seconded Councillor Gill the following amendments:

New recommendations 11 and 12:

- 11. That Karori Wildlife Sanctuary Trust and Positively Wellington Tourism investigate a contract for the marketing of the sanctuary to be provided by PWT and report to Council officers by 30 June 2009.
- 12. Make this Karori Wildlife Sanctuary Trust paper, including attachments public on Tuesday 21 April 2009.

The amendment new recommendation 11 was ACCEPTED with leave of the meeting.

The amendment new recommendation 12 was put and declared CARRIED.

The substantive motion recommendation 6 was put and declared CARRIED.

The substantive motion recommendations 7 b (i) and (ii) were put and declared CARRIED.

The substantive motion recommendation 7 (e) (i) was put and declared CARRIED.

The substantive motion recommendation 7 (f) was put and declared CARRIED.

(The meeting adjourned at 2.37pm.)

(The meeting reconvened at 2.47pm.)

The remainder of the substantive motion was put and declared CARRIED.

RESOLVED AND RECOMMENDED TO COUNCIL:

THAT the Strategy and Policy Committee:

- 1) *Receives the information.*
- 2) *Notes its previous resolution of 6 November 2008 that confirmed the provision of additional loan funding of \$1.9 million towards the construction and fit out of the Karori Wildlife Sanctuary Visitor Centre, subject to the introduction of improved project and risk monitoring and reporting, tighter cost control and the commissioning of a review of governance arrangements.*
- 3) *Notes that:*
 - a) *An external review of the Karori Wildlife Sanctuary Visitor Centre project management and governance has been completed*
 - b) *The Council's Project Management Office has been monitoring the management of the project as an observer on the Karori Wildlife Sanctuary Trust's Project Steering Group and reporting progress to the Chief Executive on a regular basis*
 - c) *The Karori Wildlife Sanctuary Trust Board has agreed that an external quantity surveying specialist be appointed as Chair of the Project Steering Group*

- d) *An officer review of the business case supporting the development of the Visitor Centre has been completed.*
- 4) *Notes the findings of the external review of the implementation and management of the Karori Wildlife Sanctuary Visitor Centre Project, specifically those relating to the Karori Wildlife Sanctuary Trust's governance arrangements in regard to the Project.*
- 5) *Notes the observations of the independent quantity surveying specialist appointed as Chair of the Project Steering Group regarding the status of project implementation and the adequacy of the project budget.*
- 6) *Notes the findings of the officer assessment of the Karori Wildlife Sanctuary Trust's revised business case, assuming the Visitor Centre project proceeds to completion as currently proposed.*
- 7) *Agrees to recommend to Council that:*
- a) *changes should be made to the future governance of Karori Wildlife Sanctuary in order for the Council to achieve increased control (as opposed to full control or withdrawal from governance).*
 - b) *the Karori Wildlife Sanctuary Trust be requested to amend its Trust Deed so as to:*
 - i) *increase the number of Council appointed Trustees to 3 (all of whom are to be external appointments using the selection process normally adopted for board members of Council Controlled Organisations)*
 - ii) *reduce the total Board size from a maximum of 12 to a minimum of 7 and a maximum of 8, ensuring that the Trust does not become a Council Controlled Organisation*
 - iii) *specify the capabilities and required skill mix of the Board and the Chair of the Trust, these to be jointly agreed by the Council and the Trust as reflecting the nature and life cycle of the business*
 - iv) ***Provide Council with the right to select the Chair of the Trust (from within the trustees appointed to the Board by Council)***
 - v) *clarify the range of circumstances in which the Council can invoke its ability to assume control over the Trust's governance, including reducing to 3 months the timeframe within which the Trust must demonstrate it has responded to concerns raised by the Council.*
 - c) *the Council authorises the Chief Executive to work with the Karori Wildlife Sanctuary Trust Board on the detail of the*

proposed changes in order that the preferred governance option can be implemented by 31 May 2009.

- d) *the Council approves a change for the time being to the Council's current Board member remuneration policy to permit fees to be paid to all Karori Wildlife Sanctuary Trustees (not just those appointed by the Council), once the above Trust Deed amendments have been confirmed, at the annual rate of \$13,000 for Trustees and \$26,000 for the Chair.*
- e) *the Council **includes in its June LTCCP deliberations an increase to its interest free loan funding for the Visitor Centre project by up to \$480,000, taking its maximum total loan commitment to \$10.38 million, to cover:***
 - i) *an increase in the project contingency sum of up to \$420,000 as recommended by the new Chair of the Project Steering Group, subject to the Project Steering Group supplying adequate evidence to the Council that it has exhausted all reasonable avenues for addressing any project cost overrun through alternative means without damaging the integrity of the project*
 - ii) *the management fees of the Chair of the Project Steering Group, which are estimated at \$60,000 for the duration of the Visitor Centre project.*
- f) *the Council makes provision in **its June LTCCP deliberations for additional transitional funding of \$300,000 to meet the Trust's expense of remunerating Trustees for the 3 years to 2011/12 (\$160,000 in 2009/10, \$100,000 in 2010/11, \$40,000 in 2011/12), after which the Trust will meet the expense from its operating revenues.***
- 8) *Notes that the names of the preferred candidates for appointment to the three proposed Council positions on the Karori Wildlife Sanctuary Trust Board will be submitted to the Council for approval at its 27 May 2009 meeting.*
- 9) *Agrees that officers will report back on the effectiveness of the proposed increased control governance arrangements for Karori Wildlife Sanctuary no later than December 2009.*
- 10) ***Note that, subject to the approval of the recommendations above, the following information from this report will be made public as soon as possible following the Council meeting:***
 - a) ***Changes to the KWST Board have been requested by Council as a condition of its loan funding. These include:***

- iii. *Reduction of overall Board members to a minimum of seven and a maximum of eight trustees*
 - ii. *Increase in Council appointees from two to three*
 - iii. *Specification of skills and competencies required*
 - iv. *Remuneration of trustees (\$13,000 for trustees and \$26,000 for the Chair)*
 - v. *Council right to appoint the Chair*
 - vi. *the management fees of the Chair of the Project Steering Group, which are estimated at \$60,000*
- b) *Council has agreed to an additional \$480k loan facility to cover contingencies that may arise through the remainder of the visitor centre project, and project oversight fees, subject to Council approval at its LTCCP deliberations in June 2009*
 - c) *Council has approved funding for trustee remuneration for 3 years - after this period, the costs pass to the Trust, subject to Council approval at its LTCCP deliberations in June 2009.*
12. *That KWST and PWT investigate a contract for the marketing of the sanctuary to be provided by PWT and report to Council officers by 30 June 2009.*
13. *Make this KWST paper, including attachments public on Tuesday 21 April 2009.*

NOTED:

1. The resolutions differed from the recommendations in the officer's report as follows:

The Committee added the words in **bold**.
2. Councillors Pepperell and Ritchie requested their dissenting vote for recommendations 6, 7 (b) (i) and (ii), 7 (e) (i) and 7 (f) be recorded.
3. Councillors Gill, Morrison and Wain requested their dissenting vote for recommendation 7 (e) (i) be reocorded.

The meeting concluded at 2.50pm.

Confirmed: _____
Chair / /