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**MINUTES**

**THURSDAY 8 NOVEMBER 2012**

**(Reconvened Thursday 15 November 2012.)**

**9.17AM – 9.21AM  
9.41PM – 10.41AM  
10.58AM – 12.45PM  
1.21PM – 2.59PM  
3.12PM – 4.12PM**

**Committee Room One  
Ground Floor, Council Offices  
101 Wakefield St  
Wellington**

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**PRESENT:**

Mayor Wade-Brown	(9.17am – 9.21am, 9.41am – 10.41am, 10.58am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Ahipene-Mercer	(9.17am – 9.21am, 9.41am – 10.41am, 10.58am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Best (Deputy Chair)	(9.17am – 9.21am, 9.41am – 10.41am, 10.58am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Cook	(9.41am – 10.41am, 10.58am – 12.45pm, 1.21pm – 2.37pm, 2.47pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Coughlan	(9.19am – 9.21am, 9.41am – 10.41am, 10.58am – 12.30pm, 1.30pm – 2.59pm, 3.14pm – 4.12pm.)
Councillor Eagle	(9.18am – 9.21am, 9.41am – 10.41am, 11.06am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Foster (Chair)	(9.17am – 9.21am, 9.41am – 10.41am, 10.58am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Gill	(9.17am – 9.21am, 9.41am – 10.41am, 11.06am – 12.45pm, 1.21pm – 1.24pm, 1.26pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Lester	(9.17am – 9.21am, 9.41am – 10.41am, 10.58am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor McKinnon	(9.17am – 9.21am, 9.41am – 10.41am, 10.58am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Marsh	(9.17am – 9.21am, 9.41am – 10.41am.)

Councillor Morrison	(9.17am – 9.21am, 9.41am – 10.41am, 10.58am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Pannett	(9.41am – 10.41am, 11.05am – 12.45pm, 1.21pm – 1.23pm, 1.36pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Pepperell	(9.17am – 9.21am, 9.41am – 10.30am, 10.31am – 10.41am, 11.00am – 11.17am, 11.18am – 12.45pm, 1.21pm – 2.59pm, 3.12pm – 4.12pm.)
Councillor Ritchie	(9.17am – 9.21am, 9.41am – 10.41am, 10.58am – 12.12pm, 12.20pm – 12.45pm, 1.21pm – 1.26pm, 1.27pm – 1.55pm, 1.58pm – 2.25pm, 2.28pm – 2.59pm, 3.12pm – 4.03pm, 4.04pm – 4.12pm.)

**DEMOCRATIC SERVICES OFFICER IN ATTENDANCE:**

Sophie Rapson - Committee Advisor

324/12P **APOLOGIES**  
(1215/52/IM)

**Moved Councillor Foster, seconded Mayor Wade Brown, the motion that the Strategy and Policy Committee accept apologies for early departure from Councillors Best and Marsh.**

**The motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Strategy and Policy Committee:*

1. *Accept apologies for early departure from Councillors Best and Marsh.*

(Councillor Eagle joined the meeting at 9.18am.)

(Councillor Coughlan joined the meeting at 9.19am.)

325/12P **CONFLICT OF INTEREST DECLARATIONS**  
(1215/52/IM)

**NOTED:**

**Moved Councillor Foster, seconded Councillor McKinnon, that the Strategy and Policy Committee receive the letter from the Office of the Auditor General (see Appendix 1 of these minutes) declaring under section 6(4) of the Local Authorities (Members' Interests) Act 1968, that the section 6(1) of the Act will not apply with respect to discussion or voting on any matter before the Wellington City Council or any of its committees concerning the findings and recommendations of the review of council controlled organisations undertaken in 2012.**

The motion was put and declared CARRIED.

**RESOLVED:**

*THAT the Strategy and Policy Committee:*

1. *Receive the letter from the Office of the Auditor General declaring under section 6(4) of the Local Authorities (Members' Interests) Act 1968, that the section 6(1) of the Act will not apply with respect to discussion or voting on any matter before the Wellington City Council or any of its committees concerning the findings and recommendations of the review of council controlled organisations undertaken in 2012.*

(The meeting adjourned at 9.21am, and reconvened at 9.41am.)

326/12P **DEPUTATIONS**  
(1215/52/IM)

**NOTED:**

1. Robert Gray representing Wellington Waterfront Limited, addressed the meeting regarding Report 4 – Review of Council Controlled Organisations. Mr Gray spoke in support of the management of the Waterfront project being undertaken by Wellington Waterfront Limited until 2015.
2. Ian Cassels representing The Wellington Company Limited, addressed the meeting regarding Report 4 – Review of Council Controlled Organisations. Mr Cassels spoke in support of the management of the Waterfront project being undertaken by Wellington Waterfront Limited until 2015.
3. Richard Burrell representing Building Solutions, addressed the meeting regarding Report 4 – Review of Council Controlled Organisations. Mr Burrell stated that the activities of Wellington Waterfront Limited should be wound up by the end of the financial year and the Council should put the Waterfront project on hold.

**TABLED INFORMATION:** Speaking notes, reference 326/12P(A).

4. Mark McGuinness representing Willis Bond & Co., addressed the meeting regarding Report 4 – Review of Council Controlled Organisations. Mr McGuinness spoke in support of the management of the Waterfront project being undertaken by Wellington Waterfront Limited until 2015.

5. Sue Elliott representing Communications Chambers, addressed the meeting regarding Report 4 – Review of Council Controlled Organisations. Ms Elliott spoke in support of the management of the Waterfront project being undertaken by Wellington Waterfront Limited until 2015.

(Councillor Pepperell left the meeting at 10.30am.)

(Councillor Pepperell returned to the meeting at 10.31am.)

(The meeting adjourned for morning tea at 10.41am, and reconvened at 10.58am)

(Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Cook, Coughlan, Foster, Lester, McKinnon, Morrison, and Ritchie were present when the meeting reconvened.)

(Councillor Pepperell returned to the meeting at 11.00am.)

6. Esther Fung representing Wellington Chinese Garden Society, addressed the meeting regarding Report 4 – Review of Council Controlled Organisations. Ms Fung expressed concern about the potential loss of continuity and stability for the Chinese Garden Project and supports the retention of the present structure of Wellington Waterfront Limited until 2016.

**TABLED INFORMATION:** Speaking notes, reference 326/12P(B).

(Councillor Pannett returned to the meeting at 11.05am.)

(Councillor Eagle returned to the meeting at 11.06am.)

(Councillor Gill returned to the meeting at 11.06am.)

7. Geraldine Murphy representing Inner City Association, was unable to attend the meeting to address the Committee regarding Report 4 – Review of Council Controlled Organisations. Ms Murphy provided the meeting with her submission.

**TABLED INFORMATION:** Email, reference 326/12P(C).

8. Jeremy Harding representing Wellington Employers' Chamber of Commerce, addressed the meeting regarding Report 4 – Review of Council Controlled Organisations. Mr Harding spoke in support of retaining Wellington Waterfront Limited until June 2015 to oversee the completion of the waterfront development.

**TABLED INFORMATION:** Speaking notes, reference 326/12P(D).

(Councillor Pepperell left the meeting at 11.17am.)

(Councillor Pepperell returned to the meeting at 11.18am.)

9. Martin Jenkins a Blue Sky Outer Competition entrant, addressed the meeting regarding Contemporary Maritime Nautical Theme Park. Mr Jenkins outlined his proposal of a Maritime Nautical Theme Park to the meeting.

**TABLED INFORMATION:** Power point presentation, reference 326/12P(E).

327/12P **PUBLIC PARTICIPATION**  
(1215/52/IM)

**NOTED:**

1. Michael Gibson addressed the meeting regarding Wellington Waterfront Limited. Mr Gibson noted information about limited liability companies and their duty to make a profit.

**TABLED INFORMATION:** Email, reference 327/12P(A).

328/12P **QUARTERLY REPORT (JULY – SEPTEMBER 2012)** (11.39AM – 11.45AM)  
Report of Martin Rodgers, Manager Research, Engagement and Reporting.  
(1215/52/IM) (REPORT 1)

**Moved Councillor McKinnon, seconded Mayor Wade-Brown, the substantive motion.**

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Strategy and Policy Committee:*

1. *Receive the information.*

329/12P **REPORT OF 15 OCTOBER 2012 COUNCIL CONTROLLED ORGANISATION PERFORMANCE SUBCOMMITTEE** (11.45AM – 12.17PM)  
(1215/52/IM) (REPORT 2)

**Moved Councillor McKinnon, seconded Councillor Marsh, the substantive motion.**

(Councillor Ritchie left the meeting at 12.12pm.)

**Moved Councillor Coughlan, seconded Councillor Ahipene-Mercer that the substantive motion be put.**

**The motion that the substantive motion be put was put and declared LOST.**

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Strategy and Policy Committee:*

1. **ITEM 0326/12FM REVIEW OF THE 2011/12 ANNUAL REPORTS AND AUDITED FINANCIAL STATEMENTS OF COUNCIL CONTROLLED ORGANISATIONS (1215/52/02/IM) (REPORT 2)**

*THAT Strategy and Policy Committee:*

1. *Notes the following matters with regard to the 2011/12 performance of Council Controlled Organisations:*

- (a) *The Basin Reserve Trust*

*2011/12 returned good results for the Basin Reserve Trust with revenue projections exceeded and event numbers on target. The cricket highlight was the NZ v South Africa in March. The Trust is working closely with the Council to complete deferred maintenance work and establish a regular maintenance programme, with a major project currently underway to assess the earthquake resilience of the Museum Stand and to determine its future.*

- (b) *Capacity*

*Capacity had a steady trading year and contained costs, particularly personnel, which is a significant operating expense for the company. All of the major performance targets were met. The company has undertaken a comprehensive review of its ownership and governance structure with respect to the regionalisation of services and, as at 30 June 2012, Wellington, Hutt and Upper Hutt city councils had voted to approve adding Upper Hutt and Porirua city councils as shareholders in Capacity.*

(c) *Positively Wellington Tourism*

*Positively Wellington Tourism continues to achieve growth in a number of areas within a challenging economic climate, and Wellington continues to outperform other New Zealand cities as a national and international tourist destination. The financial result for the year was an operating surplus of \$3k compared to a budgeted deficit of \$38k. In terms of their performance indicators, the company had a strong year meeting all but one of their targets. Work has continued on developing the Australia markets and the Wellington i-Site Visitors Centre continues to perform strongly with sales \$530k better than budget.*

(d) *Wellington Cable Car Ltd*

*The company has returned another sound trading performance in 2012 with a net operating surplus of \$632k and achieved all of its service and performance targets. The key strategic issue facing the company in coming years is its funding arrangement with Wellington Regional Council for its management of the trolley bus overhead network (which is due to terminate 30 June 2017).*

(e) *The Wellington Museums Trust*

*The Trust had a successful year, reporting an overall surplus (excluding Carter) of \$7k compared to a budgeted deficit of \$95k. The Trust delivered a range of exhibitions and events to an audience of 607,613 visitors, with visitor satisfaction levels increasing to an average of 94.5%. However, its ability to absorb cost increases without affecting the programme is proving increasingly difficult to achieve.*

(f) *Wellington Venues Ltd*

*Positively Wellington Venues has made steady progress throughout 2011/12 in developing its operating platform for the future. At the same time, the company has also faced some significant challenges, especially around developing the business case for a temporary venue to replace the Town Hall during seismic strengthening work. However, this year has provided PWV with baseline*

*performance data against which relevant performance measures can be set and future progress assessed. While Venues did not meet its revenue or event projections for the year, operating expenditure was in line with budget. The company reported establishment and extra-ordinary costs of \$811k.*

*(g) Wellington Waterfront Ltd.*

*WWL achieved several milestones this year with the highest visitor numbers recorded on the waterfront during October 2011, and the start of construction towards the redevelopment of the Overseas Passenger Terminal. However, the company also faced several challenges, especially with commercial proceeds on Shed 5 not being realised and work on Site 10 deferred following the Environment Court decision on District Plan variation 11. The Project made an operating deficit of \$2.04m compared to a budget deficit of \$3.4m.*

*(h) Wellington Zoo Trust*

*The Wellington Zoo Trust has backed-up a very successful financial year ended 30 June 2011 with another year of record visitor numbers and admissions revenue. The Zoo achieved several milestones, including welcoming 216,457 through the doors and exceeding 200,000 visitors for the first time, and recording over 1,500 animal contact hours. The Trust's total revenue was stable with increased admissions revenues offsetting a fall in non-Council grants and donations. Overall, Wellington Zoo continues to focus on its core operations and is achieving very credible results, and generally achieving or exceeding its KPIs.*

*(i) Wellington Regional Stadium Trust*

*The Trust recorded another very good result in 2011/12. Overall, the Trust achieved a net surplus of \$3.91 million, 13% ahead of the previous year, and met its performance targets, including hosting 55 events and having a total attendance of 250,350 at Rugby World Cup 2011 games in Wellington. During the year the Trust completed the design concepts, specific projects, timelines and detailed budgets for the Stadium Master Plan.*



(j) *Zealandia*

*Through 2011/12, there have been encouraging improvements in the Trust's core (non- grant funded) activities. The financial deficit for the year of \$1.4m was significantly better than the plan of \$2.03m, and excluding Council grants was an improved result compared to 2010/11. In terms of the Trust's performance indicators, Zealandia did not reach its visitor number projections, although visitor experience ratings continue to exceed expectations. In April/May 2012, a public consultation was held on the "Eco City" proposal to help understand the appetite for providing the necessary support to Zealandia to underpin its immediate viability. The results of this work were reported back to Council in June 2012.*

330/12P **ALCOHOL MANAGEMENT STRATEGY (12.17PM – 12.30PM)**  
 Report of Giselle Bareta, Senior Advisor City Safety; Jaime Dyhrberg,  
 Principal Advisor City Communities.  
 (1215/52/IM) (REPORT 3)

**Moved Councillor Cook, seconded Mayor Wade-Brown, the substantive motion.**

(Councillor Ritchie returned to the meeting at 12.20pm.)

**The substantive motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Strategy and Policy Committee:*

1. *Receive the information.*
2. *Agree that officers proceed with developing an Alcohol Management Strategy as outlined in 5.1.1 of the officer's report.*
3. *Note that the Alcohol Management Strategy will also be used to inform development of a draft Local Alcohol Policy in 2013.*

331/12P **REVIEW OF COUNCIL CONTROLLED ORGANISATIONS  
(12.30PM, 8 NOVEMBER – 4.12PM, 8 NOVEMBER, 1.06PM, 15  
NOVEMBER – 3.33PM, 15 NOVEMBER.)**  
Report of Danny McComb, Manager Treasury and CCOs.  
(1215/52/IM) (REPORT 4)

**Moved Councillor McKinnon, seconded Councillor Ahipene-Mercer,  
the substantive motion.**

(Councillor Coughlan left the meeting at 12.30pm.)

(The meeting adjourned for lunch at 12.45pm, and reconvened at 1.21pm)

(Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Cook, Eagle,  
Foster, Gill, Lester, McKinnon, Morrison, Pannett, Pepperell, and Ritchie  
were present when the meeting reconvened.)

(Councillor Pannett left the meeting at 1.23pm.)

**Moved Councillor Foster, seconded Councillor Pepperell, that Strategy  
and Policy Committee suspend Standing Order Number 157.**

**The motion to suspend Standing Order Number 157 was put and  
declared CARRIED.**

(Councillor Gill left the meeting at 1.24pm.)

(Councillor Ritchie left the meeting at 1.26pm.)

(Councillor Gill returned to the meeting at 1.26pm.)

(Councillor Ritchie returned to the meeting at 1.27pm.)

(Councillor Coughlan returned to the meeting at 1.30pm.)

**Moved Councillor Best, seconded Councillor Foster, the following  
amendment:**

~~5. That the management of the developed public space on the waterfront  
will transfer to Council from 1 July 2013 in accordance with the  
transition plan in recommendation 7.~~

6(a). That the implementation of the waterfront project as approved by  
Council in the annual Waterfront Development Plan ~~relating to Public  
Space Development and Commercial Development~~ continue to be  
managed by WWL until 30 June 2015, at which time ~~any remaining  
development~~ any activities will transfer to Council and WWL be  
retained for the purpose of holding the waterfront assets on trust for  
Council.

6(b). Instruct the Chief Executive to agree a transition process with the Board and Chief Executive of WWL to give effect to the recommendations and report back to ~~SPC~~ **the relevant Council Committee** on the transition plan by ~~31 March 2013~~ **December 2014**.

**6(c.) Instruct officers to work with appropriate parties to investigate the merits of operation of a Land Development Agency to advance the City’s Urban Development Strategy, noting that if it were determined as a good mechanism, there could be a range of delivery vehicles including Wellington Waterfront Ltd, a new entity, or in house.**

(Councillor Pannett returned to the meeting at 1.36pm.)

(Councillor Ritchie left the meeting at 1.55pm.)

(Councillor Ritchie returned to the meeting at 1.58pm.)

(Councillor Ritchie left the meeting at 2.25pm.)

(Councillor Ritchie returned to the meeting at 2.28pm.)

(Councillor Cook left the meeting at 2.37pm.)

(Councillor Cook returned to the meeting at 2.47pm.)

**The amendment deletion of recommendation 5 and amendments to recommendation 6(a) was put and a DIVISION called:**

Voting for: Councillors Ahipene-Mercer, Best, Coughlan, Foster, Lester, McKinnon, and Morrison.

Voting against: Mayor Wade-Brown, Councillors Cook, Eagle, Gill, Pannett, Pepperell, and Ritchie.

Vote: 7:7

**The amendment deletion of recommendation 5 and amendments to recommendation 6(a) was declared CARRIED on the Chairs casting vote.**

**The amendment to recommendation 6(b) was put and a DIVISION called:**

Voting for: Councillors Ahipene-Mercer, Best, Coughlan, Foster, Lester, McKinnon, and Morrison.

Voting against: Mayor Wade-Brown, Councillors Cook, Eagle, Gill, Pannett, Pepperell, and Ritchie.

Vote: 7:7

**The amendment to recommendation 6(b) was declared CARRIED on the Chairs casting vote.**

**Moved Councillor Pepperell, seconded Councillor Lester, the following amendment:**

Delete recommendations 2 to 11 and add new recommendations 2 and 3.

- 2. Recommend to Council that the activities of the following Council Controlled Organisations are brought in-house:**
  - a. Basin Reserve Trust**
  - b. Partnership Wellington Trust**
  - c. Positively Wellington Venues Limited**
  - d. Capacity Infrastructure Services Limited**
  - e. Wellington Cable Car Limited**
  - f. Wellington Museums Trust**
  - g. Wellington Zoo Trust**
  
- 3. Recommend to Council to instruct the Chief Executive to agree a transition process with the Board of each CCO to give effect to recommendation 2 and report back to the Strategy and Policy Committee on the transition plan for agreement by SPC by 31 March 2013.**

(The meeting adjourned for afternoon tea at 2.59pm, and reconvened at 3.12pm)

(Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Cook, Eagle, Foster, Gill, Lester, McKinnon, Morrison, Pannett, Pepperell, and Ritchie were present when the meeting reconvened.)

(Councillor Coughlan returned to the meeting at 3.14pm.)

**Moved Councillor Coughlan, seconded Councillor Morrison that the Councillor Pepperell amendment be put.**

**The motion to put the Councillor Pepperell amendment was put and declared LOST.**

**The amendment deletion of recommendations 2-11 and addition of new recommendations 2 and 3 was put and a DIVISION called:**

Voting for: Councillors Cook, Pannett, Pepperell, and Ritchie.

Voting against: Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Coughlan, Eagle, Foster, Gill, Lester, McKinnon, and Morrison.

Vote: 4:10

**The amendment deletion of recommendations 2-11 and addition of new recommendations 2 and 3 was declared LOST.**

**Councillor McKinnon raised a point of order of offensiveness against Councillor Ritchie's speech.**

**The Chair ruled in favour of Councillor McKinnon and asked Councillor Ritchie to withdraw her comments and apologise.**

**Councillor Ritchie refused to withdraw her comments and apologise.**

**The Chair asked Councillor Ritchie to leave the meeting.**

**Councillor Pannett challenged the Chair's ruling and a vote was called.**

Voting for: Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Coughlan, Eagle, Foster, and McKinnon.

Voting against: Councillors Cook, Eagle, Gill, Lester, Morrison, Pannett, Pepperell, and Ritchie.

Vote: 6:8

**The challenge to the Chair's ruling was put declared CARRIED.**

**Councillor Ritchie withdrew her comments and apologised.**

**Councillor Ritchie remained in the meeting.**

(Councillor Ritchie left the meeting at 4.03pm.)

(Councillor Ritchie returned to the meeting at 4.04pm.)

332/12P **ADJOURNMENT OF MEETING**  
(1215/52/IM)

**Moved Councillor Foster, seconded Mayor Wade-Brown the motion that the Strategy and Policy Committee adjourn to reconvene at 9.15am on Thursday 15 November 2012.**

**The motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Strategy and Policy Committee:*

1. *Adjourn to reconvene at 9.15am on Thursday 15 November 2012.*

(The meeting adjourned at 4.12pm.)

(The meeting reconvened at 1.06pm on Thursday 15 November 2012.  
Please note that the scheduled time to reconvene on Thursday 15 November 2012 was changed from 9.15am to 1.00pm.)

(1.06pm – 3.33pm.)

**PRESENT:**

Mayor Wade-Brown	(1.06pm – 3.33pm.)
Councillor Ahipene-Mercer	(1.06pm – 1.41pm, 1.44pm – 3.33pm.)
Councillor Best	(1.06pm – 3.33pm.)
Councillor Cook	(1.06pm – 3.33pm.)
Councillor Coughlan	(1.10pm – 3.33pm.)
Councillor Foster (Chair)	(1.06pm – 3.33pm.)
Councillor Gill	(1.06pm – 3.33pm.)
Councillor Lester	(1.06pm – 3.33pm.)
Councillor McKinnon	(1.06pm – 3.33pm.)
Councillor Marsh	(1.18pm – 1.33pm, 1.34pm – 1.46pm, 2.51pm – 3.33pm.)
Councillor Morrison	(1.06pm – 3.33pm.)
Councillor Pannett	(1.06pm – 3.33pm.)
Councillor Pepperell	(1.06pm – 3.33pm.)
Councillor Ritchie	(1.06pm – 3.33pm.)

**APOLOGIES:**

**Councillor Eagle**

333/12P **APOLOGIES**  
(1215/52/IM)

**Moved Councillor Foster, seconded Mayor Wade-Brown, the motion that the Strategy and Policy Committee accept apologies for absence from Councillor Eagle and apologies for early departure from Councillor Marsh.**

**The motion was put and declared CARRIED.**

**RESOLVED:**

*THAT the Strategy and Policy Committee:*

1. *Accept apologies for absence from Councillor Eagle.*
2. *Accept apologies for early departure from Councillor Marsh.*

334/12P **REVIEW OF COUNCIL CONTROLLED ORGANISATIONS  
(12.30PM, 8 NOVEMBER – 4.12PM, 8 NOVEMBER, 1.06PM, 15  
NOVEMBER – 3.33PM, 15 NOVEMBER.)**  
Report of Danny McComb, Manager Treasury and CCOs.  
(1215/52/IM) (REPORT 4)

**Moved Councillor Foster, seconded Councillor Best, the following amendment:**

11. Agree to recommend to Council that Council's Policy on the Appointment and Remuneration of Directors and Trustees is amended to allow only one Councillor to be appointed to the board of a CCO **(excluding those with less than four Directors where no elected members will be appointed)**, provided they have the appropriate skills and experience required and that this change in policy would not affect existing appointments and would apply for any new appointments or re-appointments.
  
12. **Agree that the Owner's Expectation Guide will include expectations of councillors in terms of their role in communicating with any entity to which they are appointed, and their role around the Council table in any discussions relating to the entity to which they are appointed.**

(Councillor Coughlan joined the meeting at 1.10pm.)  
(Councillor Marsh joined the meeting at 1.18pm.)

**The amendment to recommendation 11 was put and a DIVISION called:**

Voting for: Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Cook, Coughlan, Foster, Lester, McKinnon, Marsh, and Pannett.

Voting against: Councillors Gill, Morrison, Pepperell, and Ritchie.

Vote: 10:4

**The amendment to recommendation 11 was declared CARRIED.**

**The amendment new recommendation 12 was put and a DIVISION called:**

Voting for: Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Cook, Coughlan, Foster, Gill, Lester, McKinnon, Marsh, Morrison, Pannett, and Pepperell.

Voting against: Councillor Ritchie.

Vote: 13:1

**The amendment new recommendation 12 was declared CARRIED.**

**Moved Mayor Wade-Brown, seconded Councillor Cook, the following amendment:**

- 13. Agree to recommend to Council that Council's policy on the appointment and remuneration of Directors and Trustees is amended to specify that elected members appointed to organisations by Council not be remunerated in addition to their Council remuneration, and that this change in policy would take effect from the end of their terms, in recognition of financial commitments that existing appointees may have made.**

(Councillor Marsh left the meeting at 1.33pm.)

(Councillor Marsh returned to the meeting at 1.34pm.)

(Councillor Ahipene-Mercer left the meeting at 1.41pm.)

(Councillor Ahipene-Mercer returned to the meeting at 1.44pm.)

(Councillor Marsh left the meeting at 1.46pm.)

**Moved Councillor Ritchie, seconded Councillor Lester, the following foreshadowed amendment:**

13. Agree to recommend to Council that Council's policy on the appointment and remuneration of Directors and Trustees is amended to specify that elected members appointed to organisations by Council not be remunerated in addition to their Council remuneration, and that this change in policy would take effect **immediately** ~~from the end of their terms, in recognition of financial commitments that existing appointees may have made.~~

**The Mayor Wade-Brown amendment new recommendation 13 was put and a DIVISION called:**

Voting for: Mayor Wade-Brown, Councillors Cook, Gill, Lester, Pannett, Pepperell, and Ritchie.

Voting against: Councillors Ahipene-Mercer, Best, Coughlan, Foster, McKinnon, and Morrison.

Vote: 7:6

**The amendment new recommendation 13 was declared CARRIED.**

**The Councillor Ritchie foreshadowed amendment to new recommendation 13 was put and a DIVISION called:**



Voting for: Councillors Lester, Pannett, Pepperell, and Ritchie.

Voting against: Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Cook, Coughlan, Foster, Gill, McKinnon, and Morrison.

Vote: 4:9

**The Councillor Ritchie foreshadowed amendment to new recommendation 13 was declared LOST.**

**Moved Councillor Pannett, seconded Councillor Gill, the following amendment:**

- 14. Agree that the Councillors appointed to Council Controlled Organisation Boards are not also members of Council Controlled Organisation Performance Subcommittee and that this takes immediate effect.**

(Councillor Marsh returned to the meeting at 2.51pm.)

**The amendment new recommendation 14 was put and a DIVISION called:**

Voting for: Councillors Cook, Gill, Pannett, Pepperell, and Ritchie.

Voting against: Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Coughlan, Foster, Lester, McKinnon, Marsh, and Morrison.

Vote: 5:9

**The amendment new recommendation 14 was declared LOST.**

**The substantive recommendation 11 was put and a DIVISION called:**

Voting for: Councillors Ahipene-Mercer, Cook, Coughlan, Foster, Lester, and McKinnon.

Voting against: Mayor Wade-Brown, Councillors Best, Gill, Marsh, Morrison, Pannett, Pepperell, and Ritchie.

Vote: 6:8

**The substantive recommendation 11 was declared LOST.**

**The substantive recommendation 13 was put and a DIVISION called:**

Voting for: Mayor Wade-Brown, Councillors Cook, Gill, Lester, Pannett, and Ritchie.

Voting against: Councillors Ahipene-Mercer, Best, Coughlan, Foster, McKinnon, Marsh, and Morrison.

Vote: 7:7

**The substantive recommendation 13 was declared LOST on the Chairs casting vote.**

**The substantive recommendation 10 was put and a DIVISION called:**

Voting for: Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Cook, Coughlan, Foster, Gill, Lester, McKinnon, Marsh, Morrison, and Ritchie.

Voting against: Councillors Pannett and Pepperell.

Vote: 12:2

**The substantive recommendation 10 was declared CARRIED.**

**The substantive recommendation 1-9 and 12-13 was put and a DIVISION called:**

Voting for: Mayor Wade-Brown, Councillors Ahipene-Mercer, Best, Coughlan, Foster, Gill, Lester, McKinnon, Marsh, and Morrison.

Voting against: Councillors Cook, Pannett, Pepperell, and Ritchie.

Vote: 10:4

**The substantive recommendation 1-9 and 12-13 was declared CARRIED.**

**RESOLVED:**

1. *Receive the information.*
2. *Agree that the current governance structures are retained for:*
  - a) *Basin Reserve Trust;*
  - b) *Partnership Wellington Trust;*
  - c) *Positively Wellington Venues Limited;*
  - d) *Capacity Infrastructure Services Limited;*
  - e) *Wellington Cable Car Limited;*
  - f) *Wellington Museums Trust; and*

## g) Wellington Zoo Trust

**Capacity Infrastructure Services Limited**

3. *Instructs the Council Chief Executive to agree with the other shareholder of Capacity, the detail of the outcomes model, on the basis that the following are retained by Council:*
  - *ownership of the three waters assets;*
  - *ownership of the three waters information and asset management info system (AMS);*
  - *responsibility for policy and strategic direction;*
  - *approval of asset management plans;*
  - *approval of the service level agreement and KPI's; and*
  - *approval of budgets (and funding) for operating and capital expenditure related to Council's three water activities.*
4. *Instructs the Council Chief Executive in consultation with the Board of Capacity to review and report back on their capabilities to deliver on the objectives of a regional water management unit and the transition plan to an outcomes model, by 31 March 2013.*

**Wellington Waterfront Limited**

*Agree to recommend to Council:*

- ~~5. *That the management of the developed public space on the waterfront will transfer to Council from 1 July 2013 in accordance with the transition plan in recommendation 7.*~~
5. *That the implementation of the waterfront project as approved by Council in the annual Waterfront Development Plan relating to ~~Public Space Development and Commercial Development~~ continue to be managed by WWL until 30 June 2015, at which time ~~any remaining development~~ any activities will transfer to Council and WWL be retained for the purpose of holding the waterfront assets on trust for Council.*
6. *Instruct the Chief Executive to agree a transition process with the Board and Chief Executive of WWL to give effect to the recommendations and report back to ~~SPC~~ **the relevant Council Committee** on the transition plan by ~~31 March 2013~~ **December 2014**.*
7. *Instruct officers to work with appropriate parties to investigate the merits of operation of a Land Development Agency to advance the City's Urban Development Strategy, noting that if it were determined as a good mechanism, there could be a range of delivery vehicles including Wellington Waterfront Ltd, a new entity, or in house.*

### **Wellington Venues Limited**

8. *Instruct officers to implement the recommendations of the Review as set out in section 5.4 of this report with respect to Positively Wellington Venues as part of the 2012/13 SOI process.*

### **General**

9. *Agree that the governance framework attached as Appendix 2 of this report and used in the individual assessment of each CCO will be maintained and used as an aide to decision making when assessing the appropriate governance and delivery model for new and existing services.*
10. *Agree the implementation plan attached as Appendix 1 to this report which relates to process improvements informed by the review recommendations contained within the report entitled “Enhancing alignment and performance”.*
11. *Agree to recommend to Council that the terms of reference for Council Controlled Organisation Performance Subcommittee (CCOPS) be amended to make it explicit that CCOPS will be responsible for ensuring that the activities of the CCOs are aligned to the Council’s strategic direction.*
- ~~11. *Agree to recommend to Council that Council’s Policy on the Appointment and Remuneration of Directors and Trustees is amended to allow only one Councillor to be appointed to the board of a CCO (excluding those with less than four Directors where no elected members will be appointed), provided they have the appropriate skills and experience required and that this change in policy would not affect existing appointments and would apply for any new appointments or re-appointments.*~~
12. *Agree that the Owner’s Expectation Guide will include expectations of councillors in terms of their role in communicating with any entity to which they are appointed, and their role around the Council table in any discussions relating to the entity to which they are appointed.*

### **Waterfront Project Funding**

*Agree to recommend to Council that:*

13. *With effect from 1 July 2013, funding of the WWL commercial development activities be decoupled from WWL public space development and operation, so that:*
  - *Net operating cost (including depreciation) of the public space activity is funded through general rates;*

- *Net proceeds from commercial development offset the total general rate requirement through a separate commercial activity*

14. *Instruct officers to provide advice to the Strategy and Policy Committee on the funding impact of these changes and the transition to rates funding as part of the 2013/14 Annual Plan.*

**NOTED:**

The Resolution differs from the officer's recommendations as follows:

The Committee added the text in **bold** and removed the text with strikethrough.

The meeting concluded at 3.33pm.

Confirmed: \_\_\_\_\_  
Chair  
/                      /



7 November 2012

File Ref: EN/LCA/4-0012

Adam Holloway  
Senior Associate  
DLA Phillips Fox

By email to [adam.holloway@dlapf.com](mailto:adam.holloway@dlapf.com)

Dear Adam

## LOCAL AUTHORITIES (MEMBERS' INTERESTS) ACT – REVIEW OF COUNCIL CONTROLLED ORGANISATIONS

I refer to your letter of 31 October 2012, and to the further material sent on 2 November.

On behalf of Wellington City Council, you seek our views on the application of the Local Authorities (Members' Interests) Act 1968 (the 'Act') to decisions to be taken on 8 November by the Council's Strategy and Policy Committee (the 'Committee').

The Committee is to discuss the findings of a review of current governance arrangements for Council controlled organisations (CCOs) at a meeting on 8 November.

### The Act

Section 6(1) of the Act prohibits a member of a local authority or its committees from discussing or voting on a matter before the authority in which the member has a pecuniary interest, other than an interest in common with the public.

As you have noted, the Act sets out a number of matters to which the participation rule does not apply, including where the matter concerns a member's "election or appointment to any office, notwithstanding that any remuneration or allowance is or may be payable for that office" (section 6(3)(c)).

Under section 6(4) of the Act, we can grant a declaration that the prohibition will not apply if we are satisfied that applying the pecuniary interest rule to the matter would 'impede the transaction of business' of the Council or that it is in the interest of people in the district that all members be able to participate.

### Discussion

We agree that not all of the matters to be considered are covered by the declaration we gave on 6 September 2012. That declaration covers *any matter concerning proposed changes to the Council's policy on the appointment and remuneration of directors and trustees*.

The substantive matter to be considered by the Committee is whether the current governance arrangements for the CCOs should remain. The report to the Committee recommends the status quo, i.e. that the current governance arrangements are retained for the seven CCOs listed in the paper (recommendation 2). The

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recommendation deals with all of the CCOs in a single recommendation, but we presume they could be discussed and voted on one-by-one if necessary.

The Council report also:

- makes specific recommendations for three CCOs (Capacity Infrastructure Services Limited), Wellington Waterfront Limited and Wellington Venues Limited – recommendations 3-7). The paper recommends that the activities of Wellington Waterfront Limited transfer to the Council over a three year period and the company be retained as a shelf company to hold the waterfront assets on trust for the Council;
- has recommendations about waterfront project funding;
- has a series of general recommendations that aim to improve the monitoring and performance of the CCOs; and
- recommends that the Council policy on the appointment and remuneration of directors and trustees is amended to allow only one councillor to be appointed to the board of a CCO if they have the right skills and experience (recommendation 11). The change would apply to new but not existing appointments.

*Is there a pecuniary interest?*

We understand that the councillors who belong to CCO boards receive fees in that capacity. If so, those councillors will have a pecuniary interest in the recommendation to retain the existing CCOs as they will be retaining that source of income. The councillor who is a director of Wellington Waterfront Limited will also have a pecuniary interest in the recommendations for that company.

In considering our September 2012 declaration, we noted that all councillors could be appointed as directors of the council controlled organisations so were therefore all potentially affected by any changes to the appointments policy. This same logic could apply to the decision to retain the existing CCOs.

We do not think the other recommendations raise issues of pecuniary interest apart from recommendation 11, which is covered by our 6 September 2012 declaration.

We do not think the exception in section 6(3)(c) of the Act applies here. It is for the narrower situation of deciding which particular councillors should be appointed to other bodies, rather than the broader issue of whether the CCOs are the right structure that is to be debated here.

As with the previous situation, we consider that the application of section 6(1) of the Act to this matter could cause difficulty because so many of the Council's members are, or could be, directors of council-controlled organisations.

Without a declaration under section 6(4) of the Act, the councillors who are directors of CCOs would not be able to discuss and vote on the recommendation concerning their particular CCO. It is also arguable that all councillors have a pecuniary interest in the decision to retain the CCOs as they might become directors in the future.

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We consider that the matter of the appropriate governance structure for the activities undertaken by the CCOs is a significant policy matter that all councillors should be able to participate in despite their direct and potential pecuniary interests. The Council has undertaken considerable work to review its CCOs and their governance and it is important for councillors to now consider the outcome of that work and the council officers' recommendations. We think that it is in the interests of people in the district for all councillors to be able to participate in this matter.

## Declaration

For these reasons, we have decided to grant a declaration to enable members to participate in this matter. It applies to all members. The declaration is in the following terms:

The Auditor-General declares, under section 6(4) of the Local Authorities (Members' Interests) Act 1968, that section 6(1) of the Act will not apply with respect to discussion or voting on any matter before the Wellington City Council or any of its committees concerning the findings and recommendations of the review of council controlled organisations undertaken in 2012.

We would be grateful if you would inform the mayor and councillors of the contents of this letter. You may consider it appropriate to table it at the Committee meeting.

If you have any queries about this matter please feel free to contact me or Jonathan Keate on (04) 917 1500.

Yours sincerely



Nicola White  
Assistant Auditor-General, Legal

Copy Appointed Auditor, Wellington City Council