
MINUTES

THURSDAY 12 FEBRUARY 2009

**9.17 – 9.18AM
9.23AM – 12.22PM**

**Committee Room 1,
Ground Floor, Council Offices,
101 Wakefield Street
Wellington**

PRESENT:

Mayor Prendergast (Deputy Chair) (9.17am – 9.18am, 9.17am – 9.55am, 10.30am – 12.22pm)
Councillor Best
Councillor Cook
Councillor Coughlan
Councillor Foster
Councillor Gill
Councillor Goulden
Councillor McKinnon (Chair)
Councillor Morrison
Councillor Pannett
Councillor Pepperell
Councillor Ritchie
Councillor Wade-Brown
Councillor Wain

APOLOGIES:

Councillor Ahipene-Mercer

001/09P **ADJOURNMENT OF MEETING**
(1215/52/IM)

NOTED:

The Strategy and Policy Committee opened and adjourned until the end of the Temporary Road Closures Subcommittee.

(The meeting adjourned at 9.18am.)

(The meeting reconvened at 9.23am.)

002/09P **APOLOGIES**
(1215/52/IM)

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Accept apologies for absence from Councillor Ahipene-Mercer.*

003/09P **CONFLICT OF INTEREST DECLARATIONS**
(1215/52/IM)

NOTED:

There were no conflicts of interest declared.

004/09P **PUBLIC PARTICIPATION**
(1215/52/IM)

NOTED:

1. Paul Cameron, Chief Executive of Sport Wellington, addressed to Committee regarding the Indoor Community Sports Centre. He expressed his disappointment that the Resource Consent approval for the Sports Centre will be appealed. Mr Cameron said the sporting community was very appreciative of the work that has been done so far on the Sports Centre. He extended his ongoing support both for the Sports Centre itself, and the location at Cobham Drive.
2. Maria van der Meel addressed the Committee regarding Report 4, Kerbside Recycling. Ms van der Meel suggested Wellington City Council work in conjunction with other councils in the greater Wellington region. She noted that it should take time to come to the best solution to the recycling problem. It was also suggested that there should be a packaging tax paid by the manufacturer.
3. Amanda Hargraves addressed the Committee regarding Report 4, Kerbside Recycling. She presented a product, the Enviroflexinet, as a possible solution to the recycling problems. The Enviroflexinet is a net that goes over the recycling bin, securing the contents. This addresses the issue of recycling blowing away and prevents animals

from being able to get into the recycling. Ms Hargraves asked that an option that included trialling the Enviroflexinet be included in the document that goes out for public consultation.

4. Warwick Taylor addressed the Committee regarding Report 4, Kerbside Recycling. Mr Taylor thought the report was an attempt to pass off a commercial problem as an environmental one. He noted that the report should have gone wider to look at joint ventures or suggest more options. He said the report should be dropped, and recycling should be funded through rates.
5. John Bishop addressed the Committee regarding Report 4, Kerbside Recycling. He noted that a one million dollar shortfall is clearly a problem for Wellington City Council which needs to be addressed. However he disagreed with the solution presented in the report. Mr Bishop argued that recycling does not actually work very well, therefore people should not be charged for it. He said the report understated the value of convenience for residents, who do not expect to have to pay. He also said the report aimed to solve too many issues and move the Council's problems to the residents. Bins are better than bags and recycling should be funded through rates.
6. Barbara Mitcalfe and Chris Horne addressed the Committee regarding Report 4, Kerbside Recycling. They argued that bins are very satisfactory and do not need to be changed. The importance of employee safety was emphasised, but it was said that there was no similar evidence of injury to collectors in Porirua or Hutt City. It was also suggested that residents should be rewarded for recycling, not penalised through user chargers.
7. Tom Law addressed the Committee regarding Report 4, Kerbside Recycling. Mr Law said the issue of recycling is in disarray and the report should be sent back to for further work. He emphasised the importance of having all information available to the public to ensure submissions are fully informed.

005/09P **ORDER OF BUSINESS**
(1215/52/IM)

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Consider the agenda order as follows:
Report 1: Report of the Council Controlled Organisation Performance Subcommittee Meeting of Monday 8 December 2008
Report 4: Kerbside Recycling*

Report 2: Submission on the Review of the Emissions Trading Scheme
Report 3: Strategy and Policy Forward Programme

(Mayor Prendergast left the meeting at 9.55am.)

006/09P **REPORT OF THE COUNCIL CONTROLLED ORGANISATION
 PERFORMANCE SUBCOMMITTEE MEETING OF MONDAY 8
 DECEMBER 2008**

Report of James Ogden, Chair, Council Controlled Organisation
 Performance Subcommittee.

(1215/52/IM)

(REPORT 1)

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

The substantive motion was put and declared CARRIED.

(Mayor Prendergast returned to the meeting at 10.30am.)

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Note the following:*

1. ***ITEM 039/08FM AGREEMENT ON CAPACITY SAVINGS
 MODEL***

(1215/52/02/IM) (REPORT 3)

- a. *That when Wellington Water Services Limited (Capacity) was established in 2004 one of the company's objectives was achieving for both Wellington City Council and Hutt City Council total targeted cost reductions of \$4.18 million over the first five years of the Contract for Provision of Services Related to Water Services (Service Level Agreement).*
- b. *That the Service Level Agreement contains targeted cumulative cost reductions for Wellington City Council of \$2.505 million during the first five years ending 30 June 2009 and \$0.960 million per annum thereafter.*
- c. *That agreement has been reached between Wellington City Council and Capacity on the model to be used by Capacity to calculate operational expenditure savings for the five years ending 30 June 2009.*

- d. *That the agreed savings model indicates \$0.702 million in cost reductions have been achieved in the four years to 30 June 2008, against a target of \$1.545 million.*
- e. *That Capacity has advised Wellington City Council that the Company does not consider it will be possible to meet the cumulative cost reduction target of \$2.505 million by the 30 June 2009 expiry date of the Service Level Agreement.*
- f. *That the Council Controlled Organisation Performance Subcommittee request Capacity reforecast the cumulative cost reductions to 30 June 2009 and report the results back to the Subcommittee at its meeting in March 2009.*
- g. *That, while Wellington City Council officers consider it unlikely that the annual cost reduction (savings) target of \$0.960m to apply from 1 July 2009 will be met, Capacity and Wellington City Council have agreed to work together to establish a revised target, and that this target is realistic and measurable. This is to be reported back to the Subcommittee on a quarterly basis.*
- h. *That Capacity has secured a two year fixed fee contract for the provision of water services to Upper Hutt City Council commencing 1 July 2008. The contract may either pose some cost risk to Wellington City Council if costs of provision exceed the fixed fee. However the contract may provide potential surplus for Wellington City Council if the fixed fee exceeds the costs of service provision. The Subcommittee has requested a progress report be given to the March 2009 meeting comparing actual costs against the fixed fee.*
- i. *That Upper Hutt City Council has requested Wellington City Council and Hutt City Council, as the existing shareholders of Capacity, develop a proposal under which Upper Hutt City Council would take an equity position in Capacity.*
- j. *That officers will report back to the Subcommittee in March 2009 on the implications of recommendation 2(i).*
- k. *That Capacity and Wellington City Council will commence a review of the Service Level Agreement in the New Year with a view to concluding negotiations by 31 March 2009 as required by the current Service Level Agreement prior to expiry of the current term on 30 June*

2009, and that strategic (asset) planning is among the many items to be reviewed. It is noted that support from Wellington City Council's monitoring staff may help to achieve this.

- l. *That the Subcommittee suggests that the new Service Level Agreement should reflect service contracts and not governance and ownership matters.*
 - m. *That Capacity asserts that additional savings such as capital expenditure have been delivered by the company but are not captured by the Savings Model.*
2. *Note the following matters with regard to the first quarter 2008/09 performance of Council Controlled Organisations:*

2. *ITEM 040/08FM REVIEW OF THE PERFORMANCE OF ALL COUNCIL CONTROLLED ORGANISATIONS FOR THE QUARTER ENDED 30 SEPTEMBER 2008 (1215/52/02IM) (REPORT 4)*

- a. *The Basin Reserve Trust is performing well and continues to grow its revenue streams, in particular through confirming a naming rights sponsor for the next 3 years. The Subcommittee suggests that the Basin Reserve Trust seek external funding for improvements including practice wickets.*
- b. *An agreed position has been reached between Capacity and the Council with regard to the Savings Model and will be assessed and advised on by the Council Controlled Organisation Performance Subcommittee to Strategy and Policy Committee in early 2009.*
- c. *The impending renewal of the Service Level Agreement between Council and Capacity makes it appropriate to consider whether Council should take over responsibility for the strategic planning of water assets.*
- d. *The Subcommittee was concerned at the inaccuracies of financial information in the first quarter performance report from Capacity and asked officers to clarify this before the March 2009 meeting. The Subcommittee requests that Capacity reports to Council officers on a monthly basis until satisfied that reporting is accurate. These monthly reports should be signed by the Chief Executive Officer and the Chairman.*

- e. *Positively Wellington Tourism will aim to capitalise on the successful launch of their new domestic marketing campaign as well as seeking to increase Wellington's share of the Australian market. The Subcommittee notes the recent underperformance of i-site and that Positively Wellington Tourism is endeavouring to address this. The Subcommittee anticipates an update on the relocation options for i-site at its next meeting.*
- f. *The St James Theatre Charitable Trust has already been impacted by the economic downturn and its decline in working capital continues to present a challenge. Wellington City Council officers are closely monitoring cash flow.*
- g. *Wellington Cable Car Limited performed strongly and the Subcommittee notes the recent payment of a \$311,308 dividend for the year ended 30 June 2008 to the 100% shareholder, Wellington City Council.*
- h. *The Subcommittee notes the review of Wellington Waterfront Limited currently being considered by the Strategy and Policy Committee.*
- i. *The Museums Trust intends to approach the Council for an increase in its baseline operational funding to cover a number of issues. This will be reported on to the Strategy and Policy Committee as part of the Long Term Council Community Plan process.*
- j. *The Zoo's external sponsorship funding increased to \$2.25 million during the quarter and construction of the new animal hospital started; the Subcommittee notes the internal project controls employed by the Zoo and Wellington City Council Officers.*
- k. *The Westpac Stadium continues to perform well, helped by the strong performance of the Wellington Lions, though attracting overseas artists may prove difficult in the current economic climate.*
- l. *The Subcommittee notes that the first in a series on project management reports on the Karori Wildlife Sanctuary Trust Visitor Centre project will be coming to the March 2009 meeting and also the enhanced project management resource.*

(The meeting adjourned at 10.34am for morning tea.)

(The meeting reconvened at 10.56am.)

007/09P **KERBSIDE RECYCLING**
Report of Mike Mendonca, Manager, Citioperations.
(1215/52/IM) (REPORT 4)

Moved Councillor Wade-Brown seconded Councillor Goulden the substantive motion.

Moved Councillor Cook, seconded Councillor Wain the procedural motion that the paper be left to lie on the table.

The procedural motion was put and a DIVISION called.

Voting For: Mayor Prendergast, Councillors Best, Cook, Coughlan, Foster, Gill, Goulden, McKinnon, Morrison, Pannett, Pepperell, Ritchie, Wade-Brown and Wain.

Voting Against: Nil.

Majority Vote: 14:0

The procedural motion was declared CARRIED.

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Lie the report on the table.*

NOTED:

This item will be re-considered at the Strategy and Policy Committee meeting of Thursday 19 February 2009.

008/09P **SUBMISSION ON THE REVIEW OF THE EMISSIONS TRADING SCHEME**
Report of Chris Cameron, Principal Advisor.
(1215/52/IM) (REPORT 2)

Moved Mayor Prendergast, seconded Councillor Goulden the substantive motion.

The substantive motion was put and declared CARRIED.

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Approve the submission on the review of the Emissions Trading Scheme, attached as Appendix 1 of the officer's report.*
3. *Agree to delegate to the Mayor, the Climate Change Portfolio Leader and the Chief Executive the authority to make any minor drafting changes necessary before forwarding the submission to the Emissions Trading Scheme Review Select Committee.*

009/09P

STRATEGY AND POLICY COMMITTEE FORWARD PROGRAMME

Report of Svea Cunliffe-Steel, Acting City Secretary.
(1215/52/IM)

(REPORT 3)

Moved Councillor McKinnon, seconded Mayor Prendergast the substantive motion.

The substantive motion was put and declared CARRIED.

RESOLVED:

THAT the Strategy and Policy Committee:

1. *Receive the information.*
2. *Agree to the Forward Programme for the Strategy and Policy Committee, attached as Appendix 1 of the officers report.*

The meeting concluded at 12.22pm.

Confirmed: _____

Chair

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