
REPORT 2
(1215/11/IM)

AMENDING THE DECISION TO REDUCE THE NUMBER OF DIRECTORS FOR WELLINGTON WATERFRONT LIMITED

1. Purpose of Report

To revoke the previous decision of the Council to reduce the number of directors on the board of Wellington Waterfront Limited to three, and to recommend that the number of directors be set at four and include a designated elected member position. In addition, this report recommends that the quorum for a meeting of directors should be raised to three.

2. Executive Summary

On 23 February 2011, following the comprehensive review of the implementation agency for the waterfront, the Council voted to retain Wellington Waterfront Limited (WWL) as a Council Controlled Organisation (CCO), but with a reduced status quo. One of the points agreed was to reduce the Board of WWL to three (Chair plus two Directors) and that the company's constitution be amended accordingly.

Officers have determined that the number of directors for the board of WWL should be raised to four and that this additional position will be a designated elected member. This recommendation was reached in consultation with the chairman of WWL, and is in line with the approved policy on the appointment and remuneration of directors and trustees whereby CCO boards comprised of four or more directors will have a designated elected member position.

Having four directors on the board of WWL will balance the workload more effectively and improve the ability of the company to implement the Waterfront Development Plan.

Consequently, increasing the quorum for a meeting of directors to three reflects that the quorum of two was problematical given the nature of some of the importance of decisions made by the Company.

3. Recommendations

Officers recommend that the Council:

- 1. Receive the information.*

2. *Note that as a result of unanticipated circumstances the number of directors on the board of Wellington Waterfront Limited be reconsidered.*
3. *Agree to revoke the previous decision to reduce the Board of Wellington Waterfront Limited from five to three (Chair plus two Directors).*
4. *Agree to reduce the Board of Wellington Waterfront Limited from five to four (Chair plus three Directors).*
5. *Agree that the quorum for a meeting of directors shall be three, and amend the constitution accordingly.*
6. *Note that one of the directors will be a designated elected member position.*
7. *Agree to appoint a Councillor to the board of Wellington Waterfront Limited.*

4. Background

On 15 December 2010, Council agreed to conduct a review of the options for the implementation of the Wellington Waterfront Project. A report on the review of the implementation agency for the waterfront was presented to the Strategy and Policy Committee on 17 February 2011 and passed by the Council on 23 February 2011. The recommendation was to retain WWL as the implementation agency for the waterfront, but under a reduced status quo option.

One component of the cost-saving strategy proposed in the review was to reduce the number of directors from five to three (this included reducing the number of meetings per annum and adjusting the directors' remuneration accordingly). As a result, the quorum for a meeting of directors was amended to be two directors.

Since implementing the 'reduced status quo' option for WWL, the directors and management of WWL have raised concerns about the ability of a board of only three directors to govern effectively a company charged with managing such diverse public assets, especially with two significant projects, the Overseas Passenger Terminal and the development of Site 10, about to come on line.

In May, the Chair of the WWL board, Robert Gray, asked Council to consider amending the constituted number of WWL board members from three to four.

5. Discussion

Under SO173, the CEO can present a report to Council within six months of the existing decision proposing the revocation of the previous decision.

The reasons for bringing the issue back is that it is difficult for the range of core skills required on the WWL board to be covered adequately by three people, and the overall workload has been determined to be greater than anticipated during

the review of the implementation agency, primarily as a result of work on the Overseas Passenger Terminal and site 10 being moved forward.

The potential risk to the Council in not adjusting the number of directors for WWL is that this will compromise the company's ability to deliver effectively the strategic objectives outlined in the Waterfront Development Plan.

The recommendation to increase the quorum for a meeting of directors to three reflects that the quorum of two had been found to be problematical given the nature of some of the importance of decisions made by the Company.

5.1 Financial Considerations

The cost of an additional member on the WWL board is \$15,000 p.a. This has been achieved through savings made in adjustments to operating costs, and factored into the WWL budget for 2011/12. As such, WWL remains on target to achieve its anticipated reduced status quo savings of \$174,400.

6. Conclusion

WWL and the Waterfront Framework have been in place for ten years. There are still a number of important, large-scale projects that need to be seen through to completion in Wellington's premier public space. Officers recommend, therefore, that a board of four directors should govern Wellington Waterfront Limited and that a quorum for any meeting of the board should be three directors.

Contact Officer: *Garry Poole, CEO Wellington City Council*

Supporting Information

1) Strategic Fit / Strategic Outcome

The Waterfront contributes to the following Council outcomes:

More Liveable – Wellington will be a great place to be, offering a variety of places to live, work and play within a high quality environment.

Stronger sense of place – Wellington will have a strong local identity that celebrates and protects its sense of place, capital-city status, distinctive landform and landmarks, defining features, history, heritage buildings, places and spaces.

More eventful – Wellington will maximise the economic value from promoting and hosting high-profile events.

More Prosperous – Wellington's urban form, and flexible approach to land use planning in the central city, will contribute to economic growth and prosperity.

2) LTCCP/Annual Plan reference and long term financial impact

This decision will not affect the LTCCP or Annual Plan

3) Treaty of Waitangi considerations

This report raises no new Treaty considerations

4) Decision-Making

This is not a significant decision.

5) Consultation

a) General Consultation

No consultation required

b) Consultation with Maori

See section 3 above.

6) Legal Implications

There are no legal implications in this report

7) Consistency with existing policy

This report is consistent with existing WCC Policy