

Report to the Environment Committee
from Councillor Mike Gibson, Deputy Chair, Environment Committee

Council-Owned Companies and Environmental Sensitivity

1. Purpose

To assess the adequacy of the Council's present approach to those environmental matters which are under the control of Council-Owned Companies and, if desirable, to set about making changes.

2. Council-Owned Companies

- 2.1 The Council has a Holding Company, WRC Holdings Ltd, which owns 100% of the shares in Pringle House Ltd (Pringle House being the Council's Wellington City premises). It also owns 77% of the shares in the Port Company which, since the 23% balance of shares is owned by the Manawatu-Wanganui Regional Council, is wholly the property of ratepayers.
- 2.2 Until this triennium the Holding Company has had two "outside" directors (as required by law) and only two directors who have been Councillors. In order to exercise a majority control on behalf of the people of the Wellington Region the Council resolved, earlier in this triennium, to appoint a third Councillor to the Holding Company.

3. The Port Company

- 3.1 The Port Company recently changed its name without consulting the Wellington Regional Council from Port Wellington Ltd to CentrePort Ltd.
- 3.2 It is possible that this change of name presages the acquisition of port interests outside the Wellington region and a consequent shift of focus away from Wellington.

- 3.3 The Port Company's Board of Directors are "outside" directors except for one nominee of the Wellington Regional Council, the Council's General Manager, Mr Howard Stone. This situation has pertained for nearly a decade. It is worth noting in this respect that the Council's only "Green" Councillor, Cnr Denis Foot, tried for many years to obtain community representation on the Port Company Board by means of having at least one Councillor appointed as a Director. (Cnr Foot is legally qualified and is a practising local solicitor. He did not stand for re-election in October 1998 but it is understood that his concerns about community representation on the Board of the Port Company remain and that a clear majority of Wellington residents share these concerns.)
- 3.4 Possible Sale of Port Company. Over the years several Council debates have been held in Public-Excluded concerning the possible sale of the Port Company. Councillors have seemingly been motivated to having such debates in Public-Excluded so that they can enter into "free and frank" discussion on the matter. The Council's custom has been to resolve, at the end of Public-Excluded debates, that the Chair might make public their results.
- 3.5 At the only such Public-Excluded debate this triennium a change was discernible in the attitude of the new Council to selling the Port Company.
- 3.6 It is possible that the Councillors of this triennium would be far happier either:
- (i) to incorporate a "Kiwi-Share" type of arrangement into the Port Company's structure as a safeguard of community interests if there was to be a sale, or
 - (ii) to change the Port Company's present approach to environmental matters if there was to be no sale.
- 3.7 In any event, there is concern amongst Wellington residents that a perceived all-consuming profit-orientation of the Port Company is disregarding of any satisfactory environmental safeguards.

4. **Casus Belli**

- 4.1 As a result of newspaper coverage regarding the concerns of a local group about the activities of the Port Company (see article from the Western News dated 30 July 1999 attached as **Appendix A**) it was suggested that representatives of the group speak in Public Participation at the Council meeting to be held on 3 August 1999 (see extract from draft Minutes attached as **Appendix B**).
- 4.2 The General Manager has confirmed that there has never ever been a report to the Council about the Port Company's environmental plans at Kaiwharawhara.
- 4.3 The Council's Consents Manager, Mr Rob Forlong, has stated that no Environmental Impact Assessment report has ever been provided to the Council concerning the Kaiwharawhara proposals.

- 4.4 The Resource Management aspects of the Kaiwharawhara proposals lie between the Port Company and the Wellington City Council. It would be of great concern in this respect if the Port Company's proposals have been made purely from a commercial, profit-driven, point of view.
- 4.5 At a Special Policy and Finance Committee meeting held on 3 August 1999 the "usual" Statements of Corporate Intent were considered for Council-owned companies.
- 4.6 It is understood that it is not customary in the Wellington Regional Council for officers to draw to Councillors' attention any omissions in such Statements of Corporate Intent vis-a-vis Council policy (e.g. "caring about you and your environment"). In this respect, on this occasion, officers kept to their past practice.
- 4.7 It is also understood that the past practice of Council before this triennium had been merely to "rubber-stamp" such Statements of Corporate Intent and that therefore the only emphasis in these Statements was on profit and dividend.
- 4.8 At the meeting on 3 August 1999, after debate, the following resolution was passed in respect of the Port Company's Statement of Corporate Intent:
- "That this Council convey its strong sympathy with the views expressed by those groups concerned with environmental aspects of future port development and ask that the directors of CentrePort delay any final decisions on future utilisation of the Kaiwharawhara reclamation until after the Architectural Centre study at central Wellington is complete. "**
- 4.9 Subsequently Cnr Stuart Macaskill, as Council Chair, wrote to the Port Company that "Perhaps the Directors might also wish to add into the draft Statement of Corporate Intent the company's intention to continue to act as a good corporate citizen through meeting its environmental obligations" (see letter dated 4 August 1999 attached as **Appendix C**).

5. Possible Action

- 5.1 There is clearly a new mood within the Council, a mood for progress and a mood for change.
- 5.2 Advice which recognised the new mood of the Council would therefore be helpful.

- 5.3 Such advice would involve:
- 5.3.1 Consideration of the response by the Port Company to Cnr Macaskill's letter dated 4 August 1999.
 - 5.3.2 Research into the practices of other authorities which issue Statements of Corporate Intent in similar circumstances, e.g. Wellington City Council in respect of Lambton Harbour Management Ltd.
 - 5.3.3 Discussions with the directors of WRC Holdings Ltd and the Port Company and the reporting back to the Council of the outcome of those discussions.
 - 5.3.4 Formal advice on relevant legislation e.g. S 131 of the Companies Act 1993 including advice on the relevant merits of encoding Council's requirements (if any) in a Company's Constitution or in its Statement of Corporate Intent and whether a "Kiwi-Share" type of arrangement would make Councillors more comfortable in a possible sale of the Port Company
 - 5.3.5 Advice on incorporating a Sunset Clause in any codified arrangements made by the present Council.
 - 5.3.6 At the same time, whilst recognising that the Kaiwharawhara situation is now subject to resolution at the Environment Court between the parties (i.e. a company wholly owned by ratepayers on the one hand and the local territorial authority, the Wellington City Council on the other hand), an earlier report on this situation, and possibly others, might be desired (even if the Kaiwharawhara matter need to be considered in Public-Excluded because of "sub judice").
 - 5.3.7 Maori Perspective. In view of the Council's efforts to establish a continuing relationship with Maori it would also be appropriate to discuss the subject of this report with Iwi. The Council's Iwi liaison officer, Tracey Whare, could make suitable arrangements for this and, of course, the Committee Chair, Cnr Ian Buchanan, should be involved as necessary.
 - 5.3.8 Leadership. With such an effort it would be most worthwhile if the Wellington Regional Council could establish an ideal to be followed by other authorities in New Zealand with Council-Owned Companies operating in environmentally sensitive situations.

6. **General**

The following are related matters which I plan to raise by means of a further report to the next ordinary meeting of the Policy and Finance Committee: the question of a conflict of interests between the General Manager's role of providing advice to the Council and his role as a director of the Port Company, the past methods of reporting Port Company business to the Council, the suitability (or otherwise) of workshops for such reporting and the way in which information on the Port Company has been made available to Councillors when it has previously been requested.

7. **Recommendation**

That suitable steps be taken so as to provide the Council with alternatives to the present arrangements for "caring about you and your environment" in respect of Council-Owned Companies, particularly the Port Company.

Report Prepared By:

Councillor Mike Gibson
Deputy Chair, Environment Committee

Appendix A – Article from Western News dated 30 July 1999

Appendix B – Extract from draft Minutes of Council Meeting held on 3 August 1999

Appendix C – Letter from Cnr Stuart Macaskill dated 4 August 1999