



AGENDA

Ordinary Council Meeting Tuesday, 25 June 2019

Date Tuesday, 25 June 2019

Time 3pm

Location Council Chamber
District Council Building
King George Place
Timaru

File Reference 1259937

Timaru District Council

Notice is hereby given that a meeting of the Ordinary Council will be held in the Council Chamber, District Council Building, King George Place, Timaru, on Tuesday 25 June 2019, at 3pm.

Council Members

Damon Odey (Chairperson), Clrs Richard Lyon, Andrea Leslie, Peter Burt, Steve Wills, David Jack, Paddy O'Reilly, Sally Parker, Kerry Stevens and Nigel Bowen

Quorum – no less than 6 members

Local Authorities (Members' Interests) Act 1968

Councillors are reminded that if they have a pecuniary interest in any item on the agenda, then they must declare this interest and refrain from discussing or voting on this item and are advised to withdraw from the meeting table.

Bede Carran

Chief Executive

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- 1 Opening Prayer**
- 2 Apologies**
- 3 Public Forum**
- 4 Identification of Urgent Business**
- 5 Identification of Matters of a Minor Nature**
- 6 Declaration of Conflicts of Interest**

7 Confirmation of Minutes

7.1 Minutes of the Council Meeting held on 28 May 2019

Author: Joanne Brownie, Council Secretary

Recommendation

That the Minutes of the Council Meeting held on 28 May 2019 be confirmed as a true and correct record of that meeting.

Attachments

- 1. Minutes of the Council Meeting held on 28 May 2019**



MINUTES

**Ordinary Council Meeting
Tuesday, 28 May 2019**

**Minutes of Timaru District Council
Ordinary Council Meeting
Held at the Council Chamber, District Council Building, King George Place, Timaru
on Tuesday, 28 May 2019 at 3pm**

Present: Mayor Damon Odey (Mayor), Cr Richard Lyon, Cr Steve Wills, Cr David Jack, Cr Paddy O'Reilly, Cr Sally Parker, Cr Kerry Stevens, Cr Nigel Bowen

In Attendance: Chief Executive (Bede Carran), Group Manager Commercial and Strategy (Donna Cross), Group Manager People and Digital (Symon Leggett), Group Manager Environmental Services (Tracy Tierney), Acting Group Manager Infrastructure (Frazer Munro), Acting Group Manager Community Services (Bill Steans), Communications Manager (Stephen Doran)

1 Opening Prayer and Karakia

Brent Richardson of the Timaru Presbyterian Parish offered a prayer for the work of the Council. The Mayor opened the meeting with a karakia.

2 Apologies

The apologies from Cr Andrea Leslie and Cr Peter Burt were received and accepted.

3 Identification of Urgent Business

There were no items of urgent business.

4 Identification of Matters of a Minor Nature

There were no items of a minor nature.

5 Declaration of Conflicts of Interest

There were no conflicts of interest declared.

However, the Mayor informed the meeting that advice from the Office of the Auditor General has confirmed that the three elected member directors on TDHL can take part in the discussion and decision relating to the setting of the Timaru District Holdings Limited Review Terms of Reference.

6 Confirmation of Minutes

6.1 Confirmation of Minutes Council Meeting 2 April 2019

Committee Recommendation

Moved: Cr Steve Wills

Seconded: Cr Kerry Stevens

That the minutes of the Council meeting held on 2 April 2019, excluding the public excluded section, be confirmed as a true and correct record.

Carried

7 Schedules of Functions Attended

7.1 Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors

Committee Resolution 2019/1

Moved: Cr David Jack

Seconded: Cr Sally Parker

That the report be received and noted and the Mayor's appreciation for the Deputy Mayor and councillors attending some functions on his behalf, be noted.

Carried

7.2 Schedule of Functions Attended by the Chief Executive

Committee Resolution 2019/2

Moved: Cr Paddy O'Reilly

Seconded: Cr Kerry Stevens

That the report be received and noted.

Carried

8 Reports

8.1 Orari-Opihi-Temuka-Pareora Water Zone Committee Annual Report 2018

Council's representative on OTOP - Cllr Richard Lyon, presented the Orari-Temuka-Opihi-Pareora Water Zone Committee Annual Report for 2018 to the Council. He spoke of the challenge in working collaboratively with diverse viewpoints to prepare the Zone Implementation Programme and Addendum (ZIPA) as part of the work towards achieving the Canterbury Water Management Strategy (CWMS) targets.

The Committee will continue its activities in implementing the recommendations in the ZIPA, and working with various groups towards a practicable solution for the long term health of our rivers. The journey will take goodwill from multiple parties.

Cllr Lyon was thanked for his commitment to the project over 7 years, which had involved many hours of meetings and deliberations. The Mayor referred to the Mayoral Forum's role in the CWMS working together to sort what is a regional issue, and noting there will be a lot more work to come on this long term intergenerational issue. He also thanked the staff involved and acknowledged the late Mandy Waaka-Home's contribution.

Committee Resolution 2019/3

Moved: Cr Kerry Stevens

Seconded: Cr Sally Parker

That the Orari-Temuka-Opihi-Pareora Water Zone 2018 Annual Report be received.

Carried

8.2 City Hub - Project Steering Group

The Council considered a report by the Development Manager and Group Manager Community Services seeking approval to advance the proposed City Hub Strategy; to set the vision of the City Hub Strategy; to appoint members to the City Hub Strategy Project Steering Group; and to seek Council approval for funding the Strategy.

The Strategy will focus on a number of workstreams and will be implemented through future Long Term Plans and external groups. While the steering group has a long term strategic role, other external advice and input will be engaged (such as a technical group). Engagement and buy-in from the community is important to the project's success.

Discussion took place on the appropriateness of using the previous CBD refresh project money to allocate to the city hub project but there was general support for that previous allocation being used for its original purpose of tidying up street furniture, lighting poles, rubbish bins etc.

It was suggested that the Chairman of the Timaru CBD Group be a member of the City Hub Strategy Project Steering Group, as this group is already doing good work and has an effective advocacy role.

Committee Resolution 2019/4

Moved: Cr Richard Lyon

Seconded: Cr Steve Wills

That the Council supports the proposed City Hub Strategy and confirms the vision.

Carried

Committee Resolution 2019/5

Moved: Cr Kerry Stevens

Seconded: Cr Richard Lyon

That the Council confirms that the Mayor, Chairperson and Deputy Chairperson of the Community Development Committee and Cr Parker sit on the City Hub Strategy Project Steering Group.

Carried

Committee Resolution 2019/6

Moved: Cr Steve Wills

Seconded: Cr Paddy O'Reilly

That the Council confirms the Timaru District Council Officers to sit on the City Hub Strategy Project Steering Group are the Development Manager, Group Manager Community Services and the Transportation Team Leader.

Carried

Committee Resolution 2019/7

Moved: Cr David Jack

Seconded: Cr Sally Parker

That the City Hub Strategy Project Steering Group prepares the Terms of Reference for approval by Council.

Carried

Committee Resolution 2019/8

Moved: Mayor Damon Odey

Seconded: Cr Steve Wills

That the one of the external representatives be the Chairperson of the CBD Group.

Carried

Committee Resolution 2019/9

Moved: Cr David Jack

Seconded: Cr Nigel Bowen

That Council confirms the source of funds for the City Hub Strategy project be the Economic Development Fund.

Carried

Clr Stevens voted against the resolution

Committee Resolution 2019/10

Moved: Mayor Damon Odey

Seconded: Cr David Jack

That a report be prepared for the next Infrastructure Committee on the Timaru CBD refresh items.

Carried

9 Consideration of Urgent Business Items

10 Timaru District Holdings Limited - Terms of Reference for Review

The Council considered an interim report which had been circulated in the supplementary agenda, on the development of terms of reference for the review of Timaru District Holdings Ltd. The terms will be presented at the 25 June Council meeting.

Committee Resolution 2019/11

Moved: Cr Kerry Stevens

Seconded: Cr Nigel Bowen

That the report on the TDHL terms of reference for the review, be received and noted.

Carried

11 Consideration of Minor Nature Items

There were no minor nature items.

12 Resolution to Exclude the Public

Committee Resolution 2019/12

Moved: Cr David Jack

Seconded: Cr Kerry Stevens

That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
<p>14.1 - Confirmation of Public Excluded Minutes Council Meeting 2 April 2019</p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Commercial sensitivity</p> <p>To enable commercial or industrial negotiations</p>

Carried

Committee Resolution 2019/13

Moved: the Mayor

Seconded: Clr Jack

That Council moves out of Closed Council into Open Council.

Carried

The meeting closed at 4pm.

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Chairperson

8 Reports

8.1 Adoption of the 2019/20 Annual Plan

Author: Mark Low, Strategy and Corporate Planning Manager

Authoriser: Donna Cross, Group Manager Commercial and Strategy

Recommendations

1. That Council:
 - (a) Receive and direct that the feedback received while informing the public of the Annual Plan 2019/20 be considered as part of the Timaru District Council Long Term Plan (LTP) 2021-31 development.
 - (b) As recommended by the Policy and Development Committee, approve the funding increase of \$53,000 per annum (GST Exclusive) in the Parks Maintenance budget, funded from the General Rate being included in the Annual Plan 2019/20.
 - (c) Authorises the Chief Executive and Group Manager Commercial and Strategy to make any non-material changes to the Annual Plan 2019/20 prior to publication to correct errors and improve readability.
 - (d) Set the Timaru District Council Fees and Charges 2019/20.
 - (e) Adopt the Timaru District Council Annual Plan 2019/20, in accordance with Section 95 of the Local Government Act (LGA).

Purpose of Report

The purpose of this report is to

- 1 Receive the feedback provided while informing the public of the 2019/20 Annual Plan and direct that it be considered as part of the Timaru District Council Long Term Plan 2021-31 development.
- 2 Set the fees and charges for 2019/20.
- 3 Adopt the 2019/20 Annual Plan (attached).

Assessment of Significance

- 4 This matter is deemed to be of low significance under Council's Significance and Engagement policy. The information made publicly available on the proposed Annual Plan is outlined later in this report.

Background

- 5 The Local Government Act 2002 requires Council to prepare and adopt an Annual Plan each financial year, the purpose of which is to:
 - Contain the proposed annual budget and funding impact statement for 2019/20
 - Identify any variations from the financial statements and funding impact statement contained in the Long Term Plan (LTP) 2018-28

- Provide integrated decision-making and coordination of the resources of the local authority
 - Contribute to the accountability of the local authority to the community.
- 6 The plan contains the information prescribed in Section 95 and part 2 of Schedule 10 of the LGA.
- 7 Council is not required to consult on the Annual Plan if there are no significant or material differences from the LTP, but it may choose to do so.
- 8 At the 18 March 2019 meeting Council confirmed that the 2019/20 Annual Plan would not be consulted on, because it considered that there were no significant and/or material differences for 2019/20 from that contained in the LTP, but that information about the plan would be distributed across the district.
- 9 The plan includes a proposed increase in the overall rate take for 2019/20 of 4.7%. This is less than the 7.5% increase forecast in the Long Term Plan. This is mainly due to the revised timing for some capital projects and associated financing costs.
- 10 An Information Publication summarising what is planned for 2019/20 and noting the minor variations from the LTP was delivered via The Courier Newspaper on Thursday 9 May 2019 to all Timaru District residents, and was published on the Timaru District Council website and social media.
- 11 This publication noted that Council was not seeking submissions on the Annual Plan, but that any feedback received would be considered as part of the 2021/31 Long Term Plan development. Feedback was required by 5 June 2019.

Discussion

- 12 Annual Plan Feedback – Eight responders provided feedback. This is attached to this report, along with officer comments. The Council may add to these comments as appropriate. Much of the feedback relates to project or issues that the council already has in hand or is working on, so the officer comments to be provided back the submitters are to clarify these issues for submitters or provide additional information that helps them understand the Council's current position. The comments will be sent to responders following the adoption of the plan and considered as part of the Timaru District Council Long Term Plan 2021-31 development.
- 13 In addition, the Policy and Development Committee considered an item in May 2019 concerning a variation to the Highfield Golf Club Lease. The variation was approved with the resulting outcome requiring a \$53,000 (GST Exclusive) per annum increase in the Parks Maintenance budget, to be funded from the General Rate. The Committee approved this for inclusion with final approval to occur when the Annual Plan 2019/20 was adopted. This funding has been included in the Annual Plan, and formal approval is being sought via the recommendations. This is not regarded as a significant and/or material change to the Long Term Plan.
- 14 The Annual Plan 2019/20 and Schedule of Fees has been circulated under separate cover.

Options and Preferred Option

- 15 Adopt the Annual Plan 2019/20 (*Preferred option*). Section 95 of the Local Government Act 2002 requires the Council to prepare and adopt an Annual Plan for each financial year. The Plan must be adopted before the commencement of the year to which it relates.

- 16 Do not adopt the Annual Plan due to requiring changes to either the financial statements or the setting of rates.
- 17 The advantages of adopting the Annual Plan include the Council meeting its legislative obligations, confirming its work programme for the 2019/20 year, and enabling the setting of rates. If the Annual Plan is not adopted the legislative timeframe may not be met, these tasks are put at risk, and Timaru District Council may attract adverse comment from its auditors.

Consultation

- 18 Section 95 requires a local authority to consult in a manner that gives effect to the requirements of Section 82 of the Local Government Act before adopting an Annual Plan, except if the proposed annual plan does not include significant and/or material differences from the content of the long term plan for the relevant financial year. The Council considered this at its meeting on 18 March 2019 and determined there were no significant or material differences that required consultation. Feedback was invited as outlined above to be considered as part of the 2021/31 Long Term Plan development, via an Information Publication on the key projects and overall financials delivered to all Timaru District residents.

Relevant Legislation, Council Policy and Plans

- 19 Local Government Act 2002
- 20 Timaru District Council LTP 2018-28.

Financial and Funding Implications

- 21 The cost of preparing the 2019/20 Annual Plan and the associated Information Publication has been budgeted for.

Other Considerations

- 22 There are no other matters that require consideration.

Attachments

1. **Feedback received on 2019/20 Annual Plan**  
2. **2019 2020 Timaru District Council Fees and Charges (under separate cover)** 
3. **Timaru District Council Annual Plan 2019/20 (under separate cover)** 

Annual Plan 2019/20

Feedback and Officer Comments

1. Submitter: Peter McAuley

I am in favour of the Stafford St south development, Theatre Royal upgrade, the new Heritage Hub and especially the proposed development opposite the Theatre Royal.

I like what the council is doing buying those old buildings (Majestic Theatre etc) Property owners have had the last 30 plus years to do something and have done nothing so good on the council for buying them at a fair price with the plan to clear the site for development. If the council had not bought then they would still be there as eyesores in 30 years’ time.

Most New Zealand cities and towns are grappling with C.B.D. issues Timaru no exception. The Timaru Herald give good coverage of what’s happening locally but if you want to find out what's going on elsewhere then the internet or Facebook is the place to go. A good example is Invercargill. There city council has been asked to invest \$30 million in a \$180 million C.B.D. block development. Council through Invercargill City Holdings has so far invested \$5-45 million. I was under the impression the Timaru District Council was the only council in New Zealand with a Holding Company? That’s the impression I got from the media?

I am in favour of the T.D.C. taking the lead in the C.B.D. development.

I am sure it will but I hope the new Heritage Hub building has a pitched roof not a flat one like the library

Topic	Officer Comment
Stafford Street South /Timaru CBD redevelopment	Your positive and balanced comments are appreciated. For some time Council have heard the community message about enlivening the southern end of Stafford Street, and we are pleased to be in a position to act on assisting this in a tangible way through the purchase of properties and the upgrade of the Theatre and Heritage exhibition space. This was all done with good community consultation. Hand in hand with this is the work on reenergising our inner city. Again we are working with the community to look at the best long term solutions for this generation and those to come. We are not yet at the design phase of the Heritage project, but do take on board your recommendations in relation to the roof line.
TDHL	<p>A number of Councils in New Zealand have holding companies or what are called Council Controlled Organisations. In addition to Invercargill City Council, examples include Christchurch City Council, Tauranga City Council, Dunedin City Council, Tasman District Council, Westland District Council and Hastings District Council.</p> <p>Holding companies such as this are known as Council Controlled Organisations (CCOs) or Council Controlled Trading Organisations (CCTOs). A CCO or CCTO is an entity in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the members of the governing body (i.e. the Board of Directors).</p> <p>CCOs are common within Local Government and can be established for a number of reasons (e.g. to improve commerciality, to provide shared services, to enable private sector participation, and in some cases as required by legislation (e.g. Auckland)).</p>

	<p>Under the Local Government Act, the principal objective of a CCO, and therefore TDHL, is:</p> <ol style="list-style-type: none"> 1. To achieve the objectives of its shareholder, both commercial & non-commercial, as specified in the statement of intent; 2. To be a good employer; 3. To exhibit a sense of social and environmental responsibility by having regard to community interests and by endeavouring to accommodate these when able to do so; 4. Operate in accordance with sound business practice. <p>TDHL is the entity that has purchased the commercial property in south Stafford Street for the purposes of assisting with the redevelopment of the area. The redevelopment of the Theatre Royal and the new heritage facility are expected to be catalysts for further positive development in the area. Ownership by TDHL of the Stafford Street properties purchased enables these properties to be made available for development in the future.</p>
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2. Submitter: Mike Howe

Thank you for the wrap around insert in the courier newspaper. I enjoyed the summary of what the Council is doing. One glaring omission was a total spend, total income, debt increase figure...or at least I did not see it. The back page shows an operating surplus...whoopee. Then we get two colourful pie charts...but no total money in the titles. So mental arithmetic: Expenditure 2% 3,634 so say total spend 150 million. Income 2% 1,894 so say total 90 million. So am I to assume we are taking on debt of \$60 million this year?

Topic	Officer Comment
Financial Information	<p>The following response has been provided to the submitter</p> <ul style="list-style-type: none"> • Total Expenditure is \$151.091 million made up of operational expenditure \$80.716 million and capital expenditure of \$70.375 million • Total Revenue is \$88.575 million • Council has budgeted an operating surplus of \$7.858 million (\$88.575 less \$80.716) <p>To fund the capital expenditure the following funding is being utilised:</p> <ul style="list-style-type: none"> • Depreciation (incurred as part of operating expenditure from each activity) of \$16.170 million • Loan funding of \$30.549 million • Revenue directly associated to capital (NZTA capital funding, financial and development contributions) \$6.592 million • The remaining shortfall of \$35.263 million is being funded from reserves – funding accumulated for major projects over past years through unused depreciation as well as from delayed projects (capital carried over from when it was originally budgeted)

3. Submitter: Annette Jarrold

Congratulations on making Timaru District a lovely place to live in.

- 1) The Bay and the boardwalk are great and what an asset. Would like to see the speed limit on Marine Parade reduced to 30kph please like it is in other parts of the town.
- 2) Centennial Park also lovely and you are doing a great job planting all those trees
- 3) Think the idea of a Heritage area in lower Stafford St is great. Access to the Museum at present a problem – could the access way for the disabled/elderly who can't walk far, through the back of St Mary's be better signposted please
- 4) Where to go for the cemetery. Would creating a living cemetery be a good idea? People could have trees planted where their loved one's ashes could go. The Crematorium is partly there but I know I would sooner have a tree planted instead of a headstone
- 5) Now for the not so good comments:
 - a) The Crow's Nest – minimalism gone mad. There is not much left and my husband and I won't be visiting again. It was a great place given there are not too many second hand shops left in Timaru and we had made some great purchases at the Crow's Nest in the past. Where did all the stuff go? – I suppose into the landfill and what did it cost to get rid of it all? Thought the idea of the Crow's Nest was to keep stuff out of the landfill
 - b) The roads in parts of the Gardens especially on the southern side – it is becoming 4WD territory – it is acknowledged that the tree roots are causing big problems but even when you are driving very slowly you really need to slow down to a crawl to get over them if you are in a car especially if you have an elderly person in the car. People who are not familiar with the gardens and these hazards must get quite a shock, when they encounter them. In fact they are dangerous and need to be signposted or even better wooden bridges built over them.
 - c) Some of the footpaths – the footpath on the port side of the Terrace. Again it is narrow, not flat and there are tree roots. If you had put the parking on the other side of the Terrace it wouldn't be so much of a problem. I have written to you about this before (twice) but nothing has happened.

The footpath outside the carpark at New World on Chalmers St. where the cars (and trucks) enter and leave. It consists of concrete slabs which are very uneven and I (and no doubt others) have tripped on some of the protruding edges. For some reason, although New World have bought the section next door so the trucks can use it, they have been denied permission to develop it. I suspect it has been put in the too hard basket. From what I can see, the concrete slabs already there have been pre-cast and dropped into the prepared footpath site. Could this not been done again, perhaps over night, when the car park is not being used? Working at night when there is little traffic does not appear to be done here, no doubt because we don't have population pressures, but they have to do it in larger centres so it would be quite feasible to do it in Timaru. I guess the alternative would be to close the car park for a day, say on a Sunday, when there is not so much traffic and trucks, to fix it. (I have also written to you on this before too.

Topic	Officer Comment
Marine Parade, Timaru Speed Limit	All speed limits on the district will be reviewed in 2020. This is proposed to be done on a Canterbury Regional basis to ensure regional consistency. Speed limits are set in accordance with government legislation that reflect the function of a road.

<p>Museum access</p>	<p>There is currently a street side sign encouraging Museum access off Church Street along a path on the east side of St Mary’s Church near the Church Street/Sophia Street corner. For Health and Safety purposes, due to traffic and parking issues, the Museum has decided not to have an access sign on the west side beside the Church carpark and the busy service lane.</p>
<p>Timaru Cemetery – new site options</p>	<p>It is proposed to provide an area for green or eco burials in the new Timaru Cemetery. These will have a native plant instead of a headstone. There isn’t room for this in the current Timaru Cemetery.</p>
<p>Waste Minimisation Crow’s Nest</p>	<p>The Crow’s Nest shop is an activity run by the Sustainable South Canterbury Trust with some funding support from Timaru District Council. The staff at the Crow’s Nest drop-off have the discretion to accept or refuse materials, and it is a fine line to decide what to keep and what to let go to landfill. We do aim to keep materials out of the landfill and circulating in the community for reuse, however, this has to be balanced against the fact that people should pay for their own waste disposal and we need to be careful not to accept materials that will then have to be disposed of.</p> <p>Under new management since December 2018, a two-pronged approach has been used at the Crow’s Nest shop to reduce waste to landfill</p> <ol style="list-style-type: none"> 1) More discretion is being applied in the materials are being accepted 2) The tidying up was done progressively with unwanted items given away for free, recycled, sent to scrap metal, and finally to landfill. <p>This approach has seen the average amount disposed of to landfill drop 2 tonnes against the previous year.</p> <p>Changing the criteria for receiving materials has also resulted in a huge improvement in the presentation of materials. We have had a lot of feedback from the community that they like this and customer numbers and financial returns to the Trust have been increasing. However, we have also had some feedback similar to yours. This has been discussed with the Crow’s Nest manager. She is aware of the feeling in the community and is intending to re-establish an area where people can fossick through old stuff.</p>
<p>Botanic Gardens Timaru – Road conditions</p>	<p>We are currently investigating the possibility of filling in the gaps to turn the tree roots into a smoother judder bar. Signage will also be installed to warn drivers.</p>
<p>Footpaths Chalmers St Timaru</p>	<p>The issue relates to the concrete vehicle crossing entrance to the New World car park. This car park is the supermarkets sole loading area for goods. Due to the high heavy vehicle (truck) usage it is essential that the crossing be reinforced concrete. Concrete requires a minimum of 7 days to cure and closing the entrance for this period is not acceptable. The supermarket has no alternative loading area. We have been considering repair options and pursuing a number of these to remove the tripping hazard.</p>
<p>The Terrace, Timaru</p>	<p>The renewal of The Terrace footpath is programmed for the 2019/20 financial year and should be completed late 2019 or early 2020.</p>

4. Submitter: Edwin Boborol

Suggestion for issues Council should be considering:

I proposed that council must consider the conduct of carrying capacity study of the district in terms of number of cows and the number of tourists it can accommodate without sacrificing the quality of life of constituents. It's high time to know quantitatively and objectively verifiable indicators for decision makers to say enough is enough.

Topic	Officer Comment
Capacity - Cow numbers	<p>The capacity of the land and water ways to assimilate effluent discharges from cows is a matter dealt with by Environment Canterbury.</p> <p>The potential effects of land use intensification in rural areas from an amenity perspective is a matter for the Timaru District Plan Review and will be considered as part of the plan review process.</p>
Capacity - Tourist numbers	<p>Council notes that tourism is a large contributor to our local economy, and is currently renewing its visitor strategy, with a focus on targeting funding at the most appropriate markets. At the same time Council acknowledges that increasing demand on council services needs to be managed in a way that enhances our community – for residents and visitors alike.</p> <p>Council supported the implementation of a tourist tax as recently approved and implemented by the government, noting that this additional source of funding will be available to help communities manage increasing numbers of visitors.</p> <p>With the increase in visitor numbers Council is aware of more pressure on some local attractions and council owned amenities. We have been monitoring usage and where required have increased some services. Examples include additional public toilets in Geraldine, extra servicing at our rural toilet sites, and more signage for freedom campers regarding appropriate use of facilities.</p>

5. Submitter: Barbara & Murray Mackay

I have noticed that garden beds around the city are not being looked after weeds being allowed to grow. Also weeds on footpaths. Our parks and reserves especially the scenic reserve has filled up with wild blackberry and ivy which is growing up the trees. So I would encourage the council to have work done more frequently to keep on top of these problems.

Topic	Officer Comment
Parks & Reserves - maintenance	<p>The comments are a fair reflection on some street plots and parts of Centennial Park. Thank you for bringing this to our attention. We will attend to it.</p> <p>We encourage people to let Council know when there are matters that need attention, either through the Council website or telephoning Council offices.</p>

6. Submitter: Robyn Brien

I encourage the council to invest in more cycleways. Cycling has become very popular with the advent of electric bikes as well as an increased awareness of fitness and care for our environment. Many areas around New Zealand are investing in this infrastructure and consequently are attracting cycling tourists.

I have ridden a number of tracks such as the Wilderness Track, Clutha Gold, Otago Rail Trail, A2O and the many kms of track around Napier. The towns that these tracks traverse have gained from increased tourist numbers and have also provided safe cycling alternatives for their citizens and visitors. Within the last fortnight it has been announced that there will be new tracks established from Milton to Lawrence and from Clyde to Cromwell so that it will soon be possible to cycle a large loop from Dunedin into Central Otago and return.

South Canterbury with its outstanding scenery has the potential to provide cycleways. An offshoot from the A2O might be a possibility coming down through the canals to Tekapo, on to Fairlie and then following the former Fairlie Express rail line to Timaru. In addition a cycling triangle could be formed from Timaru to Pleasant Point (using the former Fairlie Express line) then on to Arowhenua (Temuka) – this leg could be an upgrade of the stop bank trail down the Opihi River and then a return to Timaru utilising land that was originally earmarked for a canal. Funding might even be gained from the Provincial Growth Fund.

Health, safety, tourism and environment would be the winners! Come on Timaru, let’s get on our bikes!

Topic	Officer Comment
Cycleways	<p>Council is committed to continuing to introduce more cycleways and walkways into the future. There are a number of people who have shown interest in working with Council to progress this.</p> <p>Council has a cycling/walking track strategy, and \$200,000 budgeted in 2019/20 to progress the tracks already identified in the Council strategy.</p>

7. Submitter: Alastair Thornley - President of Friends of The Timaru Botanic Gardens

I am the president of the "Friends of the Timaru Botanic Gardens" group, we put in a submission for the ten year plan asking the council to consider appointing a full time paid position for a Curator/manager for the gardens. The following reasons are why we think this is important and should be included in any long term plan.

During the 1990's the council commissioned Dr David Given to write a report on the gardens and he suggested the council seriously consider a full time curator.

The Timaru Botanic gardens is one of the jewels in the crown of the Timaru District and visited by a lot of passing tourist, international, national and local enthusiasts and needs to be well cared for and kept in best possible condition at all times

The Timaru Botanic gardens are rated as a 'Gardens of National Significance' and the collection of plants especially the many threatened, endangered and rare species need to be maintained and not lost.

All other Botanical Gardens have full time paid curators, in most cases a lot more than just one.

Timaru's other public facilities like the Museum, Art Gallery, Library etc have people in similar positions.

For these reasons and many more we think this should be part of the council's plans.

Topic	Officer Comment
Timaru Botanic Gardens - curator	<p>We acknowledge the points raised in your submission. Because of other current budget commitments we would be in favour of reviewing a curator's position as part of the next Long Term Plan.</p> <p>While a curator position would provide benefit and may be desirable, careful consideration goes into the best spend of rate funds and at this stage there are a number of high priorities competing for those funds.</p>

8. Submitter: Community and Public Health

Thank you for the update about the Annual Plan process and the opportunity for Community & Public Health to provide feedback regarding any issues, projects or considerations for Council. There are two areas we wish to comment on, detailed below.

Recreation and Leisure

- We acknowledge the commitment to funding outlined in the Parks and Recreation section for relevant upgrades and the development and implementation of an off-road walking and biking strategy. Given the Council's commitment to active travel, we encourage the focus on providing safe walking and cycling options and ensuring these are not just limited to recreation but also provide good links for active travel i.e. users can avail themselves of these routes as part of their route to school, work or other destination.
- An area we encourage Council to consider is to review the provision of drinking water fountains in parks and public spaces and we welcome the opportunity to work with Council on this.
- We commend Council for its focus on encouraging physical activity outlined in the Long Term Plan. In addition to physical activity, having water readily available assists with making the healthy choice an easy choice. We recommend that the Council reduces the availability of sugar-sweetened beverages to less than 30% of the drinks options available in council owned or operated facilities and council contractors. We also recommend that a target is included in the Plan to eliminate sugar-sweetened beverages from Council operated/owned facilities within the next 10 years. Community & Public Health welcomes the opportunity to work with Council to progress this.

Roading and Footpaths

With regard to public transport, we acknowledge Council's work to date with Environment Canterbury regarding public transport and support Council continuing its work with Environment Canterbury to progress the user-demand public transport pilot initiative. We support a focus on enabling people to have affordable access to more environmentally sustainable modes of transport.

Topic	Officer Comment
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<p>Active travel – cycleways and safe walking options</p>	<p>Council is committed to improving on road walking and cycling infrastructure to provide safe and user friendly facilities that will encourage these transport modes. This is achieved through the construction of new facilities and improving accessibility when renewing footpaths to ensure all user needs are met. Council has significantly increased expenditure on footpaths and cycleways from 2018/19 to 2020/21 through the reinvestment of \$750,000 per annum of Government financial assistance that footpaths are now eligible for. Footpaths and cycleways expenditure for new and renewal of existing walking and cycling infrastructure for 2019/20 is \$1,723,000 up from \$1,156,000 initially signalled in the Long Term Plan 2018-21.</p>
<p>Parks & Public Places – drinking water fountains</p>	<p>Thank you for offering to work with Council in the provision of drinking water in parks and public spaces. We welcome this approach although we don't currently have a budget allocation for this initiative.</p>
<p>Availability of sugar-sweetened beverages - council owned or operated facilities and council contractors</p>	<p>A number of Council owned/operated recreation facilities have beverages available both via direct sale and via vending machines. We ensure that we provide healthy options such as water, but also understand people's right to choose and therefore carry some stock of other beverages which do contain sugar.</p> <p>As we operate facilities where people expend energy, sometimes people require some ready to drink instant energy replacement or sweet drink if they overdo their exercise.</p> <p>Water is available free of charge in facilities at water coolers, and Council provides drinking water bottles for staff to facilitate this.</p>

8.2 Resolution to Set Rates 2019/20

Author: Sandy Hogg, Management Accountant
David Codyre, Chief Financial Officer

Authoriser: Donna Cross, Group Manager Commercial and Strategy

Recommendation

That the Annual Plan 2019/20 has been adopted and in accordance with the Funding Impact Statement (FIS) and relevant provisions of the LTP 2018/28, Council sets and assesses the rates in the following resolution.

Purpose of Report

- 1 To set and assess the rates for the 2019/20 financial year.

Legal Compliance

- 2 Rates are set and assessed in accordance with requirements of the Local Government (Rating) Act 2002 and the Local Government Act 2002.
- 3 Rates are a tax and a very high standard of administration is expected in the tax setting process.
- 4 The rates resolution must be made after the Annual Plan has been adopted.
- 5 Due to the significance of rates revenue and the complex requirements of rates resolutions, staff have obtained legal advice to ensure that all parts of the Funding Impact Statement (FIS) and rates resolutions are compliant with legal requirements.

Risks

- 6 If the information in the resolution is not accurate the rates could be invalid. The wording and calculations have been prepared and checked by multiple staff to ensure the information is correct.
- 7 The rating model has been used for a number of years and the output from the rates resolution has been run through the rating system to ensure that the revenue generated is correct.
- 8 Should the Annual Plan not be adopted at the meeting, the rates resolution can also not be adopted.

Timaru District Council Rates Resolution 2019/20**That Council resolves:**

- 1 To set the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing 1 July 2019 and ending on 30 June 2020. Such rates shall become due and payable by instalments on the dates prescribed in clause 11 of this resolution.
- 2 All rates and charges are inclusive of Goods and Services Tax (GST).

3 General Rate

That pursuant to Section 13(2)(b) and Section 14 of the Local Government (Rating) Act 2002 a general rate set as a rate in the dollar on the land value of all rating units within the Timaru District, assessed on a differential basis and are as follows:

Timaru District - Accommodation	\$0.01006
Timaru District - Commercial Central	\$0.01006
Timaru District - Commercial Other	\$0.01006
Timaru District - Community Services	\$0.00251
Timaru District - Industrial	\$0.01006
Timaru District - Primary	\$0.00126
Timaru District - Recreational	\$0.00251
Timaru District - Residential General	\$0.00251
Timaru District - Residential Multi Unit	\$0.00503

Differential categories are defined in the Funding Impact Statement 2019/20.

4 Uniform Annual General Charge

That pursuant to Section 15(1)(a) of the Local Government (Rating) Act 2002 a uniform annual general charge of \$707.00 per rating unit is set and assessed on every rating unit within the Timaru District.

5 Community Works and Services

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002 a targeted community works and services rate set and assessed as a rate in the dollar on the land value of all rating units within each of the community areas where the service is provided. Community areas are defined in the Funding Impact Statement 2019/20. The rates are as follows:

Geraldine	\$0.00170
Rural	\$0.00005
Temuka	\$0.00262
Timaru	\$0.00111

6 Community Board

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002 a targeted uniform annual Community Board rates set and assessed per rating unit within each of the Temuka, Geraldine and Pleasant Point Wards and are as follows:

Geraldine	\$3.00
Pleasant Point	\$5.00
Temuka	\$3.50

7 Sewer

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002 a targeted uniform rate for sewerage disposal set per water closet or urinal connected either directly or through a private drain to a public sewerage drain subject to the proviso that every rating unit used primarily as a residence of not more than one household shall be treated to have not more than one water closet or urinal. The rate is as follows:

Sewer	\$369.00
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8 Waste Management

That pursuant to Section 16(3)(b) and 16(4)(a) of the Local Government (Rating) Act 2002 a differential targeted rate set and assessed on all rateable and non-rateable rating units based on the extent to which the “three bin” waste collection service is actually provided as follows:

- (a) \$313.00 per standard size “three bins” provided to each rating unit;
- (b) \$408.00 per large “three bins” provided to each rating unit;
- (c) \$78.00 per additional small (140 litres) recycling bin provided to each rating unit; and
- (d) \$89.00 per additional large (240 litres) recycling bin provided to each rating unit; and
- (e) \$121.00 per additional small (140 litres) compost bin provided to each rating unit; and
- (f) \$143.00 per additional large (240 litres) compost bin provided to each rating unit; and
- (g) \$149.00 per additional small (140 litres) rubbish bin provided to each rating unit; and
- (h) \$214.00 per additional large (240 litres) rubbish bin provided to each rating unit.

9 Water

That pursuant to Section 16(3)(b), (4)(b) and section 19 of the Local Government (Rating) Act 2002 targeted rates for the supply of water in the following areas as follows:

(a) Urban Water

A differential annual rate of \$355.00 set and assessed per separately used or inhabited part of a rating unit and \$177.50 set and assessed per rating unit on all rating units situated within 100 metres from any part of the water works to which water can be but is not supplied within the urban areas Geraldine, Pleasant Point, Peel Forest, Temuka, Timaru and Winchester urban supplies

Differential categories are defined in the Funding Impact Statement 2019/20.

- (b) Rural Water
- (i) **The Rangitata-Orari Water Supply District**
A targeted rate of \$17.40 set and assessed per hectare within the rating unit.

 - (ii) **The Te Moana Downs Water Supply District**
 - a) A targeted rate of \$290.00 set and assessed for each unit of water supplied;
 - b) A targeted rate of \$605.00 set and assessed for each tank except where there is more than one tank to any rating unit as a technical requirement of the scheme, in which case only one charge will apply.

 - (iii) **The Orari Township Water Supply District**
A targeted rate of \$224.00 set and assessed for each unit of water supplied.

 - (iv) **The Seadown Water Supply District**
 - a) A targeted rate of \$20.30 set and assessed per hectare within the rating unit;
 - b) A targeted rate of \$507.00 set and assessed per separately used or inhabited part of a rating unit for each domestic supply;

 - (v) **Beautiful Valley Water Supply District**
A targeted rate of \$3.69 set and assessed per hectare within the rating unit.

 - (vi) **Downlands Water Supply District**
On so much of the rating unit appearing on District Valuation Rolls number 24640, 24660, 24670, 24680, 24690, 24700, 24710, 24820, 24840, 24850, 24860, and part 25033, as is situated within the Downlands Water Supply District.
 - a) A targeted rate of \$634.00 set and assessed for each separately used or inhabited part of a rating unit within the Pareora Township and for rating units used as halls within the scheme.
 - b) A targeted rate of \$1,086.50 set and assessed per rating unit for rating units used as schools within the Pareora Township.
 - c) In addition a targeted rate of \$453.00 set and assessed for each separate connection (excluding Pareora Township) to the water supply except where there is more than one connection to any rating unit as a technical requirement of the scheme, in which case only one charge will apply.
 - d) In addition to the charge assessed in (c) above, a targeted rate of \$181.00 set and assessed per unit of water or where water supplied in one half units a charge of \$90.50 set and assessed per half unit supplied.

Differential categories are defined in the Funding Impact Statement 2019/20.

- (c) Water by Meter
Targeted rates for water supply, set under Section 19 of the Local Government (Rating) Act 2002 per cubic metre of water consumed to any rating unit situated in the following areas which has been fitted with a water meter:

Seadown	\$0.89
Urban	\$0.64

10 Community Centre

That pursuant to Section 16(3)(b) and (4)(a) of the Local Government (Rating) Act 2002, the following uniform targeted rates are set and assessed in respect of each separately used or inhabited part of a rating unit situated in the following Community Centre Areas:

Claremont Community Centre	\$20.00
Fairview Community Centre	\$30.00
Kingsdown Community Centre	\$35.00
Otipua Community Centre	\$19.00
Seadown Community Centre	\$25.00

11 Instalment Dates

The above rates and charges (except for metered water) are due and payable on the following dates:

All Ratepayers

Instalment	Due Date
1	20 September 2019
2	20 December 2019
3	20 March 2020
4	22 June 2020

The due dates for metered water charges are as follows:

Month invoice raised	Due Date
July 2019	20 August 2019
August 2019	20 September 2019
September 2019	21 October 2019
October 2019	20 November 2019
November 2019	20 December 2019
December 2019	20 January 2020
February 2020	20 March 2020
March 2020	20 April 2020
April 2020	20 May 2020
May 2020	22 June 2020
June 2020	20 July 2020

12 Discount

That pursuant to Section 55 of the Local Government (Rating) Act 2002, the following discount will apply:-

A discount of 2.50% will be allowed on the total rates set, if the 2019/2020 rates, including any current penalties, are paid in full on or before 20 September 2019.

13 Penalties

That pursuant to Section 57 of the Local Government (Rating) Act 2002 the District Council prescribes the following penalties to be added to unpaid rates:-

(a) A Penalty

A penalty under section 58(1)(a) of 10% of the amount of the instalment remaining unpaid will be added if not paid on or before the instalment due date, on the following dates:

Instalment	Penalty Date
1	24 September 2019
2	23 December 2019
3	23 March 2020
4	23 June 2020

(b) Further Penalties

A further penalty under section 58(1)(b) and 58(1)(c) of 10% of the amount of any rates assessed in any previous financial year remaining unpaid on 2 July 2019 will be added on 24 September 2019. An additional penalty will be added to any unpaid rates assessed in any previous financial years that remain unpaid on 23 March 2020. This penalty will be added on 23 March 2020.

Penalties will not be applied to the metered water targeted rates.

Attachments

Nil

8.3 Timaru District Holdings Limited - Terms of Reference for Review

Author: Bede Carran, Chief Executive

Authoriser: Bede Carran, Chief Executive

Recommendation

That the Council:

1. Considers and decides whether or not to approve the Terms of Reference for the 2019 review in relation to Timaru District Holdings Limited (attached as Appendix 1); and
2. Considers whether the appointment of the proposed reviewer at the relevant time requires approval of Council (or whether, for example, a subcommittee ought to be formed for that purpose).

Purpose of Report

- 1 The purpose of this report is to obtain the Council's approval to the Terms of Reference for the review in relation to Timaru District Holdings Limited (TDHL). The Terms of Reference outline the proposed scope of the review, amongst other things.

Assessment of Significance

- 2 The setting of the Terms of Reference for the review in relation to TDHL is not significant under Council's Significance and Engagement Policy.

Background

- 3 At the Council meeting on 2 April 2019 the Council considered a report authored by the Mayor titled Timaru District Holdings Limited Governance Structure and Remuneration of Directors (Item 18).
- 4 That report discussed a need to address or respond to issues that were raised during the public consultation at the end of 2019 on the proposal to sell TDHL's interest in Alpine Energy Limited. The Mayor was also concerned to ensure that the business of TDHL was not adversely affected by changes following an election (e.g. from a business continuity perspective), and that TDHL was providing appropriate remuneration to its independent directors. In the report, the Mayor proposed that one of the current independent directors be appointed as Chair of TDHL, as well as changes to the remuneration of TDHL directors (namely an increase in the remuneration of the independent directors to better reflect IOD benchmarking, resulting in a decrease in the remuneration paid to Elected Member directors).
- 5 At the meeting, the Mayor excused himself from the discussion, and as the discussion also touched on the issue of remuneration, Councillors Lyon and Stevens excused themselves from the majority of the discussion.
- 6 Having regard to the 2018 Alpine consultation and the matters raised in the Mayor's report, the remaining Council members considered that a review of TDHL was appropriate.

- 7 It was considered that the review ought to be an independent review using external assistance, rather than an internal governance review.
- 8 Various matters for potential review were raised, including the structure of TDHL, the role and performance of TDHL, and director remuneration, but not confirmed. It is timely to note that it is not uncommon for subsidiary/holding company arrangements to be periodically reviewed within a parent/holding company setting, including within local authorities.
- 9 As an outcome of the discussion, it was resolved:
 - a. That an interim independent chairperson be appointed within the current TDHL structure;
 - b. That an independent review of TDHL be undertaken;
 - c. That the scope and who carries out the review are to be determined; and
 - d. That a draft Terms of Reference be presented to the next Council meeting.
- 10 A draft Terms of Reference, which outlines the proposed scope of the review, amongst other things, has now been prepared for consideration by the Council (Appendix 1 attached).

Discussion

About TDHL and CCOs

- 11 TDHL was established in the late 1990s to hold and manage the commercial assets of Timaru District Council. As noted by one Councillor, the company's role and portfolio has expanded since it was originally established from a utilities focus to include a wider commercial and property portfolio, but also with a community good component.
- 12 TDHL is 100% owned by Timaru District Council. Its main assets include its shareholding in Alpine Energy Limited and PrimePort, and a commercial and strategic property portfolio, including a number of Port properties, the old Timaru showgrounds site, and a number of southern CBD properties. Strategic property investments are made by TDHL from time to time to enable the Council's vision for development within the Timaru District.
- 13 As an entity that is 100% owned by Timaru District Council, TDHL constitutes what is termed a 'council controlled organisation' (CCO), or rather, a 'council controlled trading organisation' (CCTO)¹. For the purpose of this report, the author refers to both as CCOs.
- 14 CCOs are common within local government (as are parent/holding company structures in large/complex businesses). A CCO can be established for a number of reasons, e.g. where required by legislation, to improve 'commerciality', to provide a degree of separation from political influence (noting this can be an enabler in business to business dealings), to achieve shared services, or enable minority private sector participation.
- 15 Under the Local Government Act 2002, the principal objective of a CCO (and which therefore applies to TDHL) is to:
 - a. Achieve the objectives of its shareholder, both commercial & non-commercial, as specified in the statement of intent;

¹ A CCO or CCTO is an entity in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the members of the governing body (i.e. the directors).

- b. Be a good employer;
 - c. Exhibit a sense of social and environmental responsibility by having regard to community interests and by endeavouring to accommodate these when able to do so; and
 - d. Operate in accordance with sound business practice.
- 16 In terms of how a CCO operates, both the CCO and the shareholder (local authority/Council) have responsibilities:
- a. The CCO is accountable and has performance, reporting, and statutory obligations to its shareholder under the Local Government Act 2002, its constitution and statement of intent; and
 - b. The shareholder (local authority/Council) also has statutory obligations in relation to the CCO and has appointment, monitoring and oversight responsibilities in relation to the CCO.
- 17 The Office of the Auditor General notes CCOs as being most successful where the local authority/Council seeks to influence rather than control the CCO, and that they operate best at arm's length from the local authority².
- 18 There are a number of mechanisms available to a local authority/Council for it to influence (as appropriate within the accountability relationship) and engage with its CCOs, for example:
- a. The constitution and annual statement of intent process;
 - b. The appointment of directors; and
 - c. Reporting and monitoring processes.
- 19 Directors of a CCO have director duties under the Companies Act 1993 that they must comply with, and which must be respected by the local authority/Council. While a director's duty is to act in the best interests of the company, the constitution of TDHL does enable the directors to, in effect, act in the best interests of the Council, which mitigates the potential for conflicts of interest.

Review

- 20 Council members wish to ensure that the governance arrangements for TDHL are in accordance with good practice, and are appropriate for a CCO of its nature.
- 21 An independent review of governance arrangements from time to time is a useful way of assessing this, and identifying any changes that may be beneficial to make. This is particularly the case for long standing arrangements.
- 22 Feedback suggests that the review should focus on the structure of the Board and related matters. This includes:
- a. the make-up of the Board as between independents and elected members (what is the appropriate and optimal Board structure for a CCO of this nature);

² Governance and accountability of council-controlled organisations, Office of the Auditor General guidelines, September 2015.

- b. the Council's policy in relation to the appointment of directors (independents and elected members); and
- c. the constitution of TDHL, particularly as it relates to the Board make-up, the appointment of directors, and the management of conflicts of interest which is a related matter.

In addition, we consider that a review of the monitoring and oversight framework could be usefully included (e.g. is there the right balance between control & influence – the review could provide advice on how operating 'at arms-length' looks in practice (and in the context of TDHL).

The review would provide an assessment of the above matters and assurance that the governance arrangements for TDHL accord with good practice, and that the appropriate checks and balances are in place for TDHL, with reference to standard practice in CCOs of this nature (or similar parent-holding company arrangements), and recommend any improvements or other changes that the reviewer considers appropriate.

Director remuneration, e.g. benchmarking for independent directors/what is the appropriate level of remuneration for the TDHL directors, has also been identified as requiring consideration. However, this can be looked at by Council as a separate workstream.

Proposed terms of reference for review

23 The draft Terms of Reference propose the following terms:

a. **Purpose & scope**

Timaru District Council, as shareholder of TDHL, will commission a review of the structure of the TDHL Board and related matters. This includes:

- (i) the make-up of the Board as between independents and elected members (what is the appropriate and optimal Board structure for a CCO of this nature);
- (ii) the Council's policy in relation to the appointment of directors (independents and elected members); and
- (iii) the constitution of TDHL, particularly as it relates to the Board make-up, the appointment of directors, and the management of conflicts of interest which is a related matter.

In addition, the monitoring and oversight framework or regime for TDHL will be included.

A review of the level of remuneration for the TDHL directors (e.g. benchmarking for independent directors) is out of scope but will be looked at separately by Council.

The purpose of the review is to obtain:

- (i) an assessment of the above matters;
- (ii) assurance that the structures and policies for TDHL accord with good practice and that the appropriate checks and balances are in place for TDHL, with reference to standard practice in CCOs of this nature (or similar parent-holding company arrangements); and

- (iii) recommendations in relation to any improvements or other changes that the reviewer considers appropriate, so that the Council can determine whether any such changes should be adopted or raised with the TDHL Board.

b. **Appointment of a reviewer**

- (i) The proposed reviewer will be appointed by the Council.

While it is open to Council to delegate approval of the appointment to the Policy & Development Committee, a subcommittee of Council, or management, as it is Council who has requested the review, maintaining a direct reporting line to Council would be appropriate and removes any perception that Council may have removed itself in any way from the review and the process that is adopted to ensure it is completed independently and objectively.

- (ii) Council may wish to consult the independent Chair of the TDHL Board on the appointment.

- (iii) The reviewer will be selected based on the following criteria or principles:

- The reviewer must have expertise in the review of governance arrangements, and should be a reputable provider of such reviews. **Required.**
- The reviewer must be independent. **Required.**
- The reviewer should have good knowledge of and experience with the governance of local authorities and CCOs. **Desired.**
- Ideally, the reviewer will themselves have a strong background in governance roles and be an experienced director. **Desired.**
- An assessment of the candidate's overall proposal in relation to the services that are to be provided, including the reviewer's fees being considered reasonable.
- The appointment panel may seek input or advice on the suitability of the appointment from the Office of the Auditor General and/or the Institute of Directors (and the reviewer may be appointed through either of those organisations).

- c. **Method:** The review will be carried out according to standard methodology for reviews of this nature, as advised by the reviewer, but is expected to be more than a desktop review. The proposed methodology may be revised to keep the review within an acceptable budget, this will be a matter for consideration by the Council at the time of approving the reviewer and cost.

Elected Members, members of the TDHL Board, and relevant officers will need to make themselves available to be interviewed, if requested by the reviewer.

- d. **Timing:** It is expected that the process to appoint the reviewer, undertake the review and for the reviewer to write and deliver a final report, will take approximately 4-5 months, based on the following approximate timetable:

Terms of reference approved by Council	25 June 2019
Draft and issue short form request for proposal from reviewers (may be closed RFP comprising 2-5 potential reviewers)	+2 weeks (9 July)
Proposals received	+3 weeks (30 July)
COUNCIL MEETING 13 AUGUST 2019	
Proposals evaluated	+1-2 weeks (13 August)
Seek IOD/OAG input/feedback on preferred reviewer	+1 - 3 weeks (3 September)
Final approval of reviewer and confirm appointment (including agreeing contract)*	+1-3 weeks (24 September)
COUNCIL MEETING 8 OCTOBER 2019	
Reviewer undertakes review (desktop analysis and interviews)	+1 month (24 October)
INAUGURAL COUNCIL MEETING 29 OCTOBER 2019	
Reviewer prepares and provides final report	+1 month (24 November)
COUNCIL MEETING 10 DECEMBER 2019	

*The Council may need to convene an extraordinary meeting out of cycle (e.g. mid-September) to progress the matter of the appointment of the reviewer.

Consideration of the report best suits with the Council in place at the commencement of the new Council term. The final report should be available for consideration by the Council at its December meeting.

- e. **Costs and budget:** The actual cost of the review will be a matter to be approved as part of the process to appoint the reviewer, when the costs are able to be determined with more certainty. It is estimated that the cost could be in the order of \$20,000-\$40,000 (GST exclusive).

Pecuniary interest

24 The Office of the Auditor General, under the Local Authorities (Members’ Interests) Act 1968 has provided approval for the Mayor and Elected Members who are also directors of TDHL to participate in the discussion and decision on this report notwithstanding they have a potential indirect pecuniary interest.

Options and Preferred Option

Terms of reference

- 25 Option 1 (preferred option):
 - a. Commission an independent review consistent with the proposed purpose, scope and terms of reference set out in paragraph 23 above.
 - b. Implement other improvements already identified (refer paragraph 37).

- c. Leave it open to the Council to undertake such additional reviews as they may deem appropriate in the future, or from time to time.

26 Option 2:

- a. Commission an independent review in relation to TDHL more broadly.

Various matters have been raised for potential inclusion in a review. However, it's considered that the matters covered in paragraphs 22/23 capture the main and most common feedback, and matters of highest priority.

27 Option 3:

- a. Undertake a review using internal resources, obtaining external advice as appropriate on specific areas identified as requiring professional advice.

While a feasible alternative, this will likely be less effective and may not be materially more cost effective. In addition, and importantly, the Council has previously expressed a desire for an external independent review.

28 Option 3:

- a. Do not undertake a review at this time. Defer a decision on a review until the new Council term, to give the new governing body the opportunity to determine the requirement for a review, and the nature and scope of the review.
- b. The Council may decide that a review is not urgent given the interim change to an Independent Chair.

Approval of reviewer

- 29 Option 1 – Council approves (preferred). This is considered the preferred option for the reasons in paragraph 23(b)(i). It does create some challenges in terms of there being several weeks between Council meetings on the normal cycle, but this can be managed by holding extraordinary meetings if required.

- 30 Option 2 – Policy and Development approves. While in some respect this makes sense as the functions of Policy & Development include TDHL (excluding [director] appointments), it might also be considered a conflict. As the activity can just as easily be handled by the Council, and the fact that this is a Council commissioned review, we propose the Council retain responsibility.

- 31 Option 3 – A subcommittee of Council or management approves. While this option offers greater agility (e.g. to convene meetings on short notice and make decisions throughout the short lifecycle of the appointment process), for the reasons given in paragraph 23(b)(i), the full Council retaining responsibility seems appropriate.

Consultation

- 32 In order for the writers to gain a better understanding of what the Council would like from a review, we sought feedback from Council members. We also spoke to members of the TDHL Board of Directors, specifically the interim Independent Chair, to gain their perspective. We also sought some external legal advice and guidance, as well as considering the guidance provided by the Office of the Auditor General in the published report titled Governance and Accountability of Council-Controlled Organisations. We also applied to the Office of the

Auditor General for approval for the Mayor and Elected Members who are also directors of TDHL to participate in the discussion and decision making on the terms of reference notwithstanding that they have a potential indirect pecuniary interest.

Relevant Legislation, Council Policy and Plans

- 33 The following legislation, Council Policies and Plans, and Timaru District Holdings Limited constitutional documents are a point of reference and of relevance:
- a. Part 5 of the Local Government Act 2002;
 - b. Companies Act 1993;
 - c. Constitution of Timaru District Holdings Limited;
 - d. Statement of Intent for Timaru District Holdings Limited;
 - e. Timaru District Council Director Appointment and Remuneration Policy;
 - f. Timaru District Council Code of Conduct for Elected Members Policy;
 - g. Local Authorities (Members' Interests) Act 1968.

Financial and Funding Implications

- 34 The cost of the review will be confirmed and approved as part of the process to appoint the reviewer.
- 35 The cost, which will fall into FY2019/20, will need to be met from the Financial Arrangements budget and retained earnings. The proposed Financial Arrangements budget for FY2019/20 is \$85,000 and provides budget for services from Covenant Trustees and Bancorp, as well as tax returns.
- 36 The Council might wish to approve a terms of reference subject to a budget cap. The methodology would then be designed to deliver a review within that, and if that was not possible, we would come back to the Council to discuss whether the scope of the review could be refined, or delivered in a different way.

Other Considerations

- 37 We note that Council and TDHL have already identified a number of initiatives or improvements for implementation, e.g. revising the format for TDHL reports to Council, and the provision of an education and induction programme for Councillors in relation to CCOs.

Appendix 1

Timaru District Holdings Limited - Terms of Reference for Review (Draft)

Below sets out the Terms of Reference for the 2019 review in relation to Timaru District Holdings Limited, to be commissioned by Timaru District Council. [Note: the terms of reference below are a verbatim repetition of the terms set out in paragraph 23 of the covering report, excluding the commentary].

a. Purpose & scope

Timaru District Council, as shareholder of TDHL, will commission a review of the structure of the TDHL Board and related matters. This includes:

- (i) the make-up of the Board as between independents and elected members (what is the appropriate and optimal Board structure for a CCO of this nature);
- (ii) the Council's policy in relation to the appointment of directors (independents and elected members); and
- (iii) the constitution of TDHL, particularly as it relates to the Board make-up, the appointment of directors, and the management of conflicts of interest which is a related matter.

In addition, the monitoring and oversight framework or regime for TDHL will be included.

A review of the level of remuneration for the TDHL directors (e.g. benchmarking for independent directors) is out of scope but will be looked at separately by Council.

The purpose of the review is to obtain:

- (iv) an assessment of the above matters;
- (v) assurance that the structures and policies for TDHL accord with good practice and that the appropriate checks and balances are in place for TDHL, with reference to standard practice in CCOs of this nature (or similar parent-holding company arrangements); and
- (vi) recommendations in relation to any improvements or other changes that the reviewer considers appropriate, so that the Council can determine whether any such changes should be adopted or raised with the TDHL Board.

b. Appointment of a reviewer

- (i) The proposed reviewer will be appointed by the Council.
- (ii) Council may wish to consult the independent Chair of the TDHL Board on the appointment.
- (iii) The reviewer will be selected based on the following criteria or principles:
 - The reviewer must have expertise in the review of governance arrangements, and should be a reputable provider of such reviews. **Required.**
 - The reviewer must be independent. **Required.**

- The reviewer should have good knowledge of and experience with the governance of local authorities and CCOs. **Desired.**
 - Ideally, the reviewer will themselves have a strong background in governance roles and be an experienced director. **Desired.**
 - An assessment of the candidate’s overall proposal in relation to the services that are to be provided, including the reviewer’s fees being considered reasonable.
 - The appointment panel may seek input or advice on the suitability of the appointment from the Office of the Auditor General and/or the Institute of Directors (and the reviewer may be appointed through either of those organisations).
- c. **Method:** The review will be carried out according to standard methodology for reviews of this nature, as advised by the reviewer, but is expected to be more than a desktop review. The proposed methodology may be revised to keep the review within an acceptable budget, this will be a matter for consideration by the Council at the time of approving the reviewer and cost.
- Elected Members, members of the TDHL Board, and relevant officers will need to make themselves available to be interviewed, if requested by the reviewer.
- d. **Timing:** It is expected that the process to appoint the reviewer, undertake the review and for the reviewer to write and deliver a final report, will take approximately 4-5 months, based on the following approximate timetable:

Terms of reference approved by Council	25 June 2019
Draft and issue short form request for proposal from reviewers (may be closed RFP comprising 2-5 potential reviewers)	+2 weeks (9 July)
Proposals received	+3 weeks (30 July)
COUNCIL MEETING 13 AUGUST 2019	
Proposals evaluated	+1-2 weeks (13 August)
Seek IOD/OAG input/feedback on preferred reviewer	+1 - 3 weeks (3 September)
Final approval of reviewer and confirm appointment (including agreeing contract)*	+1-3 weeks (24 September)
COUNCIL MEETING 8 OCTOBER 2019	
Reviewer undertakes review (desktop analysis and interviews)	+1 month (24 October)
INAUGURAL COUNCIL MEETING 29 OCTOBER 2019	
Reviewer prepares and provides final report	+1 month (24 November)
COUNCIL MEETING 10 DECEMBER 2019	

**The Council may need to convene an extraordinary meeting out of cycle (e.g. mid-September) to progress the matter of the appointment of the reviewer.*

Consideration of the report best sits with the Council in place at the commencement of the new Council term. The final report should be available for consideration by the Council at its December meeting.

- e. **Costs and budget:** The actual cost of the review will be a matter to be approved as part of the process to appoint the reviewer, when the costs are able to be determined with more certainty. It is estimated that the cost could be in the order of \$20,000-\$40,000 (GST exclusive).

9 Consideration of Urgent Business Items

10 Consideration of Minor Nature Matters

11 Public Forum Items Requiring Consideration

12 Exclusion of Public

12.1 Alpine Energy Limited Directorship

12.2 Insurance Renewal 2019/20

12.3 Public Excluded Minutes of the Council Meeting held on 28 May 2019

Recommendation		
<p>That the public be excluded from the following parts of the proceedings of this meeting on the grounds under section 48 of the Local Government Official Information and Meetings Act 1987 as follows:</p>		
General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
12.1 - Alpine Energy Limited Directorship	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons	To protect a person's privacy
12.2 - Insurance Renewal 2019/20	<p>s7(2)(c)(ii) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest</p> <p>s7(2)(e) - The withholding of the information is necessary to avoid prejudice to measures that prevent or mitigate material loss to members of the public</p> <p>s7(2)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage</p>	<p>Due to an obligation of confidence and to protect the public interest</p> <p>To protect material loss to members of the public</p> <p>To prevent use of the information for improper gain or advantage</p>
12.3 - Public Excluded Minutes of the Council Meeting held on 28 May 2019	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(i) - The withholding of the information is necessary to</p>	<p>Commercial sensitivity</p> <p>To enable commercial or industrial negotiations</p>

	enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	