



# AGENDA

## Ordinary Council Meeting Tuesday, 10 December 2019

**Date** Tuesday, 10 December 2019

**Time** 3pm

**Location** Council Chamber  
District Council Building  
King George Place  
Timaru

**File Reference** 1302779

## **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 10 December 2019, at 3pm.**

### **Council Members**

Mayor Nigel Bowen (Chairperson), Cllrs Allan Booth, Peter Burt, Barbara Gilchrist, Richard Lyon, Gavin Oliver, Paddy O'Reilly, Sally Parker, Stu Piddington and Steve Wills

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**

## Order Of Business

<b>1</b>	<b>Opening Prayer and Waiata</b> .....	<b>5</b>
<b>2</b>	<b>Apologies</b> .....	<b>5</b>
<b>3</b>	<b>Public Forum</b> .....	<b>5</b>
<b>4</b>	<b>Identification of Urgent Business</b> .....	<b>5</b>
<b>5</b>	<b>Identification of Matters of a Minor Nature</b> .....	<b>5</b>
<b>6</b>	<b>Declaration of Conflicts of Interest</b> .....	<b>5</b>
<b>7</b>	<b>Confirmation of Minutes</b> .....	<b>6</b>
7.1	Minutes of the Council Meeting held on 31 October 2019 .....	6
7.2	Minutes of the Council Meeting held on 26 November 2019 .....	30
<b>8</b>	<b>Schedules of Functions Attended</b> .....	<b>41</b>
8.1	Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors .....	41
8.2	Schedule of Functions Attended by the Chief Executive .....	44
<b>9</b>	<b>Reports</b> .....	<b>46</b>
9.1	Aorangi Stadium Trust 2018/19 Audited Annual Report .....	46
9.2	Appointment of Community Board Members to Local Organisations .....	68
9.3	Contract Let Under Delegated Authority .....	70
9.4	2019/20 Annual Plan Progress Report for the four months ended 31 October 2019 .....	71
9.5	Gambling Venue Policy .....	77
9.6	Elected Members Remuneration 2019/20 - Allocation of Pool .....	87
9.7	MartinJenkins Report to Timaru District Holdings Limited .....	97
9.8	Council Calendar 2020 .....	153
9.9	Tenders and Procurement Committee Minutes 11 November 2019 .....	155
<b>10</b>	<b>Consideration of Urgent Business Items</b> .....	<b>158</b>
<b>11</b>	<b>Consideration of Minor Nature Matters</b> .....	<b>158</b>
<b>12</b>	<b>Public Forum Items Requiring Consideration</b> .....	<b>158</b>
<b>13</b>	<b>Exclusion of Public</b> .....	<b>160</b>
13.1	Temuka Community Pool Upgrade .....	160
13.2	Tenders and Procurement Committee Minutes 26 November 2019 .....	160





- 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 31 October 2019**

**Author:** Joanne Brownie, Governance Support Officer

#### **Recommendation**

That the Minutes of the Council Meeting held on 31 October 2019 be confirmed as a true and correct record of that meeting.

#### **Attachments**

- 1. Minutes of the Council Meeting held on 31 October 2019**



# MINUTES

## Ordinary Council Meeting Thursday, 31 October 2019

Ref: 1302779

**Minutes of Timaru District Council  
Ordinary Council Meeting  
Held in the Council Chamber, District Council Building, King George Place, Timaru  
on Thursday, 31 October 2019 at 3pm**

**Present:** Mayor Nigel Bowen (Chairperson), Clr Richard Lyon, Clr Peter Burt, Clr Steve Wills, Clr Paddy O'Reilly, Clr Sally Parker, Clr Barbara Gilchrist, Clr Allan Booth, Clr Gavin Oliver

**In Attendance:** **Public Forum**  
Denise Fitzgerald  
Jock Anderson

**Community Board Members**

Anne Lemmens and Ross Munro – Pleasant Point Community Board  
Natasha Rankin and McGregor Simpson – Geraldine Community Board  
Lloyd McMillan – Temuka Community Board

**Council Officers**

Chief Executive (Bede Carran), Group Manager Commercial and Strategy (Donna Cross), Group Manager Infrastructure (Ashley Harper), Group Manager Community Services (Sharon Taylor), Group Manager Environmental Services (Tracy Tierney), Group Manager People and Digital (Symon Leggett), District Planning Manager (Mark Geddes), Governance Advisor (Jo Doyle), Governance Support Officer (Joanne Brownie)

**1.1 Opening Prayer and Waiata**

The meeting opened with the Timaru District Council waiata.

Mark Pavelka of the Gleniti Baptist Church offered a prayer for the work of the Council.

**Swearing In Ceremony**

**Declaration by the Mayor**

Nigel William Bowen who as a result of the Elections held during the period commencing on Friday 20 September 2019, and ending on Saturday 12 October 2019, was duly elected to be Mayor of the Timaru District, made and signed a declaration as required by the provisions of Clause 14, Schedule 7 of the Local Government Act 2002.

**Declaration by Councillors**

Allan Peter Booth, Peter John Burt, Barbara Jane Gilchrist, Richard Leslie Lyon, Gavin Peter Oliver, Patrick Anthony O'Reilly, Sally Belinda Parker and Stephen Albert Wills who as a result of the elections held during the period commencing on Friday 20 September 2019 and ending on Saturday 12 October 2019, were duly elected as Councillors of the Timaru District, made and signed

declarations as required by the provisions of Clause 14, Schedule 7 of the Local Government Act 2002.

## **Elected Members' Opening Remarks**

Each councillor and the Mayor briefly spoke of their vision for how they wish to serve the District and their approach to the next three years as an elected member and as part of the Council as a whole.

## **2 Apologies**

The apology from Clr Stu Piddington, who was overseas, was noted.

## **3 Public Forum**

### **3.1 Denise Fitzgerald**

Ms Fitzgerald acknowledged the newly elected Council and extended congratulations to the new Mayor and to the new and returning councillors.

She wished to bring to the Council's attention her concerns regarding mobility challenges for wheelchair users in Timaru's central business district, tabling photographs to illustrate the issues of difficult access to the footpath for wheelchairs. She requested Council reviews the CBD in respect of access for wheelchair users.

Ms Fitzgerald was thanked for bringing the issue to Council's attention and was informed that Council is already aware of these difficulties and has reviewed some footpaths and rectified some problem areas. It is the Council's intention to make the District age-friendly.

### **3.2 Jock Anderson**

Mr Anderson congratulated the new Council on its election. His request is for Council to be more 'open door' and for Council to limit the business conducted with the public excluded. He also requested that Council releases the unredacted Alpine Energy Ltd valuation report prepared by EY, as the report made available to the public had little value due to the amount of redaction.

In response, the Mayor advised that he plans to discuss the intention for an open meeting process and how that will be carried through in this term of Council, beginning with appointing an independent chairperson to the Audit and Risk Committee. It is his intention to foster a close relationship with the media and to keep the public well informed.

In regard to the Alpine Energy valuation report, Mr Anderson was advised that it was always Council's position to release the report in full, however Alpine Energy did not want the report released. The Ombudsman has made his decision and Council does not intend to go against that decision. It was suggested to Mr Anderson that if he wished to further pursue the matter he should take it up with Alpine Energy or request a review of the Ombudsman's decision.

## **4 Mana Whenua Address**

Tewera King, representing the Arowhenua Marae addressed the Council, congratulating the new Mayor, and both new and returning Councillors.

He talked of collaboration and the path undertaken towards all living together - elected members, Council staff and the community. He extended an invitation to the Council to visit the marae whenever it is convenient, and he noted that over most things Council will have his support.

Tewera then sang a waiata acknowledging everyone, the families present and the work that Council does. He wished the new Council all the best.

Mayor Bowen thanked Tewera and said Council looks forward to a valuable and constructive partnership with Iwi.

## **5 Identification of Urgent Business and Matters of a Minor Nature**

There were no urgent business or minor nature matters identified.

## **6 Declaration of Conflicts of Interest**

There were no conflicts of interest declared.

## **7 Reports**

### **7.3 General Explanation by the Chief Executive**

The Council considered a report by the Chief Executive, providing an overview of key legislation applying to members of the Council, its Committees and Community Boards.

As required by Clause 21 (5)(c) to Schedule 7 of the Local Government Act 2002, the Chief Executive provided an explanation of the following Acts:

- The Local Government Official Information and Meetings Act 1987 (LGOIMA); and
- Other laws affecting members, including:
  - The appropriate provisions of the Local Authorities (Members Interests) Act 1968; and
  - Sections 99, 105 and 105A of the Crimes Act 1961; and
  - The Secret Commissions Act 1910; and
  - Financial Markets Conduct Act 2013
  - Health and Safety at Work Act.

### **Committee Resolution 2019/43**

Moved: Clr Steve Wills

Seconded: Clr Peter Burt

That the Council notes the advice of the Chief Executive regarding key legislation that applies to members of the Council, its Committees and Community Boards.

**Carried**

### **7.4 Community Board, Committee and Council Meeting Dates**

The Council noted the Community Board, Committee and Council meetings for the period to 31 December 2019. The draft 2020 Council meeting planner will be presented to the 10 December Council meeting.

**Committee Resolution 2019/44**

Moved: Clr Peter Burt

Seconded: Clr Sally Parker

That for the period to 31 December 2019 Community Board, Committee and Council meetings be held as follows:-

**Community Boards**

Temuka	Monday 11 November	5.00pm
Pleasant Point	Tuesday 12 November	7.30pm
Geraldine	Wednesday 13 November	6.30pm

<b>Safer Communities Committee</b>	Wednesday 14 November	3.00pm
------------------------------------	-----------------------	--------

**Committee Meetings**

Environmental Services <i>followed by</i>	Tuesday 26 November	9.30am
---	---------------------	--------

Infrastructure *followed by*

Community Services *followed by*

Commercial and Strategy

<b>Audit and Risk Committee</b>	Tuesday 3 December	11am
---------------------------------	--------------------	------

<b>Local Arts Assessment Subcommittee</b>	Thursday 5 December	12.30pm
---	---------------------	---------

<b>Council Meetings</b>	Tuesday 26 November	9.00am
	Tuesday 10 December	3.00pm

**Carried**

**7.5 Appointment of Deputy Mayor**

The Council considered a report by the Mayor on the appointment of the Deputy Mayor.

**Committee Resolution 2019/45**

Moved: Clr Paddy O'Reilly

Seconded: Clr Allan Booth

That Council resolves that voting system B under clause 25(4) of Schedule 7 of the Local Government Act 2002) be used to elect or appoint the deputy mayor.

**Carried**

**Committee Recommendation**

Moved: Mayor Nigel Bowen

Seconded: Clr Richard Lyon

That Clr Steve Wills be nominated for the position of Deputy Mayor of the Timaru District Council.

There being no further nominations, Clr Wills was duly DECLARED Deputy Mayor.

The Mayor acknowledged Clr Lyon’s previous long service as Deputy Mayor of the District.

**7.6 Council Committees**

The Council considered a report by the Mayor on the establishment of Committees of Council, and the membership of and delegations for those Committees, pursuant to clauses 30, 31 and 32 of Schedule 7 of the Local Government Act 2002 (LGA).

**Committee Resolution 2019/46**

Moved: Clr Richard Lyon

Seconded: Clr Barbara Gilchrist

1. That Council establishes the following Committees –

*Standing Committees of Council with membership comprising the Mayor and all Councillors:*

- (a) Environmental Services Committee
- (b) Community Services Committee (previously the Community Development Committee)
- (c) Infrastructure Committee
- (d) Commercial and Strategy Committee (previously the Policy and Development Committee)

*Other Committees:*

- (a) Hearings Committee
- (b) People and Performance Committee (previously the Industrial Relations Committee)
- (c) Audit and Risk Committee (previously a Subcommittee)
- (d) Tenders and Procurement Committee (previously Tenders Committee)
- (e) Director and Trustee Appointment Committee
- (f) Safer Communities Committee.

b. Approves the delegations for each of the Committee, as set out in Annexure A.

c. Resolves that the Council’s Delegations Manual be updated to include these Committees and delegations.

d. Approves that the quorum for the Community Services Committee, Environmental Services Committee, Infrastructure Committee and Commercial and Strategy Committee be 6 members.

**Environmental Services Committee**

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	
<b>Legislative basis</b>	Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002



	Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002
<b>Membership</b>	Mayor, all Councillors, and a representative of Tangata Whenua
<b>Quorum</b>	Six
<b>Functions</b>	<ul style="list-style-type: none"> <li>• Animal and Pest Control</li> <li>• Building Control</li> <li>• Civil Defence</li> <li>• Dangerous Goods</li> <li>• District Planning</li> <li>• Environmental Health</li> <li>• Forest and Rural Fire Control</li> <li>• General Bylaws</li> <li>• Liquor Licensing</li> <li>• Litter Control</li> <li>• Parking Enforcement</li> <li>• Road Naming</li> </ul>
<b>Delegations</b>	<ol style="list-style-type: none"> <li>1. That subject to the following limitations the Environmental Services Committee shall have power to act in all matters concerning the functions granted by Council provided they do not conflict with the stated policy of the Council.</li> <li>2. That in respect of matters requiring financial input:             <ol style="list-style-type: none"> <li>(a) The Committee has the power to approve expenditure where provision has been made in the annual Budget.</li> <li>(b) In respect of matters for which no provision or insufficient provision has been made in the annual Budget, the Committee has the power to approve funding for that activity or other matter provided that in doing so consideration must be given to the impact on and objectives of Timaru District Council.</li> <li>(c) That recommendations be made to Council in respect of any proposals for which it is desirable, that provision be made in the Budget for the following financial year.</li> </ol> </li> <li>3. That the Committee has delegated power to appoint subcommittees, and to give those subcommittees power to act.</li> <li>4. That the Committee has delegated power to delegate its power to officers of the Council.</li> <li>5. That the Committee makes recommendations to Council in respect of any matters within the scope of the Committee being matters contained in Clause 32 (1), Schedule 7 of the Local Government Act 2002.</li> <li>6. That minutes of Committee meetings contain details of committee decisions made under delegated authority.</li> </ol>

	7. That Councillors in attendance at subcommittee meetings and working parties, have the opportunity to contribute to the debate.
--	---

**Community Services Committee (previously the Community Development Committee)**

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	Local Arts Scheme Subcommittee Others to be confirmed
<b>Legislative basis</b>	Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002  Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002
<b>Membership</b>	Mayor, all Councillors
<b>Quorum</b>	Six
<b>Functions</b>	<ul style="list-style-type: none"> <li>• Art Gallery</li> <li>• Cemeteries</li> <li>• Community Awards</li> <li>• Community Liaison and Events</li> <li>• Community Grants and Loans (including Creative Communities [Local Arts] and Youth Initiatives)</li> <li>• Employment Initiatives</li> <li>• Forestry</li> <li>• International Relationships (Sister Cities)</li> <li>• Libraries</li> <li>• Monitoring and oversight matters related to the Safer Communities Committee</li> <li>• Museum</li> <li>• Parks and Reserves</li> <li>• Recreation and Sport</li> <li>• Swimming Pools</li> <li>• Tourism</li> <li>• Youth Engagement</li> </ul>
<b>Delegations</b>	<p>The Council delegates to the Community Services Committee the following general powers, duties and responsibilities:</p> <ol style="list-style-type: none"> <li>1. That subject to the following limitations the Community Development Committee shall have power to act in all matters concerning the functions granted by Council provided they do not conflict with the stated policy of the Council.</li> <li>2. That in respect of matters requiring financial input:             <ol style="list-style-type: none"> <li>(a) The Committee has the power to approve expenditure where provision has been made in the annual Budget.</li> </ol> </li> </ol>

	<p>(b) In respect of matters for which no provision or insufficient provision has been made in the annual Budget, the Committee has the power to approve funding for that activity or other matter provided that in doing so consideration must be given to the impact on and objectives of Timaru District Council.</p> <p>(c) That recommendations be made to Council in respect of any proposals for which it is desirable, that provision be made in the Budget for the following financial year.</p> <p>3. That the Committee has delegated power to appoint subcommittees, and to give those subcommittees power to act.</p> <p>4. That the Committee has delegated power to delegate its power to officers of the Council.</p> <p>5. That the Committee makes recommendations to Council in respect of any matters within the scope of the Committee being matters contained in Clause 32 (1), Schedule 7 of the Local Government Act 2002.</p> <p>6. That minutes of Committee meetings contain details of committee decisions made under delegated authority.</p> <p>7. That Councillors in attendance at subcommittee meetings and working parties, have the opportunity to contribute to the debate.</p>
--	---

**Infrastructure Committee**

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	Joint Standing Committee for Governance of the Downlands Water Supply Scheme
<b>Legislative basis</b>	<p>Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002</p> <p>Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002</p>
<b>Membership</b>	Mayor, all Councillors
<b>Quorum</b>	Six
<b>Functions</b>	<ul style="list-style-type: none"> <li>• Airport</li> <li>• Monitoring of Passenger Transport</li> <li>• Parking Areas / Buildings (provision)</li> <li>• Roads, Bridges, Footpaths, Street lighting</li> <li>• Sewerage</li> <li>• Stormwater</li> <li>• Waste Minimisation</li> <li>• Water Supply</li> </ul>

<b>Delegations</b>	<p>The Council delegates to the Infrastructure Committee the following general powers, duties and responsibilities:</p> <ol style="list-style-type: none"> <li>1. That subject to the following limitations the Infrastructure Committee shall have power to act in all matters concerning the functions granted by Council provided they do not conflict with the stated policy of the Council.</li> <li>2. That in respect of matters requiring financial input:             <ol style="list-style-type: none"> <li>(a) The Committee has the power to approve expenditure where provision has been made in the annual Budget.</li> <li>(b) In respect of matters for which no provision or insufficient provision has been made in the annual Budget, the Committee has the power to approve funding for that activity or other matter provided that in doing so consideration must be given to the impact on and objectives of Timaru District Council.</li> <li>(c) That recommendations be made to Council in respect of any proposals for which it is desirable, that provision be made in the Budget for the following financial year.</li> </ol> </li> <li>3. That the Committee has delegated power to appoint subcommittees, and to give those subcommittees power to act.</li> <li>4. That the Committee has delegated power to delegate its power to officers of the Council.</li> <li>5. That the Committee makes recommendations to Council in respect of any matters within the scope of the Committee being matters contained in Clause 32 (1), Schedule 7 of the Local Government Act 2002.</li> <li>6. That minutes of Committee meetings contain details of committee decisions made under delegated authority.</li> <li>7. That Councillors in attendance at subcommittee meetings and working parties, have the opportunity to contribute to the debate.</li> </ol>
--------------------	---

**Commercial and Strategy Committee (previously the Policy and Development Committee)**

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	None
<b>Legislative basis</b>	<p>Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002</p> <p>Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002</p>

<b>Membership</b>	Mayor, all Councillors
<b>Quorum</b>	Six
<b>Functions</b>	<ul style="list-style-type: none"> <li>• Accounting (excluding the oversight of compliance with statutory obligations relating to financial responsibilities, which sits with the Audit and Risk Committee)</li> <li>• Budget, Annual Plan and Long Term Plan (LTP)</li> <li>• Economic Development</li> <li>• Electoral Matters</li> <li>• District Promotion</li> <li>• Finance, Investment and Debt</li> <li>• Halls</li> <li>• Housing</li> <li>• Information Systems</li> <li>• Insurance (referrals and recommendations from the Audit and Risk Committee)</li> <li>• Legal (excluding the oversight of legal risks, claims or proceedings to the extent this sits with the Audit and Risk Committee)</li> <li>• Motor Camps</li> <li>• Policy Co-ordination and Alignment</li> <li>• Property Management</li> <li>• Rating</li> <li>• Strategic Planning – Co-ordination, goals and achievement</li> <li>• Theatre Royal</li> <li>• Timaru District Holdings Limited (<i>excluding appointments</i>)</li> </ul>
<b>Delegations</b>	<p>The Council delegates to the Commercial and Strategy Committee the following general powers, duties and responsibilities:</p> <ol style="list-style-type: none"> <li>1. That subject to the following limitations the Commercial and Strategy Committee shall have power to act in all matters concerning the functions granted by Council provided they do not conflict with the stated policy of the Council.</li> <li>2. That in respect of matters requiring financial input:             <ol style="list-style-type: none"> <li>(a) The Committee has the power to approve funding where provision has been made in the annual Budget.</li> <li>(b) In respect of matters for which no provision or insufficient provision has been made in the annual Budget, the Committee has the power to approve funding for that activity or other matter provided that in doing so consideration must be given to the impact on and objectives of Timaru District Council.</li> <li>(c) That recommendations be made to Council in respect of any proposals for which it is desirable, that provision be made in the Budget for the following financial year.</li> </ol> </li> </ol>

	<ol style="list-style-type: none"> <li>3. That the Committee has delegated power to appoint subcommittees, and to give those subcommittees power to act.</li> <li>4. That the Committee has delegated power to delegate its power to officers of the Council.</li> <li>5. That the Committee makes recommendations to Council in respect of any matters within the scope of the Committee being matters contained in Clause 32 (1), Schedule 7 of the Local Government Act 2002.</li> <li>6. That minutes of Committee meetings contain details of committee decisions made under delegated authority.</li> <li>7. That Councillors in attendance at subcommittee meetings and working parties, have the opportunity to contribute to the debate.</li> </ol>
--	--

**Audit and Risk Committee**

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	Nil
<b>Legislative basis</b>	Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002
<b>Membership</b>	<p>The Mayor, Chairperson of the Commercial and Strategy Committee, Deputy Chairperson of the Commercial and Strategy Committee, another Councillor and at least one and up to two External Appointees (one of whom will be the Chairperson).</p> <p>With other Councillors able to attend as observers (including during any public excluded items).</p>
<b>Functions</b>	<ul style="list-style-type: none"> <li>• liaise with external auditors, including review of the audit plan, and review of audit findings</li> <li>• review the Accounting Policies, Annual Report, the Audit Report, and be involved in any special audits or discussions with the appointed auditor on technical matters, and</li> <li>• review the internal audit programme and any internal audit findings; and</li> <li>• review Council’s insurance programme and make recommendations to Council and/or the Commercial and Strategy Committee in relation to renewals;</li> <li>• provide oversight of legal risks, claims or proceedings provided (excluding the approval of any legal settlements).</li> <li>• recommend the Annual Report to the Council for adoption, and</li> <li>• provide oversight of compliance with statutory responsibilities relating to financial responsibilities; and</li> </ul>

	<ul style="list-style-type: none"> <li>• review risk including technical insurance matters and participation in national risk management practices, health and safety risk management and implementation of risk management processes, and</li> <li>• monitoring of corporate risk assessment and the internal controls instituted; and</li> <li>• note any strategic risk be referred to the Policy and Development Committee.</li> </ul>
<b>Delegations</b>	The Audit and Risk Committee provides oversight on behalf of Council, and provides advice and makes recommendations to Council (and/or other Committees) but is not authorised to make decisions on behalf of Council.

**Hearings Committee**

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	
<b>Legislative basis</b>	<p>Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002</p> <p>Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002</p>
<b>Membership</b>	<p>Chairperson Environmental Services Committee or Deputy Chairperson Environmental Services Committee; and</p> <p>The Mayor or an alternate Councillor; and</p> <p>One other available Councillor.</p> <p>(All Elected Members on this Committee must have completed and passed the appropriate Resource Management Act training).</p>
<b>Quorum</b>	Two
<b>Delegations</b>	<p>Council delegates to the Hearing Committee all of the duties and decision-making powers within the following areas of responsibility:</p> <p><b>Resource Management Act 1991</b></p> <ol style="list-style-type: none"> <li>1. Matters relating to hearing and making of decisions on resource consent applications, including joint hearings.</li> <li>2. The making of recommendations on requirements for a designation or heritage order.</li> </ol> <p><b>Other</b></p> <ol style="list-style-type: none"> <li>3. Consideration of any matter relating to applications or enforcement action referred to the Committee by the Group Manager Environmental Services.</li> <li>4. Matters relating to hearings under the provisions of the Dog Control Act 1996.</li> </ol>

	<p>5. To review any objections to existing or proposed road encroachments and authority to make a final decision.</p> <p>6. Any other matter that requires Council to hold a hearing that the Mayor refers to the Hearings Committee.</p>
--	---

**People and Performance Committee**

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	None
<b>Legislative basis</b>	<p>Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002</p> <p>Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002</p>
<b>Membership</b>	The Mayor, Deputy Mayor, and the Chairpersons of the Community Services Committee, the Infrastructure Committee, the Commercial and Strategy Committee and the Environmental Services Committee, with other Councillors and the Chair of the Audit and Risk Committee able to attend as observers (including during any public excluded items).
<b>Quorum</b>	Three
<b>Delegations</b>	<p>Council delegates to the People and Performance Committee all of the duties and decision-making powers within the following areas of responsibility:</p> <p>Delegated authority to provide a means of communication between Council and the Chief Executive on industrial/staff issues, and deal with contractual matters between Council and the Chief Executive.</p>

**Tenders and Procurement Committee**

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	None
<b>Legislative basis</b>	<p>Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002</p> <p>Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002</p>
<b>Membership</b>	The Mayor, Chairperson Commercial and Strategy Committee, Chairperson of the appropriate Standing Committee whose work is being tendered or the Deputy Chairperson of the Commercial and Strategy Committee if work is in this area, Chairperson of the Environmental Services Committee (or their respective deputies).



<b>Quorum</b>	Three
<b>Delegations</b>	Council delegates to the Tenders Subcommittee all of the duties and decision-making powers within the following areas of responsibility:  Delegated Authority to accept tenders in conjunction with the Chief Executive for items approved in the Council's Budget exceeding \$750,000.

#### Director and Trustee Appointment Committee

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	None
<b>Legislative basis</b>	Committee established pursuant to s41A or clause 30 of Schedule 7 of the Local Government Act 2002  Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002
<b>Membership</b>	The Mayor, Deputy Mayor, Chairperson Commercial and Strategy Committee.
<b>Quorum</b>	Two
<b>Delegations</b>	Council delegates to the Director and Trustee Appointment Subcommittee all of the duties and decision-making powers within the following areas of responsibility:  Delegated authority to conduct the process for new director and trustee appointments in accordance with the Council Director Appointment and Remuneration Policy, and provide a recommendation to Council.

#### Safer Communities Committee

<b>Type of Committee</b>	Council Committee
<b>Subordinate to</b>	Council
<b>Subordinate Committees</b>	None
<b>Legislative basis</b>	Committee established pursuant to clause 30 and 31 of Schedule 7 of the Local Government Act 2002  Committee delegated powers by Council pursuant to clause 32 of Schedule 7 of the Local Government Act 2002
<b>Membership</b>	The Mayor and an additional Councillor, plus a representative from the New Zealand Police, CCS Disability Action, Primary Schools Principals' Association, Secondary School Principals' Association, Work and Income New Zealand, Community Probation Service, National Council of Women, Timaru Christian Ministers' Association, Greypower, Community Watch, Te Aitakihi Trust, Child Youth and Family, Chamber of Commerce, Arowhenua Runanga, Public Health

	Nursing, NZ Fire Services, YMCA South and Mid Canterbury, YMCA South and Mid Canterbury Youth Workers, Aoraki Migrant Centre, and Neighbourhood Support South Canterbury. Deputy Chairperson to be determined by the Committee.
<b>Quorum</b>	Six including a minimum of one Councillor
<b>Delegations</b>	Council delegates to the Safer Communities Committee all of the duties and decision-making powers within the following areas of responsibility:  Delegated authority to deal with policy issues and budgetary matters associated with Crime Prevention, Youth Workers and Project Turnaround.

**Carried**

## **7.7 Appointments**

The Council considered a report by the Mayor on the appointment of the Chairpersons and Deputy Chairpersons of Committees of Council.

### **Committee Resolution 2019/47**

Moved: Mayor Nigel Bowen

Seconded: Cllr Steve Wills

That Council

1. Notes the appointments made by the Mayor, of the Chairpersons to Committees of Council as set out in the report; and
2. Approves the other appointments as set out in the report.

### **Amendment**

The Mover of the motion proposed an amendment to add the appointment of the Chairperson of the Hearings Committee and the appointment of a Deputy Chairperson to the Audit and Risk Committee to the motion.

The mover and seconder of the original motion then agreed to the withdrawal of the original motion (in accordance with clause 3.9.3 of Standing Orders), to be replaced by the amendment as the substituted motion, as follows –

That Council

1. Notes the appointments, made by the Mayor, of the Chairpersons to Committees of Council as set out below; and
2. Approves the other appointments as set out below –

<b>Environmental Services Committee</b>	
Chairperson*	Clr Barbara Gilchrist
Deputy Chairperson (Mayor's recommendation)**	Clr Gavin Oliver
<b>Community Services Committee</b>	
Chairperson*	Clr Richard Lyon
Deputy Chairperson (Mayor's recommendation)**	Clr Stuart (Stu) Piddington
<b>Infrastructure Committee</b>	
Chairperson*	Clr Sally Parker
Deputy Chairperson (Mayor's recommendation)**	Clr Patrick (Paddy) O'Reilly
<b>Commercial and Strategy Committee</b>	
Chairperson*	Clr Peter Burt
Deputy Chairperson (Mayor's recommendation)**	Clr Allan Booth
<b>People and Performance Committee</b>	
Chairperson*	Mayor
<b>Audit and Risk Committee</b>	
Chairperson*	Keiran Horne (external appointment)
Deputy Chairperson	Clr Peter Burt
<b>Safer Communities Committee</b>	
Chairperson*	Mayor
Deputy Chairperson (Mayor's recommendation)**	Clr Steve Wills
<b>Tenders and Procurement Committee</b>	
Chairperson*	Mayor
<b>Director and Trustees Appointment Committee</b>	
Chairperson*	Mayor
<b>Hearings Committee</b>	
Chairperson**	Chairperson of Environmental Services Committee

The substituted motion was then put and **Carried**.

## **7.8 Appointments to Council Organisations and Joint Committees**

The Council considered a report by the Mayor on appointments to the Council Organisations and Joint Committees.

Council made the following appointments to the Council Organisations and Joint Committees.

**Committee Resolution 2019/48**

Moved: Clr Steve Wills

Seconded: Clr Barbara Gilchrist

**Canterbury Civil Defence Emergency Management Group (CDEM)**

That the Mayor be appointed to the Canterbury Civil Defence Emergency Management Group (CDEM), in accordance with Clause 31, Schedule 7 of the Local Government Act 2002.

**Carried**

**Committee Resolution 2019/49**

Moved: Mayor Nigel Bowen

Seconded: Clr Barbara Gilchrist

**Canterbury Regional Transport Committee (Committee of the Canterbury Regional Council)**

That the Chairperson of the Infrastructure Committee be appointed to the Canterbury Regional Transport Committee, in accordance with Clause 31, Schedule 7 of the Local Government Act 2002.

**Carried**

**Committee Resolution 2019/50**

Moved: Clr Sally Parker

Seconded: Clr Peter Burt

**Canterbury Water Management Strategy Orari-Temuka-Opihi-Pareora Zone Joint Committee (OTOP)**

That the Chairperson of the Environmental Services Committee be appointed to the Canterbury Water Management Strategy Orari-Temuka-Opihi-Pareora Zone Joint Committee in accordance with Clause 31 of Schedule 7 of the Local Government Act 2002;

and that the long service of Clr Lyon, as former representative of Council on this Committee, be acknowledged.

**Carried**

**Committee Resolution 2019/51**

Moved: Clr Sally Parker

Seconded: Clr Gavin Oliver

**Canterbury Joint Waste Committee**

That the Deputy Chairperson of the Infrastructure Committee be appointed to the Canterbury Joint Waste Committee in accordance with Clause 31, Schedule 7 of the Local Government Act 2002.

**Carried**

**Committee Resolution 2019/52**

Moved: Clr Richard Lyon

Seconded: Clr Barbara Gilchrist

**Joint Standing Committee for Governance of Downlands Water Supply Scheme (reports through the Infrastructure Committee)**

- (a) That Council, in accordance with the Agreement in relation to Joint Committee for the Downlands Water Supply Scheme (the Agreement), reconstitutes the Joint Standing Committee for Governance of the Downlands Water Supply Scheme with the same delegated functions, powers, duties and voting rights that existed immediately prior to its discharge on the 2019 triennial general election of members, and in accordance with the Committee's Terms of Reference; appoints Clr Richard Lyon as the elected member for the purpose of a quorum of the Downlands Committee; and
- (b) That Council appoints the Mayor, the Chairperson of the Infrastructure Committee (Clr Sally Parker), Deputy Chairperson of the Infrastructure Committee (Clr Paddy O'Reilly) and John McDonald as additional members to the Downlands Committee in accordance with the Agreement.

**Carried**

It was noted that the Mackenzie and Waimate District Councils will each appoint an elected member and one member jointly to the Downlands Committee. This gives the Downlands Committee a total of 8 members.

**Committee Resolution 2019/53**

Moved: Clr Gavin Oliver

Seconded: Clr Steve Wills

**AD Hally Trust Committee**

That the Mayor and Clr O'Reilly (representing the Temuka community as required by the Trust Deed) be appointed to the AD Hally Trust.

**Carried**

**Committee Resolution 2019/54**

Moved: Clr Steve Wills

Seconded: Clr Peter Burt

**District Licensing Committee**

That Clr Burt and Mr David Jack will continue as District Licensing Committee members for the remainder of their 5 year tenure, which expires on 8 August 2021, and that it be noted that Sharyn Cain was appointed for a 5 year period as Commissioner for the District Licensing Committee until 8 August 2024. (These roles are a requirement of the Sale and Supply of Alcohol Act 2012).

**Carried**

**Aoraki Development**

The Chief Executive explained that while Aoraki Development is an independent company, Council owns all the shares in the company and although the AD's Constitution does not require a Council representative, it has been the practice for Council to have a representative on the Aoraki Development Board.

**Committee Resolution 2019/55**

Moved: Mayor Nigel Bowen

Seconded: Clr Peter Burt

That Council resolves to appoint Clr Allan Booth as a director of Aoraki Development and Promotions Limited subject to Allan Booth consenting in writing to be a director and certifying that he is not disqualified from being appointed or holding office as a director of the company.

**Carried**

**Committee Resolution 2019/56**

Moved: Mayor Nigel Bowen

Seconded: Clr Barbara Gilchrist

That Council authorises the Chief Executive to sign, on behalf of Timaru District Council, a shareholders resolution appointing Clr Allan Booth as a director of Aoraki Development.

**Carried**

**Committee Resolution 2019/57**

Moved: Clr Richard Lyon

Seconded: Clr Allan Booth

**Timaru District Holdings Limited (TDHL)**

That Council addresses the circumstance of having 1 elected member director only, on the Board of Timaru District Holdings Ltd, by appointing Mayor Nigel Bowen as an additional elected member as a director on the Board of TDHL on an interim basis.

**Carried**

**Committee Resolution 2019/58**

Moved: Clr Peter Burt

Seconded: Clr Paddy O'Reilly

- a That Council resolves to appoint Mayor Nigel Bowen as a director of Timaru District Holdings Limited (TDHL), subject to Nigel Bowen consenting in writing to be a director and certifying that he is not disqualified from being appointed or holding office as a director of the company.

- b That Council confirms that it is satisfied with the appointment process followed.
- c That Council authorises the Chief Executive to sign, on behalf of Timaru District Council, a shareholders resolution appointing Nigel Bowen as a director of TDHL.

**Carried**

## **7.9 Council Appointments and Delegations to Community Boards**

The Council considered a report by the Mayor on the appointment of Council members to the Council's three Community Boards, and to approve delegations to those Community Boards.

### **Committee Resolution 2019/59**

Moved: Clr Sally Parker

Seconded: Clr Gavin Oliver

1. That pursuant to Section 19F of the Local Electoral Act 2001, the following appointments be made:

Geraldine Community Board

Clr Gavin Oliver

Pleasant Point Community Board

Clrs Richard Lyon and Paddy O'Reilly

Temuka Community Board

Clrs Richard Lyon and Paddy O'Reilly

2. That pursuant to clause 32(6) of Schedule 7 of the Local Government Act 2002, the following delegations are approved:

- Where a community rate has been established, to determine how the monies so collected and provided for in the annual budget will be spent, in accordance with legislation; and
- In the case of the Temuka and Geraldine Community Boards, to make recommendations to the Public Trustee on Thomas Hobson Trust grant applications.

**Carried**

## **7.10 District Plan Review - Drafting Process and Appointments**

The Council considered a report by the District Planning Manager seeking approval for a revised drafting process for the District Plan Review; seeking approval for an additional cultural advisor from Aoraki Environmental Consultancy Limited to sit on the Tangata Whenua Steering Group; requesting the appointment of an elected member to the Tangata Whenua Steering Group; and seeking approval for former Councillor Kerry Stevens to continue as Chair of the Heritage Steering Group.

### **Committee Resolution 2019/60**

Moved: Clr Barbara Gilchrist

Seconded: Clr Peter Burt

That the proposed plan drafting process for the District Plan Review illustrated as Figure 2 in the report be adopted.

**Carried**

**Committee Resolution 2019/61**

Moved: Clr Peter Burt  
 Seconded: Mayor Nigel Bowen

That Council appoints Clr Barbara Gilchrist to sit on the District Plan Review’s Tangata Whenua Steering Group.

**Carried**

**Committee Resolution 2019/62**

Moved: Mayor Nigel Bowen  
 Seconded: Clr Peter Burt

That Council amends the Terms of Reference for the Tangata Whenua Steering Group to include one additional cultural advisor from Aoraki Environmental Consultancy Limited.

**Carried**

**Committee Resolution 2019/63**

Moved: Clr Richard Lyon  
 Seconded: Clr Steve Wills

That Council approves former Councillor Kerry Stevens to continue as the Chairman of the Heritage Steering Group.

**Carried**

**8 Consideration of Urgent Business Items**

There was no urgent business.

**9 Consideration of Minor Nature Matters**

There were no minor nature matters.

**10 Public Forum Items Requiring Consideration**

The public forum issues were dealt with earlier in the meeting.

**11 Public Excluded Reports**

There were no public excluded matters.

**The meeting closed at 4.50pm.**

.....

**Chairperson**





**7.2 Minutes of the Council Meeting held on 26 November 2019**

**Author: Joanne Brownie, Governance Support Officer**

**Recommendation**

That the Minutes of the Council Meeting held on 26 November 2019 be confirmed as a true and correct record of that meeting.

**Attachments**

- 1. Minutes of the Council Meeting held on 26 November 2019**



# MINUTES

## Ordinary Council Meeting Tuesday, 26 November 2019

Ref: 1302779

**Minutes of Timaru District Council  
Ordinary Council Meeting  
Held in the Council Chamber, District Council Building, King George Place, Timaru  
on Tuesday, 26 November 2019 at 9am**

**Present:** Mayor Nigel Bowen (Chairperson), Clr Allan Booth, Clr Peter Burt, Clr Barbara Gilchrist, Clr Richard Lyon, Clr Gavin Oliver, Clr Paddy O'Reilly, Clr Sally Parker, Clr Stu Piddington, Clr Steve Wills

**In Attendance:** **Submitters – For Item 7.2**  
Hospitality New Zealand – South Canterbury – Anna Halliday and Kristy Phillips  
Trust Aoraki – Anne-Marie McRae and Irene Emond  
Gaming Machine Association of New Zealand – Jarrod True  
Pub Charity Limited – Martin Cheer  
Problem Gambling Foundation of New Zealand – Sarah Campagnolo

**Community Board Representatives**

Temuka Community Board - Gaye Broker  
Point Community Board - John McDonald  
Geraldine Community Board - Wayne O'Donnell

**Council Officers**

Chief Executive (Bede Carran), Group Manager Commercial and Strategy (Donna Cross), Group Manager Infrastructure (Ashley Harper), Group Manager Community Services (Sharon Taylor), Group Manager Environmental Services (Tracy Tierney), Group Manager People and Digital (Symon Leggett), Policy Analyst (Fabia Fox), Environmental Compliance Manager (Debbie Fortuin), Development Manager (Frazer Munro), Strategy and Corporate Planning Manager (Mark Low), Land Transport Manager (Andrew Dixon), Governance Advisor (Jo Doyle), Governance Support Officer (Joanne Brownie)

**Opening Prayer and Waiata**

Josh Taylor of St Johns Anglican Church offered a prayer for the work of the Council.

The meeting opened with the Timaru District Council waiata.

**1 Declaration by Councillor**

Stuart Bruce Piddington who as a result of the elections held during the period commencing on Friday 20 September 2019 and ending on Saturday 12 October 2019, was duly elected as a Councillor of the Timaru District, made and signed a declaration as required by the provisions of Clause 14, Schedule 7 of the Local Government Act 2002.

**2 Apologies**

There were no apologies.

### **3 Public Forum**

There was no public forum.

### **4 Identification of Urgent Business**

#### **Committee Resolution 2019/64**

Moved: Cr Sally Parker

Seconded: Cr Steve Wills

That a change to Council's representative on the Regional Transport Committee be considered as urgent business at this meeting.

**Carried**

### **5 Identification of Matters of a Minor Nature**

There were no matters of a minor nature.

### **6 Declarations of Conflicts of Interest**

The following conflicts of interest were declared –

- Mayor Bowen declared an interest in the Gambling Venue Policy consultation hearing due to his involvement with South Canterbury Football, and his business activities relating to the Hospitality Association.
- Clr Piddington declared an interest in the Gambling Venue Policy consultation hearing due to his involvement with the Board of Tennis South Canterbury.

The Mayor and Clr Piddington retired from the meeting chamber. The Deputy Mayor took the Chair.

### **7 Reports**

#### **7.2 Gambling Venue Policy Consultation Hearing**

The Council considered a report by the Policy Analyst and the Environmental Compliance Manager, together with the submissions received on the draft Gambling Venue Policy.

The following submitters spoke to their submissions:

#### **Hospitality New Zealand**

Kristy Phillips SC Branch President and Anna Halliday SC Branch Manager of Hospitality NZ congratulated Council on the fairness of the draft policy, then set out the concerns the organisation has with the policy.

Hospitality NZ does not support removing the exemption clause. The organisation would support discretion, they want a policy that will be fit for purpose. Ms Phillips and Halliday pointed out that 99% of the population does not have a gambling problem and the pokies are not the main reason for patrons being at the Association members' premises - people are there for food, drink and social interaction.

If regulations become too strict, people might turn to offshore gambling, which is unregulated, not monitored and has no limits on the amount spent, and with no benefit to the community from proceeds. To illustrate the offshore gambling activity, the meeting was informed that over an 18 month period, \$38m was spent on online gambling. Companies benefitting from overseas gambling are not contributing to the local community. Who will fill the funding gap if the beneficiary community organisations do not continue to receive funding from the gaming organisations?

There are advantages with registered premises as patrons are in an environment where people are looked after and the Department of Internal Affairs and Hospitality NZ have strong training programmes across the country. Also in smaller centres, business owners know their patrons.

In response to a question from Council, the meeting was advised that a portion of gambling proceeds is allocated to social agencies, the problem gambling levy and prevention.

### **Trust Aoraki**

Chairperson of the Trust Aoraki Board Anne-Marie McRae and General Manager Irene Emond presented Trust Aoraki's submission.

The sole aim of the Trust is to distribute funds to community groups, education, arts and sport. The Trust has 57 machines over 11 venues. The Trust's strategic vision is to provide support to community wellbeing, with all funds to go back to the community. It has distributed \$17m since the Trust's inception, with significant contributions made to Fraser Park, the Tennis Centre, SC Movement Centre and CBay.

The Trust is opposed to the removal of the venue establishment exemption clause as the Trust believes it will result in unfairness.

The Trust also opposes the sinking lid policy, would like the number of machines increased to 9, and an overall cap on machines across the District. Despite the reduction of gaming venues and the number of machines, there has been an increase in gaming machine proceeds in the District. The Trust submitted that there is no proof that a sinking lid policy would minimise harm but it could reduce community grant funding and ultimately community wellbeing.

### **Gambling Machine Association of New Zealand**

Jarrold True spoke in support of the Gambling Machine Association's submission, summarising the Association's main requests. The Association represents the majority of gaming machine operators in New Zealand.

Mr True advised that over 50 councils have adopted a relocation policy and the Association believes it is important to allow venues to be able to relocate (eg if new higher quality premises are built, which encourages better behaviour in the clientele and supports tourism).

People have always gambled and restricting gambling operations will not stop people from gambling - the Association believes that gamblers will move to offshore gambling operations if there are increased restrictions in New Zealand, and New Zealand will lose the current benefits that gambling brings to the community. At gambling venues there are trained staff and there are limits on the amount that can be gambled, which is not the case with online gambling.

The organisation is requesting that Council -

- Adopts a relocation policy.
- Retains the open policy on gaming machine numbers.
- Retains the location exemption clause.

- Removes the 7 machine per venue limit.

### **Pub Charity Limited**

Martin Cheer, Chief Executive of Pub Charity, explained that the organisation is the oldest gaming trust in NZ and has been operating in this district since 1987, operating 3 venues and 41 machines in the Timaru District. In the period from January 2018 to October 2019 Pub Charity has made donations of \$2m in the area.

The organisation generally supports the current policy but would like to see 9 machines being permitted per venue and relocations being allowed. The organisation opposes a sinking lid policy as it believes this will have no impact on gambling growth, and exposure to gaming machines is already falling in Timaru. Gambling machines in local areas are cash only, supervised and they generate benefits to the community. Further restrictions could result in the potential loss of the sustainability of the funding source.

### **Problem Gambling Foundation of NZ**

Sarah Campagnolo spoke on behalf of the Problem Gambling Foundation of NZ, noting that the Foundation acknowledges there are some good parts in the policy and supports a sinking lid policy but does not support allowing relocations.

Ms Campagnolo explained the negative effects of problem gambling which include mental health issues, domestic violence, substance abuse, problems at work, and breakdowns in relationships. The Foundation firmly believes that the decrease in pokie machine venues has had an impact on problem gambling not increasing. Most New Zealanders want a reduction in gambling machines, the machines are designed to be addictive, and when gamblers run out of money, some start stealing to fund their habit and in some instances the gambling leads to other social problems. It was also noted that there is a high suicide rate amongst people with addiction and 80-90% of people will not seek help due to the shame involved. There is also likely to be a large number of people who are problem gamblers that have not sought help.

The Foundation is working with the government to reduce harm from gambling activities.

### **Consideration of Submissions**

The Council then considered all the written and oral submissions made on the draft Gambling Venue Policy.

#### **Topic 1 Relocation Policy**

Council agreed that business owners should have the opportunity to apply for relocation of gambling machines as this could be justified in some cases. Council needs discretion to consider such situations on a case by case basis, with a decision to be made by the Environmental Services Committee.

Council **agreed** to establish a relocation policy, but require that applications for relocation of gambling machines be referred to the Environmental Services Committee for a decision, as it is considered to be a governance issue.

#### **Topic 2 Machine Cap**

Council was satisfied that there was no convincing evidence to justify increasing the number of machines per venue to 9.

Council **agreed** to retain the current policy of the 7 gambling machines per venue restriction with no overall cap on the number of machines across the District.

**Topic 3 Removing Exemption Clause**

Council **agreed** that an exemption clause be included with respect to location of venues, with applications to be referred to the Environmental Services Committee for a decision.

**Topic 4 Sinking Lid Clause**

Council noted the earlier discussion around a cap on the number of machines.

Council **agreed** that there be no sinking lid clause in the policy.

**Topic 5 Social Impact Assessment**

The Council noted that there could be benefits in undertaking a social impact assessment to ascertain the range of impacts of both gambling and Council's policy on the community but there has been no budget provision made for this work.

The Council **agreed** to consider budget provision for such an assessment at the next policy review.

**Summary**

- Support for relocation policy, requests for relocations requiring referral to the Environmental Services Committee to determine
- Retain limit of 7 gaming machines per venue
- No overall cap on the number of gaming machines in the District
- Retain exemption clause in relation to location of venues, requests for exemptions to be referred to the Environmental Services Committee.
- No sinking lid policy
- Budget for social impact assessment should be considered when policy next reviewed.

**Committee Resolution 2019/65**

Moved: Clr Steve Wills

Seconded: Clr Barbara Gilchrist

1. That Council receives and notes the written and oral submissions, and officer comments on the draft Gambling Venue Policy.
2. That Council provides the following direction to officers for the preparation of the final draft Gambling Venue Policy for adoption:
  - Support for relocation policy, requests for relocations requiring referral to the Environmental Services Committee to determine
  - Retain limit of 7 gaming machines per venue
  - No overall cap on the number of gaming machines in the District
  - Retain exemption clause in relation to location of venues, requests for exemptions to be referred to the Environmental Services Committee
  - No sinking lid policy
  - Budget for social impact assessment should be considered when policy next reviewed.

**Carried**



The Mayor and Clr Piddington rejoined the meeting and the Mayor resumed the chair.

### **7.3 Dangerous, Affected and Insanitary Buildings Policy**

The Council considered a report by the Building Control Manager and Policy Analyst on the draft Dangerous, Affected and Insanitary Buildings Policy.

It was noted that in regards to Community and Public Health's request for Council to expand the current policy or develop procedures to address the approach taken when dealing with people inhabiting dangerous or insanitary properties, it is current Council practice to give consideration to health factors in these circumstances, but it was not considered necessary to include this in the policy. This approach was agreed to by Council, as Council is mindful of social issues and would provide information and be a conduit for referring people to appropriate services.

#### **Committee Resolution 2019/66**

Moved: Cr Steve Wills

Seconded: Cr Paddy O'Reilly

1. That Council receives and notes the submission received on the draft Dangerous, Affected and Insanitary Buildings Policy.
2. That Council adopts the Dangerous, Affected and Insanitary Buildings Policy as presented.

**Carried**

### **7.4 Local Approved Products Policy**

Council considered a report by the Environmental Compliance Manager and the Policy Analyst on the draft Local Approved Products Policy, together with the draft policy.

#### **Committee Resolution 2019/67**

Moved: Clr Steve Wills

Seconded: Clr Barbara Gilchrist

That Council adopts the Local Approved Products Policy as presented.

**Carried**

### **7.5 Re-establishment and Membership of Subcommittees and Other Groups**

The Council considered a report by the Mayor on the re-establishment and membership of subcommittees and other groups.

#### **Committee Resolution 2019/68**

Moved: Clr Sally Parker

Seconded: Clr Gavin Oliver

1. That Council establishes the Local Arts Scheme Subcommittee and the Sister Cities Subcommittee.

2. That Council approves the delegations and Membership for each of the Subcommittees as set out in Appendix A of the report.
3. That Council resolves that the Council's Delegations Manual be updated to include these Subcommittees and their delegations.

**Carried**

## **7.6 Appointments**

The Council considered a report by the Mayor on appointments to the Audit and Risk Committee, Regional Water Management Committee – Southern Zone and the Biosecurity Advisory Group – Southern Zone.

### **Committee Resolution 2019/69**

Moved: Cr Peter Burt

Seconded: Cr Paddy O'Reilly

That Cr Piddington be appointed to the Audit and Risk Committee.

**Carried**

### **Committee Resolution 2019/70**

Moved: Cr Richard Lyon

Seconded: Cr Sally Parker

That the Mayor be delegated authority to appoint to the Regional Water Management Committee – Southern Zone and to the Biosecurity Advisory Group – Southern Zone, in conjunction with the Mackenzie and Waimate District Councils.

**Carried**

## **7.7 City Hub Strategy - Project Steering Group membership**

The Council considered a report by the Development Manager on reconstituting the City Hub Strategy Project Steering Group as per the previously approved Terms of Reference, and the appointment of an elected member to the City Hub Strategy Project Steering Group.

Clarification was sought for the newer members of the Council as to the relationship and roles of the City Hub Strategy Project Steering Group and the Central Business District (CBD) group and how these two groups fit together.

It was explained that the steering group was initiated following a workshop which acknowledged the wide range of elements to the CBD revitalisation, and include matters that are both within and beyond Council's control. In order to enable landowners to be part of revitalising the CBD, there needs to be a collaborative approach between the different stakeholders and interest groups, to form a strategic vision. A project delivery manager will be appointed, there will consultation with all stakeholders, and the City Hub group will produce a vision document.

While the city hub group is primarily focussed on Timaru's CBD, there will be some commonalities that will have relevance to the rural communities. Also the Geraldine Community Board has had

some discussion on a strategy for Geraldine, therefore it would be appropriate to appoint someone from the Geraldine Community Board to be part of the City Hub Strategy Project Steering Group.

Clr Parker offered to stand down from the group to allow for new appointments, noting Clr Booth's previous involvement and interest in the CBD project, Clr Gilchrist's campaigning on CBD revitalisation and her community skills. Otherwise the composition of the Group remains unchanged.

### **Committee Resolution 2019/71**

Moved: Clr Peter Burt

Seconded: Clr Sally Parker

- 1 That Council reconstitutes the City Hub Strategy Project Steering Group as per the previously approved Terms of Reference.
- 2 That Council appoints Clr Allan Booth and Clr Barbara Gilchrist, reappoints Clr Steve Wills and seeks a representative from the Geraldine Community Board to the City Hub Strategy Project Steering Group.

**Carried**

### **7.8 Timaru District Holdings Limited - Appointment of Directors**

The Council considered a report by the Chief Executive, to confirm Council's approval, as shareholder of TDHL, for the re-appointment or continuation (as appropriate) of directors of TDHL.

The meeting was informed that external director Richie Smith is not seeking reappointment as he wishes to retire. Council noted the appointment at the Inaugural Council meeting of Nigel Bowen to the TDHL Board.

### **Committee Resolution 2019/72**

Moved: Clr Peter Burt

Seconded: Cr Allan Booth

- a) That current directors Richard Lyon and Ian Fitzgerald be re-appointed as Directors of Timaru District Holdings Limited (TDHL) at the next Annual Meeting of TDHL (December 2019), with Mr Fitzgerald to continue as Chairperson.
- b) That Council notes that Nigel Bowen's directorship continues in the meantime.
- c) That the Chief Executive be authorised to execute, on behalf of Timaru District Council, any shareholder's resolution to give effect to the above.

**Carried**

**8 Consideration of Urgent Business Items**

**8.1 Regional Transport Committee Representative**

The Land Transport Manager informed the meeting that Clr Parker, who was appointed as Council’s representative on the Regional Transport Committee at the Inaugural Council meeting, cannot attend the RTC meetings due to other commitments and no alternative is permitted under the legislation. A replacement representative therefore needs to be appointed.

The meeting noted that the Mayor would be an appropriate representative as there are synergies with the RTC meeting timetable and it is general practice to have the Mayor represent Council on this committee.

**Committee Resolution 2019/73**

Moved: Clr Peter Burt

Seconded: Clr Barbara Gilchrist

That Mayor Nigel Bowen replace Clr Sally Parker as Council’s representative on the Regional Transport Committee.

**Carried**

**9 Consideration of Minor Nature Matters**

There were no minor nature matters to consider.

**10 Public Forum Items Requiring Consideration**

There were no public forum items.

**11 Public Excluded Reports**

There were no public excluded reports.

**The meeting closed at 11am.**

.....

**Chairperson**

## 8 Schedules of Functions Attended

### 8.1 Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors

**Author:** Alesia Cahill, Executive Assistant to the Mayor

**Authoriser:** Nigel Bowen, Mayor

#### Recommendation

That the report be received and noted.

#### Functions Attended by the Mayor for the Period 14 October 2019 to 3 December 2019

<i>19 October 2019</i>	Attended and opened the Official opening of Barkers Foodstore and Eatery and celebration of 50 years
<i>20 October 2019</i>	Attended South Canterbury Seafarers Service Attended Trafalgar Day Luncheon
<i>22 October 2019</i>	Mentoring session with Tuia candidate
<i>23 October 2019</i>	Attended Air New Zealand AGM and BA5
<i>28 October 2019</i>	Attended 2019 Mayoral Induction in Wellington (2 days)
<i>31 October 2019</i>	Attended Inaugural Timaru District Council meeting
<i>1 November 2019</i>	Mayoral Musing on the Breeze radio station Attended the Final Tuia wananga in Auckland
<i>3 November 2019</i>	Attended 2019 Freyberg Masters golf party
<i>4 November 2019</i>	Met with South Canterbury Mayors
<i>5 November 2019</i>	Attended District Tour
<i>7 November 2019</i>	Attended and opened the Refugee Settlement meeting Presented at the Industry Training Organisation Awards
<i>10 November 2019</i>	Attended Sacred Heart fair
<i>11 November 2019</i>	Met with Caroline Bay Playground Project team Spoke at Armistice Day service Attended Inaugural Temuka Community Board meeting
<i>12 November 2019</i>	Attended Elected Members Induction Attended Inaugural Pleasant Point Community Board meeting
<i>13 November 2019</i>	Attended Inaugural Geraldine Community Board meeting
<i>14 November 2019</i>	Attended LGNZ Equip Induction Workshop Attended Safer Communities Committee meeting Attended Noel Leemings BA5 event

	Attended Islamic Culture and working with Muslim society evening
	Attended Gloriavale Support Trust meeting
<i>15 November 2019</i>	Attended and opened the NZ Iris Convention
<i>18 November 2019</i>	Attended Zone 5 and 6 meeting in Oamaru (2 days)
<i>20 November 2019</i>	Spoke to Grey Power Timaru
	Attended Timaru Christian Ministers Association Lunch at Salvation Army
<i>21 November 2019</i>	Attended Rural and Provincial meeting in Wellington (2 days)
<i>23 November 2019</i>	Attended and spoke at Diwali 2019 function
<i>25 November 2019</i>	Spoke at SC Chamber of Commerce breakfast – ‘meet the Mayor’
	Visited Timaru Fire and Emergency
<i>26 November 2019</i>	Attended Standing Committee meetings
<i>27 November 2019</i>	Attended South Canterbury Principal Association end of year lunch
	Attended Council workshops
<i>28 November 2019</i>	Attended Alpine Energy Shareholders meeting
	Attended Canterbury Mayoral Forum working dinner in Christchurch
<i>29 November 2019</i>	Attended Canterbury Mayoral Forum in Christchurch
	Mayoral Musing on the Breeze radio station
<i>30 November 2019</i>	Met with Irish Ambassador
	Attended and participated in the Temuka Christmas Parade
<i>1 December 2019</i>	Attended and judged floats in the Timaru Christmas Parade
<i>2 December 2019</i>	Attended Aoraki Development and Promotions AGM
	Attended and spoke at the Roncalli School prize giving

In addition to these duties I met with **23** members of the public on issues of concern to them.

**Functions Attended by the Deputy Mayor for the Period 14 October 2019 to 3 December 2019**

<i>31 October 2019</i>	Attended Ron Brown Jewellers 70 year celebrations
<i>21 November 2019</i>	Attended White Ribbon riders event
<i>23 November 2019</i>	Attended Diwali 2019 Function
	Attended and spoke at Pacifica Family rugby day
<i>25 November 2019</i>	Attended visit to Timaru Fire and Emergency
<i>29 November 2019</i>	Opened Timaru Festival of Roses 2019 at Caroline Bay
<i>1 December 2019</i>	Attended Geraldine RSA Annual Christmas Party and 100 year celebration

**Attachments**

**Nil**

**8.2 Schedule of Functions Attended by the Chief Executive****Author: Alesia Cahill, Executive Assistant to the Mayor****Authoriser: Bede Carran, Chief Executive****Recommendation**

That the report be received and noted.

**Functions Attended by the Chief Executive for the Period 14 October 2019 to 2 December 2019**

<i>18 October 2019</i>	Met with Alpine Energy Limited Chief Executive Met with representative of Arowhenua Marae Attended Sustainability Forum
<i>23 October 2019</i>	Conference call with Orange City Officers Met with Air New Zealand representatives Attended Air New Zealand BA5
<i>24 October 2019</i>	Met Chief Executive Aoraki Development
<i>30 October 2019</i>	Met with Ara representatives
<i>31 October 2019</i>	Attended Inaugural Timaru District Council meeting
<i>4 November 2019</i>	Attended Canterbury Chief Executives Forum - Rolleston Attended Civil Defence Emergency Management Group Coordinating Executive Group - Rolleston Attended Friends of Aigantighe meeting
<i>5 November 2019</i>	Attended Timaru District Council District Tour
<i>7 November 2019</i>	Attended Industry Training Awards
<i>11 November 2019</i>	Attended Inaugural Temuka Community Board meeting
<i>12 November 2019</i>	Attended Elected Members Induction Attended Inaugural Pleasant Point Community Board meeting
<i>13 November 2019</i>	Attended Inaugural Geraldine Community Board meeting
<i>14 November 2019</i>	Attended BA5 - Noel Leeming
<i>18 November 2019</i>	Met with representatives of Department of Internal Affairs Met with representative of Ministry of Business, Innovation and Employment
<i>19 November 2019</i>	Met with Chief Executive Alpine Energy Limited Met with representative of Arowhenua Marae
<i>20 November 2019</i>	Attended Timaru Christian Ministers Association Lunch



---

<i>21 November 2019</i>	Attended LGNZ Rural and Provincial in Wellington (2 days)
<i>22 November 2019</i>	Attended EquiP Board Meeting – Wellington Met with Massey University Academic
<i>25 November 2019</i>	Attended meeting with Waste Management New Zealand representatives - Ashburton
<i>26 November 2019</i>	Attended Standing Committee meetings
<i>27 November 2019</i>	Attended Council workshops
<i>28 November 2019</i>	Attended Alpine Energy Shareholders meeting Attended Canterbury Mayoral Forum working dinner in Christchurch
<i>29 November 2019</i>	Attended Canterbury Mayoral Forum in Christchurch Attended Civil Defence Emergency Management Joint Committee meeting – Christchurch
<i>2 December 2019</i>	Attended Aoraki Development and Promotions Annual General Meeting

Meetings were also held with various ratepayers, businesses and/or residents on a range of operational matters.

**Attachments****Nil**

## 9 Reports

### 9.1 Aorangi Stadium Trust 2018/19 Audited Annual Report

**Author:** David Codyre, Chief Financial Officer

**Authoriser:** Donna Cross, Group Manager Commercial and Strategy

#### Recommendation

That the Annual Report for the Aorangi Stadium Trust be received and noted.

#### Purpose of Report

1 To present the 2018/19 audited Annual Report for the Aorangi Stadium Trust.

#### Assessment of Significance

2 The assessment of significance is low.

#### Discussion

3 The Aorangi Stadium Trust is a Council Controlled Entity under the Local Government Act 2002, the Act. The Trust owns the Stadium Facility situated at 70 Morgans Road.

4 Timaru District Council lease the Stadium Facility from the Trust. The Trust is responsible for the capital maintenance of Facility.

5 The Act requires the Trustees to provide Timaru District Council an audited Annual Report within three months of its 30 June balance date (i.e. by 30 September 2019). The Trust provided a copy of its Annual Report on September 26 2019.

6 The Trust made a deficit of \$120,493 for 2018/19 Financial Year. This is against a budgeted deficit of \$118,340 (refer below). The Trust received a capital grant from Timaru District Council of \$52,000 as well as expense reimbursements of \$34,409. Interest Income was \$3,663 for the year resulting in Total revenue amounting to \$90,072. The Trust had total Expenses of \$210,565 consisting of operational costs of \$37,251 and depreciation expenditure of \$173,314.

7 The Trust has habitually made a deficit due to the depreciation costs on the building and plant not being fully funded. The capital grant from Council is provided for capital maintenance of the facility. The Trust has built a reserve of \$143,000 for future capital work, noting that the floor was resurfaced a couple of years ago.

8

#### Attachments

1. Aorangi Stadium Trust 2018/19 Audited Annual Report

## AORANGI STADIUM TRUST

PO Box 522  
Timaru 7940

26 September 2019

Bede Carran  
Timaru District Council  
PO Box 522  
Timaru 7940

Dear Bede

Please find attached a copy of the Aorangi Stadium Trust 2019 Annual Report.

The Trust made a loss of \$120,000 for the 2019 year which was in line with budget expectations.

The report has been audited by Martin Wakefield Limited who have provided an unqualified opinion.

The Trust Board resolved to adopt the Annual Report at its AGM on 17 September 2019.

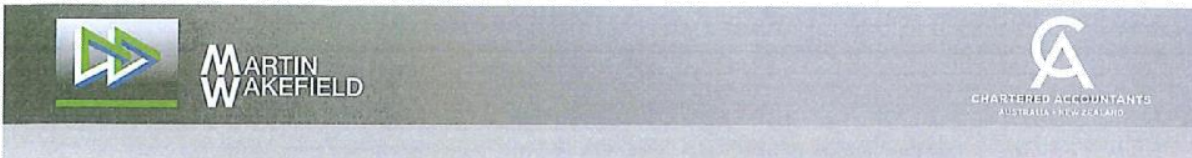
Please contact David Codyre with any queries.

Regards



Peter Burt  
Chairman

#1284235



**Timaru:** 26 Canon Street | PO Box 58 | Timaru 7940  
 Tel: (64) (3) 687 7122 | Fax: (64) (3) 684 8558  
 Email: reception@martinwakefield.co.nz  
 Web: www.martinwakefield.co.nz

**Christchurch:** 4/29 Acheron Drive | PO Box 9404  
 Christchurch 8149 | Tel: (64) (3) 343 4012 | Fax: (64) (3) 961 1727

9<sup>th</sup> of September 2019

The Chairperson  
 Aorangi Stadium Trust,  
 PO Box 522  
 TIMARU

Dear Chairperson

**RE: AUDIT OF 30 JUNE 2019 PERFORMANCE REPORT**

Please find enclosed your Performance Report for the year ended 30 June 2019, together with an unqualified audit report.

**AUDITORS RESPONSIBILITIES**

The Auditor-General is required to audit the Performance Report presented by the Board of Trustees; to express an independent opinion on the Performance Report, and to report that opinion to you. This responsibility arises from the Local Government Act and Section 15 of the Public Audit Act 2001. We have been appointed by the Auditor-General to undertake the Audit.

We conducted our audit in accordance with generally accepted auditing standards, including the Auditing Standards issued by the Institute of Chartered Accountants of New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming the audit opinion we conduct detailed tests of selected transactions and review the key controls in place to ensure the effective operation of the accounting systems and internal controls. As a service to ensure you receive maximum benefit from the audit we note our evaluation of your systems and highlight areas of possible weakness or where we believe improvements can be made. Our motive is to offer objective and constructive advice so that the accounting function and related control issues can be improved in the future.

**Required communications**

We are required by assurance standards to report specific matters to you as follows:

- We had no disagreements with management during our audit nor any serious difficulties in dealing with management.



- We have not identified any instances of fraud involving senior management, or any other frauds that caused a material misstatement of the financial statements
- We have not noted any significant risks or exposures that are required to be separately disclosed in the financial statements.
- We reaffirm we are independent of your Board of Trustees, and that we have no relationship with your Trust that impairs our independence.

**Areas of Significant Audit Focus**

We believe it is best practice to communicate with you as the governing body regarding matters which form an important part of our audit process. However, ultimately it is you, the governing body that remains responsible for your financial systems, internal controls and financial statements.

While the audit necessarily involves testing of your overall system of financial controls and reporting, we assessed some potentially significant risk areas in relation to your board. Accordingly, we believe that they are important issues that should be of interest to you in your governance capacity.

In the case of your board the following are the areas and issues in the current year that we assessed as significant risk areas:

- Compliance with generally accepted accounting practice

We are pleased to advise that the audit testing of these assessed risk areas did not identify any significant issues or concerns. We have noted a recommendation below to consider in improving your practices.

**Audit adjustments**

Management believes that there are no unadjusted differences to the financial statements; we agree with this position.

These points arose during the course of our audit which is designed primarily to enable us to form an opinion on the financial statements taken as a whole. Our report cannot, therefore, be expected to include all possible comments and recommendations which a more extensive special examination might indicate.

Yours faithfully

**MARTIN WAKEFIELD**



Derily MacLean  
Appointed Auditor

**Aorangi Stadium Trust**  
**Performance Report**  
 For the year ended  
 30 June 2019

**Contents**

	Page
<b>Non-Financial Information:</b>	
Entity Information	1 - 2
Statement of Service Performance	3
<b>Financial Information:</b>	
Statement of Financial Performance	4
Statement of Financial Position	5
Statement of Cash Flows	6
Statement of Accounting Policies	7
Notes to the Performance Report	8 - 15



**Aorangi Stadium Trust**  
**Entity Information**  
 "Who are we?", "Why do we exist?"  
 For the year ended  
 30 June 2019

Legal Name of Entity:*	Aorangi Stadium Trust
------------------------	-----------------------

Other Name of Entity (if any):	
--------------------------------	--

Type of Entity and Legal Basis (if any):*	The Aorangi Stadium Trust was incorporated on 14 August 2001 under the Charitable Trusts Act 1957. The Trust is controlled by Timaru District Council and is a council-controlled organisation as defined in section 6 of the Local Government Act 2002.
---	--

Registration Number:	CC22027
----------------------	---------

**Entity's Purpose or Mission: \***  
 The Purpose of the Entity is to continue development, maintenance & operation of the Aorangi Stadium and adjoining areas on Aorangi Park, Timaru.

**Entity Structure: \***  
 The Trust comprises a board of 4 Trustees who oversee governance of the Trust. The facility is leased to Timaru District Council who manage the facility and undertake administration of the Trust.

**Main Sources of the Entity's Cash and Resources: \***  
 The main sources of cash and resources for the Stadium Trust is income from the Timaru District Council.

**Main Methods Used by the Entity to Raise Funds: \***  
 The Aorangi Stadium Trust is not an active fundraiser.

**Entity's Reliance on Volunteers and Donated Goods or Services: \***  
 The Aorangi Stadium Trust does not rely on Volunteers.

**Additional Information: \***

**Aorangi Stadium Trust**

**Entity Information**

"Who are we?", "Why do we exist?"

For the year ended  
30 June 2019

**Contact details**

<b>Physical Address:</b>	70 Morgans Rd, Timaru.
<b>Postal Address:</b>	P O Box 522, Timaru 7910
<b>Phone/Fax:</b>	
<b>Email/Website:</b>	david.codyre@timdc.govt.nz



**Aorangi Stadium Trust**  
**Statement of Service Performance**  
 "What did we do?", When did we do it?"  
 For the year ended  
 30 June 2019

Description of the Entity's Outcomes\*:  
 The Purpose of the Entity is to continue development, maintenance & operation of the Aorangi Stadium and adjoining areas on Aorangi Park, Timaru.

Description and Quantification (to the extent practicable) of the Entity's Outputs:*	Actual*	Budget	Actual*
	This Year	This Year	Last Year
Ratio of Equity to Total Assets remains above 90%	Met; 99.04%	90%	Met; 97.99%
Regular liason occurs with the tenant (Timaru District Council) on at least a six monthly basis.	Met		Met
Audited annual report completed within 3 months of financial year end	Met		Met
Promote ongoing development & maintenance of Aorangi Sports Stadium on Morgans Road Recreation Reserve.	Met		Met

Additional Output Measures:

Additional Information:



**Aorangi Stadium Trust**  
**Statement of Financial Performance**  
 "How was it funded?" and "What did it cost?"  
 For the year ended  
 30 June 2019

	Note	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Revenue</b>				
Funding from Central or Local Government	1	52,000	52,000	52,000
Revenue from non-governmental sources for providing goods and services				
Donations, fundraising and other similar revenue				
Interest, dividends and other investment revenue*	1	3,663	4,000	6,425
Other revenue	1	34,409	32,600	32,975
<b>Total Revenue*</b>		<b>90,072</b>	<b>88,600</b>	<b>91,400</b>
<b>Expenses</b>				
Expenses related to public fundraising*				
Volunteer and employee related costs*				
Costs related to providing goods or services*	2	37,251	40,600	129,113
Grants and donations made*				
Other expenses	2	173,314	166,340	168,712
<b>Total Expenses*</b>		<b>210,565</b>	<b>206,940</b>	<b>297,825</b>
<b>Surplus/(Deficit) for the Year*</b>		<b>(120,493)</b>	<b>(118,340)</b>	<b>(206,425)</b>



**Aorangi Stadium Trust**  
**Statement of Financial Position**  
 "What the entity owns?" and "What the entity owes?"  
 As at  
 30 June 2019

	Note	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Assets</b>				
<b>Current Assets</b>				
Bank accounts and cash*	3	283,972	277,116	223,180
Debtors and prepayments*	3	34,409		59,800
Inventory*				-
Other current assets				
<b>Total Current Assets</b>		<b>318,381</b>	<b>277,116</b>	<b>282,980</b>
<b>Non-Current Assets</b>				
Property, plant and equipment*	4	839,622	958,967	1,012,936
Investments*				-
Other non-current assets				-
<b>Total Non-Current Assets</b>		<b>839,622</b>	<b>958,967</b>	<b>1,012,936</b>
<b>Total Assets*</b>		<b>1,158,003</b>	<b>1,236,083</b>	<b>1,295,916</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Bank overdraft*				
Creditors and accrued expenses*	3	11,645	5,000	29,064
Employee costs payable*				
Unused donations and grants with conditions*				
Other current liabilities				
<b>Total Current Liabilities</b>		<b>11,645</b>	<b>5,000</b>	<b>29,064</b>
<b>Non-Current Liabilities</b>				
Loans*				
Other non-current liabilities				
<b>Total Non-Current Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities*</b>		<b>11,645</b>	<b>5,000</b>	<b>29,064</b>
<b>Total Assets less Total Liabilities (Net Assets)*</b>		<b>1,146,358</b>	<b>1,231,083</b>	<b>1,266,852</b>
<b>Accumulated Funds</b>				
Capital contributed by owners or members*	5	3,050,631	3,050,631	3,050,631
Accumulated surpluses or (deficits)*	5	(2,047,392)	(1,917,736)	(1,875,630)
Reserves*	5	143,119	98,188	91,851
<b>Total Accumulated Funds*</b>		<b>1,146,358</b>	<b>1,231,083</b>	<b>1,266,852</b>



**Aorangi Stadium Trust**  
**Statement of Cash Flows**  
 "How the entity has received and used cash"  
 For the year ended  
 30 June 2019

	Actual* This Year \$	Budget This Year \$	Actual* Last Year \$
<b>Cash Flows from Operating Activities*</b>			
<b>Cash was received from:</b>			
Donations, fundraising and other similar receipts *	104,000	52,000	
Fees, subscriptions and other receipts from members *	-	32,600	32,540
Receipts from providing goods or services *	-		435
Interest, dividends and other investment receipts *	3,663	4,000	6,855
Net GST	5,130	3,000	(9,104)
<b>Cash was applied to:</b>			
Payments to suppliers and employees *	52,001	40,600	110,307
Donations or grants paid *			
<b>Net Cash Flows from Operating Activities*</b>	<b>60,792</b>	<b>51,000</b>	<b>(79,581)</b>
<b>Cash flows from Investing and Financing Activities*</b>			
<b>Cash was received from:</b>			
Receipts from the sale of property, plant and equipment *			
Receipts from the sale of investments *			200,000
Proceeds from loans borrowed from other parties *			
Capital contributed from owners or members *			
<b>Cash was applied to:</b>			
Payments to acquire property, plant and equipment *		33,000	107,485
Payments to purchase investments *			200,000
Repayments of loans borrowed from other parties *			
Capital repaid to owners or members *			
<b>Net Cash Flows from Investing and Financing Activities*</b>	<b>-</b>	<b>(33,000)</b>	<b>(107,485)</b>
<b>Net Increase / (Decrease) in Cash *</b>	<b>60,792</b>	<b>18,000</b>	<b>(187,066)</b>
Opening Cash *	223,180	259,116	410,246
Closing Cash *	283,972	277,116	223,180
<b>This is represented by:</b>			
Bank Accounts and Cash *	283,972	277,116	223,180





**Aorangi Stadium Trust**  
**Statement of Accounting Policies**  
**"How did we do our accounting?"**  
**For the year ended**  
**30 June 2019**

**Basis of Preparation\***

Aorangi Stadium Trust has elected to apply PBE SFR-A (PS) Public Benefit Entity Simple Format Reporting - Accrual (Public Sector) on the basis that it does not have public accountability and has total annual expenses of equal to or less than \$2,000,000. All transactions in the Performance Report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.

**Goods and Services Tax (GST)\***

All amounts are recorded exclusive of GST, except for Debtors and Creditors which are stated inclusive of GST.

**Income Tax**

Aorangi Stadium Trust has charitable status therefore no income tax is payable.

**Bank Accounts and Cash**

Bank accounts and cash in the Statement of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 days or less.

**Changes in Accounting Policies\***

There have been no changes in accounting policies during the financial year (last year - nil)



**Aorangl Stadium Trust**  
**Notes to the Performance Report**  
 For the year ended  
 30 June 2019

**Note 1 : Analysis of Revenue**

Revenue Item	Analysis	This Year	Last Year
Funding from Central or Local Government		\$	\$
	General Funding from Central or Local Government	52,000	52,000
	<b>Total</b>	<b>52,000</b>	<b>52,000</b>
Donations and other similar revenue		\$	\$
	<b>Total</b>	<b>-</b>	<b>-</b>
Fees, subscriptions and other revenue from members		\$	\$
	<b>Total</b>	<b>-</b>	<b>-</b>
Revenue from providing goods or services		\$	\$
	<b>Total</b>	<b>-</b>	<b>-</b>
Interest, dividends and other investment revenue		\$	\$
	Interest	3,663	6,425
	<b>Total</b>	<b>3,663</b>	<b>6,425</b>
Other revenue		\$	\$
	Insurance Reimbursements	34,409	32,540
	Insurance Excess	-	435
	<b>Total</b>	<b>34,409</b>	<b>32,975</b>



**Aorangi Stadium Trust**  
**Notes to the Performance Report**  
 For the year ended  
 30 June 2019

**Note 2 : Analysis of Expenses**

Expense Item	Analysis	This Year	Last Year
Expenses related to public fundraising		\$	\$
	<b>Total</b>	-	-

Expense Item	Analysis	This Year	Last Year
Volunteer and employee related costs		\$	\$
	<b>Total</b>	-	-

Expense Item	Analysis	This Year	Last Year
Costs related to providing goods or services	Insurance	34,409	32,540
	Repairs and Maintenance	1,390	92,267
	Administration and Overhead Costs	3,452	3,506
	Valuation		800
	ACC Levy Refund	(2,000)	
	<b>Total</b>		37,251

Expense Item	Analysis	This Year	Last Year
Grants and donations made		\$	\$
	<b>Total</b>	-	-

Expense Item	Analysis	This Year	Last Year
Other expenses	Depreciation	173,314	168,712
	<b>Total</b>	173,314	168,712



**Aorangi Stadium Trust**  
**Notes to the Performance Report**  
 For the year ended  
 30 June 2019

**Note 3 : Analysis of Assets and Liabilities**

Asset Item	Analysis	This Year \$	Last Year \$
Bank accounts and cash	Cheque account balance	8,724	7,881
	Savings account balance	275,248	215,299
	<b>Total</b>	<b>283,972</b>	<b>223,180</b>
Debtors and prepayments	Accounts receivable	-	59,800
	GST Receivable	-	-
	Other receivables	34,409	-
	<b>Total</b>	<b>34,409</b>	<b>59,800</b>
Inventory		\$	\$
	<b>Total</b>	<b>-</b>	<b>-</b>
Other current assets	Short term deposits	\$	\$
	<b>Total</b>	<b>-</b>	<b>-</b>
Investments		\$	\$
	<b>Total</b>	<b>-</b>	<b>-</b>
Other non-current assets		\$	\$
	<b>Total</b>	<b>-</b>	<b>-</b>





**Aorangi Stadium Trust**  
**Notes to the Performance Report**  
 For the year ended  
 30 June 2019

Note 3 : Analysis of Assets and Liabilities			
Liability Item	Analysis	This Year	Last Year
Creditors and accrued expenses		\$	\$
	Trade and other payables	1,033	920
	Accrued expenses	2,947	20,464
	GST Payable	7,665	7,680
	<b>Total</b>	<b>11,645</b>	<b>29,064</b>
Employee costs payable	Analysis	\$	\$
	<b>Total</b>	-	-
Unused donations and grants with conditions	Analysis	\$	\$
	<b>Total</b>	-	-
Other current liabilities	Analysis	\$	\$
	<b>Total</b>	-	-
Loans	Analysis	\$	\$
	<b>Total</b>	-	-
Other non-current liabilities	Analysis	\$	\$
	<b>Total</b>	-	-



**Aorangi Stadium Trust**  
**Notes to the Performance Report**  
 For the year ended  
 30 June 2019

**Note 4 : Property, Plant and Equipment**

This Year						PPE7 - PPE8	
Asset Class*	Opening Carrying Amount*	Purchases	Sales/Disposals	Current Year Depreciation and Impairment*	Closing Carrying Amount*	Current Valuation*	Source and Date of Valuation*
Land*	-			-	-		
Buildings*	1,012,936			173,314	839,622		
Motor Vehicles*	-				-		
Furniture and fixtures*	-				-		
Office equipment*	-				-		
Computers (including software)*	-				-		
Machinery*	-				-		
Heritage assets	-				-		
<b>Total</b>	<b>1,012,936</b>	<b>-</b>	<b>-</b>	<b>173,314</b>	<b>839,622</b>		

Last Year					
Asset Class*	Opening Carrying Amount*	Purchases	Sales/Disposals	Current Year Depreciation and Impairment*	Closing Carrying Amount*
Land*	-			-	-
Buildings*	1,074,163	107,485		168,712	1,012,936
Motor Vehicles*	-				-
Furniture and fixtures*	-				-
Office equipment*	-				-
Computers (including software)*	-				-
Machinery*	-				-
Heritage assets	-				-
<b>Total</b>	<b>1,074,163</b>	<b>107,485</b>	<b>-</b>	<b>168,712</b>	<b>1,012,936</b>

Significant Donated Assets Recorded - Source and Date of Valuation\*


Significant Donated Assets - Not Recorded\*




**Aorangi Stadium Trust**  
**Notes to the Performance Report**  
 For the year ended  
 30 June 2019

**Note 5: Accumulated Funds**

This Year				
Description*	Capital Contributed by Owners or Members*	Accumulated Surpluses or Deficits*	Reserves*	Total*
Opening Balance	3,050,631	(1,875,610)	91,851	1,266,852
Capital contributed by owners or members*	-	-	-	-
Capital returned to owners or members*	-	-	-	-
Surplus/(Deficit)*	-	(120,493)	-	(120,493)
Distributions paid to owners or members*	-	-	-	-
Transfer to Reserves*	-	(55,666)	55,656	-
Transfer from Reserves*	-	4,388	(4,388)	-
Closing Balance	3,050,631	(2,047,391)	143,119	1,146,359

Last Year				
Description*	Capital Contributed by Owners or Members*	Accumulated Surpluses or Deficits*	Reserves*	Total*
Opening Balance	3,050,631	(1,805,757)	228,403	1,473,277
Capital contributed by owners or members*	-	-	-	-
Capital returned to owners or members*	-	-	-	-
Surplus/(Deficit)*	-	(206,425)	-	(206,425)
Distributions paid to owners or members*	-	-	-	-
Transfer to Reserves*	-	(58,425)	58,425	-
Transfer from Reserves*	-	194,977	(194,977)	-
Closing Balance	3,050,631	(1,875,610)	91,851	1,266,852

Breakdown of Reserves		Actual*	Actual*
Name*	Nature and Purpose*	This Year	Last Year
		\$	\$
Maintenance Reserve	To Fund Maintenance Of Stadium	143,119	91,851
<b>Total</b>		<b>143,119</b>	<b>91,851</b>



**Aorangi Stadium Trust**  
**Notes to the Performance Report**  
For the year ended  
30 June 2019

**Note 6 : Commitments and Contingencies**

**Commitments**

There are no commitments as at balance date (Last Year - nil )

**Contingent Liabilities and Guarantees**

There are no contingent liabilities or guarantees as at balance date (Last Year - nil )



**Aorangi Stadium Trust**  
**Notes to the Performance Report**  
 For the year ended  
 30 June 2019

Notes 7-9

**Note 7: Other**

**Significant Grants and Donations with Conditions which have not been Recorded as a Liability\***

Description*	Original Amt*	Not Fulfilled Amt*	Purpose and Nature of the Condition(s)*

**Goods or Services Provided to the Entity In Kind\***

Description*	Amount*

**Assets Used as Security for Liabilities\***

Nature and Amount of Borrowing*	Nature and Amount of Asset Used as Security*

**Note 8: Assets Held on Behalf of Others\***

Description of the Assets Held*	Name of Entity of Whose Behalf Assets are Held*

**Note 9: Related Party Transactions\***

Description of Related Party Relationship*	Description of the Transaction (whether in cash or amount in kind)*	This Year	Last Year	This Year	Last Year
		\$	\$	\$	\$
		Value of Transactions*	Value of Transactions*	Amount Outstanding*	Amount Outstanding*
Services received from Timaru District Council	Cash	1,000	1,000		
Grants received from Timaru District Council	Cash	52,000	52,000		59,800
Site fees - Lease	Cash	100	100		
Reimbursement of Insurance Expense by Timaru District Council	Cash	34,409	32,540	34,409	

**Events After the Balance Date:**

There were no events that have occurred after the balance date that would have a material impact on the Performance Report. (Last Year Nil)







MARTIN  
WAKEFIELD



## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF AORANGI STADIUM TRUST'S PERFORMANCE REPORT FOR THE YEAR ENDED 30 JUNE 2019

The Auditor-General is the auditor of Aorangi Stadium Trust (the Trust). The Auditor-General has appointed me, Derily MacLean, using the staff and resources of Martin Wakefield, to carry out the audit of the Performance Report of the Trust on his behalf.

#### Opinion

We have audited the Performance Report of the Trust on pages 3 to 15 that comprise the statement of financial position as at 30 June 2019, the statement of service performance, statement of financial performance, and statement of cash flows for the year ended on that date and the notes to the Performance Report that include accounting policies and other explanatory information.

In our opinion, the Performance Report of the Trust:

- present fairly, in all material respects:
  - its financial position as at 30 June 2019; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Simple Format Reporting – Accrual (Public Sector)

Our audit was completed on 09/09/2019. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities, and explain our independence.

#### Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the Performance Report. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the Performance Report. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the Performance Report, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Trust's

Performance Report in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Trustees;
- the adequacy of the disclosures in the Performance Report; and
- the overall presentation of the Performance Report.

We did not examine every transaction, nor do we guarantee complete accuracy of the Performance Report.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

#### **Responsibilities of the Trustees**

The Trustees are responsible for the preparation and fair presentation of a Performance Report for the Trust that comply with generally accepted accounting practice in New Zealand.

The Trustees are responsible for such internal control as they determine is necessary to enable the preparation of a Performance Report that is free from material misstatement, whether due to fraud or error. The Trustees are also responsible for the publication of the Performance Report, whether in printed or electronic form.

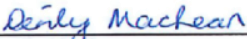
#### **Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on the Performance Report and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

#### **Independence**

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the Trust.

  
Derily MacLean  
Martin Wakefield  
On behalf of the Auditor-General  
Timaru, New Zealand

**9.2 Appointment of Community Board Members to Local Organisations**

**Author:** Jo Doyle, Governance Advisor

**Authoriser:** Bede Carran, Chief Executive

**Recommendation**

That the following appointments, as per the Community Board’s recommendations, be approved and confirmed –

Stephanie McCullough	Temuka and Districts Historical Society
John McDonald	Pleasant Point Railway and Historical Society
Jan Finlayson	Geraldine Community Arts Council
Wayne O’Donnell	Geraldine Community Vehicle Trust
McGregor Simpson	Red Cross and Silver Band Board of Control
Clr Gavin Oliver, Jan Finlayson	Geraldine Projects Trust.

**Purpose of Report**

- 1 To confirm the appointment of Community Board members to local organisations.

**Assessment of Significance**

- 2 This report is of low significance.

**Discussion**

- 3 Community Boards make the appointments to various local organisations of liaison (non-voting) positions. Appointments for voting positions for various local organisations require Council approval.
- 4 Below are recommendations from the Temuka, Pleasant Point and Geraldine Community Boards regarding the appointment of Community Board representatives to local organisations.

**Temuka**

That the Temuka Community Board recommends to Council that Stephanie McCullough be appointed to the Temuka and Districts Historical Society.

**Pleasant Point**

That the Pleasant Point Community Board recommends to Council that John McDonald be appointed to the Pleasant Point Railway and Historical Society.

**Geraldine**

That the Geraldine Community Board recommends to Council that the following appointments be made.

- Geraldine Community Arts Council Jan Finlayson
- Geraldine Community Vehicle Trust Wayne O’Donnell



- Red Cross and Silver Band Board of Control
- Geraldine Projects Trust

McGregor Simpson  
Clr Gavin Oliver and Jan Finlayson

**Attachments**

**Nil**

**9.3 Contract Let Under Delegated Authority**

**Author:** Ashley Harper, Group Manager Infrastructure

**Authoriser:** Bede Carran, Chief Executive

**Recommendation**

That the following information on a contract let by the Chief Executive under delegated authority, be received.

Contract Description	Number of Tenders	Price Range	Successful Tenderer and Price
Contract 2427 – South Street Kerb and Channel Renewal	4	\$191,018.74 to \$267,08.62	Paul Smith Earthmoving Ltd \$191,018.74

Tenders were evaluated using the Lowest Price Conforming Tender Method

All prices exclude GST

**Purpose of Report**

- 1 To advise of contracts let by the Chief Executive under Delegated Authority.

**Attachments**

Nil

**9.4 2019/20 Annual Plan Progress Report for the four months ended 31 October 2019**

**Author:** Mark Low, Strategy and Corporate Planning Manager  
David Codyre, Chief Financial Officer

**Authoriser:** Donna Cross, Group Manager Commercial and Strategy

**Recommendation**

1. That the summary financial results to 31 October 2019 be received and noted.
2. That the non-financial performance indicators and project work programme results to 31 October 2019 be received and noted.

**Purpose of Report**

- 1 The purpose of this report is to outline progress against Council's 2019/20 Annual Plan (Year Two of the 2018-2028 Long Term Plan) including financial results, and progress towards achieving the non-financial performance measures and project work programme for the period ended 31 October 2019.

**Assessment of Significance**

- 2 This matter is considered to be of low significance in terms of Council's Significance and Engagement Policy.

**Discussion**

- 3 Council has adopted a four month reporting cycle. This requires reporting financial and non-financial performance measures to Council for the periods 1 July – 31 October, 1 November – 28 February, and an annual report for the 12 month period ended 30 June each year.

**Financial Results**

- 4 Financial Results are summarised in Appendix 1, including:
  - Overview of financial results, including operating income and expenditure;
  - Income Statement for the period ended 31 October 2019;
  - Overview of Capital Expenditure for the period ended 31 October 2019;
  - Statement of Financial Position as at 31 October 2019.
- 5 The financial results are for the Timaru District Council parent, excluding the Downlands Water Supply joint venture and include approved 2018/19 carry forwards in the Capex report.
- 6 Based on the Annual Plan approved by Council earlier this year, we have budgeted to make a full year surplus of \$7.4 million. The Financial Accounts (excluding Downlands) to the end of October 2019 are showing an operating deficit of \$2.6 million. This is \$438,000 more favourable than the year to date budget. The deficit is a result of timing issues with only one rates instalment, of four, included in the October accounts.
- 7 In terms of the year to date result total operating revenue is less favourable than budget by \$1.1 million. Of note, subsidies and grants income is down by \$1.4 million and the main

contributor is timing of the New Zealand Transport Agency (NZTA) Funding Assistance Rate (FAR) claims. As work through the summer season is progressed the FAR claims to NZTA will follow. Fees and Charges Income is more favourable than budget by \$451,000, of which \$314,000 is attributable to increased volumes of waste processed at Council Refuse facilities. This may increase the number of carbon credits required to offset our landfill operation obligations.

- 8 Finance revenue is less favourable than budget by \$267,000 due to lower interest rates received on Council held cash funds. Other Revenue is more favourable than budget by \$169,000 which can be attributed to a one off dividend from Civic Financial Services of \$197,000.
- 9 Total operating expenditure is more favourable than budget by \$1.5 million. Of this \$800,000 can be attributed to the timing of the Capex programme and lower interest rates charged on lower levels of debt. Operating Costs are more favourable than budget by \$620,000. This variance can be attributed to the phasing of council operations with some Units ahead of their budgeted spend, ie Roding, IT while others are below, ie 3 Waters.
- 10 The balance sheet movement has been minimal with cash higher due to matured term deposit while Debtors and Creditors are lower than the June 2019 comparative due to year end accruals processed.
- 11 Capital expenditure is down against budget. In terms of 3 water projects there some large projects still in the design and consenting stage. For recreation and leisure, some projects, ie library roof, have changed in scope while others such as the Theatre Royal/ Heritage projects are multi-year projects with some re-phasing required. Other projects such as the Temuka Pool are scheduled to start and be completed before the end of the financial year. Attachment 2 provides commentary on specific capital projects. The Capex summary does not include the Downlands Water Scheme.

### **Non-Financial Results**

- 12 The Non-Financial Performance Measures and Capital Project Work Programme Update is included in Attachment 2. This outlines progress against the 2019/20 non-financial performance measures and capital projects and a summary of highlights and issues for each activity.
- 13 Council's non-financial performance measures results are generally tracking well, with a small number of exceptions.
- 14 As the report only applies to the end of October 2019, many projects are in their initial planning stages, with expenditure currently low. Projects completed or largely completed to the end of October 2019 include:
  - Emergency Management sirens installed at Washdyke, Waipopo and Rangitata Huts (Budget: \$83,400 including carry forwards)
  - Public toilet upgrades as planned for 2019/20 (Budget: \$90,626 including carry forwards)
  - Seadown Water Supply Treatment upgrade (UV units) (Budget: \$452,804 including carry forwards)
  - Social Housing refurbishment and upgrades as planned for 2019/20 (Budget: \$130,000 including carry forwards)
- 15 Significant projects that are on track to commence during the next reporting period include:

- Timaru Library Roof physical works
- Temuka Domain Development – further redevelopment work
- Temuka Pool Upgrade/Renewal
- Downlands Water Supply - Te Ana Wai Trunk Main Upgrade – Stage 1 in tender evaluation process with construction expected to commence early 2020
- Downlands Water Supply Treatment Plant Upgrade - A procurement plan has been prepared for the treatment facility with tendering and construction expected to commence early 2020
- Roothing – Footpath repairs and renewals underway and will be further progressed
- Roothing – Roothing renewals and reseals underway and will be further progressed

16 Significant projects that may not be completed this year include:

- Timaru Cemetery site – this project can only progress when suitable land is identified.
- Te Moana Downs Water Supply - Treatment Upgrade – testing to confirm most appropriate treatment process is underway. This needs to be determined before project planning can commence.
- Sewer - Talbot Street, Geraldine Siphon Upgrade - The project has identified significant environmental and ecology impact. Consultation and consent conditions could potentially mean the work has to be reprogrammed into next financial year.
- Theatre Royal upgrade/new Heritage Centre project – with the work programme for this financial year including project establishment, planning, procurement, the commencement of design, consenting for early physical works (but not the main construction), and the decommissioning of the Theatre, rather than the main construction works, the phasing of expenditure for this project needs to be further reviewed (this project is expected to be underspent this year). Some enabling (physical) works may be possible mid-2020. While the timing of works and expenditure within the project has been re-phased, the timeframe for final completion of the overall/combined project works has not changed.

### Attachments

1. **Timaru District Council Operating Report 31 October 2019**  
2. **Timaru District Council Non financial performance measures and capital projects to 31 October 2019 (under separate cover)** 

# Timaru District Council

Summary Financial Information as at 31 October 2019



<p><b>\$24.1 M</b></p> <p>YTD Actual Operating Revenue</p>	<p><b>\$25.25 M</b></p> <p>YTD Budget Operating Revenue</p>	<p><b>\$1.15 M</b></p> <p>YTD Revenue Variance</p>
<p><b>\$26.73 M</b></p> <p>YTD Actual Operating Expenditure</p>	<p><b>\$28.32 M</b></p> <p>YTD Budget Operating Expenditure</p>	<p><b>\$1.59 M</b></p> <p>YTD Expenditure Variance</p>
<p><b>\$-2.63 M</b></p> <p>YTD Actual Operating Surplus/(Deficit)</p>	<p><b>\$-3.07 M</b></p> <p>YTD Budget Operating Surplus/(Deficit)</p>	<p><b>\$-0.44 M</b></p> <p>YTD Surplus/(Deficit) Variance</p>
<p><b>\$7.14 M</b></p> <p>YTD Actual Capital Expenditure</p>	<p><b>\$17.52 M</b></p> <p>YTD Budget Capital Expenditure</p>	<p><b>\$10.38 M</b></p> <p>YTD Capital Expenditure Variance</p>

Details of Operating Performance as at 31 October 2019



Timaru District Council

	YTD Actual \$000	YTD Budget \$000	YTD Variance \$000	FY Budget \$000
<b>Operating Revenue</b>				
Rates Excluding Targeted Water Supply Rates	13,003	13,066	63	52,639
Fees, Charges and Targeted Rates for Water Supply	6,835	6,384	(451)	18,478
Development and Financial Contributions	18	10	(8)	30
Subsidies & Grants	2,322	3,768	1,446	11,319
Finance Revenue	326	593	267	1,816
Other Revenue	1,599	1,430	(169)	4,256
<b>Total Operating Revenue</b>	<b>24,103</b>	<b>25,251</b>	<b>1,148</b>	<b>88,538</b>
<b>Operating Expenditure</b>				
Personnel Costs	6,265	6,413	148	19,448
Operating Costs	14,390	15,009	619	40,938
Finance Costs	734	1,422	688	4,269
Depreciation and Amortisation	5,342	5,472	130	16,422
<b>Total Operating Expenditure</b>	<b>26,731</b>	<b>28,316</b>	<b>1,585</b>	<b>81,077</b>
<b>Operating Surplus/(Deficit)</b>	<b>(2,628)</b>	<b>(3,065)</b>	<b>(437)</b>	<b>7,461</b>
<b>Capital Expenditure</b>				
Democracy	-	-	-	-
Community Support	111	778	667	2,413
District Planning and Environmental Services	3	4	1	7
Recreation & Leisure	440	4,886	4,446	14,800
Roading and Footpaths	3,644	3,359	(285)	18,803
Sewer	273	1,163	890	4,350
Stormwater	120	409	289	1,593
Waste Minimisation	568	851	283	2,553
Water Supply	1,008	5,337	4,329	22,259
Corporate Support	975	736	(239)	2,209
<b>Total Capital Expenditure</b>	<b>7,142</b>	<b>17,523</b>	<b>10,381</b>	<b>68,987</b>



**Statement of Financial Position**  
as at 31 October 2019

	YTD Actual \$000	June 2019 Actual \$000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	14,761	8,430
Debtors and other receivables	47	6,211
Inventory	122	80
Other financial assets	38,297	44,487
<b>Total current assets</b>	<b>53,227</b>	<b>59,208</b>
<b>Non-current assets</b>		
Fixed Assets	810,936	809,136
Other financial assets	55,380	55,376
<b>Total non-current assets</b>	<b>866,316</b>	<b>864,512</b>
<b>Total assets</b>	<b>919,543</b>	<b>923,720</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	5,911	7,305
Employee benefit liabilities	1,769	1,945
Borrowing	27,500	27,500
Derivative financial instruments	724	724
<b>Total current liabilities</b>	<b>35,904</b>	<b>37,474</b>
<b>Non-current</b>		
Provisions	6,248	6,227
Employee benefit liabilities	198	198
Borrowing	66,984	66,984
Derivative financial instruments	3,501	3,501
<b>Total non-current liabilities</b>	<b>76,931</b>	<b>76,910</b>
<b>Total liabilities</b>	<b>112,835</b>	<b>114,384</b>
<b>Net Assets</b>	<b>806,708</b>	<b>809,336</b>
<b>EQUITY</b>		
Retained earnings	765,902	768,530
Other reserves	40,806	40,806
<b>Total Equity</b>	<b>806,708</b>	<b>809,336</b>



## 9.5 Gambling Venue Policy

**Author:** Fabia Fox, Policy Analyst  
Debbie Fortuin, Environmental Compliance Manager

**Authoriser:** Tracy Tierney, Group Manager Environmental Services

### Recommendation

1. That Council adopts the draft Gambling Venue Policy as presented.
2. That the Timaru District Council Delegations Manual is updated to reflect the Gambling Venue Policy delegation to the Environmental Services Committee.

### Purpose of Report

- 1 To present Council with the draft Gambling Venue Policy for adoption.

### Assessment of Significance

- 2 The draft Gambling Venue Policy is assessed as high significance for gambling venues, gambling licence holders, public health and problem gambling organisations and iwi. The consultation process ensured these stakeholders were given the opportunity to provide feedback to Council on the draft policy.

### Background

- 3 In accordance with the Gambling Act 2003 and the Racing Act 2003, Council must adopt a policy on Class 4 gambling venues and Agency (TAB) venues in the Timaru District. This policy must be reviewed every three years, and the Special Consultative Procedure (SCP), detailed in the Local Government Act 2002 (LGA), must be used when amending or replacing the policy.
- 4 At a Council meeting on 8 October 2019 Council adopted the Policy Review Consultation Statement of Proposal, including the draft Gambling Venue Policy, and agreed to it being the subject of a SCP.<sup>1</sup>
- 5 The draft included a number of proposed amendments to the policy, which was last adopted in 2016. These amendments included:
  - Introducing a relocation policy allowing venues facing adverse circumstances to relocate to a new venue, and if they had a higher number of machines than the current cap of seven (as a result of grandparented rights), they would be able to transfer these machines to the new venue.
  - Removing an exemption clause which presently allows for staff discretion when approving applications.
  - Removing Recreation Zones from the areas where gambling venues may be established
  - Changing the name to Gambling Venue Policy and simplifying the wording of the policy.

---

<sup>1</sup> The draft Dangerous, Affected and Insanitary Buildings Policy and the draft Local Approved Products Policy were including in the public consultation and were adopted at the 26 November 2019 Council Meeting.

- 6 As is required by the SCP, other possible policy options were discussed, along with possible implications of these options. These included:
- A sinking lid policy, whereby no new consents or relocations would be granted for gambling venues in the district;
  - Other capping options, including a district-wide cap, or further reducing the cap on the number of machines each venue may operate;
  - Easing the restrictions of the policy by allowing a maximum of nine machines per venue and venue relocations in all situations.
- 7 The Statement of Proposal was made available on Council's website, at service centres and was promoted via social media and the Timaru Courier. Key stakeholders were directly notified and invited to submit their feedback. Consultation closed on 11 November 2019.

### **Submissions**

- 8 14 submissions on the draft Gambling Venue Policy were received. One submitter supported the draft Gambling Venue Policy and 13 submitters did not support the policy. Submissions can broadly be divided into two positions; those recommending a policy with less restrictions on gambling venues to enhance the social and economic good generated by gaming machines in the Timaru District; and those recommending a more restrictive policy to minimise the harm caused by problem gambling in the Timaru District.
- 9 Five submitters spoke to their submissions at a hearing on 26 November 2019. Following the hearing, Council considered all written and verbal feedback received and provided direction to Council officers regarding a number of changes Council sought for final policy.
- 10 These changes have been marked up in the draft policy attached and include:

### **Exemptions Clause**

- 11 Council consulted the public on the proposed removal of an exemptions clause in the current policy which states:
- "It is acknowledged that not all venues, including existing venues, would be able to comply with the above [location] requirements of the policy. For that reason Council will consider applications for exemption made in respect of specific sites."
- 12 Through the review process it was identified that this clause, and the policy itself, did not provide direction for officers on how to apply any such exemptions. Council proposed removing the exemption clause and sought feedback through the consultation process on this issue.
- 13 Nine submitters opposed the removal of this clause, stating that it allowed for applications to be considered on a case-by-case basis, and one submitter supported removing the clause.
- 14 Acknowledging this feedback, Council agreed with the officer recommendation that, if Council wished to retain the exemptions clause, applications that did not meet the location requirements of the policy be referred to the Environmental Services Committee for a decision. The draft policy has been amended to reflect this.

### **Relocation of Venues**

- 15 The current policy does not allow for the relocation of Class 4 gambling venues in accordance with Section 97A of the Gambling Act 2003. Under this section of the Act, if Council allows

venue relocation, the maximum number of gaming machines permitted at the new venue would be the same as the number permitted at the original venue (up to a maximum of 18 machines).

- 16 As Council does not currently allow the relocation of Class 4 venues, any venue wishing to relocate must meet all the conditions of Council's current policy, including the cap of seven gaming machines per venue.
- 17 As part of the review process, Council initially proposed to include a policy would allow venues to relocate in instances where they are unable to continue to operate at the existing site, for example; the expiration of a lease; due to a fire; or if the building being deemed earthquake-prone dangerous, affected or insanitary.
- 18 Eight submitters supported the inclusion of the relocation policy. They wished to see the policy extended to allow for venue relocations in a wider range of circumstances including relocating to an upgraded facility, or in response to high building rents. Two submitters did not support the inclusion of a relocation policy allowing the grandparenting of a greater number of gaming machines for relocated venues.
- 19 Having now considered all feedback received, Council directed staff to amend the draft policy to permit the relocation of venues at the discretion of the Environmental Services Committee. This is reflected in the draft policy attached.

### **Machine Cap**

- 20 The Gambling Act 2003 states that a new Class 4 gambling venue must not operate more than nine gaming machines. Council is able to set a lower machine limit for venues. Council's current policy allows a maximum of seven gaming machines for new venue applicants. Venues which hold a licence prior to 17 October 2001, under previous legislation, may operate up to 18 machines. Currently there are 165 machines in the Timaru District. There is no cap on the total number of machines in the District.
- 21 In reviewing the policy, Council proposed to retain the cap of seven machines per venue, and sought feedback from the public on this proposal and a number of other capping options, including:
  - A district-wide cap on the number of machines;
  - A sinking lid policy, not allowing any new Class 4 venues or venue relocations;
  - A reduction in the number of machines allowed at a new Class 4 venue; and
  - Increasing the number of machines allowed at a new Class 4 venue to the legislated limit of nine.
- 22 Ten submissions opposed the draft policy retaining the limit of seven machines per venue and recommended the limit increase to the legislated limit of nine machines per venue to support the hospitality industry and levels of community funding in the Timaru District. These submitters also opposed a sinking-lid policy.
- 23 Two submitters opposed increasing the machine cap at venues, recommending a reduction in the cap and the adoption of a sinking lid approach as a policy mechanism to reduce the harm caused by gambling.
- 24 Having received and considered this feedback, Council directed staff to retain the current cap of seven machines per venue in the policy as drafted.

**Options and Preferred Option**

- 25 **Option 1:** Council adopts the amended draft Gambling Venue Policy as presented. This is the preferred option. Council has considered all feedback received from the public and stakeholders and the draft policy has been amended according to Council's direction.
- 26 **Option 2:** Council recommends further amendments to the draft Gambling Venue Policy. Depending on the scale of the amendments, this could require further drafting and would delay the adoption of the policy.

**Relevant Legislation, Council Policy and Plans**

- 27 Gambling Act 2003: Requires Council to adopt a policy on Class 4 gambling venues, specifying whether new venues may be established in the District, and if so, where they may be located. The Act also specifies review timeframes and the use of the SCP when amending or replacing the policy.
- 28 Racing Act 2003: Requires Council to adopt a policy on Agency (TAB) venues, specifying whether or not new venues may be established in the District, and if so, where they may be located. The Act also specifies review timeframes and the use of the SCP when amending or replacing the policy.
- 29 Local Government Act 2002 (section 83): Details the SCP that Council must undertake when proposing to amend or replace the policies under consideration.

**Financial and Funding Implications**

- 30 The cost of the consultation on the draft Gambling Venue Policy has been drawn from existing budgets.
- 31 There are no other financial implications.

**Other Considerations**

- 32 Adopting the Gambling Venue Policy as presented will require the Timaru District Council Delegations Manual be amended to include the delegation to the Environmental Services Committee to approve or decline applications for exemptions to the Gambling Venue Policy and applications for venue relocations.

**Attachments**

1. **Draft Gambling Venue Policy**

**Gambling Venue Policy**

<b>Approved by:</b>	Timaru District Council
<b>Date Approved:</b>	To be confirmed
<b>Keywords:</b>	Gambling Venue Machines Policy Class Environmental Compliance District Problem Agency Zone TAB

**1 Purpose**

- 1.1 The purpose of this policy is to:
  - 1.1.1 Detail Council’s policy with regards to consent applications for new Class 4 gambling venue and New Zealand Racing Agency (TAB) venue licences, in accordance with the Gambling Act 2003 and the Racing Act 2003.
  - 1.1.2 Recognise that gambling can be a serious problem for people in our community.
  - 1.1.3 Ensure Council and the community has influence over the provision of new gambling venues within the Timaru District.
  - 1.1.4 Allow those who wish to participate in controlled gambling to do so within the Timaru District.
  - 1.1.5 Minimise harm to the community caused by gambling.

Note: The Gambling Venue Policy applies only to new consent applications for Class 4 gambling venues and Agency venues. The Policy will not be applied retrospectively to venues with current licences.

**2 Background**

- 2.1 The Gambling Act 2003 was enacted on 18 September 2003. The Act requires councils to adopt a Class 4 gambling venue policy for their district. The Act also amended the Racing Act 2003 so that council consent is required to establish a new Agency (TAB) venue. Under that amendment Council is required to adopt an Agency venue policy for the District.
- 2.2 Both policies must be adopted in accordance with the special consultative procedure set out in the Local Government Act 2002 (section 83).
- 2.3 The Gambling Act 2003 and the Racing Act 2003 together state that the Class 4 gambling venue and Agency venue policies:
  - 2.3.1 Must specify whether or not Class 4 venues and Agency venues may be established in a district, and if so, where they may be located.

2.3.2 May specify any restrictions on the maximum number of gaming machines that may be operated at any Class 4 gambling venue. The Gambling Act 2003 establishes a maximum limit of nine machines for new venues and those venues that obtained a licence after 17 October 2001. This policy sets a maximum of seven machines per venue (see Clauses 8.1).

2.3.3 In the development of this gambling venue policy Council must have regard for the social impacts of gambling on the Timaru District community.

2.4 In 2007 Council combined the Class 4 gambling venue and Agency venue policies.

### 3 Key Definitions

**Agency Venue** – means premises that are owned or leased by the Racing Industry Transition Agency (TAB) and where the main business carried out at the premises is providing racing betting or sports betting services under the Racing Act 2003. This does not include TAB outlets.

**Class 4 Gambling** – Means any activity that involves the use of gaming machines (i.e. pokies) in pubs and clubs (i.e. outside a casino) which may only be conducted by a corporate society and only to raise money for an authorised (i.e. community and non-commercial) purpose.

**Commercial Zones** – As defined in the operative Timaru District Plan.

**Community Facility** – Any building, place or facility which provides for the physical, social, cultural or intellectual development or welfare of the community, including but not limited to; public playgrounds; recreational halls; community centres; community halls; libraries; museums; and public swimming pools.

**Gambling Venue:** - Any Class 4 gambling venue or Agency venue.

**Residential Zones** – As defined in the operative Timaru District Plan.

**Sensitive Site** – Any childhood centre, kindergarten, school, place of worship or community facility.

### 4 Policy – Timaru Township

4.1 Within the boundary of the Timaru Township, Gambling Venues may be established in Commercial 1, 2 and 3 Zones subject to:

4.1.1 Meeting application and fee requirements;

4.1.2 Being no closer than 200 metres, by public access way, to any Residential Zone;

4.1.3 Being no closer than 100 metres, by public access way, to any sensitive site (as defined in Section 3 of this policy);

- 4.1.4 Being no closer than 100 metres, by public access way to another Gambling Venue; excepting that Agency venues may, on application be exempt from this requirement;
- 4.1.5 Not being a venue that is associated with family or children's activity unless the activity is in a room separate from gaming machines;

## 5 Policy – Rest of Timaru District.

- 5.1 For all areas outside the boundary of the Timaru Township, Gambling Venues may be established in **Commercial 1 Zone** subject to:
  - 5.1.1 Meeting consent application and fee requirements;
  - 5.1.2 Being no closer than 25 metres, by public access way, to any Residential Zone;
  - 5.1.3 Being no closer than 25 metres, by public access way, to any sensitive site (as defined in Section 3 of this policy);
  - 5.1.4 Being no closer than 25 meters, by public access way, to any other gambling venue excepting that Agency venues may, on application, be exempt from this requirement; and
  - 5.1.5 Not being a venue that is associated with family or children's activity unless the activity is in a room separate from gaming machines.

## 6 Exemptions

- 6.1 Where a proposed new venue is unable to comply with the location requirements of this policy the application will be referred to the Environmental Services Committee which has discretion to approve or decline, subject to the application meeting all other requirements of this policy.

## 7 Relocation of Venues

~~7.1 Consent for the relocation of existing Class 4 venues is subject to:~~

~~7.1.1 The current premises being unable to continue to operate at the existing site. Examples of such circumstances include, but are not limited to the following:~~

- ~~▪ Expiration of lease;~~
- ~~▪ A natural disaster or fire making the venue unfit to continue to operate;~~  
~~or~~
- ~~▪ The building in which the venue is located is deemed, under the Building Act 2004, to be earthquake prone, dangerous, affected or insanitary.~~

~~7.1.2 The total number of Class 4 gaming machines at the new premises must be the same, or less than the existing Class 4 venue.~~

~~7.1.3 The consent application meeting all other requirements of this Policy.~~

- 7.1 Applications for the relocation of existing Class 4 venues to a new site will be referred to the Environmental Services Committee, which has discretion to approve or decline the application.
- 7.2 Any application, and the proposed new venue, must comply with all other conditions and provisions of this policy.
- 7.3 The maximum number of gaming machines permitted to operate at the new venue is the same as the maximum number of gaming machines permitted to operate at the venue before relocation.

## **8 Number of gaming machines to be allowed**

- 8.1 New Class 4 gambling venues shall be allowed a maximum of seven gaming machines.
- 8.2 Existing Class 4 gambling venues operating fewer than seven gaming machines, shall be allowed to increase the number of machines operated at the venue to seven.

## **9 Primary Activity of Venues**

- 9.1 The primary activity of any Class 4 gambling venue shall be:
  - 9.1.1 For the sale of alcohol, or the sale of alcohol and food; or
  - 9.1.2 For private club activities; or
- 9.2 The primary activity for Agency venues, as defined by section 5 of the Racing Act 2003, shall be:
  - 9.2.1 Providing racing betting, or sports betting services.

## **10 Application**

- 10.1 Applications for Council consent must be made on the correct form, accompanied by all required documentation and fees.
- 10.2 Application forms are available on Council's website, [www.timaru.govt.nz](http://www.timaru.govt.nz) and at all Council service centres.

## **11 Application Fees**

- 11.1 These will be set by Council from time to time with the intention of recovering full costs from applicants/operators, and shall include consideration of:
  - 11.1.1 The cost of processing the application, including any consultation and hearings involved;
  - 11.1.2 The cost of triennially reviewing the Gambling Venue Policy;



- 11.1.3 The cost of inspecting Class 4 gambling venues on a regular basis to ensure compliance with consent or licence conditions; and
  - 11.1.4 A contribution towards the cost of triennial assessments of the economic and social impact of gambling in the District.
- 11.2 Council will comply with section 150 of the Local Government Act 2002 in setting such fees.

## **12 Policy Review**

- 12.1 This Policy will be reviewed at least every three years, as required by the Gambling Act and the Racing Act 2003.
- 12.2 This Policy does not cease to have effect because it is due for review, or being reviewed.
- 12.3 This Policy takes effect from the date it is formally adopted by Council.

13 Delegations, References and Revision History					
13.1 Delegations - Identify here any delegations related to the policy for it to be operative or required as a result of the policy					
13.2 Related Documents - Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)					
13.4 Revision History – Summary of the development and review of the policy					
13.1 Delegations					
Delegation					Delegations Register Reference
<p>That subject to the Timaru District Council Gambling Venue Policy the Environmental Services Committee shall have the power to approve or decline applications for exemptions to the location provisions of the policy and approve or decline Class 4 venue relocations.</p> <p>Power to receive and process consent applications pursuant to the Timaru District Council Gambling Venue Policy – Environmental Compliance Manager, District Licensing Inspector</p>					<p>Delegation 6.4.4</p> <p>Delegation 8.21</p>
13.2 References					
Title					Document Reference
Consent Application Form					#251391
13.3 Revision History					
Revision #	Policy Owner	Date Approved	Approval by	Date of next review	Document Reference
1	Regulatory Services Manager	4 May 2010	Council	2013	
2	Regulatory Services Manager	23 April 2013	Council	2016	#254825
3	Environmental Compliance Manager	22 November 2016	Council	2019	#1028191
4	Environmental Compliance Manager	DRAFT	Council	2021	

**9.6 Elected Members Remuneration 2019/20 - Allocation of Pool**

**Author:** Mark Low, Strategy and Corporate Planning Manager

**Authoriser:** Donna Cross, Group Manager Commercial and Strategy

**Recommendation**

That this report is received.

1. That the Council:
  - (a) Receive and note the report
  - (b) Agree to submit to the Remuneration Authority for approval the following allocation of the governance remuneration pool

Role	Description of Role	Annual Base Remuneration (\$)	Allocation for Additional Responsibility (\$)	Total Annual Remuneration (\$)
Deputy Mayor (1 position) – Cr Wills	Assist the Mayor in carrying out the statutory and leadership role of the Mayor	\$39,613	\$23,768	\$63,380
Chairperson ( <i>Commercial and Strategy, Community Services Environmental Services, Infrastructure</i> ) (4 positions) - – Cr Burt, Gilchrist, Lyon, Parker	Provide leadership to the committee, ensure decision-making is evidence based and made in a timely manner, and conduct meetings in accordance with standing orders and legislation	\$39,613	\$11,884	\$51,496
Deputy Chairperson ( <i>Commercial and Strategy, Community Services Environmental Services, Infrastructure</i> ) (4 positions) - Cr Booth, Oliver, O’Reilly, Piddington	Support the Chairperson in providing leadership to the committee, ensure decision-making is evidence based and made in a timely manner, and conduct meetings in accordance with standing orders and legislation where required	\$39,613	\$5,942	\$45,555
<i>Allocated Remuneration Pool</i>				<b>\$451,584</b>

**Purpose of Report**

- 1 The purpose of this report is for the Council to determine and recommend an appropriate allocation for the remuneration pool set by the Remuneration Authority for Councillor remuneration.

**Assessment of Significance**

- 2 This report is of low significance.

**Background**

- 3 The Remuneration Authority (RA) is an independent body which sets remuneration for different offices, including judges, members of parliament and local government representatives. The RA provides an annual determination that sets local government salaries for mayors, councillors and community board members and the criteria around different allowances. The Local Government Act (Schedule 7:6) provides for the RA to set remuneration arrangements.

- 4 In 2017 and 2018, a review of the system for setting local government remuneration<sup>2</sup> was conducted by the RA. This review resulted in two main changes (See attachment) summarised below:

- 4.1 A set of revised and updated council size indices that help determine the pay scales for Councils. The size indices apply to territorial local authorities, regional Councils and unitary authorities and has resulted in the construction of a new local government pay scale. For a territorial authority like the Timaru District Council, the index is based on:

- Population (source: Stats NZ estimated resident population)
- Total operating expenditure (source: Stats NZ local authority financial statistics)
- Total assets (source: Stats NZ local authority financial statistics)
- Socioeconomic deprivation index (source: University of Otago Socioeconomic Deprivation Indices).

As a result of the revised size indices, a new pay scale was established for local government, which generally uses parliamentary remuneration as a comparator.

- 4.2 A more locally responsive way of setting elected members remuneration. This involved the identification of a pool for each Council out of which elected members (Councillors) are paid. The size of the pool is aligned with the Council's ranking on the relevant size index and within the framework of the new local government pay scale. It has no relationship to the number of Councillors. The pool only applies to elected Councillors, and does not include the Mayoral or Community Board Member salaries, which are set by the RA. As part of setting the pool, the RA sets a minimum base salary for Councillors. Each Council is then required to identify a proposal on how the pool will be allocated amongst its Councillors, which is recommended to the RA for final determination.

- 5 In summary, the following features now apply to the setting of remuneration for elected members of the Timaru District Council:

- 5.1 The RA set base salaries for the Mayor, Community Board Chairpersons and Members

---

<sup>2</sup> <https://www.remauthority.govt.nz/assets/Uploads/REM/remuneration-setting-for-local-authorities.pdf>

- 5.2 The RA sets a remuneration pool, with a minimum base salary for Timaru District Council Councillors, including a minimum base salary. Following the 2019 local elections, the Council decide on the allocation of this pool to be recommended to the RA.
- 6 The new approach applies following the 2019 local elections. The timetable for deciding on the proposal is summarised below:

<b>10 December</b>	Decision on Proposal made by Council
<b>By 24 January 2020</b>	Proposal forwarded to Remuneration Authority (RA)
<b>By 29 January 2020</b>	RA consider proposals
<b>By early March 2020</b>	Amending Determination gazetted by RA

**Discussion**

- 7 The Council is obligated to implement and allocate the entire remuneration pool. It cannot refuse the decision or only allocate a proportion of what has been recommended.
- 8 In allocating the remuneration pool, the Council can consider whether or not it wishes to delegate significant other responsibilities to its community boards than they currently hold, and as a result can propose an increase to community board members remuneration. If this applies, any increase in the remuneration must come from the allocated pool.
- 9 The proposed allocation of the remuneration pool for Councillors must be determined by the Elected Members. This recommendation must include a remuneration rate for the base councillor position and rates for positions that hold additional responsibility (e.g. deputy mayor, committee chairperson).
- 10 There are four requirements for the distribution of the pool:
  - 10.1 The entire pool must be allocated
  - 10.2 A base remuneration must be decided for Councillors who have no additional responsibilities
  - 10.3 For roles where there are additional responsibilities, the Council must decide:
    - 10.3.1 A title and short description of the role (i.e. what are the requirements for the Councillor undertaking it)
    - 10.3.2 The proposed annual dollar value of remuneration attached to the role
    - 10.3.3 The names of the Councillor(s) undertaking that role
  - 10.4 The proposal must then be forwarded to the RA for consideration and inclusion in the amending determination.

**Options and Preferred Option**

- 11 The 2019/20 Local Government Members Determination was set by the RA in June 2019<sup>3</sup>. This established the remuneration parameters for Timaru District Council for the 2019/20 year. The following applies for the 2019/20 year following the 2019 local elections:

<b>Office</b>	<b>Annual Remuneration (\$)</b>
Mayor	\$132,500
Councillor (Minimum Allowable Remuneration)	\$35,543

<sup>3</sup> <http://www.legislation.govt.nz/regulation/public/2019/0135/latest/whole.html>

Geraldine Community Board – Chairperson <sup>4</sup>	\$11,008
Geraldine Community Board – Member	\$5,504
Pleasant Point Community Board – Chairperson	\$8,633
Pleasant Point Community Board – Member	\$4,317
Temuka Community Board – Chairperson	\$11,224
Temuka Community Board – Member	\$5,612

- 12 The Determination also set the Remuneration pool for Councillors of Timaru District Council as outlined in 4.2 at \$451,584, with a minimum base councillor remuneration of \$35,543.
- 13 The RA has increased the overall payment pool for Councillors compared to previous years. This is a result of the review that has been completed and to reflect normal annual adjustments. The previous equivalent pool available to Councillors (under the old system where remuneration was applied to specific positions) was \$396,585, meaning an overall increase of approximately \$55,000. Prior to the 2019 local elections, the Deputy Mayor received \$52,377, a Committee Chairperson \$46,767, a Deputy Committee Chairperson \$39,285 and a Councillor with no additional responsibilities \$37,414.
- 14 Options for allocating the pool include using a straight dollar based approach or ratio approach. Factors that may influence this decision include Councillor workload, roles and responsibilities, where there are multiple positions of responsibility or whether any recognition of representation or involvement on other groups (e.g. Regional Transport Committee).
- 15 It is proposed that the pool be allocated in a graduated manner to reflect positions with additional responsibilities. All Councillors have been appointed to positions with additional responsibility as either Deputy Mayor, a Chairperson or Deputy Chairperson for a main Council committee.
- 16 The proposed remuneration for these roles is outlined below. This uses a ratio based approach where positions of responsibility receive proportionately more than a base Councillor salary. The positions of responsibility identified include the Deputy Mayor and Chairperson and Deputy Chairperson roles for the main Council Standing Committees. There is no additional recognition proposed for any other additional responsibilities. Using this allocation approach will result in a new base remuneration of \$39,613, with remuneration for additional responsibilities outlined in the table:

Role	Description of Role	Annual Base Remuneration (\$)	Allocation for Additional Responsibility (\$)	Total Annual Remuneration (\$)
Deputy Mayor (1 position) – Cr Wills	Assist the Mayor in carrying out the statutory and leadership role of the Mayor	\$39,613	\$23,768	\$63,380
Chairperson (Commercial and Strategy, Community)	Provide leadership to the committee, ensure decision-making is evidence	\$39,613	\$11,884	\$51,496

<sup>4</sup> Where an elected Councillor has been appointed the Chair of a Community Board, this salary is not payable.

Role	Description of Role	Annual Base Remuneration (\$)	Allocation for Additional Responsibility (\$)	Total Annual Remuneration (\$)
<i>Services Environmental Services, Infrastructure)</i> (4 positions) – Cr Burt, Gilchrist, Lyon, Parker	based and made in a timely manner, and conduct meetings in accordance with standing orders and legislation			
Deputy Chairperson ( <i>Commercial and Strategy, Community Services Environmental Services, Infrastructure)</i> (4 positions) – Cr Booth, Oliver, O’Reilly, Piddington	Support the Chairperson in providing leadership to the committee, ensure decision-making is evidence based and made in a timely manner, and conduct meetings in accordance with standing orders and legislation where required	\$39,613	\$5,942	\$45,555
<i>Allocated Remuneration Pool</i>				<i>\$451,584</i>

- 17 Due to the increase in remuneration to be paid overall as determined by the RA, all Councillors will receive an increase in the remuneration. It cannot be directly compared to the previous remuneration approach as the system has changed.
- 18 The proposed base remuneration of \$39,613 is an increase on the RA base of \$35,543, with additional remuneration for positions of responsibility. This results in a full allocation of the pool as required. If approved, Councillors will be back paid the difference following the confirmation of the Determination by the RA in March 2020.

**Consultation**

- 19 There is no consultation required for this decision. The process requires the Elected Council to make the decision.

**Relevant Legislation, Council Policy and Plans**

- 20 Remuneration Authority Act 1977
- 21 Local Government Act 2002 (Schedule 7: 6 -13)
- 22 Local Government Members (2019/20) Determination 2019

**Financial and Funding Implications**

- 23 Elected Member remuneration is set independently by the RA and Council is obligated to distribute the entire remuneration pool to its elected members. Elected Member remuneration is funded through rates and the Uniform Annual General Charge. Increases in elected members remuneration as proposed by the RA will mean an increase is required to be funded in future budgets.

**Other Considerations**

- 24 There are no other considerations.

**Attachments**

1. **Local Government Members 2019/20 Determination 2019 - explanatory memorandum**





approach will also be applied. These changes involve a major reassessment of the existing rates paid to councillors. Implementation of the new approach over a period means that, between 1 July 2018 and October 2019, changes to remuneration for elected local government members will have varied to a considerable degree between councils, rather than being an overall consistent percentage increase. For some, there will be no movement over this time, whereas for others there will be a substantial increase, reflecting the Authority's new assessment of the size of councils' responsibilities.

*Second change: how the Authority sets councillor remuneration*

The second alteration is in the way that the Authority sets councillor remuneration.

Under the system used for the past several years, the Authority has set a base councillor rate for each council, then for each council a sum equivalent to the base pay of 2 councillors has been set aside to pay extra remuneration to those undertaking positions of responsibility, such as deputy mayors or chairpersons of committees. In each case, the councils themselves make recommendations to the Authority on how the pool should be allocated, and those recommendations are then considered by the Authority before making its determination. This is how remuneration has been determined in *Schedule 1* of this determination, which applies from 1 July 2019 until the end of the day on which the official result is declared for each new council following the local government election on 12 October 2019.

Under the new approach, the Authority has created a total "governance remuneration pool" for each council, reflecting the ranking of that council on the index (*see* the table at the foot of this explanatory memorandum). The size of each pool does not correspond to the number of councillors on each council, which ranges from 6 to 16 (excluding Auckland). The governance pool is the total amount of money that the Authority has determined is available to pay councillor remuneration per annum. When each new council takes office following the 2019 local election, the council will be invited to give the Authority recommendations for how its pool should be distributed among the council members. The recommendations will include a rate for base councillor remuneration and rates for all positions of responsibility. The Authority will then consider the councils' recommendations before determining the remuneration payable to members.

*Mayors, regional council chairpersons, Auckland local board members, and community board members*

The second change to local government remuneration (ie, the introduction of the governance remuneration pool) does not apply to mayors, regional council chairpersons, Auckland local board members, or community board members. Remuneration for mayors and regional council chairpersons will continue to be set individually by the Authority and will reflect each council's ranking on the relevant size index. The largest role in local government (the Mayor of Auckland) has been generally benchmarked around the remuneration of a Cabinet minister and will not exceed that level.

2019/135

**Local Government Members (2019/20) Determination  
2019**Explanatory  
memorandum

The Authority has developed a separate size index for Auckland local boards that is not the same as the indices for territorial, unitary, or regional authorities. It takes into account the singular characteristics and accountabilities of Auckland local boards, including their representational responsibilities for (in many cases) large populations. The Authority contemplated a pool system for Auckland local boards, but ultimately did not implement this because the Auckland local boards have no formal positions of responsibility aside from their deputy chairpersons. For that reason, the Authority will continue to set remuneration for Auckland local board chairpersons, deputy chairpersons, and members. Based on the new local board size index, there are some differences between boards in the level of remuneration increases of local board members in this determination as the new system is phased in.

The Authority reviewed the position of community board members as one of the final parts of its overall review of local government remuneration. The Authority's original thesis was that, because community boards are part of the governance apparatus of councils, their costs should be included in the governance pool for each council, which would be the same size pool regardless of whether or not a council had any community boards.

However, the data the Authority examined indicated such massive variances in roles and powers, in per capita representation, and in cost that it was unable to rank community boards in any sensible order. As a result, the Authority decided that, for the time being, it would have significant difficulty creating a robust index that could be incorporated into the overall approach to the remuneration of councillors. In this determination, the Authority has applied an across-the-board increase of 2% to most community board members, reflecting the Labour Cost Index for the public sector for the year ended 30 March 2019. A small number of community boards have received no increase because their remuneration costs per capita are significantly higher than those of most other community boards.

Despite the above approaches, the Authority has applied a minimum level of remuneration even for smaller community boards representing tiny populations. Members of those boards need fair payment, even if it were just considered a meeting attendance fee, so the Authority has increased their remuneration to the minimum level of \$2,000 before tax.

For the time being, if a council delegates significant powers and functions to 1 or more community boards and, as a consequence, recommends that the Authority increases the remuneration of their community board members, the additional funds will come out of the council's governance remuneration pool.

Where the numbers and relative size of community boards within a territorial authority have changed as a result of a representation review that will apply from the date of the 2019 local elections, the remuneration of community board members has been specifically assessed to reflect the changes.

*Motor vehicles*

The annual remuneration for a mayor or regional chairperson, shown in *Schedule 1* and *Schedule 2*, is their total remuneration and it includes the annual value of their motor vehicle entitlement. If a council provides its mayor or regional chairperson with a motor vehicle, there is a consequent salary reduction. The rules for the calculation of the benefit are in *clause 9* of this determination and also on the Authority's website.

Upper limits on the purchase prices of petrol/diesel and electric/hybrid motor vehicles (including on-road costs and goods and services tax paid) were set by the Authority in the 2018 Determination and have not been changed. These upper limits take account of the vehicle being fit for purpose, the safety of the driver, and fairness to the rate-payers. For this determination, the Authority reviewed the maximum purchase rate for motor vehicles and decided to retain the current levels. However, it recommends that all councils utilise the All of Government procurement process to optimise the value of their purchases. The new purchase price limits do not apply to existing motor vehicles currently provided to mayors and regional chairpersons. In those cases, the actual purchase prices are grandparented until the existing vehicles are replaced.

*Allowances*

The vehicle mileage allowance rates (*clause 11*) have been updated to reflect the new kilometre rates for self-employed people and employees published by the Inland Revenue Department on its website as at 7 June 2019.

The communications and travel time allowances for members have not been changed this year and the details are in *clauses 12 and 13* and on the Authority's website.

This year, for the first time, the Authority has introduced a childcare allowance for members who have responsibility for caring for children under the age of 14 years. The allowance is a contribution towards expenses incurred by the member for the provision of childcare while the member is engaged on local authority business. The allowance is capped and is subject to certain conditions outlined in *clause 14* of this determination.

Payment of any or all of the allowances is at the discretion of each council. All the allowances included in this determination are reviewed annually.

*Governance remuneration pool table*

The table below sets out the local government governance remuneration pools for councillors that will apply on and after the day after the date on which the official result of the 2019 local election of members for an individual council is declared, for the purpose described above.

**9.7 MartinJenkins Report to Timaru District Holdings Limited****Author: Bede Carran, Chief Executive****Authoriser: Bede Carran, Chief Executive****Recommendation**

That Council:

1. receives the MartinJenkins' Report
2. accepts in principle, or otherwise, the recommendations contained in the Report
3. provides direction to Council officers on the next steps regarding the priority and implementation of the recommendations.

**Purpose of Report**

- 1 To present to Council the MartinJenkins' Report (Report) on the review of Timaru District Holdings Limited (TDHL).

**Assessment of Significance**

- 2 This matter is deemed to be of low significance in terms of Council's Significance and Engagement Policy, notwithstanding that Council recognises the public interest in the matter.

**Background**

- 3 At its meeting on 2 April 2019 Council considered a report titled Timaru District Holdings Limited Governance Structure and Remuneration of Directors (Item 18). 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 Institute of Directors benchmarking, resulting in a decrease in the remuneration paid to Elected Member directors).
- 4 Having regard to the 2018 Alpine Energy consultation and the matters raised in the Mayor's report, Council resolved that an independent review in relation to TDHL be undertaken. It was considered that the review ought to be an independent review using external assistance, rather than an internal governance review
- 5 Council's objective in scoping the review was to ensure that TDHL's governance arrangements are in accordance with good practice, and are appropriate for a CCO of its nature. The purpose and scope of the review would include:
  - (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);*
- (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; and*
- (iv) *The monitoring and oversight framework or regime for TDHL.*

*The purpose of the review was 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.*
- 6 The Review was focussed on the governance arrangements between Council and TDHL, and TDHL's own governance arrangements. The purpose and reasons for TDHL existing as a separate legal entity and the remuneration of TDHL directors were out of scope and not considered as part of the Review.
- 7 Requests for proposals were sought and Martin Jenkins was the successful tenderer.

## **Discussion**

- 8 MartinJenkins' brief for the engagement is set out in the Report. The review of TDHL's governance arrangements is to ensure they align with good practice and are appropriate for a Council Controlled Trading Organisation. The approach that the MartinJenkins team undertook is set out in the report, it involved a review of relevant documents to understand the current state of TDHL, and interviews with people familiar with the operations of both Council and TDHL to understand current practices. MartinJenkins then aligned its understanding of the current state and practices against what is currently regarded as best practice, and its insights and recommendations have been framed in that context.
- 9 An overall commentary is contained in section 3.1 of the Report. In broad terms it notes that TDHL is performing well and its independence from Council provides an ability to discuss and respond commercially to opportunities as they arise. The Report also notes that there are mixed views on whether there is a clear understanding generally with the public regarding TDHL's separate legal entity status from Council and its roles and functions.
- 10 The Report provides 6 recommendations that Council can consider implementing. As set out in the Executive Summary these are:
- (i) Clarify and document roles and responsibilities of TDHL and Council
  - (ii) Change the composition of the TDHL Board to an equal number of external and elected members, plus an independent Chair (with a view to moving to having more independent than elected members over time)

- (iii) Strengthen mechanisms to set direction, oversee and monitor performance, and manage conflicts of interest
  - (iv) Strengthen practices for TDHL Director appointment and induction, and create a programme to develop future Board members
  - (v) Build public understanding of the nature and role of TDHL, including benefits to the community, and how Council shapes its direction and monitors performance
  - (vi) Review and refresh the TDHL constitution to codify the transition of activities to good practice.
- 11 Each recommendation is discussed in detail in the body of the Report and provide a stepped approach to implementation. The Report also contains a suggested work programme (see Appendix 4).

### **Options**

- 12 Once Council has received the Report the options are in regard to:
- (i) Discussing the recommendations contained in the Report, and to give acceptance in principle, or otherwise, to the recommendations;
  - (ii) Providing direction to officers on the next steps and signalling timeframes to advance the work streams arising from the report noting that the Report identifies there will be a period of transition for some of the changes to ensure the performance of TDHL is not compromised.

### **Consultation**

- 13 As part of preparing the Report MartinJenkins interviewed a number of representatives of both Council and TDHL. MartinJenkins also workshopped a draft of the report to ensure it captured the purpose and scope and to provide new Councillors with an opportunity to be presented with the context and framework of the Report.

### **Relevant Legislation, Council Policy and Plans**

- 14 Relevant legislation that govern council controlled trading organisations and companies include the Local Government Act 2002 and the Companies Act 1993.

### **Financial and Funding Implications**

- 15 A competitive tendering process was followed and the funding for the Report and workshop costs (\$43,840 plus GST plus Disbursements) has been met out of existing budgets. Implementing some of the recommendations will mean additional funding is required, however at this point officers are unable to quantify the additional costs. It should be noted that some of the costs will be borne by TDHL.

### **Attachments**

1. **MartinJenkins Review in relation to TDHL - Final Report**

MARTIN  
JENKINS

# REVIEW IN RELATION TO TIMARU DISTRICT HOLDINGS LIMITED

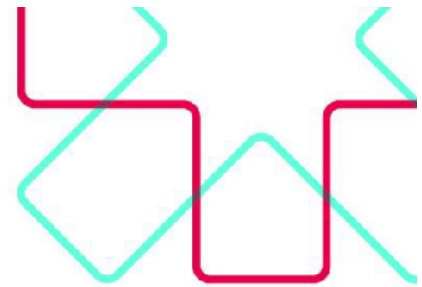
Final Report

5 December 2019









## CONTENTS

Preface	1
1 Executive summary	1
2 Introduction and context	3
3 Review insights	6
4 Options for consideration	33
5 Recommendations	37

## APPENDICES

Appendix 1 : Interviewees	43
Appendix 2 : Documents reviewed	44
Appendix 3 : Comparative CCOs	45
Appendix 4 : Suggested work programme	47

## TABLES

Table 1: Suggested changes to the Constitution	15
Table 2: Reporting requirements	24
Table 3: Differences in governance approaches	33
Table 4: Considerations for Board composition	34
Table 5: Considerations for electing the Chair	36
Table 6: People engaged during the Review	43



Commercial In Confidence



## PREFACE

This report has been prepared for Timaru District Council by MartinJenkins (Martin, Jenkins & Associates Limited).

MartinJenkins advises clients in the public, private and not-for-profit sectors. Our work in the public sector spans a wide range of central and local government agencies. We provide advice and support to clients in the following areas:

- performance improvement and monitoring
- business improvement
- organisational improvement
- public policy
- evaluation and research
- strategy and investment
- employment relations
- economic development
- financial and economic analysis.

Our aim is to provide an integrated and comprehensive response to client needs – connecting our skill sets and applying fresh thinking to lift performance.

MartinJenkins is a privately-owned New Zealand limited liability company. We have offices in Wellington and Auckland. The company was established in 1993 and is governed by a Board made up of executive directors Kevin Jenkins, Michael Mills, Nick Davis, Allana Coulon and Richard Tait, plus independent director Sophia Gunn.



---

Commercial In Confidence



# 1 EXECUTIVE SUMMARY

Timaru District Holdings Limited (TDHL) is performing well. It recently provided strong financial returns which improved Council's balance sheet, and from a governance perspective it has a strong Board with the right mix of skills. The current governance arrangements all meet acceptable practice and comply with previous legislative requirements. Some current practices expose both Timaru District Council and TDHL to risk however, and should be strengthened to align with good practice. This will build resilience into the system, enable it to withstand shocks, and reduce risk over the long-term.

The Review identified a number of insights relating to TDHL's governance functions, the Board appointment, composition and remit, and TDC's monitoring and oversight approach:

- The Statement of Intent sets the direction for TDHL, but is not informed by a direction set by TDC. As a document, the Statement of Intent is generic. We also heard through the review process that Council has rarely provided feedback or comment on draft versions of the document
- TDHL maintains oversight of subsidiary companies through directorships. When these directorship positions are held by elected members, there is a stronger perception of conflict of interest
- Overall, the Constitution serves TDHL well. It has mechanisms for managing conflicts of interest, but the review notes that this also relies on good judgement
- It is timely to consider refreshing the Constitution to strengthen the role of TDC, codify the appointment and rotation of members, and strengthen required practices relating to conflicts of interest
- TDHL currently has a board comprised of elected members and external (independent) directors. Views on the optimal board make-up differ, with varying views on what the balance should be between elected members and external directors
- The current Board has a good mix of skills, but this has not been informed by a skills matrix. We also heard that Council's approach to appointing Directors has been inconsistent, with variations over time for both elected and external directors. The position of Board Chair has traditionally been the Mayor, which is unique and has caused issues with perception of conflict of interest
- Council has revised the induction approach for new Councillors in 2019. The review notes that further work to codify the role and responsibility of TDHL Directors would help. We also found that Council does not have a succession plan for future Directors
- TDHL's reports are independently audited. Beyond this audit process, there is no formal approach for TDC to gain regular, independent advice on TDHL reports
- Council does not have a formal monitoring framework. The Review notes that reports are provided regularly, and reports to TDC are viewed positively
- Communication between TDHL and Council hasn't been as clear as it could be, but is improving. This is not through a lack of TDHL trying, and greater understanding of the Council's monitoring role will assist with this
- TDHL's success is not often shared with the community.

TDC officers provide support for TDHL, and TDHL seeks external advice and guidance when needed. These arrangements are appropriate, given the nature of work undertaken by TDHL and its current scope. However, the review notes that the current approach relies on the good judgement of officers



when and if conflicts of interest arise. Council would benefit from providing greater clarity on managing this. The emerging observer role for the CE is an improvement from previous practice.

To strengthen current practices and reduce exposure to risk, we have developed a number of recommendations:

- 1 Clarify and document roles and responsibilities of TDHL and Council
- 2 Change the composition of the TDHL Board to an equal number of external and elected members, plus an independent Chair (with a view to moving to having more independent than elected members over time)
- 3 Strengthen mechanisms to set direction, oversee and monitor performance, and manage conflicts of interest
- 4 Strengthen practices for TDHL Director appointment and induction, and create a programme to develop future Board members
- 5 Build public understanding of the nature and role of TDHL, including benefits to the community, and how Council shapes its direction and monitors performance
- 6 Review and refresh the TDHL constitution to codify the transition of activities to good practice.

2

---

Commercial In Confidence



## 2 INTRODUCTION AND CONTEXT

### 2.1 Background and scope for the Review

MartinJenkins has been engaged by Timaru District Council (TDC) to undertake a review of the governance arrangements of Timaru District Holdings Limited (TDHL) to ensure they align with good practice, and are appropriate for a Council Controlled Organisation (CCO) – or council-controlled trading organisation (CCTO) - of its nature.

Timaru District Council has two CCO's, in addition to Trusts<sup>1</sup> that manage facilities:

- Timaru District Holdings Limited (TDHL)
- Aoraki Development – the economic development agency for the Timaru District.

TDHL was established in 1997 to hold the commercial assets of TDC (as its shareholder). The objective was to provide an improved level of commercial oversight on behalf of Council, in respect of the governance of various companies providing significant economic and community benefit. TDHL contracts its administration from the TDC, and as such does not employ staff.

Public consultation in 2018 raised concerns regarding TDHL's current governance arrangements – including the need for independence from Council, balancing institutional knowledge and new thinking, and processes to manage conflicts of interest. Council subsequently decided to commission an independent review as a positive and timely opportunity for both TDC and TDHL to learn and become stronger.

Specifically, this review was commissioned by Council to understand, and make recommendations for improvements or changes in the following areas:

- How well TDHL's structures and policies align with good practice, with the appropriate checks and balances in place, and are appropriate for a CCO of its nature (or similar parent-holding company arrangements)?
- What is the appropriate and optimal make-up of the Board as between independents and elected members for a CCO of this nature?
- What is the appropriate council policy in relation to the appointment of directors (whether they are independents and elected members)?
- Are any amendments required to the TDHL constitution, particularly as it relates to Board make-up, the appointment of directors, and the management of conflicts of interest?
- What is an appropriate monitoring / oversight framework or regime for TDHL?
- What is the appropriate communication approach between TDHL, TDC, and TDC's stakeholders?

The scope of the review includes a focus on the make-up of the board, the appointments process, the constitution, the monitoring and oversight framework, and appropriate levels of transparency and communication. A performance review of the Board and a review of remuneration are out of scope.

Timaru District Council has nine elected members plus a Mayor, and a usually resident population of around 47,000.<sup>2</sup> In this review, we have taken account of the fact that Timaru is a mid-sized council, which impacts on the choice of appropriate arrangements. We have also considered the nature of TDHL as a holding company, rather than an operating company.

<sup>1</sup> For example, Timaru District Council has control over Aorangi Stadium Trust, which was established to focus on development, maintenance and operation of the Aorangi Stadium and adjoining areas on Aorangi Park, Timaru for the use of the public.

<sup>2</sup> The estimated resident population of the Timaru District as at June 2018 was 47,300. Source: TDC Annual Report 2018/19





## Our approach

We undertook a two-stage approach to develop this report:

- 1 In the first stage, we reviewed relevant documents from Council and TDHL to understand current state, and reviewed online commentary relating to TDHL following the Alpine consultation. We also undertook 10 interviews to understand current practices. Our approach, consistent with other reviews of this nature, was to undertake interviews with representatives of Council and TDHL, and some senior Council officers, keeping in mind the terms of reference for the review which focused on the governance system, and budget constraints. In this instance, we interviewed elected members of TDC (including those who are board members of TDHL), external board members of TDHL, and representatives of senior council staff.
- 2 The second stage of work involved development of a set of insights and potential areas for improvement. The insights and areas for improvement have been assessed against our understanding of good practice governance approaches for CCOs of this nature, developed from desk-based research and our own experience of comparable organisations.

A list of interviewees, and documents reviewed for this work is included in Appendix 2. Examples of how other comparable CCOs operate is included in Appendix 3.

## This document

This document outlines insights for TDHL and TDC, and good practice approaches appropriate to the context. It also outlines options for consideration by Council, and recommendations which have arisen as a result of the review process.

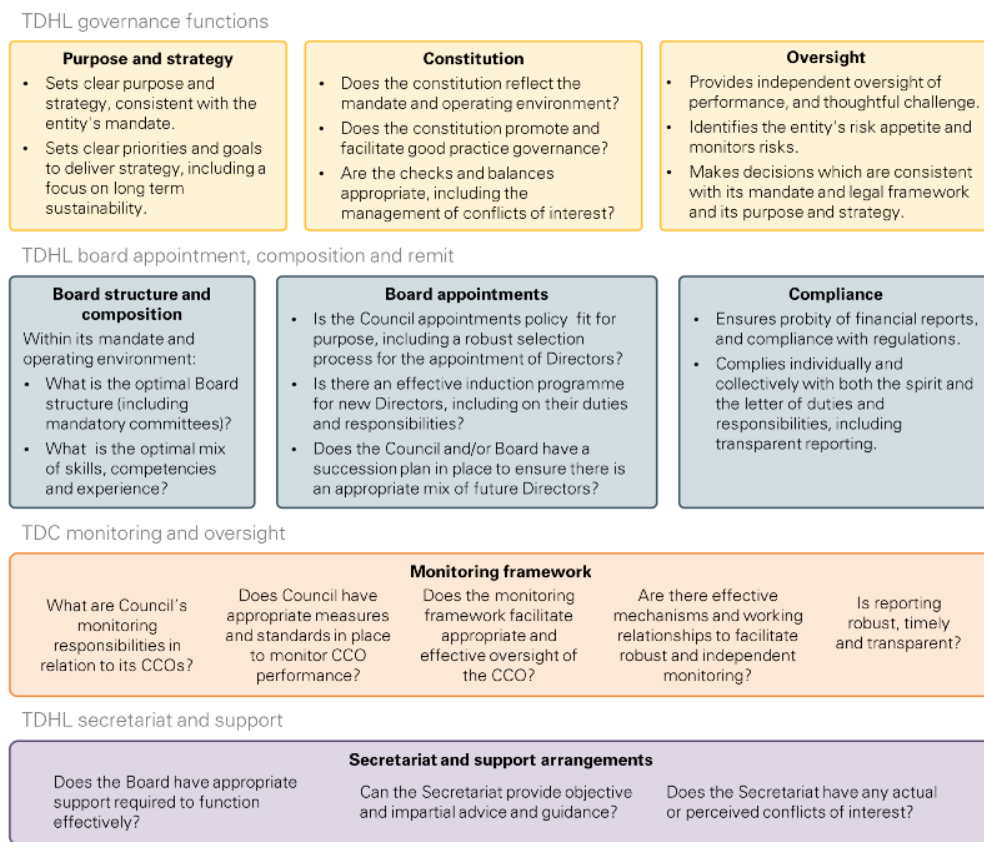


## 2.2 Framework for the review

Our approach to the Review is underpinned by our governance framework. This framework has been developed from our experience, and aligns with Institute of Directors New Zealand, state sector and international good practice guidance.

The governance framework, shown in Figure 1, outlines core governance arrangements for TDHL and key questions which have been explored through the review process.

**Figure 1: Governance framework**



### 3 REVIEW INSIGHTS

This section outlines good practice approaches for each component of the governance framework, and provides insights on TDC/TDHL’s current approach. Where possible, we have noted the difference between what is ‘accepted practice’ and what is ‘good practice’ in relation to governance arrangements.

#### 3.1 Overall commentary

##### **TDHL is performing well**

All interviewees agree that TDHL is performing well and “isn’t broken”. It is seen to have a strong Board with the right skills. People we spoke with were of the view that the current TDHL Directors are commercially astute, and balance risks and interests of the community, as well as commercial activities, in discussions and decisions.

The strong performance of TDHL over the past six years – in both commercial, and non-commercial activities – was cited as evidence of the strength of the current approach:

- a strong commercial performance reflected by growth in the value of total assets, increased shareholder equity, and improved cash dividends <sup>3</sup>
- strong consideration for community benefit in decision-making, such as supporting the Ngāi Tahu Rock Art project and selective land purchases.<sup>4</sup>

Interviewees were generally of the view that TDHL’s independence from Council provides an ability to discuss commercially sensitive matters away from public view, and gives it greater agility to respond to opportunities as they arise. TDHL’s level of responsibility for a large balance sheet means it needs separate focus and expertise from Council, with dedicated capacity for this work.

*“TDHL isn’t broken, and there are no concerns about performance. We don’t want to destroy this.”*

##### **The respective roles and responsibilities of TDHL and TDC are not clear to all**

There are mixed views as to whether the public understands TDHL’s role and its ‘once-removed’ separation from Council. Some interviewees were confident that the separation of roles was clear, whereas others cited the recent consultation in relation to TDHL selling its shareholding in Alpine Energy Limited as an example of “blurry” boundaries between TDC and TDHL (where the public may not have understood TDHL’s separation or role). One interviewee noted that at the time, the Mayor’s role as Chair of TDHL and Board member of PrimePort may have also conflated this view.

We also note that Council only recently established a separate email address for TDHL, which is a step in the right direction. Previous referrals to a TDC email address may have caused further perceptions of “blurriness” between the two entities.

<sup>3</sup> TDHL increased total assets from approximately \$114.4 million to \$148.8 million; increased shareholders equity by \$37.2 million (from \$74 million to \$111.2 million); and paid cash dividends totalling \$12.5 million.

<sup>4</sup> The showgrounds land purchase was provided as an example of community considerations in commercial decision-making



**Should TDHL remain as a CCO?**

Some wider views we saw on-line questioned whether TDHL should remain as a CCO, advocating that its responsibilities should instead be undertaken directly by Council. Whilst out of scope for this review, the literature provides useful guidance to determine whether a CCO is the right vehicle for delivering the outcomes required by a council.

Guidance from the Controller and Auditor General (OAG)<sup>5</sup> is clear on the factors that a local authority needs to take into account when deciding if a CCO model is appropriate, including whether a CCO is the best means of delivering the desired outcomes, and whether the local authority itself has the capability and capacity to manage a relationship with and monitor the performance of the CCO. OAG guidance suggests considering whether the option of a CCO is cost effective and of sufficient size and capability to be a viable business - although this is less relevant in the case of TDHL as a holding company (rather than an operating company).

There are a number of benefits that come with a CCO model in the context of this Review. Insights from interviewees indicate that these have been realised given the performance of TDHL since its creation. These include:

- improved commercial focus arising from a company operating with a commercially focused board of directors
- independence arising from greater separation from political direction
- greater nimbleness and agility from less bureaucracy
- an ability to recruit and retain board members with the necessary skills, experience and commercial acumen.

It could be argued that based on scale and capacity to monitor performance alone, it is not clear that there would be a strong case for TDHL operating as a separate CCO. A CCO can result in less direct accountability, additional operating costs and reduced ability to directly manage risk. However, the Review believes that this has been – and can continue to be – sufficiently managed, so that TDC can continue to leverage the benefits of TDHL as a CCO.

TDHL’s performance (in particular recent financial returns) indicates that retaining TDHL as a CCO is optimal. Remaining as a CCO allows TDHL to make nimble decisions, and bring commercial and independent expertise to decision-making through appointment of independent (external) directors, which in turn benefits the community.

The review notes that the cost of unwinding TDHL as a CCO would outweigh any benefit of bringing it in-house. Bringing TDHL activities in-house might also raise concern with other major shareholders such as Ports of Tauranga in PrimePort. Improvements can be made to the transparency of TDHL operations and to the monitoring and oversight by TDC, which would help address concerns of some members of the community.

<sup>5</sup> Controller and Auditor General, Governance and Accountability of Council Controlled Organisation, September 2015



## 3.2 TDHL governance functions

### 3.2.1 Purpose and strategy

Includes:

- ✓ why the entity exists
- ✓ what the entity seeks to achieve, over a defined period of time
- ✓ priorities and goals to deliver the strategy.

#### **Good practice approaches**

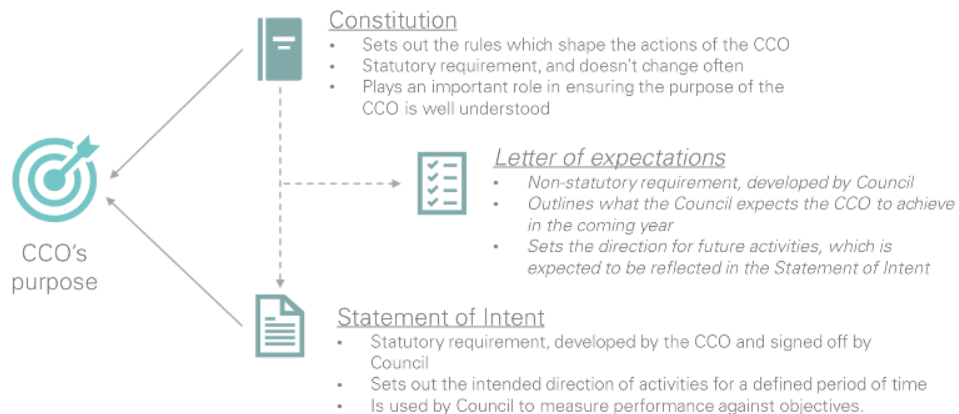
##### **CCOs must have a well-defined purpose**

The Office of the Auditor-General (OAG) highlights the importance of council-controlled organisations having a well-defined purpose.<sup>6</sup> Good practice, according to the OAG, is that the “purpose of the entity is clearly stated and reviewed on a periodic basis.”<sup>7</sup>

The purpose statement is an avenue in which Council can influence the scope and remit of the CCO. A CCO’s purpose will also impact what is in the constitution, who is selected for governance positions, and the monitoring framework that is used by the Council.<sup>8</sup>

The purpose is reinforced through formal mechanisms such as a constitution and Statement of Intent. and can be enhanced through other mechanisms (e.g. a letter of expectations). These foundational artefacts work together to provide the CCO with a clear strategic direction, driven by council.<sup>9</sup> The relationship between a CCO’s purpose and formal mechanisms is set out in Figure 2 below.

**Figure 2: Relationship between the purpose, constitution and statement of intent**



Source: OAG, Governance and accountability of council-controlled organisations (2015)

<sup>6</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 21. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>.

<sup>7</sup> Ibid, p.10

<sup>8</sup> Ibid, p.21

<sup>9</sup> Ibid, p.24



Good practice approaches include local authorities assessing a CCO's purpose to ensure it aligns with the purpose of local government, since the legislation changed in 2012. The OAG indicates the change from referencing "promoting the social, cultural, economic, and environmental well-being of communities, in the present and in the future", to now concentrating on the local authorities own "district or region for local infrastructure, local public services, and regulatory functions."<sup>10</sup> This has since been changed to the local authority playing a "broad role in promoting the social, economic, environmental and cultural well-being of their communities, taking a sustainable development approach".<sup>11</sup>

### **CCOs need to comply with the Local Government Act 2002**

CCOs are required to comply with the *Local Government Act*. Directors, in their appointed roles, are also required to comply with the *Companies Act*. Section 59 of the *Local Government Act* outlines the principal objectives of a CCO:

- "(a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and*
- (b) be a good employer; and*
- (c) exhibit a sense of social and environmental responsibility by having regard to the well-being of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so.*
- (d) if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice."<sup>12</sup>*

### **The Statement of Intent should outline short-term objectives and activities**

Under the *Local Government Act*, a CCO and its board members are required to develop a Statement of Intent (SOI) outlining the strategic direction of the CCO. The Act describes the purpose of the SOI:

- (a) state publicly the activities and intentions of a council-controlled organisation for the year and the objectives to which those activities will contribute; and*
- (b) provide an opportunity for shareholders to influence the direction of the organisation; and*
- (c) provide a basis for the accountability of the directors to their shareholders for the performance of the organisation.<sup>13</sup>*

Good practice is for the SOI to include the CCO's objectives, the type and scope of activities, and a defined period of time for delivering them. The SOI should also provide objectives for any organisations which report to a CCO, and should be consistent with the constitution.<sup>14</sup>

Good practice approaches include Council being involved in the development of the SOI, as well as providing comment on a draft version. This is Council's chance to shape the strategic direction of the CCO, as well as to shape the actions of the CCO moving forward.<sup>15</sup> Council needs to ensure the SOI

<sup>10</sup> Ibid, p.21 - 22

<sup>11</sup> Part 1, Local Government (Community Well-being) Amendment Act 2019

<sup>12</sup> Section 59, Local Government Act 2002; Section 14 amended, Local Government (Community Well-being) Amendment Bill

<sup>13</sup> Section 64, Schedule 8, Local Government Act 2002

<sup>14</sup> Section 64, Local Government Act 2002

<sup>15</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 42 Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>





aligns with the local authority's objectives. According to the *Local Government Act*, the local authority needs to provide comment on the draft statement of intent and agree to the final version as soon as practicable once it has been delivered.<sup>16</sup>

The *Local Government Act* ensures that all decisions about the operation of a CCO are aligned to the SOI.<sup>17</sup> This makes it a critical document for Council to ensure that CCO activities align with Council objectives and deliver for the community.

Research undertaken by the OAG identified that CCO's and local authorities may not place enough value and significance on the SOI. Entities tended to see it as a compliance exercise instead of as a tool to support planning, management reporting, and accountability to the public.<sup>18</sup> When the Council and the CCO are both engaged in the creation of the SOI, it can effectively be used as a vehicle to be clear about roles, responsibilities and the strategic priorities of the CCO for the specified time period, as agreed by both parties.<sup>19</sup>

#### **A letter of expectations can be a useful tool for shaping future activity**

Issuing a Letter of Expectations is not a statutory requirement for Councils or CCOs. Typically used with Crown Entities, a Letter of Expectations can be helpful in defining roles and responsibilities as well as creating distinct expectations for how a board will meet its responsibilities. Letters of Expectation are also used with State Owned Enterprises, and can set out non-commercial objectives required of the enterprise by its shareholder.

Use of a Letter of Expectations in local government is not uncommon. Other Councils use a Letter of Expectations to "provide direction on issues that are important to Council" and outline short-term goals for a CCO.<sup>20</sup> For example, Tauranga City Council develops a Letter of Expectation for Bay Ventures (the CCO responsible for aquatic and indoor sport and recreation facilities). The OAG indicates that a Letter of Expectations can be a valuable addition to a local authority's monitoring regime.<sup>21</sup>

Recent changes to the *Local Government Act* introduce the concept of a 'Statement of Expectations', which Councils may use to specify how a CCO must conduct relationships with other organisations, and expectations in relation to community engagement and collaboration.

#### **Insights on TDHL's current approach**

##### **The Statement of Intent sets the direction for TDHL, but is not informed by a direction set by TDC**

TDHL's mission, as outlined in the Statement of Intent (SOI), is:

*To be a successful and growing business increasing the value of the Company and its return to its shareholder, while taking into account the special needs of the shareholder.*<sup>22</sup>

<sup>16</sup> Section 65, Local Government Act 2002

<sup>17</sup> Section 60, Local Government Act 2002

<sup>18</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 42 Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>

<sup>19</sup> Ibid. p.42

<sup>20</sup> Ibid. p.44

<sup>21</sup> Ibid. p.44

<sup>22</sup> Timaru District Holdings Limited, *Statement of Intent 2019/20*



The SOI outlines TDHL's objectives, as well as 'general objectives' for TDHL (such as maximising returns from subsidiary companies to Council, and monitoring activities of subsidiary companies), and 'specific objectives' for the financial year.

The SOI indicates that "*TDHL's business is that of an investor for the benefit of the district and to provide a commercial return to the Council.*"<sup>23</sup> This broad remit has enabled TDHL to expand its activities over the last few years from solely focusing on investment in Alpine Energy Ltd, PrimePort Timaru Ltd and (to a lesser extent) Hunter Downs Water, to developing a portfolio of strategic property investments. Interviewees indicated that expansion into strategic property investments has been primarily driven by TDHL, rather than directed by Council.

Interviewees we spoke with believe that TDHL balances its commercial and community focus well. It is acknowledged that TDHL is primarily commercially focussed, but consideration is given to the impact of decisions on the community, particularly through the elected members on the board. As one interviewee explained, "the Board is cognisant of the community shareholder, and can balance this with commercial decisions." The showgrounds land purchase was provided as an example of the TDHL Board integrating community considerations in investment decisions.

Under current practice, TDHL does not receive a Letter of Expectations (LoE) from Council, and TDHL's non-commercial objectives have largely been driven by TDHL rather than by TDC. The SOI is the only document which outlines expectations and mandate, and this is developed as a draft by TDHL.

There would be benefit in Councillors being more involved in TDHL's planning process, to set direction prior to development of the SOI, including non-commercial objectives. The Review notes that TDHL has an annual Board Calendar, which includes 'deep dive' sessions to explore potential future investments. These 'deep dive' sessions are for TDHL Directors, but workshops with Councillors are a mechanism provided for in the TDHL constitution that can be used to discuss the strategic direction of TDHL prior to development of the annual Statement of Intent. It is likely that the direction will be consistent over a four or five year period, and then be refreshed. The direction could be reflected in a Letter of Expectations prior to the development of the SOI.

#### **The Statement of Intent is generic, and rarely challenged by Council**

We understand from discussions with interviewees that the SOI is seen as relatively generic, and has not previously received feedback or changes from Council. While this has not impacted TDHL's commercial performance, concern was expressed that Council may not be engaging sufficiently with TDHL's strategy or direction, as the shareholder.

As one interviewee noted, there is both a benefit and risk of Councillors on the Board: the benefit is that elected members are involved in the process as Directors; the risk is that other Councillors may not interrogate the proposed future direction, as they may assume the discussion has already happened. It is also possible that Councillors may not fully understand the purpose or role of the SOI in shaping the direction of TDHL, or how they can influence this and the strategy behind it.

For example, several interviewees mentioned that it has been unclear in the past whether Council wants TDHL to be active and aggressive in its investment decisions, or more passive. We understand that recent 'aggressive' activity has been driven by TDHL, rather than Council. Irrespective of the level of proactivity in investment, there has been a clear direction from Council for TDHL to have a financial buffer in the event of reduced dividends from assets.

<sup>23</sup> Ibid.





Some interviewees we spoke with mentioned the potential for TDHL to expand its role into other operations currently delivered by Council. They mentioned the potential to leverage TDHL's commercial mindset and approach to other Council assets, with the intention of improving financial performance. No specific examples were explored, but the thought was that TDHL could be involved in key community assets that aren't currently performing. The breadth of TDHL's purpose allows TDHL to operate beyond the function of a 'holding' company and it is at least in part evolving into a more active investment (operating) company. The status of TDHL, as a holding or an operating company, is not explored in depth in this Review, but included as a point which Council may consider in the future, and would have implications for governance and monitoring arrangements.

### 3.2.2 Oversight by TDHL

Includes:

- ✓ independent oversight of performance, and thoughtful challenge
- ✓ monitoring of risks
- ✓ decision-making.

### **Good practice approaches**

#### **Roles and responsibilities should be clearly defined and understood**

Clarity about the roles and responsibilities of both the CCO and the local authority is essential to good governance. The Financial Markets Authority (FMA) summarises that clear roles of the board and its executives improves efficiency and accountability.<sup>24</sup> It is important for both parties to realise the local authority should not only be seen as a shareholder of the CCO (as it has to keep the interests of the community in mind) – it is responsible for the performance of the CCO.<sup>25</sup> The performance monitoring role is discussed further in the monitoring framework section of this report.

There is also a distinction between a Council's role in governing the CCO, and the CCO's role in governing the subsidiaries that it is a shareholder in, in the best interests of the Council.

The OAG suggests that a protocol which explains the different roles and responsibilities the CCO and local authority helps to define the overall governance arrangement. This can also be useful if the organisation has a commercial aspect to their role, where goods and services are being procured.<sup>26</sup>

The OAG also recommends giving thought to providing clarity around the roles and responsibilities of "board members, shareholders, councillors and other parties (such as council and entity staff)."<sup>27</sup>

#### **Risk management**

The FMA advises that directors need a good knowledge of the main risks an entity may encounter and needs to periodically confirm they have sufficient processes established to discover and mitigate them.<sup>28</sup>

<sup>24</sup> Financial Markets Authority (2018), *Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers*, page 11. Retrieved from: [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf)

<sup>25</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 26. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>

<sup>26</sup> Ibid. p.26

<sup>27</sup> Ibid. p.10

<sup>28</sup> Financial Markets Authority (2018), *Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers*, page 21. Retrieved from: [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf)



**Insights on TDHL’s current approach**

**TDHL maintains oversight of the performance and risks of subsidiary companies through directorships**

TDHL has a role in monitoring the performance of companies which it is a significant shareholder of. As outlined in the TDHL Annual Report 2018/19, “TDHL Directors take a number of steps to keep themselves well informed of all matters relating to the activities of Alpine Energy and PrimePort, such as receiving regular reports and briefings from the governing body and executive management of the respective companies”.<sup>29</sup>

A change to the TDHL Constitution in 2015 allows TDHL to appoints Directors to be on the Boards of PrimePort and Alpine Energy. In some circumstances these appointments are people who are also TDHL Directors, and other appointments are independent Directors. In the current arrangement, a Councillor-Director of TDHL is appointed to the Board of PrimePort, and two independent Directors (who are not Directors of TDHL) have been appointed to the Board of Alpine Energy.

Appointments to subsidiary boards need to consider both actual and perceived conflicts of interest. Perceived conflicts of interest are more likely to arise with elected members on subsidiary boards.

**3.2.3 Constitution**

- Includes the extent to which the Constitution:
- ✓ reflects the mandate and operating environment
  - ✓ promotes and facilitates good practice governance
  - ✓ includes checks and balances, especially for managing conflicts of interest.

**Good practice approaches**

**It is important to get a CCO’s constitution right**

A local authority is responsible for developing a CCO’s constitution. This is an important artefact that specifies the regulations for governing the conduct of a CCO.<sup>30</sup> Operational decisions must be made in accordance with a CCO’s statement of intent and constitution, so the information inputted into, and decisions made around, these documents is essential to get right.<sup>31</sup>

The constitution is a vehicle through which a local authority is able to:

- clarify whether an issue can be decided by the CCO directors, or whether it should be decided by a local authority
- instead of acting in the CCO’s interests, authorising directors of the CCO to act in the interests of the local authority or holding company, as provided by section 131(2) of the *Companies Act* 1993

<sup>29</sup> TDHL Annual Report 2018/19

<sup>30</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 24. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>.

<sup>31</sup> Section 60, Local Government Act 2002



- outline processes around the management of conflicts of interest.<sup>32</sup>

The OAG found that most local authorities they studied included a section 131(2) provision in the constitutions of subsidiary companies enabling a director of the subsidiary to act in what they believe to be the best interests of the parent rather than the subsidiary, as permitted by section 131(2) of the *Companies Act*.<sup>33</sup>

#### **A process must be followed for conflicts of interest**

The IOD emphasises that directors need to avoid conflicts of interest as much as they can.<sup>34</sup> With a country the size of New Zealand (and a community as small as Timaru) it is likely that conflicts of interest will occur. If this happens it must always be disclosed. The steps for dealing with conflict of interests outlined in the CCO's constitution must then be followed and, at a minimum, the conflict should be recorded, and directors should excuse themselves from taking part in discussions or making decisions around the conflict.<sup>35</sup>

Conflicts of interest are particularly important to manage in a CCO context because there is usually a high amount of public interest in their affairs, and a conflict of interest – both real and perceived – can damage a CCO's reputation, and that of its shareholder.<sup>36</sup> Having good processes in place, and following them closely, mitigates the chance of conflicts of interest becoming a problem. Both actual and perceived conflicts should be declared, so as not to undermine the integrity of a CCO.

The chair should work through the issue to try and find a solution. If a conflict is of a material nature which is unable to be settled the director should reflect on their resignation. This is especially important where the conflict is ongoing and will impact the director's judgement and capacity to fulfil their obligations to the board.<sup>37</sup>

#### ***Insights on TDHL's current approach***

##### **Overall, the Constitution serves TDHL well**

TDHL's current Constitution was adopted in 2015. Interviewees we spoke with agree that the Constitution is good, but may need a refresh to ensure it continues to reflect the intent of TDHL and changes in the company, and is appropriate for current and future activities.

The Constitution aligns with other frameworks for local government, and is understood to align with the *Companies Act*, including the section 131(2) provision.

##### **The Constitution has appropriate mechanisms for managing conflicts of interest**

The Review notes that in the Constitution, there is a requirement for Directors to declare conflict of interest, as implied in section 13.1.1:

###### *13.1 Director's Declaration of Interest*

<sup>32</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 24. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>.

<sup>33</sup> Ibid. p.25

<sup>34</sup> IoD Code of Practice for Directors, *Institute of Directors, Four Pillars 2017 Edition, p1*. Retrieved from: <https://www.iod.org.nz/Portals/0/Publications/Founding%20Docs/Code%20of%20Practice.pdf>

<sup>35</sup> Ibid. p.2

<sup>36</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 54. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>.

<sup>37</sup> IoD Code of Practice for Directors, *Institute of Directors, Four Pillars 2017 Edition, page 2*. Retrieved from: <https://www.iod.org.nz/Portals/0/Publications/Founding%20Docs/Code%20of%20Practice.pdf>



13.1.1 Failure to declare an interest shall not disqualify the Director from office or invalidate any contract or arrangement or render the Director liable to account.

13.1.2 For the purposes of this declaration of interest, a Director shall not be regarded as interested in a contract or arrangement or transaction by virtue only of the fact that he or she is a ratepayer in the Timaru district.

There is also a requirement for Directors to “voluntarily abstain from voting” (see section 13.4.1) if they do have a conflict of interest in relation to a particular decision.

Interviewees mentioned no concern with how conflicts of interest are covered in the Constitution, or how they are managed in practice. One interviewee indicated that they are “handled well” and that practice of declaring any actual or perceived conflicts of interest has improved over time. However, the process is reliant on the good judgement of individuals and the constitution does not require a register of interests.

**It is timely to consider refreshing the Constitution**

TDHL’s constitution has stood the test of time, but several interviewees mentioned it may be timely to review its contents. We heard specific suggestions for inclusion or amendment, which are outlined in Table 1. In other parts of this Review, we have identified additional areas of the constitution which would benefit from review.

**Table 1: Suggested changes to the Constitution**

Part / section	Current text	Commentary and suggestions
Part IV Section 11.1	<u>Number of Directors</u> <i>The number of Directors shall at all times be a minimum of three (3) and a maximum of five (5), at least one (1) of whom must be an External Director, and at least two (2) of whom shall be duly elected members of the Timaru District Council or its statutory successors.</i>	<ul style="list-style-type: none"> <li>Suggestion that this should be changed to reflect decisions made following the Review relating to the Board make-up.</li> <li>Suggest change so that if after a robust appointment process Council can’t find an appropriate Councillor, then an additional external Director may be considered.</li> <li>Suggestion that the Chair should be an independent Director.</li> </ul>
Part IV Section 11.4(c)	<u>Vacation of Office of Director</u> <i>In addition to section 157 of the Act, the office of Director shall be vacated, if the Director; (c) is a duly elected member of the Timaru District Council at the time of appointment and subsequently ceases to be such a member for any reason whatsoever.</i>	<ul style="list-style-type: none"> <li>Suggestion to amend this section so that there is a transition period between elections and those who were previously elected leaving the TDHL Board. This is needed to safeguard existing knowledge and ensure continuity on the Board.</li> <li>This could be worded as a transition period, or that the elected member can be considered as an external member of the Board (however, this may impact the clause relating to the number of directors) until vacancies have been filled.</li> </ul> <p><i>Note: this could be covered already under Section 12.2 of the Constitution which provides for the appointment of Casual Directors.</i></p>



Part / section	Current text	Commentary and suggestions
Part IV Section 12	<u>Rotation of Directors</u> <i>At the annual meeting of the Shareholders in each year, one-third (1/3rd) of the Directors, or if their number is not a multiple of three then the number nearest to one-third (1/3rd), shall retire from office, but shall be eligible for re-election at that meeting. Those to retire shall be those who have been longest in office since they were last elected or deemed elected. If 2 or more Directors were last elected on the same day, the Directors to retire shall (unless they agree among themselves) be determined by lot.</i>	<ul style="list-style-type: none"> <li>Suggestion to add in a clause which allows for greater flexibility to extend a Director's tenure, if required. This would also require a clause which outlines the appointment process and timing for positions which have been extended (if it is separate from the existing process).</li> </ul>
Part IV Section 14.1	<u>Duty</u> <i>A Director when exercising powers or performing duties, must act in good faith and in what the Director believes to be the best interest of the Company.</i>	<ul style="list-style-type: none"> <li>Suggestion to have more explicit references to community consideration in decision-making.</li> </ul>
Part V Section 26.1	<u>Statement of Corporate Intent</u> <i>The Directors of the Company shall deliver to Shareholders a draft Statement of Intent in accordance with the requirements set out in Section 64 of the Local Government Act 2002 not later than 1 March each year.</i> <i>The Directors shall consider any comments on the draft Statement of Corporate Intent that are made to it by the Shareholders or any of them within two (2) months of 1 March and shall deliver the completed Statement of Intent to the Shareholders on or before 30 June each year.</i>	<ul style="list-style-type: none"> <li>Support for reporting mechanisms such as the Statement of Intent and regular reporting being enshrined in the Constitution.</li> <li>Suggestion to add in the development of the Statement of Intent in response to Council's Letter of Expectations.</li> </ul>

Note: Changes to the constitution should be developed and/or reviewed by a legal expert.

### 3.3 Board appointment, composition and remit

#### 3.3.1 Board structure and composition

- Includes:

  - ✓ make-up of the Board
  - ✓ mix of skills, competencies and experience.

#### **Good practice approaches**

##### **Views on optimal Board make-up vary**

Literature relating to the optimal balance of elected members and independents on CCOs varies. While the FMA states that every Board "can benefit from an appropriate balance of executive and





non-executive directors”,<sup>38</sup> the OAG suggests that CCO boards should only select elected members as directors as an exception.<sup>39</sup>

The mix of independent and elected councillor-directors will vary depending on the needs of the CCO, its size, and the nature of its operations, and its context. As shown in Appendix 3, comparable CCO holding companies have different approaches to Board composition, ranging from fully independent boards to a mix of councillor-directors and independents. We note that none of the comparative CCOs have the Mayor as Chair.

The OAG argues that councillor-directors are not needed on a CCO Board if there is an effective monitoring framework in place which is clear about its purpose and strategic priorities.<sup>40</sup> The OAG does point out that the potential for conflict of interest between councillor-directors and their Council responsibilities, and their role on the board decreases when they are part of a CCO holding company. This is because the holding company in theory should “be focused on managing the local authority’s investment in its CCOs, rather than on the specific business of each CCO.”<sup>41</sup> Regardless of this, the director still needs an element of commercial experience to sit alongside their governance experience.

Options and considerations for the optimal Board make-up are set out in detail in Section 4.

#### **A broad mix of skills, knowledge and experience brings a balanced view to decision-making**

The size and skills mix on the board will differ depending on the needs of the entity the board serves. For a Board to be balanced, the Institute of Directors (IOD) states that “a broad mix of skills, knowledge and experience” is needed to enable directors to collectively bring a balanced view to decision making.<sup>42</sup> Recent amendments to the Local Government Act also encourage Councils to “consider whether knowledge of tikanga Māori may be relevant to the governance of that council-controlled organisation” when identifying the skills, knowledge and experience that is required of directors.<sup>43</sup>

The FMA discusses the concept of ‘independence of mind’ as a basic requirement for directors.<sup>44</sup> All directors should endeavour to bring an unbiased opinion to decision making so the interests of the CCO are put first. When a director has independence of mind, the effectiveness of the board improves as they are more likely to usefully test concepts, local authorities, and other directors.<sup>45</sup>

The Institute of Directors expands on this by explaining that in order to be balanced, board members must be able to “think and contribute outside of their own areas of expertise and interact

<sup>38</sup> *Financial Markets Authority (2018), Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers, page 11.* Retrieved from: [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf)

<sup>39</sup> *Controller and Auditor-General, Governance and accountability of council-controlled organisations.* (September 2015). Page 33. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>

<sup>40</sup> *Ibid.* p.34

<sup>41</sup> *Ibid.* p.33

<sup>42</sup> *IoD Code of Practice for Directors, Institute of Directors, Four Pillars 2017 Edition, page 4.* Retrieved from: <https://www.iod.org.nz/Portals/0/Publications/Founding%20Docs/Code%20of%20Practice.pdf>

<sup>43</sup> Section 21b, Local Government Act 2002 Amendment Bill (No 2)

<sup>44</sup> *Financial Markets Authority (2018), Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers, page 11.* Retrieved from: [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf)

<sup>45</sup> *Ibid.* p.11



appropriately in order to reach collective decisions.”<sup>46</sup> To create this environment, directors should hold a combination of “business, strategic, analytical, and knowledge competencies, as well as appropriate ethical and personal qualities.”<sup>47</sup>

### ***Insights on TDHL’s current approach***

#### **TDHL’s Board comprises of three elected members and two external (independent) directors**

The current TDHL Constitution states that the board should have between 3 and 5 members, at least one of whom must be an external (independent) director and at least two who should be dually elected members of the Timaru District Council.<sup>48</sup>

At the time of undertaking this Review, TDHL has five Directors. Two Directors are external, and three Directors are elected members of Council. Interviewees we spoke with mentioned the benefit of having a mix of external directors and elected members:

- External directors were seen to bring commercial expertise (but may not always understand community interests)
- Elected members bring business knowledge as well as an understanding of what is important to the community, and ensure that community assets are managed appropriately. As one person mentioned, “having Councillors on the Board balances the focus from purely commercial decisions”.

*“The mix of elected representatives and externals has brought a richness to the table”*

The review notes that the Constitution does not specify that the Mayor is required to be on the Board of TDHL. By convention the Mayor of TDC has been both Board member and Chair of TDHL since its inception – however this has changed in the last six months.

#### **Should Council change the mix of the Board?**

When asked whether the current mix of elected and external directors was optimal for TDHL’s Board, we heard several views:

- Most people we spoke with mentioned that a mix of three elected members and three external Directors would be optimal, to continue the existing balance of focus on commercial and community interests. In this way of operating, a majority view would be appropriate for decisions to be made.
- Most interviewees wouldn’t want to see the Board increase substantially – most indicated that six members would be appropriate, with three independents and three Councillors.
- Consideration could be given to having three external directors and two elected members, noting that all Directors are accountable to achieve the best interest of TDHL.
- There is a preference to have Councillors involved in the conversation and decision-making of TDHL.
- One interviewee we spoke with indicated a preference for the majority of the Board to be elected members, recognising that these individuals could seek independent advice.

<sup>46</sup> IoD Code of Practice for Directors, *Institute of Directors, Four Pillars 2017 Edition, p4*. Retrieved from: <https://www.iod.org.nz/Portals/0/Publications/Founding%20Docs/Code%20of%20Practice.pdf>

<sup>47</sup> Ibid. p.4

<sup>48</sup> Constitution of Timaru District Holdings Limited, 2015.



It is clear from our discussions that there is little support for TDHL to have a Board comprised of only external members. If this was the case, there is a perception that TDHL could lose focus on community interests in commercial decisions. One interviewee noted concern that a Board comprised of only external directors would steer activities in a way which is more ‘private sector’ focused, which would risk Council bringing TDHL activities back ‘in-house’.

### 3.3.2 Board appointments

- Includes:
- ✓ the policy and process to select and appoint new Directors
  - ✓ induction programmes for new Directors.

#### **Good practice approaches**

##### **CCOs must adhere to the Local Government Act’s rules for the appointment of directors**

The *Local Government Act* outlines that Councils with CCOs should have a policy which “sets out an objective and transparent process for:

- (a) the identification and consideration of the skills, knowledge and experience required of directors of a council organisation; and
- (b) the appointment of directors to a council organisation; and
- (c) the remuneration of directors of a council organisation.”<sup>49</sup>

The Act also outlines that appointments to director positions can only be made if the local authority believes the person has the skills, knowledge or experience to guide the organisation and contribute to the achievement of organisational objectives.<sup>50</sup>

As outlined by the OAG, if a local authority does choose to appoint elected members the process needs to be ‘open and transparent’ and they should be chosen based on the same criteria as independent directors.<sup>51</sup>

The OAG found that many local authorities exclude the CCO chair from the process of appointing directors, though some chairs felt it would be helpful to be involved. The OAG acknowledged there could be value in this.<sup>52</sup>

#### **Appointment of directors is critical**

The appointment of directors is a core way for Councils to influence CCO performance.<sup>53</sup> Good governance relies on the performance of the directors, and their ability to hold subsidiary organisations to account. It is important that the community has confidence that directors have been

<sup>49</sup> Section 57, Local Government Act 2002

<sup>50</sup> Ibid.

<sup>51</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015), Page 33. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>

<sup>52</sup> Ibid. p.35

<sup>53</sup> Ibid. p.31





chosen on ability and have been selected from a wide range of possible sources, through a transparent process.<sup>54</sup>

The composition of a CCO board should contain directors from a wide range of backgrounds, who can bring their views and applicable skills to the CCO. The board will be most valuable when the directors are able to question and test each other based on their diverse knowledge and capabilities.<sup>55</sup>

The FMA recommends using a skills and capability matrix to identify the current and future skill and diversity needs of the entity.<sup>56</sup> This provides another layer of transparency to the appointment process and allows the CCO to provide the rationale behind how appointed board members can best support strategic priorities.

#### **CCOs should address gaps new directors may have during their induction**

Local authorities need to be aware of the differences between the private and public sector, as well as the unique challenges that occur when working in a political environment. There is also a social responsibility that CCO board members have that they may not on other boards.

CCO's should offer an induction that addresses any gaps new directors may have in these areas, as well as the relationship between the local authority and the CCO.<sup>57</sup> The FMA expands on this by highlighting the need for boards to provide time and resources to inductions, allowing directors to achieve a comprehensive knowledge of their obligations.<sup>58</sup> All directors should have ongoing training to ensure this knowledge base is maintained.

#### **Ensuring a future pipeline of suitable board members**

Board evaluation and succession planning are encouraged to ensure that an active plan is in place for rotation and selection of future board members. The FMA recommends the make-up of the board and its plans for succession are reported annually (at least).<sup>59</sup>

##### **DCHL Intern Director Programme – the Graham Crombie Intern Director Programme**

Dunedin City Holdings Limited established an Intern Director Programme in 2017. The objective of the programme is to enhance governance capability in Dunedin, and broaden the city's pool of emerging directors.

###### *What it involves*

The programme offers emerging directors the opportunity to gain experience and insight into governance by working alongside an experienced commercial board for 18 months. Intern Directors attended all board and committee meetings of their respective companies, and participated fully in board activities (without voting rights or decision-making responsibilities). Intern Directors also received mentoring from company directors, and \$1,000 towards governance education with the Institute of Directors.

###### *Benefits*

The programme gives participants valuable insight into the roles of company directors, and helps them to develop their own governance skills and knowledge of their company's sector.

For the Boards, Intern Directors have provided fresh perspectives and diversity of thought.

Source: Dunedin City Holdings Limited 2019 Annual Report, accessed from [https://www.dunedin.govt.nz/\\_data/assets/pdf\\_file/0008/736415/Dunedin-City-Holdings-Limited-2019-Annual-Report.pdf](https://www.dunedin.govt.nz/_data/assets/pdf_file/0008/736415/Dunedin-City-Holdings-Limited-2019-Annual-Report.pdf)

<sup>54</sup> Ibid. p.31

<sup>55</sup> Financial Markets Authority (2018), *Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers*, page 10. Retrieved from: [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf)

<sup>56</sup> Ibid. p. 11.

<sup>57</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 32. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>

<sup>58</sup> Financial Markets Authority (2018), *Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers*, page 10. Retrieved from: [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf)

<sup>59</sup> Ibid. p. 11.

**20**

Commercial In Confidence



### **Insights on TDHL's current approach**

#### **The current Board has a good mix of skills**

There is a strong perception that the current TDHL Board has "the right mix of skills at the moment". Interviewees specifically indicated that the Board needs:

- a mix of commercial and non-commercial skills
- expertise in areas that TDHL covers
- Institute of Directors good practice knowledge or experience
- people with strong business acumen and good professional judgement.

However, there is currently no documented skills matrix for the board, against which potential appointments can be assessed.

Ensuring the right skills mix on the board is foundational to TDHL's success, and is one of the most important roles of the shareholder.

#### **Consideration needs to be given to the remuneration approach if Council seeks to appoint good external candidates**

Commentary on remuneration of the Board is out of scope for this review, however several interviewees noted that the level of remuneration for external members may need to be reconsidered if Council seeks to appoint top talent to the Board. Interviewees mentioned that Council was fortunate to have secured the skills and experience of the current independent Directors at the level of remuneration provided, noting the value these Directors placed on contributing to the community. However, this remuneration level might limit the pool of potential future independent Directors as it "might not be seen as enough for top applicants" and "if we don't pay correctly, we won't get good candidates".

*"They aren't really commercial director roles. If we move to a more commercial model, the remuneration would have to also follow"*

#### **Council's approach to appointing Directors is inconsistent, and has varied over time**

Council has a different appointment process for elected and external members. Council's *Director Appointment and Remuneration Policy* allows for this, providing the opportunity for Council to "decide whether to advertise a vacancy or make an appointment without advertisement".<sup>60</sup>

The Review team heard differing approaches to the appointment process from those we spoke to (based on their own experience), ranging from:

##### *For elected members*

- A process where individuals submit a CV and cover letter to self-nominate for a position. Nominations are then evaluated by a sub-committee of Council which is comprised of those who haven't nominated for a position.

##### *For external Directors*

- External Directors are 'shoulder tapped' if they have specific skills that Council is looking for.

<sup>60</sup> Timaru District Council, 'Director Appointment & Remuneration Policy'. Accessed from <https://www.timaru.govt.nz/council/publications/policies/director-appointment-and-remuneration>



- An open recruitment process is run by an external recruitment firm. Shortlisted candidates are presented to a Council sub-committee with a recommended candidate. The Council sub-committee votes to confirm the external Director.

*“The appointment process is far more robust for externals”*

There are mixed views on the current approach, which are influenced by individual experiences. Some believe it works well and doesn’t need to change; others would like to see a more robust process with greater use of independent, external advice.

Most people we spoke to mentioned that there should be more consistency in the process, for both elected members and external Director positions.

The Review notes a need for a consistent and robust approach to the recruitment and induction of TDHL directors.

**Previous recruitment processes have not been informed by a skills matrix**

We understand from conversations with interviewees that TDHL does not have a documented list of skills that they seek to appoint to the Board (as a group), or for specific roles.

Those we spoke to mentioned that it would be helpful for TDHL (or Council) to “codify the skill set” by developing a skills matrix for the TDHL Board, which is reviewed and updated over time. It was suggested that the skills matrix should also note the requirement for TDHL Directors to be representatives on the Board of subsidiary organisations, and take into account the skills and knowledge which are also required for these appointments.

One interviewee suggested that the skills matrix for elected members may be different to what is sought in externals. Another mentioned that it is important for external Directors to have an understanding of the Timaru community.

We understand that the former Mayor wrote a report in January which recommended that TDHL develops a document outlining the desired skill mix for Directors. The Director Appointment & Remuneration Policy also mentions that Council will develop a ‘director profile’ for each director appointment.

*“We have always had an abundance of good independent candidates. They see it as a way of giving back to the community”*

**The Chair has traditionally been the Mayor**

Appointment of the TDHL has previously, by convention, been the Mayor of Timaru District Council. This was called into question by the public during the Alpine Energy consultation, and the then Mayor stepped down from his position as Chair. Since then, an external Directors has been the Chair of TDHL.

The Review team heard mixed views from interviewees on whether the Mayor should be the Chair in the future. We heard benefits and disadvantages for the Mayor, a Councillor, or an external Director as Chair. Along with good practice guidance, these options are outlined further in Section 4 of this report.

Several interviewees noted that they believe the Mayor should be on the Board, even if they are not the Chair. These people shared that the Mayor needs to have an active leadership role in building relationships (especially across Councils), and can bring the community voice to discussions.



The FMA recommends the Chair be independent to the parent entity, except in exceptional circumstances. Unless there is a condition in the CCO's constitution that allows it the OAG found that typically, a local authority will appoint the Chair of the CCO board.

The Chair of TDHL is directly accountable to council. The appointee should be someone with sound governance experience as well as good comprehension of the local government setting that CCO's are working in.

Having an independent Chair helps to manage actual or perceived conflict of interest, and allows Council, led by the Mayor, to be more objective in holding the CCO to account.

#### **Council has revised the induction approach for new Councillors in 2019, to help them understand their role**

The Review acknowledges that the Council has put together a revised induction process for new Councillors in 2019. Interviewees suggested that future induction processes should include explanations about conflict of interest, probity, and expectations (e.g. turn up to workshops or pencil in briefs so that Councillors know what is going on).

A recent CCO workshop for elected members, held by Simpson Grierson, was cited as a useful session for understanding the role of a CCO and expectations of Councillors. It was suggested that this session is run again in the future for incoming Councillors to help them understand their role in relation to TDHL.

Mechanisms such as codifying the roles, responsibilities and processes between board members, shareholders, councillors and other parties would further strengthen the induction process.

#### **Council does not have a succession plan for future Directors**

Concerns were raised with the Review team about recruiting potential future Directors, particularly external Directors. Council does not have a succession plan or approach to ensure there is a strong pipeline of future Directors. This is particularly of concern at the current point in time, where the result of the election and timing of the tenure of external Directors means that TDHL could have mostly new Directors in a few months' time. As one person noted, this could leave TDHL with a Board who has little knowledge or expertise.

It was suggested that Council or TDHL develops a long-term plan of the next set of skills that would be needed, and develops an aspiring Director programme to build depth of knowledge and a pipeline of suitable future applicants for Board positions.

The Review notes that TDC does not have a pipeline of future independent directors for consideration at TDHL. Council should consider how it can ensure a pipeline of skilled future directors, either through running its own development programme, or working with other local authorities or organisations to develop directorship skills in the district.

A succession plan will assist with business continuity, and ensure a pipeline of directors with the right skills and knowledge for TDHL's continued success.



### 3.3.3 Compliance

Includes:

- ✓ probity of financial reports
- ✓ compliance with regulations and legislation
- ✓ individual and collective compliance with both the spirit and letter of duties and responsibilities, including transparent reporting.

#### Good practice approaches

##### The CCO has reporting requirements, as outlined in the Local Government Act 2002

The FMA is clear about the role reporting plays in creating good governance. Well-rounded reporting and disclosure are crucial for a CCO to be accountable to its local authority.<sup>61</sup> The *Local Government Act* outlines that the board of a CCO must publish several reports, as outlined in Table 2 below.

**Table 2: Reporting requirements**

Report	Content	Timing
<b>Statement of Intent</b>	<ul style="list-style-type: none"> <li>• Outlines the CCO’s strategic intentions and medium-term plans and provides a base against which performance can later be assessed.</li> </ul>	<ul style="list-style-type: none"> <li>• A draft must be given to shareholders on or before 1 March each year.</li> <li>• Comments made need to be addressed within 2 months from 1 March.</li> <li>• Final document must be completed by 30 June.</li> </ul>
<b>Annual Report</b>	<ul style="list-style-type: none"> <li>• Includes a comparison of the CCO’s (and its subsidiaries) performance with the statement of intent, accounting for discrepancies uncovered in that comparison, dividends paid and audited financial statements.<sup>62</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Must be delivered within 3 months after the end of each financial year.</li> </ul>
<b>Half-yearly or quarterly reports</b>	<ul style="list-style-type: none"> <li>• Report on the CCO’s operations for the period, including information required as per its statement of intent.<sup>63</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Must be delivered within 2 months after the end of the first half each financial year.</li> <li>• If the shareholders notify the CCO that they require quarterly reporting, quarterly reports must be delivered within 2 months after the end of the first and third quarters of each financial year.</li> </ul>
<b>Additional plans (if requested)</b>	<ul style="list-style-type: none"> <li>• Shareholders may require the CCO to prepare and deliver additional plans, including:                             <ul style="list-style-type: none"> <li>– an asset management plan</li> <li>– a long-term plan</li> <li>– 1 or more thematic plans (for example, a climate change mitigation plan).</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Timing and matters to be addressed in the plan must be notified to the CCO in writing.</li> </ul>

<sup>61</sup> Financial Markets Authority (2018), *Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers*, page 17. Retrieved from: [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018\\_1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018_1.pdf)

<sup>62</sup> Section 67 - 69, Local Government Act 2002

<sup>63</sup> Section 66, Local Government Act 2002





Councils have legislative requirements for reporting on CCO performance. The *Local Government Act* outlines that a local authority must:

- include its significant objectives and policies for ownership and control of CCOs in its long-term plan and signal any significant changes in its annual plans<sup>64</sup>
- include in its Annual Report a comparison of the CCO's actual performance with the intended performance set out in the local authority's long-term plan (or annual plan).<sup>65</sup>

### ***Insights on TDHL's current approach***

#### **TDHL's reports are independently audited**

TDHL's reports are independently audited by Audit New Zealand. The Independent Auditor's Report in the 2018/19 Annual Report states that:

- *the financial statements of the company on pages 13 to 35:*
  - *present fairly, in all material respects:*
    - *its financial position as at 30 June 2019; and*
    - *its financial performance and cash flows for the year then ended; and*
  - *comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards with reduced disclosure requirements; and*
- *the performance information of the company on pages 10 to 12 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2019.*

Audits conducted for Council on TDHL's finances are carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

#### **TDHL Directors declare conflicts of interest**

Directors declare, and maintain a register of, conflicts of interest, and we heard from people we spoke to that any new conflicts are declared at the beginning of meetings. As one interviewee mentioned, "people do the right thing". However, this is not necessarily transparent to the community, and perceptions of conflict of interest for example by multiple board memberships, was evident.

<sup>64</sup> Section 95 and Schedule 10, clause 7, Local Government Act 2002

<sup>65</sup> Schedule 10, clause 28(c), Local Government Act 2002



In any environment, there is a risk that the allocation of tasks and duties of individuals for efficiency does not allow for robust scrutiny and testing. Care needs to be taken to balance leveraging knowledge and skills, with robust testing and managing conflict of interest (perceptions of, as well as actual conflicts).

The Review recognises that TDHL’s financial statements are independently audited. However, there are no practices in place to provide independent and objective advice to Council on TDHL’s delivery of activities (beyond financial statements). Independent review of TDHL reports, and separate reports to Council providing commentary on TDHL reports, can increase transparency and probity.

### 3.4 Monitoring

#### 3.4.1 Monitoring framework

Includes:

- ✓ Council’s approach to monitoring CCO performance
- ✓ measures and standards in place, in a monitoring framework
- ✓ mechanisms and working relationships to facilitate robust and independent monitoring
- ✓ robust, timely and transparent reporting.

#### **Good practice approaches**

##### **Performance Monitoring is important to ensure compliance with the *Local Government Act***

Measuring the performance of a CCO is important in order for a local authority to assess whether the CCO has fulfilled the requirements of the *Local Government Act*.

- a the local authority’s objectives for the organisation
- b the desired results, as set out in the organisation’s statement of intent (if applicable)
- c the overall aims and outcomes of the local authority.<sup>66</sup>

Monitoring is broader than receiving reports from a CCO. The OAG describes how the local authority must establish a robust performance monitoring framework to assess how well the CCO is performing against the Councils priorities, and how it is supporting its overall strategic direction.<sup>67</sup> If the framework is successful, the local authority will have comfort the CCO is achieving the aims that have been agreed on, which provides a foundation for a productive relationship between the two entities.<sup>68</sup>

<sup>66</sup> Section 65, Local Government Act 2002

<sup>67</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 38. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf..>

<sup>68</sup> Ibid. p.38



### **There is no one-size-fits-all monitoring framework**

There are different ways a local authority may choose to monitor its CCOs. There is no one size fits all approach to monitoring – the nature of the CCO, the size of its operation, historical performance and the context the CCO is working in need to be taken into account.<sup>69</sup>

For consistency and quality there needs to be a good practice framework to guide the focus of the monitoring, but which allows for flexibility to focus on areas relevant to the CCO's situation and performance. As outlined in the State Services Commission monitoring guidelines, 'monitoring is an art, not a science, and what is good practice is still emerging.'<sup>70</sup>

One approach commonly undertaken, which is accepted practice, is to appoint Councillors as directors. The OAG notes that if a local authority does choose to elect councillors to director roles within the CCO, they should ensure the councillor's presence on the board does not replace formal monitoring and accountability mechanisms a CCO and their local authority need to have in place.<sup>71</sup>

A monitoring framework needs to ensure there is space for genuine communication between the local authority and the CCO, at the right times, and at the right level, to be able to discuss and feedback on 'strategy and priorities and on the CCO's business performance and risks'.<sup>72</sup> It also needs to allow for the local authority to feedback on the CCO's draft statement of intent, fulfil legislative requirements, and be cost effective.<sup>73</sup>

As a baseline, the OAG outlines a best practice monitoring framework would include:

- agreement of the SOI
- regular reporting by the CCO, at least each quarter, on progress against the objectives set in the SOI
- a good relationship between the local authority and the CCO, at both a governance and officer level, which promotes early resolution of problems.<sup>74</sup>

In-house monitoring is a mechanism that Councils have in place to monitor performance of a CCO. This requires scale, capability and capacity. The advantage of this is that the CCO would have a dedicated and readily available contact in Council. However, there is a risk that the monitor becomes too involved in CCO operations.<sup>75</sup>

### **An effective relationship between the CCO and the local authority is essential**

The OAG emphasises how valuable an effective relationship between a local authority and a CCO is.<sup>76</sup> Regardless of the monitoring framework that is in place, they recommend that the main goal should be to have an approach that supports this relationship – which reaches past the obligations set out in the Act. A balance must be found between having a relationship that has enough oversight from the local authority to be able to have a grasp on the CCOs performance whilst still enabling the CCO to have a degree of independence over its own management.<sup>77</sup>

<sup>69</sup> Ibid. p.41

<sup>70</sup> <http://www.ssc.govt.nz/cegd3j> Guide for Departments: Monitoring Performance

<sup>71</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 34. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>.

<sup>72</sup> Ibid. p.41

<sup>73</sup> Ibid. p.41

<sup>74</sup> Ibid. p.41

<sup>75</sup> Ibid. p.45

<sup>76</sup> Ibid. p.40

<sup>77</sup> Ibid. p.40





The OAG has found through its work with local government that friction between CCOs and their Council can be caused by lack of communication, not lining up strategically, the CCO not valuing or recognising the local authorities' responsibilities, and the local authority not respecting CCO confidentiality or allowing the CCO to have a degree of independence in managing its affairs.<sup>78</sup> A CCO was likely to be more successful if there were systems in place to avoid these tensions and the relationship between the CCO and its local authority was founded on "mutual respect and trust."<sup>79</sup> They noted the relationship is something that must be continuously worked on – by both the CCO and the local authority.<sup>80</sup>

Fostering trust within the CCO environment can be difficult, as councillors are directly accountable to their community and will want to have oversight of a CCO.<sup>81</sup> The local authority's formal and informal mechanisms for monitoring a CCO's performance must be constructed in a way that enables each entity to trust each other, and for the Council to be able to trust that a CCO will work in their interest.<sup>82</sup>

**Additional monitoring can add value to the overall governance framework**

There are also informal ways for a local authority and its CCO to establish monitoring which are likely to achieve a positive impact on their relationship. These are not required by the *Local Government Act* but will contribute to an effective working relationship between the parties.

The OAG outlines some options below:

- issuing a letter of expectations – as previously mentioned – outlining Council expectations
- engaging with CCOs in strategic planning processes
- regularly assessing how the CCO is having an impact on the Councils objectives and outcomes<sup>83</sup>

The OAG also suggests the CCO and Council should consider:

- agreement to frequency of meetings between directors and councillors (both informally, and formally)
- the chair and Mayor to meet consistently
- communicating through agreed communication channels
- putting additional layers of communication in place e.g. briefings, workshops for important initiatives
- collectively deciding if additional reporting is useful (more than biannually).<sup>84</sup>

When built into the overall monitoring framework, these mechanisms support an improved relationship between the CCO and the local authority. Increasing engagement and communication lines enable risks to be identified earlier and mitigated at that point.<sup>85</sup>

**Council observers are an option to give added comfort to local authorities**

Another option for maintaining oversight over a CCO is to have a Council observer sent to the CCO board meetings. The OAG found several instances where a Council observer attended CCO board

<sup>78</sup> Ibid. p.41  
<sup>79</sup> Ibid. p.40  
<sup>80</sup> Ibid. P.40  
<sup>81</sup> Ibid. p.41  
<sup>82</sup> Ibid. p.41  
<sup>83</sup> Ibid. p.45  
<sup>84</sup> Ibid. p.46  
<sup>85</sup> Ibid. p.46



meetings and provided an informal summary back to the local authority on the meetings.<sup>86</sup> Council observers have the benefit of adding an additional layer of comfort for the local authority, and may be an on hand opportunity for the local authority’s lens to be added into CCO board meetings.

The OAG feels that if the local authority and CCO have established a successful monitoring system, and the relationship between them is positive overall, then it is questionable whether a council observer will have much benefit.<sup>87</sup> If there is an observer, the OAG recommends it should be mutually beneficial to the CCO and local authority and should not be seen as an alternate option for formal performance monitoring.<sup>88</sup>

**A board’s role in monitoring its own performance**

Good practice, according to the IOD, involves regular evaluation of the board and board members – including the Chair. They recommend an annual formal review in addition to informal reviews between the chair and individual directors throughout the year. These mechanisms “help address weaknesses, increases skill levels and demonstrates a commitment to accountability”.<sup>89</sup>

The FMA emphasises the role the board Chair plays in championing the evaluation processes. They feel the Chairs role is critical by “promoting cooperation, mediating between different perspectives, and leading informed debate and decision-making.”<sup>90</sup>

**Insights on TDHL’s current approach**

**Council does not have a formal monitoring framework**

It was noted that Council does not have a formal monitoring framework for ensuring robust and independent monitoring. It appears that a lot of trust is placed in the elected members on the TDHL Board to ensure that TDHL is doing the right thing for Council and the community.

“The current monitoring approach is fine. It helps having Councillors on the Board.”

Trust can be enough when everything appears to be operating as it should, but is not enough to withstand scrutiny. A formal monitoring and reporting framework including independent oversight and advice to TDC, designed appropriately for the size and context, could build more resilience into the system over the long term.

**Council monitors TDHL’s performance through reports**

Council currently monitors TDHL’s performance through a series of documents and reports:

- A *Statement of Intent* is developed annually, which outlines objectives that Council seeks TDHL to achieve
- *Quarterly Reports* provide regular updates on financial performance, governance activities and information relating to the property portfolio

<sup>86</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 46. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>

<sup>87</sup> Ibid. p.46

<sup>88</sup> Ibid. p.46

<sup>89</sup> IoD Code of Practice for Directors, *Institute of Directors, Four Pillars 2017 Edition, p2*. Retrieved from: <https://www.iod.org.nz/Portals/0/Publications/Founding%20Docs/Code%20of%20Practice.pdf>

<sup>90</sup> *Financial Markets Authority (2018), Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers, page 12*. Retrieved from: [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf)



- The *Annual Report* provides an update on financial performance, insights on activities, and commentary on the extent to which TDHL achieved its objectives.

The Statement of Intent and Annual Report are public documents, which are shared on Council’s website.

Council is ‘on a journey’ to strengthen its oversight and monitoring practices and make engagement with TDHL matters more meaningful. A legal advisor has previously talked to Councillors about what a CCO is and their role in monitoring performance, which has helped build understanding. However, there is no current system for independent advice to Council on TDHL’s performance, for example through a cover sheet accompanying TDHL’s reports.

**Reports are viewed positively**

Interviewees we spoke with mentioned that reports, such as the Quarterly Reports, are “appropriately bland” and “matter of fact”. They provide all information required, however are not perceived to be engaged with well enough by Council (as the Shareholder). TDHL has recently begun providing verbal updates from Council’s Chief Financial Officer and Directors of TDHL on the quarterly reports, to assist Councillors with understanding the financial components of reports. This was noted by one interviewee as particularly useful, and a step in the right direction.

Several interviewees also mentioned the need for additional workshops alongside delivery of quarterly reports, so that Councillors and Directors can have a discussion about past and future activities of TDHL. Workshops could provide an avenue to have robust reporting and insights on performance. These would need to run in a way which balances information sharing with commercial sensitivity.

**Communication between TDHL and Council hasn’t been as clear as it could be, but is improving**

Both TDHL Directors and Councillors we spoke with indicated that communication between TDHL and Council hasn’t been as clear as it could be in the past. As one TDHL Director noted, this isn’t through lack of trying – there have been meetings previously organised where only 1 or 2 Councillors would show up. One Director also noted that as there are elected members on the Board of TDHL, there is always a chance for Councillors to talk to one of their peers.

Councillors and Directors are aware that TDHL will have some topics or discussion points which are commercially sensitive, and cannot always be discussed in a public forum prior to decisions being made.

Efforts from TDHL Directors to engage Councillors (as the Shareholder) have been more successful recently, with renewed interest in TDHL’s activities following the Alpine consultation. Council and TDHL have discussed a ‘no surprises’ policy, which is not codified, but appears to be working well in practice.

**TDHL’s success is not often shared with the community**

Several interviewees mentioned that the community doesn’t understand the value that TDHL delivers, as it its success is not often shared publicly. Interviewees recognise that the community doesn’t need to know everything (and some information is commercially sensitive), but suggest that more could be done to share TDHL’s story in contributing to community success.

*“TDHL should get on with what it is doing, then Council should share the good news story.”*



It was suggested that Council is best placed to share positive news about TDHL's performance and the value it adds to the community, as it did in October through the Annual Report.<sup>91</sup>

Enhanced communications are needed to help the public understand the role and value of TDHL.

## 3.5 Secretariat and support

### 3.5.1 Secretariat and support arrangements

Includes:

- ✓ support for governance activities, including preparation of reports and distributing papers to members
- ✓ provision of advice and guidance (where applicable)
- ✓ supports induction processes for new Board members.

#### **Good practice approaches**

##### **The Board secretariat ensures efficient operation**

Secretariat functions are important in enabling effective board operations. As outlined by the IOD, the company secretary is the "administrator of the board" and "ensures that the board functions efficiently and in accordance with relevant legal and other requirements".<sup>92</sup> It is commonly understood that the secretariat functions assist the Chair with the organisation of papers, meetings, induction of new directors, and other duties to ensure the smooth running of a board.

##### **Insights on TDHL's current approach**

##### **Timaru District Council officers provide support for TDHL**

The TDHL constitution provides for the appointment of Secretaries. Members of Timaru District Council's leadership team provide support and advice for TDHL under a contractual arrangement which is cost effective for TDHL. The Group Manager, Commercial and Strategy provides general management support for TDHL, and the Chief Financial Officer provides financial assistance with accounts. Historically, the Chief Executive was in the position of advisor but now attends as an observer. However, the nature and scope of the observer role for the Chief Executive is not formalised. In their capacity supporting TDHL, Council officers do not provide advice and guidance for Council on TDHL's performance.

Some interviewees noted that this arrangement is working well, but recognise that it relies on the good judgement of officers, and could place individuals in a conflict of interest situation. Although no examples were provided, it is possible that staff might be conflicted if they are privy to information about TDHL that council is not aware of, but should be.

Councillors and Directors of TDHL noted that staff members are aware of conflicts, and are perceived to manage them well (for example. leaving the room if required, or stating that they are not representing Council when providing advice).

<sup>91</sup> Littlewood, M. 'Holdings company credited with good financial result for Timaru District Council'. *Timaru Herald*, 8 October 2019.

<sup>92</sup> IoD, <https://www.io.org.nz/FirstDirectors/The-different-roles>



*“Council Officials need sophisticated judgement. Not everyone has this, but the current group delivers well.”*

As one interviewee mentioned that “Council Officer’s involvement is blurred”, but believe that TDHL doesn’t need its own separate staff when considering its current size and set up. Interviewees also recognise that TDHL’s objectives in serving the community are aligned with activities of Council. Further clarity on the Council Officers role could be useful to support good practice activities. As one person noted, “we are relying on individual professionalism and council policies”.

TDC’s current approach is heavily reliant on the good judgement of its officers when and if actual or perceived conflicts arise. Some support functions could be more easily outsourced to achieve a greater separation of roles, for example accounts, but it would be difficult to justify a separate secretariat for a holding company of TDHL’s size and nature. The independent audit also provides an additional check.

TDC and TDHL interests are largely aligned, and the identified council officers are best placed to support and advise TDHL with limited conflict of interest. The emerging role of the Chief Executive as observer is also an improvement on prior arrangements. However, greater clarity is needed as to how to address conflicts if they do arise.

**TDHL seeks external advice and guidance, when needed**

Council Officers do provide advice and guidance to TDHL, in relation to property, finances and legal matters. Directors we spoke to mentioned that it is useful to have people with these areas of expertise in meetings, and available if required.

The Review also notes that the Board brings in specialist advice, as required. As one person noted, there is a good culture in TDHL (and in Council) of “not skimping on getting the right advice in”. A recent example of this involved TDHL seeking financial advice to prepare options for the Alpine Consultation.





## 4 OPTIONS FOR CONSIDERATION

This Review has raised options for Council to consider in relation to TDHL’s governance approach. The options include:

- 1 Considerations for Board composition
- 2 Considerations for who is the Chair.

Both options assume a robust monitoring framework will be in place in the future.

This Review and its recommendations assume that TDHL remains a holdings company. However, consideration for these options is also dependent on whether Council intends for TDHL to transition in future to more of an operating company, or to a mixed model. Should that shift take place, TDC should reconsider governance arrangements and strengthen its oversight. Key differences between a holding company and an operating company are set out below in Table 3.

**Table 3: Differences in governance approaches**

	Holdings company	Operating company
<b>Purpose and remit</b>	The sole focus of holdings companies is to generate revenue for Council. The explicit focus and direction is reiterated through a Letter of Expectations and the Statement of Intent.	Operating companies are set up with a dual purpose: return a profit and deliver direct benefits for the community.  Direction can be provided from Council – via the Letter of Expectations and Statement of Intent – to generate a lower commercial return if there are specific community investments which can be made.
<b>Oversight</b>	Is responsible for ensuring that subsidiary companies deliver on expectations.	Is responsible for ensuring planned activities and initiatives outlined in the SOI are delivered.
<b>Compliance</b>	Ensures probity of financial reports and compliance with regulations, for its own work and subsidiaries.	Ensures probity of financial reports and compliance with regulations, for its own activities.
<b>Board composition</b>	Good practice is for the Board to be comprised of all independent members.  Accepted practice is that the Board is a mix of independent and elected members.	Good practice, and accepted practice, is for the board to be comprised solely of independent members.
<b>Board appointments</b>	Good practice is the existence, and alignment with, a robust appointment policy. An appointment process which stands up to scrutiny is accepted practice.	Good practice is the existence, and alignment with, a robust appointment policy. An appointment process which stands up to scrutiny is accepted practice.
<b>Engagement with the public</b>	Engagement and updates on activity is delivered through Council.	Direct engagement with the public.
<b>Monitoring framework</b>	Good practice is for Council to have a robust monitoring framework, in addition to oversight of reporting.	Good practice is for Council to have a robust monitoring framework, in addition to oversight of reporting.
<b>Secretariat and support arrangements</b>	The size of the CCO and nature of activities often does not warrant independent secretariat arrangements. It is accepted practice to have Council staff provide secretariat support, as well as more specific advice and guidance.	Secretariat and administrative support is often delivered internally, by the CCO’s own staff.



## 4.1 Considerations for Board composition

A key question for Council is: *should there be elected members on the Board?* In Table 4 we have outlined the benefits and limitations of Boards with elected members, and Boards comprised of all external members. In accordance with OAG guidance (see page 16), these options do not include consideration for having Councillors or the Mayor as observers on the Board.

**Table 4: Considerations for Board composition**

	Benefits	Limitations	Examples
<b>Board with elected members</b>	<p>Elected Board members can:</p> <ul style="list-style-type: none"> <li>bring a Council lens to CCO governance, ensuring that Council's objectives are incorporated into decision-making</li> <li>ensure the CCO has a good knowledge and understanding of the views and perspectives of local government and the local community</li> <li>bring 'political nous'</li> <li>add additional comfort that the CCO will be aligned to Council wants and needs</li> <li>manage issues about the CCO that are before the Council, strengthening lines of communication</li> <li>ensure that the Council has an informed debate that focuses on the main issues for decision. That said, councillor-directors may be unable to participate in decisions on matters about the CCO because of their interest as a director.<sup>93</sup></li> </ul>	<p>Depending on the proportion of elected members, the OAG found Boards with elected members may be limited by the following factors:</p> <ul style="list-style-type: none"> <li>councillor-directors may not have the commercial knowledge or skills, to be successful in their role as director</li> <li>fundamental conflict of interest arise as a councillor-director is accountable to both the Council, their community and the CCO (for example when commercial decisions do not align with community wishes)</li> <li>it is probable that councillor-directors will be more influenced (and have more pressure put on them) by the community – making it challenging to uphold CCO commercial / business confidentiality</li> <li>the dual role of Councillor and Councillor-Director can make it difficult for the elected member who has been party to the CCO decision to objectively hold the actions of the Board to account.<sup>94</sup></li> </ul>	<ul style="list-style-type: none"> <li>Christchurch City Holdings Limited has four elected board members and four independent board members</li> <li>The Marlborough District Holding Company has three elected members, the CEO and 2 independent members on the Board.</li> </ul>

<sup>93</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 32. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>

<sup>94</sup> Ibid. p.33



	Benefits	Limitations	Examples
<b>Board comprised of all external Board members</b>	<p>A Board comprised of all external members can:</p> <ul style="list-style-type: none"> <li>ensure independence from Council decision-making</li> <li>can bring autonomous judgment to board affairs, as well as experience and impartiality from an external perspective</li> <li>provide a greater opportunity for Council to bring commercial and governance expertise to the table</li> <li>be a buffer between the local authorities' political activities and the CCO's activities.</li> </ul> <p>Council may find it easier to hold a completely external Board to account, as it would not involve perceived or actual criticism of the actions of peers.<sup>95</sup></p>	<p>Depending on the external Board members, limitations may include:</p> <ul style="list-style-type: none"> <li>Board members may not always have an understanding of the local authority's statutory requirements, as a CCO's objectives can be different to those of a private entity</li> <li>Council may find it difficult to maintain awareness of the activities of the CCO</li> <li>External directors may lack knowledge about local government context, issues and transparency obligations.<sup>96</sup></li> </ul>	<ul style="list-style-type: none"> <li>Dunedin City Holdings Limited</li> <li>Auckland Councils substantive CCOs are prohibited statutorily from selecting councillor-directors to their board (except Auckland Transport, where two councillors may be appointed).<sup>97</sup></li> </ul>

Source: Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 32

<sup>95</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Page 32. Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>

<sup>96</sup> Ibid. p.32

<sup>97</sup> Ibid. p.32





## 4.2 Considerations for appointment of the Chair

Council also needs to consider what its approach is for electing the Chair of TDHL. Conversations for the review identified several benefits and limitations relating to:

- The Mayor as Chair
- A Councillor as Chair
- An external director as Chair.

The benefits and limitations of each of these options are shown in Table 5 below.

**Table 5: Considerations for electing the Chair**

	Benefits	Limitations
<b>Mayor of TDC as Chair of TDHL</b>	<ul style="list-style-type: none"> <li>• The Mayor has good community engagement, so is aware of issues and challenges. This helps for identifying non-commercial projects</li> <li>• They are the only person elected by the entire district</li> <li>• Has a connection with senior management</li> <li>• Can provide leadership of council assets</li> <li>• Easier to engage with Council – has to bring other Councillors along with him/her, and can easily keep other Councillors in the loop</li> <li>• Brings mana to the director’s table, and brings the consensus view from the Council table.</li> </ul>	<ul style="list-style-type: none"> <li>• May make it difficult for Council to hold TDHL to account – the Mayor would be ‘writing a letter to himself/herself’</li> <li>• Could be perceived as making political decisions</li> <li>• Hard to say at which point the Mayor is Mayor, and at which point the Mayor is Chair</li> <li>• The Mayor role is busy in its own right, and demanding. This places strain on the incumbent as they are expected to perform all roles well</li> <li>• There is always a risk that the community may not elect someone with the right skills.</li> </ul>
<b>Councillor as Chair</b>	<ul style="list-style-type: none"> <li>• Brings awareness of community considerations</li> <li>• Allows Council to appoint the ‘right’ credentials, and maintain community interest.</li> </ul>	<ul style="list-style-type: none"> <li>• May find it difficult to persuade the Mayor of TDHL decisions.</li> </ul>
<b>External Director as Chair</b>	<ul style="list-style-type: none"> <li>• Brings expertise, time and capacity</li> <li>• Brings an objective view to discussions and decisions</li> <li>• Allows for TDC to recruit for specialist skills (e.g. corporate governance experience, commercial skills)</li> <li>• Allows for a healthy degree of separation between Council and TDHL</li> <li>• Provides assurance on the continuity of the chairperson as the incumbent is not subject to the 3 year electoral cycle</li> <li>• Enables the Mayor to independently and clearly set expectations for TDHL which reflect the community’s expectations</li> <li>• Enables the Mayor to objectively hold the board accountable for performance without being conflicted by also being the Chairperson.</li> </ul>	<ul style="list-style-type: none"> <li>• Can be difficult for an external Chair to engage with the CE of TDC or other Councillors – there are less opportunities for incidental conversations</li> <li>• The remuneration for this position may not be attractive to top candidates</li> <li>• May risk losing the community voice in decision and discussions (depending on the person)</li> <li>• An external Chair may not know the local politics or have strong relationships in Timaru.</li> </ul>



## 5 RECOMMENDATIONS

The governance arrangements reviewed in this report all meet acceptable practice. However, there are a number of current practices which do expose TDC and TDHL to risk, and would benefit from being strengthened to meet good practice. If implemented, these recommendations will build resilience into the system and enable it to withstand shocks. This will reduce risk over the long-term, whilst maintaining the advantages of a CCO model.

Our recommendations need to be taken together, as they balance the interests and needs of both entities across a system. They should be reflected in a refreshed Constitution, supported by documented policies and processes.

**Our recommendations are intended to be implemented over time through a programme of work to mature the skills, knowledge, systems and processes required for effective governance arrangements across both entities. This approach should include a managed transition to any new arrangements which ensures that TDHL board effectiveness and business continuity are maintained.**

### Recommendation 1: Clarify and document roles and responsibilities

Insights from the Review indicate that the distinction between roles and responsibilities of the Council and TDHL, are at times “blurry”. This extends to the roles and responsibilities of Council officers. Council should document the roles and responsibilities of the two entities and of council officers in a protocol, including that:

- TDC sets the strategic direction and objectives for TDHL, including any community objectives it requires of TDHL
- TDHL focuses on activities to generate revenue, and other activities only as directed by TDC
- The revenue from TDHL activities is used by Council to fund activities that Council determines
- In addition to receiving formal reports, Councillors should attend regular workshops with TDHL board members to discuss strategy and performance
- The Chief Executive advises and reports to TDC, and engages with TDHL in the capacity of an observer
- TDC is responsible for reporting on TDHL activities and performance to the public, and consulting on TDHL’s remit through the Long Term Plan and other mechanisms as required by legislation.



## Recommendation 2: Change the composition of the TDHL Board

- 1 TDHL should have an equal number of independent (external) and elected members on the Board, plus a Chair – with a view to transitioning to more independent than elected members over time.
- 2 To strengthen formal monitoring and accountability mechanisms in accordance with good practice, the TDC Mayor should not be a member of the TDHL Board. Instead, the Mayor should have a stronger role in monitoring the performance of TDHL and holding the Board to account on behalf of the community, as set out in Recommendation 3 below.
- 3 The TDHL Chair should be an independent member, appointed by TDC and accountable to the Council through the Mayor.
- 4 The number of TDHL Board members (in addition to the Chair) should be a minimum of 2 plus 2 and a maximum of 3 plus 3 (independent and elected members).
- 5 TDC should have the ability to appoint more independent members should there not be sufficiently skilled elected members available for appointment.
- 6 TDC should be able to retain the services of Councillor members on the TDHL Board who are not re-elected until a new elected member is appointed in their place.
- 7 Only independent board members should be appointed as a Director on a subsidiary company.

Together, these provisions:

- reduce the actual or perceived risk of conflict of interest of Councillor-elect members
- strengthen the ability of Council to hold the Board to account, led by the Mayor
- leverage Council's ability to bring commercial acumen to the TDHL Board
- ensure continuity of the TDHL Board during and post elections.

In order not to compromise performance, practical decisions will need to be taken about the pace at which these recommendations are implemented. Time will first be needed to develop a skills matrix and to design changes to recruitment processes, as set out in Recommendation 4 below, and potentially to prepare elected members to undertake their role on the Board. This is likely to require maintenance of current practices for a period.

## Recommendation 3: Strengthen mechanisms to set direction, oversee and monitor performance, and manage conflicts of interest

Even when the TDHL Board includes elected members, its activities should not take the place of due Council process, or usurp TDC's role in setting community objectives. The following recommendations are designed to strengthen TDC's role as the shareholder.



*Setting direction***1 Introduce an annual Letter of Expectations to inform the Statement of Intent**

- 1.1 The Letter of Expectations should be set at a strategic level, and be provided by the Mayor to the TDHL Chair. It should outline areas that Council has particular interest in for the coming year, and the outcomes that TDHL is expected to achieve in response to these. TDHL's Statement of Intent should reflect the direction provided in the Letter of Expectations.
- 1.2 The Letter of Expectations should include direction on any community objectives, enabling a greater separation of roles between TDC and TDHL in determining commercial and non-commercial objectives.
- 1.3 The Letter of Expectations should be developed after an annual strategy workshop between Councillors and the TDHL Board. We recognise that the strategic direction of TDHL is likely to be stable for a few years at a time, however this process is a critical part of making sure that Councillors and Directors are aligned. The Long Term Plan process should also be used as an opportunity for TDC to consult with the community on any changes to the remit and direction of TDHL that emerge from the strategy workshop.
- 1.4 A suggested work programme for TDHL is provided in Appendix 4, which demonstrates the flow between current activities and the Letter of Expectations.

*Monitoring performance***2 Develop a formal monitoring framework**

- 2.1 TDC should develop and document a monitoring framework to give assurance that assets are well governed, and that information which is held confidentially is done so with good reason. We recommend that the Mayor and the Chair of the Commercial and Strategy Committee have a lead role in monitoring the performance of TDHL. This role should include developing a letter of expectations, holding TDHL to account for performance, and ensuring decisions made align with the LoE and SOI. To further strengthen the Mayor's role in holding the TDHL Board to account, consideration could be given to appointing the Mayor as Chair of the Commercial and Strategy Committee.
- 2.2 The monitoring framework should:
  - Facilitate good relationships through regular formal meetings between the Mayor and the TDHL Chair, and workshops between Councillors and the TDHL Board
  - Provide Councillors with independent analysis and advice on TDHL reports through a cover sheet developed by a Council officer not otherwise connected to TDHL, on behalf of the Chief Executive
  - Enable TDC to seek external independent advice, particularly on technical matters such as legal advice

*Manage conflicts of interest***3 Develop and document mechanisms to manage actual or perceived conflicts of interest**

In addition to the changes to Board composition which manage conflicts of interest, we recommend:



- 3.1 A separate secretariat for TDHL is not warranted at the moment, due to TDHL's size and scope of activities. Current Council officers should retain their roles in providing support and advice to TDHL. However, Council should develop policies and processes to ensure any actual or perceived conflict of interest can be managed. This should include:
- Formalising the role of the Chief Executive as an observer at TDHL Board meetings
  - The ability for Council officers to escalate an insurmountable conflict of interest to the Chief Executive for resolution. This can include the appointment of independent external parties to provide advice rather than the Council officer.
  - Training, guidance and support for Council officers in managing conflicts of interest.
- 3.2 Include a requirement for a TDHL Register of Interests in the constitution

## Recommendation 4: Strengthen practices for appointment, induction and succession planning

### 1 **Develop and maintain a Board competency matrix**

The TDHL Board should develop and maintain a competency matrix, approved by TDC, which documents the knowledge, skills and experience required of the Board. The matrix should be developed with consideration of:

- The knowledge, skills and experience that are needed now for TDHL to operate effectively and to deliver its objectives
- The knowledge, skills and experience that will be required in the future for TDHL to be successful
- What knowledge, skills and experience all Board members are expected to have
- What knowledge, skills and experience can be held with at least one individual across the mix of members on the Board
- Any specific knowledge, skills and experience required of the TDHL Chair

The matrix should be reviewed annually, as part of strategic planning processes.

### 2 **Develop a robust and transparent appointments process**

TDC should review and document its Board appointment process, to include:

- Council using the competency matrix to determine what knowledge, skills and experience are needed from each appointment
- Council establishing an appointments sub-committee and contracting an independent external agency to manage the recruitment process, including search, long and short-listing of potential candidates, designing and supporting interviews, and undertaking referee and probity checks.



- The sub-committee making a recommendation for approval to Council, which can include additional external Directors if the knowledge, skills and experience is not available from among elected members
- Council reviewing the recommendation and making an appointment.

The recruitment approach should be the same for elected members and independent directors.

The rotation and appointment of elected member Directors provided for in the Constitution should also be reviewed to minimise the impact of election cycles on TDHL's business continuity.

**3 Develop an induction programme for new TDHL Board members, and a programme of continuing professional development**

An induction programme should be developed by Council and current TDHL Board members, and delivered by Council in the future, drawing on external expertise if required. Induction should cover the roles and responsibilities of Board members (including duties to Council), and the importance of particular skills in the role such as the management of actual or perceived conflicts of interest.

**4 Develop a succession plan and talent management programme for future Board members**

Council should work with TDHL to develop a programme of succession planning to identify attract future external Board members for TDHL.

## Recommendation 5: Build public understanding of the nature and role of TDHL

Council should undertake communications activities to help build community understanding of the role of TDHL, as outlined in Recommendation 1.

Communications should focus on building community understanding of why TDHL has been set up as a CCO, and how Council shapes direction and monitors performance – ensuring that its activities benefit the community.

To support the distinction between TDHL and TDC, Council should also consider developing a separate website or branding for TDHL. This visual separation can be useful in confirming the separation between entities.

The Review does not recommend that TDHL engages directly with the community if it remains as a holdings company. This may change if it is decided that TDHL will transition to more of an operating company.

## Recommendation 6: Review and refresh the TDHL constitution

A constitutional document provides the legal framework for an organisation, and should include an appropriate level of flexibility. For this reason, some of the recommendations above are best provided





for in documented operational policies and procedures that can be adapted over time without requiring constitutional change. However, key changes to the constitution which should be considered are:

- stronger recognition that TDC is the shareholder of TDHL, and directs TDHL in the interests of the community through a description of the respective roles and responsibilities of TDC and TDHL, and of the Chief Executive in relation to both entities
- that TDC provides TDHL with a letter of expectations, is responsible for TDHL's performance, and will seek independent advice to provide assurance where required.
- changes to the composition of the TDHL Board, as set out in Recommendation 2
- flexibility of rotation and appointment of Directors, particularly Councillor members to cater for election cycles, as set out in Recommendation 4
- an explicit requirement of TDHL to maintain a conflicts of interest register.

This review should be undertaken by a legal expert.



## APPENDIX 1: INTERVIEWEES

People we engaged for this review are listed in Table 6 below.

**Table 6: People engaged during the Review**

Name	Role (at the time of interview)
Bede Carran	Chief Executive at Timaru District Council
Damon Odey	Mayor of Timaru and Director of TDHL
Dave Jack	Councillor at Timaru District Council
Donna Cross	Group Manager Commercial and Strategy at Timaru District Council
Ian Fitzgerald	Chairman of TDHL (external)
Kerry Stevens	Councillor at Timaru District Council and Director of TDHL
Nigel Bowen	Councillor at Timaru District Council
Peter Burt	Councillor at Timaru District Council
Richard Lyon	Councillor at Timaru District Council and Deputy Chairman of TDHL
Richie Smith	Director, TDHL (external)





## APPENDIX 2: DOCUMENTS REVIEWED

The MartinJenkins team reviewed a number of documents as part of this Review:

- Constitution of Timaru District Holdings Limited (2015)
- Controller and Auditor-General, *Governance and accountability of council-controlled organisations*. (September 2015). Retrieved from <https://www.oag.govt.nz/2015/cco-governance/docs/cco-governance.pdf>
- D Odey, *Timaru District Holdings Limited Governance Structure and Remuneration of Directors* (2 April 2019)
- Financial Markets Authority, *Corporate Governance in New Zealand, Principles and Guidelines, A Handbook for directors, executives and advisers*. (2018). Retrieved from [https://www.fma.govt.nz/assets/Reports/\\_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf](https://www.fma.govt.nz/assets/Reports/_versions/10539/180228-Corporate-Governance-Handbook-2018.1.pdf)
- Institute of Directors, *IoD Code of Practice for Directors, Four Pillars 2017 Edition*. (2017). Retrieved from: <https://www.iof.org.nz/Portals/0/Publications/Founding%20Docs/Code%20of%20Practice.pdf>
- Larsen, W. 'Governance review of all companies in which Dunedin City Council and/or Dunedin City Holdings Ltd has an equity interest of 50% or more. (2011). Retrieved from [https://www.dunedin.govt.nz/\\_data/assets/pdf\\_file/0018/208053/Larsen-Report-February-2012.pdf](https://www.dunedin.govt.nz/_data/assets/pdf_file/0018/208053/Larsen-Report-February-2012.pdf)
- Littlewood, M. 'Holdings company credited with good financial result for Timaru District Council'. *Timaru Herald*, 8 October 2019
- TDHL 12-month work programme
- Timaru District Council CCO Workshop slides
- Timaru District Council Policy and Development Committee Meeting Agenda, *Item 7.1 – Timaru District Holdings Ltd Quarterly Report April to June 2019* (17 September 2019)
- Timaru District Council, *Director Appointment & Remuneration Policy*. (20 September 2017). Accessed from <https://www.timaru.govt.nz/council/publications/policies/director-appointment-and-remuneration>
- Timaru District Holdings Limited, *Annual Report for the Year Ended 30 June 2019* (5 September 2019)
- Timaru District Holdings Limited, *Report to Council for the Period January to March 2019* (3 May 2019)
- Timaru District Holdings Limited, *Statement of Intent 2019/20* (20 June 2019).



## APPENDIX 3: COMPARATIVE CCOS

As part of the Review, desk-based research was undertaken to find CCOs which have a similar remit to TDHL, a similar budget, or operate in a similar sized community. Insights from the research is shown below.

CCO / CCO	Council	Purpose / objectives	Subsidiary companies	Board composition	Operational activities of note
<b>Christchurch City Holdings Limited (CCHL)<sup>98</sup></b>	Christchurch City Council	CCHL is a wholly owned investment arm of Christchurch City Council. Its mission is to "support the future growth of Christchurch by investing in key infrastructure assets that are commercially viable, and environmentally and socially sustainable". CCHL was set up 1993 in response to calls for a confidential independent non-political buffer between the Council and the companies it owned.	Holds shares in eight trading companies which own and run some of the key infrastructure of Christchurch, including electricity delivery, the port, the airport, public transport, and recycling facilities, and are critical to the regional economy.	The CCHL Board currently comprises of four elected members and four independents: <ul style="list-style-type: none"> <li>Mayor</li> <li>Deputy Mayor</li> <li>City Councillor x2</li> <li>Independent x4</li> </ul> CCHL's constitution allows for flexibility in the number of Directors, indicating it must not be fewer than three nor more than eight. CCHL's Chair is an independent board member.	<ul style="list-style-type: none"> <li>The Board monitors the performance of the Chief Executive, who has been delegated responsibility for the day to day management of the company. He is assisted by his staff as required. The company may make use of external advisers from time to time.</li> <li>As outlined in the CCL Board Charter, "the Board will use its best endeavours to familiarise itself with issues of concern to the Shareholder. Regular workshops, briefings, informal session or seminars will be held with the shareholder as required."</li> </ul>
<b>Dunedin City Holdings Limited (DCHL)<sup>99</sup></b>	Dunedin City Council	DCHL's purpose is to achieve for Dunedin the best from its investments. DCHL provides leadership and oversight of its subsidiary and associated companies on behalf of the ultimate shareholder, the Dunedin City Council. Building opportunities for collaborative enterprise and capturing Group synergies is an objective of the Company.	DCHL undertakes on-going oversight of eight subsidiaries' financial and non-financial performance. The Board assesses the risks of the activities undertaken by its subsidiaries in the light of the financial sustainability needs of the Dunedin City Council.	The DCHL Board is comprised of solely independent Directors. DCHL holds responsibility for appointing directors to the boards of Aurora Energy Ltd, City Forests Ltd, Delta Utility Services Ltd and Dunedin Venues Management Ltd. DCHL is also responsible for appointing a limited number of directors to the boards of Dunedin Railways Ltd and Dunedin International Airport Ltd, and for appointing the Chair of Dunedin Stadium Property Ltd.	<ul style="list-style-type: none"> <li>Directors meet regularly to direct and control DCHL's proceedings.</li> <li>In addition to the obligations of the Local Government Act, DCHL is also subject to the requirements of the Companies Act 1993, and all other applicable legislative requirements.</li> <li>Dunedin City Holdings Ltd established an Intern Director Programme in late 2017, with the aim of enhancing governance capability in Dunedin, and broadening the city's pool of emerging directors.</li> </ul>
<b>Gisborne Holdings Limited<sup>100</sup> CCO</b>	Gisborne District Council	Established in 1998, with the intention of running council's commercial investments. It also manages the Airport Lease, Commercial forestry and community housing on behalf of GDC.	Gisborne Holdings Limited owns Tauwhareparae Farms, Gisborne Vehicle Testing, Waikanae Beach Top 10 Holiday Park, and council's previously owned commercial property portfolio (including the municipal offices and supporting properties).	Gisborne Holdings Limited (GHL) is managed by an independent board of five directors who are committed to the region – all live, work and play in Gisborne and are driven to provide for the district.	<ul style="list-style-type: none"> <li>GHL's constitution contains a number of provisions relating to the appointment of directors. These include the need for there to be at least three and no more than nine directors at any time, and a limit of one director who can be a member or employee of any Local Authority.</li> <li>GHL's constitution prohibits a director from taking up a job at Council as an employee or as Councillor. All other provisions relating to the appointment of directors are included in this policy.</li> </ul>
<b>Whanganui District Council Holdings Limited<sup>101</sup> (WDCHL)</b>	Whanganui District Council	WDCHL's role is to manage and oversee the Council's commercial assets. They also advise the Council on new investment opportunities and the strategic management of assets. It has been operating since 2002 and is fully owned by Whanganui District Council.	WDCHL owns 100% of the share capital in GasNet Limited and 100% of the share capital of New Zealand International Commercial Pilot Academy Limited.	The Board is comprised of five independent directors. It is worth noting that the current Board Chair is a former Mayor of Whanganui District.	<ul style="list-style-type: none"> <li>The Whanganui District Council undertook a governance review in 2017. As part of the Review, three existing directors were re-appointed and two new directors were appointed.</li> <li>All Directors are appointed to the Boards of GasNet and NZICPA and share oversight of the AirPort and Port commercial activities.</li> <li>Financial proceeds from the assets are then directed by the Council into areas and activities that benefit the whole of the Whanganui community and our district.</li> </ul>
<b>Marlborough District Holding Company<sup>102</sup> CCO</b>	Marlborough District Council	Council Controlled Trading Organisation established to act as a holding company for its commercial entities. 100% owned by Council and in turn owns 100% of Marlborough Airport Ltd and Port Marlborough NZ Ltd and its subsidiaries.	MDC Holdings Limited oversees Marlborough Airport Limited and Port Marlborough NZ Limited.	<ul style="list-style-type: none"> <li>MDC Mayor x1</li> <li>MDC Councillor x2</li> <li>MDC CEO x1</li> <li>Independents x2</li> </ul>	
<b>Invercargill City Holdings Limited<sup>103</sup> CCO</b>	Invercargill City Council	The philosophy is to ensure the trading companies are operating efficiently to ensure that the maximum returns are made as a dividend. The role of Invercargill City Holdings Limited is to provide governance, funding and treasury support to subsidiary companies.	Owns shares in the following subsidiaries: <ul style="list-style-type: none"> <li>Electricity Invercargill Limited (100%)</li> <li>Invercargill City Forests Limited (100%)</li> <li>Invercargill Airport Limited (97.8%)</li> </ul>	The Board is comprised of three councillor/directors and two independent directors. The Chair is one of the independent directors.	In May 2019, Council voted to end elected members being Directors on Invercargill City Council controlled companies. This will come into effect after the elections in October 2019.

<sup>98</sup> Information relating to Christchurch City Holdings Limited was obtained from the CCHL website (<https://www.cchl.co.nz>) and Christchurch City Council documents (<https://ccc.govt.nz/assets/Documents/The-Council/Plans-Strategies-Policies-Bylaws/Policies/Appointment-and-Remuneration-of-Directors-Policy-2017.pdf>)

<sup>99</sup> Information relating to Dunedin City Holdings Limited was obtained from the Dunedin City Council website (<https://www.dunedin.govt.nz/council/dunedin-city-holdings>)

<sup>100</sup> Information relating to Gisborne Holdings Limited was obtained from the Gisborne District Council website (<https://gisborneholdings.co.nz/>)

<sup>101</sup> Information relating to Whanganui District Council Holdings Limited was obtained from the Whanganui District Council website (<https://www.whanganui.govt.nz/Your-Council/Whanganui-District-Council-Holdings-Ltd>) and (<https://www.whanganui.govt.nz/files/assets/public/reports/whanganui-district-council-holdings-td-annual-report-2018.pdf>)

<sup>102</sup> Information relating to Marlborough District Council Holding Company was obtained from the Marlborough District Council website (<https://www.marlborough.govt.nz/your-council/mdc-holdings-limited/>)

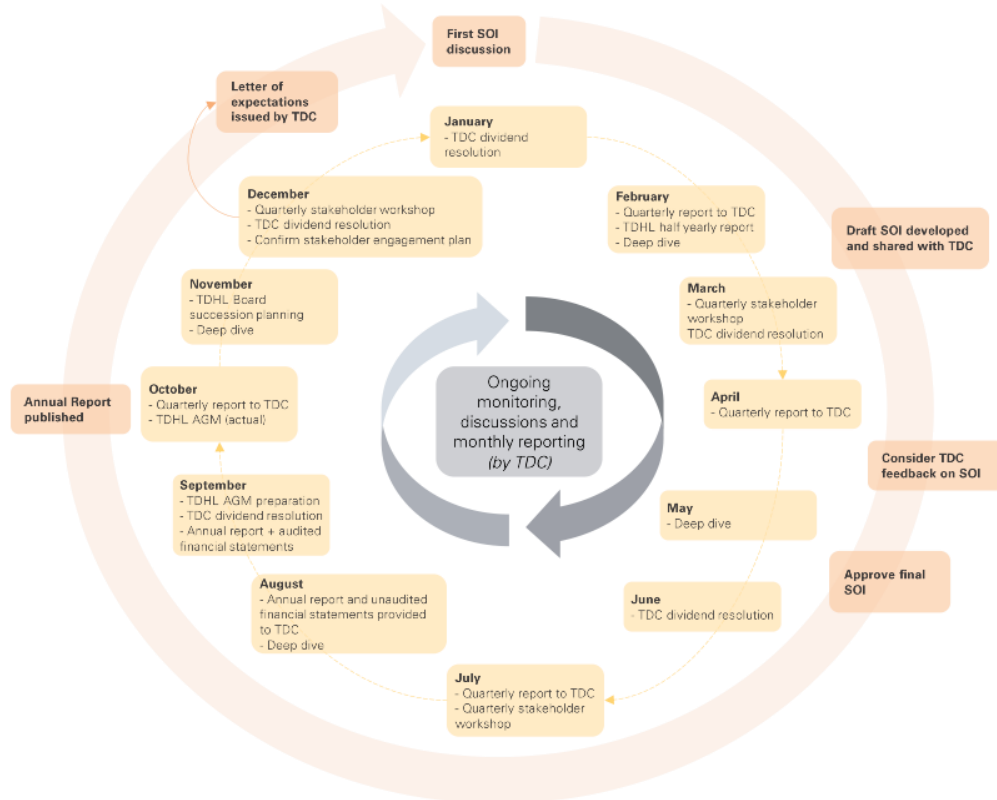
<sup>103</sup> Information relating to Invercargill City Holdings Limited was obtained from the Invercargill City Council website (<https://icgl.co.nz/>)





# APPENDIX 4: SUGGESTED WORK PROGRAMME

Figure 3: Suggested work programme for TDHL



**9.8 Council Calendar 2020****Author:** Joanne Brownie, Governance Support Officer**Authoriser:** Bede Carran, Chief Executive**Recommendation**

That the Council meetings calendar for 2020 be adopted.

**Purpose of Report**

- 1 To approve the Council meetings calendar for the 2020 calendar year.

**Assessment of Significance and Engagement**

- 2 This report of low significance.

**Discussion**

- 3 The draft meeting calendar for 2020, which has been reviewed by the Senior Leadership Team, is attached.
- 4 The calendar is generally based on a six weekly meeting cycle in respect of Community Boards, Standing Committees and Council meetings. The Audit and Risk Committee meet quarterly. Other committee meetings meet according to the cycles defined by their establishment. Timaru District Holdings Limited meetings are generally the first Thursday of every month.

**Options**

- 5 The options are:
  - 5.1 To adopt the calendar as presented.
  - 5.2 To adopt the calendar with any amendments deemed necessary.

**Attachments**

1. **2020 Meetings Calendar**  

## COUNCIL MEETINGS - 2020

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
MON						1 QUEEN'S BIRTHDAY							MON
TUE						2			1 STANDING COMMITTEES			1 STANDING COMMITTEES	TUE
WED	1 NEW YEAR'S DAY			1		3	1		2 Youth Initiatives			2	WED
THU	2 New Year Public Holiday			2		4 Local Arts Scheme	2		3 TDHL	1		3 Local Arts Scheme	THU
FRI	3			3	1	5 TDHL	3 TDHL		4	2 TDHL		4	FRI
SAT	4	1		4	2	6	4	1	5	3		5	SAT
SUN	5	2		5	3	7	5	2	6	4	1	6	SUN
MON	6	3 OTOP	1 OTOP	6 OTOP	4 OTOP	8 OTOP	6 OTOP	3 OTOP	7 OTOP	5 OTOP	2 OTOP	7 OTOP	MON
TUE	7	4	3 Tka Com Bd A/Plan Budget	7 DONATIONS & LOANS	5	9 STANDING COMMITTEES	7 Tka Com Bd	4	8	6 AudR & Risk	3	8 AudR & Risk	TUES
WED	8	5	4 P&P Com Bd A/Plan Budget	8 P&P Com Bd & C/Ship & COUNCIL	6	10	8 P&P Com Bd	5	9	7 P&P Com Bd	4	9	WED
THU	9	6 WAITANGI DAY HOLIDAY	5 TDHL	9 TDHL	7 TDHL		9 Gldne Com Bd	6	10	8 Gldne Com Bd	5	10	THU
FRI	10	7	6	10 GOOD FRIDAY	8	12	10	7	11	9	6	11	FRI
SAT	11	8	7	11	9	13	11	8	12	10	7	12	SAT
SUN	12	9	8	12	10	14	12	9	13	11	8	13	SUN
MON	13	10	9	13 EASTER MONDAY	11	15	13	10	14	12	9	14	MON
TUE	14	11 C/Ship & COUNCIL	10 STANDING COMMITTEES	14	12	16 Downlands AudR & Risk	14	11 C/Ship & COUNCIL	15	13 STANDING COMMITTEES	10	15 P&P C/Ship & COUNCIL	TUE
WED	15	12	11	15	13	17	15	12	16	14	11	16	WED
THU	16	13	12	16	14	18	16	13	17	15	12	17	THU
FRI	17	14 TDHL	13 Local Arts Scheme	17	15	19 Safer Communities	17 LGNZ CONFERENCE	14	18	16	13	18	FRI
SAT	18	15	14	18	16	20	18	15	19	17	14	19	SAT
SUN	19	16	15	19	17	21	19	16	20	18	15	20	SUN
MON	20	17	16	20	18	22	20	17	21	19	16	21	MON
TUE	21	18 Tka Com Bd	17 Downlands	21 Tka Com Bd	19 Council Annual Plan, Hearings, C/Ship & COUNCIL	23 P&P Com Bd & C/Ship & COUNCIL	21 STANDING COMMITTEES	18	22 Donations/Loans	20	17	22	TUE
WED	22	19 P&P Com Bd	18 Council Annual Plan/Budget if necessary	22 P&P Com Bd	20	24	22	19	23 P&P Com Bd & C/Ship & COUNCIL	21	18	23	WED
THU	23	20 Gldne Com Bd	19 Youth Initiatives	23 Gldne Com Bd	21	25	23	20	24	22	19	24	THU
FRI	24	21	20	24	22	26	24	21	25	23	20	25	FRI
SAT	25	22	21	25 ANZAC DAY	23	27	25	22	26	24	21	26	SAT
SUN	26	23	22	26	24	28	26	23	27	25	22	27	SUN
MON	27	24	23	27 ANZAC DAY observed	25	29	27	24	28 SC ANNIVERSARY DAY	26 LABOUR DAY	23	28	MON
TUE	28	25 STANDING COMMITTEES	24 AudR & Risk	28 STANDING COMMITTEES	26	30	28	25	29	27 C/Ship & COUNCIL	24	29	TUE
WED	29	26	25	29	27		29	26	30	28	25	30	WED
THU	30	27	26	30	28		30	27		29	26	31	THU
FRI	31	28	27		29		31	28		30	27		FRI
SAT		29	28		30			29		31	28		SAT
SUN			29		31			30			29		SUN
MON			30					31			30	Downlands	MON
TUE			31										TUE

- Community Boards
- Standing Committees
- Council
- Youth Initiatives Subcommittee
- P&P - People & Performance
- Local Arts Scheme Assessment Subcommittee
- Timaru District Holdings Ltd
- Audit & Risk Committee
- Safer Communities Committee
- Donations & Loans Subcommittee
- Public Holidays
- Downlands school holidays

Notes: Standing Committees - refer to Commercial & Strategy, Community Services, Environmental Services and Infrastructure Committees  
 Tenders & Procurement Committee - Where required occur before Standing Committees at 8.30am  
 Hearings, Director & Trustee Appointments occur as required



**9.9 Tenders and Procurement Committee Minutes 11 November 2019****Author:** Jo Doyle, Governance Advisor**Authoriser:** Ashley Harper, Group Manager Infrastructure**Recommendation**

That the Tenders and Procurement Committee meeting minutes of 11 November 2019 be confirmed.

**Purpose of Report**

- 1 To confirm the minutes of the Tenders and Procurement Committee meeting held on 11 November 2019.

**Discussion**

- 2 Only the Mayor, Cllrs Burt, Gilchrist and Parker can vote.

**Attachments**

1. **Tenders and Procurement Committee Minutes 11 November 2019 Public Excluded** [↓](#) 



# MINUTES

## Public Excluded Tenders Committee Meeting Monday, 11 November 2019

Ref: 1302779



**Minutes of Public Excluded Tenders Committee Meeting  
Held in the Chief Executive's Office, District Council Building, King George Place, Timaru  
on Monday, 11 November 2019 at 4pm**

- Present:** Mayor Nigel Bowen (Chairperson), Chairperson Commercial and Strategy Committee (Clr Peter Burt), Chairperson Infrastructure Committee (Clr Sally Parker), Chairperson of Environmental Services Committee (Clr Barbara Gilchrist)
- In Attendance:** Chief Executive (Bede Carran), Group Manager Infrastructure (Ashley Harper), Drainage and Water Manager (Grant Hall), Governance Advisor (Jo Doyle)

**1 Public Excluded Reports**

**1.1 Temuka and Geraldine Oxidation Pond Desludging**

The Committee considered a report by the Drainage and Water Manager on a procurement option for desludging the Temuka and Geraldine oxidation ponds.

Background was provided by the Group Manager Infrastructure and the Drainage and Water Manager that this current tender has been negotiated with an exceptional contractor who has experience in this type of work. The quote is for a fixed amount, this is regardless of the time it takes and number of bags that are required.

Prior work with other Contractors will begin prior to Christmas with work beginning in Temuka in the new year and then Geraldine over an expected 3 month duration.

This Contractor is not a current approved Contractor, however all Health and Safety details will be provided prior to work commencing. This Contractor is going to hire the Dredge required for this project.

**Committee Resolution 2019/10**

Moved: Clr Sally Parker

Seconder: Clr Barbara Gilchrist

1. That the quotation submitted by Concrete Treatments NZ Limited for Contract 2432 for the sum of Eight Hundred and Eighty Five Thousand, Three Hundred and Ninety Seven Dollars (\$885,397.00), excluding GST, be accepted.
2. That the Public will be advised once the Tender acceptance is confirmed with the Contractor.

**Carried**

**10 Consideration of Urgent Business Items**

**11 Consideration of Minor Nature Matters**

**12 Public Forum Items Requiring Consideration**



**13 Exclusion of Public**

**13.1 Temuka Community Pool Upgrade**

**13.2 Tenders and Procurement Committee Minutes 26 November 2019**

**Recommendation**

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
<b>13.1 - Temuka Community Pool Upgrade</b>	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	Commercial sensitivity
<b>13.2 - Tenders and Procurement Committee Minutes 26 November 2019</b>	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	Commercial sensitivity