



# AGENDA

## Ordinary Council Meeting Tuesday, 9 June 2020

**Date** Tuesday, 9 June 2020

**Time** At the conclusion of Standing Committees

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

**File Reference** 1343702

## **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 9 June 2020, at At the conclusion of Standing Committees.**

### **Council Members**

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

Quorum – no less than 5 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**

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- 1 Opening Prayer and Waiata**
- 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 19 May 2020**

**Author:** Jo Doyle, Governance Advisor

#### **Recommendation**

That the Minutes of the Council Meeting held on 19 May 2020 be confirmed as a true and correct record of that meeting.

#### **Attachments**

- 1. Minutes of the Council Meeting held on 19 May 2020**



# MINUTES

## Ordinary Council Meeting Tuesday, 19 May 2020

Ref: 1343702

**Minutes of Timaru District Council  
Ordinary Council Meeting  
Held in the Council Chamber, District Council Building, King George Place, Timaru  
on Tuesday, 19 May 2020 at 3pm**

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

**In Attendance:** **Geraldine Community Board** – Wayne O'Donnell (until 4.45pm)

**Council Officers**

Chief Executive Officer (Bede Carran), Group Manager Commercial and Strategy (Donna Cross), Group Manager Environmental Services (Tracy Tierney), Acting Group Manager Community Services and Group Manager People and Digital (Symon Leggett), Acting Group Manager Infrastructure (Erik Barnes) (via remote link), Chief Financial Officer (David Codyre), Strategy and Corporate Planning Manager (Mark Low), Policy Analyst (Fabia Fox), Senior Programme Delivery Manager (Ashley Harper)(via remote link), Programme Delivery Manager (Lili Delwaide) (via remote link)(until 4.45pm), Management Accountant (Sandy Hogg) (via remote link), Land Transport Manager (Andrew Dixon) (via remote link), Corporate Planner (Ann Fitzgerald)(via remote link), Communications Manager (Stephen Doran), Matthew Yates (PWC)(via remote link), Governance Advisor (Jo Doyle), Governance Support Officer (Joanne Brownie)

**1 Opening Prayer**

Rory Grant of Timaru Presbyterian Parish offered a prayer for the work of the Council.

**2 Apologies**

Moved: Cr Richard Lyon

Seconded: Cr Allan Booth

That an apology from Ross Munro of the Pleasant Point Community Board be accepted.

Carried

**3 Public Forum**

There was no public forum.

**4 Identification of Urgent Business**

There were no urgent business items.

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

Council agreed to Cr Piddington's request for the Heritage Hub/Theatre Royal project to be considered as a minor nature matter.



**6 Declaration of Conflicts of Interest**

Cr Allan Booth declared an interest in any discussion at this meeting around Aoraki Development funding, as he is the Council appointed director on the Board of Aoraki Development.

**7 Confirmation of Minutes****7.1 Minutes of the Council Meeting held on 7 April 2020****Resolution 2020/41**

Moved: Cr Barbara Gilchrist

Seconded: Cr Sally Parker

That the Minutes of the Council Meeting held on 7 April 2020 be confirmed as a true and correct record of that meeting.

**Carried**

**7.2 Minutes of the Tenders and Procurement Committee Meeting held on 28 April 2020****Resolution 2020/42**

Moved: Cr Peter Burt

Seconded: Cr Barbara Gilchrist

That the Minutes of the Tenders and Procurement Committee Meeting held on 28 April 2020 be confirmed as a true and correct record of that meeting.

**Carried**

**8 Schedules of Functions Attended****8.1 Schedule of Functions Attended by the Chief Executive****Resolution 2020/43**

Moved: Cr Sally Parker

Seconded: Cr Barbara Gilchrist

That the report be received and noted.

**Carried**

**8.2 Schedule of Functions Attended by the Mayor, Deputy Mayor and Councillors**

**Resolution 2020/44**

Moved: Mayor Nigel Bowen

Seconded: Cr Peter Burt

That the report be received and noted.

**Carried**

**9 Reports**

**9.1 Orari-Temuka-Opihi-Pareora Water Zone Annual Report**

The Council considered the Orari-Temuka-Opihi-Pareora Water Zone (OTOP) 2019 Annual Report.

Clr Gilchrist, Council’s appointee on the OTOP Committee, spoke to the report noting the significant work the Committee had undertaken in the preparation of the Zone Implementation Plan Addendum. The biggest challenge for the Committee now, having completed its Zone Implementation Plan and its Addendum, is determining the Committee’s future role.

**Resolution 2020/45**

Moved: Cr Barbara Gilchrist

Seconded: Cr Peter Burt

That the Orari-Temuka-Opihi-Pareora Water Zone report be received.

**Carried**

**9.2 Contracts Let From Tenders and Procurement Committee**

The Council considered a report advising of contracts let by the Tenders and Procurement Committee.

**Resolution 2020/46**

Moved: Cr Steve Wills

Seconded: Cr Gavin Oliver

**That the following information on a contract let by the Tenders and Procurement Committee, be received.**

Contract Description	Number of Tenders	Price Range	Successful Tenderer and Price

<b>Contract 2442 – Professional Services for Stormwater Management Plan and Consent Applications</b>	<b>3</b>	<b>N/A</b>	<b>WSP/Pattle Delamore Partners \$864,470.00</b>
Tenders were evaluated using the Brook’s Rule evaluation method. The price range is not provided as the price is opened only on the tender with the best non-price attributes and then negotiated with them. The other tenders prices are not opened.			

All prices exclude GST

**Carried**

**9.3 Contracts Let Under Delegated Authority**

The Council considered a report advising of contracts let by the Chief Executive under Delegated Authority.

**Resolution 2020/47**

Moved: Cr Sally Parker

Seconded: Cr Peter Burt

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

<b>Contract Description</b>	<b>Number of Tenders</b>	<b>Price Range</b>	<b>Successful Tenderer and Price</b>
<b>Contract 2428 – Dunkirk Street Kerb and Channel Renewal</b>	<b>5</b>	<b>\$384,112.87 to \$499,396.00</b>	<b>Greg Donaldson Contracting Limited \$384,112.87</b>
Tenders were evaluated using the Lowest Price Conforming Tender Method			

All prices exclude GST

**Carried**

**9.4 Governance Policy Review**

The Council considered a report by the Policy Analyst, presenting Council with the draft Community Board Functions, Duties and Powers Policy; the draft Elected Members’ Remuneration, Allowances and Expenses Policy; the draft Council Appointment Policy; and the draft Council Committee and Subcommittee Remuneration Policy for adoption.

Council also considered the current Elected Members' Conferences, Seminars and Travel Policy noting the recommendation that this policy is repealed. Also noted was the ongoing review of the Fraud and Corruption Control for Elected Members Policy.

The Policy Analyst spoke to the report, referring to the Council workshop that had informed the development of the policies. The meeting was advised that the two reports which were to be provided separately will now be presented to a future meeting.

#### **Resolution 2020/48**

Moved: Cr Stu Piddington

Seconded: Cr Steve Wills

1. That Council adopts the Community Board Functions, Duties and Powers Policy.
2. That Council adopts the Elected Members' Remuneration, Allowances and Expenses Policy.
3. That Council repeals the Elected Members' Conferences, Seminars and Travel Policy.
4. That Council approves the Fraud and Corruption Control for Elected Members Policy and the corporate Fraud Policy and Whistleblower Policy being jointly reviewed.
5. That Council notes the review of the Director Appointment and Remuneration Policy and the Council Committee and Subcommittee Remuneration Policy will be considered at a future meeting.

**Carried**

#### **9.5 Elected Members Code of Conduct**

The Council considered a report by the Strategy and Corporate Planning Manager recommending the adoption of a new Code of Conduct to incorporate legislative changes and update the Code to ensure it is fit for purpose.

#### **Resolution 2020/49**

Moved: Cr Peter Burt

Seconded: Cr Barbara Gilchrist

That the Council adopts the Code of Conduct.

**Carried**

#### **9.6 Appointment of Second External Member to the Audit and Risk Committee**

The Council considered a report by the Chief Executive on the proposal to appoint a second external and independent member to Council's Audit and Risk Committee. The Chief Executive spoke to the report explaining the value of a second independent member and of engaging the Institute of Directors to assist with the selection process, including the development of a skills matrix to select the most suitably qualified candidate.

#### **Resolution 2020/50**

Moved: Cr Peter Burt

Seconded: Cr Sally Parker

That Council approves the appointment of Janice Fredric as the second external and an independent member of its Audit and Risk Committee with remuneration set at \$10,000 (GST excl) plus disbursements.

**Carried**

## **9.7 Annual Plan 2020/21**

The Council considered a report by the Group Manager Commercial and Strategy and the Chief Financial Officer seeking Council's approval to proposed revisions to the previously considered draft Annual Plan and budget for 2020/21 and to enable consultation to commence with a view to achieving Annual Plan adoption by 30 June 2020.

The meeting was advised that since the draft budget was considered by Council at the 23 March meeting, there has been substantial disruption due to the Covid-19 pandemic which has required a review of the draft budget to factor in the effect of Covid-19 including a reduction in non-rates revenue (such as pool fees, hall hire etc) and a planned reduction in expenditure (through operational efficiencies, reduced interest costs for example), with a net financial impact of \$1.05million. Without compensatory measures this would result in a total rates increase of approximately 6% and Council had previously asked officers to review the budget to achieve a total rates increase of no more than 4%. The report outlines measures that could achieve this reduction which would result in a total rates increase of 3.89%.

Councillors raised a number of questions including the increase in consultants' and legal fees. The Chief Executive explained that consultants were engaged for their particular skills aligned to a specialised task, especially valuable if there are tight timeframes and/or specialist skills are required.

It was agreed that fees expended in the next financial year on consultants and legal services be tracked for the future information of elected members.

### **Use of Reserve Funds to Reduce Rate Increase**

Council officers were thanked for the work that had gone into revising the budget. However it was suggested as a further measure, that savings made over many years could now be applied to rates relief, to go towards mitigating the effect on ratepayers of the Covid-19 crisis and its resultant expected economic downturn. It was proposed that reserves funds be used to reduce the total rates increase down to 2%.

A discussion on this proposal ensued, with it being noted that Council needs to help stimulate the local economy and look after our community, balanced against not reducing the reserves to a level that puts Council at risk. This would be a one-off measure and not intended as an ongoing way of keeping rates down. It was confirmed that it would be possible for Council to rebuild its reserves again at a later date, and Council is currently in a strong financial position with strong reserves to be applied to reduce the total rates increase to 2%. Reducing the total rates increase to 2% will result in approximately \$3 million of reserves being applied funding requirements in the forthcoming year.

### **Stimulus Package**

Council discussed the criteria for use of the \$2m stimulus fund, and the need to acknowledge the 4 well-beings (social, economic, cultural and environmental). The following comments were made:

- while direct economic stimulus projects fit the intention of the fund, some community events still bring economic benefit to the region and energise the community, even though they are not strictly an economic development activity (eg Hospice Rock 'n Hop).
- Council needs to have some flexibility and be in a position to look at projects on a case by case basis.
- The community needs to know what Council intends to do with the fund
- Remove the concept of 'Projects that have been adversely affected by COVID-19' from the list of preference will be given to...'
- Economic benefit will be a priority consideration, but the other well-beings are relevant and may be considered
- Projects should be some way down the track to qualify for funding
- Funding allocations need accountability
- The stimulus fund being a one-off fund or ongoing is to be revisited in the future
- Aoraki Development is to be outside the fund
- Applications for events can be included for consideration
- The structure around the fund and its allocation mechanism needs to be developed
- Suggest Council supports projects to a maximum of 25% of the project
- There was agreement not to put a dollar figure on how much or how little Council will contribute to each project.

#### **Orari Back Road -**

Council considered the possibility of including the seal extension of Orari Back Road in the 2020/21 Annual Plan. Despite the local economic benefits of sealing the unsealed sections of this road, the likelihood of the project attracting financial assistance from the NZ Transport Agency is low, therefore Council would have to fund the full cost. The Roading Manager noted, sealing the unsealed sections would reduce the ongoing maintenance costs, which are significant due to its high use by heavy vehicles.

#### **Airport Carpark Extension**

Council discussed the extension of the airport carpark and agreed not to defer the project to the following year but to include it in the 2020/21 Budget, as it makes sense to carry out the work at the same time as the runway extension.

#### **Consultation**

As Council has gone from an original proposed total rates increase of 8.02% down to a preferred proposed 2% , Council should consult on the Annual Plan, although it is not necessary to undertake the Special Consultative Procedure. A 3 week engagement with the community will commence at the end of this week, provision will be made for a hearing and the Annual Plan can be adopted on 30 June 2020. Advance notice has already been given to the community in regard to the opportunity for public feedback on the document.

#### **Resolution 2020/51**

Moved: Cr Richard Lyon

Seconded: Cr Peter Burt

That Council go out for public consultation on the basis of a total rates rise of 2% being the preferred option, with the reduced increase being funded from reserves.

**Carried**

Clrs Booth, Oliver and Piddington requested their dissenting votes be recorded.

#### **Resolution 2020/52**

Moved: Mayor Nigel Bowen

Seconded: Cr Peter Burt

That public consultation on the stimulus fund, is to include the investment principle that economic benefit will be a priority consideration.

**Carried**

#### **Resolution 2020/53**

Moved: Cr Gavin Oliver

Seconded: Cr Allan Booth

That Council approves the seal extension of the unsealed sections (4.6km) of Orari Back Road, funded by way of \$100,000 from the 2019/20 seal extension budget, \$300,000 from the 2020/21 budget and the balance by way of loan.

**Carried**

#### **Resolution 2020/54**

Moved: Cr Allan Booth

Seconded: Cr Sally Parker

That \$65,000 be brought back into the 2020/21 budget for the airport carpark extension.

**Carried**

#### **Resolution 2020/55**

Moved: Cr Barbara Gilchrist

Seconded: Cr Sally Parker

That Council notes that COVID-19 has had and will have a material adverse impact on Council's budget for the 2019/20 and 2020/21 years

**Carried**

#### **Resolution 2020/56**

Moved: Cr Stu Piddington

Seconded: Cr Peter Burt

a That Council approves the consultation approach discussed in the report presented in relation to the Annual Plan 2020/21.

- b That Council adopts the consultation document (circulated immediately before the meeting), and delegates to and authorises the Mayor and Chief Executive to make changes required to the document to reflect the decisions made at this meeting, and to approve the final design.

**Carried**

### **Resolution 2020/57**

Moved: Cr Paddy O'Reilly

Seconded: Cr Richard Lyon

That Council confirms its approval of the proposed Fees and Charges contained in the agenda for 23 March 2020, subject to the changes agreed at that meeting and contained in the report considered at today's meeting.

**Carried**

### **Resolution 2020/58**

Moved: Cr Barbara Gilchrist

Seconded: Cr Gavin Oliver

- a. That Council approves expenditure of up to \$100,000 in the current financial year in order to bring forward capital work that was not otherwise planned to commence until FY21, to be funded from depreciation funds associated with the respective activity. This is to enable acceleration of those capital projects.
- b. That Council notes the forecast information for the current financial year, 2019/20.

**Carried**

## **10 Consideration of Urgent Business Items**

There were no urgent business items.

## **11 Consideration of Minor Nature Matter - Heritage Hub and Theatre Royal Project**

Clr Piddington raised the issue of the Heritage Hub/Theatre Royal project, and read his address which expressed his concern at the scale and expense of such a proposal and the burden it could place on ratepayers, especially with the Covid-19 situation. He noted that there is no budgeted component for earthquake strengthening, the house gallery at Aigantighe will be another expensive project and at time of the public consultation, ratepayers were not given the choice of a purpose built cultural facility as an option. He suggested putting the Heritage Hub/Theatre Royal project on hold, reopening the debate and considering further options (such as building a new multi-purpose facility).

While there was some understanding of his concerns, alternative views were expressed, outlining the public support for the project evident through the consultation results at the time, and the need to do something to help revitalise the south end of Stafford Street. Having done the groundwork to date, and having the public support for the project, to delay at this stage would not help the invigoration of Stafford Street and the CBD.

The Mayor raised a point of order – clause 3.8.5 of Council's Standing Orders states that *Members shall not read their speeches, except with the permission of the chairperson, but may refresh their*



*memory by reference to notes.* Cllr Piddington’s reading of his speech was in breach of this Standing Order.

As the matter was raised as a minor nature item, no recommendation or decision on the issue could be made and the discussion was concluded.

**12 Public Forum Items Requiring Consideration**

There were no public forum items.

**13 Resolution to Exclude the Public**

**Resolution 2020/59**

Moved: Cr Richard Lyon

Seconded: Cr Paddy O'Reilly

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason
<p><b>13.1 - Public Excluded Minutes of the Council Meeting held on 7 April 2020</b></p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Commercial sensitivity</p> <p>To enable commercial or industrial negotiations</p>
<p><b>13.2 - Public Excluded Minutes of the Tenders and Procurement Committee Meeting held on 28 April 2020</b></p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p>	<p>Commercial sensitivity</p>

**Carried**

**14 Public Excluded Reports**

**13.1 Public Excluded Minutes of the Council Meeting held on 7 April 2020**

**13.2 Public Excluded Minutes of the Tenders and Procurement Committee Meeting held on 28 April 2020**

**15 Readmittance of the Public**

**Resolution 2020/60**

Moved: Cr Barbara Gilchrist

Seconded: Cr Peter Burt

That the meeting moves out of Closed Meeting into Open Meeting.

**Carried**

**The meeting closed at 5.50pm.**

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**Chairperson**

**7.2 Minutes of the Extraordinary Tenders and Procurement Committee Meeting held on 12 May 2020**

**Author:** Jo Doyle, Governance Advisor

**Recommendation**

That the Minutes of the Extraordinary Tenders and Procurement Committee Meeting held on 12 May 2020 be confirmed as a true and correct record of that meeting.

**Attachments**

- 1. Minutes of the Extraordinary Tenders and Procurement Committee Meeting held on 12 May 2020**



# MINUTES

## Extraordinary Tenders and Procurement Committee Meeting Tuesday, 12 May 2020

Ref: 1343702

**Minutes of Timaru District Council  
Extraordinary Tenders and Procurement Committee Meeting  
Held in the Via Zoom Video Link  
on Tuesday, 12 May 2020 at 2.30pm**

**Present:** Chairperson Nigel Bowen (Chairperson), Cr Peter Burt, Cr Barbara Gilchrist

**In Attendance:** Cr Gavin Oliver, Cr Stu Piddington

Chief Executive (Bede Carran), Acting Infrastructure Group Manager (Erik Barnes), Drainage and Water Manager (Grant Hall), Water Services Projects Engineer (Selwyn Chang), Governance Advisor (Jo Doyle)

**1 Apologies**

There were no apologies.

**2 Identification of Items of Urgent Business**

There were no items of urgent business identified.

**3 Identification of Matters of a Minor Nature**

There were no minor nature matters identified.

**4 Declaration of Conflicts of Interest**

There were no conflicts of interest declared.

**5 Consideration of Urgent Business Items**

There were no items of urgent business identified.

**6 Consideration of Minor Nature Matters**

There were no minor nature matters identified.

**7 Exclusion of the Public**

**Resolution 2020/5**

Moved: Cr Sally Parker

Seconded: Cr Barbara Gilchrist

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Plain English Reason

<p><b>8.1 - Contract 2415 - Temuka Treated Water Reservoir</b></p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p>	<p>Commercial sensitivity</p>
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**Carried**

**Resolution 2020/6**

Moved: Cr Barbara Gilchrist

Seconded: Cr Sally Parker

That the meeting moves out of Closed Meeting into Open Meeting.

**Carried**

**8 Public Excluded Reports**

**8.1 Contract 2415 - Temuka Treated Water Reservoir**

**9 Readmittance of the Public**

**The Meeting closed at 2.55pm.**

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**Chairperson**

## 8 Reports

### 8.1 Contracts Let From Tenders and Procurement Committee

**Author:** Jo Doyle, Governance Advisor

**Authoriser:** Erik Barnes, Acting Group Manager Infrastructure

#### Recommendation

That the following information on a contract let by the Tenders and Procurement Committee, be received.

Contract Description	Number of Tenders	Price Range	Successful Tenderer and Price
Contract 2431 – Te Ana Wai Raw Water Reservoir	3	\$1,200,092.72 to \$1,701,716.42	Rooney Group Limited \$1,270,872.89
Contract 2415 – Temuka Treated Water Reservoir	2	\$1,043,199.10 to \$1,588,936.23	Reliant Solutions \$1,043,199.10

Tenders were evaluated using weighted attributes method.

All prices exclude GST

#### Purpose of Report

- 1 To advise of contracts let by the Tenders and Procurement Committee.

#### Attachments

Nil

## 8.2 Timaru District Holdings Limited Frameworks and Processes

**Author:** Bede Carran, Chief Executive

**Authoriser:** Bede Carran, Chief Executive

### Recommendation

That Council:

1. Receives the Report and the set of draft policies and frameworks relating to the governance and oversight of Timaru District Holdings Limited.
2. Amends the policies and frameworks as required including the Director Appointment and Remuneration Policy.
3. Approves the Chief Executive taking the necessary steps to operationalise the policies and frameworks, including changes to the constitution of Timaru District Holdings Limited and initiating a process to appoint or reappoint Directors to Timaru District Holdings Limited.

### Purpose of Report

- 1 To present for approval a set of draft policies and frameworks which have been developed to implement a tranche of recommendations from the MartinJenkins Report (the Report) on the review of Timaru District Holdings Limited (TDHL), as set out in the in the work programme presented to and agreed by Council at its meeting on 18 February 2020.

### Assessment of Significance

- 2 This matter has low significance in terms of Council's Significance and Engagement Policy.

### Background

- 3 At its meeting on 10 December 2019 Council considered and approved in principle the MartinJenkins Report (the Report) on the review of TDHL. The Report noted that TDHL was performing well and put forward a number of recommendations on how governance arrangements can move from their current acceptable practice to good practice. The recommendations were designed to build resilience in the system, and ensure good governance structures and practices were formalised and embedded in TDHL's operations and relationship with Council whilst maintaining the advantages of a council-controlled organisation.
- 4 Implementation of the recommendations will be undertaken through a number of work streams, as set out in a work programme which was noted and approved at Council's meeting on 18 February 2020. The first initiative in this work programme, the provision of a Letter of Expectations (LoE) to TDHL by His Worship the Mayor, has already been completed.
- 5 The draft policies and frameworks are designed to support and guide implementation of three recommendations from the Report. These are to:



- Clarify and document roles and responsibilities of the Council and TDHL;
- Strengthen mechanisms to set direction, oversee and monitor performance and manage conflicts of interest; and
- Strengthen practices for appointment, induction and succession planning.

### Discussion

6 Following the issuing of the LoE, the attached draft policies and frameworks are further tangible steps in implementing the recommendations arising from the Report to formalise and embed good governance practices.

They comprise:

- **Timaru District Council and Timaru District Holdings Limited roles and responsibilities** – this sets out the various roles and the responsibilities and accountabilities for them along with who are relevant stakeholders to be consulted on particular matters.
  - **Timaru District Council and Timaru District Holdings Limited performance monitoring framework** – this sets out the structure and tools for Council to monitor the performance of TDHL and have assurance that there is sound governance in place and it is performing to expectations.
  - **Timaru District Holdings Limited Board competency framework** – this sets out the competencies that collectively will ensure a blend of skills, experience and competencies to achieve TDHL’s strategic objectives and deliver value to Council as shareholder and ultimately the Timaru District Community.
  - **Timaru District Holdings Limited Board Director appointment process** – this sets out the process for selecting suitable candidates and ensures that conflicts, real or perceived are managed. It enables the community to have transparency of the process and assurance that it is independent and objective where appointments are merit based.
- 7 The MartinJenkins Report recommended that there be an independent chair and then an equal number of independent and councillor directors, with a view to transitioning to more independent directors than councillor directors over time. As noted by the Auditor General in a report (the CCO Report) published in September 2015 that where local authorities wish to appoint elected members to their subsidiary boards, then the appointment should be open and transparent, and subject to the same selection criteria as for independent directors.
- 8 The draft framework presented commences from the position that having Councillor-directors is within the proposed framework, and that councillor directors are subject to and selected on the same criteria as independent directors.
- 9 The CCO Report also notes that appointing councillor directors should not be a substitute for the proper monitoring and accountability frameworks, and that these must function as designed.
- 10 TDHL has an important role in governing commercial assets owned by Council on behalf of the community, and these policies and frameworks provide increased transparency concerning the role of TDHL, and how it is being overseen and monitored by Council. This supports developing and providing assurance to the Community on TDHL’s value and performance.

### Options and Preferred Option

- 11 The Council has two broad options open to it at present; to approve the policies and frameworks, with or without amendment, or to defer approval at this time.
- 12 The preferred option is to approve the documents at this time, either with or without amendments. This supports both Council and TDHL as they move to implement the recommendations arising from the Report, and reflects that the governance and monitoring of TDHL is moving with the changing expectations regarding what constitutes good governance and monitoring.

### Consultation

- 13 To be completed with the TDHL Board and appropriate Council officers after comment.

### Relevant Legislation, Council Policy and Plans

- 14 Local Government Act 2002, Companies Act 1993, some proposals in the policies and frameworks are relevant to the parallel refresh of the TDHL constitution, and the documents would need to be aligned.
- 15 If the preferred option is adopted there are consequential changes required to other documents. The Director Appointment and Remuneration Policy requires an amendment (as attached with the change tracked) to reflect the appointment process for TDHL directors set out above.
- 16 The constitution of TDHL will require amendment for example to reflect changes in the director composition, to provide for a casting vote in the event of an equality of votes and that a letter of expectation will be provided from the Mayor to the Board. Changes to the constitution are required to be brought back to Council for approval and adoption.






### Financial and Funding Implications

- 17 A budget will be required to appoint an independent search consultant who will support the process to appoint new TDHL Directors (approximately \$12,000 (GST exclusive) plus disbursements). There are no other significant funding or financing requirements in respect of approving these policies and frameworks.

### Other Considerations

- 18 The policies and frameworks arise as recommendations from the MartinJenkins Report which reviewed TDHL.

### Attachments

1. TDC and TDHL roles and responsibilities DRAFT 080420 (003) (002) (003) [↓](#) 
2. TDC and TDHL monitoring framework DRAFT 080420 (002) [↓](#) 
3. TDHL Board competency framework FINAL 040620 (003) [↓](#) 
4. TDHL Board appointments process FINAL 040620 [↓](#) 
5. AMMENDMENT JUNE 2020 Director Appointment and Remuneration Policy adopted 22 November 2016 [↓](#) 

# Timaru District Council and Timaru District Holdings Limited

## Roles and responsibilities

### Purpose

The purpose of this document is to set out the respective roles and responsibilities to operate and monitor Timaru District Holdings Limited (TDHL), as a Council Controlled Organisation (CCO) of Timaru District Council (TDC). This is a living document and should be reviewed and updated as practice evolves.

### Background

TDHL is a CCO as defined by Section 6 of the Local Government Act 2002. TDHL was established in 1997 to hold the commercial assets of TDC as its shareholder. The objective of TDHL is to provide strong commercial oversight on behalf of TDC, in respect of the governance of companies providing economic and community benefit. TDHL contracts its secretariat support from TDC, and as such does not employ staff.

### Assignment of roles and responsibilities

The following responsibility assignment matrix (RACI) describes the participation of key stakeholders in arrangements using the following definitions:

- R = Responsible:** Those who do the work to complete the task. The task can be delegated, but not the responsibility.
- A = Accountable:** The final approving authority that is ultimately answerable for the correct and thorough completion of the deliverable or task and who ensures the prerequisites of the task are met and who delegates the work to those responsible. The role that is accountable for a task or deliverable may also be responsible for completing it.
- C = Consulted:** Those whose opinions are sought, typically subject matter experts and key stakeholders; and with whom there is two-way communication.
- I = Informed:** Those who are kept up to date on progress, at either key stages or only on completion of the task or deliverable; and with whom there is just one-way communication

**Key stakeholders:** TDHL Board | TDHL Chair | TDHL Directors | TDC Council | TDC Mayor | TDC Commercial and Strategy Committee | TDC Appointments Committee | TDC Chief Executive | TDC Officers (Secretariat and other) | Independent technical experts

**Issues considered:**



- 
- i. Constitutional matters
  - ii. TDHL strategic direction and performance expectations
  - iii. Governance and operation of TDHL
  - iv. Conflict of interest management
  - v. TDHL performance
  - vi. Capability building and professional development
  - vii. Communication and engagement

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Constitutional matters				
Issue	Accountable	Responsible	Consulted	Informed
Amendments to the Constitution	TDC Council	TDC Chief Executive	TDHL Board Independent technical experts (where required)	TDC Officers (Secretariat)
Calling shareholder meetings	TDC Council	TDHL Board	None	TDC Chief Executive TDC Officers (Secretariat)
Allocation of TDHL revenue to Council activities	TDC Council	TDC Chief Executive	None	TDHL Board TDC Officers
Appointment of Directors	TDC Mayor	TDC Appointments Sub-Committee	TDC Council (excluding Councillors standing for appointment) TDC Chief Executive TDHL Chair (or Deputy if Chair is being appointed) Independent technical experts (where required)	TDHL Board TDC Officers (Secretariat)

TDHL strategic direction and performance expectations				
Issue	Accountable	Responsible	Consulted	Informed
Letter of Expectations	TDC Council	TDC Chief Executive	TDHL Board	TDC Officers (Secretariat)
Decision on community objectives for TDHL	TDC Council	TDC Chief Executive	TDHL Board	TDC Officers (Secretariat)
Statement of Intent	TDHL Board	TDC Officers (Secretariat)	TDC Council	TDC Mayor TDC Commercial and Strategy Committee



<b>Advice on statement of intent</b>	TDC Chief Executive	TDC Officers (not Secretariat)	independent technical experts (where required)	TDC Council TDC Commercial and Strategy Committee
<b>Board competency framework</b>	TDC Council	TDC Chief Executive	TDHL Board TDC Appointments Committee	TDC Officers (Secretariat)

<b>Governance and operation of TDHL</b>				
<b>Issue</b>	<b>Accountable</b>	<b>Responsible</b>	<b>Consulted</b>	<b>Informed</b>
<b>Decisions and activities provided for under the TDHL Constitution</b>	TDC Council	TDHL Board	TDC Officers (Secretariat)	TDC Mayor TDC Chief Executive
<b>Appointment of independent members as a Director on a subsidiary company of TDHL</b>	TDHL Chair	TDHL Board	TDC Mayor	TDC Chief Executive
<b>Secretariat support for TDHL Board</b>	TDC Chief Executive	TDC Officers	TDHL Board	TDC Mayor TDC Commercial and Strategy Committee
<b>Observe TDHL Board meetings</b>	TDC Mayor	TDC Chief Executive	None	None

<b>Conflict of interest management</b>				
<b>Issue</b>	<b>Accountable</b>	<b>Responsible</b>	<b>Consulted</b>	<b>Informed</b>
<b>Register of interests and declarations of interest on specific matters</b>	TDHL Board	TDHL Directors	None	TDC Council TDC Commercial and Strategy Committee TDC Chief Executive

<b>Secretariat support for TDHL Board where conflicts of interest arise</b>	TDC Mayor	TDC Chief Executive	None	TDC Officers (Secretariat)
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<b>TDHL performance</b>				
<b>Issue</b>	<b>Accountable</b>	<b>Responsible</b>	<b>Consulted</b>	<b>Informed</b>
<b>TDC-TDHL monitoring framework</b>	TDC Council	TDC Chief Executive	TDHL Board TDC Commercial and Strategy Committee	TDC Officers (Secretariat)
<b>Performance reporting</b>	TDHL Board	TDC Officers (Secretariat)	None	TDC Council TDC Commercial and Strategy Committee TDC Chief Executive
<b>Advice on performance reporting</b>	TDC Chief Executive	TDC Officers (not Secretariat)	independent technical experts (where required)	TDC Council TDC Commercial and Strategy Committee
<b>Monitoring of performance, including requests for additional reporting or engagement</b>	TDC Council	TDC Commercial and Strategy Committee	TDHL Board Independent technical experts (where required)	TDC Chief Executive TDC Officers (Secretariat)
<b>Workshops on TDHL strategy and performance</b>	TDC Council	TDC Chief Executive	TDHL Board TDC Commercial and Strategy Committee	TDC Officers (Secretariat)
<b>TDHL Board and individual Director performance evaluation and succession planning</b>	TDHL Chair	TDHL Directors	TDC Mayor	TDC Appointments Committee (skills gaps or weaknesses on Board)

<b>Capability building and professional development</b>				
<b>Issue</b>	<b>Accountable</b>	<b>Responsible</b>	<b>Consulted</b>	<b>Informed</b>
<b>Induction of TDHL Directors</b>	TDC Mayor	TDHL Chief Executive	TDHL Board Chair Independent technical experts (where required)	TDC Officers (Secretariat)
<b>Programme of capability building to embed good practice</b>	TDC Mayor	TDHL Chief Executive	TDC Council TDHL Board TDC Officers (Secretariat) Independent technical experts (where required)	Programme participants
<b>TDHL Director mentoring and professional development planning</b>	TDC Mayor	TDHL Chair	TDHL Board and individual Directors Independent technical experts (where required)	TDC Commercial and Strategy Committee TDC Officers (Secretariat)

<b>Communication and engagement</b>				
<b>Issue</b>	<b>Accountable</b>	<b>Responsible</b>	<b>Consulted</b>	<b>Informed</b>
<b>Regular meetings for briefing and consultation</b>	TDC Mayor	TDHL Board Chair	TDC Chief Executive (on request)	TDHL Board (if required)
<b>Communicating to the public on the purpose and value of TDHL</b>	TDC Mayor	TDC Chief Executive	TDC Council TDHL Board	TDC Commercial and Strategy Committee TDC Officers (Secretariat)



<p><b>Consulting with the public on any matters as required under the Local Government Act 2002</b></p>	<p>TDC Council</p>	<p>TDC Chief Executive</p>	<p>TDHL Board Independent technical experts (where required)</p>	<p>TDC Commercial and Strategy Committee TDC Officers (Secretariat)</p>
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# Timaru District Council and Timaru District Holdings Limited

## Performance Monitoring framework

### Purpose of this document

This document sets out the performance monitoring framework for Timaru District Council (TDC) and Timaru District Holdings Limited (TDHL). The framework is designed to provide assurance that assets are well governed, and that information which is held confidentially is done so with good reason.

### Background

#### Purpose of TDHL

Timaru District Holdings Limited (TDHL) is a council-controlled organisation as defined by Section 6 of the Local Government Act 2002. TDHL was established in 1997 to hold the commercial assets of Timaru District Council (TDC) as its shareholder. The objective of TDHL is to provide strong commercial oversight on behalf of TDC, in respect of the governance of companies providing economic and community benefit.

#### Legislative requirements

Under the Local Government Act 2002, local authorities are required to measure the performance of a CCO to determine whether it has fulfilled the requirements of the Local Government Act regarding:

- the local authority's objectives for the organisation
- the desired results, as set out in the organisation's statement of intent
- the overall aims and outcomes of the local authority.

#### Good practice guidance

Defining a clear approach for how the monitor conducts monitoring activity is critical. The approach needs to be targeted to entities' core roles and functions, as well as Council priorities, and most importantly risk. Clear lines of critical and constructive questioning are an important part of an effective monitoring approach

Guidance from the Office of the Auditor-General<sup>1</sup> recommends that a local authority establish a robust framework to set out how monitoring will be undertaken. If the framework is successful, the local authority will have comfort the CCO is achieving the

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<sup>1</sup> Controller and Auditor-General, *Governance and accountability of council-controlled organisations* (September 2015)

aims that have been agreed on, which provides a foundation for a productive relationship between the two entities.

**TDHL Constitutional provisions**

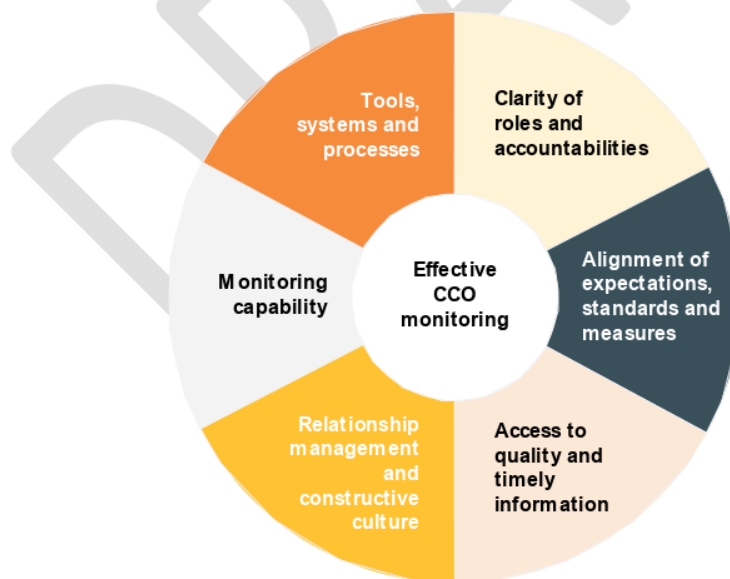
Under its constitution, TDHL is required to provide TDC with:

- 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, and a final Statement of Intent following consideration of any comments on or before 30 June each year, and
- a half yearly report, and an annual report including an audited statement of accounts

**Principles underpinning the performance monitoring framework**

Performance monitoring frameworks should be tailored to context. The nature of the CCO, the size of its operation, historical performance, and the external environment the CCO is working in should be taken into account in its design.

However, effective monitoring frameworks should encompass the following elements:



**Clarity of roles and accountabilities**

The role of the monitor is to provide assurance to Council and specifically to the Mayor on the capability and performance of the CCO. In addition, the monitor’s role is to support the CCO’s Board by providing constructive and relevant insights on risks, issues and opportunities. Monitors can also facilitate CCO delivery and performance by helping to remove road-blocks. Ultimately, the external perspective of a monitor can add insights not immediately visible to those in governance and leadership roles on the inside.

However, monitors need to be careful not to take on the role of the Board or dive too far into detail. Boards are ultimately accountable for entity capability, delivery and performance. The role of the monitor is to identify and escalate risks within this context. Monitoring is not an audit function.

The Board has a role in monitoring its own performance, with regular evaluation of individual board members, and the board as a whole. Good practice includes an annual formal review in addition to informal reviews between the Chair and individual Directors throughout the year.

Intentionally building an understanding of the role of the monitor within both the Council and the CCO needs to be a focus.

**Alignment of expectations, standards and measures**

Both the monitor and the CCO need a shared understanding of the objectives of the CCO, and on its performance standards and how they will be measured. The CCO’s objectives, performance standards and measures are not set by the monitor – these are for Council to agree with the CCO, with periodic reviews. Once in place, they provide the “what”, and monitoring becomes the foundation for a positive and constructive conversation between the monitor and the CCO on the “how”.

**Access to quality and timely information**

A focus on monitoring core accountability documents is important but not sufficient. In order to be able to provide insights that will add value, effective monitoring needs to take a deeper approach to understanding CCO delivery and performance (without overstepping the role of Boards). A CCO needs to provide information that enables monitors to understand how entities are delivering and giving effect to their functions. This assists with assurance, and with the ability of the monitor’s insights to be perceived as relevant to the entity.

**Relationship management and a constructive culture**

Strong and enduring relationships that enable constructive communication and engagement between the monitor and the CCO are essential to support transparent information sharing and quality discussion on findings. 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. This includes the CCO having direct access to the Mayor and the Chief Executive, in addition to the monitor.

Monitors need to earn credibility with the CCO as a critical friend that can support CCO performance. The CCO also needs to recognise the role and mandate of monitors, and take a constructive approach to making the monitoring relationship work.

#### Monitoring capability

Monitoring is a broader activity than receiving and reviewing reports from a CCO. The focus of monitoring should be to provide an external perspective on risks, and to facilitate an effective customer service culture by supporting the entity to deliver and perform. Monitors therefore require a mix of skills, which can vary depending on the CCO, but may include financial management, strategy, risk and assurance, regulatory practices and investment management. All monitors need skills in analysis, and be able to make good judgements about the "line" between their function, and the role of the Board and other assurance functions such as audit.

Activities to develop monitoring capability and the monitoring craft needs to be a focus in any effective monitoring framework, including developing skills in critical and constructive questioning.

#### Tools, systems and processes

Clear documentation and systems are needed to make the day-to-day operations of monitoring work effectively. This means ensuring monitoring methodologies and assessments are clearly documented. Monitors also need to work closely with CCOs to ensure the right activities, systems and process are in place to raise risks, and identify delivery and performance issues.

## TDC and TDHL performance monitoring framework

### Context

TDC is a mid-sized council, and TDHL is a holding company rather than an operating company. This context impacts on the choice of appropriate arrangements. In particular, this includes considerations that:

- TDHL has a relatively narrow function, and does not employ staff. Monitoring arrangements still need to encompass all the elements of the monitoring framework principles above, but the time taken will be less than that required to monitor more complex bodies
- Whilst some Councils provide for a dedicated in-house monitoring function, this requires scale and capacity. At TDC, monitoring arrangements need to be designed to reflect the capacity of the Council organisation. This does mean that some Council staff are required to undertake multiple roles, including providing a secretariat service for TDHL in addition to their responsibilities and accountabilities to TDC. This heightens the need for effective mechanisms to manage actual or perceived conflicts of interest should they occur.

## TDC and TDHL monitoring arrangements

### Clarity of roles and accountabilities

TDC is responsible for:

- agreeing the strategy and performance measures for TDHL, informed by a proposal from TDHL
- designating the Council’s Commercial and Strategy Committee as the monitoring function for TDHL.
- providing activities which intentionally build an understanding of the role of the monitor within Council.
- arranging an annual cycle of quarterly workshops between TDC and TDHL

The Commercial and Strategy Committee is responsible for:

- approving the format and topics for quarterly reporting from TDHL
- deciding if and when additional briefings, workshops or reporting is required
- reporting to Council on the performance of TDHL including early identification of risks and any matters of concern.

TDHL is responsible for:

- documenting information and setting up systems and processes which enable reporting to raise risks and identify delivery and performance issues
- engaging with Council in activities to ensure a shared understanding of its strategy, performance standards and measures
- maintaining a register of interests.

The TDHL Chair is responsible for:

- ensuring that the TDHL board monitors its own performance, through an annual formal board review, and informal reviews between the Chair and individual Directors throughout the year.
- attending regular meetings with the TDC Mayor

The TDC Chief Executive is responsible for:

- attending TDHL Board meetings as an observer
- providing independent analysis of TDHL quarterly reports to Council
- managing actual or perceived conflicts of interest

TDC Councillors who are also TDHL Directors provide additional assurance through their participation in TDHL Board meetings that TDHL is delivering TDC objectives. However, their presence on the board does not replace the formal monitoring and accountability mechanisms between TDHL and TDC.

### Alignment of expectations, standards and measures

TDC and TDHL hold quarterly workshops which include discussion on the strategy and performance of TDHL.

Informed by these workshops, an annual Letter of Expectations (LoE) is provided by the Mayor to the TDHL Chair. The Letter of Expectations is set at a strategic level, and is likely

to be consistent over a four to five-year period, and then be refreshed. The LoE outlines areas that Council has particular interest in for the forthcoming year, and the outcomes that TDHL is expected to achieve in response to these. It includes direction on any community objectives, ensuring separation of roles between TDC and TDHL in determining commercial and non-commercial objectives.

TDHL then provides Council with a draft (then final) Statement of Intent which reflects the direction provided in the Letter of Expectations.

#### Access to quality and timely information

TDHL provides the Commercial and Strategy Committee with a quarterly report against performance measures in the Statement of Intent, and information by exception on matters such as conflict of interest that have arisen. This report is then noted by Council. Councillors are provided with independent analysis and advice on these reports through a cover sheet developed by a Council officer not otherwise connected to TDHL, on behalf of the Chief Executive.

Through the same process, TDHL also presents an annual report and audited accounts.

Deeper engagement and understanding of this performance, and insights from an external perspective, are provided through the quarterly workshops between TDC and TDHL, which include all members of the Commercial and Strategy Committee. These workshops also assess how TDHL is having an impact on TDC's objectives and outcomes.

#### Relationship management and a constructive culture

All parties are expected to take a full part in activities which help make the monitoring relationship work.

Strong and effective relationships are facilitated through the quarterly workshops between Councillors (including the Commercial and Strategy Committee) which all Councillors and TDHL Board members are expected to attend. Additional briefings and workshops are held as required, for example around important initiatives or responsive matters.

The Mayor and TDHL Chair also have regular formal meetings, which the TDC Chief Executive may be invited to attend. This is supplemented with additional meetings and communication when required.

Council staff who provide a Secretariat service to TDHL are provided with guidance and training on managing conflicts of interest. They are also required to escalate any insurmountable conflict of interest to the Chief Executive for resolution. This can include the CE making a temporary appointment of an independent external party on the matter that is deemed a conflict for the Council officer.

These relationships are also supported by the activities provided by TDC which intentionally build an understanding of the role of the monitor within both the Council and the CCO.

#### Monitoring capability

The Chair of the Commercial and Strategy Committee is selected, where possible, for experience in commercial investment.

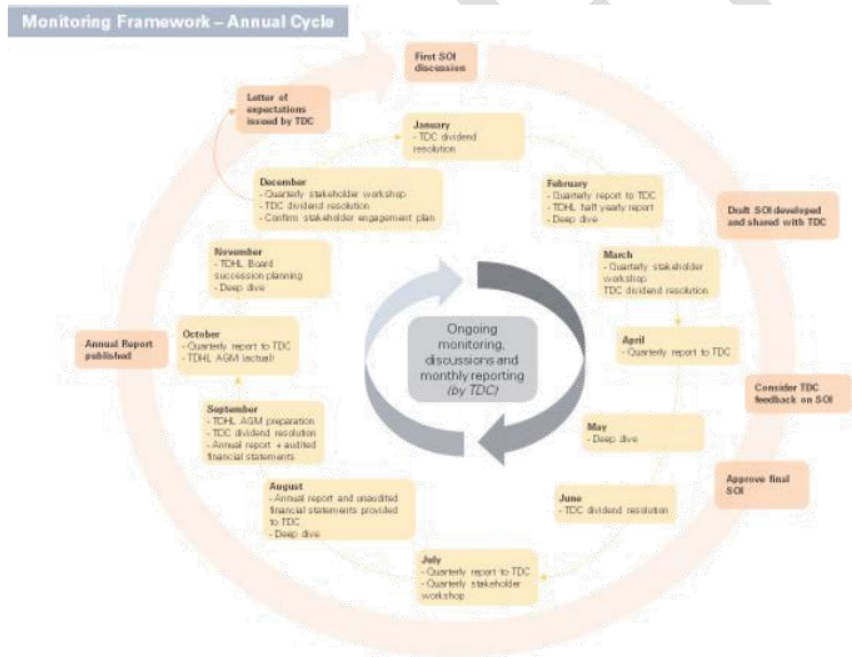
TDC runs a programme of activities to develop monitoring capability and the monitoring craft, including developing skills in critical and constructive questioning.

TDC is able to seek external independent advice where required, particularly on technical matters such as legal and risk management.

**Tools, systems and processes**

The annual monitoring programme between TDC and TDHL is set out in the diagram below, supported by the responsibility of:

- the Commercial and Strategy Committee to approve the format and topics for quarterly reporting from TDHL
- TDHL to ensure information is documented and the right systems and process are in place to raise risks and identify delivery and performance issues.





# Timaru District Holdings Limited

## Board competency framework

Last updated: June 2020

### Purpose of this document

This Board competency framework is designed to ensure Board of Timaru District Holdings Limited (TDHL) consists of individual Directors with a balance of skills and experience to oversee TDHL, achieve its strategic objectives, and deliver value to Timaru District Council (TDC) and its communities.

The competency framework will be used to guide and support:

- an annual self-evaluation by the TDHL Board, and informal assessments between the Chair and individual Directors
- identification of gaps in the required skills and experience on the Board, to inform recruitment and professional development plans.

### Background

#### Purpose of TDHL

Timaru District Holdings Limited (TDHL) is a council-controlled organisation as defined by Section 6 of the Local Government Act 2002. TDHL was established in 1997 to hold the commercial assets of Timaru District Council (TDC) as its shareholder. The objective of TDHL is to provide strong commercial oversight on behalf of TDC, in respect of the governance of companies providing economic and community benefit.

#### Legislative requirements

Under the Local Government Act 2002, "...a local authority may appoint a person to be a director of a council organisation if the person has, in the opinion of the local authority, the skills, knowledge or experience to (a) guide the organisation given the nature and scope of its activities; and (b) contribute to the achievement of the objectives of the organisation."

#### TDHL Constitutional provisions

TDHL has an independent Chair and at least two and up to six Board members, one of whom is appointed as Deputy Chair. The Mayor cannot be a member of the Board.

Directors should be an equal number of independent and elected members, with a view to transitioning to more independent than elected members over time. The Board can comprise a greater number of independent Directors if the required skills and experience are not available from among elected members. The Chair has a casting

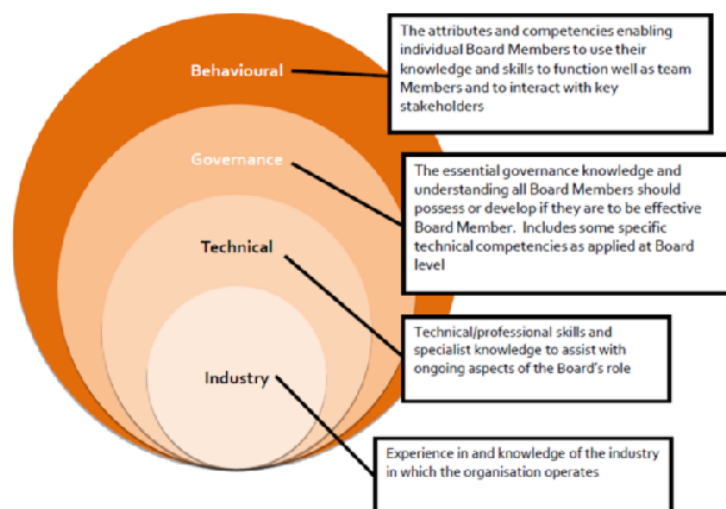
vote on the Board. Only independent Board members are appointed as a Director of a subsidiary company.

TDC makes all Director appointments. Appointments are for up to three years, and are renewable for a maximum of three terms. One third, and if not divisible into a whole number then the nearest whole number, of Directors retire from office at the annual meeting of the Shareholders, and retirees are those who have been longest in office. Those who retire are eligible for reappointment. Elected members who are not re-elected to office can continue their role until TDC replaces them, or removes them from the Board.

All appointments are made on merit, and the independent and elected members are subject to the same selection criteria, reflecting the specifications in this Board competency framework.

### Principles underpinning the competency framework

The framework below, based on international good practice, has been used to guide the competency framework:



Source: GC Kiel et al., 2012, *Directors at work: a practical guide for boards*, Sydney: Thomson Reuters.

Competencies are categorised in two parts:

#### Core competencies

Core competencies are the behavioural and governance competencies that are required of every board member. They are personal attributes or qualities, and set the minimum standard for board members.

**In performance assessments:** for individual Directors, professional development can be provided where any potential to strengthen these competencies is identified.

**In recruitment:** only candidates who hold these competencies should be considered as a potential board member.

### **Collective competencies**

These are technical and industry related competencies which should be held by the collective skills and experience of the Board members. However, it is not necessary for every Board member to hold every competency.

**In performance assessments:** the annual Board evaluation will assess the Board's collective strength in these competencies. This may identify professional development requirements for the Board as a whole, and skills or experience gaps on the board.

**In recruitment:** search and appointment processes will seek to fill any gaps or weaknesses identified in the collective skills and experience of the Board. In assessing a candidate's suitability, the collective competencies should only be considered after it has been confirmed that the candidate holds the core competencies.

### **Chair competencies**

In addition to holding the core competencies and at least one of the collective competencies, the Chair must possess additional competencies that are required to lead the board effectively. These competencies will guide the recruitment and the performance assessment of the TDHL Chair.

### **Competency framework review**

The competency framework will be reviewed annually by TDC in consultation with TDHL to ensure that the composition of skills and experience on the Board remain aligned with TDHL's purpose and strategic objectives.

## TDHL Board competency framework

### Core competencies

To be held by all Directors

Attributes	Description
Integrity	<p>A commitment to:</p> <ul style="list-style-type: none"> <li>• Understanding and fulfilling the duties and responsibilities of a Director, and maintaining knowledge in this regard through professional development</li> <li>• Putting TDHL's and TDC's interests before any personal interests</li> <li>• Acting in a transparent manner and declaring any activities or conduct that might be a potential conflict</li> <li>• Maintaining Board confidentiality at all times.</li> </ul>
Effective Communicator	<p>The ability to:</p> <ul style="list-style-type: none"> <li>• Listen to, and constructively and appropriately debate, other people's viewpoints</li> <li>• Develop and deliver cogent arguments.</li> </ul>
Constructive Questioner	<p>The preparedness to ask questions and challenge peer Directors and Boards of subsidiary companies in a constructive and appropriate way about key issues.</p>
Contributor and team player	<p>The ability to work as part of a team, and demonstrate the passion and time to make a genuine and active contribution to TDHL.</p>
Commitment	<p>A visible commitment to the purpose for which TDHL has been established and operates, and its on-going success.</p>
Critical and innovative thinker	<p>The ability to critically analyse complex and detailed information, readily distil key issues, and develop innovative solutions to problems.</p>

## Collective competencies

### To be held collectively by the Board

Competency	Description
Strategy and planning	Ability to think strategically; identify and critically assess strategic opportunities and risks. Experience to develop effective strategies in the context of the strategic objectives of TDHL and TDC.
Governance, Risk and Compliance	Experience in the application of governance principles in a commercial enterprise, public sector body or other entity.
	Ability to identify key risks to TDHL and TDC in a wide range of areas including financial, legal and regulatory compliance.
Financial Performance	Qualifications and experience in governing commercial investment, including to: <ul style="list-style-type: none"> <li>• Analyse key financial statements</li> <li>• Critically assess financial viability and performance</li> <li>• Contribute to strategic financial planning</li> <li>• Oversee budgets and the efficient use of resources</li> <li>• Oversee investment arrangements and accountability.</li> </ul>
Business and commercial	Experience in, or understanding of, growing a successful commercial business
Community engagement	Understanding of, and connections with, the interests and needs of Timaru District communities, including the ability the ability to effectively engage and communicate with key stakeholders.
Treaty of Waitangi	An understanding of the principles of the Treaty of Waitangi including experience relevant to TDC's obligations under the Local Government Act 2002.

### Chair competencies

Competency	Description
Leader	<p>Innate leadership skills, including the ability to:</p> <ul style="list-style-type: none"> <li>• Articulate and champion the strategic direction of TDHL</li> <li>• Lead and manage Board meetings, ensuring the Board sets the right focus</li> <li>• Set an appropriate Board culture, ensuring it works effectively as a team</li> <li>• Take responsibility for decisions and actions.</li> </ul>
Mentor	<p>Experienced in and knowledgeable of good practice governance, with the ability to guide and support individual Directors, and the Board as a whole.</p>
Relationship manager	<p>Aptitude and capacity to engage effectively and constructively with TDC as TDHL's shareholder.</p>

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**Board evaluation table**

This table should be completed for each individual Director prior to the annual Board evaluation. The results will inform the Board’s discussion on its collective skill strengths and gaps.

Each Director should identify their top 3 or 4 skills, and grade them as follows:

- (E) Expert – has strong knowledge of key concepts and principles and more than five years relevant experience
- (P) Proficient – has a sound knowledge of key concepts and principles but less than three years relevant experience
- (D) Developing – has a knowledge of key concepts and principles but limited direct or applied experience

Skill Area	Description							
		D1	D2	D3	D4	D5	D6	D7
Strategy and planning	Ability to think strategically; identify and critically assess strategic opportunities and risks. Experience to develop effective strategies in the context of the strategic objectives of TDHL and TDC.							
Governance, Risk and Compliance	Experience in the application of governance principles in a commercial enterprise, public sector body or other entity.							
	Ability to identify key risks to TDHL and TDC in a wide range of areas including financial, legal and regulatory compliance.							



Skill Area	Description	D1	D2	D3	D4	D5	D6	D7
Financial Performance	Qualifications and experience in governing commercial investment, including to: <ul style="list-style-type: none"> <li>• Analyse key financial statements</li> <li>• Critically assess financial viability and performance</li> <li>• Contribute to strategic financial planning</li> <li>• Oversee budgets and the efficient use of resources</li> <li>• Oversee investment arrangements and accountability.</li> </ul>							
Business and commercial	Experience in, or understanding of, growing a successful commercial business.							
Community engagement	Understanding of, and connections with, the interests and needs of Timaru District communities, including the ability the ability to effectively engage and communicate with key stakeholders.							
Treaty of Waitangi	An understanding of the principles of the Treaty of Waitangi including experience relevant to TDC's obligations under the Local Government Act 2002.							





## Timaru District Holdings Limited

### Director Appointments Process

#### Purpose of this document

This document sets out at a high level the process for the appointment of Directors to Timaru District Holdings Limited. The process is consistent with State Services Commission Board appointment and induction guidelines, and AOG guidance on governance and accountability of Council Controlled Organisations (CCOs).

#### Background

##### Purpose of TDHL

Timaru District Holdings Limited (TDHL) is a CCO as defined by Section 6 of the Local Government Act 2002. TDHL was established in 1997 to hold the commercial assets of Timaru District Council (TDC) as its shareholder. The objective of TDHL is to provide strong commercial oversight on behalf of TDC, in respect of the governance of companies providing economic and community benefit.

##### Legislative requirements

Under the Local Government Act 2002, "...a local authority may appoint a person to be a director of a council organisation if the person has, in the opinion of the local authority, the skills, knowledge or experience to (a) guide the organisation given the nature and scope of its activities; and (b) contribute to the achievement of the objectives of the organisation."

##### TDHL Constitutional provisions

TDHL has an independent Chair and at least two and up to six Board members, one of whom is appointed as Deputy Chair. The Mayor cannot be a member of the Board.

Directors should be an equal number of independent and elected members, with a view to transitioning to more independent than elected members over time. The Board can comprise a greater number of independent Directors if the required skills and experience are not available from among elected members. The Chair has a casting vote on the Board. Only independent Board members are appointed as a Director of a subsidiary company.

TDC makes all Director appointments. Appointments are for up to three years, and are renewable for a maximum of three terms. One third, and if not divisible into a whole number then the nearest whole number, of Directors retire from office at the annual meeting of the Shareholders, and retirees are those who have been longest in office.

Those who retire are eligible for reappointment. Elected members who are not re-elected to office can continue their role until TDC replaces them, or removes them from the Board.

All appointments are made on merit. The independent and elected member candidates are subject to the same selection criteria, which reflect the requirements set out in the Board competency framework.

## Principles underpinning the appointments process

Three principles guide this appointments process, based on international good practice:

- *Merit: providing a choice of high-quality candidates whose skills, experience and qualities have been judged to best meet the needs of public office.*
- *Fairness: selection processes that are objective, impartial and consistently applied to all candidates.*
- *Openness: information about the requirements of the post and the selection process must be publicly available.*

These principles are met in large part by separating the judgement of merit of candidates from the final decision to appoint. This means that intermediary judgments about merit do not influence the final appointment decision.

## Appointments process

The appointments process has been designed to be consistent with the principles above. In particular, it establishes a selection panel which identifies more suitable candidates than vacancies for consideration by a Council committee, which makes recommendations to Council as the appointing body. The Mayor is not a member of the selection panel.

The key steps are set out below, and illustrated in the diagram at Appendix A.

1. Council agrees or refines a Board competency framework which comprises the individual and collective competencies, skills and knowledge required of the Board members to deliver their objectives.
2. Council's Director and Trustee Appointments Committee (the Committee) is responsible for executing the appointments process. The Committee is chaired by the Mayor and can co-opt a suitably qualified independent member.
3. The Committee, in consultation with the TDHL Board Chair (or Deputy Chair if the Chair is seeking reappointment), determines the vacancies for each recruitment round, and identifies the skill sets sought either to address gaps in the collective board skills, competencies and knowledge, or to assist succession planning. The Committee also confirms the appointments process, including the selection criteria, and appoints a search company. The search company's role in the appointments process is to undertake the candidate search, due-diligence,

screening and long-listing, and to provide good practice advice and guidance to the Committee.

4. The priority competencies for each appointment round, and the selection criteria, are approved by Council. Elected member seeking appointment or re-appointment recuse themselves from this agenda item.
5. A variety of methods are then used by the search company to find suitable candidates, including advertising and search.
6. The search company assesses all applications against the selection criteria, and recommends a long-list to the Committee. The Committee agrees a long-list, and the search company then interviews each long-listed candidate. The search company then proposes a short-list of candidates to the Committee, ideally with more candidates than the number of vacancies.
7. The Committee agrees a recommended short-list and appoints a panel to interview the candidates. The panel comprises up to two Committee members (one of whom is appointed Chair), the TDHL Board Chair and an independent industry specialist. If the TDHL Board Chair is seeking re-appointment, the Mayor will appoint another Director to the interview panel. The Mayor is not a member of the interview panel.
8. External candidates not shortlisted are informed by the search company. Elected members not shortlisted are informed by Chair of interview panel.
9. The panel interviews the short-listed candidates using questions to assess the candidates against the selection criteria, including on actual or perceived conflicts of interest, and recommends a ranking of candidates to the Committee. The search company does not take part in the interviews of short-listed candidates, but may attend the interviews as an advisor.
10. The Committee considers the advice from the interview panel and agrees candidate(s) to recommend to Council for appointment. The Committee Chair may choose to meet with candidate(s) prior to decision of the Committee, and to consult Councillors who are not candidates, the Chief Executive, or the TDHL Chair.
11. Council considers recommendations from Mayor, in her/his role as Chair of Appointments Committee. Councillors who are short-listed candidates recuse themselves from this agenda item. Council decides on appointments, and authorises the Mayor to make the appointments on its behalf. Appointments are ratified at the annual meeting of Shareholders.
12. The Chief Executive prepares the appointment documents for the Mayor.

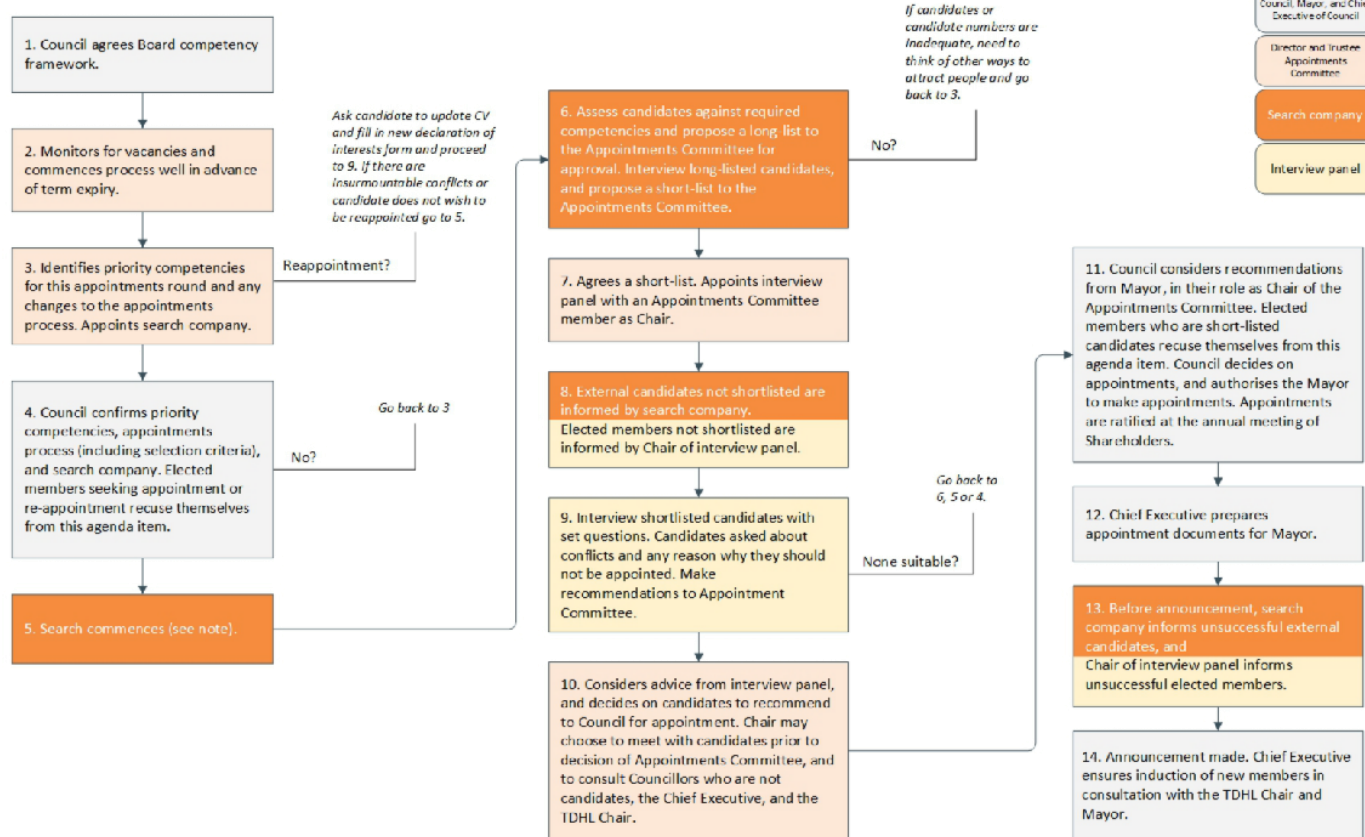
- 
13. Before a public announcement, the search company informs unsuccessful short-listed external candidates, and the Chair of the interview panel informs unsuccessful short-listed elected members.
  14. The Chief Executive ensures the induction of new members in consultation with the TDHL Chair and Mayor.

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# Appendix A

## Appointment / reappointment flowchart



Note: search can cover any type of recruitment, for example, head hunting, adverts, websites, and email trees.



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**Director Appointment and Remuneration**

<b>Approved by:</b>	Policy and Development Committee
<b>Date Approved:</b>	22 November 2016
<b>Keywords:</b>	Director Appointment, Director Remuneration, Council Controlled Organisation (CCO)

**1.0 Purpose**

The policy is intended to provide clear guidance and requirements on director selection, appointment and remuneration. This policy sets out an objective and transparent process for identifying the skills required of a director and appointing such directors, and the matter of remuneration.

[This policy is supplemented by a specific Director Appointments Policy for Timaru District Holdings Limited.](#)

**2.0 Background**

The Local Government Act 2002 (the Act) section 57 requires Council to adopt a policy on the appointment and remuneration of directors to council organisations. Definitions (refer section 6 of the Act)

**3.0 Key Definitions**

*Organisation: means any partnership, trust, arrangement for the sharing of profits, union of interest, cooperation, joint venture, or other similar arrangement.*

*Council Organisation (CO): Any organisation in which one or more local authorities controls any proportion of the voting rights or the right to appoint directors.*

*Council Controlled Organisation (CCO): Any organisation in which one or more local authorities control 50 per cent or more of the voting rights or have the right to appoint 50 per cent or more of the directors.*

*Council Controlled Trading Organisation (CCTO): Any council controlled organisation that operates a trading undertaking for the purpose of making a profit.*

*Director: The directors and the board include trustees, managers, or office holders (however described in that organisation).*

**4.0 Policy**

**Council Controlled Organisations and Council Controlled Trading Organisations**

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Candidates for appointment to a CCO or CCTO are not restricted to Councillors. Staff or external candidates may be considered for appointment.

The Council will decide whether it is appropriate for the Mayor or a Councillor to fill a vacancy on a CCO or CCTO. If deemed appropriate, the appointment will be made at the Council meeting, although for a CCTO, a formal application will be required and if there is more than one applicant the Council may obtain external candidate assessment and advice if the Council determines to make an outside appointment then the process outlined below will be followed –

#### **Identification of Skills Required**

For each director appointment the Council will develop a director profile for the role. It will detail the skills, knowledge and experience required for that directorship role and will take into account:

- The nature and scope of the organisation, the organisation's future directions and its constitutional set up.
- The strategic objectives of the organisation and the attributes, skills and knowledge, which will be required to deliver the strategic objectives of the organisation.
- The skills of the current directors or the required skills of all the directors.
- Any specific skill, knowledge and experience that is currently required or may be required in the future.
- The role specification will detail:
  - The organisation's context
  - The functional relationships of the role
  - The responsibilities and liabilities of the role
  - The key results areas for the role
  - The personal attributes for the role
  - The specific skills/qualifications required for the role.
- Council appointees to CCO's or CCTO's that operate as companies are expected to become members of the New Zealand Institute of Directors for the duration of their appointment.

#### **Appointment Process**

The Council will decide whether to advertise a particular vacancy or make an appointment without advertisement. When making this decision the Council will consider the costs of advertising, the availability of qualified candidates, director turnover, and whether the incumbent wishes to be considered for reappointment.

A subcommittee of the Council, with the assistance of external assessment advice if required, will shortlist then interview shortlisted applicants and make a recommendation to the Council.

All Council Director Appointments to Council Organisations must complete and sign the Director Consent Form as appears in Appendix A.

The Council decision will be made with the public excluded, as provided for in the Local Government Official Information and Meetings Act 1987. Public announcement of the appointment will be made as soon as practicable after the decision is made, and all applicants have been advised.

#### **Conflicts of Interest and Reputational Risk**

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The Council expects that directors of council organisations will strive to avoid situations where their actions could give rise to conflicts of interest or present a reputational risk to the Council. Directors will be expected to follow the provisions of the NZ Institute of Directors Code of Proper Practice for Directors. Breaches of this code could result in dismissal.

#### **Remuneration**

Remuneration of directors of council controlled organisations is a matter of public interest.

Remuneration and changes to it will therefore require Council approval, and will be based on the nature of the organisation, market rates for comparable positions and any specific process for determining remuneration specified in the organisation's constitution.

#### **Performance Reporting**

The Council's performance reporting obligations for CCTO's and CCO's are met via the statement of intent and financial reporting requirements in the Act (sections 64, 66, 67).

### **Council Organisations (Other Than CCO'S and CCTO'S)**

#### **Identification of Skills Required**

For each appointment to a council organisation, the Council will give consideration to the nature of the organisation and the skills required for the role.

Candidates are not restricted to Councillors. Staff or external candidates may be considered for appointment.

#### **Appointment Process**

All Council appointments to Council organisations will be made by the Council, except staff appointees who will be appointed by the Chief Executive.

All Council Director Appointments to Council Organisations must complete and sign the Director Consent Form as appears in Appendix A.

If the appointments are made with the public excluded a public announcement will be made as soon as practicable after the decision is made.

#### **Remuneration**

The Council will not normally pay any remuneration to its appointee(s) except as may be specified in the Council's policy on Councillors' remuneration. Remuneration may be paid by the organisation, but Council appointed staff are not permitted to accept any remuneration.

#### **Conflicts of Interest and Reputational Risk**

The council expects that directors of council organisations will strive to avoid situations where their actions could give rise to conflicts of interest or present a reputational risk to the Council. Directors will be expected to follow the provisions of the New Zealand Institute of Directors Code of Proper Practice For Directors. Breaches of this code could result in dismissal.

#### **Performance Reporting**

The Council's performance reporting obligations for CO's are met via the requirement that all Council appointees report to the Council at least annually following the organisation's annual general meeting.

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**Appendix A – Director Consent Form**

**Application Form Timaru District Council CCO Board Appointments**

**1. Consent and Certificate of Director - (Section 152 of the Companies Act 1993)**

Company Name: .....

Company Number:.....

Director’s first name(s):.....

Director’s surname(s): .....

*(Please ensure your full legal name is provided - Initials are not allowed)*

I consent to be a director of the above company and certify that I am not disqualified from being appointed or holding office as a director of a company

Signature: .....

*(Please read the disqualification details below)*

Date of appointment: .....

Director’s residential address:.....

.....

**2. Disqualification Details**

Please ensure that you are not disqualified from being a director for this company before signing this consent form.

A person cannot be a director of a company if he or she is any of the following:

- a. Under 18 years of age; or
- b. An undischarged bankrupt. Search the bankruptcy database online for free at [www.insolvency.govt.nz](http://www.insolvency.govt.nz); or
- c. Prohibited from being a director or promoter of, or being concerned or taking part in the management of a company under any statutory provisions. This includes (but is not limited to) people who have been convicted of a crime involving dishonesty in the last 5 years or have been prohibited from managing a company by the Registrar of Companies. It also includes people who have been prohibited from being a director or promoter of, or being concerned or taking part in the management of, an overseas company under an order made, or notice given, under the law of a prescribed overseas jurisdiction in accordance with section 151(2)(eb) of the Companies Act 1993; or e.g. Auckland Council Property Limited 3025668; or
- d. subject to a property order under sections 30 or 31 of the Protection of Personal Property Rights Act 1988; or
- e. Not eligible because of requirements contained in the company’s constitution (if any); or
- f. A person who is disqualified under another Act.

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A person who is not a natural person cannot be a director of a company.

For more information refer to sections 151 and 382 to 385 of the Companies Act 1993. A copy of the Act can be viewed online for free at [www.companies.govt.nz](http://www.companies.govt.nz).

**3. Disclosure of Interests**

You are required to disclose the nature and extent (including monetary value, if quantifiable) of all interests that you have or are likely to have, in matters relating to the CCO.

**4. Other Questions**

4.1 Has there been (or is there now pending) any claim against you in your capacity as director, officer, secretary, board or committee member, or employee of either the company/trust or any other company, association, trust or entity?

Yes      No

4.2 Are you aware of any circumstances that might give rise to a claim against you or an investigation, examination or inquiry involving you?

Yes      No

4.3 Have you ever been involved in a company that has been in receivership or non voluntary liquidation?

Yes      No

4.4 Have you ever been involved in any criminal conduct, had a statutory demand placed on you, been the subject of any disciplinary action, been fined or penalised or been the subject of any inquiry in the last 5 years?

Yes      No

4.5 Have you ever been refused Directors and Officers Liability insurance or had an insurer refuse to renew a policy as apply special terms or conditions in relation to your cover?

Yes      No

If yes to any of these questions, please give details:

.....  
.....  
.....  
.....

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**5 Nomination Confirmation**

I, .....  
(full legal name)

Confirm that the information I have given in this disclosure form is complete, true and correct.

In the event of any actual or potential conflict of interest or probity issue arising, I agree to promptly declare that conflict or probity issue to the Chair of the Board, who will consider how the conflict or probity issue can best be managed. I also agree to abide by any decisions about the management of that conflict or probity issue. I acknowledge that, in the event that a conflict or probity issue cannot be managed, the Chair will inform Timaru District Council. I acknowledge that, in the event I am appointed to the Board, the Timaru District Council will be informed of any interests I have declared.

I authorise the Timaru District Council and/or its nominated agency to verify the accuracy of the information I have provided in my application for appointment.

Signature:

.....

Date:

.....

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<b>5.0 Delegations, References and Revision History</b>						
<i>5.1 Delegations - Identify here any delegations related to the policy for it to be operative or required as a result of the policy</i>						
<i>5.2 Related Documents - Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)</i>						
<i>5.3 Revision History – Summary of the development and review of the policy</i>						
<b>5.1 Delegations</b>						
Delegation				Delegations Reference	Register	
Subcommittee of Council – shortlist and interview applicants and make a recommendation to Council						
<b>5.2 References</b>						
Title				Document Reference		
<b>5.3 Revision History</b>						
Revision #	Policy Owner	Date Approved	Approval by	Date of next review	Document Reference	
1	Chief Executive	29/7/2014	Policy and Development Committee	December 2016	#829946, F2121 Council Policy Register	
2	Chief Executive	22/11/16	Policy and Development Committee	November 2019	#829946, F8525 Council Policy Register	

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**9 Consideration of Urgent Business Items**

**10 Consideration of Minor Nature Matters**

**11 Public Forum Items Requiring Consideration**



**12 Exclusion of Public**

**12.1 Public Excluded Minutes of the Council Meeting held on 19 May 2020**

**12.2 Public Excluded Minutes of the Extraordinary Tenders and Procurement Committee Meeting held on 12 May 2020**

**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
<p><b>12.1 - Public Excluded Minutes of the Council Meeting held on 19 May 2020</b></p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)</p>	<p>Commercial sensitivity</p> <p>To enable commercial or industrial negotiations</p>
<p><b>12.2 - Public Excluded Minutes of the Extraordinary Tenders and Procurement Committee Meeting held on 12 May 2020</b></p>	<p>s7(2)(b)(ii) - The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information</p>	<p>Commercial sensitivity</p>