

13.3 Appointment of Directors to Timaru District Holdings Limited

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Section under the Act	The grounds on which part of the Council or Committee may be closed to the public are listed in s48(1)(a)(i) of the <i>Local Government Official Information and Meetings Act 1987</i> .
Sub-clause and Reason:	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons
Plain English Reason:	To protect a person’s privacy.

<p>Recommendation</p> <p>1. That the council receive and note this report, and;</p> <ul style="list-style-type: none"> • Confirms the appointment and recruitment of a 5th director of TDHL due to Rebecca Koeghan’s resignation, and whether or not to engage the Institute of Directors in the recruitment process. • Reappoints Clr Sally Parker for a one-year term, which will conclude with the alignment of the 2025 AGM. • Reappoints Aaron Bethune for a further three-year term • Appoints Darren Evans as Deputy Chair of TDHL.
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Purpose of Report

- 1 To seek Council’s approval on the appointment, reappointment if the case may be (referred to as appointment for the purposes of this report), of directors to the board Timaru District Holdings Limited (TDHL).

Assessment of Significance

- 2 This matter is of low significance in terms of Council’s Significance and Engagement Policy. It addresses the process for appointment of directors and is seeking Council approval to proceed with the proposed process. It does not affect levels of service, rates or strategic assets.

Background

- 3 TDHL is a company incorporated under the Companies Act 1993 and is a council-controlled trading organisation (CCTO).
- 4 TDHL has five Directors, four are Independent Directors and one is an Elected Member Director. The Directors and the date of their respective appointments are:
 - 4.1 Mark Rogers – Chairperson 26 November 2020
 - 4.2 Darren Evans – Independent Director 6 December 2023
 - 4.3 Aaron Bethune – Independent Director 10 May 2022

- 4.4 Sally Parker – Elected Member Director 8 December 2021
- 4.5 To be appointed
- 5 The appointment of Directors to TDHL is governed by its constitution and the External Governance Appointments Policy.
- 6 Broadly, TDHL’s constitution provides that there is a rotation of Independent Directors, where one-third of the Independent Directors shall retire from office, and those to retire shall be those who have been longest in office since they were last elected or deemed elected.
- 7 The Policy is consistent in that it also provides that ‘one-third of the members who have held office the longest (up to a whole number) shall retire at the meeting, and if less than three terms have been served are eligible to offer themselves for reappointment’.
- 8 Noting Rebecca Keoghan’s resignation there are broadly four questions for the Council to resolve as follows:
- 1) Discuss who is best placed to undertake the recruitment of a 5th Director.
 - 2) Does it wish to appoint Clr Sally Parker for a one-year term?
 - 3) Does it wish to appoint Aaron Bethune for a further 3-year term?
 - 4) Does it accept Darren Evans to the role of Deputy Chairperson?

Discussion

Resignation of Rebecca Keoghan

- 9 Rebecca Keoghan emailed her resignation letter to the TDHL Chairperson on Friday, 1 November, noting after careful consideration, she had made the decision that she does not have capacity to continue her directorship with TDHL.

Recruitment process

- 10 The recommendation is for a contested process for appointment of a director. Officers propose that a formal recruitment process be initiated to undertake identification of a suitable candidate.
- 11 Council has in the recent years engaged the Institute of Directors (IoD) to support the recruitment of TDHL’s Directors. The decision to engage the IoD has largely been driven by the reach they have into the pool of available directors and the support they offer. Director recruitment carries with it a degree of risk and so there are advantages in having an experienced organisation provide director search and recruitment support. The cost to engage ranges from \$595 to \$9,595 (plus GST and disbursements) depending on levels of service. There is an additional advantage in that support by the IoD helps in ensuring an open and fair appointment process.
- 12 One of the considerations is the appropriate tenure for board members, balancing between board refreshment and continuity of governance with company and sector knowledge. There are no strict guidelines, however the NZSA policy on director tenure provides that where a director has served a total of nine years, the director and board should have a discussion around their continued tenure (refer NZSA – Policy #14: Director Tenure Association, <https://www.nzshareholders.co.nz/2022/04/policy-14-director-tenure/00/35/>). The 9 year timeframe is also consistent with the Policy which frames appointments for directors as being a maximum of up to 3 terms of 3 years.

Director Reappointment

- 13 Clr Sally Parker is recommended for reappointment as an Elected Member Director for a one-year term to align with the next TDHL AGM. The subsequent Elected Member Director will be appointed for a three-year term, consistent with this cycle.
- 14 Reappointment of Aaron Bethune, as he has significant governance experience and scores well on the skills matrix. After three years of service, recommending his reappointment is beneficial.

Appointment of Deputy Chair

- 15 Darren Evans is recommended to be appointed as the Deputy Chairperson. An existing Board member would be valuable in this position due to proven performance, team cohesion, and established relationships with shareholders, staff, and stakeholders.

Further Discussion

- 16 Council is required to make the Director appointments to its CCOs, and the Policy requires it to make appointments each year. Relevant Legislation, Council Policy and Plans
- 17 This report has been prepared with consideration of the:
- Local Government Act 2002
 - Companies Act 1993
 - The Constitution of TDHL
 - Council's External Governance Appointments Policy
 - The Martin Jenkins Review of TDHL.

Financial and Funding Implications

- 18 Director appointments are at the cost of the company, in this case TDHL, and absorbed as part of its usual governance related expenses.

Other Considerations

- 19 Officers are not aware of any other considerations.

Attachments

Nil