

Notice is given that an ordinary meeting of the Commercial Committee will be held on:

Date: Friday 13 August 2021
Time: 1.30pm - 4.30pm
Meeting Room: Tasman Council Chamber
Venue: 189 Queen Street
Richmond

Commercial Committee

AGENDA

MEMBERSHIP

Chairperson	Cr C Mackenzie	
Members	K Armstrong	Cr D Ogilvie
	Cr C Butler	Mr R Taylor
	Mr A D Dunn	
	Cr C Hill	
	Cr K Maling	
In Attendance:	Mike Drummond Group Manager Finance	Nick Chin Enterprise Portfolio Manager
	Christina Ewing EA Group Manager Finance	

(Quorum 3 (one must an elected member) members)

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AGENDA

1 OPENING, WELCOME

2 APOLOGIES AND LEAVE OF ABSENCE

Recommendation

That apologies be accepted.

3 DECLARATIONS OF INTEREST

4 CONFIRMATION OF MINUTES

That the minutes of the Commercial Committee meeting held on Friday, 14 May 2021, be confirmed as a true and correct record of the meeting.

5 PRESENTATIONS

Nil

6 REPORTS

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7 CONFIDENTIAL SESSION

7.1 Procedural motion to exclude the public..... 29

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6 REPORTS

6.1 COMMERCIAL COMMITTEE REVIEW

Report To:	Commercial Committee
Meeting Date:	13 August 2021
Report Author:	Mike Drummond, Group Manager - Finance
Report Number:	RFNCE21-08-1

Summary

- 1.1 In February 2021, the Council initiated a review of the Commercial Committee. The full report is contained in **(attachment 1)**.
- 1.2 The purpose of the review was to ensure that the Council has the right balance of assurance, monitoring, evaluation and other mechanisms to know that the Commercial Committee and the Council are performing well and that it is not missing risks and opportunities.
- 1.3 The report notes that a high functioning Commercial Committee would reduce the workload for the Full Council, as they should act as a filter before 'mechanical' matters being presented, with many reports stopping at Commercial Committee and a summarised version appearing as a regular item on the Full Council's agenda.
- 1.4 The key recommendations from the report are:
 - 1.4.1 Rename Committee "Enterprise Committee" to align with its broader role;
 - 1.4.2 Extend the powers of the Committee by including in the Terms of Reference the power to approve business cases if the project or works are within the Councils LTP or Annual Plan and which fall within the approved fiscal envelope;
 - 1.4.3 Extend the responsibilities to include the Council Controlled Organisations and Council Controlled Trading Organisations;
 - 1.4.4 Have a standing item, from the Committee Chair, on the Full Council agenda which summarises activity considered through the Commercial Committee;
 - 1.4.5 Develop a Commercial Strategy;
 - 1.4.6 Develop a formal stakeholder engagement plan;
 - 1.4.7 Add Environmental Scan as a standing agenda item;
 - 1.4.8 Expand reporting demands from financial reporting, to include reporting on non-financial outcomes;
 - 1.4.9 Consider utilising the Independent members expertise in other committees as and when required.

Draft Resolution

That the Commercial Committee

- 1. receives the Commercial Committee Review RFNCE21-08-1; and**
- 2. recommend to the Council the implementation of the following:**
 - a. rename Committee “Enterprise Committee” to align with broader role;**
 - b. extend the powers of the Committee by including in the Terms of Reference the power to approve business cases if the project or works are within the Council Long Term Plan or Annual Plan and which fall within the approved fiscal envelope;**
 - c. extend the responsibilities to include the Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO);**
 - d. have a standing item, from the Committee Chair, on the Full Council agenda which summarises activity considered through the Commercial Committee;**
 - e. develop a formal Commercial Strategy;**
 - f. develop a formal stakeholder engagement plan;**
 - g. add Environmental Scan as a standing agenda item;**
 - h. expand reporting demands from financial reporting, to include reporting on non-financial outcomes;**
 - i. consider utilising the Independent members' expertise in other committees as and when required.**

Purpose of the Report

- 3.1 This report allows the Commercial Committee the opportunity to read and provide feedback on the review of the Commercial Committee, before it is presented to Full Council.

Background and Discussion

- 4.1 In February 2021, Operational Governance was requested to undertake a review of the Commercial Committee (CC). The full report is contained in **(attachment 1)**. The purpose of the review was to ensure that the Council has the right balance of assurance, monitoring, evaluation and other mechanisms, to know that the Commercial Committee and Council are performing well and that it is not missing risks and opportunities. The agreed scope was to review the following:
- 4.1.1 Purpose and Areas of Responsibility of the Committee
 - 4.1.2 Relevance of the Committee in the current environment
 - 4.1.3 Make-up of the Committee – it currently has three independent members and five Elected Members
 - 4.1.4 Administration (incl Quorum and meeting frequency, content of reports)
- 4.2 The Commercial Committee members were surveyed on how effective they felt they were in terms of the purpose of the Committee. This feedback was considered alongside the Office of the Auditor-Generals “Elements of effective governance” (in italics below). Further commentary is provided in **(attachment 1)**, however, a summary of the feedback and recommendations are provided below:
- 4.3 ***Set a clear purpose and stay focused on it - Governors need to contribute to, and challenge, the strategic planning process, based on an understanding of stakeholder expectations and the wider context that their organisations operate in.***
- 4.3.1 Feedback: A consistent piece of feedback from the survey was that the Committee felt that they did not get enough time to focus on strategic matters. Nor is there a Commercial Strategy that lays out the activities, actions and outcomes that are a priority for the Council. It was also noted in the survey feedback that it seemed that many of the Council assets have been acquired in an ad hoc and possibly opportunistic way, rather than as a result of a broader, and detailed strategic vision.
 - 4.3.2 Recommendations: Develop a Commercial Strategy
- 4.4 ***Have clear roles and responsibilities that separate governance and management - The roles and responsibilities of each party, including governing board members, shareholders, management, staff, and other parties (such as stakeholders) must be clearly defined.***
- 4.4.1 Feedback: The Committee members do not feel they have the mandate to consider new commercial activities. When the Committee does make recommendations to Council on matters, it is not clear to the external members how the Full Council responds to the Committee's recommendations.
 - 4.4.2 Recommendations: Have a standing item, from the Committee Chair, on the Full Council agenda which summarises activity considered through the Commercial Committee. Extend the Powers of the Committee by including in the Terms of Reference the power to approve business cases, if these projects or works are within

the Council Long Term Plan or Annual Plan and which fall within the approved fiscal envelope.

4.5 Lead by setting a constructive tone - *This is achieved through establishing and approving policies, making decisions, and the approach and behaviour the Board takes to its work, both with management and external stakeholders.*

4.5.1 Feedback: The relationship between staff and the Committee is good and the Committee feels that it has good engagement and is able to have open discussions with Council staff.

4.5.2 Recommendations: For noting only

4.6 Involve the right people - *For governance to be effective, the right people must be involved. The level of trust between people – between governors, management and stakeholders – affects the effectiveness of the governance arrangements.*

4.6.1 Feedback: The Committee has three independent members, however, there is concern from within the Committee that the Council does not effectively utilise the commercial expertise of these members.

4.6.2 Recommendations: Consider utilising the Independent members' expertise in other committees as and when required. Undertake a skills mapping exercise to identify any gaps in the Committee's make-up.

4.7 Invest in effective relationships built on trust and respect - *Strong relationships between governors and stakeholders are important.*

4.7.1 Feedback: No specific feedback. Noted that there is no evidence that formal stakeholder engagement plans exist.

4.7.2 Recommendation: Develop a formal 'Stakeholder Engagement Plan'.

4.8 Be clear about accountabilities and transparent about performance against them - *Effective governance depends on governing bodies receiving regular reports that provide a clear and objective view of an organisation's (or project's) performance, governing bodies need to be provided with enough detail to support performance management and decision-making while avoiding unnecessary details about operational matters.*

4.8.1 Feedback: The information provided to the Committee is largely operational and of sufficient depth that they feel they are effective at monitoring performance. The Committee could be utilised as a performance monitoring group on the effective implementation of strategic activities that impact the council.

4.8.2 Recommendations: Rename the Committee "Enterprise Committee" and extend remit to include governance of CC(T)O's excluding the Waimea Dam and the Tasman Bays Heritage Trust (TBHT).

4.9 Manage risks effectively - *Effective risk management by public organisations involves identifying, analysing, mitigating, monitoring, and communicating risks.*

4.9.1 Feedback: No specific feedback. Noted that there is no evidence that risk analysis is built into the Committee's decision-making process, and a regular Environmental Scan would enable them to be regularly and consistently updated on risks, issues, opportunities and dependencies

4.9.2 Recommendations: Add an Environmental Scan as a standing agenda item

4.10 **Ensure that you have good information, systems, and controls** - *Governors are accountable for the decisions they make. Therefore, they need relevant, accurate, and up-to-date information to make good decisions.*

4.10.1 Feedback: No specific feedback. Noted that that community and government expectations of Council is changing with an increasing emphasis on non-financial outcomes and will need to include our investment performance against socially responsible indicators.

4.10.2 Recommendations: Expand reporting demands from primarily financial reporting, to include reporting on non-financial aspects of investment decisions. Engage the Committee earlier during the development of Enterprise Assets Management Plans.

Options

5.1 The Report on Review of Commercial Committee is a management document sponsored by the Commercial Committee. It is presented to the Commercial Committee for comment and feedback. Along with consideration of the proposed change recommendations (if any) the Committee wish to make to Full Council. Therefore, it is not necessary to consider specific options.

Strategy and Risks

6.1 There are no significant risks associated with the recommendations in this report.

Policy / Legal Requirements / Plan

7.1 There are no current legislative requirements that require the Council to have a Commercial Committee.

7.2 The current Commercial Committee has the following delegations that allow it to make this decision.

Powers

3.4 *Recommend to the Council action on any matter in relation to the commercial portfolio.*

Consideration of Financial or Budgetary Implications

8.1 If all the recommendations are put forward to Council and accepted there will be indirect costs associated with the additional support required from Council Officers which will need to be met from existing departmental operational budgets.

8.2 Utilising Independent member's expertise in other committees would result in additional costs reflecting the additional requirements of the proposed roles.

Significance and Engagement

- 9.1 This report is of low significance and public engagement is not required. Councillors can make this decision based on their knowledge of the views and preferences of the community.

Conclusion

- 10.1 Having limited powers does not exclude the Committee from approaching operations with a strategic view and providing clear recommendations to the Full Council on matters which are brought to their attention.
- 10.2 A high functioning Commercial Committee would reduce the workload for the Full Council as they should act as a filter prior to 'mechanical' matters being presented, with many reports stopping at the Commercial Committee, and a summarised version appearing as a regular item on the Full Councils' agenda, much the same as the Chief Executives report summarises operational decisions and activities.
- 10.3 Providing the Committee with a new focus in the area of the Council Controlled Organisations and Council Controlled Trading Organisation governance will better utilise the independent member's skills. Alternatively, the Council could redistribute the Committee's responsibilities to the other Standing Committees and have the independent members provide their expertise at those committees.

Next Steps / Timeline

- 11.1 Request Full Council accept and approve recommendations
- 11.2 Implement recommendations

Attachments

1. Commercial Committee Review

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Commercial Committee Review



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DRAFT

1. Introduction

In February 2021, Operational Governance was requested to undertake a review of the Commercial Committee (CC). The agreed scope is provided in [Appendix 1](#). The recommendations from the Office of the Auditor General have been used as the baseline with supplementary commentary to provide the context on what we currently do and what we might do in order to better align with their OAG guidance.

2. Recommendations

To ensure that the Council has the right balance of assurance, monitoring, evaluation, and other mechanisms to know that the Committee and the Council are performing well and that it is not missing risks and opportunities, the following recommendations have been developed. The background to each point is contained further in the document.

Bolster the Committee

1. Rename Committee “Enterprise Committee” to align with broader role;
2. Extend the powers of the Committee by including in the Terms of Reference the power to approve business cases if these are within the Council Long Term Plan or Annual Plan and which fall within the approved fiscal envelope;
3. Extend the responsibilities to include the Council Controlled Organisations (CCO) and Council Controlled Trading Organisations (CCTO);
4. Have a standing item, from the Committee Chair, on the Full Council agenda which summarises activity considered through the Commercial Committee;
5. Develop a Commercial Strategy;
6. Develop a formal stakeholder engagement plan;
7. Add Environmental Scan as a standing agenda item;
8. Expand reporting demands from financial reporting, to include reporting on non-financial outcomes;
9. Consider utilising the Independent members' expertise in other committees as and when required.

3. Conclusion

Having limited powers does not exclude the Committee from approaching operations with a strategic view and providing clear recommendations to the Full Council on matters which are brought to their attention. A high functioning Commercial Committee would reduce the workload for the Full Council as they should act as a filter prior to ‘mechanical’ matters being presented, with many reports stopping at the Commercial Committee, and a summarised version appearing as a regular item on the Full Councils’ agenda, much the same as the Chief Executives report summarises operational decisions and activities.

Providing the Committee with a new focus in the area of the Council Controlled Organisations and Council Controlled Trading Organisation governance will better utilise the independent member’s skills. Alternatively, the Council could redistribute the Committee’s responsibilities to the other Standing Committees and have the independent members provide their expertise at those committees.

4. Elements of good governance¹

There are eight elements of good governance described by the Office of the Auditor-General. A full description of the elements is provided in [Appendix 3](#). While the focus of these elements is targeted towards an Audit and Risk Committee, the Tasman District Council's committee structure is unique in that it separates Commercial (or Enterprise) activities, therefore it seems appropriate that the same elements are applied to the Commercial Committee.

To ascertain the current state, the members of the Commercial Committee were surveyed on how effective they felt they were in terms of the purpose of the Committee. While acknowledging that the sample size is small, this does not detract from the quality of the feedback.

3.1 Set a clear purpose and stay focused on it

Governors need to contribute to, and challenge, the strategic planning process, based on an understanding of stakeholder expectations and the wider context that their organisations operate in. Strategic direction setting includes setting realistic medium – and long-term outcomes and short-term priorities, and expenditure/investment choices and budgets.

A consistent piece of feedback from the survey was that the Committee felt that they did not get enough time to focus on strategic matters. This is not surprising given there is no clear line of sight between the Committee's responsibilities and the Council strategy (either the existing one or the emerging one).

Nor is there a Commercial Strategy that lays out the activities, actions and outcomes that are a priority for the Council. This creates the risk that the activities of the Committee may, over time, be out of alignment with what the Council is trying to achieve either in terms of community or commercial outcomes. The Committee is missing opportunities it could leverage to support Councils other strategies. An example of this is any decision on whether to invest in further forestry operations and how this intersects with the Councils Climate Change strategy.

It was also noted in the survey feedback that it seemed that many of the Council assets have been acquired in an ad hoc and possibly opportunistic way, rather than as a result of a broader, and detailed strategic vision.

The alignment of the portfolio to the strategy and development of performance expectations would ensure the Committee was focusing on delivering the kind of return that the Council is looking for over the longer term. Effective oversight of the scale of the commercial portfolio is also necessary to ensure Council achieves its long-term objective community and commercial objectives.

As a sub-committee of the Council, it might be assumed that Elected Members would know the Council strategy and priorities. However, given the diversity of the Council members and their political priorities (notwithstanding their requirement to consider the greater good of the community) without a commercial strategy, it's optimistic to expect the Committee to reach a consensus in the absence of an agreed and documented path. In addition, this Committee has three external members and the lack of a clearly articulated commercial strategy makes it difficult for them to engage at the right level in this type of conversation. In this respect, they are being under-utilised.

Recommendation: Develop a Commercial Strategy

¹ <https://oag.parliament.nz/good-practice/governance/organisation>

3.2 Have clear roles and responsibilities that separate governance and management

The roles and responsibilities of each party, including governing board members, shareholders, management, staff, and other parties (such as stakeholders) must be clearly defined. Clear roles and responsibilities make the differing interests transparent and foster effective decision-making.

The [Terms of Reference](#) state the primary responsibility for the Committee and determining any limitations of the Committee. The Commercial Committee is empowered through the Investment Policy section of the Treasury Risk Management Policy to “recommend new commercial investments to Council”.

That said, the Committee members do not feel they have the mandate to consider new commercial activities. Decision making for Commercial matters, therefore, remains the responsibility of the Full Council.

While Council seems open to the views of the Committee, the Committee does not seem to be a leader of the conversation, rather they are supporting it. When the Committee does make recommendations to Council on matters, it is not clear to the external members how the Full Council responds to the Committee's recommendations.

The Committee, within the Terms of Reference, has some powers and when considering how to separate governance from management it appears that the powers themselves are limiting the Committee from being able to make effect of their governance role. For example, the Committee has the power to *authorise any transactions in relation to the commercial portfolio that complies with the Council's Long Term Plan, Annual Plan, Treasury Policy...*. Authorising a transaction is an activity that occurs near the end of the decision-making quantum, whereas it would make sense to have the Committee involved as earlier as the Business Case development part of the process. This would have the benefit of avoiding re-litigation of decisions that lead up to a request to approve the transaction.

Recommendation: Have a standing item, from the Committee Chair, on the Full Council agenda which summarises activity considered through the Commercial Committee.

Extend the Powers of the Committee by including in the Terms of Reference the power to approve business cases, if these are within the Council Long Term Plan or Annual Plan and which fall within the approved fiscal envelope.

3.3 Lead by setting a constructive tone

This is achieved through establishing and approving policies, making decisions, and the approach and behaviour the Board takes to its work, both with management and external stakeholders.

The relationship between staff and the Committee is good and the Committee feels that it has good engagement, and is able to have open discussions with Council staff.

Recommendation: For noting only

3.4 Involve the right people

For governance to be effective, the right people must be involved. The level of trust between people – between governors, management and stakeholders – affects the effectiveness of the governance arrangements.

Having the right mix of people and skills on a governing body should help it to be more effective. An effective board will have members who bring multiple perspectives, debate issues robustly, and who then speak with unity of voice and message about the decisions made.

The combination of Councillors and external members provides a good platform for ensuring commercial principles are being integrated into Council decision making.

The Committee has three independent members, however, there is concern from within the Committee that the Council does not effectively utilise the commercial expertise of these members.

Across all of the Council’s committees, a skills matrix approach has been recommended when considering future appointments. The following skills have been identified as being desirable within the Commercial Committee and should be mapped against the current membership to identify any capability gaps and development opportunities. Any future appointments (internal or external) should be made based on any gaps identified in the skills matrix. Mapping it to the skills of the current Committee members should be undertaken in collaboration with the Committee members. The full matrix is available in [Appendix 5](#).

Industry competencies	Commercial Committee
Executive Experience	
Inquisitive	
Leadership	
Strategic Thinking	
Technical competencies	
Accounting	
Capital management	
Corporate Finance	
Infrastructure Management	
Marketing	
Property Management	
Taxation	
Strategic development and implementation	
Governance competencies	
Financial literacy	
Meeting Procedures	
Standing Orders	
Behavioural competencies	
Ability to devote time and energy	
Common sense and sound judgement	
Integrity and high ethical standards	
Interpersonal relations	
Listening Skills	
Team Player	
Verbal communication skills	

Required
Desired

Recommendation: Consider utilising the Independent members' expertise in other committees as and when required.

Undertake a skills mapping exercise to identify any gaps in the Committee's make-up.

3.5 Invest in effective relationships built on trust and respect

Strong relationships between governors and stakeholders are important. Effective stakeholder engagement is of particular value in understanding stakeholder views when making important decisions, forming strategies, and identifying sources of funding. Good practice involves preparing formal stakeholder engagement plans or formal relationship protocols with important stakeholders.

There is no evidence that formal stakeholder engagement plans exist. The recent appointment of an Enterprise Portfolio Manager provides an opportunity to undertake this action.

Recommendation: Develop a formal 'Stakeholder Engagement Plan'.

3.6 Be clear about accountabilities and transparent about performance against them

Effective governance depends on governing bodies receiving regular reports that provide a clear and objective view of an organisation's (or project's) performance, governing bodies need to be provided with enough detail to support performance management and decision-making while avoiding unnecessary details about operational matters.

In terms of monitoring performance, the Committee provides appropriate governance oversight. The information provided to the Committee is largely operational and of sufficient depth that they feel they are effective at monitoring performance.

This is a very 'backwards-looking' view – performance monitoring tends to be a post-activity function, whereas the Committee could be utilised as a performance monitoring group on the effective implementation of strategic activities that impact the council. An example of this would be to give the Committee oversight of the performance of the Council Controlled (Trading) Organisations where they would have the opportunity to provide independent governance oversight of activities, such as the new Holding Company for the Airport and Port Nelson. While not strictly commercial activities, if the responsibilities of the Committee were expanded to include "Enterprise" activities it would be a good fit.

Recommendation: Rename the Committee "Enterprise Committee" and extend remit to include governance of CC(T)O's excluding the Waimea Dam.

3.7 Manage risks effectively

Effective risk management by public organisations involves identifying, analysing, mitigating, monitoring, and communicating risks. We expect to see a risk management framework and register that is formally defined, widely understood, and aligned to the organisation's strategy, risk appetite, objectives, business plan, and stakeholder expectations.

There is no evidence that this is built into the Committee's decision-making process, though this is not unexpected given that Risk Management practices at Council are only just starting to mature. Clear separation of responsibilities on the risk management needs to be made to ensure that this work is not duplicated with the Audit and Risk Committee. Taking that into consideration, it would provide

more benefit to the Committee to be provided with a regular Environmental Scan in order for them to be regularly and consistently updated on risks, issues, opportunities and dependencies.

Recommendation: Add as a standing agenda item

3.8 Ensure that you have good information, systems, and controls

Governors are accountable for the decisions they make. Therefore, they need relevant, accurate, and up-to-date information to make good decisions.

Governing bodies also have a role in assessing the design and effectiveness of an organisation's internal systems and controls. These systems and controls are organisational (terms of reference, independence, and separation of duties), operational (planning and budgeting) and about personnel (recruitment, training and development).

These systems and controls are critical to assuring that an organisation's activities are compliant and in line with expectations. The governing body has a role to review them regularly to ensure that they remain fit for purpose.

The types of reports provided to the Committee are provided in [Appendix 4](#). The Committee receives regular and comprehensive financial reporting.

Successful investment and asset management require detailed parameters for, and expectations of, performance. This then builds the kind of disciplined investment approach that will ultimately deliver understandable investment outcomes over appropriate time frames.

Also to be considered is that community and government expectations of Council is changing with an increasing emphasis on non-financial outcomes and will need to include our investment performance against socially responsible indicators²

Recommendation: Expand reporting demands from financial reporting, to include reporting on non-financial aspects of investment decisions.
Engage the Committee earlier during the development of Enterprise Assets Management Plans.

² Socially responsible investment (SRI), also known as ethical investment, is an investment discipline that adds concerns about social or environmental issues to the normal ones of risk and return as determinants of equity portfolio construction or activity.

Appendix 1 - Scope of Commercial Committee (CC) Review

Purpose

To assess what is and what is not working, for whom, and then to determine if any changes are needed.

Overview

The current Commercial Committee was formed following the 2016 election and makes recommendations to Full Council. Previously it was a subcommittee of the Corporate Services Committee. The Committee Chair has requested an assessment of how effective the Commercial Committee is and the work it undertakes.

The review will cover the following:

- Purpose and Areas of Responsibility of the Committee
- Relevance of the Committee in the current environment
- The make-up of the Committee – it currently has three independent members and five Elected Members
- Administration (incl. Quorum and meeting frequency, content of reports)

This will be done by:

1. Comparison against the Office of the Auditor General's "Elements of effective governance"
 - Set a clear purpose and stay focused on it
 - Have clear roles and responsibilities that separate governance and management
 - Lead by a constructive tone
 - Involve the right people
 - Invest in effective relationships built on trust and respect
 - Be clear about accountabilities and transparent about performance against them
 - Manage risks effectively
 - Ensure that you have good information, systems, and controls
2. A desktop review of what other Councils in New Zealand do in this space
3. A survey of the Chair and independent members to understand their perspective.

Outcomes

That TDC has the right balance of assurance, monitoring, evaluation, and other mechanisms to know that it is currently performing well and that it is not missing risks and opportunities.

Milestones

February 2021	May 2021	Aug 2021	Nov 2021
Scope	Draft	Decision	Implementation

Appendix 2 – Current Terms of Reference

Commercial Committee (CC)

1.0 Purpose and Areas of Responsibility

The Commercial Committee's function is to monitor and improve the performance of the Council's commercial and semi-commercial activities. It also reviews new commercial investments including those within the commercial portfolio. This includes recommendations on investments and resources to manage the financial and non-financial risks associated with these activities.

The Committee is expected to identify opportunities that will increase the portfolio and may also recommend to Council disposal of poor performing assets and investments.

The Commercial Committee's areas of responsibility are:

Forestry including forestry activities on reserve land.	Commercial campgrounds (Motueka, Murchison, Pohara, Collingwood)
Aerodromes (Motueka, Takaka)	Property managed on a commercial basis including the Mapua Wharf precinct
The Motueka Harbour and Coastal Works Reserve Fund	Port Motueka and Port Tarakohe

2.0 Responsibilities

- 2.1 Ensure that operational strategies, capital works programmes and activity management plans for the activities within the commercial portfolio as a whole support appropriate returns on investment after balancing risks, commercial and community outcomes.
- 2.2 Ensure quick flexible decision making to support taking advantage of commercial opportunities as they arise.
- 2.3 Recommend to the Council an overall financial strategy, performance measures and resourcing for the portfolio, for inclusion in the Annual and Long Term Plans.
- 2.4 Monitor and improve the performance of the Council's commercial portfolio including identifying further opportunities to increase the portfolio.
- 2.5 Receive and monitor quarterly financial reports in relation to the commercial portfolio and ensure where possible that the best medium to long term rates of return is being achieved.
- 2.6 Review on a regular basis the overall governance and investment structure for the portfolio and consider whether other governance or investment structures would deliver enhanced returns.
- 2.7 Receive and consider reports from both staff and the Council's legal advisors on strategies, and investments along with the identification and mitigation of financial and operational risk.
- 2.8 Make recommendations to the Council on new investments, disposals, business opportunities and other matters in relation to the commercial portfolio.

3.0 Powers

- 3.1 Authorise any transactions in relation to the commercial portfolio that complies with the Council's LTP, Annual Plan, Treasury Policy or authorised contracts that are outside the delegated authority of Council staff.
- 3.2 Authorise any transactions in relation to The Motueka Harbour and Coastal Works Reserve that comply with the reserve funds policy.
- 3.3 Obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Council's expense.
- 3.4 Recommend to the Council action on any matter in relation to the commercial portfolio.

4.0 Limitations

The Committee may not:

- 4.1 Authorise legal action.
- 4.2 Authorise expenditure that falls outside the approved budgets in the Annual Plan, Long Term Plan or Financial reforecasts.

5.0 Administration

- 5.1 The expectation is that members of the public wanting to speak to a matter on the Agenda should be given that opportunity.
- 5.2 Meets quarterly and may meet between the quarterly meetings at the discretion of the chair to attend to urgent business.
- 5.3 A quorum comprises 4 members 3 of whom must be elected members.
- 5.4 Membership shall comprise:
 - 5.4.1 5 elected members appointed by Council.
 - 5.4.2 3 independent members appointed in accordance with Council's Policy on the Appointment of Directors and Trustees to Council Organisations. The independent members are appointed for a term of 5 years from the date of appointment or such other terms as Council resolves and are eligible for reappointment in accordance with Councils Policy on the Appointment of Directors and Trustees.
 - 5.4.3 The Chair shall be appointed by Council.
- 5.5 Reports to the Council.

Appendix 3 - Elements of good governance³

High standards of public sector governance and accountability are essential to healthy democracies at both a national and local level. They enable the effective and efficient use of public resources in the wide range of agencies that make up the public sector.

Governance is the system by which an organisation or project is directed and controlled.

Management involves putting those decisions into practice.

Every governing body needs to:

- have a clear purpose and to stay focused on it;
- have clear roles and responsibilities that separate governance and management;
- lead by setting a constructive tone;
- involve the right people;
- invest in effective relationships built on trust and respect; be clear about accountabilities and transparent about performance against them manage risk effectively; and
- ensure that you have good information, systems, and controls.

There are eight elements that we consider are essential for governance to be effective. Although the elements are important in their own right, those involved in public administration need to consider how they apply to the particular context of the organisation or project that they are involved in. This applies to members of governing bodies and also to chief executives and senior managers who report to, and work with, governing bodies. The elements apply to organisational (or corporate) governance and programme or project governance.

Element 1: Set a clear purpose and stay focused on it

Governors' strategic thinking and planning to prepare a coherent strategy is fundamental to effective governance. It is one of their most important roles.

Governors need to contribute to, and challenge, the strategic planning process, based on an understanding of stakeholder expectations and the wider context that their organisations operate in. Strategic direction setting includes setting realistic medium – and long-term outcomes and short-term priorities, and expenditure/investment choices and budgets.

Clarity of purpose is also important at the specific project and programme of work levels.

Element 2: Have clear roles and responsibilities that separate governance and management

The roles and responsibilities of each party, including governing board members, shareholders, management, staff, and other parties (such as stakeholders) must be clearly defined. Clear roles and responsibilities make the differing interests transparent and foster effective decision-making.

A governance charter, or governance statement, can be a useful way to outline the structures, principles, and processes to be followed. However, the art of effective governance is in the execution of what is set out in the charter.

³ [Elements of effective governance — Office of the Auditor-General New Zealand \(oag.parliament.nz\)](https://www.oag.parliament.nz/publications/effective-governance)

Element 3: Lead by setting a constructive tone

The leadership role of governors is to set a suitable tone from the top that shapes the culture and demonstrates the desired values and ethics of the organisation. This is achieved through establishing and approving policies, making decisions, and the approach a behaviour the board takes to its work, both with management and external stakeholders.

Element 4: Involve the right people

For governance to be effective, the right people must be involved. The level of trust between people – between governors, management and stakeholders – affects the effectiveness of the governance arrangements.

Having the right mix of people and skills on a governing body should help it to be more effective. An effective board will have members who bring multiple perspectives, debate issues robustly, and who then speak with unity of voice and message about the decisions made.

Element 5: Invest in effective relationships built on trust and respect

Strong relationships between governors and stakeholders are important. Effective stakeholder engagement is of particular value in understanding stakeholder views when making important decisions, forming strategies, and identifying sources of funding. Good practice involves preparing formal stakeholder engagement plans or formal relationship protocols with important stakeholders.

Element 6: Be clear about accountabilities and transparent about performance against them

Governance practices need to support accountability. Governance structures should include a clear accountability framework that shapes how an organisations' (or project's) financial and operational performance will be monitored and reported. The framework should also cover how the governing body will be accountable for future-focused decisions, such as maintaining and enhancing the capability of the organisation.

Effective governance depends on governing bodies receiving regular reports that provide a clear and objective view of an organisation's (or project's) performance, governing bodies need to be provided with enough detail to support performance management and decision-making while avoiding unnecessary details about operational matters.

Element 7: Manage risks effectively

Governing bodies have a leading role in establishing an organisation's overall understanding of risk, including the potential effect of its strategic, financial, operational, and reputational risks.

Effective risk management by public organisations involves identifying, analysing, mitigating, monitoring, and communicating risks. We expect to see a risk management framework and register that is formally defined, widely understood, and aligned to the organisation's strategy, risk appetite, objectives, business plan, and stakeholder expectations.

Element 8: Ensure that you have good information, systems, and controls

Governors are accountable for the decisions they make. Therefore, they need relevant, accurate, and up-to-date information to make good decisions.

Governing bodies also have a role in assessing the design and effectiveness of an organisation's internal systems and controls. These systems and controls are organisational (terms of reference,

independence, and separation of duties), operational (planning and budgeting) and about personnel (recruitment, training and development).

These systems and controls are critical to providing assurance that an organisation's activities are compliant and in line with expectations. The governing body has a role to review them regularly to ensure that they remain fit for purpose.

Questions to consider

As well as the eight elements of effective governance, it can be helpful to consider these questions...

- Has enough attention been paid to avoid the risks of governing and managing a programme in isolation from business as usual, particularly when important resources are shared between a programme and business as usual?
 - Have the main points been identified where the programme environment and governance demands might change?
 - Is there a schedule for reviewing the governance arrangements at those points?
 - Is there enough and effective critical challenge in the governance arrangements, including enough independent participation?
 - Have the main strategic risks to the programme been identified?
 - Is there a degree of independence in identifying and managing the risks?
 - Is there continuous planning, reviewing, reporting, and updating of the benefits being and to be realised over the full life of the programme?
 - Have the points in the programme's life been identified where information will be available to communicate with each main stakeholder?
 - Has deliberate thought been given to making the most of the strengths of multiple organisational cultures, when a programme involves staff and external parties working together?
 - Is governance information tailored enough to the needs of governors, and is it set out to help them understand it fully in the time they have available?
-

Appendix 4 – Summary of reports received by CC

The table below shows a summary of the reports presented to CC over the past 3 years.

Topic	2017	2018	2019	2020	2021*
Financial and Operational Report	4	4	4	4	2
Action Sheet	2	2	1		
Chairs Report	1	1			
Issues Update Report	1	1			
Business / Development Plan	1	1	2	2	
Presentation		1			
Policy review				1	
Activity Report					1
	9	10	7	7	3

- Only 2 out of 4 meetings held to date

Attachments to Financial and Operational Reports

Meeting Date	Attachment Details
24 February 2017	Financial Statements for Commercial Activities – to 31 January 2017
12 May 2017	Commercial Activities Financial Statements for the year to March 2017
11 August 2017	Financial Statements Commercial Activities
10 November 2017	Commercial Financials for the Year to September 2017
23 February 2018	Financial Statements for the Quarter ending 31 December 2017
25 May 2018	Council Enterprises for Financial Reports for Year to 31 March 2018
31 August 2018	Commercial Activities Financials to 30 June 2018
09 November 2018	Financial Statements for Commercial Activities as at 30 September 2018
01 March 2019	Council Enterprises Financials to end of December 2018
24 May 2019	Financials for Council Enterprises for Year to March 2019

22 August 2019	Financials Council Enterprises to end of June 2019
15 November 2019	Commercial Report September 2019
14 February 2020	Commercial Report December 2019
22 May 2020	Commercial Report March 2020
21 August 2020	Council Enterprises Financial Report – June 2020
20 November 2020	Council Enterprises Financial Report – September 2020
26 February 2021	Council Enterprises Financial Report – December 2020
14 May 2021	Financial and Operational Data Report April 2021

Appendix 5 – Skills Matrix

Skills Matrix for Tasman District Council Committees	Joint with NCC															
	Full Council	Regulatory Committee	Strategy and Policy Committee	Operations Committee	Audit and Risk	CEO Review	Commercial	District Licensing	Joint Committee	Joint Shareholders	Nelson Regional Sewerage Business Unit	Regional Pest Management Joint Committee	Saxton Field	Regional Transport	CDEM	NTRegional Landfill Business Unit
Industry competencies																
Executive Experience	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Geographical distribution	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Governance	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Inquisitive	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Leadership	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Strategic Thinking	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Technical competencies																
Accounting	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Capital management	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Community relations	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Corporate Finance	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Environment and sustainability	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Government relations	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Human Resources	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Infrastructure Management	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Information Technology	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Iwi relations	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Legal	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Legislative process understanding	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Marketing	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Processes understanding	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Property Management	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Public Policy	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Risk Management	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
RMA understanding	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Taxation	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

7 CONFIDENTIAL SESSION

7.1 Procedural motion to exclude the public

The following motion is submitted for consideration:

That the public be excluded from the following part(s) of the proceedings of this meeting. The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

7.2 Financial and Operational Report for Commercial Activities

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	<p>s7(2)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p>	<p>s48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>