

Agenda 2020

Investment Entity Investigation Committee

Date: Wednesday 25 November 2020

Time: 2.30pm

Venue: Council Chamber, 200 Tuam Street, Christchurch



Investment Entity Investigation Committee

Membership

Cr Grant Edge

Cr Ian Mackenzie

Cr Claire McKay

Cr John Sunckell

Investment Entity Investigation Committee

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- 1. Mihi / Karakia Timatanga - Opening**
- 2. Apologies**
- 3. Conflict of Interest**
- 4. Deputations and Petitions**

5. Reports / Items for discussion

5.1. Inaugural meeting for Investment Entity Investigation Committee

Investment Entity Investigation Committee report

Date of meeting	25 November 2020
Author	Katherine Harbrow, CFO
Endorsed by	Miles McConway, Director Finance and Corporate Services

Purpose

1. To elect the Chair and independent member to the Investment Entity Investigation Committee (IEIC).
2. The Committee will be initially chaired by the Director Finance and Corporate Services to firstly process recommendation one below then to call for nominations for Chair. Once the Chair is elected, he/she will assume the Chair.

Recommendations

That the Investment Entity Investigation Committee;

1. **chooses voting system A (election by the majority of members) to appoint the Committee Chair.**
2. **appoints Paul Munro as the Independent Member to the Committee**
3. **notes its terms of reference, which were approved at the 22 October 2020 Council meeting.**
4. **notes that:**
 - 4.1 **it will hold meetings from time to time as needed; and**
 - 4.2 **it will report back to Council from time to time.**

Background

- 5 At its 22 October 2020 meeting the Council approved the establishment of this Committee, to investigate and evaluate the options for how the Council could hold current and future investments.
- 6 The Council wishes to consider whether alternative structures and entities exist that might present greater opportunity than currently present to supplement its income and achieve its organisational objectives through enhancing current investments or acquiring

additional investments that fit well with the profile and controls of a publicly funded local authority.

- 7 This Committee will develop options before recommendations are brought back to the Council for its review and, if appropriate, approval.
- 8 The Committee now needs to appoint its Chair and, consistent with its Terms of Reference, to appoint an independent Committee member.

Election of Committee Chair

- 9 Clause 25 Schedule 7 of the Local Government Act 2002 provides two options for the election of a committee chair. System A election by majority with rounds of voting until a candidate is successful. System B election has one round of voting and in the event of a tie, resolved by lot.
- 10 Staff are recommending System A as this is the system that Council has traditionally used.

Appointment of an Independent Member

- 11 The Committee's Terms of Reference state that the Committee shall consist of at least one independent member (that is, a member who is neither a Councillor nor a staff member, appointed to the role by the Committee).
- 12 Paul Munro has been recommended as the independent member due to his experience as Chief Executive of Christchurch City Holdings Ltd (CCHL). The independent member role is to be a mentor from a technical perspective. Paul brings experience in the pitfalls and opportunities that are available from having a Council Controlled Organisation. A copy of Paul's CV has been pre-circulated to the committee members.

Cost, compliance and communication

Financial implications

- 13 The establishment of the Committee in and of itself does not have any cost implications. Any necessary external advice and the fees for the independent member of the committee will be met from existing budgets.

Risk assessment and legal compliance

- 14 The Committee is being established in accordance with the provisions of the Local Government Act 2002 (particularly clause 30 of Schedule 7 of that Act) and will operate within its Terms of Reference and other relevant statutes.

Significance and engagement

- 15 The establishment of the Committee is a first step towards Council considering whether to establish any Council-Controlled Organisations (CCO). It does not of itself

trigger any thresholds of significance nor require any engagement. However, any future plans for establishing organisations will require full engagement with the community. As noted above, one of the tasks of the Committee will be to make recommendations to the Council on the appropriate way to engage.

Consistency with council policy

16 There is no impact on any Council policies at this stage of the investigation.

Communication

17 There is no communication needed at this stage of the investigation.

Next steps

18 **TBC May/June 2021** – formal meeting to consider recommendations before presenting to Council.

Attachments

1. Investment Entity Investigation Committee ToR [5.1.1 - 2 pages]

Peer reviewers	Catherine Schache, General Counsel Cheryl McIntyre, Project Co-ordinator
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Terms of Reference for the Investment Entity Investigation Committee

Approved at 22 October 2020 Council meeting

1. MEMBERSHIP AND QUORUM

- a. The Committee shall consist of
 - i. not more than four Councillors; and
 - ii. at least one independent member (that is, a member who is neither a Councillor nor a staff member, appointed to the role by the Committee).
- b. The Committee has the power to elect its own Chair.
- c. The quorum for a meeting of the Committee is three members.

2. OBJECTIVES

- a. The objectives of the Committee are to make recommendations to the Council on the appropriate structure (including the possible establishment of council-controlled organisations) in order to:
 - i. diversify and supplement the Council's income and achieve its organisational objectives, through enhancing current investments or acquiring additional investments that fit well with the profile and controls of publicly funded local authority
 - ii. ensure an effective and efficient model of service delivery for the Council and the Canterbury region; and
 - iii. ensure a sufficient level of political oversight, public transparency and accountability of the Council and any council-controlled organisations in their decision making.

3. ATTENDANCE AT MEETINGS

- a. Unless otherwise requested the Director of Finance and Corporate Services will attend meetings.
- b. Other parties, including other members of the Council, may be invited to attend by the Committee to assist the Committee in its work.
- c. The public are welcome to attend any meeting of the Committee, except for any part of a meeting where the public are excluded for the reasons set out in the Local Government Official Information and Meetings Act 1987.

4. REPORTING PROCEDURES

- a. The Committee shall be accountable to the Council, in relation to the Committee's activities and responsibilities and shall report to the Council as requested by the Council but not otherwise at intervals not exceeding three months.

5. DELEGATED POWERS

- a. The Committee is authorised by the Council to:
 - i. review matters within its Term of Reference,
 - ii. seek information that it requires, within its terms of reference, from the Chief Executive who is required to co-operate with appropriate requests made by the Committee,
 - iii. request access to outside legal or independent professional advice should it consider this necessary to meet the objectives set out in its terms of reference.
 - iv. Such independent advisors may attend meetings if so requested.
- b. The Committee will seek input to its recommendations from any other agency or group that it considers appropriate.
- c. The Committee will update the Council via workshops (as necessary) and reports to the Council. All decision-making will be the responsibility of the Council.

6. RESPONSIBILITIES

- a. The responsibilities of the Committee shall be:
 - i. To investigate whether to establish a separate, council-controlled organisation (or organisations), including a full due diligence-type assessment of the advantages and disadvantages of each entity type;
 - ii. To recommend to Council whether to establish any such entity (or entities);
 - iii. If it recommends to establish such an entity/entities, to consider which of the existing Council assets should be transferred into the entity/entities and whether there are other assets or classes of assets that the entity/entities could acquire; and
 - iv. Recommend to Council how to proceed, including steps to engage with the community over what it proposes.

- 6. Notices of Motion**
- 7. Extraordinary and Urgent Business**
- 8. General Business**
- 9. Questions**
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- 11. Mihi / Karakia Whakamutunga - Closing**