



Date: Tuesday, 17 December 2024
Time: 1:30pm
Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa

AGENDA

Late Reports

Ordinary Council Meeting

17 December 2024

MEMBERSHIP: His Worship the Mayor Craig Little, Cr Denise Eaglesome-Karekare, Cr Jeremy Harker, Cr Melissa Kaimoana, Cr Chaans Tumataroa-Clarke, Cr Benita Cairns, Cr Roslyn Thomas

The agenda and associated papers are also available on our website: www.wairoadc.govt.nz

For further information please contact us 06 838 7309 or by email info@wairoadc.govt.nz

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8 GENERAL ITEMS

8.1 QRS - DRAFT LETTER OF EXPECTATION

Author: Gary Borg, Pouwhakarae - Putea Tautawhi Rangapu | Group Manager Finance and Corporate Support

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices: 1. Draft Letter of Expectation [↓](#)

1. PURPOSE

- 1.1 To recommend and suggest appropriate amendments and updates to QRS's Letter of Expectation so that it can be developed and approved.

RECOMMENDATION

The Pouwhakarae - Putea Tautawhi Rangapu | Group Manager Finance and Corporate Support RECOMMENDS that Council approves the Letter of Expectation, subject to minor editorial amendments, for release to QRS so that the company can update its Statement of Intent.

EXECUTIVE SUMMARY

- 1.2 Wairoa District Council is the sole shareholder of Quality Roding Services (QRS)
- 1.3 The Letter of Expectations sets out WDC's key result areas expected from QRS and a draft is attached as appendix 1.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

Draft Outline of Letter of Expectation for QRS

Wairoa District Council (WDC) established and continues to own Quality and Roading Services Ltd (QRS) and as its sole shareholder for the benefit of the Wairoa community. It chooses to do this compared with doing work in-house or using external contractors to enhance its community outcomes. It expects QRS to compete for work on the open market to ensure it continues to become more efficient and competitive. Alongside this, Wairoa District Council is committed to social procurement and broader outcomes where possible, ensuring a circular local economy that serves the best interest of ratepayers and residents of the Wairoa District and aligns with the wellbeings outcomes as previously articulated in the Local Government Act.

Where appropriate, the key principles below have been updated to reflect the current term.

1. Collaboration

We have the expectation that QRS and WDC will work together collaboratively for the greater good of Wairoa.

We have the expectation that QRS and WDC staff will work together collaboratively to find solutions to problems as they arise and to improve value for money for our ratepayers.

We request the relationship between our organisations, at all levels, be based on collaborative behaviours including;

- Forward focus while learning from the past
- Timely responses
- Open, honest and frank communication
- Being respectful of each other and having no surprises
- Being positive and constructive
- Being focused on 'What's best for Wairoa'

Communication between organisations should occur regularly (at a minimum monthly) and at the respective level, eg Mayor to Chair, CEO to CEO, Council Managers to QRS Managers. Issues not resolved should be escalated to the next level for resolution.

We request regular meetings between the organisations, at the respective levels, with a Governance meeting once a quarter to review progress in addressing the expectations contained in this letter and in meeting QRS's Statement of Intent. Discussions during these meetings should help to inform the letter of expectation for the following year.

Until such time that a localised Shareholder Manual is developed, both parties will continue referring to the Hastings District Council's Shareholder Manual, modified to best meet the needs of Wairoa ratepayers and residents, as a tool for bringing clarity to the roles and responsibilities of our relationship

2. Professional Governance

Professional Governance is necessary for the successful operation of any organisation. Directors have key responsibilities to the shareholder (WDC), which are essential for maintaining trust and ensuring the long-term success of the company. Primary responsibilities include:

1. Fiduciary Duty: Directors must act in the best interests of the shareholder (WDC) and company (QRS), prioritising their interests over personal gain. This includes exercising care, loyalty, and good faith in their decisions.

2. **Transparency and Reporting:** Directors are responsible for ensuring the shareholder (WDC) receives accurate and timely information about the company's financial performance, strategic direction, and any material developments. This includes preparing and approving financial statements and reports.
3. **Strategic Oversight:** Directors play a crucial role in guiding the company's strategic direction. They should work collaboratively to develop and approve strategies that enhance shareholder value and respond to market conditions.
4. **Risk Management:** Directors must identify and manage risks that could impact the company's performance. This includes overseeing the implementation of effective risk management policies and practices.
5. **Corporate Governance:** Directors are responsible for establishing and maintaining sound corporate governance practices. This includes ensuring compliance with laws and regulations, as well as ethical standards.
6. **Shareholder Engagement:** Directors should meaningfully engage with the shareholder (WDC), listening to their concerns and feedback. This may involve attending shareholder meetings, responding to inquiries, and facilitating communication between management and shareholders.
7. **Performance Monitoring:** Directors must monitor the company's performance against established goals and benchmarks, ensuring that it operates efficiently and effectively to achieve its objectives.
8. **Succession Planning:** Governance succession planning and growing governance capability and capacity locally are of interest to the Wairoa District Council. Local opportunities to build governance experience by nurturing local talent, including a Director Internship initiative on the QRS Board, is an important focus for Council.
9. **Dividends and Returns:** Directors are responsible for making decisions regarding the distribution of dividends and other returns to the shareholder, balancing shareholder returns with reinvestment in the company.

Board composition of QRS will be identified by a QRS Director skills matrix to ensure a broad coverage of appropriate Governance capabilities to meet the strategic direction of the company now and into the future. The skills matrix will be used to inform QRS Director professional development. The skills matrix will also be utilised to assist in informing Director appointments.

By fulfilling these responsibilities, directors help to build shareholder confidence, promote sustainable growth, and enhance the overall value of the company.

3. Investment Policy

Sound business practice requires prudent investment.

In recognition of QRS's financial performance over the last three years, we request QRS provide its investment policy to WDC and supply WDC with business cases for all investments and end to end projects above \$500,000 for WDC to review.

Council expects QRS' strategic plan to align with the Wairoa District Council vision.

QRS is expected to present it's annual strategic plan and identify potential investments and and/or acquisitions that

Financial Triggers

Strategic Alignment

Risk profile where there may be direct impact

4. Development of attributes

To maintain competitiveness in order to secure contracts, QRS needs to excel in its price and non-price attributes and support broader outcomes.

We expect QRS to carry out a gap assessment of non-price attributes needed for a modern contracting company and address any gaps.

Social procurement and alignment to the four wellbeings (Social, economic, environmental and cultural) as previously articulated in the Local Government Act will serve to further develop attributes that are holistically aligned to the betterment of the Wairoa district. *Note: QRS has moved beyond this....*

Broader Outcomes alignment

5. Overheads

Top heavy contracting companies become uncompetitive, lose market share and revenue.

We expect QRS to benchmark itself to industry KPIs for its overhead percentage of turnover and make any adjustments needed.

6. Maintaining and Enhancing Capability

Contracting companies that fail to maintain and enhance capability become uncompetitive, lose market share and revenue.

It is expected QRS will continue to embrace, leading technologies and demonstrate excellence in regards to technology, minimising environmental impact and reducing carbon footprint.

We expect QRS to continue carry out a needs analysis and strengthen its training or recruitment programme to address any capability gaps.

7. Community Support

Providing community support is a primary reason for WDC owning QRS. Improving community outcomes and making a profit are both important to WDC.

Without limiting QRS's opportunity for sponsorship, we could be open to options for QRS to provide in-kind sponsorship in conjunction with discussions with WDC to identify key community needs.

8. Employing Locally

Local employment is important for the economic growth of Wairoa, especially from revenues generated outside of Wairoa. Given the current state of the economy, we expect to see a focus on local employment, which Council is committed to through the following;

- Supporting local
- Social or Progressive Procurement
- Preferred supplier arrangements

9. Business growth

Business growth in third-party revenue is important for diversifying risk.

The achievement of enduring growth in third-party revenue according to market conditions, as determined on an annual basis, with significant growth in normal market conditions, limited growth in a recession and high growth in a boom period.

10. Shareholder Vision/Mission Statements

It is important that QRS supports its shareholder in all relevant matters. Essentially a 'no surprises approach'.

Without limiting its activities, QRS should reflect WDC's vision and mission statements in the work it carries out to demonstrate the importance of partnering for the betterment of the Wairoa district.

11. Statement of Intent

We request that the following matters be included in your SOI:

- A distribution policy that includes a formula with a sliding scale based on a percentage of profit or equity, whichever is greater. This will provide WDC with security around forecasting a dividend.
- Dividend policy and forecast dividends, or, if agreed with WDC, the contestable fund policy, its value for xxxxxxxx and forecast value for xxxxxxxx, as per 7 above in lieu of dividends;
- Key strategies and initiatives, with detail to the extent appropriate for a public document;
- Health and safety targets in line with Health & Safety at Work Act;
- Investment policy including pre-investment review process and post-investment review process;
- Intention to operate on a "no surprises" basis;
- Community Focus
- Remuneration policy - in line with current benchmarks
- Innovative/disruptive and new technologies
- Financial performance targets, as a minimum we request the following:
 - Target Revenue – % % %
 - Net Profit After Tax -
 - Shareholder Funds to Total Assets
 - Dividend Forecast

Distribution is paid as a percentage of earnings?

Supplementary distribution is paid as a percentage of earnings in excess of forecast.

8.2 SUBMISSION - THE PRINCIPLES OF THE TREATY OF WAITANGI BILL

Author: Kitea Tipuna, Tumu Whakarae Chief Executive

Authoriser: Kitea Tipuna, Tumu Whakarae Chief Executive

Appendices: Nil

1. PURPOSE

- 1.1 This report seeks Council's approval to delegate to the Mayor and CEO to write a submission on behalf of the Wairoa District Council to the Principles of the Treaty of Waitangi Bill on behalf of Wairoa District Council.

RECOMMENDATION

The Tumu Whakarae Chief Executive RECOMMENDS that Council delegate to the Mayor and to the Chief Executive to write a submission on behalf of the Wairoa District Council to the Principles of the Treaty of Waitangi Bill and to submit to the Justice Select Committee before January 7, 2025.

EXECUTIVE SUMMARY

As a part of the New Zealand National Party and ACT Party New Zealand Coalition Agreement, the Government committed to introduce "a Treaty Principles Bill based on existing ACT policy and support it to Select Committee as soon as possible."

The Bill was introduced to Parliament on 7 November and passed its first reading on 14 November 2024. The Justice Select Committee has since called for submissions, with the deadline set for Tuesday, 7 January 2025.

The purpose of the Bill is to define the principles of the Treaty of Waitangi in legislation and to require that these principles, where relevant, be considered when interpreting legislation and to the exclusion of all other principles.

The Bill defines the proposed principles as:

Principle 1

The Executive Government of New Zealand has full power to govern, and the Parliament of New Zealand has full power to make laws,—

(a) in the best interests of everyone; and

(b) in accordance with the rule of law and the maintenance of a free and democratic society.

Principle 2

The Crown recognises, and will respect and protect, the rights that hapū and iwi Māori had under the Treaty of Waitangi/te Tiriti o Waitangi at the time they signed it.

However, if those rights differ from the rights of everyone, subclause (1) applies only if those rights are agreed in the settlement of a historical treaty claim under the Treaty of Waitangi Act 1975.

Principle 3

Everyone is equal before the law.

Everyone is entitled, without discrimination, to—

- (a) the equal protection and equal benefit of the law; and
- (b) the equal enjoyment of the same fundamental human rights.

If enacted, the Bill would unilaterally alter the legal meaning and effect of Te Tiriti.

Submitting in opposition to the Bill affirms Council's longstanding commitment to Te Tiriti partnership.

Maori Standing Committee

- 1.2 The Maori Standing Committee will be sent a copy of this report and any iteration of any submission will seek feedback from MSC members and Elected Members before the submission date.

Confirmation of statutory compliance

In accordance with section 76 of the Local Government Act 2002, this report is approved as:

- a. containing sufficient information about the options and their benefits and costs, bearing in mind the significance of the decisions; and,
- b. is based on adequate knowledge about, and adequate consideration of, the views and preferences of affected and interested parties bearing in mind the significance of the decision.

9 PUBLIC EXCLUDED ITEMS

RESOLUTION TO EXCLUDE THE PUBLIC

RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48 for the passing of this resolution
9.1 - Tautoko Wairoa - Books on Parade	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
9.2 - Proposed Development Contributions Policy	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 s7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7
9.3 - Group Borrowing Arrangements	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	s48(1)(a)(i) - the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist under section 6 or section 7