



**I, Kitea Tipuna, Tumu Whakarae Chief Executive, hereby give notice that
an Extraordinary Meeting of Council will be held on:**

Date: Tuesday, 25 February 2025
Time: 1:00 pm
**Location: Council Chamber, Wairoa District Council,
Coronation Square, Wairoa**

AGENDA

Extraordinary Council Meeting

25 February 2025

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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- 1 KARAKIA**
- 2 APOLOGIES FOR ABSENCE**
- 3 DECLARATIONS OF CONFLICT OF INTEREST**
- 4 PUBLIC PARTICIPATION**

A maximum of 30 minutes has been set aside for members of the public to speak on any item on the agenda. Up to 5 minutes per person is allowed. As per Standing Order 14.14 requests to speak must be made to the meeting secretary at least one clear day before the meeting; however this requirement may be waived by the Chairperson.

5 GENERAL ITEMS

5.1 DRAFT LETTER OF EXPECTATION

Author: Kitea Tipuna, Tumu Whakarae Chief Executive

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 Tumu Whakarae Chief Executive 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 established and continues to own Quality and Roading Services Ltd (QRS) 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 ensuring a circular local economy that serves the best interest of ratepayers and residents of the Wairoa District and aligns to the legislative wellbeing's outcomes as per the Local Government Act.

Where appropriate, the Key Result areas 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;

- Looking forward, not back
- 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 expectations for the following year.

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:

- 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.

- **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.
- **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.
- **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.
- **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.
- **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.
- **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.
- **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.
- **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

Board composition of QRS will be identified by a QRS Directors 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 its annual strategic plan and identify potential investments and and/or acquisitions that trigger financial thresholds, strategic alignment and risk profiles 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 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.

WDC's procurement policy has clear objectives regarding broader outcomes and we are assured that QRS will have clear alignment to these.

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 its 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 would recognise work in kind that benefits Council.

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 baseline distribution of
 - The greater of
 - 50% of the company's after-tax profit; OR
 - 3% of opening equity
- 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

6 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
6.1 - Advice to the Ministers - February 2025	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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
6.2 - Wairoa Wastewater Oxidation Pond Desludging	s7(2)(h) - the withholding of the information is necessary to enable Council to carry out, without prejudice or disadvantage, commercial activities s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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
6.3 - Hawkes Bay Regional Deal Proposal	s7(2)(i) - the withholding of the information is necessary to enable Council to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	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

6.4 - MĀORI LAND COURT APPLICATION 20240000013538 - KAIWAITAU 1 - MAHIA GOLF CLUB	s48(1)(d) - the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the Council to deliberate in private on its decision or recommendation where a right of appeal lies to any court or tribunal against the final decision of the Council in these proceedings	s48(1)(d) - the exclusion of the public from the whole or the relevant part of the proceedings of the meeting is necessary to enable the Council to deliberate in private on its decision or recommendation where a right of appeal lies to any court or tribunal against the final decision of the Council in these proceedings
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