

Notice is hereby given of the

Investment Committee

Wednesday 20 November 2024 at 8:00 am

Environment Southland Council chamber, 220 North Road, Invercargill
24/IC/73

Committee Members

Cr Eric Roy (interim Chair)

Cr Paul Evans

Cr Alastair Gibson

Cr Lyndal Ludlow

Cr Peter McDonald

Cr Jeremy McPhail

Cr Jon Pemberton

Cr Jon Pemberton

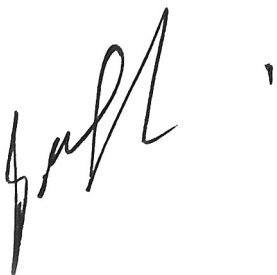
Cr Maurice Rodway

Chairman Nicol Horrell (*ex officio*)

Agenda

This meeting will be livestreamed through YouTube and will be available to view on our website.
<https://www.es.govt.nz/about-us/live-stream>

1	Welcome I Haere mai	7
2	Apologies I Ngā pa pouri	7
3	Declarations of interest	7
4	Public forum, petitions and deputations I He huinga tuku korero	7
5	Confirmation of minutes I Whakau korero	7
6	Notification of extraordinary items/urgent business I He panui autia hei totoia pakihi.....	10
7	Questions I Patai	10
8	Chairman and councillors reports I Ngā purongo-a-tumuaki me ngā kaunihera	11
9	Reports	12
9.1	Investment Committee independent member appointments	12
10	Extraordinary/urgent business I Panui autia hei totoia pakihi.....	18
11	Public excluded business I He hui pakihi e hara mo te iwi.....	18
11.1	Preparing for potential share sell down	18



Bethia Gibson

Acting General Manager, Corporate Services

RECOMMENDATIONS IN COUNCIL REPORTS ARE NOT TO BE CONSTRUED AS COUNCIL POLICY UNTIL ADOPTED BY COUNCIL

1 Welcome I Haere mai

2 Apologies I Ngā pa pouri

At the time of the agenda closing, no apologies had been received for this meeting.

3 Declarations of interest

At the time of the agenda closing. No declarations of interest had been received for this meeting.

4 Public forum, petitions and deputations I He huinga tuku korero

The purpose of this item is to provide an opportunity for members of the public to convey concerns, make suggestions to, and have input with, the Council. The Council or Committee will provide up to 20 minutes at the commencement of each meeting for members of the public to address the meeting but will allocate only five minutes for each speaker or group.

At the time of the agenda closing, no public forum, petitions or deputations were received for the meeting.

5 Confirmation of minutes I Whakau korero

Attached are the minutes from the South Port Subcommittee meeting held on 23 July 2024 for confirmation.

Minutes of the South Port Subcommittee

Held at Environment Southland, 220 North Road Invercargill
Tuesday, 23 July 2024 at 11.30 am



Present:

Chairman Nicol Horrell (Chair)
Cr Alistair Gibson
Cr Lyndal Ludlow
Cr Jeremy McPhail
Cr Maurice Rodway

Also Present:

Ms Wilma Falconer (Chief Executive)
Ms Bethia Gibson (General Manager Business Services)
Mr Scott Hamilton (Consultant)
Mrs Jan Brown (Executive Officer - *Minutes*)

1 Welcome I Haere mai

Chairman Horrell opened the meeting and welcomed those in attendance. He noted that Cr Roy was unable to attend the meeting today, and it was agreed that he should Chair the meeting.

2 Apologies

Resolved:

Moved Cr McPhail, seconded Cr Ludlow, that an apology for absence be recorded on behalf of Cr E Roy, and that Chairman Horrell Chair the meeting in his absence.

Carried

3 Public forum, petitions and deputations I He huiuga tuku korero

There were no public forum, petitions or deputations presented at the meeting.

4 Confirmation of minutes

Resolved:

Moved by Cr McPhail, seconded by Cr Ludlow that the minutes of the South Port Subcommittee meeting, held 11 March 2024, be confirmed as a true and correct record.

Carried

5 Notification of extraordinary and urgent business I He panui autaiā hei totoia pakihi

There were no extraordinary items or urgent business tabled for inclusion in the agenda.

6 Questions I Patai

There were no questions asked by the membership.

7 Chairman and councillors reports

No reports were tabled by the Chair or councillors at this meeting.

8 Extraordinary and Urgent Business | Panui Autaia hei Totoia Pakihi

There was no extraordinary or urgent business considered by the meeting.

9 General Manager, Business Services Report – 24/SP/38

1 South Port Investment – Update July 2024

This item provided an update to the South Port Subcommittee on matters relating to South Port, including the investment movement, share price movement, share trading, company directions and announcements. Mr Hamilton advised it was intended that the Committee receive these reports on a quarterly basis. The information was briefly discussed.

Resolved:

Moved Cr Gibson, seconded Cr Rodway, that the South Port Subcommittee receive the report South Port Investment – Update July 2024.

Carried

10 Public excluded business | He hui pakihī e hara mo te iwi

Resolved:

Moved Cr Gibson, seconded Cr Rodway, that in accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest/s protected by section 7 of that act, that the public be excluded from the following parts of the proceedings of this meeting, namely:

- Confirmation of public excluded minutes – South Port Subcommittee – 11 March 2024
- Item 2 – South Port Investment – Shareholder Considerations

The general subject matters to be considered while the public is being excluded, the reason for this resolution in relation to the matter, and the specific grounds for excluding the public, as specified by Section 48(1) of the Local Government Official Information and Meetings Act 1987 are set out below:

GENERAL SUBJECT MATTER	REASON FOR PASSING THE RESOLUTION	GROUND UNDER S.48(1)
Confirmation of public excluded minutes – South Port Subcommittee 11 March 2024.	To allow Council to carry out commercial activities without prejudice or disadvantage.	S.7(2)(h)
Item 2 – South Port Investment – Shareholder Considerations.		

Carried

Resume in Open Meeting

Termination

There being no further business, the chair closed the meeting at 12.48 pm

6 Notification of extraordinary items/urgent business I He panui autaiā hei totoia pakihi

7 Questions I Patai

At the time of preparing the agenda, no questions had been posed by members.

8 Chairman and councillors reports | Ngā purongo-a-tumuaki me ngā kaunihera

At the time of the agenda closing, no Councillor Reports were received for the meeting.

9 Reports

9.1 Investment Committee independent member appointments

Report by: Bethia Gibson, General Manager Corporate Services

Approved by: Bethia Gibson, General Manager Corporate Services

Purpose

For the Investment Committee to:

- agree on the members of the Appointment Panel to be used to recruit an independent member for the new Investment Committee;
- update the Investment Committee on the advertising plan and key dates for the appointment process; and
- confirm the preference that the panel potentially nominate two independent members, rather than just one, as previously agreed.

Summary

On 4 September 2024, Council agreed to establish an Investment Committee, and to appoint at least one independent member, who will become the Chair of the committee. The member will also be appointed as a non-independent Director onto the South Port New Zealand Limited (South Port) Board.

On 6 November 2024, Council agreed a new Council Policy on the Appointment of Independent Members to Council Committees, and the position description for the Chair of the Investment Committee, as well as the process to be used for the recruitment of that person. Council deferred the decision on which Councillors would be on the Appointment Panel, until after the Investment Committee's inaugural workshop, scheduled for 11 November 2024.

The workshop on 11 November 2024 discussed the matters that form the basis of this paper, and formal agreement on those matters is now required.

Recommendation

It is recommended that Council resolve to:

- 1 receive the report - Investment Committee independent member appointments.
- 2 agree that the Appointment Panel for the independent members will be Councillors Roy and Ludlow, Council's Strategic Investment Adviser, and a senior member of staff. Councillor McPhail will be the backup, should either Councillor Roy or Ludlow be unavailable.
- 3 note the advertising plan and key dates for the appointment process.
- 4 confirm the preference that the panel potentially nominate two independent members, rather than just one, as previously agreed. The final decision as to whether one or two independent members will be appointed will rest with Council.
- 5 agree a revised position description for the Independent Chair, and a new position description for the other member, should the Committee prefer that the panel potentially nominate two independent members.

Appointment Panel

Council's policy on the Appointment of Independent Members to Council Committees says that:

Each Appointment Panel will comprise at least three people. They will include at least two Councillors and may include a member of staff and/or an independent member with relevant knowledge and expertise in the area being recruited for.

At the workshop on 11 November 2024, Investment Committee members discussed and agreed that in this instance, the panel should include two Councillors who were Committee Members, Council's Strategic Investment Adviser, and a senior member of staff.

Committee members were given an opportunity to nominate Councillors for the panel. Five (5) nominations were received, and after a ballot, Councillors Roy and Ludlow became the preferred panellists, with Councillor McPhail as the backup.

The Committee is now being asked to agree that the Appointment Panel for the independent members will be Councillors Roy and Ludlow, Council's Strategic Investment Adviser, and a senior member of staff. Councillor McPhail will be the backup, should either Councillor Roy or Ludlow be unavailable.

Advertising plan and key dates

The Independent Member role(s) will be advertised through the Council website, Taituarā, the Institute of Directors in New Zealand, and Appoint Better Boards.

Given the end of year is fast approaching, the advertisements will be up from late November/early December 2024 to Monday 20 January 2025. This will enable recommendations to go to the March 2025 Council meeting.

One or two independent members

At the workshop on 11 November 2024, Committee members discussed the potential merits of appointing one versus two independent members. Matters discussed included that:

- having two members appointed with different initial terms would provide continuity and manage transition risk when members came to the end of their term.
- the independent member(s) need to bring a deep knowledge and experience in providing strategic advice on all the investment assets in Council's portfolio, and it may be challenging to find one person with that knowledge.
- the person that Council appoints to the South Port Board will need good knowledge of [ort companies, but Council needs more than that.
- if the Council does decide to commence a sell down of South Port shares, to manage conflicts of interest (including insider trading risks), the Independent Member who is on the South Port Board will not be able to fully participate in all discussions, and that will create challenges if that person is the Chair.

The Committee agreed that there might be merit in the Appointment Panel nominating two independent members to Council for consideration, rather than just one, should two suitable candidates be identified through the appointment process.

If the Committee would like to progress with that approach, it needs to:

- amend the position description that Council agreed for the Chair – noting that the member “may” rather than “will” be appointed to the SouthPort Board; and
- agree a position description for the other independent member.

These are attached in Appendix 1 and 2 respectively.

Implications/risks

There is a risk that Council is unable to identify a suitable independent person to be appointed to the Investment Committee. If that occurs, Council can repeat the process to see if that attracts new candidates for consideration.

Views of affected parties

Not applicable

Fit with strategic framework

OUTCOME	CONTRIBUTES	DETRACTS	NOT APPLICABLE
Managed access to quality natural resources			X
Diverse opportunities to make a living			X
Communities empowered and resilient			X
Communities expressing their diversity			X

Compliance with Significance and Engagement Policy

The matters under consideration do not trigger Council's Significance and Engagement Policy.

Considerations

Financial implications

Appointing a second Independent Member will incur additional cost. This is not budgeted but can be accommodated.

Legal implications

None

Attachments

Appendix 1 - Draft Position Description - Independent Chair

Appendix 2 - Draft Position Description - Independent Member

Appendix 1: Draft position description Independent Chair

Title	Independent Chair of the Investment Committee
Date	November 2024

Position purpose

To support Council by chairing the Investment Committee for the term of the appointment, which is for an initial three-year period, with potential for future reappointment. This is a strategic and significant governance role.

As Chair of the Investment Committee, the Independent Member has responsibility for leading Council's oversight of its Investment Portfolio, which comprises Council's shareholding in South Port New Zealand Limited (SouthPort), a Managed Funds portfolio, Property (Civic accommodation and leased land), and any new diversified assets that Council decides to invest in. The Committee's role also includes strategic oversight of the debt that is used to fund Council's investment in its strategic assets.

The Independent Member may also be appointed to the SouthPort Board as a non-independent Director; a role which has full voting rights.

Position responsibilities

As Chair of the Investment Committee, provide leadership and direction to the Committee and communicate with Council where appropriate, to facilitate the work of the Committee within its terms of reference. This includes:

- ensuring that the work of the committee is consistent with its Charter and that issues of interest to other committees or to the wider organisation are appropriately communicated;
- chairing committee meetings and ensuring that the committee's business is conducted in an orderly fashion and in accordance with Council's standing orders;
- determining the content and order of meeting agendas;
- monitoring the implementation of agreements and action points from previous meetings; and
- undertaking ad hoc work as the chair of the committee as appropriate.

As a Council governor, this includes:

- ensuring that all governance duties are appropriately discharged, role modelling best practice and supporting colleagues to do the same;
- supporting the committee and wider council as appropriate by providing candid and constructive advice and feedback to the organisation consistent with the role of Chair of the committee and as an Independent Member, sharing experience and expertise, and mentoring others as required;
- developing collegial and professional relationships with other committee and council members, members of staff and others as required;
- acting in the best long-term interests of Council and the community it serves, engaging with community and stakeholders as required;
- developing and maintaining awareness of current and emerging issues that affect the Council and in the fields of investment management more generally; and
- maintaining the highest standards of ethical conduct, adhering to all codes of conduct and other policies or responsibilities required of Council members, including declaring and managing member interests.

If appointed as a non-independent Director on the SouthPort Board, this includes:

- meeting your professional obligations as a Director, by acting in the best interests of SouthPort and in accordance with the NZX listing rules; and
- as appropriate, communicating the interests of both the Board and Council.

Person specification

This position requires a person with:

- experience in providing strategic advice on investment assets, including one or more of the following:
 - port companies, or other similar organisations
 - managed funds
 - property.
- the ability to represent the Council's stewardship interests in its current strategic investment assets and any new diversified assets that Council decides to invest in.
- significant experience as a company director, and able to be appointed to the Board of a New Zealand Stock Exchange (NZX) listed entity.
- experience of chairing governance committees.
- understanding of the local government sector, relevant legislation, and funding options.
- sound judgement, high levels of integrity and credibility.
- good relationship building and team leadership skills.
- the ability to attend meetings in Invercargill in person.

Adherence with relevant legislation and policies

The appointee will need to understand and adhere to the requirements of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, relevant Council policies, including Council's Code of Conduct.

Appendix 2: Draft position description Independent Member

Title	Independent Member, Investment Committee
Date	November 2024

Position purpose

To support Council by being an independent member on the Investment Committee for the term of the appointment, which is for an initial two-year period, with potential for future reappointment. This is a strategic and significant governance role.

The Independent Member has responsibility for contributing to Council's oversight of its Investment Portfolio, which comprises Council's shareholding in South Port New Zealand Limited (SouthPort), a Managed Funds portfolio, Property (Civic accommodation and leased land), and any new diversified assets that Council decides to invest in. The Committee's role also includes strategic oversight of the debt that is used to fund Council's investment in its strategic assets.

The Independent Member may also be appointed to the SouthPort Board as a non-independent Director; a role which has full voting rights.

Position responsibilities

As a Council governor, this includes:

- ensuring that all governance duties are appropriately discharged, role modelling best practice and supporting colleagues to do the same;
- supporting the committee and wider council as appropriate by providing candid and constructive advice and feedback to the organisation consistent with the role of Chair of the committee and as an Independent Member, sharing experience and expertise, and mentoring others as required;
- developing collegial and professional relationships with other committee and council members, members of staff and others as required;
- acting in the best long-term interests of Council and the community it serves, engaging with community and stakeholders as required;
- developing and maintaining awareness of current and emerging issues that affect the Council and in the fields of investment management more generally; and
- maintaining the highest standards of ethical conduct, adhering to all codes of conduct and other policies or responsibilities required of Council members, including declaring and managing member interests.

If appointed as a non-independent Director on the SouthPort Board, this includes:

- meeting your professional obligations as a Director, by acting in the best interests of SouthPort and in accordance with the NZX listing rules; and
- as appropriate, communicating the interests of both the Board and Council.

Person specification

This position requires a person with:

- experience in providing strategic advice on investment assets, including one or more of the following:
 - port companies, or other similar organisations
 - managed funds
 - property.

- the ability to represent the Council’s stewardship interests in its current strategic investment assets and any new diversified assets that Council decides to invest in.
- significant experience as a company director, and able to be appointed to the Board of a New Zealand Stock Exchange (NZX) listed entity.
- understanding of the local government sector, relevant legislation, and funding options.
- sound judgement, high levels of integrity and credibility.
- good relationship building and team leadership skills.
- the ability to attend meetings in Invercargill in person.

Adherence with relevant legislation and policies

The appointee will need to understand and adhere to the requirements of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, relevant Council policies, including Council’s Code of Conduct.

11 Public excluded business | He hui pakihi e hara mo te iwi

In accordance with section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest/s protected by section 7 of that act, that the public be excluded from the following parts of the proceedings of this meeting, namely:

- Confirmation of public excluded minutes – South Port Subcommittee meeting of 23 July 2024
- Preparing for potential Share Sell Down

The general subject matters to be considered while the public is being excluded, the reason for this resolution in relation to the matter, and the specific grounds for excluding the public, as specified by Section 48(1) of the Local Government Official Information and Meetings Act 1987 are set out below:

GENERAL SUBJECT MATTER	REASON FOR PASSING THE RESOLUTION	GROUND UNDER S.48(1)
Confirmation of public excluded minutes – South Port Subcommittee meeting of 23 July 2024	To allow Council to carry out commercial activities without prejudice or disadvantage.	S.7(2)(h)
Preparing for potential Share Sell Down	To allow Council to carry out commercial activities without prejudice or disadvantage.	S.7(2)(h)

11.1 Preparing for potential share sell down

Report

Approved by: Bethia Gibson, General Manager Corporate Services

Section under the act	The grounds on which part of the Council or committee may be closed to the public are listed in s48(1) of the Local Government Official Information and Meetings Act 1987 (the act)
Sub-clause and reason	S.7(2)(h) - to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.