



Notice is hereby given that an Ordinary Meeting of Southland District Council will be held on:

Date: **Wednesday, 5 September 2018**
Time: **9am**
Meeting Room: **Council Chamber**
Venue: **15 Forth Street, Invercargill**

Council Agenda

OPEN

MEMBERSHIP

| | |
|---------------------|------------------|
| Mayor | Mayor Gary Tong |
| Deputy Mayor | Paul Duffy |
| Councillors | Stuart Baird |
| | Brian Dillon |
| | John Douglas |
| | Bruce Ford |
| | Darren Frazer |
| | George Harpur |
| | Julie Keast |
| | Ebel Kremer |
| | Gavin Macpherson |
| | Neil Paterson |
| | Nick Perham |

IN ATTENDANCE

| | |
|--------------------------|--------------|
| Chief Executive | Steve Ruru |
| Committee Advisor | Fiona Dunlop |

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Full agendas are available on Council's Website
www.southlanddc.govt.nz

Note: The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.

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1 Apologies

At the close of the agenda no apologies had been received.

2 Leave of absence

At the close of the agenda no requests for leave of absence had been received.

3 Conflict of Interest

Councillors are reminded of the need to be vigilant to stand aside from decision-making when a conflict arises between their role as a councillor and any private or other external interest they might have.

4 Public Forum

Notification to speak is required by 5pm at least two days before the meeting. Further information is available on www.southlanddc.govt.nz or phoning 0800 732 732.

5 Extraordinary/Urgent Items

To consider, and if thought fit, to pass a resolution to permit the Council to consider any further items which do not appear on the Agenda of this meeting and/or the meeting to be held with the public excluded.

Such resolution is required to be made pursuant to Section 46A(7) of the Local Government Official Information and Meetings Act 1987, and the Chairperson must advise:

- (i) The reason why the item was not on the Agenda, and
- (ii) The reason why the discussion of this item cannot be delayed until a subsequent meeting.

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

- (a) that item may be discussed at that meeting if-
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

6 Confirmation of Council Minutes

There are no minutes for confirmation.

Approval for unbudgeted expenditure from Waihopai Toetoes Ward Reserves - FlagTrax

Record No: R/18/8/19708
Author: Shaun Holland, Community Engineer
Approved by: Matt Russell, Group Manager Services and Assets

☐ Decision ☒ Recommendation ☐ Information

Purpose

- 1 To recommend to Council the approval of unbudgeted expenditure of \$15,000, for Flagtrax at Tokanui, Edendale, Wyndham and Gorge Road to be funded from the Waihopai Toetoes Ward Reserves for the year to 30 June 2019.

Recommendation

That the Council:

- a) **Receives the report titled "Approval for unbudgeted expenditure from Waihopai Toetoes Ward Reserves - FlagTrax" dated 27 August 2018.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Approves unbudgeted expenditure of \$15,000 in relation to Flagtrax at Tokanui, Edendale, Wyndham and Gorge Road to be funded from the Waihopai Toetoes Ward Reserves for the year to 30 June 2019.**

Background

- 2 Until recently, individual townships within the Waihopai Toetoes Ward placed flags each year in Edendale, Woodlands, Wyndham and Tokanui to celebrate Anzac Day. Unfortunately, this was halted due to the cost of installation and removal of the flags as they needed to be installed by specialised personnel using a bucket truck.
- 3 After some investigation the Community Engineer team identified a system called Flagtrax. This is a fixed track which allows flags to be installed from the ground with the appropriate tool. This system opens up many opportunities to use different flags to celebrate events within the towns such as Anzac Day, Christmas, A&P shows and Crank-up Day.
- 4 To ensure consistency and to get the best deal we can from the flag maker and Flagtrax supplier, we would now like to increase our total numbers and include Gorge Road Township in this project.
- 5 Effectively this means we will use a total of approximately \$27,000 from Ward reserves (\$12,000 was already budgeted for this project). This would include the supply of the Flagtrax rails and supports, installation and supply of Anzac Day flags. Additional flags for the different townships can be developed and purchased at a later date.
- 6 Woodlands and Riverton have funding in place through their LTP and have also taken up the opportunity to place an order with the manufacturer. This has helped to increase the overall discount we have received from the supplier.

Legal and Statutory Requirements

- 7 There are no legal or statutory requirements to consider.

Community Views

- 8 Feedback through the Boards and CDA's has been positive with the respective communities always proud to celebrate the various events within their communities.

Costs and Funding

9 Edendale

- 8 x FlagTrax NFT-001 3000mm x 1040mm PC Silver Quill.
- 5 x Bracket NFT-B004 - Flat (Concrete Poles)
- 3 x NFT-B004 – 70 – 150 Timber Round Poles Galvanised
- Track to be band-it strapped to poles. Pole fixings installers concern. \$5,200.00.

10 Wyndham

- 8 x FlagTrax NFT-001 3000mm x 1040mm PC Silver Quill.
- 8 x Bracket NFT-B004 - Flat (Concrete Poles).
- Track to be band-it strapped to poles. Pole fixings installers concern. \$5,200.00.

11 **Tokanui**

- 4 x FlagTrax NFT-001 3000mm x 1040mm PC Silver Quill.
- 4 x Bracket NFT-B004 - Flat (Concrete Poles)
- Track to be band-it strapped to poles. Pole fixings installers concern. \$2,600.00.

12 **Gorge Road**

- 5 x FlagTrax NFT-001 3000mm x 1040mm PC Silver Quill.
- 4 x Bracket NFT-B004 - Flat (Concrete Poles)
- 1 x NFT-B004 – 70 – 150 Timber Round Poles Galvanised
- Track to be band-it strapped to poles. Pole fixings installers concern. \$3,250.00

Freight total \$ 500.00

Total \$16,250.00

- 13 The additional costs are born by the flag supply of \$3,000 and an allowance for installation of \$7,750.00 which gives the total of \$27,000.

Policy Implications

- 14 This is considered to be a specialist system that is not able to be competitively tendered. As such, the proposal is considered to comply with the Procurement Policy.

Analysis

Options Considered

- 15 There are three options for consideration:

Analysis of Options

Option 1 – Do nothing

| <i>Advantages</i> | <i>Disadvantages</i> |
|--|--|
| <ul style="list-style-type: none">• No cost. | <ul style="list-style-type: none">• Does not meet the desire of the community. |

Option 2 – Install flags via bucket truck

| <i>Advantages</i> | <i>Disadvantages</i> |
|--|--|
| <ul style="list-style-type: none">• Flags installed. | <ul style="list-style-type: none">• Extremely expensive and time consuming.• Unobtainable within township budgets.• Traffic management constraints.• Ongoing costs. |

Option 3 – Install Flagtrax system

| <i>Advantages</i> | <i>Disadvantages</i> |
|--|---|
| <ul style="list-style-type: none">• Flags loaded from the ground by the Community Engineer or township representative• Meets health and safety and traffic management requirements.• Consistency across the townships.• Multiple use of Flagtrax across differing events. | <ul style="list-style-type: none">• Initial costs |

- 16 Recommended Option: 3.

Next Steps

- 17 Following the decision from the Council, the option taken will be actioned by Council staff.

Attachments

There are no attachments for this report.

Southland Regional Development Agency Update

Record No: R/18/8/19882
Author: Steve Ruru, Chief Executive
Approved by: Steve Ruru, Chief Executive

☒ Decision ☐ Recommendation ☐ Information

Purpose

- 1 To brief Council on the progress that has been made with the formation of the proposed new Southland Regional Development Agency (SRDA), seek the appointment of a Council representative on the Joint Shareholders Committee and confirmation of the process to be used to appoint the new directors.

Executive Summary

- 2 At its 20 April 2018 meeting Council agreed to proceed with the formation of the new Southland Regional Development Agency (SRDA) as a council controlled organisation. The formation process has been advanced in general accord with the 38 propositions (refer Attachment A) that were confirmed as part of the April 2018 decision.
- 3 Work is well advanced with the development of a Shareholders Agreement, formation of the company itself and development of the purchasing agreements for the new Agency.
- 4 This paper outlines, and seeks endorsement of the process to be used to appoint the directors and appointment of a Council representative to the Joint Shareholders Committee.

Recommendation

- a) **That the Council receives the report titled "Southland Regional Development Agency Update" dated 24 August 2018.**
- b) **Determines that this matter or decision be recognised as not significant in terms of Section 76 of the Local Government Act 2002.**
- c) **Determines that it has complied with the decision-making provisions of the Local Government Act 2002 to the extent necessary in relation to this decision; and in accordance with Section 79 of the Act determines that it does not require further information, further assessment of options or further analysis of costs and benefits or advantages and disadvantages prior to making a decision on this matter.**
- d) **Endorses the process proposed to be followed to advertise for the appointment of directors to the Southland Regional Development Agency**
- e) **Note that a Shareholders Agreement is currently being drafted and will be brought back to Council for formal approval once finalised.**
- f) **Appoint Mayor Tong as the Southland District Council representative on the Southland Regional Development Agency Joint Shareholders Committee.**

Background

- 5 At its 20 April 2018 meeting Council agreed to proceed with the formation of the new Southland Regional Development Agency (SRDA) as a council controlled organisation. A similar decision was also made by the other three Southland Councils.
- 6 The formation of the new entity is to proceed in general accord with the 38 propositions (refer Attachment A) that were recommended by the Joint Committee that led the public consultation process on behalf of the four Southland local authorities. This report provides an update on the progress that has been made in progressing formation of the new entity.

Shareholders

- 7 The shareholders in the new SRDA entity are proposed to be:
- Councils – Invercargill City Council, Southland District Council; Gore District Council and Environment Southland.
 - Community – Chamber of Commerce, Southern Institute of Technology, Invercargill Licencing Trust, Maitauru Licencing Trust, Community Trust of Southland.
- 8 Key actions to date in relation to the shareholders and the development of a Shareholders Agreement include:
- Individual discussions about the transition process have been held with each of the shareholders and all have agreed to proceed. The community shareholders have generally indicated that they have discussed the matter with their boards.
 - A meeting of representatives of each of the shareholders was held on 16 August where the detail of the transition process and the role and responsibilities of the shareholders was discussed.
 - A draft of the proposed content of the Shareholders' Agreement has been circulated and agreed in broad principle. It is now being referred for legal drafting. Legal advice to assist has been appointed.
 - Shareholders are to appoint a Joint Shareholders Committee to oversee shareholder interests including the appointment of the Directors. That Committee will be ongoing.
 - Ngai Tahu has taken the decision not to be a shareholder although they have been actively involved so they are aware of what is happening. Ngai Tahu is to enter into a Memorandum of Understanding with the four Southland Councils. This is close to being finalised.
- 9 The next steps include:
- Shareholders' Agreement to be legally drafted and returned to shareholders (including Councils) for review and ratification.
 - Each shareholder needs to appoint an individual who will be their representative on the Joint Shareholders' Committee. The committee appoints the board of the SRDA.

- The Ngai Tahu MOU to be finalised and submitted to each of the Councils for formal endorsement.

Formation of the SRDA Entity

- 10 This work stream involves the formation and registration of the SRDA as a company under the Companies Act 1993. As part of this process work is being progressed to look at how the taxation and other implications of being a company structure are best managed.
- 11 This step cannot be completed until the legal drafting of the Shareholders Agreement has been completed and it has formally endorsed by all of the shareholders including the four Councils.

Appointment of the Board

- 12 It is proposed to proceed with the process of advertising for expressions of interest for potential directors ahead of the legal process of forming the SRDA entity being completed. This will, however, need to be completed before the appointments can be confirmed.
- 13 Key points to note about the process proposed include:
- Contact has been made with Sheffield to act as a “post box” for applications and they have agreed.
 - Nominations are to be called for publicly and the appointment process will be public.
 - The nominations will go before a panel. The panel is likely to be three persons nominated by the Joint Shareholders Committee.
 - The board will be appointed using the skills register outlined in the propositions paper attached (Attachment A).
 - In inviting prospective board members an outline of board responsibilities will be provided.
 - A short list of potential candidates will be interviewed by a small group appointed by the Joint Shareholders Committee.

SRDA Purchase Agreements

- 14 This work stream covers the development of the letter of expectation, purchase agreements and business plan for the SRDA. Through this work stream each of the individual Councils will need to be clear about what it is that they are purchasing.
- 15 Key points to note include:
- Active work is being done to assess what outcomes and services the shareholders wish to purchase from the new entity.
 - A process has been developed for each of the shareholders, particularly the Councils, to establish a split between core funding and contract funding. Core funding will be provided by the four Councils based on population.
 - The outline of what the shareholders would like to purchase will then be presented to the new board for them to consider.
 - The management of Venture Southland is also participating in this exercise.

- Individual meetings will be held with each of the shareholders to discuss the range of services, if any, that they may want to purchase.
- A workshop of representatives from all shareholders will then work together to rationalise the procurement preferences of the shareholders and prepare a single document.

Issues

- 16 This paper seeks to provide an update on each of the major work streams associated with the formation of the new entity.
- 17 It also seeks Council endorsement of the process that is proposed to be followed for the appointment of the directors and the appointment of a representative to the Joint Shareholders Committee. It is this committee that will have the responsibility for determining a process to appoint the SRDA directors.

Factors to Consider

Legal and Statutory Requirements

- 18 The SRDA will be formed as a company under the Companies Act 1993 and also be subject to the council controlled organisation requirements outlined in the Local Government Act 2002.

Community Views

- 19 Council has previously consulted on the formation of the new SRDA as a council controlled organisation. There was general community support for this approach.

Costs and Funding

- 20 The costs associated with formation of the SRDA will be funded from the shared services budget.

Policy Implications

- 21 The process to be followed for the appointment of SRDA directors is consistent with the Appointment of Directors Policy.

Analysis

Options Considered

- 22 The range of options considered are for Council to confirm the appointment of a Council representative and process proposed for the appointment of SRDA directors (Option 1) or request for changes to be made to the director appointment process (Option 2).

Analysis of Options

Option 1 – Confirm Process

| <i>Advantages</i> | <i>Disadvantages</i> |
|---|--|
| <ul style="list-style-type: none">• Allows for formation of the SRDA to proceed in accordance with the timetable and propositions originally agreed• Is consistent with the approach being agreed to by the other Councils and shareholders.• Is consistent with the approach previously endorsed by Council via the 38 propositions in April 2018. | <ul style="list-style-type: none">• None identified. |

Option 2 – Change Process

| <i>Advantages</i> | <i>Disadvantages</i> |
|--|---|
| <ul style="list-style-type: none">• The process can be modified to address any concerns held by Council. | <ul style="list-style-type: none">• Will delay the process of appointing the new directors and establishment of the SRDA.• Any changes will need to be endorsed by the other three Southland Councils. |

Assessment of Significance

- 23 The matters being addressed through this report are administrative in nature. Hence, the item is considered to be not significant.

Recommended Option

- 24 It is recommended that Council endorse Option 1 and confirm the appointment of Mayor Tong as the Council representative on the SRDA Joint Shareholders Committee and the process proposed to appoint the SRDA directors.

Next Steps

- 25 The Shareholders Agreement will be finalised and advertising for expressions of interest for the appointment of directors will begin.

Attachments

- A Draft proposals arising from the public consultation and panel process on the insitutional arrangements for regional development in Southland [↓](#)

Draft Proposals

Client: Southland Shared Services
Subject: Draft Proposals arising from the Public Consultation and Panel Process on the institutional arrangements for regional development in Southland
Version date: 19 March 2018

Recommendations

Having undertaken a review of the public submissions to the Southland Regional Development Agency proposal, the Southland Regional Development Agency Consultation Joint Committee appointed by the councils to lead the community consultation process in relation to the proposal to form the SRDA has concluded its work. It has two recommendations for the consideration of the parent councils.

The panel recommends to Environment Southland, Invercargill City Council, Southland District Council and Gore District Council that:

- They proceed with the formation, in accordance with the provisions of the Companies Act 1993 and Local Government Act 2002, of the Southland Regional Development Agency as a limited liability company and council-controlled organisation.*
- *"The four Councils agree to development of the SRDA being advanced in general accord with each of the 38 propositions detailed below but in doing so note that there will need to be changes made as the establishment of the new Agency progresses."*

The Chief Executives group of Southland recommends that:

- *"The four councils note the overview transition schedule detailed below and give authority for the process to commence in accordance with that timetable."*
- *That the Chief Executives group, facilitated by the Chief Executive of Environment Southland, be given authority to proceed with the development of the constitutional documents and other work needed to proceed with the formation of the SRDA in accordance with the 38 propositions attached.*

This Paper

Contained in this paper is the following:

- The recommendations (above) from the Southland Regional Development Agency Consultation Joint Committee
- Thirty eight propositions and brief descriptions supporting them
- An overview transition schedule through to implementation



Introduction

This paper sets out, in a series of propositions, the findings of the Joint Committee in relation to the proposal to form, as a limited liability company under the Companies Act 1993 a Southland Regional Development Agency (SRDA) which will also be a Council Controlled Organisation (CCO). These findings are referred respectfully to the four councils of Southland for their consideration as they make decisions in relation to the formation of the SRDA.

The panel has met three times and has worked through the propositions in detail. It has limited its focus to the brief which is structural arrangements for regional development rather the actions and policies of the delivery of regional development services.

Key Principles

- Proposition 1: **"That the following guiding principles are adopted and used to guide development and operation of the SRDA."**
 - **Reach** - whole-of-region
 - **Funding** - broad as possible funding base
 - **Integrated** – councils, business, community
 - **Regional development** – economic and community
 - **Arms-length** – greater freedom to act
 - **Iwi** – close relationship with iwi
 - **Ambition** – addressing challenging goals
 - **Council facilitation** – councils are the backbone

Funding

- Proposition 2: **"That the four councils of Southland provide core funding to the SRDA."**
 - The councils are referred to as Type A shareholders (definition provided further through this document) and as such are responsible for covering the core overheads of the SRDA on a population basis.
 - That a clear definition of these core costs is developed and include management support overheads and overhead salaries which totalled approximately \$1.6m in the 2017/18 Venture budget.
- Proposition 3: **"That the SRDA is focused on increasing non-council funding."**
 - A key driver for the SRDA proposal is to increase and diversify the funding sources for regional development.
 - While the councils would provide core or foundation funding, contributions are expected from central government, business and the community sectors.
 - An objective is to gradually increase the proportion of non-council funding into regional development.
- Proposition 4: **"That all funding over and above core funding operates on a contract funding model."**
 - This includes all operational funding.
 - The nature of "contracts" may vary and could be SLAs, MOUs, or whatever suits the particular situation.
- Proposition 5: **"That the sources of contract funding will be diverse."**
 - They could include: additional council funding, and also central government, industry, trusts and earned revenue.
 - Contracts would commonly be negotiated on a minimum of three-year cycle to ensure certainty and continuity.



Proposal

- Proposition 6: **"That a Southland Regional Development Agency (SRDA) is formed".**
- Proposition 7: **"That the SRDA incorporates the current Venture Southland."**
 - This involves the transfer of staff along with the assets and liabilities of Venture Southland to the SRDA.
 - A number of these are currently owned by either Invercargill City Council, Southland District Council or the Venture Southland Trust and subsidiary companies.
- Proposition 8: **"That the SRDA adopts the name of Venture Southland".**
 - This assumes there are no legal impediments with doing so.
 - Any change of name, if contemplated, would be a matter for the new board and shareholders.
- Proposition 9: **"That the SRDA is established as a CCO as specified under the Local Government Act 2002 and registered as a limited liability company, under the Companies Act 1993."**
 - It may be that the current Trust structure of Venture can be continued as a conduit for donor funding that will not fund a limited liability company.
- Proposition 10: **"That the SRDA is majority owned by the four councils of Southland."**
 - The councils would be known as Type A shareholders.
- Proposition 11: **"That the SRDA has "community" (non-council) shareholders who are minority shareholders."**
 - These shareholders will be known as Type B shareholders.
- Proposition 12: **"That the Chair of the Mayoral Forum advance discussions with Ngai Tahu to determine how they might best be involved. "**
 - An approach should be made to Ngai Tahu by the Mayoral Forum to determine how it can best be involved.
 - The exact form of that association has yet to emerge and is expected to do so during the establishment phase of the SRDA.
- Proposition 13: **"That as a company the SRDA has the power to establish subsidiaries and undertake relevant commercial activity."**
 - This power will be subject to any relevant legislative and/or constitutional requirements.
 - It is expected that the limited liability nature of the entity would protect the shareholder organisations from financial risk.



Shareholding

- Proposition 14: **"That the capital structure of the SRDA is \$12,000."**
 - 75% - the four councils (Type A)
 - 25% - community organisations (Type B)
 - This means that the four councils would have equal shares of 19% (18.75% to be exact)
- Proposition 15: **"That the community organisations who have indicated their interest should become Type B shareholders."**
 - These include - SIT, CTOS, ILT, MLT, Chamber of Commerce
 - That the level of interest and proposed shareholding arrangement be discussed and formally agreed with the proposed community shareholders.
- Proposition 16: **"That a shareholders' agreement is drafted and agreed by all shareholders (Types A & B) as a method of confirming the shareholder status of all parties."**
- Proposition 17: **"That all shareholders enter the SRDA on the understanding that they will actively facilitate, as best they can, the increased resourcing of the SRDA."**
 - This would mean that they assist with seeking funding contributions from other sources
- Proposition 18: **"That the shareholders, once properly constituted, form a Joint Shareholder Committee (JSC) to oversee appointment of the board and approval of a Statement of Intent."**
 - The members of the JSC are each appointed by their respective shareholders.
 - The delegation arrangement between each shareholder and its JSC member is a matter for each shareholder.
 - The total membership of the JSC is determined by the shareholders, but for the purposes of negotiating the shareholders agreement each would select one representative.
 - It is envisaged that these would be senior office-holders given the gravity of the role.
 - If a vote was held on the JSC then it would be on the basis of shareholding.

Associates

- Proposition 19: **"That a category of partnership with the SRDA is created – called Associates – to recognise commercial entities that might be involved in contract funding associated with the SRDA."**
 - These organisations would be termed associates.
 - These organisations could be involved as co-funders or could be involved in subsidiaries.
 - Contracted suppliers or deliverers would not normally be regarded as associates.



Governance

- Proposition 20: **"That a skill-based board of seven members from public nomination would be the directors of the SRDA."**
- Proposition 21: **"That the board is appointed by the shareholders."**
- Proposition 22: **"That the process of appointment could be undertaken by an appointments panel, itself appointed by the Joint Committee of Shareholders."**
- Proposition 23: **"That the final decision on the make-up of the board membership would be decided by the Joint Committee of Shareholders."**
- Proposition 24: **"That a skills register is used for appointment."** The skills register would be as follows:
 - Private sector governance experience
 - Local government sector governance experience
 - Experience with economic development agencies or organisations
 - Knowledge of contemporary technology industries and practice
 - Experience of organisation development and design
 - Knowledge of tourism development and destination management
 - Connection with iwi
 - Community development experience
- Proposition 25: **"That Central Government could appoint a non-voting observer."** Central Government could nominate an observer. Such a nomination would require confirmation by the shareholders.
- Proposition 26: **"That the decisions of the board would generally be by consensus but if a vote was required, a simple majority would carry the decision."**

Statement of Intent

- Proposition 27: **"That a "Letter of Expectation" is sent from the Mayoral Forum on behalf of the councils of Southland to the JSC and board of the SRDA."**
 - This is the first step in the preparation or refresh of the Statement of Intent.
 - It is intended as a leadership statement on behalf of the region.
- Proposition 28: **"That the Board, together with the CEO and Joint Shareholders Committee, takes the initiative in the preparation of the SOI."**
 - The respective roles of the JSC, the Board and the CEO in the preparation of the SOI is expected to evolve with experience. A close collaborative relationship between these three parties is regarded as the most productive approach.
 - The SOI would receive a major review every three years along the lines of the SoRDS strategy exercise done in the last two years. The timing of this review should also link with the three yearly review of Council Long Term Plans. In the intervening years it will be refreshed and updated as required.
 - At all times the SOI will have at least a three-year horizon, or longer.

Conflict of Interest

- Proposition 29: **"That a Conflicts of Interest Policy be created for shareholders."**



Staff

- Proposition 30: **"That the current council employers of Venture Southland staff (ICC and SDC) will manage the proposed transition of staff to the new entity in accordance with legal requirements including their employment agreements."**
- Proposition 31: **"That, in principle, this transition involves staff retaining their current terms and conditions."**

Operations

- Proposition 32: **"That the operational areas of regional economic development, business sector support and incentives, community development and regional events are all part of the SRDA's brief."**
 - This work will fall into the "contract" portion of the work of the SRDA
 - Generally, the SRDA will be responsible for regional-level activities, but from time to time councils may delegate local functions to the SRDA. Such arrangements would be made between the SRDA board and the particular council.
- Proposition 33: **"That these areas include the following activities."**
 - **Regional economic development**
 - Skills and training – pre-skill; re-skill; on-the-job
 - Business enhancement and efficiency – Lean; Better by Design
 - Shared spaces, incubators
 - Investment – angels, venture capital
 - Enterprise development and extension – SME development
 - Innovation
 - **Business sector support and incentives**
 - Support to particular sectors such as tourism, food, agriculture and aquaculture
 - Development of regional facilities such as space science
 - **Community development**
 - Support for key regional initiatives and programmes such as regional warm houses and welcoming communities
 - Support for arts, culture and heritage ventures in association with existing governance arrangements in these areas
 - **Regional events**
 - Regional scale events and promotions



Industry focus

- Proposition 34: **"That the management of tourism in the region is considered by the incoming board as a matter of priority."**
Consideration should be given to:
 - The individuality of the tourism sub-regions meaning that their integrity needs to be preserved. Even if they become part of the SRDA, their integrity should be preserved.
 - The priorities as reflected in the SORDS Action Plan and Letter of Expectation as provided by the Mayoral Forum.
- Proposition 35: **"That the economic development operation of the SRDA is considered by the incoming board as a matter of priority."**
Consideration to be given to:
 - A more strongly business-based economic development approach.
 - Measures to involve local business in leadership of economic development, not just as advisors.
 - The priorities as reflected in the SORDS Action Plan and Letter of Expectation provided by the Mayoral Forum.

Transition

- Proposition 36: **"That a number of target dates are established for the transition to the SRDA as targets to expedite progress and the completion of the transition."**

By 1 July 2018 the following completions would be achieved:
 - The relationship with Ngai Tahu would be finalised.
 - The Joint Shareholders Committee is established.
 - The Shareholders Agreement is completed.
 - The Board appointment process is well advanced.
 - The Letter of Expectation is completed for 2018/19.
By 1 November 2018 the following additional completions would be achieved:
 - The Board would be appointed and in place.
 - The legal entity of the SRDA would be completed and registered.
 - The Statement of Intent would be in place.
By 1 February 2019 the following additional completions would be achieved:
 - The formal transition would be completed.
 - The Board would take over full operation of the organisation.
 - All staff would be transitioned..
 - All the legal and financial considerations associated with transition would have been resolved.
- Proposition 37: **That immediately following the completion of the transition, the Board would focus on tourism and economic development arrangements."**
 - Resolution of tourism arrangements – as outlined in this document above
 - Resolution of economic development arrangements – as outlined in this document above.
- Proposition 38: **"That once the councils have agreed the approach outlined in these propositions and the transition timetable is confirmed, they also need to agree on a process for exiting the current Venture Southland Agreement and transferring the current Venture Southland assets, liabilities and commitments to the SRDA."**



- SDC and GDC have already given notice under this Agreement with the 18-month period expiring on 1 February 2019. As a result, there is an alignment between the proposed timetable for formation of the SRDA and exit from the existing Agreement.
- There will be a need for a due diligence process to identify the existing assets, liabilities and contractual commitments that Venture Southland has and determine how these might be transferred into the SRDA. This process will require agreement between SDC, GDC, ICC the Venture Southland Trust and existing subsidiary companies.

Transition Detail

This section takes the high-level transition outline in Proposition 36 and adds a greater level of detail to help the councils and ultimately all shareholders to assess what might be involved in the transition and at what stage.

By 1 May 2018:

- **Negotiation of association with Ngai Tahu**
 - Discussions would be undertaken with Ngai Tahu in a similar manner to those with the shareholders.
 - A formula for the arrangement would be developed and incorporated into the model of the company.

By 1 July 2018:

- **Notification**
 - ICC would give formal notice of its intent to exit the current Venture Southland Agreement and enter discussions with GDC, ES and SDC about the creation of the SRDA.
 - Ideally these would focus on 1 February 2019.
- **Appointment of shareholders**
 - Discussions are held with each prospective shareholder to ascertain their interest and expectations, especially the community shareholders who have not been as closely involved in the background work as the councils.
- **Informal establishment of the Joint Shareholders Committee**
 - The primary task of this informal committee is to facilitate the preparation of the Shareholders' Agreement.
 - The Shareholders' Agreement would then be drafted and taken to each of the shareholders for consideration and ratification.
 - A legal peer review process would be required.
 - Any difficulties in the Shareholders' Agreement would be ironed out.
 - It is envisaged the council CEOs would assist the JSC with this development work. This CEO group would include the CEO of Venture.
- **Establishment of the board**
 - The Board appointment process would be set in motion.
 - Public advertising for board positions would be undertaken.
 - A board appointment sub-committee would be appointed.
 - It is not expected that all appointments would be completed by 1 July 2018, but soon after.



- **Letter of Expectation**
 - The process through which a Letter of Expectation is decided by the shareholders.
 - It is expected that it would emerge from a joint discussion between the council shareholders and would be delivered by the Mayoral Forum on behalf of the region.
- **Organisation transition**
 - The Joint Shareholders Committee would have interim authority from its parent organisations to proceed with the transition until the shareholders' Agreement is in place.
 - An organisation transition plan would be developed under the supervision of the Joint Shareholder Committee as an interim measure.
 - The draft plan would be forwarded to the incoming board to oversee its implementation through the chief Executive. Implementation would take place in the next transition period.
 - The transition plan would cover off:
 - Staff transition
 - Transition of funding arrangements – decisions about core and contracted funding
 - Contracts developed as required, with funding commitments for current projects
 - Transition of financial management including banking arrangements
 - Entity transition such as trust arrangements
 - Transition of legal agreements and arrangements.

By 1 November 2018

- **Legal entity**
 - The legal entity of the SRDA would be completed and registered.
 - The entity would be in a position to gradually begin operating as per the transition plan.
- **Board**
 - The Board would be appointed and in place.
 - Orientation would be undertaken.
 - The board would takeover operation of both the new entity and the old entity and a phase-out arrangement would be made with the current Venture Board.
- **Organisation Transition**
 - The board would review the transition plan and endorse it to proceed having made any changes it sees fit and squared these off with the JSC.
 - In particular, it would review responsibilities and delegations, banking arrangements and relevant matters.
- **Statement of Intent**
 - The first Statement of Intent would be drafted under the supervision of the SRDA Board in association with the JSC.
 - The SOI would be completed by 1 February 2019.

By 1 February 2019

- **Completions:**
 - The formal transition would be completed.
 - The Board would take over full operation of the organisation.
 - All staff would be transitioned.
 - All the legal and financial considerations associated with transition would have been resolved.

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

Recommendation

That the public be excluded from the following part(s) of the proceedings of this meeting.

C10.1 Stewart Island/Rakiura Jetties - Maintenance

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 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(1) for the passing of this resolution |
|---|--|--|
| Stewart Island/Rakiura Jetties - Maintenance | <p>s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.</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> | That the public conduct of the whole or 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 exists. |