

**MINUTE EXTRACT FROM THE NON-PUBLIC MINUTES OF THE COUNCIL MEETING HELD ON TUESDAY
27 JUNE 2017**

**C3 DIRECTOR APPOINTMENTS AURORA ENERGY LIMITED AND DELTA UTILITY SERVICES
LIMITED**

A report from Finance summarised the process followed regarding the appointment of Directors within the DCHL group.

Moved (Cr Mike Lord/Cr Doug Hall):

That the Council:

- a) **Notes** the appointment of Steven Grave to the Board of Delta Utility Services Limited. The preferred candidate for the other director vacancy is offshore until 30 June. An appointment time will be setup for the interview panel to meet the candidate in person and an appointment would be expected to be made following.
- b) **Notes** the appointment of Margaret Devlin and Brenden Hall to the Board of Aurora Energy Limited.

Motion carried (CNL/2017/143)

DIRECTOR APPOINTMENTS AURORA ENERGY LIMITED AND DELTA UTILITY SERVICES LIMITED

Department: Finance

REASONS FOR CONFIDENTIALITY

Grounds:	S48(1)(a) - The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Reason:	S7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.
In particular:	This report is confidential because the appointment of directors is made public once the applicants have been notified of the decision.

EXECUTIVE SUMMARY

- 1 This report summarises the process followed regarding the appointment of Directors within the DCHL group.

RECOMMENDATIONS

That the Council:

- a) **Notes** the appointment of Steven Grave to the Board of Delta Utility Services Limited. The preferred candidate for the other director vacancy is offshore until 30 June. An appointment time will be setup for the interview panel to meet the candidate in person and an appointment would be expected to be made following.
- b) **Notes** the appointment of Margaret Devlin and Brenden Hall to the Board of Aurora Energy Limited.

BACKGROUND

- 2 An independent review completed by the shareholder Dunedin City Holdings Ltd (DCHL) around issues raised at Aurora and Delta in late 2016 included the recommendation to separate the governance teams for Aurora Energy Limited and Delta Utility Services Limited.
- 3 DCHL agreed with this recommendation and has worked with the companies to significantly advance the separation project. It is intended that the governance teams for the fully separated companies are in place when the staff transfers occur on 3 July 2017.
- 4 The process began with identifying the individual requirements for each Board.

- 5 Aurora will be the asset owning and management company while Delta will revert to a contracting company. The skills required in each company from a governance perspective are different.
- 6 It is important given the current pressures on the company that continuity is maintained as far as possible. The decision was made early to have two of the current directors move to each new board. DCHL also decided early on to announce the two chairs to ensure each company was appropriately represented in discussions setting up the new relationship.
- 7 Steve Thompson, given his background in the sector has taken on the role as Chair of Aurora Energy Limited and Brian Wood is taking on the role as interim Chair of Delta Utility Services Limited. Trevor Kempton has remained on the Delta Utility Services Limited Board and Dave Frow has remained on the Aurora Energy Board. This leaves vacancies for two directors on each Board.
- 8 The next stage was to complete a competency assessment for each company to match director skills. This process was completed with input from the proposed chairs, sector data and reference to the Institute of Directors (IoD) support material. These competences were included as part of the advertising program for the roles and used as part of the assessment process.

The adverting process was as follows;-

- a) Candidates that had been in contact with DCC regarding the vacancies were contacted and told of the impending advertisements.
- b) Advertisements were placed with the Institute of Directors, Appoint Better Boards, Otago Daily times and on the DCC website.
- 9 Shortlisting interviews took place on the 2, 6 and 7 June 2017. The shortlist panels included the chair of DCHL, the chair of each company and a director from DCHL.
- 10 For the shortlisted candidates we also completed online questionnaires through DISC NZ with a view to gain independent assurance on the styles of individuals and their ability to work in a team.
- 11 The DCHL Board then reviewed the recommendations from the panels and agreed that Margaret Devlin and Brenden Hall be appointed to the Aurora Energy Limited board and Steven Grave be appointed to the Delta Utility Services Board. The other preferred candidate for Delta is overseas until 30 June 2017 when the panel will interview them in person on their return before making a recommendation to the DCHL Board.

DISCUSSION

- 12 For both Aurora Energy Limited and Delta Utility Services Limited, two directors are required.
- 13 The positions were advertised widely and drew applicants from around NZ and overseas.

Aurora Energy Limited

- a) The breakdown of applicants received for Aurora Energy Limited directorships were a total of 46 applicants; one from overseas (Canada), seven from Dunedin and six female.
- b) Five candidates were shortlisted based on their skills to match the requirements of the Board. The shortlist comprised of four male and one female; these candidates came from Auckland, Hamilton, Wellington, Christchurch and Central Otago.

- c) Each candidate was interviewed by a three person panel, comprising of Chair of DCHL, Chair of Aurora Energy Limited and a director from DCHL.

Delta Utility Services Limited

- a) The breakdown of applicants received for the Delta Utility Services Limited directorships were a total of 34 applicants; seven from Dunedin and 10 female.
 - b) Five candidates were shortlisted based on their skills to match the requirements of the Board. The shortlist comprised of one male and four female; these candidates came from Auckland, Wellington, Christchurch, Central Otago and Dunedin.
 - c) Each candidate was interviewed by a three person panel, comprising the Chair of DCHL, director from Delta (Chair unavailable) and director from DCHL.
- 14 Each shortlisted candidate was also required to complete an online profiling questionnaire to establish their core style and fit within each Board.
- 15 The interview panels scored the candidates on the following competencies: General, Character, Communication, Knowledge Strategic, Analytical and Sector. Under each of these competencies there were certain requirements to be met.
- 16 At this stage only one director has been appointed to the Delta Utility Services Limited board as the other preferred candidate is overseas until 30 June 2017, and the panel would like to meet this candidate in person before making their recommendation.
- 17 After following this robust process of understanding the skill sets required, advertising, shortlisting and interviewing candidates the directors were selected based on a scoring matrix covering their relevant skills and their fit within the board.
- 18 Short précis on Aurora Energy Limited candidates:-

Margaret Devlin

Margaret is a professional director operating primarily within the infrastructure sector, building on the extensive experience obtained throughout a very successful executive career.

The development of her governance career was a natural and planned transition from her executive career.

Margaret offers a depth of experience as a director in a range of entities with a particular focus on audit and risk committee work and a breadth of experience across the value adding disciplines of governance.

For further information see Attachment A.

Brenden Hall

Brenden is a professional director with extensive experience in business strategy, international market development, change management, corporate governance, mergers and acquisitions, marketing and infrastructure management.

Brenden is a strategic thinker and a good listener; he actively engages in constructive debate but then seeks to ensure consensus agreement is reached in identifying the best pathway forward.

Brenden has a reputation for making things happen and has a track record in assisting businesses to prosper through sustainable organic growth or by acquisition.

For further information see Attachment A.

- 19 Short précis on Delta Utility Services Limited candidate:-

Steven Grave

Steve's career has been all about building things of value, things that endure – from physical landmarks that form part of New Zealand's infrastructure to colleagues' careers, growth of market share, diversity of revenue streams, creation of sustainable employment and strengthening of the balance sheet. This is what he is passionate about.

Steve is an innovative and results oriented leader with a proven track record of achieving exceptional results in a highly competitive construction industry.

He has a demonstrable history for driving product, process and customer service improvements reducing operating costs increasing sustainable profits, quality improvement and shareholder value.

For further information see Attachment A

OPTIONS

- 20 Not applicable – reporting only.

NEXT STEPS

- 21 The directors concerned will be notified of their appointment.

Signatories

Author:	Natalie Brown - Acting Business Group Manager
Authoriser:	Graham Crombie – Chair, Dunedin City Holdings Ltd

Attachments

	Title	Page
A	History of candidates	

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This report relates to providing an administrative function for the continuing operation of companies within the Dunedin City Holdings Limited Group.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	☐	☐	☒
Economic Development Strategy	☐	☐	☒
Environment Strategy	☐	☐	☒
Arts and Culture Strategy	☐	☐	☒
3 Waters Strategy	☐	☐	☒
Spatial Plan	☐	☐	☒
Integrated Transport Strategy	☐	☐	☒
Parks and Recreation Strategy	☐	☐	☒
Other strategic projects/policies/plans	☐	☐	☒

There is no contribution to the Strategic Framework – reporting only.

Māori Impact Statement

There are no known impacts for tangata whenua.

Sustainability

There are no implications for sustainability.

LTP/Annual Plan / Financial Strategy / Infrastructure Strategy

There are no implications.

Financial considerations

There are no financial implications.

Significance

Not applicable – reporting only.

Engagement – external

There has been no external engagement.

Engagement - internal

There has been internal engagement with the DCHL Board and relevant Chairs of the Group Companies concerned.

Risks: Legal / Health and Safety etc.

There are no identified risks.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

There are no known implications for Community Boards.