

**From:** Arlene Goss  
**To:** [REDACTED]  
**Subject:** Reply to request for information  
**Date:** Friday, 22 April 2016 11:53:57 a.m.  
**Attachments:** [image001.png](#)  
[image002.jpg](#)  
[image003.jpg](#)  
[image004.jpg](#)

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Dear Diane,

**Official information request for notes from Council Controlled Organisations Liaison Group.**

I refer to your official information request dated February 29 for "any notes still in existence from the Council Controlled Organisations Liaison Group which was formed by council resolution in early 2011. Or any other records of the business of this group."

The information you have requested is attached. A search of the digital files shows this working party met on four occasions. This may be because the election occurred and the group was automatically dissolved at the end of the triennium, and was not revived by the newly elected council. The attachment includes the minutes of these meetings.

I apologise on behalf of the council for the delay in replying to your request.

If you wish to discuss this further, feel free to get back to me.

Yours sincerely

Arlene Goss

Arlene Goss  
Governance Support Officer  
Dunedin City Council

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## Establishing a Liaison Group

<b>Name of Group</b>	<b>CCO Liaison Group</b>
<b>Terms of Reference</b> <i>(detail the purpose, powers, duties and functions of the Liaison Group)</i>	<ul style="list-style-type: none"> <li>▪ To provide a channel of communications for all Council CCOs for matters that cannot be discussed in a public forum</li> <li>▪ The Group will have no power to decide and will only be able to recommend.</li> </ul>
<b>Committee of Council that Group is to report to</b>	Finance Strategy and Development
<b>Chairperson of Liaison Group</b>	The Mayor
<b>Membership of Liaison Group</b> <i>(detail by position or by name)</i>	<ul style="list-style-type: none"> <li>▪ Mayor Cull</li> <li>▪ Deputy Mayor, Cr Staynes</li> <li>▪ Chairperson, Finance, Strategy and Development Committee, Cr Brown</li> <li>▪ Deputy Chairperson Finance, Strategy and Development Committee, Cr Thomson</li> <li>▪ Chief Executive</li> </ul>
<b>Support Staff</b> <i>(detail by position)</i>	<ul style="list-style-type: none"> <li>▪ Governance Support Officer</li> </ul>
<b>Meeting Frequency</b>	Quarterly or as required
<b>General Manager (or Chief Executive) supporting the Liaison Group</b>	Chief Executive
<b>Expected Term of Liaison Group</b> <i>(include anticipated end date)</i>	October 2013

**TO:** Finance, Strategy and Development Committee

**FROM:** Athol Stephens, Acting Chief Executive

**MEETING DATE:** 14 March 2011

**SUBJECT:** **CCO LIAISON GROUP**

## SUMMARY

As the number of CCOs (which includes Trusts and CCTOs) increases, along with the range of their activities, and as the need grows for those CCOs to have an avenue for discussing with their shareholder, often at short notice, commercially sensitive matters, matters where a public discussion would prejudice negotiations or matters that would infringe privacy, this report proposes a "CCO Liaison Group" for the purpose of managing those issues.

## IMPLICATIONS FOR:

- |  |    |
|--|----|
| (i) <b>Policy:</b>                     | No |
| (ii) <b>Approved Annual Budget:</b>    | No |
| (iii) <b>LTCCP/ Funding Policy:</b>    | No |
| (iv) <b>Activity Management Plans:</b> | No |
| (v) <b>Community Boards:</b>           | No |
| (vi) <b>Sustainability:</b>            | No |

## RECOMMENDATIONS

- 1 That the Committee approve the formation of a CCO Liaison Group comprising the Mayor, Deputy Mayor, the Chairperson and Deputy Chairperson of the Finance, Strategy and Development Committee and the Chief Executive.
- 2 That its terms of reference are to provide a channel of communications for all Council CCOs for matters that cannot be discussed in a public forum.

## DISCUSSION

From time to time, matters have arisen with the CCOs and its shareholder (DCC) which could have been addressed promptly had access to a senior group of elected members been available. Access to the collective perspectives of the Mayor, Deputy Mayor, Chairperson and

Deputy Chairperson of Finance, Strategy and Development Committee and the Chief Executive by a Board of Directors or Board of Trustees would have permitted the Council to indicate whether an initiative or investment contained any political pitfalls and was broadly in alignment with the Council's views.

Such matters might include exchanges of information at an early stage of the Council's financial planning so that the CCOs would have up-to-date information. It could also include analysis of financial performance. Likewise, the CCOs might provide advance information to the Liaison Group on commercial investment propositions, indicating the impact on its cash flows to the Council and any attendant publicity.

It is anticipated that the CCO Liaison Group would also act as a sounding board and reference group for the progression of the governance review which the Council authorised work to start on last December. It might, for example, help scope the size of that job and define the parameters for a policy document that could later be brought to Council for approval.

## **DELEGATIONS**

That the Liaison Group would have no delegations other than to carry out research, maintain communication links with all the Council's CCOs (CCTOs and Trusts) and from time to time, as required, make recommendations to the Finance, Strategy and Development Committee for its consideration and decisions. It would have no decision-making powers of its own.

The Liaison Group would have no power to instruct or authorise a CCO in any course of action and the CCOs will always retain the right to speak directly with the full Council at any stage.

## **Meeting Schedule**

Initial expectations are that this Liaison Group would meet quarterly but by the nature of its flexibility would be available to meet at short notice as events and circumstances required.

## **Options**

At present, there is no formally defined CCO Liaison Group, at least not one defined by specific positions on Council and among the staff. This has sometimes led to uncertainty as to how the Council, as shareholder, should be approached on items of commercial or CCO policy sensitivity. The formation of this CCO Liaison Group would provide a defined group that Council's CCOs could approach on any matter for which an exchange of information or communications was sought. The option of the status quo does not do this.

The formal structures (Statement of Intent and half yearly and annual reports) are limited by formal timetables - the CCO Liaison Group would provide a flexible and responsive mechanism to deal with issues as they arise.

Prepared by:

Approved for submission by:

Athol Stephens  
**Acting Chief Executive Officer**

Cr Syd Brown  
**Chairperson, Finance, Strategy and Development Committee**

Date report prepared: 8 March 2011

## **Attachments**

Establishing a Liaison Group

**MINUTES OF AN INFORMAL MEETING OF THE CCO  
LIAISON GROUP HELD IN THE MAYOR'S LOUNGE,  
2<sup>ND</sup> FLOOR, CIVIC CENTRE ON THURSDAY, 24  
MARCH 2011 COMMENCING AT 3.03 PM**

**PRESENT:** Mayor Dave Cull, Crs Syd Brown, Chris Staynes and Richard Thomson (via teleconference), Athol Stephens (Acting CEO), Maree Clarke (Financial Controller), Carolyn Howard (Financial Planner), Cr Fliss Butcher and Jane Hinkley (Governance Support Officer)

It was noted that the purpose of the meeting was to set an agenda and agree to a formal process.

The draft agenda document circulated by Mr Stephens was agreed, with an additional item being Constitutional Agreement. There was discussion around each of the suggested items, which were:

- DCHL Group Forecast Results for the next five years
- DCHL Group Governance agenda, including scope, membership, budgets, implementation
- Venues Group Forecast Results for the next five years
- DCC monitoring and review capacity - including scope, budget, staff skills
- Constitutional Agreement.

Following discussion it was agreed that the Council needed to understand the future operating and investing cashflows in sufficient detail to be clear about its ability to meet its Statement of Intent obligations.

It was agreed that DCHL should be asked to provide the information required to give confidence regarding expected cashflow and expected options for further investment and divestment of assets over the next five years.

Questions to DCHL should include what analysis had been undertaken prior to the assurance given to Council that dividends could be met, and what had changed in that time. If DCHL couldn't meet the dividends why did they say they could, and if they had not undertaken appropriate analysis, the reasons why not.

It was agreed that the Council needed a clear idea of the free cashflow in each company and how that flowed through to DCHL. The Council also needed to understand their strategic plan in terms of investment and borrowing.

Cr Brown noted he wanted to get a clear understanding of the shareholder agreement. Mr Stephens advised that the annual Statements of Intent recorded the obligations of the companies in respect of reporting.

It was agreed that the information on the cashflow would reveal what would be a realistic and sustainable dividend. The Mayor noted that the Council needed a shared understanding with DCHL regarding tax relief.

It was agreed to present a set of questions to DCHL, and to report back the answers given. It was agreed that this should be undertaken in a collegial manner, working together with DCHL.

Cr Staynes entered the meeting at 3.16 pm.

It was agreed that a Governance Review should be undertaken to reveal the directors' skill sets, how they were performing, gaps and alternative models.

The review could result in a restructuring process, but with care taken not to leave the companies "leaderless". It was suggested that the scope of the review include DVML.

It was agreed to seek an independent professional to advise on the scope of the Governance Review. Suggestions included Doug Matheson (NZIM), Ann Urlwin, and Ian Farrant.

Mr Stephens was asked to identify a shortlist of 3 professionals, noting credentials availability to do the work, price and timing for the work.

Reporting requirements into the future were discussed, and it was agreed reporting should be more systematic and detailed, in particular cashflows, debt, transactions, and so on. It was noted this could be scoped into the Governance review.

It was agreed that members would collate a list of questions for the next meeting.

Mayor Cull retired from the meeting at 4.00 pm.

It was agreed to circulate the list of questions for agreement, and then to set a meeting date. A letter would be sent to DCHL outlining the information required.

The meeting concluded at 4.05 pm.

**MINUTES OF A MEETING OF THE CCO LIAISON  
GROUP HELD IN THE OTARU ROOM, CIVIC CENTRE  
ON THURSDAY, 7 APRIL 2011 COMMENCING AT  
1.05 PM**

**PRESENT:** Mayor Dave Cull (Chairperson), Crs Syd Brown and Chris Staynes, and Athol Stephens (Acting CEO)

**IN ATTENDANCE:** Pam Jordan (Governance Support Officer)

**1 FORTHCOMING MEETING WITH DCHL/GOVERNANCE REVIEW**

It was reported that Dunedin City Holdings Ltd had requested a meeting with the CCO Liaison Group on Wednesday, 13 April 2011 at 1.00 pm, following the next DCHL Board meeting. An agenda for the meeting needed to be developed.

Cr Brown suggested that the agenda should be simple, perhaps just including:

- Projections for the next five years
- What can the companies deliver, and can they deliver what is set out in the Council's Long-Term Plan?

Mayor Cull suggested that implications of delivering the Council's expectations should be discussed with DCHL eg whether the companies' capital expenditure programmes would need to be cut back and whether the Council wanted them to do this. Mr Stephens felt they should comment on a range of assumptions eg possible future regulatory effects and investments.

Cr Brown commented on a meeting held on 4 April 2011 with John Gilks and Graeme Marsh regarding the Governance Review of the Group companies. They had responded to questions about the future structure of the Group, the numbers of directors required for each board, the skill sets of Directors needed for each company and the process of selection of Directors. They had also provided suggestions of who might be available to conduct such a review.

Cr Staynes felt that it would be desirable to have some local Dunedin people on the subsidiary boards. Cr Brown considered that the Council needed a clear policy on how directors should be selected. If a Councillor was a director, they should stand down from either the Council at the end of their current term on the Council, or the directorship, to avoid conflicts of interest.

Mayor Cull felt there was a need to discuss the past, present and future situations with regard to dividends. Cr Brown agreed but also felt that the meeting should emphasise working together to achieve the future results set out in the Council's Long-Term Plan.

Mr Stephens observed that there had been a written exchange in 2006, and there was a need to ascertain the range of the gap and how to set about closing that gap. Cr Staynes agreed that the meeting should look forward to see what was a realistic dividend. Mayor Cull felt that there should have been better communication on the implications of various decisions and whether the Council's expectations could be met.

There was discussion on future opportunities involving different Group companies.

Mayor Cull commented on how best to convey to the public any changes arising from the Governance Review. It was considered important that continuity in the boards was not lost.

There was discussion on what should be included in the Statements of Intent of the companies, company results, cash flows and company investments.

It was agreed that the meeting with DCHL directors should cover:

- DCHL Group forecast results for the next five years
- The DCC's Annual Plan requirements
- The process for the Governance Review of the Group companies
- Any issues DCHL wished to raise.

If the companies would have difficulties meeting the Council's expectations they would be asked for a plan of how they could achieve this.

Mr Stephens was asked to contact Kerry McDonald and Bill Baylis about whether they would be available to conduct a Governance review. He would also write a scope document for the review.

The meeting concluded at 2.00 pm.



**MINUTES OF A MEETING OF THE CCO LIAISON  
GROUP HELD ON WEDNESDAY 13 APRIL 2011, IN  
THE OTARU ROOM, 2<sup>ND</sup> FLOOR, CIVIC CENTRE AT  
1.00PM**

**PRESENT:** Mayor Dave Cull (Chair), Councillors Chris Staynes and Syd Brown, Athol Stephens (Acting Chief Executive), Bevan Dodds (Chief Executive, DCHL), Cr Paul Hudson, Ross Liddell, Mike Coburn, Stuart McLauchlan and Dr Norman Evans (Directors DCHL)

**IN ATTENDANCE:** Jane Hinkley (Governance Support Officer)

**APOLOGY:** Councillor Richard Thomson

An Agenda was circulated by Mr Stephens as a basis for discussion.

**1. DISCUSSION OF ISSUES**

Cr Hudson advised that Aurora Energy wished to present a draft report entitled "Ultra-Fast Broadband Initiative in Dunedin" to the CCO Liaison Group for approval to present to the Dunedin City Council. It was noted that Aurora/Delta had already received approval for the project from DCHL. It was **agreed** allow the presentation at 1.30pm.

Cr Hudson further advised that an agreement had been reached on the sale of Citibus, subject to Council approval of assignment of the name "Citibus" and blue and gold colours.

It was **agreed** that both of the above matters should be presented to the Extraordinary Council on Wednesday 20 April 2011.

Mr Dodds, Cr Paul Hudson, Ross Liddell, Mike Coburn, Stuart McLauchlan and Dr Norman Evans discussed issues around the Statement of Intent, noting that this was still sitting on the Council table and needed to be completed before the statutory deadline. There was discussion about the development of the Statement of Intent, and its relationship with the LTCCP. Mr Stephens and Crs Brown and Staynes and the Mayor asked questions to clarify the financial management of DVML, the relationship of DVML to DCHL, the proposal from DCHL to manage debts, appropriate financial management and reporting, and how the Aurora Energy/Flute project could be funded.

Mr Coburn left the meeting at 1.30 pm

A governance review of the DCHL structure, to include DVML, was discussed.

Cr Hudson believed that advice on tax issues was required from Peter Trueman and Steve Thompson from Deloitte as soon as possible.

There was discussion on alternative options to fund debt to reduce the ratepayer funding required.

Mr McLauchlan noted that DCHL wished to grow and expand, in order to deliver better returns to the City. He contended that the Council needed to further examine alternatives such as reducing expenditure, reviewing surplus land for sale, and the efficiencies gained from forming a CCO for Water, for example.

Cr Brown and Mr Stephens advised that a clearly defined cashflow forecast was required in time for input into the next LTP. This could be reviewed by an independent financial analyst.

Mr McLauchlin left the meeting at 2.04 pm

## 2. **ULTRA FAST BROADBAND INITIATIVE IN DUNEDIN**

Grady Cameron (Delta), Derek Nind, and Alec Findlater entered the meeting at 2.05pm

Mr Cameron tabled and spoke to his report. Messrs Cameron, Nidd and Findlater discussed the proposal. They answered questions about the proposal, how the network would be operated, what investment was required, and the coverage and limits of the service, and risks. Mr Cameron advised that wireless services were complementary to fibre, but would not displace fibre in the long term.

Cr Brown requested further financial modelling of assets and cashflows, and information about the crown investment.

During discussion it was **agreed** that the report should be presented to the Extraordinary Council on Wednesday 20<sup>th</sup> April 2011. It was **agreed** that the DCC should provide a covering report outlining the community benefits of the project.

Mike Coburn returned to the meeting at 3.09 pm

During discussion it was noted that Aurora's Board of Directors had held a Special meeting to approve the project, and had recommended it to DCHL. DCHL had received the report earlier in the day, and had approved the report for presentation to the Dunedin City Council. It was agreed to hold a workshop with Councillors to explain the project prior to the Extraordinary Council.

The meeting closed at 3.25 pm

**MINUTES OF A MEETING OF THE CCO LIAISON  
GROUP HELD ON MONDAY 13 JUNE 2011, IN THE  
OTARU ROOM, 2<sup>ND</sup> FLOOR, CIVIC CENTRE AT 8.30 am**

**PRESENT:** Mayor Dave Cull (Chair), Councillors Chris Staynes, Syd Brown and Richard Thomson, and Athol Stephens (Acting Chief Executive)

**IN ATTENDANCE:** Jane Hinkley (Governance Support Officer)

Mr Stephens circulated a summary of information in bullet point form for two items:

1. Governance Review.
2. Budget Forecast.

Cr Vandervis entered the meeting at 8.31 am. The Mayor requested that he leave the meeting, however Cr Vandervis refused to leave.

The meeting was adjourned at 8.32 am. Following agreement between the Mayor and Cr Vandervis, the meeting reconvened in the Mayors Office at 8.45 am.

**1. GOVERNANCE REVIEW**

There was discussion to note the information already provided to Mr Larsen and his scope for work.

Following discussion it was agreed that Mr Stephens and the Mayor would send a memo to Councillors outlining the timing and scope of the Review, and noting that Mr Larsen would be available for short interviews with Councillors if they wished to meet with him. It was agreed that the CCO Liaison Group should meet with Mr Larsen.

**2. BUDGET FORECAST**

Mr Stephens advised that John Knight was completing the work, noting that he managed the Council's relationship with Standard and Poors.

Regarding Citibus, it was expected that all accounts and transactions should be completed by the 30 June 2011.

It was noted that DVML and DVL would report to the Council on 27 June. There was discussion regarding reporting requirements and mechanisms; and the governance relationship between the Council and DCHL.

Cr Staynes left the meeting at 9.15 am

It was agreed that Mr Stephens and the Mayor would present a formal request to DCHL asking for optimised scenarios to balance the dividends and their ability to grow over the next 5-10 years

Reporting mechanisms to the Council were discussed, including whether the CCO Liaison Group was an appropriate mechanism, and, if so, how the rest of the Council could be kept informed. It was agreed to present information on the Governance Review to the Finance Strategy and Development Committee meeting in the public excluded portion of the meeting.

The meeting closed at 9.47 am