

## Notice of Meeting:

I hereby give notice that an ordinary Meeting of the Council Controlled Organisations Subcommittee will be held on:

**Date:** Tuesday 9 August 2016  
**Time:** 1.00pm  
**Meeting Room:** Committee Room 1  
**Venue:** Municipal Building, Garden Place, Hamilton

Richard Briggs  
Chief Executive

---

## Council Controlled Organisations Subcommittee OPEN AGENDA

---

### Membership

Chairperson Cr G Mallett  
Members Her Worship the Mayor J Hardaker  
Cr A King  
Cr R Pascoe  
Cr P Yeung

**Quorum:** A majority of members (including vacancies)

**Meeting Frequency:** 6 monthly or as required

---

Becca Brooke  
Committee Advisor

**4 August 2016**

Telephone: 07 838 6439  
Becca.Brooke@hcc.govt.nz  
www.hamilton.govt.nz

**Terms of Reference:**

- To oversee and provide recommendations to the Finance Committee in regard to the Council's interests in its Council Controlled Organisations (CCOs), Council Organisations (COs) and subsidiaries.
- Develop and recommend a draft policy for the appointment and remuneration of directors of CCOs and COs to the Strategy and Policy Committee by 30 March 2014.
- Approve appointments to CCO and CO boards in accordance with the Appointment and Remuneration Policy for CCOs and COs.
- Provide clear directions to Council's CCO's and CO on Council's expectations.
- Consider and approve statements of intent as prepared by the board of each CCO and CO.
- Receive CCO and CO six monthly and annual reports.
- Consider any proposed major transactions of CCOs and COs and make recommendations to the Finance Committee in relation to those major transactions.

**Special Notes:**

- The sub-committee may request expert advice through the Chief Executive when necessary.
- CCOs & COs covered by this committee are: Local Authority Shared Services (LASS), Waikato Regional Airport Ltd (WRAL), SODA Inc Ltd, Waikato Innovation Park Ltd (& Innovation Waikato Ltd), Vibrant Hamilton, LGFA, NZ Local Government Insurance Corporation Ltd.

**Power to act:**

- Approve appointments to CCO and CO boards in accordance with a policy for the
- Appointment and Remuneration of Directors of CCOs and COs.
- Approve statements of intent for each CCO and CO.

**Power to recommend:**

- Make recommendations to the Finance Committee in relation to any proposed major transactions of CCOs and COs.
- The sub-committee must make recommendations to the Finance Committee and/or Council in respect to any proposal to establish a CCO or CO.
- The sub-committee may make recommendations to Finance Committee and/or Strategy and Policy Committee.

1.

<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
<b>1</b>	<b>Apologies</b>	<b>4</b>
<b>2</b>	<b>Confirmation of Agenda</b>	<b>4</b>
<b>3</b>	<b>Declarations of Interest</b>	<b>4</b>
<b>4</b>	<b>Waikato Innovation Park Ltd - Directors Remuneration to be considered at AGM (<i>Recommendation to Council</i>)</b>	<b>5</b>
<b>5</b>	<b>Council Controlled Organisations (CCO) Subcommittee Open Minutes 6 July 2016</b>	<b>11</b>
<b>6</b>	<b>Council Controlled Organisations (CCO) Subcommittee - Open Action List - 9 August 2016</b>	<b>15</b>
<b>7</b>	<b>Resolution to Exclude the Public</b>	<b>18</b>

**1 Apologies**

**2 Confirmation of Agenda**

The Committee to confirm the agenda.

**3 Declaration of Interest**

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

**Committee:** Council Controlled Organisations Subcommittee

**Date:** 09 August 2016

**Report Name:** Waikato Innovation Park Ltd - Directors Remuneration to be considered at AGM

**Author:** Blair Bowcott

<b>Report Status</b>	<i>Open</i>
<b>Strategy, Policy or Plan context</b>	<i>Appointment and Remuneration of Board Members of CCO Policy</i>
<b>Financial status</b>	<i>There is budget allocated</i>
<b>Assessment of significance</b>	<i>Having regard to the decision making provisions in the LGA 2002 and Councils Significance Policy, a decision in accordance with the recommendations is not considered to have a high degree of significance</i>

## 1. Purpose of the Report

- To determine Council's position on a directors fee increase for the board of Waikato Innovation Park Ltd (WIPL) which will be formally considered at the AGM on 22 September 2016.

## 3. Executive Summary

- The WIPL AGM will be held on Thursday 22 September 2016, and all members of the CCO subcommittee will be formally invited in due course.
- One of the matters to be considered at the AGM will be WIPL directors remuneration. In accordance with Council's [Appointment and Remuneration of Board Members Policy](#) remuneration of directors is a matter of public interest to be approved by resolution at the AGM. Council is the sole shareholder in WIPL (both directly and indirectly through Innovation Waikato Ltd).
- The directors of WIPL have considered their remuneration and commissioned an independent review from Everest Group (Attachment 1).
- The current constitution is silent on setting directors fees, and as such, the Board has had to rely by default on the Companies Act which places the responsibility for setting fees in the hands of the board.
- WIPL believes this is not an appropriate mechanism and that it is the prime responsibility of the shareholders to consider directors fees. This aligns with the intent of the Council policy. Accordingly the board has not acted for the last six years to adjust fees. The board now seeks to remedy this situation and accordingly following the Everest Group external assessment the Chair of WIPL has proposed a revised directors fees structure outlined in Attachment 2.

**Item 4**

- 9. The proposed directors fee increase of \$22,500 (from \$137,500 to \$160,000 in total) can be accommodated within the current budget, with no adverse impact.
- 10. The director’s fee increase can be supported because:
  - It benchmarks favourably against the “all organisations”, “industry sector” and “asset value” comparisons outlined in the Everest Report.
  - No directors fees increases have been sought since 2010, and the 16.4% total change equates to an annualized increase of 2.56%, comparable to overall general inflationary movements during that period, and below the annual increases outlined in the Everest report.
  - The financial performance of WIPL in recent years has been strong and positive against budget, as summarised in the recent Crowe Horwath Report.
  - The board have worked closely and in support of Council to grow the WIPL assets (without further Council funding since 2009), contribute to the Hamilton economy through jobs creation and commercialisation of agri-based products and services, developed the Masterplan (November 2015) and also obtained funding and government investment to form NZFIWL. The board have also supported the recent Council review of investment process and undertaken considerable work in preparation for equity raising in support of delivering the Masterplan.
- 11. Whilst not the subject of this report or the AGM, a director rotation schedule is proposed to be introduced in 2017 by the Chair. The rotation schedule would provide directors a three year term which is renewable. This would be formally added to the WIPL constitution, but is best addressed when the investment review and equity raise process is completed, in line with any changes in shareholding.

**Recommendations from Management** *(Recommendation to Council)*

That:

- a) the report be received; and
- b) the director fee increases (outlined in Attachment 2) be approved at the Waikato Innovation Park Ltd AGM on 22 September 2016.

**12. Attachments**

- 13. Attachment 1 - WIPL - Director Remuneration - Everest Group
- 14. Attachment 2 - WIPL - Current and Proposed Directors Fees

**Signatory**

Authoriser	Blair Bowcott, Executive Director Special Projects
------------	--



P 07 857 0716  
 F 07 857 0718  
 E info@everestgroup.co.nz  
 www.everestgroup.co.nz

Waikato Innovation Park  
 Ruakura Road  
 P.O. Box 12700  
 Hamilton 3248  
 Freephone 0800 EVEREST

17 June 2016

The Chairman  
 Waikato Innovation Park Ltd  
 9 Melody Lane  
 Hamilton 3216

Dear Earl

Thank you for engaging Everest Group Limited to assist you to obtain comparative fee data for the Chairperson and Director roles for the Board of Waikato Innovation Park.

We have sourced data from the 2015 Institute of Directors Fees Survey to assist with identifying a proposed fee. The report has been detailed into:

- All Organisations to give a New Zealand wide perspective.
- An Industry Sector comparison.
- A comparison by Asset Value.

Please note – the 2016 report is due for release in August 2016.

**REMUNERATION REVIEW**

**Chairperson (Non-Executive)**

Using the understanding we have of the core requirements of the Chairperson (Non-Executive) role, the survey data indicates:

All organisations comparison:

Median Annual Fee - All organisations	2012	2013	2014	2015	Annual Movement
	\$48,834.00	\$50,000.00	\$51,000.00	\$52,500.00	2.9%

Industry sector comparisons:

Median Fee by Sector	Agriculture, Forestry & Fishing	Property & Real Estate Services	Professional, Scientific & Technical
Annual	\$67,000.00	\$60,000.00	\$40,000.00



Asset value comparison:

Non-Executive Chairperson fee by total assets (\$29,037,527)	Average	Median	Upper Quartile
Annual	\$48,791.00	\$48,000.00	\$56,500.00

#### Innovation Park Chairperson (Non-Executive) Recommendation

Our understanding is that the current annual fee for the Chairperson (Non-Executive) at Innovation Park is currently set at \$37,500.00 per annum. Finding a fair or valid remuneration comparison for the Innovation Park roles is challenging, however we consider that the most valid comparison would be to the Property and Real Estate sector which is the likely source of skills and experience for a Chairperson of this Board. The median fee for the Property and Real Estate sector is \$60,000.00 annually, which is significantly higher than the all organisation comparison of \$52,500. The comparison by asset value indicates a median of \$48,000. These rates indicate that a sizeable gap exists and the fee that currently applies so we would not recommend aligning immediately to these. I would like to note that the sample size for the Property and Real Estate sector has increased compared to 2014 and therefore the median is reduced from 2014. This has had quite an impact on the rates, compared to other sectors.

A pragmatic outcome may be to gradually align over future years and therefore we recommend an increase in the annual fee for the Chairperson (Non-Executive) role to \$40,000 per annum.

#### Directors (Non-Executive)

Based on the core requirements of a Director (Non-Executive) role, the survey data indicates:

All organisations comparison:

Median Fee	2012	2013	2014	2015	Annual Movement
	\$36,000.00	\$36,000.00	\$40,000.00	\$41,610.00	4%

Industry sector comparisons:

Median Fee by sector	Agriculture, Forestry & Fishing	Property & Real Estate Services	Professional, Scientific & Technical
Annual	\$47,500.00	\$60,000.00	\$23,000.00

Asset value comparison:

Non-Executive Director Fee by total assets (\$29,037,527)	Average	Median	Upper Quartile
Annual	\$29,532.00	\$30,000.00	\$35,000.00



HUMAN RESOURCE SOLUTIONS



TRAINING AND DEVELOPMENT



RECRUITMENT



HEALTH AND SAFETY

### Innovation Park Director (Non-Executive) Recommendation

We understand the fee for a Director (Non-Executive) of Innovation Park is currently set at \$25,000.00 per annum. As for the Chairperson (Non-Executive) role, we consider the most valid comparison would be to the Property and Real Estate sector which is a good match to the skills and experience required of a Director of this Board.

The median fee for the Property and Real Estate sector is \$60,000.00 per annum. The median fee for all organisations is \$41,610 with a median by asset value of \$30,000 per annum. We recognise that a sizeable gap exists between the market median and the fee that currently applies. Therefore we would not recommend aligning to the median in the immediate future.

Taking into account the median fee for all organisations, the industry sector comparisons and the asset value we recommend an appropriate fee for a Director (Non-Executive) would be \$27,500 per annum. This would also maintain the current relativity between the Director and Chairperson's fee.

### Committee Appointments

Some 12.8% of directors received additional remuneration specifically related to their committee duties in the 2015 year. The average committee fee was \$6,980 with a market median of \$5,000.

### Summary

These figures are indicative and the data does not take into account the performance of the Chairperson or Director. The data provided through the survey is very general and does not take into account location, time commitments or complexity of the role. If more in depth analysis is required the IoD can be contracted to undertake a remuneration review at a cost of approximately \$3,995 plus GST.

If you have any questions regarding the content of this review, please do not hesitate to contact me.

Kind regards



Diane Hallifax  
Human Resources Specialist  
Everest Group Limited



HUMAN RESOURCE SOLUTIONS



TRAINING AND DEVELOPMENT



RECRUITMENT



HEALTH AND SAFETY

## Waikato Innovation Park Ltd (WIPL)

### Current and Proposed Director Fees 2016

#### 1. Changes Proposed to Directors Fees

- 1) Chairperson Fee from \$37,500 to \$40,000 p.a.
- 2) Directors Fee from \$25,000 to \$27,500 p.a.
- 3) Standing Committee Chairperson Fee an additional \$2,500 p.a. (NEW)
- 4) Standing Committee Members Fee an additional \$1,250 p.a. (NEW)
- 5) Subsidiary Board Members Fee an additional \$1,250 p.a. (NEW)

NOTE: WIPL Board Members who sit on NZ Food Innovation (Waikato) Ltd (NZFIWL) subsidiary board receive no other board fees, apart from \$1,250 noted above. Only the Chair of WIPL sits on the board of NZFIWL. The CEO of WIPL also sits on the board of NZFIWL but receives no additional fees for this.

#### 2. Summary of Directors Fees

Role	Held By	Current Fee	Additional Duties	Proposed Fees			Change
				Base	Additional Duties Fee	Total Fees	
Chair	Earl Rattray	37,500	Director of NZFIWL Ex-officio of all sub-committees	40,000	1,250	41,250	3,750
Director	Tony Steel	25,000	Chair ARFC Member DD	27,500	2,500	30,000	5,000
Director	Helen Cross	25,000	Chair REM Member DD Member AFRC	27,500	2,500	30,000	5,000
Director	Martin Udale	25,000	Chair DD Member AFRC	27,500	2,500	30,000	5,000
Director	Andy West	25,000	Member REM Member DD	27,500	1,250	28,750	3,750
<b>Total Fees</b>		<b>137,500</b>		<b>150,000</b>	<b>10,000</b>	<b>160,000</b>	<b>22,500</b>
					<b>% Change</b>		<b>16.4%</b>

Glossary		
	NZFIWL	NZ Food Innovation (Waikato) Ltd
	ARFC	Audit, Risk and Finance Committee
	DD	Capital Due Diligence Committee – supports current equity raising process
	REM	Remuneration and Appointments Committee – regular performance monitoring CEO and Senior Management

**Committee:** Council Controlled  
Organisations Subcommittee

**Date:** 09 August 2016

**Report Name:** Council Controlled  
Organisations (CCO)  
Subcommittee Open Minutes  
6 July 2016

**Author:** Emily Acraman

<b>Status</b>	<i>Open</i>
---------------	-------------

### Recommendation

That the Subcommittee confirm and adopt as a true and correct record the Open Minutes of the Council Controlled Organisations (CCO) Subcommittee Meeting held on 6 July 2016.

### 1. Attachments

2. Attachment 1 - Council Controlled Organisations Subcommittee - Open Minutes - 6 July 2016

---

## Council Controlled Organisations Subcommittee

### OPEN MINUTES

---

Minutes of a meeting of the Council Controlled Organisations Subcommittee held in Committee Room 1, Municipal Building, Garden Place, Hamilton on Wednesday 6 July 2016 at 2.35pm.

#### PRESENT

Chairperson	Cr G Mallett
Members	Her Worship the Mayor J Hardaker Cr A King Cr R Pascoe Cr P Yeung

In Attendance:	Blair Bowcott – Executive Director Special Projects Brett Brinkworth – Corporate Projects Accountant Renee Doughty – Treasury/Financial Accountant Gary McLoughlin – Crowe Horwath Consultant Marnus Beylefeld – Crowe Horwath Consultant
----------------	---

Committee Advisor:	Becca Brooke
--------------------	--------------

---

#### 1. Apologies

There were no apologies.

#### 2. Confirmation of Agenda

**Resolved:** (Crs Mallett/Yeung)

That the Agenda be confirmed.

#### 3. Declarations of Interest

No members of the Committee declared a Conflict of Interest.

#### 4. Council Controlled Organisations (CCO) Subcommittee - Open Minutes - 2 June 2016

**Resolved:** (Crs Mallett/Pascoe)

That the Subcommittee confirm and adopt as a true and correct record the Open Minutes of the Council Controlled Organisations (CCO) Subcommittee Meeting held on 2 June 2016.

#### 5. Council Controlled Organisation's (CCO) Subcommittee Action List - Open - 2 July 2016

**Resolved:** (Crs Mallett/Pascoe)

That the Report be received.

#### 6. Resolution to Exclude the Public

**Resolved:** (Crs Mallett/Yeung)

##### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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 follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Council Organisations Subcommittee - Public Excluded Minutes - 2 June 2016	) Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)
C2. Council Organisations Subcommittee Action List - Public Excluded - 2 July 2016	)	
C3. Innovation Waikato Ltd and Group of Companies - Review of Council Investment		

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item C1.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C2.	to prevent the disclosure or use of official information for improper gain or improper advantage	Section 7 (2) (j)
Item C3.	to enable Council to carry out negotiations	Section 7 (2) (i)

**The Meeting went into a Public Excluded session at 2.40pm.**

**The Meeting was declared closed 4.40pm.**

**Committee:** Council Controlled  
Organisations Subcommittee

**Date:** 09 August 2016

**Report Name:** Council Controlled  
Organisations (CCO)  
Subcommittee - Open Action  
List - 9 August 2016

**Author:** Emily Acraman

<b>Status</b>	<i>Open</i>
---------------	-------------

### Recommendation

That the report be received.

### 1. Attachments

- Attachment 1 - Council Controlled Organisations (CCO) Subcommittee - Open Action List - 9 August 2016



**CCO SUBCOMMITTEE**

Action List - 2015/16

**OPEN**

**Item 6**

Ref.	Meeting Date	GM Responsible	Action	DUE DATE for reporting back	Status (relative to due by date)	Notes
14	6 April 2016 Item 7	GM Corporate	<b>WIPL:</b> That Council notes the Draft Statement of Intent and key assumptions and advises Innovation Waikato Ltd Group that it will be able to provide a written response after 2 June 2016 once the review of its investment in the IWL Group is completed.	30-Jun-16	Completed	Written response to SOI provided, referring to decisions of CCO Subcommittee Meeting on 6 July 2016.

**Attachment 1**

## Resolution to Exclude the Public

### Section 48, Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following parts of the proceedings of this meeting, namely consideration of the public excluded agenda.

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 follows.

General subject of each matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
C1. Council Organisations Subcommittee Excluded Minutes 6 July 2016	Controlled (CCO) Public ) ) ) )	Good reason to withhold information exists under Section 7 Local Government Official Information and Meetings Act 1987
C2. Council Organisations Subcommittee Excluded Action List - 9 August 2016	Controlled (CCO) - Public - 9	)

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

- |          |  |                   |
|----------|--|-------------------|
| Item C1. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |
| Item C2. | to prevent the disclosure or use of official information for improper gain or improper advantage | Section 7 (2) (j) |