

Report No:	RFN12-06-07
File No:	
Date:	8 June 2012
Decision Required	

REPORT SUMMARY

Report to: Tasman District Council
Meeting Date: 21 June 2012
Report Author: Murray Staite, Corporate Services Manager
Subject: Commercial Subcommittee: Terms of Reference

EXECUTIVE SUMMARY

To consider the terms of reference for the recently approved Commercial Subcommittee.

RECOMMENDATION/S

That the Council proceed with the draft resolution.

DRAFT RESOLUTION

THAT the Tasman District Council:

- (a) **receives the Commercial Subcommittee: Terms of Reference Report RCN12-06-07; and**
- (b) **agrees to the Commercial Subcommittee Terms of Reference as laid out in Appendix 1; and**
- (c) **agrees that the Chair of the Corporate Services Committee be a member and Chair of the Commercial Subcommittee; and**
- (d) **agrees that the Mayor of the Tasman District Council appoint the second elected member of the Commercial Subcommittee; and**
- (e) **agrees to the criteria for selection of non elected independent members of the Commercial Subcommittee as noted in Appendix 2; and**
- (f) **agrees to the process for appointment of non elected independent members of the Commercial Subcommittee as noted in Appendix 2.**

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1. Purpose

- 1.1 To consider the terms of reference for the recently approved Commercial Subcommittee.

2. Background

- 2.1 At the meeting of 3 May 2012, Council asked staff to report back on the terms of reference and suggested committee structure for the Commercial Subcommittee.
- 2.2 The Commercial Subcommittee is to oversee the governance of Council's Forestry, Camping Grounds, Aerodromes and Commercial Property portfolio identified in Appendix 1 to Report RCN 12-05-10.

3. Discussion

- 3.1 Attached as Appendix 1 are the proposed terms of reference for the Commercial Subcommittee. The key functions of the committee would be to set appropriate returns on investment and to monitor those investments to ensure that the returns are realised.
- 3.2 It is proposed that the committee membership comprise two elected members of the Council with three independent non elected members being drawn from the business community. A suggested process for this appointment is attached as Appendix 2. It is proposed that the Chair of the Corporate Services Committee be one of the elected members of the committee as well as the Chair of the Commercial Subcommittee.
- 3.3 The use of independent non elected members on the committee allowed for under Schedule 7 Part 1(31) of the Local Government Act 2002 would ensure that the committee had access to a wide range of business skills. The use of

independent non elected members in the local government scene is relatively common especially in relation to audit subcommittees.

- 3.4 The Commercial Subcommittee would be a subcommittee of the Corporate Services Committee to which it would report.

4. Financial Considerations

- 4.1 As previously noted in the staff report of 3 May 2012 the likely cost of independent non elected members would be in the range of \$10,000 to \$20,000 per annum. It would be expected that with a dedicated focus on commercial activities, that these costs would be offset by increased returns on assets.

5. Options

- 5.1 **Option 1**
Accept the terms of reference as proposed.
- 5.2 **Option 2**
Decline to accept the terms of reference as proposed and suggest amendments.

6. Significance

- 6.1 After consideration of Council's Significance Policy this matter is not considered significant.

7. Recommendation/s

- 7.1 That the Council proceed with the draft resolution.

8. Draft Resolution

THAT the Tasman District Council:

- (a) receives the Commercial Subcommittee: Terms of Reference Report RCN12-06-07; and**
- (b) agrees to the Commercial Subcommittee Terms of Reference as laid out in Appendix 1; and**
- (c) agrees that the Chair of the Corporate Services Committee be a member and Chair of the Commercial Subcommittee; and**
- (d) agrees that the Mayor of the Tasman District Council appoint the second elected member of the Commercial Subcommittee; and**
- (e) agrees to the criteria for selection of non elected independent members of the Commercial Subcommittee as noted in Appendix 2; and**
- (f) agrees to the process for appointment of non elected independent members of the Commercial Subcommittee as noted in Appendix 2.**

Appendices

Appendix 1 – Commercial Subcommittee Terms of Reference

Appendix 2 – Criteria for selection of non elected independent members of the Commercial Subcommittee

APPENDIX 1

Commercial Subcommittee – Terms of Reference

The Commercial Subcommittee has a core function of monitoring and improving the performance of Council's commercial portfolio being Forestry, Camping Grounds, Aerodromes and Commercial Property (listed in appendix 1 of RCN 12-05-10). In addition it is expected that the Commercial Subcommittee will look to identify opportunities that will increase the portfolio.

Delegated Function

To monitor Council's Commercial Portfolio.

Membership

Two (2) elected members of the District Council and three (3) non elected independent members appointed by resolution of the Council. The Chair of the committee is to be the Tasman District Council's Chair of Corporate Services.

Term of the Committee

For the period of the 2010/2013 Triennium unless discharged earlier by the Tasman District Council.

Meetings

The Commercial Subcommittee shall meet quarterly.

Scope

1. To set appropriate returns on investment in relation to the commercial portfolio.
2. To receive quarterly financial reports in relation to the commercial portfolio and to ensure where possible that the best rates of return are being achieved.
3. To review on a regular basis the overall governance structure for the portfolio and consider whether other governance structures would deliver enhanced returns.
4. To receive reports from both staff and Council's legal advisors on the identification and mitigation of financial and operational risk.
5. Obtain external, legal or other professional advice as necessary.
6. Identify further opportunities to increase the commercial portfolio.

Delegations

The committee has delegated authority to authorise any transactions that comply with Council's LTP, Annual Plan, Treasury Policy or authorised contracts which are outside the delegated authority Council Officers.

Standing Orders

Standing Orders to be applied at each meeting shall be Tasman District Council Standing Orders.

Quorum

A quorum is set at 3 members.

APPENDIX 2

1. **Criteria for Selection of non elected independent members of the Commercial Subcommittee**

- 1.1 Completed the Institute of Directors course or have equivalent experience.
- 1.2 Demonstrated ability to think commercially and financially about strategies, projects and the intelligent deployment of resources.
- 1.3 Articulate, able to convey thoughts in a concise and clear manner.
- 1.4 Prepared to be counted on important matters.
- 1.5 Relevant business experience and/or the ability to gain an in-depth familiarity with the company and its business area.
- 1.6 Objectivity in decision making.
- 1.7 Respect for colleagues and staff.
- 1.8 High ethical standards.
- 1.9 Proven commercial experience.
- 1.10 Positive attitude to public ownership and the principles of good corporate citizenship.
- 1.11 Financial acumen.
- 1.12 Commitment to regional needs and priorities.

2. **Process for Appointment of non elected independent members**

- 2.1 The Chairperson of the Commercial Subcommittee will meet with the Chief Executive of the District Council to discuss specific requirements.
- 2.2 A recruitment consultant will be employed to develop a list of candidates and for this purpose will advertise specifically for the vacancy needing to be filled.
- 2.3 The Chief Executive of the District Council may refer to the recruitment Consultant for inclusion in any list of candidates any person or persons recommended for appointment by the Chairperson of the Commercial Subcommittee.
- 2.4 The Recruitment Consultant shall undertake a preliminary interview of those listed for appointment, having regard for the criteria listed above, and carry out a reference check as necessary, before developing a short list for recommendation in a report to the Corporate Services Committee.
- 2.5 The Corporate Services Committee will make the final decision.