

# The Treasury

## Budget 2017 Information Release

### Release Document July 2017

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[40]	Not in scope	

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## Treasury Report: Finance Portfolio: Update on Current Appointment Activity and Commencement of Process

<b>Date:</b>	10 May 2016	<b>Report No:</b>	T2016/739
		<b>File Number:</b>	CM-0-2-4-2016

### Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Bill English)	<b>Note</b> update on appointment activity; <b>agree</b> recommendations; <b>agree</b> to sign the attached consultation letters to Caucus colleagues and support parties; <b>agree</b> to Treasury commencing consultation with nominating agencies and list positions on the online director candidate database; <b>sign</b> and send fees letters	Thursday 12 May 2016

### Contact for Telephone Discussion (if required)

Name	Position	Telephone	1st Contact
Carla Wellington	Advisor, Governance and Performance	[39]	[23] ✓
Chris Gregory	Manager, Commercial Operations - Governance and Performance		

### Actions for the Minister's Office Staff (if required)

**Return** the signed report to Treasury.

If signed, distribute letters and position specifications to Caucus and support parties as soon as possible to allow consultation to be carried out through May 2016. Advise Treasury so that we can commence consultation with the nominating agencies and list positions on Treasury's online candidate database. If signed, send fees letters to [40] and the Guardians.

Note any feedback on the quality of the report

**Enclosure:** Yes (attached)

## **Treasury Report: Finance Portfolio: Update on Current Appointment Activity and Commencement of Process**

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### **Executive Summary**

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This report

- (i) gives you an update on the current appointment activity across your Finance portfolio and
- (ii) seeks your agreement to commence a process for the [40]

In particular, you are asked to consider the entity summary pages within the report, and to confirm your wishes for each board on the respective pages.

You are also asked to respond to requests for fees increases by [40] and the Guardians of New Zealand Superannuation respectively.

### **Recommended Action**

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We recommend that you:

- a **note** the summaries for each of the entities (from page 7 of this report)
- b **advise** your preferences with regard to decisions on the Boards of [40] and the Guardians.

Chris Gregory  
**Manager, Commercial Operations - Governance and Performance**

Hon Bill English  
**Minister of Finance**

## Treasury Report: Finance Portfolio: Update on Current Appointment Activity and Commencement of Process

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### Purpose of Report

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1. [40]
2. You are also asked to respond to requests for fees increases from the [40] the Guardians of New Zealand Superannuation (Guardians).

### Background

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3. We provide an update on current appointments processes underway. You previously agreed to:  
[40]

- Recommend to the Governor-General the reappointment of Craig Ansley and the appointment of Doug Pearce and John Williamson to the Guardians Board. The appointments were considered by APH Committee on 10 May 2016.

### Requests for fee increase

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[40]

5. The Chief Executive of the Guardians, Adrian Orr, wrote to Treasury requesting a fee increase of 10% for Pip Dunphy who assumed the role of Audit Committee Chair (attached as Annex VI). If you agree to the increase, you are asked to sign the attached letter, advising of your agreement to the fee increase (Annex VII). Further information is provided on the Guardians company summary page.

# New Appointment Activity

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[40]

## Current appointment activity in the Finance portfolio

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- 9. Starting on page 7 of this report are summaries for each of the 12 boards in your Finance portfolio, detailing the board membership and the positions requiring your consideration. We would like you to agree, on each page where indicated, the steps you would like to take.
- 10. Summaries are included for all 12 boards for completeness, even where there is no appointment activity.
- 11. The current appointment activity, including the positions requiring your consideration, is summarised in the following table.

**Table 1. Positions to be considered in 2016**

Board	Terms under consideration	Decisions or action required
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[40]

Board	Terms under consideration	Decisions or action required
[40]		
<b>Guardians</b>	No further terms to be considered at this time	<p>Treasury provided documentation for the APH Committee on 10 May 2016 recommending the reappointment of Craig Ansley and the appointment of new members Doug Pearce and John Williamson [T2016/627].</p> <p>Agree to additional fees of 10% for Audit Committee Chair Pip Dunphy</p>
[40]		

## Next Steps

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12. Assuming your agreement to the various elements of the process, the following will now occur:
- You will sign letters to your Caucus and support party colleagues calling for nominations.
  - Treasury will seek nominations from the nominating agencies.
  - Treasury will list the position specifications on its online director candidate database, as a call for expressions of interest (note this has the effect of making the process public, and may attract some media interest).
  - Treasury will confirm the process, and timing, to both boards (via the Chairs)
  - Treasury will report back to you again by mid June to provide details of all nominations and expressions of interest received through the 'call for nominations' process, and to seek your agreement on a short-list for each board so the due diligence interview process can begin.

13. A timeline for the appointment process is outlined below:

**Table 2. Proposed timeline for the appointment round**

Action	Date
Minister agrees skills profiles	Friday 13 May 2016
Caucus and agency consultation	16 May – 3 June 2016
Minister short-lists candidates	Mid June 2016
Due diligence interviews	Late June – early July 2016
Minister confirms final decisions, retiring directors notified	Late July 2016
APH, Cabinet, Caucus	August 2016
New directors commence	1 October 2016

14. Treasury will provide appointment documentation in mid May to confirm all reappointments within the Finance portfolio at APH Committee on 31 May 2016.

## Diversity

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15. There are currently 48.1% female directors across your Finance Portfolio which compares with the overall gender balance on all Crown boards (of which there are over 400) of around 41.7% (noting the Government's policy, led by the Minister for Women, which targets 45% women on Crown boards). The percentage of board members who identify as Māori is currently at 3.7%. Please note that the listed company Air New Zealand has been excluded from the current demographics.
16. We will continue to focus on opportunities to improve the gender and ethnic balance of the Portfolio as the appointment process progresses.

## Attached Documents

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17. Attached to this report are:

[40]

- Annex VI: Letter from Guardians requesting fee increase.
- Annex VII: Letter to Guardians agreeing to fees increase.







[40]









[40]

**Table 9. Guardians Board as at May 2016**

Guardians	2009			2010			2011			2012			2013			2014			2015			2016			2017			2018			2019			2020		
	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
Catherine Savage	Chair																																			
Lindsay Wright	Deputy Chair																																			
Craig Ansley	[Red shaded area from 2012 Q1 to 2016 Q1]																																			
Pip Dunphy	[Blue shaded area from 2012 Q1 to 2017 Q1]																																			
Stephen Moir	[Blue shaded area from 2010 Q1 to 2019 Q1]																																			

**Terms under consideration in red**

- 36. The reappointment of Dr Craig Ansley and appointment of new members John Williamson and Doug Pearce, replacing Gavin Walker and Mark Tume, should be concluded before the end of May 2016 [Treasury Report TR2016/2067 refers].
- 37. There are no further terms to consider until 2017, when Pip Dunphy and Lindsay Wright will have each served one term.

**Audit Committee Chair – Additional Fees**

- 38. In March 2016 the Guardians Chief Executive Adrian Orr wrote to Treasury requesting an increase in Board fees for new Audit Committee Chair Pip Dunphy (letter attached as Annex VI). Ms Dunphy was appointed as Audit Committee Chair to replace Mark Tume. In the past the Deputy Chair of the Board had been appointed as Audit Committee Chair but as the new Deputy Chair Lindsay Wright is based in Hong Kong it would not have been practicable for her to assume the role.
- 39. Under the Cabinet Fees Framework, the Board Chair Catherine Savage and Deputy Chair Lindsay Wright receive an increase on standard Board member fees to reflect their additional responsibilities. As noted in Mr Orr’s letter, Ms Dunphy has significant responsibilities beyond an ordinary Board member role. There is provision within the Cabinet Fees Framework for additional fees to be paid to a member chairing a subcommittee (so long as they are not the Chair or Deputy Chair of the Board). Paragraph 51 of Cabinet Circular CO (12) 6 provides that “an additional 10% of the member’s rate may be paid to one other member with responsibility for chairing a subcommittee.” Treasury has consulted with the Chair of the Guardians, who supports Treasury’s recommendation that you agree to increase Ms Dunphy’s fees by 10% to reflect the additional responsibilities she undertakes as Audit Committee Chair.

**Decisions required**

- a) **agree** to increase Audit Committee Chair Pip Dunphy’s fees by 10%  
*Agree/disagree.*
- b) **note** that a letter to the Guardians is attached for your signature if you agree to increase Ms Dunphy’s fees (Annex VII).











[40]