

Reference: 20140159

25 August 2014



Thank you for your Official Information Act request, received on 27 June 2014. You requested the following:

*“... background documents relating to the establishment of a Commercial Operations Advisory Board for the Treasury, in particular all documents:*

- i. discussing the possible establishment of such a board;*
- ii. the rationale for the board;*
- iii. the public accountability mechanisms for the board;*
- iv. membership of the board;*
- v. management of conflicts of interest; or*
- vi. the relationship between that board and other governance bodies for the Treasury.”*

Following communication with a Treasury official, you agreed to modify your request to;

*“... reports and other formal documents from November 2013 onwards relating to the establishment of a Commercial Operations Advisory Board for the Treasury, in particular all documents:*

- i. discussing the possible establishment of such a board;*
- ii. the rationale for the board;*
- iii. the public accountability mechanisms for the board;*
- iv. membership of the board;*
- v. management of conflicts of interest; or*
- vi. the relationship between that board and other governance bodies for the Treasury.”*

On 22 July we extended the time limit for deciding on your request by an additional 20 working days.

## Information Being Released

Please find enclosed the following documents:

Item	Date	Document Description	Proposed Action
1.	12 December 2013	Treasury Board Minutes, 12 December 2013 meeting	Release in part
2.	16 December 2013	Treasury Report: Commercial Operations Advisory Board	Release in part
3.	17 December 2013	Commercial Operations Review: Decisions Document	Release in part
4.	18 December 2013	Candidates for Advisory Board – Long List	Release in part
5.	31 January 2014	Commercial Operations Advisory Board, New Zealand Treasury – Position Description	Release in full
6.	20 March 2014	Treasury Board Minutes, 20 March 2014 meeting	Release in part
7.	20 March 2014	Treasury Board Paper: Commercial Operations transition update	Release in part
8.	20 May 2014	Commercial Operations Advisory Board: Membership and Proposed Fees for Members	Release in part
9.	26 May 2014	Letter from Minister of Finance to Minister of State Services: Treasury's Commercial Operations Advisory Board	Release in part
10.	28 May 2014	Letter from Secretary to the Treasury to Commercial Operations Advisory Board member	Release in part
11.	9 June 2014	Treasury Commercial Operations Advisory Board Terms of Reference	Release in full
12.	13 June 2014	Performance Improvement Framework (PIF) Review Report	Release in part
13.	14 June 2014	Minister of Finance Memorandum for Cabinet Appointment and Honours Committee: Treasury's Commercial Operations Advisory Board: Proposed Fees for Members	Release in part
14.	18 June 2014	Treasury Report: Confirmation of Fees for Commercial Operations Advisory Board	Release in part
15.	19 June 2014	Treasury Board Paper: Changes in Treasury's Risk and Audit Committee	Release in part

I have decided to release the relevant parts of the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act, as applicable:

- personal contact details of officials, under section 9(2)(a) – to protect the privacy of natural persons, including deceased people, and
- commercially sensitive information, under section 9(2)(b)(ii) – to protect the commercial position of the person who supplied the information, or who is the subject of the information, and
- advice still under consideration, under section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials.

### **Information Publicly Available**

The report listed in the table below contains references to the Advisory Board on pages 26 and 33. It is available on the State Services Commission website. Accordingly, I have refused the request for this information under section 18(d) of the Official Information Act – the information requested is or will soon be publicly available.

<b>Item</b>	<b>Date</b>	<b>Document Description</b>	<b>Website Address</b>
1.	13 June 2014	Performance Improvement Framework (PIF) Review Report	<a href="http://www.ssc.govt.nz/sites/all/files/pif-review-treasury-july14.PDF">http://www.ssc.govt.nz/sites/all/files/pif-review-treasury-july14.PDF</a>

In making my decision, I have considered the public interest considerations in section 9(1) of the Official Information Act.

This fully covers the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Dominic Milichich  
**Acting Manager, Commercial Strategy and Policy**

# Information Being Released

## OIA 20140159

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**IN-CONFIDENCE**

**TREASURY BOARD: MINUTES OF 12 DECEMBER 2013 MEETING**

**Attendees:** Gabs Makhoul (Chair), Susan Macken, Paul Baines, Harlene Hayne, Joan Withers, Sir Ralph Norris (by phone) Vicky Robertson, and Nick McNabb (Secretariat).

**Apologies:** Whaimutu Dewes

**Additional attendees for specific items:** Item 1: Jeremy Corban  
[Redacted]

	Item	Discussion	Decision/Action
1	Review of Treasury's Commercial Portfolio	<p>[Redacted]</p> <p>The challenge would be to find a way to impose the same disciplines, in particular the ability to escalate and have levers in place to credibly challenge the company boards.</p> <p>The proposed Advisory Board could perform some of these functions. [Redacted]</p> <p>[Redacted] noted that the SOE Steering Group established in the late 1980's could be a useful model to follow.</p> <p>[Redacted]</p>	<p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>

Remainder of document not relevant to request

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NEGOTIATIONS-IN-CONFIDENCE



**Treasury Report: Commercial Operations Advisory Board**

<b>Date:</b>	16 December 2013	<b>Report No:</b>	T2013/3159
		<b>File Number:</b>	CM-0-7-8

**Action Sought**

	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Bill English)	<p><b>Note</b> that the Treasury is establishing an Advisory Board for its commercial operations group and this will be announced on 19 December 2013</p> <p><b>Provide feedback</b> on the draft terms of reference</p>	19 December 2013
Minister for State Owned Enterprises (Hon Tony Ryall)	<p><b>Note</b> that the Treasury is establishing an Advisory Board for its commercial operations group and this will be announced on 19 December 2013</p> <p><b>Provide feedback</b> on the draft terms of reference</p>	19 December 2013

**Contact for Telephone Discussion (if required)**

<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>
Amanda Smith	Principal Advisor	04 917 6302 (wk)	Withheld under s9(2)(a) ✓
Andrew Turner	Deputy Secretary, Crown Ownership Monitoring Unit	04 917 6031 (wk)	

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

Return the signed report to Treasury.

**Enclosure:** [\(Commercial Advisory Board Draft Terms of Reference: 2805995\)](#)

NEGOTIATIONS-IN-CONFIDENCE

16 December 2013

CM-0-7-8

**Treasury Report: Commercial Operations Advisory Board**

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**Purpose of Report**

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1. The Treasury has provided advice to Ministers on the concept of establishing an Advisory Board for the Treasury's commercial operations (*COMU External Advisory Panel T2013/2013* and *Value Management Structural Options for Change T2013/3088* refer). At our meeting on 25 November 2013 the Minister of Finance and Minister for SOEs supported the Treasury establishing the Board.
2. We have considered feedback from Ministers regarding the role and function of the Advisory Board, and submit a draft terms of reference for your consideration.

**Proposed Role and Function of Advisory Board**

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3. As part of the Treasury's value management work, we have considered the options for establishing an Advisory Board, Withheld under s9(2)(f)(iv)  

4. In the interim and incorporating feedback from Ministers, we are opting for a more formal Board structure, rather than an advisory panel. The more formal structure helps to define roles and accountabilities, and is considered to be a more durable solution than the other options.
5. The proposed role and function of the Advisory Board is set out in the attached draft terms of reference, but in summary, the Board will support the Deputy Chief Executive by:
  - a. Reviewing and testing the Treasury's high level strategic advice, where the outcomes could have a material impact on the performance of the commercial portfolio
  - b. Providing guidance on the structure, function and work programme priorities of the Treasury's commercial operations, and
  - c. Giving access to an independent "private sector" perspective, to support the portfolio by providing well informed advice.

**Scope**

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6. We expect the Board will meet at least four times a year, with informal interaction occurring as required. The Board will have direct access to Ministers, but access to entities will be channelled through the Treasury's Deputy Chief Executive (the Chair) or the Director, Commercial Operations.

## NEGOTIATIONS-IN-CONFIDENCE

7. The Board will provide advice to the Treasury and Ministers, but will not have decision-making powers.

### Proposed Members

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8. The Secretary to the Treasury will appoint the members, and the Chair will be the Deputy Chief Executive, the Treasury.
9. The members will have substantial governance and executive experience and be recognised as credible in the commercial marketplace. We intend that one member will also sit on the Treasury's board, to provide understanding of the Treasury's wider objectives and speed up the establishment process. Current SOE/Crown entity directors will be excluded to avoid conflicts of interest. A list of potential candidates has yet to be finalised.

### Fees

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10. The Board will be remunerated on the same basis as the Treasury's Board.
11. Total annual cost is estimated at <sup>s9(2)(b)(ii)</sup> (assuming 100 days work day equivalents at <sup>s9(2)(b)(ii)</sup> plus travel expenses), but could be higher in the first year as the members take time to get up to speed.

### Next Steps

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12. The Treasury will announce its plans to establish the Advisory Board along with the outcome of the review of its commercial operations on 19 December 2013.
13. The Treasury will compile a short list of candidates, and make an initial approach to those identified as the most preferred candidates, seeking feedback on the draft terms of reference, and potential other candidates. We note interested parties may also approach the Treasury following the announcement on 19 December 2013.
14. Appointments will be made in order to convene the first meeting in March 2014 prior to the commencement of the 2014/15 SOE business planning round.
15. Implementation issues have yet to be worked through, but it is expected that the Minister of Finance will need to seek an exception to the Cabinet fees framework from the Minister of State Services, so that members' remuneration can be aligned with the current Treasury Board.

**NEGOTIATIONS-IN-CONFIDENCE**

**Recommended Action**

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We recommend that you:

- a **note** that the Treasury is establishing an Advisory Board for its commercial operations group, and this will be announced on 19 December 2013.
- b **provide feedback** on the draft terms of reference prior to the 19 December 2013.

Andrew Turner  
**Deputy Secretary, Crown Ownership Monitoring Unit**

Hon Bill English  
**Minister of Finance**

Hon Tony Ryall  
**Minister for State Owned Enterprises**

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**COMMERCIAL-SENSITIVE**  
**DRAFT FOR DISCUSSION**

## **Treasury Commercial Advisory Board**

### **Draft Terms of Reference**

#### **Role**

The Commercial Advisory Board's role is to support the Deputy Chief Executive by;

- a. Reviewing and testing Treasury's high level strategic advice, where the outcomes could have a material impact on the performance of the commercial portfolio
- b. Providing guidance on the strategic approach and work programme priorities of Treasury's commercial operations
- c. Giving access to an independent "private sector" perspective, to support the portfolio by providing well informed advice.

#### **Scope**

The Board's tasks will include;

- a. Providing input into the scope and nature of the commercial operations group's strategy and procedures, with a view to a more active approach to managing the value of the portfolio
- b. Reviewing progress to ensure the commercial work programme is delivering key outcomes
- c. Helping to ensure that the quality of Treasury's advice is of the highest possible standard by contributing expertise and testing Treasury's judgements
- d. Making recommendations on how to maximise the value of the Crown's commercial portfolio, and providing views on entities' strategy and performance.

#### **Access to Entities**

Non-executive members' access to entities will be channelled through the Deputy Chief Executive or the Director, Commercial Operations.

#### **Membership**

- a. Members will be appointed by the Secretary to the Treasury, and the Board will be chaired by the Treasury's Deputy Chief Executive.
- b. There will be 4-6 Board members, at least one of whom will also sit on the Treasury Board. There will be a minimum of three members who are independent of the Treasury.
- c. The members will have substantial governance and executive experience and be recognised as credible in the commercial marketplace. At least one member

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**DRAFT FOR DISCUSSION**

will have a proven track record in business improvement, and one will be an expert in private sector investment, such as private equity, or corporate finance.

- d. Members will need to understand the public sector context, but current entity directors will be excluded.
- e. Membership of the Board will be reviewed after 3 years.

**Meetings**

The Board will meet at least four times per annum, commencing in March 2014. Each meeting is expected to last two to three hours. As described above Members are also expected to be available for informal contact with Treasury officials and to comment on documents and contribute to email discussions from time to time. Day to day engagement with officials will be managed by the Director, Commercial Operations.

Generally, meetings will be held at Treasury's offices at No 1 The Terrace, Wellington. Video and teleconferencing will be arranged as required. The Board may invite others to attend.

Treasury's Commercial Operations group will provide all secretariat support, including arranging Board meetings, minute keeping and the circulation of papers prior to the meetings.

**Duration**

The Board will be established for a term of three years, when it will be reviewed by the Secretary to the Treasury. Its Terms of Reference will be reviewed annually by the Secretary to the Treasury to ensure the Board's role and function remain relevant.

**Fees and Expenses**

The Board will be remunerated on the same basis as Treasury's Board.

**Conflicts of Interest**

Provision will be put in place to manage actual and potential conflicts of interest. The Secretariat will maintain a conflict of interest register.

**Access to Ministers**

Although the Board's primary role is to support the Treasury in the execution of its responsibilities, Ministers may from time to time meet with the Board, either face to face or by phone.

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**Confidentiality**

Meetings and more informal interaction with Ministers and Officials will be operated on the basis that members offer free and frank advice, while maintaining discretion about that advice in wider circles.

The Board will not make public statements regarding the Strategy or performance of the Crown's portfolio, and will not represent the Treasury externally. Any media enquiries are to be referred to the Treasury.

**Official Information Act**

The Board's advice to Ministers will be subject to the Official Information Act. If Ministers receive an OIA request relating to the Board's activities, it will be forwarded to Treasury, and the Chair will advise the other Board members.

STAFF-IN-CONFIDENCE

**Commercial Operations Review**  
Decisions document

17 December 2013

**STAFF-IN-CONFIDENCE**

***Introduction***

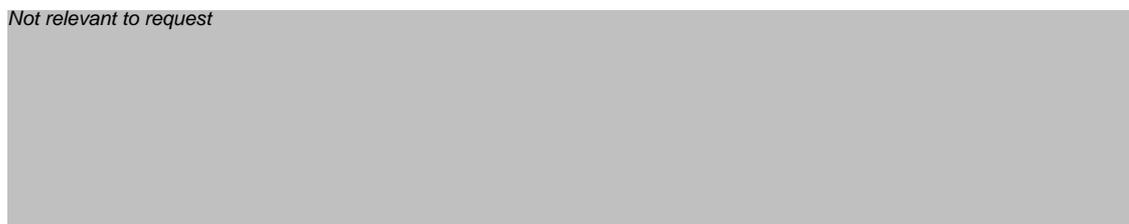
On 31 October 2013 the Secretary to the Treasury announced a review of the Treasury's commercial operations commencing 4 November 2013.

*Not relevant to request*



We are also announcing today the establishment of an advisory board to help provide oversight across the portfolio's strategic approach and priorities, and test key judgements in our advice.

*Not relevant to request*



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*Not relevant to request*



*Advisory Board*

As the Deputy Chief Executive outlined in her email of 3 December 2013, an advisory board will also be established. This had been discussed as part of the value

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management work and useful feedback was also received during consultation on the role of the board.

The Advisory Board's role is to support the Deputy Chief Executive by;

- Reviewing and testing the Treasury's high level strategic advice, where the outcomes could have a material impact on the performance of the commercial portfolio
- Providing guidance on the strategic approach and work programme priorities of the Treasury's commercial operations.
- Giving access to an independent "private sector" perspective, providing the portfolio with well informed advice.

The Advisory Board's activities will include:

- Providing input into the scope and nature of the commercial operations group's strategy and operations, with a view to a more active approach to managing value of these entities and the portfolio overall
- Reviewing progress to ensure the commercial work programme is delivering key outcomes
- Helping to ensure that the quality of the Treasury's advice is of the highest possible standard by contributing expertise and testing the Treasury's judgements
- Making recommendations on how to maximise the value of the Crown's commercial portfolio, and providing views on entities' strategy and performance.

The Board will be appointed by the Secretary to the Treasury, and include 4-6 members at least one of which will also sit on the Treasury Board. There will be a minimum of three members who are independent of the Treasury.

The members will have substantial governance and executive experience and be recognised as credible in the commercial marketplace. At least one member will have a proven track record in business improvement, and one will be an expert in private sector investment, such as private equity, or corporate finance.

The board will meet at least four times per annum, commencing in March 2014. The board will be supported by the Strategy and Policy team directly but integrate with all teams. Although the Board's primary role is to support the Treasury in the execution of its responsibilities, Ministers may from time to time meet with the Board, either face to face or by phone.

*Pages 7-21 not relevant to request*

**STAFF-IN-CONFIDENCE**

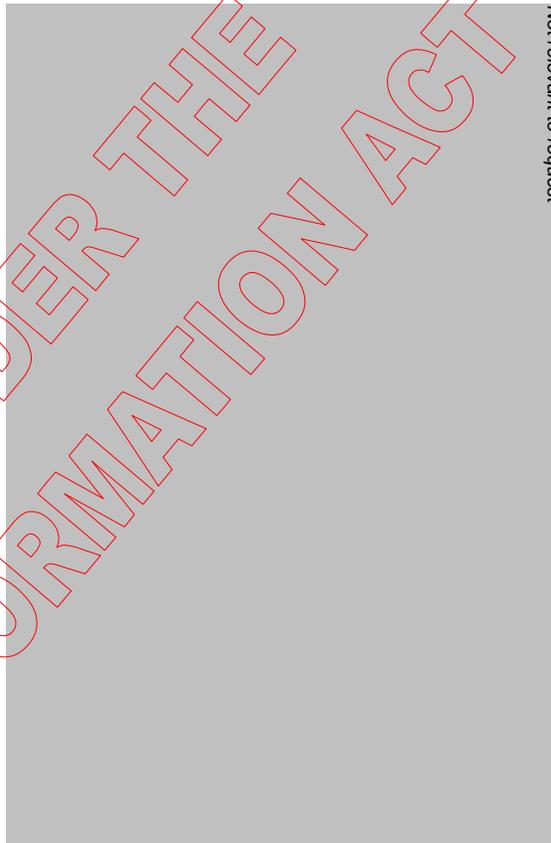
**8. Appendix B: Illustrative work programmes**

**Commercial Advice**  
*Focus*



Not relevant to request

**Governance and Performance**  
*Focus*



Not relevant to request

**Strategy and Policy**  
*Focus*



Not relevant to request

- Secretariat for Advisory Board



Not relevant to request

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Type small letter "a" to insert a tick

Candidate	Current Position/track record	Competencies					Sector Experience						Potential conflicts/issues	
		Commercial/Business improvement	Financial incl DMO relevant	Governance "Guru"/legal	Portfolio/balance sheet	Understanding of govt	Maori perspective	Electricity/energy	Infrastructure	Science & innovation	Financial Markets	Superannuation schemes		Insurance banking
[Redacted]		✓	✓	✓	✓	✓					✓		✓	
		✓				✓	✓							
		✓	✓	✓	✓	✓		✓	✓					
		✓	✓	✓	✓							✓		
		✓	✓	✓				✓	✓		✓			
		✓				✓		✓	✓					
		✓	✓		✓						✓	✓	✓	
		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	
		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	

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Withheld under s9(2)(a)

Withheld under s9(2)(a)

Withheld under s9(2)(a)

s9(2)(a)

Withheld under s9(2)(a)

COMMERCIAL-SENSITIVE

Type small letter "a" to insert a tick

Candidate	Current Position/track record	Competencies					Sector Experience						Potential conflicts/issues	
		Commercial/Business improvement	Financial incl DMO relevant	Governance "Guru"/legal	Portfolio/balance sheet	Understanding of govt	Maori perspective	Electricity/energy	Infrastructure	Science & innovation	Financial Markets	Superannuation schemes		Insurance banking
Withheld under s9(2)(a)		✓	✓	✓	✓									
		✓			✓				✓					Withheld under s9(2)(a)
					✓					✓			✓	
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		✓				✓								
		✓	✓		✓	✓			✓	✓			✓	

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## **Commercial Operations Advisory Board, NZ Treasury – Position Specification**

### ***The Treasury – Commercial Operations***

The Treasury monitors or manages governance processes for 53 government-owned entities with full or partial commercial objectives, and assets of around \$125 billion. It also advises Government on a range of commercial issues, such as major transactions and entities in distress.

Recognising the changing makeup of the Crown's commercial assets, and with the Government Share Offer programme nearing completion, the Treasury has reviewed its commercial operations portfolio to ensure its structure and approach will deliver more active management of the Crown's balance sheet.

One of the key changes is the establishment of an advisory board to the commercial operations function with members from outside the Treasury.

### ***Board Purpose and structure***

The Commercial Operations Advisory Board will be a governance body that supports the Deputy Chief Executive in ensuring the Treasury's Commercial Operations' strategy, capability and performance make the best possible contribution to the achievement of its goals.

The Board's role will be to review and test the Treasury's high level strategic advice, and provide guidance on strategic approach and work programme priorities.

The Board will be chaired by the Treasury's Deputy Chief Executive and comprise up to five non-executive directors, one of whom will also sit on the Treasury's Board. While details are yet to be finalised, it is envisaged that the Board will meet at least four times per annum, and that members will be available between meetings to provide ad hoc advice. Non-executive Board members will be appointed by the Treasury's Chief Executive.

The Board will operate within the framework established by the State Sector Act 1988 and Public Finance Act 1989. Its operations do not change the statutory responsibilities these Acts place on the Chief Executive. The Board will have no decision-making rights.

### ***Board skill requirements***

The Treasury is seeking candidates with strong experience in one or more of the following areas:

- Business improvement
- Investment management (eg private equity investment)
- Corporate finance
- Infrastructure project evaluation



The non-executive directors will have substantial governance and executive experience and be recognised as credible in the commercial marketplace, with experience in sectors relevant to the portfolio (electricity/energy, infrastructure, science and innovation, financial markets, superannuation schemes, insurance and banking being particularly valued). Board members will need to understand the public sector context, and ideally will be independent of the entities held in the commercial portfolio. More details of the portfolio are available at [www.treasury.govt.nz](http://www.treasury.govt.nz).

Nominees and applicants for Board membership should have the equivalent skills and experience to enable them to meet the requirements of a director in terms of the Companies Act 1993 or the Crown Entities Act 2004.

### ***Fees***

The Treasury pays board members a daily rate per meeting, with an additional allowance for meeting preparation and other duties. Fees will be confirmed prior to appointment.

### ***Expressions of interest and nominations***

Expressions of interest and nominations for the Board are required to be with the Treasury no later than Friday 14 February 2014.

To apply go to [www.boardappointments.co.nz](http://www.boardappointments.co.nz) and follow the instructions there.

Any queries should be directed to Steve Rich, Manager – Appointments and Governance, The Treasury on (04) 890 7268.

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**TREASURY BOARD: MINUTES OF 20 MARCH 2014 MEETING**

*Attendees:* Gabs Makhoulf (Chair), Vicky Robertson, Whaimutu Dewes, Paul Baines, Harlene Hayne, Joan Withers, and Susan Macken, Nick McNabb (Secretariat)

*Apologies:* Sir Ralph Norris

*Additional attendees for specific items:*



Not relevant to request

Item	Discussion	Action
[Redacted content]		

Not relevant to request

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		Not relevant to request
2	Update on the Commercial Operations Portfolio	Not relevant to request

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		<p>[REDACTED]</p> <p>The Board felt that Vicky may have some difficulty, as Executive Chair, in getting an independent assessment of the Commercial Advisory Board's performance. Although, transition to non-executive chair remained a possibility once the CAB has been established. Treasury should also be certain there are no deemed director issues for the CAB or Vicky as its chair.</p> <p>The Board asked for an update on progress at a future meeting.</p>	Not relevant to request
3		[REDACTED]	Not relevant to request

Page 4 not relevant to request

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## TREASURY BOARD PAPER

Meeting Date: 20 March 2014  
From: Vicky Robertson  
Board Paper: Commercial Operations transition update

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*Not relevant to request*



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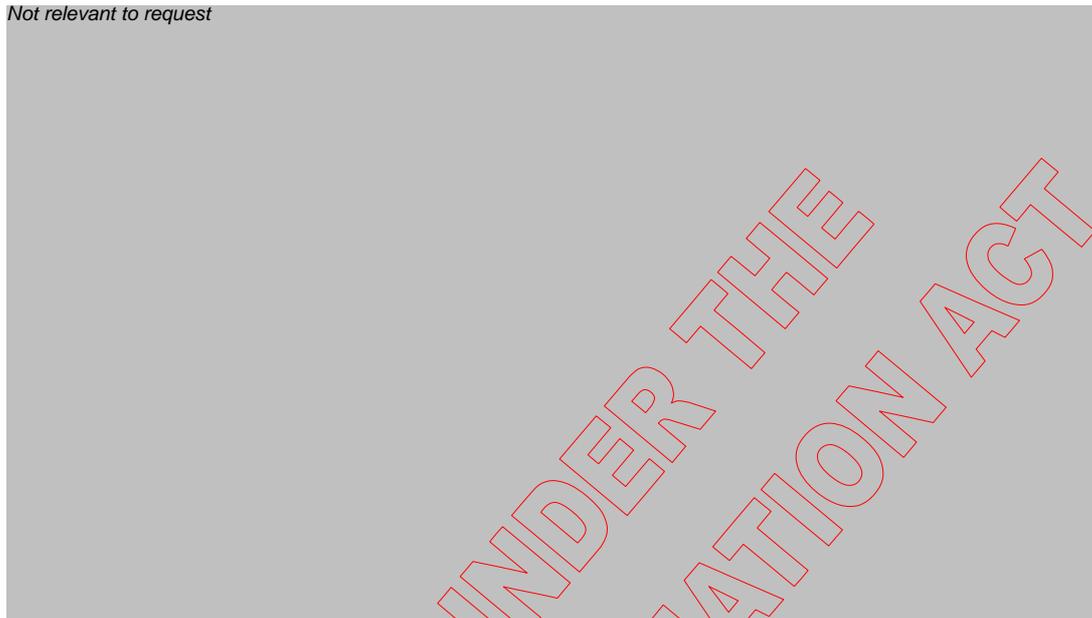
- Establish the external Commercial Advisory Board; and

*Not relevant to request*



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*Not relevant to request*



*External Engagement and positioning*

- High level of interest in Commercial Advisory Board and high calibre of candidates;
- Appointments to the Board will be completed by 31 March;

*Not relevant to request*



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Current State	Future State
<i>Not relevant to request</i>	
The portfolio's wider work is subject to external scrutiny on an ad hoc basis. Or not at all.	The portfolio's wider work is subject to outside scrutiny by an Advisory Board and through portfolio briefings to industry analysts and media
<i>Not relevant to request</i>	

To address the gap between the current state and the target future state we:

- *Not relevant to request*
- will appoint all members of the new Commercial Advisory Board by 31 March
- *Not relevant to request*

*Not relevant to request*

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Risk	Mitigation	Residual Risk	Owner
<p><i>Not relevant to request</i></p>			
<p>If the expected benefits of this change are not realised then the Treasury's reputation would be impacted and it would not be able to deliver on commitments and could affect public confidence in the state sector.</p>	<p>Test the operating model and supporting people development, as it is being developed to ensure that it is capable of achieving or exceeding the promised benefits.</p> <p>Test with and gain advice from the new Advisory Board</p>	<p>Med</p>	<p>Vicky Robertson</p>

Page 6 not relevant to request

**APPOINTMENT-IN-CONFIDENCE**



**Treasury Report: Commercial Operations Advisory Board: Membership and Proposed Fees for Members**

<b>Date:</b>	20 May 2014	<b>Report No.:</b>	T2014/443
		<b>File Number:</b>	CM-0-7-9

**Action Sought**

	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Bill English)	<b>Note</b> recommendations; <b>agree</b> to sign and forward the enclosed letter to the Minister of State Services	Friday 23 May 2014
Associate Minister of Finance (Hon Steven Joyce)	For your information	None
Minister for State Owned Enterprises (Hon Tony Ryall)	For your information	None

**Contact for Telephone Discussion** (if required)

<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>
Vicky Robertson	Deputy Chief Executive	04 917 6173	<i>Withheld under s9(2)(a)</i> ✓

**Actions for the Minister of Finance's Office Staff** (if required)

If signed, forward the attached letter to the Minister of State Services as soon as possible, and advise when response is received so APH Committee documentation can be provided for the Minister's signature.  
Return the signed report to Treasury.

**Enclosure:** Yes (attached – letter to MoSS)

## APPOINTMENT-IN-CONFIDENCE

### Treasury Report: Commercial Operations Advisory Board: Membership and Proposed Fees for Members

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#### Summary

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As you are aware Treasury is establishing a Commercial Operations Advisory Board to bring additional rigour to its commercial analysis and advice and shift our approach to provide overall balance sheet advice.

The Board will assist in overall balance sheet advice, performance of entities the Treasury has responsibility for monitoring, and our approach to debt management strategy.

Members will be appointed by the Secretary of the Treasury and the Board will be initially chaired by Vicky Robertson (Deputy Chief Executive). All other members will be independent of the Treasury.

The recruitment process has concluded, and you are asked to note the proposed establishment membership of Mark Verbiest, Roger France, Anne Blackburn, Cathy Quinn, and Marko Bogoievski. There is a possible additional vacancy for a further board member bringing Māori networks.

Withheld under s9(2)(a)



As fees for the Board are set within the terms of the Cabinet Fees Framework, you are asked to sign and send the attached letter to the Minister of State Services, seeking his agreement to an exception to the Framework. Once his advice is received, Treasury will provide the requisite APH Committee documentation to confirm the fees through the Cabinet process.

#### Recommended Action

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We recommend that you:

- a **note** the proposed membership of the Commercial Operations Advisory Board
- b **advise** if you have any feedback on the proposed board members or wish to discuss further

*Yes/no.*

- c **agree** to sign the attached letter and forward to the Minister of State Services seeking his agreement to setting the fees for the Advisory Board at <sup>Withheld under s9(2)(b)(ii)</sup>

*Agree/disagree.*

Vicky Robertson  
Deputy Chief Executive

Hon Bill English  
Minister of Finance

## APPOINTMENT-IN-CONFIDENCE

### Treasury Report: Commercial Operations Advisory Board: Membership and Proposed Fees for Members

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#### Purpose of Report

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1. You are asked to note the proposed membership of Treasury's new Commercial Operations Advisory Board, and to sign and forward a letter to the Minister of State Services seeking his support for an exception to the Cabinet Fees Framework.

#### Comment

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2. A key outcome of the review of Treasury's Commercial Operations functions, and subsequent restructuring, is the creation of an Advisory Board to support and enhance the quality of the advice given to Ministers.
3. The Advisory Board will support me to lead Treasury's commercial advice by:
  - reviewing and testing Treasury's high-level strategic advice, where the outcomes could have a material impact on the performance of the Crown's commercial portfolio (with asset values of \$126 billion)
  - providing guidance on the structure, function and work programme priorities of Treasury's commercial operations, and
  - giving access to an independent 'private sector' perspective to support the function in providing well-informed advice.
  - Making recommendations on how to maximise the value of the Crown's commercial portfolio, and providing views on entities' strategy and performance within the context of the wider Crown balance sheet
  - Reviewing and providing guidance on the operations and strategy of Treasury's Debt Management Office.

#### Appointment process

4. A process has been run (using Treasury's Board Appointments Team and database) to identify candidates to join the Advisory Board. As well as targeted searches, this has included seeking candidate nominations from the diversity agencies, and seeking expressions of interest via Treasury's online appointments database. A short-listing process was undertaken, and interviews held with preferred candidates over the last month.
5. The interview panel consisted of me, and two senior company chairs. As a result of this process, it is my intention to confirm the people listed in the table below as the initial members of the Advisory Board. Appointments will be for phased terms of between 1-3 years to allow for future Board succession.

**APPOINTMENT-IN-CONFIDENCE**

*Initial Members of the Commercial Operations Advisory Board*

<b>Candidate</b>	<b>Background, Skills</b>
Anne Blackburn	Ms Blackburn has a background in banking, governance and strategic advice, and practises as a professional director and consultant. She had early careers in journalism and diplomacy, and as a Treasury policy advisor. She also held senior positions in Corporate and Institutional Banking in BNZ. She is currently a director of a number of businesses in the infrastructure, finance, investment and social sectors. She also holds governance positions in arts and education not-for-profit organisations. From time to time, as an associate of The Boardroom Practice Ltd, she delivers workshops on governance to New Zealand enterprises. Amongst other things, she is currently Deputy Chair of NZ Venture Investment Fund, and a director of UNITEC, Fidelity Life, TSB Ltd, Warren & Mahoney Ltd, Fisher Funds Ltd and the Auckland Council Property company. She has previously served on the Boards of AgResearch, Meridian and TVNZ.
Marko Bogoevski	Mr Bogoevski is Chief Executive Officer of Morrison & Co and Infratil. He joined Infratil from Telecom, where he was Chief Financial Officer, responsible for corporate finance, M&A and group strategy. Mr Bogoevski is a director of Infratil, Trustpower, Z Energy and Morrison & Co.
Roger France	Mr France is a director of Air New Zealand Ltd, Fisher & Paykel Healthcare Corporation Ltd, Chair of Tappenden Holdings Ltd and a member of the University of Auckland Council. He was a partner at PricewaterhouseCoopers and one of its predecessor firms, Coopers & Lybrand, for over 15 years and was the Chief Financial Officer of two listed companies for 10 years. He was the Managing Partner of Coopers & Lybrand in Auckland for five years. Following the merger with PricewaterhouseCoopers, he led the firm's Corporate Value consulting practice in the Asia Pacific region and served as a member of its New Zealand Governance Board.
Cathy Quinn	Ms Quinn is the Chair of Minter Ellison Rudd Watts, and a corporate and commercial lawyer who leads the Mergers & Acquisitions and Private Equity teams. Her practice encompasses Corporate and Commercial, Government, Agribusiness and Health and Aging. She has particular expertise with Directors Duties. Her expertise spans mergers and acquisitions; advising on various security law issues; advising on numerous offshore ventures, acquisitions and divestments; advising on directors duties, corporate governance and general corporate law matters; advising businesses in the agribusiness sector on regulatory issues, governance, corporate law issues, restructuring, acquisitions, divestments and joint ventures; advising Asian entities on investing in New Zealand, including the dairy and forestry sector. Ms Quinn was a member of the Securities Commission until February 2010 and was appointed to the government's Capital Markets Development Taskforce.
Mark Verbiest	Mr Verbiest is Chair of Transpower New Zealand Ltd, Telecom NZ Ltd, Willis Bond Capital Partners Ltd and Willis Bond General Partner Ltd, a director of Freightways Ltd, a board member of the Financial Markets Authority, Chair of the Aspiring Foundation Trust and a trustee for the NZ International Festival of the Arts Trust. He is also a consultant to law firm Simpson Grierson. Mr Verbiest has a law degree from Victoria University of Wellington.

## APPOINTMENT-IN-CONFIDENCE

6. *Withheld under s9(2)(a)*

7. A potential additional board position is also being held 'in-reserve' for a director bringing strong commercial Māori networks. We have decided to hold the position as the Advisory Board beds in, and will reassess requirements early in 2015.

### Conflicts

8. The initial appointees have been chosen based on an assessment of their skills and experience, and standing in the commercial community. All members will face some conflicts in taking up the role, but these are considered manageable (given that the role of the Board is purely advisory (rather than a governance board), and it will be straightforward to exclude the members from matters where there is a direct conflict).
9. An appropriate conflict regime for members will be adopted and regularly reviewed. Given the establishment nature of the Board the full extent of potential conflicts is unknown. If any particular appointment proves problematic it is possible we may be required to review membership.
10. Appointments will be made by the Secretary to the Treasury, and will be confirmed by the end of May. The detail above is provided for your information, but I would welcome any feedback you have before membership is confirmed.

### Media

11. Treasury will issue a press release confirming the membership and purpose of the Advisory Board once all members' agreement to serve has been received.

### Board Fees

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12. Although the Advisory Board is an internal Treasury body, fees for its members are required to be set in accordance with the guidance provided by the Cabinet Fees Framework (the Framework).
13. The Advisory Board is classified as a Group 4, Level 2 board under the Framework, which would infer a maximum daily rate for members of \$518. Given the need to attract high-quality candidates, including those from the private sector, it is proposed that remuneration is set above that indicated by the Framework.
14. We believe a rate of up to *s9(2)(b)(ii)* is needed (which is still conservative), and is consistent with that paid to members of the Treasury Board (which requires members with comparable skills and experience).

**APPOINTMENT-IN-CONFIDENCE**

15. Since the proposed rate is an exception to that indicated by the Framework, the concurrence of the Minister of State Services must be sought. We enclose a letter to the Minister of State Services for this purpose, if you agree. Once Hon Dr Coleman's feedback is received you will be asked to take a paper to APH Committee confirming the fee level for the Advisory Board.

RELEASED UNDER THE  
OFFICIAL INFORMATION ACT

Hon Dr Jonathan Coleman  
Minister of State Services  
Parliament Buildings  
WELLINGTON

Dear Dr Coleman

### **TREASURY'S COMMERCIAL OPERATIONS ADVISORY BOARD**

I wish to advise you of the Secretary of the Treasury's intention to set up a Commercial Operations Advisory Board that will include up to seven non-executive members. I plan to seek Cabinet's agreement to the Secretary setting non-executive members' remuneration above that indicated by the Cabinet Fees Framework. I believe that this is justified given the expectations of this board and the expertise required, and I seek your support for this exemption.

#### *The Role of the Advisory Board*

The Advisory Board will support the Deputy Chief Executive to lead the Treasury's commercial advice by:

- reviewing and testing Treasury's high-level strategic advice, where the outcomes could have a material impact on the performance of the Crown's commercial portfolio (with asset values of \$126 billion)
- providing guidance on the structure, function and work programme priorities of Treasury's commercial operations
- giving access to an independent 'private sector' perspective to support the function in providing well-informed advice
- making recommendations on how to maximise the value of the Crown's commercial portfolio, and providing views on entities' strategy and performance within the context of the wider Crown balance sheet; and
- Reviewing and providing guidance on the operations and strategy of Treasury's Debt Management Office.

It is expected that non-executive board members will bring a diversity of skills and expertise to the Advisory Board. The skills sought across the board members included:

- commercial skills and experience
- financial and legal skills
- portfolio balance sheet experience
- understanding of working with government, and
- Māori perspectives.

*Exception to the Cabinet Fees Framework*

Candidates of the calibre required for this board can normally command substantial daily rates in the private sector, and although Treasury does not expect to be able to match these rates, it will need to pay above the levels indicated by the Cabinet Fees Framework in order to attract and retain suitably-skilled and experienced candidates.

The Advisory Board is classified as a Group 4, Level 2 board under the Cabinet Fees Framework, which would infer a maximum daily rate for members of \$518. Given the need to attract high-quality candidates, including those from the private sector who will be accepting fees well below their normal charge-out rates, I wish to ask Cabinet to agree to an exception to the Cabinet Fees Framework.

I ask you to seek your support for an exception of up to <sup>s9(2)(b)(ii)</sup> consistent with that granted for the Treasury Board (which requires candidates of a similar calibre). Once a rate for non-executive board members has been agreed, Treasury can finalise appointments and the Advisory Board can start to contribute to improving the performance of the Crown's commercial portfolio. As with the Treasury Board, it is anticipated that the initial rate paid will be slightly below the approval (most likely <sup>s9(2)(b)(ii)</sup> per day), to enable room for future movement.

I plan to discuss this request for a fees exception at the Appointments and Honours Committee meeting on 17 June 2014, so I would appreciate receiving your views on the request by Friday 6 June 2014.

Yours sincerely

Hon Bill English  
**Minister of Finance**



**Gabriel Makhlouf**  
Secretary to the Treasury

28 May 2014

Withheld under s9(2)(a)



#### **Appointment as a Commercial Operations Advisory Board member**

I am pleased to confirm your appointment as a non-executive member of the Commercial Operations Advisory Board. I am making this appointment in my role as Chief Executive of the Treasury. The Advisory Board will initially be Chaired by Vicky Robertson, Deputy Chief Executive of the Treasury.

The appointment is for an initial term of 3 years starting with your first meeting on 23 July 2014. I may then ask you to continue as a non-executive Board member thereafter, with a standard term being three years. All Board members will generally serve for a total maximum of six years.

To formalise this appointment, please sign and return a copy of this letter by 3 June 2014. If necessary, this appointment may be terminated in writing by either party, immediately and for any reason.

#### **Role of the Advisory Board**

The role of the Commercial Operations Advisory Board is set out in its Terms of Reference, a copy of which is attached to this letter.

#### **Meetings of the Advisory Board**

Meetings will be held at least four times each year, with additional informal interaction as required. Members will use their best endeavours to attend Advisory Board meetings and to prepare thoroughly. They are expected to participate fully, frankly and constructively in Advisory Board discussions and other activities. Members unable to attend a meeting should advise Vicky as soon as possible, generally via the Secretariat (contact details provided below).

1 The Terrace  
PO Box 3724  
Wellington 6140  
New Zealand  
tel. 64-4-917-6250  
fax. 64-4-473-0982  
www.treasury.govt.nz

Occasional meetings may be held outside Wellington and may involve opportunities to engage with business and community leaders; this may result in additional Advisory Board commitments.

### **Fees and Allowances**

I anticipate that fees will be payable on a daily basis once an appropriate rate has been agreed by Cabinet. Cabinet is expected to consider a proposed fee of <sup>s9(2)(b)(ii)</sup> in June, however until the fees are agreed by Cabinet I am unable to confirm the amount.

Fees are inclusive of all taxes and are payable for meeting days, meeting preparation (with the expectation that up to one preparation day will be required per meeting) and induction and away-days. The fee payable for any meeting, meeting preparation, or other Advisory Board commitment will be calculated on a pro rata basis if the time required is less than one eight-hour day. Additional travel time will not be remunerated.

Additional commitments should be confirmed with the Advisory Board's Secretariat before being undertaken. Remuneration will be paid following each meeting of the Advisory Board, following presentation of a detailed invoice to the Treasury.

The Treasury is required to deduct withholding tax from all Advisory Board and committee fees that are paid to an individual unless they hold a current certificate of exemption. If you hold a current certificate of exemption then please provide a copy to the Treasury.

In addition to fees as set out above, the Treasury will pay for direct and indirect expenses such as toll calls, accommodation and travelling expenses, reasonably and properly incurred and documented in connection with your role as an Advisory Board member. Travel and accommodation should be arranged through the Secretariat. Reimbursement for reasonable expenses will be paid by the Treasury following receipt of detailed and itemised GST receipts.

Guidelines for reasonable levels of expenditure are provided in the Treasury's 'Sensitive Expenditure Policy', a copy of which is attached to this letter. It is unlikely that you will be offered gifts in the course of your role, but please be aware that the Treasury's Gifts and Hospitality Policy will apply to you when you are acting on Treasury's behalf.

### **Advisory Board and Individual Member Evaluation and Development**

The performances of the Advisory Board as a whole, and individual members will be evaluated annually.

The Board will direct the Secretariat to organise induction briefings for new members, intended to outline the role of the Advisory Board, its operations and its relationship with the Treasury's leadership team. As part of the programme you will meet key management and staff. You will receive a separate induction pack with core information about the Treasury prior to the induction session.

While your main contact as an Advisory Board member will be with the Treasury's Deputy Chief Executive and the management team of Commercial Operations, you are encouraged to familiarise yourself with the Treasury's and commercial and financial operations' business. The Advisory Board Secretariat can provide additional information on request.

All Advisory Board members are expected to remain current on how to best discharge their responsibilities including keeping abreast of changes and trends in economic, political, social, financial and legal climates and governance practices.

### **Confidentiality**

All information acquired during your appointment is confidential to the Treasury and should not be disclosed either during your appointment or following termination (by whatever means) to third parties except as permitted by law and with prior clearance by the Chair.

It is a condition of this appointment that you:

- Sign and have witnessed a Confidentiality Deed. I have attached a copy to this letter – you may wish to have it witnessed in advance of the meeting or to sign it in the presence of members of the Secretariat during your induction.
- Acquire and maintain a Treasury Security Clearance. I have attached to this letter a copy of the relevant forms and information that are required in order to apply for clearance. The process will be conducted by the Treasury's Departmental Security Officer.
- Comply with the process for declaration of interests and management of conflicts of interest (as detailed below).

### **Outside Interests Including Employment, Directorships and Memberships**

It is accepted and acknowledged that you may have business interests other than those of the Treasury. Please complete the attached Declaration of Interests and return it with this letter of appointment, by 3 June 2014.

Declaring interests is an ongoing process. At the start of each Advisory Board meeting you will be asked to provide any changes to your Declaration, and indicate whether you may be conflicted on any agenda item. Continual declaration of any conflicts of interest is the responsibility of the Advisory Board member. For privacy reasons we do not require proactive provision of detailed information on financial interests. Rather, it remains the responsibility of the individual member to identify when real, potential or perceived conflicts may arise. The Chair will determine appropriate ways of managing any conflicts, in consultation with you.

Any non-executive Advisory Board member is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the Treasury's business and does not materially interfere with their performance as an

Advisory Board member. The Chair asks that you discuss other appointments with her prior to accepting them.

#### **Standards of Conduct**

When discharging their Advisory Board responsibilities, members will be subject to the *Standards of Integrity and Conduct* (the code of conduct for the State Services), which is attached for your information.

#### **Contact for Queries**

The Advisory Board is supported by a Secretariat. Should you have any questions regarding this letter or the Advisory Board in general please contact:

Paul Goodhead  
[paul.goodhead@treasury.govt.nz](mailto:paul.goodhead@treasury.govt.nz)  
04 890 7215

Thank you once again for agreeing to this appointment as a non-executive member of the Treasury's Commercial Operations Advisory Board. I look forward to your association with us.



**Gabriel Makhlouf**

 <p><b>THE TREASURY</b> Kaitohutohu Kaupapa Raua</p>	<h2>Confidentiality Deed</h2>
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THIS DEED is made on 25 May 2018

*Withheld under s9(2)(a)*

BY: [insert name] (the Covenantor)

IN FAVOUR OF: HER MAJESTY THE QUEEN IN RIGHT OF NEW ZEALAND ACTING BY AND THROUGH THE SECRETARY TO THE TREASURY ("the Crown")

EXECUTED as a Deed

SIGNED for and on behalf of the Covenantor )  
by [insert name] *Withheld under s9(2)(a)*

*in the presence of*

Witness signature  
Witness name:  
Occupation:  
Address:

## Background

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- A The Covenantor is providing specified services (the "Services") to the Crown under an agreement dated August 20, 2010 (the "Agreement")
- B For the purposes of the providing the Services, the Covenantor may be at the Crown's premises at 1 The Terrace, Wellington, and will have access to information of the Crown.
- C The Covenantor has agreed to keep confidential all Information (as defined below) and enters into this deed to give effect to such agreement. To the extent that there is a conflict between the confidentiality provisions of the Agreement and this deed, this deed prevails.

## Terms

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1. **Interpretation:** In this deed, unless the context otherwise requires:

"**Information**" means all information, including but not limited to, any verbal, written and electronic documents, statements, data, reports, and other knowledge or information of any kind (including information derived from third parties) that the Covenantor or any employee, agent or contractor of the Covenantor:

- (a) receives (directly or incidentally) from the Crown or by any officer, employee, agent, contractor or other person associated with the Crown; or
- (b) provides to the Crown; or
- (c) otherwise becomes aware of;

in connection with, or as a result of, the provision of the Services, but does not include information or documentation that:

- (a) is, or becomes, publicly available before or after the date of this deed (other than by breach of this deed); or
- (b) was available to, and legally and properly obtained by, the Covenantor on a non-confidential basis from the Crown or any other source (provided that such source was not bound by a confidentiality obligation to the Crown)

"**person**" includes an individual, a company, a body corporate, an association of persons (whether corporate or not), a partnership, a trust, and a state or an agency of a state (in each case, whether or not having a separate legal personality)

singular includes the plural and vice versa

any reference to legislation includes amendment or substitution of that legislation, and any regulations, orders-in-council and other instruments from time to time issued or made under that legislation

headings are for ease of reference only and are to be ignored in construing this deed.

2. **Covenantor's obligation to maintain confidentiality:** The Covenantor will receive and hold all Information in confidence for so long as it remains Information, and in particular will:
  - 2.1 not at any time or in any way disclose (including directly or indirectly, verbally or in writing) any of the Information to any third party except in accordance with the terms of this deed or the Agreement or as otherwise authorised in writing by the Crown or as required by law;
  - 2.2 take all action necessary to restrain any persons to whom Information has been made available under this deed or the Agreement from breaching its or their obligations under this deed or the Agreement; and
  - 2.3 co-operate with the Crown to ensure that the Information remains confidential.
3. **Basis of disclosure by the Covenantor:**
  - 3.1 The Covenantor may make the Information available only to those employees, agents, or contractors of the Covenantor as is absolutely necessary for the purpose of providing the Services.
  - 3.2 Employees, agents and contractors of the Covenantor are deemed to be bound by the provisions of this deed and, before making any Confidential Information available to any of those persons, the Covenantor will ensure that each of those persons executes an undertaking in favour of the Crown in the form of the attached Schedule A to the effect that such persons understand and will abide by the terms of this deed.
  - 3.3 If the Covenantor is required or requested by any court, governmental or regulatory or like body to disclose any Information the Covenantor will immediately advise the Crown of that requirement or request and if the Crown so desires will oppose such requirement or request or transfer the request to the Crown.
4. **Information not to be used for any other purpose:** The Covenantor must use the Information solely for the purpose of providing the Services, and in particular will not:
  - 4.1 use any Information to gain personal or commercial advantage; and
  - 4.2 use any Information for the benefit of any person or organisation, other than for the purposes of providing the Services.
5. **Information remains property of the Crown:**
  - 5.1 The Information is, and remains at all times, the property of the Crown.
  - 5.2 On demand by the Crown, the Covenantor will promptly return, or at the Crown's option destroy, all of the Information provided to the Covenantor or the Covenantor's employees, agents, or contractors, including all information developed from, or based on, the Information.
  - 5.3 The Covenantor will continue to protect any Information that cannot be readily returned or destroyed (such as archived emails).
6. **Indemnity:** The Covenantor will indemnify the Crown against, and be liable for, all costs, claims, damages, expenses, liabilities, proceedings or demands that the Crown may directly or indirectly incur or suffer in consequence of any unauthorised disclosure or use of the Information by the Covenantor or any breach of this deed or the Agreement by the Contractor or any of its employees, agents, or contractors.

7. **Compliance with Crown policies:** The Covenantor will make itself aware of, and comply with, the Crown's codes of conduct for the use of information.
8. **Continuing effect:** The Covenantor's obligations under this deed will continue to have effect even after this deed has terminated or expired, but will cease to apply to any knowledge, information or data that is generally known by the public otherwise than by a breach of this deed or the Agreement.
9. **Breach by Covenantor:** Any breach of this deed by the Covenantor will be regarded as a serious breach, which may justify the immediate termination of the Agreement.
10. **Official Information Act:** The Covenantor acknowledges that the information contained in this deed and the Agreement is official information in terms of the Official Information Act 1982 and, in line with the purpose and principles of that Act, such information may be released to the public unless there is good reason, in terms of that Act, to withhold the information.
11. **Miscellaneous:**
  - 11.1 **Term:** The term of this deed is from the date of this deed until such time as the Crown releases the Information and it is generally available to the public.
  - 11.2 **No merger:** The obligations contained in this deed will continue to apply without limit in point of time and will not merge in any circumstance.
  - 11.3 **Amendment:** This deed may be amended only by the written agreement of both parties.
  - 11.4 **Waiver:** No waiver of a right under this deed will be effective unless it is signed by the party waiving the right. No failure to exercise, and no delay in exercising, any right under this deed by either party will operate as or be deemed to be a waiver of that right, nor will a single or partial exercise of any right under this deed preclude an additional or further exercise of that right or the exercise of another right.
  - 11.5 **Survival:** The termination, expiry, illegality, invalidity or unenforceability of all or part of this deed will not affect the provisions of this deed that expressly, or by their nature, survive or remain legal, valid or enforceable.
  - 11.6 **Jurisdiction:** This deed will be governed by and construed in accordance with the laws of New Zealand, and the parties agree to submit to the jurisdiction of the New Zealand courts.

## Schedule A

**TO:** HER MAJESTY THE QUEEN ACTING BY AND THROUGH THE SECRETARY TO  
THE TREASURY (the "Crown")

**FROM:** Withheld under s9(2)(a)

Name

Position

Name of Organisation

Receipt is hereby acknowledged of a confidentiality deed dated 25.4.2014 entered into  
by Withheld under s9(2)(a)

(the "Covenantor") in favour of the Crown in relation to the provision of certain Services at the premises of the Crown (the "Confidentiality Deed"). Terms defined in the Confidentiality Deed will have the same meanings when used in this letter of undertaking.

In consideration of the disclosure of Information (as defined in the Confidentiality Deed) to me/us and as required by clause 2 of the Confidentiality Deed, I/we unconditionally agree and confirm that:

- (a) I/we have been provided with a copy of the Confidentiality Deed and have read it and am/are aware of its terms; and
- (b) I/we are bound by the terms of the Confidentiality Deed as if it were addressed to me/us and I/we had acknowledged my/our confirmation and agreement to its terms by signing and returning it to you and the terms of the Confidentiality Deed will be deemed to be incorporated in this undertaking.

Dated 29.4.2014

Withheld under s9(2)(a)

(Signature)

(Name)

In the presence of:  
Withheld under s9(2)(a)

Name:

Address:

Occupation

**Treasury Board: Declaration of Interests**

*Please declare your employment, directorships, memberships, and other responsibilities. For privacy reasons we do not require detailed declaration of financial interests, shareholdings etc. However, it is critical that Treasury has assurance that your advice is impartial. If your financial interests may lead to a real, potential or perceived conflict of interest, you are required to declare this to the Chair.*

*Interests should be continuously declared. It is the individual member's responsibility to identify changes to their interests and any potential conflicts in a timely manner. If you believe you may be conflicted on a particular agenda item, please notify the Secretariat and the Chair as soon as possible.*

*The Chair will confirm these declarations at the start of each Board meeting. The Chair will confirm whether there are updates to members' declarations, and whether any of the items on the day's agenda may represent real, potential or perceived conflicts of interest. You may update your declaration privately to the Chair if necessary.*

**Declaration**

The information that I have provided is, to the best of my knowledge, correct and accurate, and declares all the interests that may affect my role, or may need disclosing to you so that you can manage any actual or perceived conflicts of interest. If the information I have provided below changes in any material way, I agree to update the information and notify you as soon as reasonably possible. I also acknowledge that completing this declaration does not derogate in any way from my responsibility to alert relevant colleagues, including you, to any potential conflict interest which might arise and to manage that conflict in an appropriate manner.

Signed: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Date: 29/5/2014

Withheld under s9(2)(a)

Description of Interest <sup>1</sup>	Who holds the interest and what is your relationship with this person? <sup>2</sup>	Other information if needed
[Redacted]	Withheld under s9(2)(a)	

OFFICIAL INFORMATION ACT

<sup>1</sup> e.g. as a member, shareholder, director, or investor in an entity, or as a close personal friend of or related to the key personnel of any such entity. Sufficient detail must be provided to enable any person reviewing the register of interests to fully appreciate the extent of the interest and determine what the appropriate approach should be to managing any real or potential conflict with your role in Treasury.

<sup>2</sup> e.g. self, spouse, partner, parent, child, sibling, close personal friend etc

Description of Interest <sup>1</sup>	Who holds the interest and what is your relationship with this person? <sup>2</sup>	Other information if needed

OFFICIAL INFORMATION ACT  
RELEASED UNDER THE

Further details may be included on a separate sheet and attached to this disclosure.

IN-CONFIDENCE WHEN COMPLETED



Priv/F2

Privacy Unit  
Ministry of Justice  
National Office  
P O Box 2750  
WELLINGTON

For Office Use Only

MoJ Request Number

REQUEST BY THIRD PARTY UNDER THE OFFICIAL INFORMATION ACT 1982 FOR A COPY OF AN INDIVIDUAL'S CRIMINAL CONVICTIONS HELD ON THE MINISTRY OF JUSTICE'S COMPUTER SYSTEMS

SECTION 1: SUBJECT'S AUTHORITY TO RELEASE INFORMATION TO A THIRD PARTY

I hereby authorise the Privacy Unit, Ministry of Justice, to release a copy of my personal information, to the undersigned Third Party, for the purpose of:

- Pre-employment vetting
- Insurance Claims vetting
- Other (specify)

Tick the report required:

- All convictions report
- Traffic Convictions Report

Signature of subject and date

Withheld under s9(2)(a)

I wish to receive a copy of the information provided to the Third party.

Yes / No

SECTION 2: THIRD PARTY DETAILS

Third Party Name Details

Full Name of Third Party

Resumé Check Limited C/- The Manager

Full name and address of the person or agency the third party is acting for (if applicable)

The Treasury, Lvl 5, 1 The Terrace, Wellington 6011

Third Party Reference Number (if applicable)

11-681-

Third Party Address Details

P.O. Box or Street Address

P O Box 99968

Suburb

Newmarket

City

Auckland

State / Province

Post Code

1149

Country

New Zealand

Signature of Third Party

Withheld under s9(2)(a)

The term "subject" refers to the person whose criminal convictions is being requested.

The term "third party" refers to the requestor or ultimate intended recipient, such as an employer, insurance company, credit agency et cetera.

The Ministry of Justice will process this request as soon as is reasonably practicable, and in any case no later than 20 working days from receipt of this application.

This application and associated letters and reports will be disposed of three months after processing the response.

**SECTION 3: SUBJECT'S DETAILS (Please print in pen)**

**Priv/F2**

**Personal Details**

Surname First Name Middle Names (separate by comma)

*Withheld under s9(2)(a)*

Date of Birth (DD/MM/YYYY) Place of Birth Gender (Male / Female)

*Withheld under s9(2)(a)*

**Previous Names - Maiden Name, Aliases**

Surname First Name Middle Names (separate by comma)


**Postal Address**

P.O. Box or Street Address

*Withheld under s9(2)(a)*

Suburb

City

State / Province

Post Code

Country

**Current Residential Address**

Street Address

*Withheld under s9(2)(a)*

Suburb

City

State / Province

Post Code

Country

Daytime Phone Number

Home Phone Number

Fax Number

**Previous Two Residential Addresses**

Street Address

*Withheld under s9(2)(a)*

Suburb

City

State / Province

Post Code

Country

Street Address

*Withheld under s9(2)(a)*

Suburb

City

State / Province

Post Code

Country

**SECTION 3: SUBJECT'S DETAILS (continued)**

**Priv/F2**

**Subject's Identification**

Please attach a photocopy of the subject's identification. The identification may be a Driver Licence OR if subject does not hold a driver licence, a Passport. If subject has neither, the subject will need to complete Section 4.

Driver Licence

Passport

**SECTION 4: PROOF OF IDENTITY**

**ONLY TO BE COMPLETED IF SUBJECT DOES NOT HAVE A DRIVER LICENCE OR PASSPORT**

*Subject to ask someone who can confirm their identity to fill in this section*

The person who identifies subject must:

- have known subject for more than 12 months
- be aged 18 years or over
- have a day time phone number
- not be a relative
- not live at the same address
- be contactable during normal business hours

Surname

First Name

Middle Names (separate by comma)

Street Address

Daytime Phone Number

Suburb

Home Phone Number

City

State / Province

Fax Number

Post Code

Country

I declare that I have personally known:

Surname

First Name

Middle Names (separate by comma)

Signature of identifier

for

years and vouch for his/her identity

**X**

If subject is unable to get someone to complete Section 4, they must complete a statutory declaration. The relevant form can be obtained from the local District Court or by contacting the Privacy Unit on 04 918 8800.

## Treasury Commercial Operations Advisory Board

### Terms of Reference

#### Role

The Commercial Operations Advisory Board's role is to support the Deputy Chief Executive by;

- a. Reviewing and testing Treasury's high level strategic advice, where the outcomes could have a material impact on the performance of the commercial portfolio or debt management activities
- b. Providing guidance on the strategic approach and work programme priorities of Treasury's commercial operations portfolio and Debt Management Office
- c. Providing Ministers with access to an independent "private sector" perspective, to help them make well-informed decisions regarding the commercial portfolio

#### Scope

The Board's tasks will include;

- a. Providing input into the scope and nature of the commercial operations group's strategy and procedures, with a view to a more active approach to managing the value of the portfolio
- b. Reviewing progress to ensure the commercial work programme is delivering key outcomes.
- c. Helping to ensure that the quality of Treasury's advice is of the highest possible standard by contributing expertise and testing Treasury's judgements. This will include providing challenge to Treasury's approach and advice on priority entities strategy and performance, within the context of the wider crown balance sheet.
- d. Making recommendations on how to maximise the value of the Crown's balance sheet, including commercial, social and financial portfolios. This includes assessing Treasury's actions arising from the release of the 2014 Investment Statement and could include providing challenge and advice on matters such as recycling capital;
- e. Reviewing and providing guidance on the operations and strategy of Treasury's Debt Management Office.
- f. Consider the Treasury approach to identification and development of directors, recruitment processes and testing the Treasury's ability to link board appointments to the performance and strategy of entity.

### **Access to Ministers**

The Board will provide advice to Ministers as requested, either informally by phone, at face-to-face meetings, or in writing.

### **Access to Entities Monitored by the Commercial Operations Group**

Non-executive members' access to entities will be channelled through the Director, Commercial Operations.

### **Membership**

- a. Members will be appointed by the Secretary to the Treasury, and the Board will be chaired by the Treasury's Deputy Chief Executive.
- b. There will be up to seven Board members. There will be a minimum of three members who are independent of the Treasury.
- c. The members will have substantial governance and executive experience and be recognised as credible in the commercial marketplace. At least one member will have a proven track record in business improvement, and one will be an expert in private sector investment, such as private equity, or corporate finance.
- d. Members will need to understand the public sector context. Any conflicts of interests will need to be considered prior to appointment and actively managed.
- e. Membership of the Board will be reviewed after 3 years; however the precise term of office for initial members will vary from 1-3 years to provide some continuity.

### **Meetings**

The Board will meet at least four times per annum, commencing in July 2014. Each meeting is expected to last one day. As described above Members are also expected to be available for informal contact with Ministers and Treasury officials and to comment on documents and contribute to email discussions from time to time. Engagement with officials will be managed by the Director, Commercial Operations.

Generally, meetings will be held at Treasury's offices at No 1 The Terrace, Wellington. Video and teleconferencing will be arranged as required. The Board may invite Treasury officials or representatives from Ministers' offices to attend.

Treasury's Commercial Operations group will provide all secretariat support, including arranging Board meetings, minute keeping and the circulation of papers prior to the meetings.

### **Duration**

The Board will be established for an indefinite period, but its Terms of Reference will be reviewed by the Secretary to the Treasury in consultation with members at least annually to ensure the Board's role and function remain relevant.

### **Fees and Expenses**

The Board is intended to be remunerated on the same basis as Treasury's Board, subject to agreement of the Cabinet Appointment and Honours Committee.

**Conflicts of Interest**

Provision will be put in place to manage actual and potential conflicts of interest. The Secretariat will maintain a conflict of interest register.

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### **Confidentiality**

Meetings and more informal interaction with Ministers and Officials will be operated on the basis that members offer free and frank advice, while maintaining discretion about that advice in wider circles.

The Board will not make public statements regarding the Strategy or performance of the Crown's portfolio, and will not represent the Treasury externally. Any media enquiries are to be referred to the Treasury.

### **Official Information Act**

The Board's advice to Ministers will be subject to the Official Information Act. If Ministers receive an OIA request relating to the Board's activities, it will be forwarded to Treasury, and the Chair will advise the other Board members.

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*Not relevant to request*

As part of the commercial operations restructure, a Commercial Advisory Board is being established to review high-level strategic advice and provide guidance on the strategic approach and work programme priorities. At least half of the members of the Board will be independent of The Treasury and will have substantial governance experience and commercial credibility.

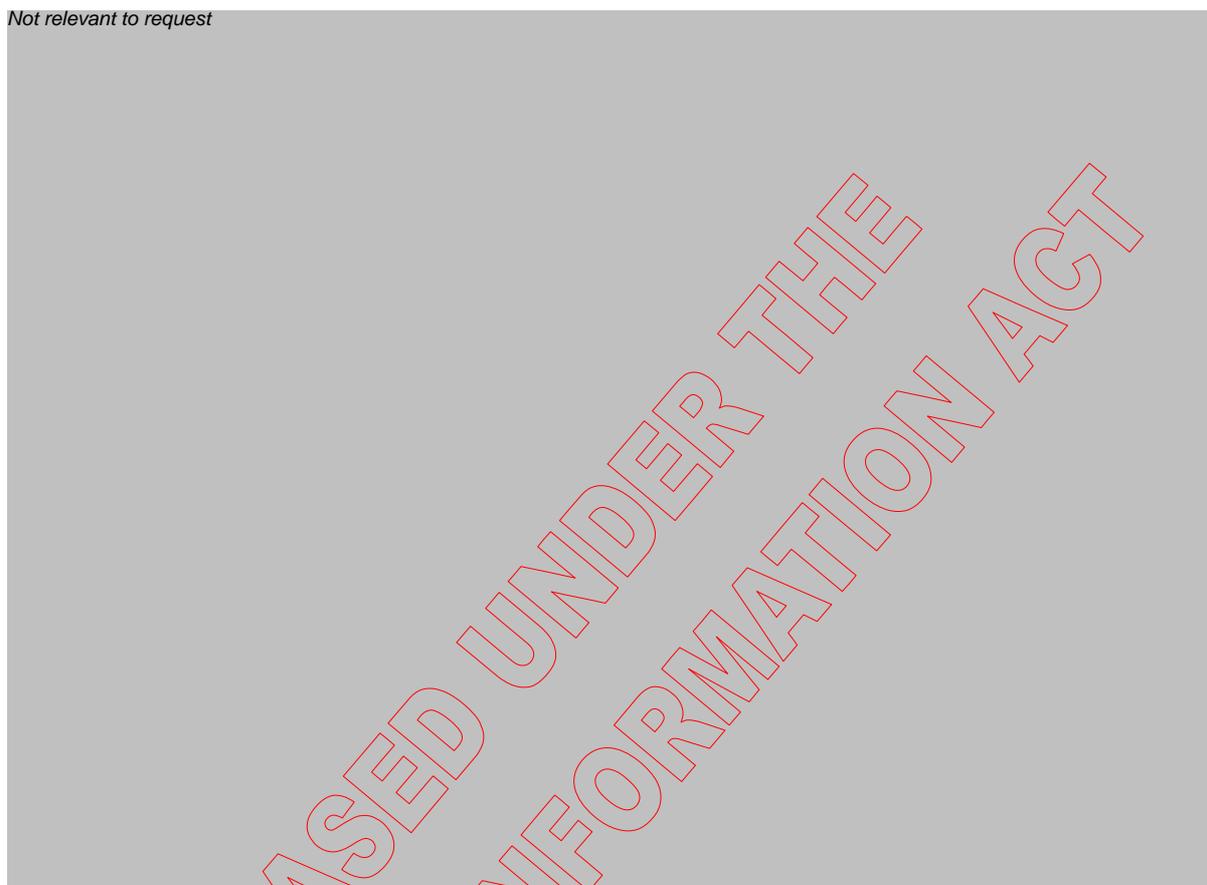
We suggest this Board should operate as if it were a holding company Board. We commend this Framework as it should drive use of effective commercial disciplines. We note The Treasury will also need to ensure it maintains strong commercial experience and capability within its own commercial team. This team should be capable of managing the commercial portfolio assets. It should also contribute to functions across The Treasury and the State sector to support the development of high-level commercial capabilities and approaches to all aspects of management of the Crown's balance sheet. This is further discussed in the Crown Entity Monitoring section.

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<sup>3</sup> Crown Ownership Monitoring Unit in The Treasury was responsible for monitoring State Owned Enterprises, some other crown entities and Crown shareholdings and providing advice, where required, on Board appointments.

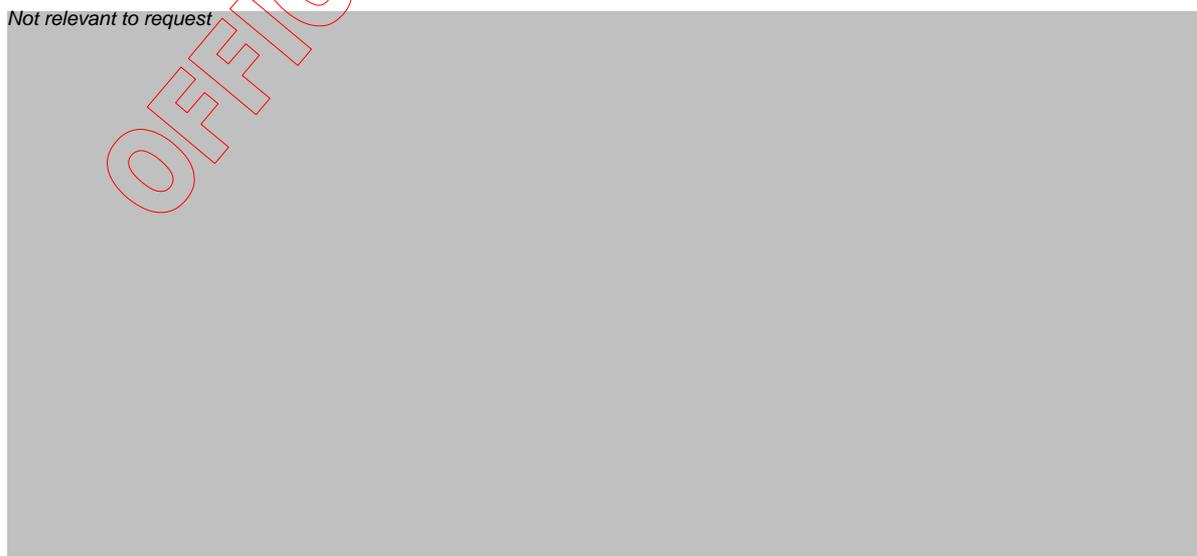
**IN CONFIDENCE**

*Not relevant to request*



There will need to be similar clarity around the role of the commercial Advisory Board so that it is not seen to stray into 'second-guessing' the Crown entities' own Boards. Rather, it is expected to advise on the role of the Treasury team in maximising the value of the Crown's commercial portfolio and the way in which The Treasury can improve its efficiency and effectiveness in fulfilling its function as the manager of the Crown's portfolio interests. The Treasury describes this as a holding company approach. We think this is a good model to adopt.

*Not relevant to request*



*Remainder of document not relevant to request*

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Office of the Minister of Finance

Memorandum for the Cabinet Appointments and Honours Committee

**Treasury's Commercial Operations Advisory Board: Proposed Fees for Members**

**Introduction**

1. This paper notes the Secretary of the Treasury's intention to appoint non-executive members to a Commercial Operations Advisory Board, and proposes to set the allowable remuneration for these non-executive board members above the fee indicated by the Cabinet Fees Framework.

**Background**

2. Treasury has established a Commercial Operations Advisory Board (Advisory Board) to bring additional rigour to its commercial analysis and advice. The Advisory Board will provide advice to Treasury and to Ministers, but will not have decision-making powers.
3. Members will be appointed by the Secretary of the Treasury and the Board will be chaired by Treasury's Deputy Chief Executive. With the exception of the Chair (Treasury's Deputy Chief Executive), its members are independent of the Treasury. Having non-executive members on the Board will enable the Treasury to bring expertise, skill and perspectives from different sectors into the organisation.
4. Candidates of the calibre needed for this board can normally command substantial daily rates in the private sector, and although Treasury do not expect to be able to match these rates, they will need to pay above the level indicated by the Cabinet Fees Framework in order to attract and retain suitably-skilled and experienced candidates.
5. Treasury expects that the Advisory Board will meet around four times per year, with additional preparation time required of members. This, therefore, represents a substantial time commitment for the Board's members.

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**Membership**

6. For your information, the establishment independent members of the Advisory Board will be as follows –

Candidate	Background, Skills
Anne Blackburn	Ms Blackburn has a background in banking, governance and strategic advice, and practises as a professional director and consultant. She had early careers in journalism and diplomacy, and as a Treasury policy advisor. She also held senior positions in Corporate and Institutional Banking in BNZ. She also holds governance positions in arts and education not-for-profit organisations. From time to time, as an associate of The Boardroom Practice Ltd, she delivers workshops on governance to New Zealand enterprises. Amongst other things, she is currently Deputy Chair of NZ Venture investment Fund, and a director of UNITEC, Fidelity Life, TSB Ltd, Warren & Mahoney Ltd, Fisher Funds Ltd and the Auckland Council Property company. She has previously served on the Boards of AgResearch, Meridian and TVNZ.
Marko Bogoevski	Mr Bogievski is Chief Executive Officer of Morrison & Co and Infratil. He joined Infratil from Telecom, where he was Chief Financial Officer, responsible for corporate finance, M&A and group strategy. Mr Bogoeski is a director of Infratil, Trustpower, Z Energy and Morrison & Co.
Roger France	Mr France is a director of Air New Zealand Ltd, Fisher & Paykel Healthcare Corporation Ltd, Chair of Tappenden Holdings Ltd and a member of the University of Auckland Council. He was a partner at PricewaterhouseCoopers and one of its predecessor firms, Coopers & Lybrand, for over 15 years and was the Chief Financial Officer of two listed companies for 10 years. He was the Managing Partner of Coopers & Lybrand in Auckland for five years. Following the merger with PricewaterhouseCoopers, he led the firm's Corporate Value consulting practice in the Asia Pacific region and served as a member of its New Zealand Governance Board.
Cathy Quinn	Ms Quinn is the Chair of Minter Ellison Rudd Watts, and a corporate and commercial lawyer who leads the Mergers & Acquisitions and Private Equity teams. Her practice encompasses Corporate and Commercial, Government, Agribusiness and Health and Aging. She has particular expertise with Directors Duties. Her expertise spans mergers and acquisitions; advising on various security law issues; advising on numerous offshore ventures, acquisitions and divestments; advising on directors duties, corporate governance and general corporate law matters; advising businesses in the agribusiness sector on regulatory issues, governance, corporate law issues, restructuring, acquisitions, divestments and joint ventures; advising Asian entities on investing in New Zealand, including the dairy and forestry sector. Ms Quinn was a member of the Securities Commission until February 2010.
Mark Verbiest	Mr Verbiest is Chair of Transpower New Zealand Ltd, Telecom NZ Ltd, Willis Bond Capital Partners Ltd and Willis Bond General Partner Ltd, a director of Freightways Ltd, a board member of the Financial Markets Authority, Chair of the Aspiring Foundation Trust and a trustee for the NZ International Festival of the Arts Trust. He is also a consultant to law firm Simpson Grierson. Mr Verbiest has a law

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	degree from Victoria University of Wellington.
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**Remuneration**

7. Although the Advisory Board is an internal Treasury body, fees for its members are required to be set in accordance with the guidance provided by the Cabinet Fees Framework (the Framework).
8. The Advisory Board is classified as a Group 4, Level 2 board under the Framework, which would infer a maximum daily rate for members of \$518. Given the need to attract high-quality candidates, including those from the private sector, the Secretary proposes to set remuneration above that indicated by the Framework. Agreement is sought for an exception of up to <sup>s9(2)(b)(ii)</sup> [redacted] day, consistent with that granted for the Treasury Board (which requires candidates of a similar calibre). As per the Treasury Board, the initial daily figure will be set at <sup>s9(2)(b)(ii)</sup> [redacted] member.
9. Fees will be met from within Treasury's budget baselines.

**Consultation**

10. Since the proposed rate is an exception to that indicated by the Framework, I have consulted the Minister of State Services.

**Recommendations**

11. I recommend that the Cabinet Appointments and Honours Committee:
  - a) **note** the Secretary of the Treasury's intention to appoint a Commercial Operations Advisory Board
  - b) **agree** to an exception to the Cabinet Fees Framework such that the Treasury can set remuneration for non-executive board members of up to <sup>s9(2)(b)(ii)</sup> [redacted]

Hon Bill English  
**Minister of Finance**

**Date:**

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**Treasury Report:** Confirmation of Fees for Commercial Operations  
Advisory Board

<b>Date:</b>	18 June 2014	<b>Report No:</b>	T2014/1069
		<b>File Number:</b>	CM-0-7-9

**Action Sought**

	<b>Action Sought</b>	<b>Deadline</b>
Minister of Finance (Hon Bill English)	<b>Agree</b> to sign documentation confirming fees for board members	10.00am, Thursday 19 June 2014 (Cabinet Office deadline)

**Contact for Telephone Discussion** (if required)

<b>Name</b>	<b>Position</b>	<b>Telephone</b>	<b>1st Contact</b>
Stephen Rich	Principal Advisor - Appointments	04 890 7268	Withheld under s9(2)(a) ✓
Vicky Robertson	Deputy Chief Executive	04 917 6173	

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

If signed, lodge APH Committee documentation with Cabinet Office by 10.00am, Thursday 19 June 2014

**Enclosure:** Yes (attached)

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**Treasury Report: Confirmation of Fees for Commercial Operations  
Advisory Board**

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**Summary**

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You have previously noted the proposed membership of Treasury's new Commercial Operations Advisory Board.

As fees for the Board are set under the Cabinet Fees Framework, you have written to the Minister of State Services seeking his agreement to an exception to the Framework.

The APH paper notes you have consulted Hon Dr Coleman. As of today, you have yet to receive his formal response. We understand he is likely to be supportive, but this has not yet been formally confirmed. If possible, we will update you with Hon Dr Coleman's response if it is received before the Committee meeting.

You are now asked to sign the attached APH Committee documentation and submit it to Cabinet Office by Thursday 19 June 2014, so the matter may be considered at the Committee meeting on Tuesday 24 June 2014.

**Recommended Action**

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We recommend that you:

- a **agree** to sign the attached APH Committee documentation confirming the fees for Advisory board members, and submit to Cabinet Office by 10.00am, Thursday 19 June 2014 for consideration at APH Committee on Tuesday 24 June 2014.

*Agree/disagree.*

Nicholas Hill  
**Manager, Governance & Performance**

Hon Bill English  
**Minister of Finance**

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## TREASURY BOARD PAPER

Meeting Date: 19 June 2014  
From: Gabriel Makhlouf, Chief Executive and Secretary to the Treasury  
Board Paper: Changes in Treasury's Risk and Audit Committee

*Not relevant to request*

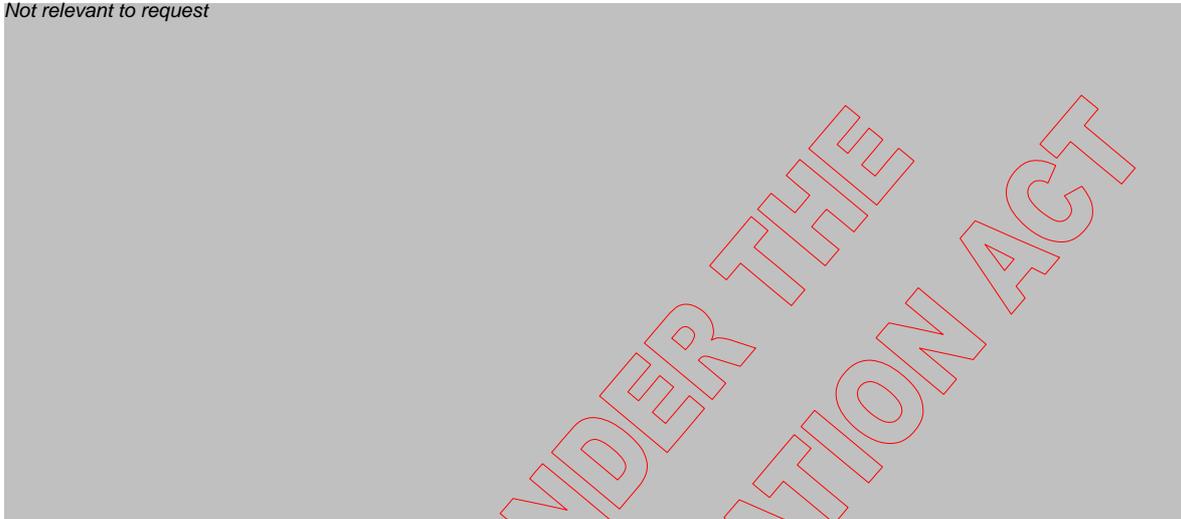


- Assurance on the DMO's strategy will be covered by the new Commercial Operations Advisory Board. This will include areas such as the review of the Portfolio Management Policy. However, the internal operations and control environment for the DMO (such as

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segregation of duties and systems development) will still be part of the scope of the Risk and Audit Committee

*Not relevant to request*



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