

20. Lyttelton Port Company Ltd - Governance

Reference / Te Tohutoro: 23/740122

Report of / Te Pou Linda Gibb, Performance Advisor, Resources
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General Manager / Leah Scales, General Manager Resources/Chief Financial Officer
Pouwhakarae: (Leah.Scales@ccc.govt.nz)

Confidentiality

Section under the Act:	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
Sub-clause and Reason:	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons.
Plain English Reason:	To protect the reputation of the candidates.
Report can be released:	As soon as decisions are made and the candidates are notified.

1. Nature of Decision or Issue and Report Origin

- 1.1 Approval of a new chairperson, two new directors and one director re-appointment to the board of Lyttelton Port Company Ltd (LPC).
- 1.2 This report has been written following receipt of Christchurch City Holding's Ltd's (CCHL's) report on 31 May 2023.
- 1.3 CCHL's report (at **Attachment A**) recommends that the Council approves the following appointments to the LPC board:
 - Mr Barry Bragg, Chairperson, effective immediately¹;
 - Ms Nicki Crauford, Director, effective 19 June 2023 (following standard reference and police checks);
 - Mr Julian Hughes, Director, effective 19 June 2023 (following standard reference and police checks); and
 - Mr Nick Easy, re-appointed Director (for a second term), effective from LPC's 2023 Annual General Meeting (AGM).
- 1.4 At its meeting on 26 April 2023, the Council temporarily appointed Ms Abby Foote as the Interim Chairperson and Mr Barry Bragg as an Interim Director to the LPC board following the resignation of the then Chair and one Director at short notice (FPCO/2023/00032 refers). If the new appointments are agreed, Ms Foote will exit the LPC board.
- 1.5 The LPC board has had further disruption with an incumbent director, Ms Fiona Mules having resigned for personal reasons. The appointments process was expanded to include an extra candidate for the newly vacant position.

¹ CCHL's report advises that Mr Bragg will step down from two other governance roles. His role as Chairperson of Te Kaha Project Delivery Ltd is not affected.

- 1.6 An ongoing candidate search is being conducted to fill a vacant role on the board of Chairperson of the Audit and Risk Management Committee.
- 1.7 The LPC board, with six members meets the requirements for a minimum of six directors pursuant to section 6(1)(a) of the Port Companies Act 1988 and LPC's constitution. The appointments process conducted and recommendations made meet the requirements of the Council's Policy for the Appointment and Remuneration of Directors of Council Organisations (Appointments Policy).
- 1.8 The decisions in this report are of low significance in relation to the Christchurch City Council's Significance and Engagement Policy. The level of significance was determined by considering the potential impact of the decisions on the community.

2. Officer Recommendations Ngā Tūtohu

That the Council:

1. Approves the appointments of the following candidates to the board of Lyttelton Port Company Ltd:
 - a. Mr Barry Bragg, Chairperson, effective immediately for a term of three years;
 - b. Ms Nicki Crauford, Director, effective 19 June 2023 for a term of three years, subject to the completion of standard police checks;
 - c. Mr Julian Hughes, Director, effective 19 June 2023 for a term of three years, subject to the completion of standard police checks;
2. Approves the re-appointment of Mr Nick Easy as a Director of Lyttelton Port Company Ltd, for a second term of three years, effective from the company's 2023 Annual General Meeting; and
3. Agrees to release this report to the public following the Council's decisions and notification to the candidates.

3. Reason for Report Recommendations Ngā Take mō te Whakatau

- 3.1 The process conducted and recommendations meet the Council's Appointments Policy, and the Port Companies Act 1988 statutory requirement for a minimum of six directors.

4. Alternative Options Considered Ētahi atu Kōwhiringa

- 4.1 There are no practical alternative options since the requirement for six members on the board at a minimum is a statutory one.

5. Detail Te Whakamahuki

- 5.1 If the Council agrees to the appointments recommended in this report, the full LPC board will be as follows:

Director / Director-candidate	Year of appointment
Mr Barry Bragg, Chair	2023
Ms Nicki Crauford	2023
Mr Julian Hughes	2023
Mr Nick Easy	2020
Ms Vanessa Doig	2022
Mr Bob Dwyer	2015

6. Policy Framework Implications Ngā Hīraunga ā- Kaupapa here

Strategic Alignment Te Rautaki Tīaroaro

- 6.1 This report is consistent with the Council's governance policy which reflects its views of good governance in the local government context. It is not specifically related to the [Council's Long Term Plan \(2021 - 2031\)](#).

Policy Consistency Te Whai Kaupapa here

- 6.2 The decisions sought are consistent with the Council's Plans and Policies. In particular, the requirements for director appointments contained in the Council's Appointments Policy.

Impact on Mana Whenua Ngā Whai Take Mana Whenua

- 6.3 The decisions do not involve significant decisions in relation to ancestral land or a body of water or other elements of intrinsic value, therefore this decision does not specifically impact Mana Whenua, their culture and traditions.
- 6.4 The decisions do not involve a matter of interest to Mana Whenua and will not impact on our agreed partnership priorities with Ngā Papatipu Rūnanga.
- 6.5 The decisions are of a governance nature only.

Climate Change Impact Considerations Ngā Whai Whakaaro mā te Āhuarangi

- 6.6 Not relevant.

Accessibility Considerations Ngā Whai Whakaaro mā te Hunga Hauā

- 6.7 Not relevant.

7. Resource Implications Ngā Hīraunga Rauemi

Capex/Opex Ngā Utu Whakahaere

- 7.1 There are no incremental costs as a result of the decisions sought. Board fees are met by the company.

8. Legal Implications Ngā Hīraunga ā-Ture

Statutory power to undertake proposals in the report Te Manatū Whakahaere Kaupapa

- 8.1 Local Government Act 2002.

Other Legal Implications Ētahi atu Hīraunga-ā-Ture

- 8.2 The legal considerations arising from the Port Companies Act 1988 have been met. In particular the section 6(1)(a) requirement for a minimum of six members of the board.

9. Risk Management Implications Ngā Hīraunga Tūraru

- 9.1 Risks relating to good governance and statutory obligations are mitigated as a result of the recommendations contained in this report.

Attachments Ngā Tāpirihanga

No.	Title	Reference	Page
A 	Lyttelton Port Company Ltd - Governance Appointments	23/852554	21

In addition to the attached documents, the following background information is available:

Document Name - Location / File Link
Not applicable

Confirmation of Statutory Compliance Te Whakatūrutanga ā-Ture

Compliance with Statutory Decision-making Requirements (ss 76 - 81 Local Government Act 2002).

(a) This report contains:

- (i) sufficient information about all reasonably practicable options identified and assessed in terms of their advantages and disadvantages; and
- (ii) adequate consideration of the views and preferences of affected and interested persons bearing in mind any proposed or previous community engagement.

(b) The information reflects the level of significance of the matters covered by the report, as determined in accordance with the Council's significance and engagement policy.

Signatories Ngā Kaiwaitohu

Author	Linda Gibb - Performance Monitoring Advisor CCO
Approved By	Leah Scales - General Manager Resources/Chief Financial Officer



Christchurch
City Holdings
Limited

Report for Council

Date: 31 May 2023

To: Dawn Baxendale, CEO, Christchurch City Council

From: CCHL Appointments Committee

Subject: Recommendation of Director Appointments to the LPC Board of Directors

Purpose

The purpose of this report is to:

- provide an overview to Council on the process to appoint and select directors for the Board of Lyttleton Port Company (LPC).
- recommend the appointment of three independent Directors for the LPC Board being:
 - Barry Bragg
 - Nicki Crauford
 - Julian Hughes
- recommend the reappointment of Nick Easy as an independent director on the LPC board at the 2023 AGM.

Background

As previously discussed with Council, as a result of concerns that there were issues affecting the effectiveness of governance at LPC, CCHL made the decision to accept the resignation of the LPC Chair and to request the resignation of one other director.

At its meeting on 26 April, Council approved the temporary appointment of CCHL directors Abby Foote and Barry Bragg to the vacancies created on the LPC Board. Subsequently, a further director, Fiona Mules, made the decision to resign from the LPC Board for personal reasons. That vacancy has not been filled and the LPC Board is currently operating with 5 directors.

As outlined to Council at its meeting on 26 April, CCHL engaged Propero Consulting as the external recruitment advisor for this task. Propero was appointed given their familiarity with the issues at LPC, the exposure that they had recently had to a wide group of candidates as part of the CCHL Board search process and the need for immediate action to progress the board appointments in order to avoid further disruption at LPC which could negatively impact port operations or performance. As previously advised, LPC currently has an Acting CEO and it is important that new board members are appointed before the process to appoint a permanent CEO commences.

Process

Appointments to the LPC Board are governed by Council's policy on the Appointment and Remuneration of Directors of Council Organisations under which the Appointments Committee for CCHL subsidiaries is made up of the chair of CCHL, the chair of the relevant subsidiary board and up to two other members. In this case, the Appointments Committee was made up of the members of the CCHL Governance and

Appointments Committee being Abby Foote (as chair of CCHL and interim chair of LPC), Gill Cox and Sara Templeton. Phil Barry was also invited to join the Appointments Committee to provide an external perspective. Phil Barry is a director of TDB Advisory, an independent consultancy with expertise in providing strategic and economic advice in the infrastructure area.

Propero worked with the Appointments Committee to develop an overarching LPC Board skills matrix, building on the skills matrix which had been prepared by the LPC Board and CCHL's insights into the issues LPC had before it. That work identified the following key areas of capability that CCHL considered were required:

- Industry experience
- Capability in building a strong health & safety culture
- Commercial experience
- Financial expertise including capability to chair the Audit and Risk Committee
- Experience in building successful relationships with key stakeholders including tangata whenua and unions
- Capability in building organisational culture

Based on the skills matrix and their understanding of LPC, Propero identified a long list of candidates with the capabilities identified, drawing on their extensive networks, candidates identified through the CCHL recruitment process, personal recommendations and self-referrals and a specific focus on identifying experienced directors with port experience. The Appointments Committee considered a long list of 15 candidates (3 female) to identify a short list of 8 candidates.

The Committee interviewed six candidates (two females and four males). The interviews were held on Wednesday 24 May with all members of the Appointments Committee together with Propero in attendance. Each candidate was objectively assessed at interview against the skills matrix, other relevant selection criteria, and their responses to the pre-prepared interview questions.

Once the Committee had identified its preferred candidates, including for the role of Chair, the Committee arranged for the proposed Chair to meet with the other two candidates to provide comfort that they would be able to work together effectively.

Full reference checks have been undertaken for Nicki and Julian and we are in the process of obtaining police checks. There is some delay in receiving the results of these checks so we are recommending that the appointments be made subject to receiving these checks and are recommending an effective date of appointment which allows for these checks to be completed.

A copy of the LPC skills matrix and an overview of the candidates who are recommended for appointment are attached.

Chair Appointment

The Appointments Committee considered 5 candidates for the role of Chair of LPC. The Committee considers this role critical in assisting the LPC Board to reset following the recent resignations and also critical for LPC to continue to make progress in addressing cultural issues and improving performance. The Committee's expectation is that the Chair would need to commit to heavy involvement at LPC, particularly over the first 12-18 months. The Committee also believed that there were significant advantages for LPC in having a Chair who lived in the Christchurch region.

The Committee recommends the appointment of Barry Bragg as Chair of LPC. Barry has been acting as an interim director since the end of April. During that time he has been highly engaged in the role, taking on the role of Chair of the Audit and Risk Committee following Fiona's resignation and engaging directly with management and other board members to develop his understanding of issues at the Port and to share relevant expertise.

Barry has strong experience in the infrastructure area, brings a high level of capability in building health & safety culture, commercial experience and has strong stakeholder connections and engagement. Barry is a Chartered Accountant and holds a Bachelor in Management Studies from Waikato University. The Appointments Committee believes that his style will be beneficial to the LPC Board and that his appointment as Chair will be seen positively by the organisation.

To take on the role of Chair, Barry has committed to withdraw from all of his consulting roles and move into full time governance. He also intends to step down from two additional roles. CCHL is confident that Barry will commit the time needed for the role and that he has the capacity to take on this role with the changes that he has made to his portfolio.

Independent Director Appointments

The Appointment Committee recommend the following appointments:

Nicki Crauford

Nicki is an engineer with extensive governance and senior management experience in infrastructure areas including ports, energy, water and telecommunications utilities. Nicki has previously been a director of CentrePort Limited and is a director of StraitNZ which operates freight and passenger shipping across the Cook Strait in addition to trucking and logistics services.

Nicki is currently the Chair of the Electricity Authority, a director of Watercare and a trustee of the Wellington Regional Stadium Trust. Nicki has previously served as a director of Orion, the Environmental Protection Authority and Kainga Ora.

Nicki is a Distinguished Fellow of Engineering New Zealand and a Fellow of the Australian Institute of Company Directors and the Institute of Directors of NZ, where she has also served as CEO. Nicki has a doctorate from the University of Southampton and a Bachelor of Science (Hons) in Chemical Engineering from the University of Newcastle-upon-Tyne.

Julian Hughes

Julian has deep experience in health and safety with over 20 years working in senior public and private sector roles including Executive Director at the New Zealand Business Leaders Health and Safety Leaders Forum and National Manager, Safety and Wellbeing at the New Zealand Fire Service.. He brings strong experience in building a strong health and safety culture.

Julian is currently GM Supply at Z Energy, managing the end to end supply chain for liquid fuels in New Zealand including procurement, shipping, storage and distribution. His previous executive roles at Z Energy have included responsibility for strategy, risk and leadership of a transformational programme to deliver improved operational risk management at Z Energy.

Julian has a Bachelors of Sports Science and a Post Graduate Diploma and Masters Degree in Health Science from the University of Auckland.

Audit Committee Chair

 As a result the Appointments Committee will work with Propero to identify additional candidates with the necessary skill set and experience to add value to the LPC Board and will revert to Council with a recommendation for this role shortly. In the meantime, these 3 appointments will provide LPC with the required minimum 6 directors.

Independent Director Reappointment

LPC's constitution requires each director to retire at the third consecutive AGM of the company after the date that Director was last appointed. Each director is eligible for reappointment by the Parent.

Nick Easy was first appointed in October 2020 and will have completed his first term of three years on the LPC Board at the 2023 AGM. Nick has recently taken over the role of Chair of the Health and Safety Committee at LPC and brings strong port experience to the Board given his experience as CEO of Port of Melbourne. Following the outcomes of the LPC Board review, CCHL recommends the reappointment of Nick Easy for a further term of three years.

Summary

The Appointments Committee have run a thorough process to identify candidates for the LPC Board reaching an appropriate balance between the importance of finding appropriately qualified individuals with the skills and experience needed by LPC and the need to reach timely conclusions on these appointments to enable LPC to maintain operational momentum and to start the process of appointing a new CEO. The Appointments Committee believe that the directors being recommended bring strong infrastructure experience with relevant expertise in ports and health and safety. The CCHL Governance and Appointments Committee will continue to work to identify candidates for the remaining role at LPC and will revert to Council with a recommendation.

Recommendation

The Appointments Committee recommend:

- the appointment of Barry Bragg as Chair of LPC Board effective immediately
- subject to the receipt of satisfactory criminal record checks, the appointment of two independent Directors for the LPC Board effective 19 June:
 - Nicki Crauford
 - Julian Hughes
- recommend the reappointment of Nick Easy as an independent director on the LPC board at the 2023 AGM.

Abby Foote
Chair CCHL

Attachments:

Propero Consulting report containing LPC Board skills matrix and candidate overview.



PROPERO
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**CANDIDATE
SKILLS
MATRIX**
2023

lpc Lyttelton
Port
Company

CCHL Christchurch
City Holdings
Limited

Desktop skill ratings by Propero

WE NOTE THESE ARE HIGHER LEVEL THAN OUR USUAL REVIEW AND ARE BASED OFF AN INITIAL SCAN OF CAREER EXPERIENCES. THEY ARE INTENDED AS A STARTING POINT FOR THE BOARD TO CONSIDER AND TEST FURTHER AS REQUIRED

Rating key		EXISTING DIRECTORS			GAPS - RECENT DEPARTURES	CANDIDATES			NEXT APPOINTMENT
Capability	Key element	Director	Director	Director		A	B	C	
Industry	Port operations	Anchor			PRIMARY	○	●		●
	Transport and logistics - export and supply chain	●	○			●	●	●	○
	Infrastructure - investment, capital allocation	●		○		●	●		Anchor
	Infrastructure - build, construction	●				○	Anchor	○	●
	H&S	Anchor	○	○	PRIMARY	●	●	Anchor	●
Governance	Regulatory experience	○		●		●	Anchor	○	○
	Commercial or listed experience	●			PRIMARY	●	●		○
Commercial	CEO experience	Anchor	○		PRIMARY	●	○	○	●
	M&A experience	○		○		○	○	●	●
	Transformation - driving growth and innovation	●	●	○	PRIMARY	○	○	○	●
Finance	Financial expertise - prior CFO, CA, ARC Chair	○			PRIMARY	●	○		Anchor
	Understanding of financial risk	●		○	SECONDARY	●	●	○	Anchor
Customer connection	Understanding of 'next gen' port customers	Anchor	○			○	○	○	○
	ESG	○	○	○		○	○	●	●
	Branding and marketing		●			○			○
	Community engagement	●	○	○		Anchor	○	○	
Stakeholder connection	Local government	○	○	●	SECONDARY	Anchor	○		
	Unions	●			PRIMARY	●	○	●	○
	Tangata whenua		○		SECONDARY	Anchor	○	●	○
Technology	Front end - digital engagement		●						○
	Manufacturing and distribution - automation	○							
	Back end - tech infrastructure and security	○					○		●
People	Culture and conduct	●	○	○	PRIMARY	●	●	Anchor	○
	Talent management and remuneration	●			SECONDARY	○	○	○	○
Diversity	Demographic elements - gender, lwi connection, age / 'digital native'	AUS	Gender, age			lwi	Gender	Age (under 50)	



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Desktop skill ratings by Propero – a spotlight on the primary skills sought

Rating key

 Capability spike
  High capability
  Moderate capability

Capability	Key element	CANDIDATES			Next APPOINTMENT
		A	B	C	
 INDUSTRY	Port operations				
	H&S				
 GOVERNANCE	Commercial or listed experience				
 COMMERCIAL	CEO experience				
	Transformation - driving growth and innovation				
 FINANCE	Financial expertise - prior CFO, CA, ARC Chair				
 STAKEHOLDER CONNECTION	Unions				
 PEOPLE	Culture and conduct				



PROPERO
INSIGHTS TRUST PARTNERSHIP

**TOP
CANDIDATES
2023**

lpc Lyttelton
Port
Company

CCHL Christchurch
City Holdings
Limited



Barry Bragg



KEY ROLES - Current

- Chairman, Canterbury Multi-Use Arena Project (2021 - Present)
- Director, Verum Group (2019 - Present)
- Deputy Chairman, Stevenson Group Limited (2014 - Present)
- Managing Director, CRL Energy (2013 - Present)
- Managing Director, Nuenz Limited (2013 - Present)

KEY ROLES - Past

- Director, CCHL (2022 - 2023)
- Chair, Ngai Tahu Farming Ltd (2019 - 2022)
- Board Member, Canterbury District Health Board (2016 - 2022)
- Chairman, Ngai Tahu Property (2012 - 2019)
- Chairman, NZ Flying Doctor Service Trust (2014 - 2017)
- Director, Ngai Tahu Farming Limited (2014 - 2016)
- Group Resources Manager, Solid Energy New Zealand Ltd (2012 - 2013)
- Director, Ngai Tahu Property (2009 - 2012)
- Chief Operating Officer, Solid Energy New Zealand Ltd (1993 - 2012)

CAREER OVERVIEW

Barry has a broad governance portfolio at Director and Chair level in a multitude of public sector, iwi sector and private sector companies in health, construction, property, farming, mining, finance and advanced materials.

Before he began a governance career, Barry had been a Chief Operating Officer at Solid Energy NZ Ltd, where he was responsible for all consenting, development and mining operations in NZ, long term logistics contracts with KiwiRail and Lyttelton Port of Christchurch, and domestic and international marketing.

Barry is of Ngai Tahu descent and is a former Chair of Ngāi Tahu Property and Ngāi Tahu Farming. He was a Canterbury DHB Board Member chairing the Quality, Audit & Risk Committee.

Barry is now Chairman of Canterbury Multi-Use Arena and the Deputy Chair of Stevenson Group Limited. Barry has been the Chair of Te Kaha Project Delivery Ltd. In this role he has worked closely with the Council. He is also the Managing Director of CRL Energy and an advanced materials start-up company, Nuenz Ltd.

LOCATION

Canterbury, New Zealand



Nicki Crauford



KEY ROLES - Current

- Chair Of The Board Of Directors, Electricity Authority (2020 - Present)
- Trustee, Wellington Regional Stadium Trust (2020-Present)
- Director, StraitNZ (2022 - Present)
- Chairman, Geological and Nuclear Sciences (2015 - Present)
- Director, Watercare Services Ltd (2014 - Present)

KEY ROLES - Past

- Director, CentrePort Limited (2019 - 2022)
- Director, Kāinga Ora - Homes and Communities (2019 - 2021)
- Advisory Board, Stats NZ (2020 - 2021)
- Director, Environmental Protection Authority (2013 - 2020)
- Chair, Chorus & Visionstream UFB Connect JGB (2017 - 2020)
- Deputy Chairman, Fire and Emergency NZ (2016 - 2019)
- Director, Orion New Zealand (2014 - 2019)
- Director, Wellington Water (2014 - 2018)

CAREER OVERVIEW

Nicki has extensive governance and senior management experience and industry knowledge in energy, water and telecommunications utilities. Nicki's industry and governance experience includes roles at Environmental Protection Authority, Wellington Water, Fire and Emergency New Zealand, and the Institute of Directors.

Nicki is currently Chair of GNS Science and Electricity Authority, and Director at Watercare Services. Previously Nicki has held executive roles in the sector with Transpower and governance roles with Genesis Energy, Orion New Zealand, Pioneer Energy and Kāinga Ora.

Nicki has a doctorate in the investigation and modelling of fire spread in buildings from the University of Southampton and a Bachelor of Science (Hons) in Chemical Engineering from the University of Newcastle-upon-Tyne. She is also a Distinguished Fellow of Engineering New Zealand, and a Fellow of the Australian Institute of Company Directors and the Institute of Directors in New Zealand.

LOCATION

Wellington, New Zealand



Julian Hughes



KEY ROLES - Current

- General Manager - Supply, Z Energy NZ (2022 - Present)

KEY ROLES - Past

- General Manager, Transition, Z Energy NZ (2021 - 2022)
- General Manager, Strategy and Risk, Z Energy NZ (2019 - 2021)
- General Manager, HSSE, Z Energy NZ (2015 - 2019)
- Executive Director, New Zealand Business Leaders Health and Safety Forum (2012 - 2015)
- National Manager, Safety and Wellbeing, New Zealand Fire Service (2007 - 2012)
- Injury Prevention Consultant, ACC (2006 - 2007)
- National Health and Safety Manager, Truck Investment Ltd (2005 - 2006)

CAREER OVERVIEW

With a deep experience in Health and Safety, Julian has over 20 years' experience working in senior roles in the public and private sectors in New Zealand.

Julian is currently the GM of Supply at Z Energy and is accountable for leading Z's team that runs the end-to-end supply chain for liquid fuels in New Zealand, including procurement, shipping, storage and distribution. Previously, he has held a variety of executive roles at Z, including the role of the GM Transition, leading the company's transition out of the crude oil supply chain, the GM of Strategy and Risk, responsible for planning and delivering strategy, and the GM of Health, Safety, Security and Environment, leading a transformation programme to improve operational risk management at Z.

Prior to joining Z Energy, Julian had been a National Health, Safety and Well-being Manager at New Zealand Fire Service and Truck Investment Ltd, and an Executive Director of the Business Leaders' Health and Safety Forum.

He has a bachelor's in Sports Science, and a Post Graduate Diploma and Masters Degree in Health Science from the University of Auckland.

LOCATION

Wellington, New Zealand