



BOARD REPORT – 17 FEBRUARY 2021

TO: Te Rūnanga-Ā-Iwi-Ō-Ngāpuhi (TRAION) Board
FROM: Sam Napia, Chief Executive
DATE: 13 February 2021
SUBJECT: Implementation of the Governance Review Recommendations

Purpose

This paper recommends to the TRAION Board a work plan for the implementation the recommendations of the governance review report, *Evaluation of Governance Arrangements* (January 2021).

Issue

Having committed to the implementation of the report's recommendations, it is now for the TRAION Board to determine an implementation plan.

Background

Commencing in early 2020, a review was conducted into the governance arrangements of TRAION. The review's final report and recommendations were presented to the TRAION Board in January 2021.

The review highlighted the need for improvement of the standard of governance within TRAION. Thirteen recommendations were made in this regard. The TRAION Board subsequently resolved to adopt all thirteen recommendations and tasked the Chief Executive with bringing forward for approval a work plan to implement them.

Discussion

Five Clusters of Work Streams

It is proposed that the thirteen recommendations be clustered into five work streams. Considering implementation from a cluster perspective allows for a plan to be developed, knowing that all thirteen recommendations will be addressed via five work streams in a structured manner.

The thirteen recommendations contained in the report are:

1. That the trust deed of the Rūnanga be completely revised and rewritten.
2. That the Rūnanga's representation model and electoral processes be redesigned to ensure that the best possible candidates are eligible for election.
3. That the redesign of the Rūnanga's representation model incorporates hapū rangatira-tanga as the primary organising principle.
4. That the Rūnanga reviews the role and functions of Te Rōpū Kaumātua Kuia o te Whare Tapu o Ngāpuhi, including its status vis-à-vis the Rūnanga.
5. That the revised trust deed of the Rūnanga includes robust requirements for member engagement.
6. That the trustees take steps to incorporate the use of appropriate governance tools, including an annual work plan, a standard-form agenda, a revised governance manual and a set of meeting rules, into their governance practice.
7. That the trustees review the need for each of the Rūnanga's standing committees and revise the terms of reference for those committees which are retained.
8. That the trustees adopt a terms of reference for every external appointment made by the Rūnanga.
9. That the trustees prepare and adopt a set of strategic outcomes for the Group which spell out the purpose of the organisation.
10. That the trustees design and implement a strategic framework for the Group.
11. That the trustees prepare and adopt a set of board practice policies.
12. That the trustees prepare and adopt a schedule to monitor their performance against their board practice policies.
13. That the trustees design and implement appropriate mechanisms for Group governance encompassing all of the major subsidiaries.

The proposed five clusters are:

- Trustee Professional Development;
- Trust Deed;
- Representation Model;
- Te Rōpū Kaumātua Kuia O Te Whare Tapu O Ngāpuhi; and,
- TRAION Group Governance.

Work Stream 1: Trustee Professional Development

Of all of the report's findings, the need for improvement of the standard of governance is probably the most impactful.

The report documents a significant deficit in collective knowledge and capability. Addressing this deficit is urgent and important. This work stream must focus on ensuring Trustees have a common understanding of the purpose of governance, allowing the principles, tools, and techniques of governance to be reflected in TRAION governance architecture and practice.

The following recommendations are covered in this work stream:

- **Recommendation 6:** That the trustees take steps to incorporate the use of appropriate governance tools, including an annual work plan, a standard-form agenda, a revised governance manual and a set of meeting rules, into their governance practice.

- **Recommendation 7:** That the trustees review the need for each of the Rūnanga's standing committees and revise the terms of reference for those committees which are retained.
- **Recommendation 8:** That the trustees adopt terms of reference for every external appointment made by the Rūnanga.
- **Recommendation 11:** That the trustees prepare and adopt a set of board practice policies.
- **Recommendation 12:** That the trustees prepare and adopt a schedule to monitor their performance against their board practice policies.

With clear objectives of providing Trustees with a comprehensive understanding of governance fundamentals, this work stream will utilise external expertise in governance. Training sessions will be delivered in a series of wānanga covering group governance, board practice policies; and committees and appointments.

Work Stream 2: Trust Deed

The report found that TRAION's Trust Deed is not fit for purpose and recommends that it be comprehensively revised and rewritten.

The following recommendations are covered in this work stream:

- **Recommendation 1:** That the trust deed of the Rūnanga be completely revised and rewritten.
- **Recommendation 5:** That the revised trust deed of the Rūnanga includes robust requirements for member engagement.

We propose reviewing the TRAION Trust Deed in two stages.

The first stage addresses matters that do not require consultation, such as minor improvements the governance arrangements in the document. An example of this type of change is discussed in the Hapū Development Fund Terms of Reference Review report included in the papers for this meeting, which includes a recommendation to remove an operational document from the TRAION Trust Deed.

The second stage will address weightier matters such as TRAION's member engagement, noting that the report suggests the Takiwā election model of representation is at the core of many of our governance challenges. Any change to the representation model will need to be thoroughly consulted across Ngāpuhi, a process which is likely to take quite some time, before the relevant provisions in the TRAION Trust Deed can be amended or re-written.

All proposed changes to the Trust Deed will need to follow the following process:

- Where a majority of Trustees is satisfied that any such proposal is not inconsistent with the Māori Fisheries Act 2004, and is for the collective benefit of all Members of Ngāpuhi, the Trustees are required to table that proposal at the a General Meeting.
- If the changes are made they must be passed by resolution at the General Meeting by not less than 75% of the Members of Ngāpuhi who are entitled to vote and actually cast a vote in accordance with the voting procedures established for that meeting.

Work Stream 3: Representative Model

The review concludes that the current representation model is at the core of many of the Rūnanga's governance challenges. The model serves to severely restrict the pool of candidates who are eligible for election to the point where that pool probably comprises something like 100 individuals out of a total iwi population well in excess of 125,000.

The following recommendations are covered in this work stream:

- **Recommendation 2:** That the Rūnanga's representation model and electoral processes be redesigned to ensure that the best possible candidates are eligible for election.
- **Recommendation 3:** That the redesign of the Rūnanga's representation model incorporates hapū rangatiratanga as the primary organising principle.

Changing a representation model is a serious undertaking in any circumstances. Ultimately, it is for Ngāpuhi to decide how they wish to appoint representatives to the board of trustees of the Rūnanga. And there will be a great number of views as to how this should happen. Accordingly, designing and implementing a robust process to develop a strong and enduring consensus about any replacement representation model will be a significant challenge that should not be rushed. This work stream is likely to take between one and two years to complete.

Work Stream 4: Te Rōpū Kaumātua Kuia

The review recommends going back to basics in reviewing the role and functions of Te Rōpū Kaumātua Kuia o Te Whare Tapu o Ngāpuhi. As with the review of the representation model, this should proceed at such a pace and in such a manner that any resulting changes are widely supported and likely to endure. The review needs to have tikanga at its core, so involving the right people in the review process, especially the kaumātua and kuia themselves, will be critical.

The following recommendation is covered in this work stream:

- **Recommendation 4:** That the Rūnanga reviews the role and functions of Te Rōpū Kaumātua Kuia o te Whare Tapu o Ngāpuhi, including its status vis-à-vis the Rūnanga.

The review needs to have tikanga at its core, so involving the right people in the review process, especially the kaumātua and kuia themselves, will be critical.

Work Stream 5: TRAION Group Governance

The report identifies the lack of an agreed set of strategic outcomes as one of the most significant deficiencies in the governance of the Rūnanga and the wider Group. The final work stream will plug this gap. It will encompass the Rūnanga and each of the main subsidiaries and will result in the publication of a set of outcomes which serves to integrate and align the activities of all of these entities.

The following recommendations are covered in this work stream:

- **Recommendation 9:** That the trustees prepare and adopt a set of strategic outcomes for the Group which spell out the purpose of the organisation.
- **Recommendation 10:** That the trustees design and implement a strategic framework for the Group.
- **Recommendation 13:** That the trustees design and implement appropriate mechanisms for Group governance encompassing all of the major subsidiaries.

This work stream will deliver a strategic plan and organisational structure to enable TRAION to meet the functions of:

- **A collective representative body** - enabling hapū, whānau and marae of Ngāpuhi to come together as Ngāpuhi.
- **A decision maker** - enabling decisions to be made on matters pertaining to Ngāpuhi overall - and without undermining, but rather strengthening, decision making conducted at hapū, whānau and marae levels.
- **A service delivery agency** - delivering a variety of services to benefit Ngāpuhi people .
- **An opportunity enabler and wealth generator** for Ngāpuhi people so that a sound economic base is steadily grown for Ngāpuhi people and by which self-sustainability and independence may be achieved and maintained.

Implementation Plan Indicative Timeframe and Resource Requirements

The following diagram provides indications of timeframe and resource requirements. Should the implementation plan be adopted, firmer timeframes and budgets will be included in the 2021/22 and 2022/23 annual plans for deliberation and adoption.

More detail is provided in ATTACHMENT A.

Work Stream – indication of sequencing, prioritisation, and cost estimates

	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	\$	
	FY21			FY22												FY23							
Work Stream 1: Trustee Professional Development Wāhanga tuatahi: Governance fundamentals Wāhanga tuarua: Group governance Wāhanga tuatoru: Board practice policies Wāhanga tuawhā: Committees and appointments Wāhanga tuarima: Evaluation of progress																							Work Stream 1 - \$35,500
Work Stream 2: Trust Deed Wāhanga tuatahi: Initial review and refresh Wāhanga tuarua: Further review (representation model)																							Work Stream 2 - \$56,000
Work Stream 3: Representation Model Wāhanga tuatahi: Initial design Wāhanga tuarua: Consultation process																							Work Stream 3 - \$40,500
Work Stream 4: Te Rōpū Kaumātua Kuia O Te Whare Tapu O Ngāpuhi Wāhanga tuatahi: Consultation process																							Work Stream 4 - \$27,000
Work Stream 5: TRAION Group Governance Wāhanga tuatahi: Consultation process – strategic outcomes Wāhanga tuarua: Design and implementation of governance mechanisms																							Work Stream 5 - \$18,500

Options

The following options are identified.

1. Approve the recommended implementation plan for immediate delivery

By adopting this option, the Trustees are demonstrating immediate responsiveness to the feedback provided throughout the PWC consultation (Stage One); feedback at the November 2020 AGM; feedback at Takiwā hui, and throughout Stage Two of the review. Predictably, confidence across stakeholder groups will increase.

Adopting this option will require Trustees to invest considerable time and resources over a sustained period, perhaps as much as two years. It is a challenging prospect. However, the promise is that, if they do the hard yards, the Trustees will then be in a position to deliver the kind of future that Ngāpuhi so clearly desire.

2. Deliver the implementation plan over a longer timeframe

Should the Trustees adopt this option, we may lose a measure of momentum and enthusiasm that has been generated since word of the governance review whānau has gone out.

Some may interpret the taking of this option as procrastination.

On the other hand, the desired outcomes will be achieved albeit over a longer period of time, which will require a different kind of personal stamina. Takiwā election cycles may influence and change Trustee contributors, potentially affecting momentum at TRAION Board level.

3. Do nothing

“Do nothing” is always a valid option in deliberative decision making. However, were the Trustees to adopt this option, it will likely be seen widely as prevarication; accordingly, it is not the recommended option in this case.

Recommendation

It is recommended that the TRAION Board approve Option 1; that is, approve the recommended implementation plan for immediate delivery.

Next Steps

In the event that the Trustees accept the recommendation, TRAION staff will action the following:

1. Engage with necessary specialist advisors to deliver components of the plan;
2. Determine a schedule of events / training / information sessions, and incorporate those into the TRAION Board annual plan and calendar; and,
3. Engage with stakeholder groups instrumental to the successful delivery of the implementation plan.

ATTACHMENT A

WORK STREAM 1: PROFESSIONAL DEVELOPMENT	
Objective:	<p>The objectives of this work stream are to ensure that—</p> <ul style="list-style-type: none"> • the trustees of the Rūnanga and the trustees/directors of the main Group subsidiaries have a comprehensive understanding of governance; and • the governance of the Rūnanga and of the wider Group reflects best practice.
Outcomes:	<p>At the completion of this work stream, the trustees of the Rūnanga and the trustees/directors of the main Group subsidiaries will—</p> <ul style="list-style-type: none"> • understand the nature and purpose of governance; • have a shared governance language encompassing the main parts of their respective roles; and • know how and why to use a suite of governance tools. <p>The trustees of the Rūnanga will have—</p> <ul style="list-style-type: none"> • adopted a revised governance manual for the Rūnanga; • reviewed the need for each of the board’s standing committees and have adopted terms of reference for those committees that are retained; • adopted a set of board practice policies and a monitoring schedule for same; and • adopted terms of reference for every external appointment made by the Rūnanga.
Leadership:	<p>The work stream will be led by the chairperson of the Rūnanga, with support from an external expert on the governance of Māori entities.</p>
Format:	<p>The main format of the work stream will be a series of training interventions, as follows:</p> <p>Wānanga Tuatahi: governance fundamentals Wānanga Tuarua: Group governance Wānanga Tuatoru: board practice policies Wānanga Tuawhā: board committees and appointments</p>
Timeframe:	<p>This work stream will initiate the overall work plan and will continue with periodic wānanga until the entire plan has been implemented.</p>
Resourcing:	<p>The main resourcing requirements for this work stream are:</p> <ul style="list-style-type: none"> • trustees’ time (including preparation for, attendance at and follow-up after wānanga); and • external advice from a governance expert.
Dependencies:	<p>None, although progress with this work stream will largely depend on progress being made in the other work streams.</p>
Other:	-

WORK STREAM 2: TRUST DEED

Objective:	The objective of this work stream is to ensure that the constitutional foundation of the Rūnanga is sound.
Outcomes:	At the completion of this work stream, the Rūnanga will have— <ul style="list-style-type: none">• adopted a revised trust deed which is fit for purpose; and• consulted on, designed and adopted a replacement representation model.
Leadership:	The work stream will be led by the CEO of the Rūnanga, with appropriate external support.
Format:	<p>The work stream will be in two parts:</p> <ul style="list-style-type: none">• an initial review and refresh of the trust deed, to address the many issues with the present document; and• a further amendment to the deed to replace the existing representation provisions, once the new model has been chosen. <p>Work on the first part will largely be carried out behind the scenes by the CEO and his advisors, with their final recommendations being presented to the trustees via one or more wānanga.</p> <p>Work on the second part will also largely be carried out behind the scenes as the CEO and his advisors apply the outcomes of the 'Representation Model' work stream to the trust deed, again with final approval from the trustees.</p>
Timeframe:	<p>The first part of the work stream will be completed as soon as reasonably practicable, given the procedural requirements for amending the trust deed.</p> <p>The second part will take considerably longer, the exact duration depending on the nature and extent of consultation with Ngāpuhi undertaken in connection with the review of the representation model.</p>
Resourcing:	<p>The main resourcing requirements for this work stream are:</p> <ul style="list-style-type: none">• the CEO's time;• trustees' time for attendance at wānanga;• external advice from a governance expert; and• external legal advice.
Dependencies:	<p>Work on the first part of the work stream will be dependent upon the outcomes of Wānanga Tuarua in the 'Professional Development' work stream.</p> <p>Work on the second part of the work stream will be dependent upon progress made in the 'Representation Model' work stream.</p>
Other:	-

WORK STREAM 3: REPRESENTATION MODEL

Objective:	The objective of this work stream is to ensure that the Rūnanga has a representation model which facilitates the eligibility of the largest possible number of suitably-qualified candidates for election to the board of the Rūnanga.
Outcomes:	At the completion of this work stream, the trust deed of the Rūnanga will incorporate a representation model which— <ul style="list-style-type: none">• enjoys widespread support amongst Ngāpuhi;• clearly reflects hapū rangatiratanga; and• ensures a plentiful supply of suitably-qualified candidates for election to the board of the Rūnanga.
Leadership:	The work stream will be led by the chairperson of the Rūnanga.
Format:	The core of the work stream will essentially comprise a consultation process with Ngāpuhi, based on one or more possible representation models designed by a working group with expertise encompassing Ngāpuhi tikanga, governance and legal drafting.
Timeframe:	This work stream will begin after Wānanga Tuatahi in the 'Professional Development' work stream. Its duration will depend on the progress of the consultation process, which could conceivably be anywhere from several months to one or more years long.
Resourcing:	<p>The main resourcing requirements for this work stream are:</p> <ul style="list-style-type: none">• the chairperson's time;• the working group's time;• external advice on governance; and• external advice on legal drafting. <p>The working group is likely to include a reasonable number of experts in Ngāpuhi tikanga, whose availability will be a key consideration in resourcing the work stream.</p> <p>There will also be a requirement to resource a significant number of consultation hui.</p>
Dependencies:	None.
Other:	-

WORK STREAM 4: TE RŌPŪ KAUMĀTUA KUIA

Objective:	The objective of this work stream is to ensure that the Rūnanga benefits from the existence of a thriving group of Ngāpuhi kaumātua and kuia.
Outcomes:	At the completion of this work stream, Te Rōpū Kaumātua Kuia o te Whare Tapu o Ngāpuhi will— <ul style="list-style-type: none">• be valued and respected by the Rūnanga;• have a clearly-defined role to play in relation to the Rūnanga; and• be properly resourced.
Leadership:	The work stream will be led by the chairperson of the Rūnanga.
Format:	The work stream will essentially involve a dialogue between the Rūnanga and the kaumātua and kuia of Ngāpuhi, the format and scope of which will be for the kaumātua and kuia to determine.
Timeframe:	This work stream will begin after Wānanga Tuatahi in the 'Professional Development' work stream. Its duration will depend on the progress of the dialogue, which could conceivably be many months long.
Resourcing:	The main resourcing requirements for this work stream are: <ul style="list-style-type: none">• the chairperson's time; and• the involvement of kaumātua and kuia. If necessary, the chairperson will draw on the support of others with expertise in Ngāpuhi tikanga. There will also be a requirement to resource a significant number of consultation hui.
Dependencies:	None.
Other:	-

WORK STREAM 5: GROUP GOVERNANCE

Objective:	The objective of this work stream is to ensure that the Group has a clear set of strategic outcomes which serve to integrate and align all activities within the Group.
Outcomes:	At the completion of this work stream,— <ul style="list-style-type: none">• the Group will have an agreed set of strategic outcomes;• the Group will have a robust strategic framework which sets out the requirements for planning and reporting across the Group; and• appropriate mechanisms for the strategic governance of the Group will be in place.
Leadership:	The work stream will be led by the CEO of the Rūnanga.
Format:	The work stream will be in two parts. The first part will comprise a consultation process within the Group, drawing on the PwC report produced as a result of Stage 1 of the recent governance review, together with some limited consultation with Ngāpuhi, for the purpose of developing a set of strategic outcomes. The second part will comprise the design and implementation of the mechanics of Group governance, including statements of intent and planning and reporting requirements, which will be undertaken primarily by a working group comprising the CEOs of the main subsidiaries.
Timeframe:	This work stream will begin after Wānanga Tuarua in the 'Professional Development' work stream and will be completed in time for the start of the 2022/23 financial year.
Resourcing:	The main resourcing requirements for this work stream are: <ul style="list-style-type: none">• the CEO's time;• the working group's time;• external advice on governance and corporate design; and• external advice on legal drafting.
Dependencies:	The work stream will depend on the content of Wānanga Tuarua in the 'Professional Development' work stream.
Other:	-