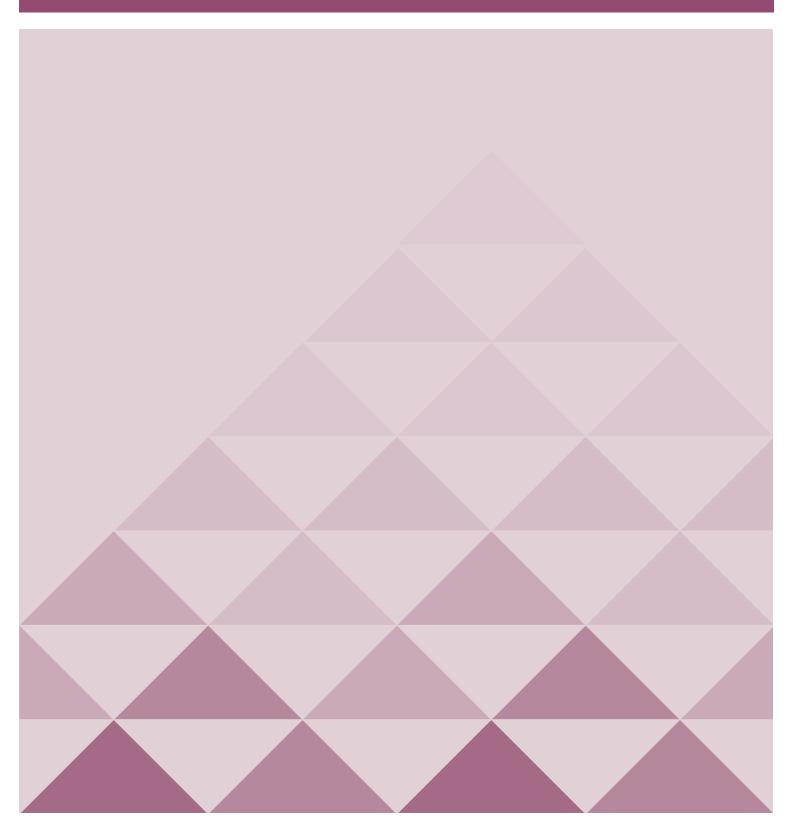


The Māori Trust Boards Act 1955

A practical guide for members and beneficiaries of Māori Trust Boards



Summary

This guide focuses on the operation of the Māori Trust Boards Act 1955. It is intended to assist members of Māori Trust Boards with their responsibilities and roles, and inform beneficiaries about the workings of the Act and the role of their elected representatives.

Whakatauki

He rawa hei painga mō te iwi.

Resources managed for the benefit of iwi.

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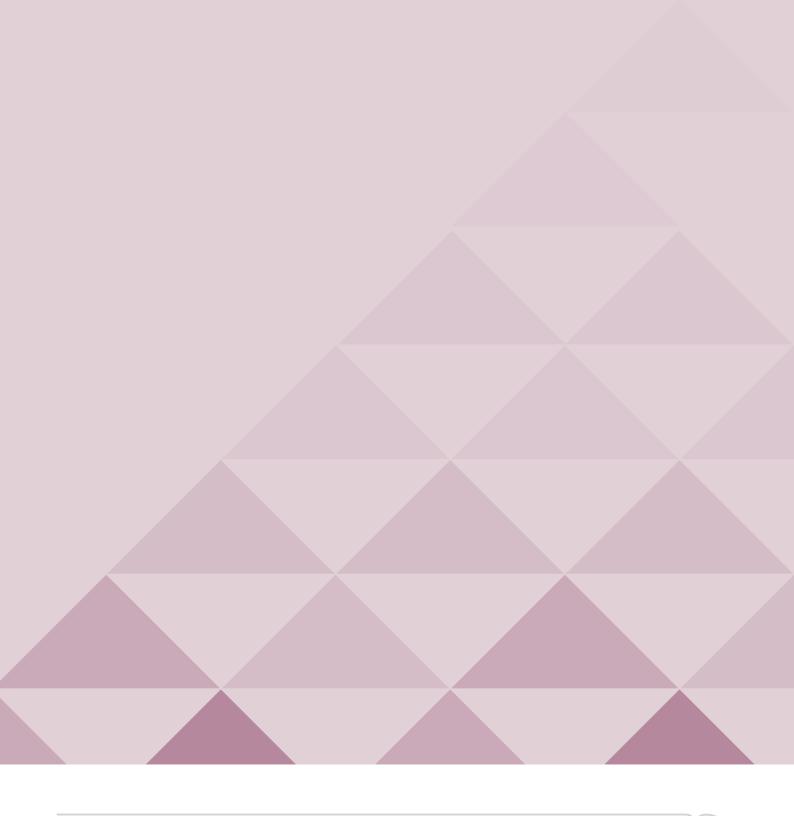
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Introduction

The main function of each Māori Trust Board is to manage the Board's assets for the general benefit of beneficiaries. The <u>Māori Trust Boards Act 1955</u> (the Act) provides the legal framework within which Māori Trust Boards operate and gives the Minister for Māori Development (the Minister) specific powers to enable Ministerial oversight of the affairs of Māori Trust Boards.¹ The <u>Māori Trust Boards Regulations</u> <u>1985</u> (the Regulations) set out the requirements for conducting elections of members to Māori Trust Boards.

With the advancement of beneficiaries in mind, Māori Trust Boards can spend money on the promotion of health, the promotion of social and economic welfare, the promotion of education and vocational training or additional purposes for the benefit of its beneficiaries that the Māori Trust Board decides upon.²

Te Puni Kōkiri administers the Act and is the government department that oversees the operation of the Act. Te Puni Kōkiri is also responsible for advising the Minister on any compliance issues that may arise, and any other significant matters affecting Māori Trust Boards.

This guide focuses on the operation of the Act and is intended to provide guidance that will assist members of Māori Trust Boards with their responsibilities and roles. It is also intended to inform beneficiaries of the workings of the Act and the role of their elected representatives.

This document is intended to be a guide only. While Te Puni Kōkiri is available to provide clarification on its contents at any time, Māori Trust Boards are advised to seek independent legal advice on any legal issues that they may face.



¹ The Act refers to the Minister of Māori Affairs. The powers are currently vested in the Minister for Māori Development.

² Section 24(2) of the Act.

What is a Māori Trust Board?

Between 1922 and 1953, ten Māori trusts were established by statute to receive and administer compensation awarded by the Crown in settlement of various long-held Māori grievances. In 1955, as part of a move to update all existing Māori legislation, the Act was enacted to standardise and improve the administration of these existing bodies and to provide a template for future boards.

For the purposes of this document, a Māori Trust Board is a trust board that is formed ('constituted') under the Act or under separate legislation that refers to the Act as the Board's governing legislation.

A list of Māori Trust Boards subject to the Act (as at 1 March 2018) is attached as *Appendix 1*.

Māori Trust Boards are **body corporates** with **perpetual succession** and a **common seal**.

1. Body corporates

A body corporate is a legal entity i.e. a legal person that exists separately from its members. It is capable of doing things a natural person can do – like owning land and other assets, suing people and being sued, entering into contracts and applying for funding. As Māori Trust Boards are body corporates, they can do anything a natural person can do, as long as it is not inconsistent with the provisions of the Act.

2. Perpetual succession

If a legal entity has "perpetual succession" this means that it continues to exist and function, regardless of changes or vacancies in its membership. As Māori Trust Boards have perpetual succession they continue to exist and function as an organisation, regardless of changes, vacancies or issues in membership, or delays in the election or appointment of its Board members.

Section 15(3) of the Act allows Board members to continue in office until their successors are appointed.

3. Common seal

A common seal is the 'official stamp' used by an organisation when it signs legal documents. A common seal confirms that the signing of a document is the act of the legal entity (as opposed to the individual members of the organisation). A common seal is usually a rubber stamp that includes the name of the organisation and the words "common seal".

Māori Trust Boards are required to have a common seal, approved by the Minister. The Seal must be kept in the care of the Chair or another officer of the Board.³

The common seal is only to be used pursuant to a resolution of the Board, and must be applied to a document in the presence of the Board Secretary and two Board members, who sign the document as witnesses that the seal was affixed while they were present.

3 Section 34 of the Act.

What is the Role of a Māori Trust Board?

The main function of each Māori Trust Board is to manage the Board's assets for the general benefit of beneficiaries.

Māori Trust Board members are not Māori Trust Board employees. Board members are elected by beneficiaries of the Board and paid in accordance with the Cabinet Fees Framework.

The Board has primary responsibility for administering the Board's assets in the interests of the beneficiaries. This governance role includes:

- Co-ordinating and controlling the Board's resources;
- Making decisions regarding the strategic direction and actions of the Board;
- Being accountable to its beneficiaries for its decisions and the performance of the Board;
- Making transparent decisions so that beneficiaries can see how and why decisions were made;
- Making decisions that are consistent with the Act and in the best interests of the beneficiaries;
- Serving the needs of the beneficiaries while balancing competing interests in a timely, appropriate and responsive manner;
- Ensuring that beneficiaries interests are represented and considered; and
- Implementing decisions and following processes that make the best use of the available people, resources and time to ensure the best possible results.

Membership of Māori Trust Boards

1. Board membership

Māori Trust Board members are elected to their position by the beneficiaries and appointed by the Governor-General.⁴ Members are appointed for three years (but are able to be reappointed).⁵ The Act and Regulations envisage that all members will be elected at the same time and their appointment will expire at the same date. There is provision for extraordinary vacancies when members are removed, resign or die during their term. The Governor-General can fill such vacancies for the residue of the term, but if a vacancy remains a Board is not affected by any vacancy in membership.⁶

Māori Trust Boards have a fixed number of Board members and in some cases, specific areas they must be selected from. <u>Schedule 1 of the Māori Trust Board</u> <u>Regulations</u> sets out the number of members per Board, and if applicable, the number of members for each division.

If the term of current Board members have expired, the Act allows the outgoing members to continue in office until their successors are appointed. This ensures that the business of the Board can continue regardless of any delays in election or appointment processes.

A Board member may be removed at any time for specific reasons by the Governor-General, acting on the advice of the Minister. More information on this aspect is contained in Section 10 of this Guide.

2. Eligibility rules

The Act declares who the beneficiaries for each Māori Trust Board are. To be elected or appointed to be a member of the Board a person must be a beneficiary of that Board.⁷

If a person qualifies for more than one section or division of a Māori Trust Board, they must choose which section or division he or she wants to enrol in.⁸ The beneficiary is then only entitled to represent the section or division which they elected to be enrolled in.⁹

- 4 Section 14(2) of the Act.
- 5 Section 15(2) of the Act.
- 6 Section 16 of the Act.
- 7 Section 14(4) of the Act.
- 8 Section 42(6) of the Act.
- 9 Section 14(6) of the Act.



3. Ineligibility for Board membership

Besides having to be a beneficiary, no person can be a member of a Māori Trust Board if:

 they have had a personal order or property order made regarding them, under the <u>Protection of Personal Property Rights Act 1988</u>¹⁰, or they have a trustee corporation acting as manager for them under section 32 or 33 of that Act.¹¹

Other reasons for legal ineligibility are if a potential member:

- is an undischarged bankrupt; or whose order of discharge is suspended for a term not expired; or is subject to conditions not fulfilled;¹² or
- has been convicted of an offence that is punishable by a sentence of imprisonment of 6 months or more and has not received a free pardon or served his or her sentence.¹³

4. Appointment of the Chair and Deputy Chair

Boards are required to appoint the Board Chair from amongst its members at the beginning of the three–year term and if the Chair's role becomes vacant during the three-year term. The chair at any Board meeting has:

- a deliberative vote (i.e. can vote on any issue as a Board member); and
- if the votes are tied, then the Chair also has a casting vote (can cast a final vote so that a majority decision is made).

A Board can also chose to appoint a Deputy Chair.¹⁴ This is not mandatory but is good practice, in case the Chair is unable to attend meetings.

The Chair presides at all meetings that he or she is present at. However, if a Chair is unable to fulfil their role, the Deputy Chair can act for the Chair and will hold the same powers as the Chair.¹⁵

- 11 Section 14(3)(a) of the Act.
- 12 Section 14(3)(b) of the Act.
- 13 Section 14(1)(c) of the Act.
- 14 Section 17(1) of the Act.
- 15 Section 17(3) of the Act.

¹⁰ Under the protection of Personal Property Rights Act 1988 personal orders can be made to deal with the welfare and care of a person in question. Property orders appoint a 'property manager' to look after the person's property affairs.



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Procedures of Māori Trust Boards

The Act and the Regulations prescribe some specific requirements for the conduct of Māori Trust Boards. Apart from these matters, a Board can manage its processes and meetings as it thinks fit, so long as it is not inconsistent with the Act and the Regulations.

1. Board meetings

The first meeting of a new Māori Trust Board must be held no more than two months after the triennial elections. Meetings of the Board can be held at times and places that the Board appoints.¹⁶

The Secretary of the Board sets the meeting time and place in consultation with a quorum of the Board members.

If both the Chair and Deputy Chair are absent from a meeting the members present can appoint a member to chair the meeting.

2. Quorum

A Board meeting cannot be held without the required quorum (being the number of members who must be present for a meeting and any decisions made to be lawful).

A quorum of the Board is half of the members of the Board. If the number of members is not a multiple of two, then the quorum is half the number of the next highest number which is a multiple of two. For example: if there are eleven members of the Board then the quorum will be six (being half of twelve).

Meetings should be adjourned to a time and place thought fit if a quorum is not present by the end of the first half hour of the appointed meeting time.



¹⁶ Section 18 of the Act.

3. Records

All proceedings and resolutions of the Board should be recorded in a minute book.

Boards must keep full and accurate accounts of all money received and paid by the Board.

4. Decisions of the Board

All questions/business before the Board must be decided by the majority of the Board members present at a meeting.

5. Special meetings

A special meeting can be called at any time by the Minister or the chair. A special meeting must be requested in writing by three members of the Board to the Chair¹⁷ and that special meeting must be held within one month of the Chair receiving the notice.

6. Board committees

There is also scope within the Act for a Board to appoint other groups to advise them, including Board committees; councils of elders; and councils of young people.

A Board committee can be formed with two or more people. There must be at least one Board member on each committee. The committee can be delegated any of the powers and duties of the Board except for the power of delegation, appointment and payment of officers, acquisition of land and borrowing money.

The chair of a committee is appointed by, and can be removed by, the Board. Each Board committee is subject to the control of the Board it was appointed by and must carry out all directions of that Board in relation to the committee or its affairs.¹⁸

The Board can appoint a council of elders whose principal function is to advise the Board on matters of tikanga, te reo and kawa. This council is comprised of the kaumātua of the beneficiaries.¹⁹

The Board can also appoint a council of young people to advise the Board on the needs and interests of the young people among the beneficiaries.²⁰

¹⁷ Section 18(3) of the Act.

¹⁸ Section 20-23 of the Act.

¹⁹ Section 23A of the Act.

²⁰ Section 23B of the Act.

Employees of Māori Trust Board

Employees are non-elected individuals hired by a Māori Trust Board to undertake administrative and management functions.

Employees are paid by the Board, at a rate of remuneration agreed to by the employee and the Board.

Apart from the appointment of the Māori Trust Board Secretary, the Minister does not get involved in the appointment of a Board's employees, or any employment matters relating to Māori Trust Boards. These are internal administrative matters that are the sole responsibility of the Board itself.

1. Secretary of the Board

The Minister's approval is required for:

- The appointment of the Secretary of the Board;
- Removal of the Secretary;
- Setting the rate of pay for the Secretary.²¹

This means that a Māori Trust Board should not make any binding commitments, or act in relation to any of these matters, until the Minister's approval has been formally granted. Board resolutions regarding these matters should only be made with the words "subject to the approval of the Minister".

The Secretary of the Board must be a fit and proper person, and may also be a Board member.

2. Other Board employees

The Board can appoint (and dismiss) other officers and employees and pay them salaries, wages, or allowances the Board decides.

The relationship between the Māori Trust Board and its employees is governed by the terms of their respective employment agreements.

Boards must take their own independent legal advice in relation to employment issues.

21 Section 19 of the Act.



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Māori Trust Board Accountability Requirements

Prior to 2011, the Minister had a stronger role in terms of Trust Board's accountability requirements. The Māori Trust Board Amendment Act 2011 introduced a number of changes to the financial accountability requirements for Māori Trust Boards, making Māori Trust Boards directly accountable to their beneficiaries.

These changes included the requirement to:

- Prepare Annual Reports (including audited accounts and budgets);
- Hold annual hui;
- Present the Annual Reports to beneficiaries at an Annual Hui; and
- Provide Annual Reports to the Minister for information purposes only.

In addition, Māori Trust Boards are able to choose their own independent auditors for accounting periods following 2011.

This next section outlines the rules for holding annual hui, the preparation and presentation of a Board's key accountability documents (the Board's audited accounts and yearly budgets) and the Minister's role in these matters.

A table setting out the general timeframes for meeting these accountability requirements is attached as *Appendix 2*.

1. Annual hui

Timing of the annual hui is important. It needs to be held no later than six months after the end of the Board's previous financial year.

Under the Act each Māori Trust Board needs to hold an annual hui to report to its beneficiaries. Boards must hold an annual hui for beneficiaries no later than six months after the balance date of the prior accounting period.²²

22 Section 23C of the Act.

'Accounting Period' is defined in the Act as either;

- A term of one year ending on the Board's balance date; or
- In the case of a change to a balance date the term starts on the day after the most recent balance date and ends on the new balance date.

'Balance Date' is defined in Section 2 of the Act as either the end of 31 March or the end of another date a Board adopts as long as that date is never more than 15 months after the last balance date.

At the annual hui, each Māori Trust Board should:

- 1. report back to the beneficiaries on the Board's activities since the last hui;
- 2. outline the Board's plans for the future;
- 3. present the Board's audited annual accounts; and
- present the Board's budgets for the next accounting period that starts after the annual hui.²³

2. Advertising annual hui

Māori Trust Boards must publicly advertise the annual hui.²⁴ Boards need to notify beneficiaries of the upcoming annual hui at least three months before it is held.

The notice for the annual hui should state:

- 1. the time and venue for the annual hui; and
- 2. when and how a beneficiary can receive a copy (printed or electronic) of the annual report to be presented at the annual hui.

3. Annual report

The Board's annual report should be prepared at least one month prior to the annual hui. The annual report should include:

- 1. a statement of the Board's financial position at balance date; and
- 2. the auditor's report on the financial statements.²⁵

The financial statements must comply with generally accepted accounting practice.

25 Section 31 of the Act.



²³ Section 23C of the Act.

²⁴ Section 23D of the Act.

'Generally accepted accounting practice' has the meaning given by <u>section 8</u> of the Financial Reporting Act 2013.

'Financial statements' has the meaning given by <u>section 6 of the Financial</u> <u>Reporting Act 2013</u>.

The Annual Report and financial statements must be dated and signed on behalf of the Board by two members and the Secretary of the Board.

Boards need to provide a copy of their annual report to the Minister for his or her information at least one month after it has been prepared.²⁶

4. Annual audited accounts

Presenting the Board's audited accounts at the annual hui is a key accountability measure. Audited accounts are required no less than five months after the end of the financial year.

The Act requires each Māori Trust Board to have its financial accounts audited no less than five months after the end of the financial year by an appropriately qualified auditor.

5. Annual budget

The annual budget must include the Board's expected income and expenditure for the next accounting period. Boards need to provide a copy of the budget to the Minister for his or her information at least one month after it has been prepared.²⁷ The budget is be provided to the Minister for information purposes only.

The budgets need to be prepared at the same time as the audited accounts are completed so that both the audited accounts and the budgets can be presented at the annual hui and to the Minister, within the required timeframes.

²⁶ Section 32 of the Act.

²⁷ Section 32 of the Act.



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Functions and powers of Māori Trust Boards

1. Functions of Māori Trust Boards

A Māori Trust Board's main function is to manage the Board's assets for the general benefit of its beneficiaries.

The Boards can use funds for the promotion of health, the promotion of social and economic welfare, the promotion of education and vocational training or additional purposes the Board determines provided it is for the general benefit of its beneficiaries.²⁸

2. Powers of Māori Trust Boards

Under the Act the Board can:

- make grants to the Māori Education Foundation and make payments not exceeding \$400 in any accounting year for any purpose not specifically authorised;²⁹
- form a Trust for charitable purposes;³⁰
- accept and hold a trust for a group of beneficiaries or a group that includes beneficiaries;³¹
- take part in government schemes relating to improving the social and economic status of Māori;³²
- be appointed by the Māori Land Court to excercise all the powers of a committee of management or a Māori incorporation if the shareholders in the corporation (or majority of them) are beneficiaries;³³
- contract to provide administrative, secretarial, accounting or other services to any Māori incorporation, trust or other body if the shareholders, beneficiaries or members or members of the incorporation, trust or other body or majority of them are beneficiaries of the Board;³⁴
- take security and fix repayments for any loan granted by the Board;

- 32 Section 24D of the Act.
- 33 Section 24E of the Act.



²⁸ Section 24(2) of the Act sets out the range of activities the Board can apply its funds to.

²⁹ Section 24A of the Act.

³⁰ Section 24B of the Act.

³¹ Section 24C of the Act.

³⁴ Section 24F of the Act.

- invest in securities if in accordance with obligations as a trustee;
- acquire and dispose of land and undertake farming activities;
- can borrow money from a bank, person or body corporate using the security of a mortgage or charge against the land vested in the Board or money owed to it.³⁵

3. Bank accounts

All money belonging to the Board must be paid into the Board's bank account within 14 days of receiving it. Any money withdrawn from the Board's bank account needs to be authorised by two members or the Board or by one member of the Board and the Board Secretary.³⁶

4. Books of account

The Board should keep full and accurate bank accounts that clearly state all money received or paid by it. $^{\rm 37}$

Any member or officer of the Board, a beneficiary of the Board, or person authorised on behalf of the Minister, may at any reasonable time inspect the 'books of the Board' and take copies or extracts of the books free of charge.

³⁵ Section 27 of the Act.

³⁶ Section 28 of the Act.

³⁷ Section 30 of the Act.

Ministerial investigation of a Māori Trust Board

The Minister has the power to direct an investigation into the affairs of a Board. This power is generally exercised where serious concerns have been raised regarding the operations of a Māori Trust Board. Examples are where there is evidence to support allegations of inappropriate or unlawful action by the Board, or where there has been a serious breach by the Board of its statutory obligations.

An investigation may be over the affairs of the Board or may be confined to a particular matter or transaction. The Minister appoints the investigator and sets the terms of reference for the investigation.³⁸

While under investigation, the Minister may suspend payments of public money to the Board.

There is no time frame in which the investigation should be completed.

Once the investigation is completed the Minister will consider the results of the investigation and may:

- recommend the removal of any member or members of the Board;
- require the Board to terminate the employment of officers or servants of the Board;
- require the Board to exercise any power that it may lawfully do.

If a Board fails to comply with the directions of the Minister within one month then the Minister can appoint a public servant to take action on the Board's behalf to fulfil the Minister's directions.

1. Contracts of the Board

Depending on the nature of the contract, a Board is required to sign by affixing its seal to a deed or by signing a written contract by two members and the Secretary. Oral contracts for less than \$20 can be entered into by individual members of the Board.

Even if a contract made by or on behalf of the Board does not follow the above procedures it is still a valid contract so long as it was made pursuant to a Board resolution.³⁹

³⁸ Section 33 of the Act.

³⁹ Section 36 of the Act.



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Remuneration of Māori Trust Board members

1. Fees and travel allowances

When undertaking their governance role, members of a Māori Trust Board are paid fees and travelling allowances in accordance with the <u>Fees and Travelling</u> <u>Allowances Act 1951</u>.⁴⁰ Māori Trust Boards should familiarise themselves with this document.

As at the date of this guide, Māori Trust Boards are classified at Group 3(a) Level 5 of the Fees Framework which applies to "Crown Bodies". This enables per annum payments of up to \$25,200 for a Chair and up to \$13,080 for Board members.

These annual fees are set on the assumption that the work involved will be undertaken by the Chair and members on a part-time basis (i.e. that members work around 30 days a year and that a Chair works around 50 days per year).

Where it is anticipated that a Chair or members will have a higher workload than the above, and the Board wishes to pay a higher fee, then the approval of the Minister of State Services must be obtained **before** committing to any higher payments:

- fee increases of up to five per cent may be agreed between the Minister of State Services and the responsible Minister, if the proposed fees are within the applicable fee range;
- if the proposed fee increase is above the applicable fee range, then the Minister of State Services may:
 - approve the increase (with or without referring the matter to the Cabinet Appointment and Honours Committee); or
 - decline the increase. If this is the case the responsible Minister may still take the matter to Cabinet Appointment and Honours Committee.

If Board members are to take on additional work, not related to the **governance role of the Board**, then payment for this work is for the personal benefit of the Board member, and the process is set out below.



⁴⁰ Section 41 of the Act, also see <u>Cabinet Office Circular CO(12)6 - Fees framework for members appointed to</u> bodies in which the Crown has an interest.

2. Payments for the benefit of Board members

A Board member cannot receive Board funds without the Minister's **prior written approval**. In addition, Board members cannot take part in any discussion or vote on any resolution of the Board in relation to any money he or she might receive for their exclusive benefit.⁴¹ This is to ensure that conflicts of interest are managed, and that fair and transparent processes are applied. *Appendix 3* sets out a checklist for obtaining Ministerial approval for payments to Board members.

3. Payments to retiring Board members

The Board must also seek the **prior approval** of the Minister before making a payment to a retiring Board member. The retiring member must have been a member of the Board for at least 10 years. The payment ('gratuity') can be for up to six months' pay at the rate of pay they were receiving at the time of their retirement.⁴²

If the member dies prior to receiving the payment the Board may pay the gratuity to that member's dependents, only with prior approval of the Minister.



⁴¹ Section 37 of the Act.

⁴² Section 19A of the Act.

Māori Trust Board elections

Māori Trust Board members are appointed by the Governor-General. This process can take up to three weeks from when Te Puni Kōkiri receives the Returning Officer Certificate confirming the election results.

An election is only required if the number of candidates nominated exceeds the number of seats for the section or division or, if there are no divisions, for the Board.⁴³ If the number of candidates is equal to or less than the number of seats for a section or division or Board then no postal ballot is required, and the candidates can be appointed as members. It is, therefore, possible that a Board may have to hold postal ballots for some sections or divisions but not others due to the number of candidates.

1. Election rules

It is the Board's responsibility to ensure that a roll containing the names and addresses of all adult beneficiaries is kept up to date. An "*Adult Beneficiary*" is defined in the Act as a beneficiary who is 18 years and over.

It is the responsibility of each adult beneficiary to ensure their name is included in the roll and to supply the Board with a full postal address.

There are clear rules in the Act about beneficiaries voting in sections or divisions in their respective Trust Boards.

A person cannot belong to more than one section or division for the purposes of elections (unless allowed by Regulations).⁴⁴

If the beneficiaries are divided into different sections or divisions for election purposes those rolls need to show that.

The Board decides whether a person is qualified to be enrolled and determines (if necessary) which section or division he or she should be included in.⁴⁵

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⁴³ Section 48 of the Act.

⁴⁴ Section 42(5) of the Act.

⁴⁵ Section 45 of the Act.

Boards can use the Parliamentary roll of elections (with the Minister's approval) to identify the section or division that a beneficiary belongs to. Boards then need to state that they used the Parliamentary roll in this way in all election advertisements and notices.

2. Public notice

At least **four months before the expiry** of the term of office of existing members the Secretary must give public notice to beneficiaries calling for nominations to be lodged with the Secretary.⁴⁶

The public notice must:

- Be published at least two consecutive days in a daily newspaper/ newspapers circulated in the district or districts where the majority of beneficiaries live (or in newspapers specified by regulations); and
- Be sent to all Māori Committees, Māori Executive Committees, and District Māori Councils constituted under the Māori Community Development Act 1962 in the district or district where the majority of the beneficiaries reside or prescribed by regulations.⁴⁷
- A notice can also be sent by any other means as the Board determines, e.g. online forum communication such as Board websites. It is important that the public notice advertising the Board election is in the form set out in <u>Schedule 4 of the Māori Trust Board Regulations 1985</u>.

The public notice must also:

- invite applications from qualified persons for inclusion of their names in the roll of beneficiaries; and
- specify the date which the roll closes, being the same date as the latest date for lodging of nominations.⁴⁸

3. Nominations process

Nominations need to be lodged with the Secretary *three months prior to the expiry* of term of existing members.

The nominations should be in writing, signed by at least five beneficiaries entitled to vote for that candidate and endorsed by the candidate.

If the elections are for a specific division, the nomination needs to be in form set out in <u>Schedule 6 of the Māori Trust Board Regulations</u>.

If the Board elections are for a Board without specific divisions it should be in the form set out in <u>Schedule 5 of the Māori Trust Board Regulations</u>.



⁴⁶ Section 46(1) of the Act.

⁴⁷ Section 46(2) of the Act.

⁴⁸ Section 46(3) of the Act.

4. Voting by postal ballot

If the number of nominations exceeds the number of seats in the division or on the Board, a postal ballot election must be conducted. The Secretary must post ballot papers to each beneficiary on the roll who is entitled to vote at the election.⁴⁹ Ballot papers must be posted to beneficiaries no later than one month after nominations close.

The ballot paper should include the:

- full names of each candidate for election;
- method of marking the ballot paper to indicate preferences;
- address to return the ballot paper to; and
- time for the ballot paper's return.

The ballot paper should have the beneficiary's roll number on it. The ballot paper must be posted to the beneficiary with a business reply envelope with the beneficiary roll number on the left hand top corner as specified by Reg 9(3) of the Regulations.

Every voter is required to sign the declaration set out in the <u>Schedule 9 of the</u> <u>Māori Trust Board Regulations</u>.

Ballot forms should comply with the following schedules of the Māori Trust Boards Regulations 1985:

- <u>Schedule 7 of the Regulations</u> if there are no specific divisions in the Board; or
- <u>Schedule 8 of the Regulations</u> where there are specific divisions in the Board.

5. Voting period

The election voting period must close at least **one month prior to the expiry** of the current Board members' terms. All ballot papers should be posted to or lodged with the Returning Officer by that time.

6. Returning Officer

The Board must ensure that it has a Returning Officer for each election. Returning Officers for elections must be appointed by the Minister. The Returning Officer can be the Secretary of the Board or a public servant.

The Secretary of the Board must send the Returning Officer a copy of the roll of beneficiaries no later than three clear days before the last day that votes can be posted or lodged.⁵⁰

All completed ballot papers are to be sent to the Returning Officer not less than one month before the current Board's term expires. The Returning Officer receives the marked ballot papers, counts the votes validly cast for each candidate, signs a certificate confirming the results of the elections, and communicates the results to the Secretary of the Board.

7. Results of ballots

The Returning Officer, after the expiry time for the return of the marked ballot papers, counts the votes validly cast for each candidate and communicated the results to the Secretary of the Board.⁵¹

8. Appointment process

The person or persons that have received the highest number of valid votes are the person or persons elected. $^{\rm 52}$

The Secretary of each Board must forward to the Chief Executive of Te Puni Kōkiri, no later than 20 days before the date of the expiry of the term of the current Board members, the names of the persons elected. Te Puni Kōkiri will then process the appointment papers for the Governor-General's signature.

9. Failure to meet timeframes

If the above timeframes are not complied with, then the Act requires an Order in Council to validate the elections, and the appointments made.⁵³ This is a lengthy process and can take up to two months to be processed. The new Board will not be able to take office until the Order in Council has been promulgated. However, the existing Board members can stay in office until the new members are appointed.

An *Election Checklist: Timing Requirements* to assist Boards is attached to this guide as *Appendix 4*.

⁵⁰ Regulation 8 of the Māori Trust Boards Regulations 1985.

⁵¹ Section 53 of the Act.

⁵² Section 49 of the Act.

⁵³ An Order in Council is a type of legislative instrument made by the Executive Council - a formal committee consisting of all Ministers of the Crown that is chaired by the Governor-General.

10. Investigations of conduct and results of elections

The Act allows for investigations into the conduct of Board elections or the results of Board elections.

Following the election of members, the Chief Executive of Te Puni Kōkiri must make a report to the Minister immediately if the Chief Executive has good reason to believe that:

- the name of any person has been included incorrectly as an elected member, because that person was not qualified to be, or was not properly elected; or
- the name of any person has been excluded incorrectly from the list of elected members, because that person was qualified to be, and was properly elected.

The Minister may apply to a Māori Land Court Judge to investigate the conduct or result of the election (if based on the above report from the Chief Executive or otherwise) it appears that irregularities may have occurred.

11. Minor irregularities

Elections may not be invalid if the election irregularities are minor enough to have not affected the election results.⁵⁴

There is also scope within the Act for the Governor-General (by Order in Council) to validate any irregular actions, or extend the time within which a thing is required to complete the election process.

12. Invalid elections

The Governor-General can also by, Order in Council, declare any election invalid and make provisions for the holding of a fresh one.⁵⁵

Te Puni Kōkiri is available to provide guidance on these matters. However, if a Board is concerned about the impact of any irregularities, it should seek independent legal advice, before it approaches Te Puni Kōkiri with its queries.

13. Extraordinary vacancies

An extraordinary vacancy is a vacancy that arises during the elected term of a Board. This can occur if a member has died, resigned, or been removed from their position.⁵⁶

If an 'extraordinary vacancy' arises the Governor-General appoints members for the remainder of the vacating member's term of office.

⁵⁴ For more detail see section 54 of the Act.

⁵⁵ Section 55A of the Act.

⁵⁶ Section 16(2) of the Act.

14. Appointing to an extraordinary vacancy

The Board is not able to hold a postal ballot election in accordance with the Act's process to fill an extraordinary vacancy.

The Act does not prescrible specific processes for appointing a replacement member to an extraordinary vacancy. As noted above, there is no requirement to fill a vacancy, although the impact of a vacancy on the work and decision making of the Trust Board will need to be considered. Trust Boards have previously identified an appropriate beneficiary and recommended them to the Minister. The Minister will consider eligibility criteria before requesting the Governor-General to make the appointment.

The same eligibility criteria applies to candidates for extraordinary vacancies as they do for elected members – so they must be a beneficiary, not be subject to a personal or property order, be bankrupt or be convicted of an offence punishable by a term of more than five months. The powers of the Board are not affected by any extraordinary vacancy in the Board.



Removal of Board members

1. Grounds for removal

The Governor-General may remove a Māori Trust Board member if the following are proved to the satisfaction of the Governor-General:

- for inefficiency;
- inability to perform the functions of the office;
- bankruptcy;
- neglect of duty;
- misconduct.

A member can also be removed if they have been convicted of an offence punishable by imprisonment. $^{\rm 57}$

Constitutional conventions require the Governor-General to act on the advice of the Minister. Removal is a serious matter so Trust Boards must ensure that there is strong evidence to support their request for a member to be removed.

If a Trust Board wants a member removed, it must provide the Minister with a formal written request for removal and:

- reasons for the removal;
- evidence supporting the grounds for removal;
- show the process prior to the Trust Board's resolution to have the member removed complied with **natural justice;** and
- a copy of the Board's resolution to have the Board member removed.

The Minister will consider the request and decide what, if any, further action should be taken. Sometimes the Minister may direct an investigation before the Minister decides to act. 58

If the Minister decides the removal is the appropriate course of action, the Minister will inform the Board and advise the Governor-General to take the necessary action.

⁵⁷ Section 16 of the Act.

⁵⁸ Section 33 of the Act.

2. What is natural justice?

The principles of natural justice concern procedural fairness and ensuring that a fair decision is reached by an objective decision maker. Maintaining procedural fairness protects the rights of individuals and enhances public confidence in the process.

Natural justice requires that:

- a person must be advised of the allegations against them in as much detail as possible;
- be given sufficient time to reply to all the allegations;
- The decision–maker must be unbiased and must make a decision based on a balanced and considered assessment of the information and evidence before them; and
- the decision must be based upon logical proof or evidence material.

Failure to comply with the natural justice principles can lead to legal challenges so Trust Boards should seek legal advice on these matters and develop internal processes to mitigate these risks.

3. Liability of Māori Trust Board members

The Act protects Māori Trust Board members from personal liability for any actions undertaken or any default made by the Trust Board or by any Board member so long as the actions or omissions were done in good faith.

Generally "good faith" means actions taken honestly and with a sincere intention to act fairly and lawfully. This means that Trust Board members are only personally liable for acts or omissions done in bad faith (such as fraud or dishonesty), or for deliberate breaches of their statutory obligations.

Appendix 1

Māori Trust Boards (as at 1 July 2017)

- 1. Aorangi Māori Trust Board
- 2. Hauraki Māori Trust Board
- 3. Maniapoto Māori Trust Board
- 4. Taitokerau Māori Trust Board
- 5. Taranaki Māori Trust Board
- 6. Tauranga Moana Māori Trust Board
- 7. Te Rūnanga o Ngāti Whātua
- 8. Tūwharetoa Māori Trust Board
- 9. Wairoa-Waikaremoana Māori Trust Board
- 10. Whakatōhea Māori Trust Board

Appendix 2

Accountability requirements

Financial Year Ending	Notice of Annual Hui Required to be given by:	Annual Hui to be held by:	Annual Report to be completed by:	Copy of Annual Report to the Minister by:
30 June	1 October	1 January	1 December	1 January
	the same year	the following year	the same year	the following year
31 March	1 July	1 October	1 September	1 October
	the same year	the same year	the same year	the same year
30 September	1 January	1 April	1 March	1 April
	the following year	the following year	the following year	the following year



Appendix 3

Process for Ministerial Approval for payments to Board members under section 37(2)

When applying for Ministerial approval under section 37(2) of the Māori Trust Boards Act 1955 a Board must:

- 1. Provide evidence that the Board can afford the proposed payments.
- 2. Confirm that the Board has taken all reasonable steps to ensure that all potentially interested parties had an opportunity to tender for the contract.
 - a. If no tender process has been undertaken, the Board must confirm that:
 - i. after due enquiry the Board has found no alternative satisfactory source of supply or product; or
 - ii. the desired source of supply is the most efficient and/or the most competitive on the basis of cost, past performance, specialist knowledge or quality of service.
 - b. If a tender process has been undertaken, the Board must confirm that the Board considered and evaluated each of the tenders or quotes, and can justify the preferred choice on the basis of cost, specialist knowledge, past performance or quality of service.
- 3. Provide a copy of the Board resolution approving the payments **subject to Ministerial approval**.
- 4. Provide a copy of Board minutes confirming that the member having the interest did not vote or speak on the matter when under consideration at a meeting of the Board or left the room while discussion took place.

Appendix 4

Elections checklist: Timing requirements

Under the <u>Māori Trust Boards Regulations 1985</u> (the Regulations) the following timing requirements are required for elections:

- The Secretary must give public notice calling of nominations for elections at least four months prior to the expiry date of existing members' term. The Fourth Schedule of the Regulations sets out the form required for nominations.
- Nominations must be lodged with the Secretary at least three months before the term of existing members expires. Each nomination must be in writing, signed by five beneficiaries and endorsed by the candidate. The Fifth Schedule of the Regulations sets out the nomination form for specific divisions while the Sixth Schedule sets out the form required for other elections.
- If the number of candidates exceeds the number of seats then an election must be held.
 The Secretary must post ballot papers to beneficiaries not later than one month after nominations close. The Seventh Schedule of the Regulations sets out the form of ballot papers where there are no specific divisions and the Eighth Schedule sets out the form for others. Every voter must sign the declaration in the form specified in the Ninth Schedule.
- The Minister must appoint a Returning Officer who may be the Secretary of the Board or a public servant. **This appointment is done on the request of the Board.**
- Ballot papers must be returned to the Returning Officer not later than one month before the term of existing members expires. The Returning Officer must keep all ballot papers locked in a ballot paper box until they are counted.
- The Returning Officer must count the votes in the presence of scrutineers and a checking officer. Each candidate may appoint a scrutineer to be present at the counting of votes.
- The Secretary must then forward the results, not later than twenty days before the term of the existing members expires, to the Chief Executive of Te Puni Kōkiri. Results are recorded in triplicate in the form set out in the Tenth Schedule of the Regulations. Should there be a difference of one vote the Returning Officer has a casting vote.
- Note that if the number of candidates does not exceed the number of seats the nominees shall be deemed to have been duly elected. The Secretary of the Board must forward the names of the new members to the Chief Executive of Te Puni Kōkiri at least twenty days before the expiry of the term of office of the existing Board.

Disclaimer

The information contained in this publication is for general information only. While every effort has been made to ensure the accuracy of the information, because the information is generalised, its accuracy cannot be guaranteed. Readers are advised to seek independent advice on particular matters and not rely on this publication. No liability is assumed by Te Puni Kōkiri for any losses suffered directly or indirectly by any person relying on the information contained in this publication.

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Ngā Pōari Whakahaere Being on a board







THE BOARDWALK SERIES: INFORMATION FOR EFFECTIVE GOVERNANCE

Kotahi te kōhao o te ngira e kuhuna ai te miro mā, te miro pango, te miro whero There is but one eye of the needle through which white, black and red threads must pass

REALISING MÃORI POTENTIAL



The framework above identifies three key enablers that are fundamental to Māori achieving Te Ira Tangata (improved life quality) and realising their potential. All our written information has been organised within these three key enablers or Te Ira Tangata.

51	Mātauranga – Building of knowledge and skills. This area acknowledges the importance of knowledge to building confidence and identity, growing skills and talents and generating innovation and creativity. Knowledge and skills are considered as a key enabler of Māori potential as they underpin choice and the power to act to improve life quality.	
12	Whakamana – Strengthening of leadership and decision-making.	
3		
5 4	Te Ira Tangata – The quality of life to realise potential.	
DISCLAIMED The information contained in this publication is for report		

DISCLAIMER The information contained in this publication is for general information only. While every effort has been made to ensure the accuracy of the information, because the information is generalised, its accuracy cannot be guaranteed. Readers are advised to seek independent advice on particular matters and not rely on this publication. No liability is assumed by Te Puni Kökiri for any losses suffered directly or indirectly by any person relying on the information contained in this publication.

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The Boardwalk series: Information for effective governance.

INTRODUCTION

Effective governance is the key to a strong future for any organisation, whether it be a multinational corporation, a whānau trust or a community organisation.



Board directors and trustees are the people who provide the kaitiakitanga (guardianship) and leadership to protect and develop an organisation's assets as it moves into the future. Being a board director or trustee is a position of trust which carries great responsibility and great satisfaction.

Boards are hugely influential in New Zealand life. The many thousands of boards lead organisations that deliver everything from New Zealand's export earnings to health services for iwi, sport for local children and sustaining marae.

No matter what the business of an organisation, whether board members are volunteers or fulltime professional corporate directors, or whether the organisation is a company, trust or an incorporation, the fundamentals of governance and board work remain the same.

This booklet aims to give an introduction to the roles and responsibilities of board directors and trustees so that you can confidently make a strong contribution to your organisation, and the wider community, through being a board member.

Ngā mihi nui ki a koutou.

ABOUT BOARDS

- Why does governance matter?
- What boards do
- How boards work

ABOUT BOARDS

Governance in its widest sense includes all the processes, systems and controls that are used to safeguard and grow assets. In business terms, it has been defined by the OECD (Organisation for Economic Co-operation and Development) as 'a system by which business organisations are directed and controlled'.



WHY DOES GOVERNANCE MATTER?

Governance is the responsibility of boards which operate as the link between the people who own an organisation, whether they are shareholders of a corporation or whānau owners of a farm, and the way the organisation is run day-to-day.

How the organisation is managed depends on its size. In some cases there will be a full-time CEO and management team, in others, board members may be filling both board and management roles, and a good organisational understanding of governance helps keep these roles separate.

Good governance makes sure an organisation is continuously steering towards its vision for the future and that all activity is lined up to support that vision. Many Māori organisations are set up to provide a resource for future generations. Effective governance is critical to ensure that assets are protected and developed for generations to come.

Poor governance puts organisations at risk of failure, including loss of assets, legal problems, or negative media coverage, and may impact on the influence or mana carried by the organisation.

Is it different for Māori organisations?

The principles of good governance are the same for any kind of organisation, however there are some aspects of Māori organisations that can create a unique governance environment.

These include:

- Organisation goals an organisation may be expected to make a profit in a normal commercial manner, and also be expected to deliver social or cultural goals.
- Tikanga and values may play an important role in board processes and in shaping strategies.
- Kaitiakitanga (guardianship) may be seen to lead to conservative investments, but may include prudent use, development and growth.
- Long-term view many Māori organisations think and plan generations ahead, much further than standard 'long-term' planning.
- Appointment of board members tikanga and whakapapa can play an important part in ownership and board member selection, although the overriding duty of the board member is always to the organisation as a whole (or to all beneficiaries fairly), rather than their own whānau/hapū.
- Involvement of owners in decision-making some boards may be required to undertake high levels of consultation with iwi/hapū/ whānau owners before making major decisions.
- Many commercial assets are held in the form of trusts, requiring particular standards of care and fiduciary duties of trustees, and are not held under 'limited liability' principles.
- Restrictions on use of assets core assets may be protected by law, their use constrained through Māori Land Court processes or by the owners' wishes and are not able to be used in a standard commercial manner. For example, major land assets may not be mortgageable and cannot therefore be used to generate capital for investment.



WHAT BOARDS DO

A board sets the vision and direction for an organisation and then makes sure everything is working towards that vision.

Some types of boards, including boards of many Māori organisations, may work very closely with owners to set the organisation's vision and overall strategy.

This diagram¹ sets out the five main areas of a board's responsibility along with the tasks in each area.



¹ The Fish Rots From The Head, Bob Garratt, Profile Books, Figure 8, Bob Tricker's early model of a board's roles.

HOW BOARDS WORK

Although boards may vary in size and make-up for different types of organisations, the basic way in which a board works remains the same.

Members

A board's success depends on the directors, trustees or committee members on the board.

Effective boards function as a whole, with the right overall mix of skills and perspectives, so recruitment of board members is a key board task.

Boards may be elected, have members who fulfil legislative requirements, or the directors themselves may be responsible for appointing further directors. In every case, however, an effective board has the right mix of skills to lead the organisation.

An effective Chair

The Chair represents the organisation to owners, the financial community and the general public. They may be appointed or voted in, and have the critical job of ensuring that board processes and meetings flow smoothly and reach outcomes.

The main responsibilities of the Chair are to:

- Lead strategic planning
- Manage relationships
- Ensure risks to the organisation are managed
- Monitor the performance of the Chief Executive
- Run efficient board meetings where all members are encouraged to contribute to debate and decision-making
- Manage board processes

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- Maintain the focus of korero and discussion on the issues and ngā take
- Mentor board members where appropriate

Meetings

Boards usually do most of their work through meetings. Board meetings which are formally structured and well-chaired achieve more.

Board members are expected to come to meetings well-prepared, and ready to engage in discussion and decision-making having read, and given thought to, the information provided for the meeting.

When all board members come prepared, meetings are more efficient and discussion is well-informed, helping quality decision-making.

Board committees

As board members' time together is limited, some specific tasks, such as monitoring a building project or auditing financial reporting, may be carried out by a sub-group of the board as a committee.

A committee's job is to fully investigate and analyse relevant information and then report back to the board with recommendations. Unless specific authorisation is given, committees do not have the authority to spend funds, appoint people or make decisions. In any event, as a principle, the board as a whole remains fully responsible for all decisions made.

Committees are usually temporary unless, like an audit committee, they are given an ongoing role by the board. Often committees are used to drive and lead specific projects.

Board self-evaluation

Effective boards take the time to make sure that they are working well, and to see if there are any opportunities to do better. These reviews are generally done annually and can be done in-house or led by a consultant. The areas covered in a self-evaluation will generally include performance in relation to:

- Relations with shareholders/beneficial owners
- Relations with other stakeholders
- Strategic and business planning
- Legal/ethical duties
- How performance against plan is monitored
- Relationship with the CEO
- How well board meetings are working
- Contributions of board members
- Wider issues relating to the community/competitors/tikanga

Boards and management

One of the key findings from studies of successful Māori organisations is the need to keep a clear distinction between board and management responsibilities.

The board sets the overall direction for the company and management carries out the day-to-day running of business. Management then reports to the board with all the information the board needs to be sure that operations are running well and in line with the organisation's purpose and direction. The board's job is not to manage the daily operations directly, but to make sure they are well-managed.

This principle applies even when board members are in management roles (sometimes called executive board members) or where management activities are carried out by contractors.

In larger organisations, board-management contact will only be between the Chair and the Chief Executive outside board meetings. In smaller organisations, there may be more contact, or some board members may also be in a management role. The line between governance and management responsibilities, however, remains critical. The board sets the overall direction for the company and management carries out the day-to-day running of business.

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BOARD MEMBER RESPONSIBILITIES

- Being a board member
- Duties of directors and trustees
- Personal risks
- Ethics
- Conflicts of interest
- Knowing the law

BOARD MEMBER RESPONSIBILITIES

Being a director or trustee on the board of an organisation offers a unique opportunity to contribute to the organisation and the community it operates in – whether that be the wider New Zealand community or a local community.



BEING A BOARD MEMBER

A board's success, and ultimately the success of the organisation, rests on the skills and commitment of the directors or trustees who make decisions on behalf of the owners and keep the organisation moving successfully towards its vision. Board members must have the trust of shareholders and beneficial owners.

The first duty of a director or trustee is to work for the organisation as a whole, and in trusts, for trustees to implement the trust in the best interest of all present and future beneficiaries of the trust, in accordance with the deed.

Even if a director or trustee has been elected or appointed to represent a particular group, as a board member, his/her duty is to consider the overall success of the organisation, or to implement the terms of the trust.

In many Māori organisations, directors are not just working to give a return to the current owners – they are working to safeguard and grow assets for future generations of owners.

DUTIES OF DIRECTORS AND TRUSTEES

Specific duties of directors and trustees are often set out in the constitution, trust deed, rules for statutory bodies and in legislation. There are also general obligations that apply across different types of organisations. Some of the main points are: Directors and trustees on a board must:

- Act in the interests of the organisation as a whole over their own personal, whānau or other interests.
- Make sure they request or otherwise get the information they need to base their decisions on.
- Ensure that all reporting, financial and otherwise, from the organisation to owners and other stakeholders is accurate and not misleading.
- Be aware of the legislation which is relevant to their organisation and ensure that legislation is complied with.
 Directors can risk being charged with fraud or negligence if an organisation fails to comply with laws that apply to it.
- Attend board meetings (and send formal apologies if they cannot).
- Contribute to debate in an informed and constructive manner (even if they cannot attend a meeting).
- Respect confidential information.
- Accept collective responsibility for all decisions.
- Abide by majority decisions if that is the agreed way of arriving at decisions.

What directors and trustees should NOT do includes:

- Quoting other directors' or trustees' comments outside the boardroom. The board needs to be seen to speak with unity.
- Going directly to organisation staff for information or other requests.
- Committing to expenses without the authority of the board, for example, commissioning external advice without getting prior approval.
- Speaking on behalf of the organisation without approval.
- Seeking pecuniary gain directly or indirectly from knowledge gained as a board member.



Boards set the 'tone' of an organisation, so it is important that directors and trustees are seen to behave with professionalism, integrity and high ethical standards.

PERSONAL RISKS

Directors or trustees may be personally liable for financial or legal decisions made by the board. This liability depends on the specific rules that apply to the structure the organisation is using to do business.

If, for example, the board enters into a contract knowing there is no money to pay the supplier, or continues to trade knowing the company is insolvent, board members could be held personally liable for 'trading recklessly'.

It is essential that board members are covered by Directors and Officers Liability Insurance. This is available through most major insurers. This insurance will generally be arranged by the organisation. Board members must however ensure they have reviewed the insurance cover available before accepting the appointment. Note also that insurance will not cover any personal 'reckless' activity or fraud.

ETHICS

Directors and trustees are expected to work to the highest standards of integrity and ethics. Legislation and regulations cannot create values and ethics for a board. Ethics relate to doing 'what is right' and good judgement about what is, and will be seen as, ethical behaviour.

Elements of ethical behaviour are:

- Working for the good of the organisation rather than personal benefit or for one group of shareholders or beneficial owners.
- Making sure that decisions are based on good and extensive information.
- Being clear and open about conflicts of interest.
- Showing high standards of conduct in and outside the boardroom.

Some boards develop a code of ethics or a code of conduct which sets out expectations for how the board, and individual board members should behave. Boards set the 'tone' of an organisation, so it is important that directors and trustees are seen to behave with professionalism, integrity and high ethical standards – and that they are committed to complying with the letter and spirit of the laws and regulations that apply to their organisation.



CONFLICTS OF INTEREST

Directors and trustees are bound to serve the interests of the organisation over their own personal or whānau interests. They must not abuse their position of trust. It is also extremely important that a board is seen to make decisions that are based on fair process.

A conflict of interest arises when a director or trustee or their whānau/family stand to gain financially from a decision or discussion in the boardroom. For example, if a trust is considering letting a tree pruning contract and a trustee's brother owns a forestry contracting business, good practice requires that he/she must declare a conflict of interest to the board. The board must make sure that the contractor selection process is seen to be open and fair and that the trustee does not gain commercially sensitive information about other contractors that they could pass on to their brother. The trustee must not play any role in selecting the contractor or negotiating the contract.

Following good conflict of interest procedure means directors and trustees and their whānau/family can seek contracts from the organisation along with other businesses.

Further, as a director or trustee, treating all owners or beneficial owners fairly is crucial, no matter how the board member was selected. To be a representative of certain interests could be considered as a conflict of interest and not working in the best interests of the organisation or carrying out a trust's requirements.

Declaration

If matters come up during a meeting that will affect a director or trustee's own or whānau/family business, he/she should declare a conflict of interest to the Chair. This declaration must be recorded in the minutes of the meeting.

With the Chair the director or trustee will then decide if they will:

- Stay in the room during discussion but not vote (abstain).
- Leave the room to make sure they do not influence the decision, or so that they do not hear information which could put them in a difficult situation. This applies when the issue being debated might result in a significant gain for the director or trustee.

Common 'conflict of interest' situations

- A director or trustee's own company is a possible supplier to the organisation.
- The board's decision could lead to employment for a whānau/ family member.
- The board's decision could lead to a whānau/family member's business being used to provide goods or services.
- Information provided to the board in confidence might give an advantage to a director or trustee's business, or a whānau/family member's business, if they decided to seek a contract.

Perception

Note that it is also important that perceptions of conflicts of interest are managed. Situations may arise when, although the board does not believe there is a conflict of interest, it is nevertheless important to follow conflict of interest procedure so that all processes are seen to be fair and transparent by stakeholders.

Although beneficial owners and shareholders may expect 'their' board members to act on their behalf in the way an elected representative would, it is the responsibility of the board to communicate clearly about the role of board members and their primary duty to the organisation as a whole.



KNOWING THE LAW

As part of managing risk, both personal risk and risk to the organisation, directors and trustees should be aware of legislation which is relevant to their organisation. This is likely to be substantial – for example in the health sector, boards must comply with more than 90 pieces of legislation. It is also important to be aware that the common law, as decided in the courts, may impact on the roles, duties and responsibilities of directors and trustees.

Tax implications, employment law, resource management, Māori land law and trustee requirements are often used as examples of key areas to have an awareness of. However, it is not the role of the directors and trustees to know the ins and outs of the law, but rather to know when to get expert advice.

A complete list of New Zealand statutes is available at www. legislation.govt.nz

available at www.It is also essential that directors and trustees know their constitutionlegislation.govt.nzor trust deed and the parameters and expectations this sets.

TIME AND TRAINING

- Time and remuneration
- Training

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TIME AND TRAINING

Time commitment and the frequency of meetings varies between boards, however the Institute of Directors in New Zealand estimates that for every hour in a meeting, a board director or trustee needs to spend two hours in preparation.



TIME AND REMUNERATION

As well as reading board papers, directors and trustees need time to keep up with publications and activities relevant to their board.

Fees paid to directors vary from nothing in voluntary organisations to daily or yearly rates set for government bodies or in private sector firms. It is generally accepted that an hourly board fee is unlikely to match consulting rates. With many organisations, directors and trustees accept that they are contributing an element of public or community service through their board work.

TRAINING

Directors and trustees are advised to undertake training both when they join a board and as they continue to carry out their duties as board members. With increasing interest from owners/shareholders, it is crucial that directors and trustees are up-to-date with governance developments and the regulatory environment.

The main types of training are:

1. *Comprehensive courses*

Range from one day to five days, or can be a module in a university course, and can be for aspiring directors or for more experienced directors.

1 2. In the boardroom training

Tailored workshops to address particular issues facing a board, which could be followed by a series of short courses and seminars.

1 3. One-on-one mentoring

Board members may choose to meet with a mentor before each board meeting if the board is managing particularly difficult changes. This may also be useful for new board members.



The board should allow a budget for director and trustee training and encourage all board members to attend courses annually.

There are many organisations, both public and private, that offer director and trustee training.

Some examples of providers are:

- The Institute of Directors in New Zealand offers two and five day intensive training for new directors (www.iod.org.nz).
- New Zealand Trade and Enterprise offers courses specifically for Māori trustees (www.nzte.govt.nz).
- Otago University School of Business (www.commerce.otago.ac.nz).

BECOMING A BOARD MEMBER

- Te Puni Kōkiri Governance and Appointments
- Before you accept a board appointment

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BECOMING A BOARD MEMBER

There are thousands of boards in New Zealand, from private sector corporate boards to boards and advisory committees for government bodies, Māori trusts and incorporations, charitable trust boards, local sports trust boards and many more.



Membership to some boards is by election – if this is the case, you need to make sure you fully understand the timing and process of elections.

Where board members are appointed, boards are likely to be looking for particular skills, experience and personal attributes to complement their current board mix.

What makes a good candidate for a board? Each board will have specifics they are seeking, but there are some overall qualities which most

- boards will be looking for:The ability to take a big picture approach to
- planning.
- A team player who participates and accepts the responsibilities of the role.
- Skills and expertise relating to the business and the overall management of business.
- The courage to think independently and contribute that thinking in a constructive way.
- Commitment to the board and its objectives.

Boards usually run their own recruitment processes, but there are some organisations which maintain databases of people interested in joining boards.

There are over 550 government boards, committees and advisory groups. In order to help manage the process of nominating and appointing, a number of government departments maintain databases, including:

- Te Puni Kōkiri (www.tpk.govt.nz)
- Ministry of Women's Affairs (www.mwa.govt.nz)
- Ministry of Pacific Island Affairs (www.minpac.govt.nz)
- Office of Ethnic Affairs (www.ethnicaffairs.govt.nz)
- Crown Company Monitoring Advisory Unit (www.ccmau.govt.nz)

TE PUNI KŌKIRI GOVERNANCE AND APPOINTMENTS

Te Puni Kōkiri advises the Government on suitable candidates for many of the appointments to government boards, committees and advisory groups. The Te Puni Kōkiri Governance and Appointments team is also occasionally asked for names for private sector and community boards.

Te Puni Kōkiri seeks suitably qualified people with a range of senior level skills across many sectors including:

- Financial and business management
- Education, health and social policy development
- Technical fields such as engineering, resource management, science and technology
- Research and ethics
- Public sector management
- lwi/community development

If you can answer 'yes' to the following questions, you are likely to be a good candidate for the Te Puni Kōkiri database.

- Would relevant organisations, communities and the industry sector support your nomination?
- Would your personal and work history stand up to public scrutiny?
- Can you spare at least 15 hours a month?
- Do you work with integrity, wisdom and energy?
- Once appointed to a board, can you work in the best interests of the organisation even if this could conflict with the wishes of your own community?
- Do you want to make a difference to New Zealand society?

You can register on the Governance and Appointments database through the website at www.tpk.govt.nz

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BEFORE YOU ACCEPT A BOARD APPOINTMENT

Study the organisation

The first thing to do when you are invited to join a board is to take a thorough look at the organisation and the board before you accept the appointment. This process is called 'due diligence'.

Questions to ask include:

- What is the current state of the organisation?
- What is its financial position?
- How well-managed is the organisation?
- Does management give accurate and up-to-date reports to the board?
- Can you see any looming problems and do you feel you can influence the outcome?
- Will you feel comfortable working with the Chair and other board members?
- Is there an induction process?

Also essential is:

- Reading the annual reports.
- Making sure, if you are about to accept an appointment with a company under the Companies Act, that all directors have Directors and Officers Liability Insurance.
- Knowing how much time the commitment will be and that you can give the time.

Conflict of interest

You must also ensure that you will not have ongoing conflict of interest issues (see the earlier Conflicts of Interest section) which would prevent you from taking part in a significant number of discussions and decisions.



Te Puni Kōkiri's www.governance.tpk.govt.nz

offers extensive information on the practice of effective governance. As well as covering the main topics relating to governance, the site has a full glossary of terms and references to useful resources both online and in print.

MUKE INFURMATIO



He Whakahaere Pōari Chairing a board







THE BOARDWALK SERIES: INFORMATION FOR EFFECTIVE GOVERNANCE

Ko te kai a te rangatira, he kōrero Talk is the food of chiefs

REALISING MÃORI POTENTIAL



The framework above identifies three key enablers that are fundamental to Māori achieving Te Ira Tangata (improved life quality) and realising their potential. All our written information has been organised within these three key enablers or Te Ira Tangata.

5 1	Mātauranga – Building of knowledge and skills. This area acknowledges the importance of knowledge to building confidence and identity, growing skills and talents and generating innovation and creativity. Knowledge and skills are considered as a key enabler of Māori potential as they underpin choice and the power to act to improve life quality.	
1 2	Whakamana – Strengthening of leadership and decision-making.	
1 3		
5 4	Te Ira Tangata – The quality of life to realise potential.	
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INTRODUCTION

Whether it is for a multinational board or a whānau trust board, the Chair of the board plays a pivotal role in taking the organisation forward. At its most fundamental, the Chair's job is to lead development of the vision of the organisation and to keep board business flowing to support that vision.



For more detailed articles, books and websites on chairing a board, go to the resources section of www.governance.tpk.govt.nz There are many processes and techniques which will assist the Chair to do his/her job, but ultimately, how things happen and the results achieved depend a great deal on his or her will to succeed and personal style.

It is a role that demands all of a person's abilities, particularly in fronting and managing critical board relationships: between the board and the Chief Executive, shareholders or beneficial owners, government and the media; and between board members themselves. Inevitably, these relationships do not always run smoothly.

How the Chair behaves, and the values he/she demonstrates, set the culture of an organisation and the tone of relationships and interactions for everyone doing business there. The Chair is the key role model for both board members and the Chief Executive. In turn the Chief Executive is the role model for how staff in the organisation behave.

Taking on the role of chairing a board is a challenge, and that level of challenge can bring with it great satisfaction and achievement.

This booklet aims to give an overview of the key duties of a Chair, a summary of 'best practice' for how those duties are carried out, and an outline of the knowledge and approach which will assist a Chair to be effective.

BUT FIRST: THEORY AND REALITY

The titles 'Chair' of a board and the 'Chief Executive' of an organisation are used throughout this booklet.

For many small organisations, this does not match the reality of how the organisation is run. The Chair may well be involved in management work, the 'Chief Executive' could be a farm manager or other manager carrying out work the board needs done. In some cases there is no 'management' to pass tasks on to, and in many cases there is no administrative support for either the Chair or management.

In a small organisation the lines can easily become blurred by the need to get on and do what needs to be done. For example, when the board reads the financial statements, questions them or makes a decision on whether to have a dividend, this is governance and the whole board is responsible. But if the board delegates to a 'treasurer' to do the books, or to put together a proposal for expenditure on a particular project, then this is management – even if the treasurer is also a board member. In organisations with a Chief Executive, the Chief Executive would be asked to carry out management tasks and would then delegate to someone on the staff.

What remains critical is that an effective Chair always knows when he or she is acting as the Chair, the Chief Executive, the administration section or any other role – and can keep the role of Chair and how they behave in that role separate from their other roles.

The terms 'Chair' and 'Chief Executive' are used throughout the booklet to keep clarity between the governance role and the management roles which are both part of running a successful organisation, no matter how big or how small.

ROLE OF THE CHAIR

Governance

ROLE OF THE CHAIR

The Chair leads the governance of an organisation. Fundamentally, this is the process of ensuring the organisation achieves what its owners want it to – whether their aims are commercial, social or cultural, or all of these.



In many Māori organisations, the Chair, as leader of the board, is a primary guardian of assets that have been handed down by past generations and has the responsibility during his/her term to protect and grow these assets for the benefit of generations far into the future.

Owners and shareholders, the Chief Executive, government and even sometimes the general public will hold the Chair accountable for the organisation's performance and look to the Chair to articulate the vision of the organisation and represent its values and culture.

The role requires both a thorough knowledge of what belongs to governance (and what does not) and the ability to carry a wide range of stakeholders on the organisation's journey, through times of success and times of challenge.

GOVERNANCE

The Chair must ensure that the board is effective in carrying out its core governance tasks of:

- Appointing, monitoring and assessing the performance of the Chief Executive
- Forging a shared vision for the organisation
- Developing the strategies and plans for achieving that vision



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- Monitoring the performance of the organisation
- Adding value to the organisation

Throughout this work, the Chair is the pivotal point of the organisation's critical relationships – with the Chief Executive, the owners, other board members and at times government, media and other parties who can influence the success or otherwise of the organisation as it moves towards its vision.

Smaller organisations, such as marae and whānau trusts or land trusts, may not have a full-time management team or Chief Executive. It remains important, however, to keep separation between governance activity and management activity. This can mean that trustees may make a governance level decision, and the action may also be undertaken by the Chair or one of the other board members as 'management'. For example, the board may wish to call a special general meeting to discuss a specific purchase of a piece of land. The work to gather the information and organise the meeting would be a role for management, even if undertaken by members of the board. In these situations, it is very important that the Chair is conscious of their role as Chair of the board and ensures that the governance role and decisions are separate from the management and day-to-day activities of the organisation.

For more on governance, see the Effective Governance website at www. governance.tpk.

STYLE, SKILLS AND KNOWLEDGE

- Style of leadership
- Core skills
- Knowledge a Chair needs

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STYLE, SKILLS AND KNOWLEDGE

Chairs can operate in very different ways, and yet be equally effective. While personal style is an important element of a Chair's success, there are also specific qualities and skills that most effective Chairs have in common.



STYLE OF LEADERSHIP

There are many different styles of leadership that will assist a board to its best performance, but one thing Chairs all agree on for an effective Chair is: "Leave your ego at the door."

Effective Chairs can appear to be quiet and lead from behind, they can be talkative and appear to lead from the front, and anything in between, but what they all have in common is an ability to be impartial and keep focus on the kaupapa.

Notable characteristics of effective Chairs mentioned in research and literature on chairing boards are:

- Impartiality people who take up the challenge of chairing a board are also often people with a strong desire to create change and views on how to create that change. An effective Chair, however, never lets their own views dominate proceedings – their role is to facilitate a discussion among equals.
- *Demonstrating the key values* of respect, patience, trustworthiness, inclusiveness and humour.

- Conducting business not just efficiently, but effectively although keeping discussion moving and finishing meetings on time is critical, an effective Chair knows when to slow proceedings down so that the full meaning of decisions and discussion can emerge.
- The ability to deal with dynamics at board and shareholder meetings. As the Chair is the representative of the board, he/she may be the person to whom criticism is directed, and some issues may even become public through the media, requiring the Chair to be resilient.
- Integrity successful Chairs are trusted inside and outside the boardroom.
- Always being seen to act in the best interests of the organisation as a whole – Chairs may well have been elected by a sector of beneficial owners, however their duty as Chair is to set a 'no bias' culture from the top and be a role model to other board members in this regard. The board must always consider the good of the whole organisation rather than favouring the interests of particular groups of owners.

CORE SKILLS

Every Chair brings a wide range of skills to their role. Some of the core skills common to all effective Chairs are:

- Relationship building the Chair of a board sits at the centre of a network of relationships that support the organisation on its journey.
- Acute listening skills the ability to understand what people actually mean when they speak, and the ability to ask the right questions to make sure that a board member can fully express their view.
- An ability to genuinely make every board member feel part of the team making every board member feel that their contribution is valued.
- Assertiveness chairing a board requires strength at times, whatever the personal style of the Chair. There will inevitably be times during board meetings, or dealing with stakeholders, that the Chair needs to firmly take control of proceedings and discussion.
- The ability to work easily with formal meeting processes even Chairs that appear to run a relatively informal meeting ensure that the processes around decision-making are observed so that decisions are legal, and properly documented and communicated.
- Flexibility the Chair of a board will sometimes be required to change tack in the middle of discussion to get an issue 'unstuck', or even change the entire meeting structure on the spot to accommodate changed circumstances.

- The ability to keep the role of chairing the board separate from other roles people who take up the role of chairing a board are also often people who lead in other spheres. Effective Chairs make sure there is no intrusion of their other interests or roles.
- Maintaining an effective relationship with the organisation's Chief Executive – this is an absolutely key relationship for the health and success of any organisation. See the section "The Chair and the Chief Executive" further on in this booklet.
- Summarising a powerful tool that can be used to end a discussion and move to decision-making, to keep a discussion on track or to keep emotive discussion under management. In summarising, the Chair states concisely and impartially what has been said and ends with a clear statement about what is to happen next.
- Awareness of public perception public perception can influence the success of an organisation, and how shareholders view the board and management. An effective Chair has the ability to understand how matters will be seen by others and to use this awareness to minimise media/public risk.



KNOWLEDGE A CHAIR NEEDS

Experience builds a Chair's knowledge, but no matter how experienced a Chair, they are never going to know everything. An effective Chair always knows what they don't know, and buys, borrows or finds knowledge as the need arises.

There are however, some absolute basics that every Chair should know for their role:

- Governance: what is board business, and what belongs to management – the Chair must have a solid understanding of the responsibilities of the board and enough knowledge in each of these areas to be sure the board is doing its job.
- The organisation's founding document whether it is a trust deed for a trust, a constitution for a company or another kind of document, the Chair needs to know this document fully. This knowledge will assist the Chair in knowing what is board business, and what is not, helping keep the roles of the board and management clear and functioning well.
- Conflicts of interest the Chair needs to know rules around what constitutes a conflict of interest, and how conflicts of interest are dealt with. Further, the Chair should also be able to consider how potential conflicts of interest will be viewed outside the boardroom – for example by owners or media.
- Legal responsibilities the Chair must know what the legal requirements are for both the board, and the Chair personally.

- *Finance* the Chair should have a general knowledge of finance and the language of finance. The Chair of the board is expected to have a good grasp of the financial situation of the organisation and may well be called upon to explain any financial issues.
- Tikanga a knowledge of tikanga is essential for the Chair of the board of a Māori organisation, and increasingly important for Chairs of all types of boards. If the Chair is not well versed in tikanga or te reo, he/she often calls on another board member for that knowledge.
- Knowledge of whakapapa and history in many organisations whānau and hapū history in relation to a block or organisation greatly affect current discussion.

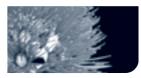


LEADING RELATIONSHIPS

- Leading the team
- The Chair and the Chief Executive
- Monitoring Chief Executive performance

LEADING RELATIONSHIPS

The Chair of a board often takes the lead in the board's relationships, representing the organisation to owners, shareholders, media, the government and other stakeholders.



To outsiders, the Chair carries the mana of the board into discussion about the organisation and where it is heading. The Chair is also effectively the manager of the board, making sure that each board member can contribute their best, and that the board functions as a team with a common purpose.

Key points on relationships are:

Representing shareholders/owners to management

The board is the key link between shareholders/ owners and an organisation's management. At times, the Chair of the board may need to represent the interests and views of the shareholders/owners persuasively to management and, in turn, take the views of management back to the board and owners.

Representing the organisation to external stakeholders

The Chair may be required to speak on behalf of the organisation to media, government, customers, the general public and other organisations. In doing so, they should be sure they speak only on matters agreed by the board.



Chairs must prepare thoroughly and be fully briefed for interviews and meetings with outside stakeholders to make sure that they can clearly communicate the vision of the organisation, and know all the facts and details about any issues that may come up. An effective Chair ensures that what he/she says does not create any surprises for either the board or management.

If external communication is going to be a significant part of the role, Chairs should seek media or presentation training to make sure they are confident of performing well.

Communications with owners/shareholders

The Chair of the board is responsible for making sure that owners/ shareholders are with the board on the journey the organisation is taking. For many Māori organisations, offering a sense of inclusion is critical to the success of an organisation that will last for generations. The Chair should ensure that a comprehensive communications plan is in place to keep shareholders well informed. This may include such mechanisms as a website, hui, consultations or newsletters.

For many Māori organisations, offering a sense of inclusion is critical to the success of an organisation that will last for generations. A critical element of stakeholder communication each year is the annual general meeting (AGM). Whether it is a whānau meeting for a trust or a large meeting with wide-ranging shareholders, the aim of the Chair is to convey the vision of the organisation and the progress towards that vision. The AGM is the primary opportunity to explain to owners the journey the organisation is on, and for many small trusts, it may be the only time owners now living in other parts of the country ask about and discuss what is being done on their behalf.

The AGM may also be a time when the Chair and the board face strong questioning from owners/shareholders on the organisation's performance. How the Chair manages these questions, both in terms of what he/she says and how he/she puts it across, sets the tone for the ongoing relationship between the board and owners/shareholders.

Crisis communication

From time to time, there is a need for a fast response to an issue or situation and the Chair is likely to be the visible face of the organisation. Good strategic communications planning, which includes risk planning and procedures and delegations for crisis communication, can help deliver a well thought out response at short notice.

LEADING THE TEAM

A crucial task for the Chair of a board is to create a cohesive team from board members who have a diversity of views, skills and experience. A strong understanding of the vision for the organisation, and the ability to communicate that vision with clarity and engage others, is key to creating a team of people working to a common goal.



An effective Chair also aims to support each board member in giving their best contribution. As well as including all board members in discussion Chairs can work outside the boardroom to support the performance of directors and trustees through:

- Induction making sure all new board members fully understand what the organisation is about and what is expected of them in their role on the board. In larger organisations, management will generally run the induction programme, but it remains the Chair's responsibility to establish and review the programme.
- Training ensuring the board has a performance review process in place that regularly reviews the performance of all board members, and identifies development needs of individual board members which can then be addressed with training.
- *Mentoring* one-on-one support for board members.
- *Feedback* advising individual board members on their performance and potentially asking non-performing board members to step down.
- Succession planning ensuring that when a board vacancy arises, analysis of the skills required is undertaken to ensure an appropriate person is found.
- Regular contact between meetings this will ensure the Chair is aware of board members' views and priorities.
- Looking for opportunities to create a strong team dynamic such as dinners or site visits.

THE CHAIR AND THE CHIEF EXECUTIVE

Of all the relationships a Chair must lead, the relationship with the Chief Executive is the most critical. The Chief Executive and the Chair work together as partners in many respects, which requires a clear understanding of each other's roles. Conflict between the board and the Chief Executive, or the Chair and the Chief Executive, can severely affect the performance of an organisation.

Interviews with Chief Executives and Chairs show that mutual trust and respect, open communication and explicit clarity about roles underpin effective Chair/Chief Executive relationships.

There is no set way of managing the relationship between the Chair and the Chief Executive. Each board will decide on the relationship they will have with the Chief Executive and then make that relationship explicit. The Chief Executive may become a member of the board as an executive director and may, or may not, be accorded voting rights. In some cases the Chief Executive is expected to be accountable to the full board, in others much of the relationship may be delegated to the Chair.

What effective relationships have in common, however, is that they are agreed, well understood and clearly documented. The board should set the delegations and boundaries that the Chair and Chief Executive will work within, providing clarity about when it is appropriate for the Chief Executive and Chair to act together without involving the full board. The Chief Executive and the Chair work together as partners in many respects, which requires a clear understanding of each other's roles.

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Initial handling of crisis situations or pursuing fast-moving business opportunities, for example, are situations boards may be happy to delegate to a Chair/Chief Executive partnership. The relationship between the Chair and the Chief Executive, however, should never mean that the board becomes removed from its leadership role or feels at all sidelined.

No matter what the parameters set by the board, the ideal relationship between the Chair and Chief Executive is one of mutual support and respect. It is likely that there will be regular informal communication between the two and that a Chair may at times be asked to act as sounding board or even mentor for the Chief Executive. This in no way means that the Chair will become involved in management matters.

Recruitment

The appointment of a Chief Executive has great influence on the future success of an organisation. It is possible that during the Chair's term, there may be a need to recruit a new Chief Executive. It is highly likely that the board will want to seek professional assistance in recruitment for this role.

MONITORING CHIEF EXECUTIVE PERFORMANCE

The Chair generally has formal responsibility for coordinating the process for evaluating the Chief Executive's performance. A formal performance review will monitor the targets that have been set and form the base for an open, constructive discussion. Often boards will set up a Chief Executive performance review committee, although in smaller organisations, the Chair may carry out the review by him/herself.

In small organisations, where it is more difficult to keep management and governance roles completely separate, formal discussion will assist in maintaining role clarity for all parties.

CHAIRING MEETINGS

- Setting the annual schedule of business
- Managing the meeting process
- Managing discussion

CHAIRING MEETINGS

Boards do most of their business through meetings and effective meetings are vital to achieving better outcomes.



The central aim of each meeting is to arrive at decisions that will take the organisation forward. The process of coming to a decision is a core aspect of good governance and underpins the fiduciary duties of board members. An effective Chair ensures discussion is focused while allowing all perspectives and relevant matters to be canvassed. The Chair also ensures decisions are based on adequate information and on clear reasoning.

Central elements of ensuring effective meetings are:

- Setting the annual schedule of business
- Managing meeting process
- Managing discussion at meetings
- Reaching decisions and recording clear resolutions
- Follow-up actions.

SETTING THE ANNUAL SCHEDULE OF BUSINESS

A key way to ensure that the correct flow of board business happens during the year is to plan an annual schedule of business.

Setting the schedule means that there is less risk of board business being diverted by a particularly large or difficult project during the year, or simply by day-to-day business, and ensures decisions are made on the key matters that will help the organisation move ahead.

When looking ahead, the Chair may also recommend that major tasks or projects be undertaken by a committee so that board meetings do not need to focus on the full detail of the project, but only on the areas that require decisions.

An annual schedule of meetings should be proposed, discussed and agreed at a meeting of the board and later confirmed. Changes to this schedule should only be made under extraordinary circumstances as changing meeting dates can reduce attendance and therefore the fullness of board discussion. And, as with all annual planning, it is important to check what else is on. A board meeting during a major national or local event is unlikely to get good attendance.



Well-planned meetings have a better chance of being well-run meetings, and are easier for the Chair to manage on the day.

MANAGING THE MEETING PROCESS

Board members appreciate well run meetings and rely on the Chair to keep discussion to the point, give everyone a fair hearing, facilitate the board to reach decisions and finish meetings on time.

Well-planned meetings have a better chance of being well-run meetings, and are easier for the Chair to manage on the day. Preparing for a good board meeting can involve a considerable amount of work. Planning is generally done by the board Chair working with the secretary of the board and the Chief Executive of the organisation. Much of the actual process will be managed by the secretary or, in smaller organisations, by the management team.

Planning for a board meeting includes:

The agenda

This is a critical piece of meeting planning. The Chair, working with the Chief Executive, sets out each item for discussion at the meeting.

The structure of this agenda determines what the board focuses on as most important. Generally speaking, it is best to put major strategic items at the beginning of the meeting, rather than items like regular reports. This ensures the major items requiring decisions get the time and attention they need.

In setting the agenda, the Chair notes for him/herself how long each item is likely to take and how contentious an item is likely to be. The aim is to be sure that the proposed business for the meeting can be carried out without board members feeling that discussion has been cut short, or having the meeting run over time. Items such as staff turnover reports, for example, can often be left until the end of the meeting, unless they include significant matters for discussion. As long as the report has been sent out before the meeting, it can be 'taken as read'. Unless a board member wishes to raise an issue, it may be most efficient to formally note that the report was received and read.

In setting up the agenda, the Chair will also note any outside speakers to be invited to the meeting and ensure arrangements are made for their attendance.

Careful planning does not always ensure a perfectly timed and productive meeting. There may be new developments, new speakers or urgent other business. The agenda provides a base for the Chair to be flexible and, with the agreement of the board members present, to change priorities and even postpone some agenda items until the next meeting.

Items usually included on a meeting agenda will be:

- Confirmation of the minutes of the last meeting
- Matters arising from the minutes
- Strategic decisions
- Future plans
- The Chief Executive's report
- Reports on major projects
- Financial report
- Risk report.

Board papers

Board members need to be well-prepared for the meeting so that discussion and decision-making at the meeting is founded on a common understanding of the situation/issue. Papers should be well-researched, well-presented and easy to understand. Most organisations use a standard format for board papers.



These papers, along with the meeting agenda and any other necessary information, should be sent to board members in an information package early enough for them to prepare – usually one week before the meeting.

All papers should have clearly set out recommendations, either at the start or end, that describe exactly what the board is being asked to do.

Notification of meetings

Board members will already have meeting dates and times for the year in their diaries, but it is also important to remind them of the venue, time and date in the information package before meetings.

Outside speakers who have been invited to the meeting need to be notified not just of the venue, date and time of the meeting, but also of the exact time they are expected to be in attendance. This means that outside speakers do not have to be present for the whole meeting, and that any confidential board discussion can take place without having to ask guests to leave.

MANAGING DISCUSSION

Style and technical skills are equally important in making sure board members feel they have participated in a productive meeting. Experienced Chairs agree that the biggest hazards at a meeting are diversion, and discussion straying off topic.

Some of the key elements for managing discussion effectively are:

Protocol and formal process

An effective Chair makes sure the right level of formality and protocol is observed. Meetings of boards for Māori organisations may start with a karakia or mihi and finish with a karakia. The level of formality during the meeting depends on the Chair's style and how the board works best together. Meetings are generally based on standing orders or other agreed protocol with the rules applied more or less strictly depending on the size of the meeting, how cohesive the group is and the Chair's own personal preference.

Whatever level of formality is used, the process for reaching decisions must be clear, and the decisions themselves clearly stated and recorded. For example some Māori organisations may make decisions by consensus rather than by voting, and this needs to be shown in the meeting notes. Having the minute-taker read out the record of decisions made at the meeting is good process, especially in complex decisions.

Inclusivity

During the meeting, the key skill of the Chair is to be inclusive while always keeping the discussion on the kaupapa or take (subject) and moving the team towards a decision. As with any group, there Whatever level of formality is used, the process for reaching decisions must be clear, and the decisions themselves clearly stated and recorded. 27



will be people who talk more readily than others – effective Chairs engage silent board members by inviting them to speak and share their opinions, or by asking questions.

In Māori organisations, there may also be the challenge of chairing bilingual meetings. Working from the principle of inclusivity, the Chair can keep the meeting flowing by summarising in English the main points that have been raised in te reo Māori.

Ensuring all aspects are considered

Although the Chair has an impartial role, if he/she feels that discussion among board members has not fully canvassed all the issues around a matter, he/she can ask questions or invite comment to explore these areas.

Managing conflict

Although conflict at a board meeting can be a challenge to manage, it can also be very productive. An effective Chair can work to make sure that all views on an issue are aired, and that board members can still reach a decision they can all support.

A key technique to take the heat out of a discussion but keep it on track is an impartial summary by the Chair of key points made so far. If discussion becomes extremely heated, the Chair can also call for a break in proceedings, or suggest that the matter be taken up again either later in the meeting or at the next meeting. Postponement should not, however, be used to avoid tough decisions.

The Chair should encourage board members to acknowledge their collective responsibilities to help find a way through conflict to a decision. Often this will be by breaking down the problem into parts, asking members to undertake specific tasks, or to reframe the questions for seeking further advice and information from the Chief Executive.

Minutes

The Chair must review the minutes to make sure they accurately reflect discussion and show clearly what decisions have been made.

The Chair should encourage board members to acknowledge their collective responsibilities to help find a way through conflict to a decision.

TAKING UP THE ROLE

- Due diligence
- Induction

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TAKING UP THE ROLE

Even for experienced directors and trustees, taking up an invitation to chair a board, whether by appointment or election, is a major transition from being a board member.



Three essential steps are:

- Ensuring you can commit the time
- Taking a good look at the organisation (due diligence)
- A good induction into the role

Time

The role of a board Chair involves considerably more time and energy than being a board member. Anyone considering taking up the role of Chair must be sure that they have the time to commit to ongoing activity such as planning, liaison with the Chief Executive, board members and key stakeholders, and to intense periods of activity such as crisis management.

DUE DILIGENCE

Chairing a board is a high profile position and not one that can simply be walked away from when the going gets tough. A thorough look at an organisation before accepting an invitation to Chair a board is essential so the Chair can be certain of their full commitment for the duration of their appointment.

Absolute essentials are:

- Reading the annual report and accounts
- Reading any press clippings or online reports
- A detailed look at the organisation's website
- Establishing what insurance cover is offered to board members and the Chair
- Assessing your own suitability for the role, and the time you have available.

It is also advisable to build a picture which includes:

- The board's past performance as a governance body
- The level of internal control within the organisation
- The level of performance monitoring by the board
- The ownership structure and the organisation's relationship with the owners
- A view of the level of risk presented by business activities
- Any legal action being taken, or likely, either by or against the organisation
- The culture of the board and the organisation.

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INDUCTION

Every new Chair wants to be effective quickly, and a good induction process can help make a smooth and speedy transition.

Induction will generally be managed by the Chief Executive with assistance from the departing Chair and should include:

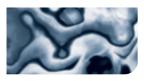
- A debrief from the departing Chair
- A thorough brief on the current strategic and business plans
- An explanation of the Chief Executive's key performance indicators
- A full brief on the organisation's accounts
- An outline of the legislation that is particularly relevant to the organisation's operation
- The Code of Conduct for board directors/trustees (if one exists)
- Either the standing orders for board meetings, or an explanation of protocol that has been used to date
- An organisation structure with explanations of the key roles
- An overview of internal processes and controls
- A brief on any issues of interest/concern to beneficial owners, media, government or other key stakeholders
- Site visits to operations
- One-on-one meetings with board members.

TRAINING/ DEVELOPMENT

- Training
- Development

TRAINING/DEVELOPMENT

There is increasing acknowledgement of the critical role the Chair of a board plays in leading an organisation successfully.



TRAINING

Several organisations offer courses specifically for Chairs of boards, and there are other types of training that can be of great assistance to Chairs in carrying out their role, such as:

- *Presentation training* this is offered by many firms who specialise in working with Chairs and Chief Executives to help them develop an effective personal presentation style.
- Media training highly recommended for anyone who may be dealing with the media in their role as Chair. Several companies offer intensive media training that covers preparing for media interviews and techniques for speaking, to print, radio and television media.
- Specialist subject training such as financial management or strategic planning.

DEVELOPMENT

Two key processes that can provide a Chair with development are:

- A board self-evaluation which shows the areas that need improvement and can indicate areas the Chair could manage better
- A formal, annual evaluation of the Chair either just by board members, or as '360° feedback' which would involve board members, the Chief Executive and selected external stakeholders.



Te Puni Kōkiri's www.governance.tpk.govt.nz

offers extensive information on the practice of effective governance. As well as covering the main topics relating to governance, the site has a full glossary of terms and references to useful resources both online and in print.

MUKE INFORMALIO



He pukapuka āwhina mō ngā poari whakahaere Making decisions: A process guide for boards







THE BOARDWALK SERIES: MAKING DECISIONS

Me mahi tahi tātou Let us work as one

REALISING MÃORI POTENTIAL



The framework above identifies three key enablers that are fundamental to Māori achieving Te Ira Tangata (improved life quality) and realising their potential. All our written information has been organised within these three key enablers or Te Ira Tangata.

5 1	Mätauranga – Building of knowledge and skills. This area acknowledges the importance of knowledge to building confidence and identity, growing skills and talents and generating innovation and creativity. Knowledge and skills are considered as a key enabler of Māori potential as they underpin choice and the power to act to improve life quality.	
5 2	Whakamana – Strengthening of leadership and decision-making.	
1 3		
5 4	Te Ira Tangata – The quality of life to realise potential.	
DISCLAIMER The information contained in this publication is for general		

DISCLAIMER The information contained in this publication is for general information only. While every effort has been made to ensure the accuracy of the information, because the information is generalised, its accuracy cannot be guaranteed. Readers are advised to seek independent advice on particular matters and not rely on this publication. No liability is assumed by Te Puni Kökiri for any losses suffered directly or indirectly by any person relying on the information contained in this publication.

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The Boardwalk series: Making Decisions

INTRODUCTION

Decisions – who makes them, what was considered, how they were made and how they were recorded - have become some of the most scrutinised parts of board business.

Boards of trustees, directors, and committees of management are the governance decisionmakers for an organisation on behalf of shareholders, beneficiaries and owners.



As corporate governance becomes increasingly important, those shareholders, beneficiaries and owners want to see that a decision made on their behalf has been well thought through and is ultimately a well made decision. Other stakeholders, such as funders, local communities and the media may also take a major interest in a particular board decision. It is therefore essential that all processes around board decisions are seen to be effective, efficient and ethical.

Board members can also be held personally liable for the consequences of their decisions, so it is important that every board member feels sufficiently informed to confidently make a decision.

While often only time will tell if the right decision has been made, a board can both claim and demonstrate that a decision has been 'well made'. Decision-making is both an art and a science, drawing on intuition and experience as well as facts and reasoned analysis. By having a strong and robust approach to decision-making, a board will enhance its credibility and strengthen its transparency and accountability.

This booklet discusses the elements of a decision-making process that are part of 'good practice' for corporate governance. It is a guide which boards may wish to adapt, take parts of, or add to, for their own unique board culture and way of doing things, with the aim of being able to confidently stand by every decision they make as they lead their organisation into the future.

FIRST: WHAT SHOULD A BOARD BE MAKING DECISIONS ABOUT?

Boards of all organisations are likely to be making decisions on vision, policy, strategic planning and the annual budget. In large organisations, the board's decision-making role will be limited to strategic-level issues. Operational issues, like hiring contractors and buying plant, are left to management.

For many organisations, though, the lines are not so clear, as the operation may be relatively small. In these circumstances, board members may well be involved in management, and the board as a whole much more involved in management-level decisions.

It remains essential for the board to know what is board business and what is not, and preferably to document this in writing. In some cases, the Trust Deed may give guidance.

WHY IS THE PROCESS OF DECISION-MAKING IMPORTANT?

The process of decisionmaking is sometimes said to be more important than the actual decision itself.



This is because no one can ever know if the 'right' decision has been made until the outcomes are finally known, and this may take a long time. The board, however, still has to make a decision, and will be held accountable for it. Therefore, the board needs to focus on making a 'well made' decision.

Things may not always turn out as expected. A well made decision not only has the best chance of success, but provides the assurance to the shareholders, beneficial owners and other stakeholders that the board has met its legal, ethical and accountability obligations.

Shareholders and beneficial owners also need assurance that all board decisions are made in the spirit, and to the letter of the constitution or trust deed of the organisation. These documents provide an essential base for decision-making in any organisation.

OUTLINE OF A BOARD DECISION-MAKING PROCESS

5

OUTLINE OF A BOARD DECISION-MAKING PROCESS

The basic outline of the decision-making process can be summarised in the following steps:



- Accept the issue
- Identify the type of issue
- Define the 'problem'
- Understand and set the context
- Gather information, facts and advice
- Analyse
- Make the decision
- Record
- Communicate and get action

(Appendix 1 sets out a list of questions that may help to summarise and prompt these nine steps. Appendix 2 provides a selected list of tools that can assist in the decision-making process.)

1. ACCEPT THE ISSUE

First, a board must decide if the issue that has been presented is appropriate for the board, and has been brought to the board through the right channels. This process gives the board the opportunity to be clear about it's boundaries and management responsibility, and to make sure an issue is directly related to the purpose of the organisation as a whole.

Without a first assessment, boards can end up discussing issues that are:

- Not part of the strategic direction
- Really a management issue
- Only for the benefit of a small number of owners
- Of interest but where the board has no decision-making power, such as local government or iwi business.

2. IDENTIFY THE TYPE OF ISSUE

Before getting into defining the problem and analysing it, it may be useful to identify the type of issue being considered. This will help to establish the process required and the level of information, depth of analysis and time required for discussion.

- Standard (pro forma) the issue on the table will have set information or procedures to follow and the context is well understood, requiring less background information, and less discussion. For example, accepting the minutes from the last meeting or noting the monthly repayment of a debt.
- New where the issue has not been dealt with previously and may need more information as well as some discussion of the objectives and purpose and why it has been brought to the



board. New topics may need more than one meeting before detailed decisions are made. This allows time to consider wider implications. Examples of new business would include, expanding part of the business, or establishing a risk management policy.

- Significant issues that involve major transactions or where the board may be committing to particular plans or actions over a longer time. For example, the Chief Executive appointment, or a policy on education grants. These types of issues may require longer timeframes for deliberation.
- Crisis where emergency or significant issues arise which have a very short timeframe, and often require specific authority to commit to particular actions. Examples of crisis that may require urgent action would be flooding on a farm or an algal bloom affecting a mussel farm.

3. DEFINE THE 'PROBLEM'

In any decision-making process it is important to be sure what the question being asked is. Being precise and clear, and understanding exactly what the decision is intending to achieve will save a lot of time and help the board to focus on the specific issues to be resolved. Understanding the underlying objective will also help focus on the important aspects that will need to be considered in coming to a decision.

Breaking down the decision into manageable parts and defining steps as problems to solve, will help focus a board on key issues rather than less pertinent matters. A bit of 'out of the box' thinking or methods of problem-solving will often be a useful starting point to determine and define proposals, opportunities, or the 'problem'.

For example, if a proposal before the board is to agree to borrow money to fence off a block of forestry, then rather than the problem being defined as whether to borrow the money from a bank, it may be that the first issue is to agree to fence off the block. The second part is to establish that borrowing the money is the best way to finance this. Only then do you need to agree on the amount to borrow and an acceptable intrest rate. Further parts of the decision might be to authorise the Treasurer or the Chief Executive to negotiate with several banks on the best rate.

By breaking down the issues, defining the desired outcomes or identifying any gaps in information, a board can be clearer about what decision, or series of decisions, it needs to make.

There are many techniques that have been devised for helping identify and define issues, analyse information, test assumptions, and develop options. These include financial and investment analysis, market analysis tools and environmental scanning as well as strategic thinking techniques.

4. UNDERSTAND AND SET THE CONTEXT

It is essential to have a thorough knowledge of an organisation's core legal and strategic documents, especially the trust deed. These must always be on hand for reference, particularly for more complex or significant decisions. These documents provide the authority for a board's decisions and often establish the procedural requirements or limits on options.

A decision is never made in isolation. Relevant to any current decision before the board will be: previous decisions; the organisation's strategic priorities; plan changes by local government; market trends; the public relations environment; and many other related events and situations. Board members need to have a good knowledge of the context surrounding a decision. This knowledge will help to shape the deliberations, questions and basis for a decision.

While board members themselves bring much of the contextual information through their experience and broad knowledge, the front-line experts (for instance the farm manager, the treasurer or a project coordinator) will need to provide much of the specific information. Additionally, board members are expected to come prepared, having read the board papers and other materials and should be prepared to ask for more information if they need it.

5. GATHER INFORMATION, FACTS AND ADVICE

General knowledge

Board members are often appointed because of their ability to ask the right questions and draw on their own experience, skills and knowledge and not necessarily because they are experts in the specific matters of the board's activity. To understand specific business matters arising at board meetings requires good information. Where there is a lack of information, board members should ask for it – they have the legal responsibility to have the best possible information. The fewer assumptions a decision is made on, the lower the risk will be.

Board papers

Board papers and reference information provide a sound base for understanding the proposal before the board, and will help guide the deliberations. These papers should be concise, setting out the strategy and objectives, facts and information, outlining the proposal and the reasons for it, and providing analysis, options, risks and assumptions, implications and any recommendations or draft resolutions for the board.

Boards may wish to develop a standard format for board papers so that people writing them know what is required.

External advice and information

A board should not be afraid to seek external advice. Board members are not expected to be experts in every area of business, but they are expected to make sure they have the information they need, and this may involve calling in outside experts.

However, the final decision is always the board's - trustees are not

permitted to delegate their decision-making powers, unless the deed explicitly authorises this.

Benchmarks, whether formal industry standards or knowing what others in similar situations are doing (for example, what lambing percentage the next door farm is achieving), is also a useful piece of information to have available. A board should be prepared to seek out benchmark information, particularly when it is concerned that there are performance issues, or where it is not clear what expectations should be set. Benchmarks will also assist a board to determine whether the strategy or proposal is reasonable and realistic.

Facts

It is essential that a board has factual information on which to base its decisions. Personal opinions and views can be valuable, but people can disagree with opinions. Rather, boards should be seen to base their decisions on a proper analysis of facts. If a board member has the view that the lambing percentage is 'better than last year', it will only be useful if he or she can present facts that show this is correct. A factual base for a decision is essential – especially if it is about whether to pay the farm manager a bonus!

Committees

With very complex decisions, or where there is a lot of work to be done, boards may wish to establish a committee which seeks out information and analysis related to a particular subject and/or decision. The committee will report back to the board, and although it can make a recommendation, will never have decision-making rights itself. All decisions remain the responsibility of the board.

6. ANALYSE

Keep an open mind

An open mind is an essential element in analysis. What may look like an obvious conclusion at first glance may prove to have risks, to be based on false assumptions, or to have unseen long-term consequences.

Seek all views

Seeking views from each board member in turn is a good starting point. The Chair should also always ask *why* a board member thinks one option or the preferred option is good, or better than another. This should help unearth information and assumptions, show gaps, differences and misunderstandings, and promote good debate.

Make your own decisions

It is the responsibility of every board member to make their own decision. Board members should not simply agree, or tautoko another member as this tends to limit the range of perspectives and lead quickly to 'group think' where only one view is heard. It may be important for a board to find a way for members to express views when they wish to disagree with a well-respected kaumatua on the board, and still show the respect required by tikanga.

Options

The board should always consider alternatives and ask what makes one option better than another (even making up scenarios to test the preferred option can sometimes be useful). Board papers will often be of most use if they present options, including the status quo or 'do nothing' option. Each option should be analysed, comparing it against the strategies and goals, costs and benefits and other criteria.

Criteria and weighting

Having identified the issues and various options it can be worthwhile to draw up criteria by which to judge a proposal or a solution and ask what will give the best value. A simple approach would be:

 Identifying key criteria, usually looking at the costs, benefits, opportunities and risks, and uncertainties (for example, urgency, expense, profit number of people to benefit, low risk, level of publicity, and facts – like the quantity of sheep per hectare, cost of fertiliser per hectare, or the occupancy rate of a motel, or quantity of goods sold in peak season to Japan)

- Assigning values or weightings to each (for example, a high/ medium/low or marks out of 10) as to which are most important
- Quantifying each option against the criteria with the weightings to find the best option

Logic

Logic is simply making sure that the relationship between ideas is sound. Assessing whether a proposal or solution is logical is a key factor in a decision.

One way of testing this is by asking "if this...then this..." step-bystep to point out whether the solution or proposal will meet the problem or opportunity, or only part of it.

For example, a decision about whether to approve finance for developing a tourism resort could be broken down into steps so that all the parts of the decision become clear. Testing whether to develop housing and facilities with greater intensity for a tourism resort:

If we increase the number of houses then we will need more land and water and electricity infrastructure...if we increase the amount of infrastructure then we will need more drainage...if we increase the amount of drainage then we will have more water quality damage....

This can also work backwards – by starting at the final outcome and asking what is needed to get there, or asking "why" after each statement.

Another way to test the logic of ideas and options is to test whether things really are similar. For example:

"In the past this has always worked, so we should continue doing it" should be tested by the question: "But what has changed since then, so is it a different situation now?"

Watch for assertions of 'fact' which are really expressions of opinion rather than reasoned analysis.

Looking for other options or exceptions or playing 'devil's advocate' also tests the logic of statements. For example:

"We want to increase profits; raising prices increases profits, so we must raise prices" could be tested by the question: "But are there other options, such as lowering costs, or exceptions, such as people buying more cheaply elsewhere?"

7. MAKE THE DECISION

Discussion and deliberation

Leading the deliberation is a key role of the Chair. Depending on the type of issue, the best way to get a range of views could be through free-flowing discussion or a workshop approach, or by deliberating on a narrow range of options and keeping very focused.

During discussion, valuing diversity and different points of view is essential. The Chair will usually accept that board members can raise new, relevant issues at any time, and that throughout the discussion people can change their minds. However, once the issues have been debated, members should seek to come to a definite decision point. (See below for different ways of reaching decisions.)

When a decision has been reached, every board member needs to be clear about what they are agreeing to. A clearly worded statement setting out the proposal and course of action should be presented. This could be to accept or reject a proposal, to defer it pending further information or it may be to agree, but with specific conditions attached. Whatever the decision, it must be clearly recorded so that anyone looking at it later can see what was decided.

Judgement

Members will need to personally weigh up evidence and information, consider all relevant factors, risks, costs and benefits and balance the long and short term objectives, and ultimately be comfortable that the decision meets the objectives of the organisation and the principles and ethical standards of effective governance. Often an 'answer' lies somewhere between intuitive feeling and rational thought. Testing one against the other can be an effective way to come to a decision. For example, if the discussion started with opinion, experience or intuition, it is then useful to take these views and test them against the logic or techniques of analysis. Alternatively, if the board starts with purely analytical statements, then it can be useful to test them against intuition and common sense knowledge by asking the question: "Does this sound about right"?

Sometimes there is no 'right' or 'wrong'. For example, where there is less factual data and more assumptions, or when the board is dealing with philosophical standpoints, moral or tikanga issues. Due and visible consideration remains important. One process for thinking about these types of issues is to relate decision-making to:

- Vision (including strategy, objectives and outcomes)
 - doing the right thing
- Values (including principles and accountabilities)
 - for the right reasons
- Culture (including processes, protocols, and tikanga)
 - in the right way.

Types of decision-making

Some ways to reach agreement on a decision include:

- *Consensus* where the board as a whole agrees, usually through understanding the points of view and compromise
- Vote majority view
- Arbitration an independent person who listens to different points of view and then decides, not necessarily seeking a compromise situation
- *Mediation* bringing in a person who works through the two points of view, separately, to find a compromise solution
- *Facilitation* an independent facilitator helps the parties work together to find a solution

A board should always be seeking to come to consensus. A consensus decision:

- Has support from the whole board, showing it is acting jointly, sharing responsibility and providing accountability as part of its legal requirements
- Is focused on finding solutions based on analysis and facts (voting, arbitration or mediation, tend to highlight as many differences of opinion as possible and can become a contest between representatives)
- Ensures buy-in from members, develops positive dynamics and provides leadership to the organisation
- Often supports the tikanga of a Māori organisation

However, it is important that consensus is not merely an excuse for finding the easiest path for all to agree. Each board member, and the board as a whole, should always be seeking to find an 'excellent' solution.

The board is a board of governance for the organisation, and members are not representatives of interest groups. Each member must accept the decision as binding, whether it is made by consensus or voting.

8. RECORD

Minutes

Recording decisions is a crucial component of the whole decisionmaking process. Usually a formal decision is recorded in the minutes and the Chair will seek agreement to its wording.

The minutes should express the decision briefly and clearly, but in such a way that it is still meaningful at a later time. The use of specific words can assist to express such formal decisions. Common ones are: 'the board resolved to...' or words such as 'agreed', 'approved', 'deferred', 'noted', 'sought further information'.

It is not necessarily the case that a board will require 'moving' and 'seconding' of motions. This will depend on whether the core documents, deed or constitution require such a process, and the style and guidelines of the board.

The style of minutes is a matter of board preference. While it is usual to include in the minutes why the board reached a particular decision, the modern approach tends to have shorter minutes, simply summarising the key reasons for the decision and without saying who said what. As a last resort, the minutes may need to record the names of those who disagree or dissent. It is essential, however, that this is only after proper consideration and full discussion.

Note though, that a trust deed or constitution may give direction on what is to be included in minutes. Trust law itself says that trustees have no obligation to provide reasons for their decisions and that if they do, the courts can look into their reasons when testing whether a decision was reasonable or prudent.

Why record decisions

Above all, the minutes are the official record of a decision and therefore provide accountability to shareholders, beneficiaries and other stakeholders.

The minutes:

- Provide authority for activity for the Chief Executive and management team (or board members undertaking particular roles) to implement tasks, or undertake particular work. Often in addition to the record of an actual decision, a list of associated tasks will be included in the record
- Provide evidence that board members met their obligation to consider important issues, assess information, call for reports and make good decisions
- Are the key way to show that the board is implementing the duties and principles and other legal requirements. Banks, joint venture partners, or contractors will often need to see minutes

as proof that the organisation has agreed to undertake particular actions

 Can be an important source of information. Some organisations see the minutes as part of their historical records, and a source of information for the generations to come. The minutes will often form the basis for the annual report, newsletters or even general correspondence. However, when it comes to providing information, it should be remembered that there are different ways of describing the outcomes of the board's deliberations. Targeting the information to be of most use will be helpful in providing the best information.

9. COMMUNICATE AND GET ACTION

Making a decision does not make anything happen. The board also needs to make sure that people who need to know (most likely managers) are informed about a decision, and that an action plan is in place to get a result. The board will then receive reports from management against the action plan.

There may also be times when stakeholders, such as other iwi, government officials and local bodies, need to be informed. The board should ensure that announcements of major decisions involving multiple stakeholders are carefully planned.

Annual plans and annual reports are also a way of communicating decisions the board has made over the year.

AVOIDING POOR DECISIONS

Understanding some of the potential barriers to wellmade decisions will help avoid poor decisions. Some of the tell-tale signs that a board's decision-making may not be as effective as it could be are:



- A sense that the board is spinning its wheels and rehashing old issues
- A lot of heated discussion based on few facts but much opinion
- A long and protracted discussion that ends when the board realises it has lost track of the original topic

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- The frequent introduction of 'wildcard' issues not originally on the agenda
- An inability to explain to members why the board made a certain decision
- A decision that is ostensibly agreed to by the entire board but in reality not supported by every board member
- A nagging feeling that decisions, when they are finally made, do not represent the best thinking of the board

Poor information is a major cause of poor board decisions. Not asking the right questions, listening to the wrong people or simply letting your ego lead you to believe you know all you need to know about the issue, can quickly lead to a poor decision. Plenty of good information is the first line of defence against poor decisions.

Not allowing time for good deliberation of an issue will result in a poor decision. Items put on the agenda at the last minute should be a red flag that there is danger of a poor decision. Cutting off debate before all board members have a good opportunity to discuss the issue may deprive the board of the insights and interaction needed for a good decision. Meeting agendas should be set so that time pressures at the end of the meeting do not lead to hasty decision-making.

Poor decisions may result from pressure from individuals or special interest groups on board members who simply want to get out from under the pressure no matter what the cost. Supporting board members as part of a unified team will help minimise this risk.

Emotions often trip up board members and lead to poor decisions. While a decision may engender strong emotions, it is important to recognise and acknowledge this, but to balance it within the analysis of the solutions.

At some time most boards will have heated debate over an issue. But board members must recognise when debate has gone beyond spirited discussion and fallen into a personal attack, anger or argument. When that happens, it is time to break, or table the issue until everyone cools down. Voting on an issue when board members have forgotten the facts and are operating on emotions will result in a poor decision.

A P P E N D I C E S

🖬 MĀTAURANGA KNOWLEDGE – This pattern reflects the ever-present importance and relevance of the ancestors.

The following questions are intended to summarise the decision-making process, and may help in identifying the components of the process, and issues to address.

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APPENDIX 1

Questions to consider

- Is this the right body to make this decision, and does it have the authority?
- 2. What is the decision, question or problem to resolve?
- 3. What are we trying to achieve through this decision?
- 4. What risks or problems will arise if we don't get the right decision, answer or solution?
- 5. Do I have and understand all the necessary facts and information?
- 6. What are the gaps in information?
- 7. Are the assumptions reasonable?
- 8. Who would have any further relevant information?
- 9. What are other people's views, do they make sense and what are their merits?
- 10. What are the possible answers or decisions?
- 11. Why do I think this is the best answer or decision?
- 12. What are the main factors to take into account benefits, costs, risks?
- 13. What are the main benefits of this decision and is it worth it given the costs and risks?
- 14. Have I weighed up the costs and benefits against the issues and the options?
- 15. How can I test the decision, answer or solution?
- 16. Do I think this is a better decision than the next best?
- 17. Will this decision, solution or answer achieve the objective?
- 18. Is there a balance between the long-run vision and strategy and the more immediate benefits, costs and risks?
- 19. Is this what a reasonable person would think (am I being objective)?
- 20. Have I treated all the issues fairly?
- 21. Is this in the best interests of the organisation or all the beneficial owners?
- 22. Do I understand each step of the decision and could I explain

it to someone else?

- 23. Have I been honest with myself?
- 24. Am I satisfied that the discussion has been worthwhile and full enough to be sufficiently accountable?
- 25. Has the decision been written down and in a way that will be fully understood?
- 26. Am I prepared to stand by and defend my decision to others?
- 27. Who will be told about the decision and how?

APPENDIX 2

Mechanisms and tools

Below are some techniques or decision-making tools that may be useful for a board's decision-making process. Many of these are relatively simple for groups to undertake with a little practise.

- Benchmarking setting performance measures against known industry standards, or other organisations which are performing well
- **Cost-benefit analysis** process of weighing the total expected costs vs. the total expected benefits
- Critical path analysis understanding the steps of activities required to lead to the final outcome, including the time required
- Decision trees mapping the decisions required for each step
- Finance decisions on investment, financing, working capital and dividends, including, for example,: Rol return on investment, Debt/Equity ratio, liquidity measure
- Five Forces model looks at the threats from new entrants and new products, and the economic power of customers and suppliers
- Force field analysis analysing forces that either drive or hinder movement toward a goal
- Grid Analysis analysis done by comparing the weighted averages of ranked criteria to options. A way of comparing both objective (factual) and subjective (opinion) data



- Paired Comparison Analysis analysis of pairs of options against criteria until one is ranked higher than the others
- Pareto Analysis selection of a limited number of tasks that produce significant overall effect (simplified to the 80–20 rule by some)
- PERT Program Evaluation and Review Technique
- **Portfolio analysis** looking at investments by ensuring that the whole portfolio is balanced for example, across high, medium and low risk, or short and long-term investments
- PPESTT analysis analysing the political, physical, economic, social, technological and trade situation
- Ratios and trendlines for internal control and ways to analyse performance (for example, profit/sales, sales/ employees, or stock levels, net profit)
- Risk analysis identifying the risks, likelihood, severity of consequences, and mitigation strategies
- Scenario analysis process of analysing possible future events
- Six Thinking Hats symbolic process for parallel thinking (from Edward de Bono)
- SWOT Analysis Evaluation of strengths, weaknesses, opportunities and threats with respect to the desired objective
- Value chain analysis analysing primary and support activities and which ones add the most value, especially in determining differences from competitors.

Te Puni Kōkiri's www.governance.tpk.govt.nz

offers extensive information on the practice of effective governance. As well as covering the main topics relating to governance, the site has a full glossary of terms, and references to useful resources both online and in print.

MORE INFORMATION



Ngā Manu Kōrihi *Communicating with Stakeholders*









THE BOARDWALK SERIES: COMMUNICATING WITH STAKEHOLDERS

Te Kāwanatanga o Aotearoa

Ka koekoe te tui. Ka ketekete te kākā. Ka kūkū te kereru The tui sings, the kaka chatters, the pigeon coos

REALISING MÃORI POTENTIAL



The framework above identifies three key enablers that are fundamental to Māori achieving Te Ira Tangata (improved life quality) and realising their potential. All our written information has been organised within these three key enablers or Te Ira Tangata.

51	Mātauranga – Building of knowledge and skills. This area acknowledges the importance of knowledge to building confidence and identity, growing skills and talents and generating innovation and creativity. Knowledge and skills are considered as a key enabler of Māori potential as they underpin choice and the power to act to improve life quality.	
5 2	Whakamana – Strengthening of leadership and decision-making.	
5 3		
1 4	Te Ira Tangata – The quality of life to realise potential.	
DISCI AIMER The information contained in this publication is for general		

DISCLAIMER The information contained in this publication is for general information only. While every effort has been made to ensure the accuracy of the information, because the information is generalised, its accuracy cannot be guaranteed. Readers are advised to seek independent advice on particular matters and not rely on this publication. No liability is assumed by Te Puni Kökiri for any losses suffered directly or indirectly by any person relying on the information contained in this publication.

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The Boardwalk series: Communicating with Stakeholders

INTRODUCTION

Good communication with all stakeholders builds the understanding and support that contributes to an organisation's enduring success. The board has a key role to play in forging and maintaining relationships with management and staff, owners, government agencies, peer organisations, the media and the public – and effective communication is the critical element.



Communication is also the thing that is most likely to go visibly wrong for a board. It is a source of frustration for many Māori organisations that a great deal of good work can be undone through negative communication – whether that is within the organisation itself, among owners, or in the public arena through the media.

It is the board's role to ensure that good lines of communication are actively established and maintained with all the stakeholders who hold sway over the organisation's future.

This booklet outlines how a board can look at communication with stakeholders in a systematic and structured way, techniques boards can use to maintain good communication, and an outline of crisis communications management.

For more information about how boards work and tools and resources for boards, see www.effectivegovernance.tpk.govt.nz

But first – what is a "stakeholder"? Essentially stakeholders are individuals or groups who have an interest in the organisation at any level, or at any distance, both internal and external, e.g. beneficial owners, customers, shareholders, clients, employees, board members, suppliers or contractors. Fundamentally anyone who has a "stake" in how the organisation operates.

ROLE OF THE BOARD

Communication happens at every level of an organisation with every stakeholder – whether it is someone giving customer service to a member of the public or a farm manager commenting to the local newspaper on the squash season. It is the board's role to ensure that communication happens in a managed and positive way and, above all, that the organisation, at all levels, speaks with one voice.



The board is responsible for ensuring that communications policies are set for the whole organisation, and to directly manage lines of communication to management, to shareholders and beneficial owners, and in some cases on important matters agreed with management, to customers, government, the media and the public.

Most of the organisation's day-to-day business communications, however, will be carried out by management within the overall communications framework agreed by the board.

It is also the board's responsibility to make sure that there is sufficient budget for both the board and management to communicate effectively with stakeholders.

WHAT BOARDS COMMUNICATE ABOUT

Areas on which the board is most likely to be in direct communication with stakeholders include:

The board itself and its operations

Communication about board operations is often called "disclosure" and should include matters such as who is on the board, how board members are selected, how the board fulfils its governance role, who is on board committees, how these committees operate and what board members get paid.

A key word for "disclosure" communication is "accessible". It is in the board's interest to



ensure that stakeholders can easily find and understand information about the operation of the board. Being open about how the board goes about its business gives confidence to shareholders, beneficial owners and other stakeholders.

Vision, plans and performance It is the board's role to clearly articulate the organisation's vision, and to report on the plans in place to achieve that vision as well as how well the organisation is performing against those plans.

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Building a strong understanding within the organisation of where the organisation is going and how it is going to get there, helps present a consistent view and ensures that everyone who is communicating – formally, informally, managed or not – speaks with one voice.

It is also critical to share this type of information with external stakeholders in a managed way. Key ways of communicating this type of information, used by nearly all types of organisations, are the annual report and the annual meeting, though these will generally be prepared and organised by management.

Once the board has set the vision and the reporting framework, it is likely to delegate to management any communication through regular channels, such as a website or newsletters.

It important that the organisation's vision, plans and reports are presented in a clear and concise manner which can be easily understood by all stakeholders.

Consultation and dialogue

Part of a board's role is to engage in dialogue with stakeholders – and this is particularly important in many Māori organisations where beneficial owners have views to contribute on the organisation's vision and performance.

Some boards of Māori organisations, for example, consult extensively through hui when they are developing their strategic plans. Well planned hui that engage shareholders can give a widespread sense of ownership of the strategy.

Other stakeholders, such as funders, government agencies and possibly customers may also expect to be consulted as part of the board's process of developing its vision, and plans for achieving that vision.

PROTECTING REPUTATION AND PROFILE

Guarding and shaping the reputation of the organisation is also a key role for the board. One important consideration for many Māori organisations is the level of public profile that is sought. Unless there are specific legal requirements, such as for publicly listed companies or for organisations spending government funding, an organisation can choose its level of public reporting and profile.

There are many successful organisations, such as major private companies, that deliberately keep a low profile. Others choose to pursue a high profile to advance their strategic aims. Whichever way a board chooses to go, it is helpful to explicitly express what level of public profile is desirable, and to ensure the decision is reflected in the organisation's communications plans and policies.

POLICIES

It is not up to the board to manage all communications with stakeholders. Much of this is carried out by management and staff. It is, however, the board's role to ensure that there are policies and procedures that should be followed at all levels of the organisation.

Communications policies are likely to include:

 Media policy: Setting out who can speak to media on behalf of the organisation and the process for approval of what is said. This is particularly important for crisis communications management.

- Brand policy: Setting out how the organisation's logo and branding can be used and under what circumstances.
- Internal communications policy: Setting out how communications within the organisation should be managed.
- There may also be policies around email and internet communications.

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COMMUNICATIONS - THE FUNDAMENTAL PRINCIPLES

Communication must be trustworthy and consistent. Following this principle over time will support sound, longterm relationships with stakeholders at all levels.



Speak with one voice. The board's integrity and reputation is at stake in every communication with a stakeholder, even in one-on-one informal settings where an individual board member may be asked for their view on a particular board decision. It is vital that the board speaks with one voice on every issue, every time.

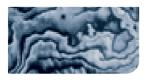
Regardless of an individual's private views or agenda, a unified voice is essential to keep the trust and faith of stakeholders.

The most effective way for a board to ensure that messages are consistent is to nominate a spokeperson and have other board members refer any queries that arise to that spokesperson.

Communication is a **two-way system**. Listening is as important as speaking for communication that develops supportive relationships with stakeholders.

STRUCTURING POSITIVE

Communication is an essential part of every organisation and every issue. It is the board's role to ensure that communications with stakeholders are well managed and actively supports the organisation on its journey forward.



Taking the appropriate time to effectively plan and structure an approach to communication with stakeholders helps a board to maintain its key relationships, spot potential issues arising, and be well positioned to respond quickly and successfully to changes in the communications environment.

KEY POINTS FOR PLANNING

Know your stakeholders

Understanding who your stakeholders are, what kind of relationship you have with them now, and what you want for the future, is a critical first step in planning communications with stakeholders.

It is vital to communicate with stakeholders in a way they can easily understand. If stakeholders cannot understand what has been said, they will feel that they are not involved, and not appreciated or important.

Who are they?

Boards can have a wide range of stakeholders, these can include but are certainly not limited to:

- The Chief Executive
- Organisation employees
- Beneficial owners (such as shareholders, trust beneficiaries)
- Potential trustees/directors
- Customers
- Competitors



- Suppliers
- Other iwi
- Local community
- Government agencies
- Local government
- Media

Creating a list of stakeholders makes sure that everyone who should be involved in the communication process is included in your communications strategy.

Prioritise your stakeholders Prioritisation makes sure the board's communications effort is directed where it is most effective.

For example, many Māori organisations will make sure that beneficial owners hear news and information before any other stakeholder group, or at the very least at the same time as the public release of major statements and reports, such as the annual report.

If stakeholders are not prioritised, there is a strong risk that the loudest stakeholders will claim the board's attention, rather than those most important for the journey forward.

Assess your relationships

From time to time boards are likely to want to assess the state of their relationships with stakeholders. A formal stakeholder analysis can be a useful tool, indicating where more work is required. A stakeholder analysis is likely to assess the level of influence the stakeholder has over the organisation's future, and how supportive it is of the operations of the board and the organisation in general.

A formal stakeholder analysis will show where communications work is most required. It can also often show where more effort is going than is required. A common pattern is for a majority of effort to go to stakeholders who are "easy" to deal with and who are already very supportive. Although it is essential not to take these relationships for granted, a concerted effort with all key stakeholders is necessary.

Many successful Māori organisations for example, have put a great deal of time and effort into building positive relationships with local government officials. This gives both parties a good understanding of the aims and operations of each organisation, to the long-term benefit of both – and the wider community.

Listen to your stakeholders

Whether you use research, informal visits, hui or any other techniques, the key is listening to get a good

understanding of your stakeholders and their needs.

Key questions to keep in mind are:

- What do they want to hear from you?
- How do they want to hear it?
- Where do they want to have input?
- How do they want to have input?
- How do they see your relationship?
- What kind of relationship do they want with you?

The stakeholder management plan Once a board has collected information on its stakeholders, it can draw up a stakeholder management plan for the year. This would set out how each stakeholder group would be managed and by whom.

Some requirements would be set by the constitution/trust deed or charter of the organisation. The board is also likely to already have a schedule for formal communications, such as the annual meeting or consultation on major decisions being made during the year.

Further to these, the board would set a schedule of stakeholder communications activity for the year. This schedule would also include informal communication for instance, noting that a particular board member will update a particular stakeholder informally.

It would also set out which communication has been delegated to management, and what the approval process is around delegated communication.

KNOW THE ISSUES

Stakeholders rightly expect all board members to be fully conversant with all current board business and issues. Newer board members should be briefed on major past issues so they can respond as expected, and this may simply be to refer any enquiry to the nominated board spokesperson. Many boards rely on the Chair or Deputy Chair to lead communication with stakeholders to ensure that all communication is consistent and well informed.

Board members should also be regularly scanning the environment for any issues coming up which may affect the organisation in the eyes of stakeholders. Issues such as decisions that may be unpopular with owners or the local community will require careful and specific communications management.

Failure to consider issues from a stakeholder point of view can lead to damaged stakeholder relationships, and in the worst cases, to negative nationwide public airing of the issues.



A key role for the board is to keep the organisation safe from damaging communication by identifying and managing issues before they take on a momentum of their own.

SET THE STORY

The "story" can be about a particular issue or about the journey the organisation is on. Many organisations view their annual reports and statements of strategic intent as ways to crystallise and communicate their stories to a wide range of stakeholders.

It is vital that what the board communicates is always consistent. This means making sure that every board member is giving the same message in all situations, whether it is talking about the organisation's vision or explaining why a particular decision has been made.

The board may also decide that only designated board members can speak on a particular topic or issue to ensure that "off the cuff" statements made by individual board members do not escape into the public domain and unwittingly harm the reputation of the organisation.

Developing key messages on even a single issue can take a considerable amount of discussion but this discussion can be a productive way of making sure all the issues are canvassed and that a position is thoroughly thought through.

It is critical that everyone on the board agrees with the final set of messages. It is this set of messages that forms the "story".

Key messages should be:

- Short
- Clear
- Easy to understand
- Adjustable in tone and level for different audiences without altering meaning

It is a common complaint from those wanting to tell their story that audiences are just not understanding what is being said. Some reasons for this are:

- Using language and concepts that are too technical, or outright jargon
- Trying to get across too much detail
 the story just gets lost
- Putting too many conditions or restrictions on a statement – this makes the communication look untrustworthy

GET THE MESSAGE OUT

Once a board knows who its stakeholders are and what it wants to communicate, it is time to actively get the message to the right people. Boards will usually work very closely with management on getting the message out. This helps ensure consistency of messages, and ensures that lines of communication are maintained between board and management.

Planning the timing of communication delivers the most benefit for your effort. For example, a hui before the start of a financial year can generate good feedback on planning, allowing time for changes to be incorporated and can show up where issues may arise once the plan moves to implementation.

There is a huge range of communications techniques from informal chats to web-sites to national newspaper ads. Any one of them can be the right technique for the right stakeholder in the right situation.

Beneficial owners are a particularly important audience for many Māori organisations, and it can be a challenge to communicate with them, as many live away from their rohe, in some cases overseas.

What follows is a summary of communications channels and techniques that have been successfully used by Māori organisations. Note that even if a communication channel is directed at a specific audience, such as beneficial owners or staff, the board should ensure that the communication is managed as if it were in the public arena. Common channels:

- Hui: The most important communication channel for Māori is face-to-face. Excellent organisation and planning will get the most return on the time and expense invested in the hui. A good Chair, extensive advance advertising, an opportunity for people coming to add to the agenda and planning to end on a positive "good story" note can all help.
- Annual Meeting (Hui-a-tau): The most important meeting between the board and the shareholders or beneficial owners each year is the annual meeting. Detailed planning of the event and agenda will give the best outcome.
- Chief Executive Board Chair meetings: Good Chief Executive – Board Chair communication is essential for the unity and direction of the organisation. Most Chief Executives and Board Chairs have a schedule of regular meetings throughout the year and add in meetings when necessary.
- Management Board meetings: Members of management will usually be asked to present on particular issues to the board at regular meetings. There may also be value in holding occasional joint meetings

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between the management team and the board.

- Newsletters and magazines: These
 can be anything from a formal
 magazine to newsletters that are
 created by the contributions of
 different whānau and hapū, with a
 section for board communication.
 Making sure the style and format
 matches the expectations and needs
 of the stakeholders is essential a
 glossy newsletter may be seen as
 wasting money by some stakeholders,
 but as a statement of professionalism
 and pride by others.
- Media through press releases, briefings and interviews: Establishing long-term relationships with media means that reporters know who they should be speaking to, and that they have some understanding of your organisation and its activities. A media plan, which includes media training for board spokespeople, is essential for any organisation that may have interaction with the media, whether planned or "reactive".
- Communication through whānau leaders: Communicating with whānau leaders and asking them to pass on the information can give a sense of ownership and generate discussion within the whānau about

where the organisation is going and what it is doing.

- Email: A fast, low cost, and personal channel that relies on a good database. Email can be very useful when stakeholders are widespread throughout New Zealand, or the world.
- Websites: Maintaining an up-todate, easy-to-use website makes information about the organisation easily accessible to your stakeholders, and can help people who live away from their rohe feel in touch with their organisation.
- Letters on specific topics of importance: Formal letters are useful for specific information which needs to be referred to again, or passed on to other people.
- Iwi radio: Radio offers the opportunity for interactive discussion of issues of importance to the organisation.
- Briefings: Bringing a group of stakeholders together, for example, all the government agencies in an area, to talk about something new, or to correct an ongoing misperception, gives a chance for targeted communication.
- Staff hui: Staff are the people delivering on the vision for the organisation and a critical stakeholder group.

- Phone calls: Phoning people is most useful when you need to be sure that your audience has got your message and has had a chance to clarify understanding.
- Surveys: Listening is 50 percent of communication. A properly run survey (e.g. using a constructed sample group rather than ringing a few people) can give a board feedback that it would not get through other channels.
- Paid editorial: Organisations with a strong need to put their stories to a wide audience could consider paid newspaper editorial content – "advertorials".
- Print or radio advertising: Can be useful for advertising key meetings, or responding to major crises.

An accurate, up-to-date contact database is critical to the success of many of these channels. 13

CRISIS COMMUNICATION

Good planning will ensure that most communication with stakeholders happens

in a managed way, but there is always the risk of an unforeseen issue arising, often in the media, which has the potential to negatively affect the organisation's reputation and possibly even operation.



Good crisis management can actively enhance the organisation's reputation by showing a strongly professional and effective response to the crisis.

The types of events that can precipitate a crisis in stakeholder communications include:

- Board members disagreeing publicly with board decisions
- Accidents or events causing harm or loss to customers, staff or members of the public
- Disgruntled owners going directly to the media
- Perceptions that conflicts of interest have been ignored by the board
- Unauthorised actions by board members or organisation members
- A government investigation
- Major financial losses
- Accusations of fraud or other illegal activity
- Accusations of discrimination
- The arrest of a board member
- Accusations of mis-spending of government funding

The board will then be required to move into crisis communication mode. The effect of the crisis will depend to a great extent on how well the board manages communication during this time.

A crisis is an opportunity to demonstrate the board's integrity and ability to deal with difficult

issues and situations. It is also a time when the value of the positive relationships a board has built with stakeholders come to the fore.

The key to good crisis communications is to plan before the crisis. Although every crisis is different, and the plan will need to be adjusted in each case, the basics stay the same. Preparation will assist a fast response and reduce the stress a crisis creates.

Elements of the crisis communications plan

- Ensure everyone knows the importance of speaking with one voice, and who's voice it should be
- Designate the spokesperson for crisis communications (usually the Chair of the board or the Chief Executive) and who will deputise if either of these is unavailable. Make sure everyone is aware that only the spokesperson can comment to any external stakeholder
- Know who will be involved in the crisis communications team (this could include the Chair of the board, the Chief Executive, your lawyer and your communications person) and have all their contact details at the ready

In a crisis

- Bring the crisis communications team together
- Get the facts
- Make sure you are fully aware of all the legalities involved in the issue
- Develop clear key messages on your position – use plain English or Māori
- Make sure the spokesperson is well prepared (this could include running a hard "question and answer" session to make sure potentially difficult questions are anticipated and answers prepared)
- Get your position out to stakeholders quickly and professionally
- Keep priority audiences up-to-date with clear statements about what is happening (this could include shareholders/owners, employees, government agencies) - do not let them get all their information through the media. Your owners and employees, in particular, need to feel like "insiders"
- Make sure media representatives have the context they need for balanced reporting. Often a background fact sheet or information on your website

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will give journalists the background they need to do a good job

- Treat all media equally unless you are sure your relationships with particular journalists will work to your advantage
- Be as open and upfront as you can. If you don't provide information, journalists will find it from another source
- Work with supportive stakeholders who are prepared to comment publicly in your favour
- Keep a record/log of all queries and interactions with the media and who is dealing with each item

MORE INFORMATION

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