



**POLICY ON APPOINTMENT AND  
REMUNERATION OF DIRECTORS TO COUNCIL  
CONTROLLED ORGANISATIONS AND  
COUNCIL ORGANISATIONS**

Adopted 23 October 2019

## **1. Introduction**

1.1 Section 57(1) of the Local Government Act 2002 (the Act) requires a local authority to adopt a policy that:

*“sets out an objective and transparent process for –*

- (a) the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and*
- (b) the appointment of directors to a council organisation; and*
- (c) the remuneration of directors of a council organisation.”*

1.2 Section 6 of the Act defines a council controlled organisation and a council organisation.

1.3 A council controlled organisation is any organisation in which a council controls more than 50% of the directors.

1.4 A council organisation is any organisation, in which a council controls any proportion of the voting rights or can appoint any directors.

1.5 “Directors” includes trustees, managers and office holders.

## **2. Council Organisations (CO’S)**

2.1 Council and its Community Boards are often invited to supply representatives to various local groups.

2.2 Council or Community Boards appoint their members to organisations based on the willingness and knowledge of a member to be a representative.

2.3 Appointments are for the life of a Council/Community Board.

2.4 No remuneration is made for any appointments of Councillors or Board members to COs.

2.5 If Council or Community Boards appoint non-members to organisations, the applicants will be selected and appointed in compliance with each organisation’s trust deeds.

## **3. Council Controlled Organisations (CCO’S)**

3.1 Skills

The Council considers that any person that it appoints to be a Director of a CCO should, as a minimum, have the following skills:

- intellectual ability
- an understanding of governance issues
- either business experience or other experience that is relevant to the activities of the organisation (or both)
- sound judgement
- a high standard of personal integrity
- the ability to work as a member of a team
- commitment to the principles of good corporate citizenship
- understanding of the wider interests of the publicly accountable shareholder

### 3.2 Appointment Process

When vacancies arise in any CCO, the Council will follow the following process for appointing Directors.

The Council will decide in open Council whether to advertise a particular vacancy or to make an appointment without advertisement. When making this decision the Council will consider:

- the costs of any advertisement and process
- the availability of qualified candidates
- the urgency of the appointment (a CCO that is without a quorum cannot hold board meetings)

### 3.3 Appointment by Advertisement

Where the Council decides to advertise a vacancy, it will form an ad hoc committee comprising of the Mayor and Deputy Mayor to consider applications and make a recommendation to the Council.

### 3.4 Appointment without Advertisement

Where the Council decides not to advertise a particular vacancy it will refer the matter to the Executive Committee.

The Committee will identify a shortlist of candidates whom it considers meet the above criteria and will forward those to Council together with a report explaining why these candidates meet the criteria. The Committee may make a recommendation.

### 3.5 Final Appointment

The Council will make a decision in committee (thus protecting the privacy of natural persons). Public announcement of the appointment will be made as soon as practicable after the Council has made its decision.

An elected member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on that appointment.

### 3.6 Conflicts of Interest

The Council expects that the directors of council organisations will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations the Council requires directors to follow the provisions of the New Zealand Institute of Director's Code of Ethics. All Directors are appointed at 'the pleasure of the Council' and may be dismissed for breaches of this code.

### 3.7 Remuneration

Remuneration of directors of CCOs is a matter of public interest.

Where the Council is the sole shareholder in a particular organisation the Council will set the directors' remuneration either by resolution at the annual general meeting, or will review salaries on an annual basis (for those organisations that do not have such a meeting). In reaching a view on the appropriate level of remuneration for directors of council organisations the Council will consider the following factors:

- the need to attract and retain appropriately qualified people to be directors of the CCO
- the levels and movement of salaries in comparable organisations (the Council will retain professional advice on salary levels and movements)
- the objectives of the CCO (in particular whether or not the CCO operates on a charitable basis)
- the past performance of the CCO
- whether the CCO is operating as a trading undertaking
- the financial situation of the CCO

In cases where the Council cannot exercise direct control, such as in an organisation where it is one shareholder among many, it will conduct its own monitoring of salaries against the above factors and will publicly disclose the name of any CCO which it considers is not complying with the above factors.

#### **4. Effective Date**

- 4.1 This policy came into effect on 1 July 2009 and was re-adopted by Council on 26 October 2016.