



Hauraki District Council

Appointment and Remuneration of Directors of Council Organisations Policy

2015



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1. INTRODUCTION

1.1 Purpose

The Hauraki District Council (the Council) is required by section 57(1) of the Local Government Act 2002 (the Act) to adopt a policy for the selection, appointment and remuneration of directors of council organisations.

Council is required to adopt a policy that sets out an objective and transparent process for:

- the identification and consideration of the skills, knowledge and experience required of directors of a council organisation;
- the appointment of directors to a council organisation;
- the remuneration of directors of a council organisation.

1.2 Principles

The following principles underpin this Policy:

- The key objective for the Council in the appointments process is to select the most suitable person for the role.
- All appointments will be made through an objective, transparent and accountable process.

Prior to Council deciding to appoint a director to any organisation, Council's involvement will be assessed against the following principles.

- The organisation's goals and objectives must fit with Council's directions as stated in its Long Term Plan.
- Appointments must apply good governance principles to the organisation.
- The benefits of appointing a director or directors must outweigh other methods of achieving Council's objectives.

2. DEFINITIONS

The following summary definitions are for guidance purposes only. Please see section 6 of the Act for fuller definitions.

COMPANY

Company means a body corporate.

COUNCIL ORGANISATION (CO)

A Council Organisation is, in broad terms, an organisation in which the Council has voting interest or the right to appoint a director. This is a wide ranging definition and covers a large number of bodies.

COUNCIL-CONTROLLED ORGANISATION (CCO)

A Council-Controlled Organisation is a CO in which one or more local authorities control, directly or indirectly, 50% or more of the votes or have the right, directly or indirectly, to appoint 50% or more of the directors.

COUNCIL-CONTROLLED TRADING ORGANISATION (CCTO)

A Council-Controlled Trading Organisation is a CCO that operates a trading undertaking for the purpose of making a profit.

DIRECTORS

A director includes company directors, trustees, members, managers and office holders of an organisation.

ORGANISATION

Includes partnerships, trusts, arrangements for sharing profits, unions of interest, co-operations, joint ventures and similar arrangements.

For the purpose of this Policy a reference to a 'CO' in sections 3 - 10 does NOT include reference to a CCO that has been exempt from those requirements pursuant to section 7(4) or section 6(4)(f) of the Act.¹

For the purpose of this Policy a reference to a 'CCO' includes a reference to a CCTO and a CCO that has been exempt from those requirements pursuant to section 7(4) or section 6(4)(f) of the Act.

An indicative list of Council COs and CCOs is attached as Appendix A of this Policy.

3. IDENTIFICATION OF REQUIRED SKILLS, KNOWLEDGE AND EXPERIENCE OF DIRECTORS

3.1 Council Organisations

3.1.1 The Council may appoint a person as a member of a CO only if the Council considers the person has the skills knowledge and experience to:

- guide the organisation given the nature and scope of its activities; and
- contribute to the achievement of the objectives of the organisation.

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

- an understanding of governance issues;
- either business experience or other experience that is relevant to the activities of the organisation (or both);
- sound judgement;
- intellectual ability;
- a high standard of personal integrity;
- the ability to work as a member of a team.

¹ At the time of writing this Policy the Hauraki Rail Trail Charitable Trust, Destination Coromandel Trust, Martha Trust and Thames Valley Rural Fire Authority are exempt from the requirements of a CCO pursuant to section 7(4) of the Act. Civic Assurance is exempt from the requirements of a CCO pursuant to section 6(4)(f) of the Act.

3.2 Council-Controlled Organisation

3.2.1 In addition to the skills identified in section 3.1.1 and 3.1.2 of this Policy, appointments to a CCO shall also have the following skills:

- the ability to assist the organisation to meet its objectives as set out in its statement of intent and/or Trust Deed.

4. APPOINTMENT OF DIRECTORS TO COUNCIL ORGANISATIONS

4.1 Appointment process of Directors to COs

4.1.1 Council has a non-controlling interest in a number of COs. These are mainly not for-profit bodies. Appointments are made by Council to these organisations for a number of reasons. These include:

- to provide a means of monitoring where the Council has made a grant to that body;
- to enable Council involvement where the CO's activity is relevant to the Council;
- to satisfy a request from the organisation that the Council appoint a representative;
- statutory requirements.

4.1.2 The Council will endeavour to minimise the number of appointments to a CO where the benefit to the Council of such an appointment is minimal.

4.1.3 Council will nominate potential directors at a meeting of Council at the beginning of each triennium (after local government elections). Following consideration of the nominees' skills, knowledge and experience, Council will appoint its preferred candidate by way of resolution of Council.

4.1.4 Vacancies may occur during a triennium, or new organisations may seek a Council representative on their organisation. In such cases the appointments will be made by way of resolution of Council, having regard to the criteria specified in this Policy.

4.2 Appointment of Elected members to COs

4.2.1 Appointments to COs will generally be Elected members.

4.3 Appointment of Council's Chief Executive Officer or Employees to COs

4.3.1 Appointments to COs may include Council staff or the Chief Executive Officer as deemed appropriate by Council.

5. APPOINTMENT OF DIRECTORS TO COUNCIL-CONTROLLED ORGANISATIONS

5.1 Appointment process of Directors to CCOs

- 5.1.1 Where there are positions for external appointments (non-Elected Members), Council will seek nominations accompanied by information about the nominee's relevant skills, experience and attributes.
- 5.1.2 The Council Organisation Appointment Sub-Committee will consider all applications for the appointment of directors to CCOs, having regard to criteria specified in this Policy. The applicants will be scored against Council's 'Appointee Decision Making Matrix' which outlines the requirements contained in section 3.0 of this Policy.
- 5.1.3 The Council Organisation Appointment Sub-Committee will make a recommendation to Council on the appointment of a director and Council will appoint its preferred candidate by way of resolution of Council.

5.2 Appointment of Elected members as Directors to CCOs

- 5.2.1 All Elected members are eligible to seek nomination as a director of a CCO, subject to the processes of this Policy.
- 5.2.2 Care should be taken when appointing Councillors as directors of CCOs as this may create a conflict between their obligations to the CCO and their obligations to Council.
- 5.2.3 An Elected member appointment must add value to the work of the Board and is not a substitute for a formal monitoring relationship between the Council and the CCO.
- 5.2.4 Any Elected member must have the required skills as identified in this Policy.
- 5.2.5 The Council will make the appointment by way of resolution of Council.

5.3 Appointment of Council's Chief Executive Officer or Employees as Directors to CCOs

- 5.3.1 Council's Chief Executive Officer and employees are eligible to seek nomination as a director of a CCO, subject to the processes of this Policy.
- 5.3.2 Care should be taken when appointing Council's Chief Executive Officer or employees as directors of CCOs as this may create a conflict between their obligations to the CCO and their obligations to Council.
- 5.3.3 Any employee of Council must have the required skills as identified in this Policy.
- 5.3.4 The Council will make the appointment by way of resolution of Council.

6. TERM OF APPOINTMENT

- 6.1 Appointments to a CO are generally for a three year term, and are made at a meeting of Council shortly after the triennial meeting of Council.
- 6.2 Appointments to a CCO may be for any term but will generally be made for three years and made after the triennial Council elections.
- 6.3 Appointments to a CCO must comply with the Terms of Reference, Constitution, Trust Deed or other relevant rules and regulations for each CCO.

7. DIRECTOR'S RESPONSIBILITIES

- 7.1 Subject to any Trust Deed or Constitution requirements, at the time of appointment the responsibilities of the director(s) in relation to reporting back to Council will be determined. As a minimum appointees will report on the progress of the CO and CCO annually.

8. CONFLICT OF INTEREST

- 8.1 The Council expects that any appointments to any CO or CCO 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 Council's Code of Conduct or, in the absence of a Code of Conduct, the New Zealand Institute of Directors' Code of Ethics.

9. DISMISSAL OF DIRECTORS

- 9.1 All members are appointed "at the pleasure of the Council" and may be dismissed by way of resolution of Council.

10. REMUNERATION OF DIRECTORS

10.1 Council Organisations

- 10.1.1 Remuneration of Council appointments to COs is a matter of public interest.
- 10.1.2 Elected members that are directors of COs will receive the remuneration (if any) offered by that body.
- 10.1.3 In the event of Council's Chief Executive Officer or an employee of Council being appointed to a CO where remuneration is paid, the fees for that appointee shall be paid to Council, unless the Council determines there are special circumstances.

10.2 Council-controlled Organisations

- 10.2.1 Remuneration of Council appointments to CCOs is a matter of public interest.
- 10.2.2 For CCOs, Council, in conjunction with other shareholders, will set the director's remuneration by resolution at the Annual General Meeting.
- 10.2.3 On reaching a view on the appropriate level of remuneration for directors the shareholders representative will consider the following factors:
- the need to attract and retain appropriately qualified people to be directors;
 - the level and movement of salaries in comparable organisations;
 - the past performance of the organisation;
 - the financial position of the organisation;
 - the objectives of the CCO (in particular whether or not the CCO operates on a charitable basis).
- 10.2.4 Any director of a CCO appointed by the Council will receive the remuneration (if any) offered by that body.

11. REVIEW REQUIREMENTS

- 11.1 This policy will be reviewed every five years.
- 11.2 If directed by Council this Policy can to be reviewed or amended earlier than every 5 years.

12. DOCUMENT MANAGEMENT AND CONTROL:

	Title:		<i>Appointment & Remuneration of Directors of Council Organisations Policy.</i>	
	Sponsor:		Approved By:	
	<i>Strategic Planning</i>		<i>Council</i>	
	Adopted:	Review Date:	Version:	File Ref:
	29 April 2015	January 2020	Version 3	1286311-v3
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Appendix One: Council Organisations and Council-controlled Organisations

Council Organisation	Council Organisation (exempt from CCO requirements pursuant to section 7 of the LGA)	Council-controlled Organisation
Mangatarata Reserve Committee	Civic Assurance (New Zealand Local Government Insurance Co Ltd)	Local Authority Shared Services
Kerepehi Reserve Committee	Destination Coromandel Trust	New Zealand Local Government Funding Agency Ltd
Waitakaruru Reserve Committee	Hauraki Rail Trail Trust	
Hugh Hayward Domain Committee	Martha Trust	
Turua Reserve Committee	Thames Valley Rural Fire Authority	
Patetonga Reserve Committee		
Kaihere Reserve Committee		
Haurakian Charitable Trust		
Kaiaua Residents and Ratepayers Committee		
Domain Users Group (Paeroa Ward)		
Rotokohu Sports Ground Management Committee		
Karangahake Mackaytown Reserve Committee		
Netherton Reserve Committee		
Centennial Park Trust Board		
Golden Cross Mine Community Consultative Group		
Positive Paeroa		
Paeroa Swimming Pool Users Group		
Waihi Community Forum		
Waihi Arts Centre and Museum		
Whiritoa Emergency Management Centre Committee		
Whiritoa Community Liaison Committee		

Council Organisation	Council Organisation (exempt from CCO requirements pursuant to section 7 of the LGA)	Council-controlled Organisation
Waikino Liaison Society		
Golden Cross Mine Community Consultative Group		
Waihi Community Vision (Ward Representative)		
Go Waihi		
Waitawheta Camp		