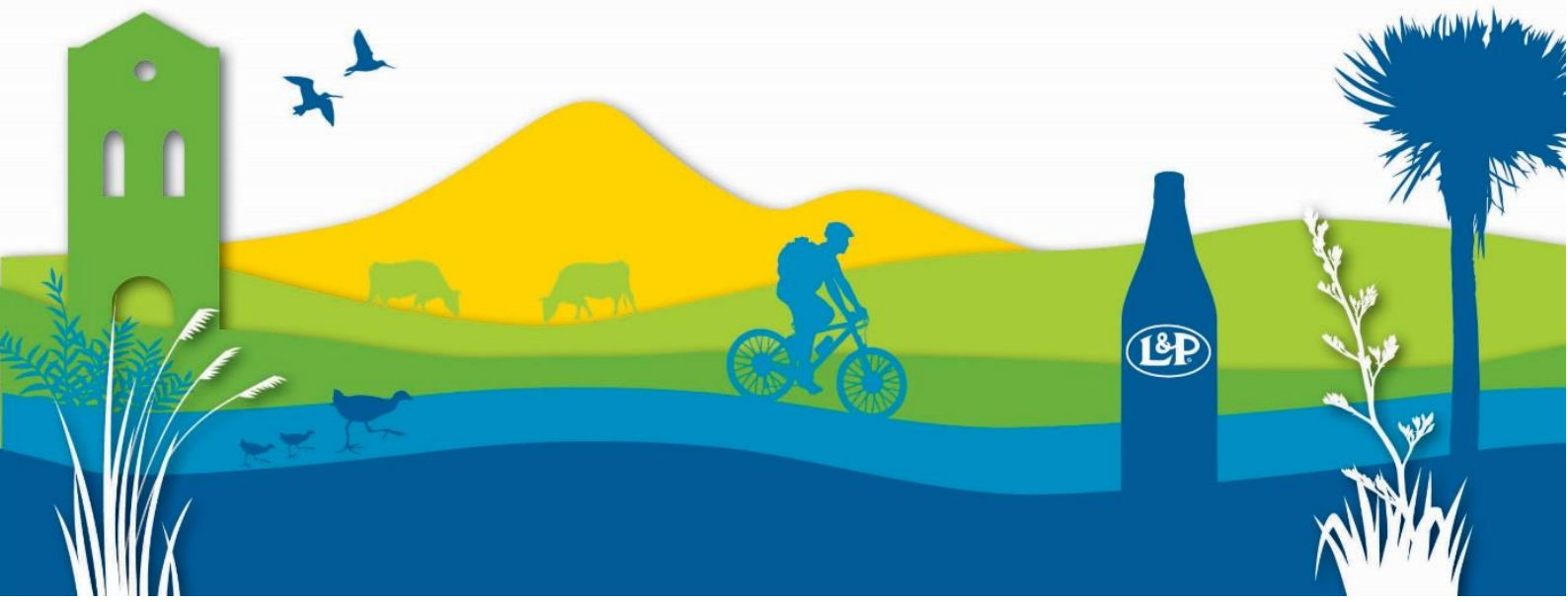




2020

Directors of Council Organisations Policy

our home, our future
tō tātou rohe kāinga, tō tatou ao tūroa



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1. Introduction

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

2. Objectives

- 2.1. In the appointment of directors process the most suitable person for the role is chosen.
- 2.2. All appointments will be made through an objective, transparent and accountable process.

3. Glossary

- 3.1. Unless the context requires otherwise, the definitions of words or terms used in this policy that are also used in the Local Government Act 2002, are those defined in that Act.
- 3.2. The following summary definitions are for guidance purposes only. Please see section 6 of the Act for fuller definitions.

Act	means the Local Government Act 2002.
Company	means a body corporate.
Council organisation	is in broad terms, an organisation in which the Council has voting interest or the right to appoint a director.
Council-controlled organisation	is a council organisation 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. For the purposes of this policy, reference to a council-controlled organisation includes those organisations exempt under the Act, and includes council-controlled trading organisations. ¹
Council-controlled trading organisation	is a council-controlled organisation that operates a trading undertaking for the purpose of making a profit.

¹ At the time of writing this policy the Hauraki Rail Trail Charitable Trust, Destination Coromandel Trust and Martha Trust are exempt from the requirements of a council-controlled organisation in accordance with section 7(4) of the Act. Civic Financial Services is exempt from the requirements in accordance with section 6(4)(f) of the Act.

Directors	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.

4. Council involvement with an organisation

- 4.1. Prior to the Council deciding to appoint a director to any council organisation, Council's involvement will be assessed against the following principles:
- the organisation's goals and objectives must fit with the Council's direction as stated in its Long Term Plan;
 - appointments must apply good governance principles to the organisation;
 - the benefits of appointing a director must outweigh other methods of achieving Council's objectives.

5. Conflict of interest

- 5.1. The Council expects that any appointment to a council organisation will avoid situations where the director's actions could give rise to a conflict of interest. To minimise the risk of a conflict of interest, the Council requires:
- directors that are elected members to follow the relevant provisions of the Council's Code of Conduct, and
 - directors that are not elected members to follow the provisions of the New Zealand Institute of Directors' Code of Practice.

6. Skills, knowledge and experience of directors

- 6.1. The Council may appoint a person to a council organisation only if the Council considers that 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.
- 6.2. The Council considers that any person it appoints to a council organisation 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;
 - if applicable, the skills and attributes of a director set out in the relevant trust deed and/or relevant governing document.

- 6.3. In addition to the requirements in 6.1 and 6.2, a person appointed to a council-controlled organisation will have the ability to assist the organisation to meet its objectives as set out in its statement of intent and/or trust deed.

7. Appointment of directors to council organisations, that are not council-controlled organisations

- 7.1. The Council has a non-controlling interest in a number of council organisations, that are not council-controlled organisations. These are mainly not for-profit bodies. Appointments are made by the Council to these organisations for a number of reasons. These include to:
- provide a means of monitoring the organisation's work where the Council has made a grant to that body;
 - enable Council involvement where the activity is relevant to the Council;
 - to satisfy a request from the organisation that the Council appoint a representative;
 - statutory requirements.
- 7.2. The Council will endeavour to minimise the number of appointments to a council organisation where the benefit to the Council of such an appointment is minimal.
- 7.3. Appointments to a council organisation will generally be Elected Members.
- 7.4. Appointments to a council organisation may include an employee of the Council when deemed appropriate by the Council.
- 7.5. 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, the Council will appoint its preferred candidate by resolution.
- 7.6. Vacancies may occur during a triennium, or new organisations may seek a Council representative to their organisation. In these cases, the Council's Organisations Appointment Working Party will consider all potential directors, having regard to criteria specified in this policy. The applicants will be scored against Council's 'Appointee Decision Making Matrix' attached as Appendix A. The Working Party will make a recommendation to the Council on the appointment of a director and the Council will appoint its preferred candidate by resolution.

8. Appointment of directors to council-controlled organisations

- 8.1. Where there are positions for external appointments (non-Elected Members) to a council-controlled organisation, the Council will seek nominations accompanied by information about the nominee's relevant skills, experience and attributes.
- 8.2. Except as delegated below, the Council Organisations Appointment Working Party will consider all applications for the appointment of directors to council-controlled organisations, having regard to criteria specified in this policy. The applicants will be scored against Council's 'Appointee Decision Making Matrix' attached as Appendix A. The Working Party will make a recommendation to the

Council on the appointment of a director and the Council will appoint its preferred candidate by resolution.

- 8.3. The Council delegates the decision on the appointment of directors of council-controlled organisations where Council holds less than 20% of the shares, or voting rights, to the Mayor and Chief Executive.
- 8.4. Elected Members and employees of the Council are eligible to seek nomination as a director of a council-controlled organisation, however care should be taken as this may create a conflict between their obligations to the council-controlled organisation and their obligations to the Council.
- 8.5. An Elected Member or Council employee appointment to a council-controlled organisation must add value to the work of the Board and is not a substitute for a formal monitoring relationship between the Council and the council-controlled organisation.

9. Term of Appointment

- 9.1. Appointments to a council organisation, that is not a council-controlled organisation, are generally for a three-year term. Appointments are made at a meeting of the Council shortly after the local government elections, or as recommended by the Council Organisations Appointment Working Party.
- 9.2. Appointments to a council-controlled organisation will be for a term of three years, unless the Council specifies a shorter time via resolution.
- 9.3. The term of appointment to a council-controlled organisation must comply with the Terms of Reference, Constitution, Trust Deed or other relevant rules and regulations for that organisation.

10. Remuneration of directors

- 10.1. Remuneration of Council appointments to council organisations is a matter of public interest.
- 10.2. Elected members that are directors of council organisations and appointed by the Council will not receive the remuneration (if any) offered by that body.
- 10.3. In the event an employee of the Council is appointed to a council organisation that is not a council-controlled organisation, where remuneration is paid, the fees for that appointee shall be paid to the Council, unless the Council determines there are special circumstances.
- 10.4. Any director of a council-controlled organisation appointed by the Council will receive the remuneration (if any) offered by that body.
- 10.5. For council-controlled organisations, remuneration will be set in accordance with the Terms of Reference, Constitution, Trust Deed or other relevant rules and regulations for that organisation.
- 10.6. On reaching a view on the appropriate level of remuneration for directors the Council 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 council-controlled organisation and in particular whether or not it operates on a charitable basis.

10.7. The Council delegates decisions on the remuneration of directors of council-controlled organisations where Council holds less than 20% of the shares, or voting rights, to the Mayor and Chief Executive.

11. Reporting responsibilities of directors

11.1. As a minimum directors will report on the progress of a council organisation annually. At least one director will present this information to the Council.

11.2. The specific reporting requirements for council-controlled organisations are outlined in the Act. At least one director will present annually to the Council.

12. Dismissal

12.1. All members are appointed 'at the pleasure of the Council' and may be dismissed by resolution of the Council.

13. Related Council policies/strategies or guidelines

13.1. The delegations for the Mayor and Chief Executive and the Council Organisations Appointment Working Party are contained in the Council's Delegations Manual.

14. Review

14.1. The policy will be reviewed within five years.

15. Document management and control

Title	Directors of Council Organisations Policy 2020
Sponsor	Strategic Planning
Approved by:	Chief Executive Officer
Adoption date:	27 May 2020
Review by:	May 2025
File ref:	2703372

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Appendix A: Appointee Decision Making Matrix

Description	Scoring Yes/No
General Skills, Ability and Knowledge to:	
Guide the organisation given the nature and scope of its activities.	
Contribute to the achievement of the objectives of the organisation.	
Specific 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.	
Meets the skill requirements as outlined in the relevant trust deed (if applicable)	
Conflict of Interest: Does the candidate have an actual or perceived conflict of interest?	
Note: A score of a 'No' under general or specific skills disqualifies the candidate for consideration. If the candidate has an actual or perceived conflict of interest this disqualifies the candidate for consideration.	

Appendix B: Examples of council organisations and council-controlled organisations

Council-controlled organisations

Waikato Co-Lab (was Waikato Local Authority Shared Services)

New Zealand Local Government Funding Agency Ltd

Council organisations (exempt as council-controlled organisations)²

Destination Coromandel Trust

Hauraki Rail Trail Charitable Trust

Martha Trust

Civic Financial Services Ltd.

Council organisations

Waihi Vision Trust

Positive Paeroa

Go Waihi

Positively Promoting the Plains

² These council organisations were established as council-controlled organisations, but at the time of writing this policy are exempt from being a council-controlled organisation by the Council, or are exempt directly under the Local Government Act 2002. However, the clauses that apply to council-controlled organisations in this policy also apply to these exempt council organisations.



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