

# Appointment of Directors to CCOs Policy

## Objectives

- To disclose the process and criteria Council will apply to the appointment, removal and setting of remuneration for directors of CCOs.
- To outline the consultation process to be undertaken with the Ruapehu community on appointment and remuneration.
- To comply with Section 57 of the LGA.

## Principles

This policy is developed in compliance with section 57 of the Local Government Act 2002 (LGA). It addresses the criteria and procedures for appointment and remuneration of Directors to Council Controlled Organisations (CCO) as defined under Section 6. The Policy targets the following Community Outcomes (CO):

- CO 12 Key service providers consult with the community and common goals are identified and worked towards.
- CO 16 A community that encourages participation in planning around community or district issues and promotes community responsibility.

## Background

Section 57 of the LGA Appointment of Directors states:

- (1) A local authority must 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.
- (2) A local authority may appoint a person to be a director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to-

- (a) guide the organisation, given the nature and scope of its activities; and
- (b) contribute to the achievement of the objectives of the organisation.

## Policy Statement

### 1. Definitions

#### Council Controlled Organisation

Section 6 (1) of the LGA defines a CCO in the following way:

*Council-controlled organisation means a council organisation that is:*

- (a) a company-
  - (i) in which equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the company are-
    - (A) held by 1 or more local authorities; or
    - (B) controlled, directly or indirectly, by 1 or more local authorities; or
  - (ii) in which 1 or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or
- (b) an organisation in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons-
  - (i) control, directly or indirectly, of 50% or more of the vote at any meeting of the members or controlling body of the organisation; or
  - (ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the organisation.

### 2. Scope

When Council is involved with CCOs under the definition of Section 6 (1)(b) of the LGA, it will disclose its interests in these organisations in the LTP.

### 3. General Criteria

Council will appoint persons to the directorship of CCO's under the criteria outlined in Section 57(2) of the LGA, specifically, persons that Council considers have the skills, knowledge and experience to:

- Guide the organisation given the nature and scope of its activities.
- Contribute to the achievement of the objectives of the organisation.
- Council will use an objective and transparent process for identifying and considering the skills required of a CCO director.

Any person appointed as a CCO director under this Policy will receive a copy of the Policy for their information.

### 4. Skill Criteria

Council considers that any person that it appoints to be a director of a CCO should clearly demonstrate, the following skills:

- Intellectual ability
- Business experience or other experience, skills or qualifications that is relevant to the activities of the organisation (or both)
- Sound judgement
- High standard of personnel integrity
- Ability to work as a team member
- Understanding of governance issues.

### 5. Appointment Processes

When vacancies arise in any CCO, Council will follow the following appointment process.

- (a) Council will resolve in a public meeting whether to advertise a particular vacancy or make an appointment without advertisement, and outline the process for appointment and setting of remuneration, including
  - Recruiting of candidates
  - Contract development and negotiation
  - Ongoing performance monitoring
- (b) When taking a decision on this matter, Council will consider:
  - The costs and benefits of any advertisement
  - The availability of qualified candidates
  - The urgency of the appointment

- The degree of public interest in the issue.
- (c) Council will consider applications and resolve an appointment on a confidential basis (thus protecting the privacy of natural persons). Public notice of the appointment will be made as soon as practicable after Council has made its decision.
  - (d) An elected member who is under consideration to fill a particular vacancy may not be present in the discussion or vote on that appointment.

### 6. Reappointment

Where a director's term of appointment has expired and he or she is offering him/herself for reappointment, Council will consult on a confidential basis with the Chairperson with regard to:

- Whether the skills of the incumbent add value to the work of the board;
- Whether there are other skills which the board needs;
- Succession issues.

Council will consider the information obtained on a confidential basis and, taking into account the director's length of tenure, decide on the appropriateness of reappointment or making a replacement appointment.

Where reappointment is not considered appropriate then the appointment process outlined above will apply.

### 7. Length of tenure

Length of tenure will be decided by Council prior to appointment.

### 8. Remuneration

The CCO's Statement of Corporate Intent or equivalent document will determine the process for setting and disclosing of remuneration of directors.

### 9. Removal of Directors

Directors appointed to CCOs by Council are in the role at the pleasure of Council. Council may terminate a director's appointment any time by way of written notice.

## 10. Other Provisions

Council expects that directors of Council organisations will avoid situations where their actions could give rise to a conflict of interest. To minimise these situations, Council requires directors to follow the provisions of the New Zealand Institute of Directors' Code of Ethics for Partnerships, Joint Ventures and other arrangements that are not companies, and the

provisions of the Companies Act 1993. All directors are appointed 'at the pleasure of the Council' and may be dismissed for breaches of these stated documents.

### ***Delegations***

Refer to Council's Delegations Manual.