

Appointing Directors and Trustees to Council Controlled Organisations Policy

Policy Owner	Chief Executive
Approved By:	Policy & Regulatory Committee
Approval Date:	18 February 2014
Resolution Number	P&R1402/07/7
Effective Date	February 2014
Next Review Date:	February 2017

Introduction

Council owns shares in a number of organisations that are defined as Council Controlled Organisations (CCO) by the Local Government Act 2002. These are:

Strada Corporation Limited (100% owned by Council).

This company delivers civil engineering and open space management services. The Council has the right to appoint all directors.

The Strategy & Finance Committee of Council monitors the performance of Strada Corporation Limited.

His Worship the Mayor is our Shareholder representative as he holds all the shares.

Waikato Regional Airport Limited

Council owns a 15.625% shareholding. This company manages and operates the Hamilton International Airport. Other shareholders of this company are:

- Hamilton City Council	50.000%
- Matamata-Piako District Council	15.625%
- Waipa District Council	15.625%
- Otorohanga District Council	3.125%

Council must co-operate with the other shareholders for the appointment of directors.

The Strategy & Finance Committee of Council monitors the performance of Waikato Regional Airport Limited.

The Council's shareholder representatives are His Worship the Mayor and, in his absence, the Deputy Mayor. Council must co-operate with the other shareholders for the appointment of directors.

Local Authority Shared Services Limited (LASS)

Council holds an equal shareholding with 11 other Waikato local authorities. The Council has the right to appoint one Director.

The performance of LASS is monitored by the Chief Executive and reported on a six-monthly basis to the Strategy & Finance Committee.

Council is also involved in the **Waikato District Community Wellbeing Trust**. This Trust was formed out of proceeds from the winding up of the Waikato Foundation Trust. The Trust invests its funds and provides grants to the community.

Council appoints Trustees and the performance of the Trust is monitored by the Strategy & Finance Committee on an annual basis.

Objectives

To outline Council's policy on appointments and remuneration of Directors and Trustees of Council Controlled Organisations.

Related Documents/Legislation

Local Government Act 2002

Policy Statements

1.0 APPOINTMENT OF DIRECTORS AND TRUSTEES

1.1 General

Council considers that persons to be considered for directorship must have the skills, knowledge and experience to:

- i) guide the organisation given the nature and scope of its activities
- ii) contribute to the achievement of the objectives of the organisation
- iii) deliver a financial return on shareholder investment

1.2 Skills Required

Council considers any person that it appoints to be a director of a Council Controlled Organisation should, as a minimum, have the following skills:

- i) effective governance experience
- ii) either business experience or other experience that is relevant to the activities of the organisation (or both)
- iii) sound judgement
- iv) a high standard of personal integrity
- v) the ability to work as a member of a team
- vi) ability to drive performance and financial return
- vii) proven record of success in business growth and development

1.3 Recruitment and Appointment Process

Council will not appoint elected representatives as directors of Council Controlled Organisations.

When vacancies arise in each Council Controlled Organisation, the Council will undertake the following process:

- a) **Strada Corporation Limited**
The Council will identify potential directors through various sources, such as the Institute of Directors and knowledge in the community. These people will be approached to establish their interest in being a director.
- A Council appointed sub-committee comprising of His Worship the Mayor, the Deputy Mayor, the Chairperson of the Strategy & Finance Committee and the Chief Executive will then undertake the recruitment process. Any proposed appointments will be confirmed by the Council.
- b) **Waikato Regional Airport Limited**
The appointment of directors is undertaken jointly with the other four shareholding councils. The Council has delegated authority to a Waikato Regional Airport Limited sub-committee comprising His Worship the Mayor, the Deputy Mayor, the Chairperson of the Strategy & Finance Committee and the Chief Executive to approve future director appointments to the Waikato Regional Airport Limited Board having followed due process and ensuring compliance with the requirements of the Local Government Act. Any proposed appointments will be advised to the Council.
- c) **LASS**
Council's representative will be the Chief Executive subject to having the suitable skills, knowledge and experience for the director role.

1.4 Final Appointment of Directors

Public announcements of the appointments will be made as soon as practicable after the Council and/or shareholding Councils have made a decision.

1.5 Waikato District Community Wellbeing Trust

The Council will identify potential trustees through various sources, such as the Institute of Directors and knowledge in the community. Any suitable candidates identified will be approached to establish their interest in being a trustee of the Trust.

A Council appointed sub-committee comprising His Worship the Mayor, the Deputy Mayor, the Chairperson of the Discretionary & Funding Committee, the Chairperson of the Strategy & Finance Committee and the Chief Executive is responsible for undertaking a recruitment process for the appointment of trustees. Any proposed appointments will be confirmed by the Council.

2.0 CONFLICTS OF INTEREST

The Council expects that directors of CCOs 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 Directors' Code of Ethics. All directors are appointed 'at the pleasure of the Council' and may be dismissed for breaches of this code.

3.0 REMUNERATION

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

In the case of **Strada Corporation Limited**, the Council will set the directors' remuneration by resolution at the Annual General Meeting. On reaching a view on the appropriate level of remuneration for directors for Strada Corporation Limited the Council will consider the following factors:

- i) the need to attract and retain appropriately qualified directors
- ii) the level and movement of remuneration in comparable organisations - the Council will seek professional advice on this issue
- iii) the past performance of Strada Corporation Limited
- iv) the financial position of Strada Corporation Limited.

In the case of the **Waikato Regional Airport Limited** the setting of directors' remuneration will follow the same process set out above, acknowledging that the Council is only a minority shareholder in this organisation and therefore must seek the co-operation of the other shareholders prior to finalising the directors' remuneration.

The Council will set or agree on the total quantum of remuneration and leave it to the individual boards to determine the appropriate split of those fees amongst individual directors.

In the case of LASS and the Waikato District Community Wellbeing Trust, no remuneration is payable.

Policy Review

This policy will be reviewed as deemed appropriate by the Chief Executive, or at least once every three years.