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Waitomo District Council

Policy on Appointment of Directors to Council Controlled Organisations

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PURPOSE AND SCOPE | TE ARONGA ME TE KORAHĪ

1. This purpose of this policy is to set out, in accordance with Section 57 of the Local Government Act 2002 (the "Act") an objective and transparent process for:
 - (a) Identifying and considering the skills, knowledge and experience required of directors of a Council organisation.
 - (b) Appointing directors to a Council organisation.
 - (c) Determining the remuneration of directors of a Council organisation.
2. This policy will:
 - (a) Comply with section 57 of the Local Government Act 2002.
 - (b) Disclose the process and criteria Council will apply to the appointment, removal and setting of remuneration for directors of Council organisations.
3. When Council is involved with CCO's under the definitions of Section 6(1) of the LGA, Council will disclose its interests in these organisations in the Long Term Plan.

DEFINITIONS | NGĀ WHAKAMĀRAMATANGA

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| Council Organisation ("CO") | as defined in Section 6 of the Act of the Local Government Act 2002 a CO is an organisation in which Council has a voting interest and/or the right to appoint a director, trustee or manager. |
| Council Controlled Organisation (CCO) | means a CO in which one or more local authorities' control, directly or indirectly, 50% or more of the voting rights and/or have the right, directly or indirectly, to appoint 50% or more of the directors, trustees or managers. |
| Council Controlled Trading Organisation CTO | means a CCO which operates a trading undertaking for which making a profit is one of its purposes. |
| Appointments and Chief Executive Relationship Committee | means a committee appointed by Council consisting elected members that has the authority to appoint directors to CCO's. |

POLICY | KAUPAPA HERE

1. Criteria for Selecting Directors (General)

1.1 General Criteria

- 1.1.1. Council will appoint persons as directors of CCO's under the criteria outlined in Section 57(2) and Section 57(3) of the LGA, specifically, persons that Council considers have the skills, knowledge and experience to:

- a) Guide the organisation given the nature and scope of its activities
- b) Contribute to the achievement of the objectives of the organisation.
- c) Knowledge of tikanga Māori (if relevant).

1.2 Skill Criteria

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

- a) Intellectual ability
- b) Business experience or other experience, skills or qualifications that are relevant to the activities of the organisation
- c) Sound judgement
- d) High standard of personal integrity
- e) Ability to work as a team member
- f) Understanding of governance issues
- g) Knowledge of tikanga Māori (if relevant)

1.3 Specific Exclusions from Directorship of a Council Controlled Organisation

1.3.1. No person shall be appointed as a director of a CCO who:

- a) Has served a jail sentence of three months or longer or has been convicted of a crime that carries such sentence.
- b) Has been convicted of fraud, theft, or robbery..
- c) Has been declared bankrupt at any point in time or been the director of a company at the time it was placed in receivership or liquidation.

2. Procedures for Appointment of Directors (General)

2.1 Appointment Process

2.1.1 When vacancies arise in the directorship of any CCO, Council will follow the following appointment process:

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

2.2 Length of Tenure

- 2.2.1 Council will decide length of tenure prior to appointment.

2.3 Remuneration

- 2.3.1 Remuneration will be determined on a case by case basis taking in to account the size, form and purpose of the organisation, any previous level of fees paid by the shareholder and any other relevant requirements contained in the organisation's constitution.

2.4 Removal of Directors

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

2.5 General

- 2.5.1 Council expects that directors appointed to CCO's 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 Institute of Directors in New Zealand Code of Practice for Directors 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.

3. Procedures for Appointment of Directors to Inframax Construction Limited

NOTE: This section is to be read in conjunction with the Constitution of Inframax Construction Limited.

3.1 Appointment Process

- 3.1.1 Directors on the board of Inframax Construction Limited (ICL) will be appointed by way of Council resolution on receipt of advice/recommendation by the Appointments and Chief Executive Relationship Committee. The Appointments and Chief Executive Relationship Committee will provide advice to Council on the following matters:
 - a) Whether to advertise a particular vacancy or make an appointment without advertisement, and outline the process for appointment and setting of remuneration including:
 - i. Recruiting of candidates,
 - ii. Contract development and negotiation,
 - iii. Ongoing performance monitoring.
 - b) In preparation of this advice the Investment Representative Committee will consider:
 - i. The costs and benefits of any advertisement,
 - ii. The availability of qualified candidates,
 - iii. The urgency of the appointment,
 - iv. The degree of public interest in the issue.
 - c) The Appointments and Chief Executive Relationship Committee will select and interview a shortlist of candidates, undertake a structured evaluation and make recommendation to Council for final approval. Council may consider applications and resolve an

appointment in committee (this 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 and may not continue to be an elected member if appointed as a director of ICL.

3.2 Appointment of Temporary Directors

- 3.2.1 Temporary directors for ICL will be appointed by the Appointments and Chief Executive Relationship Committee.

3.3 Remuneration

- 3.3.1 The Council will set ICL directors' remuneration either by resolution at the Annual General Meeting or by way of resolution of Council. The resolution will state whether the remuneration is set as a fixed cap for Board Remuneration, to be allocated by the Board, or specifying the salaries to be paid to the directors and chairperson.
- 3.3.2 Remuneration for directors will be determined by an analysis of market rates for comparable positions at the time appointment(s) are being made and thereafter assessed every three years.

3.4 Removal of Directors

- 3.4.1 The Appointments and Chief Executive Relationship Committee may terminate the appointment of an ICL director at any time by way of written notice.

4. Waitomo District Council Controlled Organisations

4.1 Companies in which Waitomo District Council directly owns the shares and trades for profit (CCTO).

- 4.1.1 Inframax Construction Limited.

4.2 Companies in which Waitomo District Council holds shares with other local authorities. (CCO)

- 4.2.1 Waikato Local Authority Shared Services Ltd (WLASS) trading as CoLab.

4.3 Other Entities in which Waitomo District Council holds shares (not CCO)

- 4.3.1 NZ Local Government Insurance Corporation Limited trading as Civic Financial Services Ltd.

5. CCOs in Which Council Has a Minority Interest

- 5.1.1 Where Council has a minority interest in a CCO (i.e. where a CCO is controlled by a number of councils and this Council does not have a majority stake) then the process for the appointment and remuneration of directors will be agreed with other stakeholders (by whatever name) in the CCO. As far as practicable, Council's involvement in the process will be consistent with this policy.