

# Appointment of Directors to Council Controlled Organisations (CCOs) Policy



Responsibility:	GM Corporate
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Associated documents:	Long Term Plan Local Government Act 2002 Appointment of Directors to CCOs Policy

## Policy Objectives

This policy is to provide guidance on the appointment of directors to CCOs.

## Principles

Council considers that any person that it appoints to be a Director of a CCO has:

- Intellectual ability.
- An understanding of governance issues.
- Experience relevant to the position or organisation's activities, or both.
- Sound judgement.
- A high standard of personal integrity.
- The ability to work as a team member.

## Definitions

### Council Organisation (Section 6 of the Local Government Act 2002)

- (a) A company:
- (i) In which equity securities carrying voting rights at a meeting of the shareholders of the company are:
    - (A) Held by one or more local authorities; or
    - (B) Controlled, directly or indirectly, by one or more local authorities; or
  - (ii) In which one or more local authorities have the right, directly or indirectly, to appoint one or more of the directors (however described) of the company; or
- (b) An entity in respect of which one or more local authorities have, whether or not jointly with other local authorities or persons:
- (i) Control, directly or indirectly, of one or more of the votes at any meeting of the members or controlling body of the entity; or
  - (ii) The right, directly or indirectly, to appoint one or more of the trustees, directors, or managers (however described) of the entity.

For the purposes of the above "entity" means any partnership, trust, arrangement for the sharing of profits, union of interest, co-operation, joint venture, or other similar arrangement; but does not include a company, or a committee or joint committee of a local authority.

**Council Controlled Organisation (Section 6 of the Local Government Act 2002)**

In this Act, unless the context otherwise requires,"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 one or more local authorities; or
    - (B) Controlled, directly or indirectly, by one or more local authorities; or
  - (ii) In which one or more local authorities have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or
- (b) An entity in respect of which one 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 votes at any meeting of the members or controlling body of the entity; or
  - (ii) The right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the entity

**Council-Controlled Trading Organisation**

\*Means a Council- Controlled Organisation that operates a trading undertaking for the purpose of making a profit.

## Background

Appointment of Directors is a Council policy required under the Local Government Act 2002.

Nothing in this policy shall prevent Council's Chief Executive from being appointed as a Director to a CCO.

## Policy Statement

***Appointment Process of Directors to CCOs***

Council will adhere to the following process for appointing Directors. Council will decide whether to advertise the vacancy or appoint without advertising. When making this decision, Council will consider:

- The cost of the advertising.
- The availability of suitable qualified candidates.
- The urgency of the appointment, eg, the CCO has no quorum.

***Appointment by Advertising***

Council may elect to use a consultant to provide a shortlist of candidates for an ad-hoc committee of the Mayor, a number of members of Council and the Chief Executive to consider (where the Chief Executive is not a candidate).

The short-listed candidates will be interviewed by the ad-hoc committee (the consultant may be in attendance) and a candidate report on each short-listed candidate will be made to Council. The committee may make a recommendation to Council.

***Appointment without Advertising***

The ad-hoc committee (as stated above) will undertake the appointment process. The committee shall prepare a report for Council on each candidate whom it considers meets the above criteria, and provide reasons why the candidates meet the above criteria. The committee may make a recommendation to Council.

***Final Appointment***

The Council will make a decision "in committee" (thus protecting the privacy of short-listed candidates). Public announcement will be made as soon as practicable after Council has made its decision.

An elected Member who is under consideration to fill a particular vacancy for which this Policy applies shall be excluded from discussion and voting on the appointment.

**Remuneration of Directors to CCOs**

In reaching a view on the appropriate level of remuneration for Directors of Council organisations, the Council will consider the following factors:

- The need to attract and retain appropriate qualified people.
- The salary package in comparable organisations.
- The objectives of the CCO.
- The financial situation of the CCO.

**CCO for a Group of Councils**

Where South Waikato District Council is but one of a group of Councils that have a Council Controlled Organisation, then the Council shall provide representatives (as appropriate) to consider the appointment and remuneration. Council's representative shall consider the skills, as stated above, in the process to select an appropriate candidate. Council's Chief Executive may be appointed a Director for a group of Councils.

**Relevant Delegations**

Council "in committee".

Group of Councils – Council in conjunction with Chief Executive.

**References and Relevant Legislation**

Local Government Act 2002

**Annotations**

<b>Res No</b>	<b>Date</b>	<b>Subject/Description</b>
265/03	16/07/03	Policy adopted.
235/94	24/06/04	Amended/confirmed as part of LTCCP process
132/06	23/04/06	Reviewed/amended/confirmed
18/126	10/05/18	Reviewed/amended/confirmed