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**Committee** Policy, Finance and Strategy  
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## Policy on Appointment and Remuneration of Directors of Council Organisations

### 1. Purpose

To establish a policy on the appointment and remuneration of directors of council organisations as required by the Local Government Act 2002. (refer **Attachment 1**).

### 2. Background

Section 57 of the Local Government Act 2002 requires the Council to adopt a policy on the appointment and remuneration of directors to Council organisations. 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.

Section 57 further states that the Council 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 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.

Council organisations are defined as organisations in which one or more local authorities controls any proportion of the voting rights or rights to appoint directors. This definition is very wide.

Where a council organisation is not a company, references in the Local Government Act to “director” include trustee, manager or officer holder (however described).

Section 275 of the Local Government Act requires the Council to adopt a policy by 30 June 2003.

### 3. Scope of the Policy

Officers have identified the following entities which should be considered in relation to this policy:

Entity Name	Status
• WRC Holdings Ltd	Council controlled trading organisation
• Port Investments Ltd	Council controlled trading organisation
• Pringle House Ltd	Council controlled trading organisation
• CentrePort Ltd	Port company, specifically excluded from the definition of a Council Controlled Organisation, but the principles outlined in this policy can still be applied.
• Wellington Regional Stadium Trust	The status is unclear – we don't consider it to be a Council organisation as it was established under its own code – the Wellington Regional Council (Stadium Empowering) Act 1996. However, similar principles can be applied to the appointment of trustees.
• Wellington Region Environmental Agency	Council organisation
• Friends of Waikanae River	Council organisation
• Friends of Otaki River	Council organisation
• Pauatahanui Inlet Community Trust	Council organisation
• Carter Observatory Board	Council organisation
• Victoria University Animal Ethics Committee	Council organisation
• Airtel Ltd <sup>(1)</sup>	Council organisation

(1) The Council does not have the right to appoint a director but the entity is a council organisation through Council's ownership of shares.

The council organisations listed above are generally considered to be council organisations because the Council has the power to appoint or nominate one or more representatives onto the governing body. The primary purpose of these appointments is to provide liaison with, and ensure co-ordination of, activity between the Council and these organisations.

In many cases these organisations are partners with the Council in helping to achieve the objectives of the Council. Because of the purpose of these organisations the Council would generally expect to appoint an elected member as its representative. The Local Government Act 2002 now requires the Council to be:

- Objective and transparent in any future appointments to such entities.
- Cognisant of the need for those appointed to have the skills, knowledge and experience required.

#### **4. Communications**

This is largely a compliance matter and as the attached policy largely reinforces existing practice no communications initiatives are required at this time.

#### **5. Recommendations**

*That the Committee recommend that Council:*

- (1) ***receive** the report and note its contents.*
- (2) ***approve** the attached policy on the appointment and remuneration of directors.*

Report prepared by:

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**Attachment 1:** Policy on the Appointment and Remuneration of Directors