



COUNCIL ORGANISATION APPOINTMENTS AND REMUNERATION POLICY



NAPIER
CITY COUNCIL
Te Kaunihera o Ahuriri

Council Organisation Appointments and Remuneration Policy



Adopted by	Napier City Council on 12 March 2020
Relevant Legislation	Local Government Act 2002
NCC Documents Referenced	This updates and replaces the Remuneration of Authority and Council Policy 2016

Purpose

The Napier City Council (Council) either owns or has an interest in a number of council organisations (CO's).

A council organisation (CO) is a company, trust or other organisation where a local authority owns shares or has the right to appoint a Director or trustee.

Where one or more local authorities controls more than 50% of the shares or votes, or can appoint more than 50% of the Directors or trustees, the organisation is a council controlled organisation (CCO).

The Local Government Act 2002 (s 57) requires Council to have a policy on the appointment and remuneration of Directors of COs. A more detailed definition of COs and CCOs can be found in section 6 of the Local Government Act 2002.

The Local Government Act 2002 requires that Council may appoint a person to a Directorship of a CO only if Council considers the person has the skills, knowledge or experience to:

- guide the organisation given the nature and scope of its activities
- contribute to the achievement of the objectives of the organisation.

Council is required to adopt a policy setting out an objective and transparent process for identifying and considering the skills required of a CO Director, and appointing the Directors of COs.

As there is a wide variation between the nature of some of the organisations, which the policy must cover, the policy is in two parts. The more formal process proposed for larger CCOs would not apply to many of the appointments which have been traditionally made by Council.

Council may from time to time consider and approve exceptions to this policy on a case by case basis.

Policy

PART ONE – Council Controlled Organisations (CCOs)

Organisations where Napier City Council (alone or together with other councils) controls more than 50% of the voting rights or appoints more than 50% of the Directors or trustees (CCOs) include:

- Hawke's Bay Airport (jointly owned by Hastings District Council, Napier City Council and the Crown)
- Hawke's Bay Museums Trust (three of five Trustees appointed by Napier City Council and Hastings District Council with an Independent Chair appointed jointly).

Required Skills and Experience

The Council considers that any person that it appoints to be a Director of a CCO should, as a minimum, have the following:

- a relevant qualification
- either business experience or other experience that is relevant to the activities of the organisation (or both)
- an understanding of governance issues
- familiarity with Council policy, programmes and activities relevant to the organisation
- sound judgment
- a high standard of personal integrity
- the ability to work as a member of a team.

Note: the higher the turnover and or complexity of the CCO the more emphasis should be placed on experience and the ability to deal with complex matters.

Appointment Processes

Appointment Process through a Joint Appointments Committee

Where appointments of Directors are made through an appointments committee of jointly funded organisations, the responsibility for Council on this matter would be to appoint an elected member to the appointments committee and receive the recommendation of the appointments committee. Council's appointment to the joint appointments committee will be the Mayor or their appointed delegate.

It is understood that the appointments committee will be responsible for determining the manner in which the appointments process will be undertaken, and the terms and conditions of the selected candidate.

The elected member on the appointments committee will take into consideration Council's goals and objectives, and also the skills required for the position when making a selection.

Appointment Process for Directors and Trustees of a CCO Appointed Directly by the Council

This applies to all organisations where Council (alone or together with other Councils and organisations) controls 50% or more of the voting rights or appoints 50% or more of the Directors or Trustees.

Where a vacancy is due to arise due to the term of a Director or Trustee coming towards an end, three months to the end of the term, the Council will follow the following process for appointing a new Director or Trustee:

- The Council will, after receiving a recommendation from the relevant appointments committee, decide at an open council meeting whether to advertise a particular vacancy or make an appointment without advertisement. When making the decision whether to advertise a particular vacancy or make an appointment without advertising, the Council will consider:
 - the costs of any advertisement and process
 - the availability of qualified candidates

- the urgency of the appointment (e.g. a CCO that is without a quorum cannot hold board meetings)
- agreements with other organisations (which have an interest) on the selection process.

Where a vacancy arises due to the resignation or death of a Director or Trustee, Council will:

- appoint an elected member or officer in an open meeting on a temporary basis if the constitution requires that a new appointment is necessary, in order for the organisation to continue to function, and then go through the process outlined above, or
- immediately follow the process outlined above where the organisation can continue with the remaining Directors or Trustees until an appointment is made.

Appointment by Advertisement

Where the Council decides to advertise a vacancy, the appointments committee will consider applications and make a recommendation to the Council.

The appointments committee may second external members for the interviewing process; this external member may be the Chair of the Board being recruited for.

A shortlist of candidates will be made and interviewed by the appointments committee, and the committee will report to Council on each of the candidates. The committee may make a recommendation in relation to the candidates.

Appointment without Advertisement

Where the Council decides not to advertise a particular vacancy, it will refer the matter to the appointments committee. The Committee will identify a shortlist of candidates whom it considers meet the above criteria and will forward those to the Council, together with a report explaining why these candidates meet the criteria. The committee may make a recommendation in relation to the candidates.

Final Appointment

When considering the candidates for potential appointment, the Council will undertake this discussion and make a decision in a public excluded section of a Council meeting (protecting the privacy of natural persons). Public announcement of the appointment will be made as soon as practicable after the Council has made its decision.

An elected member who is under consideration to fill a particular vacancy may not take part in the discussion or vote on that appointment.

Conditions

Term of Appointment

CCO Directors and Trustees will normally be appointed for a term of up to three years. Subject to a review of the Director or Trustee's performance, the term may be renewed for a further two terms of up to three years (i.e. to a maximum of nine years).

Conflicts of Interest

The Napier City Council expects that CCO Directors and Trustees 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. All Directors are appointed by Council and may be dismissed by Council for breaches of this code.

Remuneration

Remuneration of CCO Directors and Trustees is a matter of public interest.

Where the Council is the sole shareholder in a particular organisation, the Council will review salaries on an annual basis. In reaching a view on the appropriate level of remuneration for CCO Directors and Trustees, Council will consider the following factors:

- the need to attract and retain appropriately qualified people
- the levels and movement of salaries in comparable organisations (if deemed necessary, Council will retain professional advice on salary levels and movements)
- the objectives of the CCO (in particular whether or not the CCO operates on a charitable basis)
- the past performance of the CCO
- whether the CCO is operating as a trading undertaking (a Council-Controlled Trading Organisation or CCTO)
- the financial situation of the CCO.

In cases where the Council cannot exercise direct control, such as in an organisation where it is one shareholder among many, it will conduct its own monitoring of salaries against the above factors, and will publicly disclose the name of any CCO which it considers is not complying with the above factors.

No elected member appointed to a CCO by the Council shall be paid any remuneration by any CCO without the prior approval of the Council.

PART TWO – Council Organisations (COs)

The Napier City Council appoints elected members and other representatives to a number of community and not-for profit organisations following a triennial election.

Required Skills and Experience

Any person appointed to a CO should have knowledge or experience relevant to the activities of the organisation and familiarity with Council policy, programmes and activities relevant to the organisation.

Appointment Process

Appointments to COs are usually made at the beginning of each triennium on the recommendation of the Mayor. Such appointments are generally elected members.

Vacancies may occur during a triennium, or new organisations may seek a Council representative on their governing body. In such cases, the appointments will be made through the normal Council process, having regard to the criteria specified in this policy.

Conditions

Term of Appointment

Appointments to a CO are generally for a three year term and are made after the triennial Council elections.

Conflicts of Interest

Elected members appointed as representatives to COs should not hold other interests in the organisation they have been appointed to. They should identify, notify Council of, and manage any actual or potential interests appropriately.

Remuneration

No separate remuneration will be paid by either the Council or the CO to any elected member who is appointed by the NCC to that organisation. Neither will any remuneration will be paid by Council to any Council appointee who is not an elected member.

Remuneration by the CO of appointees who are not elected is a matter for the organisation concerned. However, where the CO concerned is a CCO/ CCTO, the matter of remuneration will be dealt with in line with the policy on CCO Director/ Trustee remuneration.

Policy Review

The review timeframe of this policy will be annually.



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