

27. 10. 2011

 17. **REVIEW OF THE CHRISTCHURCH CITY COUNCIL POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS**

<b>General Manager responsible:</b>	General Manager, Regulation and Democracy Services, DDI 941-8462
<b>Officer responsible:</b>	General Manager, Regulation and Democracy Services
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**PURPOSE OF REPORT**

1. The purpose of this report is to recommend to Council, for approval, a revised City Council Policy on the Appointment and Remuneration of Directors to Council Organisations.

**EXECUTIVE SUMMARY**

2. The current City Council Policy on the Appointment and Remuneration of Directors was adopted by the Council in September 2007.
3. At its meeting on 16 December 2010, and after consideration of a report on the appointment of the Mayor and three Councillors as Directors of Christchurch City Holdings Ltd (CCHL), the Council resolved that the 2007 Policy be reviewed by the Council.
4. The review of this Policy was the subject of a Council workshop on 23 August 2011.
5. A number of changes are recommended to the revised Policy (**Attachment A**) and these are referred to in the report below and are also underlined in the attached policy.

**FINANCIAL IMPLICATIONS**

6. There are no increased financial implications from the adoption of the recommendations.

**LEGAL CONSIDERATIONS**

7. This Policy meets the requirement of the Local Government Act 2002 that requires the Council to adopt a Directors Appointment and Remuneration Policy.

**STAFF RECOMMENDATION**

It is recommended that the Council adopt the attached draft Christchurch City Council Policy on the Appointment and Remuneration of Directors to commence on 1 November 2011.

**17 Cont'd****BACKGROUND (THE ISSUES)****STATUTORY PROVISIONS**

8. The Local Government Act 2002 requires the Council to adopt a policy regarding the appointment of directors to Council organisations.
9. The Act defines Council organisations as being any organisation where the Council has the right to have a vote in the organisation's affairs, or has the right to appoint one or more Directors, Trustees or Mangers of that organisation however they may be called.
10. This definition of Council organisations includes many community groups where the Council appoints a Councillor, Community Board member or officer as a member of the governance body of that organisation.
11. The phrase 'Council Organisation' also includes Council controlled organisations where the Council has the majority voting rights, or has the ability to appoint the majority of the Directors, Trustees or Managers.
12. 'Council controlled organisations' also include the 'Council controlled trading organisations' which carry out trading activities for a profit.
13. All of these various types of 'Council organisations' are listed in Appendix A to the draft policy attached to this report. The policy states any new 'Council organisations' would also be subject to the terms of the attached draft policy.
14. Section 57 of the Local Government Act sets out the requirement for the Council to adopt the policy and it provides:

**Appointment of Directors**

- (1) *A local authority must adopt a policy that sets out an objective and transparent process for:*
  - (a) *the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation.*
  - (b) *the appointment of directors to a council organisation.*
  - (c) *the remuneration of directors of a council organisation.*
- (2) *A local authority 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, or 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.*

15. It will be noted that the Council is required to adopt the policy. There is no requirement in the Local Government Act for the Council to adopt this policy through the special consultative procedure or any other legal procedure. So the policy can be adopted by a majority resolution of the Council.

**DRAFT APPOINTMENT POLICY 2011**

16. Attached is the revised draft Policy. CCHL have seen the attached Policy and agrees with it.
17. The new provisions in the 2011 Policy reflecting those changes above are underlined.
18. Whilst CCHL is the shareholder for most of the Councils trading organisations, the Council itself continues as shareholder to Tuam Ltd, VBase Ltd and Civic Building Ltd.

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19. The attached draft 2011 Policy makes it clear that the appointments process set out in that Policy applies equally to those companies which are owned directly by the Council. The Policy also provides that CCHL will make recommendations to the Council for the appointment of new Directors for those directly owned Council companies, in the same way that CCHL makes recommendations for Director appointments in respect of companies owned by CCHL itself.

**TRANSWASTE CANTERBURY LTD**

20. The 2011 policy does not apply directly to Transwaste Canterbury Ltd (which is a Council controlled organisation). This is because the appointment process of Council Directors to Transwaste Canterbury Ltd is carried out through the Canterbury Regional Landfill Joint Committee acting under delegated authority from this Council and the other Councils that are members of that joint committee. Membership of the joint committee is made up from representatives of the Ashburton District Council, Hurunui District Council, Selwyn District Council, Waimakariri District Council and this Council.
21. The five Councils comprising the Landfill Joint Committee have the right to appoint four directors to the Transwaste Board. The five Councils are bound by section 57 of the Local Government Act regarding these appointments. The Joint Committee's policy is based upon this Council's policy.