



PALMERSTON NORTH CITY COUNCIL

APPOINTMENT OF DIRECTORS & TRUSTEES POLICY

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1. PURPOSE

The purpose of this policy is to set out, in accordance with section 57(1) of the Local Government Act 2002 (LGA), an objective and transparent process for the:

- Identification, consideration and creation of the skills, knowledge and experience required of directors of a Council organisation
- Appointment of directors to a Council organisation
- Remuneration of directors of a Council organisation

2. POLICY OBJECTIVES

The objectives of this policy are to ensure:

- That the process of appointing Board members is undertaken in an objective and transparent manner while protecting individual privacy.
- That Board appointments:
 - Are made on the basis of an assessment of skills, knowledge and experience of the current Board and having regard to the nature of scope of the organisations objectives and activities.
 - Consider the contribution that directors can make to the Board as a whole.
- Continuity through ensuring succession planning of Board chairs.

3. DEFINITIONS

“Council organisation”

A Council Organisation (CO) is defined in section 6 of the LGA as an organisation in which the Council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering a large number of bodies.

“Council-controlled organisation”

A Council-Controlled Organisation (CCO) is defined in section 6 of the LGA as an organisation in which the Council controls, directly or indirectly, 50% or more of the votes or has the right, directly or indirectly, to appoint 50% or more of the directors, trustees or managers.

“Council-controlled trading organisation”

A Council-controlled trading organisation (CCTO) is defined in Section 6 of the LGA as a CCO that operates a trading undertaking for the purpose of making a profit.

“Board member”

The term Board member includes directors, trustees, or office holders (however described by that organisation).

“Candidate”

Is a person who has been nominated, submitted a written application, or identified through search activities.

“Panel”

For the purpose of this policy the term Panel refers to a Committee of the Council of Palmerston North City Council which has been delegated responsibility for making appointments to CCOs, CCTOs, COs. For avoidance of doubt, in the event that the Council of Palmerston North City chooses not to delegate this responsibility, the term Panel refers to the Council of Palmerston North City.

4. BOARD DIVERSITY AND INCLUSION

Palmerston North City Council values and supports the benefits that diversity of thought, experience and skills bring to our CCO Boards. We recognise that increasing diversity and fostering inclusive Board culture is an essential element in supporting high performing Boards, driving long-term success and delivering better outcomes for the communities of Palmerston North City.

A diverse Board will include and make good use of differences in the skills, experience, perspectives, backgrounds, demographics and other qualities of directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

All Board appointments will be made on the basis of the skills, knowledge and experience which the Board as a whole requires to be effective with due regard to the benefits of diversity on the Board.

Palmerston North City Council is committed to supporting and / or providing initiatives:

- That lead to an inclusive recruitment and selection process for Board appointments
- Support a diverse range of aspiring directors to develop skills, knowledge, Board room experience and to establish relationships and networks; and
- Build a diverse pool of experienced directors for Palmerston North City organisations and companies.

5. CCOS

The policy needs to consider the particular needs of the organisation when making appointments. Recruitment of suitable Board members can be challenging. In addition, the trust deeds (or constitutions in the case of companies) often include provisions regarding appointments, but this policy will take precedence over any trust deed.

6. ELIGIBILITY FOR APPOINTMENT

6.1 Appointment of Elected Members of the Palmerston North City Council

The Palmerston North City Council has a responsibility for monitoring performance of CCOs and so Elected Members of the Palmerston North City Council should not serve on the Boards of CCOs, unless there is a compelling reason to do so. The reason would be needed to inform a Council Resolution to appoint such Elected Members.

6.2 Appointment of Palmerston North City Council Staff

Staff of the Palmerston North City Council are not normally eligible for appointment unless the nature of the appointment requires this. For example, the Local Government Funding Agency has Board positions which are required to be filled by staff of a Local Authority.

6.3 Appointment of Managers and Staff of CCOs

Board members should be independent from management and are not to be employed by the entity.

In the event that a Board decides that one of its members should fill a staff vacancy the Board member must stand down from their position on the Board while filling the vacancy on a non-permanent basis. If they are to be permanently appointed as an employee then they are to resign their position before starting up their permanent role.

7. BOARD COMPETENCIES, SKILLS AND KNOWLEDGE

Board members are expected to meet a number of core competencies as well as specialist skills or experience required for that Board.

7.1 Core competencies

The core competencies expected on CCO Boards are:

- Sound judgement and decision-making
- Public service ethos

- An understanding and commitment to Council's obligation to Te Tiriti o Waitangi
- A high standard of personal integrity
- Clear communication and an ability to debate in a reasoned manner
- Effective teamwork and collaboration
- Ability to think strategically
- Risk assessment and contingency management; and
- Commitment to the principles of good corporate citizenship.

8. TERM OF APPOINTMENT

Board members normally serve a three-year term. Palmerston North City Council's policy regarding Board tenure is as follows:

Tenure of three years: Board members shall hold office for a term of up to three years from the date of appointment.

Expiry of tenure: upon expiry of that three-year term, the Board member retires from the Board and may be eligible for reappointment.

Reappointment: a Board member who is retiring may be reappointed for a further term of up to three years if deemed appropriate and a recommendation is received to the Palmerston North City Council from the Panel.

9. BOARD APPOINTMENTS

9.1 Role of the Panel

The Panel is responsible for the appointment of Board members to CCOs. This also applies where the trust deed identifies the Mayor as responsible for making appointments; because the Mayor is acting on behalf of the Council.

9.2 Reappointments

Where a Board member's term of appointment has expired and they would like to be considered for reappointment, the Panel may offer a further term on the recommendation of the Board Chair. However, the expectation from Council is that all vacancies will be advertised unless there are exceptional circumstances as accepted by the Council. Current Board members who are re-applying will still be required to provide an updated CV.

Board members should not be given any expectation that they will be offered a subsequent term on the Board.

9.3 New Appointments

The Panel will identify the skills, knowledge and experience required for the position with the assistance of the Governance and Support Team Leader and the Board Chair.

Candidates may be sought through advertising of the position, and/or from nominations from elected members, and the Chair of the CCO.

Where there are one or more candidates per position, a short-list (if applicable) and interview process will be undertaken. This will generally be undertaken by the Panel consisting of:

- Mayor and/or Deputy Mayor (as Chair)
- Chair of Finance and Performance
- Chair of Arts, Culture and Heritage; and
- The Chief Executive (or their representative)

The Panel will be administered by the Governance and Support Team Leader.

At times the Panel may include a member of the CCO Board and/or an independent industry expert, if the panel considers it appropriate to do so.

The Panel will assess candidates against the required skills, knowledge and experience and may take into account other factors such as:

- Alignment with the Council's objectives for that entity
- A broad dynamics and stakeholder relationships
- The capacity of candidates to attend regular Board meetings and fulfil other requirements; and
- Chair and Deputy Chair succession planning.

9.4 Conflicts of Interest

Prior to being interviewed for a position on a Board, candidates will be required to complete a consent form and declare any relevant interests, so that the potential for a conflict of interest can be assessed. In considering any appointment or reappointment, where a potential conflict of interest has been identified, the Council needs to be confident that any such conflict can be managed.

9.5 Finalisation of Appointments

The successful applicants(s) will be offered a Letter of Appointment.

9.6 Appointments of Chair and Deputy Chair

Depending on the provisions of the trust deed or constitution, the Board of the CCO will normally appoint the Chair and Deputy. The Chair will be expected to identify future successors, to provide for smooth transition in the event of a planned or unexpected retirement of an incumbent Chair.

9.7 Removal of Board Members

Council appointed Board members hold office at the pleasure of the Council and may be removed at any time by Council resolution.

Without limiting the rights of the Council, the likely reasons, which would justify removal of a Board member, would be where that Board member:

- Is regularly absent from Board meetings without good justification
- No longer has the confidence of the Board or the Council
- Has breached ethical standards
- Does not act in the best interests of the organisation
- Breaches the confidence of the Board in any way, including speaking publicly on Board issues without the authority of the Board
- Does not act in accordance with the principles of collective responsibility; and
- Is disqualified from being appointed or holding office as a director of a company under section 151(2) of the Companies Act 1993.

Where the Board has concerns regarding the behaviour of one of its members it should be considered by the Board in the first instance and, where necessary, the Board may recommend the removal of the Board member to the Council.

Palmerston North City Council will not make any payment by way of compensation to Board members who have been removed from Boards.

9.8 Board Members Standing for Political Office

Council appointed Board members who have been nominated to stand or be elected as a candidate in a Local Body or Parliamentary election should advise the Chair of their Board immediately.

Any board member who is formally nominated to stand as a candidate for election at a Local Body or Parliamentary election, or placed on any political party's list, must stand down from his/her Board position from nomination day until the election results are notified or such earlier day as may be determined. This measure aims to ensure that governance of the organisation is not distracted by the Board member's election activity, and to prevent the possibility of any conflicts of interest – real or perceived.

Any Board member who is subsequently elected to Council or the New Zealand Parliament shall resign from the Board of the CCO.

10. REMUNERATION

Board members of CCOs are remunerated for their services to the Board at \$85.00 per normal monthly meeting and they may also be reimbursed for expenses as per any CCO Board Expenses policy.



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