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**REPORT 3**  
*(1215/52/IM)*

## **COUNCIL ORGANISATION BOARD APPOINTMENTS AND REMUNERATION POLICY**

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### **1. Purpose of Report**

The current Council Policy on the Appointment and Remuneration of Directors and Trustees (Appointments Policy or the Policy) is dated June 2003 and no longer fully reflects current appointments practice. It therefore should be updated. Officers have also been asked to look at the issue of Councillor representation on Council-Controlled Organisation (CCO) boards. Given the need to ensure all appointments, including Councillor appointments, are consistent with the Council's Appointments Policy, this issue has been looked at in conjunction with the broader review and updating of the Appointments Policy.

### **2. Executive Summary**

The full proposed and updated Appointments Policy is included as Appendix 1. In general, it is an updated and more comprehensive policy.

On balance, officers do not recommend a change to the current established practice of one designated Councillor appointment to most CCO boards.

While there are arguments to support no Councillor appointments to CCO boards, officers consider that having Councillor representation on a CCO board can add benefit in the areas of communication with Council, improved understanding between the parties, and a direct political connection. Officers are also cognisant that recent decisions of the Council support continued Councillor representation on CCO boards.

Officers do not recommend an increase in the level of Councillor representation on CCO boards. For example, increasing the number of designated Councillor positions to two on each relevant CCO board is unlikely to dramatically improve the benefits of communication with Council and political understanding around the CCO board table. However, this may have a number of possible disadvantages including: increasing concerns about the conflict of interest considerations; potential confusion with the formal accountability framework; and a potentially conflicting message that the Council decided to instigate an open nominations process in October, but would be designating additional Councillor positions that are not open for other applicants.

### **3. Recommendations**

Officers recommend that the Committee:

- 1. Receive the information.*
- 2. Recommend that Council approve the Policy on the Appointment and Remuneration of Directors and Trustees attached as Appendix 1.*
- 3. Recommend that Council delegate to the Chief Executive, in conjunction with the Portfolio Leader for Governance, responsibility for any changes or additions to the Policy on the Appointment and Remuneration of Directors and Trustees as required to implement Council decisions.*

### **4. Background**

The current Council Policy on the Appointment and Remuneration of Directors and Trustees is dated June 2003 and no longer fully reflects current appointments practice. A number of procedures and terms have changed over time; for example, the use of Momentum Consulting and the references to the Appointments Subcommittee are no longer relevant. It therefore should be updated. The proposed Policy is included as Appendix 1.

Under Section 57 (1) of the Local Government Act 2002 (“the Act”), a local authority must adopt a policy that sets out an objective and transparent process for identifying skills required, the appointment of, and the remuneration of directors of a Council Organisation (CO). It should be noted here that a reference to Council Organisations includes Council-Controlled Organisations under the Act.

Section 57 (2) of the Act requires persons to be considered for appointment as a director of a CO must have 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.

The primary purpose of the Appointments Policy is to ensure compliance with the Act.

Officers have also been asked to look at the issue of Councillor<sup>1</sup> representation on Council-Controlled Organisation boards.

Given the need to ensure all appointments, including Councillor appointments, are consistent with the Council’s Appointments Policy, this issue has been

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<sup>1</sup> A reference to Councillors in this paper should be read as a reference to all elected members

looked at in conjunction with the broader review and updating of the Appointments Policy.

The Council's current practice on Councillor appointees is based on previous Council resolution and is not detailed in the existing Appointments Policy. This approach is discussed in section 4.1. Officers have incorporated this approach into a much more comprehensive section on Councillor appointments in the proposed Policy.

As part of this review, DLA Phillips Fox was requested to review current best practice regarding the appointment of directors to Council-Controlled Organisations, with a primary focus on best practice in the area of Councillor appointments to boards of CCOs. Officers have also reviewed the appointments policies of a number of local authorities, including Christchurch, Tauranga, New Plymouth and Hamilton, and sought feedback from parties including the current and former Chair of the Council-Controlled Organisation Performance Subcommittee, CCO representatives, the Crown Ownership Monitoring Unit, and the Policy and Risk Assurance teams.

#### **4.1 Current Policy on Councillor Appointments**

The current Council practice is to have one designated Councillor position on most CCO boards. This has been in place for over 13 years. It was confirmed in 1998 that there would be one designated position for Councillors on CCO boards (then LATE/trust boards). At that time, the question of having up to two reserved Councillor positions on each board was discussed, but voted against.

The paper noted in 1998 that the basis for having only one elected member per board was that it was not considered appropriate that Councillors should actively contest further positions on these boards in competition with ratepayers.

##### *Recent Decisions*

This approach of one designated Councillor appointment to most CCO boards has been reinforced a number of times in the past five years.

In September 2006 the Council noted the recommendation from the PwC review of Council-Controlled Organisations that no Councillors or Officers should be appointed to CCO boards because of an inherent conflict of interest. At that time Council voted to maintain the ability of Councillors and Officers to serve on CCO boards.

In November 2007 the number of Councillors from each shareholding Council on the Capacity Infrastructure Services Ltd (Capacity) board was reduced from two each to one each. This was done to ensure that the skills and background required were available to the Capacity board. It was observed at the time that "the range of expertise required on the board, includes, among other things, financial, strategic, organisational skills and community awareness. The current

composition of the board, while having strengths in terms of general community interests and specific Council objectives, would benefit from enhancing the technical skills and an in-depth understanding of engineering.”

It was noted that appointing one Councillor and one suitably qualified external applicant would not compromise the Council’s representation at the board level and would benefit the balance of skills and background available to the board. The Council agreed with this approach.

In October 2010, the Council voted to ensure one position was designated for a Councillor on the board of Wellington Venues Limited.

#### *Additional Councillor Appointments as Individuals*

Before 2001, in addition to the designated positions discussed above, Councillors could also apply for non-reserved, vacant board positions as individuals after following the same selection process and criteria as other applicants.

This policy was changed in 2001. At the time it was discussed that the appointment of a Councillor into a designated board position provided some advantage in outlining a Council voice at the board table and ensuring a political link back into Council. However, it was noted that the appointment of a Councillor as an individual confused those roles, created uncertainty as to the role of the Councillor, and created blurred accountabilities which impacted Council’s monitoring effectiveness of the entity.

#### **4.2 CCO Boards – Current Situation**

It should be noted that the only boards where the number of designated Councillor positions could be increased, without agreement from another local authority or changing the fundamental nature of the board, are Wellington Museums Trust, Wellington Zoo Trust, Partnership Wellington Trust and Wellington Venues Ltd.

While Wellington Waterfront Ltd has historically had a designated Councillor position, the Strategy and Policy Committee recently decided not to create a designated Councillor position on this board given its reduced size. The other CCO board without a designated Councillor position is Wellington Cable Car Ltd, which is also a small board of three.

Current designated Councillor positions on CCO boards are:

<b>CCO</b>	<b>Councillor Positions</b>	<b>Comments</b>
Partnership Wellington Trust (PWT)	1	Board of 7
Wellington Museums Trust	1	Board of 7
Wellington Venues Limited	1	At full complement, will be board of 8
Wellington Zoo Limited	1	Board of 6
<b>Joint Entities</b>		
Capacity Infrastructure Services Limited	1	Joint CCO with HCC – each Council has 2 appointments (1 Councillor, 1 independent) and 2 joint
Wellington Regional Stadium Trust	1	Not a CCO – jointly settled with GWRC – each Council has 1 Councillor, rest are joint
<b>Small CCOs</b>		
Basin Reserve Trust	1	Board size fixed at 4
Wellington Cable Car Limited	-	Small board (3) & entity – no Councillor since formed in 1991
Wellington Waterfront Limited	-	Reduced board (3) – SPC voted not to designate a Councillor position on 17/2/11
<b>Not CCOs</b>		
Karori Sanctuary Trust	-	Not a CCO – WCC appoints 3 of 7 – Council decision all external appointees
Wellington International Airport Limited	1	Not a CCO – WCC appoints 2 of 6 - longstanding convention 1 is Councillor
<b>To be Wound Up</b>		
St James Theatre Charitable Trust	-	To be wound up

## 5. Discussion

### 5.1 Role of a Board

The Council has nine Council-Controlled Organisations. These have been set up over time for a range of reasons. Typically these reasons have included benefits such as:

- A focused and responsive governance and management structure;
- The ability to attract a board of trustees or directors selected for their relevant skills, experience and knowledge, as well as their potential business networks and commercial acumen;
- The ability for the entity to better attract sponsorship and other sources of external funding; and

- Funding certainty for some entities through their trust deed and/or funding agreement.

The ability to attract a board with a range of skills, experience and knowledge is one of the key objectives of the CCO structure. Because of this, many of the trust deeds and constitutions have requirements specifying that the board has a range of skills and experience.

### ***5.2 Council's Expectations of a Board***

The board has a critical role to play in the governance and setting the strategic direction of each CCO. The Council has a very high standard of directors on its CCO boards and, therefore, places high expectations on the performance of those directors.

CCO board directors are expected to make a significant contribution to the governing of the organisation, including developing insight into the organisation and its aspirations, and participating fully at meetings.

This is reflected in the proposed Appointments Policy.

### ***5.3 Council-Controlled Organisations Performance Subcommittee's Role***

The key monitoring responsibility for CCO board performance lies with the Council-Controlled Organisations Performance Subcommittee (CCOPS). The Subcommittee's principal function is to monitor the financial performance and delivery on strategic outcomes of Council's CCOs and COs. As part of this role it has responsibility for activities including monitoring the performance of Council appointed Board members on the Council's CCOs.

### ***5.4 Proposed Appointments Policy***

The full proposed and updated Appointments Policy is included as Appendix 1.

As noted earlier, the primary purpose of the Appointments Policy is to ensure compliance with the Act, including the requirements around the necessary skills, knowledge and experience of CO directors.

In general, it is an updated and more comprehensive policy which is largely consistent with the existing Appointments Policy, current Council policy and/or current Council practice. For example, where there are differences between appointments to Council Organisation boards compared to appointments to Council-Controlled Organisation boards, these have been clarified.

Key policy additions or proposed changes are outlined and discussed in more detail in the following sections.

## *Principles*

Two principles have been added to the proposed Appointments Policy in order to clarify the broad aims of the Policy and Council's appointments process. The additions are:

- The key objective for the Council in its appointments process is to select the best person for the role.
- All directors of Council Controlled Organisations should be appointed on the basis of the contribution they can make to the organisation, and not on the basis of representation.

These principles reflect the broad intent of the advice on best practice from DLA Phillips Fox and the principles espoused by the other local authorities' policies reviewed as part of this work.

## *Required Skills*

The Required Skills and Experience (section 4.1) and Identification of Required Skills and Experience (section 5.2) sections are more comprehensive than the previous policy to provide clear guidance, largely in line with wording used in the Act and suggested by DLA Phillips Fox.

Section 5.2 of the Policy clarifies that there needs to be a balance of skills on the board and that Council encourages representation across genders and ethnicities (subject to merit and required skills).

The Policy also recommends that appointees to CCO boards should undergo governance training or have the requisite experience. Many other local authority policies reviewed make this training a pre-requisite; however, officers consider that this is something that Council should encourage, but does not need to mandate at this stage.

## *Appointments Process*

Section 6.3 of the proposed Policy clarifies the sources available to be utilised for creating a candidate list and replaces Step 4 in section 4.2 of the old Policy. It includes public advertising, among other sources, and reinforces the need for officers to develop clear and robust selection procedures when developing a shortlist. Officers are in the process of developing these procedures; they will be established in conjunction with the human resources team and the Appointments Group.

The shortlist and interview process is not materially changed from the old policy. The policy wording notes that the Appointments Group *should* make a unanimous decision; this maintains the intention of the existing policy (which requires there *must* be a unanimous decision), but provides for some flexibility if required.

The proposed Policy continues to recommend that a report with the Appointments Group recommendations will be heard in a public excluded forum. This is consistent with the previous policy and as DLA Phillips Fox observes it is “common practice for the decision to be made by the local authority at a publically excluded session to protect the privacy of the individuals”.

The proposed Policy includes a reference to joint appointments, which was absent from the previous policy.

#### *Conditions of Appointment*

Section 8 of the proposed Policy expands and includes several new areas in order to improve the process and to clarify Council’s expectations of director appointees.

The proposed Policy recommends that all candidates for CCO boards should formally accept the offer of appointment as a matter of accepted good governance and to provide greater clarity on Council’s expectations.

It also expands upon the discussion of the term of an appointment. The current policy notes an initial three year term and a typical six year maximum, but provides little further guidance on this issue.

The proposed Policy (section 8.2) clarifies that, subject to a number of circumstances outlined, the typical tenure of a director will be six years. This is to ensure that the board benefits from the knowledge and experience a director develops during their first term. Subject to any maximum term in the trust deed or constitution, it also notes:

- following six years of service, there will be an option for further terms if appointed as Chair or Deputy Chair of the CCO; and
- following nine years of service, a director may be re-appointed, but only in special circumstances.

The rationale is that after six to nine years on the board, it is usually helpful to bring in fresh ideas. However, where an individual continues to display the necessary qualities to continue to take the entity forward, additional terms may be recommended at the discretion of the Appointments Group.

The proposed Policy maintains the idea of staggering expiry dates and also requires that the questions of succession and the balance of fresh ideas versus experience be considered when deciding on terms.

Section 8.4 of the proposed Policy is new and includes a discussion of conflicts of interest. In particular, Appointments Group recommendations to Council should include a discussion of any actual or perceived conflicts of interest and how they will be managed.



Section 8.5 is also new and discusses Council's expectations of CCO board directors. It includes a note that, subject to the relevant trust deed or constitution, the Council can usually terminate an appointment at any time.

#### *Councillor Appointments*

Councillor appointments to CCO boards are covered in section 9 of the proposed Policy. Commentary on this matter is provided separately below in sections 5.5 to 5.7.

#### *Officer Appointments*

Officer appointments to CCO boards are covered in section 10 of the proposed Policy. It is largely in line with the previous policy, although it clarifies that officers are only eligible for CCO boards in their capacity as WCC employees, that they remain ineligible for 12 months after they leave, and that they are not eligible to be Chair on a permanent basis.

#### *Remuneration*

Section 11 of the proposed Policy discusses remuneration of CO and CCO boards. It is largely in line with the existing policy. The key changes are clarifications that:

- CCOs are responsible for paying any remuneration applicable to their board of directors, although Council sets the maximum rate;
- The regular review of remuneration should consider a range of factors as listed;
- As with the existing policy, CCOs may alter the remuneration paid to individual directors in certain circumstances;
- As with existing policy, individual directors can decide whether to accept all or part of the approved remuneration; and
- A director who leaves has no claim against the Council or the board, except for the proportion of remuneration up to that date.

### **5.5 Councillor Appointments to CCO Boards**

As context, it is important to consider the advantages and disadvantages of Councillor representation on CCO boards.

These are outlined below as identified by previous Council papers, the Office of the Auditor-General (OAG) 2001 report "Local Authority Governance of Subsidiary Entities" and the Auckland "Super-City" Cabinet paper.

The identified advantages of Councillor representation on CCO boards are:

- Councillors can bring specific political/public knowledge which other board members may not have;

- It is helpful for appropriately qualified Councillors to be eligible as board members;
- Councillors can provide a strong political link back to the Council. They can help align the CCO's activities with the outcome sought by the local authority and create a public perception that the Council is actively involved in controlling the entity;
- It can lift the profile of the entity within the community and within Council;
- Councillors have the support of the public who elected them;
- Council has a voice on the board and an opportunity to explain Council's policy/concerns before decisions are made; and
- It can help ensure that the objectives of the board are aligned with those of the local authority.

The identified disadvantages of Councillor representation on CCO boards are:

- Trustees and directors are expected to give priority to the interests of the stand-alone entity, and they have certain legal and professional obligations. It can be difficult to balance these fiduciary duties with their elected duties;
- CCOs are typically established to provide the activity at arm's length from the Council, but a strong Councillor presence on the board has the potential to undermine the operating independence of the CCO;
- Councillors face a potential conflict between their roles as trustees or board members and their interests as elected representatives.
  - For example, they may need to withdraw from the Council's decision-making process, notwithstanding that they were elected to be part of that Council process.
  - There have also been occasions when Councillors have had to resign from a CCO board in order for them to be fully involved in the Council's review of an entity;
- Possible perception that Councillors are "feathering their own nests" to receive additional salary from board membership;
- Direct involvement of Councillors in the internal governance of the entity may also inhibit the effective operation of an arms-length accountability relationship with the local authority. This may make it more difficult to hold the board to account for its performance, particularly in the situation where a CCO board is not performing;
- Councillor directors can lead to a CCO view that the Council is aware of matters which have not been raised through formal channels;
- A public perception can be created that independent monitoring is not being undertaken by the Council;
- Councillor directors can lead to uncertainty as to whether the views expressed at board meetings are personal or approved Council policy; and
- Much of the information that directors are privy to is confidential and can not be disclosed to the Council.

## *Recommendations on Councillor Representation Best Practice*

As outlined above, broadly speaking, there are two schools of thought on Councillor representation on CCO boards.

The first is that there is a clear advantage in separating the Council's policy-setting and monitoring role from any CCO board governance role. The overall findings of the 2001 OAG report suggested that the disadvantages associated with Councillor appointments outweighed the advantages. This report observed that local authorities often appoint Councillors as directors from a lack of confidence that non-Councillor directors will be sufficiently responsive to the expectations of the local authority.

This view is taken further by the June 2006 PwC review of Council Controlled Organisations undertaken for WCC which found that "the policy provides for the appointment of Councillors to the Boards of CCOs. Although this approach is adopted across many local authorities it is generally seen as being inconsistent with good corporate governance practices because of the inherent conflicts of interest that such appointments can give rise to."

It is the position adopted by Central Government, where sitting members of parliament are unable to be appointed to boards of State Owned Enterprises and Crown Entities.

The alternative view is that a Councillor appointed to a CCO board provides the opportunity for a direct political connection with an independent Council entity and can act as a conduit for better communication and understanding between the Council and the CCO.

The DLA Phillips Fox review of best practice, commissioned as part of this broader appointments policy review, concludes that the "majority of local authorities do allow Councillors to be appointed to the boards of CCOs". It notes that although Councillors are prohibited from being appointed to the boards of substantive CCOs in Auckland, they are not prohibited from being appointed to Auckland's other CCO boards. DLA Phillips Fox concludes that "it is not currently best practice to prohibit councillor appointments altogether."

However, DLA Phillips Fox notes that "the practice of local authorities, the decisions made in respect of Auckland and the comments made by the OAG suggest that it is best practice for such appointments to be only made where necessary and where the councillor is the best person for the job. Directors, whether Councillor appointed or external, must have the skills and experience to make a valuable contribution to the CCO concerned."

## **5.6 Accountability Mechanisms for CCOs**

In the context of considering Councillor appointments to CCO boards, it is helpful to outline the current formal accountability framework for the Council's CCOs in terms of monitoring performance and ensuring they work within the Council's strategic objectives. As discussed earlier, the Council's key monitoring entity is CCOPS; its role is to monitor CCO performance and delivery on strategic outcomes.

In practice, the Council has a broad range of monitoring channels available:

- Council approves the establishment, restructuring or dissolution of a CCO.
- Council approves all CCO board appointments and extensions, and the board's remuneration.
- Many of the CCOs are funded by grants from Council, which are approved as part of the annual plan process.
- Any other significant funding requests need to be approved by Council.
- The Council provides a Letter of Expectations to each CCO on an annual basis, requesting certain matters be addressed in its Statement of Intent.
- Each CCO provides a draft Statement of Intent, outlining their strategic plan, objectives, and key performance measures for the year. These are reviewed closely by officers. As per its terms of reference, CCOPS also reviews the draft Statements of Intent closely and feedback is provided to the CCO if changes or clarifications are requested.
- CCOPS reviews the final Statements of Intent and recommends their approval (if appropriate) to the Strategy and Policy Committee and the Council. Council is responsible for approving each CCO's final Statement of Intent.
- Each CCO is typically requested to present to CCOPS at least once a year.
- There is a CCO monitoring unit which monitors financial and strategic performance and addresses issues that may arise or may conflict with Council's objectives.
- CCOPS regularly reviews the financial and strategic performance of each CCO and requests matters to be raised directly with the board or senior management of the CCO if required.
- The Chair and CEO of most CCOs have a regular meeting scheduled with the Mayor and the CEO of Wellington City Council as part of their commitment to a "no surprises" policy.

## **5.7 Recommended Policy on Councillor Appointments**

On balance, officers do not recommend a change to the current established practice of one designated Councillor appointment to most CCO boards. This is reflected in section 9.1 of the proposed Policy.

As noted earlier, the only CCO boards currently without designated Councillor positions are St James Theatre Charitable Trust, which will be wound up, and the small boards of Wellington Waterfront Ltd and Wellington Cable Car Ltd.

The rationale for not having a designated Councillor position on these boards is that these entities are typically small and reasonably focused and there is a need to maximise the desired skills, knowledge and experience within a small group of people. Section 9.1 of the proposed Policy suggests that, in the cases of these boards, Councillors will be eligible to apply for vacant positions, subject to the skills required for that vacancy.

While there are arguments to support no Councillor appointments to CCO boards, officers consider that having Councillor representation on a CCO board can add benefit in the areas of communication with Council, improved understanding between the parties, and a direct political interface. Officers are also cognisant that recent decisions of the Council support continued Councillor representation on CCO boards.

Officers do not recommend an increase in the level of Councillor representation on CCO boards.

For example, increasing the number of designated Councillor positions to two on each relevant CCO board is unlikely to dramatically improve the benefits of communication with Council and political understanding around the CCO board table, but is likely to have a number of possible disadvantages:

- It would increase the potential conflict of interest considerations – for example, two people may need to withdraw from debate at the Council, notwithstanding that they were elected to be part of that Council process, or from debate at the CCO board level on certain issues. Two people withdrawing from a CCO board of six directors, for example, could have a significant impact.
- It would also increase concerns about potential confusion with the formal Council accountability framework for CCOs.
- There will be skills or experience desired by each CCO board. Under the appointments policy, any additional board appointment should consider the required skills of the board. It may be difficult to argue that it is best for the city if only Councillors are allowed to apply for any extra position, particularly if ratepayers are more likely to hold any specific desired skill set. This may be particularly untenable where skills such as political awareness and an appreciation of the role of the Council as a stakeholder are already demonstrated by an existing Councillor board appointment.
- It could send a potentially conflicting message that the Council decided to instigate an open nominations process in October, but would be designating additional Councillor positions that are not open for other applicants.
- There may be a perception that Councillors are “feathering their own nests” to receive additional salary.
- If the total number of directors on a board increases, the CCO itself will pay the higher costs and have a lower effective operational budget.

Officers also considered the option of having one designated Councillor appointment to most CCO boards and, in addition, allowing Councillors to apply for further vacant positions on CCO boards as individuals. This option would be consistent with the practice prior to 2001. However, after considering the issues discussed in 2001, officers recommend that the Council retains its current practice of not allowing Councillor appointments to CCO boards as individuals. The key issues discussed at that time were that the appointment of a Councillor as an individual created uncertainty as to the role of the Councillor on the CCO board and created blurred accountabilities which impacted Council's monitoring effectiveness of the entity.

### **5.8 DLA Phillips Fox Recommendations**

In its report, DLA Phillips Fox suggested that officers consider whether:

- WCC has any CCOs which could be considered substantive, requiring independence and additional accountability measures similar to those imposed on substantive CCOs in Auckland;
- The current appointment of Councillors to CCO boards add value to the work of those particular boards;
- Councillor appointments are being used as a substitute for a formal monitoring relationship between the WCC and the CCO;
- The policy for the appointment of directors to a CO should differ and be separated out within the policy from the appointment of directors to a CCO and CCTO; and
- The policy should address conflicts of interest and how these should be resolved.

Officers have considered these recommendations:

- Officers consider that existing accountability measures for CCOs are sufficient and do not require a separate "substantive CCO" accountability system similar to Auckland's;
- As outlined above, officers accept that having Councillor representation on a CCO board can add value in the areas of communication with Council, improved understanding between the parties, and a direct political connection. As a result, on balance, officers do not recommend a change to the current practice of one designated Councillor appointment to most CCO boards;
- As detailed earlier, there is an extensive accountability and monitoring framework between the Council and each CCO, separate to Councillor appointments;
- The proposed policy separates and clarifies the differences between appointments to a CO board compared to a CCO (including a CCTO) board; and
- The proposed policy now explicitly addresses the issue of conflicts of interest.

## 6. Conclusion

The full proposed and updated Appointments Policy is included as Appendix 1. In general, it is an updated and more comprehensive policy.

On balance, officers do not recommend a change to the current practice of one designated Councillor appointment to most CCO boards.

While there are arguments to support no Councillor appointments to CCO boards, officers consider that having Councillor representation on a CCO board can add benefit in the areas of communication with Council, improved understanding between the parties, and a direct political connection. Officers are also cognisant that recent decisions of the Council support continued Councillor representation on CCO boards.

Officers do not recommend an increase in the level of Councillor representation on CCO boards. For example, increasing the number of designated Councillor positions to two on each relevant CCO board is unlikely to dramatically improve the benefits of communication with Council and political understanding around the CCO board table. However, this may have a number of possible disadvantages including: increasing concerns about the conflict of interest considerations; potential confusion with the formal accountability framework; and a potentially conflicting message that the Council decided to instigate an open nominations process in October, but would be designating additional Councillor positions that are not open for other applicants.

Contact Officers: *Maree Henwood, Portfolio Manager, CCOs*  
*Danny McComb, Treasury and CCOs Manager*

## **Supporting Information**

**1) Strategic Fit / Strategic Outcome**

*This report relates to Council-Controlled Organisations. These entities provide services which support a range of Council's strategic outcomes.*

**2) LTCCP/Annual Plan reference and long term financial impact**

*No impact.*

**3) Treaty of Waitangi considerations**

*N/A*

**4) Decision-Making**

*This is a significant decision but is in alignment with existing Council policy and practices.*

**5) Consultation**

**a) General Consultation**

*The review discussed in this report involved review of equivalent policies of other local authorities and consultation with a range of external parties.*

*This policy is not required to be consulted on under the LGA.*

**b) Consultation with Maori**

*N/A*

**6) Legal Implications**

*Council's lawyers and General Counsel have been consulted during the development of this report.*

**7) Consistency with existing policy**

*This report recommends measures that are consistent with WCC policy.*