

Organisational Excellence Committee

9 July 2026

Report for Agenda Item | Rīpoata moto e Rāraki take [5]

Department: Corporate Services

Title | Taitara: Democracy Services Update

Purpose of the Report | Te Take mō te Pūroko

The purpose of this report is to provide an overview of the Democracy Services function for Organisational Excellence Committee (the Committee), to update on performance and key activities in the current financial year, and to signal planned activities in the coming year.

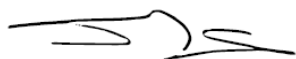
The report also seeks the Committee's review and recommendation to Council of the amended Policy on the Appointment and Remuneration of Directors (Attachment B).

Recommendation | Kā Tūtohuka

That the Organisational Excellence Committee:

1. **Note** the contents of this report;
2. **Note** the advice regarding the status of the Representation Review; and
3. **Recommend to Council** to adopt the amended Policy on the Appointment and Remuneration of Directors.

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Context | Horopaki

Democracy Services Team Functions Overview

1. The Democracy Services team performs a number of vital functions at Queenstown Lakes District Council (QLDC) to ensure compliance with legislative requirements regarding the conduct of meetings, elections and polls, the exercise of delegated powers, and matters relating to official information and privacy. In addition, they provide an advisory service relating to standing orders and relevant legislation, as well as administrative and secretariat support to a range of hearings and non-statutory committees. The wider team also includes executive assistant support for the offices of the Mayor and Chief Executive.
2. The Governance function provides advisory and secretariat support for all Council, committee and community board meetings and workshops, as well as supporting other groups such as Grow Well Whaiora and Wānaka Airport Liaison Committee. The Governance function supports Local Government Elections including triennial and byelections. The Senior Democracy Services Advisor acts as the Deputy Electoral Officer and the team processes nominations, special voting, responds to public inquiries, manages orange voting bins and other core election-related activities. The Governance function also provides advice on conflicts of interest and publishes the annual elected member returns in the register of interests, as well as advising on delegated decision-making and coordinating the approval and recording of delegations in the published delegations register.
3. The Information Request function coordinates responses to requests for information under LGOIMA (Local Government Official Information and Meetings Act 1987) and under Privacy Act 2020, including providing advice on the application and appropriateness of any potential withholding or refusal grounds. The Information Request function also processes complaints received by the Ombudsman related to responses to information requests.
4. Attachment A includes detailed information about the work of the Democracy Services team over the course of the 2025-2026 Financial Year, including further information and statistics related to: meetings, workshops, hearings and other sessions supported by the team, LGOIMA requests and Ombudsman complaints, the 2025 Local Government Elections, the post-election Council Induction Programme, conflicts of interest and elected members' annual return, and recent process improvements, as well as future considerations and actions.

Analysis and Advice | Tatāritaka me kā Tohutohu

5. Information related to the Democracy Services Team functions and the Representation Review process are for noting only. However, as noted above, the Committee is asked to review and recommend the updated Policy on the Appointment and Remuneration of Directors to Council for adoption.

Representation Review

6. In order to achieve fair and effective representation at local elections, local authorities are required by the Local Electoral Act 2001 to review their representation arrangements at least once every six years.
7. A representation review addresses the total number of councillors there should be for the district or region and they way they are elected. This includes deciding whether councillors are elected from wards or “at large” across the whole district, or a mixture of both. The review also covers boundaries of wards and their names.
8. In the case of district and city councils, a review also needs to address whether there should be any community boards in the district and, if so, their number, names and boundaries.
9. QLDC undertook its last representation review in 2021 and therefore must complete one in 2027 to take effect with the October 2028 triennial election. The Democracy Services team has convened a project team to support and facilitate this process and has made enquiries to secure the latest population numbers.
10. The team has acknowledged the current Head Start initiative from Central Government and is taking regular advice from the Taituarā Electoral Reference Group and will adjust its programme according to any information that is forthcoming. In the meantime, the advice has been that any representation reviews must continue as there is no provision to the contrary in the Local Electoral Act 2001 at this time. The timeline for decisions will be brought to Council in coming months.
11. Alongside the representation review, Council may also make decisions on the method of voting, i.e first past the post (FPP) or single transferrable vote (STV) and whether to create a Māori ward. These matters are scheduled to be brought to a workshop in early August with decisions being sought by Council by the end of August.

Policy on the Appointment and Remuneration of Directors

12. Under the Local Government Act 2002 (LGA) section 57, Council must adopt a Policy on the Appointment and Remuneration of Directors detailing an objective and transparent for the identification and consideration of the skills, knowledge and experience required for directors of Council Organisations (including Council Controlled and Council Controlled Trading Organisations). It must also detail the process for the appointment of directors and the setting of remuneration.
13. The current policy was adopted by Council in March 2023 and made specific reference to the role of the Governance Subcommittee as the primary body for facilitating the process for advertising, shortlisting, interviewing, and recommending candidates to Council. The Council is the final decision maker in the appointment and remuneration of directors. The policy has been updated

to remove specific reference to this Subcommittee which has not been constituted in the current triennium and replaces this with reference to an appropriately delegated subcommittee or panel.

14. The policy also makes no reference to the Water Services Council Controlled Organisation as this was not in existence or known about when the current policy was adopted. Amendments have been proposed to recognise this new entity.
15. The Committee is asked to review and recommend the updated policy to Council for adoption (see Attachment B).
16. This report identifies and assesses the following reasonably practicable options for assessing the matter as required by section 77 of the Local Government Act 2002.
17. Option 1: Recommend to Council the adoption of the proposed updated Policy on the Appointment and Remuneration of Directors (see Attachment B)

Advantages:

- Facilitate the adoption of a updated policy that is consistent with the committee structure agreed in the current triennium, and which includes reference to the Water Services Council Controlled Organisation that is currently in the process of being constituted.
- The adoption of an updated policy would ensure that Council was able to comply with this policy when making decision on the appointment and remuneration of directors.

Disadvantages:

- None foreseen.

18. Option 2: (Status Quo) Do not recommend to Council the adoption of an updated Policy on the Appointment and Remuneration of Directors

Advantages:

- None foreseen.

Disadvantages:

- If Council retains the current Policy on the Appointment and Remuneration of Directors, Council would continue to be unable to make decisions on the appointment and remuneration of directors that align with this policy.

- If Council retains the current Policy on the Appointment and Remuneration of Directors, Council would continue to have policy that is inconsistent with the committee structure agreed in the current triennium, and which does not include reference to the Water Services Council Controlled Organisation.

19. Option 3: Do not recommend the proposed updated Policy on the Appointment and Remuneration of Directors and seek further amendments

Advantages:

- Officers may be able to identify additional improvements to the policy beyond those identified in this report.

Disadvantages:

- The existing policy will remain in place until further changes have been considered, which will extend the amount of time during which Council must operate with a policy that is inadequate to its current circumstances (as described above).
- Additional Organisational Excellence Committee time and associated staff resources will be required for the development of an alternative updated policy and consideration of that alternative updated policy by the Committee.

20. This report recommends **Option 1** for addressing the matter because it will help to facilitate Council's adoption of an updated Policy on the Appointment and Remuneration of Directors that is fit for purpose, and to do so in a timely manner.

Consultation Process | Hātepe Matapaki

Significance and Engagement | Te Whakamahi i kā Whakaaro Hiraka

21. This matter is of low significance, as determined by reference to the Council's Significance and Engagement Policy 2024 because this report is for noting purposes only, although it is acknowledged there may be some public interest in the subject matter due to its relationship to Council decision making and public participation.

22. The persons who are affected by or interested in this matter are elected members, Council officers, and residents/ratepayers of the Queenstown Lakes District community.

23. The Council is not required to consult on this matter.

Māori Consultation | Iwi Rūnaka

24. The Council is not required to consult iwi Māori on this matter.

Risk and Mitigations | Kā Raru Tūpono me kā Whakamaurutaka

25. This matter relates to the Regulatory/Legal/Compliance risk category. It is associated with RISK10035 Ineffective business processes within the QLDC Risk Register. This risk has been assessed as having a moderate residual risk rating.
26. The approval of the recommended option will allow Council to retain the risk at its current level. This will be achieved both by the Committee's awareness and oversight of the relevant business processes as well as ongoing process improvements highlighted in this report.

Financial Implications | Kā Riteka ā-Pūtea

27. There are no financial implications directly related to any outcome of this report, however it is acknowledged the matter of the representation review itself is likely to have financial implications. This would be reflected in the elected member remuneration pool which is determined annually by the Remuneration Authority.

Council Effects and Views | Kā Whakaaweawe me kā Tirohaka a te Kaunihera

28. The following Council policies, strategies and bylaws were considered:
- QLDC Standing Orders;
 - Decision Making for Official Information Requests; and
 - Policy on Council Meetings Across the District.
29. The recommended option is consistent with the principles set out in the named policies.
30. This matter is not included in the Long Term Plan/Annual Plan, although it should be noted that the election in October 2028 and the 2027 Representation Review are both detailed in the upcoming Long Term Plan as significant assumptions.

Legal Considerations and Statutory Responsibilities | Ka Ture Whaiwhakaaro me kā Takohaka Waeture

31. In all things Democracy Services, due consideration is given to the following key items of legislation:
- Local Government Act 2002;
 - Local Government Official Information and Meetings Act 1987;
 - Local Electoral Act 2001; and

- Local Authorities (Members' Interests) Act 1967.

Local Government Act 2002 Purpose Provisions | Te Whakatureture 2002 o te Kāwanataka ā-Kiaka

32. Section 10 of the Local Government Act 2002 states the purpose of local government is (a) to enable democratic local decision-making and action by, and on behalf of, communities; and (b) to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future. As such, the recommendation in this report is appropriate and within the ambit of Section 10 of the Act.

33. The recommended option:

- Is consistent with the Council's plans and policies; and
- Would not significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or transfer the ownership or control of a strategic asset to or from the Council.

Attachments | Kā Tāpirihaka

A	Democracy Services Update - FY 2025-26
B	Draft Policy on the Appointment & Remuneration of Directors to Council

Attachment A: Democracy Services Update - FY 2025-26

1. Number of Meetings, Workshops and Hearings (with locations)

Note: this includes sessions expected to be held between 18 June and 30 June after this report has been submitted. Unless otherwise specified Council and Standing Committee sessions take place in Council Chambers at 10 Gorge Road

- > **Full Council Meetings – 11**
One meeting was held in Wānaka, one in Arrowtown, and the Inaugural Council meeting was held at Lake Hayes Pavilion
- > **Full Council Workshops – 31**
One held in Wānaka and all others in Queenstown
- > **Standing Committee Meetings – 22**
Two were held in Wānaka
- > **Standing Committee Workshops – 13**
Two were held in Wānaka
- > **Wānaka-Upper Clutha Community Board Meetings – 7**
Four were held in Wānaka, two in Luggate, and one in Hāwea
- > **Wānaka-Upper Clutha Community Board Workshops – 10**
Eight were held in Wānaka, one in Luggate, and one in Hāwea
- > **Hearing of Submissions – 7** hearings over 11 days
One hearing held in Wānaka, one in Glenorchy, and one of the Annual Plan hearing days in Wānaka
- > **Otago Central Lake Regional Deal Negotiation Committee Meetings – 6**
Three were in Central Otago District Council Chambers in Alexandra
- > **Wānaka Airport Liaison Committee Meetings – 2**
Both held at the Wānaka Airport
- > **Governance Subcommittee/Chief Executive Recruitment & Relationship Committee: 5** meetings and 5 workshops.
- > **Community Fund and Events Fund Sessions: 4**
Including one Community Fund presentations session held in Wānaka
- > **Grow Well Whaiora Meetings – 4**

Over this period there was 100% compliance with statutory requirements for public notification of meetings of Full Council, Standing Committees and the WUCCB, i.e. meetings were publicised via Monthly Meeting Schedules or Monthly Meeting Schedule Amendments in newspapers and/or on QLDC's website consistent within required timeframes; agendas for ordinary meetings were made available for public inspection via QLDC's website at least two clear business days prior to the day of the meeting, while extraordinary meetings were notified as soon as practicable before the meeting (in accordance with standing orders).

An interactive calendar with past and upcoming meetings can be found on [QLDC's Council Meetings Webpage](#).

2. Local Government Official Information and Meetings Act 1987 (LGOIMA) Requests

Over the 2025-2026 Financial Year to the end of May 2026

- > QLDC 331 reported requests due a decision under LGOIMA (July 2025 until May 2026 only)
 - 98.49% of these responses received a response from QLDC within the statutory timeframe of 20 business days; of these:
 - 98 requests were released in full
 - 158 were released in part
 - The average time for completion was 12.7 days
 - The top five refusal/withholding grounds included in responses were (sections cited are within LGOIMA):
 - Section 17(e) refusal on the basis that the document alleged to contain the information requested does not exist or, despite reasonable efforts to locate it, cannot be found:
 - Section 7(2)(a) withholding in order to protect the privacy of natural persons, including that of deceased natural person
 - Section 7(2)(f)(ii) withholding in order to maintain the effective conduct of public affairs through the protection of such members, officers, employees, and persons from improper pressure or harassment;
 - Section 7(2)(f)(i) withholding in order to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to members or officers or employees of any local authority in the course of their duty
 - 7(2)(h) withholding in order to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.
- > QLDC received 18 Ombudsman complaints. Of these:
 - Two remain open;
 - In 8 cases, additional information was released to the requestor.

All formal findings from the Office of the Ombudsman are reviewed by the Democracy Services team as part of regular team check-ins to capture and integrate any learnings or improvement opportunities.

Note, the Office of the Ombudsman has historically published six-monthly reports for the local government sector for all complaints received and completed within the reporting period.

These are available on the website for the Office of the Ombudsman here: <https://www.ombudsman.parliament.nz/news>. QLDC responds to a volume of complaints on par with the average for the sector (based on data for the last three calendar years).

3. The 2026 Local Government Elections

- > There was 41% turnout among eligible voters in the district, with the following turnout by ward:
 - Queenstown-Whakatipu Ward: 34%
 - Wānaka-Upper Clutha Ward: 45%
 - Arrowtown-Kawarau Ward: 41%
- > Voter turnout was highest among those aged 71-75 years (71%) and lowest among those aged 26-30 years (18%).
- > Special votes comprised 3.4% of all votes received in the district, with the breakdown by Ward as follows:
 - Queenstown-Whakatipu Ward: 3.3%
 - Wānaka-Upper Clutha Ward: 3.9%
 - Arrowtown-Kawarau Ward: 2.7%.

See the [QLDC Elections webpage](#) for more information.

4. Council Induction Programme – October 2025-February 2026

- > 28 induction sessions were held as part of the induction programme;
- > External presenters were invited as part of the programme including Simpson Grierson, Meetings & Governance Solutions, and the Office of the Auditor-General.
- > Elected members attended LGNZ Mayoral induction, LGNZ elected member inductions, and two eligible elected members attended the LGNZ hui for younger members.
- > Elected member spent a total of 75 hours in these induction sessions.
- > Additional ongoing professional development is provided through the LGNZ Akona programme which includes regular topical webinars and microcredentials. Further specialised training is also made available through the WSP Making Good Decisions for Resource Management Act 1991 matters.

5. Conflict of Interests – elected members' annual return

- > 14 out of 16 elected members returned their annual returns within the required timeframe (120 days after the member is elected to office as per the Local Government Act 2002 (LGA) S.54C(2)(a));
- > At the time of writing this report, one return had still not been received (please note, it is the elected member's responsibility under the LGA to submit a return);

- > QLDC maintains a [Register of Interest on its website](#) consistent with LGA s.54(a).

Elected members are sent reminders prior to the annual return deadlines. In addition, electoral members are sent quarterly reminders throughout the rest of the year to indicate if there have been any changes to their returns and, if so, the Register of Interests is updated accordingly over the course of the year.

6. Process Improvements

- > **Recording Workshops:** (started in August 2025): Council approved revised Standing Orders in July 2025, which directed that all workshops be recorded, and that recordings of public sessions are published on the website.
- > **Implementation of Policy on Council meetings across the district: (approved by Council in May 2025):**
 - The policy codified practice developed in last few years of holding more Council/standing committee meetings and workshops (where logistically possible) away from Council Chambers, e.g. for Council meetings: 1 per year in Arrowtown, 2/3 per year in Wānaka.
 - These considerations were taken into account in the development of the 2026 Annual Schedule, which was approved by Full Council in February 2026.
 - Clarified recommendation to promote option for public forum attendance remotely e.g. room made available in Ardmore St office when Council meeting in Queenstown, and at Gorge Road office when Council meeting is in Wānaka;
 - Hearings for Annual Plan/Long Term Plan – at least one day in Wānaka for hearings of submissions; where a topic if Ward specific aim to hold in that Ward, eg. the Mt Iron Reserve Hearing was held in Wānaka, and the Hearing on the Glenorchy Airstrip was held in Glenorchy.
 - Where possible workshops to be held in Wānaka where relate to topics eg. The 10 February Council workshop includes item on Wānaka Airport Future Review was held in Wānaka.
 - This policy completes an action from the Local Government Commission Upper Clutha Action Plan.
- > **Recordings for Hearing Sessions:** consistent with approach of recording meetings and workshops (as per change to Standing Orders in July 2025 noted above), all hearing sessions (hearing of submissions and subsequent deliberations) are now recorded and public sessions posted on website; public minutes posted on website as well;
- > **Hearing Deliberations in Public:** hearing deliberations were previously held with public excluded; now can only be held with public exclude where justified under grounds from LGOIMA, which in practice has led to most deliberations taking place as public sessions that are also recorded and put on the website.

- > **Proactive Release of Public Excluded Materials from Meetings/Workshops:** Following a recommendation from the Office of the Ombudsman, early in 2025 QLDC finalised a new set of procedures for review of public excluded materials to determine when and how it's appropriate to release previously public exclude materials. Once determined appropriate to release, materials are released on relevant session webpages (with redactions and relevant grounds under LGOIMA).
- > **Updates to Standing Orders (SO) that facilitate the ability of members of public to present at meetings via public forum or deputations:**
 - SO now explicitly permits public forum (3 minutes) at extraordinary and emergency meetings so long as the presentation relates to the item under consideration at the meeting;
 - new shorter deadlines for those who wish to register for deputations, which are 5 minutes for community members to present on behalf of a community organisation

7. Future considerations and actions

- > The Democracy Services team is aware of the proposed introduction of a new template for standing orders that has been proposed by Central Government and drafted by NZ Standards. Feedback has been provided on the draft and there is no timeline available as to when this may come into force. The team continues to actively monitor.
- > The Local Government (Systems Improvement) Bill has been through the Select Committee process with Central Government and is awaiting it's second reading at Parliament. The team is actively monitoring the progress of the Bill and will provide advice and recommendations at an appropriate time.

Policy on the Appointment and Remuneration of Directors



Team/Directorate	Governance <u>Democracy Services</u> / Corporate Services
Approved by	Council Resolution
Effective date	Day Month 2026
Next review	Month 2029

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Policy on the Appointment and Remuneration of Directors

1 PURPOSE

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

- > The identification and consideration of the skills, knowledge, and experience required of directors of a Council organisation; and
- > The appointment of directors¹ to a Council organisation; and
- > The remuneration of directors of a Council organisation.

2 SCOPE

The terms “Council organisation [\(CO\)](#)”, “Council-controlled organisation [\(CCO\)](#)”, and “Council-controlled trading organisation [\(CCTO\)](#)” are used as defined in Section 6 of the LGA 2002.

As [this policy was adopted \(see Effective date\) at 1 December 2022](#), the Queenstown Lakes District Council (QLDC) operates only one CCTO; the Queenstown Airport Corporation (QAC).

[QLDC is in the process of establishing a Water Services CCO to manage all water services and infrastructure \(water supply, wastewater, storm water\) within the district. This CCO is established under the Local Government \(Water Services\) Act 2025 and is in operational effect from 1 July 2027.](#)

There are no other Council-controlled organisations or Council-controlled trading organisations. The Council may establish further CCOs or CCTOs during the life of this policy, and the provisions of this policy will apply to them.

Under section 6 of the LGA 2002 a CO means a company in which securities carrying voting rights at a meeting of the shareholders of the company are; a) held by 1 or more local authorities, or b) controlled, directly or indirectly, by 1 or more local authorities. It also means an entity in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons; a) control, directly or indirectly, of 1 or more of the votes at any meeting of the members or controlling body of the entity, or b) the right, directly or indirectly, to appoint 1 or more of the trustees, directors, or managers (however described) of the entity.

3 PRINCIPLES

The following principles underlie this policy:

- > Appointment of directors will be made on the basis of merit and aligned with the purpose of the CCO/CCTO, e.g. relevant skills, knowledge and experience.
- > Appointment of directors will aim to ensure a diverse range of membership to bring relevant expertise to the organisation with complementary skills and experience to ensure ideas are challenged and tested and that decision-making is robust.
- > The Council will follow governance best practice and guidance as provided by the Controller and Auditor-General Tumuaki o te Mana Arotake.
- > Directors of CCOs/CCTOs will be appointed on the basis of the contribution they can make to the organisation, and

¹ In the context of a Council Organisation which is not a company, the term ‘director’ may also mean trustee, manager, or office holder (see LGA 2002 s6(3)(b))

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not on the basis of representation.

- > All Council appointed directors must comply with the Council's Code of Conduct for Directors (see *Appendix 1*).

Except where express provision is made to the contrary, the provisions of this policy will apply equally to all current and future CCTOs, CCOs, and COs.

4 APPOINTMENT OF DIRECTORS

No directors will be appointed to a CCTO, CCO or CO Board other than through the processes as defined by this policy².

The process for selecting directors for CCTOs and CCOs will be undertaken by ~~the Governance~~ an appropriately delegated Subcommittee or recruitment panel as convened by Council resolution (referred to hereafter as "the subcommittee"), comprising no fewer than three members which must include the Mayor or Deputy Mayor.

~~> The Mayor;~~

~~> The Deputy Mayor; and~~

~~> The Chief Executive.~~

The ~~Governance~~ Subcommittee will consider all applications and make a formal recommendation for appointment of directors to the Full Council.

The process for selecting trustees for COs will be undertaken by the Mayor by making a formal recommendation for appointment to the Full Council.

4.1 IDENTIFICATION OF REQUIRED SKILLS, KNOWLEDGE AND EXPERIENCE OF DIRECTORS

The required skills, knowledge and experience for director appointments to a Board are assessed in the first instance by the ~~Governance~~ Subcommittee of the Council, in consultation with the Chairperson. External assistance may be used by the Subcommittee in some cases.

Reference is made to the current governance best practice in this area, as encapsulated in the Institute of Directors New Zealand *Four Pillars of Governance Best Practice* and other relevant material.

The mix of skills and experience on the Board will be taken into account and consideration given to complementing and reinforcing existing skills and reducing any known weaknesses where necessary.

The skillsets and attributes required of candidates will generally include:

- > Intellectual ability;
- > Commercial experience;
- > Understanding of governance practice and issues;
- > Sound judgement;
- > High standard of personal integrity;
- > Commitment to the principles of good corporate citizenship;
- > Understanding of the wider interests of the publicly-accountable shareholder;

² Noting the exception of the QAC which provides for the appointment of one director by the minor shareholder in clause 15.14 of its constitution.

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- > Understanding of the wider interests and objectives of the Council, including (but not limited to) the community wellbeings as described by section 10 of the LGA 2002, [the QLDC Strategic Framework \(including Vision Beyond 2050\)](#), and the Climate & Biodiversity Plan;
- > Able to maintain the trust of Council;
- > Able to maintain a close, but independent, working relationship with the CEO;
- > Ability to harness the collective skills of the Board and executive team to achieve the business objectives, obligations under the LGA 2002, and maintain the confidence of the shareholders;
- > Ability to lead Board evaluation process;
- > Ability to demonstrate leadership and good interpersonal skills;
- > Ability to efficiently conduct meetings;
- > Ability to effectively participate in Board deliberations;
- > Ensure timeliness and relevance of information to the Board;
- > Ability to be the spokesperson for the company;
- > Ability to retain the confidence of the community and able to build relationships within the community's networks.

It is expected that all appointees to Boards will undergo, or already have undergone, formal corporate governance training or have the requisite experience in this area.

4.2 THE APPOINTMENT OF OFFICERS OR ELECTED MEMBERS AS DIRECTORS

Neither Councillors or Council staff are precluded under this policy from appointment to Boards for CCTOs and CCOs. Staff or elected representatives (including the Mayor, Councillors and Community Board members) acting as directors of commercial companies are to be particularly conscious of their responsibilities in the role of director, and the role of an impartial advisor and/or objective decision maker. Conflicts of interest must be avoided between these roles and should be managed in accordance with *Conflicts of Interest* guidance provided by the Controller and Auditor-General Tumuaki o te Mana Arotake.

There may be special circumstances where an elected representative or Council officer may be the most appropriate person to be appointed as a director. These special circumstances should be fully recorded by the [Governance Subcommittee](#) and Council in making that decision. All other parts of this policy should be considered and applied to such an appointment.

4.3 APPOINTMENT PROCESS FOR DIRECTORS

When a vacancy arises, the [Governance Subcommittee](#) (or their delegated Council officer) will identify the skills, knowledge and experience for the position (in consultation with the Chairperson). The process to make the appointment is detailed below.

- > The vacancy will be advertised via the Institute of Directors New Zealand or any appropriate local and national media; or
- > Where a suitable candidate has been identified and advertising is not expected to add significant value to the selection process (for example where specialist knowledge or experience exists), the [Governance Subcommittee](#) may choose not to advertise but must provide its reasoning in making a recommendation to the Full Council.
- > Candidates will be requested to supply:
 - A curriculum vitae which establishes how well they meet the role specification for the directorship role;

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- A letter detailing why they are interested in the particular role; and
- A report on any conflicts of interest their appointment may cause, including how those conflicts are proposed to be managed.

Interview

- > Following the search process, the ~~Governance S~~ubcommittee will draw up a short list of candidates.
Note, the ~~Governance S~~ubcommittee may engage a specialist consultant or advisor to assist with shortlisting suitable candidates for consideration.
- > Where appropriate and if one exists, the ~~s~~ubcommittee will co-operate with the minority shareholder in the selection process.
- > Each candidate will be interviewed by the ~~Governance S~~ubcommittee. The Subcommittee will then decide its preferred candidate(s), check all references and report back to the Full Council with a recommendation for appointment.

Appointment

- > The report recommending the candidate(s) will be “public excluded” in order to protect the privacy of the individual(s) concerned (LGOIMA 1987 S7(2)(a)). The Council will consider the report from the ~~s~~ubcommittee and make its decision on selection.
- > Public announcement of the appointment will be made as soon as practicable after the Council has made its decision and candidate(s) formally advised.

Tenure

- > Rotation of all directors is to be encouraged to the extent that it is practical under the law and constitution of the organisation.
- > Directors will ~~normally~~ be appointed for terms in accordance with the organisation’s constitution of three years (unless the constitution of the organisation provides otherwise).
- > At the end of each term of an appointment, the incumbent will be asked to provide a report on their contribution to the organisation concerned.

Reappointment

- > Where a director’s term of appointment has expired and they are offering themselves for reappointment (within the allowances of the constitution) a representative of the ~~Governance S~~ubcommittee will consult on a confidential basis with the Chairperson with regard to;
 - Whether the skills of the incumbent add value to the work of the Board;
 - Whether there are other skills which the Board needs; and
 - Succession planning matters.*Note, if it is the Chairperson seeking reappointment /re-election consideration will be made by the ~~s~~ubcommittee alone or in consultation with a minor shareholder where one exists. It is at the ~~s~~ubcommittee’s discretion to engage the Board in discussions around reappointing /re-electing a Chairperson.*
- > The ~~Governance S~~ubcommittee will consider the information obtained and, taking into account the director’s length of tenure, form a view on appropriateness of reappointment or making a replacement appointment.
- > Where reappointment is considered appropriate, the ~~Governance S~~ubcommittee is authorised to approve the reappointment without further decision of Council. Any reappointments made by the ~~s~~ubcommittee will be reported to Full Council for noting via the Chief Executive’s report.
- > Where it is not intended to reappoint the existing incumbent, the appointment process outlined above will apply.

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Chairperson selection

- > It is the responsibility of the Council (on the recommendation of the ~~Governance S~~subcommittee) to appoint or propose by stakeholder resolution to elect (depending on the requirements of the entity's constitution) ~~appoint~~ the Chairperson. However, normally the ~~s~~Subcommittee will consult the Board (and minor shareholder where one exists) on the person to be appointed / elected, and where appropriate, will seek its view on who it considers to be the appropriate person to fill the Chairperson's position.

Chair succession planning

- > The aim of a succession plan is to provide for smooth transition of leadership in the event of a planned or unexpected retirement of an incumbent Chairperson. It is expected that the Chairperson will identify and develop potential successors or advise the ~~Governance Subcommittee~~Council if there are no candidates suitable for the role of Chairperson.

Removal of Board members

- > Board members hold office at the pleasure of the Council and may be removed at any time by Council resolution.
- > Without limiting the right of the Council, 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 and/or the Council;
 - Has breached ethical standards and this reflects badly on the Board and/or Council;
 - 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; or
 - Does not act in accordance with the principles of collective responsibility.
- > 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 ~~Governance Subcommittee~~Council. The Council will not make any payment by way of compensation to Board members who have been removed from Boards.

4.4 PROVISIONS SPECIFIC TO COUNCIL ORGANISATIONS

The Council may have a non-controlling interest in numerous COs. These will be not-for-profit bodies.

Appointments to COs are made for a number of reasons. These include:

- > To provide a means of monitoring where the Council has made a grant to that body;
- > To enable Council involvement where the CO's activity is relevant to the Council;
- > To satisfy a request from the CO that the Council appoint a representative; or
- > Statutory requirements.

Appointments to a CO are generally for a three-year term and are made after the triennial elections, by the Council. The Council will endeavour to minimise the number of appointments where the benefit to the Council of such an appointment is minimal.

Identification of required skills, knowledge and experience of CO directors, and appointment

- > The range of reasons for the appointment of Council representatives to COs results in a wider range of desired attributes for appointees to these bodies.

Policy on the Appointment and Remuneration of Directors

- > The Council will determine the required skills, knowledge, and experience for each appointment. Candidates are not restricted to Councillors. In some cases it may be more appropriate to appoint Council staff or external people with affiliations to the Council.

Remuneration of CO directors

- > CO directors appointed by the Council will receive the remuneration (if any) offered by that body. Council staff members appointed to such bodies will not accept any remuneration.

4.5 EXPECTATION OF APPOINTEES

Directors must adhere to the code of conduct annexed as Appendix 1 to this policy.

Directors are appointed to CCTOs or CCOs for the value and skills they can add to the organisation and not as Council representatives. The first expectation of appointees is that they will satisfy requirements of the role and pursue the requirements of the body's constitution. Where it is consistent with that role the appointee will have regard to the policies of Council and will seek to advance such policies.

Policy on the Appointment and Remuneration of Directors

5 DIRECTOR REMUNERATION POLICY

5.1 REMUNERATION

Council may consider a level of remuneration for Board appointees that is appropriate to the relevant market, while recognising the public service element to a CCTO or CCO. Professional advice may be sought where necessary.

The Council also supports the payment by CCTOs or CCOs of directors' liability insurance and the indemnification of all directors.

Any remuneration earned by Councillors or staff as directors of a CCTO or CCO will be remitted to the Council.

5.2 REMUNERATION REVIEW AND FEE SETTING

Periodically, the Governance Subcommittee Council may review the level of remuneration (if any) made available to the Boards of the CCTOs or CCOs for distribution amongst directors on each Board.

Any fees will be reviewed on an annual basis for each CCTO or CCO, leaving the Board of that CCTO or CCO to apportion the fee between Board members as it sees fit. Under exceptional circumstances, Council may approve an application from a CCTO or CCO for additional fees; for a special project, a temporary increase in workload for the Board, difficulties in recruiting particular skills, or similar considerations.

In performing any review of remuneration, the Subcommittee Council will have regard to the following factors:

- > The need to attract and retain appropriately qualified directors;
- > The levels of remuneration paid to comparable companies in Aotearoa New Zealand;
- > The performance of the CCTO or CCO and any changes in the nature of its business;
- > The size and scale of the CCTO or CCO (e.g. turnover, value of assets, number of employees);
- > Complexity and scope of operations (e.g. complexity of issues, level of guidance for decision making, relationship management responsibilities);
- > Accountability (e.g. scale of market risk, public interest and profile, potential risk to director reputation, and other key risks);
- > Skills, specifically the type of expertise and specialisation needed; and
- > Any other relevant factors.

The final decision on directors' remuneration will be made by a resolution of Council.

6 REFERENCES

Local Government Act 2002	https://www.legislation.govt.nz/act/public/2002/0084/latest/whole.html#DLM171482

Policy on the Appointment and Remuneration of Directors

Controller and Auditor-General Tumuaki o te Mana Arotake <i>Governance and accountability of Council-controlled organisations</i>	https://oag.parliament.nz/2015/cco-governance
Institute of Directors New Zealand <i>Four Pillars of Governance Best Practice</i>	https://www.iod.org.nz/resources-and-insights/4-pillars-landing-page/#
Controller and Auditor-General Tumuaki o te Mana Arotake <i>Conflicts of Interest</i>	https://oag.parliament.nz/good-practice/conflicts-of-interest
Local Government Official Information and Meetings Act 1987	https://www.legislation.govt.nz/act/public/1987/0174/latest/DLM122287.html
<u>Local Government (Water Services) Act 2025</u>	https://www.legislation.govt.nz/act/public/2025/42/en/latest/#LMS1004209

7 APPENDIX 1 – CODE OF CONDUCT

- a) Directors must act honestly and in good faith in what the director believes to be the best interests of the company. Directors must ensure that all shareholders and classes of shareholder are treated fairly according to their rights as between each other.
- b) Directors must carry out their duties in a lawful manner and use reasonable endeavours to ensure that the company conducts its business in accordance with the law and with a high standard of commercial morality.
- c) Directors should avoid conflicts of interest so far as is possible. Where a conflict or potential conflict arises, as a minimum they must adhere scrupulously to the procedures provided by law and by the constitution of the company for dealing with conflicts and with the position of directors having an interest in a particular contract or issue. A director who has a continuing conflict of interest of a material nature should consider resignation as a director of the company.
- d) Directors should be diligent, attend Board meetings and devote sufficient time to make and keep themselves familiar with the nature of the company's business and the environment in which it operates. They should be aware of all statutory and regulatory requirements affecting their company and, where applicable, the requirements of bodies such as the NZX New Zealand Exchange, and see that these are observed.
- e) Directors must observe the confidentiality of non-public information acquired by them as directors and not disclose it to any other person without the authority of the Board. A director who is nominated by, or who has special allegiance to a particular shareholder or group of shareholders, may only disclose confidential information to such shareholders with the authority of the Board and in strict compliance with any procedures prescribed by law or the constitution of the company.
- f) Directors of public issuers should ensure that their company has in place an approved procedure for the buying and selling of shares or securities in the company by directors or their relatives or associates. Directors should not engage in short term trading in the company's shares or securities. Directors should notify the Board in advance of any intended transaction by them or their relatives or associates involving shares or securities in the company.
- g) Directors must act in accordance with their fiduciary duties. They should comply with the spirit as well as the letter of the law and remember that in addition to purely legal requirements there is a standard of ethical and moral behaviour against which all their actions can be judged.
- h) A director should not bind themselves to a pre-determined stance or course of action in the public arena which may then significantly impact on decisions taken at the Board table.
- i) A director may not publicly criticise the Council, the company or its subsidiaries, or dissent from a collective Board decision in a manner likely to damage confidence in the company or its subsidiaries or Council.
- j) Directors must familiarise themselves with the legal risks, both to the company and to the individual director involved with the position, and take all reasonable steps to minimise such risks