



**Methodology for setting CCO  
Directors' Fees**

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**Final Report  
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## Executive Summary

Auckland Council's CCO model is new in many respects, and unique within New Zealand due to the substantial size of the Council's seven CCOs. To ensure the model operates effectively, each CCO must have Directors who are credible within the business community and possess the necessary range of governance and leadership skills. This has a direct bearing on the suitable level of Directors fees to ensure the right pool of applicants are attracted to these roles. The Council is empowered by legislation and policy to appoint directors to CCO Boards and set directors' fees to reflect the size, complexity and operating environment of each entity.

The methodology developed in this report assesses each CCO on a number of dimensions including size and scale, complexity and scope, accountability, and skills required by Board members. Application of this methodology revealed a number of common elements across the CCOs which set them apart from other entities, including:

- a higher than normal Director workload – some temporary in nature due to the CCO model being in an establishment phase, some ongoing due to the multiple necessary points of interaction between CCOs and the Council, as well as local boards
- a lesser level of exposure to business risk and competition than might be expected in an SOE or commercial enterprise
- a high level of public interest and scrutiny in CCO activities, and
- a range of intangible benefits to CCO Directors who want to contribute a public service and achieve great outcomes for Auckland.

External benchmarking against comparator organisations revealed that current Directors fees are in keeping with the market and arguably at the higher end of the scale. It is our view that given the CCO model, the nuances of the Auckland market, and the need to attract highly credible and experienced Directors, this is appropriate positioning. Application of the methodology to individual CCOs revealed significant diversity across each of the dimensions. Ultimately, it is our view that the CCOs sit in three distinct fee bands:

- Band One – Auckland Transport and Watercare
- Band Two – RFA, Waterfront Auckland, and ATEED
- Band Three – ACPL and ACIL

The next full review of directors' fees may result in a realignment of internal relativities as by then the model will be more established and governance roles may alter over time.

It is our view that the current multipliers (2x for all Chairs and 1.25x for Deputy Chairs) remain appropriate, and should also be applied to Watercare.