

Detail on proposed minor policy improvements

Proposed minor policy amendments

1. Table one shows proposed policy amendments which are recommended for the policy, and the rationale for the proposed amendment. These proposed amendments result in minor policy change. In all cases, the alternative option to the proposed policy amendments is the status quo.
2. Proposed policy wording is shown in green text in the relevant sections of the draft policy.

Table one1: Proposed minor policy amendments

Policy Section	Proposed amendment	Rationale
3.1	<p>Add definitions for key policy terms</p> <p>It is recommended that definitions of the terms – “<i>candidate</i>”, “<i>board member</i>”, and “<i>Committee</i>” be added to the policy.</p> <ul style="list-style-type: none"> • Candidate - the terms candidate and applicant were variously used throughout the policy, to distinguish whether an individual under consideration for a board role had applied, been approached or nominated. It is recommended that the term candidate is defined to be inclusive of the different ways in which an individual may be considered of appointment. The term candidate should then be used consistently throughout the policy. • Board member – terms such as board member, director and trustee were used variously throughout the policy and multiple parts of the policy contained a definition of these terms. It is recommended that the term board member is defined to be inclusive and is then used consistently throughout the draft policy. • Committee – it is recommended that the term Committee be defined to clarify that it refers to the governing body Committee with delegated responsibility for appointing board members. The term Committee should then be used consistently throughout the policy. This approach reduces the need for editorial changes to the policy if there is a change to the Committee structure or the name of the Committee. • Proposed wording for these definitions is shown in section 3.1 of the draft policy. 	<ul style="list-style-type: none"> • Ensures clarity of key terms used in the policy and improves consistency across the four parts of the policy. • Improves the readability of the policy and reduces the need to define terms in multiple parts of the policy • Reduces the need to make editorial or administrative changes to the policy, for example, in the event that the name of the Committee responsible for appointments changes.

Policy Section	Proposed amendment	Rationale
8.7.1	<p>Amend the policy to reflect changes to the LGA 2002</p> <ul style="list-style-type: none"> • Section 60(3) of the Local Government Act 2002 Amendment Bill (2) (the Bill), contains a new requirement that: <ul style="list-style-type: none"> <i>“When identifying the skills, knowledge, and experience required of directors of a council-controlled organisation, the local authority must consider whether knowledge of tikanga Māori may be relevant to the governance of that council-controlled organisation.”</i> • The Bill had not been passed into law prior to the dissolution of parliament on 22 August 2017. If this clause remains as it is drafted and the Bill is passed it is recommended that section 8.7.1 be amended to reflect the new requirement. • Proposed wording is shown in section 8.7.1 of the draft policy. 	<ul style="list-style-type: none"> • Ensures that the policy gives effect to this new legislative requirement; if the Bill is passed into law. • Transparency and accountability.
8.7.1	<p>Amend the policy to clarify factors considered when determining skills, knowledge and experience</p> <ul style="list-style-type: none"> • Clarify that when determining the skills, knowledge and experience required for a vacant board position on a substantive CCO that the current composition of the board and the future skill requirements of the board will be taken into consideration. • Proposed wording is shown in section 8.7.1 of the draft policy. 	<ul style="list-style-type: none"> • Improves clarity of councils’ practice when implementing the policy. • Transparency and accountability.
9	<p>Clarify remuneration of board members nominated by New Zealand Transport Agency</p> <ul style="list-style-type: none"> • Clarify in the body of the policy, that where a director nominated by the New Zealand Transport Agency (NZTA) is: <ul style="list-style-type: none"> ○ an office holder of NZTA they will not be remunerated for their service on the board ○ is not an office holder of NZTA remuneration will be determined following discussions with NZTA • Wording to this effect was previously contained in a footnote to the policy. • Proposed wording is shown in section 9 of the draft policy. 	<ul style="list-style-type: none"> • Transparency and accountability is improved if this policy setting is included in the body of the policy.
Part Three	<p>Clarify the reasons why Auckland Council appoints to COs</p> <ul style="list-style-type: none"> • It is recommended that explanatory text is added to the introductory section of part three of the policy to outline the key reasons why Auckland Council appoints board members to COs. • Proposed wording is shown in the introductory section of Part Three of the draft policy. 	<ul style="list-style-type: none"> • Transparency and accountability are improved by including a statement of the key reasons why Auckland Council typically has a role in the appointment of board members to council organisations.

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3. Table two below shows proposed policy improvements are recommended for the policy, and the rationale for the proposed improvement. These proposed improvements result in minor change to the policy. In all cases, the alternative option to the proposed policy improvements is the status quo.
4. Proposed policy wording is shown in blue text in the relevant sections of the draft policy.

Table 2: Proposed minor policy improvements

Policy Section	Proposed improvement	Rationale
3.1.1	<p>Clarify the application of the policy to appointments to multiply owned CCOs</p> <ul style="list-style-type: none"> • Appointments to multiply owned CCOs are established through shareholder agreements or similar documents. Such agreements take precedence over the Appointment and Remuneration Policy for Board Members of Council Organisations. • However, it is suggested that the policy be amended to clarify that to the extent possible, it is expected that all CCO appointment processes will be made in a manner consistent with the objectives of the policy. • Proposed wording is shown in section 3.1.1 of the draft policy. 	<ul style="list-style-type: none"> • Improves consistency of approach and sets a clear expectation that all CCO appointments processes should be made in a manner which is consistent with the objectives of the policy. • Improves transparency.
5.5 8.12	<p>Clarify that persons disqualified from being a director under the Companies Act 1993 may not be appointed as a board member of a CCO</p> <ul style="list-style-type: none"> • Clarify in the body of the policy and for avoidance of doubt, that persons who are disqualified from holding office as a director of a company under section 151(2) of the Companies Act 1993, may not be appointed as a board member of a substantive or non-substantive CCO. Wording to this effect was previously contained in a footnote to the policy. • Proposed wording is shown in section 5.5 (substantive CCOs) and section 8.12 (non-substantive CCOs) of the draft policy. 	<ul style="list-style-type: none"> • Ensures that there is a clear and consistent policy for all substantive and non-substantive CCOs, irrespective of whether the CCO is a company or not. • Improves transparency.
6.1	<p>Clarify that the appointment of individual board members will take into account the balance of skills and experience of the whole of the board</p> <ul style="list-style-type: none"> • Clarify that the appointment of an individual director to the board of substantive and non-substantive CCOs takes into account the mix of skills, knowledge and experience of the board as a whole. • Proposed wording is shown in section 6.1 (substantive CCOs) and section 11.1 (non-substantive CCOs) of the draft policy. 	<ul style="list-style-type: none"> • Improves transparency. • Enhances alignment between the policy and practice. • Promotes good governance practice.

Policy Section	Proposed improvement	Rationale
6.1	<p>Clarify expectations around governance experience and training</p> <ul style="list-style-type: none"> • Amend the policy to clarify that board members appointed to substantive CCOs should undergo or have undergone formal governance training, or have the requisite governance experience. • The policy allows council to waive corporate governance requirements to attract a wider range of board members where governance skills are already well represented on the board. The policy also notes that CCO Boards should provide director training for board members with limited corporate governance training. • Proposed wording is shown in section 6.1 of the draft policy. 	<ul style="list-style-type: none"> • Improves transparency and accountability. • Promotes good governance.
6.2 6.3	<p>Clarify the additional competencies required of the Board Chair of a substantive CCO and the role of the Board Chair and Deputy Chair of a substantive CCO</p> <p>Board Chair competencies</p> <ul style="list-style-type: none"> • A new section is added to the policy setting out the competencies which are required for the Board Chair, of a substantive CCO, to effectively undertake their role. • Proposed wording is shown in section 6.2 of the draft policy. <p>Role of the Board Chair and Deputy Chair</p> <ul style="list-style-type: none"> • The skill-sets and competencies previously contained in the policy are re-drafted as the role of the Board Chair and Deputy Chair. • Proposed wording is shown in section 6.3 of the policy. • These sections will inform succession planning and assessments of whether retiring directors are potential successors to the Board Chair. 	<ul style="list-style-type: none"> • Ensures that council is attracting the best candidates and improves transparency, accountability and clarity of responsibilities, by: <ul style="list-style-type: none"> ○ clearly stating the additional competencies required by the Board Chair ○ setting out the role and responsibilities of the Board Chair and Deputy Chair. • Improves ability to align CCOs to the direction of council. • Promotes good governance .

Policy Section	Proposed improvement	Rationale
<p>8.7.4 8.9 13.4 15.4.1</p>	<p><i>Clarify the responsibilities of the Selection Panel and Committee with respect to assessing the interests of candidates</i></p> <ul style="list-style-type: none"> • Amend the policy to clarify the role and responsibilities of the Selection Panel and the Committee with respect to assessing the interests of candidates, including that: <ul style="list-style-type: none"> ○ The report from the Selection Panel to the Committee recommending its preferred candidates should include a discussion of whether any actual or perceived conflicts of interest have been identified. Proposed wording is shown in section 8.7.4 of the draft policy. ○ In recommending preferred candidates to the Committee the Selection Panel needs to be confident that where a potential conflict of interest has been identified, that conflict can be managed. Proposed wording is shown in section 8.7.4 of the draft policy. ○ That candidates are required to declare interests, prior to being interviewed, so that the potential for a conflict of interest can be assessed. Proposed wording is shown in sections 8.9, 13.4 and 15.4.1 of the draft policy. ○ That in making an appointment to a non-substantive CCO the Committee needs to be confident that where a potential conflict of interest has been identified, that the conflict can be managed. Proposed wording is shown in section 13.4 of the draft policy. • It is also recommended that a new reference to guidance provided by the Office of the Auditor-General, on managing conflicts of interest for public entities, be included in the policy. Proposed wording and a hyperlink to the guidance is shown in section 8.9 of the draft policy. 	<ul style="list-style-type: none"> • Improves transparency and accountability and places emphasis on the need to assess and take interests into account when making appointments. • Ensures that those parties involved in the appointment of board members have clarity of role and responsibility. • Ensures consistency of practice across all parts of the policy. • Promotes good governance practice.
<p>9.2</p>	<p><i>Clarify policy on the payment of directors' liability insurance and indemnification of directors</i></p> <ul style="list-style-type: none"> • For avoidance of doubt, clarify in the policy that council supports the payment by substantive CCO organisations of directors' liability insurance and the indemnification of directors. • This is current practice and for those substantive CCOs that have a constitution, this provision is set out in the constitution. • Proposed wording is shown in section 9.2 of the draft policy. 	<ul style="list-style-type: none"> • Ensures that there is a clear and consistent policy for all substantive CCOs, irrespective of whether they are governed by a constitution. • Improves alignment between the policy and practice.