I hereby give notice that an ordinary meeting of the Appointments, Performance Review and Value for Money Committee will be held on:

**Date:** Thursday, 2 August 2018  
**Time:** 9.30am  
**Meeting Room:** Room 1, Level 26  
**Venue:** 135 Albert St  
Auckland

**Komiti Tohu me te Arotake Tūranga Mahi, me te Rite o te Whiwhi ki Tā Tērā i Utu Ai / Appointments, Performance Review and Value for Money Committee**

**OPEN AGENDA**

**MEMBERSHIP**

**Chairperson**  
Hon Phil Goff, CNZM, JP

**Deputy Chairperson**  
Hon Christine Fletcher, QSO

**Members**  
Cr Josephine Bartley  
Cr Ross Clow  
Cr Chris Darby  
Cr Richard Hills  
Cr Penny Hulse  
Cr Desley Simpson, JP

**Ex-officio**  
Deputy Mayor Bill Cashmore  
IMSB Member David Taipari

(Quorum 5 members)

Suad Allie  
Governance Advisor

27 July 2018

Contact Telephone: (09) 977 6953  
Email: suad.allie@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Terms of Reference

Responsibilities

The Council Appointments, Performance Review and Value for Money Committee is established to:

1. Review the chief executive’s performance and to recommend to the Governing Body the terms and conditions of the CE’s employment including any performance agreement measures and annual remuneration.

2. Make appointments to Council-Controlled Organisations (CCOs), Council Organisations (COs) and exempt CCOs and COs.

3. Approve policies relating to the appointment of directors and trustees to CCOs and COs.

4. Monitor and report to the Governing Body on the implementation of service delivery reviews required under s17A of the Local Government Act 2002, and the recommendations arising from those reviews.

5. Approve the scheduling of the forward s17A work programme, and recommend to the Governing Body the terms of reference for individual reviews.

6. Request reports on Auckland Council parent and CCO value for money, savings and effectiveness-focused initiatives that are beyond the scope of s17A reviews, and make recommendations on these reports to the Governing Body.

Powers

All powers necessary to perform the committee’s responsibilities.

Except:

(a) powers that the Governing Body cannot delegate or has retained to itself (section 2)

(b) where the committee’s responsibility is limited to making a recommendation only

(c) the power to establish sub-committees
Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
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<td>Confirmation of Minutes</td>
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<td>Petitions</td>
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<td>Process for the appointment of new directors to the Auckland War Memorial Museum and Museum of Transport and Technology</td>
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<td>Process for the appointment of directors to the board of Auckland Council Investments Limited</td>
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<td>Review of the Appointment and Remuneration Policy for Board Members of Council Organisations</td>
<td>29</td>
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<td>Process for the appointment of directors to Contemporary Arts Foundation and an update for the appointment of chairs to Auckland Council’s council-controlled organisations</td>
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<td>Consideration of Extraordinary Items</td>
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**PUBLIC EXCLUDED**

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<td>Procedural Motion to Exclude the Public</td>
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<td>Board Appointments for the Auckland War Memorial Museum and Museum of Transport and Technology</td>
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<td>C2</td>
<td>Appointment of trustees to the Contemporary Art Foundation</td>
<td>87</td>
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<td>C3</td>
<td>Appointment of directors to the board of Auckland Council Investments Limited</td>
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<tr>
<td>C4</td>
<td>Appointment of candidates for three vacancies on Auckland Council’s council-controlled organisations</td>
<td>88</td>
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<tr>
<td>C5</td>
<td>Update on Chief Executive Stephen Town’s performance objectives 2017/2018</td>
<td>88</td>
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</table>
1 Apologies
At the close of the agenda no apologies had been received.

2 Declaration of Interest
Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 Confirmation of Minutes
That the Appointments, Performance Review and Value for Money Committee:
   a) confirm the ordinary minutes of its meeting, held on Thursday, 5 July 2018, including the confidential section, as a true and correct record.

4 Petitions
At the close of the agenda no requests to present petitions had been received.

5 Public Input
Standing Order 7.7 provides for Public Input. Applications to speak must be made to the Governance Advisor, in writing, no later than one (1) clear working day prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of thirty (30) minutes is allocated to the period for public input with five (5) minutes speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 Local Board Input
Standing Order 6.2 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to five (5) minutes during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give one (1) day’s notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.
7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"An item that is not on the agenda for a meeting may be dealt with at that meeting if-

(a) The local authority by resolution so decides; and

(b) The presiding member explains at the meeting, at a time when it is open to the public,-

   (i) The reason why the item is not on the agenda; and

   (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting."

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

(a) That item may be discussed at that meeting if-

   (i) That item is a minor matter relating to the general business of the local authority; and

   (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."
Te take mō te pūrongo / Purpose of the report
1. To approve the terms of reference for the group financial services value for money review so that it can be recommended to the Governing Body for final approval.

Whakarāpopototanga matua / Executive summary
2. At its 22 March 2018 (GB/2018/57) meeting the Governing Body approved the terms of reference for the Appointments, Performance Review and Value for Money (APRVFM) Committee. This incorporated the oversight for the value for money review programme under section 17A of the Local Government Act 2002.
3. This report is seeking approval from the APRVFM Committee for the next scheduled review being group financial services. This follows eight previously approved reviews which have been completed or are underway.
4. This review is proposed as it builds on previous review work that comprised the organisational support budget groupings in the long-term plan including:
   - information, communications and technology
   - group procurement
   - customer services
   - communications and engagement.
5. Organisational support represents a large group expenditure over 10 years ($4.2 billion in operating expenditure and $1.3 billion in capital expenditure).
6. The review of group financial services will also have a bearing on the development of a group corporate support strategy.

Ngā tūtohunga / Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:
a) approve the terms of reference for the group financial services value for money review, so that it can be recommended to the Governing Body for final approval.

Tātaritanga me ngā tohutohu / Analysis and advice

<table>
<thead>
<tr>
<th>Date</th>
<th>Committee</th>
<th>Recommendation Number</th>
<th>Decision</th>
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<tbody>
<tr>
<td>21 March 2017</td>
<td>Finance and Performance</td>
<td>FIN/2017/23</td>
<td>endorsed a value for money programme for the council group and approved the initial four terms of reference (three waters, domestic waste, communications and engagement, investment attraction and global partnerships)</td>
</tr>
<tr>
<td>21 September 2017</td>
<td>Finance and Performance</td>
<td>FIN/2017/128</td>
<td>two terms of reference (group procurement and parks and open spaces) were approved</td>
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## Item 8

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<thead>
<tr>
<th>Date</th>
<th>Body</th>
<th>Reference</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>22 March 2018</td>
<td>Governing Body</td>
<td>GB/2018/57</td>
<td>approved oversight for the value for money (S17A) programme be moved to the Appointments, Performance Review and Value for Money (APRVFM) Committee</td>
</tr>
<tr>
<td>24 May 2018</td>
<td>Governing Body</td>
<td>GB/2018/84</td>
<td>two terms of reference (group customer services, and group information, communication and technology services) were approved</td>
</tr>
</tbody>
</table>

7. The group financial services review proposed in this report is an amalgamation of two previously proposed financial reviews; those being the financial planning and policy review and the financial and transactional services review. This combined review will cover:

a) financial transactions
b) business support including financial, accounting and commercial activities
c) technical accounting
d) treasury
e) reporting
f) capital planning
g) tax and revenue management
h) financial planning and budgeting.

8. This report is seeking approval from this Committee to recommend to the Governing Body the terms of reference for the group financial services review as attached in Attachment A.

9. The reasons for proposing this review, which differs from the current forward programme timetable, includes acknowledgement that:

- work on opportunities for group shared services is about to get underway. This involves identifying operational opportunities across the group and removing duplication. The work is being undertaken with sponsorship from the group Chief Financial Officers. The value for money review will complement the development of the strategy by reviewing areas of significant group expenditure with high levels of commonality and potential duplication.
- Auckland Tourism, Events and Economic Development has just completed a review of its purpose and is in the process of implementing changes to its organisation. It is desirable that the continuation of the economic development review await the outcomes of that work. As a result, the economic development s17A review has been rescheduled.

### Ngā tāpirihanga / Attachments

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<td>Terms of Reference Group Financial Services VFM review</td>
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### Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Authorisers</th>
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<tbody>
<tr>
<td>Sally Garrett – Programme Manager – Value for Money</td>
<td>Kevin Ramsay - General Manager Corporate Finance and Property</td>
</tr>
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<td></td>
<td>Sara Hay – Acting Group Chief Financial Officer</td>
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<td>Phil Wilson - Governance Director</td>
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</table>
Terms of reference

Value for Money (s17A) Review:
Group financial services
July 2018
[Sentient ID #XXXXXX]
1. **Document control**

1.1. **Document purpose**

1. This Terms of Reference (ToR) outlines the purpose of the review, the way it will be structured, governed and how it will be executed.

1.2. **Document history**

<table>
<thead>
<tr>
<th>Version</th>
<th>Date</th>
<th>Update by</th>
<th>Update details</th>
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<tbody>
<tr>
<td>1</td>
<td>14 June 2018</td>
<td>S Garrett</td>
<td>Draft</td>
</tr>
<tr>
<td>2</td>
<td>1 July 2018</td>
<td>S Garrett</td>
<td>Revisions from Group CFO</td>
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1.3. **Document approval**

<table>
<thead>
<tr>
<th>Authorised by</th>
<th>Title</th>
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<td>2. INTRODUCTION</td>
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<td>3. SCOPE</td>
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<tr>
<td>4. APPROACH TO THE REVIEW</td>
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<tr>
<td>5. GOVERNANCE AND ROLES</td>
<td>6</td>
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References:
2. Introduction

2.1. Programme approval

2. At its meeting on 21 March 2017, the Finance and Performance Committee approved a programme to review the effectiveness and value-for-money across the major activity and service lines of Auckland Council group under section 17A of the Local Government Act 2002 (LGA02).

3. In March 2018 oversight for the value for money (S17A) programme was moved to the Appointment, Performance Review and Value for Money (APRVFM) Committee.

4. The aim of the review programme is to ensure council services continue to best meet Auckland's needs for good-quality infrastructure, local public services and performance of regulatory functions into the future.

2.2. Statutory requirements

5. The programme meets Auckland Council's statutory obligations under section 17A of the Local Government Act 2002 (LGA02). Under s17A, Auckland Council:

"must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services and performance of regulatory functions."

6. Local infrastructure, local public services and performance of regulatory functions include essentially all of council's functions.

7. Section 10 of the LGA02 defines good quality to mean infrastructure, public services, and performance that are efficient, effective and appropriate to present and anticipated future circumstances. The Auditor-General has defined cost-effectiveness to mean "the relationship between the levels of resources used (cost) and progress towards a predetermined outcome”.

8. s17A requires that reviews are conducted every 6 years, or when:
   - council is considering a significant change to relevant service levels
   - a council contract or binding agreement in relation to delivery of infrastructure, service or regulatory function is expiring within the next 2 years.

9. There are exceptions to the review requirements where:
   - the delivery of that infrastructure, service or regulatory function is governed by legislation, contract or binding agreement such that it cannot reasonably be altered within the following 2 years
   - Auckland Council is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service or regulatory function do not justify the costs of a review.
3. **Scope**

3.1. **Services covered**

10. This review will cover current and future group financial services including:
   
   a. Financial transactions
   
   b. Business support including financial, accounting and commercial activities
   
   c. Technical accounting
   
   d. Treasury
   
   e. Reporting
   
   f. Capital planning
   
   g. Tax and revenue management
   
   h. Financial planning and budgeting

11. As the review takes a ‘value chain’ approach, the review’s scope will cover the overall management of the financial services from the development of policies and strategies, to the commissioning and funding, the cost and resource use, and the effectiveness of these services in Auckland Council and its Council Controlled Organisations.

12. While the scope of the information, communication and technology review is noted, related opportunities linked to enabling systems may be acknowledged or noted as part of this financial services review.

13. The outcomes, levels of service, and performance targets set out in key accountability documents (e.g. Auckland Plan, Long Term Plan, Annual Plans and budgets and Statements of Intent) and council and council group strategies (e.g. the right-sourcing criteria) will form the baseline for the review.

3.2. **Objectives & Lines of Inquiry**

14. The objective of the review is to:
   
   - evaluate the value-for-money of managing and delivering financial services in Auckland Council group
   
   - consider the relative merits of governance, funding and delivery options that could improve value for money in support of the council’s objectives and outcomes.

15. The review will be inquiring whether:
   
   - the current and planned investment in and delivery of financial services across the council group contributes to achieving the council’s objectives, considering:
     
     o right-sourcing and collaboration in the delivery of back-office functions
     
     o technology and systems (system automation and AI, software as a service and self-service)
     
     o financial, asset management, and customer service objectives
the funding and the cost of delivering financial services across the council group is in line with relevant New Zealand and international benchmarks, and strategies and approaches are in place to get best value

users and their customers (including ratepayers, service customers, suppliers and employees), are satisfied with the standard and value of services, in terms of usability, accuracy, timeliness, accessibility, data security, risk management, and relevant information for customers, frontline users and management

services are designed and operated in a way that enables continuous improvement, and keeping pace with opportunities provided by technological change, and associated changes in user/customer expectations

there are improvement opportunities in the planning, funding, delivery or governance to deliver better value.

4. Approach to the review

16. Each value for money review is undertaken using the same evidence-based value for money methodology and drawing on a range of data sources.

17. The method will meet the S17A requirement to “review the cost-effectiveness of current arrangements for meeting the needs … for good quality local infrastructure, local public services, and performance of regulatory functions.”

18. The review will be undertaken by a specialist project team within Finance, supported by specialist subject matter expertise and an external Independent Reference Panel (with expertise in public finance, public policy/public management and local government operations), under the direction of a governance structure as set out in the next section.

19. The review takes a “time-boxed” approach. It aims to complete each assessment part of the review in six weeks, with the review completed within three months to enable distribution.

20. The review is undertaken in four parts:

   • **Terms of Reference:** approval of the review’s service and organisational scope, its objectives, the general lines of inquiry and governance structure.

   • **Current State Assessment:** review of the current operating approach and framework, the current drivers of value, issues and challenges, and value delivered. The resulting current state report will include high level opportunities for improving value, through changes to the level or mix of services provided, to business practice, or to organisational arrangements.

   • **Options Assessment:** analysis of the relative merit of the opportunities and alternative arrangements for governance, funding or delivery of those services in supporting Auckland Council group’s objectives and desired outcomes. The report will identify actions needed to deliver the most significant improvement opportunities, with orders-of-magnitude value estimates.

   • **Final report:** summary of findings and recommendations on the next steps required to deliver the value identified by the review.
21. The review team prepares **progress reports** on each part of the review for consideration by the independent reference panel, and on key milestones to the Appointments, Performance Review and Value for Money Committee.

22. The review team will **consult** with relevant parties in the council in developing the assessment.

23. The review team will consult with council and the Independent Maori Statutory Board in respect to relevant matters in preparing the final report.

5. **Governance and roles**

5.1. **Governance**

24. The governance structure for the review is set out in the chart:

```
    Appointments, Performance
    Review & Value for Money
    Committee

    AC Executive Leadership Team

    Business Owner
    General Manager, Corporate
    Finance & Property

    Sponsor & Lead Officer
    Group Chief Financial Officer

    Independent Reference Panel

    Programme Manager, Value for Money

    Value for Money Programme
    Team
```

5.2. **Roles**

<table>
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<tr>
<th>Programme/review roles</th>
<th>Responsible</th>
<th>Purpose &amp; responsibilities</th>
</tr>
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</table>
| Programme Sponsor/Lead Officer | Acting Group Chief Financial Officer | • Programme sponsor who champions the group value for money programme and has accountability for the programme overall  
<p>|                                 |                                      | • Authorises (and recommends to the Appointments, Performance Review and Value for Money Committee) key programme reports |
| Programme Business Owner        | General Manager                      | • Business owner who ensures the programme is                                       |</p>
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<td></td>
<td>Corporate Finance and Property</td>
<td>adequately resourced to deliver on its objectives</td>
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<td>• Authorises (and recommends to the Sponsor) key programme reports</td>
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<td>• Resolves issues and manages risks escalated by the Programme Manager</td>
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<td>• Briefs the Programme Sponsor and the Steering Group</td>
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<td>• Engages stakeholders to assist with timely responses to information requests and socialisation of deliverables</td>
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<td>• Ensures the participation and co-operation of business resources</td>
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<tr>
<td>Programme Supporter</td>
<td>Director Finance and Policy, Mayoral Office</td>
<td>• Responsible for communications to the Chairs of the CCOs</td>
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<td>• Resolves CCO-related issues escalated by the Sponsor or Business Owner</td>
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<td>• Supports the group value for money programme</td>
</tr>
<tr>
<td>Programme Review &amp; Oversight</td>
<td>Appointments, Performance Review and Value for Money Committee</td>
<td>• Primary programme customer who will approve the terms of reference, receive the draft reports and findings and make recommendations to the Governing Body</td>
</tr>
<tr>
<td>Programme Review</td>
<td>Appointments, Performance Review and Value for Money Committee</td>
<td>• Provides political oversight to monitor progress of the programme at key milestone points</td>
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<td>• Receive and consider proposals and recommendations for value for money review proposals and the final reports from value for money reviews</td>
</tr>
<tr>
<td>Review Reports Approval</td>
<td>Governing Body</td>
<td>• On the recommendation of the APRVFM Committee consider the terms of reference and review reports for adoption</td>
</tr>
<tr>
<td>Independent Advice &amp; Quality Review</td>
<td>Independent Reference Panel</td>
<td>• A core panel of three members with expertise in public finance, infrastructure, public policy, economics and/or local government governance experience supplemented by subject matter experts for particular reviews as required</td>
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<td>• Reporting to the Lead Officer</td>
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<td>• Panel members will be asked to:</td>
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<td>• Provide input (which may be by way of comment, suggestion or recommendation) as appropriate on objectives, lines of inquiry, issues, options and recommendations for the Programme</td>
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<td>• Review and comment on documentation as requested by the project team, which may include:</td>
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<td>• That the research, analysis and evaluation undertaken is appropriate to support the objectives, lines of inquiry, options and</td>
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<tr>
<td><strong>Value for money review – Group Financial Services</strong></td>
<td><strong>Terms of Reference</strong></td>
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<tr>
<td>Independent Specialist with Industry Knowledge (SME)</td>
<td>Expert - TBD</td>
<td></td>
</tr>
<tr>
<td>• Advising the expert panel, provide independent expert advice and commentary on the assessment and evaluation of opportunities as they arise based on industry experience with similar undertakings</td>
<td></td>
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</tr>
<tr>
<td>Programme management</td>
<td>Programme Manager - Value for Money</td>
<td></td>
</tr>
<tr>
<td>• Co-ordinates, recruits and manages programme office resources and approach and is responsible for the delivery of the agreed programme plan to schedule and budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Develops the programme plan, review methodology and the production of the associated deliverables for authorisation by the Business Owner, the Sponsor, the Steering Group and Appointments, Performance Review and Value for Money Committee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Develops and manages the programme calendar and associated engagement requirements including steering group management and the supply of documentation to the independent review panel</td>
<td></td>
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</tr>
<tr>
<td>• Briefs the Programme Business Owner and Sponsors regarding project status, risks/issues and decisions required</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Financial Analyst</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Defines and supervises the collection of the data requirements needed for evidence-based value for money reviews from council and CCOs to support the programme methodology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Analyse financial and non-financial records and plans, reports relating to past and planned expenditures and revenues including relevant reviews and benchmarking to distil relevant performance-related trends, issues, opportunities</td>
<td></td>
<td></td>
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<tr>
<td>• Work on the application of the public service value for money analytics and modelling between expenditure, inputs, outputs and outcomes</td>
<td></td>
<td></td>
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<tr>
<td>Senior Economist</td>
<td></td>
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<tr>
<td>• Define and develop the value for money modelling approach and value-based data requirements for each review including key value drivers and public policy/outcomes for each review</td>
<td></td>
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</tr>
<tr>
<td>• Supervise the collection of the data requirements needed for evidence-based value for money reviews from council and CCOs to support the programme’s value-based methodology</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Analyse records and plans, reports relating to past and planned expenditure, revenues and social, economic, environmental and cultural outcomes to distil relevant performance-related trends, issues, opportunities</td>
<td></td>
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</table>
### Value for money review – Group Financial Services

<table>
<thead>
<tr>
<th>Terms of Reference</th>
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</thead>
<tbody>
<tr>
<td>• Oversee the application of the public service value for money analytics including the relational modelling between expenditure, inputs, outputs and outcomes and draw conclusions and insights form this work</td>
<td></td>
</tr>
<tr>
<td>• Support the senior financial analyst, collect the data requirements needed for evidence-based value for money reviews from council and CCOs to support the programme methodology</td>
<td></td>
</tr>
<tr>
<td>• Assist with the analysis including modelling of financial and non-financial records and plans, reports relating to expenditures and revenues including past reviews and benchmarking to distil relevant trends, issues, and opportunities</td>
<td></td>
</tr>
<tr>
<td>• Provide the reviewers with advice to assist the review to take account of Māori perspectives including tikanga Māori, the Tiriti o Waitangi/Treaty of Waitangi, and cultural, social, economic and environmental Māori aspirations relevant to the review</td>
<td></td>
</tr>
<tr>
<td>• Assist with the development opportunities and options that will improve the knowledge, understanding of Māori in relation to the review’s findings and recommendations</td>
<td></td>
</tr>
</tbody>
</table>

### 5.3. Involved Parties

- Mayor Phil Goff
- Deputy Mayor Bill Cashmore
- Christine Fletcher - Deputy Chairperson- APRVFM Committee
- Chairperson Ross Clow – Finance and Performance Committee
- Deputy Chairperson Desley Simpson – Finance and Performance Committee
- Chairperson Penny Hulse – Environment and Community Committee
- Chairperson Chris Darby – Planning Committee
- Chairperson David Taipari – Independent Maori Statutory Board
- Kelvin Norgrove – Policy Project Manager, Independent Maori Statutory Board
- Nirupa George – Chief of Staff, Mayoral Office
- David Wood – Director Finance and Policy, Mayoral Office
- Margaret Devlin – Chair Watercare Services
- Dr Lester Levy – Chair Auckland Transport
- David McConnell – Chair Auckland Tourism, Events and Economic Development
- Rt Hon Sir Don McKinnon – Chair Regional Facilities Auckland
- Keith Taylor – Chair Auckland Council Investments Ltd
• Richard Aitken – Chair Panuku
• Stephen Town – Chief Executive Auckland Council
• Executive leadership team, comprising: Chief Operating Officer – Dean Kimpton, Matthew Walker – Acting Group Chief Financial Officer, Jim Quinn – Chief of Strategy, Phil Wilson – Governance Director, Patricia Reade – Director People & Performance, Ian Maxwell – Director Community Services, Penny Pirrit – Director Regulatory Services, Barry Potter – Director Infrastructure and Environmental Services
• Shane Ellison – Chief Executive Auckland Transport
• Mark Laing – Chief Financial Officer Auckland Transport
• Roger MacDonald – Chief Executive Panuku
• Carl Gosbee – Director Corporate Services Panuku
• John Crawford – Chief Executive Auckland Council Investments Ltd
• Chris Brooks – Chief Executive Regional Facilities Auckland
• Simon Tran – Chief Financial Officer Regional Facilities Auckland
• Nick Hill – Chief Executive Auckland Tourism, Events and Economic Development
• Joy Buckingham – Chief Financial Officer Auckland Tourism, Events and Economic Development
• Raveen Jaduram – Chief Executive Watercare Services
• Marlon Bridge – Chief Financial Officer Watercare Services
• Local Board Chairs
• Finance and Performance Committee
• National Secretary, PSA

5.4. Dependencies
20. There are no dependencies for this review.

5.5. Schedule

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Due dates</th>
<th>Committee dates</th>
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<tr>
<td>1 Terms of Reference Endorsed</td>
<td>25 July 2018</td>
<td>2 August 2018</td>
</tr>
<tr>
<td>2 Project commences</td>
<td>August 2018</td>
<td></td>
</tr>
<tr>
<td>2 Current State Assessment Completed</td>
<td>October 2018</td>
<td>3 October 2018</td>
</tr>
<tr>
<td>3 Options Assessment Complete</td>
<td>November 2018</td>
<td>1 November 2018</td>
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<tr>
<td>Item 8</td>
<td>Value for money review – Group Financial Services</td>
<td>Terms of Reference</td>
</tr>
<tr>
<td>-------</td>
<td>-----------------------------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>4 Final Report: Findings &amp; Recommendations</td>
<td>December 2018</td>
<td>6 Dec 2018</td>
</tr>
</tbody>
</table>

11 | Page
Te take mō te pūrongo / Purpose of the report
1. To provide an overview of the process to appoint directors to the boards of the Auckland War Memorial Museum (AWMM) and the Museum of Transport and Technology (MOTAT).

Whakarāpopototanga matua / Executive summary
2. Auckland Council appoints directors to the boards of AWMM and MOTAT. Regional Facilities Auckland (RFA) supports the board appointment process by undertaking the candidate selection process and makes recommendations to council as per the advisory and management agreement between Auckland Council and RFA.
3. The council appoints five of the ten members to the AWMM board. There are two board appointments to be considered this year by council.
4. The council appoints six of the ten members to the MOTAT board. There are three board appointments to be considered this year by council.
5. A confidential report is included in this agenda which provides the relevant information for the committee to make its decisions.

Ngā tūtohunga / Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:

a) note there is a confidential report on this meeting agenda providing recommendations regarding the appointment and/or reappointment of directors to the Auckland War Memorial Museum and Museum of Transport and Technology boards

b) note that Regional Facilities Auckland supports the board appointment process and makes recommendations to Auckland Council

c) note that the final appointment decisions will be made publicly available at the conclusion of the appointment process

Horopaki / Context / Links to legislation
6. The Auckland War Memorial Museum Act 1996 and the Museum of Transport and Technology Act 2000 govern the board appointment processes of these institutions. The advisory and management agreement requires RFA to recommend candidates to Auckland Council for these appointments.

7. A sub-committee of the RFA board has undertaken a candidate selection process for these appointments which is consistent with Auckland Council’s Appointment and Remuneration Policy for Board Members of Council Organisations.

8. A separate confidential paper on today’s agenda considers the recommendations made by RFA.
**Auckland War Memorial Museum**

9. Auckland Council appoints five of the ten members to the AWMM board based on RFA’s recommendations. Four board members are appointed by the Auckland Museum Institute, and one board member is appointed by Taumata-a-Iwi.

10. RFA’s board appointment subcommittee has worked with the Auckland Museum Institute to jointly interview and identify candidates for the AWMM board.

**Museum of Transport and Technology**

11. Auckland Council appoints six of the ten members to the MOTAT board. The other four are appointed by the MOTAT Society.

12. RFA’s board appointment sub-committee worked with the deputy chair of the MOTAT board to jointly interview and identify candidates for the MOTAT board. The MOTAT Society runs a separate board appointment process for their appointments.

**Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views**

13. Board appointments are the role of the Governing Body, however information on the vacancies was distributed to local board members. This was to allow local board members to put forward candidates they thought appropriate for the roles.

**Tauākī whakaaweawe Māori / Māori impact statement**

14. One AWMM board member is appointed by Taumata-a-Iwi. Taumata-a-Iwi is a committee established to ensure that the AWMM board’s policy aligns with Māori values, and matters enshrined in te Tiriti o Waitangi. Taumata-a-Iwi also advises on matters of Māori protocol within the museum and between the museum and tangata whenua at large.

15. The MOTAT board has a statutory duty to observe and encourage the spirit of partnership and goodwill envisaged by te Tiriti o Waitangi, including implications for Māori, and elements of Māori cultural property that only tangata whenua can provide appropriate care for.

**Ngā ritenga ā-pūtea / Financial implications**

16. The costs associated with these appointments will be met from existing RFA budgets.

**Ngā raru tūpono / Risks**

17. There are risks associated with all board appointments including reputational and governance risks.
   1. RFA have developed a robust appointment process and recognise the risks associated with board appointments, including reputational and governance risks.
   2. The following controls are in place to mitigate these risks:
      (i) reviewing the current skills and tenure of each board member to outline skill gaps and experience
      (ii) screening candidates to ensure each meet the skill requirements
      (iii) requiring candidates to complete a consent form prior to interview, confirming that nothing would disqualify them from being a director (Companies Act 1993)
      (iv) probity and reference checks for candidates approved for appointment.

18. RFA is aware of the reputational risks if a candidate’s private information is breached during the confidential appointment process. To mitigate this risk council staff and RFA will continue to highlight the need to maintain confidentiality to all who participate and assist in the board appointment process.
Ngā koringa ā-muri / Next steps

19. Following approval by this committee, RFA staff will notify the board appointees and make the appointment information publicly available.

Ngā tāpirihanga / Attachments

There are no attachments for this report.

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Josie Meuli - Senior Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
Process for the appointment of directors to the board of Auckland Council Investments Limited

File No.: CP2018/09780

Te take mō te pūrongo / Purpose of the report
1. To approve the process undertaken to appoint to the board of the council-controlled organisation Auckland Council Investments Limited (ACIL).

Whakarāpopototanga matua / Executive summary
2. The proposal to disestablish the council-controlled organisation ACIL, with the shares in Ports of Auckland Limited (POAL) and Auckland International Airport Limited (AIAL) to be transferred to council was adopted by the Governing Body on 28 June 2018 as part of the Long-term Plan 2018-2028.
3. The shares in POAL and AIAL were transferred to council on 2 July 2018.
4. ACIL will be wound up and removed from the companies register as soon as practicable (possibly by the end of September 2018). Before ACIL can be wound up, the accounts for the Financial Year 2017/2018 (FY 17/18) must be finalised and the declaration of the final dividend must be prepared. Any issues that emerge during the wind-up period must also be resolved.
5. The current directors have indicated an intention to resign following the finalisation of the FY17/18 accounts. At least one director must therefore be appointed to the board of ACIL in order to declare the final dividend and resolve any issues that emerge before ACIL is wound up and removed from the companies register.
6. A report on this committee’s confidential agenda recommends the appointment of a director to ACIL. The appointment of one director to the ACIL board addressed by this report will take effect from the resignation of the current directors until the company is wound up and removed from the companies register.
7. The process for directors outlined in the council’s Appointments and Remuneration Policy for Board Members of Council Organisations has not been used in this instance as the term of the appointment is likely to be very short and the skills required to complete all necessary tasks are readily available.

Ngā tūtohunga / Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:

a) note that there is a confidential report on the meeting recommending appointment of one director to the board of Auckland Council Investments Limited
b) note that the confidential report contains personal information about the candidates.

Ngā tāpirihanga / Attachments
There are no attachments for this report.

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Ella Kay - Senior Advisor - CCO Governance &amp; External Partnerships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
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</table>
Item 10
Te take mō te pūrongo / Purpose of the report

1. To review and agree changes to council’s Appointment and Remuneration Policy for Board Members of Council Organisations (the policy) as a consequence of the disestablishment of the council-controlled organisation, Auckland Council Investments Limited (ACIL).

Whakarāpopototanga matua / Executive summary

2. As part of the Long-term Plan 2018-2028 (LTP) the Governing Body resolved to disestablish the council-controlled organisation ACIL, with the shares in Ports of Auckland Limited (POAL) and Auckland International Airport Limited (AIAL) to be transferred to council.

3. As a consequence, council will directly hold shareholder relationships with POAL and AIAL and will have a direct role in the appointment of directors to the boards of POAL and AIAL.

4. The policy has been amended to address the appointment process to the boards of POAL and AIAL. The key changes are the insertion of Part Four: POAL and Part Five: AIAL, which set out the process for appointing to the boards.

5. This report recommends that the amended policy is adopted by the Appointments, Performance Review and Value for Money Committee.

Ngā tūtohunga / Recommendation/s

That the Appointments, Performance Review and Value for Money Committee:

a) adopt the amended Appointment and Remuneration Policy for Board Members of Council Organisations which includes new sections on:
   - the process for the appointment of directors to the boards of Ports of Auckland Limited
   - shareholder responsibilities for Auckland International Airport Limited including voting at the Annual General Meeting.

Horopaki / Context

6. As part of the LTP the Governing Body resolved to disestablish the council-controlled organisation ACIL, with the shares in POAL and AIAL to be transferred to council.

7. The transfer of ACIL’s shares in POAL and AIAL to council took place on 2 July 2018. As a consequence, council now directly holds shareholder relationships with POAL and AIAL.

8. Council is required to adopt a policy that sets out an objective and transparent process for the appointment of directors to the boards of council organisations under section 57 of the Local Government Act 2002 (LGA 2002). This committee has the delegation to approve policies relating to appointments of directors to the boards of council organisations.

9. Both POAL and AIAL fall within the definition of ‘council organisation’ under section 6 of the LGA 2002 and are therefore subject to the policy. The amendments to the policy are recommended to address the process for appointing to the boards of POAL and AIAL.
10. As part of the proposal to disestablish ACIL the Finance and Performance Committee (FIN/2018/83):

   recommended that the Appointments and Performance Review and Value for Money Committee adopt a revised Appointment and Remuneration Policy for Board Members of Council Organisations including Annex A of the draft memorandum of understanding between Auckland Council and Ports of Auckland Limited

Tātaritanga me ngā tohutohu / Analysis and advice

Summary of Changes

11. A summary of changes to the policy are as follows:

<table>
<thead>
<tr>
<th>Change</th>
<th>Description</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>minor changes to 'Background' section</td>
<td>Definition of 'port company' included, application updated to include new policy parts</td>
<td>Cl 3.1 and 3.2, pages 4 - 6</td>
</tr>
<tr>
<td>insertion of Part Four: Ports of Auckland Limited</td>
<td>Sets out process for appointing to POAL board</td>
<td>Cl 16, pages 27 - 29</td>
</tr>
<tr>
<td>insertion of Part Five: Auckland International Airport Limited</td>
<td>Sets out process for appointing to AIAL board</td>
<td>Cl 17, page 30</td>
</tr>
</tbody>
</table>

12. To support the changes in responsibilities outlined in the amended policy, the CCO Governance and External Partnerships team will support the:

   - Appointments, Performance Review and Value for Money Committee, including the particular responsibilities of the chair and deputy chair
   - Auckland Council chief executive and governance director
   - Auckland Council chief financial officer (and alternates).

Ports of Auckland Limited

13. Council holds 100 per cent of the shares in POAL and therefore holds the ability to appoint to appoint directors to the POAL board solely. Port companies are statutorily excluded from being council-controlled organisations under the LGA 2002.

14. As part of the proposal to disestablish ACIL, a memorandum of understanding was agreed between council and POAL. This memorandum of understanding sets out the relationship to emerge between council and POAL, including the process for appointing to the POAL board.

15. This memorandum of understanding was adopted by council as part of Long-term Plan 2018-2028 decision-making on the disestablishment of ACIL (FIN/2018/83). A copy of the final memorandum of understanding is appended at Attachment B for reference.

16. The recommended policy specifies the process for appointing to the POAL board (at Part Four, page 27 of the policy) which reflects the agreed process contained in Annex A to the memorandum of understanding.

17. The agreed process reflects the Financial Markets Authority Corporate Governance guidelines and reflects the board appointment practice that publicly listed companies generally undertake. Moreover, the agreed process recognises POAL’s function as a commercial entity, while taking into account council’s role as a shareholder.

18. This process includes the following aspects:

   - **Board member competencies, skills and knowledge**: to be determined by the chair of the POAL board and the mayor
   - **Candidate search**: to be undertaken by a specialist board appointment firm
• **Screening and shortlisting:** to be undertaken by a committee of the POAL board. A shortlist will be provided to the mayor, who will have an opportunity to advise if any shortlisted candidates will be unsuitable for appointment to the POAL board.

• **Interviewing and assessment of candidates:** to be interviewed and assessed by the POAL board. Reference checks will be performed at this stage of the process (including an assessment of actual or perceived conflicts of interest).

• **Recommendation of candidate:** through the interviewing and assessment of candidates, the POAL board will then recommend a preferred candidate for appointment.

• **Appointment:** to be undertaken by the POAL Appointments Panel (comprised of chair of POAL board, the mayor and the chief executive of council).

• **Remuneration:** to be determined by the Appointments, Performance Review and Value for Money Committee based on a benchmarking exercise undertaken by POAL board in conjunction with an independent assessment.

• **Removal of board members:** POAL board members may at any time be removed from office by ordinary resolution of the shareholder(s) as set out in POAL’s constitution.

**Auckland International Airport Limited**

19. Council has a 22.3 per cent shareholding in AIAL and holds the shareholder function of voting on resolutions at the AIAL Annual General Meeting (AGM) alongside AIAL’s other shareholders.

20. As part of the proposal to disestablish ACIL a relationship principles document setting out the nature of the shareholder relationship between council and AIAL was noted by council. This document is appended at Attachment C for reference.

21. At the time of writing this report a recommendation had been made to the Governing Body to consider at its 26 July 2018 meeting a delegation to council’s chief financial officer (with the executive director – Auckland Investment Office and treasurer as alternates) to vote on AIAL AGM matters.

22. Appointments to the board of AIAL are one of the aspects resolved at AIAL AGMs through the shareholder voting mechanism. The amended policy includes a section (at Part Five, page 30 of the policy) which sets out the proposed process for shareholder voting on appointments to the AIAL board.

23. This proposed process includes the following aspects:

   - The chief financial officer and governance director will meet with the chair of AIAL prior to the AIAL AGM to discuss possible board appointments (as well as other upcoming AGM resolutions).

   - The chief financial officer and governance director will then brief the chair and deputy chair of the committee on possible board appointments (as well as other upcoming AGM resolutions). The chair and deputy chair of the committee will then provide guidance to the chief financial officer on these matters.

   - The chief financial officer will then attend the AIAL AGM and vote on appointments to the AIAL board (as well as other AGM resolutions).

   - Appointments to the board of AIAL will brought to the committee periodically as part of briefing on broader AIAL matters.
离子伤害和影响

24. 审批政策的权力已委托给设立、绩效审查和价值委员会，由管理委员会。因此，地方委员会没有在建议政策的修订案上寻求当地董事会的意见。

25. 地方委员会在通过LTP咨询过程提出建议，取消ACIL。

毛利人影响声明

26. 拟议的修订案对政策及其程序进行任命，POAL和AIAL董事会不会直接影响毛利土地。

27. 政策本身旨在概述理事会控制的组织的任命过程。该流程反映了毛利人的利益，如下所述：
   - 建立一个理解并承诺理事会作为股东和任命者的角色。
   - 使毛利独立的网页内容。

财务影响

29. 审批此政策不会有任何财务影响。

风险

30. 审批该政策不会带来任何风险。

31. 审批修订案制定了一个透明的程序，为POAL和AIAL董事会设立供理事会股东和任命者。根据以下风险:
   - 治理：修订案明确概述了理事会作为股东和任命者的角色。
   - 法律/合规：修订案确保了理事会的合规性。
   - 声誉：修订案防止声誉风险。

下一步

32. 拟议的修订案将公布在理事会网站和内部网。

33. POAL和AIAL将通知更新的政策。
Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
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<tr>
<td>B</td>
<td>Memorandum of Understanding Auckland Council and Ports of Auckland Limited</td>
<td>69</td>
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<tr>
<td>C</td>
<td>Relationship Principles Document Auckland Council and Auckland International Airport Limited</td>
<td>81</td>
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Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Ella Kay - Senior Advisor - CCO Governance &amp; External Partnerships</th>
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<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
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<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
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</table>
Appointments, Performance Review and Value for Money Committee
02 August 2018

Appointment and Remuneration Policy for Board Members of Council Organisations
### Document Control

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<th>Version</th>
<th>Description</th>
<th>Changes</th>
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<td>Draft to Appointment and Performance Review Committee 25 September 2017</td>
<td>Clarity that delegated committee appoints each selection panel.</td>
</tr>
<tr>
<td>Version 1.1 26 September 2017</td>
<td>Minor amendment to section 8.5 required by APR on 25 September committee.</td>
<td>Process for appointing to Ports of Auckland Limited and Auckland International Airport Limited clarified</td>
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<tr>
<td>Version 1.2 2 August 2018</td>
<td>Insertion of section 16 Part Four: Appointments to Ports of Auckland Limited and section 17 Part Five: Auckland International Airport Limited</td>
<td>Minor amendments to section 3 to include port company definition</td>
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6 Board Competencies, Skills and Knowledge .............................................................................. 9
7 Term of Appointment ................................................................................................................... 11
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1 Purpose

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

- identification and consideration of the skills, knowledge and experience required of directors of a council organisation
- appointment of directors to a council organisation
- remuneration of directors of a council organisation

2 Policy Objectives

The objectives of this policy are to ensure:

- that the process of appointing board members is undertaken in an objective and transparent manner, while protecting individual privacy
- that board appointments:
  - are made on the basis of an assessment of skills knowledge and experience, having regard to the nature of scope of the organisations objectives and activities
  - consider the contribution that directors can make to the board as a whole and to the achievement of the organisations’ objectives and activities
  - take into account the context in which council, as a publicly accountable body operates
- continuity through smooth succession of board members and board chairs

3 Background

3.1 Definitions

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

"Council-controlled organisation"
A council-controlled organisation (CCO) is defined in section 6 of the LGA as an organisation in which the council controls, directly or indirectly, 50% or more of the votes or has the right, directly or indirectly, to appoint 50% or more of the directors, trustees or
managers. For the purpose of this policy CCOs of Auckland Council which are not substantive CCOs are referred to as non-substantive CCOs.

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

“Substantive council-controlled organisation”
A substantive CCO is defined in section 4 of the Local Government (Auckland Council) Act 2009 as an organisation that is wholly-owned or wholly-controlled by the council and either delivers a significant service on behalf of the council, or owns or manages assets worth over $10 million. Auckland Transport is expressly included in this definition.

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

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

“Committee”
For the purpose of this policy the term Committee refers to the Committee of the governing body of Auckland Council which has been delegated responsibility for making appointments to CCOs, CCTOs, COs and exempt CCOs and COs. For avoidance of doubt, in the event that the governing body of Auckland Council chooses not to delegate this responsibility, the term Committee refers to the governing body of Auckland Council.

“Port company”
A port company is defined in section 2 of the Port Companies Act 1988 as a company formed and registered as a port company. A port company is not a council-controlled organisation under section 4(c) of the Local Government Act 2002.

3.2 Application of this Policy
This policy has five parts:

Part One applies to the Council’s substantive council-controlled organisations.

Part Two applies to non-substantive council-controlled organisations.

Part Three applies to council organisations that are not council-controlled organisations, except Ports of Auckland Limited and Auckland International Airport Limited

Part Four applies to Ports of Auckland Limited, a council organisation that is a port company.
Part Five applies to Auckland International Airport Limited, a council organisation.

Part Six applies to council organisations that are subsidiaries of substantive council-controlled organisations.

In addition to this policy, appointments and reappointments to the boards of council organisations are governed by their respective constitutions, trust deeds or, in some cases, specific legislation. In the event of a conflict, those regulations take precedence over this policy.

CCOs that are companies are also subject to the Companies Act 1993.

There may be circumstances in which adherence to this policy is not appropriate. Should the Committee or any other organisation that is required to follow this policy, decide not to comply with any provision, the decision should be recorded by way of resolution (which should also include the reason for deviation from the policy).

This policy is subject to periodic review and may be modified by the Committee at any time.

3.2.1 Multiply owned council-controlled organisations

Where ownership of council organisations is jointly or severally shared with other entities, governance requirements are established through shareholder agreements or equivalent documentation. Such agreements take precedence over this policy, however to the extent possible, it is expected that all appointment processes will be made in a manner consistent with the objectives of this policy.

4 Board diversity and inclusion

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

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

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

Auckland Council is committed to supporting and / or providing initiatives:

- that lead to an inclusive recruitment and selection process for Board appointments
- support a diverse range of aspiring directors to develop skills, knowledge, board room experience and to establish relationships and networks; and
- build a diverse pool of experienced directors for Auckland organisations and companies
Part One: Substantive CCOs

5 Eligibility for Appointment

5.1 Appointment of governing body and local board members

Under section 93 of the Local Government Auckland Council Act 2009, members of the governing body or local boards may not be appointed to the board of a substantive CCO of Auckland Council, with the exception of Auckland Transport.

5.1.1 Appointment of governing body members to Auckland Transport

Section 43(2) (a) of the Local Government Auckland Council Act 2009 allows up to two members of the governing body of Auckland Council to be appointed to the board of Auckland Transport. However, section 43(3) prohibits the Council from appointing a member of its own governing body as the chairperson or deputy chairperson of the board.

Any decisions regarding whether elected members should be appointed to the Board of Directors for Auckland Transport (and if so, how many and who) are most appropriately made following each triennial election.

The process for appointment and remuneration of elected members to Auckland Transport will be determined following each triennial election.

Any decisions made by the current council regarding the appointment of elected members to the Board of Directors of Auckland Transport may be amended by any further decisions of this or any future council.

The tenure for the appointment of all directors, including elected members to Auckland Transport is as outlined under section 5.4 of this policy (Terms of Appointment).

5.2 Appointment of Council Staff

Council staff are not eligible to serve as a director of a substantive CCO.

Any board member applying for employment with the council should resign from the board immediately following an offer of appointment.

5.3 Appointment of CCO Executives to CCO boards

Board members should be independent from management and should not hold executive positions in the CCO.

In the event that that a board decides that one of its members should fill a vacancy in the executive team, the board member must first resign from their position on the board.

5.4 Appointment and Remuneration of the CCO Chief Executive

The appointment and remuneration of a CCO Chief Executive by the CCO board requires prior discussion with the Selection Panel.
5.5 Other Exclusions

Immediate family members, of elected members, of the chief executive, and of second tier managers of the Auckland Council are also prohibited from serving as board members of substantive CCOs. Board members should not serve on the board of more than one substantive CCO but may be eligible for appointment to another substantive CCO board following retirement.

Persons who are disqualified from being appointed or holding office as a director of a company under section 151(2) of the Companies Act 1993 (e.g. a person who is an undischarged bankrupt) may not be appointed as a board member of a substantive CCO.

6 Board Competencies, Skills and Knowledge

Board members are expected to meet a number of core competencies as well as relevant industry, technical, or specialist skills required for that board.

6.1 Core Competencies

The core competencies expected on substantive CCO boards are:

- sound judgement and decision-making
- commercial acumen
- public service ethos and awareness of a public media profile
- an understanding and commitment to council’s obligation to Te Tiriti o Waitangi
- a high standard of personal integrity
- clear communication and an ability to debate in a reasoned manner
- effective teamwork and collaboration
- the ability to think strategically
- risk assessment and contingency management
- commitment to the principles of good corporate citizenship
- understanding of the wider interests of the publicly accountable shareholder
- experience in governance; preferably corporate governance

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 skill gaps where necessary. It is recommended that all appointees to substantive CCO boards should undergo, or have undergone formal governance training, or have the requisite experience. However, the council may waive the corporate governance requirement in order to attract a wider range of board members and to further its diversity policy if these skills and experience are already well represented on the board. Substantive CCO Boards are expected to provide director training for directors with limited corporate governance experience.
6.1.1 Governing body members appointed to the board of Auckland Transport

Governing body members appointed to the board of Auckland Transport must have the necessary skills, knowledge and experience to contribute to the board.

6.2 Board Chair Competencies

In addition to demonstrating the core competencies listed in section 6.1 the following skills and competencies are required for the Chair and will be sought in the succession planning process:

- strong leadership skills
- political acumen
- strong interpersonal and relationship building skills
- sophisticated, analytically based, decision-making skills
- effective communication skills
- integrity and credibility within relevant sectors

6.3 Role of the Board Chair and Deputy Chair

The role of the Board Chair is to:

- provide effective leadership and:
  - harness the collective skills of the board and executive team to achieve business objectives and maintain the confidence of the shareholders
  - maximise the contribution of board members in board meetings
- maintain the trust of the council
- maintain a close, but independent, working relationship with the Chief Executive
- lead the board review process
- lead the director induction process
- ensure that there is a succession plan in place for the board
- be the spokesperson for the organisation
- work productively and openly with colleagues to achieve results and resolve problems
- to retain the confidence of the region and build relationships within the region’s networks

The role of the Deputy Chair which includes the ability to take on the Chairs role, as and when required, is to:

- provide effective leadership
- work productively and openly with colleagues to achieve results and resolve problems
to retain the confidence of the region and build relationships within the region’s networks

7 Term of Appointment

Board members are to serve a maximum of two three-year terms, with the option of further reappointment possible where appropriate. To reflect current national and international best practice, Auckland Council’s policy regarding board tenure is as follows:

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

**Expiry of tenure:** upon expiry of that three-year term, the board member retires from the board and, subject to the board members’ performance and skills continuing to be relevant to the board may be eligible for reappointment.

**Reappointment:** a board member who is retiring from their first three-year tenure, deemed eligible for reappointment and who wishes to stand, may, at the sole discretion of the council (by ordinary resolution), be reappointed for a second term of up to three years. Any board member reappointed for a second term retires upon expiry of the additional three-year term.

Those board members who were appointed for terms of less than three years as at 1 November 2010 are considered eligible for reappointment for two further three-year terms. Whether a director is offered reappointment, however, remains at the sole discretion of the council. Board members hold office at the pleasure of the council and may be removed at any time by council resolution.

**Tenure exceeding six consecutive years:** for circumstances where there are good reasons for extension, a board member retiring from a second tenure of three years may be reappointed for a further term but the board member’s total tenure on the board must not exceed nine years. Each case will be considered on its own merits and is at the sole discretion of the council. The types of circumstances that could require this include, the:

- board member has a particular skill that would be hard to replace
- board has undergone substantial change and stability is needed
- board member has institutional knowledge not held by other directors
- board member is a likely successor as a chair

The council’s policy is to stagger appointments so that approximately one-third of each board is rotated each year. Staggering appointments to the boards ensures there is an appropriate level of institutional knowledge retained on each board, which in turn provides for continuity in the management of the CCOs.
8 Board Appointments

8.1 The Role of the Committee

The Committee is responsible for the appointment of board members to CCOs.

In accordance with Section 57(2) of the LGA 2002, the Committee will only appoint a person to be a director of a CCO if that person has, in the opinion of Committee, 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

8.2 The Role of the Selection Panel

Candidates will be assessed and recommended for appointment by a Selection Panel. The Selection Panel is responsible for:

- screening the long-list to ensure that candidates have the required core competencies as well as the specific skills and expertise required for the position
- recommending a short-list of candidates, for interview, to the Committee
- interviewing short-listed candidates and assessing them against the required skills, knowledge and experience
- reporting on its assessment of each candidate against the criteria and recommend preferred candidates for appointment to the Committee

8.3 The Role of the Chair of the Selection Panel

The Chair of the Selection Panel plays a key role in overseeing the effective operation of the panel and in addition to the above, the role of the chair is to:

- provide leadership to and ensure the panel carries out its role effectively in accordance with legislative and policy requirements
- liaise with staff to ensure the effective running of board appointment processes
- encourage an environment of collaboration and respectful debate
- chair panel meetings efficiently
- represent the recommendations of the panel to the Committee

The Chair of the Selection Panel will be a member of the governing body of Auckland Council.

8.4 Membership of the Selection Panel

The Selection Panel will comprise of:

- Chief Executive of Auckland Council (or representative), (ex officio)
- Mayoral Chief of Staff (or representative)
Chair of the relevant CCO board (ex officio)
- Governing body members, (up to two) selected from an Enduring Pool
- IMSB member (nominated by the IMSB)

8.5 Membership of the Enduring Pool

At the beginning of the electoral term an Enduring Pool, of no fewer than four members and no more than ten members of the governing body, will be formed. The membership of the Enduring Pool will be approved by the Committee and may be amended, at the discretion of the Committee. In determining the membership of the Enduring Pool the Committee will:

- seek expressions of interest from members of the governing body
- take into account a range of factors to ensure that the Enduring Pool includes members with a diverse range of skills, knowledge and experience

At the commencement of a board appointment process, up to two members of the Enduring Pool will be selected by the committee to be on the Selection Panel; taking into consideration a range of factors, such as, knowledge and expertise of the objectives and activities of the CCO board to which appointments are being made, frequency of participation in appointment processes and availability.

8.6 Reappointments

Where a board member’s term of appointment has expired and they would like to be considered for reappointment, the Committee may offer a further term following consideration of the performance of the board member and the needs of the board as a whole. Factors to be considered include:

- the views of the board Chair
- whether the current board skill composition is appropriate
- whether any aspects of board performance need to be taken into consideration
- whether the process offers an opportunity for increasing board diversity
- whether the retiring board member is a potential candidate for future Chair, or alternatively whether there is a need to recruit a director as a future successor to the Chair
- alignment of the CCO board with the Auckland Council’s strategic goals, plans and strategies

Board members should not be given any expectation that they will be offered a subsequent term of office.
8.7 New Appointments

The diagram below provides an overview of the process for new appointments.

8.7.1 Identification of skills, knowledge and experience

Once a vacancy has been established, the Committee will identify the skills, knowledge and experience required for the position, including whether knowledge of Tikanga Maori may be of relevance to the governance of that CCO (as required by section 60(3) of the LGA 2002), with the assistance of CCO Governance and External Partnerships. This may involve discussions with the Chair, consideration of the current composition of the board and a strategic review of future skill requirements.

8.7.2 Candidate search

Candidates may be sought through a combination of the following search methods: advertising of the position, executive recruitment search, a review of the council’s Register of Directors, nominations from the mayor, governing body and local board members and crown agencies such as the Ministry of Women’s Affairs and Te Puni Kokiri.

A complete list of candidates will be compiled, usually with the assistance of council’s executive recruitment consultant.
8.7.3 Screening and short-listing

The Selection Panel will screen the list to ensure that the candidates have the required core competencies (see section 6.1) as well as the specific skills and expertise required for the position. Any applicants from the Register of Directors will automatically be included on the long list. The names of all candidates from the complete list will be included in the report to the Committee.

The Selection Panel, with assistance from a recruitment consultant, will prepare a recommended short list of candidates for consideration by the Committee.

The short list will normally include 3-4 candidates per position and a summary of skills or CVs will be included in the report to the Committee.

The Committee will approve the candidates for interview from the recommended short-list and interviews will be undertaken by the Selection Panel.

8.7.4 Interviewing and assessment of candidates

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

- the council’s board diversity and inclusion policy (see section 4)
- candidates with knowledge of Te Ao Mā ori and established māori networks
- alignment with the council’s objectives for that entity
- board dynamics and stakeholder relationships
- the capacity of candidates to attend regular board meetings and fulfil the other requirements of the directorship
- Chair and Deputy Chair succession planning.

8.7.5 Recommendation to Committee and Committee decision

The Selection Panel will recommend its preferred candidates to the Committee for approval. The Panel may wish to signal to the Committee other candidates who on interview, have presented with appropriate skills that match or are of benefit to CCOs for future vacancies within the next twelve-month period.

Recommendations from the Selection Panel should include a discussion of whether any actual or perceived conflicts of interest have been identified. In recommending its preferred candidates to the Committee the Selection Panel needs to be confident that where a potential conflict of interest has been identified, that the conflict can be managed.

Reports recommending appointments and the Committee decision will be considered in a publicly excluded portion of the Committee meeting, to protect the interests and privacy of the candidate. The successful candidate(s) will then be offered a letter of appointment.

Public announcement of the appointment will be made as soon as practicable after the Committee has made its decision and the letter of appointment signed by the candidate.
8.8 Register of Directors

The council has established a Register of Directors CV’s from candidates who have applied for a position on a substantive CCO.

The council may add interested candidates to the register based on the following:

- recommendations from elected members, senior staff, and the IMSB
- nominations from other sources including the Ministry of Women’s Affairs and the Commercial Operations (Treasury)
- board members retiring from a substantive CCO may be considered by the Committee for future appointment to another substantive CCO.

Register of Director candidates may be offered a term of appointment on a non-substantive CCO.

Special consideration will be given to attracting registration from women and others who are able to add demographic and geographic diversity to CCO boards.

Inclusion on the register does not guarantee appointment to a substantive CCO, however a search of the Register candidates will be undertaken for each new appointment.

8.9 Consent and Conflicts of Interest

Prior to being interviewed for a position on a board, all candidates will be required to complete a consent form and to declare any relevant interests, so that the potential for a conflict of interest can be assessed. In making appointments to boards, the Committee will take into consideration a candidate’s existing directorships, and any other potential conflicts of interest.

In considering any appointment or reappointment where a potential conflict of interest has been identified, the Committee needs to be confident that:

- the candidate will be able to make an effective contribution, even if their interest means they cannot participate in an activity of the organisation that relates to a particular matter; and/or
- measures can be put in place to manage the conflict

Further guidance on conflicts of interest can be found in the relevant CCO constitution and sections 139 to 149 of the Companies Act 1993. The Office of the Auditor-General also provides guidance on the management of interests and conflicts: [www.oag.govt.nz/managing-conflicts-of-interest/guidance-for-public-entities](http://www.oag.govt.nz/managing-conflicts-of-interest/guidance-for-public-entities).

8.10 Appointments of Chairs and Deputy Chairs

The Committee will appoint the Chair and Deputy Chair of each CCO board, taking into account the experience and skills of the existing board. The appointments will be made in accordance with section 8.11 of this policy.
8.11 Chair Succession Planning

The purpose of succession planning is to provide for smooth transition of leadership in the event of a planned or unexpected retirement of an incumbent Chair. A person appointed as Chair in their second term may be appointed for a further three-year term as Chair, however their tenure as Chair must not exceed six years. The Committee will generally consider the need for a potential successor as they make each board member appointment.

Although it is the role of the Committee to appoint the Chair and Deputy Chair, it is expected that the board Chair will identify potential successors or signal to the council if there are no candidates for future Chair.

8.12 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, the following are likely reasons for council to remove a board member, where that board member:

- is regularly absent from board meetings without good justification
- no longer has the confidence of the board or the council
- has breached ethical standards 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
- is now disqualified from being appointed or holding office as a director of a company under section 151(2) of the Companies Act 1993.

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

Auckland Council will not make any payment by way of compensation to board members who have been removed from boards.

8.13 Board Members Standing for Political Office

Board members who have been selected to stand as a candidate in a local body or general election should advise the Chair of their board immediately. Chairs need to advise the council, through CCO Governance and External Partnerships, as soon as any members of their boards have been identified as candidates.

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

Section 94 of the Local Government (Auckland Council) Act 2009 provides that board members of substantive CCOs who are elected to the governing body of the Council or a local board must resign from their position as a board member of the CCO before taking up their position as a member of the governing body of the council or local board.

### 8.14 Governing body members on the Board of Auckland Transport

Members of the governing body who are members of the board of Auckland Transport, and who are re-elected in the local body elections, are not guaranteed a future place on the board of Auckland Transport. Tenure guidelines referred to in this policy are expected to apply to council representatives who hold a seat on the board of Auckland Transport.

Auckland Transport board members who are outgoing elected representatives must retire no later than one month from Election Day or upon the appointment of their successor, whichever is earlier.

Should a board member who is an elected representative not continue to hold political office part way through an electoral term, the council may choose to make a replacement appointment. The term of that appointment will terminate at the end of the forthcoming electoral cycle.

### 9 Remuneration

Board members’ fees will compensate board members fully for their normal contribution to the board, including attending board and Committee meetings, meeting preparation, stakeholder management and any other agreed tasks.

Board members’ fees will reflect the element of public service in serving on the board of a CCO and will accordingly be set at or below the average for comparable private sector entities.

To ensure transparency, fees will be set by the council for the board members and Chairs, rather than allocating a pool to be distributed by the board. Fees are to be met from the council organisation’s own resources.

In the case of appointment of elected members to Auckland Transport, the decision to remunerate elected members (and if so how much) will be determined following each triennial election.

Where the director nominated by the New Zealand Transport Agency to sit on the board of Auckland Transport (under section 43 Local Government (Auckland Council) Act 2009), is an office holder of the New Zealand Transport Agency, they will not be remunerated for
their service on the board. Where the director is not an office holder of the New Zealand Transport Agency, remuneration will be determined following discussion with the Agency.

9.1 Fee Setting

Board members’ remuneration will be reviewed once per triennium following local body elections. A full review will be conducted and will include benchmarking against comparative entities. The review will consider market movement and the final decision on board members’ remuneration will be made by a resolution of the Committee. Fees will be set taking into consideration the following:

- the size and scale of the 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 board member reputation, and other key risks)
- skills - the type of expertise and specialisation needed

Special considerations may also be included in setting fees, such as a temporary increase in workload for the board, or difficulties in recruiting particular skills.

9.2 Ordinary Fees

Ordinary fees are calculated based on:

- the designated base fee per board member
- board Chairs will be remunerated at twice the designated base fee
- 1.25 times the designated board member base fee for the Deputy Chair, to reflect either an actual appointment, or to provide the capacity for the council committee to later make such an appointment
- 1.15 times the designated board member base fee for those members with duties as Chair of committees

There are no additional fees for board committee meetings.

Council supports the payment by CCO organisations of directors’ liability insurance and the indemnification of directors.

9.3 Remuneration for Consultancy Services

The council expects that no board member on the board of a CCO will undertake consulting work for the organisation. In the event that an exception to this rule appears appropriate, the Chair should seek the Committee’s approval in advance.
Part Two: Non-substantive CCOs

Part Two of this policy applies to non-substantive CCOs of Auckland Council.

The policy in relation to non-substantive CCOs is less prescriptive because it is important to consider the particular needs of the organisation when making appointments. Many of these positions are unpaid, and recruitment of suitable board members can be challenging. In addition, the trust deeds (or constitutions in the case of companies) often include provisions regarding appointments, which take precedence over this policy.

10 Eligibility for Appointment

10.1 Appointment of Elected Members of the Auckland Council

The Council has a responsibility for monitoring performance of non-substantive CCOs and so elected members of the Auckland Council should not serve on the boards of non-substantive CCOs, unless there is a compelling reason to do so.

10.2 Appointment of Auckland Council Staff

Staff of the Auckland Council are not normally eligible for appointment unless the nature of the appointment requires this. For example, the Local Government Funding Agency has board positions which are required to be filled by staff of a local authority.

10.3 Appointment of Managers and Staff of non-substantive CCOs

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

In the event that a board decides that one of its members should fill a staff vacancy the board member must stand down from their position on the board while filling the vacancy.

11 Board Competencies, Skills and Knowledge

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

11.1 Core competencies

The core competencies expected on non-substantive boards are:

- Sound judgement and decision-making
- public service ethos
- an understanding and commitment to council’s obligation to Te Tiriti o Waitangi
- a high standard of personal integrity
- clear communication and an ability to debate in a reasoned manner
- effective teamwork and collaboration
- ability to think strategically
- risk assessment and contingency management
- commitment to the principles of good corporate citizenship
- understanding of the wider interests of the publicly accountable shareholder

### 12 Term of Appointment

Board members normally serve a maximum of two three-year terms, however given the challenges of recruiting unpaid members it is appropriate to consider reappointment for a further three-year term. To reflect current national and international best practice, Auckland Council’s policy regarding board tenure is as follows:

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

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

**Reappointment:** a board member who is retiring from their first three-year tenure, deemed eligible for reappointment and who wishes to stand, may, at the sole discretion of the council (by ordinary resolution), be reappointed for a further term of up to three years.

**Tenure exceeding six consecutive years:** regular board member rotation is encouraged, but terms exceeding six years will be considered on a case-by-case basis. The council recognises that board members often have valuable institutional knowledge that organisations need to retain, and a limited pool of suitable candidates for some boards.

### 13 Board Appointments

#### 13.1 Role of the Committee

The Committee is responsible for the appointment of board members to non-substantive CCOs. This also applies where the trust deed identifies the mayor as responsible for making appointments; because the mayor is acting on behalf of the council. Most non-substantive CCOs deliver significant services within their local communities and are required to have regular liaison with their relevant local board. Where appropriate, local boards will have a role in the appointment of board members to non-substantive CCOs.
13.2 Reappointments
Where a board member’s term of appointment has expired and they would like to be considered for reappointment, the Committee may offer a further term on recommendation of the board Chair. The board member will be required to provide an updated CV.

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

13.3 New Appointments
The Committee will identify the skills, knowledge and experience required for the position with the assistance of CCO Governance and External Partnerships and the board Chair.

Candidates may be sought through advertising of the position, and/or from nominations from elected members, the IMSB, the Chair of the non-substantive CCO and input from the Local Board Chair.

Where there is more than one candidate per position, a short-list and interview process will be undertaken. This will generally be undertaken by a panel consisting of the Board Chair and other members of the board. At times the panel may include a member of the Committee or relevant local boards and/or an independent industry expert (e.g. a representative from Counties Manukau Sport).

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

- the council’s board diversity and inclusion policy (see Section 4)
- alignment with the council’s objectives for that entity
- board dynamics and stakeholder relationships
- the capacity of candidates to attend regular board meetings and fulfil other requirements
- Chair and Deputy Chair succession planning
- the views of local boards for non-substantive CCOs that offer services within a localised geographic area

The panel will recommend its preferred candidate to the Committee for approval.

If a panel is not required, staff will assess these factors and take into account the Chair’s advice when making their recommendation to the Committee.

Non-substantive CCO Chairs will ensure newly appointed board members have signed a Board Member Consent form.

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

13.5 Finalisation of Appointments
The successful applicant(s) will be offered a letter of appointment.

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

13.7 Removal of Board Members
Council appointed board members hold office at the pleasure of the council and may be removed at any time by council resolution.

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

- is regularly absent from board meetings without good justification
- no longer has the confidence of the board or the council
- has breached ethical standards 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
- does not act in accordance with the principles of collective responsibility
- is now disqualified from being appointed or holding office as a director of a company under section 151(2) of the Companies Act 1993.

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

Auckland Council will not make any payment by way of compensation to board members who have been removed from boards.
13.8 Board Members Standing for Political Office

Council appointed board members who have been selected to stand as a candidate in a local body or general election should advise the Chair of their board immediately.

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

Any board member who is subsequently elected to the governing body or a local board of Auckland Council, should resign from the board of the non-substantive CCO.

14 Remuneration

Board members of non-substantive CCOs are not normally remunerated for their services to the board, but may be reimbursed for expenses. Remuneration of the board members of non-substantive CCOs is at the discretion of that organisation and is not set by Auckland Council. If at any time Auckland Council were required to set the remuneration of the board members of a non-substantive CCO, a methodology consistent with that for substantive CCOs would be developed.

14.1 Remuneration for Consultancy Services

Board members are discouraged from undertaking continuous consulting work for their organisation; however, the council recognises that some board members are best placed to undertake consulting work because of their knowledge about the organisation. The board should formally approve this and stipulate any requirements in relation to such an arrangement.
Part Three: Council Organisations

Part Three of this policy applies to COs where Auckland Council is responsible for the appointment of fewer than half of the trustees or directors. Appointments to a CO may occur to:

- satisfy a requirement of the trust deed or a request from the CO that council appoint a representative
- provide a means of monitoring where the council has made a grant to that body
- enable council involvement where the COs activity is relevant to the council

In some cases, for example where the scale of investment is significant, Auckland Council may consider a CO (such as the Tamaki Redevelopment Company) as a substantive CCO and apply Part One of this policy.

15 Board Appointments

15.1 Eligibility for Appointment to Council organisations

15.1.1 Appointment of Elected Members of Auckland Council

Elected members of Auckland Council may be appointed as a board member or trustee of a council organisation, subject to the specific provisions of the trust deed or equivalent founding document.

15.1.2 Appointment of Auckland Council staff

Staff of Auckland Council, are not normally eligible for appointment to council organisations unless this is a requirement of the trust deed or equivalent founding document or there is a compelling reason to do so.

15.2 Board member competencies, skills and knowledge

Where the COs trust deed or constitution provides guidance on the skills, knowledge and experience required for the position, the party responsible for appointments will take these into account when appointing board members.

Where the deed or constitution does not provide guidance on the skills, knowledge and experience required for the position, the responsible party will refer to Part Two, section 11 of this policy for guidance.
15.3 Responsibility for making appointments

If the trust deed specifies that an elected member is to be appointed then it is the responsibility of either the governing body or relevant local board(s).

Depending on specific provisions of the trust deed or constitution, appointments of independent board members to COs are the delegation of the CO Appointment Approvals Panel (COAAP). The COAAP comprises the Chair and Deputy Chair of the Committee, the Chief Executive (or his representative), the relevant Local Board Chair(s), if applicable, and a member of the Independent Maori Statutory Board.

A report will be provided to the Committee of any appointments made by COAAP to COs.

15.4 Appointment Process

Appointments to the CO will be made by the responsible party in a manner that is consistent with the trust deed or constitution of the entity.

Where the trust deed or constitution does not provide guidance on the appointment process, the responsible party will refer to Part Two, section 13 of this policy for guidance.

15.4.1 Conflicts of Interest

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

15.4.2 Removal of board members

Board members hold office at the pleasure of council and may be removed at any time by council resolution as per Part Two, section 13.7 of this policy.

15.5 Remuneration

Board members of COs are not normally remunerated for their services to the board but may be reimbursed for expenses. Remuneration of the board members of a CO is not set by Auckland Council and is at the discretion of that organisation.

If remuneration is offered to the board members of a CO, Auckland Council would not expect elected members of Auckland Council, appointed as a board member, to be remunerated. Elected members appointed as a board member to a CO may be reimbursed for expenses at the discretion of the CO organisation.

Where there is a requirement to or a compelling reason to appoint a staff member of Auckland Council as a board member of a CO, the appointed staff member will not be entitled to receive remuneration. If appointed as a board member to a CO a staff member may be reimbursed for expenses at the discretion of the CO organisation.
Part Four: Ports of Auckland Limited

Part four of this policy applies to the board of Ports of Auckland Limited (POAL), a council organisation which is a port company under the Port Companies Act 1988.

16 Board Appointments

16.1 Eligibility for Appointment

16.1.1 Appointment of elected members of Auckland Council

Elected members of Auckland Council will not be appointed to the board.

16.1.2 Appointment of Auckland Council staff

Staff of Auckland Council will not be appointed to the board.

16.2 Responsibility for Making Appointments

Appointments to the board are made by the Ports of Auckland Limited Appointment Panel (POALAP) under delegation from the Governing Body of Auckland Council.

The POALAP comprises:

- Mayor of Auckland Council, acting as the chair of POALAP
- Chief Executive of Auckland Council (or representative)
- Chair of the board of POAL

A report of any appointments or reappointments made by POALAP to the board will be provided to the Appointments, Performance Review and Value for Money Committee of Auckland Council.

16.3 Reappointments

Where a board member is due to retire under POAL’s constitution and is eligible for reappointment to the board and the board supports that reappointment, the chair of the board shall advise the chair of POALAP accordingly, and POALAP shall decide whether to make that reappointment.

16.4 New Appointments

Appointments to the board that are not reappointments will be made in accordance with POAL’s constitution and the following process:

16.4.1 Board member competencies, skills and knowledge

Once a vacancy has been established, the chair of the board and the Mayor will confer on and agree the skills, knowledge and experience required for that particular appointment. This may involve a consideration of the current composition of the board and a strategic review of future skill requirements.
16.4.2 Candidate search

The board will then appoint a specialist board appointment firm to facilitate the appointment process in accordance with this policy and a high standard board selection process.

16.4.3 Screening and shortlisting

The firm will provide the board with a long list of prospective candidates, having advertised for candidates and having searched the council’s register of candidates. The long list will include any names of persons put forward for inclusion by either the Mayor or the chair of the board.

The chair of the board will advise the chair of POALAP of the names and relevant details of the persons on that long list and the chair of POALAP will advise the chair of the board if any person named on that long list is likely to be unacceptable to POALAP for appointment, and that person’s name will be removed from the long list.

A committee of the board will from that long list prepare a shortlist for the position (normally of three to four candidates), to be interviewed by the board. The chair of the board will advise the chair of POALAP of the names and relevant details of the persons on that shortlist and the chair of POALAP will advise the chair of the board if any person named on that shortlist is likely to be unacceptable to POALAP for appointment, and that person’s name will be removed from the shortlist.

16.4.4 Interviewing and assessment of candidates

The board will interview the shortlisted candidates and perform reference and other checks consistent with good practice. The board will then recommend to POALAP its nominated candidate for appointment. POALAP will then decide whether to make the appointment, noting that POALAP may interview the nominated candidate if necessary.

Should POALAP decide not to appoint the nominated candidate, the board will decide whether to nominate another candidate drawn from the shortlist, prepare another shortlist, or recommence the selection process.

16.4.5 Deputy chair alternate

Should the vacancy be the role of the chair of the board, then the deputy chair of the board shall act in the role of the chair under this policy.

16.5 Consent and Conflicts of Interest

Prior to being interviewed for a position on the board, candidates will be required to complete a consent form and declare any relevant interests, so that the potential for a conflict of interest can be assessed. In considering any appointment or reappointment to the board, POALAP will take into consideration a candidate’s existing directorships, and any other potential conflicts of interest. Where a potential conflict of interest has been identified, POALAP needs to be confident that:
the candidate will be able to make an effective contribution, even if their interest
means that they cannot participate in an activity of POAL that relates to a
particular matter; and/or

- measures can be put in place to manage the conflict

16.6 Removal of Board Members

Board members may at any time be removed from office by ordinary resolution or written
notice as set out in POAL’s constitution.

16.7 Remuneration

16.7.1 Remuneration benchmarking

Within four months of an election, or such other period as the council and the board agree,
the board will advise the Appointments, Performance Review and Value for Money
Committee of Auckland Council as to the total remuneration the board recommends be
payable to all board members for the period that is the subject of the recommendation.
The advice will be based on a remuneration benchmarking exercise undertaken by the
board in conjunction with an external consultancy.

16.7.2 Approval of remuneration

The total remuneration of board members for that period will then be determined by the
Appointments, Performance Review and Value for Money Committee under delegation
from the Governing Body of Auckland Council. That amount shall be the amount of the
monetary sum payable to all the board members to be approved for that period, by council
as shareholder in accordance with the constitution of POAL. The board acting under the
constitution of POAL will then determine the amount of remuneration payable to each
board member.

16.8 Appointment of Chair and Deputy Chair

Under the constitution of POAL, the board elects the chairperson and deputy chairperson
of the board. The chair (or in the case of election of the chair, the deputy chair) of the
board will confer with POALAP as to the person the board is minded to elect to such
position.

16.9 Board Corporate Governance Statement and Charter

Each board member shall be subject to the Corporate Governance Statement and Charter
of the board, as approved by the board from time to time.

16.10 Board Review

Each year the chair of the board shall provide POALAP with a report by the board
summarising the annual review of its performance. It is noted that every second year this
review is conducted for the board by an external provider with experience in undertaking
such reviews.
Part Five: Auckland International Airport Limited

Part Five of this policy applies to the council organisation Auckland International Airport Limited (AIAL). AIAL is a publically listed company of which Auckland Council has a 22.3% shareholding. Council’s shareholder roles in respect of AIAL include voting on the director appointments to the AIAL board at its Annual General Meeting (AGM).

Shareholder voting on appointments to the AIAL board is delegated to the Chief Financial Officer (CFO), with the Executive Director – Auckland Investment Office or the Treasurer & GM Financial Transactions as alternates.

The appointment process is undertaken as follows:

- The CFO and Governance Director will meet with the chair of AIAL prior to the AIAL AGM to discuss possible board appointments (as well as other upcoming AGM resolutions)
- The CFO and Governance Director then brief the Chair and Deputy Chair of the committee on possible board appointments (as well as other upcoming AGM resolutions). The Chair and Deputy Chair of the committee will then provide guidance to the CFO on these matters.
- The CFO will then attend the AIAL AGM and vote on appointments to AIAL (as well as other AGM resolutions)
- Appointments to the board of AIAL will be brought to the committee periodically as part of briefing on broader AIAL matters

Part Six: CCO Subsidiaries

Part Six of this policy applies to substantive CCOs and their subsidiaries. Substantive CCOs are generally responsible for making appointments to boards of their subsidiaries, but are expected to keep the council fully informed prior to confirming appointments.

Substantive CCOs are required to apply the provisions of this policy to the extent practicable, and must use objective and transparent processes. Any reference to the Committee in this policy means the Substantive CCO board in the case of subsidiary appointments.

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1 Part Six of this policy does not apply to RFA and the appointments that they recommend to the council under their Management and Advisory Agreement; however, Part Three of the policy applies to the Auckland Council in relation to these appointments.
17 Board Appointments

18.1 Eligibility for appointment

Substantive CCOs may appoint members of their own board or management to the board of a subsidiary, if this is in the best interests of both organisations, and the board member has the required knowledge and experience.

Prior to making such appointments, substantive CCOs should consider whether this would conflict with their responsibility to monitor subsidiary performance. Additional fees for substantive CCO board members or managers appointed to subsidiary CCO boards should not be paid.

17.2 Application of this policy to CCO subsidiaries

17.2.1 Appointments to Commercial entities and CCTOs

For commercial subsidiaries such as Ports of Auckland Limited and Auckland Films Studios Limited, substantive CCOs should follow the relevant provisions in Part One of this policy when appointing board members.

17.2.2 Appointments to CCOs

For subsidiaries that are CCOs, including trusts, substantive CCOs should follow the relevant provisions in Part Two of this policy when appointing board members.

17.2.3 Appointments to COs

For subsidiaries that are COs, substantive CCOs should follow the relevant provisions of Part Three of this policy when appointing board members.
Memorandum of Understanding between Auckland Council and Ports of Auckland Limited

1. Purpose

This memorandum of understanding sets out the framework agreed by Auckland Council and Ports of Auckland Limited in respect of the governance relationship between the two entities.

2. Objectives

The objectives of council and POAL in establishing this memorandum are to ensure that the governance relationship between council and POAL:

2.1 enables POAL to fulfil its legislative requirement to operate as a successful business under the Port Companies Act 1988, and that this requirement and the confidence of POAL’s stakeholders is not prejudiced by council being the direct owner of POAL’s shares;

2.2 accords with the legal roles and responsibilities of council and POAL and their respective governing bodies and sound governance practice;

2.3 recognises the importance of POAL as a key part of Auckland’s infrastructure and a key investment of council, noting the commercial importance of POAL to the Auckland region and nationally;

2.4 enhances the ability of council and POAL to engage with one another on planning and strategic matters in accordance with their respective roles and responsibilities;

2.5 provides opportunities to reduce council group costs where possible.

3. Core Principles

3.1 Council and POAL acknowledge POAL’s principal statutory objective to operate as a successful business and each will work within their respective roles to assist that objective.

3.2 Council and POAL acknowledge that the board of POAL and the council as shareholder have important roles and responsibilities, and each will respect the role and responsibilities of the other entity and work constructively with each other on that basis.

3.3 Any disputes arising between council and POAL in relation to governance matters will be addressed under an agreed process as set out in this memorandum.

4. Key Elements

4.1 Governance Framework

The governance framework comprises:

In relation to both council and POAL

- the Port Companies Act 1988
• the Companies Act 1993
• the constitution of POAL
• good governance practice (e.g. IOD and FMA corporate governance guidance)
• this memorandum of understanding

In relation to council but not POAL
• the Local Government Act 2002
• the Local Government (Auckland Council) Act 2009
• the Local Government Official Information and Meetings Act 1987

4.2 Decisions in relation to the operation, business and affairs of POAL

The parties acknowledge that, subject to applicable laws:

4.2.1 all decisions relating to the operation of POAL shall be made by the board or under its authority, in accordance with POAL’s Statement of Corporate Intent.

4.2.2 the business and affairs of POAL shall be managed by, or under the direction or supervision of the board. This includes, but is not limited to, decisions in respect of:
• business strategy and business performance reporting
• business and operating policies
• investment, divestment and joint venture decisions
• treasury, financing and insurance decisions
• chief executive appointment, removal and remuneration
• employment decisions, including recruitment, remuneration and industrial relations
• procurement decisions
• services offered and pricing decisions
• stakeholder engagement and external communications

4.3 POAL’s Statement of Corporate Intent

4.3.1 The parties shall observe s 6(3) of the Port Companies Act 1988 in relation to POAL’s SCI. The SCI must be completed in accordance with ss 8 – 13 of the act.

4.3.2 The parties acknowledge the expectation that POAL’s SCI will continue to be developed in a way that presents continuity and consistency with previous SCIs.

4.4 Approvals and conferrals between council and POAL on other matters

4.4.1 POAL shall obtain the approval of council in its capacity as shareholder in respect of:
• any ‘major transaction’ within the definition of the Companies Act 1993;
• any other matter for which approval is required by law, including under the relevant legislation or POAL’s constitution.

4.4.2 The board of POAL, or management on its behalf, shall confer with council before the board of POAL makes any material changes in relation to its infrastructure,
investments or strategic direction from those set out in POAL’s business plans (including POAL’s 5-Year Business Plan and 30-Year Port Plan) as approved from time to time by the POAL board.

4.4.3 Council shall confer with the board of POAL, or management on its behalf, before council makes:

- any material decisions in relation to significant infrastructure or other developments which may have a material impact on POAL’s current or future operations or capital requirements;
- any change to any policies or processes of council which relate to the matters as referred to in this memorandum.

4.5 Board composition and appointments

The parties note that council is required by s 57 of the Local Government Act 2002 to adopt a policy in relation to the appointment of directors of council organisations. The process for the appointment of directors to POAL’s board will be contained in council’s Board Appointment and Remuneration Policy, as set out in Annex A of this memorandum.

4.6 Monitoring, liaison, reporting and disclosure of information

Communications between council and POAL that relate to monitoring, liaison, reporting and the disclosure of information are set out at Annex B of this memorandum. The following elements are applicable:

4.6.1 Council’s chief executive will establish a function which will act as the principal liaison point with POAL on the matters addressed in this memorandum including governance, monitoring, reporting, and the provision of information between both entities.

4.6.2 POAL will establish a reciprocal function within its executive management which will act as the principal liaison point with council on the matters addressed in this memorandum including governance, monitoring, reporting and the provision of information between both entities.

4.6.3 The Mayor and the chair of the POAL board, and the chief executives of both entities, respectively, shall have a direct channel of communication and meet formally at least quarterly each year.

4.6.4 The operation and effectiveness of the governance relationship between council and POAL (including the operation of this memorandum) shall be reviewed and discussed annually by the chief executives of both entities, and by the Mayor and the chair of the POAL board, respectively.

4.6.5 POAL shall provide half yearly and annual reports to council on the matters and within the timeframes specified in the Port Companies Act 1988, and as otherwise agreed between POAL and council. Such reports shall be addressed to the Mayor through the chief executive. Council and POAL shall also agree on arrangements
whereby POAL can provide periodically, and at least annually, a briefing to the Governing Body or appropriate Committee of the Whole of council.

4.6.6 POAL shall also provide any such other information to council as required under legislation or as council may reasonably request in its role as shareholder, unless such information is:
- ordinarily considered to be commercially sensitive, and to disclose it would prejudice POAL’s legal or commercial position;
- operational in nature or otherwise outside of the scope of information that may be required by a shareholder for governance purposes.

4.6.7 No confidential material shall be disclosed to any person who is not authorised to receive it, whether within or outside of council or POAL.

4.6.8 Both council and POAL will operate on a ‘no surprises’ basis with each other and endeavour to:
- inform one another prior to any significant decisions being made public, or the occurrence of any event that could be reasonably anticipated to have a high level of public interest.
- provide one another with a copy of any media releases that relate to POAL, or activities of the council group that may have a bearing on POAL, prior to release.

4.6.9 The parties note that that any information that falls within this ‘no surprises policy’ shall be provided in accordance with Annex B of this memorandum, and that in any event the ‘no surprises’ policy does not require the disclosure of any information where such disclosure would be in breach of any legal or contractual obligation.

5. Dispute Resolution

5.1 Council and POAL agree that any differences of view or disputes between them should be addressed frankly and constructively between the parties, and in the first instance, between the executive management of both parties.

5.2 If either party identifies a matter that requires escalation it shall be referred to the chief executives of both entities for discussion between them, and then at the request of either chief executive, to the Mayor and chair of the POAL board for discussion.

5.3 While nothing in this memorandum restricts the legal rights of either party, both council and POAL note the desire to resolve disputes through discussion, or if necessary through mediation, without recourse to litigation.

6. Status of Memorandum of Understanding

6.1 This memorandum is not legally binding, although the parties may agree that protocols or arrangements in respect of any matter will be.

6.2 This memorandum, and any action under it, is subject to all applicable laws.

6.3 Any variation or termination of this memorandum shall require the approval of both parties.
Signatories

ZM Carter
Chair Ports of Auckland Limited
18 June 2018
Date

CEO Ports of Auckland Limited
29 June 2018
Date

CEO Auckland Council

28 June 2018
Date
ANNEX A – Board Appointment and Remuneration Policy

Part X: Ports of Auckland Limited

Part X of this policy applies to the board of Ports of Auckland Limited (POAL), a council organisation which is a port company under the Port Companies Act 1988.

X.1 Eligibility for Appointment

X.1.1 Appointment of elected members of Auckland Council

Elected members of Auckland Council will not be appointed to the board.

X.1.2 Appointment of Auckland Council staff

Staff of Auckland Council will not be appointed to the board.

X.2 Responsibility for Making Appointments

Appointments to the board are made by the Ports of Auckland Limited Appointment Panel (POALAP) under delegation from the Governing Body of Auckland Council.

The POALAP comprises:

- Mayor of Auckland Council, acting as the chair of POALAP
- Chief Executive of Auckland Council (or representative)
- Chair of the board of POAL

A report of any appointments or reappointments made by POALAP to the board will be provided to the Appointments, Performance Review and Value for Money Committee of Auckland Council.

X.3 Reappointments

Where a board member is due to retire under POAL’s constitution and is eligible for reappointment to the board and the board supports that reappointment, the chair of the board shall advise the chair of POALAP accordingly, and POALAP shall decide whether to make that reappointment.

X.4 New Appointments

Appointments to the board that are not reappointments will be made in accordance with POAL’s constitution and the following process:

X.4.1 Board member competencies, skills and knowledge

Once a vacancy has been established, the chair of the board and the Mayor will confer on and agree the skills, knowledge and experience required for that particular appointment. This may involve a consideration of the current composition of the board and a strategic review of future skill requirements.
X.4.2 Candidate search

The board will then appoint a specialist board appointment firm to facilitate the appointment process in accordance with this policy and a high standard board selection process.

X.4.3 Screening and shortlisting

The firm will provide the board with a long list of prospective candidates, having advertised for candidates and having searched the council’s register of candidates. The long list will include any names of persons put forward for inclusion by either the Mayor or the chair of the board.

The chair of the board will advise the chair of POALAP of the names and relevant details of the persons on that long list and the chair of POALAP will advise the chair of the board if any person named on that long list is likely to be unacceptable to POALAP for appointment, and that person’s name will be removed from the long list.

A committee of the board will from that long list prepare a shortlist for the position (normally of three to four candidates), to be interviewed by the board. The chair of the board will advise the chair of POALAP of the names and relevant details of the persons on that shortlist and the chair of POALAP will advise the chair of the board if any person named on that shortlist is likely to be unacceptable to POALAP for appointment, and that person’s name will be removed from the shortlist.

X.4.4 Interviewing and assessment of candidates

The board will interview the shortlisted candidates and perform reference and other checks consistent with good practice. The board will then recommend to POALAP its nominated candidate for appointment. POALAP will then decide whether to make the appointment, noting that POALAP may interview the nominated candidate if necessary.

Should POALAP decide not to appoint the nominated candidate, the board will decide whether to nominate another candidate drawn from the shortlist, prepare another shortlist, or recommence the selection process.

X.4.5 Deputy chair alternate

Should the vacancy be the role of the chair of the board, then the deputy chair of the board shall act in the role of the chair under this policy.

X.5 Consent and Conflicts of Interest

Prior to being interviewed for a position on the board, candidates will be required to complete a consent form and declare any relevant interests, so that the potential for a conflict of interest can be assessed. In considering any appointment or reappointment to the board, POALAP will take into consideration a candidate’s existing directorships, and any other potential conflicts of interest. Where a potential conflict of interest has been identified, POALAP needs to be confident that:

* the candidate will be able to make an effective contribution, even if their interest means that they cannot participate in an activity of POALAP that relates to a
X.6 Removal of Board Members

Board members may at any time be removed from office by ordinary resolution or written notice as set out in POAL’s constitution.

X.7 Remuneration

X.7.1 Remuneration benchmarking

Within four months of an election, or such other period as the council and the board agree, the board will advise the Appointments, Performance Review and Value for Money Committee of Auckland Council as to the total remuneration the board recommends be payable to all board members for the period that is the subject of the recommendation. The advice will be based on a remuneration benchmarking exercise undertaken by the board in conjunction with an external consultancy.

X.7.2 Approval of remuneration

The total remuneration of board members for that period will then be determined by the Appointments, Performance Review and Value for Money Committee under delegation from the Governing Body of Auckland Council. That amount shall be the amount of the monetary sum payable to all the board members to be approved for that period, by council as shareholder in accordance with the constitution of POAL. The board acting under the constitution of POAL will then determine the amount of remuneration payable to each board member.

X.8 Appointment of Chair and Deputy Chair

Under the constitution of POAL, the board elects the chairperson and deputy chairperson of the board. The chair (or in the case of election of the chair, the deputy chair) of the board will confer with POALAP as to the person the board is minded to elect to such position.

X.9 Board Corporate Governance Statement and Charter

Each board member shall be subject to the Corporate Governance Statement and Charter of the board, as approved by the board from time to time.

X.10 Board Review

Each year the chair of the board shall provide POALAP with a report by the board summarising the annual review of its performance. It is noted that every second year this review is conducted for the board by an external provider with experience in undertaking such reviews.

particular matter, and/or

- measures can be put in place to manage the conflict
### Annex B – Monitoring, Liaison, Reporting and Disclosure of Information – Communication Schedule

#### Part One – Specific matters

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Mandate</th>
<th>Relevant Dates</th>
<th>Points of Contact</th>
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| 1. Statement of Corporate Intent (SCI) | Port Companies Act 1988 | - Draft issued by POAL by 30 June  
- Council comments provided by 31 July  
- Final issued by POAL by 31 August | - SCI issued to CCO Governance team  
- SCI reviewed by Finance and Performance Committee |
| 2. Annual Shareholder Meeting | SCI | - Aligned with CCO annual shareholder meeting process | - CCO Governance team and POAL Management to confer on arrangements  
- Presentation by POAL officers to Finance and Performance Committee |
| 4. Annual Report | Port Companies Act 1988 | - Within 3 months of the end of the financial year (by 30 September) | - Distributed by POAL Management to Financial Planning and Financial Control |
| 3. Half Yearly Reports | Port Companies Act 1988 | - Within 7 weeks of the end of the first half of year (by 18 February) | - Distributed by POAL Management team to Financial Planning and Financial Control |
| 5. Quarterly Reports | SCI | - Within 5 weeks of the end of the quarter | - Distributed by POAL Management to Financial Planning |

* Auckland Council Council-controlled Organisation Governance and External Partnerships team
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<th>Aspect</th>
<th>Mandate</th>
<th>Relevant Dates</th>
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<tr>
<td>or likely to affect business</td>
<td>Council requirement</td>
<td>- As per half year and full year end timetable</td>
<td>- Letter signed by POAL CEO and CFO and Emailed by POAL Management to Financial Planning</td>
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<td>- Significant events during the quarter</td>
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<td>- Confidential</td>
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<td>6. POAL letter of representation and going concern email</td>
<td>Council requirement</td>
<td>- 2 weeks after end of each quarter</td>
<td>- Provided by POAL Management to Financial Control</td>
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<td>- As per current and future agreed formats</td>
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<td>- Confidential</td>
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<td>7. Financial Reporting Pack</td>
<td>Council requirement</td>
<td>- October/November: Early awareness (i) - February: 10 year financial plan (ii) - June: Detailed budget (iii)</td>
<td>- Provided by POAL Management to Financial Planning</td>
</tr>
<tr>
<td>- Confidential (public disclosures will be aggregated to maintain commercial sensitivity unless publicly available elsewhere)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Long-term Plan (10 years) / Annual Budget (i) Early awareness of any material financial matters that may impact the future budgets. In a LTP year, a draft 10 year and 30 year budget may be required (ii) 10-year financial plan (will include 30 years in LTP year) higher level than the quarterly financial pack. Will include year-end forecast position (iii) More detailed budget for upcoming year and will be phased</td>
<td>Council requirement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Confidential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Inter-entity transactions (within council group)</td>
<td>Council requirement</td>
<td>- Quarterly</td>
<td>- Detail of transactions provided by POAL to Financial Control</td>
</tr>
<tr>
<td>- Confidential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Register of accounting policies</td>
<td>Council requirement</td>
<td>- Twice a year</td>
<td>- Register provided by POAL Management to Financial Control</td>
</tr>
<tr>
<td>- Not confidential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Any material acquisitions, disposals or other changes by POAL which affect council’s accounting or financial reporting treatment or obligations in relation to POAL</td>
<td>Council requirement</td>
<td>- When POAL decision making is being progressed</td>
<td>- POAL Finance will confer with Financial Planning on any impact on council’s accounting and reporting requirements</td>
</tr>
<tr>
<td>- Confidential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Annual tax return</td>
<td>IRD requirement</td>
<td>- Around October</td>
<td>- Tax return data provided by POAL’s Finance team to Financial Control</td>
</tr>
<tr>
<td>13. Annual tax subvention payment</td>
<td>Council group requirement</td>
<td>- February (to align with Annual Budget process)</td>
<td>- Respective council, POAL and Watercare staff</td>
</tr>
<tr>
<td>- Council, Watercare and POAL agree the amount of tax subvention payment for budgeting purposes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Other shareholder approvals</td>
<td>- Companies Act 1993 - Port Companies Act 1986 - POAL constitution - any other relevant legislation</td>
<td>- As required</td>
<td>- POAL Management to liaise with CCO Governance</td>
</tr>
<tr>
<td>Aspect</td>
<td>Mandate</td>
<td>Relevant Dates</td>
<td>Points of Contact</td>
</tr>
<tr>
<td>----------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| 16. Council's 'continuous disclosure' and other obligations in relation to its issued securities | - Council's legal, contractual and NZX obligations for its issued securities | - As required | - Financial Control to advise POAL Management of materiality thresholds, information and certification requirements and time frames  
- POAL Management team to notify Financial Control accordingly |
| 16. One-off public and 'no-surprises' issues, including media releases | MOU                                                                     | - As required | - Information provided by POAL Communications Team to Mayoral Office and Communications Team and vice versa                                       |
| Each party to endeavour to:                                           |                                                                        |                |                                                                                                                                                  |
| - inform one another prior to any significant decisions being made public or the occurrence of any event that could reasonably be anticipated to have a high level of public interest |                                                                        |                |                                                                                                                                                  |
| - provide each other with copy of any media releases relating to or which may have a bearing on POAL prior to publication |                                                                        |                |                                                                                                                                                  |
| - Confidential                                                       |                                                                        |                |                                                                                                                                                  |
| 17. Any material changes by POAL in relation to any acquisition of shares or investment in joint venture, significant asset or investment disposal, or any proposed capital expenditure not previously advised | SCI/MOU                                                                | - Conferral as per SCI/MOU requirements | - Financial Control, with referral to Financial Planning on any impact on Council's accounting and reporting requirements. |
| 18. Any material decisions by Auckland Council in relation to:        | MOU                                                                     | - Prior to decisions being made | - CCD Governance to confer with POAL Management                                                                                                   |
| - significant infrastructure or other developments which may have a material impact on POAL's current or future operations or capital requirements |                                                                        |                |                                                                                                                                                  |
| - any change to any policies or processes of Council which relate to matters referred to in MOU |                                                                        |                |                                                                                                                                                  |
Part Two – Other information requests made by Auckland Council to POAL

- Any request by council for information must be made to POAL Management by the CCO Governance team. CCO Governance will review any request originating within council and consider its appropriateness before deciding whether to send it to POAL Management. A request must be in writing, must include from whom in council the request has come from (name and title), the reason for the request and its urgency (including any deadlines) and be sent to a specified POAL email inbox. Urgent requests should also be brought to POAL’s attention with a telephone call.
- Information requests made by council but not from the CCO Governance team will not be answered but will be referred to the CCO Governance team.
- Information requests received by POAL will be reviewed for adherence to the memorandum of understanding principles before a response is made. If the information request is denied then a reason will be provided (e.g. if such information requested is commercially sensitive).
- POAL will make reasonable efforts to provide a timely response, based on the urgency of the request.
- POAL will note whether the information is confidential or not, and any terms that are attached to its release.
- Any confidential information held by the CCO Governance team will be managed by that team with respect to further distribution within council. The CCO Governance team will escalate any matter to the chief executive, if required.
Proposed Relationship Principles between Auckland Council and Auckland International Airport Limited

1. Purpose
This relationship principles document sets out the nature of the governance relationship between Auckland Council and Auckland International Airport Limited in the context of the council’s minority shareholding in Auckland Airport.

2. Context
The following context underpins council’s role as a shareholder in respect of AIAL:

2.1 AIAL is a publicly listed company, subject to NZX continuous disclosure requirements.
2.2 Council currently has a 22.3% shareholding in AIAL.

3. Objectives
The objectives of council in its relationship with AIAL are to:

3.1 ensure an optimal commercial return from council’s investment in AIAL.
3.2 observe appropriate shareholder governance practice proportionate to council’s minority shareholding in AIAL.

4. Monitoring, Liaison and the Disclosure of Information
Communication between council and AIAL is set out as follows:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Nature of Information</th>
<th>Point of Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Financial Reporting Requirements</td>
<td>Financial results information provided to council around 20 February / 20 August annually</td>
<td>AIAL and council Financial Control teams</td>
</tr>
<tr>
<td></td>
<td>Discussions between council and AIAL regarding timing and delivering of financial information to coordinate with council reporting</td>
<td>Expertise from council legal team, as required</td>
</tr>
<tr>
<td></td>
<td>AIAL information is confidential until released via the NZX by no later than 28 February and 30 August each year for the respective interim and full year results</td>
<td>Oversight by AIAL and council CFOs, if required</td>
</tr>
<tr>
<td>4.2 Dividend and Shareholder Actions</td>
<td>Voting at AGMs</td>
<td>Council treasury and AIAL Investor Relations and Legal</td>
</tr>
<tr>
<td></td>
<td>Voting on director appointments</td>
<td>Expertise from council legal and governance teams, as required</td>
</tr>
<tr>
<td></td>
<td>Decisions on dividend reinvestment plan and rights matters</td>
<td>Oversight by AIAL and council CFOs, if required</td>
</tr>
<tr>
<td></td>
<td>Receipt of interim and final dividend</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other corporate actions, as required</td>
<td></td>
</tr>
<tr>
<td>4.3 Annual Engagement</td>
<td>Annual meeting with council executive team on AIAL activity</td>
<td>Council governance team to liaise with AIAL Strategy, Performance &amp; Planning team</td>
</tr>
<tr>
<td></td>
<td>Annual meeting with Mayor, Deputy Mayor and Committee of Whole Chairs on AIAL activity</td>
<td>Oversight from AIAL and council CEs, if required</td>
</tr>
<tr>
<td>4.4 No Surprises</td>
<td>Council and AIAL to operate on ‘no surprises’ basis and inform one another on matters of interest</td>
<td>Council Mayor’s Office and CE of council, CE of AIAL</td>
</tr>
</tbody>
</table>

5. Status of Relationship Principles Document
5.1 This relationship principles document is not legally binding.
5.2 This relationship principles document, and any action under it, is subject to all applicable laws.
Process for the appointment of directors to Contemporary Arts Foundation and an update for the appointment of chairs to Auckland Council's council-controlled organisations

File No.: CP2018/12952

Te take mō te pūrongo / Purpose of the report
1. To update the committee on the process for filling the three chair vacancies on Auckland Council’s council-controlled organisations (CCOs) and to receive information about the process to appoint four trustees to the board of the Contemporary Arts Foundation, a council-controlled organisation.

Whakarāpopototanga matua / Executive summary
Contemporary Arts Foundation
2. Auckland Council also has the ability to appoint up to five trustees on the board of the Contemporary Arts Foundation (CAF). CAF has undertaken an appointment process based on the requirements of its trust deed and which is consistent with the council’s Appointment and Remuneration Policy for Board Members of Council Organisations.

Update for appointment of chairs to the CCOs
3. The 2018 CCO board appointment programme is extensive due to the number of chair appointments. The terms of three CCO chairs will end on 31 October 2018. The three chairs are:
   • David McConnell – chair of Auckland Tourism, Events and Economic Development Limited
   • Richard Aitken – chair of Panuku Development Auckland Limited
   • Sir Don McKinnon – chair of Regional Facilities Auckland Limited.
4. This committee agreed to commence the CCO board appointment process in March 2018, with the aim of approving any proposed chair appointments at the committee’s 5 July 2018 and 2 August 2018 meetings.
5. The process to fill the remaining CCO director vacancies commenced in July 2018, with the appointments now being brought for committee approval in October or November 2018.
6. A confidential report on today’s agenda outlines the preferred candidates for appointment to the chairs of these three substantive CCOs.

Ngā tūtohunga / Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:

a) note that a confidential report included on today’s committee agenda provides information to make decisions on the preferred candidates for the chairs of Auckland Tourism, Events and Economic Development, Regional Facilities Auckland and Panuku Development Auckland
b) note that there is also a confidential report on today’s committee agenda providing a recommendation on the appointment of four trustees to the board of the Contemporary Arts Foundation.
c) note that the confidential reports contain personal information about the candidates.
Horopaki / Context

7. The board appointment process for appointing directors to any substantive CCOs is outlined in the diagram below:

- Approves retirement or reappointment of directors / board members
- Approves skills required for director positions
- Approves members of the selection panel
- Considers the complete list of candidates
- Recommends the short-listed candidates to the committee
- Approves the short-list of candidates for interview
- Interviews the short-listed candidates approved by the committee
- Recommends preferred candidates to the committee
- Considers selection panel’s recommendations
- Makes appointments to the board

8. The Appointments, Performance Review and Value for Money Committee (the committee) is delegated to appoint directors to the CCOs.

9. The confidential reports on this agenda provide advice and options to assist the committee to make decisions regarding the appointment of chairs on CCOs. This is the final step in the process outlined above.

Contemporary Arts Foundation (CAF)

10. CAF has undertaken an appointment process based on the requirements of its trust deed which is consistent with the council’s Appointment and Remuneration Policy for Board Members of Council Organisations. This process included:

- identifying skills, knowledge and experience, including current or future gaps on the board
- seeking candidates through the networks of its existing trustees and contacts with organisations in Auckland
- shortlisting and interviewing appropriately qualified candidates

11. For these appointments, CAF considered it important to maintain some continuity on the board as well as introduce some strategic planning skills. Strategic planning is important because of the challenges presented by the Auckland Manukau Eastern Transport Initiative (AMETI) and likely impacts on its premises in Pakuranga.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

12. Board appointments to CCOs are the role of the Governing Body. Local boards can participate in the nomination process for each director vacancy. The nomination of a candidate requires the consent of that candidate.
**Tauākī whakaaweawe Māori / Māori impact statement**

13. Council’s Appointment and Remuneration Policy for Board Members of Council Organisations aims to achieve a diverse range of directors to all CCO boards.

14. This can have positive impacts for Māori by creating opportunities for Māori directors.

15. In line with the policy, an Independent Māori Statutory Board member (Chair, David Taipari) participated on the selection panel to provide a Māori perspective throughout the process.

**Ngā ritenga ā-pūtea / Financial implications**

16. The costs associated with these appointments will be met from existing budgets.

**Ngā raru tūpono / Risks**

17. There are risks associated with all board appointments including:

   (i) Reputational: all candidates are appropriately screened to meet the skill requirements for directors of a board such as this and have appropriate governance experience especially within public-facing entities. To mitigate any potential risks of disqualified directors or under-qualified candidates:

      (a) a thorough due diligence process will be completed on all candidate applications in line with the council’s appointment policy

      (b) short-listed candidates have completed the council’s director consent form prior to interview which requires directors to confirm that there is nothing that would disqualify them from being a director

      (c) thorough reference checks of candidates who are approved for appointment to the CCOs are being conducted by Kerridge and Partners.

   (ii) Reputational: breach of privacy if confidential candidate information is released to media prior to final decisions being made by the committee. Such breaches of privacy could create the risk that fewer and potentially less qualified candidates are attracted into future board appointment programmes. To mitigate the risk staff will continue to highlight the need for maintaining confidentiality during the board appointment programme.

   (iii) Governance: the risk of an unbalanced board, such as a loss of institutional knowledge versus retaining board members for too long can mean the board lack innovation and fresh thinking.

**Ngā koringa ā-muri / Next steps**

18. Following approval from this committee, staff from the CCO Governance and External Partnerships Department will arrange for induction material to be provided to the new chairs.

19. Council’s external director recruitment support company, Kerridge and Partners will also maintain progress on the appointment programme for the other director vacancies for 2018.

**Ngā tāpirihanga / Attachments**

There are no attachments for this report.

**Ngā kaihaina / Signatories**

<table>
<thead>
<tr>
<th>Author</th>
<th>Josie Meuli - Senior Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
That the Appointments, Performance Review and Value for Money Committee:

a) exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

**C1 Board Appointments for the Auckland War Memorial Museum and Museum of Transport and Technology**

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains private information about directors being appointed to the Auckland War Memorial Museum and Museum of Transport and Technology.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>

**C2 Appointment of trustees to the Contemporary Art Foundation**

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
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<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains personal information about the candidates.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>

**C3 Appointment of directors to the board of Auckland Council Investments Limited**

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
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<th>Ground(s) under section 48(1) for the passing of this resolution</th>
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<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains personal information about the candidates.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>
### C4 Appointment of candidates for three vacancies on Auckland Council's council-controlled organisations

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains private information about the candidates who have applied for board appointment roles on Auckland Council's council controlled organisations.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>

### C5 Update on Chief Executive Stephen Town’s performance objectives 2017/2018

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
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<th>Ground(s) under section 48(1) for the passing of this resolution</th>
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</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the committee will be discussing the performance objectives of the Chief Executive and general performance.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>