

I hereby give notice that an ordinary meeting of the Performance and Appointments Committee will be held on:

Date: Tuesday, 16 May 2023
Time: 10.00am
Meeting Room: Room 1, Level 26
Venue: 135 Albert Street
Auckland

Komiti mō ngā Kopounga me Te Kounga o ngā Mahi / Performance and Appointments Committee

OPEN AGENDA

MEMBERSHIP

Chairperson	Cr Daniel Newman, JP	
Deputy Chairperson	Cr Chris Darby	
Members	Mayor Wayne Brown	Cr Greg Sayers
	Cr Christine Fletcher, QSO	IMSB Chair David Taipari
	Cr Lotu Fuli	Cr John Watson
	Cr Richard Hills	
Ex-officio	Deputy Mayor Desley Simpson, JP	

(Quorum 4 members)

Sam Riddiford
Governance Advisor

11 May 2023

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1 Ngā Tamōtanga | Apologies

2 Te Whakapuaki i te Whai Pānga | Declaration of Interest

3 Te Whakaū i ngā Āmiki | Confirmation of Minutes

Click the meeting date below to access the minutes.

That the Performance and Appointments Committee:

- a) confirm the ordinary minutes of its meeting, held on [Tuesday, 18 April 2023](#), including the confidential section, as a true and correct record.

4 Ngā Petihana | Petitions

5 Ngā Kōrero a te Marea | Public Input

6 Ngā Kōrero a te Poari ā-Rohe Pātata | Local Board Input

7 Ngā Pakihi Autaia | Extraordinary Business

Review of Council-controlled organisation director remuneration for 2022-2025

File No.: CP2022/16950

Item 8

Te take mō te pūrongo

Purpose of the report

1. To approve changes to director fees for board members of substantive council-controlled organisations.

Whakarāpopototanga matua

Executive summary

2. Under the Appointment and Remuneration Policy for Board members of Council Organisations (the Policy), council reviews the remuneration of directors of council-controlled organisations (CCOs) once every triennium.
3. Council uses a methodology developed by MartinJenkins to assess the relative scale of each CCO to place each entity into one of five director fee bands.
4. Staff track director fee movements in the general market using research conducted by Strategic Pay Limited.
5. Staff have completed a review for the 2022-2025 triennium which has identified that:
 - that Tātaki Auckland Unlimited (TAU) should be moved from band two to band one to reflect the increased scale of this organisation compared with its predecessors.
 - the market movements mean that an overall increase of 8.2 per cent for director fees is needed to maintain position within the market.
6. Given the current uncertainty regarding the council group budget, it is recommended that consideration of a market increase for director remuneration should be deferred until next financial year.

Ngā tūtohunga

Recommendation/s

That the Performance and Appointments Committee:

- a) whakaae / approve an increase in base director fees for Tātaki Auckland Unlimited from \$41,100 to \$54,000 reflecting the increased role and responsibilities of directors from the amalgamation of Auckland Tourism, Events and Economic Development and Regional Facilities Auckland
- b) tuhi ā-taipitopito / note that the committee will consider the overall movement of director fees in the next financial year.

Horopaki Context

7. The Policy requires that the remuneration of board members be reviewed once per triennium, following the local body elections. This review was last undertaken in 2017.
8. A decision to amend the remuneration of CCO directors is the responsibility of the Performance and Appointments Committee.
9. In 2011 council adopted a methodology for assessing CCO director remuneration following advice from MartinJenkins. This methodology established five bands of CCO director remuneration based on the scale of each CCO. Due to amalgamations and disestablishments of council's CCOs since 2011 only the top two bands are currently in use.
10. At the time the methodology was established, MartinJenkins advised that director fees for Auckland's CCOs were positioned at the mid-high end of the public sector market.
11. The Policy includes that board chairs will be remunerated at twice the base director fee, deputy chairs at 1.25 times the base fee and 1.15 times for the chairs of subcommittees established by the boards.
12. The [2017 remuneration review](#) provided for a fee increase of 1.25 per cent for directors and was set as follows:
 - Band one - \$54,000 - Auckland Transport, Eke Panuku Development Auckland, Watercare Services Limited
 - Band two - \$41,100 - Auckland Tourism Events and Economic Development (ATEED), Regional Facilities Auckland (RFA)
 - Band three - \$35,525 - Auckland Council Investments Limited, (disestablished in 2018).

Tātaritanga me ngā tohutohu Analysis and advice

Band assessment for Tātaki Auckland Unlimited

13. ATEED and RFA were amalgamated into Tātaki Auckland Unlimited (TAU) in 2020. At this time the relative scale of TAU compared with its predecessors was not assessed and director fees have remained at band two.
14. The MartinJenkins methodology for assessing the banding of CCOs includes consideration of the functions and scale of each CCO and applies scores based on those factors.
15. Staff have applied the criteria to the function and scale of TAU and assess that it is of a scale that makes it appropriate for director fees to be increased to band one. The assessment is provided as Attachment A.

Assessment of market movements

16. Strategic Pay Limited's New Zealand Directors' Fees Report 2023 has been used to assess market movements for director fees. The market increase is reported as being 8.2 per cent from 2018 to 2023 which is the interval between the previous review and present time.
17. Given the current uncertainty about the council group budget it is recommended that consideration of the remuneration level for all CCOs should be deferred until the next financial year.

Options and costings

18. Two options are noted in Table 2 below.

Table 2: Options and costings

Option	Description	Financial impact for council group (change)*
Option A	Status quo – no change to TAU's band	\$ nil
Option B (Recommended)	TAU moved to band one	\$119,325

19. Option B is recommended as it is consistent with the banding methodology used by council and correctly sizes TAU but also reflects the council's current budget pressures and defers this decision until there is more certainty about the budget.

Tauākī whakaaweawe āhuarangi Climate impact statement

20. This decision is unlikely to result in any identifiable changes to greenhouse gas emissions. The effects of climate change will not impact the decision's implementation.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

21. Setting appropriate board remuneration supports the attraction and retention of high-quality candidates for director positions.

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

22. Decisions regarding the remuneration of board members of CCOs is the role of the Governing Body and Local Board views have not been sought.

Tauākī whakaaweawe Māori Māori impact statement

23. Kia ora Tāmaki Makaurau sets as a mahi objective that: "Mana whenua and Māori are active partners and participants at all levels of the council group's decision making". Ensuring that remuneration of directors is in line with market expectations will help to continue to attract strong interest from Māori director candidates.

Ngā ritenga ā-pūtea Financial implications

24. Remuneration of directors is met from CCO budgets and the increased costs recommended by this report would therefore be met from the existing funding to each CCO.


Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

25. The key risks associated with this decision are noted in the body of the report.

Ngā koringa ā-muri Next steps

26. The updated director fees will be applied by TAU.

Ngā tāpirihanga Attachments

No.	Title	Page
A 	Tātaki Auckland Unlimited director fees assessment 2023	

Ngā kaihaina Signatories

Author	James Stephens - Senior Advisor
Authorisers	Alastair Cameron - Manager - CCO Governance & External Partnerships Phil Wilson - Director, Governance & CCO Partnerships

Process to make appointments to the boards of Council-controlled organisations and Haumaru Housing

File No.: CP2023/04554

Item 9

Te take mō te pūrongo

Purpose of the report

1. To receive information about processes to make board appointment decisions that will be considered in the confidential part of this meeting.

Whakarāpopototanga matua

Executive summary

2. Confidential reports on this agenda seek decisions regarding appointments to the boards of the following entities:
 - Auckland Transport
 - Auckland War Memorial Museum (AWMM)
 - Haumaru Housing
 - Manukau Beautification Charitable Trust (MBCT)
3. These appointment processes align with the Appointments and Remuneration Policy for Board Members of Council Organisations (the Policy). For AWMM, the Auckland War Memorial Museum Act (2000) also applies and for MBCT, the provisions of its trust deed apply. The process for making appointments to Haumaru Housing is the same as a substantive CCO under the Policy.

Ngā tūtohunga

Recommendation/s

That the Performance and Appointments Committee:

- a) tuhi ā-taipitopito / note the information about appointment processes contained in this report
- b) tuhi ā-taipitopito / note that reports on this agenda seek decisions regarding:
 - i) Auckland Transport
 - ii) Auckland War Memorial Museum
 - iii) Haumaru Housing
 - iv) Manukau Beautification Charitable Trust
- c) tuhi ā-taipitopito / note that these reports are confidential due to the personal information regarding candidates and board members that they contain.

Horopaki

Context

4. Council makes appointments to council organisations in accordance with the Appointments and Remuneration Policy for Board Members of Council Organisations (the Policy).
5. The general process for making appointments applicable to Auckland Transport, Auckland War Memorial Museum and Haumaru Housing is described in Figure 1 below.

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Figure 1: Appointments to substantive Council-controlled organisations



6. The process outlined in Figure 1 does not apply to non-substantive CCOs including the MBCT. For the MBCT, the role of identifying candidates for appointments sits with the trust's board.

Tātaritanga me ngā tohutohu Analysis and advice

7. Reports on the confidential agenda consider appointments to a range of organisation as noted in Table 1:

Organisation	Organisation type	Process step	Previous committee decisions relating to this process
Auckland Transport	Substantive CCO	Approval of criteria for appointment and membership of the selection panel	None
Auckland War Memorial Museum	Legislative entity	Approval of retirement/reappointment of directors, criteria for recruitment and membership of the selection panel	None

Organisation	Organisation type	Process step	Previous committee decisions relating to this process
Haumaru Housing	Limited partnership (Council organisation)	Approval of a short-list of candidates for interview	Criteria and selection panel were approved in February 2023 [PACCC/2023/8]
Manukau Beautification Charitable Trust	Non-substantive CCO	Appointment of candidates recommended by the Trust board	None

Tauākī whakaaweawe āhuarangi Climate impact statement

8. Each council-controlled organisation is accountable for ensuring that their planning and decisions reflect the action areas outlined in Te-Tāruke-ā-Tāwhiri: Auckland's Climate Plan. Candidates seeking appointment need to demonstrate a commitment to integrate the action areas outlined in Te-Tāruke-ā-Tāwhiri into the CCO's activities. This is considered as part of each of the confidential items on the agenda.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

9. The appointment of the best possible directors to boards will have a positive impact on the council group.

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

10. Board appointments to the entities considered in the confidential section of this agenda are the role of the Governing Body. Local boards may participate in the nomination process for board vacancies.
11. The criteria for Haumaru candidates was circulated to all local board members and criteria approved by this committee for Auckland Transport and Auckland War Memorial Museum will also be circulated to local board members.

Tauākī whakaaweawe Māori Māori impact statement

12. Kia ora Tāmaki Makaurau sets as a mahi objective that: "Mana whenua and Māori are active partners and participants at all levels of the council group's decision making". This objective is considered as part of the decision making for each of the confidential items on the agenda.

Ngā ritenga ā-pūtea Financial implications

13. There are no new financial implications arising from the confidential reports.

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Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

14. There are risks common to all board appointments. These include:
- reputational risk of appointing candidates without appropriate skills or governance experience. To mitigate this potential risk, a thorough due diligence process is in place.
 - governance risk of creating an unbalanced board where too many new members cause a loss of institutional knowledge which impacts decision-making. Conversely, retaining board members for too long can mean the board lack innovation and fresh thinking.

Ngā koringa ā-muri Next steps

15. Next steps are noted in the confidential agenda reports.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	James Stephens - Senior Advisor
Authorisers	Alastair Cameron - Manager - CCO Governance & External Partnerships Phil Wilson - Director, Governance & CCO Partnerships

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the **Performance and Appointments 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 **CONFIDENTIAL: Appointments to the board of Manukau Beautification Charitable Trust**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	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 regarding candidates for the Manukau Beautification Charitable Trust board.	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.

C2 **CONFIDENTIAL: Auckland War Memorial Museum appointments 2023**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	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 regarding candidates for appointment	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.

C3 CONFIDENTIAL: Approval of a short-list of candidates for Haumaru Housing

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	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 information regarding candidates for board positions	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.

C4 CONFIDENTIAL: Auckland Transport board appointments for 2023

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
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.	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 current directors of Auckland Transport	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.