

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

Date: Tuesday, 25 February 2025
Time: 10.00am
Meeting Room: Room 1, Level 26
Venue: Te Wharau o Tāmaki - Auckland House
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 Mike Lee
Members	Mayor Wayne Brown Cr Christine Fletcher, QSO Cr Lotu Fuli Cr Richard Hills Cr Greg Sayers Cr John Watson Cr Maurice Williamson
Ex-officio	Deputy Mayor Desley Simpson, JP Houkura Chair David Taipari

(Quorum 5 members)

Sonja Tomovska
Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor

19 February 2025

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ITEM	TABLE OF CONTENTS	PAGE
1	Ngā Tamōtanga Apologies	5
2	Te Whakapuaki i te Whai Pānga Declaration of Interest	5
3	Te Whakaū i ngā Āmiki Confirmation of Minutes	5
4	Ngā Petihana Petitions	5
5	Ngā Kōrero a te Marea Public Input	5
6	Ngā Kōrero a te Poari ā-Rohe Pātata Local Board Input	5
7	Ngā Pakihi Autaia Extraordinary Business	5
8	Review of the Appointment and Remuneration Policy for Board Members of Council Organisations	7
9	Criteria for making an appointment to the board of Haumarū Housing	27
10	Summary of Confidential Decisions and related information released into Open	33
11	Summary of Performance and Appointments Committee information memoranda, workshops and briefings (including the Forward Work Programme) - 25 February 2025	35
12	Te Whakaaro ki ngā Take Pūtea e Autaia ana Consideration of Extraordinary Items	
PUBLIC EXCLUDED		
13	Te Mōtini ā-Tukanga hei Kaupare i te Marea Procedural Motion to Exclude the Public	41
C1	CONFIDENTIAL: Chief Executive's Performance Objectives - progress against objectives - verbal update	41

- 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) whakaū / confirm the ordinary minutes of its meeting, held on [Tuesday, 17 December 2024](#), 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 the Appointment and Remuneration Policy for Board Members of Council Organisations

File No.: CP2024/15949

Item 8

Te take mō te pūrongo

Purpose of the report

1. To consider amendments to the Appointment and Remuneration Policy for Board Members of Council Organisations (the Policy).

Whakarāpopototanga matua

Executive summary

2. The Policy guides Auckland Council's board appointments and is a requirement of Section 57 of the Local Government Act 2002 (LGA).
3. In December 2023, this committee approved scope for a review of the Policy which was discussed with the committee at a workshop in March 2024.
4. The High Court's September 2024 decision in judicial review proceedings concerning the appointment of the Watercare Chair (commenced in July 2024) identified further issues with the Policy with regards to the requirement to consider the relevance of knowledge of tikanga Māori for the governance of council-controlled organisations (CCOs). These matters and other matters that had been identified were discussed with the committee at a workshop in November 2024.
5. The review also aligns with decisions made by the Governing Body in December 2024 that it would strengthen the CCO model by improving the board appointments process [\[GB/2024/179\]](#).
6. The topics covered in the review are:
 - purpose of the Policy
 - selection panel composition
 - eligibility criteria for candidates
 - process used for board appointments
 - process for reviewing board remuneration
 - matters arising from the judicial review *Houkura v Auckland Council*
 - board reviews
 - appointment and remuneration of CCO chief executives.
7. Substantive changes recommended for the Policy are to:
 - amend the membership of selection panels so that the Mayor (or their representative) is an ex-officio member instead of the Mayoral Chief of Staff
 - establish an approval group with the power to approve short-lists of candidates
 - give stronger guidance on how the council considers the relevance of tikanga Māori to the governance of boards
 - include provisions relating to board performance reviews.
8. This report also recommends that the committee refer amendments to the Statement of Expectations for Council-controlled organisations with regards to provisions relating to board performance reviews and the employment of CCO chief executives to the Council-controlled Organisations Direction and Oversight committee for further decision making.

Ngā tūtohunga Recommendation/s

That the Performance and Appointments Committee:

- a) whakaae / approve the proposed amendments to the Appointment and Remuneration Policy (the Policy) for Board Members of Council Organisations noted in Attachment A to this report and to incorporate any amendments proposed by this committee
- b) tūtohungia / recommend that the Council-controlled Organisations Direction and Oversight Committee consider amendments to the Statement of Expectations noted in Attachment A regarding reviews of board performance and the selection of the chief executives of council-controlled organisations
- c) tautapa / delegate authority to the chair and deputy chair of this committee to finalise and approve any other editorial amendments to the Policy.

Horopaki Context

9. Auckland Council is required to have a policy for the appointment and remuneration of board members of Council organisations by Section 57 of the Local Government Act 2002. The [Appointment and Remuneration Policy for Board Members of Council Organisations](#) (the Policy) fulfils this requirement for Auckland Council.
10. Periodic reviews of policies ensure that they remain fit for purpose and facilitate good processes and decision making. The Policy was last reviewed as a whole in 2017 [[APR/2017/65](#)].
11. Further amendments to the Policy have been made since the 2017 review as follows:
 - 25 August 2020 amendment of core competencies for directors of substantive council-controlled organisations [[APR/2020/10](#)]
 - 14 February 2023 amendments to:
 - add a core competency of relevant industry experience
 - note the ability for the committee to delegate the approval of candidate short-lists
 - amendments to align the appointment process for Port of Auckland to the process for substantive CCOs [[PACCC/2023/4](#)].
12. In December 2023, this committee agreed that a review of the Policy should cover the following topics:
 - purpose of policy
 - selection panel composition
 - eligibility criteria for candidates
 - amendments for clarity and improved formatting
 - the process used for the recruitment of candidates
 - the process for reviewing remuneration
 - how the council will support the recruitment of candidates using external advisors [[PACCC/2023/90](#)].
13. These matters were discussed with the committee at a workshop on 11 March 2024.

14. Since the scope of the review was approved by the committee, additional issues have been identified as noted below:
 - In September 2024, the High Court judgment in judicial review proceedings *Houkura v Auckland Council* found that before appointing the Watercare Chair at the Committee's June 2024 meeting, the council had not met the requirement in section 57(3) of the Local Government Act 2002 to consider whether knowledge of tikanga Māori is relevant to the governance of that CCO.
 - Board reviews: Additional issues have also been noted including the role and oversight of boards through their biennial reviews. Board performance reviews are a requirement in the Statement of Expectations for Substantive CCOs and, with the exception of Port of Auckland, are not prescribed in the Policy.
 - Provisions related to the appointment and remuneration of CCO chief executives are included in the Policy with a requirement to consult with a selection panel that is not defined by the Policy.
15. These additional matters were discussed with the committee in a workshop on 17 November 2024.
16. The Governing Body resolved as part of decisions on CCO reform that improvements be made to the board appointment and performance review process [[GB/2024/179 i v](#)]. The direction given for these improvements was to focus on enabling:
 - the appointment of directors who have skillsets aligned with the delivery focus of each CCO
 - a more streamlined process for the recruitment and appointment of directors.
17. The scope of this policy review aligns with the direction given by the CCO reform programme and supports the appointment and retention of the best possible candidates and to improve and streamline the process for making appointments.

Tātaritanga me ngā tohutohu

Analysis and advice

18. The matters within the scope of the policy review and issues subsequently identified have been considered and options and proposed amendments to the Policy and their rationale are noted below. The proposed amendments to the text of the policy are noted in Attachment A.
19. It is recommended that the Committee delegates (to the chair and deputy chair of this committee) the power to approve editorial amendments to the Policy that improve clarity and formatting without changing the meaning of the Policy.
20. In the recommended amendments, provisions relating to substantive CCOs will also apply to Port of Auckland.

Purpose of policy

21. The Policy objectives are generally set to align with the requirements of the LGA which is for a policy that provides for an objective and transparent process for the appointment of board members for council organisations. The Policy also includes an objective of continuity and smooth transition between board members.
22. The objective of ensuring smooth transition is not always possible or appropriate for a board. Board appointments are a means of supporting the performance and governance of an organisation and can serve as an accountability mechanism.

23. Options considered for amending the Policy purpose and objectives are noted in Table 1:

Table 1: Options considered for the purpose of the Policy

Option	Recommendation
A. retain the status quo	The proposed amendments are recommended as improvements on the status quo.
B. include that board appointments should support organisations to achieve the council direction	This is recommended to clarify the link between board appointments and the achievement of council's direction to CCOs.
C. replace the objective of continuity through smooth succession with an objective of promoting good governance through board appointments	This is recommended as an emphasis on promoting good governance should be a primary consideration when making board appointments. The meaning of good governance will vary depending on context and at times good governance may not be best served by continuity of board members.

See also 2. Policy Objectives in Attachment A.

Selection panel composition

24. The selection panel has a significant responsibility in the appointment process and providing advice on appointments to the committee. As such the selection panel should contain a range of perspectives to give the committee confidence in their recommendations.
25. The current Policy sets the composition of selection panels for Substantive CCOs as follows:
- up to two members of the Governing Body selected from an enduring pool, one of whom will chair the panel
 - the chair of the relevant CCO or entity
 - a member of the Houkura Independent Māori Statutory Board (Houkura), (nominated by Houkura)
 - the Auckland Council's Chief Executive (or their delegate)
 - the Mayoral Chief of Staff (or their delegate).
26. The Policy does not give any specific guidance on the composition of panels to select a new board chair. In most cases, the inclusion of an outgoing chair is not appropriate for a selection panel.
27. In the status quo, the Mayor may be appointed to a selection panel as a member of the enduring pool as well as the Mayoral Chief of Staff being present on each panel. This can create a perceived duplication in the perspective of the Mayor.

Table 2: Options for amendment of selection panel composition

Option	Recommendation
A. retain the status quo	Other options are preferred as they give a more appropriate range of perspectives on selection panels and flexibility.
B. add the Mayor (or their delegate) as an ex-officio member of the panel in place of the Chief of Staff. and add that as an ex-officio member of all panels, the Mayor would no longer be a member of the enduring pool	This is recommended as it removes a possible perceived duplication of perspectives on selection panels. It will also mean that up to three members of the selection panel will be members of the Governing Body, along with one member of the Houkura Independent Māori Statutory Board.

Option	Recommendation
C. specify that the selection panel for chairs will not generally include the outgoing chair of the board unless invited to participate	This is recommended as it gives clarity and flexibility to the panel membership for board chair appointments.

See also 8.4. Membership of the Selection Panel in Attachment A.

28. In the 2022-2025 term, not all members of the Governing Body that were interested in the enduring pool were able to participate as the policy sets a maximum membership of ten. The limited membership helps to build panel experience for those members.

Table 3: Options for amendment to the enduring pool

Option	Recommendation
A. retain the status quo with a maximum of ten members of the enduring pool	The status quo is generally suitable but is not recommended as option B allows more participants.
B. expand the enduring pool to up to twelve members	This option is recommended as it allows more Governing Body members to participate but without significantly reducing the ability of members to build experience.
C. remove the maximum number of enduring pool members	This option is not recommended as it would remove the benefits of having a pool of experienced panel members.
D. replace the enduring pool with membership of the Committee	This option is not recommended as the committee size is not constant and is an unreliable mechanism as future iterations could be too small to form an effective pool.

See also 8.5 Membership of the Enduring Pool in Attachment A.

Eligibility criteria for candidates

29. The review considered the Policy's provisions on the length of tenure for directors, conflict of interest controls and the provisions relating to directors that stand for elected office.

Tenure

30. All board members serve at the pleasure of council. Board members are usually appointed for terms of three years and at the end of their term may be reappointed. Reappointments can be made where the director's performance warrants and where their skills remain relevant to the board as well as broader considerations relating to the composition of the board and succession planning.
31. The Policy discourages reappointment for a third term and requires additional 'good reason' for this to be recommended. This promotes more regular rotation of board members with, on average, one sixth of board members being replaced each year in this scheme. The rotation of board members who remain relevant and valuable contributors after six years can mean that talent is lost from boards earlier than necessary.
32. The constitutions of CCOs generally contain provisions limiting the maximum tenure of board members to nine years (three terms of three years).

Table 4: Options considered for the tenure of board appointments

Option	Recommendation
A. retain the status quo	Not recommended.
B. remove the additional considerations for appointments to a third term while retaining the maximum of nine years total	This is recommended as it gives more flexibility in the council's decision making and the retention of valued board members for longer.

See also 7. Term of Appointment and 8.11 Chair Succession Planning in Attachment A.

Conflict of interest

33. The review scope included consideration of conflict of interest provisions following a [2022 PWC report](#) which recommended that council consider whether the Eke Panuku board should have a proportion of board members without active property interests, including the chair.
34. The Policy notes that candidates will be asked to declare any real or perceived conflicts of interest deals and notes that selection panels should discuss in their recommendation any identified conflicts of interests that candidates may have and whether they consider the conflicts to be manageable.
35. No alternatives are proposed as part of this review as conflicts of interest are often highly contextual and are best dealt with on a case-by-case basis. As such the broad position included in the Policy is considered to be suitable.

Directors standing for elected office

36. The Policy notes that in situations where a board member stands for elected office they are required to stand down from the board from nomination day to the announcement of election results. This is to avoid any appearance of conflict of interest or distraction for the board.
37. For local elections, nomination day is approximately three months ahead of the election whereas for general elections, nomination day is one month ahead of the election, at which time election activities are usually in progress.

Table 5: Options considered for directors standing for political office

Option	Recommendation
A. retain the status quo	Not recommended as this would retain the different treatment for general and local elections.
B. require that board members stand down from the earlier of: <ul style="list-style-type: none"> • nomination day or • the commencement of the regulated period for that election and the public announcement of the board member's candidacy. (The regulated period is the lead up to a general election where there are restrictions on election advertising and publicity). 	Recommended as the regulated period for general elections under the Electoral Act 1993 is approximately three months before election day, so is more in line with nomination day for local elections. This gives better protection to boards against any distraction or perceived conflicts of interest.

See also 8.13 Board Members Standing for Political Office and, 13.8 Board Members Standing for Political Office (non-substantive CCOs) in Attachment A.

The process used for board appointments

38. The scope of review included considering the process for making board appointments. This includes:
- the process to approve the short-list of candidates prior to interview
 - clarity on who chairs the selection panel and matters that the selection panel have discretion over
 - use of external recruitment advisors
 - the core competencies sought for all directors.

Approval of the short-list

39. Generally, the committee must approve a short-list of candidates prior to those candidates being interviewed by the selection panel. This provides an opportunity for the committee to have oversight at the mid-point of an appointment process.
40. The Policy also provides that where an appointment must be made promptly, the committee may delegate approval of a short-list to an approval group of the committee chair and deputy chair and to the chair of Houkura. This can shorten an appointment process by up to a month depending on the timing of the committee meeting.

Table 6: Options considered for approval of the short-list

Option	Recommendation
A. retain the status quo	Not recommended. The proposed amendments would reduce the time required to complete a board appointment.
B. short-lists are approved by an approval group, noting that the committee may retain the approval power at their discretion.	Recommended. In comparison to the status quo this reduces time taken from establishment of a vacancy to the approval of an appointment. This improves timeliness by reducing the number of times an appointment requires a committee decision. This reduces the opportunity for the committee to input into a process. The committee will receive memoranda when a short-list is approved to keep the committee informed as appointments progress.
C. allow the approval group to nominate alternate approvers where the committee chair, deputy chair or chair of Houkura are also members of a selection panel	Recommended because where one or more of the approvers of the short-list are also a member of the selection panel it can reduce the ability of the delegated group to provide an oversight function.

See also 8.7.3 Screening and short-listing and 8.7.4 The committee may delegate the power to approve the short-list in Attachment A.

Selection panel chair

41. The Policy notes that selection panels will be chaired by a Governing Body member but does not give clarity on how they are selected when there is more than one Governing Body member on a panel. In practice the chair has been either selected by the committee or by agreement of the Governing Body members on a selection panel.
42. It is recommended that the committee has the power to appoint the selection panel chair but note that this can also be by agreement of the Governing Body members on a panel. This is to give flexibility and does not mean that a further committee decision is needed if the nominated chair is unable to complete the role for any reason. Proposed amendments are noted at 8.3 in Attachment A.

Use of external recruitment advisors

43. The scope of the review included discussion of how council makes use of external advisors to support appointment processes. Up to October 2022, Auckland Council engaged external consultants to support board appointment processes for substantive CCOs. Since that time, the operational practice has been to use internal resources for these functions.
44. The Policy references the use of external advisors to support appointment processes in several parts. The decision to use external advisors is not a requirement of any part of the policy. For clarity, it is recommended that the Policy remove references to external advisors noting that this would not prevent the use of external advisors in future.
45. Proposed policy amendments are noted at 8.7.2 and 8.7.3 in Attachment A.

Core competencies

46. The core competencies are a set of skills and attributes sought for all directors and is included in the briefs and advertisements for all appointments and assessed by selection panels at interview. This is a list that has been added to over time. Some similar clauses can be simplified or amalgamated. An additional competency regarding the commitment of directors to better outcomes for Aucklanders is also recommended.
47. Proposed policy amendments are noted at 6.1 in Attachment A.

Other matters relating to the appointment process

48. Through the workshops other issues were raised which are recommended for inclusion in the Policy as follows:
 - a minimum public advertising period for board positions of 15 working days (see 8.7.2 in Attachment A)
 - clarify that the panel may seek further candidate search if they feel unable to make a recommendation (see 8.7.3 in Attachment A)
 - clarify the list of stakeholders who will be notified of board vacancies (see 8.7.2 in Attachment A)
 - clarify that the selection panel may exercise its best judgment in making its recommendations (see 8.7.5 in Attachment A)
 - include that directors will receive an induction from Council that explains the direction set for the board by Council and the accountability requirements for the board. (see 8.7.6 in Attachment A)

The process for reviewing board remuneration

49. The process for reviewing remuneration of directors involves a review taking place once per triennium following a local body election. A review of CCO director remuneration was completed in August 2024 [[PACCC/2024/63](#)].
50. No changes are proposed for this part of the Policy.

Matters arising from the decision in *Houkura v Auckland Council*

51. The judgment in *Houkura v Auckland Council* found that before appointing the Watercare Board chair in June 2024, Auckland Council had not met the requirement in [Section 57\(3\) of the Local Government Act 2002](#) which states that:

When identifying the skills, knowledge, and experience required of directors of a council-controlled organisation, the local authority must consider whether knowledge of tikanga Māori may be relevant to the governance of that council-controlled organisation.

52. The judgment found that the council could not rely upon the following parts of the Policy as fulfilling this statutory requirement:
- 6.1 – which states one of the core competencies expected on substantive CCO boards is as follows: “*uphold the principles of the Treaty of Waitangi, readiness to promote improved outcomes for Māori and knowledge of Te Ao Māori and established Māori networks*”
 - 8.7.5 – which states that the Selection Panel will interview and assess candidates against the required skills, knowledge and experience and may take into account other factors such as “*candidates with knowledge of Te Ao Māori and established Māori networks*”.
53. Consideration of whether knowledge of tikanga Māori may be relevant to the governance of a CCO is a mandatory consideration in every board appointment process. To meet the requirements of s57(3) council must be able to demonstrate that the relevance of knowledge of tikanga Māori has been considered (through the criteria in the Policy, or when setting specific appointment criteria for particular roles), and also when a director is actually appointed.
54. In the current Policy, section 57(3) is addressed in 8.7.1 – Identification of skills, knowledge and experience. The High Court in its decision was clear that the references in the Policy to te ao Māori cannot be treated as a reference to tikanga.
55. Where knowledge of tikanga Māori is relevant to the governance of a CCO, this knowledge should be held to an appropriate level by the board. Knowledge of tikanga Māori should be sought as a specific skill set where the board is lacking this knowledge.
56. Options for strengthening the Policy to meet the statutory requirement to consider the relevance of tikanga Māori are noted in Table 7 below:

Table 7: Options for amending the Policy in response to *Houkura v Auckland Council*

Option	Recommendation
<p>A: Status quo</p>	<p>Not recommended. The Policy makes reference to the requirement to consider whether knowledge of tikanga Māori is relevant as a specific skill in 8.7.1. Given the Court’s criticism of the Policy, this option is not recommended, and Option B would more clearly meet the statutory requirement.</p>
<p>B: Amend 8.7.1 for substantive CCOs and 13.3 for non-substantive CCOs to explain:</p> <ul style="list-style-type: none"> • that knowledge of tikanga is particularly relevant to the governance of a CCO that makes significant decisions regarding natural and physical resources or that is expected to have significant engagement with Māori • note that knowledge of tikanga Māori should be sought for board members where this is an identified knowledge gap on a board. 	<p>Recommended. This amendment will give clarity about when knowledge of tikanga Māori should be sought for a board appointment and confirm that the council should seek this skill set where it is identified as a priority skill. Because the committee is required under this approach to identify specific skills and experience required for a vacancy and, as part of that, to consider whether knowledge of tikanga may be relevant to the governance of a CCO, this approach should ensure that the requirements of s57(3) are met.</p>

Option	Recommendation
<p>C: Amendment of the core-competencies to include specific reference to tikanga Māori</p>	<p>Not recommended. This option would ensure that the requirements of s57(3) are met for all board appointments by ensuring that knowledge of tikanga Māori is always a criterion for appointment. This is not recommended as the more targeted approach sought in Option B better reflects what is appropriate to a particular CCO and vacancy, and the requirements of the legislation (which is to consider whether knowledge of tikanga may be relevant to the governance of a CCO, rather than to decide that it will always be relevant).</p>
<p>D: Remove “knowledge of te ao Māori” in the core competencies</p>	<p>Not recommended. The reference to te ao Māori in the core competencies is part of a competency intended to ensure that all directors are aware of council’s obligations and commitments to Māori. Amending this competency would not have any direct impact on Council fulfilling its obligations under s57(3) of the LGA.</p>
<p>E: Remove the reference to te ao Māori and established Māori networks in 8.7.5 Interviewing and assessment of candidates.</p>	<p>Recommended. 8.7.5 notes that te ao Māori may be considered as an additional factor by a selection panel. This duplicates the current core competency which will be considered by all selection panels. Removal of this bullet point is recommended to remove duplication within the Policy.</p>

See also 8.7.1, 8.75 and 13.3 in Attachment A.

Board reviews

57. Currently board performance reviews are required by the [Statement of Expectations of substantive council-controlled organisations](#) (p22, para 67). Port of Auckland is an exception to this, and their requirement for board performance reviews is noted in the Policy.
58. The Statement of Expectations is not the responsibility of this committee, however board performance reviews are a means for the council to assess the performance of a board and to provide context and information to support decisions regarding:
 - the reappointment of incumbent members
 - any skills gaps that should be prioritised in future board appointments
 - succession planning for boards.
59. Board performance reviews also provide information for the board chair to support their leadership of the board.
60. The requirement for board performance reviews can be added to the Policy by this committee. If so, the committee should also make a recommendation to the Council-controlled Organisations Direction and Oversight (CCODOC) committee to remove this section from the Statement of Expectations. This is recommended on the basis that this committee is a primary customer of board reviews.
61. Options considered for board performance reviews are noted in Table 8 below.

Table 8: Options for policy directions on board performance reviews

Option	Recommendation
<p>A. Status quo, no amendments to the provisions currently listed in the Statement of Expectations</p>	<p>This option is not recommended as there are opportunities to increase the value of board performance reviews noted in other options.</p>
<p>B. Increase the frequency of review from biennial to annual</p>	<p>This option is not recommended as information about a board is unlikely to change meaningfully on an annual basis. Where large change has occurred on a board within a year, there will likely be insufficient information for a reviewer to give advice about the performance of the board within that timeframe.</p>
<p>C. Make amendments to improve the level of information in board performance reviews by:</p> <ul style="list-style-type: none"> • Specifying input from council representatives into the reviews including the selection of reviewer and scoping • Including that the review should assess the performance of the board in leading the CCO to meet the objectives set by the council • Including that reviews should include an assessment of the areas of contribution made by individual board members • Including that the CCO chair and reviewer should present their report to the committee for discussion in confidence 	<p>This option is recommended as it improves the council's oversight and ability to promote the good governance of boards.</p>

See also "(new section) Board performance reviews" in Attachment A.

Appointment and remuneration of CCO chief executives

62. The current Policy is that the appointment and remuneration of a CCO chief executive by the CCO board requires prior discussion with the selection panel.
63. Two issues are identified with this part of the Policy:
 - it is not clear from the Policy what selection panel is to be consulted
 - the scope of the Policy is the appointment of board members, not the employment of CCO staff.
64. The employment of the CCO chief executives is also included in the Statement of Expectations (paragraphs 6 and 69), where it is noted that chief executive appointments are the role of the board and that their remuneration should not exceed that of the Auckland Council CEO.

65. Options considered for this part of the Policy are noted in Table 9 below:

Table 9: Options for provisions regarding chief executive appointments

Option	Recommendation
<p>A. Replace the reference to the selection panel with the Mayor, lead councillor for the CCO and chair of the committee responsible for CCO oversight</p>	<p>This option is not recommended as this matter is better dealt with outside of the Policy.</p>
<p>B. Remove this section from the Policy, and recommend to the CCO Direction and Oversight Committee that the Statement of Expectations be modified to require that the Mayor, lead councillor for the CCO and chairs of the relevant oversight committees are consulted on the chief executive appointment and remuneration.</p>	<p>Recommended as this section is not within the scope of this policy and is better addressed through the Statement of Expectations to improve the clarity of direction to CCOs on chief executive remuneration.</p>

See also 5.4 in Attachment A.

Tauākī whakaaweawe āhuarangi Climate impact statement

66. Each CCO is accountable for ensuring their planning and decisions reflect the action areas outlined in Te-Tāruke-ā-Tāwhiri. The core competencies for board members include that candidates seeking appointment need to demonstrate a commitment to integrate the council's climate action plans into the strategies and operations of the CCO.

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

67. The views of CCOs have not been sought in this review of the Policy. While CCOs are impacted by the Policy, it is the responsibility of the council to set the policy direction for appointments.

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

68. Local boards are delegated powers to make appointments to CCOs and Council Organisations that operate within a local board area while entities with a regional or sub-regional impact are retained by the Governing Body.

Tauākī whakaaweawe Māori Māori impact statement

69. The recommendations of this review include modifications to the Policy in response to the requirement that the council considers the relevance of knowledge of tikanga Māori to the governance of CCOs. The proposed amendments are intended to improve the clarity and provide a consistent basis for making assessments of the relevance of tikanga Māori and explaining when this knowledge will be a criterion for board appointments.

70. The review also recommends that the chair of Houkura Independent Māori Statutory Board be a member of the approval group for short-lists. This will ensure a Māori perspective is included in all stages of the appointment process.

Ngā ritenga ā-pūtea Financial implications

71. There are no financial implications arising from this review of the Policy.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

72. The Policy mitigates risks associated with appointments by setting out a transparent and thorough process for selecting board members.
73. The review seeks to improve the Policy by ensuring that it supports an effective appointments process and addresses identified issues.

Ngā koringa ā-muri Next steps

74. The approved amendments will be applied to the Policy and the updated policy will be published on the council website.

Ngā tāpirihanga Attachments

No.	Title	Page
A	Proposed amendments to the Appointments and Remuneration Policy for Board Members of Council Organisations	21

Ngā kaihaina Signatories

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Proposed amendments to the Appointments and Remuneration Policy for Board Members of Council Organisations.

Policy section	Current	Recommended amendments / options
2. Policy objectives	<p>The objectives of this policy are to ensure:</p> <ul style="list-style-type: none"> that the process of appointing board members is undertaken in an objective and transparent manner, while protecting individual privacy that board appointments: <ul style="list-style-type: none"> 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 	<p>The objectives of this policy are to ensure:</p> <ul style="list-style-type: none"> that the process of appointing board members is undertaken in an objective and transparent manner, while protecting individual privacy that board appointments: <ul style="list-style-type: none"> are made on the basis of an assessment of skills knowledge and experience have regard to the nature of scope of the organisation’s objectives and activities in line with council direction 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 Support the good governance of council organisations
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.	Delete section 5.4 and recommend to the Council-controlled organisations direction and oversight committee that this clause be added to the Statement of Expectations.
6.1 Board Competencies Skills and Knowledge (Part 4, 17.1 for Port of Auckland)	<p>The core competencies expected on substantive CCO boards are:</p> <ul style="list-style-type: none"> extensive and relevant experience of industries and customers relevant to the operations of the council-controlled organisation uphold the principles of the Treaty of Waitangi, readiness to promote improved outcomes for Māori and knowledge of Te Ao Māori and established Māori networks demonstrate appropriate accountability and responsiveness to the Governing Body and the public and a commitment to public sector ethos demonstrate financial accountability with close review of current and proposed activities to deliver value for money commitment to integrate council’s climate action plans into the strategies and operations of the council-controlled organisations driving appropriate leadership and cultural response to deliver the required outcomes (and/or deliver on targets as identified) commitment to collaborate across the council-controlled organisation family demonstrate inclusive and adaptive leadership to harness the benefits of diversity 	<p>The core competencies expected on substantive CCO boards are:</p> <ul style="list-style-type: none"> extensive and relevant experience of industries and customers relevant to the operations of the council-controlled organisation a passion for Auckland, understanding of the CCO’s customers and commitment to improving outcomes for Aucklanders to uphold the principles of the Treaty of Waitangi, readiness to promote improved outcomes for Māori and knowledge of te ao Māori and established Māori networks to demonstrate appropriate accountability and responsiveness to the Governing Body and the public, and a commitment to public sector ethos and collaboration across the council-controlled organisation family to demonstrate financial accountability with close review of current and proposed activities to deliver value for money commitment to integrate council’s climate action plans into the strategies and operations of the council-controlled organisations to drive appropriate leadership and cultural response to deliver the required outcomes (and/or deliver on targets as identified) and to harness the benefits of diversity commitment to collaborate across the council controlled organisation family demonstrate inclusive and adaptive leadership to harness the benefits of diversity
7. Term of Appointment (Part 4, 18. for Port of Auckland)	<p>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:</p> <p>Tenure of three years: Board members shall hold office for a term of up to three years from the date of appointment.</p> <p>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.</p> <p>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.</p>	<p>Board members hold office at the pleasure of the council and may be removed at any time by council resolution.</p> <p>Board members serve a three-year term with the option of further reappointment where appropriate. To reflect current national and international best practice, Auckland Council’s policy regarding board tenure is as follows:</p> <p>Tenure of three years: Board members shall hold office for a term of up to three years from the date of appointment.</p> <p>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.</p>

	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> 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. <p>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.</p>	<p>Reappointment: a board member whose term is ending, who is 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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> 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. <p>The council's policy is to stagger appointments so that approximately one-third of each board's members have terms ending 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.</p> <p>Maximum tenure: A board member's total tenure on the board must not exceed nine years.</p>
<p>8.3 The Role of the Chair of the Selection Panel (Part 4, 19.3 for Port of Auckland)</p>	<p>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:</p> <ul style="list-style-type: none"> 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 <p>The Chair of the Selection Panel will be a member of the governing body of Auckland Council.</p>	<p>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:</p> <ul style="list-style-type: none"> 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 <p>The Chair of the Selection Panel will be a member of the governing body of Auckland Council. The Chair will be selected by the Committee or by agreement of the Governing Body members represented on the selection panel.</p>
<p>8.4 Membership of the Selection Panel (Part 4, 19.4 for Port of Auckland)</p>	<p>The Selection Panel will comprise of:</p> <ul style="list-style-type: none"> 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) 	<p>The Selection Panel will comprise of:</p> <ul style="list-style-type: none"> Governing body members, (up to two) selected from an Enduring Pool The Mayor (or their representative), (ex officio) Chief Executive of Auckland Council (or representative), (ex officio) Chair of the relevant CCO board (ex officio) Houkura Independent Māori Statutory Board member (nominated by Houkura) <p>Where a selection panel is considering the appointment of a chair, the outgoing or acting CCO board chair will not be a member of the selection panel unless invited to participate by the Committee or selection panel.</p>

<p>8.5 Membership of the Enduring Pool</p>	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>	<p>At the beginning of the electoral term an Enduring Pool, of no fewer than four members and no more than ten twelve 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. The Mayor will not be a member of the Enduring Pool as they (or their delegate) are an ex officio member of each selection panel.</p> <p>In determining the membership of the Enduring Pool the Committee will:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>
<p>8.7.1 Identification of skills, knowledge and experience</p> <p>(Note, POAL is not a CCO and s57(3) does not apply, so no change is proposed for Part 4 of the Policy)</p>	<p>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 57(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.</p>	<p>Once a vacancy has been established, the Committee will identify the specific 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 57(3) of the LGA 2002) with the assistance of CCO Governance and External Partnerships.</p> <p>The identification of skills may involve discussions with the Chair of the CCO, a strategic review of future skill requirements and consideration of the current composition of the board.</p> <p>Tikanga Māori</p> <p>The identification of specific skills will include consideration of whether knowledge of tikanga Māori may be of relevance to the governance of that CCO as required by section 57(3) of the LGA 2002. Knowledge of tikanga Māori includes knowledge of Māori customary values and practices, principles, understandings, norms and mechanisms from which the correct action in te ao Māori may be determined.</p> <p>Board members with knowledge of tikanga Māori will assist a CCO board in understanding the impact of board decisions within te ao Māori and to help build relationships between the CCO and Māori. Without limitation, this knowledge will be relevant for all CCOs that make significant decisions regarding natural and physical resources and/or that are expected to have significant engagement with Māori stakeholders.</p> <p>Knowledge of tikanga Māori should be sought as a specific skill required of an incoming director where the existing board is lacking this knowledge.</p>
<p>8.7.2 Candidate search (Part 4, 19.7.2 for Port of Auckland)</p>	<p>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.</p>	<p>Candidates may be sought through a combination of the following search methods: advertising of the position for a minimum of fifteen working days, executive recruitment search, a review of the council's Register of Directors, nominations from the mayor, governing body and local board members, relevant industry or commercial associations, iwi and Māori stakeholders and crown agencies. such as the Ministry of Women's Affairs and Te Puni Kokiri.</p> <p>A complete list of candidates will be compiled and presented to the selection panel.</p>

<p>8.7.3 Screening and short-listing and 8.7.4 The committee may delegate the power to approve the short-list (Part 4, 19.7.3 and 19.7.4 for Port of Auckland)</p>	<p>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.</p> <p>8.7.4 The committee may delegate the power to approve the short-list In exceptional circumstances where an appointment must be made promptly, the Committee may agree to delegate approval of a short-list of candidates to the chair and deputy chair of the Committee and chair of the Independent Māori Statutory Board or their nominees.</p>	<p>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.</p> <p>The Selection Panel will recommend a short-list of candidates. The short list will normally include 3-4 candidates per position. If the selection panel considers that the long-list does not include sufficient candidates for interview, they may request further search be undertaken.</p> <p>The recommended short-list must be approved prior to interviews. The power to approve will be held by an approval group consisting of the:</p> <ul style="list-style-type: none"> • Chair of the Committee • Deputy Chair of the Committee • Chair of the Houkura Independent Māori Statutory Board. <p>The power to approve a short-list may be retained by the committee when a vacancy is established or may be referred back to the committee by the approval group. Where a member of the approval group is also member of the selection panel, their role may be delegated to a different member of the Committee or Houkura Independent Māori Statutory board.</p> <p>The approved short-list will be communicated to the committee by memorandum, and a summary of skills or CVs will be included in the memorandum to the Committee, along with the complete list of candidates considered by the selection panel.</p> <p>The Selection Panel, with assistance from a recruitment consultant, will prepare a recommended short list of candidates for consideration by the Committee.</p> <p>Interviews will be undertaken by the Selection Panel.</p> <p>8.7.4 [Removed]</p>
<p>8.7.5 Interviewing and assessment of candidates (Part 4, 19.7.6 for Port of Auckland)</p>	<p>The Selection Panel will interview and assess candidates against the required skills, knowledge and experience and may take into account other factors such as:</p> <ul style="list-style-type: none"> • the council’s board diversity and inclusion policy (see section 4) • candidates with knowledge of Te Ao Māori 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 	<p>The Selection Panel will interview and assess candidates against the required skills knowledge and experience, the core competencies (such as relevant industry experience, or knowledge of te ao Māori) and may take into account other factors such as:</p> <ul style="list-style-type: none"> • the council’s board diversity and inclusion policy (see section 4) • candidates with knowledge of Te Ao Māori 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. <p>The selection panel is expected to use its best judgment in making recommendations.</p>
<p>8.7.6 Recommendation to Committee and Committee decision (Part 4, 19.7.6 for Port of Auckland)</p>	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>

	<p>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.</p>	<p>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.</p> <p>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.</p> <p>The candidate will receive an induction from Council which will include discussion of the applicable accountability and direction setting mechanisms for the CCO and current shareholder directions and expectations.</p>
<p>8.11 Chair Succession Planning (Part 4, 19.11 for Port of Auckland)</p>	<p>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</p>	<p>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.</p>
<p>8.13 Board Members Standing for Political Office</p> <p>This section is not replicated in Part 4 for Port of Auckland at present, but will be added.</p>	<p>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.</p> <p>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 their 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.</p>	<p>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.</p> <p>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 their board position from the earlier of:</p> <ul style="list-style-type: none"> • nomination day or; • if the board member's candidacy is publicly announced prior to nomination day, from the commencement of the regulated period for that election. <p>The director remains stood down 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.</p>
<p>(new section) Board performance reviews (Part 4, 21.1 for Port of Auckland)</p>	<p>From the Statement of Expectations</p> <p>Council expects CCOs to follow the board performance framework below, which requires that reviews:</p> <ul style="list-style-type: none"> • be held on a biennial basis, with monitoring of agreed performance improvement initiatives • be undertaken by an independent, external reviewer • be based on a methodology that includes qualitative, quantitative and observational approaches • include relevant assessment criteria that relate to the board's governance role, practices and responsibilities, including strategy, risk and compliance, performance and board culture • assess the board (as-a-whole), the individual board members and the chair of the board • seek feedback from senior management as well as individual board members • allow for input from the shareholder into the themes or topic areas evaluated • provide a written report to the CCO board summarising findings and suggesting areas for improvement • provide council with a high level feedback report addressing theme areas and areas of focus for improvement 	<p>Council expects CCOs to follow the board performance framework below, which requires that reviews:</p> <ul style="list-style-type: none"> • be held on a biennial basis, with monitoring of agreed performance improvement initiatives • be undertaken by an independent, external reviewer, selected with agreement of the council • be based on a methodology that includes qualitative, quantitative and observational approaches • are scoped with themes or topic areas to be evaluated with input from the chairs of the committee responsible for oversight of CCOs and board appointments, the Mayor, lead-councillors and relevant council staff • include relevant assessment criteria that relate to the board's governance role, practices and responsibilities, including strategy, risk and compliance, performance towards the objectives set by the council through the statement of intent and board culture • assess the board (as-a-whole), the individual board members and the chair of the board • seek feedback from senior management as well as individual board members and council stakeholders including the Mayor, Council CEO, lead councillor and chairs of relevant oversight committees and Houkura Independent Māori Statutory Board

	<p>Current (Port of Auckland) Each year the chair of the board shall provide the Committee 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.</p>	<p>allow for input from the shareholder into the themes or topic areas evaluated</p> <ul style="list-style-type: none"> provide a written report to the CCO board summarising findings and suggesting areas for improvement provide council with a high level feedback report addressing theme areas and areas of focus for improvement along with an assessment of the skills and contribution of each board member. This report will be presented for discussion with the reviewer and/or the CCO chair at a meeting of the committee and to support decision making regarding the composition of the board.
<p>13.3 Core competencies (Non-substantive CCOs)</p>	<p>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:</p> <ul style="list-style-type: none"> 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 <p>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.</p>	<p>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. This will include consideration of whether knowledge of tikanga Māori is relevant to the governance of the CCO and should be a competency sought from new board members. 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:</p> <ul style="list-style-type: none"> 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 <p>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.</p>
<p>13.8 Board Members Standing for Political Office (non substantive CCOs)</p>	<p>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 their 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.</p>	<p>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 their board position from the earlier of:</p> <ul style="list-style-type: none"> nomination day or; if the director's candidacy is publicly announced prior to nomination day, from the commencement of the regulated period for that election. <p>The board member remains stood down 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.</p>

Criteria for making an appointment to the board of Haumaru Housing

File No.: CP2024/15352

Item 9

Te take mō te pūrongo

Purpose of the report

1. To approve criteria for one new director for the board of Haumaru Auckland Limited (Haumaru Housing).

Whakarāpopototanga matua

Executive summary

2. Haumaru Housing is a joint venture between Auckland Council and the Selwyn Foundation that provides affordable housing for older people. Council appoints two directors out of the five-member board. There is one current vacancy for an Auckland Council director.
3. To initiate an appointment process, this committee must approve criteria for assessing director candidates and nominate members to serve on the selection panel.
4. The criteria proposed for assessing director candidates are:
 - experience in governing delivery of residential development at scale
 - investor mind-set
 - proven ability to partner with government and other relevant stakeholders
 - social or community housing expertise.

Ngā tūtohunga

Recommendation/s

That the Performance and Appointments Committee:

- a) whakaae / approve the following criteria for the appointment of one director to the board of Haumaru Auckland Limited:
 - i) experience in governing delivery of residential development at scale
 - ii) investor mind-set
 - iii) proven ability to partner with government and other relevant stakeholders
 - iv) social or community housing expertise
- b) tautapa / nominate up to two members of the enduring pool to serve on the selection panel
- c) tuhi ā-taipitopito/ note that the Houkura Independent Māori Statutory Board are invited to nominate a member to serve on the selection panel.

Horopaki

Context

5. Haumaru Housing is a limited liability partnership between Auckland Council (49%) and the Selwyn Foundation (51%) established in 2016 to provide long-term affordable housing for older people in Auckland. As a registered Community Housing Provider, it provides tenancy and asset management services for Council's portfolio of 1,475 rental units for senior citizens. The units are located in 62 villages across South, North and West Auckland.

6. Haumaru Housing was established with the following objectives:
 - to improve the housing stock and tenancy management over time, ensuring they were fit for purpose.
 - to access the income related rent subsidy (IRRS) provided by central government. This subsidy is not available to local authorities.
 - to utilise the expertise which Selwyn could bring to supporting older people.
 - to grow the number of units of social housing for older people.
7. Haumaru Housing is a registered Community Housing Provider and provide tenancy and asset management services for Council’s portfolio of 1,475 rental units for senior citizens. The units are located in 62 villages across South, North and West Auckland.
8. Central government have recently made changes to the IRRS criteria. The IRRS funding Haumaru receive is now capped at the current level (950 or 64 per cent of tenants) from 1 July 2024. Haumaru Housing have been assessing the impact of these changes, how to address them and strategic planning for the future growth of the portfolio. An update to the CCO Direction and Oversight Committee is expected in the next few months.

Board composition

9. Council appoints up to two board members and the Selwyn Foundation appoints up to three members. The board chair is selected from within the board membership.
10. Current board membership is noted in Table 1 below:

Table 1: Haumaru Housing Board composition

Name	Role	Appointer
Adrienne Young-Cooper	Chair	The Selwyn Foundation
Stephen Titter	Director	The Selwyn Foundation
Dr Sue Watson	Director	The Selwyn Foundation
Jason Rogers	Director	Auckland Council
Vacancy	Director	Auckland Council

11. Remuneration for directors of Haumaru Housing is set at \$35,000 per annum.

Tātaritanga me ngā tohutohu Analysis and advice

12. Auckland Council has a vacancy caused by the end of Kerry Hitchcock’s tenure in October 2024.
13. Staff have consulted with the Haumaru Housing chair regarding the need for a new director. The chair has confirmed that a full board of five members is desirable as this will ensure that the board has sufficient expertise and continuity if there are further changes to the board.

Process to make appointments

14. Haumaru Housing is a council organisation as defined by [Section 6 of the Local Government Act 2002](#) because Auckland Council is a minority shareholder and appoints a minority of the board.
15. The Policy notes that where the scale of a council organisation is significant, as is the case for Haumaru Housing, it is appropriate for appointments processes to follow the process set for substantive CCOs.

16. To initiate an appointment process, the committee must approve criteria for the appointment of a director and nominate members of the enduring pool to serve on the selection panel.
17. The core competencies sought for all directors of substantive CCOs under section 6.1 of the Policy will also apply to this appointment.
18. The criteria proposed are noted in Table 2 below and have been developed in consultation with the Haumarū Housing chair. The criteria are intended to focus on candidates who are able to provide governance direction on the core objectives (as noted in paragraph 7).

Table 2: Proposed criteria for a director

Criterion	Explanation
Experience in the delivery of residential development at scale	Haumarū seeks to expand the number of units it can offer. The director will have oversight of the delivery of these residential units and will use their commercial experience of the construction sector to drive value for money throughout the development cycle.
Investor mind-set	The director will bring an investor mind-set to the board with the experience to make the most of the opportunities presented by the Haumarū Housing portfolio for development and sustainable ownership. The director will ensure that risks are appropriately managed.
Proven ability to partner with government and other stakeholders within the sector	The director will have a track record of using partnerships to achieve outcomes and will have strong understanding of central and local government processes.
Social / community housing governance expertise	The director will have prior governance and/or executive experience in the social sector, ideally relating to a Community Housing Provider or similar services.

Tauākī whakaaweawe āhuarangi Climate impact statement

19. The core competencies for directors includes that candidates demonstrate commitment to integrate Te-Tāruke-ā-Tāwhiri: Auckland's Climate Plan into the strategies and operations of the organisation.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera

Council group impacts and views

20. Appointments to the Haumarū Housing board do not have significant impacts on other parts of the council group.
21. The Haumarū Housing chair has input into the proposed criteria and will be a member of the selection panel.

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

22. Appointments to the Haumarū Housing board is 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

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".
24. An Independent Māori Statutory Board member is included as member of the selection panel. This ensures that a Māori perspective informs the recommendations of the selection panel during the shortlisting, interviewing and appointment processes.
25. The Independent Māori Statutory Board is also represented on this committee. This ensures a Māori perspective is brought to the decision-making process, and that the Independent Māori Statutory Board's views are considered by the committee.
26. Of the current board members, Jason Rogers identifies as Māori.
27. Haumarū Housing is not a CCO and is therefore not subject to the requirement of [Section 57\(3\) of the Local Government Act 2002](#), that council consider whether knowledge of tikanga Māori is relevant to the governance of the organisation. While knowledge of tikanga Māori may be helpful for the board, it is not identified as a priority for adding to the board at this time.

Ngā ritenga ā-pūtea Financial implications

28. Costs associated with this director appointment will be met from existing budgets.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

29. There are risks common to all board appointment processes. These include:
 - Reputational risk of appointing candidates without appropriate skills or governance experience. To mitigate this potential risk, a thorough due diligence will be completed before the appointment is finalised.
 - 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 extended periods can diminish the board's innovation and fresh thinking.

Ngā koringa ā-muri Next steps

30. The proposed timeline for this director search is noted in Table 3 below:

Table 3: Proposed timeline for appointing a Haumarū Housing director

Date	Action
3 – 21 March 2025	Advertising and research
Week of 31 March 2025	Selection panel consider the long-list and recommend candidates for interview
22 April 2025	Performance and Appointments Committee approve the short-list
Week of 2 May 2025	Selection panel interviews candidates and makes a recommendation
27 May 2025	Performance and Appointments Committee approve the appointment of the successful candidate

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	James Stephens - Senior Advisor
Authorisers	Alastair Cameron - Manager CCO/External Partnerships team Anna Bray - General Manager Group Strategy, Transformation and Partnerships Phil Wilson - Chief Executive

Summary of Confidential Decisions and related information released into Open

File No.: CP2025/00806

Item 10

Te take mō te pūrongo Purpose of the report

1. To note confidential decisions and related information released into the public domain.

Whakarāpopototanga matua Executive summary

2. This is a regular information-only report which aims to provide greater visibility of confidential decisions made that can now be released into the public domain.
3. The following decisions/documents are now publicly available:

Date of Decision	Subject
1712/24	Appointments to the board of Watercare An Our Auckland story was released on 19 December 2024 and can be accessed at the following link: Watercare directors appointed - OurAuckland

4. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Governing Body members should direct any questions to the authors.

Ngā tūtohunga Recommendation/s

That the Performance and Appointments Committee:

- a) tuhi tīpkoa / note the confidential decisions and related information that is now publicly available:
 - i) appointments to Watercare.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Sonja Tomovska - Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor
Authoriser	Phil Wilson - Chief Executive

Item 10

Summary of Performance and Appointments Committee information memoranda, workshops and briefings (including the Forward Work Programme) - 25 February 2025

File No.: CP2025/00801

Item 11

Te take mō te pūrongo Purpose of the report

1. To note the progress on the Performance and Appointments Committee forward work programme appended as Attachment A.
2. To receive a summary and provide a public record of memoranda or briefing papers that may have been distributed to the Performance and Appointments Committee.

Whakarāpopototanga matua Executive summary

3. This is a regular information-only report which aims to provide greater visibility and openness and transparency of information circulated to Performance and Appointments Committee members via memoranda/briefings or other means, where no decisions are required.
4. There were no workshops held and no information items were distributed.
5. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Transport and Infrastructure Committee members should direct any questions to the authors.

Ngā tūtohunga Recommendation/s

That the Performance and Appointments Committee:

- a) whiwhi / receive the Summary of Performance and Appointments Committee information memoranda, workshops and briefings (including the Forward Work Programme) – 25 February 2025
- b) tuhi tīpkoa / note the progress on the forward work programme appended as Attachment A of the agenda report.

Ngā tāpirihanga Attachments

No.	Title	Page
A↓	Forward Work Programme	37

Ngā kaihaina Signatories

Author	Sonja Tomovska - Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor
Authoriser	Phil Wilson - Chief Executive

Item 11

Performance and Appointments Committee / Komiti mō ngā Kopounga me Te Kounga o ngā Mahi Forward Work Programme 2025

This committee has the oversight to make appointments to Council-Controlled Organisations (CCOs), Council Organisations (COs), Port of Auckland Limited and exempt CCOs and COs and other entities, with the exception of Auckland International Airport Limited (for the avoidance of doubt, the authority to make appointments also includes the power to remove appointees).

The full terms of reference can be found here: [Auckland Council Governing Body Terms of Reference](#)

Area of work and Lead Department	Pūnga / Reason for work	Committee role (whakatau / decision and/or tika / direction)	Expected timeframes Highlight the month(s) this is expected to come to committee in 2025											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CCO and Port of Auckland Director Appointments and Reappointments CCO Governance and External Partnerships	In accordance with Auckland Council's Appointment and Remuneration Policy for Board Members of Council Organisations (the policy – which is a requirement as per, Section 57(1) of the Local Government Act 2002 (LGA)). The committee are to make appointments and approve policies related to Council-Controlled Organisations.	To approve: - Appointment - Reappointment - briefs for vacancies - Panel members - Shortlisted candidates for interview Progress to date:	As and when required											
CCOs Non-substantive CCO Governance and External Partnerships	<ul style="list-style-type: none"> • Te Tuhi Contemporary Arts Foundation • Taumata Toi a Iwi • Manukau Beautification Trust In accordance with Auckland Council's Appointment and Remuneration Policy for Board Members of Council Organisations (the policy – which is a requirement as per, Section 57(1) of the Local Government Act 2002 (LGA)). The committee are to make appointments and approve policies related to Council-Controlled Organisations.	To approve appointments Progress to date:	As and when required											

Area of work and Lead Department	Pūnga / Reason for work	Committee role (whakatau / decision and/or tika / direction)	Expected timeframes Highlight the month(s) this is expected to come to committee in 2025											
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Appointments to other boards	<p>Appointments to:</p> <ul style="list-style-type: none"> Auckland War Memorial Museum Museum of Transport and Technology Auckland Regional Amenities Funding Board City Rail Link Limited Tāmaki Redevelopment Company Haumaru Housing <p>In accordance with Auckland Council's Appointment and Remuneration Policy for Board Members of Council Organisations (the policy – which is a requirement as per, Section 57(1) of the Local Government Act 2002 (LGA)). The committee are to make appointments and approve policies related to Council Organisations.</p>	<p>To approve:</p> <ul style="list-style-type: none"> Appointment Reappointment briefs for vacancies Panel members Shortlisted candidates for interview <p>Progress to date:</p>	As and when required											
Chief Executive Performance Objectives CE Office	Chief Executive performance review process.	<p>Half-yearly and yearly review of Chief Executives Performance Objectives. (April / August)</p> <p>Draft and final FY25-27 objectives with annual refresh. (April / July- completed for FY25)</p> <p>Informal updates (all other months)</p> <p>Progress to date:</p>												
Tātaki Auckland Unlimited (TAU)	<p>Auckland Council appoints the board of TAU.</p> <p>The appointments are to replace or renew directors whose terms are expiring.</p>													
Eke Panuku Development Auckland	<p>Auckland Council appoints the board of Eke Panuku.</p> <p>The appointments are to replace or renew directors whose terms are expiring.</p>													
City Rail Link Limited (CRL) CCO Governance and External Partnerships	<p>Auckland Council is a joint shareholder with the Crown and jointly appoints directors with the Crown.</p> <p>The appointments are to replace or renew directors whose terms are expiring.</p>	<p>To approve appointments</p> <p>Progress to date:</p>												

Area of work and Lead Department	Pūnga / Reason for work	Committee role (whakatau / decision and/or tika / direction)	Expected timeframes Highlight the month(s) this is expected to come to committee in 2025												
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Museum of Transport and Technology (MOTAT) CCO Governance and External Partnerships	Auckland Council makes 6 appointments to the MOTAT Board. The appointments are to replace or renew directors whose terms are expiring.	To approve appointments Progress to date:													
Tamaki Redevelopment Company CCO Governance and External Partnerships	Auckland Council is a joint shareholder with the Crown. Council has one director it is responsible for appointment, and jointly appoints with the Crown the other directors. The appointments are to replace or renew directors whose terms are expiring.	To approve appointments Progress to date:													
Auckland War Memorial Museum (AWMM)	Auckland Council makes five appointments to the AWMM board. The appointments are to replace or renew directors whose terms are expiring.	To approve appointments Progress to date:													
Haumarū Housing	Auckland Council makes two appointments to the Haumarū Housing Board The appointments are to replace or renew directors whose terms are expiring.	To approve appointments Progress to date:													
Port of Auckland Limited (POAL)	Auckland Council appoints the Port of Auckland board. The appointments are to replace or renew directors whose terms are expiring.	To approve appointments Progress to date:													

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

That the **Performance and Appointments Committee**

- a) whakaae / agree to 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: Chief Executive's Performance Objectives - progress against objectives - verbal update**

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.	<p>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>In particular, the report contains information that relates to the performance objectives for the chief executive, and the committee may discuss matters relating to the chief executive's current performance.</p>	<p>s48(1)(a)</p> <p>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.</p>