

10 May 2003

Attention: Jan Brown

TO WHOM IT MAY CONCERN

As a result of the resignation of Rhonda Rountree as the Pacific Islands Communities representative on the Creative Communities Subcommittee the Board wishes to advise that Mata Tepai has been elected as her replacement.

Thank you



Taha Fasi
Chairperson

Delegations to Committees

TENDERS SUBCOMMITTEE

(A subcommittee of the Finance and Operational Performance Committee)

The Tenders Subcommittee shall report to the Finance and Operational Performance Committee. Where the Subcommittee is not empowered to act it shall report to the Finance and Operational Performance Committee and make recommendations as necessary.

FIELD OF ACTIVITY

To consider reports relating to contract tenders and quotations and to let tenders within Council's policy.

MEMBERSHIP

The Tenders Subcommittee shall comprise:

- 2 Elected Members of the Council
- Chief Executive
- Director: City Services
- Director: Corporate & Civic Services
- Director: Strategy & Development
- Director: Finance
- Director: Quality Assurance
- Maori Issues Manager
- The Mayor (ex officio)
- The Deputy Mayor (ex officio)

Quorum: 4 members

Persons appointed as Acting Director with full authority to exercise all of the delegations and authorities assigned to the Director by the Waitakere City Council and the Chief Executive may act as the Directors alternate as a member of the Tenders Subcommittee.

DELEGATED POWERS

All matters not specifically delegated to Council officers or other committees concerning or involving:

1. All matters detailed in the Field of Activity (as amended by the Council from time to time), where financial provision has been made, and where the action proposed is not contrary to established Council policy.
2. The power to consider tenders or quotations in respect of any proposed contract and to consider any reports in connection therewith, subject to a limit of \$10,000,000 (ten million dollars) for any one contract.
3. To authorise the addition, amendment, variation, or waiver of any proposed term or condition, or the bond or insurance requirements, prior to acceptance.
4. To accept a suitable tender and to enter into or authorise the entering of contracts accordingly.
5. Approve payment by hire purchase or instalments pursuant to Section 225 of the Local Government Act 1974.
6. To approve contracts which span more than one financial year and commit expenditure in future Annual Plans.
7. Where any contract is to be let to a tenderer other than the lowest, the resolution of the Tenders Subcommittee must state the reason why the lowest tender was not accepted (Section 247E of the Local Government Act 1974).

Delegations to Committees

8. To approve not calling for tenders in compliance with Section 247E of the Local Government Act 1974.
9. To approve tender processes for tenders over \$150,000 where they vary from standard Council processes, including Registrations of Interest and invited tender processes.
10. To approve all tenders over \$100,000 where the contract is let to a tenderer other than the lowest.

- NOTES:**
- (i) Except where otherwise provided all monetary sums referred to in these delegated powers to the Tenders Subcommittee, are GST exclusive.
 - (ii) The Chief Executive has the delegated authority to exempt the calling of tenders under \$150,000 (GST inclusive).

WAITAKERE CITY COUNCIL: DRAFT POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS TO COUNCIL ORGANISATIONS

INTRODUCTION

This policy on the appointment and remuneration of directors of Council Organisations is being prepared to meet the requirements of Section 57(1) of the Local Government Act 2002 ("the Act"), as detailed below, which requires an objective and transparent process for:

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

s57 Appointment of directors –

(1) A local authority must adopt a policy that sets out an objective and transparent process for---

(a) the identification and consideration of the skills, knowledge, and experience required of directors of a council organisation; and

(b) the appointment of directors to a council organisation; and

c) the remuneration of directors of a council organisation

2) A local authority may appoint a person to be a director of a council organisation only if the person has, in the opinion of the local authority, the skills, knowledge, or experience to—

(a) guide the organisation, given the nature and scope of its activities; and

(b) contribute to the achievement of the objectives of the organisation.

1.0 Principles

The following principles underlie this policy:

- Council's commitment to conducting its business in an open, transparent and democratically accountable way
- Appointments will be made on the basis of merit;
- The Council will follow corporate governance best practice;
- Directors of council-controlled organisations will be appointed on the basis of the contribution they can make to the organisation, and not on the basis of representation;

2.0 Definitions

The following definitions are provided for guidance purposes only. Fuller definitions are provided in Section 6 of the Act which is attached as Appendix 1. .

The Council has interests that fall in each of these categories.

Meaning of "council organisation" ("CO")

In broad terms, a CO is an organisation in which the Council has a voting interest or the right to appoint a director, trustee or manager (however described). This is a wide-ranging definition, covering a large number of bodies.

Meaning of council-controlled organisation ("CCO")

A CCO is a CO in which one or more local authorities control, directly or indirectly, 50% or more of the votes or have the right, directly or indirectly, to appoint 50% or more of the directors, trustees or managers (however described).

Meaning of council-controlled trading organisation ("CCTO")

A CCTO is a CCO that operates a trading undertaking for the purpose of making a profit.

References in this policy to Directors

If a council organisation is not a company, references in this policy to directors and boards include trustees, managers, or officeholders however described in that organisation.

3.0 Council Controlled Organisations (including Trading Organisations) controlled by Waitakere City Council

Introduction

The Council has direct and indirect shareholdings and control in a variety of CCOs and CCTOs. These all operate at arm's length from the Council on a commercial basis. This section outlines the policy for those organisations controlled by Waitakere City Council either through ownership greater than 50% or the ability to appoint more than half of the respective entity board.

Specifically, these entities are:

- Waitakere City Holdings Limited
- Waitakere Enterprise Trust
- Waitakere Properties Limited
- Techscape Limited

In respect of Techscape Limited, which is owned equally by Waitakere City Council and North Shore City Council, the following appointment process is done in conjunction with elected members and officials of that Council by way of a joint working party.

Waitakere City Holdings Limited (WCHL) has a role in monitoring these CCOs and CCTOs on behalf of the Council but governance of such entities is primarily effected through the Council Controlled Organisations Governance Subcommittee, which is a subcommittee of the Finance and Operational Performance Committee.

No directors will be appointed to these boards other than through the process described in this policy.

Identification of required skills, knowledge and experience of board directors

The required skills, knowledge and experience for director appointments to a board are assessed in the first instance by the Council Controlled Organisations Governance Subcommittee, in consultation with the Chairperson of the relevant entity and an internal officer's advisory group.

Reference is made to current governance best practice in this area as promulgated by the Institute of Directors, Office of the Auditor-General and other relevant material. External assistance may be used in some cases.

Council will maintain a database of core skills and competencies expected of the Chairperson, individual directors, and the board collectively. This will be updated on a regular basis, utilising contacts with the business community and other relevant sources such as similar organisations. The database will be the first point of reference however, a specialist consultant may also be contracted to assist.

The existing mix of skills and experience on the board will be taken into account, and consideration given to complementing and reinforcing existing skills and reducing known weaknesses where necessary.

In general terms, the following qualities are sought either of the chairperson, individual directors or the board collectively:

- a) Leadership skills

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- b) Strategic vision
- c) Intellectual ability
- d) Relevant commercial and/or professional experience
- e) Understanding of governance issues
- f) Sound judgement
- g) High standard of personal integrity and proven ability to value innovation, diversity and cultural awareness
- h) Commitment to the principles of good corporate citizenship
- i) Understanding of and commitment to the wider interests of the publicly-accountable shareholder

As a general principle, the Council would seek to appoint one person who, while meeting all of the above criteria, has particular strengths in terms of attribute i).

It is expected that all appointees to boards will undergo, or already have undergone, formal corporate governance training, or have the requisite experience in this area.

While not formally precluded under this policy from appointment to boards, Councillors and Council staff are generally not encouraged to apply and any appointment will only be based on merit. In the event an Elected Member or member of Council staff applies for appointment they may not take part in any discussions or vote on the issue, and such individuals would be required to resign from the Board once they no longer remain as an elected member or official of Council.

Appointment process for directors

Having identified the skills, knowledge and experience required for the position the following process is then applied:

Search

As Council goes through the appointment process, Council will maintain a database of successful candidates and other applicants meeting the required criteria, but where no further vacancy exists at the time of search. This will be updated on a regular basis, utilising contacts with the business community and other relevant sources.

The database will be the first point of reference in the search process. However, a specialist consultant may also be contracted to assist. In most cases, the vacant board position will be advertised, unless Council is satisfied a pool of suitable candidates already exists on the database.

Interview

Following the search process, the governance subcommittee will draw up a short list of candidates.

The committee will interview each candidate. The subcommittee will then decide its preferred candidate, check all references and report back to the Finance and Operational Performance Committee for ratification of its recommendations.

Appointment

The Finance and Operational Performance Committee will report its recommendations to a meeting of Council for formal ratification. The report will be "public excluded" in order to protect the privacy of any individuals concerned.

Public announcement of any appointments will be made as soon as practicable after the Council has made its decision.

Reappointment

Where a director's term of appointment has expired and he or she is offering him/herself for reappointment, a representative of the WCHL Board (normally the Chairperson) will consult on a confidential basis with the Chairperson of the entity with regard to:

- Whether the skills of the incumbent add value to the work of the board;
- Whether there are other skills which the board needs;
- Succession issues.

The Council Controlled Organisations Governance Subcommittee will consider the information obtained and, taking into account the director's length of tenure (see below), form a view on the appropriateness of reappointment or making a replacement appointment.

Where reappointment is considered appropriate then the above process for Council ratification of the Subcommittee recommendation is followed.

Where it is not intended to reappoint the existing incumbent, the appointment process outlined above will apply.

Length of tenure

The length of tenure of a director will be determined by the Council at the time of appointment. This will be for a period not exceeding three years, subject to any specific provisions of the constitution of the body to which the director is being appointed.

Subject to a review of the director's performance after the first term of appointment, the normal tenure for a director will be, dependant on the onstitution of the body to which the appointment is being made, a period, not exceeding six years.

A futher appointment, subject to the provisions of the constitution of the body to which the director is being appointed, , a director may be appointed for a further period, not exceeding three years, if the benefit of such an extension is considered to outweigh the potential advantages of seeking and appointing a new candidate. It is desirable that a director not be re-appointed to the same board after a period of continous service exceeding nine years.

Chairpersons of Boards

It is the responsibility of the board of each entity to appoint its own Chairperson. However, in some cases, there may be discussions between WCHL and the entity board regarding succession planning and related issues.

Remuneration of Directors

The Council Controlled Organisations Governance Subcommittee has delegated authority for monitoring and, where appropriate, approving changes in remuneration levels for the boards of CCOs and CCTOs.

Periodically, normally every three years but more frequently if considered appropriate, this Subcommittee will review the level of remuneration made available to the respective boards for distribution.

In the event of a Council staff member being appointed to a board, no fees for that appointee shall be paid.

In the event a Councillor is appointed to a board any fees payable for that position will be in addition to the salary received by that member for duties as a Councillor.

In performing its review of remuneration, the Subcommittee will take account of the following factors:

- The need to attract and retain appropriately qualified directors;
- The levels of remuneration paid to comparable organisations in New Zealand;
- The performance of the respective organisation and any changes in the nature of its business;
- Any other relevant factors.

In general, it is intended that boards will receive a level of remuneration that is competitive with the general market, while recognising that there will be differences from time to time, particularly in the period between reviews. Professional advice will be sought where necessary.

The Act does not permit Council to indemnify a director of a CCO for any liability arising from that director's acts or omissions in relation to that CCO. Accordingly, the Council supports the payment by its controlled organisations of directors' liability insurance and the indemnification of directors.

4.0 Council Organisations (Including Trading Organisations Controlled Regionally)

Introduction

There are a number of regionally owned or controlled organisations in which this Council has an interest through ownership or representation, but where this Council does not have the ability to appoint more than half of the directors, or does not own 50% or more of the shareholding.

Identification of required skills, knowledge and experience of board directors

Council's expectation is that any person appointed to a board would, as a minimum, have the core competencies required of a director of a Waitakere City Council Controlled Organisation.

Process for appointment of directors

Where there is a clear appointment process that is agreed by a shareholder's representative group and is consistent with any shareholder's agreement (and/or Constitution), then this process will be followed.

In the absence of any agreed process by the shareholder's representative group or the respective entity's Constitution, this Council will require the default process to equate to the process followed by this Council as if Waitakere City Council controlled the entity.

Generally, elected members are not permitted to be on the board of regionally controlled organisations. Should elected members or Council officers be permitted to be appointed as board members, then the process will be the same as for Waitakere City's Council Controlled Organisations unless the shareholder's representative group adopts an alternative process.