

External Governance Appointments Policy



Policy Name	External Governance Appointments Policy
Approved by:	Timaru District Council
Group:	Governance
Responsibility:	Chief Executive
Date adopted:	13 February 2024
Review:	Every 3 years aligned to the local authority election cycle. This Policy does not cease to have effect because it is due for review, or being reviewed.
Consultation:	Not Required
Policy Type	Council Operational Management

Introduction

1. Purpose and Objectives

- 1.1. The purpose of this policy is to:
 - 1.1.1. To provide clear guidelines outlining the process to be taken, and criteria to be considered, when seeking to recruit, appoint or reappoint Directors to Council Organisations and external membership to Council Committees and Subcommittees.
 - 1.1.2. To provide clear guidelines and requirements (while ensuring sufficient transparency and objectivity) outlining the optimal skills required for directorship and the Council's director appointment process to Council organisations.
 - 1.1.3. To provide clear guidelines and requirements (while ensuring sufficient transparency and objectivity) outlining the optimal skills required for external membership and the Council's appointment process to committees or subcommittees.

2. Scope

This policy covers:

- 2.1. The appointments of Directors to all Council Organisations (COs), particularly Council Controlled Organisations (CCOs) and Council-Controlled Trading Organisations (CCTOs). See Appendix A for organisations covered by this policy.
- 2.2. Any other director appointments to outside organisations made by the Council through resolution. These positions are not remunerated by Council.
- 2.3. The appointment of all external appointments to Council Committees and Subcommittees.

3. Definitions

3.1. In this Policy, unless the context otherwise requires:

Candidate means a person who has submitted a written application for a Director's position or Council appointment, or has agreed in writing to be considered for such a position.

Committee/Subcommittee means a Committee/Subcommittee established by the Mayor pursuant to section 41A (3) of the LGA or by Council in accordance with schedule 7, clause 30 of the LGA. This includes any other subordinate decision-making body appointed under this clause regardless of the name of the body.

Company has the meaning set out in section 2(1) of the Companies Act 1993.

Council means Timaru District Council (or its statutory successors).

Council Organisation (CO) has the meaning set out in section 6 of the LGA, which includes any entity 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, including Council-Controlled Organisations and Council-Controlled Trading Organisations.

Council-Controlled Organisation (CCO) has the meaning set out in section 6 of the LGA, which includes any organisation in which one or more local authorities control 50% or more of the voting rights or have the right to appoint 50% or more of the directors.

Council-Controlled Trading Organisation (CCTO) has the meaning set out in section 6 of the LGA and means a CCO that operates a trading undertaking for the purpose of making a profit.

Director with respect to a CO includes, where the CO is not a company, includes a trustee, manager, or office holder (however described in that organisation).

Director and Trustees Appointments Committee means the committee responsible for appointing directors to Council organisations or outside organisations with a reserved Council seat. At a minimum, the Committee will comprise the Mayor, the Deputy Mayor, the Chair of the Commercial & Strategy Committee (or equivalent), and one additional Councillor. The Committee Chair has the delegated authority to appoint a replacement member(s) should any of the sitting member(s) be unavailable for an appointment process.

Elected Member means any elected Timaru District Councillor and Community Board Member.

External Member means an individual who is not an Elected Member or employee of Timaru District Council, appointed to CO governance roles or to Committees or Subcommittees of Timaru District Council.

LGA means the Local Government Act 2002.

Organisation includes a company, body corporate or other incorporated entity, partnership including a limited liability partnership, trust, arrangement for the sharing of profits, union of interest, cooperation, joint venture, or other similar arrangement.

Policy Statements

4. Legislative Context

- 4.1. Section 57 of the LGA requires Council to adopt a policy that establishes an objective and transparent process for:
 - 4.1.1. The identification and consideration of the skills, knowledge, and experience required of directors of a council organisation;
 - 4.1.2. The appointment of directors to a council organisation; and
 - 4.1.3. The remuneration of directors to a council organisation.
- 4.2. Clauses 30-31, Schedule 7 of the LGA provides that Council may appoint Committees, Subcommittees, and other subordinate decision-making bodies, and may appoint a person who is not an elected member if that person has the skills, attributes, and knowledge that will assist the work of the Committee or Subcommittee. Other members cannot include an employee of Council.

5. Identification of Skills Required

- 5.1. Skills and competencies are to be determined for each role. Appendix B sets out an example of a Director Competency Framework. This is subject to review and may be amended by the Chief Executive as directed by the Director and Trustees Appointment Committee as needed in order to be responsive to the needs of each CO accordingly.
- 5.2. For each Director appointment, the Council will develop a director profile for the role, outlining the specific skills, knowledge and experience required. This will take into account:
 - 5.2.1. The nature and scope of the organisation, the organisation's future directions, and its constitutional set up;
 - 5.2.2. The strategic objectives of the organisation and the attributes, skills, and knowledge required to deliver those objectives;
 - 5.2.3. The skills of the current directors (core competencies) and the required cumulative skills (collective competencies) of all the directors;
 - 5.2.4. The responsibilities and obligations of that role;
 - 5.2.5. Any specific skill, knowledge, qualification, and experience that is currently required or may be required in the future; and
 - 5.2.6. Whether knowledge of tikanga Māori may be relevant and of benefit to the organisation, as per section 57(3) of the Local Government Act 2002.
- 5.3. Council appointees to COs that operate as companies are encouraged to become members of the New Zealand Institute of Directors (IoD) or similar for the duration of their appointment, and commit to continuing professional governance development.

- 5.4. Council appointments of external members to Committees or Subcommittees will also consider the skills, attributes, knowledge, and experience relevant to the specific role that will contribute towards the collective competencies of all the Committee or Subcommittee members, and the overall objectives of the organisation.
- 5.5. The expectation of all appointed persons is that they will demonstrate exemplary standards of professional conduct and integrity in carrying out the functions of the position(s) to which they are appointed. Failure to meet these standards may result in dismissal from the appointed position.

6. Appointment Process

- 6.1. Each CO shall have a minimum of three and a maximum of seven Directors.
- 6.2. The appointment process for directors to COs is administered by the Director and Trustees Appointment Committee, with the assistance of external assessment advice as required.
- 6.3. That Committee will appoint and convene an interview and selection panel to make the recommendations to Council for director appointments to any COs in a public-excluded meeting (in accordance with Local Government Official Information and Meetings Act 1987) followed by public notification when appropriate. The Mayor is not eligible to be on the selection panel.
- 6.4. All director appointments to COs must complete the Director Consent Form as per Appendix C.
- 6.5. Subject to clause 7.2, Council may appoint elected members to be Directors of:
 - 6.5.1. COs; and
 - 6.5.2. other organisations where there is a requirement for elected member representation.
- 6.6. The appointments of external members onto Council Committees and Subcommittees will be made by Council via resolution in a Council meeting, acting on the recommendations of the Director and Trustees Appointments Committee and recorded in the minutes. Council will ensure as part of the appointment process that appropriate inquiries are made to satisfy itself that the external appointee is, in respect of both character and competence, a fit and proper person capable of discharging the requirements of the position to an exemplary standard.
- 6.7. All appointments are based on the following three principles:
 - 6.7.1. **Merit** – providing a choice of high-quality candidates whose skills, experience, and qualities have been judged to best meet the needs of public office.
 - 6.7.2. **Fairness** – selection processes that are objective, impartial, and consistently applied to all candidates.
 - 6.7.3. **Openness** – information about the requirements of the post and the selection process must be publicly available.

- 6.8. Appendix D sets out the appointment processes for Council Organisations. This is subject to review and may be amended by the Chief Executive as directed by the Director & Trustees Appointments Committee. This flexibility allows the process to be responsive to the needs of each CO appointment.

7. Terms of Appointment

- 7.1. All external appointments to Council Committees and Subcommittees are made by Council. The terms for the appointments with remuneration and allowances will be determined by the Mayor in consultation with the Council and on advice from the Chief Executive, and will be valid for the period for which they are set.
- 7.2. Council makes all Director appointments to its COs. External applicants may be considered for Council appointments to COs or other organisations. In the case of Timaru District Holdings Limited (TDHL) and Venture Timaru (VT):
- 7.2.1. No more than two Directors shall be Elected Members. The Mayor may not be a Director.
- 7.2.2. An Elected Member Director will cease to hold office:
- (a) Immediately if he or she ceases to be an Elected Member for any reason other than as a result of the triennial elections for the election of officers of Council; and
 - (b) If an Elected Member Director is not re-elected to Council in the triennial elections for the election of officers of Council, on a date specified by Council, being not more than 6 months after the elections; or
 - (c) If they are elected to the Mayoralty.
- 7.2.3. The Chairperson and Deputy Chairperson of each CO shall each be Independent Directors.
- 7.3. At each annual meeting for COs:
- 7.3.1. One-third of the Directors (or, if their number is not a multiple of three then the whole number nearest to one third, and rounded up to a whole number if it is a half) shall retire from office. The Directors to retire shall be those who have been longest in office since their last appointment. If two or more of those Directors were appointed on the same day, the Director(s) to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 7.3.2. Where clause 7.3.1 would cause a director/trustee to serve a term exceeding three years, then that Director must also retire from office.
- A retiring Director is eligible for reappointment but shall not serve more than 9 years in total (including non-consecutive terms).
- 7.4. Council may invite a person to serve longer than three terms if it believes it is in the CO's interests for this to occur.

8. Conflicts of Interest and Reputational Risk

- 8.1. The Council expects all Directors of COs, and all external appointments to Committees and Subcommittees, to strive to avoid situations where their actions could give rise to perceived or real conflicts of interest, or present a reputational risk to Council.
- 8.2. If such a situation occurs, the appointed member shall raise this with the Chair of the Board or Committee, the Mayor or the Chief Executive as soon as practicable.
- 8.3. Each CO Chairperson will maintain a conflicts of interest register available to the Chief Executive or Mayor, and reported on annually as part of the annual meeting.
- 8.4. Directors of COs will be expected to follow the provisions of the Institute of Directors Code of Practice for Directors. Breaches of this code could result in dismissal.

9. Monitoring

- 9.1. Compliance with this policy will be reviewed on a cyclical basis as part of the Timaru District Council's internal audit process.

10. Reporting

- 10.1. A report on the efficacy of this policy and the internal audit results will be reported annually to the Audit and Risk Committee by the Governance Team Leader.

Delegations, References and Revision History					
Delegations Identify here any delegations related to the policy for it to be operative or required as a result of the policy					
Delegation		Delegations Register Reference			
N/A					
References Include here reference to any documents related to the policy (e.g. operating guidelines, procedures)					
Title		Document Reference			
Local Government Act 2002					
TDHL Frameworks & Processes		#1343698; #1343699; #1341014			
Revision History Summary of the development and review of the policy					
Revision	Owner	Date Approved	Approval By	Next Review	Doc Ref
1	Chief Executive	27 October 2022	Council	August 2025	#1549815
2	Chief Executive	13 February 2024	Council	August 2025	#1651729

Appendix A:

Council Organisations Subject to this Policy

	Timaru District Holdings Ltd (TDHL)	Venture Timaru Ltd (VT)	Aorangi Stadium Trust
Type	CCTO	CCO	CCO
Ownership Structure	100% Council owned	100% Council owned	A charitable trust incorporated under the Charitable Trusts Act and registered under the Charities Act
Directors Appointments	Council appoints all directors	Council appoints all directors	Council appoints all trustees
Remuneration	Paid by TDHL; fees set by Council	Paid by VT; fees set by Council	None
Scope of Activity	<p>TDHL is an investor in companies in which Council has a substantial interest, specifically, at the time of this policy:</p> <p>Alpine Energy Ltd – 47.5% shareholding</p> <p>PrimePort Timaru Ltd – 50% shareholding</p> <p>TDHL also owns a portfolio of investment properties surrounding the port in Timaru.</p>	To facilitate and support economic development and deliver tourism and business services for the District.	To continue development, maintenance and operation of the Aorangi Stadium and adjoining areas on Aorangi Park in Timaru.
Rationale and objectives for Council ownership	To manage the commercial assets and investments of Council.	To support economic growth and tourism for the district.	Aorangi Park and Stadium significant Council assets.

These details are correct at the time this policy was approved, and are subject to change.

Appendix B:

EXAMPLE: Director Competency Framework

This table should be completed for each individual Director prior to the annual Board evaluation. The results will inform the Board’s discussion on its collective skill strengths and gaps.

Each Director should identify their top three or four skills, and grade them as follows:

(E) Expert – has strong knowledge of key concepts and principles and more than five years relevant experience

(P) Proficient – has a sound knowledge of key concepts and principles but less than three years relevant experience

(D) Developing – has a knowledge of key concepts and principles but limited direct or applied experience

Skill Area	Description	D1	D2	D3	D4	D5	D6	D7
Strategy and planning	Ability to think strategically; identify and critically assess strategic opportunities and risks. Experience to develop effective strategies in the context of the strategic objectives of the CO and TDC.							
Governance, Risk and Compliance	Experience in the application of governance principles in a commercial enterprise, public sector body or other entity.							
	Ability to identify key risks to the CO and TDC in a wide range of areas including financial, legal and regulatory compliance.							
Financial Performance	Qualifications and experience in governing commercial investment, including to: <ul style="list-style-type: none"> Analyse key financial statements Contribute to strategic financial planning Oversee budgets and the efficient use of resources 							
Business and commercial	Experience in, or understanding of, business management principles.							
Community engagement	Understanding of, and connections with, the interests and needs of Timaru District communities, including the ability to effectively engage and communicate with key stakeholders, including iwi as appropriate.							

Appendix C: Directors' Consent Form

1. Consent and Certificate of Director - (Section 152 of the Companies Act 1993)

Company Name:

Company Number:.....

Director's first name(s):.....

Director's surname(s):.....

(Please ensure your full legal name is provided - Initials are not allowed)

I consent to be a director of the above company and certify that I am not disqualified from being appointed or holding office as a director of a company

Signature:.....

(Please read the disqualification details below)

Date of appointment:.....

Director's residential address:.....

.....

2. Disqualification Details

Please ensure that you are not disqualified from being a director for this company before signing this consent form.

A person cannot be a director of a company if they are any of the following:

- a. Under 18 years of age; or
- b. An undischarged bankrupt. Search the bankruptcy database online for free at www.insolvency.govt.nz; or
- c. Prohibited from being a director or promoter of, or being concerned or taking part in the management of a company under any statutory provisions. This includes (but is not limited to) people who have been convicted of a crime involving dishonesty in the last 5 years or have been prohibited from managing a company by the Registrar of Companies. It also includes people who have been prohibited from being a director or promoter of, or being concerned or taking part in the management of, an overseas company under an order made, or notice given, under the law of a prescribed overseas jurisdiction in accordance with section 151(2)(eb) of the Companies Act 1993; or e.g. Auckland Council Property Limited 3025668; or
- d. subject to a property order under sections 30 or 31 of the Protection of Personal Property Rights Act 1988; or
- e. Not eligible because of requirements contained in the company's constitution (if any); or
- f. A person who is disqualified under another Act.

A person who is not a natural person cannot be a director of a company.

For more information refer to sections 151 and 382 to 385 of the Companies Act 1993. A copy of the Act can be viewed online for free at www.companies.govt.nz.

3. Disclosure of Interests

You are required to disclose the nature and extent (including monetary value, if quantifiable) of all interests that you have or are likely to have, in matters relating to the CCO.

4. Other Questions

4.1 Has there been (or is there now pending) any claim against you in your capacity as director, officer, secretary, board or committee member, or employee of either the company/trust or any other company, association, trust or entity?

Yes No

4.2 Are you aware of any circumstances that might give rise to a claim against you or an investigation, examination or inquiry involving you?

Yes No

4.3 Have you ever been involved in a company that has been in receivership or non voluntary liquidation?

Yes No

4.4 Have you ever been involved in any criminal conduct, had a statutory demand placed on you, been the subject of any disciplinary action, been fined or penalised or been the subject of any inquiry in the last 5 years?

Yes No

4.5 Have you ever been refused Directors and Officers Liability insurance or had an insurer refuse to renew a policy as apply special terms or conditions in relation to your cover?

Yes No

If yes to any of these questions, please give details and, if requiring more space, use a separate page:

.....
.....

5. Nomination Confirmation

I, (full legal name) confirm that the information I have given in this disclosure form is complete, true and correct.

In the event of any actual or potential conflict of interest or probity issue arising, I agree to promptly declare that conflict or probity issue to the Chair of the Board, who will consider how the conflict or probity issue can best be managed. I also agree to abide by any decisions about the management of that conflict or probity issue. I acknowledge that, in the event that a conflict or probity issue cannot be managed, the Chair will inform Timaru District Council. I acknowledge that, in the event I am appointed to the Board, the Timaru District Council will be informed of any interests I have declared.

I authorise the Timaru District Council and/or its nominated agency to verify the accuracy of the information I have provided in my application for appointment.

Signature:

Date:

APPENDIX D FLOWCHART: Director or External Member Appointment to Council Organisations, Committees & Subcommittees

