
REPORT 5
(1215/11/IM)

ELECTED MEMBER APPOINTMENTS TO COUNCIL CONTROLLED ORGANISATIONS

1. Purpose of Report

To make Councillor appointments to Council Controlled Organisations for the duration of the 2007 - 2010 triennium.

2. Executive Summary

Either because of Trust Deed or Company Constitution requirements, or a previous decision of the Council, Councillors are appointed to represent the Council's interests on the Boards of the majority of its Council Controlled Organisations (CCOs)¹. Such appointments are made at the beginning of each triennium for the duration of the triennium. Council agreed in 2004 that Councillors can be appointed to the board of more than one CCO.

Nominations for Councillor appointments to CCOs are put forward by the Mayor at the first Council meeting of the new triennium for ratification.

Councillors appointed to the boards of CCOs are entitled to receive the fee approved by the Council for payment to a member of the Board of the CCO concerned (with the exception of Wellington International Airport Limited, which is not a CCO and where the fees are set by the shareholders).² A report on recommended fee levels for the 2007 – 2010 triennium accompanies this report.

A further report will be presented to Council on 21 November in respect of Councillor appointments to Council Organisations, Council's advisory groups and other organisations.

3. Recommendations

It is recommended that the Council:

- 1. Receive the information.*
- 2. Note that, as provided for in the Trust Deed, the Mayor will appoint the three Councillors to fill the vacancies on the Board of Trustees of the Joe Aspell Trust*

¹ The exception is Wellington Cable Car Limited.

² The trustee positions on the boards of the Basin Reserve Trust, Hutt Minoh House Friendship Trust and the Joe Aspell Trust are not remunerated.

3. *Agree that the second Council representative on the Board of the Basin Reserve Trust will be a Council officer, appointed by the Chief Executive under delegated authority.*
4. *Agree to appoint Councillors to vacancies on the Boards of the following Council Controlled Organisations:*

Council Controlled Organisation	No. of vacancies
<i>Basin Reserve Trust</i>	<i>1 (plus alternate)</i>
<i>Capacity (Wellington Water Management Ltd)</i>	<i>1</i>
<i>Hutt Minoh House Friendship Trust</i>	<i>1</i>
<i>Positively Wellington Tourism (Partnership Wellington Trust)</i>	<i>1</i>
<i>Positively Wellington Waterfront (Wellington Waterfront Ltd)</i>	<i>1</i>
<i>St James Theatre Trust</i>	<i>1</i>
<i>Wellington International Airport Ltd³</i>	<i>1</i>
<i>Wellington Museums Trust</i>	<i>1</i>
<i>Wellington Zoo Trust</i>	<i>1</i>
<i>Westpac Stadium (Wellington Regional Stadium Trust)</i>	<i>1</i>

5. *Agree that the term of appointment of the Councillor appointed to each of the above vacancies will commence immediately upon approval of this recommendation and will cease when the triennium is completed.*
6. *Agree that Mr Shaw remain on the board of Capacity as Council's independent appointee until replaced by a new independent appointee, or 31 December 2007, whichever occurs first.*
7. *Note that each Councillor appointed to fill one of the above vacancies will be entitled to receive the fee approved by the Council (in the case of Wellington International Airport Ltd, which is not a Council Controlled Organisation, approved by the shareholders) for payment to a member of the Board of the Council Controlled Organisation concerned.*

4. Background

4.1 Appointments policy

Generally, the Council appoints one Councillor to the Board of each of its CCOs. This is either because the Trust Deed or Company Constitution makes specific provision for membership of their Boards to include a Councillor or because the Council has previously resolved that a Councillor will fill (one of) the position(s) allocated to it.

³ Although not a CCO, Wellington International Airport Ltd is included because the Council has for the past two trienniums elected to appoint the Mayor to one of its two Board positions, which are remunerated.

Exceptions and/or special cases are:

- Capacity (Wellington Water Management Ltd) – Both Hutt and Wellington City Councils have the right to separately appoint two Council representatives (a further two independent members are appointed jointly by agreement). Historically, both Councils have appointed elected Councillors to both of these positions. Due to the identified needs of the board, officers propose that Council agrees to appoint one Councillor and one independent director with its two appointment rights. The rationale for this recommendation is outlined later in this paper.
- Joe Aspell Trust - the Trust Deed specifies that the Mayor, who is automatically appointed as the Chair, will appoint three other Councillors to the Board
- Wellington Cable Car Ltd - the Council has previously elected not to appoint a Councillor to the Board
- Wellington International Airport Ltd (not a CCO, by virtue of Council's less than 50% shareholding) - the Council has previously resolved that one of its two positions on the Board will be filled by the Mayor.
- The establishment of the Basin Reserve Trust created the opportunity for the Council to approve up to two additional Councillor appointments. Council decided in 2004 to appoint 1 Councillor and 1 officer appointed by the Chief Executive Officer under delegated authority, to promote Councillor-level involvement on what is a relatively small CCO, while recognising that officer experience and input is also desirable at Board level because of the operational nature of much of the Trust's intended work.

In 2004, Council also amended its appointments policy so that Councillors can be appointed to more than one Board.

4.2 Other information

Appointments are made at the beginning of each new triennium for the duration of the triennium. Nominations for Councillor appointments to CCOs are put forward by the Mayor at the first Council meeting of the new triennium for ratification.

With the exception of the positions on the Basin Reserve Trust, Hutt Minoh House Friendship Trust and the Joe Aspell Trust, all of the positions referred to in this report are remunerated. It is Council policy that the level of fees payable to Council appointed members of CCO Boards are reviewed each triennium. A review has been undertaken, and recommended remuneration levels for the 2007 – 2010 triennium are outlined in the accompanying paper on director and external member remuneration.

5. Discussion

5.1 Councillor representation on the Board of Capacity

Board Composition

The Capacity Board comprises six Directors, with Wellington City Council and Hutt City Council able to appoint two directors each separately, with a further two independent directors appointed jointly by agreement. The current practise for both Hutt City Council and Wellington City Council has been to appoint two Councillors each to the board.

Consideration has been given to the needs of the Board, in particular as to whether an appropriate level of technical expertise is made available at the Board level.

It is considered important to ensure that the specific interests of the two Councils are represented at the Board level. The composition of the Board, with two councillors from each Council in particular, was established on this basis. While Council representation is important and adds value to the Board, the issue is a need to ensure that the specific interests/requirements of the Council are reflected. This could equally be achieved by the appointment of one Councillor to the Board, which would maintain the benefits of having the Council represented at the Board level, while also providing the opportunity to extend the overall skill set of the Board by the appointment of a suitably qualified and experienced external person.

Capacity is responsible for the maintenance and capital projects relating to the Council's drainage and water infrastructure assets. The complexity of the issues and challenges facing the Board often require a technical understanding of drainage engineering. The range of expertise required on the Board, includes, among other things, financial, strategic, organisational skills and community awareness. The current composition of the Board, while having strengths in terms of general community interests and specific Council objectives, would benefit from enhancing the technical skills and an in-depth understanding of engineering.

Addressing some of the more technical issues has proved to be a challenge for the Board, as evidenced by the on-going requirement to commission consultant advice to be provided directly to the Board. Bringing the optimal balance of skills into the Board is, to a degree, made more difficult by the fact that the Board is currently limited to two external/independent appointments.

It is considered that amending the composition of the Board, by the Council appointing one Councillor and a suitably qualified external as an independent appointment, would not compromise the Council's representation at the Board level and would benefit the balance of skills and background available to the Board.

Current Appointments to Capacity

In June 2007, to ensure the board could retain a quorum under its constitution, Council agreed to extend the terms of the current Councillor appointments to

the board of Capacity (Councillors Pepperell and Shaw) through until 31 December 2007, or until replacement appointments were made following the recent election. If Council agrees to the proposed new composition of its appointments for Capacity by appointing 1 Councillor, officers propose that Mr Shaw remains on the board as Council's de facto independent appointee until replaced by a new independent appointee, or 31 December 2007, whichever occurs first.

5.2 Level of Councillor representation on other boards

Aside from the issue of the Board of Capacity, there is no obvious reason to recommend an increase or reduction in the level of Councillor representation on any other CCOs. In many cases this would in any case not be feasible without a revision of the relevant Trust Deed or Company Constitution, incurring legal costs.

6. Conclusion

Following the recent election, the new Council is required to approve the appointment of Councillor representatives to the Boards of its CCOs. These appointments will commence immediately upon approval, will cease at the end of the triennium and will be remunerated at rates approved by the Council.

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