

Policy on the Appointment and Remuneration of Directors

1. Purpose

The purpose of this policy is to set out, in accordance with Section 57 (1) of the Local Government Act 2002 (“the Act”), an objective and transparent process for:

- Identification and consideration of the skills, knowledge and experience required of directors of a council organisation; and
- Appointment of directors to a council organisation; and
- Remuneration (If directors) of a council organisation.

Notes:

- A “council organisation” is an organisation where the council has an ownership interest, including the right to control one or more of the votes at any meeting of the members or governing body of the organisation, and has the right to appoint one or more of the directors.
- ‘Director’ encompasses, other terms commonly associated with membership of a governing body e.g. Trustee.

2. Principles

The following principles underlie this policy:

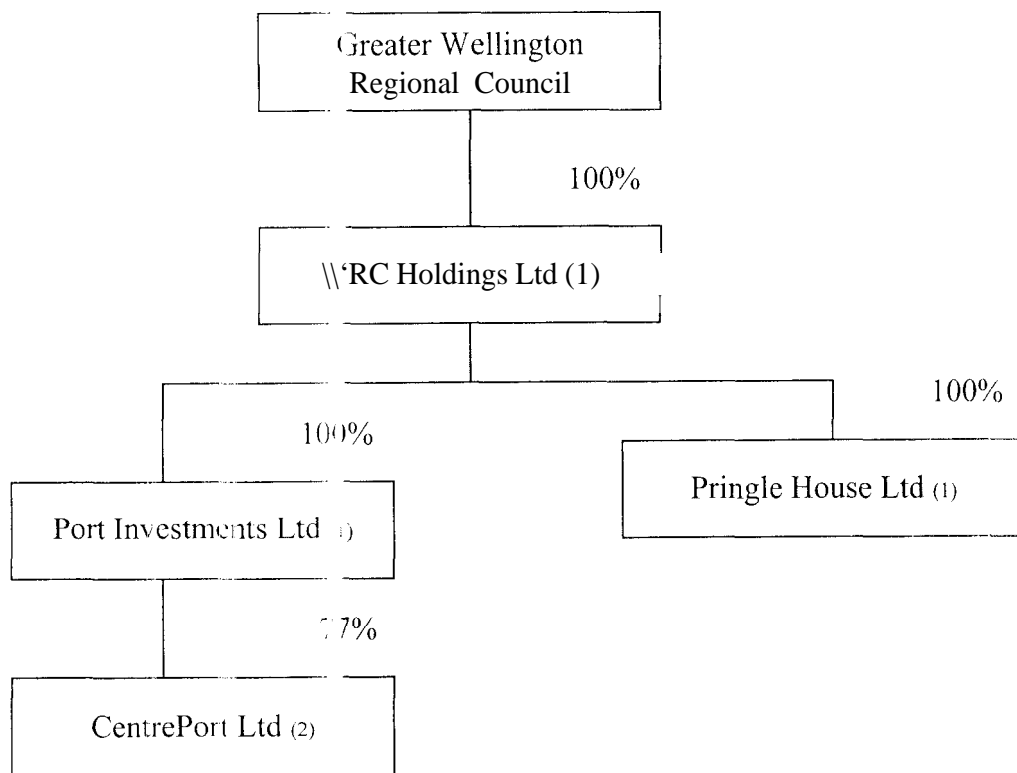
- Appointments will continue to be made on the basis of skills, knowledge or experience having regard to the nature of the council organisation and the Council’s overall objectives.
- The Council will continue to appoint common boards of directors for Council’s three council controlled trading organisations, WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd, if it makes practical sense to do so.
- Where practicable, director appointments will continue to be made at the commencement of each triennium.
- The Council will continue to use an objective and transparent process to make director appointments, while protecting the privacy of natural persons.

3. Council Controlled Trading Organisations (CCTOs)

3.1 Introduction

The Council's holding company, WRC Holdings Ltd, is the main mechanism used by the Council to manage its investments.

The Council has the following equity investments in the WRC Holdings Group:



- (1) A council controller* organisation in accordance with the Local Government Act 2002.
- (2) A Port Company pursuant to the Port Companies Act 1988 and therefore not a council controlled organisation in accordance with the Local Government Act 2002.

3.2 Identification of required skills, knowledge and experience of CCTO directors

Given the nature of the holding company and the assets for which the directors are accountable, the Council considers that it is important to have a majority of elected members on the board of directors of WRC Holdings Ltd. This ensures the Council has direct control in addition to other indirect control it can exercise through the company Constitution and Statement of Intent.

As there are natural linkages and as the three companies, WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd meet at the same time it makes sense to have a common board of directors for all three companies.

Each triennium the Council Chairperson, Deputy Chairperson and one other Councillor are appointed to the boards of these companies. The Council Chairperson is the Chairperson of each of the companies.

The remaining positions on the boards of Council's CCTOs are filled using the following process:

(a) Determine the detailed process for selection of suitable candidates is delegated to a Screening Group comprising:

- Council Chairperson
- Council Deputy Chairperson
- Council Secretary

The Screening Group can determine if other input (e.g. external assistance) is required.

(b) Identification of potential directors includes direct approach, advertisement or both (to be determined by the Screening Group).

(4) Screening of potential directors (including conducting interviews) is conducted by the Screening Group, seeking the following key attributes:

- Independence
- Integrity
- Ability to analyse, question and apply judgement
- Competence
- Ability to devote time and attention to entity
- Good personal skills
- Leadership and strategic thought
- Common sense
- Previous experience as a director

- (4) The Screening Group reports its recommendations to the Council via the Policy, Finance and Strategy Committee for approval prior to any appointments being made.

3.3 Remuneration of CCTO Directors

Elected members of the Council are also directors of the companies and receive travelling expenses based on the rates applicable to members of the Council. Directors of the Companies who are not elected members of the Council will receive Directors' fees as approved by the Council from time to time, in addition to travel expenses.

Periodically, normally every three years, the Council will review the level of remuneration applicable to the position of director of Council's CCTOs.

In performing its review of remuneration the Council will, normally on the basis of external advice, take account of the following factors:

- The need to attract and retain appropriately qualified directors.
- The nature of activities undertaken by each of the companies.
- The extent of input expected from independent directors.
- The synergy achieved from effectively running the three companies closely together.

The Council also supports the payment by CCTOs of directors' liability insurance and the indemnification of directors.

4. CentrePort

4.1 Introduction

Although CentrePort is not a council controlled organisation, the policies covering the appointment and remuneration of directors are similar. It therefore makes sense to include CentrePort within this policy framework.

CentrePort operates much in the same way as a CCTO with a non-executive board of directors.

4.2 Identification of required skills, knowledge and experience of CentrePort Directors

The mix of skills and experience on the CentrePort Board will be reviewed from time to time and consideration given to complementing and reinforcing existing skills where necessary.

The required skills, knowledge and experience for director appointments to CentrePort are assessed in the first instance by a Screening Group comprising:

- The Chairperson of Port Investments Ltd
- The Chairperson of I Iori/ons mw.
- The Chairperson of CentrePort Ltd.

External assistance is used by the Screening Group when required.

The identification of potential directors includes direct approach, advertisement or both (to be determined by the Screening Group).

The screening of potential directors (including conducting interviews) will be conducted by the Screening Group seeking the following key attributes:

- Independence
- Integrity
- Ability to analyse, question and apply judgement
- Competence
- Ability to devote time and attention to entity
- Good personal skills
- Leadership and strategic thought
- Common sense
- Previous experience as a director

Elected members of the Council are not considered for appointment to the Board of CentrePort Ltd.

The Screening Group will report its recommendations to both shareholders for approval prior to any appointment being made.

Existing Directors routinely retire by rotation and offer themselves for re-election at the company's Annual General Meeting. Re-election is considered in the context of:

- Whether the skills of the incumbent add value to the Board

- Whether there are other skills the Board needs

- Succession issues

4.3 Remuneration of CentrePort Directors

Each year at the Annual General Meeting the shareholders approve the level of remuneration for the directors of CentrePort. Where necessary, the Council will seek external advice in relation to exercising a judgement about the appropriateness of the remuneration being sought.

The remuneration is reviewed in the context of industry and other commercial practice and trends.

5. Wellington Regional Stadium Trust

5.1 Introduction

The current legal status of the Trust is unclear. While it is not certain if the Trust is a council controlled organisation it makes sense to include the Stadium Trust within this policy framework.

The Council jointly appoints trustees with the Wellington City Council pursuant to the Trust Deed.

To qualify, a trustee must be a resident of the Wellington Region.

5.2 Identification of required skills, knowledge and experience of Stadium Trustees

The mix of skills and experience on the Trust Board is reviewed at least annually and consideration given to complementing and reinforcing existing skills and reducing known weaknesses where necessary.

The required skills, knowledge and experience of trustees appointed to the Stadium Trust are assessed in the first instance by the Stadium Trust Chairperson in conjunction with the two settlers ('WCL'WRC).

In general terms the following qualities are sought in the trustees of the Stadium Trust:

- Intellectual ability

- Commercial/business experience

- Understanding of governance issues

- Entrepreneurial flair

- Sound judgement
- High standard of personal integrity
- Understanding the wide interests of the two settlor Councils

Of the trustees appointed to the Trust Board at any one time, the two settlers can appoint one Councillor from each Council to help ensure the interests of the two settlers are protected and to assist communication between the Trust and the settlers.

Recommendations for appointment of trustees are made to each Council prior to any appointment being made.

Each year existing trustees routinely retire by rotation and offer themselves for re-election. Re-election is considered in the context of:

- Whether the skills of the incumbent add value to the Trust Board
- Whether there are other skills the Trust Board needs
- Succession issues

5.3 Remuneration of Stadium Trustees

From time to time the scale of payments to trustees is reviewed by the two settlers. Where necessary the Council will seek external advice on this matter.

All trustees (including Councillors) are subject to the same payment basis with the exception of the Trustee who receives proportionately more consistent with the role.

6. Council Organisations (CO's)

6.1 Introduction

The Council has longstanding interests in numerous CO's. These are generally not-for-profit bodies and appointments to CO's are made for a number of reasons. These include:

- To enable Council involvement where the CO's activity is relevant to the Council,
- To satisfy a request from the CO that the Council appoint a representative,
- Statutory requirements

Appointments to a CO are generally for a three year term, and are made after the triennial Council elections.

The Council endeavours to minimise the number of appointments where the benefit to the Council of such an appointment is minimal.

6.2 Identification of required skills, knowledge and experience of CO directors

The range of reasons for the appointment of Council representatives to CO's results in a wider range of desired attributes for appointees to these bodies.

The Council determines the required skills, knowledge and experience for each appointment in accordance with the nature of the entity and the role to be fulfilled. Candidates are not restricted to Councillors - in some cases, it may be more appropriate to appoint Council staff or external people with affiliations to the Council.

The Council Chairperson makes recommendations to the full Council for final approval prior to any appointments being made.

6.3 Remuneration of CO directors

CO directors appointed by the Council receive the remuneration (if any) offered by that body. However, if such directors are Councillors, they are only entitled to receive normal Council travelling allowances. The same applies to Council staff members appointed to such bodies.