

## Policy on Partnerships with the Private Sector

### Background

The Council is required to adopt a policy on partnerships between the Council and the private sector under Section 102(4)(e) of the Local Government Act 2002.

The purpose of this policy is to set out the circumstances and terms for the commitment of Council resources to partnerships with the private sector.

For the purposes of this policy, a partnership with the private sector is defined according to the Local Government Act 2002 as any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business, but does not include an agreement in which the only parties are local authorities or Council Organisations.

A contract for the supply of any goods or services to, or on behalf of, a local authority is not defined as a partnership with the private sector.

### Circumstances where Partnerships with the Private Sector will be considered

The Council will consider entering into a partnership arrangement with the private sector where it can be identified that the partnership will:

- Contribute to achieving the community outcomes identified in the LTCCP in an integrated and efficient manner; or
- Assist with the achievement of Council's strategic objectives as identified in any other planning document formally adopted by the Council; or
- Promote the social, economic, cultural or environmental well-being of the District; or

- Be a prudent, efficient and effective use of Council's resources in the interests of the District; or
- Enable the provision of a product or service which is in the interests of the community but which the private sector is unwilling or reluctant to provide sufficient resources without Council support; or
- Enable the provision of a product or service which is in the interests of the community but which the public sector is unwilling or unable to provide sufficient resources; and
- Where such a partnership is likely to deliver better value for money, based on cost, time and financial arrangements than alternative delivery methods.

### Consultation






The Council will not normally consult on partnerships that fall within the circumstances outlined in this policy, unless the Council determines that public consultation should occur having regard to the significance of the proposal.

The Council will consult when the proposed partnership is regarded as significant in terms of the Council's significance policy.

Where possible consultation will be performed through the consultation provisions required for the adoption of a Long Term Council Community Plan or Annual Plan.





### Conditions to be Imposed

Before committing any resources to any form of private sector partnership, the Council will establish the following conditions:


-  Private participation must be subject to the Council's normal purchasing protocols, including competitive tendering processes where appropriate;
-  Emphasis will be placed on the need for transparency and disclosure of processes and outcomes, acknowledging the need to protect commercial confidentialities where appropriate;
-  Outputs will be clearly specified, and include measurable performance standards;
-  A clear and enforceable risk management regime will be agreed; and
-  The Council's information requirements for monitoring of outcomes will be agreed.

#### Risk Assessment and Management

A comprehensive assessment of risks associated with any partnership proposal will be undertaken before any commitment to proceed. The assessment of risks shall include the identification and consideration of:

-  The risks associated with the partnership.
-  The probability of the risks being realised.
-  The potential effect of the risks being realised.
-  The following areas of risk will be addressed.
  - 1) Financial risks.
  - 2) Legal risks.
  - 3) Risk to the Reputation of Council.
  - 4) Health and Safety risks.

- 5) Risk to the capacity of Council to carry out its activities, now and in the future.

-  Any other relevant risks.

A risk management regime will be agreed to as a condition of the partnership.

The prime principle for risk management within a partnership shall be to transfer risk to the party best placed to manage it.

#### Monitoring and Reporting

Partnership contracts will be monitored and reported in accordance with a financial and progress reporting regime developed and agreed between the parties before the partnership is established.

#### Assessing, Monitoring and Reporting on the Achievement of Community Outcomes

Monitoring and reporting will be proportionate to the significance of the proposal, and will be through existing mechanisms such as the Annual Report.




## Policy on Appointment of Directors

### Introduction



Under Section 57 of the Local Government Act 2002 the Council is required to adopt a policy on the appointment of directors.

Section 57 of the Local Government 2002 specifies that:

A local authority must adopt a policy that sets out 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.

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:

-  Guide the organisation, given the nature and scope of its activities; and
-  Contribute to the achievement of the objectives of the organisation.







### Council Policy

In order to achieve the objectives of this section of the Act the following draft policy has been developed:






#### **Identification of Skills, Knowledge and Experience Required of Directors**

In any case where a director is to be appointed the Council will develop a Director Specification for the role.

The Director Specification will detail the skills, knowledge and experience required for that role. The role specification will take into account:


-  The nature and scope of the organisation;
-  The organisation's future direction;
-  The organisation's constitutional arrangements;
-  The strategic objectives of the organisation and the attributes, skills and knowledge that will be required to achieve the strategic objectives;
-  The skills of the current directors of the company or the required skills of all the directors of the company; and
-  Any specific skill, knowledge and experience that is currently required or may be required in the future.


The role specification will detail:


-  The functional relationships of the role;
-  The responsibilities and liabilities attached to the role;
-  The key result areas for the role;
-  The personal attributes for the role; and
-  The specific skills/qualifications required for the role.

### The Appointment Process for Directors


A list of potential directors will be achieved by all or any of the mechanisms listed below:


-  Publicly advertising the position/positions that are available;


 Directly approaching people it is felt may be appropriate for the role;


 Asking relevant groups within the community for nominations for the role of directors;

Asking the candidates to supply:


 A curriculum vitae which establishes how well they meet the role specification for the directorship role;


 A letter detailing why they are interested in the particular role; and

 A report on any conflicts of interest their appointment may cause.

 A selection panel will be established that will consider all applications, short list applicants for interview and make a recommendation to Council.

The panel will include:

 His Worship the Mayor and other such Councillors and/or Community Board Members that the Council may deem appropriate;

 The Council's Chief Executive Officer and other such Council staff or external consultants that would add value to the process.

The selection panel will make a recommendation to Council for adoption by resolution.

The term of the Director's position will be determined by the constitution of the organisation to which the director is appointed.

At the end of each term the candidate selection panel will review the director's performance. This review will be used to determine whether or not to reappoint the director.

A director may only be re-appointed for one term. Thereafter the position will be opened to the full application process. A retiring director is eligible to re-apply for the appointment under this process.

#### The Appointment of Staff or Councillors as Directors

It is not considered appropriate for either staff or Councillors to act as directors of Council controlled organisations.

The reason for this policy is that a conflict of interest could be created between an elected member's role as an objective decision maker on behalf of residents and ratepayers or the role of staff as advisors to Council, and the responsibilities of the role of director.

Notwithstanding the above, it is recognised that from time to time it may be appropriate for an elected member or member of Council Staff to be appointed as a director. In these cases appointment must be ratified through a formal resolution of Council.

#### Remuneration of Directors

The director's role specification will be used to establish an appropriate level of remuneration. In the case of profit seeking organisations the Council will determine an appropriate rate of

remuneration based upon market rates for comparable positions at the time of appointment.

Market rates will be reviewed on an annual basis.

The expectation will be that directors who are performing adequately will receive any market-based increase on an annual basis.








Waikato Regional Airport Limited

Notwithstanding the above, the appointment and remuneration of directors to the Board of the Waikato Regional Airport Limited will be undertaken in accordance with a shareholders agreement, as adopted by resolution of the Council from time to time.





Local Authority Shared Services Limited

The appointment and remuneration of Directors to the LASS shall be in accordance with section 13.1 of the Company's constitution, which states:




The board shall consist of not less than three (3) and not more than nine (9) directors, of whom:

-  One shall be appointed by Waikato Regional Council;
-  One shall be appointed by Hamilton City Council;
-  One shall be appointed by agreement between Franklin District Council and Waikato District Council;
-  One shall be appointed by agreement between Thames-Coromandel, Hauraki and Matamata-Piako District Councils;
-  One shall be appointed by agreement between Waipa, Otorohanga and Waitomo District Councils;
-  One shall be appointed by agreement between South Waikato, Taupo and Ruapehu District Councils; and
-  Up to three additional directors may be appointed by the board.

Such appointees must have one or more of the following skills:

-  Specialist information technology skills;
-  Specialist financial skills;
-  Specialist commercial skills; and
-  Specialist entrepreneurial skills.

The appointee on behalf of the Otorohanga, Waipa and Waitomo District Councils shall be determined as follows:

-  The Mayors of Otorohanga, Waipa and Waitomo District Councils will meet annually to review the performance of the appointed director and agree on the re-appointment of a director for the next twelve months.
-  The recommendation of the Mayors will be presented for ratification at an ordinary meeting of each Council, notwithstanding that the authority to appoint a director may be delegated, in which case Council will be advised of the appointment or re-appointment at its next ordinary meeting.
-  The appointed director must be the Chief Executive of either Waipa District Council, Otorohanga District Council or Waitomo District Council.

**Remuneration** (LASS Section 16.2)  
The payment of remuneration or the provision of other benefits of the Company to a Director for services as a director, or in any other capacity, may only be authorised by ordinary resolution of shareholders