

Appointment of Directors to Council Organisations and Council-Controlled Organisations



Adopted/Confirmed:	2 October 2025
Review Frequency:	3 Yearly
Previous Adoption Date:	1 May 2009
Next Review Date:	2 October 2028
Policy Type:	Management
Reviewer	General Manager Community
Policy Version	P272

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1 Introduction

- 1.1 Under Part 1 of the Local Government Act 2002 (LGA), local authorities have governance responsibilities for two types of organisations:
 - (a) Council Organisations (COs) – where one or more local authorities control one or more voting rights, or have the right to appoint one or more directors.
 - (b) Council-Controlled organisations (CCOs) – where 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.
- 1.2 For the purpose of this policy, the terms “director” or “trustee” refer collectively to any individual appointed to the governing body of a CO or CCO, including those referred to as Board members, or office holders, regardless of their specific title.
- 1.3 This policy sets out Manawātū District Council’s approach to the appointment, removal, and remuneration of directors and trustees to its COs and CCOs. It is designed to ensure appointments are made in accordance with legislative requirements, good governance practice, and the Council’s strategic objectives. A full list of the organisations covered by this policy and its application is provided in Schedules 1 and 2.

2 Policy Context

- 2.1 Section 57 of the LGA requires local authorities to adopt a policy that sets out an objective and transparent process for:
- Identifying and considering the skills, knowledge, and experience required of directors or trustees of a CO or CCO; and
 - Appointment and remuneration of those directors and trustees.
- 2.2 Under section 57(2) of the LGA, a person may be appointed to a CO or CCO Board only if the Council considers that they have the skills, knowledge, and experience necessary to guide the organisation, given its nature and scope, and to contribute to the achievement of its objectives.
- 2.3 Section 57(3) further requires the Council, when identifying the skills, knowledge, and experience required for a CCO appointment, to consider whether knowledge of tikanga Māori is relevant to the governance of that organisation.
- 2.4 The specific skills and attributes sought by the Council are set out in section 4 of this policy.
- 2.5 This policy also reflects Council's broader commitment to principles of good governance, drawing on the Institute of Directors' Four Pillars of Governance Best Practice for New Zealand Directors.
- 2.6 The Boards' own governance policies should also reflect and align with these principles.

3 Scope

- 3.1 This policy applies to the COs and CCOs as detailed in Schedules 1 and 2.
- 3.2 This policy does not apply to the Central Economic Development Agency (CEDA) which is jointly owned with Palmerston North City Council. Appointments of directors to CEDA are set out in a jointly-owned policy: 'Appointment of Directors Policy of Central Economic Development Agency Ltd'.

4 Skills

- 4.1 Manawātū District Council values and supports the benefits that diversity of thought, experience and skills bring to our CO and CCO Boards. We recognise that increasing diversity and fostering inclusive Board culture is an essential element in supporting high performing Boards, driving long-term success and delivering better outcomes for the communities of the Manawātū district.
- 4.2 Council considers that any person it appoints to be a director of a CO or CCO should have the following attributes:
- (a) A sound understanding of governance principles and responsibilities;
 - (b) validated business experience or other experience that is relevant to the activities of the organisation;
 - (c) sound judgment including risk assessment and contingency management;

- (d) a high standard of personal integrity;
- (e) an understanding and commitment to Council's obligation to Te Tiriti o Waitangi;
- (f) the ability to work as a member of a governance team; and
- (g) commitment to the wider public interest.

4.3 When considering appointments, Council will assess the existing skills matrix of the Board to identify any gaps or areas requiring strengthening, ensuring that appointments complement current capabilities and align with Council and the organisation's future needs. A skills matrix typically includes:

- Governance experience;
- Strategy acuity;
- Financial management;
- Legal expertise;
- Competence in Te Tiriti o Waitangi obligations and application;
- Risk management;
- Health, safety and compliance;
- Digital capability;
- Communication and marketing; and
- Specialist knowledge.

5 Eligibility for Appointment

5.1 The Council has a responsibility to monitor the performance of its COs and CCOs. Accordingly:

Elected Members of the Council should not be appointed to the Boards of COs or CCOs unless there is need to meet a statutory requirement. Any such appointment must be supported by a Council resolution detailing the rationale.

Council Officers are not eligible for appointment unless the nature of the appointment specifically requires it. Any such appointment must be supported by a Council resolution detailing the rationale, for example, the Local Government Funding Agency requires Board members to be officers of a local authority.

Board Independence is expected. Appointed Board members must not be employees of the organisation. If a Board member is temporarily engaged to fill a staff vacancy, they must stand down from the Board while doing so. Permanent employment by the organisation requires the employee to resign their position before starting their permanent role.

6 Determining Appointment Process

6.1 General Process

- (a) When a vacancy arises, Council will advertise the vacancy unless it decides to reappoint an existing Board member and that must be approved at the Council meeting as described below.

- (b) Council will determine how to fill the vacancy at a meeting held in public-excluded session (to protect the privacy of natural persons). At that meeting, Council will decide whether to:
- Reappoint an existing Board member;
 - Advertise the vacancy; or
 - Leave the vacancy unfilled (where appropriate).

6.2 Reappointments

In the case of a reappointment, Council will consider the individual's availability, the recommendation of the Board Chair, their contribution to the organisation's purpose, alignment with required skills, and any term limits set in the founding document.

Note: it is the expectation that the Board Chair would have first discussed the reappointment of an existing Board member with the Board, and referred to the skills matrix, before making a recommendation to Council.

6.3 New appointments

For new appointments, Council will take into account the recommendation from the recruitment committee or panel, the cost of advertising and recruitment, the availability of qualified candidates, and the urgency of filling the vacancy. In particular, Council notes that an organisation, CO or CCO without a quorum of directors is unable to make binding decisions.

7 Implementing Recruitment and Selection

Appointment by advertisement

- 7.1 When a vacancy is advertised, Council will ensure the process aligns with the skills required and available budget. Advertising may include:

- (a) Local media;
- (b) Council and third-party websites;
- (c) Social media; and
- (d) Professional networks (e.g. Institute of Directors, Feilding and District Promotion, Manawātū Chamber of Commerce, Appoint Better Boards, LinkedIn, Seek, Trade Me Jobs).

- 7.2 Applications will be reviewed by an Appointment Panel or an Electoral College.

Appointment panel

- 7.3 The Appointment Panel will be chaired by the Mayor (or a councillor nominated by the Mayor) and include two to four representatives, which may include councillors, trustees, council officers, and other relevant stakeholders. The current Chair or a Board member, may be invited to form part of the Appointment Panel.

- 7.4 The panel is confirmed by the Mayor and the relevant council officer responsible for the CO or CCO. After shortlisting, the panel will conduct interviews, carry out reference checks, and make a recommendation to

Council. The final decision on appointments rests with Council and must be made by formal resolution.

Electoral College

- 7.5 Working with the Electoral College, council officers will advertise vacancies.
- 7.6 The Electoral College is responsible for shortlisting candidates, conducting interviews, completing reference checks, and making a recommendation to Council through the officer responsible for the CO or CCO.
- 7.7 The final decision on appointments rests with Council and must be made by formal resolution.

8 Pre-Appointment Checks

- 8.1 Candidates must consent to a police check, provide two referees, and declare any relevant interests. Where a potential conflict of interest is identified, the Electoral College or Appointment Panel must be satisfied that it can be managed appropriately.
- 8.2 Appointments are confirmed by Council resolution in a public-excluded meeting, with a public announcement made as soon as practicable after the Council meeting if the Council approves the appointment.

9 Removal of Trustees

- 9.1 Council appointed trustees hold office at the pleasure of the Council and may be removed at any time by Council resolution.
- 9.2 Grounds for removal include:
 - (a) Regular absence from Board meetings without justification.
 - (b) Lack of confidence of either the Board or the Council.
 - (c) Breach of ethical standards. The Council requires directors to follow the current provisions of the New Zealand Institute of Directors Code of Ethics (<http://www.iod.org.nz/>).
 - (d) Acting against the best interests of the organisation.
 - (e) Breaching the confidence of the Board (e.g. speaking publicly on Board matters without authorisation).
 - (f) Failing to uphold collective responsibility.
 - (g) Disqualification under section 151(2) of the Companies Act 1993.
- 9.3 Concerns should be addressed by the Board in the first instance. The Board may then recommend removal to Council. No compensation will be paid to removed members.

10 Appointment of Chair

- 10.1 Where required, Council will appoint the Chair from among the existing Board members.
- 10.2 Council may request a recommendation from the Board.

- 10.3 Appointments are made by Council resolution, typically for a term of up to three years.
- 10.4 Where the Chair is unable to fulfil their responsibilities effectively, Council retains the authority to review and, if necessary, address the Chair's position in accordance with the organisation's founding document, constitution, or charter.
- 10.5 Chairs of COs and CCOs with significant assets are expected to identify and mentor potential successors to support effective leadership transitions.

11 Remuneration

- 11.1 Council will determine whether directors or trustees are to be remunerated. As remuneration is a matter of public interest, it will be guided by the following factors:
 - (a) The need to attract and retain appropriately qualified individuals;
 - (b) the skills, expertise, and specialisation required;
 - (c) remuneration levels and trends in comparable organisations (Council will obtain independent advice at least every three years for roles remunerated over \$3,000 p.a. to ensure remuneration is proportionate and financially responsible);
 - (d) the size and scale of the organisation (e.g. turnover, assets, staffing);
 - (e) the complexity of operations and decisions required;
 - (f) the level of accountability and reputational risk; and
 - (g) Council's affordability and whether the organisation operates on a charitable basis.

Related documents

- Appointment of CEDA Directors Policy
- The COs and CCOs founding documents

Schedule A – MDC COs and CCOs under this policy

COUNCIL ORGANISATIONS (CO)

- **Manfeild Park Trust** – Manawātū District Council (MDC) is one of three settlors, alongside the Feilding Industrial Agricultural & Pastoral Association and the Manawātū Car Club (Incorporated). Two representatives from each settlor form the Electoral College. For MDC the representatives are the Mayor and Chief Executive. The Electoral College appoints between two and five directors to the Trust Board. MDC must appoint at least one director. The settlors are committed to the protection and enhancement of Manfeild Park.

COUNCIL-CONTROLLED ORGANISATIONS (CCOs)

- **Awahuri Forest Kitchener Park Trust** – MDC established the Trust in July 2014. The Trust is responsible for the ecological restoration, management and enhancement of the forest/park.
- **Camp Rangi Woods Trust** – The Trust was established in 1993 to manage Camp Rangi Woods. In 2014, the Trust Deed was varied to reduce the number of trustees from three to two, enabling MDC to appoint 50% of the Board—thereby classifying it as a CCO. A Council resolution was passed in 2021 to negotiate the exit of MDC from the Trust, and this is being progressed. The Trust is exempt from CCO status under section 7(5) of the Local Government Act.
- **Feilding Civic Centre Trust** - Established by MDC in July 2004, this Trust manages the Civic Centre and promotes participation in arts, culture, recreation, and sport.
- **Heartland Contractors Ltd** – A company wholly owned by MDC, established in 1995 as a local authority trading enterprise under the Local Government Act 1974. Although the business ceased trading in March 2002, MDC still appoints all directors. A trading CCO is known as a CCTO (Council Controlled Trading Organisation). The company is currently exempt from CCO status under section 7(5) of the Local Government Act.
- **Local Government Funding Agency (LGFA)** – MDC is a shareholder in the LGFA, which provides efficient financing to local government. The governance structure comprises the New Zealand Government (20%) and 30 councils (80%), including MDC. The agency is governed by a Shareholders' Council and a Board of Directors.
- **Manawātū Community Trust** - Established in 2008 to promote and provide housing for the elderly and disabled residents of the Manawātū district and to promote wellbeing services that are relevant and meet long term community needs.
- **Manawātū District Youth Development and Wellbeing Trust** – Established in 2019 by the MDC Mayor in partnership with New Zealand Police in Feilding. The Trust is currently exempt from CCO status under section 7(5) of the Local Government Act.
- **Manawātū-Whanganui Local Authority Shared Services Ltd (MWLASS)** – Established in 2008 as a platform for collaborative projects among eight councils in the Horizons Region. It is exempt from CCO status under section 7(5) of the Local Government Act.
- **Manawātū-Wanganui Regional Disaster Relief Fund** – Formed in 2004 by all councils in the Horizons Region to provide emergency welfare funding following significant disasters. All trustees are appointed by the councils. The Fund is exempt from CCO status under section 7(5) of the Local Government Act.

- **RNZAF Ohakea Visitor Centre Trust** – Established in 2007 to explore the feasibility of a combined heritage visitor centre at Ohakea and promote aviation history. The initiative did not proceed, and the Trust is currently in the process of being wound up. It is exempt from CCO status under section 7(5) of the Local Government Act.

Schedule B – MDC COs and CCOs Trustee recruitment and Remuneration review frequency

	Min & Max # Trustees	Determinati on whether to advertise	Trustee Appoint by	Chair Appoint By	Trustee Rem Review	Status
Manfeild Park Trust	2 - 5	Electoral College	Electoral College (joint appt process)	Electoral College	Annual	CO
Awahuri Forest Kitchener Park Trust (AFKPT)	4 - 6	Council	Appointment Panel	Council	3-yearly	CCO
Camp Rangi Woods Trust	2	Trust by Management Reps	MDC as a trustee appoints 2 x management representatives	Trust	N/A	Exempt CCO
Feilding Civic Centre Trust	6 - 9	Council	Appointment Panel	Council	3-yearly	CCO
Heartland Contractors Ltd	3 - 5	Board	Refer constitution clause 9.3	Board	Refer constitution clauses 9.6 – 9.8	Exempt CCTO
Local Government Funding Authority (LGFA)	Nil MDC administrative involvement					CCO

	Min & Max # Trustees	Determinati on whether to advertise	Trustee Appoint by	Chair Appoint By	Trustee Rem Review	Status
Manawatū Community Trust	5	Council	Appointment Panel	Trust	3-yearly	CCO
Manawatū District Youth Development and Wellbeing Trust	2 - 4	Board	Board	Board	N/A	Exempt CCO
Manawatū-Whanganui Local Authority Shared Services Ltd (MWLASS)	8	Board	1 per local authority	Board	N/A	Exempt CCO
Manawatū-Whanganui Regional Disaster Relief fund	5 - 8	Board	1 per local authority	Board	N/A	Exempt CCO
RNZAF Ohakea Visitor Centre Trust	5	Board	Electoral College	Board	N/A	Exempt CCO