

# Procedure for jointly setting remuneration for Directors of Council Controlled Trading Organisation

## ORGANISATIONAL POLICY

<b>Contacts</b>	Nikki Harrison, Group Manager Corporate Services, Nelson City Council Mike Drummond, Corporate and Governance Services Manager, Tasman District Council
<b>Approved by</b>	Joint Shareholders Committee Nelson City Council / Tasman District Council JSC21-04-2
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## 1. Introduction

1.1 Nelson City Council and Tasman District Council jointly control or have significant shareholdings in a Council Controlled Trading Organisation, Nelson Airport Limited and in Port Nelson Limited, a port company registered in accordance with the Port Companies Act 1988. These are independent organisations, whose operations are governed by a Board of Directors.

## 2. Purpose

2.1 This Policy sets out the agreed process for setting the remuneration pool for Directors of Governing Boards of Council Controlled Trading Organisations where Nelson City Council and Tasman District Council share control.

## 3. Process for setting of remuneration of Directors

3.1. This process is intended to provide a consistent approach to the manner and level of remuneration set, having regard to the need to attract suitable qualified directors along with the public service component of the roles.

3.2. The remuneration will normally be set for a three year period aligning with the Long Term Plan cycle.

3.3. In setting remuneration for the first year of the Long Term Plan, the Joint Shareholders Committee will purchase the Strategic Pay New Zealand Directors Fees Report (or a similar market guide) within two years of the LTP it will apply from i.e. July 2020 or July 2021 for the Long Term Plan 2021-31.

3.4. Officers will analyse this data together with the previous year's result and average the two years result. This approach reflects the relative small sample size in New Zealand

and the ability for respondent's movement in and out of the survey to have a significant impact on the results.

- 3.5. The data used for benchmarking will be representative of the type of organisation (local government) and other relevant factors including but not limited to, annual turnover, assets, shareholder funds and number of employees.
- 3.6. The number of respondents (sample size) for each factor will be used to weight the relativity of the measure i.e. if there are only 2 respondents with an annual turnover of less than \$5m but 20 respondents with assets of \$5.1m to \$10m the assets result gets a much higher weighting than annual turnover.
- 3.7. The Joint Shareholders Committee, in approving the remuneration pool, will base their recommendation between the lower and median quartile of the previous two years survey results.
- 3.8. In the intervening two years before the next Long Term Plan, the remuneration pool may be adjusted by annual consumer price index (CPI) movement at the previous December i.e. December 2020 annual CPI is used in setting the increase in the remuneration pool for the financial year from 1 July 2021.

#### **4. Remuneration of Directors**

- 4.1. Directors shall receive fees in accordance with scales approved by the Joint Shareholders Committee.

#### **5. Variation of Procedure**

- 5.1. The procedures outlined in this policy may be varied to meet the requirements of the Organisation's rules, constitution, trust deed or other guiding document, provided that such variation meets the requirements of the Local Government Act 2002.
- 5.2. The procedures outlined in this policy may be varied in exceptional circumstances provided such variation is approved by both Nelson City Council and Tasman District Council.