

#### 4. CENTRAL PLAINS WATER TRUST : ESTABLISHMENT OF CENTRAL PLAINS WATER LTD

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The purpose of this report is to confirm the establishment of the company, Central Plains Water Ltd, secure the Council's acceptance of a single establishment share, discuss the initial director appointment and seek approval of a Statement of Intent for the company.

##### BACKGROUND

At its May 2003 meeting the Council noted the Central Plains Water Trust's intention to seek the establishment of a company, Central Plains Water Ltd, to facilitate the work of the Trust as it refines a proposed scheme and prepares resource consent applications. The incorporation of this company was approved by the Selwyn District Council at its meeting on 14 May 2003 on the basis that:

- “(a) the company will seek resource consents for the Central Plains Water Enhancement Scheme on behalf of the Central Plains Water Trust.*
- “(b) a written agreement is entered into setting out the terms and conditions under which the company is authorised to seek the resource consents on behalf of the Trust.*
- “(c) the company will issue two shares initially to the Selwyn District Council with the understanding that in future other parties (including Christchurch City Council, the Ritso Society and the farming community) may also be issued shares.*
- “(d) that initially only one director will be appointed being the Selwyn District Council Mayor, Michael Thomas McEvedy, with the understanding that the directorship may change depending on the decisions made by the shareholders.*
- “(e) that staff will report each month to the Finance and Audit Committee on progress with the above noted points.”*

(Reference: Selwyn District Council meeting minutes of 14 May 2003.)

##### SHARE ALLOCATION

It is now proposed that the Selwyn District Council issues one of its two shares to the Christchurch City Council ensuring an equal initial share holding by the two authorities.

##### DIRECTORS

The appointment of Selwyn District Council Mayor, Mr M T McEvedy, as the sole initial director, is seen as an interim arrangement. Within a two to three month period the Selwyn District Council and Christchurch City Council (assuming Christchurch City Council takes up the share offer) will appoint a board of directors whose background and expertise will reflect the key initial challenge facing the company - to raise through a prospectus the \$5.5 million (approximately) that will be required to see the project through its resource consenting phases.

At the time of the appointment of these new directors, Mayor McEvedy's directorship will lapse.

Assuming the Christchurch City Council takes up the share offer, a question arises as to whether or not the Council wishes to see a director appointment to match that of Selwyn's Mayor, during the period leading up to the appointment of a board of directors. If this were sought, it is suggested that Mayor Garry Moore would be the appropriate appointment. Appointment of a new Board of Directors will be a joint exercise of the two Councils which will need to take account of the Director appointment policy of each Council.

##### STATEMENT OF INTENT

In line with the provisions of Section 276 of the Local Government Act 2002 (and again assuming the share offer is taken up) the company is required to furnish to the two owners as the sole shareholders, a Statement of Intent before 30 June 2003 covering the three financial years commencing 1 July 2003. This is attached for Council perusal.

**Staff****Recommendation:**

1. That the Christchurch City Council accept the issue by the Selwyn District Council of one share in the company Central Plains Water Ltd, creating the Selwyn District Council and the Christchurch City Council as sole equal shareholders in the company.
2. That the Christchurch City Council note the initial appointment of Mayor Michael McEvedy as the sole director of the company, pending appointment of a Board of Directors by the two Councils.
3. That the company's Statement of Intent be received and that any concerns regarding the statement be discussed with the Selwyn District Council to enable a joint approach to the company.

**Chair's****Recommendation:**

1. That the above recommendation be adopted.
2. That, in view of the interim nature of the arrangement proposed, no further directors be appointed at the present time, but that the Christchurch City Council reconsider the appointment of an additional director at the time new directors are appointed.