

17. 11. 98

## REPORT OF CHRISTCHURCH CITY HOLDINGS LIMITED

### 1. CHRISTCHURCH TRANSPORT LIMITED – APPOINTMENT OF DIRECTORS

RR 8774

<b>Officer responsible</b> Chairman of Christchurch City Holdings Limited	<b>Author</b> Bob Lineham
Corporate Plan Output: Trading Activities Monitoring	

The purpose of this report is to provide advice from Christchurch City Holdings Limited to the Council on the appointment of directors to Christchurch Transport Limited.

#### BACKGROUND

Christchurch Transport Limited has some major challenges ahead of it as it prepares for the next tender round in 1999 and the selection and appointment of a new Chief Executive. It is important that pending board replacements are dealt with as soon as possible so that the board can prepare itself to deal with these issues and therefore the matter of board membership is being brought forward at this stage so that it can be dealt with at the forthcoming Annual General Meeting scheduled for 23 November 1998.

#### CURRENT BOARD MEMBERSHIP

The current board comprises six members:

David Spence     Chairman  
Anne Urlwin  
Brett Waterfield  
Craig Boyce  
Ishwar Ganda (Councillor)  
David Cox (ex-Councillor)

The Chairman, David Spence, had indicated to CCHL approximately a year ago that he wished to withdraw from the Board at a mutually agreed time but in view of his experience and knowledge CCHL considers that he should remain on the board until March/April of 1999 to assist with the transition to a new board.

CCHL considers that Anne Urlwin should become the chairperson and she has agreed to undertake this role.

Brett Waterfield has indicated that he wishes to retire from the board and will step down from the board at the annual meeting on 23 November 1998.

## 1 Cont'd

Craig Boyce was appointed to the board on a temporary basis in mid 1998 to fill a vacancy left by the resignation of Clive Peter. While it was originally intended that Mr Boyce's appointment would be temporary, the Board of CCHL consider that his appointment should be confirmed for a further period of at least a year to assist with the transition to a new board composition.

Ishwar Ganda is a Councillor appointee and his continuation on the board should be considered as part of the review of Councillor appointees to all boards which will be carried out in February 1999 in accordance with Council policy.

David Cox was a Councillor appointee but has not been re-elected, and in view of the need to get a replacement board in place as soon as possible, it is recommended that he be replaced on the board at the Annual General Meeting to leave a slot for a new director to be appointed at that time.

### SIZE OF BOARD

Over the past year CCHL has given consideration to the most appropriate size of the board of Christchurch Transport Limited. This has been discussed with the Chairman of CTL and it is the recommendation of CCHL that the Board of the company be reduced to a board of four. The rationale for this is because:

- The company is small and a large board creates an unwarranted cost for the company which is striving hard for competitiveness in a tough industry
- A small board sends signals of economy at board level to the staff
- A small board can act as an efficient and focussed team.

CCHL recognises however, that a small board must be strongly focussed and comprised of experienced commercial directors.

The Local Government Act requires that for every director who is a Councillor or staff member there must be at least two external directors appointed. Thus if there are two Councillor directors there must be a board of at least six.

As already stated CCHL considers that the board of CTL should comprise four experienced commercial directors only. If however the Council wishes to appoint a Councillor then it should be in addition to the four experienced directors. Increasing the size to five would however start to negate the advantages of a small board outlined above.

**1 Cont'd**

**APPOINTMENT OF COUNCILLOR DIRECTORS**

Consideration of the appointment of Councillor directors to the restructured board of CTL should be deferred until the Council wide exercise is undertaken in February 1999 in accordance with Council policy. In the meantime, it is suggested that Councillor Ganda remain on the board pending completion of that review.

**STRATEGY FOR BOARD RESTRUCTURE**

CCHL wishes to recommend to the Council that the following process for Board replacements take place:

- Two new external directors be appointed at the Annual General Meeting to replace Messrs Waterfield and Cox.
- Craig Boyce continue on the Board for a further year.
- Anne Urlwin remain as continuing director and assume the chair following the retirement of David Spence.
- Councillor Ganda's position on the Board be reviewed in February.
- David Spence retires from the board in March/April 1999 and not be replaced.

**NEW EXTERNAL DIRECTORS**

CCHL has interviewed several potential new commercial directors and the recommendation is included in the Public Excluded part of the agenda. Following approval by the Council and acceptance by the individuals the names can be made public.

**Recommendation:** That the Council confirm:

1. That in principle Christchurch Transport Limited should have a board of four experienced commercial directors.
2. That two new directors be appointed to replace Messrs Waterfield and Cox.
3. That the appointment of Craig Boyce be extended for a further year.

**CONSIDERED THIS 17TH DAY OF NOVEMBER 1998**

**MAYOR**

17. 11. 98

**REPORT OF CHRISTCHURCH CITY HOLDINGS LIMITED**

**PUBLIC EXCLUDED**

**2. CHRISTCHURCH TRANSPORT LIMITED –  
APPOINTMENT OF DIRECTORS**

**Section 7(2)(a)**  
RR 8774

<b>Officer responsible</b> Mr Alister James, Chairman, Christchurch City Holdings Limited	<b>Author</b> Bob Lineham
Corporate Plan Output: Trading Activities Monitoring	

A sub-committee of CCHL was appointed for the selection of three suitable commercial directors to ultimately become the core board of four in addition to Anne Urlwin.

Several potential candidates were approached and finally three were interviewed plus consideration given to the suitability of Craig Boyce. The sub-committee has recommended to CCHL who have endorsed that George Bellew, Evan Frew and Craig Boyce be appointed.

Craig Boyce – Craig Boyce is the Chief Executive of Smiths City Market. He is highly regarded in the commercial community for the successful restructuring of Smiths City Market. As a city retailer he understands the importance of public transport to the viability of the central business district. He is also a valued member of the CCHL Board and while it is not normal practice to appoint directors of CCHL to subsidiary companies, it is considered to be prudent and worthwhile in this instance in view of the difficulties the company has faced recently and some of the challenges which lie ahead in the forthcoming year.

Evan Frew – Mr Frew is the Executive Director for the Frews Transport Group. It is a major Canterbury transport company and the experience of Evan Frew in transport will bring a practical operator's knowledge to the Board. Mr Frew's current responsibilities with the Frew Group include general overview of the transport operations, budgeting, plant replacement, staff selection and appraisal, tendering and overall financial co-ordination of the Company. Mr Frew is Chairman of Selwyn Trading Enterprises Limited (the Holding Company of Selwyn District Council) and he is a former Selwyn District Councillor.

George Bellew – George Bellew is the CEO of Christchurch International Airport Limited. Prior to his appointment to this position he was an Executive Director in the Ceramco group. Mr Bellew is well recognised in the Christchurch commercial community. He is Deputy Chairman of Healthlink South and a Director of its subsidiary, Canterbury Laundry Services.

**2 Cont'd**

He is currently the Vice President of the ACI Pacific Region which is a Geneva based airports organisation whose membership consists of 475 airports in more than 150 countries. Mr Bellew is the sole nominee for the position of President of ACI Pacific for the forthcoming term. Mr Bellew has Bachelor of Science and Bachelor of Commerce degrees and is a Fellow of the Chartered Institute of Transport.

Unfortunately, immediately prior to this report going to print, George Bellew has advised that he cannot accept such an appointment as the Board of CIAL is of the opinion that he should not accept a further outside appointment.

It is important that a person of similar calibre be obtained to fill this vacancy and further time will be needed to select additional people for interview and recommendation to the Council. This is unlikely to be possible by the 10 December meeting of the Council but will be easily achievable by February 1999.

- Recommendation:**
1. That Mr Evan Frew be appointed to the board of Christchurch Transport.
  2. That the appointment of Craig Boyce be extended for a further period of one year.
  3. That a vacancy be left on the CTL Board following the Annual General Meeting to be filled by February 1999 by the appointment of a commercially experienced director.
  4. That CCHL extends its search for a suitably experienced commercial director and makes a recommendation to the Council by no later than February 1999.

**CONSIDERED THIS 17TH DAY OF NOVEMBER 1998**

**MAYOR**