

3. STATEMENTS OF SHAREHOLDER EXPECTATIONS

RR 9481

Officer responsible Chairman, Christchurch City Holdings Ltd	Author Bob Lineham and Richard Simmonds
Corporate Plan Output: Trading activities - Monitoring	

INTRODUCTION

The purpose of this report is to propose the issue of “Statements of Shareholder Expectations” (SSEs) to certain of the companies owned directly by Christchurch City Council, and to formalise a monitoring role for Christchurch City Holdings Limited (CCHL), on behalf of the Council, in respect of these companies.

PURPOSE OF SSEs

The purpose of the SSEs is to clarify the respective roles of the subsidiary company, CCHL and the Council, and to formalise reporting and other requirements. The CCHL Board believes that they bring clarity to the governance role, and help ensure that the subsidiary Boards meet their obligations. It is noted that the Crown uses a similar mechanism in its monitoring role with State-Owned Enterprises.

It is not considered that the SSEs change the fundamental nature of the existing relationship with the subsidiary companies. Rather they formalise and clarify it. Perhaps the only real changes of note in the attached draft SSE are the requirements for interim reporting, and the bringing forward of reporting deadlines for SCIs and business plans.

The SSE does **not** replace the more formal Statement of Corporate Intent, which remains the primary method by which the Council has input into the strategic direction of its subsidiary companies. In contrast, the essential purpose of the SSE is to clarify the relationships and functions of the respective parties.

CCHL'S ROLE

CCHL has issued an SSE, in conjunction with the Crown, to Christchurch International Airport Limited, and will negotiate similar documents with its other subsidiaries.

This report is prepared on the basis that CCHL will continue to perform a formal monitoring role in respect of the main Council-owned investments (listed below), and that this role will extend to new companies such as Jade Stadium and any LATEs set up in the future. The nature of the role is described in the draft SSE attached to this report. As a first step, it is

therefore necessary for the Council either to endorse CCHL's current (and proposed) role, or to formalise its own monitoring mechanisms.

COMPANIES TO WHICH SSEs TO BE SENT

On the basis that the Council accepts the principle of SSEs (and CCHL's continued involvement in the process), it is recommended that SSEs are sent to Canroad Construction Limited (Canroad), Jade Stadium Limited (Jade), Christchurch City Facilities Limited (CCFL) and Selwyn Plantation Board Limited (SPBL) (the latter in conjunction with Selwyn Council Trading Enterprises Limited). The remaining companies, Windsor Central Limited and the Travis group of companies are essentially shell companies, and SSEs are not considered relevant in these cases.

A draft SSE for Canroad is attached to this report as an example, and similar ones would be issued for Jade, CCFL and SPBL, tailored as necessary.

The Committee endorsed a suggestion that in addition to preparing SSEs for the above companies a statement of shareholder expectations also be prepared for CCHL. The Committee suggests that the Director of Finance be asked to liaise with Councillors O'Rourke, Sheriff and Wright in preparing this SSE.

- Recommendation:**
1. That the Council confirm the monitoring role for CCHL, as set out in the attached document, in respect of all Council-owned subsidiaries
 2. That the attached draft SSE be sent to the Canroad Board, together with an explanatory covering letter requesting their comments before the SSE is issued in final form.
 3. That similar SSEs be sent to Jade Stadium Limited and CCFL, tailored as necessary.
 4. That CCHL be authorised to approach Selwyn Council Trading Enterprises Limited regarding the issue of a joint SSE to SPBL.
 5. That the Director of Finance be asked to prepare, for the Committee's consideration, a statement of shareholder expectations for Christchurch City Holdings Limited, in consultation with Councillors O'Rourke, Sheriff and Wright.