

7. REPORT FROM CHRISTCHURCH CITY HOLDINGS LIMITED - CHRISTCHURCH CITY FACILITIES LIMITED DIRECTORS' FEES

Officer responsible Chairperson, Christchurch City Holdings Ltd	Authors Bob Lineham, DDI 3711-411, Richard Simmonds, DDI 3711-817
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The purpose of this report is to make a recommendation as to an appropriate level of directors' fees for the Christchurch City Facilities Limited ('CCFL') Board.

At the December 2001 Council meeting, the Council agreed to a revision of the governance arrangements in respect of CCFL. Previously, the performance of NCC (New Zealand) Limited, the company contracted to manage the three facilities owned by CCFL, was monitored by the (then) Strategy and Resources Committee. It has now been decided that the CCFL Board will take over this monitoring function, and hence assume the normal governance role of a commercial board. To this end, an additional external director with appropriate relevant experience is to be appointed to the CCFL Board.

In view of the increased responsibilities of the CCFL Board, it is considered appropriate that the Board fees be increased from their present nominal level of \$3,000 per director per annum (\$12,000 per annum in total for the four current directors).

In reviewing the CCFL Board fees, CCHL took account of current commercial fee levels (as evidenced the annual Institute of Directors/PricewaterhouseCoopers ("IOD/PWC") survey), and the statutory health and safety and environmental responsibilities associated with the very substantial assets under the Board's control.

Conversely, CCHL also took account of the structure of the CCFL/NCC agreement. The fact that NCC is responsible for most of the operational issues does provide the CCFL Board with a degree of separation from the day to day activities of the company, and CCHL considers that the level of directors' fees should reflect this.

As a comparison, fees of other smaller wholly-owned Council subsidiary companies are as follows:

City Care Ltd	Red Bus Ltd	Jade Stadium Ltd
Chairperson \$33,300	Chairperson \$34,000	Chairperson \$18,000
Director \$16,700	Director \$15,800	Director \$10,000
TOTAL \$100,000	TOTAL \$81,400	TOTAL \$78,000

Taking into account the above factors, CCHL considers that the fees for a CCFL director should be increased to \$10,000 per annum, and that the Chairperson's fees should be increased to \$20,000 per annum.

The recommendation was put to the meeting and declared **carried** on division no 1 by 9 votes to 2, the voting being as follows:

For (9): Councillors Anderton, Austin, Baker, Corbett, Crighton, Ganda, Harrow, Stewart and James.

Against (2): Councillors O'Rourke and Wright.

Recommendation:

1. That the total CCFL fees be increased to \$50,000 per annum from 1 January 2002 (the date the new governance arrangements came into effect), with the Chairman's fee being set at \$20,000 and ordinary directors set at \$10,000.
2. That, on appointment of a fifth director, the total fees be increased to \$60,000 per annum.

(Councillor Condon abstained from the discussion and voting on the above clause.)