

7. REVIEW OF CHRISTCHURCH CITY HOLDINGS LIMITED DIRECTORS FEES

General Manager responsible:	General Manager Regulation and Democracy Services, DDI 941-8549
Officer responsible:	General Manager Regulation and Democracy Services
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PURPOSE OF REPORT

1. The purpose of this report is to recommend an increase in the fees paid to the directors of Christchurch City Holdings Limited (CCHL).

EXECUTIVE SUMMARY

2. In September 2007 the Council adopted a revised policy on the appointment of directors and payment of remuneration to members of Council organisations.
3. Part of that revised policy provides that CCHL will recommend to the Council directors fees to be paid to the directors of CCHL, for approval by the Council.
4. Regarding the remuneration paid to CCHL directors the Council's 2007 policy of appointment and remuneration of directors provides:

"31. Periodically, normally every three years but more frequently if considered appropriate, CCHL will review the level of remuneration being paid to the boards of the CCTOs.

32. As part of this function, CCHL will also review the levels of fees considered appropriate for the CCHL board after the triennial Council elections.

33. The fees for CCHL directors will be assessed using the same methodology that is used for other CCTOs, with no distinction made between Non- Council and Council directors

34. CCHL will then report to the Council with a recommendation with regard to the level of fees for the CCHL board. When the Council considers this issue, those Councillors who are directors of CCHL or any other CCTO may not take part in discussions or vote on the issue except where a declaration permitting Councillors to discuss and vote on the issue has been granted by the Auditor-General.

35. CCHL will arrange and pay for directors' liability insurance, and indemnify each of the directors."

5. It will be noted that paragraph 33 of the policy provides that the fees for CCHL directors will be assessed using "same methodology" that is used for other Council Controlled Trading Organisations.

The "same methodology" referred to in paragraph 33 is set out in the Policy as follows:

62. In performing its review of remuneration, CCHL will take account of the following factors:

- (a) The need to attract and retain appropriately qualified directors.*
- (b) The levels of remuneration paid to comparable companies in New Zealand.*
- (c) The performance of the CCTO and any changes in the nature of its business.*
- (d) Any other relevant factors.*

63. In general, it is intended that boards of CCTOs will receive a level of remuneration that is competitive with the general market, while recognising that there will be differences from time to time, particularly in the period between reviews. Professional advice will be sought where necessary.

64. *Council directors will be entitled to receive normal directors fees due to this policy being based on all appointments being based on merit and directors being appointed to act in the interests of the company and not as representatives. It is considered that all directors on any board should be treated equally in recognition of the responsibility taken on by all directors to act in the interest of the company they serve. However, in the event of a Council or CCHL staff member being appointed to a CCTO board, the fees for that appointee shall either not be paid or be paid to the Council or CCHL, unless there are special circumstances. This reflects the employee being appointed as part of their existing position.*
6. Of particular relevance for the review of CCHL remuneration, is paragraph 62 which sets out the factors that CCHL will take into account in reviewing the remuneration, and paragraph 63 which provides that the boards of Council Controlled Organisations (and CCHL) will receive a level of remuneration that is competitive in the general market and professional advice will be sought where necessary.
7. CCHL has carried out an external review of its directors fees and a copy of that external review, together with a report from CCHL itself, is attached to this report.
8. As the attached report from CCHL states it has utilised the services of Price Waterhouse Coopers to assess the fees which need to be paid to the Council Controlled Organisations. CCHL is recommending that the Council approve a new level of fees for Christchurch City Holdings Limited of \$285,000 with effect from 1 December 2007.

RECOMMENDATION

It is recommended that the Council approve the level of fees for Christchurch City Holdings Limited being \$285,000 with effect from 1 December 2007.