

10. TRANSFER OF MISCELLANEOUS SHARES

Officer responsible Director of Finance	Author Bob Lineham, DDI 371-1411
---	--

The purpose of this report is to authorise the transfer of shares held in trust for the Council into Council ownership as a result of a change in company law.

BACKGROUND

When Christchurch City Holdings Limited and Redbus Limited were established there was a requirement in company legislation that every company had to have at least two shareholders. The revamp of the Companies Act in the mid 1990s removed this requirement.

In order to overcome the legal need for two shareholders in cases where the Council was essentially the 100% shareholder of its subsidiaries one share in each case was held by an individual or individuals. This was covered by a separate trust agreement which meant that these single shares were effectively held in trust for the Council.

While this has not caused any problems and could continue indefinitely it is an arrangement that with the effluxion of time could be overlooked when and if staff or advisers retire or change their status. It is a practical issue to tidy up now while the situation is clear and simple to deal with.

DETAIL

In the case of Christchurch City Holdings Limited the single share is held jointly by David Stock and the Director of Finance in trust for the Council. This share needs to be transferred into the name of the Council.

In the case of Redbus Limited, the single share is held by Peter Mitchell in trust for the Council. Since Redbus was established its ownership has been transferred to Christchurch City Holdings Limited and therefore the single share for Redbus should be transferred to CCHL so that the shareholding can be consolidated.

In a legal sense the proposed transfers can be authorised by the holders of the shares but in view of the trustee status of the arrangements it is prudent that the Council authorise the change.

- Recommendation:** That the Director of Finance be authorised to take the necessary action for:
1. The share in Christchurch City Holdings Limited to be transferred to Council for one dollar.
 2. The share in Redbus Limited to be transferred the Christchurch City Holdings Limited for one dollar.

Chairman's Recommendation: That the above recommendation be adopted.