



23. 9. 2004

**SUPPLEMENTARY REPORT BY THE CHAIR OF THE
STRATEGY AND FINANCE COMMITTEE**

PART A - MATTERS REQUIRING A COUNCIL DECISION

**1. APPOINTMENT OF COUNCILLOR DIRECTORS TO CHRISTCHURCH CITY HOLDINGS LIMITED
AND SUBSIDIARIES FOLLOWING THE ELECTIONS**

Officer responsible Chief Executive Officer	Author Bob Lineham, Chief Executive Officer - CCHL Ltd, DDI 941-9411
---	--

The purpose of this report is to advise the Council on the recommended process for the appointment of Councillor Directors to the CCHL Board immediately following the Council elections.

BACKGROUND

In May 2003 the Council adopted a new policy for the appointment of directors as required by the Local Government Act 2002. The complete policy is attached to this report.

As this policy has been formally adopted and published by the Council, it is important that a practical process for implementing it in relation to the Councillor appointments to CCHL be clearly understood and established before the new Council commences the process of allocation of roles to Councillors following the election.

Section 5 of the policy covers the appointment of CCHL directors as follows:

"A Council appointments committee, assisted by a specialist consultant will, after the triennial Council elections, interview all Councillors expressing an interest in appointment to the CCHL Board. This includes existing CCHL Councillor directors retiring by rotation and offering themselves for re-appointment.

Following the interviews, the committee will make its final recommendations to the Council. The report will be "public excluded" in order to protect the privacy of the individuals concerned. The Council will consider the report and make its decision.

Public announcement of the appointments will be made as soon as practicable after the Council has made its decision."

At the Council meeting on Thursday 27 May 2004 it was further resolved:

1. That the Council approve a restructuring of the CCHL Board, to be formally approved at the company's next Annual General Meeting, that would result in the Board comprising four Councillor directors and four commercial directors.
2. That, to facilitate the transition to the new structure, the Council approve the re-appointment of the current CCHL Chairperson as an external director and Chairperson for one year, following which the Chair of CCHL be a City Councillor.
3. That, in respect of Councillors who are directors of subsidiary companies (excluding CCHL), and are due to retire by rotation in February or March 2005, their positions be reviewed and filled in accordance with Section 4 of the Council's policy on the appointment and remuneration of directors.

DISCUSSION

It is important that the Council appointments committee comprises members who have experience in the selection of directors and it is preferable that all members of the committee have the confidence of the Council. Since this is a Council committee it will be necessary for at least one member of the committee to be a Councillor but other members can be co-opted from elsewhere. The CCHL Board has considered this issue and wishes to recommend to the Council that the appointments committee comprise Paddy Austin (Chair of CCHL and former Councillor), Alister James (former Councillor and retiring member of CCHL Board) and Craig Boyce, with David Stock as an alternate, (external CCHL board members) plus the Mayor.

1 Cont'd

Although the Mayor is likely to be seeking reappointment to the Board, he clearly has the experience and attributes which will qualify him for one of the positions. However, when his appointment is considered he will need to stand aside for that matter.

The appointments committee should be assisted by Mike Stenhouse of Sheffield Consulting who has assisted this process in the past and is experienced in assisting CCHL with the selection of directors for the subsidiary companies.

In accordance with the policy the appointments committee will make recommendations for final decision by the Council.

PROCESS FOR CCHL DIRECTOR APPOINTMENTS

Registrations of interest from Councillors who wish to be considered for appointment to the CCHL will be called for the four Councillor positions on the CCHL Board shortly after the inaugural meeting of the Council. The committee, with the assistance of the management consultant, will then consider those applications and make recommendations to the Council for approval.

Assuming the selection process can be completed in the time frame the Annual General Meeting of CCHL will be delayed until the new appointments have been approved and the new directors will take office following the annual meeting. The existing Board will remain in office until that time. However, the Annual General Meeting must be held before the end of December 2004.

APPOINTMENT OF DIRECTORS TO SUBSIDIARY COMPANY BOARDS

A number of existing Councillors are directors of subsidiary companies and have been appointed for specific terms. Most of these terms end in February/March 2005 with some being at the next subsequent AGM of the company.

The appointments policy (section 4) is quite clear that appointments to these boards will be subject to the criteria set out in the policy and there is no specific provision for the appointment of Councillors to the boards of these operating companies. Some Councillors may of course meet the criteria in the policy. The policy is based on the skills needs of each board and not on the basis of representation. This is in the interest of the efficient operation of the companies.

The policy provides for CCHL to review the composition of boards and where appropriate reappoint existing directors for a further term. CCHL will undertake this review of all director positions held by current Councillors at the time that the appointments expire and in accordance with the policy exercise the right to reappoint where appropriate. As provided by the policy, any new appointments will be recommended to the Council for approval.

Chair's

Recommendation: That this report be referred to the Inaugural meeting of the new Council with the following recommendation:

1. That an appointments committee be appointed to recommend to the Council the appointment of four Councillors to the CCHL Board in accordance with Section 5 of the Policy on Appointment and Remuneration of Directors.
2. That the members of the committee be the Mayor, Paddy Austin, Alister James and Craig Boyce, (with David Stock as an alternate).

CONSIDERED THIS 23RD DAY OF SEPTEMBER 2004

MAYOR