

Report 00.344
20 May 2000
File: CFO/9/1/1

Report to the Policy and Finance Committee
from Stuart Macaskill, Chairman

Composition of Board of Directors – Port Investments Ltd

1. Purpose

To seek approval from the Committee to rescind a decision made on 18 May 1999 in relation to the composition of the Board of Directors of Port Investments Ltd (a 100% owned subsidiary company).

2. Background

On 18 May 1999 the Committee considered report 99.218 in relation to the size and composition of the Boards of Directors of Council's LATEs.

At that meeting the Committee resolved the following:

- (1) *That the report be received and the contents noted.*
- (2) *That the Committee recommend to the Council that it approve the following Board sizes/composition for each of Council's 100% owned subsidiaries:*

WRC Holdings Limited

- *Stuart Macaskill (Company Chairman)*
- *Margaret Shields*
- *Euan McQueen*
- *Jim Rowe*
- *Alison Lawson*

Pringle House Limited

- *Stuart Macaskill (Company Chairman)*
- *Margaret Shields*

- *Euan McQueen*
- *Jim Rowe*
- *Alison Lawson*

Port Investments Ltd

- *Stuart Macaskill (Company Chairman)*
- *Margaret Shields*
- *Euan McQueen*
- *Jim Rowe*
- *New appointee (Alison Lawson to continue to act until a suitable replacement is found)*

- (3) *That the Committee recommend to Council that it:*
- (a) *note that the Directors of WRC Holdings Limited will need to pass a special resolution to amend the Constitution of Pringle House Limited, increasing the size of the Board from a minimum and maximum of 4, to a minimum of 4 and a maximum of 5;*
- (b) *authorise the Chief Financial Officer to provide the Directors of WRC Holdings Limited with Council's consent to the constitutional amendment.*
- (4) *That the Committee recommend to Council that it:*
- (a) *authorise the Chairman to identify a shortlist of suitable external candidates for the position of Director of Port Investments Limited; and*
- (b) *note that the Chairman will seek Council approval of the preferred candidate prior to the appointment being made.*
- (5) *That the Committee note that the Chairman will report back to a future meeting of the Policy and Finance Committee in respect of Directors' fees for the 1999/00 year once the advice of the Institute of Directors has been received.*

The Committee's recommendations were adopted by Council on 18 May 1999.

3. **Comment**

All resolutions have been put into effect with the exception of resolution #4. (Identifying a replacement Director for Port Investments Ltd) In this respect Alison Lawson continues to serve as a Director on the Board of Port Investments Ltd.

Having now been up and running with the new Board structure for approximately 12 months, it is clear that the current governance arrangements are working well. The Council's Port Company investment continues to

perform very well and returns to the Council (by way of dividends and subvention payments) are at record levels.

From a practical point of view, the Directors' meetings of the Council's 100% owned LATEs are all held together and there is clearly synergy in having a commonality of Directors across all three companies (WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd).

On reflection, officers are now questioning the need to change one of the five Directors of Port Investments Ltd as each triennium the composition of the Boards of all companies will be reviewed anyway. This is due to the fact that two of the five directorships are filled by virtue of their position (Council Chairperson, Deputy Chairperson).

This, coupled with the points noted above, suggest that appointment of an external director in place of Alison Lawson is unnecessary, and in fact may also be undesirable from a practical point of view.

4. **Communications**

Not necessary.

5. **Recommendations**

- (1) *That the report be received and the contents noted.*
- (2) *That the Committee recommend to Council that it*
 - (a) *rescind its decision of 18 May 1999 in relation to the appointment a new Director to the Board of Port Investments Ltd and agree that the current Board should continue.*
 - (b) *note that the directorships of all 100% owned Council companies will be reviewed by the Council at an early opportunity after the 2001 local body election.*

STUART MACASKILL
Chairman