



## PUBLIC EXCLUDED

Report PE04.137  
Date 11 March 2004  
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Committee Policy, Finance and Strategy  
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## Composition of Board of Directors - WRC Holdings Group

### 1. Purpose

To advise the Committee of the current composition of the Boards of Directors of WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd and to seek direction in relation to the position of Mr Macaskill, post 30 April 2004.

### 2. Public Excluded

Grounds for exclusion of the public under section 48 (1) of the Local Government Official Information and Meeting Act are:

*That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists, i.e. to protect the privacy of natural persons.*

### 3. Background

On 23 April 2002 the Council considered report PE02.211 (refer **Attachment 1**) and approved the following resolutions in relation to the appointment of directors:

- (1) As sole shareholder of WRC Holdings Ltd, resolve as a Special Resolution that Terence McDavitt, Richard Long, Anne Blackburn and Stuart Macaskill be appointed as Directors of WRC Holdings Ltd with effect from 1 May 2002.

[N.B: The Council has previously determined that the Council Chairperson be a Director and Chairperson of the WRC Holdings group of companies, refer report PE.02.4]

- (2) Confirm the appointments be for terms of three years from 1 May 2002, except for Mr Macaskill whose appointment be for a term of two years to 30 April 2004.

- (3) Notes that WRC Holdings Ltd, as sole shareholder of Pringle House Ltd and Port Investments Ltd, will need to resolve as a Special Resolution that Terence McDavitt, Richard Long, Anne Blackburn and Stuart Macaskill be appointed as Directors of Pringle House Ltd and Port Investments Ltd with effect from 1 May 2002 for the same terms as in resolution (2) above.

In report PE02.211 the Council Chairperson noted “the screening group is also of the view that continuity would best be achieved by retaining the services of Mr Macaskill for a term of two years when the position could again be reviewed and provide an opportunity for a further injection of a new face at the Board table”.

That two year period is due to expire on 30 April 2004 so it is now appropriate to review the ongoing position of Mr Macaskill as a Director.

#### 4. **Comment**

It is appropriate at this time that the Committee reconsider this matter in the context of the following:

- Early in each triennium it is normal for the Council to consider the composition of the Boards of Directors of the WRC Holdings group of companies, in conjunction with consideration of the composition of Council’s Committees.
- The Boards of the three companies have been functioning effectively since they were established on 1 May 2002.
- The Council’s policy on the appointment and remuneration of Directors (refer **Attachment 2**).
- The Constitutions of the three companies provide for a minimum of four directors. However, the Constitutions also require at least two of the Directors to be persons who are neither members of a shareholding local authority (i.e. Councillors) or persons employed by a shareholding local authority. Although no longer a legal requirement, since the passing of the Local Government Act 2002, I think it is useful to continue to have a mix of Councillors and external Directors on the Board of each of the companies.

As I see it, the options facing the Committee are as follows:

- Commence a search for a replacement for Mr Macaskill to serve on the Boards of Directors of the WRC Holdings group of companies to take effect from 1 May 2004 or as soon as practicable thereafter (to have either a one year or a four year term to tie in with the Council’s normal review and appointment cycle).
- Extend the term of Mr Macaskill for one further year until 30 April 2005 to line up with the term for the balance of the Board.

- Let Mr Macaskill's term as a Director end on 30 April 2004 and change the Company Constitutions of the three companies to remove the requirement for at least two external Directors.

Given the Boards must have at least two external Directors per the company constitutions, doing nothing is not an option unless the Constitutions were to be changed. Changing company Constitutions will require both the Council and the companies to seek legal advice.

Direction is now sought from the Committee on which option it wishes to pursue.

## 5. Recommendations

*That the Committee recommend to Council that it:*

- (1) *Receive the report and note its contents.*
- (2) *Agree to:*
  - (a) *commence a search for a replacement for Mr Macaskill to serve on the Boards of Directors of WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd, to take effect 1 May 2004 or as soon as practicable thereafter, (to have either a one year or a four year term to coincide with the Council's normal review and appointment cycle); or*
  - (b) *extend the term of Mr Macaskill for one further year until 30 April 2005 to line up with the term for the balance of the Board; or*
  - (c) *let Mr Macaskill's term as Director end on 30 April 2004 and change the Company Constitutions to remove the requirement to have at least two external Directors on the Boards of WRC Holdings Ltd, Pringle House Ltd and Port Investments Ltd.*

Report prepared by:

**Greg Schollum**  
Chief Financial Officer

**Attachment 1:** Report PE02.211

**Attachment 2:** Council Policy on the appointment and remuneration of Directors