

**Report 99.342**  
21 June 1999  
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Report to the Policy and Finance Committee  
from Stuart Macaskill, Chairman

## **Directors' Fees – Council LATE's**

### **1. Purpose**

To seek approval from the Committee for the proposed Directors' fees relating to Council's 100% owned companies.

### **2. Background**

At the Policy and Finance Committee meeting on 18 May 1999 the Committee considered report 99.218 from the Chief Financial Officer in relation to the size and composition of Boards of Directors of Council's 100% owned companies:

- WRC Holdings ltd
- Pringle House Ltd
- Port Investments Ltd

The Committee resolved:

*“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 1999/2000 year once the advice of the Institute of Directors has been received.”*

### **3. Directors' Fees**

#### **3.1 Elected Council Representatives**

The Chief Financial Officer signalled in report 99.218 that elected Council representatives currently receive Directors' fees at Council's daily allowance rate (except where otherwise remunerated, such as is the case with the Chairman or where there is a Council or Committee meeting on the same day). I believe that this is the appropriate payment basis and I am recommending that our current practice is continued with. In this way Company directorships of elected members will continue to be seen the same way as Committee memberships.

#### **3.2 External Appointees**

Currently external Directors also receive daily allowances at the same rate as the elected Council representatives.

As signalled by the Chief Financial Officer in report 99.218, I intend to recommend that in future our external director appointees receive fees more consistent with market rates.

Discussions have been held with the Institute of Directors and the following are considered to be reasonable estimates of the market value of Directorships in the following companies:

WRC Holdings Ltd	\$7,500 per director per annum
Pringle House Ltd	\$5,000 per director per annum
Port Investments Ltd	\$7,500 per director per annum

However, there are clearly synergies between the three companies and, in fact, our current practice has been to run directors' meetings of the companies together.

Therefore in my view it is not appropriate to treat the directorships in strict isolation when an individual director serves on more than one company board.

I am therefore proposing that the fee scale reflects the economies of scale issues.

### **4 Recommendations**

(1) *That the report be received and the contents noted.*

- (2) *That the Committee recommend to Council that it approve the following scale of Directors' fees for the 1999/2000 year in relation to external directors:*

<i>Directorship of 1 of Council's 100% owned companies</i>	<i>\$ 7,500</i>
<i>Directorship of 2 of Council's 100% owned companies</i>	<i>\$10,000</i>
<i>Directorship of 3 of Council's 100% owned companies</i>	<i>\$12,500</i>

STUART MACASKILL  
Chairman