

Report No:	RFN11-08-16
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Report Date:	9 August 2011
Decision Required	

Report to: Corporate Services Committee
Meeting Date: 18 August 2011
Report Author Bryce Grammer, Financial Accountant

Subject: **Port Golden Bay Ltd Council-Controlled Organisation
Exemption – RFN11-08-16**

1. Purpose

- 1.1 To consider exempting Port Golden Bay Ltd from the Council Controlled Organisation requirements under the Local Government Act 2002 (The Act).

2. Background

- 2.1 Sections 64-70 of the Act detail the legislative requirements of a council-controlled organisation (CCO) including reporting and disclosures. Section 7(3) allows Council to exempt small organisations that are not a trading organisation from being a CCO, and therefore from being subject to the legislative obligations.
- 2.2 Under s7 (6)(b) these exemptions are required to be reviewed at intervals of not less than three years.

3. Present Situation/Matters to be Considered

- 3.1 A CCO (as defined under Section 6 of the Act) is an organisation in which the Tasman District Council, either on its own or jointly with other local authorities, has the right directly or indirectly to appoint 50% or more of the trustees, directors or managers of the organisation.
- 3.2 Under this definition, Port Golden Bay Ltd is deemed to be a CCO and would be subject to the prescribed monitoring regime set out in the Act. Section 64-70 of the Act imposes reporting requirements on these CCOs such as requiring statements of intent, half yearly reporting, annual public reporting etc.

- 3.3 Section 7 of the Act allows the Council to exempt a small organisation for the purposes of Section 6(4)(i), after having taken account of:
- a) the nature and scope of the activities provided by the organisation, and
 - b) the costs and benefits, if an exemption is granted, to the Council, the CCO and the community.
- 3.4 Port Golden Bay Ltd was incorporated on 10 April 2010. It does not trade, and was set up for name protection purposes only.

4. Financial/Budgetary Considerations

- 4.1 Exempting Port Golden Bay Ltd would mean that there will be no requirement:
- to produce an annual statement of corporate intent, incorporating measures by which the Council can assess the achievement of its objectives
 - to submit to the Council a half yearly report on its operations
 - to submit to the Council, and make available to the public, an annual report on its operations
 - to submit its annual report for audit by an auditor appointed by the Auditor-General.
- 4.2 Being exempted from these requirements will relieve Port Golden Bay of a significant additional administrative and cost burden.
- 4.3 An exemption is required to be granted by resolution of the Council and must be reviewed every three years.

5. Options

- 5.1 Exempt Port Golden Bay Ltd from the Council Controlled Organisation requirements under the Local Government Act 2002 (The Act).
- Being exempted from these requirements will relieve Port Golden Bay of a significant additional administrative and cost burden.
- 5.2 Decline to exempt Port Golden Bay Ltd from the Council Controlled Organisation requirements under the Local Government Act 2002 (The Act).
- If this option is preferred, additional administration costs will be incurred for arguably no benefit to Council.

6. Significance

- 6.1 This report is not considered significant in accordance with Council's significance policy.

7. Recommendation/s

- 7.1 That for the 2010/2011 financial year, Council resolves to exempt Port Golden Bay Ltd from the requirements of a council controlled organisation, as permitted under section 7 of the Local Government Act 2002 and that this exemption be reviewed on an annual basis.

8. Draft Resolution

THAT the Corporate Services Committee:

- a) receives the Port Golden Bay Council-Controlled Organisation Exemption Report (RFN11-08-16) and;**
- b) approves that for the 2010/2011 financial year, Port Golden Bay Ltd be exempt from the requirements of a council controlled organisation, as permitted under section 7 of the Local Government Act 2002 and that this exemption be reviewed on an annual basis.**