

Mayor and Councillors
COUNCIL

11 NOVEMBER 2010

Meeting Status : Public

Purpose of Report: For Decision

EXEMPTION TO THE DEFINITION OF COUNCIL CONTROLLED ORGANISATIONS

PURPOSE OF REPORT

- 1 This report seeks Council's approval to grant exemption to the Kapiti Community Centre Incorporated from the definition of 'council-controlled organisation' under section 7(4) of the Local Government Act 2002.

SIGNIFICANCE OF DECISION

- 2 This report does not trigger the Council's Significance Policy.

BACKGROUND

- 3 Under section 6 of the Local Government Act 2002, a council-controlled organisation is defined as an entity in which Council has the right to either appoint 50% or more of the directors, trustees or managers of the organisation or holds 50% or more of the voting rights at any meeting of the organisation.
- 4 The only entity identified which qualifies under this definition is the Kapiti Community Centre Incorporated.
- 5 Part 5 of the Local Government Act 2002 further establishes requirements for governance and accountability of such an organisation. The requirements included the production of consolidated audited financial reports. Under the Public Audit Act 2001 a council-controlled entity must be audited by the Office of the Auditor-General.

CONSIDERATIONS

Issues

- 6 In terms of compliance costs these and other requirements under Part 5 of the Local Government Act 2002 and the Public Audit Act 2001 are prohibitive for a small entity such as the Kapiti Community Centre Incorporated.
- 7 In a letter dated 17 May 2002 the Office of the Auditor-General agreed to exempt the Kapiti Community Centre Incorporated from the requirement to be audited by their office as long as the Centre continued to resolve to have their accounts reviewed rather than audited. The accounts are currently prepared and reviewed by the Kāpiti Coast District Council at no charge.

- 8 In order for this exemption to extend to the rules under the Local Government Act 2002, Council must resolve to grant the Kapiti Community Centre Incorporated an exemption from the definition of council-controlled organisation under section 7(3-7) of the Act, which provides for such an exemption after taking into consideration:
- The nature and scope of the activities provided by the organisation; and
 - The costs and benefits to the local authority, the council-controlled organisation and the community.
- 9 The exemption must be reviewed every three years and can be revoked at any time.

Financial Considerations

- 10 There would be additional costs for the Kapiti Community Centre Inc involving audit fees if it was not declared exempt.

Legal Considerations

- 11 Exemptions to the definition of council-controlled organisations are allowable under Section 7(4) of the Local Government Act 2002.

Delegation

- 12 Council has not delegated this matter to any other body.

Consultation and Policy Implications

- 13 There are no policy, publicity or other considerations.

RECOMMENDATIONS

- 14 That Council grants exemption to the Kapiti Community Centre Incorporated from the definition of ‘council-controlled organisation’ under section 7(4) of the Local Government Act 2002.

Report prepared by:

Approved for submission by:

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