

Mayor and Councillors
COUNCIL

12 DECEMBER 2013

Meeting Status: **Public**

Purpose of Report: For Decision

EXEMPTION TO THE DEFINITION OF COUNCIL CONTROLLED ORGANISATION

PURPOSE OF REPORT

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

SIGNIFICANCE OF DECISION

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

BACKGROUND

- 3 Under section 6 of the Act 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 Te Newhanga Kapiti Community Centre Incorporated.
- 5 Part 5 of the Act further establishes requirements for governance and accountability of such an organisation. The requirements include 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 Act and the Public Audit Act 2001 are prohibitive for a small entity such as the Te Newhanga 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 Act Council must resolve to grant the Centre an exemption from the definition of council-controlled organisation under section 7 (3-7) of the Act.

- 9 Under this section a local authority may resolve to exempt a small organisation, taking into consideration:
- (a) the nature and scope of the activities provided by the organisation;
 - (b) the costs and benefits of an exemption to all parties, if granted.
- 10 The exemption has been reviewed and granted by successive councils at the beginning of each triennium since 2003. If granted, the exemption can be revoked at any time.

Financial Considerations

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

Legal Considerations

- 12 There are no additional legal considerations.

Delegation

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

Consultation, Policy and Publicity Considerations

- 14 There are no consultation, policy or publicity consideration.

Tāngata Whenua Considerations

- 15 There are no tāngata whenua considerations.

RECOMMENDATIONS

- 16 That the Council approves an exemption for the Te Newhanga Kapiti Community Centre Incorporated from the definition of 'council-controlled organisation' under section 7(4) of the Local Government Act 2002.

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