
REPORT 2

**EXEMPTION OF A COUNCIL CONTROLLED
ORGANISATION FROM THE STATUTORY MONITORING
REGIME: THE HUTT MINOH HOUSE FRIENDSHIP TRUST**

1. Purpose of report

To seek Council approval to extend the exemption of a Council Controlled Organisation (CCO) from the statutory monitoring regime set out in the Local Government Act 2002 (LGA or the Act).

2. Executive summary

Under Section 6(4)(i) of the Local Government Act 2002, an organisation is not a CCO if it is exempted under Section 7 of the Act. The Hutt Minoh House Friendship Trust is deemed to be a CCO and would normally be subject to the prescribed monitoring regime set out in the LGA. However, Section 7 of the Act allows the Council to exempt a small organisation. The exemption is required to be granted by resolution of the Council and must be reviewed every three years.

3. Recommendations

Officers recommend that the Council:

- 1. Receive the information.*
- 2. Agree in accordance with the provisions of Section 7 of the Local Government Act 2002 to treat the Hutt Minoh House Friendship Trust as an exempted organisation for the purpose of compliance with Section 6(4)(i) of the same Act.*

4. Background

A CCO is one in respect of which the City 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.

Under this definition, the Hutt Minoh House Friendship Trust is deemed a CCO and would be subject to the prescribed monitoring regime set out in the LGA. However, Section 6(4)(i) of the Act provides that an organisation is not a CCO if it is exempted under Section 7. Section 7 allows the Council to exempt a small organisation for the purposes of Section 6(4)(i), after having taken account of:

- the nature and scope of the activities provided by the organisation, and

- the costs and benefits, if an exemption is granted, to the Council, the CCO and the community.

The exemption is required to be granted by resolution of the Council and must be reviewed every three years. The benefits of exemption are:

For the entity

There will be no requirement:

- a) to produce an annual Statement of Intent, incorporating measures by which the Council can assess the achievement of its objectives;
- b) to submit to the Council a half yearly report on its operations;
- c) to submit to the Council, and make available to the public, an annual report on its operations; and
- d) to submit its annual report for audit.

Being exempted from these requirements will relieve the Hutt Minoh House Friendship Trust of a significant additional administrative and cost burden.

For the Council

There will be no requirement to:

- a) set the Council's key performance objectives for the entity (which have not been considered); and
- b) monitor the performance of the entity to evaluate its contribution to the achievement of the Council's strategic aims and outcomes (which, even if relevant, is small).

With the addition of an Upper Hutt City Council representative on this Trust (and a vacancy for one of the other trustee roles), this Trust is deemed to be a CCO. Accordingly, this report seeks a section 7 exemption for three years to 7 May 2017. The other councils will be seeking a similar exemption.

5. Discussion

The Hutt Minoh House Friendship Trust is a charitable trust that aims to develop and sponsor Japanese education and cultural awareness, and to support community programmes that benefit and contribute to the relationships between the people of the Greater Wellington region and their Japanese sister cities: Minoh City, Nishio City and Sakai City. In particular, the Trust awards grants to projects that contribute to the promotion of Japanese culture. It is considered a CCO by virtue of the trust deed (amended in 2013) having four elected member representatives (from Wellington City Council, Porirua City Council, Hutt City Council and Upper Hutt City Council) out of the current eight trustees.

The nature and scope of the Trust's activities are neither material nor significant in terms of contribution to the Council's strategic objectives or from a public profile viewpoint. For the year ended 31 December 2013, the Trust's total assets were \$87,197, total income was \$23,033 and total expenditure was \$19,457 (not including \$8,880 of community grants).

6. Conclusion

On the basis of the criteria set out in Section 7 of the Act, the Hutt Minoh House Friendship Trust continues to be an ideal candidate for exemption from the provisions of the CCO monitoring regime. It is appropriate that the Council resolves to treat it as an exempted organisation in compliance with Section 6(4)(i) of the Act.

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SUPPORTING INFORMATION

1) Strategic fit / Strategic outcome

Even as a council controlled organisation, the small size of the trust referred to means it does not contribute significantly to the Council's strategic objectives. This supports the exemption recommendation as outlined in the report.

2) LTP/Annual Plan reference and long term financial impact

N/A

3) Treaty of Waitangi considerations

N/A

4) Decision-making

This is not a significant decision.

5) Consultation

a) General consultation

N/A

b) Consultation with Maori

N/A

6) Legal implications

N/A

7) Consistency with existing policy

This is consistent with Council policy.