

10. CANTERBURY ECONOMIC DEVELOPMENT FUND: AMENDMENT OF TRUST

General Manager responsible:	Director of Strategic Investment
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PURPOSE OF REPORT

1. The purpose of this report is to obtain the Council's approval of proposed changes to the trust deed for the Canterbury Economic Development Fund (CEDF), to clarify the purpose of the Fund and the relationship with the trustee of the Fund.

EXECUTIVE SUMMARY

2. The Canterbury Economic Development Fund was set up by the Council to distribute funds allocated by the Council from the Capital Endowment Fund to projects which will promote sustainable employment opportunities in Canterbury and generate economic transformation and sustainable economic benefits for the region. The current trustee of the fund is the Canterbury Development Corporation (CDC).
3. The CDC has been concerned that they are both the trustee of CEDF and also a promoter of applications, and sometimes an interested party in applications to the fund for assistance. They have taken legal advice on the appropriateness of CDC continuing to act as a trustee and it is now proposed that a new company be set up called CEDF Trustee Limited which would become the trustee. The sole shareholder of CEDF Trustee Limited will be CDC with CDC controlling the appointment of directors to the company.
4. The CDC has also requested the Council to approve a change in the trust deed to make it clear that CEDF has power to make loans and subscribe for shares in fledgling companies. Such transactions comprise a substantial part of the CEDF's existing operation and although the trust has general powers of distribution it would prefer to have explicit provision for these two types of transaction.

FINANCIAL AND LEGAL CONSIDERATIONS

5. The CDC has taken legal advice on this matter from Tomlinson and Paull and the legal opinions are laid on the table.
6. Under the Trustee Act 1956, the CDC as the current trustee, has the power to appoint a new trustee but it wishes to obtain approval from the Council as settlor of the CEDF trust.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Approve the CDC forming a new company called CEDF Trustee Limited and transferring its trusteeship of CEDF to that company.
- (b) Approve a variation to the CEDF trust deed to allow for the trust to make loans and subscribe for shares (of any class) in any company.