

## 12. IMPACT OF CHANGES TO RECOVERED MATERIALS FOUNDATION (RMF) BOARD OF TRUSTEES

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The purpose of this report is to advise the Subcommittee of some of the implications of the new structure of the RMF.

### BACKGROUND

In 2003 the RMF amended its Trust Deed to remove provisions for trustee appointments which were redundant, and to make provision for the appointment of two additional trustees by Canterbury councils, other than the Christchurch City Council (which already appoints two trustees), through the Canterbury Waste Subcommittee. Subsequently Councillor Robbie Brine and Mr John Stroh were appointed to the Board through this process.

With the changes reflected in the Local Government Act 2002 (LGA 2002) and the pending introduction by central government of a Charities Commission, a number of issues regarding this new structure have arisen.

The new RMF board structure is outlined in the following table.

<b>Organisation</b>	<b>Number of Appointments</b>	<b>Appointed By</b>	<b>Local Authority Appointment</b>
CCC	2	CCC	Direct
CWSC	2	CWSC	Direct
CDC	1	CDC	<b>Direct</b> <sup>1</sup>
Canterbury Manufacturers' Assn	1	CMA	No
CECC	1	CECC	No
Recycling Industry	1	RMF Board	Indirect

As a consequence of this restructure the RMF has now moved from being a Council Organisation (CO) to a Council Controlled Organisation (CCO). With the possibility that it could, in the future, be considered a Council Controlled Trading Organisation (CCTO) as a result of its trading and potentially profit making activities.

Should the RMF be considered a CCTO there is a strong likelihood that the (yet to be formed) Charities Commission will question the charitable (and therefore tax free) status of the organisation. This would have a significant negative impact on the RMF's ability to achieve its objectives.

In order to avoid this situation the RMF is considering revising its new board structure to reduce the number of local authority appointments and increase the number of direct appointments by other bodies. This is likely to involve:

- (a) Removing the CDC's right to appoint directly.
- (b) Reducing the number of appointments by CWSC to one.
- (c) Identifying another independent organisation to appoint directly to the board.
- (d) Identifying an independent recycling organisation (eg RONZ) to appoint directly to the board.

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<sup>1</sup> Legal advice indicates that CDC should be considered a local authority appointment for the purposes of the LGA 2002

The proposed changes would result in the following Board structure.

Organisation	Number of Appointments	Appointed By	Local Authority Appointment
CCC	2	CCC	Direct
CWSC	1	CWSC	Direct
Canterbury Manufacturers' Assn	1	CMA	No
New Organisation	1	???	No
CECC	1	CECC	No
Recycling Industry (e.g. RONZ)	1	???	No
General Business Community	1	RMF Board	No longer indirect

It is proposed that the CWSC appointed trustee would be nominated from within the Transwaste shareholding local authorities. The new organisation would nominate a representative from the Southern Canterbury region.

**Recommendation:** For information/discussion.

**Chairman's**

**Recommendation:** That the Canterbury Waste Subcommittee resolve to agree to reduce its direct appointments from two to one trustee, on the basis that the CWSC appointment be made jointly by the Transwaste Canterbury Ltd shareholder councils (except Christchurch City) through the CWSC, and on the further basis that an independent non-council organisation be identified to make another appointment to represent the South Canterbury sub-region.