

34. CENTRAL PLAINS WATER TRUST – NOTICE OF MOTION

General Manager responsible:	Director of Strategic Investment
Officer responsible:	Director of Strategic Investment
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PURPOSE OF REPORT

1. The purpose of this report is to provide information to the Council in response to the Notice of Motion given by Councillor Broughton, regarding the accounts for Central Plains Water Trust and the monitoring of Council Controlled Organisations.

BACKGROUND

2. The Central Plains Water Trust (CPWT) is a Council Controlled Organisation (CCO) in terms of the Local Government Act, due to the ability of local authorities (Christchurch City Council and Selwyn District Council) to jointly appoint the majority of the Trustees.
3. The Trust has formed a company beneath the Trust called Central Plains Water Limited (CPWL) which is not a Council Controlled Organisation as the shares held by the two Councils are limited and the majority are held by farmers who subscribed for the share float late last year.
4. Councillor Broughton's Notice of Motion reads as follows:
 1. *That Christchurch City Council seek an explanation from Central Plains Water Trust, a Council Controlled Organisation, regarding their failure to furnish an audited annual report by 30 September as required under Section 67 of the Local Government Act .*
 2. *That staff provide a report on the Council's internal mechanisms for monitoring Council Controlled Organisations.*

DELAYED REPORTING

5. CPWT have now completed their annual report and forwarded it to the Council. It was received last week. A copy is attached to this report. The report is dated 25 November 2005 and has an unqualified audit report. Included in a note in the accounts is an acknowledgment that there has been a breach of Section 67 of the Local Government Act in that the audited report was not available by 30 September as required.
6. I have discussed this report with Audit New Zealand and it appears that they were unable to sign off the accounts by the statutory date because they needed information from the accounts of CPWL in order to be able to verify the income stream for the Trust from CPWL. These accounts were not available until 5 October and as the statutory deadline was missed by that stage they were not given a high priority. The accounting for both entities is done by the Selwyn District Council and with their limited resources there were unavoidable delays. In addition, Audit New Zealand needed to consult the Auditor General's office regarding an interpretation of how to report against performance measures and this took some time. While the Trust is ultimately responsible for producing its accounts by due date, I do not believe that on this occasion the delay was caused by the Trust itself.

MONITORING PROCESSES

7. CPWT is effectively the only CCO which this Council has, apart from the companies which are all monitored and reported on by CCHL.
8. A current exception to this is Canterbury Museum but the Council has approved an application being made to the Minister of Local Government to get exemption for the Museum from the CCO provisions and that application is with the Minister now and a positive response is expected in due course. In the meantime, the Museum continues to report according to the accountability regime set down in the Canterbury Museum Trust Board Act.

9. As has been noted above there is only one CCO to be monitored and this is CPWT. This and the Museum are informally monitored by the Director of Strategic Investment on behalf of the Council and any unusual issues would be reported to the Council. There are no formally established protocols for reporting to the Council, apart from the approval of the Statements of Intent for these two entities, which requires Council approval.

CONCLUSIONS

10. Although there was a technical breach of a reporting deadline by CPWT this has not been deliberate and was outside the control of the Trust itself. The Trust has acknowledged this breach in its annual report and there has been no detrimental impact and therefore in my view there is no need to seek further explanation from the Trust.
11. Quarterly reporting by CPWT rarely highlights significant issues and the Museum is only required to report annually. In order that the Council can continue to focus on strategic issues, I do not consider that it is necessary for these reports to be considered formally by the Council. Council staff should continue to carry out the monitoring and report only when there are significant matters which warrant Council attention. Annual Reports should be circulated direct to all Councillors. Statements of Intent must continue to be approved by Council.

STAFF RECOMMENDATIONS

It is recommended that the Council:

- (a) Take no further action with respect to the late annual report from Central Plains Water Trust for the year ended 30 June 2005.
- (b) Agree that staff monitor quarterly and annual reports from CCOs and report on an exception basis when significant issues arise.
- (c) Approve Statements of Intent from all Council Controlled Organisations and the Museum.