

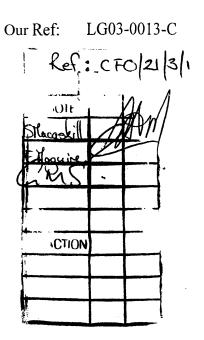
OFFICE OF THE

CONTROLLER AND AUDITOR-GENERAL

Te Mana Arotake

30 April 2001

Mr Stuart Macaskill Chairman Wellington Regional Council P O Box 11 646 WELLINGTON



Dear Stuart

LOCAL AUTHORITY GOVERNANCE OF SUBSIDIARY ENTITIES

Thank you for your letter of 19 April 2001.

You have asked for our clarification in relation to the Council's General Manager also being a director of CentrePort.

In paragraph 220 of our recent report, *Local Authority Governance of Subsidiary Entities, we* expressed the view that;

"The CEO take no part in the internal governance of subsidiary entities. This ensures that the CEO is independent when assessing entity performance against expectations and providing independent strategic advice to the council. In many local authorities this advisory role wil! be delegated to local authority managers. For similar reasons, local authority employees should not, as a rule, sit on the governing bodies of such organisations."

It is understood that your Council is aware of the possibility of a conflict of interest situation and as a result has delegated the role of Chief Adviser to the Council on Port matters to the Chief Financial Officer. In addition, there is a formal monitoring role undertaken by Port Investments Limited.

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Level 5, 48 Mulgrave Street, PO Box 3928, Wellington, New Zealand Telephone: 64-4-9 17 1500 – Facsimile: 64-4-9 17 1549 We have no reason to change the views expressed in our recent report but acknowledge at the same time it is over to each individual Council to ascertain the most appropriate governance/monitoring regime to protect Council's interests. Other than expressing our views on best practice it is not our intention to pursue the issue any further.

Yours sincerely

Kevin Brady Deputy Auditor-General