

House of Representatives

Supplementary Order Paper

Wednesday, 13 April 2022

Local Government (Pecuniary Interests Register) Amendment Bill

Proposed amendments

Simon Court, in Committee, to move the following amendments:

Clause 4

In *clause 4, new section 54A(1)(c)*, replace “.” (page 6, line 4) with “; and”.

In *clause 4, new section 54A(1)*, after *paragraph (c)* (page 6, after line 4), insert:

- (d) members of a—
 - (i) council-controlled organisation:
 - (ii) council organisation.

In *clause 4, new section 54A*, after *subsection (1)* (page 6, after line 4), insert:

- (1A) For the purposes of **subsection (1)(d), members**, in relation to a council-controlled organisation or council organisation, means the chairperson, directors, the chief executive, and executives who report directly to the chief executive (however described) of the organisation.

In *clause 4, new section 54C(1)*, replace “**or (c)**” (page 6, line 23) with “**(c), or (d)**”.

Explanatory note

This Supplementary Order Paper amends the Local Government (Pecuniary Interests Register) Amendment Bill. The aim of this amendment is to further improve the transparency of local authorities and their decision making by extending the Bill requirements to notify and declare pecuniary interests to include individuals appointed to the board of a council-controlled organisation (CCO) as the chair, a director, a chief executive, and any executives reporting to the chief executive.

**Proposed amendments to
Local Government (Pecuniary Interests Register)
Amendment Bill**

SOP No 150

A CCO board and executive team has decision-making responsibility over significant aspects of local authority services delivery, including procurement of long-term and short-term contracts. CCOs operate a wide range of businesses engaged in road construction and road maintenance, facilities management, waste disposal, airports, events and exhibition venues, and property development.

There have been frequent cases of corruption and fraud perpetrated by senior executives in CCOs, often continuing for many years prior to being detected. Some of these cases involved procuring contracts and services from entities that they had a pecuniary interest in, thereby receiving benefits from them at the expense of ratepayers and other private sector competitors. Requiring board members and senior executives to declare pecuniary interests, in addition to elected members, will strengthen public trust and confidence in local government processes and decision making.

Note:

The Act defines council organisations, CCOs, and council-controlled trading organisations (**CCTOs**):

- A council organisation is the broadest category. It is an entity in which a local authority has any ownership interest whatsoever.
- A CCO is an entity in which one or more local authorities control 50% or more of the voting rights or appoint 50% or more of the members of the governing body. A CCO can be a company, trust, partnership, incorporated society, joint venture, or other similar profit-sharing arrangement.
- A CCO that operates a trading undertaking for the purpose of making a profit is referred to as a CCTO. Not-for-profit entities are CCOs.

The definition of CCO excludes port companies, energy companies, electricity lines businesses and their parent trusts, and several other named entities in the Local Government Act 2002.