

COUNCIL-CONTROLLED ORGANISATIONS

The Local Government Act 2002 requires the Council to include in the LTCCP information on Council-Controlled Organisations (CCO).

This includes information on:

- The nature and scope of the activities to be provided by the CCO.
- The Council's policies and objectives that relate to the ownership and control of the organisation, and
- The key performance targets and other measures by which performance may be judged.

Activities, Policies and Objectives Relating to CCO's:

Marlborough District Council has the following CCO's:

- MDC Holdings Limited.
- Destination Marlborough.
- Marlborough Housing for the Elderly Trust.
- Mayoral Drought Relief Fund.

MDC Holdings Limited is 100% owned by Marlborough District Council. Council established MDC Holdings Limited for the purposes of:

- Separating commercial trading activities from the other functions it carries out.
- Bringing Council's main trading activities into one structure.
- Obtaining commercial borrowing facilities at the most attractive rate attainable.

Port Marlborough New Zealand Limited and Marlborough Airport Limited are subsidiaries of MDC Holdings Limited. Port Marlborough New Zealand Limited undertakes all the activities typically associated with a port and also has the following wholly owned subsidiaries:

- PMNZ Marina Holdings Limited.
- Marlborough Sounds Maritime Pilots Limited.
- Waikawa Marina Trustee Limited.
- Sounds Property Holdings Limited.

Marlborough Airport Limited is responsible for the maintenance of the runways and taxiways used by civil aircraft by means of an operating lease from the New Zealand Defence Force. It is also responsible for the provision of a terminal facility and associated minor freight handling.

MDC Holdings Limited and all subsidiaries are separate entities operating in a completely commercial manner. The significant policies in place for MDC Holdings Limited are:

- That it operate in a completely commercial manner.
- Decisions to:
 - Acquire assets, the value of which is more than half the value of the company's assets before acquisition;
 - Dispose of shares in Port Marlborough New Zealand Limited and Marlborough Airport Limited;
 require the prior written approval of Council as the major shareholder.
- That it distribute by way of dividend, subject to solvency requirements, all the net tax paid profit available.

Consistent with an entity operating in a completely commercial manner, there is only one significant target which is to generate a long-term tax paid return on opening shareholder funds at 7.5%. This target is reviewed at the beginning of each year where MDC Holdings Limited's Statement of Corporate Intent is considered.

Destination Marlborough

Destination Marlborough is described in the activity group "Regional Development".

Marlborough Housing for the Elderly Trust

Marlborough Housing for the Elderly Trust is a charitable trust that assists in the provision of adequate housing for the elderly people of Marlborough, and other members of the community.

Mayoral Drought Relief Fund

The Mayoral Drought Relief Fund is a charitable trust that assists in providing financial assistance to Marlborough people affected by drought.

Council has exempted Destination Marlborough, Marlborough Housing for the Elderly Trust and Mayoral Drought Relief Fund from the requirements of CCOs in terms of the Local Government Act 2002.

Council is also a member (88.5%) of a joint committee with Kaikoura District Council (11.5%) that manages the Marlborough Regional Forest Estate (MRF). The MRF forestry estate covered 2,818.2 stocked hectares at 30 June 2008.