

**Date:** Tuesday, 14 April 2015  
**Time:** 1.00pm  
**Meeting Room:** Reception Lounge, Level 2  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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## **Council Controlled Organisations Governance and Monitoring Committee**

### **OPEN MINUTE ITEM ATTACHMENTS**

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10 April 2015

Request for speaking rights at the Auckland Council CCO Governance and Monitoring Committee to be held on Tuesday 14 April 2015

My subject matter will be:

1) A reminder that the underpinning legislation which outlines the aims and objectives of CCOs, is the Local Government Act 2002:

<http://www.legislation.govt.nz/act/public/2002/0084/latest/DLM171881.html>

### 59 Principal objective of council-controlled organisation

- (1) The principal objective of a council-controlled organisation is to—
  - (a) achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the statement of intent; and
  - (b) be a good employer; and
  - (c) exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
  - (d) if the council-controlled organisation is a council-controlled trading organisation, conduct its affairs in accordance with sound business practice.
- (2) In subsection (1)(b), **good employer** has the same meaning as in clause 36 of Schedule 7  
(My underlining)

2) A formal request for a 'progress report' on information about awarded contracts being made available for public scrutiny on the front pages of Auckland Council, and all substantive Auckland Council CCO websites.

a) For Auckland Transport to include ALL contracts awarded, including those under \$50,000.

<https://at.govt.nz/about-us/procurement/awarded-contracts/>

### AWARDED CONTRACTS:

*Auckland Transport is committed to ensuring its procurement activities are undertaken in an ethical and transparent manner.*

*The attached lists detail all of the contracts awarded in the previous six months that are valued over \$50,000.00. Details include:*

- *the contract number,*

<https://mail.google.com/mail/u/0/?ui=2&ik=18afffb768&view=pt&search=sent&th=14ca16972a6bd06b&siml=14ca16972a6bd06b&siml=14ca16984710296...> 2/3

- the contract name,
- the supplier, and the
- award value.

*View the latest awarded contracts list (PDF 65KB)*

*Disclaimer: we endeavour to list all contracts awarded above the value of \$50,000.00 in the previous six months. Whilst all possible care and effort has been taken to ensure accuracy in this list, we accept no responsibility for any errors or omissions. Accordingly, this list should be used for reference only.*

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3) The requirement for Auckland Council CCOs which are 'Public Benefit Entities', (including Auckland Council Investments Ltd (ACIL), to act as such.

It is my considered opinion that ACIL's stated 'commercial focus', as outlined in the 2014 - 2017 Statement of Intent, conflicts with its function as a Public Benefit Entity.

The role of a Public Benefit Entity (PBE) is clearly outlined as follows:

<http://www.treasury.govt.nz/publications/guidance/reporting/accounting/pbe>

*"reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return to equity holders".*

**(My bolding)**

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#### **AUCKLAND COUNCIL INVESTMENTS LTD 2014 - 2017 STATEMENT OF INTENT:**

<http://www.aucklandcouncil.govt.nz/EN/AboutCouncil/representativesbodies/CCO/Documents/acilstatementofintent20142017.pdf>

*1. INTRODUCTION Auckland Council Investments Limited (ACIL) owns Ports of Auckland Limited (POAL), Auckland Film Studios Limited (AFSL), a large equity holding in Auckland International Airport Limited (AIAL); and manages the diversified financial assets portfolio (DFAP) on behalf of the Auckland Council (Council).*

*The purpose of ACIL is to support the Council's vision and to bring a strong commercial focus to the ownership and management of the Council's investments in POAL, AIAL, AFSL and the DFAP and to provide an efficient structure for the ownership of these assets.*

*Sound commercial governance of these assets, within the parameters set by the Council (while acknowledging that the Council/ACIL will be in a position of some influence, but not control, of AIAL), is important.*

*ACIL's role is to endeavour to maximise their contribution to the Auckland economy and provide substantial financial returns, which are financially sustainable in the long term, to the Council.*

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*2. STRATEGIC DIRECTION AND STRUCTURE ACIL holds equity interests in POAL, AIAL, AFSL and manages the DFAP for the longterm benefit of the region.*

*These assets contribute to the council's delivery of Auckland Plan outcomes by:*

*Playing an important role in the delivery of the following specific outcomes:*

*o An Auckland of prosperity and opportunity (POAL, AFSL and AIAL) o A well-connected and accessible Auckland (POAL and AIAL)*

*Influencing the delivery of other Auckland Plan outcomes (such as those associated with transformation of the Auckland Waterfront)*

*Providing the Council with a financial return, which is a source of funding for Council activities and investments*  
*ACIL acknowledges that it is Auckland Council's role is to set the overall strategy and determine the outcomes ACIL are to deliver.*

*ACIL will strive to deliver the set outcomes effectively and efficiently and provide value for money to the Auckland ratepayers.*

*ACIL will continue to focus on working collaboratively across the council group to deliver Council's strategies.*

*ACIL recognizes that working together is particularly important as the group moves from a focus on strategy, policy and plan development, to accelerated implementation and delivery*

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3. NATURE AND SCOPE OF ACTIVITIES This SOI covers ACIL and its subsidiaries. ACIL is a Public Benefit Entity for financial reporting purposes as it manages key strategic assets of the Council for the long term economic benefit of the Auckland region.

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3) ACIL / Ports of Auckland Ltd (POAL) in my view, the arguable 'conflict of interest' of POAL CEO Tony Gibson, effectively working in the best interests of shipping companies, for whom he used to work.

[http://www.poal.co.nz/about\\_us/management.htm](http://www.poal.co.nz/about_us/management.htm)

**Tony Gibson**  
**Chief Executive Officer**

Tony joined Ports of Auckland as Chief Executive Officer in early 2011.

He joined the Company with 30 years experience in shipping and logistics, first with Seabridge in Wellington, and then with Nedlloyd and P&O Nedlloyd.

He has worked in various roles in Africa, Asia and Europe, including as European Director of Customer Operations, Rotterdam, before being appointed Managing Director, New Zealand and Pacific Islands in 2002.

Following a take-over by Maersk, Tony served as Managing Director of Maersk, New Zealand for three years. Most recently he has pursued his own business interests as a director and then Chairman of ERoad, a road-user charge solution provider. In 2008 he was appointed by the Minister of Transport to the Road User Review Group.

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