

I hereby give notice that an ordinary meeting of the Governing Body will be held on:

Date: Thursday, 27 April 2017
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Governing Body OPEN AGENDA

MEMBERSHIP

| | | |
|---------------------|--------------------------------|-------------------------------|
| Mayor | Hon Phil Goff, JP | |
| Deputy Mayor | Cr Bill Cashmore | |
| Councillors | Cr Dr Cathy Casey | Cr Dick Quax |
| | Cr Ross Clow | Cr Greg Sayers |
| | Cr Fa'anana Efeso Collins | Cr Desley Simpson, JP |
| | Cr Linda Cooper, JP | Cr Sharon Stewart, QSM |
| | Cr Chris Darby | Cr Sir John Walker, KNZM, CBE |
| | Cr Alf Filipaina | Cr Wayne Walker |
| | Cr Hon Christine Fletcher, QSO | Cr John Watson |
| | Cr Richard Hills | |
| | Cr Penny Hulse | |
| | Cr Denise Lee | |
| | Cr Mike Lee | |
| | Cr Daniel Newman, JP | |

(Quorum 11 members)

Sarndra O'Toole
Team Leader – Governance Advisors

21 April 2017

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TERMS OF REFERENCE

Those powers which cannot legally be delegated:

- (a) the power to make a rate; or
- (b) the power to make a bylaw; or
- (c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the long term council community plan; or
- (d) the power to adopt a long term plan, annual plan, or annual report; or
- (e) the power to appoint a Chief Executive; or
- (f) the power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long term plan or developed for the purpose of the local governance statement; or
- (g) the power to adopt a remuneration and employment policy.

Additional responsibilities retained by the Governing Body:

- (a) Approval of a draft long term plan or draft annual plan prior to community consultation
- (b) Approval of a draft bylaw prior to community consultation
- (c) Resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of electoral officer
- (d) Adoption of, and amendment to, the Committee Terms of Reference, Standing Orders and Code of Conduct
- (e) Relationships with the Independent Māori Statutory Board, including the funding agreement and appointments to committees.
- (f) Approval of the Unitary Plan
- (g) Overview of the implementation of the Auckland Plan through setting direction on key strategic projects (e.g. the City Rail Link and the alternative funding mechanisms for transport) and receiving regular reporting on the overall achievement of Auckland Plan priorities and performance measures.

Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.

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1 Affirmation

His Worship the Mayor will read the affirmation.

2 Apologies

Apologies from Cr A Filipaina, Cr C Casey and Cr J Walker have been received.

3 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

4 Confirmation of Minutes

That the Governing Body:

- a) confirm the ordinary minutes of its meeting, held on Thursday, 23 March 2017, including the confidential section, as a true and correct record.

5 Petitions

5.1 Love our Libraries - Petition relating to Save Our Super City Librarians

Purpose

1. To present a petition to the Governing Body

Executive summary

2. Julia Schiller, spokesperson for Love our Libraries will present a petition to the Governing Body. The prayer of the petition is as follows:

"We appeal to you, as our democratically elected Mayor and City Councillors to intervene:

- a. to arrest the EOI process on or before April 23, 2017*
- b. to maintain all remaining staff in their current roles and to commit to retraining/upskilling existing staff if process (c) concludes that this is necessary*
- c. to hold public consultation processes at the local level. If the goal of Fit for the Future is truly to improve and modernise service and get more people to use the libraries, then this should be done on a library-by-library basis under the guidance of that library's existing staff, patrons, and greater community."*

Recommendation/s

That the Governing Body:

- a) thank Julia Schiller of Love our Libraries for her attendance.
- b) receive the petition in relation to Save Our Super City Librarians.
- c) request that the petition to forwarded to the Chief Operating officer of Auckland Council for consideration.

6 Public Input

Standing Order 7.7 provides for Public Input. Applications to speak must be made to the Governance Advisor, in writing, no later than **one (1) clear working day** prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of **thirty (30) minutes** is allocated to the period for public input with **five (5) minutes** speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

7 Local Board Input

Standing Order 6.2 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to **five (5) minutes** during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give **one (1) day's** notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.

8 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
 - (i) The reason why the item is not on the agenda; and
 - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
 - (i) That item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

9 Notices of Motion

There were no notices of motion.

Substantive council-controlled organisations - shareholder comment on draft Statements of Intent 2017-2020

File No.: CP2017/03180

Item 10

Purpose

1. To approve the proposed shareholder comments on the draft 2017-2020 Statements of Intent for the substantive council-controlled organisations (CCOs).

Executive summary

2. Each of the council's substantive CCOs has submitted a draft Statement of Intent for the period 1 July 2017 to 30 June 2020 for shareholder review. These are attached (Attachments A-F).
3. Letters of Expectation sent to CCO board chairs in December 2016 provided direction on the content of the 2017-2020 Statements of Intent. Staff have undertaken a detailed reconciliation of the required direction set out in the Letters of Expectation with that of the content in the draft Statements of Intent as part of developing this report.
4. Subject matter experts from across the council have reviewed the draft Statements of Intent. Their feedback has shaped the proposed shareholder comments.
5. The proposed shareholder comments contained in this report have been split into general comments that will be applicable to all CCOs and specific comments for each CCO. If council, as the shareholder, chooses to make comments on the draft Statements of Intent, these must be provided in writing to the chair of the relevant CCO board by 30 April 2017.
6. Running parallel with the Statement of Intent process is the development of the Annual Plan 2017/2018. Where applicable, any decisions made as part of finalising the annual plan will be included in final Statements of Intent.

Recommendation/s

That the Governing Body:

- a) approve the proposed shareholder comments on the draft Statements of Intent 2017-2020 for the substantive council-controlled organisations contained in this report.
- b) agree that the Mayor or Chair of the Finance and Performance Committee may finalise the letters to be sent to the council-controlled organisations containing the shareholder comments, and approve amendments and editorial changes to the shareholder comments, provided they are in line with the resolutions of this committee or any other approved council policy.
- c) agree that the Manager Council Controlled Organisation Governance and External Partnerships be authorised to work with the relevant local boards to provide shareholder comments on the Statements of Intent 2017/2018 for Mangere Mountain Education Trust, Community Education Trust Auckland, and Contemporary Art Foundation.

Comments

Statement of intent process

7. Under the Local Government Act 2002, each CCO is required to develop a draft Statement of Intent by 1 March 2017 to:
 - a. outline its intentions and activities for the forthcoming year
 - b. provide an opportunity for shareholders to influence the direction of the CCO
 - c. provide a basis of accountability for the directors of the CCO to its shareholders.
8. Auckland Council has developed the Letters of Expectation process to signal the required direction of the Statements of Intent, but this is not a legislative requirement. Subject matter experts from across the council have reviewed the draft Statements of Intent taking into account legislative requirements, Letters of Expectation, the Auckland Plan, the Long-term Plan (LTP) 2015-2025 and other relevant strategies and policies of council. Their feedback has shaped the proposed shareholder comments.
9. If council chooses to provide shareholder comments, legislation requires that they are sent to the chairs of the CCOs by 30 April 2017.
10. The proposed shareholder comments have been split into general comments that will be applicable to all CCOs, and specific comments for each CCO.
11. Substantive CCOs are required to consider the shareholder comments at a public board meeting, before submitting final Statements of Intent to the council on or before 30 June 2017.
12. Running parallel with the Statement of Intent process is the development of the Annual Plan 2017/2018. Where applicable, any decisions made as part of finalising the annual plan will be included in the final Statements of Intent. Council and CCO staff will work closely together on aligning these processes and information.

Proposed shareholder comments applicable to all CCOs

13. The following are the proposed shareholder comments that are applicable to all CCOs.

Aligning the final 2017-2020 Statements of Intent with the final 2017/2018 Annual Plan

14. The final Statement of Intent must align to the decisions made as part of the council's 2017/2018 Annual Plan and meet legislative requirements. This must ensure that:
 - a. information contained in the final Statements of Intent are consistent with the 2017/2018 Annual Plan
 - b. financial information is provided for 2016/2017 (current) year, and the three subsequent years
 - c. agreed non-strategic asset sale targets are included where appropriate
 - d. performance measures and targets are worded exactly as in the 2015-2025 LTP, and
 - e. the Statements of Intent include 2015/2016 actual performance, 2016/2017 (current year) targets and targets for the 2017-2020 years.
15. Owing to legislative timeframes, the Annual Plan is developed at the same time as the Statements of Intent every year. Council and CCO staff must work to ensure that the legislative requirements are met and that all financial and non-financial information is well aligned between these documents as they are finalised.

Proposed shareholder comments for Auckland Council Investments Limited

16. It is proposed that the following be included in the shareholder comments for Auckland Council Investments Limited (ACIL) on its draft Statement of Intent 2017-2020.

17. The Statement of Intent should clearly set out ACIL's relationship with each subsidiary/investment. Information about these relationships, particularly the limits of strategic influence the Auckland Airport shareholding gives council, is important for public understanding of ACIL's role.
18. Most of the issues raised in the Letter of Expectation are covered in section 7 (Performance Outlook). When monitoring Ports of Auckland's plans and strategies, the Statement of Intent should not just "assess" if they are aligned to council's plan, but ensure that they are to the extent possible within ACIL's power.
19. In addition, some more detail should be given about plans to review strategies and operations of ACIL's subsidiaries (where appropriate) and their alignment to the Auckland Plan transformational shifts. In particular:
 - the degree to which the strategies of Ports of Auckland support a commitment to environmental action, including resilience to climate change (not just greenhouse gas reductions)
 - information about the actions taken by Ports of Auckland that contribute to Māori outcomes (this could be a commitment to report on this through quarterly reporting).
20. In terms of measures (section 7), we acknowledge that new figures will be provided as part of the 2017/2018 Annual Plan process. However, at that time additional commentary should also be included to explain the measures and targets, especially where dividends are projected to be lower than for the current year.

Proposed shareholder comments for Auckland Tourism, Events and Economic Development

21. It is proposed that the following be included in the shareholder comments for Auckland Tourism, Events and Economic Development (ATEED) on its draft Statement of Intent 2017-2020 (Attachment B).
22. Council acknowledges the comprehensive and detailed nature of the draft ATEED Statement of Intent. In a revised draft, it would be useful for ATEED to consider what detail could be left out, to ensure the document guides the decision-making of ATEED's Board, as well as being a plan of activities. In addition, ATEED should ensure the Statement of Intent is forward looking, as some sections report on past success than identifying and pursuing emerging issues and opportunities.
23. In general terms, it is important that Auckland's investment proposition is clear to our partners and stakeholders. The Statement of Intent should clearly set out ATEED's commitment to cooperate with the wider Auckland Council group to identify and articulate comprehensive and coordinated messaging of Auckland's investment story.
24. Other key points about collaboration which need to be included in the Statement of Intent are as follows.
 - the bullet point on the Global Partnerships team (page 20) should reflect the wider role of that team (not just civic relationships), eg. "...combining with council's Global Partnerships unit to leverage political and government relationships, city networks, forums, and relevant city and government priorities and policies".
 - add a comment about ATEED sharing its expertise, data and insights to contribute to strategy and policy development from other parts of the council group (page 20).
 - in respect of trade (page 30), there are larger interests and implications than just business in the New Zealand Trade Plan Refresh (e.g. procurement implications, social issues). A wider Auckland Council group perspective therefore needs to be represented in this process, including the Global Partnerships unit's policy role and relationship with the Ministry of Foreign Affairs and Trade.

25. The financial information does not provide sufficient detail of cost categories as required by the Letter of Expectation. The public should be able to understand what activities are being funded and to what level, so that ATEED's priorities are clearer and can be compared against the measures/metrics.
26. In the context of sustainability, consideration should be given to thinking about whether a stronger focus could be given to developing low carbon industries. While this may be an area that requires significant development, and would need to be assessed against the current focus on high-value foods and technology sectors, a commitment to thinking about the role these industries could play in Auckland's future economy should be included in ATEED's Statement of Intent.
27. A number of the performance measures have issues which ATEED should resolve, those being:
 - adding a reference to working with council through the Long-term Plan process to develop and improve measures and indicators
 - a number of targets are set lower than what has actually already been achieved. These should be revised higher or an explanation given for the target. Examples include:
 - the number of Māori businesses that have been through an ATEED programme or benefited from an ATEED intervention
 - business event bid win/loss ratio
 - customer satisfaction
 - value of business event bids.
28. The local board matrix (page 18) and the discussion on page 33 are useful, but it would also be useful to see in the Statement of Intent a more concerted focus on the specific areas (south and west) identified in the Letter of Expectation.

Proposed shareholder comments for Auckland Transport

29. It is proposed that the following be included in the shareholder comments for Auckland Transport on its draft Statement of Intent 2017-2020 (Attachment C). Given the nature of the feedback for Auckland Transport, staff have already contacted Auckland Transport to discuss the draft Statement of Intent, and we anticipate continuing to work with Auckland Transport to revise its document.
30. The Statement of Intent should be more forward looking and more comprehensively respond to the challenges set out in the Letter of Expectation. For example, instead of noting the improvements that have already been made to the bus lane network, we expect to see what improvements will be made in the years ahead.
31. Council acknowledges that this is the third year of the Long-term Plan cycle and the three-year Accelerated Transport Plan, and that the Statement of Intent is just one of several accountability documents. However, it still needs to outline more clearly the current context, and key transport challenges facing Auckland, Auckland Transport's strategic responses to these challenges (including in the long-term), and how the work programme delivers these strategic responses.
32. A clear sense for the public of where money is planned to be spent is required. This was a key aspect of the Letter of Expectation, when it referred to transparency of reporting. In this regard:
 - a stronger context statement would be helpful in setting the scene for why more transport activity and investment needs to occur. This could touch on recent rapid population growth, resilience and climate change impacts, and growing travel demand and public transport demand creating capacity challenges. This would set up the need to address funding in the 2018-2028 Long-term Plan as a key part of the work programme for the year ahead.

- the standard financial tables should be supplemented with a clearer depiction of the total net transport budget, so it can be understood by the public. They should show what proportion of funding comes from fares, parking fees, council and New Zealand Transport Agency, and the major areas of investment (infrastructure, public transport services, maintenance and renewals etc).
33. The itemised response to the Letter of Expectation is helpful, but council expects the Letter of Expectation themes to be developed within the commentary of the document, and where possible in the three-year workplan in the Statement of Intent, not sitting outside it.
34. In addition, it would be useful for the workplan to be presented in a way that tells a clearer story. At present, the work plan includes a mix of large projects (e.g. City Rail Link, New Network) and smaller, discrete projects (e.g. Westgate interchange), with no indication of priorities or what is intended to make a difference to which problem. The workplan should describe the major initiatives and group them into major areas like building infrastructure, improving public transport services, planning and policy work, optimising current operations, and so on.
35. The discussion of strategic themes on pages 9-11 is confusing. The current themes are set out at length, with new themes mentioned at the end. It is not clear if the new themes are meant to influence the 2018-2028 Long-term Plan, and how they have been developed. This should be explained and significantly shortened.
36. A number of specific issues raised in the Letter of Expectation need to be addressed more clearly:
- the draft Statement of Intent mentions in general terms the need for collaboration with council. However, this needs to be shown in more concrete terms throughout the work plan, with reference to early engagement with relevant council teams (e.g. Auckland Design Office, Transport Strategy, and Plans and Places) to ensure major investment decisions and projects align with council strategic directions. As an example, reference should be made to how Auckland Transport and council will work together and make decisions on City Centre Master Plan implementation.
 - similarly, there should be reference to collaboration across other CCOs. Specifically, the Statement of Intent includes a commitment by Auckland Transport to jointly review with Development Auckland Limited (Panuku) property assets managed by Auckland Transport. This should be done with a view to transferring surplus assets to Panuku to optimise the above and below ground development potential of those assets for the council group.
 - more clarity about how Auckland Transport partners with local boards is required. Working constructively with local boards is part of achieving better network optimisation, even when this requires difficult decisions, such as removing on-street parking. The Statement of Intent should also mention delegations to local boards beyond statements about managing conflicts and balancing local and network priorities. While recognising that this is a challenging issue, there needs to be a commitment in the Statement of Intent to approaching this issue with an open mind in the coming year.
 - some detail about how the Roads and Streets Framework will be finalised and implemented (including a commitment to collaborate with council) would be a helpful addition to the work programme. This is a crucial element of achieving a balance of movement and place, which was a key Letter of Expectation issue.
 - the Mass Rapid Transit project should be specifically mentioned in the three-year work programme, as specific funds have been requested through the Annual Plan process to enable work to proceed on this project.
 - given the priority of enhancing the bus network that was outlined in the Letter of Expectation, the Statement of Intent should more specifically outline upcoming initiatives

in this space (e.g. timing for next stages of new network rollout, quantity of bus lanes to be added or extended in hours, etc).

- more specificity is required in the Statement of Intent about improving rail trip times, particularly dwell times at stations. We acknowledge there is a complex mix of factors involved, and that this is an operational matter, but it has important strategic implications. This is a key priority for council, and therefore a clear plan over time to address this issue is required.
- the Statement of Intent needs to indicate key priorities and timings for the cycling programme in the next year. A reference to how improved walking and cycling amenity will be incorporated into projects, such as checking for opportunities to do this when renewals are undertaken, should be include.

37. In respect of measures, the work plan for the year should also specifically anticipate working with council through the upcoming Long-term Plan process on developing refreshed measures and targets. For this year's Statement of Intent, some additional commentary about the targets could be helpful for public understanding, such as for the public transport targets, which appear to tail off in their growth in the outer years.
38. The inclusion of performance measures related to the Māori Responsiveness Plan adopted by Auckland Transport are acknowledged.

Proposed shareholder comments for Development Auckland Limited

39. It is proposed that the following be included in the shareholder comments for Development Auckland Limited (Panuku) on its draft Statement of Intent 2017-2020 (see Attachment D).
40. In its foreword and strategic objectives sections, Panuku makes references to it being 'the' urban development agency for Auckland, and seeks the ability to reinvest proceeds and use compulsory acquisition powers. These references should be changed to characterise Panuku as council's lead urban regeneration agency.
41. Similarly, the reference to broad support for government's urban development authority proposal should simply state that it could provide additional powers for Panuku and that Panuku is part of the joint submission process. Reference to Panuku's support for the urban development authority proposal should be deleted, as a position on this has not been endorsed by council yet.
42. Panuku should clarify that they are the sole Auckland Council agency doing regeneration in the areas listed on page 7. In some, central government agencies are also operating (eg. Tamaki).
43. It would be useful for Panuku to investigate whether it is possible and if there is value in aligning its activities with the long-term capital planning of central government in the Transform and Unlock areas. Wording to reflect this should be added in key project area 6 of the three-year work plan.
44. The Statement of Intent should state that Panuku and Auckland Transport will work together to optimise the above and below ground development potential of council and Auckland Transport assets (both for development and to capture value for funding transport projects) where they are in Panuku's Transform and Unlock areas.
45. Panuku's commitment to engagement with mana whenua and other Māori organisations in various areas is good, and council will look forward to seeing reporting on the associated performance measures in due course. A more developed sense of how the Transform and Unlock area projects can specifically contribute to wider outcomes for Maori should be developed (including housing and employment).
46. In terms of measures, many of the targets are lower than current (2015/2016) actuals. Additional explanation of this should be given in the Statement of Intent. Staff acknowledge that targets and measures will be reviewed and refreshed as part of the Long-term Plan process.

Proposed shareholder comments for Regional Facilities Auckland

47. It is proposed that the following be included in the shareholder comments for Regional Facilities Auckland on its draft Statement of Intent 2017-2020.
48. The strategic objectives set out in section 4 should be linked more clearly to the work plan which follows. It is not clear what activities support which strategic objectives, and how. The more detailed description of the priorities on page two could usefully be moved to the strategic objectives section and expanded.
49. A number of elements from the Letter of Expectation need to be addressed more thoroughly. These include the following:
 - the draft Statement of Intent needs to provide more detail about the cost of the services Regional Facilities Auckland provides. Even if this is only in general terms, this will assist with public understanding of Regional Facilities Auckland operations.
 - Collaboration with the council group should include mention of working with Panuku in the Transform and Unlock areas that include Regional Facilities Auckland assets (Takapuna (Bruce Mason Centre), Manukau ('Te Papa Manukau'/Vodafone Events) and the Central City (Civic Administration building, Aotea redevelopment). It should also include how Regional Facilities Auckland works/coordinates with ATEED in the event space.
50. Council acknowledges Regional Facilities Auckland's plan to review its Māori Engagement Strategy. One aspect of this should include consideration through the Long-term Plan of how to better measure the impact of Regional Facilities Auckland's contribution to Māori outcomes, so that it is not simply limited to one facility (Auckland Art Gallery). The draft Statement of Intent includes a degree of duplication about Māori outcomes, which could be edited.
51. Additional commentary about the measures and targets should be given where possible to aid public understanding of performance. This particularly relates to the following measures:
 - event days – now the classification issue is resolved, the targets should increase in future years
 - visitor satisfaction – targets for the next few years are lower. This should be explained.

Proposed shareholder comments for Watercare Services Limited

52. It is proposed that the following be included in the shareholder comments for Watercare Services Limited (Watercare) on its draft Statement of Intent 2017-2020.
53. The introductory statements to the Statement of Intent mention the priority set out in the Statement of Intent for Watercare to work more collaboratively as part of the council group. Specific examples, as in the Letter of Expectation, need to be mentioned.
54. There is reference to Watercare collaborating at a strategic level. However, the reference to balancing Watercare's operational needs should be deleted, as Watercare's growth requirements should be aligned with council's, not balanced against them. In addition, collaboration should also be committed to at an operational level, both with council and other council-controlled organisations.
55. Several things from the Letter of Expectation have not been addressed and they need to be. These include:
 - a stated commitment to working on the Housing Infrastructure Fund process
 - a commitment to actively support council's value for money agenda, particularly in respect of the Three Waters review and in contributing to a Three Waters strategy
 - reference to out of sequence urban development and working with council on this issue. This is crucial for alignment with the Future Urban Land Supply Strategy (FULSS)

- demand management is not addressed meaningfully in the Statement of Intent. Watercare's planned activities for the year should be discussed, including a nuanced view of targets (e.g. difference between commercial and residential)
 - building on mana whenua engagement to commit to a Māori responsiveness plan in 2017/2018.
56. As a more general comment, the 'enabling growth' section (which is effectively the work plan) needs to have a better strategic frame, and more detail, so readers can see the relative importance of different projects. In particular:
- the Statement of Intent should signal the expected completion date for these projects
 - projects needed to service greenfield areas intended to be released in the first decade of the FULSS should be identified. Although these may not be constructed immediately, planning will likely need to begin, and given their strategic importance to achieving council's growth outcomes, should be mentioned in the Statement of Intent.
 - CANOPY (Central Auckland Network Optimisation Project) should be mentioned given its importance to achieving council's growth outcomes.
57. Given the recent heavy rain events, additional reference should be made to any work Watercare is doing or planning to do to enhance climate change resilience. The work plan should include information about how Watercare plans to improve its ability to respond to and mitigate such events in future.
58. In respect of measures, explanation should be given as to why several targets (e.g. sewerage overflow response time, complaints, wet-weather overflows) are significantly above achieved actuals for 2015/2016.

Non-substantive council-controlled organisations

59. Auckland Council has a number of other council-controlled organisations which do not meet the test of being 'substantive' CCOs under the Local Government (Auckland Council) Act 2009. Three of these community-focussed CCOs are required to provide council with a Statement of Intent (the others are exempt from this requirement): Mangere Mountain Education Trust; Contemporary Art Foundation; and Community Education Trust Auckland (COMET). These are attached (Attachments G-I).
60. An initial analysis of these documents indicates no major issues, but in the time available it has not been possible for staff to consult adequately with relevant local boards. Staff recommend, therefore, that the manager CCO Governance and External Partnerships is delegated the authority to provide these three community-focussed CCOs with shareholder comment on behalf of council, following consultation with the relevant local boards.
61. As well as receiving council funding, these community-focussed CCOs are reliant on other revenue sources such as self-generated revenue and grants. The shareholder comments to these community-focussed CCOs should ask that the final Statements of Intent:
- contain realistic estimates of revenue
 - that council funding is consistent with council funding decisions that will be made for the 2017/2018 financial year
 - identify which projects/key performance indicators may be impacted if actual revenue does not reach the forecasted levels.

Consideration

Local board views and implications

62. In general terms, the Governing Body is responsible for providing shareholder comments on the draft Statements of Intent.

63. However, the Local Board Services team has contributed feedback in the drafting of this report, and has paid particular attention to how the CCOs have responded to the Letters of Expectation requirements in respect of local boards.

Māori impact statement

64. The activities of CCOs have potential to impact Māori wellbeing and to influence the achievement of Auckland Plan and Long-term Plan outcomes relevant to Māori. The draft Statements of Intent were separately provided to the Independent Māori Statutory Board and council's Te Waka Angamua department.
65. CCO chief executives are part of the Te Toa Takitini executive leadership group and are delivering on activities within Te Toa Takitini's work programme areas. Progress reports on Te Toa Takitini activities are provided quarterly to the executive leadership group, the joint Independent Māori Statutory Board / Governing Body meeting, and to the Finance and Performance Committee. Information on Te Toa Takitini activities delivered by CCOs will also be visible through CCOs' reporting to the Finance and Performance Committee.

Implementation

66. Following the meeting, the approved comments, with appropriate amendments, will be developed into letters for the mayor's signature. These will be provided to the CCOs by 30 April 2017.
67. The final Statements of Intent must align with the 2017/2018 Annual Plan. Some changes to the final Statements of Intent may be necessary due to decisions made when the 2017/2018 Annual Plan is approved.

Attachments

| No. | Title | Page |
|---|--|------|
| A  | Draft ACIL Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |
| B  | Draft ATEED Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |
| C  | Draft Auckland Transport Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |
| D  | Draft Panuku Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |
| E  | Draft RFA Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |
| F  | Draft Watercare Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |
| G  | Draft Mangere Mountain Education Trust Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |
| H  | Draft Contemporary Art Foundation Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |
| I  | Draft COMET Statement of Intent 2017-2020 <i>(Under Separate Cover)</i> | |

Signatories

| | |
|-------------|--|
| Author | Edward Siddle - Principal Advisor |
| Authorisers | Alastair Cameron - Manager - CCO Governance & External Partnerships Phil Wilson - Governance Director Stephen Town - Chief Executive |

Protocol for the development of financial policies affecting council-controlled organisations.

File No.: CP2017/05518

Purpose

1. To approve the protocol for the development and adoption of financial policies for the Auckland Council group (the council parent and substantive council-controlled organisations (CCOs)).

Executive summary

2. In the 2017/2018 Letters of Expectation, the Mayor signalled to all CCOs that their participation would be required in the design and implementation of group-wide policies for business cases, procurement, treasury, insurance and sensitive expenditure (including travel, hospitality and gifts).
3. A protocol has been developed that sets out the process that should be followed for the development of these group-wide policies (Attachment A). The protocol is necessary because these policies are complementary to, and will impact on the governance function of CCO boards.
4. The proposed protocol may extend to the development of future policies aimed at group-wide cost effectiveness and transparency, but is not appropriate for all policy development.

Recommendation/s

That the Governing Body:

- a) approve the protocol in Attachment A of the agenda report for the development and adoption of Auckland Council group-wide policies relating to business cases, procurement, treasury, insurance and sensitive expenditure (including travel, hospitality and gifts).
- b) agree that the Mayor and Deputy Mayor may approve amendments to the protocol in this report, that do not change its intent, scope and purpose.

Comments

5. The 2017/2018 Letters of Expectation signalled to all substantive CCOs that their participation would be required in the design and implementation of group-wide policies for business cases, procurement, treasury, insurance and sensitive expenditure (including travel, hospitality and gifts). These policies have previously been independently developed by CCO boards themselves.
6. Consistent policies across the council group will ensure that a common standard is in place and provide for an increased ability to manage risk in these areas.
7. The protocol anticipates that CCOs will participate in the development and approval of these policies in particular, because the matters contained in them are complementary to, and will impact the governance function of each CCO board.
8. In the future the protocol may extend to the development of other policies that are aimed at group-wide cost effectiveness and transparency. However the protocol is not appropriate for the development or review of policies where council is exercising its shareholder responsibilities e.g. the CCO Board Appointment and Remuneration Policy or the Accountability Policy for Substantive CCOs.

9. The protocol contributes to the overall objective of the CCO accountability review approved by the Governing Body at its meeting on 23 February 2017, which is to increase the accountability and value for money of CCOs.
10. Feedback has been sought from each substantive CCO on the protocol and has been incorporated into the attached version, where it has been given.

Consideration

Local board views and implications

11. The governance of CCOs is the responsibility of the Governing Body. Local boards have not been consulted on the content of this paper but are consulted in relation to policies that have an effect on local board activities.

Māori impact statement

12. The operation of CCOs has been noted by the previous Independent Māori Statutory Board as lacking transparency and not fully cognisant of the needs of Māori.
13. The development of this protocol, and the policies to which it relates will improve the transparency of decision-making, not just for CCOs, but for the council group as a whole.
14. None of the policies covered by the protocol will have a particular impact on Māori.

Implementation

15. If the protocol is approved, group-wide policies will be developed in accordance with it, prior to the policies being brought to the Finance and Performance committee for adoption.
16. If the protocol is not approved, the policies will have a more uncertain pathway towards finalisation and approval. Uncertainty typically causes delays and additional costs.
17. Staff anticipate that the first group policies will be brought to the Finance and Performance committee prior to the end of the current financial year on 30 June 2017.

Attachments

| No. | Title | Page |
|---|--|------|
| A  | Protocol for the development of group finance policies | 21 |

Signatories

| | |
|-------------|---|
| Author | Rose Leonard - Executive Officer |
| Authorisers | Phil Wilson - Governance Director Stephen Town - Chief Executive |



Protocol for the development of group-wide finance policies

April 2017

The policies to be developed for the group are set out with reference to Mayor Phil Goff's letters of expectations addressed to the council-controlled organisations (CCOs), dated 21 December 2016. These policies should include:

1. business cases (covering content, processes, decision-making thresholds)
2. group procurement
3. treasury
4. insurance
5. sensitive spending (including travel, hospitality and gifts).

Other policies of this nature may be developed over time.

Purpose

This protocol is to set out the process to be undertaken in the development and approval for each of the above-listed group-wide policies. The intention is that it enables relevant parties to act in a collaborative manner to develop policies that are appropriate at a group level, but also considerate of individual needs of CCOs and respectful of governance obligations of councillors, CCO boards and executive management teams.

Protocol

1. Identification of a council officer as the policy sponsor. Given the nature of the policies this will be either the Group Chief Financial Officer or a delegate.
2. The policy sponsor will oversee the creation of a policy development team, including members from CCO management as appropriate, to carry out the development of each policy and ensure that this protocol is adhered to.
3. The policy development team will define the policy purpose and scope. Feedback from affected CCOs should be obtained and incorporated.
4. Obtain and document an understanding of current related policies in place at council parent and each CCO.
5. Develop a group policy based on the agreed purpose and scope and with consideration of needs based on the understanding of current policies. The policy may contain sub-policy documents relevant only to a specific CCO.
6. The policy team must obtain feedback on the draft group policy from the council parent executive team and CCO executive teams as relevant to ensure it is fit for purpose. This should be performed within a reasonable timeframe (being within 10 working days) to avoid unnecessary delay in policy establishment.
7. The draft group policy is to be presented for discussion to each CCO board jointly by a CCO executive team member and the policy sponsor (or their delegate from council parent). This should be performed within a reasonable timeframe at the next scheduled board meeting.

Note that for CCOs that already adopt council parent policies an agreement to vary this step of the protocol may be approved by the policy sponsor.

CCO board members are to be cognisant of the expectation to promote value for money in respect of the council group, including collaborating with group shared services and procurement activity.

8. The results of the above discussions, including how any points raised have been addressed, should be documented in the report accompanying the policy when it is put to the Finance and Performance Committee for approval. This provides a record of the considerations and how they have been addressed.
9. The final draft policy is to be presented by the policy sponsor (or their delegate from council parent) for approval by the Finance and Performance Committee.

Policy document contents

Auckland Council group policies should include the following content:

1. policy summary
2. purpose of the policy
3. who the policy covers
4. policy principles
5. guidance for applying the policy
6. responsibility for monitoring and ensuring compliance with the policy
7. any CCO-specific policy content
8. reference to supporting documents
9. definitions
10. policy implementation process.

Dispute resolution

While the protocol encourages a collaborative approach to policy development, it is possible that not all of the concerns of stakeholders can be addressed to their satisfaction in the final policy. In the event of a significant disagreement in the policy, the Mayor of Auckland will act to mediate a solution between the parties.

Amendments

The Chair and Deputy Chair of the Finance and Performance Committee may approve amendments to the protocol, which do not change its intent, scope and purpose.

| | |
|------------------|---|
| Version | 1.2 |
| Status | Draft for approval |
| Owner | Nicola Berghaus – Senior Advisor Finance |
| Revision History | Version 1.2 incorporates feedback obtained from council parent and the CCO executive teams. |

Plan Change to Auckland Unitary Plan - Operative in Part to give effect to Three Kings settlement proposal

File No.: CP2017/06784

Purpose

1. To seek direction from the Governing Body in response to a settlement agreement in relation to appeals on the Three Kings Precinct in the Auckland Unitary Plan - Operative in Part (AUP - OIP).

Executive summary

2. A more comprehensive report was not available when the agenda went to print and will be provided in an addendum agenda.

Recommendation/s

The recommendations will be provided in the comprehensive report.

Attachments

There are no attachments for this report.

Signatories

| | |
|------------|--|
| Author | Sandra O'Toole - Team Leader – Governance Advisors |
| Authoriser | Stephen Town - Chief Executive |

Summary of Governing Body information memos and briefings - 27 April 2017

File No.: CP2017/03673

Item 13

Purpose

1. To receive a summary and provide a public record of memos or briefing papers that may have been distributed to Governing Body members.

Executive summary

2. This is a regular information-only report which aims to provide greater visibility of information circulated to Governing Body members via memo-briefing or other means, where no decisions are required.
3. The following memos were circulated to members:
 - 11/4/17 – Announcing new maintenance contract suppliers (Project 17)
4. This document can be found on the Auckland Council website, at the following link:
<http://infocouncil.aucklandcouncil.govt.nz/>
 - at the top of the page, select meeting “Governing Body” from the drop-down tab and click “View”;
 - under ‘Attachments’, select either the HTML or PDF version of the document entitled ‘Extra Attachments’.
5. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Governing Body members should direct any questions to the authors.

Recommendation/s

That the Governing Body:

- a) receive the Summary of Governing Body information memos and briefings – 23 March 2017.

Attachments

| No. | Title | Page |
|---|--|------|
| A  | Announcing new maintenance contract suppliers (Project 17) <i>(Under Separate Cover)</i> | |

Signatories

| | |
|------------|---|
| Author | Sarndra O'Toole - Team Leader – Governance Advisors |
| Authoriser | Stephen Town - Chief Executive |