

## Attachment B: Watercare comments on the CCO accountability policy and proposed response

Section	Title	Watercare feedback	Watercare's suggested amendments to the text	Auckland Council proposed response
1.1	Common expectations	Many of the expectations listed in this section are best managed by operating under the 'no surprises' policy. The CCO Accountability Policy should therefore highlight this expectation in this overarching clause 1.1.	Auckland Council has a number of expectations of each of its substantive council-controlled organisations in respect of their contribution to, and alignment with, the council's objectives and priorities. Each substantive CCO is to meet the common expectations set out below and the specific expectations for each, whilst operating under a "No Surprises" policy.	No change: the "no surprises" policy is important, but we consider its location in section 1.1.1 to be appropriate.
1.1.1 bullet point 11	Build Public Trust and confidence in the council group	The CCO Accountability Policy should clarify when engagement must be undertaken through the council parent, and when it does not (e.g. when it only concerns one CCO). The Watercare Board noted that whenever it does engage with central government, the Chair and Chief Executive do keep council and Mayor up to date under the no surprises policy.	Engaging with central government on central policy issues through the council parent where the central policy issue is relevant to the wider council group or council specific. Engagement does not need to be carried out through the council parent in the following situation i) the central policy issue is only relevant to a particular CCO; and ii) the engagement with central government relates to day-to-day issues that are in the normal course of the CCOs business. A no surprises approach would be adopted	No change: engagement with central government on operational matters does not need to be carried out through the council parent, but any engagement on policy matters should be. This section has been redrafted to make it clearer.

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			<p>prior to any such engagement being made.<del>(note that engagement on does not need to be carried out through the council parent)</del></p>	
<b>1.7, paragraph A</b>	Watercare Services Limited A. Purpose	The CCO Accountability Policy should reference Watercare’s obligations under s57(1) and s58 Local Government (Auckland Council) Act 2009, and also make note that the supply of water and wastewater services is business as usual, and Watercare’s day-to-day operations. We suggest this be included at point 1.7, A. Purpose of Watercare Services Limited.	1.7 Watercare Services Limited A. Purpose of Watercare Services Limited The purpose of Watercare Services Limited (Watercare) is to provide Auckland’s integrated water supply and wastewater services <sup>(1)</sup> . <del>These services are Watercare’s day-to-day business and must be provided by Watercare in accordance with its statutory obligations under the Local Government (Auckland Council) Act 2009, s57(1) and s58.</del>	The reference to these legislative requirements has been added as a footnote.
<b>1.7, paragraph C, bullet point 3</b>	Watercare Services Limited Methods	Delete the words “and integration” as this term could be interpreted a variety of ways, especially in such close proximity to the term “the three waters”. The word optimisation is sufficient.	Working with the council, other council controlled organisations and infrastructure projects to achieve the council’s objectives and priorities in an efficient and effective way, including in particular the optimisation <del>and integration</del> of water, wastewater and stormwater (the three waters) for the benefit of current and future Aucklanders.	No change: we propose retaining the word “integration”, as there is an active focus on driving the integration of three waters outcomes, including through the Auckland’s Waters strategy. In addition, we propose referring to three waters “outcomes”.

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<b>1.7, paragraph C, bullet point 4</b>	Watercare Services Limited Methods	The Board suggest that the CCO Accountability Policy be clarified to ensure all CCOs know what is required in respect of the method "Actively facilitating the participation of Maori in the management of natural resources".	n/a	No change: the CCO Governance Manual and Our Charter provide guidance on this. This can also be clarified through ongoing engagement with Te Waka Angamua.
<b>Suggested new 1.1.9</b>	Director Duties	The CCO Accountability Policy should also refer to the fiduciary duties of Directors under the Companies Act. Suggest this be included by adding a new paragraph 1.1.9.	<b>1.1.9 Director duties</b> The requirements of the CCO Accountability Policy must be read in conjunction with the other obligations of company directors, including Companies Act 1993, s131, which requires directors of a company to act in the good faith and in the best interests of the company.	No change: we do not consider that this is necessary, as this is already covered in the respective constitution of each CCO.
<b>2.5, bullet point 1</b>	Audit and Risk Reporting requirements	The CCO Accountability Policy should require Board attendance, rather than senior executive attendance, as this is the appropriate governance level. Board members could choose to delegate their authority.	Ensure relevant <b>Board members (or their delegates from senior management)</b> <del>senior executives</del> attend the meeting of the council's Audit and Risk Committee as requested by the council.	This has been changed to reflect board members, with the possibility to delegate to executives.
<b>3.2</b>	Further Requirements	Watercare has its own Asset Management Planning (AMP) process, accounting policies and standards, and tax policy, which are appropriate to Watercare Services Limited. It has operated under these	Each substantive CCO <del>must</del> <b>should, if appropriate:</b> <ul style="list-style-type: none"> <li>Use the council's asset management framework, <del>or obtain the council's approval for an alternative framework.</del></li> </ul>	No change: as the parent, and ultimately responsible for the performance of the group, the council needs to retain the ability to set policies and standards for asset management, tax and

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		<p>processes, policies and standards for many years.</p>	<ul style="list-style-type: none"> <li>• Use accounting policies and standards that are consistent with the council group's accounting policies and standards.</li> <li>• Comply with council tax initiatives and policies.</li> <li>• Follow any other planning requirements specified by the council and notified to CCOs.</li> </ul>	<p>accounting. The council will ensure that any framework balances consistency with the particular circumstances of a CCO.</p>
<p><b>4.2.3</b></p>	<p>Shareholder oversight of significant decisions and major transactions, footnote 1, s97 Local Government Act 2002</p>	<p>Watercare's Board observed that the transfer of the ownership or control of a strategic asset to or from the local authority must be consulted on during the development of a long term plan. In particular, depending on the model used, the funding of new infrastructure (such as the Central Interceptor) through new financial entities could trigger s97(1)(b) and s97(2) of the Local Government Act 2002.</p>		<p>-</p>