I hereby give notice that an ordinary meeting of the Appointments, Performance Review and Value for Money Committee will be held on:

**Date:** Thursday, 6 December 2018  
**Time:** 10.30am  
**Meeting Room:** Room 1, Level 26  
**Venue:** 135 Albert St  
Auckland

**Komiti Tohu me te Arotake Tūranga Mahi, me te Rite o te Whiwhi ki Tā Tērā i Utu Ai / Appointments, Performance Review and Value for Money Committee**

**OPEN AGENDA**

**MEMBERSHIP**

Chairperson  
Hon Phil Goff, CNZM, JP  
Deputy Chairperson  
Hon Christine Fletcher, QSO  
Members  
Cr Josephine Bartley  
Cr Ross Clow  
Cr Chris Darby  
Cr Richard Hills  
Cr Penny Hulse  
Cr Desley Simpson, JP  
Ex-officio  
Deputy Mayor Bill Cashmore  
IMSB Member David Taipari  

(Quorum 4 members)

Suad Allie  
Governance Advisor  

30 November 2018

Contact Telephone: (09) 977 6953  
Email suad.allie@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Terms of Reference (Delegations)

Responsibilities

The Council Appointments, Performance Review and Value for Money Committee is established to:

1. Review the chief executive’s performance and to recommend to the Governing Body the terms and conditions of the CE’s employment including any performance agreement measures and annual remuneration.
2. Make appointments to Council-Controlled Organisations (CCOs), Council Organisations (COs) and exempt CCOs and COs, with the exception of Ports of Auckland Limited and Auckland International Airport Limited.
3. Receive updates on appointments to the council organisations Ports of Auckland Limited and Auckland International Airport Limited, as well as any relevant updates on shareholder voting undertaken at Auckland International Airport Limited annual general meetings.
4. Approve policies relating to the appointment of directors and trustees to CCOs and Cos.
5. Monitor and report to the Governing Body on the implementation of service delivery reviews required under s17A of the Local Government Act 2002, and the recommendations arising from those reviews.
6. Approve the scheduling of the forward s17A work programme, and recommend to the Governing Body the terms of reference for individual reviews.
7. Request reports on Auckland Council parent and CCO value for money, savings and effectiveness-focused initiatives that are beyond the scope of s17A reviews, and make recommendations on these reports to the Governing Body.

Powers

All powers necessary to perform the committee’s responsibilities.

Except:

(a) powers that the Governing Body cannot delegate or has retained to itself (section 2)
(b) where the committee’s responsibility is limited to making a recommendation only
(c) the power to establish sub-committees
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<td>14</td>
<td>Appointments and Performance Review Committee Information Report - 6 December 2018</td>
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<td>15</td>
<td>Consideration of Extraordinary Items</td>
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**PUBLIC EXCLUDED**

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<td>Procedural Motion to Exclude the Public</td>
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<td>Confidential: Appointment of board members to the Community Education Trust Auckland - COMET</td>
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<td>C2</td>
<td>Confidential: Appointment of a trustee to the Māngere Mountain Education Trust</td>
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<td>C3</td>
<td>Confidential: Appointment of directors to Auckland Transport and Regional Facilities Auckland</td>
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<td>C4</td>
<td>Confidential: Director appointments to Watercare Services Limited</td>
<td>132</td>
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<tr>
<td>C5</td>
<td>Confidential: Appointment of board interns to Auckland's council-controlled organisations</td>
<td>132</td>
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</table>
1 Apologies

At the close of the agenda no apologies had been received.

2 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.

3 Confirmation of Minutes

That the Appointments, Performance Review and Value for Money Committee:

a) confirm the ordinary minutes of its meeting, held on Thursday, 1 November 2018, including the confidential section, as a true and correct record.

4 Petitions

At the close of the agenda no requests to present petitions had been received.

5 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.

6 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.
7 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.”
Te take mō te pūrongo / Purpose of the report

1. To provide a progress update on the implementation of the first five completed reviews in the Value for Money (s17A) review programme and to outline the intended actions for these reviews.

Whakarāpopototanga matua / Executive summary

2. In March 2017 the Finance and Performance Committee endorsed a Value for Money programme for the council group including approval to undertake the first four Value for Money (s17A) reviews. Subsequent approval was given in September 2017 to undertake a fifth review. The five reviews have been completed and approved. These are:
   - Three Waters
   - Domestic Waste Services
   - Communication and Engagement Services
   - Investment Attraction and Global Partnerships
   - Group Procurement.

3. This report provides an update on quarterly implementation progress for the five reviews and the recommendations.

4. Business managers across the group have developed implementation plans for these actions and the five attachments to this report provide information on each review area, how these actions will be implemented and current progress. These areas may change as the work is further scoped or developed, feasibility work is completed, and dependencies are refined.

5. A summary of progress for each review is contained in paragraphs 6-17 below.

Three Waters

6. The implementation of all the recommendations are proceeding to plan.

7. This quarter a feasibility assessment for outsourcing the council’s stormwater operations and maintenance to Watercare Services Limited (Watercare) has been completed. The findings of this review will be workshopped with the Appointments, Performance Review and Value for Money Committee members on 7 December 2018. Financial estimates of savings to be achieved through the Value for Money review are $293 million of benefits forecast over the next ten years. This includes:
   - $179 million in benefits through Watercare capital expenditure that can be deferred or avoided without increasing operational risk.
   - $108 million in forecast benefits from joint programme and project delivery work between Auckland Transport, Healthy Waters, and Watercare.
   - A forecast of $3.6 million in potential operational and maintenance savings.

8. These and other areas of savings have been captured in the Long-term Plan 2018-2028.

Domestic Waste

9. The implementation of all the accepted recommendations are proceeding to plan.
10. This quarter the review of the case for council owning and operating waste services and non-strategic assets is being completed with a report being prepared for council consideration in early 2019. The council has been invited to participate in a funding round of central government’s Waste Minimisation Fund for its resource recovery network. The procurement plan for waste collection is in development and will be presented to council in early 2019.

11. No areas of financial benefit have yet been forecast and captured in the long-term plan 2018-2028 for this review.

**Communications and Engagement Services**

12. The implementation of all the recommendations have been completed with the savings captured in operating budgets. No further report is required.

**Investment Attraction and Global Partnerships**

13. The implementation is running behind schedule as a result of a change in Auckland Tourism, Events and Economic Development Limited’s operating principles and associated reorganisation. Work is underway and proceeding to plan against a new timetable.

14. No financial benefits were identified in the review.

**Group Procurement**

15. The implementation of the operating model and the risk management framework are running behind schedule. The draft Group Procurement Strategy and Group Risk Framework are planned for completion by December 2018.

16. The 2019 financial year operating expenditure savings targets have been set for the business as follows:

- Council - $5 million
- Auckland Transport - $5 million
- Watercare - $2.5 million.

17. No areas of financial benefit arising from the recommendations have yet been forecast and captured in the Long-Term Plan 2018-2028.

**Ngā tūtohunga / Recommendation/s**

That the Appointments, Performance Review and Value for Money Committee:

a) receive the progress updates for the Value for Money (s17A) reviews on:
   - Three Waters
   - Domestic Waste Services
   - Communication and Engagement Services
   - Investment Attraction and Global Partnerships
   - Group Procurement.
### Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
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<td>A</td>
<td>Quarterly Reporting - Three Waters</td>
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<tr>
<td>B</td>
<td>Quarterly Reporting - Domestic Waste</td>
<td>17</td>
</tr>
<tr>
<td>C</td>
<td>Quarterly Reporting - Communications and Engagement Services</td>
<td>21</td>
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<td>D</td>
<td>Quarterly Reporting - Investment Attraction &amp; Global Partnerships</td>
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<td>E</td>
<td>Quarterly Reporting - Group Procurement</td>
<td>27</td>
</tr>
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### Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Authors Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authors</td>
<td>Sally Garrett - Programme Manager, Delivery Value for Money</td>
</tr>
<tr>
<td></td>
<td>Ross Chirnside - Senior Financial Analyst, Delivery Value for Money</td>
</tr>
<tr>
<td>Authorisers</td>
<td>Authorisers Details</td>
</tr>
<tr>
<td>Authorisers</td>
<td>Kevin Ramsay - General Manager Corporate Finance and Property</td>
</tr>
<tr>
<td></td>
<td>Matthew Walker - Group Chief Financial Officer</td>
</tr>
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<td></td>
<td>Phil Wilson - Governance Director</td>
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</tbody>
</table>
Value for Money Implementation Progress Report

Review: S17A - Three Waters Review
Report Date: 7 December 2018
Flag: GREEN (Overall)
Report Period: August – December 2018

Status Overview for the Review
Council staff are progressing the action plan for responding to the S17A - Three Waters Review approved by Finance and Performance Committee in February 2018 (Resolution number FIN/2018/13). This includes:

- Developing an Auckland Water Strategy
- Forming a joint working team to progress opportunities for savings through joint procurement, capital planning, and operations and maintenance across Auckland Council, Auckland Transport and Watercare.
- Developing a business case evaluating further opportunities to work collaboratively across the council family, including evaluating outsourcing of stormwater operations and maintenance from Auckland Council to Watercare.
- Progressing S17A recommendations relating to economic regulation, the operating model for all water services and consolidation of environmental regulation. These will be considered as part of the second phase of council’s response to the Value for Money review.

Key activities carried out to implement the action plan during the August to December 2018 period included:

- Workshops to inform the Auckland Water Strategy were held with mana whenua, subject matter experts across the council family and councillors in August and October 2018. Workshops were also held with 21 local boards in September and October. Formal reports were put to all local board business meetings in November to seek their feedback on key issues to be covered in the discussion document for the strategy.
- Martin Jenkins has been jointly commissioned by Watercare and Auckland Council to carry out a feasibility assessment of the case for outsourcing stormwater operations and maintenance from council to Watercare. The draft findings of this review will be discussed in a workshop with the Appointments, Performance Review and Value for Money Committee on 7 December 2018.
- Financial estimates of savings to be achieved through the Value for Money review are consistent with those presented to the committee in the last update in early August 2018, with $293 million of benefits forecast over the next decade. This includes:
  - Realisation of $179 million in benefits through Watercare capital expenditure that can be deferred or avoided without increasing operational risk.
  - Realisation of $1 million in benefits from joint programme delivery and procurement.
  - Forecast of $108 million in additional savings from joint programme and project delivery work between Auckland Transport, Healthy Waters, and Watercare. An update is provided below on various joint capital projects that are either being developed or are in construction.
  - Forecast $1 million in operational savings from incorporating the three waters strategy into the Auckland Water Strategy.
  - Forecast of $3.6 million potential operational and maintenance savings. Further investigations are underway, through the Martin Jenkins review described above, to determine where additional efficiencies can be delivered.
  - Opportunities to avoid capital expenditure through innovation and process improvements project continue to be explored by Watercare. For example, new innovations in water treatment technology may remove the need for upgrades to water treatment infrastructure.
  - Additional opportunities for procurement savings will be explored through the S17A review of procurement across the council family.
- These savings have been captured in the Long-term Plan 2018-2028.

<table>
<thead>
<tr>
<th>Benefit opportunity</th>
<th>Benefit forecast</th>
<th>Variance to opportunity</th>
<th>Benefit realised (to date)</th>
<th>RAG</th>
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<td>$300,000</td>
<td>$292,692</td>
<td>$7,308</td>
<td>$181,069</td>
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Commentary

Work is progressing on the actions approved by the Finance and Performance Committee in February 2018. As noted in the last update, approximately $181 million of benefits have been realised to date. While the majority of the benefits to date are from deferred capital expenditure and optimisation of projects, other opportunities are being explored to avoid expenditure while achieving desired outcomes. Future benefits forecast will mainly be achieved through joint project delivery and procurement efficiencies.

Note: All figures used are in real dollars (uninflated)

Risk amount

The potential operational savings that have been identified above can be achieved through efficiencies in the council family’s operations and maintenance. However, these savings may be offset by the effects of growth and more extreme weather events, which increase the risk of flooding.

<table>
<thead>
<tr>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Benefit opportunity – this is the benefits identified by the Value for Money review</td>
</tr>
<tr>
<td>Benefit forecast – this is the forecast benefit (of approved opportunities) following business unit review of the benefit opportunity. Note that not all benefits were valued as part of VFM review so forecast may include additional benefits</td>
</tr>
<tr>
<td>Benefit realised – these are benefits that have either been realised or have been included in the Long-term Plan</td>
</tr>
<tr>
<td>Benefit realisation plan developed – Y/N – is there a documented plan to realise benefit from VFM review</td>
</tr>
</tbody>
</table>

RAG

- **Green** – work will progress as planned, due date will be met or if the due date has been revised it will not affect the project critical path or a dependent project
- **Amber** – Due date has or will possibly be missed and this may affect the project critical path or a dependent project, or an issue has arisen that may affect this project or a dependent project
- **Red** – due date has or will imminently be missed and this will affect the project critical path or a dependent project, or an issue has arisen that will negatively impact this project or a dependent project
## Key Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Start Date</th>
<th>Completion Date</th>
<th>Flag</th>
<th>Work plan achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop Auckland Water (three waters) Strategy</td>
<td>November 2017</td>
<td>June 2019</td>
<td></td>
<td>The scope, budget and timeframes of the Auckland Water Strategy were approved by the Environment and Community Committee on 12 June 2018 (Resolution number ENV/2018/78). Since then workshops to inform the strategy have been held with mana whenua, key subject matter experts, councillors, and local board members. The discussion document and plan for public engagement on the strategy will be presented to the Environment and Community Committee for their approval on 4 December 2018. Incorporating the three waters strategy and policy within the Auckland Water Strategy will result in operational savings of approximately $1 million, as this can be integrated with existing work programmes within the council family.</td>
</tr>
<tr>
<td>Consolidated Capital Planning</td>
<td>November 2017</td>
<td>Ongoing</td>
<td></td>
<td>The S17A review estimated a benefit opportunity of $121 million savings from consolidated capital planning. As noted in the last update, $179 million of benefits from consolidated capital planning have been realised. These were captured in the Long-term Plan 2018-2028. Watercare, Healthy Waters and Auckland Transport are now reviewing their Asset Management Plans to identify opportunities for alignment and greater efficiencies. During the update period Healthy Waters completed a draft Asset Management Plan which is more closely aligned to Auckland Transport’s. Watercare are continuing to explore opportunities for how investment can be reduced through innovation and process improvement projects. For example, new innovation in treatment technology may remove the need for capacity upgrades to water treatment infrastructure, meaning capital expenditure can be avoided.</td>
</tr>
<tr>
<td>Joint project delivery and Procurement</td>
<td>July 2017</td>
<td>Ongoing</td>
<td></td>
<td>The S17A review forecast a benefit opportunity of $166 million from joint procurement of projects. To date $1 million has been realised and opportunities for a further $108 million of savings through joint project delivery have been identified. To achieve this Watercare, Healthy Waters and Auckland Transport have identified locations where roading, stormwater, wastewater and water supply projects are needed in the same area. These projects are then being jointly procured and delivered. This approach significantly reduces duplicated expenditure on traffic management and reinstatement of road surfaces. This ‘dig once’ approach also reduces the impact of construction on residents and local businesses, for example, through fewer closures of the road corridor. An</td>
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update on progress on some projects that are underway using this joint approach is provided below:

- Line Road – will replace both stormwater and wastewater pipelines in Line Road to reduce flooding and enable new development by the Tāmaki Regeneration Company. The project is being delivered by Healthy Waters with funding provided from Watercare for wastewater upgrades. This project has gone to tender and award of the construction contract is imminent.

- Tāmaki College – will reduce flooding and enable growth in the Tāmaki Regeneration Area which runs through the Tāmaki College grounds and crosses Taniwha Street. Watercare are currently constructing a major trunk sewer upgrade along Taniwha Street in the same location. To achieve efficiencies, it is currently planned that Watercare will construct the Healthy Waters project as a variation to their current contract and Healthy Waters will fund it.

- Morgan St – separation of the stormwater and wastewater network to reduce overflows and contamination to Newmarket Stream and enable intensification of development in the Carlton Gore Road area of Newmarket. The project is being delivered by Healthy Waters but will improve operation of both the stormwater and wastewater systems. The construction works are now complete.

- Picton Street – a joint project between Healthy Waters, Watercare and Auckland Transport to reduce overflows and contamination in the Waitemata Harbour by separating the stormwater and wastewater network. The aim is to start construction within this financial year. The construction works for this project have now gone to tender.

Further opportunities have been identified, including the following:

- Western Isthmus (wastewater and stormwater improvements)
- Integrating wastewater works (e.g. branch wastewater pipes and shafts) with the Central Interceptor Project
- Aligning renewals and upgrades to existing infrastructure with the development of growth areas (e.g. Tāmaki, Northcote).

Additional opportunities for procurement savings will be explored through the S17A review of procurement across the council family.

<table>
<thead>
<tr>
<th>Joint Operations and Maintenance Activities</th>
<th>March 2018</th>
<th>Ongoing</th>
<th>Further benefits being investigated</th>
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<tr>
<td>A review of Watercare and Healthy Water’s operations and maintenance contracts has identified some activities which can be coordinated across the two organisations and jointly procured.</td>
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<td>A benefit opportunity of $13 million for joint operations and maintenance was forecast in the S17A review. To date $3.6 million of potential benefits have been identified.</td>
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Martin Jenkins have been engaged by Healthy Waters and Watercare to carry out a feasibility assessment of the case for outsourcing stormwater operations and maintenance from council to Watercare. The draft findings of this review will be discussed at a workshop with the Appointments, Performance Review and Value for Money Committee members on 7 December 2018.

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<tr>
<td>Three waters strategy &amp; policy (avoided through development of Auckland's Waters Strategy)</td>
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<td>Joint project delivery and procurement</td>
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<td>$51,562</td>
<td>$2,958</td>
<td>$3,763</td>
<td>$4,641</td>
<td>$5,913</td>
<td>$6,099</td>
<td>$8,677</td>
<td>$8,987</td>
<td>$8,614</td>
<td>$8,809</td>
<td>$292,692</td>
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1Benefits realised upon tender award
2Preliminary operational efficiencies identified, further analysis to be reported in December

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<td>$181,069</td>
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On 27 February 2018 the Finance and Performance Committee considered the implementation and progress consideration for responding to the S17A – Domestic Waste Review. In response the committee resolved to:

- note that the strategic actions arising from the Domestic Waste: Value for Money (S17A) Review have been included in the draft Waste Management and Minimisation Plan 2018 and will be implemented once the plan is approved (subject to public feedback).
- note that the final Waste Management and Minimisation Plan 2018 will be presented to the Environment and Community Committee for approval by June 2018.
- approve additional budget of up to $150,000 operational expenditure to fund an independent review of the value and options for Auckland Council’s ownership of key waste assets and services.

The strategic actions include:
- Preparing a plan of actions to advance the Zero Waste objective in the growing non-domestic waste segments,
- Developing site waste management plans,
- Developing an economic evidence base to quantify the environmental and other impacts of landfills
- Undertaking market research with households and businesses.

These actions have been included in the draft Waste Management and Minimisation Plan 2018. Consultation on the draft plan finished on 28 March 2018 and the Hearing Panel has met to hear oral submissions. The final plan will be presented to the Environment and Community Committee for adoption on 12 June 2018. If approved, staff will then implement the relevant S17A actions.

As described in the key initiatives sections below, a number of the S17a operational items have already been completed or integrated into business as usual. For example, businesses cases are being developed for all major new waste initiatives and grant applications will be made to the Ministry of the Environment’s Waste Minimisation Fund for any services that are eligible. A grant application has been made to the Ministry of Environment fund in May 2018 for support for the establishment costs for three sites within the Resource Recovery Network.

The scope of the business case to evaluate options for the ownership of non-strategic waste assets has been confirmed and a contractor is now being procured. An update on the outcomes of this will be provided in December 2018 to the relevant committee.

At this time the independent business case will evaluate the ownership of the non-strategic waste assets and the associated service delivery. This evaluation will inform the benefit opportunity both social and monetary, and as a result the monetary benefit is currently to be confirmed.

### Benefit Realisation

<table>
<thead>
<tr>
<th>Benefit opportunity</th>
<th>Benefit forecast</th>
<th>Variance to opportunity</th>
<th>Benefit realised</th>
<th>Variance to forecast</th>
<th>Benefit realisation plan developed</th>
<th>RAG</th>
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<tbody>
<tr>
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### Commentary

Work on the Section 17A Value for Money Review is proceeding according to schedule. Adoption of the draft Waste Management and Minimisation Plan in June 2018 will signal a key milestone, enabling many of the Section 17A review recommendations to be implemented. There are no significant issues that need resolving.
### Key Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Start Date</th>
<th>Completion Date</th>
<th>Flag</th>
<th>Work plan achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>#1. Total waste stream focus</td>
<td>Nov 17</td>
<td>Ongoing</td>
<td></td>
<td>A proposal to expand the council’s focus beyond domestic waste to the whole waste stream has been included in the draft Auckland Waste Management and Minimisation Plan 2018. Consultation on the draft plan is now complete and the final plan will be presented to Environment and Community Committee for their adoption on 12 June 2018. This will be implemented from July 2018 if approved through the plan.</td>
</tr>
<tr>
<td>#2. Non-strategic asset review</td>
<td>Feb 18</td>
<td>Dec 18</td>
<td></td>
<td>A scope for the business case to evaluate options for the ownership of non-strategic waste assets has been confirmed and a contractor is now being procured. An update on the findings will be provided to the relevant committee in December 2018.</td>
</tr>
</tbody>
</table>
| #3. Domestic waste funding                     | Nov 2017   | Ongoing         |       | i) **Recommendation to submit new services to central government Waste Minimisation Fund if they are eligible:** No new service has been introduced during the update period that qualifies for funding from the Ministry’s grant scheme. However, an application for funding to support establishment of three sites within the Resource Recovery Network will be submitted to the May 2018 round.  

   ii) **Recommendation to develop business cases for all new initiatives and carry out benchmarking exercise.** Strategic assessments are underway to inform a business case for Radio Frequency Identification tags for refuse bins. Work on the benchmarking exercise has not yet started. |
| #4. Review of council’s waste grants scheme    | Nov 17     | Dec 18          |       | A proposal to continue the council’s Waste Minimisation and Innovation Fund has been included in the draft Auckland Waste Management and Minimisation Plan 2018. This will be implemented from July 2018 if it is approved through the plan.  

   A review of the fund to identify any opportunities for improvements and efficiencies is underway. A report outlining any recommended changes will be provided to Environment and Community Committee by December 2018. |
<table>
<thead>
<tr>
<th>#</th>
<th>Description</th>
<th>Notes</th>
</tr>
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<tbody>
<tr>
<td>#5</td>
<td>Promote national waste grants scheme</td>
<td>Staff have consulted with Ministry for the Environment staff who have confirmed that this action is not required. Government advice for applicants is already provided on the Ministry for the Environment’s website and creating council resources would duplicate these.</td>
</tr>
<tr>
<td>#6</td>
<td>Site waste management plan</td>
<td>July 18  Ongoing  This has been included in the draft Auckland Waste Management and Minimisation Plan, as an action for council and council-controlled organisation's infrastructure projects. This will be implemented from July 2018 if approved through the plan.</td>
</tr>
<tr>
<td>#7</td>
<td>Lift economic discipline</td>
<td>The draft Auckland Waste Management and Minimisation Plan 2018 includes actions to undertake more evidence gathering to assess the evidence base for diverting waste from landfill and carry out household behaviour studies. These will be implemented from July 2018 if approved through the plan.</td>
</tr>
<tr>
<td>#8</td>
<td>Landfill levy research</td>
<td>Research on the costs-benefits of increasing the landfill levy has been completed with reports commissioned from SLR and Eunomia. A proposal to continue council advocacy to raise the landfill levy is included in the draft Auckland Waste Management and Minimisation Plan 2018. This will be implemented from July 2018 if approved through the plan.</td>
</tr>
<tr>
<td>#9</td>
<td>Outcomes driven waste contracting</td>
<td>Implementing outcome-based contracting will be considered as part of the procurement plan being currently developed for waste collection contracts. This procurement plan has been delayed to incorporate any changes as a result of the 2018 Waste Management and Minimisation Plan and outcomes of the non-strategic assets review. It will be presented to Strategic Procurement committee by the end of 2018.</td>
</tr>
</tbody>
</table>

**Flag information**

- **Green**: Work will progress as planned, due date will be met or if the due date has been revised it will not affect the project critical path or a dependent project.
- **Amber**: Due date has or will possibly be missed and this may affect the project critical path or a dependent project, or an issue has arisen that may affect this project or a dependent project.
- **Red**: Due date has or will inevitably be missed and this will affect the project critical path or a dependent project, or an issue has arisen that will negatively impact this project or a dependent project.

**Commentary:**

- Project comment is required if a project has a deadline or any issues have arisen.
- All milestones due in the next three months require comment that briefly describes progress made and any issues that have arisen.
- If the status is **Amber** or **Red** the comment must include a reason why and what action or suggested action is to be taken.

**Risk**

An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring, and the magnitude of its impact on objectives.

**Issue**

A relevant event that has happened, was not planned, and requires management action. It can be any concern, query, and request for change, suggestion or off specification raised during a project. Project issues can be about anything to do with the project.
Appointments, Performance Review and Value for Money Committee
06 December 2018

VALUE FOR MONEY IMPLEMENTATION PROGRESS REPORT

<table>
<thead>
<tr>
<th>Review:</th>
<th>Communications*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flag</td>
<td>GREEN (Overall)</td>
</tr>
<tr>
<td>Report Date</td>
<td>15 November 2018</td>
</tr>
<tr>
<td>Report Period</td>
<td>August - October 2018</td>
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</tbody>
</table>

Status Overview for the Review

Most recommendations have been implemented, including delivery of $0.464m savings for FY19, an agreed Group Communications Plan, a department strategy and improved KPIs and ROI measures.

The council group is developing a collaborative programme to improve engagement with Māori, initially focusing on engagement with mana whenua. Phil Wilson is the sponsor.

The first meeting of the Group Communications Steering Group was held on 11 October. The agreed work programme will be reviewed quarterly by group heads of comms and reported on annually. This work is expected to deliver further value for money improvements through joint procurement, collaborative working and shared professional development.

Benefit Realisation 2017/18

<table>
<thead>
<tr>
<th>Benefit opportunity</th>
<th>Benefit forecast $m</th>
<th>Variance to opportunity $m</th>
<th>Benefit realised $m</th>
<th>Variance to forecast $m</th>
<th>Benefit realisation plan developed</th>
<th>RAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council Parent: $12.2m 10-years</td>
<td>Council Parent: $12.2m 10-years</td>
<td>None</td>
<td>FY19 $0.464m</td>
<td>N/A</td>
<td>Completed FY19</td>
<td></td>
</tr>
<tr>
<td>Group Procurement: Current estimate is $1m-$1.5m 10-years</td>
<td>Initiatives being investigated</td>
<td>Initiatives being investigated through Group Comms Steering Group</td>
<td></td>
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Commentary

Council Parent

The 5% efficiency target for FY19 is $0.464m from a budget of $13.1m. The Communications Department has delivered these savings.

Definition

Benefit opportunity – this is the benefits identified by the Value for Money review

Benefit forecast – this is the forecast benefit (of approved opportunities) following business unit review of the benefit opportunity. Note that not all benefits were valued as part of VM review so forecast may include additional benefits

Benefit realised – this are benefits that have either been realised or have been included in the Long Term Plan

Benefit realisation plan developed – Y/N – is there a documented plan to realise benefit from VM review

RAG – Green 90%-100% of benefit forecast, Amber 70%- 90% of benefit forecast, Red less than 70% of benefit forecast

Benefit Forecast (per period)

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<tbody>
<tr>
<td>$0.464</td>
<td>$0.913</td>
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<td>$1.348</td>
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Benefit Realised (per period)

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<tr>
<td>$0.464</td>
<td>Not Yet Applicable</td>
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<td>$0.464</td>
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<tr>
<td>Initiative</td>
<td>Start Date</td>
<td>Completion Date</td>
<td>Flag</td>
<td>Work plan achievements</td>
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<tr>
<td>#1 Develop a formal group strategy and plan</td>
<td>Jan 2018</td>
<td>Completed July 2018</td>
<td></td>
<td>A quarterly review group met 11 October 2018 to ensure progress on the initiatives identified in the Action Plan. This group also has oversight of group procurement opportunities currently identified/being explored (refer Recommendation 6).</td>
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<tr>
<td>#2 Implement cost efficiency plans (parent)</td>
<td>Jan 2018</td>
<td>FY19 completed October 2018</td>
<td></td>
<td>$0.464m of efficiencies have been identified and removed from the FY19 Communications budget. Beyond FY19, other significant opportunities to improve value for money are being investigated as part of the Communications Department new strategy, including:</td>
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<td>• Further expansion of the design studio model - building on the 37% savings in external agency spend since 2014 through in-house design - including provision of services for CCs. • Revenue generation through advertising partnerships for OurAuckland print (with opportunities to expand to digital in the future). • Use of commercial partnerships to improve reach, revenue and impact for key campaigns.</td>
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<tr>
<td>#3 Planning process</td>
<td>Jan 2018</td>
<td>Completed July 2018</td>
<td></td>
<td>The new Communications Department strategy is now embedded into the everyday workflow of the department. It is being used to prioritise both budget and resource across the department using clear objectives, investment logic and linkages back to the organisational strategy and Mayoral vision.</td>
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<td>#4 Maori engagement</td>
<td>Apr 2018</td>
<td>April 2019</td>
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<td>Parents: Te Wakaanga Mua ki Uta and C&amp;E are continuing to progress key aspects of their joint strategy and action plan for addressing key Maori engagement challenges within the parent. Key supporting work streams include:</td>
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<td>• Council-wide implementation of the Engagement Performance Framework Dec 2017 and associated practice standards • Development and delivery of a Māori Information Portal by June 19, including improved Māori engagement calendar management, contacts and engagement process guides and tools and systems • Supporting development of the Regional Mana Whenua Kaihaka Forum 2018/19 work programme • Extending Mataawaka/Māori communities engagement partnering pilot to improve breadth depth and effectiveness of Māori input into council decision-making, including a rangatahi focus area</td>
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<td>The above initiatives are being fed into the group-wide programme now also being developed as noted below.</td>
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<td>Group: A steering group has been convened to develop and deliver the programme of work to address challenges from a group-wide perspective with Phil Wilson as sponsor. It will report to the Te Tae Taititiki Executive Leadership Group (ELG).</td>
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<td>The group has agreed to:</td>
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<td>• Focus on mana whenua engagement first; current mataawaka initiatives will continue, but the group-wide collaboration programme will focus on improvements in mana whenua engagement for at least the first 12 months. The full programme is anticipated to cover a three-year period. • To review the various engagement forums and supporting systems and processes for effectiveness in line with CE expectations, and consider a centralised model for engagement • Adopt a collaborative approach with mana whenua, shaping solutions in partnership</td>
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<td>The group is currently reviewing options and constraints for an integrated engagement model, and integrated forward-work programme ahead of engagement with mana whenua.</td>
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### Commentary:

Project comments are required that briefly describe progress made and any issues that have arisen.

All milestones due in the next three months require comment that briefly describes progress made and any issues that have arisen.

If the status is **Amber** or **Red** the comment must include a reason why and what action or suggested action is to be taken.

### Risk

- **A**n uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring, and the magnitude of its impact on objectives.

### Issue

- A relevant event that has happened, was not planned, and requires management action. It can be any concern, query, and request for change, suggestion or off specification raised during a project. Project issues can be about anything to do with the project.
Attachment D

Value for Money (s17A) quarterly progress reports

Page 25

#1 Develop an Auckland Investment Story

The value for money review identified the need for a consolidated Auckland Investment Story that presents a shared understanding of Auckland’s overarching urban growth and infrastructure development plan to guide investment attraction and financing projects and explains to potential investors the roles of each of the relevant council teams and how they work together. This will be a live environment providing real-time investment opportunities to support business attraction to Auckland.

Amber – As noted in earlier reports, due date will be missed due to the internal restructure of ATEED, namely the business unit leading this project (Economic Development). This new structure will, however, allow this work to meet a broader mandate across ATEED’s domestic and international economic development activity. The Auckland Investment Story is a key deliverable in ATEED’s 2018/19 plan.

Commentary:
The key findings of the review accepted that the delivery of investment attraction and global partnerships activities were necessary in a gateway city such as Auckland and were logically selected, well-targeted and prioritized. The Review noted that efforts had been made to improve co-ordination between Auckland and central government agencies, but that there would be benefits to be realised through the development of a consolidated Investment story to guide investment attraction and financing projects. Based on this, the proposed objectives for this project are as follows:

1. Clarify and codify the respective roles of Auckland agencies involved in investment attraction, resolving any areas of perceived overlap and/or duplication;
2. Consider how the activities of Auckland and national government agencies can be better aligned and integrated to ensure maximum reach and effectiveness;
3. Develop a coordinated Auckland Investment Story which:
   a. Clearly articulates Auckland’s investment proposition
   b. Focuses on unlocking maximum potential value from planned investments in transport and housing infrastructure across Auckland
   c. Sets out tangible investment opportunities of interest and relevance to international investors
4. Establish an ongoing governance and reporting framework to track progress and support collective delivery

ATEED has undertaken background research to inform the above activities in Q1 and Q2. A paper was completed by Patrick McVeigh (past GM Business Innovation and Skills) that establishes an approach for undertaking this initiative. The project team has been formed and the project plan is in final stages of completion, including terms of reference, detailing internal / external resource requirements (people & financial), key stakeholders (government agencies, private sector). This will provide basis for stakeholder engagement in Q2/Q3, with production and development (phase 1) getting underway in Q3/4.
82 Investment attraction service

No change since previous report. ATEED completed a feasibility study to analyse the potential introduction of a fees for services model to offset costs. The feasibility study provided several recommendations based on best practices from other economic development organisations (EDOs) in the US, Australia, Canada and UK. This process determined that there is no precedent or justification for charging said fees.

Green - As requested under recommendation 2 of the Investment attraction and global partnerships Value for Money (s17A) Review 2017, ATEED has adequately investigated the scope for fees and determined through the feasibility study that the introduction of fees for those investment attraction services that generate clear private benefits to the investors and businesses receiving the investment" (see p. 9. s17A Review) is not recommended.

Commentary

The key finding of the Investment attraction and global partnerships Value for Money (s17A) Review 2017 related to this work was that "some of the information, investigation, matching, facilitation and other brokerage-type services appear similar to those private sector firms would offer at a fee", hence "some services may be candidates for cost recovery or user charges". The feasibility study subsequently shows that the above is clearly misaligned with the reality of how EDOs provide services across the world, especially when it comes to international investors.

- Charging fees to potential investors is not common practice and is certainly NOT RECOMMENDED. EDOs interviewed during the study are unanimous in rejecting the notion of charging potential investors for services as they see this role as being the key civic role of the organisation, and that fees would create a barrier to entry.
- Specific fees for other services (e.g., research, export support) are not commonplace and would likely be inconsistent with ATEED's budget. These should be developed cautiously, if at all.

As outlined previously, a potential alternative would be to investigate the use of partnership models. This was deemed outside of the scope of the s17A Review recommendations, and also raises a number of potential risks, especially around neutrality. It would also require additional staff for member acquisition, initial program implementation and servicing of members. It would be a high-maintenance model with organisational infrastructure required to service the members. Additional marketing resource and back-end support may also be required. While this could be implemented in the future, ATEED does not consider this a short-term option.

Risk

None at this stage. Will need to be reviewed again should ATEED pursue "partnership model" in the future.

83 Better performance measures

The introduction of better performance measures will allow Auckland Council and OCO’s to demonstrate that new business and investments attracted to Auckland benefit all Aucklanders. ATEED is currently looking at revising its performance measurement approach to reflect the organisation’s new strategic direction. Consequently, the s17A element is being run in parallel with the wider exercise to ensure efficiencies and integration.

As reported previously, the ATEED SOI was presented to Councilors on 21.8.18 and subsequently approved. Five new KPIs (reduced from 28) provide greater clarity around the value offered by ATEED to Aucklanders. These are supported by a number of sub-KPIs that are still in development.

Amber - Work is progressing. ATEED establishing baseline to enable setting the KPIs at the appropriate levels.

Commentary:

As noted in previous report, Council expressed some concerns around the methodology but advised no further changes to the SOI at this stage. ATEED continues to work closely with Council staff, including Council’s Chief Economist, and GPS to ensure that elements relating to investment attraction are consistent. Baseline measures are being established for this FY, including for the Voice of Customer program, for which the pilot project is on track: initial results by end of Q2 / early Q3.
VALUE FOR MONEY IMPLEMENTATION PROGRESS REPORT

Review: Procurement
Flag: GREEN (Overall)
Report Date: 16 November 2018
Report Period: September - November 2018

Status Overview for the Review

Group Source programme and Section 17a review - Update

The Procurement teams within the council group continue to collaborate and work together in line with our Group Source programme. Led by the Procurement GMs across AT, AC and Watercare, the teams are actively addressing the Quick Wins and Recommendations that came out of the Section 17a report. Procurement is also using these as an opportunity to further our Group Source programme by creating Group guiding documents such as the Digital Procurement Roadmap and a Group Procurement risk matrix.

Benefit Realisation 2018/19

<table>
<thead>
<tr>
<th>Benefit opportunity $m</th>
<th>Benefit forecast $m</th>
<th>Variance to opportunity $m</th>
<th>Benefit realised $m</th>
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<th>Benefit realisation plan developed</th>
<th>RAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$140M</td>
<td>$110M</td>
<td>$30M</td>
<td>$26.8M</td>
<td>To be confirmed</td>
<td>To be confirmed</td>
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</tbody>
</table>

Commentary

Council Group

Over the last couple of months the Procurement teams within the council group have been updating our Spend Visibility data, ensuring a more accurate picture of the spend across the group. Teams have looked at group spend across different sub-categories and have identified additional opportunities for collaboration. Group Procurement have also worked together more strategically to identify possible hard opex opportunities. This work is ongoing.

The Group Source programme for FY19 has delivered $26M of procurement benefits across the group to October with $1.5M of that classified as hard opex savings.

Group Procurement have made progress against the Quick Wins and Recommendations outlined in the Section 17a Report. Our updates against each deliverable are captured in the table below.

**Definition**

- **Benefit opportunity**: This is the benefit identified by the Value for Money review.
- **Benefit forecast**: This is the forecast benefit (of approved opportunities) following business unit review of the benefit opportunity. Note that not all benefits were valued as part of VM review so forecast may include additional benefits.
- **Benefit realised**: This are benefits that have either been realised or have been included in the Long Term Plan.
- **Benefit realisation plan developed**: Y/N – is there a documented plan to realise benefit from VM review.
- **RAG**: Green 90%-100% of benefit forecast, Amber 70%-90% of benefit forecast, Red less than 70% of benefit forecast.

**Benefit Forecast (per period)**

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</tr>
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<tbody>
<tr>
<td>Total</td>
<td>$26.8M</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
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<td>TBC</td>
<td>TBC</td>
<td>$110M</td>
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**Benefit Realised (per period)**

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<tr>
<td>Total</td>
<td>$26.8M</td>
<td>Not yet applicable</td>
<td>Not yet applicable</td>
<td>Not yet applicable</td>
<td>Not yet applicable</td>
<td>Not yet applicable</td>
<td>Not yet applicable</td>
<td>Not yet applicable</td>
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<td>Not yet applicable</td>
<td>Not yet applicable</td>
<td>Not yet applicable</td>
<td>$26.8M</td>
</tr>
</tbody>
</table>
### Key Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Start Date</th>
<th>Completion Date</th>
<th>Flag</th>
<th>Work plan achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Complete a high level post-implementation review of SAP Ariba at the Council parent, including engagement with CCOs, prior to any further deployment or investment. All entities should be involved and a future Group technology roadmap developed.</td>
<td>March 2018</td>
<td>Dec 2018</td>
<td></td>
<td>AC, AT and Watercare Procurement General Managers have set up a Procurement Digitisation Working Group with representatives from AC, AT and Watercare. The purpose of this working group is to create a Procurement Digital Roadmap across the group. A draft Roadmap has been completed and feedback is currently being incorporated.</td>
</tr>
</tbody>
</table>
| B. Develop and implement a plan to proactively engage with Māori business and the Māori business community in procurement opportunities. | Doc 2017   | Ongoing         |      | **Te Toa Takititi:** The Council Group and the Mana Whanua Ka Otaiki Forum are working together to identify and maximise economic opportunities for Manu Whenua. A 3 phased approach has been agreed:  
  1. Current state analysis to the CE to identify and advise on the current state activities and a set of priorities for Māori procurement opportunities;  
  2. Scope and implement relevant activities to inform the Māori Outcomes portfolio of work to support cross-council alignment in transitioning the council-family to consistent shared measurements/targets for Māori procurement.  
  3. A funded work programme to build Māori capability and capacity to meet the procurement opportunities identified across the group. |

**He Waaka Eke Noa:**  
The Southern Initiative, in partnership with a number of other organisations, has established He Waaka Eke Noa, a facilitator for Māori and Pacific-owned businesses to public and private sector supply chains. There are currently 44 businesses on the list, who primarily provide services in civils and construction. [www.wen.org.nz](http://www.wen.org.nz)

On 29th October He Waaka Eke Noa hosted the inaugural meet and greet session for Māori and Pacific businesses to meet with project managers, procurement teams and others from the Council Group.

**Supplier Code of Conduct:**  
The Council Group is currently working on a supplier code of conduct that will include an obligation on suppliers to consider opportunities for Manu Whenua and Pasifika in the supply of goods and services to the Council Group.

**Auckland Council Approach to Sustainable Procurement:**  
1. Opt out approach to strategic procurements  
2. Develop a set of tools for procurements  
3. Plan to have Supplier Forum session on sustainable procurement  
4. Sustainable procurement reporting to elected members.
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Status</th>
<th>Date</th>
<th>Date</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>C</td>
<td>Improve the reporting benefits realised to include year-end forecast position. When a metric is not on track (red), require a 'go to green' plan detailing the actions to be taken, by whom and when for the metric to return to green (on track).</td>
<td>Sept 2018</td>
<td>Jul 2018</td>
<td></td>
<td>Group Procurement teams are using PowerBI, which is a dynamic, live and specific tool allowing better forecasting. This allows us to identify any metrics which are not on target and agree a 'go to green' plan. We are now using this report on a weekly basis to track 'go to green'.</td>
</tr>
<tr>
<td>D</td>
<td>Implement customer and supplier surveys at Auckland Transport to understand performance and identify improvement opportunities.</td>
<td>Feb 2018</td>
<td>Jul 2018</td>
<td></td>
<td>AT is currently in the process of developing updated, external surveys which they will then distribute and analyse once completed. In future Group Procurement teams see an opportunity to align our surveys across the Group.</td>
</tr>
<tr>
<td>E</td>
<td>Standardise, where appropriate, data standards, templates, contracts, frameworks across the Group to avoid duplication and reduce supplier cost.</td>
<td>Ongoing</td>
<td>Sept 2015</td>
<td></td>
<td>Group Procurement have harmonised our category structures and supplier definitions. There is outstanding work to be done on contract and frameworks. As an example, AC now manages AT’s fleet and one AT fleet administrator is currently transitioning over to AC. Procurement is also working together in the Streetscape space where this responsibility is being transferred from AT to AC.</td>
</tr>
</tbody>
</table>

**Recommendations**

1. **Design and implement a Group procurement operating model to effectively enable the Group Procurement Policy and participation from the council and all its council-controlled organisations.**
   - Sept 2015 | Jun 2018
   - The General Managers of Procurement (AC, AT and Watercare) have established a group operating model through the Group Source Programme. Group Procurement shares information, procurement activity pipelines and work programmes.
   - Group Procurement has actively worked together to consolidate spend categories and sub-categories across the group allowing us to get a better understanding of our supplier base and spend across the Group.
   - The draft Group Procurement Strategy has been shared with the Local Board Procurement Working Group. Based on feedback, Group Procurement is currently updating the strategy. It is expected this Group Procurement Strategy will be presented at the November Group Source Steering Committee meeting and subsequently to the Strategic Procurement Committee.
   - The operationalisation of this strategy will further embed our strategic, collaborative approach across the group. This strategy is expected to be completed and implemented by the end of this financial year.

2. **Design and implement a consistent, Group-wide Supplier Relationship Management framework for identifying and managing key strategic supplier relationships, and consider assigning ownership of these to the Group’s executive teams**
   - Jul 2018 | March 2019
   - Category Leads across AC, AT and Watercare are currently developing a Supplier Relationship Management framework to be used across the Group. As part of this Group Procurement are sharing their existing SRM practices and then building on these as a group. This will also feed into the SRM module in Aruba. This will be designed by March 2019 with a staged implementation to follow.

3. **Design and implement a consistent, Group-wide procurement risk management framework for identifying, assessing and treating risks to allow the most appropriate procurement and financing approach to be adopted. This would acknowledge each entity’s differing risk profiles and governance structures.**
   - Jul 2018 | Dec 2018
   - General Managers across AC, AT and Watercare Procurement have shared their current procurement risk management frameworks. A draft Group Procurement Risk Matrix has been created and in the process of being tested.
   - Group Procurement will also work with Treasury, Risk and Finance to align risk appetites.
#4 Require all entities in the Group to establish an annual hard savings target for procurement and include this in the long-term plan budget, to be implemented by 30 June 2018

<table>
<thead>
<tr>
<th>Jun 2018</th>
<th>End of Sept 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard Opex in year Savings targets have now been set by the CFOs: AC: $5M AT: $5M Watercare: $2.5M</td>
<td></td>
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</tbody>
</table>

**Flag Information**
- **Green** - Work will progress as planned, due date will be met or if the due date has been revised it will not affect the project critical path or a dependent project.
- **Amber** - Due date has or will possibly be missed and this may affect the project critical path or a dependent project, or an issue has arisen that may affect this project or a dependent project.
- **Red** - Due date has or will imminently be missed and this will affect the project critical path or a dependent project, or an issue has arisen that will negatively impact this project or a dependent project.

**Commentary:**
Project comment is required that briefly describes progress made and any issues that have arisen.
All milestones due in the next three months require comment that briefly describes progress made and any issues that have arisen.
If the status is **Amber** or **Red** the comment must include a reason why and what action or suggested action is to be taken.

**Risk**
An uncertain event or set of events that, should it occur, will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring, and the magnitude of its impact on objectives.

**Issue**
A relevant event that has happened, was not planned, and requires management action. It can be any concern, query, and request for change, suggestion or off specification raised during a project. Project issues can be about anything to do with the project.
Value for Money ICT review

File No.: CP2018/22129

Te take mō te pūrongo / Purpose of the report

1. To provide an overview of the findings and recommendations contained in the completed value for money (s17A) review report of group Information, Communication and Technology Services (ICT Services).

2. To seek endorsement for the completed report (contained in Attachment A), to be recommended to the Governing Body for approval.

Whakarāpopototanga matua / Executive summary

3. In March 2017 the Finance and Performance Committee endorsed a Value for Money programme. Five reviews have been completed and approved. These are:
   - Three Waters
   - Domestic Waste Services
   - Communication and Engagement Services
   - Investment Attraction and Global Partnerships
   - Group Procurement.

4. Each review is the first step in identifying the key strategic opportunities to improve value for money. The recommendations contained in each report are at a conceptual stage. They require management review and detailed investigation, including feasibility studies, business case development and consultation on potential plans, options, process changes and associated decisions.

5. The review of ICT services recommends that the chief executive of Auckland Council collaborate with the chief executives of the CCOs to:
   - develop and implement a group approach to governing ICT for items of common group interest
   - design and implement a consistent group-wide approach for managing data centres

Ngā tūtohunga / Recommendation/s

That the Appointments, Performance Review and Value for Money Committee:

a) receive the Information, Communication and Technology Value for Money Review 2018 report.

b) endorse the recommendations set out in (c) below and recommend that the Governing Body approve the reports and their recommendations

c) recommend that the council’s chief executive collaborate with the chief executives of the council-controlled organisations to:
   i) develop and implement a group approach to governing Information, Communication and Technology for items of common group interest. It is anticipated that this will include:
      - key guiding principles balancing each organisation’s needs and current Information, Communication and Technology expertise with the benefits of collaboration
• mandate to participate and use
• consideration of appropriate operating models including centres of expertise and other shared arrangements to reduce duplication and improve efficiency
• an implementation plan

ii) design and implement a consistent group-wide approach for managing data centres. It is anticipated that this will include:
• appropriate service levels required from a data centre segmented, where appropriate, by organisation and service requirement, including an appropriate assessment of risk
• an assessment of current data centre providers and any options that may be part of the All of Government contracts
• a framework to manage supplier relationship(s) and develop a strategic group approach to deliver future benefits
• an agreed plan on approaches to reduce, if applicable, future demand for data centre capacity

iii) build on the collaborative approach in the Group Procurement Policy by building an Information, Communication and Technology Procurement Strategy and Category Management Plan. It is anticipated that this will include:
• Information, Communication and Technology services which are common across the group and where a collaborative approach to procurement would be beneficial
• suppliers who are shared across the group where a collaborative approach to ongoing supplier management would be beneficial
• Information, Communication and Technology services where the All of Government procurement contracts will be used.

Horopaki / Context

Background
6. In March 2017 the Finance and Performance Committee endorsed a value for money programme for the Auckland Council group (resolution number FIN/2017/23).

7. In March 2018 the Governing Body approved the terms of reference for the Appointments, Performance Review and Value for Money Committee. This incorporated the oversight for the value for money programme required by section 17A of the Local Government Act 2002 (resolution number GB/2018/57).

8. The report (Attachment A) is the latest output from the value for money programme, which delivers on the requirements of the Act, to review the cost-effectiveness (or value) of current arrangements for delivering local infrastructure, local public services and regulatory functions.

9. Each review is the first step in identifying the key strategic opportunities to improve value for money. The recommendations contained in each report are at a conceptual stage. They require management review and detailed investigation, including feasibility studies, business case development and consultation on potential plans, options, process changes and associated decisions.
Review process

10. The value for money review takes a now well-established strategic and evidence-based approach. It draws on published reports, council data, interviews and engagement with management and CCOs. Each report contains an overview of the review methodology.

11. The report is scrutinised by the Independent Review Panel and council management. CCOs were consulted as part of the review leading to this report.

Tātaritanga me ngā tohutohu / Analysis and advice

Key findings of the review

12. ICT represents 4.5 per cent of the group’s total operating and capital costs accounting for almost $280 million in annual expenditure. Operating costs are forecast to rise driven by consequential operating cost from capital investment, growth in data storage requirements and the move to ‘cloud’ services which switches expenditure from capital to operating spend.

13. The key challenge is to improve the alignment of separate but common ICT services across the group so that council’s scale can be economised, and unnecessary duplication eliminated. The Auckland Plan outcomes will be supported through a joined-up approach to the implementation of Smart Cities technologies.

14. The review found that there is merit in developing a framework for group-wide ICT governance and a group ICT strategy outlining where the group could and should collaborate on ICT items of common interest to both improve efficiency and effectiveness.

15. The review recommends the development and implementation of a consistent group-wide approach for managing data centres.

16. The review also recommends that the organisation builds on the collaborative approach in the Group Procurement Policy by building an ICT Procurement Strategy and Category Management.

17. Collectively these recommendations have an estimated financial benefit of $18 million over the next ten years.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

18. The decision to endorse this report has no direct implications for local boards.

Tauākī whakaaweawe Māori / Māori impact statement

19. The decision to endorse this report has no direct implications for Māori.

Ngā ritenga ā-pūtea / Financial implications

20. Any financial implications arising from the implementation of these review reports will be determined when implementation plans are developed and reported back to this committee.

Ngā raru tūpono / Risks

21. The primary risks arising from these recommendations are regarding their implementation. Reputational risk may result if the recommendations within the report are not assessed and followed up on. Financial risks may arise should the proposed actions require large levels of resourcing and budget. Both will be addressed through implementation plans and where required business plans.
Ngā koringa ā-muri / Next steps

22. Should the report and their recommendations be endorsed then the next step will be for the reports to be tabled with the Governing Body for adoption.

Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
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</thead>
<tbody>
<tr>
<td>All</td>
<td>ICT Report</td>
<td>35</td>
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Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sally Garrett</td>
<td>Programme Manager, Delivery Value for Money</td>
</tr>
<tr>
<td>Ross Chirnside</td>
<td>Senior Financial Analyst, Delivery Value for Money</td>
</tr>
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<table>
<thead>
<tr>
<th>Authorisers</th>
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<tbody>
<tr>
<td>Kevin Ramsay</td>
<td>General Manager Corporate Finance and Property</td>
</tr>
<tr>
<td>Matthew Walker</td>
<td>Group Chief Financial Officer</td>
</tr>
<tr>
<td>Phil Wilson</td>
<td>Governance Director</td>
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### Options analysis

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### Current state assessment

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<td>Challenges and issues</td>
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<td>Acknowledgements</td>
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</table>
Scope: ICT connects people & information

This review* covers all organisations in the Auckland Council Group (the Group) and assesses whether the provision and delivery of Information and Communication Technology (ICT) is cost-effective, and supports the council in its role to deliver on the Auckland Plan’s outcomes.

What is ICT?*

The term is generally accepted to mean all services and devices that allow people and organisations to interact in the digital world.

The scope of this review includes:

- current and planned technological services, activities and resources to create, disseminate, store and manage information across the Group
- ICT devices, software applications and hardware, communication networks and associated support services
- ICT policies and strategies, operational uses, governance and capability.

Out of scope

The impacts of changing technology (e.g. changing skills required for jobs) on the wider community

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Key ICT features in the “technology stack”

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>End user devices</td>
<td>Tools used by staff to access information e.g. laptops, tablets, phones</td>
</tr>
<tr>
<td>Web and digital interfaces</td>
<td>The digital systems used to enable online customer services including transactions and operation of websites</td>
</tr>
<tr>
<td>Business Intelligence</td>
<td>The systems that automate the collation, analysis and presentation of data into information</td>
</tr>
<tr>
<td>Business systems</td>
<td>Software used to run the council, including enterprise resource planning (e.g. SAP) and transactional systems</td>
</tr>
<tr>
<td>Operating systems</td>
<td>The software operating on servers and end user devices (e.g. SQL, Windows 7) enabling other applications to operate</td>
</tr>
<tr>
<td>Data centre and networks</td>
<td>Core infrastructure with servers and databases and the communication networks to join up the ICT environment</td>
</tr>
</tbody>
</table>
Some key facts

- **1.4m customers**
- **600** Staff supporting technology
- **12,000** users
- **Over 20,000** devices
- **$280m** Annual expenditure
- **> 3000** locations

ICT in context of the Group

<table>
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<tr>
<th>Operating spend 16/17</th>
<th>$202M</th>
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<tbody>
<tr>
<td>(Total $3.8b)</td>
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</table>

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<tr>
<th>Capital spend 16/17</th>
<th>$77M</th>
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<tr>
<td>(Total $1.5b)</td>
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Rates-funded share

- ($0.05 for every $100 of total rates)
- **56%**
Executive summary – key findings

The Group achieved its ICT service challenge at amalgamation

- A number of challenges were faced at amalgamation with eight of everything, disparate workforce and high customer expectations.
- The first challenge of keeping the lights and stabilising systems was successfully achieved.
- Reduction in complexity, standardisation and improved user experience has been achieved over a number of years.

Costs are reasonable compared to benchmarks

- ICT represents 4.5% of the Group’s total operating cost. This has been decreasing as systems are standardised.
- Auckland Council costs are in line with the Gartner® public sector benchmark.
- Watercare costs are lower than the Gartner benchmark for utilities raising the question: is investment at an appropriate level?
- Auckland Transport (AT) costs are above Gartner’s Transport benchmark and high relative to NZTA. This reflects a budgeted increase in investment in technology for traffic management, street lighting and network operations supporting Auckland’s growth. NZTA has signalled an increased future investment in technology.
- Business cases could be improved, in particular outlining how benefits will be realised.

There is sharing of ICT, but duplication exists

- Auckland Council provides all technology to ATEED, Panuku and some for RFA. AT also shares some technology with NZTA.
- Each organisation has ICT requirements core to achieving their outcomes, however there also common requirements that could be managed collectively e.g. finance systems.
- There is an opportunity to reduce duplication and concentrate capability for common ICT services.
Executive Summary – key findings

- Many ICT items are commodities and there is value from adopting a Group-wide approach to ICT procurement. There is some Group procurement and there is more opportunities which should be explored.
- Consolidation of expenditure in alignment with the Group Procurement Policy would achieve lower cost from volume and reduce the cost of procurement.
- Some ICT is procured via NZ government contracts and further opportunities to use these should be assessed.

- The Group owns most of its ICT hardware and software but has started to procure “as a service”. This follows a global trend where you pay for the service you use rather than buying and owning.
- Data centre operations have been outsourced (separately) by each organisation and a common approach may be appropriate to increase value.
- This changing approach changes how ICT is accounted (moves from capital to operating cost) for, and introduces new skills required of ICT teams with an increased focus on service orchestration, change management and contract management.
- The accounting change may put pressure on future operating budgets, in particular exponential growth in data storage requirements.

- One size does not fit all and to maintain effectiveness certain functions need to be managed by each organisation. This same consideration should be given to different services within an organisation.
- There is merit in developing a framework for Group ICT governance and a Group ICT strategy outlining where the Group could and should collaborate on ICT items of common interest to both improve efficiency and effectiveness.
## Value was assessed by considering these key questions

<table>
<thead>
<tr>
<th>Key question</th>
<th>Confidence that VfM achieved and planned</th>
<th>VfM review conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>What have been the gains from amalgamation and any ICT initiatives since then?</td>
<td><img src="attachment-a.png" alt="Governance" /></td>
<td>• Each organisation has made significant progress has been made in standardising the ICT landscape from amalgamation</td>
</tr>
<tr>
<td>Does ICT operate in a cost-efficient manner?</td>
<td><img src="attachment-a.png" alt="Funding" /></td>
<td>• Compared to benchmarks ICT is cost-efficient</td>
</tr>
<tr>
<td>Does the Group co-ordinate and co-operate on technology solutions to minimise duplication, reduce cost or improve effectiveness?</td>
<td><img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Costs have decreased at Auckland Council</td>
</tr>
<tr>
<td>Do the ICT services effectively support the delivery of the Group’s customer, service and strategic objectives?</td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Some technology shared services exist but more opportunity exists to collaborate on items of common interest</td>
</tr>
<tr>
<td>Is there a good understanding of the supplier marketplace and are suppliers managed effectively to reduce cost or improve effectiveness?</td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Distinct &amp; separate ICT governance operates for each large organisation</td>
</tr>
<tr>
<td>Are the technology change processes sufficiently robust and agile to achieve business case outcomes efficiently, effectively, to budget and at pace?</td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Good alignment demonstrated by Watercare and AT.</td>
</tr>
<tr>
<td>Do the ICT governance and assurance arrangements and systems maintain a secure and robust ICT environment, and manage risk (including cyber security) while enabling open data and innovation?</td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Auckland Council could achieve greater alignment with strategy</td>
</tr>
<tr>
<td>Does ICT have a good understanding of emerging technology trends and risks and has it organised itself to respond effectively to them?</td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Overall, there is a good understanding of the supplier marketplace and some group procurement occurs</td>
</tr>
<tr>
<td></td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Opportunity for more Group procurement aligned to Group Procurement Policy</td>
</tr>
<tr>
<td></td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Good project management approaches are used</td>
</tr>
<tr>
<td></td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Business cases could be improved by having more robust options analysis benefits realisation plans</td>
</tr>
<tr>
<td></td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Cyber security is a strategic risk for all organisations and has adequate focus</td>
</tr>
<tr>
<td></td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• There is a global shortage of appropriately qualified ICT specialists which may present future challenges</td>
</tr>
<tr>
<td></td>
<td><img src="attachment-a.png" alt="Governance" /> <img src="attachment-a.png" alt="Funding" /> <img src="attachment-a.png" alt="Service Delivery" /></td>
<td>• Technology is changing at an exponential change. The growth of sensing technology creates an opportunity for Auckland to become a smarter city</td>
</tr>
</tbody>
</table>
## Summary of potential value and dependencies

<table>
<thead>
<tr>
<th>Value propositions</th>
<th>NPV (10 years) $m</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Strategic ICT governance</td>
<td>+ve not estimated</td>
</tr>
<tr>
<td>2 Common data centre approach</td>
<td>+ve not estimated</td>
</tr>
<tr>
<td>3 Collaborative procurement</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18</strong></td>
</tr>
</tbody>
</table>

### Quick wins

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Develop ICT category plan for 2018/19</td>
</tr>
<tr>
<td>B</td>
<td>Improve robustness of business case development</td>
</tr>
<tr>
<td>C</td>
<td>Create a common pool project resources</td>
</tr>
<tr>
<td>D</td>
<td>CCTV shared service</td>
</tr>
<tr>
<td>E</td>
<td>Achieve alignment of organisation and ICT priorities (Auckland Council parent)</td>
</tr>
</tbody>
</table>

**Note**
- The financial estimates are cash releasing benefits. That means the Group will improve its cash flow from implementing the opportunity. Estimates are indicative of the order-of-magnitude of the opportunity, drawing on assumptions from the literature and experiences in other places. Their purpose is to establish the case for progressing options and associated business cases. In some cases, the evidence is strong; in others, the basis for assumptions is speculative.
Recommendations to Appointments, Performance Review and Value for Money Committee

It is recommended that the council’s chief executive collaborate with the chief executives of the CCOS to:

### Strategic ICT governance for items of common group interest

Value will be delivered from improved alignment of ICT across the Group so that scale can be leveraged and duplication eliminated. Auckland Plan outcomes will be supported through a joined up approach to the implementation of Smart Cities technologies.

### Common data centre approach

Value will be delivered from alignment of data centre provision across the Group and sharing both expertise and realising scale benefits.

### Recommendations

1. Develop and implement a Group approach to governing ICT for items of common group interest. It is anticipated that this will include:
   - key guiding principles balancing each organisation’s needs and current ICT expertise with the benefits of collaboration
   - mandate to participate and use
   - consideration of appropriate operating models including centres of expertise and other shared arrangements to reduce duplication and improve efficiency
   - an implementation plan.

2. Design and implement a consistent Group-wide approach for managing data centres. It is anticipated that this will include:
   - appropriate service levels required from a data centre segmented, where appropriate, by organisation and service requirement, including an appropriate assessment of risk
   - an assessment of current data centre providers and any options that may be part of the All of Government contracts
   - a framework to manage supplier relationship(s) and develop a strategic Group approach to deliver future benefits
   - agreed plan on approaches to reduce, if applicable, future demand for data centre capacity.
Recommendations to Appointments, Performance Review and Value for Money Committees (cont.)

It is recommended that the council’s chief executive collaborate with the chief executives of the CCOs to:

Consolidate ICT expenditure via collaborative procurement

Value will be delivered from improved alignment of ICT procurement across the Group so that scale can be leveraged and duplication eliminated.

Recommendations

1. Build on the collaborative approach in the Group Procurement Policy by building an ICT procurement strategy and category management plan. It is anticipated that this will include:
   - ICT services which are common across the Group and where a collaborative approach to procurement would be beneficial
   - suppliers who are shared across the Group where a collaborative approach to ongoing supplier management would be beneficial
   - ICT services where the All of Government procurement contracts will be used
Quick wins

During the review we identified further unvalued tactical improvement opportunities that could be delivered quickly (less than six months to complete) as quick wins. We suggest management evaluate these for implementation as part of business as usual.

A
Develop ICT procurement category plan for 2018/19

Review current ICT suppliers across the Group to identify opportunities to combine contracts/re-negotiate more favourable terms on a Group basis.

This would be the first stage in implementing value proposition #1.

B
Improve business case development

Investment decisions are made to realise future benefits and business cases could be more robust in how benefits will be realised. This opportunity is applicable across all organisations and services, not just ICT.

Business cases should also have a requirement to consider if other council organisations have an existing solution that could be used.

C
Create common project practices and a pool of project resources and suppliers

ICT manages a large number of projects each year, supported by third party suppliers and individual contractors. Each organisation develops its own templates and project delivery practices.

We observed the same project contractors being used at Auckland Council and AT on different projects.

Similar to Communications, a pool of pre-qualified freelance resources could be developed and shared across the Group. If they are using the same project delivery practices, the time required to on-board and become familiar with the organisations, practices will be reduced.
Quick wins

During the review we identified further unvalued tactical improvement opportunities that could be delivered quickly (less than six months to complete) as quick wins. We suggest management evaluate these for implementation as part of business as usual.

**D**
Complete and implement business case for CCTV shared service

AT and Auckland Council are currently developing a business case to provide a single integrated view of the city bringing all CCTV cameras into a shared service managed by AT.

This would include managing cameras owned by AT, Auckland Council, business associations and NZTA.

NZ Police, Auckland Emergency Management and Fire and Emergency will all have access to the camera feeds.

**E**
Alignment of Auckland Council (parent) organisation strategy and ICT priorities

ICT is a key enabler of organisation strategies and the priorities of ICT should be aligned to the organisational priorities.

The Auckland Council parent strategy is being updated and once completed there should be a review of the ICT strategy to ensure both strategies remain aligned and ICT investment appropriately prioritised.
The value drivers and chain demonstrate the interconnected parts that deliver ICT

Value drivers

- **The digital revolution**
  - ICT enables business transformation to meet customer expectations about the council’s services

- **Data as innovation engine**
  - Manage and use data as an asset for the Group and the community, and deliver information and insights on demand

- **Technology as a service**
  - ICT’s role will shift to collaborating as partner on strategy and service design, and secure system integrity

- **Pace of change**
  - Keep pace with increasing expectations of customers and employees

- **Privacy and cyber security**
  - Invest in data and system governance and culture to manage these key risks

Value chain

- **Strategy**
  - What is the organisation’s plan and supporting business strategy?
  - What does the business need from technology solutions?

- **Plan**
  - Business requirements to IT portfolio
  - How are the council’s requirements translated in ICT solutions?
  - What resources are allocated to ICT?
  - How do we determine the appropriate level of service and cost to serve the customer?

- **Build**
  - Build what the business needs when it needs it
  - How do we create solutions that meet customer requirements?
  - How do we check customer needs have not changed?
  - How do we achieve with speed and agility?

- **Deliver**
  - Fulfil and manage service usage
  - How do we deploy solutions that meet business needs?
  - How do we manage organisational change elements?

- **Run**
  - Anticipate and resolve production issues
  - How do we manage risks to maintain a stable environment?
  - How do we respond when there is a problem?

- **Review**
  - How do we measure performance?
  - What have we learned and how can we continuously improve?
Current state assessment
Technology is changing at a very fast pace and so are expectations...
The council needs to keep pace with rapid and radical change

Keeping up with change

- It has been just over a decade since the first iPhone was launched, revolutionising how people create and access information, buy goods and services, keep in touch, and work and deliver services.
- The pace of change is exponential. It shapes the expectations of customers, citizens and communities, and staff. There is an expectation of immediate access to accurate information.
- This is changing the role of ICT in every organisation.

What will happen in the next 5 years?

- Digital connectivity will be the routine way to find work, access health care, manage finances and communicate.
- The emerging digital economy will mean more people will work on smaller tasks for multiple employers and new technologies will influence the growth in digital transactions.
- Cooperation and resource sharing will increasingly become the norm.
- Repeatable or systemised work will continue to be replaced by narrow AI and robotics.
- Intelligent services will increase the efficiency of infrastructure.
- Data analytics, machine learning and artificial intelligence will regulate a growing number of online services.
- The value and accessibility of information to end users will increase, along with the growing risk of privacy breaches.

Gartner – 2018 strategic technology trends

Gartner has identified the following trends that aren’t yet widely recognised but have broad industry impact and significant potential for disruption.

Gartner is the recognised industry leader in benchmarking and trend data
1. What have been the gains from amalgamation and any ICT initiatives since then?
“Keeping the lights on” at amalgamation and beyond was a huge challenge and a huge success

- 8 councils consolidated into one – 8 of every system
- More than 5,000 software applications
- Outdated hardware and software
- Inconsistent standards

- Consolidation of systems – over $100 million spent on new financial, asset management, procurement and payroll systems in first 3 years
- New Core project began at Auckland Council

- Mobile apps for public transport
- Focused reduction in ICT professional service and contractor costs

- AT – customer central established
- AT making data public (third party apps using)
- Watercare introduce robotic process automation
- Focus on cyber security
- RFA unified web platform

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**2010/11**
- Single rates bill for all properties
- Single water bill
- AT Hop launched for buses
- AC providing shared services to smaller CCOs

**2012**
- Improvements to security, system monitoring and user experience
- Legacy systems starting to be decommissioned
- Data storage outsourcing introduced to improve efficiency

**2013**
- New Core goes live. Platform for standardisation of services and customer approach
- Smart city concepts being considered
- RFA migrated to Ungerboek system from SAP

**2014**
- Auckland Council moving transactions online
- Watercare transformation programme (agile delivery)
- AT winner “Business Transformation through business and IT”, CIO Awards, 2018
- GRIDAKL innovation hub formed

---

Keep the lights on  Standardise customer experience  Digitally transform
At amalgamation there was 8 of everything – a complex and non-standard ICT application environment

While all organisations faced many similar challenges on amalgamation, the scale in terms of users and systems for Auckland Council was particularly challenging

Auckland Council’s systems environment at amalgamation: example
The application environment has been simplified, and opportunities exist for Group alignment

Auckland Council’s systems environment in 2018
2. Does ICT operate in a cost-efficient manner?
In 2017, almost $280m was spent across the Group in ICT – representing 4.5% of the its operating expenditure

Auckland Council provides a shared service to the smaller CCOs
- Auckland Council provides ICT shared services to ATEED, Panuku and RFA (to a lesser extent).
- AT provides some services to NZTA.
- Auckland Council accounts for 57% of the expenditure
- AT accounts for 30% of the expenditure
- Further analysis will focus on Auckland Council, AT and Watercare which accounts for 95% of the expenditure.

Each organisation has different ICT needs and expenditure trends
- Operating costs are forecast to rise. The main reasons are:
  - consequential operating cost from capital investment
  - growth in data storage requirements (partially offset by reduced cost of storage)
  - move to cloud services which switches expenditure from capital to operating.
Auckland Council expenditure peaked with investment in New Core, but is now back at the public sector benchmark

**Total ICT expenditure**
- Approximately $893m has been spent in the last 5 years in operating and capital expenditure.
- Costs peaked with the investment in New Core (replacing the multiple legacy systems) and costs subsequently declined, as would be expected.
- By reducing complexity and the number of systems, New Core reduced future operating costs.
- The ICT capital budget and prioritisation is determined by council business service requirements.

**ICT cost compares well with one key benchmark**
- ICT costs as a proportion of total operating costs is a key benchmark. It helps assess the level of technology investment.
- Auckland Council is benchmarked against Gartner public sector benchmark.
- The introduction of New Core resulted in a significant reduction in operating costs.
- As a result, costs have fallen to, and are forecast to remain, close to the benchmark of 4%.
AT’s expenditure is above benchmarks, reflecting budgeted technology to support growth in regional transport

**ICT cost as a % of total operating cost**
- Approximately $347m has been spent in the last 5 years in operating and capital expenditure.
- Technology has been, and continues to be a focus for AT. The use of technology is becoming more integral in providing transport solutions.
- Technology is a critical cog in supporting roading network management, traffic light controllers, parking meters and LED lights amongst other things, resulting in a higher cost.

**ICT reasonable when compared to NZTA**
- AT is benchmarked against Gartner transportation benchmark and NZTA.
- As a proportion of total organisational spend, AT is slightly higher than NZTA. Over the next 3 years, NZTA investment (in partnership with AT) in technology will also increase as the Regional Land Transport Plan is implemented.
- AT has a robust capital prioritisation programme for items that deliver the greatest value and uses NZTA methodology to measure the benefits of capital investment.
- Much of the increase is driven by the growth in Auckland, particularly public transport growth and a 24 x 7 operation.
Watercare’s ICT expenditure has reduced and is lower than utility benchmarks

**Total ICT expenditure**
- Approximately $117m has been spent in the last 5 years in operating and capital expenditure.
- Watercare is currently investing in technology to improve its retail operations and customer outcomes which may increase future investment.
- Overall, customer satisfaction and user satisfaction is positive. These metrics should be monitored to assess the effectiveness of additional investment.

**Watercare costs lower than benchmark**
- Watercare expenditure is around 1 percentage point lower than the Gartner utility benchmark.
- In 2017, Watercare participated in an Australasian water-industry specific survey. It found 11 out of 18 organisations spent more in ICT per permanent employee than Watercare.
Investment in ICT is assisting RFA in providing alternative visitor experiences

**Total ICT expenditure**
- Approximately $15m has been spent in the last 3 years in operating expenditure.
- Given the low level of expenditure in a Group context, there was no further analysis as part of the review.
- ICT costs increased in 2018 due to digital initiatives creating a common web platform including new websites and online services for customers to enable growth in online services.

**RFA costs above benchmark for 2018 and increasing**
- We benchmarked against Gartner public sector benchmark, as we were unable to find appropriate benchmark for an attractions / events business.
- RFA are also exploring opportunities to commercialise technology at their venues.
Capital expenditure peaked as the systems environments were stabilised and simplified

![ICT Capital Investment](image)

**Capital investment**
- The Group has around $300m in technology assets
- Forecast $80m expenditure over next 3 years
- Future investments are focused on improving customer service and experience
- The move to as a service provision shifts items that were previously capital expenditure to operating expenditure. This can create short-term budget challenges but longer term service improvements and increased value.

**Auckland Council - future investment**
- My Account – customer portal to manage their information.
- Open Text – document management system.
- Using technology to improve council service delivery and developing smart city solutions.

**AT – future investment**
- $600m included in Land Transport Plan over next 10 years.
- Real-time passenger information.
- Extend and enhance AT Hop.
- Integration of network monitoring with NZTA into single operations centre.
- Network management improvements (traffic lights, sensors, congestion monitoring).

**Watercare – future investment**
- Digitally enhancing customer and staff technology experience.
- Predictive analytic capability.
- Using internet of things to develop a smart network.
3. Does the Group co-ordinate and co-operate on technology solutions to minimise duplication, reduce cost or improve effectiveness?

4. Do the ICT services effectively support the delivery of the Group’s customer, service and strategic objectives?
<table>
<thead>
<tr>
<th>Item 9</th>
<th>Attachment A</th>
</tr>
</thead>
</table>

### Observations

<table>
<thead>
<tr>
<th>Role</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Team Operating Model</td>
<td>CENTRALISED OPERATING MODEL REPORTS TO CEO CHIEF INFORMATION OFFICER CENTRALISED OPERATING MODEL</td>
</tr>
<tr>
<td>Entity’s Operating Requirements</td>
<td>ICT Team Operating Model</td>
</tr>
<tr>
<td>Investment Group</td>
<td>Investment Group</td>
</tr>
<tr>
<td>How is it governed?</td>
<td>How is it governed?</td>
</tr>
<tr>
<td>How is service delivery organised?</td>
<td>How is service delivery organised?</td>
</tr>
</tbody>
</table>

Each organisation has an ICT function to meet their own needs – that is expected for mission-critical functions.
<table>
<thead>
<tr>
<th>How is service delivery organised?</th>
<th>How is it funded?</th>
<th>How is it governed?</th>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• ICT team organised in 4 teams (applications, infrastructure, intranet and ICT support)</td>
<td>Auckland Council grant (rates funded)</td>
<td>GM Information Services reports to CFO</td>
<td>• Hybrid operating model with some services provided by Auckland Council and some managed by RFA. Currently working on a number of joint initiatives</td>
</tr>
<tr>
<td></td>
<td>User charges</td>
<td></td>
<td>• ICT team organised around entity’s operating requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Has moved from SAP financial system to Ungerboeck management system which better met the business specific requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• RFA considering commercialisation opportunities of technology at their venues</td>
</tr>
<tr>
<td>• Receives ICT as shared service from Auckland Council (previously AT)</td>
<td>Auckland Council grant (rates funded)</td>
<td>CFO responsible for maintaining shared service relationship</td>
<td>• Shared service model</td>
</tr>
<tr>
<td></td>
<td>User charges</td>
<td></td>
<td>• Historically, shared service performance was mixed, but now improved and delivered within agreed service levels</td>
</tr>
<tr>
<td>• Receives ICT as shared service from Auckland Council</td>
<td>User charges</td>
<td>CFO responsible for maintaining shared service relationship</td>
<td>• Shared service model</td>
</tr>
<tr>
<td></td>
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</tbody>
</table>
There is an opportunity for more sharing of ICT particularly data, cybersecurity and Geographic Information Systems (GIS)

<table>
<thead>
<tr>
<th>Description</th>
<th>Sharing actual</th>
<th>Sharing potential</th>
<th>Comments on sharing and value opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>End user devices</strong></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td>• Standardisation of end user devices could result in Value for Money ICT review</td>
</tr>
<tr>
<td>Laptops, desk tops, telecommunications</td>
<td></td>
<td></td>
<td>Service desk consolidation-outsourcing</td>
</tr>
<tr>
<td><strong>Web and digital interfaces</strong></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td>• Some opportunity to consolidate around common customer interfaces and a “single front door” to all Group services</td>
</tr>
<tr>
<td>Front door for customer into council services</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business Intelligence</strong></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td>• Data, data interoperability, data standards and data sharing is a significant opportunity</td>
</tr>
<tr>
<td>Information repository (data warehouse), reporting tools, GIS</td>
<td></td>
<td></td>
<td>A first step could be establishing protocols for common use of existing data</td>
</tr>
<tr>
<td><strong>Business systems</strong></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td>Business systems are business critical and should remain close to business</td>
</tr>
<tr>
<td>Traffic monitoring, water monitoring, AT HOP, leisure centre management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ERP</strong></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td>Each organisation operates its own Enterprise Resource Planning (ERP) to maintain business effectiveness</td>
</tr>
<tr>
<td>SAP, asset management</td>
<td></td>
<td></td>
<td>SAP maintenance and support contract currently shared with AC, AT, Watercare</td>
</tr>
<tr>
<td><strong>Data centre and networks</strong></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td><img src="#" alt="Sharing Icon" /></td>
<td>Each organisation has adopted a different approach to data centres. They may be an opportunity for a common perspective.</td>
</tr>
<tr>
<td>Servers, datacentres, networks</td>
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</tbody>
</table>
New Core – the Group’s largest technology investment

Combining 8 legacy council systems into one

- New Core was a 5-year programme which was a key part in the transition of legacy could IT systems into Auckland Council.
- Earlier in the report, we showed some of the simplification possible following New Core implementation. It:
  - consolidated the core customer-facing systems (including customer and property-related data) used to support customer interaction, regulatory services and rates
  - simplified and standardised the customer and business processes which use these systems
  - created a standardised base set of systems for implementation of Unitary Plan and bylaw reviews
  - enabled the deployment of the customer digital strategy including customer self-service and field force mobility.

Each organisation has core systems supporting their business needs

- ERP systems such as New Core are at the centre of each organisation’s technology landscape.
- SAP is the key system with Auckland Council (supporting Panuku and ATEED), AT and Watercare. RFA uses a core system focused on event management.
- Significant investment has been made in these core systems to meet the needs of each organisation. However, there are common aspects across all businesses:
  - financial management
  - HR management
  - debt collection.
- There are licencing constraints which may make combination difficult and at the expense of effectiveness but longer term there could be opportunity for a common approach.

The New Core programme required to be reset

- The programme began in 2012 with a budget of $71m.
- In 2014, it was paused for a review. This resulted in changes to the objectives, scope, timeframe and budget (reset at $157m).
- Benefits of $10m per annum were expected from the programme.
- A reduction of 150 staff in ICT with a corresponding cost reduction happened after completion of the programme.
- A formal post-implementation evaluation of the benefits has been scheduled.
Value for money trade-off – efficiency v effectiveness

Opportunities exist to improve efficiency

- Technology is a key enabler for both the council’s service delivery and the city’s growth.
- Each organisation has technology strategies aligned to their organisations service requirements.
- Auckland Council provides shared services for some smaller council organisations but there has been little Group collaboration between the 3 largest organisations.
- There is no Group technology strategy outlining where the Group should work together to remove duplication and improve efficiency or mandated forum for this to occur.
- AT has a foot in both camps, working closely with NZTA and Auckland Council which are its funders.
- There are opportunities to share with other local authorities and transport providers and we understand there have been discussions in that respect.

But what about effectiveness?

- ICT is critical to each organisation meeting its objectives.
- To main effectiveness, some ICT functions must be retained within each organisation but there are other functions where the Group could and should work together.
- Auckland Council ICT strategy identifies services that should be shared across the Group e.g. CCTV, cyber security.
- A Group approach should be developed, outlining:
  - functions where it is best for the Group to procure collaboratively, including the use of government ICT contracts
  - functions which one organisation can develop the expertise to provide the services to others in the Group
  - functions that may be provided to others organisations which not part of the Group.
- This approach will improve the efficiency of ICT without adversely impacting its effectiveness.
Sharing capability to reduce duplication and improve value

Policy
- Group procurement policy determining what should be procured on a Group basis
- Group Procurement Policy

Strategy and operating model
- Operating model to reduce duplication
- Group technology requirements

Business systems
- Systems specific to operation of each organisation
- Example Leisure system
- Example Traffic monitoring
- Example Water quality monitoring
- Example Event management

Centres of expertise
- Where common requirements, duplication exists and need to leverage common capability
- Example Cyber security
- Example CCTV
- Example GIS
- Example Project delivery practices

Commodity items
- Leverage All of Government contracts with third party providers
- Commodity technology items (All of Government procurement) e.g. data centres, network, cyber security, service desk
Increasing (internal) customer satisfaction provides an indication of ICT service delivery effectiveness

Customer satisfaction in ICT is increasing

- ICT’s role is to support the business and end user in delivering on their outcomes.
- Understanding internal customer satisfaction is a key service delivery effectiveness measure.
- Customer satisfaction is increasing for Auckland Council over time as systems are consolidated and information improved.
- In 2017, 78% of Watercare’s ICT internal customers were satisfied with ICT performance.
- AT doesn’t formally measure ICT internal customer satisfaction.
5. Is there a good understanding of the supplier marketplace and are suppliers managed effectively to reduce cost or improve effectiveness?
There is value in taking a Group approach to procurement given the overlaps in suppliers & the generic nature of many ICT items.

Top 30 suppliers account for 80% of external spend

- There are approximately 900 external suppliers of ICT to the Group. The top 100 account for 90% of the external spend.
- Currently, there are small pockets of collaboration across the Group in in procuring generic ICT goods and services.
- The category plan for ICT hardware (end user devices) was presented recently to the Strategic Procurement Committee. End user devices include desktop PCs, laptops and tablets and are considered generic commodity items.
- The category plan was for Auckland Council, ATEED and Panuku, but did AT or Watercare who have the next largest staff numbers.
- This appears to be a missed opportunity to leverage the Group buying power for a generic commodity item.
Government has done the hard work. There is value in extending the use of All of Government ICT contracts

- The Government Chief Digital Office (GCDO) is part of the Department of Internal Affairs with its CEO currently the Government CDO.
- The GCDO (then GCIO) developed a government ICT strategy, and the focus areas and outcomes apply equally to the Group. The GCDO has also been developing common capabilities that address security, privacy, access, compliance and system integrity risks that all public agencies face as they move ICT to the cloud, and implement transformative programmes.
- A number of ICT supply contracts for use by the public sector have been negotiated.
- Some of these contracts must be used by all government departments, with local government encouraged to use them,
- The Group uses some of these contracts where there has been benefit in doing so.
- Not all the contracts will be beneficial to use. The Group should investigate on a case by case basis whether to adopt a policy that the Group use All of Government/GDCO contracts, unless there is no benefit from doing so.
- The opportunity for the Group is that using these contracts avoids it needing to having to undertake investigation work on suppliers, enables it to tap into volume discounts, lower the cost of the procurement process, allowing it to focus on actually delivering services.
- The GCDO recently launched a digital market place where allowing access to a wide range of organisations to support innovation
6. Are the technology change processes sufficiently robust and agile to achieve business case outcomes efficiently, effectively, to budget and at pace?

7. Do the ICT governance and assurance arrangements and systems maintain a secure and robust ICT environment and manage risk (including cyber security) while enabling open data and innovation?
The most common ICT governance model splits running the business from changing the business

Governance is separated between “run” and “change”

- Each organisation has a head of technology responsible for day-to-day ICT operations (“run”).
- Monthly performance reports are produced (against agreed objectives) which contribute to the organisation’s performance reporting.
- Each organisation uses a form of prioritisation to rank potential projects and uses project offices to provide a portfolio perspective of all change activity.
- Projects are delivered by project teams who generally have some form of project governance (e.g. sponsor, steering group) depending on the risk and complexity of the project. This is the basis for managing “change” in the business.
- At any one time across the Group, there are over 100 ICT projects underway. These are both to upgrade existing systems and to introduce new functionality for improved customer and user experience.

A fit for purpose project delivery approach is used

- There are 3 main project delivery methods in use; waterfall, agile and a hybrid (using the best parts of both models across the Group). The features of the two main models are set out below.
- Agile approaches are being adopted where there is a need to deliver quickly and iteratively, particularly for online customer service improvements.
- Waterfall typically used in very large complex systems projects with long delivery times and with multiple workstreams and interdependencies.
- The right project delivery approach is one that balances scale, complexity, risk and business needs.
Robust business cases with cost-benefit justification is key to delivering value from large ICT investments

- Project delivery is monitored in each organisation through programme offices, sponsors and steering groups.
- Project assurance is one of the mandated services from the GCDO. Project assurance is provided by independent internal staff or from an external subject matter expert.
- Project assurance focuses on whether project risks are being well managed, that the project has been set up for success, and that the broader organisational benefits of ICT investments are being identified and delivered.
- Like the project approach, assurance should be considered based on the scale, complexity, risk and business needs.

- AT has developed a programme of work to improve customer outcomes called Customer Central.
- Customer Central is using Agile sprints to deliver improved customer outcomes. The objectives are to:
  - enable customers to optimise their public transport journeys
  - reduce customer wait time for public transport
  - make it easier for customers to interact with AT
  - improve efficiency.
- AT is developing a plan on how to realise benefits and track progress tracked against that plan.
Security and privacy in the cloud and a world of data sharing

Security and privacy in a changing environment

- The pace of technology change requires ICT teams to be agile in their approach.
- Historically, security and privacy would be managed by onsite ICT teams but the shift to the cloud changes the approach required.
- While much of council information is public record, it also holds private information (customers and staff), and commercial information and financial information (bank accounts).
- As an example, AT uses the following framework combined with recognised standards to manage security.

Open data policy

- Auckland Council and AT have made some of their data available to third party app providers.
- This has seen new apps developed, particularly around public transport which compliment AT apps.
- Making data available highlights inaccuracies in the data and drives improvement. It also opens up the opportunity for others to support the council in delivering its services.
A shortage of cyber security professionals has created an opportunity for Group resource sharing

<table>
<thead>
<tr>
<th>ICT risks prominent in overall strategic risks</th>
<th>Marsh 2018 Directors survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>• While each organisation has a slightly different approach to managing strategic risks (depending on risk appetite and consequence), regular reporting to either a council or board on technology risks features prominently.</td>
<td><strong>Top external risks</strong></td>
</tr>
<tr>
<td>• This is to be expected given findings from the March 2018 directors’ survey.</td>
<td>• Cyber security</td>
</tr>
<tr>
<td>• All organisations recognise cyber security as a key strategic risk that must be managed.</td>
<td>• Brand / reputation</td>
</tr>
<tr>
<td>• The media regularly report that there is a global (and New Zealand) shortage of cyber security professionals.</td>
<td>• Disruption following natural disaster</td>
</tr>
<tr>
<td>• It is difficult for any organisation to keep up with the increasing complexity of cyber events which can spread globally in hours.</td>
<td>• Financial risks</td>
</tr>
<tr>
<td>• In the future cyber could be delivered as a service but these offerings need to mature before being considered. In the interim, there may be an opportunity for the Group should to share capabilities.</td>
<td>• Competition</td>
</tr>
</tbody>
</table>

**Top internal risks**

- Loss of key person
- Disruption following IT failure
- Loss of data, data security, data privacy
- Talent attraction and attention

- For the second year running, cyber was considered to be the biggest risk affecting NZ businesses, with 86% rating cyber risks as medium or high.
- This result is very consistent with two other surveys recently run here.
- The World Economic Forum Global Risk survey ranked cyber as the third greatest risk for NZ, while 60% of respondents to the Global Cyber Risk Perception Survey, run by Marsh and Microsoft, said that cyber was in their top 5 risks.
8. Does ICT have a good understanding of emerging technology trends and risks and has it organised itself to respond effectively to them?
Having the right strategy to capitalise on technology benefits

InnovateAKL

- InnovateAKL, sponsored by Auckland Council and ATEED, is currently being developed to provide a platform and environment for developing innovative technology solutions to urban and economic challenges affecting Auckland.

- The concept is to bring the Group organisations together with industry and community innovators to leverage emergent technologies, creative thinking and different perspectives to develop solutions to how we proactively respond to challenges faced by Auckland.

- Any response needs to align to the Auckland Plan and long-term plan and government policy.

- Challenges such as climate change, water quality, transport, infrastructure, technology may all be considered in the work programme.
Accessibility and sharing of data is the key to future value

Data is the key to unlock future value

- Common access to the right data sets by the right people with the right skills is key to future strategy.
- Change is costly and it is important that the results of using data and new technologies is shared, helping to foster less expensive and more easily replicable solutions.
- Council organisations need a platform for collaborating with each other and all relevant stakeholders, sharing results, insights, and best practices.
- It should also facilitate innovation from the bottom up, and like the World Wide Web, have no central authority directing or stifling innovation. Work is underway across the Group on developing a data strategy to establish a framework for the consolidation, analysing and providing insights from data.
- We encourage a customer- and Auckland-centric view is taken to this work to avoid duplication.

Obtaining a single view of council assets

- The council owns $45bn of largely infrastructure-type assets which are essential for service delivery.
- Currently there is no joined up view of the underlying asset data to support planning, maintenance and renewal of these assets.
- Each organisation is considering acquiring a technology asset management solution.
- While each organisation has slightly different requirements, establishing protocols around the sharing and use of existing data can provide a joined up view and contribute to the “City web”.

Today
Individual organisations run data projects to improve their own services for their own customers

Future
Data based applications to improve services

City web
Infrastructure modernisation by entity (including data sensors)

Auckland Council
Group
Stats NZ
Utilities
Telecommunications
NZTA
Others

Objectives
Data
Knowledge
Standards
Implementation
## Technology enables Auckland to become a smarter city but a joined up Group approach is required

### What is a smart city?

- There is no universal definition, but a smart city refers to the use of ICT and data to manage urban resources and infrastructure to enhance a city’s liveability, workability and sustainability.
- Globally, all kinds of initiatives that use the Internet of Things get labelled as smart city, though often they are simply ad-hoc solutions to specific local needs.
- Typical examples are traffic management systems and traffic apps, adaptive street lighting, neighbourhood information apps, smart rubbish bins, infrastructure condition monitoring, geo-mapping of city assets, CCTV, environmental sensors, parking apps, digitisation of services, public Wi-Fi, etc.
- There are various global Smart Cities indices. Some cities are striving to make technology and a high smart city score their point of difference e.g. Bristol, UK; Tallinn, Estonia; Songdo, Korea and Stockholm, Sweden.
- There are numerous Auckland examples, including some that are shortlisted at the 2018 Smart Cities Asia Pacific Award:
  - Safeswim’s use of data and modelling to forecast water quality and hazards at 92 swimming locations
  - Upsouth platform to encourage South Auckland’s young people to engage and participate in civic activities.

### Auckland – a collective joined-up approach

- Auckland does not have an overarching smart city strategy but given the increasing feasibility and potential to collect, share and use data to improve city services and outcomes, there is a benefit in having a Group view on what data should be collected and how, and how this asset be managed and made available.
- Initiatives need to be driven by business need, but ICT has a role as an enabler, technical adviser and thought leader and to ensure co-ordination across the Group is in place to maximise the impact in this area:
  - data coordination and governance (data definitions and standards, security, privacy, data integration, access, interoperability, etc.
  - investments (sensors, cameras, connectivity)
  - advanced analytics, insights.
- This approach will maximise the opportunities from future technology change. The speed of change is such that sharing capability is the proposed approach to keep up.
Challenges and issues in realising further value, and value opportunities
# Challenges and issues in realising further value

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change and disruption are occurring at an ever increasing rate and customer/user expectations are increasing at the same time</td>
<td>Technology must respond to users’ needs while balancing budgets and security arrangements</td>
</tr>
<tr>
<td>Each Group organisation has a technology approach that is focused on their own needs. There is no overall strategy of how data is used and shared to improve Auckland</td>
<td>By taking an organisational approach opportunities for maximising, the benefit of using data to improve outcomes for Aucklanders may be missed</td>
</tr>
<tr>
<td>Collaboration as the mode of operation to manage common activities can create difficulties if consistency is needed; members can opt out when an approach doesn’t suit them, even if there are Group-wide benefits</td>
<td>The collaborative model has had mixed results in terms of engagement, participation and results. Council organisations can be in the supplier market at the same time for the same products which increases cost</td>
</tr>
<tr>
<td>The shift to deliver technology as a service – which requires a switch from onsite applications to cloud based solutions – must be managed within the existing asset lifecycle</td>
<td>Future technology change will require greater agility and connectivity that on premise applications may be able to provide</td>
</tr>
<tr>
<td>The growth of cloud-based solutions creates an environment for “shadow IT” (ICT not managed by ICT department) as the ease and speed of deployment is better than traditional software approaches</td>
<td>How data security and privacy, solution approval, and effective user support are managed will be affected, as the organisation needs to be satisfied there are appropriate controls in place.</td>
</tr>
<tr>
<td>Cyber security and risk management is an increasing challenge for technology services worldwide and ICT must be agile enough to keep technology current</td>
<td>Sufficient investment must be maintained in the security of ICT environments</td>
</tr>
</tbody>
</table>
### Challenges and issues in realising further value

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>The speed of technological change is demanding quicker, more agile ways of working</td>
<td>Group organisations and ICT teams don’t always have the aligned maturity to adopt new ways of working</td>
</tr>
<tr>
<td>ICT has to balance competing demands of meeting customer and business needs, delivering value, being agile and managing risk</td>
<td>The council ICT’s strategy doesn’t clearly outline business needs (customer requirements), the existing ICT environment and how to maximise business results</td>
</tr>
</tbody>
</table>
Options analysis
Value proposition #1: Develop a framework for strategic Group ICT governance

IF

... we develop a framework for strategic Group ICT governance for items of common group interest which is aligned to the long-term plan.....

By

- Developing and implementing a Group approach to governing ICT for items of common group interest:
  - Principles-based, balancing each organisation’s needs and current ICT expertise with the benefits of collaboration
  - the appropriate operating model to deliver efficient and effective ICT services for the Group
  - Items identified for a common approach could include:
    - procurement
    - pace of change – changing and sharing capabilities for merging technologies and move to as a service consumption
    - Smart Cities and exponential data growth.
- Developing an implementation plan for the Group focused on items of common group interest to remove duplication and leverage common capabilities
- Establishing the appropriate governance and providing a mandate to implement the operating model in future CCO Statements of Intent and in council policies.

Then we will achieve

- A coordinated, consistent Group response to managing the changing ICT environment (both emerging technologies and how they are delivered) and how this can be collectively used to improve outcomes for Auckland.
- A consistent perspective on the management of risk and how common capabilities for management can be shared across the Group.
- A joined-up approach to ICT procurement in accordance with the Group Procurement Policy resulting in reduction in costs from leveraging Group buying power.
- An agreed approach to the use of emerging technologies and data (Smart Cities) to improve outcomes for Auckland.
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic fit</td>
<td>Aligns ICT with Auckland Plan and LTP</td>
</tr>
<tr>
<td>Value for money</td>
<td>Improved VfM will be achieved from:</td>
</tr>
<tr>
<td></td>
<td>• Common understanding of risk and emerging technologies</td>
</tr>
<tr>
<td></td>
<td>• Reduction in duplication</td>
</tr>
<tr>
<td>Equity</td>
<td>Value from an efficient and effective ICT</td>
</tr>
<tr>
<td></td>
<td>benefits all ratepayers</td>
</tr>
<tr>
<td>Feasibility</td>
<td>No barriers</td>
</tr>
<tr>
<td>Affordability</td>
<td>Funded from current budgets</td>
</tr>
<tr>
<td>Competency</td>
<td>External support may be required to support the development of the</td>
</tr>
<tr>
<td></td>
<td>framework working with ICT and business management</td>
</tr>
</tbody>
</table>

Value will be delivered from improved alignment of ICT across the Group so that scale can be leveraged and duplication eliminated. Auckland Plan outcomes will be supported through a joined up approach to the implementation of Smart Cities technologies.

### Results

#### Summary of financial costs and benefits

**Costs**
- No additional costs anticipated

**Benefits**
- Quantitative benefits:
  - Reduced cost from removing of duplication
  - Key enabler of benefits included in VP#3.
- Unquantified qualitative benefits include:
  - supports the delivery of outcomes in Auckland plan
  - consistent approach to addressing emerging technologies and how they can support service delivery
  - consistent understanding of risk and how it is managed.
Key risks and constraints

- One size does not fit all and to maintain effectiveness certain ICT services are core to each organisation achieving their objectives.
- Risk of value being lost if there is no requirement to use, participate in, and contribute to, a Group ICT approach.
- Risk of resistance to change or later rogue behaviour can erode benefits.
- Watercare’s efficient and effective operations obligation means that, when assessing proposals for co-ordination, the proposal must assist (or at least be neutral) in keeping the costs of water supply and wastewater services to customers at efficient and effective levels.

Key assumptions

- The Group ICT Strategic Framework will be jointly developed by ICT leadership, supported, if required, by external resource and be jointly beneficial to each participating organisation.
- The council or CEO of a CCO will sponsor the development and implementation of the Group ICT Strategic Framework.
- All Group organisations will participate in alignment with the commitments contained in Statements of Intent for organisations to work together.
- There are some limited and clearly defined opt-out clauses, e.g. to meet legal obligations (such as Watercare being able to opt out where doing so would lower the cost of water supply and wastewater services to consumers).
- The approach is flexible enough to allow the right ICT approach and to encourage innovation – one size does not necessarily fit all – but still achieve the benefits of collaboration.
### Value proposition #2: Align data centre requirements and create virtual centre of excellence

<table>
<thead>
<tr>
<th>IF</th>
<th>Then we will achieve</th>
</tr>
</thead>
<tbody>
<tr>
<td>... we aligned service levels and developed a single data centre</td>
<td>• Demonstration that a Group approach to procurement can be adopted for ICT and the</td>
</tr>
<tr>
<td>strategy enabling leverage of the Group scale and expertise to</td>
<td>creation of virtual shared service.</td>
</tr>
<tr>
<td>manage exponential data growth.</td>
<td>• Reduction (economy) in costs from leveraging Group buying power.</td>
</tr>
<tr>
<td>By</td>
<td>• A Group approach to managing key supplier relationships.</td>
</tr>
<tr>
<td>• Agreeing appropriate service levels required from a data centre</td>
<td>• A model that could be used for developing further shared services.</td>
</tr>
<tr>
<td>segmented, where appropriate, by organisation and service</td>
<td></td>
</tr>
<tr>
<td>requirement, including an appropriate assessment of risk.</td>
<td></td>
</tr>
<tr>
<td>• Determining the appropriate data centre solution based on the</td>
<td></td>
</tr>
<tr>
<td>requirements.</td>
<td></td>
</tr>
<tr>
<td>• Considering the All of Government contracts as a starting point</td>
<td></td>
</tr>
<tr>
<td>negotiate data centre contract(s) improving the current</td>
<td></td>
</tr>
<tr>
<td>commercial terms.</td>
<td></td>
</tr>
<tr>
<td>• A framework to manage the supplier relationship(s) and</td>
<td></td>
</tr>
<tr>
<td>develop a strategic Group approach to deliver future benefits.</td>
<td></td>
</tr>
<tr>
<td>• Collaborate on approaches to reduce, if applicable, future</td>
<td></td>
</tr>
<tr>
<td>demand for data centre capacity.</td>
<td></td>
</tr>
</tbody>
</table>
## Attachment A

### Item 9

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net estimate (10yr NPV)</strong></td>
<td>Included in VP#3</td>
</tr>
<tr>
<td><strong>Ease of implementation</strong></td>
<td>Moderate</td>
</tr>
<tr>
<td><strong>Timing</strong></td>
<td>&lt;6 months</td>
</tr>
<tr>
<td><strong>Overall rating</strong></td>
<td>Must do</td>
</tr>
</tbody>
</table>

### Assessment

#### Summary of financial costs and benefits

**Costs**
- There will be a cost of change which should be quantified and assessed against the future benefits of the change.

**Benefits**
- Quantitative benefits
  - To avoid double counting any potential savings are included in VP#3
  - Unquantified qualitative benefits include:
    - demonstration that a Group approach to procurement can be adopted for ICT (virtual shared service created)
    - a Group approach managing the supplier relationship including adopting a partnering approach.

Value will be delivered from alignment of data centre provision across the Group and sharing both expertise and realising scale benefits. Future data centre requirements are currently being assessed independently by Auckland Council, AT and RFA.

#### Results

- Strategic fit: Aligns with a Group Procurement Policy
- Value for money: Improved VfM will be achieved from:
  - volume savings through leveraging scale
  - consistent approach
- Equity: Value from an efficient and effective procurement benefits all ratepayers
- Feasibility: No barriers
- Affordability: Ongoing costs funded from current budgets.
  - Cost of change needs to be quantified
- Competency: Collective Group ICT and procurement resources and capabilities are used.
Key risks and constraints

- One size does not fit all and local implementation is crucial to success.
- Risk of resistance to change or later rogue behaviour can erode benefits.
- Risk of consolidating to a single supplier; the overall capacity and capability of that supplier must meet the council and their other customers’ requirements.
- Watercare’s efficient and effective operations obligation means that, when assessing proposals for co-ordination, the proposal must assist (or at least be neutral) in keeping the costs of water supply and wastewater services to customers at efficient and effective levels.
- Different organisations have different risk profiles and therefore different service level requirements

Key assumptions

- All of Government contracts will be used as a starting point for contract negotiations but expectation is that commercial terms will be improved.
- There are some limited and clearly defined opt-out clauses, e.g. to meet legal obligations (such as Watercare being able to opt out where doing so would lower the cost of water supply and wastewater services to consumers).
- The approach is flexible enough to accommodate different risk profiles and organisation requirements.
- Existing contracts are able to be renegotiated
Value proposition #3: Consolidate ICT spend to deliver shared benefits across the Group

IF

... we have an effective ICT procurement category planned, aligned to the Group Procurement Policy.....

By

• Developing, building on the collaborative approach in the Group Procurement Policy, an ICT procurement strategy and category management plan
• Including as a minimum the ICT procurement strategy and category plan:
  – ICT services which are common across the Group and where a collaborative approach to procurement would be beneficial
  – Suppliers who are shared across the Group where a collaborative approach to ongoing supplier management would be beneficial
  – ICT services where the All of Government procurement contracts will be used.
• Determine, from a Group perspective, what, if any, ICT services are better delivered by others (outsourcing) and what should be the responsibility of each organisation.

Then we will achieve

• A coordinated, consistent and joined-up approach to ICT procurement in accordance with the Group Procurement Policy.
• Reduction (economy) in costs from leveraging Group buying power.
• Reduction in staff time required (efficiency) to manage procurement activities.
• A consistent approach to managing common suppliers.
### Assessment

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic fit</strong></td>
<td>Aligns with a Group Procurement Policy</td>
</tr>
<tr>
<td><strong>Value for money</strong></td>
<td>Improved VfM will be achieved from:</td>
</tr>
<tr>
<td></td>
<td>• volume savings through leveraging scale</td>
</tr>
<tr>
<td></td>
<td>• consistent approach to managing common</td>
</tr>
<tr>
<td></td>
<td>suppliers</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>Value from an efficient and effective</td>
</tr>
<tr>
<td></td>
<td>procurement service benefits all ratepayers</td>
</tr>
<tr>
<td><strong>Feasibility</strong></td>
<td>No barriers</td>
</tr>
<tr>
<td><strong>Affordability</strong></td>
<td>Funded from current budgets</td>
</tr>
<tr>
<td><strong>Competency</strong></td>
<td>Collective Group ICT and procurement resources and capabilities are used. Office of Chief Government Digital Officer are also able to assist</td>
</tr>
</tbody>
</table>

Value will be delivered from improved alignment of ICT procurement across the Group so that scale can be leveraged and duplication eliminated.

### Results

#### Summary of financial costs and benefits

**Costs**
- No additional costs anticipated

**Benefits**
- Quantitative benefits
  - Forecast savings of $18 over 10 years
  - Unquantified qualitative benefits include savings of procurement, legal and ICT staff time due to:
    - reduced number of sourcing activities
    - use of All of Government contract framework

**Note**
The Group spends $120m per annum across 400 suppliers. Of these, 53 suppliers are shared, reflecting 58% of the total spend. Some of this has been procured collaboratively, but most has not. If 50% of the total expenditure was procured collectively with a 3% saving achieved, this would deliver a 10yr NPV of $18.

All of Government estimated a 5% reduction in the cost of ICT procurement over 5 years,
**Key risks and constraints**

- One size does not fit all and local implementation is crucial to success.
- Risk of value being lost if there is no requirement to use collaborative procurement services.
- Risk of resistance to change or later rogue behaviour can erode benefits.
- Watercare’s efficient and effective operations obligation means that, when assessing proposals for co-ordination and integration of procurement, the proposal must assist (or at least be neutral) in keeping the costs of water supply and wastewater services to customers at efficient and effective levels.
- The role of Procurement in achieving good procurement outcomes must be balanced with the governance responsibilities of Auckland Council and each CCO board.

**Key assumptions**

- Procurement will be done in accordance with the Group Procurement Policy and Government Rules of Sourcing.
- The procurement category plan will be jointly developed by ICT and Procurement leadership, supported, if required, by external resources and be jointly beneficial to each participating organisation.
- The Group CFO will sponsor the work as part of the Group Procurement programme, supported by CFOs in the CCOs.
- All of Government contracts will be used where there is demonstratable benefit for doing so.
- There are some limited and clearly defined opt-out clauses, e.g. to meet legal obligations (such as Watercare being able to opt out where doing so would lower the cost of water supply and wastewater services to consumers).
- The approach is flexible enough to allow the right procurement approach and to encourage innovation – one size does not necessarily fit all.
### Value opportunity from collaborative procurement

#### Total suppliers

<table>
<thead>
<tr>
<th>Number of suppliers</th>
<th>Number</th>
<th>Common suppliers</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Council</td>
<td>241</td>
<td>Shared with 3</td>
<td>10</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>125</td>
<td>Shared with 2</td>
<td>43</td>
</tr>
<tr>
<td>Watercare</td>
<td>93</td>
<td>Total</td>
<td>53</td>
</tr>
<tr>
<td>Total</td>
<td>459</td>
<td></td>
<td>12%</td>
</tr>
</tbody>
</table>

#### Annual supply expenditure

<table>
<thead>
<tr>
<th></th>
<th>$m</th>
<th></th>
<th>$m</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Council</td>
<td>47</td>
<td>Shared with 3</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>59</td>
<td>Shared with 2</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Watercare</td>
<td>13</td>
<td>Not shared</td>
<td>70</td>
<td>58%</td>
</tr>
<tr>
<td>Total</td>
<td>120</td>
<td></td>
<td>50</td>
<td>42%</td>
</tr>
</tbody>
</table>

#### Potential value opportunity

<table>
<thead>
<tr>
<th>Year 1 - potential savings $M</th>
<th>Saving %</th>
<th>2%</th>
<th>3%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of spend - collaborative procurement</td>
<td>50%</td>
<td>1.2</td>
<td>1.8</td>
<td>3.0</td>
</tr>
<tr>
<td>25%</td>
<td>0.6</td>
<td>0.9</td>
<td>1.5</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>10 Year NPV - potential savings $M</th>
<th>Saving %</th>
<th>2%</th>
<th>3%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of spend - collaborative procurement</td>
<td>50%</td>
<td>8.9</td>
<td>18.0</td>
<td>30.1</td>
</tr>
<tr>
<td>25%</td>
<td>6.0</td>
<td>9.0</td>
<td>15.0</td>
<td></td>
</tr>
</tbody>
</table>

Discount rate 0%
Value for Money methodology
Value for money

This review delivers on the section 17A of the Local Government Act 2002 requirement, to:

“... review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions ...
... consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions...”
These reviews must be undertaken at least every six years.

The purpose of this internal strategic review is to identify strategic opportunities to improve value for money (VfM).

The value propositions developed in this report indicate the potential value from undertaking certain actions. It provides orders-of-magnitude estimates of this value. The propositions do not explicitly include the costs of implementation. The value propositions have been designed to inform council decisions whether to invest in more detailed investigation, including business case development and consultation on options.

VfM, or cost-effectiveness, considers both the cost and the effectiveness (a measure of value) of local government services.

The Office of the Auditor-General, in its 2008 Procurement guidance for public entities publication, defined VfM as:

“... using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve. In addition, the principle of value for money when procuring goods or services does not necessarily mean selecting the lowest price but rather the best possible outcome for the total cost of ownership (or whole-of-life cost).”

We define value from the viewpoint of the customers of the services. Depending on the service, customers might be specific groups of individuals, households or businesses, or they might be the Auckland public in general.

When we consider VfM, we also look at the public policy reason for the council’s current role and whether that role will continue to be appropriate in the future, given changes in factors like technology, customer expectations, the environment, legal framework, etc.
Our methodology uses a fact-based approach

The review involves testing current service arrangements, as well as asking if the rationale is still sound and fit for the future. We focused on specific challenges, issues and opportunities that we found most relevant for service delivery in the future.

Questions

<table>
<thead>
<tr>
<th>What</th>
<th>Why</th>
<th>Performance</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>• What is the service and how big is it?</td>
<td>• What is the service trying to achieve?</td>
<td>• What are the cost and value drivers?</td>
<td>• Does current performance indicate good VfM?</td>
</tr>
<tr>
<td>• How is it delivered, funded, governed, regulated?</td>
<td>• What are its strategic or statutory drivers?</td>
<td>• Cost: economy (cost of inputs) and efficiency (service delivery)</td>
<td>• Do incentives/controls give confidence about achieving future value?</td>
</tr>
<tr>
<td>• What is its place in the value chain?</td>
<td>• What is the public policy rationale for local government role?</td>
<td>• Effectiveness: economic, environmental, social impacts</td>
<td>• What are the areas of risk and uncertainty affecting VfM?</td>
</tr>
<tr>
<td>• What is the current and future context?</td>
<td></td>
<td>• Cost-effectiveness</td>
<td>• Continued relevance in light of likely changes in context?</td>
</tr>
</tbody>
</table>

Economic efficiency (output/input)

Continued relevance

Effectiveness (value/cost)

Equity

Rationale
**Approach to current state assessment**

We undertake VFM reviews in three parts, starting with a current statement assessment:

As part of our evidence-based approach we draw on a range of sources:

- **Evidence**
  - Analysis of service and financial data (official docs)
  - Stakeholder & expert interviews & consultation
  - Political, Economic, Social and Technology trends
  - Intervention logic assessment & modeling
  - Check customer & stakeholder surveys
  - Check benchmarks, best practice, and case studies

**What we do:**

- Engage with relevant staff for their operational and strategic knowledge, and access to data and expert reports
- Review business plans, financial reports and selected literature
- Test the intervention logic
- Draw on international literature and reviews of international practices
- Test our thinking with subject matter experts and other agencies involved in investment attraction and international relations

The current state assessment effort leads to a list of challenges, issues and opportunities for further testing during the second part of the review.
In the second part of the review, we analyse opportunities to improve value for money.

We evaluate the ongoing relevance of governance, funding and service delivery arrangements and alternative options.

We outline the action required to deliver value, and provide orders-of-magnitude estimates of the potential future value.

In the second stage of the review we identify and evaluate improvement opportunities. Findings follow feedback on the assessment and options.

Our critical success factors draw on the Better Business Case framework

<table>
<thead>
<tr>
<th>Strategic fit (strategic case)</th>
<th>Does the option progress the outcomes the council is pursuing, and fit with the council’s role?</th>
</tr>
</thead>
</table>
| Value for money (economic case) | Do benefits to Aucklanders exceed costs? Does the option provide:  
  * clear accountability  
  * transparency  
  * compatible incentives  
  * risk allocation to where best managed  
  * proportional admin and compliance costs |
| Equity (social case) | Does the option promote a strong inclusive and equitable society, and share costs appropriately? |
| Feasibility (commercial case) | Can the option be commercially viable? |
| Affordability (financial case) | Do options fit Auckland Council’s financial objectives and constraints? |
| Competency (management case) | Has the council the competencies to execute? |
References, glossary and acknowledgements
## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATEED</td>
<td>Auckland Tourism, Events and Economic Development</td>
</tr>
<tr>
<td>Auckland Council (the council)</td>
<td>Auckland Council</td>
</tr>
<tr>
<td>BASS</td>
<td>A Treasury publication of benchmarking administration and support services</td>
</tr>
<tr>
<td>ERP</td>
<td>Enterprise Resource Planning. A technology solution originally from manufacturing that provides the core technology requirements for an organisation</td>
</tr>
<tr>
<td>Gartner</td>
<td>Gartner is an American research and advisory firm providing information technology related insight and technology research to global technology business leaders to make informed decisions on key initiatives</td>
</tr>
<tr>
<td>Internet of Things</td>
<td>The development of sensor technology, connected by internet which allows control and monitoring of multiple devices</td>
</tr>
<tr>
<td>Long-term plan (LTP)</td>
<td>This document sets out the council’s vision, activities, projects, policies, and budgets for a 10-year period. Also commonly referred to as the LTP/ the 10-year budget</td>
</tr>
<tr>
<td>Panuku Development Auckland (Panuku)</td>
<td>A new CCO combining Waterfront Auckland and ACPL to work as a single outward facing entity in the development of the region</td>
</tr>
<tr>
<td>Rates</td>
<td>A charge against the property to help fund services and assets the council provides</td>
</tr>
<tr>
<td>RFA</td>
<td>Regional Facilities Auckland</td>
</tr>
<tr>
<td>Smart CiTies</td>
<td>Smart cities refers to using technology to effectively integrate physical, digital and human systems in the built environment to deliver a sustainable, prosperous and inclusive future for its citizens</td>
</tr>
<tr>
<td>Value for Money (VFM)</td>
<td>Using resources effectively, economically, and without waste, with due regard for the total costs and benefits of an arrangement, and its contribution to the outcomes the entity is trying to achieve</td>
</tr>
<tr>
<td>Watercare</td>
<td>Watercare Services Limited</td>
</tr>
</tbody>
</table>
Reference material

References

- Auckland Council 2015. LTP 2015-2025
- Auckland Council Annual Report, 2017
- Gartner Top 10 Strategic Technology Trends for 2018
- BASS Benchmark metric-benchmark-16-17
- Auditor General - infrastructure-as-a-service
- Best Practices to Drive Cost and Value Optimization in IT Management 2015
- Government CIOs- Develop an Integrated Smart City and Mobile Network Policy 2018
- Government Cost Optimization 101- Start With the IT Budget 2016
- Government Cost Optimization 201- Expand Savings With Teamwork 2016
- Hype Cycle for Smart City Technologies and Solutions, 2017
- IT Key Metrics Data 2018- Key Industry Measures- Government — State and Local Analysis- Multiyear
- New Business and Technology Priorities in Smart City Require CIOs to Change 2017
- Use Benchmarking to Identify IT Cost Optimization Opportunities 2017
- What Is an I&T Operating Model and How Do You Accelerate Its Design Process 2017
- IT Key Metrics Data 2016- Key Industry Measures- Transportation Analysis
- IT Key Metrics Data 2016- Key Industry Measures- Utilities Analysis

The review also used a variety of internal documentation, some of which is commercially sensitive. These include:

- procurement category plans
- evaluation frameworks
- decision to appoint vendors.
- 2016-11-22 AT Technology Challenges and Opportunities
- 2018-04 AT Information Security Strategy
- at-digital-strategy-2016
- Benefits measures year one Customer Central 2017
- Business Technology Key Themes 2018 Operational Plan
- Regional Auckland land transport -consultation-single-pages-small 2018-28
- Hardware Category Strategy FY1
- ICT Strategy May 2017
- Software category strategy FY18
- Ora Closure report
- Project ACCORD, Stage Two Investment Group 2018
Acknowledgements

We wish to thank the following people who were either interviewed or participated in discussions relating to this review.

**Watercare**
- Marlon Bridge  
  Chief Financial Officer
- Rebecca Chenery  
  Chief Digital Officer
- Emma McBride  
  Governance and Change Manager

**Auckland Council**
- Aldo Coetzee  
  Technical Enterprise Architect
- Mark Denwir  
  Director ICT
- Aaron Donaldson  
  Head of ICT and corporate procurement
- Bruce Jamieson  
  Business Services Manager
- Ajay Kumar  
  ICT Portfolio Manager
- Matt Montgomery  
  Head of Innovation
- Hari Sreedhar  
  Head of Technology & Governance

**Auckland Transport**
- Roger Jones  
  Exec GM Business Technology
- Chris Creighton  
  Group Manager BT Solutions

**Regional Facilities**
- Louise Gardiner  
  Head of ICT
- Simon Tran  
  Chief Financial Officer

**Panuku**
- Carl Gosbee  
  Director, Corporate Services

**ATEED**
- Joy Buckingham  
  Chief Financial Officer
Process for the appointment of a trustee to Māngere Mountain Education Trust

File No.: CP2018/19892

Te take mō te pūrongo / Purpose of the report
1. To advise about the process to appoint a trustee to the board of the Māngere Mountain Education Trust, a legacy council-controlled organisation.

Whakarāpopototanga matua / Executive summary
2. Māngere Mountain Education Trust (MMET) is a legacy council-controlled organisation (CCO) of Auckland Council. Auckland Council appoints up to four trustees of eight trustees; there are currently three trustees who have been appointed by the council.
3. Staff undertook an appointment process based on the requirements of MMET’s trust deed and the council’s Appointment and Remuneration Policy for Board Members of Council Organisations.
4. There is a confidential report on today’s committee agenda with a recommendation on the appointment of a trustee to MMET.

Ngā tūtohunga / Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:

a) note that there is a confidential report on this meeting agenda with a recommendation on the appointment of a trustee to the board of the Māngere Mountain Education Trust.

Horopaki / Context
5. Māngere Mountain Education Trust is a legacy council-controlled organisation of Auckland Council. Auckland Council appoints up to four trustees of eight trustees; there are currently three trustees who have been appointed by the council.
6. Staff undertook an appointment process based on the requirements of MMET’s trust deed and the council’s Appointment and Remuneration Policy for Board Members of Council Organisations. This process included:
   • working with MMET’s chair to identify the required skills, knowledge and experience
   • advertising for candidates on Auckland Council’s website and seek.co.nz
   • shortlisting and interviewing appropriately qualified candidates. This process involved a representative from the Māngere-Ōtāhuhu Local Board.
7. For this particular appointment, it was important to attract candidates with experience in budgeting, financial management and planning. The appointment will replace the current treasurer, who is the only board member with experience in accounting and finance.
8. Māngere Mountain Education Trust is also implementing a new set of internal controls which have been developed by the council’s Internal Audit department. MMET will need at least one board member with strong financial skills for this.
Local impacts and local board views

9. The Deputy Chair of the Māngere-Ōtāhuhu Local Board, Walter Togiamua, was a member of the interview panel who selected the preferred candidate.

10. The Māngere-Ōtāhuhu Local Board approves MMET’s annual operating grant and is therefore a key partner for MMET. Recently, MMET and the Māngere-Ōtāhuhu Local Board have agreed that MMET should more regularly report to the local board.

Financial implications

12. There are no financial implications associated with this appointment. Costs for the recruitment have been met through existing budgets.

Risks

13. There are risks associated with all board appointments, including reputational risks. The recruitment process included appropriate screening of all candidates and requiring the nominee to complete a conflict of interest form.

Next steps

14. If this committee approves the appointment, the appointee will be provided with an induction by staff.

Attachments

There are no attachments for this report.

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sarah Holdem - Principal Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
Process for appointment of board members to the Community and Education Trust - COMET

File No.: CP2018/21328

Te take mō te pūrongo / Purpose of the report

1. To receive information about the appointment process to fill three vacancies on the board of Community Education Trust Auckland – COMET, a council-controlled organisation, and to reappoint four trustees whose terms expire in 2018.

Whakarāpopototanga matua / Executive summary

2. The power to appoint trustees to COMET’s board is vested in Auckland Council by the Deed of Trust that established COMET as a council-controlled organisation (CCO) in 2012.

3. COMET has undertaken an appointment process based on COMET’s trust deed requirements and consistent with Auckland Council’s Board Appointment and Remuneration Policy.

4. A separate confidential report on this meeting agenda contains information and recommendations regarding the appointment of trustees to the COMET board.

Ngā tūtohunga / Recommendation/s

That the Appointments, Performance Review and Value for Money Committee:

a) note that there is a confidential report on this meeting agenda with recommendations regarding the appointment of trustees to the board of Community Education Trust Auckland – COMET.

Horopaki / Context

5. COMET’s trust deed calls for no fewer than seven and no more than twelve trustees. COMET has recently operated with nine trustees and wishes to continue at that level for the time being. Each trustee is a volunteer and can serve a maximum of two three-year terms on the board.

6. The power of appointment of all trustees to the board is vested in council as the settlor of COMET’s deed.

7. In 2015 COMET sought council approval for an amendment to its deed to allow for the appointment of trustees from time to time. This amendment was approved and reflects best practice in board appointment process in order to achieve continuity and avoid the loss of institutional knowledge on boards.

8. There are currently six vacancies on COMET’s board. COMET is recommending that three board vacancies be filled at this time. These vacancies result from one resignation and two trustees whose terms expired this year.

9. Appointment of the three recommended candidates will bring the total number of trustees to nine which is within the range of members set by the trust deed.

Tātaritanga me ngā tohutohu / Analysis and advice

10. COMET has undertaken a board appointment process based on COMET’s deed requirements and consistent with council’s Board Appointment and Remuneration Policy. This process included:

   a) identifying skills, knowledge and experience, including current or future gaps on the board
b) advertising the board vacancy through an expression of interest programme, including listings in Seek Volunteering and COMET’s social media channels. The advertisement was also circulated to all staff and board members as well as council staff to pass onto suitable candidates.

c) shortlisting and interviewing appropriately qualified candidates.

d) recommendation of preferred candidates to council’s Appointments and Performance Review Committee for appointment (this report).

11. For these appointments, financial expertise, strong connections with and understanding of the Māori community, and knowledge of early childhood education were established as preferred qualifications based on current board composition and COMET’s mission.

12. Twelve applications were received for the vacant positions. The chief executive and chair of the board shortlisted three applicants. The shortlisted applicants were interviewed by a subcommittee of the board and the chief executive. These are the candidates that are recommended to the committee to appoint.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe
/Local impacts and local board views

13. Board appointments are the role of the governing body. As such, local board views were not sought on this matter.

Tauākī whakaaweawe Māori / Māori impact statement

14. COMET’s work is strongly focused on making access to education and skills more effective and equitable across Auckland. As COMET takes a cross-sector approach to education, several areas of COMET’s work are directed to Māori and Pasifika communities where gaps in education have been identified and economic and social benefits can be realised.

15. COMET’s board vacancies offer an opportunity to contribute to the development of Māori capacity in governance. One of the key qualifications sought through this appointment process was familiarity with and connection to Auckland’s Māori communities (mana whenua and/or mataāwaka).

Ngā ritenga ā-pūtea / Financial implications

16. The costs associated with these appointments will be managed from existing budgets.

Ngā raru tūpono / Risks

17. There are risks associated with all board appointments including:

i) Reputational risk: all candidates are appropriately screened to meet the skill requirements for directors of a board such as this and have appropriate governance experience especially within public-facing entities. To mitigate any potential risks of appointing disqualified directors or under-qualified candidates, the following controls are in place:

a) a due diligence process is completed on all candidate applications in line with the council’s appointment policy

b) short-listed candidates will complete the council’s director consent form prior to interview which requires directors to confirm that there is nothing that would disqualify them from being a director.
ii) Reputational risk: breach of privacy if confidential candidate information is released prior to final decisions being made by the committee. The risk is that fewer, and potentially less-qualified, candidates will be attracted to board service in the future. To mitigate this risk staff will assure confidentiality during the board appointment programme and require that selection panel members sign a confidentiality document.

iii) Governance risk: the risk of an unbalanced board where a loss of institutional knowledge impacts decision-making. Conversely, retaining board members for too long can mean the board lack innovation and fresh thinking. There is a need to maintain an appropriate balance of new and longer-serving board members to ensure innovation and fresh thinking while retaining institutional knowledge.

Ngā koringa ā-muri / Next steps
18. Following approval from this committee, staff from the CCO Governance and External Partnerships department will work with COMET to ensure appropriate induction and documentation are completed for each of the approved candidates.

Ngā tāpirihanga / Attachments
There are no attachments for this report.

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Steven Branca - BID Partnership Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
Update report on the process of appointing directors and board interns to the boards of the substantive council-controlled organisations

File No.: CP2018/18353

Te take mō te pūrongo / Purpose of the report
1. To provide an update on the appointment of:
   i) directors to the boards of Auckland Transport and Regional Facilities Auckland
   ii) board interns on council’s five substantive council-controlled organisations (CCOs)
   iii) update on the Watercare Services Limited’s board.

Whakarāpopototanga matua / Executive summary
2. Recruitment for the director vacancies for Auckland Transport and Regional Facilities Auckland commenced in July 2018. At the 3 October 2018 meeting the committee shortlisted candidates for interview for these roles. The interviews for these roles will be completed on 3 December 2018, and the Selection Panels will provide their recommendations to the committee in the confidential section of the committee meeting.
3. A report on today’s confidential agenda provides advice on the preferred candidates for these two CCOs
4. Council is also running the board intern programme to support a diverse range of aspiring directors to develop skills, knowledge, and board room experience. The committee will today be asked to decide on the preferred candidates for the five board intern scholarships.
5. The committee will also receive confidential advice at today’s meeting on the current directors on Watercare Services Limited and be asked to make decisions regarding:
   - the reappointment of directors
   - staggering of the terms of appointment of directors.

Ngā tūtohunga / Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:

a) note that three confidential reports are included on this meeting agenda that provide information to make decisions on the:
   i) appointment of candidates for the director vacancies on Auckland Transport and Regional Facilities Auckland
   ii) appointment of candidates for the board intern vacancies on five substantive council-controlled organisations
   iii) approval to commence the 2019 board appointment programme for Watercare Services Limited including approving reappointments, and the skills required (if any) to fill any vacancies and appoint selection panel members

b) note that the reports are confidential due to the personal information contained in them.
Horopaki / Context

Links to strategies, policies and plans

6. The board appointment process for appointing directors to any CCOs and external partnership board is outlined in the table below:

<table>
<thead>
<tr>
<th>Committee</th>
<th>Board intern appointments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Consider the reappointment of CCO directors whose terms are due to end.</td>
</tr>
<tr>
<td></td>
<td>• Approves skills required for director positions</td>
</tr>
<tr>
<td></td>
<td>• Approves members of the director selection panels</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Selection panel</th>
<th>Board intern appointments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Considers the complete list of candidates</td>
</tr>
<tr>
<td></td>
<td>• Recommends the short-listed candidates to the committee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Committee</th>
<th>Board intern appointments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Approves the short-list of candidates for interview</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Selection Panel</th>
<th>Board intern appointments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Interviews the short-listed candidates approved by the committee</td>
</tr>
<tr>
<td></td>
<td>• Recommends preferred candidates to the committee for the director vacancies</td>
</tr>
<tr>
<td></td>
<td>• Recommends preferred candidates to the committee for the board intern scholarships on the five substantive council-controlled organisations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Committee</th>
<th>Board intern appointments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Considers selection panel’s recommendations</td>
</tr>
<tr>
<td></td>
<td>• Makes appointments to the CCO boards</td>
</tr>
<tr>
<td></td>
<td>• Makes appointments for the board intern scholarships on the five substantive council-controlled organisations</td>
</tr>
</tbody>
</table>

**Board intern appointments**

7. The council’s board intern programme is intended to support a diverse range of aspiring directors to develop skills, knowledge, board room experience and to establish relationships and networks. The programme is expected to lead to long-term benefits for the council, as well as external entities and organisations across the region, by expanding the pool of potential directors.

8. The programme appoints an intern on a CCO board in a non-voting capacity for 12 months and provides the person with a structured programme of training and development opportunities.

9. Council sets a maximum tenure of one year for the board intern scholarships on each CCO, however if there is good reason to move an intern to another CCO for a further term of tenure the council may consider each case separately.

10. The confidential reports on this agenda provide advice on the board intern scholarship vacancies on each of the five CCOs.

11. A total of 36 applicants applied for the council’s board intern scholarships.

12. The selection panel reviewed the candidate applications and shortlisted twelve candidates for interview.

13. Interviews will be completed on 30 November 2018 and the Selection Panel will make its recommendations to the committee.

14. Council’s executive recruitment manager, Howard Chaffey, will provide the relevant documentation to support the recommendations.
Director vacancies

15. The committee asked staff to find directors with the following skills (APP/2018/42):

**Auckland Transport:**

i) a strategic appreciation of the place of transport in shaping city living

ii) knowledge and understanding of the technology and drivers of digital transformation in transport

iii) an awareness and sensitivity of the environmental challenges and opportunities presented in large-scale, interconnected transport systems

iv) community consultation skills to foster deep engagement across Auckland.

**Regional Facilities Auckland:**

Strategic financial thinking:

i) appreciate of the administration of sport and its monetisation

ii) experience of commercial deal making and the formation of strategic partnerships

iii) a digital outlook with a focus on the customer experience

iv) proven experience of relationship building with communities

v) connections with diverse communities

vi) venue management and the commercialisation of assets

vii) public service experience.

16. At the 3 October 2018 meeting the committee shortlisted candidates for interview (APP/2018/74).

17. The interviews will be completed on 3 December 2018. The Selection Panels will provide their recommendations to the committee. Kerridge and Partners will provide the relevant documentation to support the recommendations.

**Watercare Services Limited**

18. Six of the seven Watercare Services Limited directors will complete their terms on 31 October 2019. The chair, Margaret Devlin, has requested council to consider the staggering of the directors’ terms so that they are more evenly spread.

19. Staff note there is a significant board appointment programme to be completed in 2019. The 2019 appointment programme will need to be completed by September 2019; before to the local body elections.

20. Making decisions about the reappointment of Watercare Services Limited directors at this committee’s December 2018 meeting would allow staff to begin the process of identifying any new directors early. This would help alleviate the time pressures that will be experienced by selection panel members, council staff and Kerridge and Partners in 2019.

**Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views**

21. Board appointments to CCOs are the role of the Governing Body. Local boards can participate in the nomination process for each director vacancy. The nomination of a candidate requires the consent of that candidate.

**Tauākī whakaaweawe Māori / Māori impact statement**

22. The council’s policy also aims to achieve a diverse range of directors to all CCO boards.

23. This can have positive impacts for Māori by creating opportunities for Māori directors.
24. An Independent Māori Statutory Board member may be appointed to the selection panel to provide a Māori perspective throughout the process.

Ngā ritenga ā-pūtea / Financial implications
25. The costs associated with these appointments will be managed from existing budgets.

Ngā raru tūpono / Risks
26. There are risks associated with all board appointments including:
   i) Reputational risk: all candidates are appropriately screened to meet the skill requirements for directors of boards such as these and have appropriate governance experience especially within public-facing entities. To mitigate any potential risks of disqualified directors or under-qualified candidates, the following controls are in place:
      a) a thorough due diligence process is completed on all candidate applications in line with the council’s appointment policy
      b) short-listed candidates will complete the council’s director consent form prior to interview which requires directors to confirm that there is nothing that would disqualify them from being a director
      c) Kerridge and Partners conduct thorough reference checks of candidates who are approved for appointment to the CCOs.
   ii) Reputational risk: breach of privacy if confidential candidate information is released prior to final decisions being made by the committee. The risk is fewer and potentially less qualified candidates being attracted into future board appointment programmes. To mitigate the risk staff will continue to highlight the need for maintaining confidentiality during the board appointment programme and selection panel members sign a confidentiality document.
   iii) Governance risk: the risk of an unbalanced board where a loss of institutional knowledge impacts decision-making. Conversely, retaining board members for too long can mean the board lack innovation and fresh thinking. There is a need to maintain an appropriate balance of new and longer-serving board members to ensure innovation and fresh thinking while retaining institutional knowledge.

Ngā koringa ā-muri / Next steps
27. Following approval from this committee, staff from the CCO Governance and External Partnerships department will liaise with the CCOs to ensure appropriate induction and documentation are completed for each of the approved candidates and board interns.

Ngā tāpirihanga / Attachments
There are no attachments for this report.

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Josie Meuli - Senior Advisor</th>
</tr>
</thead>
</table>
| Authorisers | Alastair Cameron - Manager - CCO Governance & External Partnerships  
        Phil Wilson - Governance Director |

Update report on the process of appointing directors and board interns to the boards of the substantive council-controlled organisations
Appointment of selection panel members for the 2019 board appointment programme

File No.: CP2018/21452

Te take mō te pūrongo / Purpose of the report
1. To make decisions about the selection panels for director vacancies on Auckland’s council-controlled organisations (CCOs) for its 2019 board appointment programme.

Whakarāpopototangata matua / Executive summary
2. The 2019 board appointment programme will commence with a report to this committee at its 14 February 2019 meeting. That report will outline those directors whose terms are due to end on 31 October 2019. The committee will be required to make decisions regarding whether or not to reappoint nineteen directors on five council-controlled organisations.

3. There will be a shorter than normal timeframe to complete the appointment programme due to the local body elections taking place in October 2019. All appointments will need to be made by September 2019. It is important that selection panel members who wish to participate in board appointments are able to make themselves fully available for the time required.

4. Staff therefore request that the committee appoints selection panel members today to ensure the programme can be planned in advance and blocks of time allocated in members’ diaries.

5. The number of directors to be considered for reappointment include:
   i) Auckland Tourism, Events and Economic Development Limited – three directors terms end, with two having served two three-year terms
   ii) Regional Facilities Auckland – four directors terms end, with two having served at least two three-year terms
   iii) Auckland Transport – four directors including the chair’s terms end, with two (including the chair) having served at least two three-year terms
   iv) Panuku Development Auckland Limited – two directors
   v) Watercare Services Limited – six directors terms end, with two directors having served at least two three-year terms, and another director having served for a total of five years and six months. A separate report regarding Watercare Services Limited’s directors is included in today’s agenda.

6. To ensure the process is robust and transparent:
   i) a panel convenor (for the 2019 board appointment programme) will meet with all selection panel members and outline the process and requirements of selection panel membership
   ii) all selection panel members must sign (or have previously signed) a confidentiality agreement form
   iii) selection panel members will receive a conflict of interest form when the candidate long list is received. Selection panel members are required to sign and note their conflict(s) with potential candidates, prior to participating in the review meeting.

7. A proposed timeline for completing the 2019 programme is provided at Attachment A and the list of CCOs and directors’ terms is provided at Attachment B.
Ngā tūtohunga / Recommendation/s

That the Appointments, Performance Review and Value for Money Committee:

a) appoint one selection panel member and one alternate selection panel member for the vacancies on the council-controlled organisations for the 2019 board appointment programme, including:
   i) Auckland Tourism Events Economic Development Limited
   ii) Regional Facilities Auckland
   iii) Auckland Transport
   iv) Panuku Development Auckland Limited
   v) Watercare Services Limited.

b) appoint one representative (and an alternate representative) from the Independent Māori Services Board to the selection panels for the vacancies on the council-controlled organisations for the 2019 board appointment programme.

Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Timeline of proposed dates for 2019 Board Appointment Programme</td>
<td>119</td>
</tr>
<tr>
<td>B</td>
<td>2019 Board Appointment Programme</td>
<td>121</td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Josie Meuli - Senior Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
The table below is a timeline of the proposed dates for the 2019 Board Appointment programme.

<table>
<thead>
<tr>
<th>CCO</th>
<th>What</th>
<th>Who</th>
<th>By When</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Board Appointment programme</td>
<td>Appoint Selection Panel members</td>
<td>Committee</td>
<td>APRVIM Committee – 6 December 2018</td>
</tr>
<tr>
<td></td>
<td>Review appointments – reappointments – vacancies</td>
<td>Kernidge and Partners</td>
<td>APRVIM Committee – 14 February 2019</td>
</tr>
<tr>
<td></td>
<td>Sign off brief</td>
<td>Council staff</td>
<td></td>
</tr>
<tr>
<td>Advertise commences</td>
<td>Kernidge and Partners</td>
<td>Council staff</td>
<td>15 February – mid April 2019</td>
</tr>
<tr>
<td>Calibration meetings (review the brief and candidate applications)</td>
<td>Selection Panel members</td>
<td>Kernidge and Partners</td>
<td>4 – 15 March 2019</td>
</tr>
<tr>
<td></td>
<td>Council staff</td>
<td>Council staff</td>
<td></td>
</tr>
<tr>
<td>Longlist meetings</td>
<td>Kernidge and Partners</td>
<td>Council staff</td>
<td>8 – 18 April 2019</td>
</tr>
<tr>
<td></td>
<td>Council staff</td>
<td>Selection Panel members</td>
<td></td>
</tr>
<tr>
<td>Pre-interview candidates (by Kernidge and Partners)</td>
<td>Kernidge and Partners</td>
<td>Kernidge and Partners</td>
<td>29 April – 23 May 2019</td>
</tr>
<tr>
<td></td>
<td>Council Staff</td>
<td>Council Staff</td>
<td></td>
</tr>
<tr>
<td>Shortlist candidates recommended to committee</td>
<td>Kernidge and Partners</td>
<td>Kernidge and Partners</td>
<td>APRVIM Committee – 6 June 2019 meeting</td>
</tr>
<tr>
<td></td>
<td>Council Staff</td>
<td>Council staff</td>
<td></td>
</tr>
<tr>
<td>Interview candidates approved by the committee</td>
<td>Kernidge and Partners</td>
<td>Kernidge and Partners</td>
<td>7 – 26 June 2019</td>
</tr>
<tr>
<td></td>
<td>Council staff</td>
<td>Selection Panel members</td>
<td></td>
</tr>
<tr>
<td>Selection Panel recommendations</td>
<td>Council staff</td>
<td>Selection Panel members</td>
<td>APRVIM Committee – 4 July 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional date of meetings if required Selection Panel recommendations</td>
<td>Council staff</td>
<td>Kernidge and Partners</td>
<td>APRVIM Committee – 1 August 2019</td>
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<td></td>
<td>Selection Panel members</td>
<td>Council staff</td>
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</tr>
</tbody>
</table>
### 2019 Board Appointment Programme

<table>
<thead>
<tr>
<th>CCO</th>
<th>Name</th>
<th>Total time on board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Tourism, Events and Economic Development</td>
<td>Helen Robinson</td>
<td>2 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Danny Chan</td>
<td>2 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Michael Taitoko</td>
<td>1 x 3 years</td>
</tr>
<tr>
<td>Regional Facilities Auckland</td>
<td>Joanna Perry</td>
<td>1 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Fabian Partigiani</td>
<td>1 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Lisa Bates</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Geoff Clews</td>
<td>2 x 3 years</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Lester Levy (Chair)</td>
<td>7 years</td>
</tr>
<tr>
<td></td>
<td>Mark Gilbert</td>
<td>2 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Wayne Donnelly</td>
<td>1 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Sir Michael Cullen</td>
<td>2 years</td>
</tr>
<tr>
<td>Panuku Development Auckland</td>
<td>Susan Macken (deputy chair)</td>
<td>4 years (1 x 3 years PDA and 1x1 year WDA)</td>
</tr>
<tr>
<td>Watercare Services Limited *</td>
<td>Margaret Devlin, Chair</td>
<td>1 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Brendan Green</td>
<td>1 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Julia Hoare deputy chair</td>
<td>2 x 3 years</td>
</tr>
<tr>
<td></td>
<td>Nicki Cruford</td>
<td>5 years 6 months</td>
</tr>
<tr>
<td></td>
<td>Annette King</td>
<td>1 year</td>
</tr>
<tr>
<td></td>
<td>Catherine Harland</td>
<td>8 years</td>
</tr>
</tbody>
</table>

Report regarding Watercare’s staggering of director appointments will be presented to 6 December, 2018 Appointments, Performance Review and Value for Money committee requesting committee’s approval to start the process in December 2018.
### Attachment B

**Item 13**

<table>
<thead>
<tr>
<th>Name</th>
<th>Originally Appointed</th>
<th>Term expires</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mark Franklin (Chair)</td>
<td>Nov 2018</td>
<td>Oct 2021</td>
<td>MD of Stevenson Group, former Chief Executive of T21 (Carbon Registry) and Vector Telco and IT understanding. Governance experience and as a member of Auckland Mayoral Housing Taskforce and Deputy Mayor’s Industry Leaders Council.</td>
</tr>
<tr>
<td>Evan Davies</td>
<td>Oct 2017</td>
<td>Oct 2020</td>
<td>MD of Todd Property Group Ltd, former MD of SkyCity. Governance experience, Bachelor of Town Planning (UoA), MSc. Tourism Management (UK), M.Phil Urban and Regional Planning (UK).</td>
</tr>
<tr>
<td>Helen Robinson (Deputy Chair)</td>
<td>June 2013</td>
<td>Oct 2019</td>
<td>Strong affinity with China, South East Asia and West Coast US. Former CEO of Microsoft NZ.</td>
</tr>
</tbody>
</table>

**Term Expires 2021**

**Term Expires 2020**

**Term Expires 2019**
### Regional Facilities Auckland

<table>
<thead>
<tr>
<th>Name</th>
<th>Originally Appointed</th>
<th>Term expires</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Barnes (Chair)</td>
<td>Nov 2018</td>
<td>Oct 2021</td>
<td>Entrepreneur, business, finance and insurance expertise. Leadership and innovation. MA Law &amp; Archaeology (Canlab)</td>
</tr>
<tr>
<td>Joanna Perry (Deputy Chair)</td>
<td>Nov 2016</td>
<td>Oct 2019</td>
<td>Very strong finance and accounting skills and experience. Wide-ranging governance experience at Chair and director level. MA Economics (Canlab)</td>
</tr>
<tr>
<td>Lisa Bates</td>
<td>March 2012</td>
<td>Oct 2019</td>
<td>Business and commercial experience. Marketing and brand skills. Strong Arts experience. BA Philosophy (UoC), Business Administration and Management (US)</td>
</tr>
<tr>
<td>Andrew Collow</td>
<td>Nov 2014</td>
<td>Oct 2020</td>
<td>Engineering understanding, strategic planning. Governmental contacts. Governance experience in the cultural, tourism, recreational and sports space.</td>
</tr>
</tbody>
</table>

### Attachments

- Attachment B
- Item 13
### Attachment B

**Auckland Transport**

**Item 13**

**Appointment of selection panel members for the 2019 board appointment programme**

<table>
<thead>
<tr>
<th>Name</th>
<th>Originally Appointed</th>
<th>Term expires</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lester Levy (Chair)</td>
<td>Nov 2010</td>
<td>Oct 2019</td>
<td>High-level governance experience as Chair and director in wide-ranging sectors including healthcare, TV, Biotech and engineering. Previous high-level executive experience. Government connections. MBA, MBE qualifications.</td>
</tr>
<tr>
<td>Wayne Donnelly (Deputy Chair)</td>
<td>Nov 2016</td>
<td>Oct 2019</td>
<td>Engineer, strong transport expertise. International perspective. Former Chief Executive of Land transport NZ (NZ Transport Agency)</td>
</tr>
<tr>
<td>Dame Paul Rebstock</td>
<td>Nov 2014</td>
<td>Oct 2020</td>
<td>Not CA but strong financial skills, economist by training.</td>
</tr>
<tr>
<td>Mark Gilbert</td>
<td>Nov 2013</td>
<td>Oct 2019</td>
<td>NZTA representative (non-voting)</td>
</tr>
</tbody>
</table>

**Term Expires 2021**

**Term Expires 2020**

**Term Expires 2019**
## Watercare Services Limited

<table>
<thead>
<tr>
<th>Name</th>
<th>Originally Appointed</th>
<th>Term expires</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Julia Hoare (Deputy Chair)</td>
<td>Sept 2013</td>
<td>Nov 2019</td>
<td>Chair and director. Commercial, financial, tax, sustainability expertise. BComm, CA.</td>
</tr>
<tr>
<td>Annette King</td>
<td>Nov 2017</td>
<td>Oct 2020</td>
<td>Former Government Minister, health, transport, justice, police and state services portfolios. Extensive governance experience.</td>
</tr>
<tr>
<td>Catherine Harland</td>
<td>June 2011</td>
<td>Oct 2019</td>
<td>Research and public policy, local government and governance experience. BA, PGDipBus, JP.</td>
</tr>
<tr>
<td>Dr Nicki Crawford</td>
<td>March 2014</td>
<td>Nov 2019</td>
<td>Infrastructure expertise, governance experience, executive experience in oil/gas/electricity. Chartered Engineer. BSc (Hons), PhD, FEngNZ, CPEng, FAICD, Chartered Fellow IoD.</td>
</tr>
</tbody>
</table>

*Chair, Margaret Devlin has requested the APRVfM consider the staggering of Watercare’s director reappointments and retirements at its 6 December 2018. Staff note it would be appropriate to commence the appointments for Watercare given the reduced timeframe in 2019 due to the Local Body elections in October 2019 and shorter than normal timeframe for director appointments (Feb – August).*

<table>
<thead>
<tr>
<th>Term Expires 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term Expires 2020</td>
</tr>
<tr>
<td>Term Expires 2019</td>
</tr>
<tr>
<td>Candidate Name</td>
</tr>
<tr>
<td>--------------------------------</td>
</tr>
<tr>
<td>Adrienne Young-Cooper (Chair)</td>
</tr>
<tr>
<td>Dr Susan Macken (Deputy Chair)</td>
</tr>
<tr>
<td>Richard Leggat</td>
</tr>
<tr>
<td>Martin Udale</td>
</tr>
<tr>
<td>Mike Pohio</td>
</tr>
<tr>
<td>Paul Majurey</td>
</tr>
</tbody>
</table>

**Term Expires 2021**

- **Term Expires 2020**
Item 13

Appointment of selection panel members for the 2019 board appointment programme
Te take mō te pūrongo / Purpose of the report
1. To provide a public record of memos, workshop or briefing papers that have been distributed for the committee's information since 6 December 2018.

Whakarāpopototanga matua / Executive summary
2. This is a regular information-only report which aims to provide public visibility of information circulated to committee members via memo or other means, where no decisions are required.
3. The following confidential workshop has taken place:
   - 1 November 2018
     1. ATEED: September progress report
     2. ICT: Review Briefing on Findings and Recommendations
4. Note that, unlike an agenda report which requires a decision, staff will not be present to answer questions about the items referred to in this summary. Committee members should direct any questions to the authors.

Ngā tūtohunga / Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:
a) receive the information report – 6 December 2018.

Ngā tāpirihanga / Attachments
There are no attachments for this report.

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Suad Allie - Governance Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Appointments, Performance Review and Value for Money Committee
a) exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

<table>
<thead>
<tr>
<th>C1</th>
<th>Confidential: Appointment of board members to the Community Education Trust Auckland - COMET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason for passing this resolution in relation to each matter</td>
<td>Particular interest(s) protected (where applicable)</td>
</tr>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains information related to qualifications of private individuals as appointees of a CCO.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>C2</th>
<th>Confidential: Appointment of a trustee to the Māngere Mountain Education Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason for passing this resolution in relation to each matter</td>
<td>Particular interest(s) protected (where applicable)</td>
</tr>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains information related to qualifications of candidates.</td>
</tr>
</tbody>
</table>
### C3 Confidential: Appointment of directors to Auckland Transport and Regional Facilities Auckland

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains private information about candidates who have applied for the two director vacancies on Regional Facilities Auckland and Auckland Transport.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>

### C4 Confidential: Director appointments to Watercare Services Limited

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains private information about directors on the board of Watercare Services Limited.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>

### C5 Confidential: Appointment of board interns to Auckland's council-controlled organisations

<table>
<thead>
<tr>
<th>Reason for passing this resolution in relation to each matter</th>
<th>Particular interest(s) protected (where applicable)</th>
<th>Ground(s) under section 48(1) for the passing of this resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
<td>s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains private information about candidates who have applied for the five board intern vacancies on the CCOs.</td>
<td>s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</td>
</tr>
</tbody>
</table>