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

**Date:**  Wednesday, 1 May 2019  
**Time:**  2.30pm  
**Meeting Room:**  Room 1, Level 26  
**Venue:**  135 Albert St  
Auckland

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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

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MEMBERSHIP

**Chairperson**  Hon Phil Goff, CNZM, JP  
**Deputy Chairperson**  Cr 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 Cr Bill Cashmore, IMSB Chair David Taipari

(Quorum 4 members)

Sandra Gordon  
Senior Governance Advisor  
26 April 2019

Contact Telephone: (09) 890 8150  
Email: sandra.gordon@aucklandcouncil.govt.nz  
Website: www.aucklandcouncil.govt.nz

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**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

Responsibilities

The Appointments and Performance Review 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.

3. Approve policies relating to the appointment of directors and trustees to CCOs and COs.

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
Exclusion of the public – who needs to leave the meeting

Members of the public

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

Those who are not members of the public

General principles

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

Members of the meeting

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

Independent Māori Statutory Board

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

Staff

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

Local Board members

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

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
## ITEM    TABLE OF CONTENTS

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8. Value for Money quarterly progress reports  9
9. Update report for director appointments to Watercare Services Limited and shortlist candidates for Regional Facilities Auckland  31
10. Re-appointment of City Rail Link Limited directors  35
11. Consideration of Extraordinary Items

## PUBLIC EXCLUDED

12. Procedural Motion to Exclude the Public  39
C1  CONFIDENTIAL: Re-appointment of City Rail Link Limited directors  39
C2  CONFIDENTIAL: Appointing a director to Watercare Services Limited and approving the shortlist candidates for Regional Facilities Auckland (Covering report)  39
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, 4 April 2019, 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."
Value for Money quarterly progress reports
File No.: CP2019/03617

Te take mō te pūrongo
Purpose of the report
1. To provide a progress update on the status, the 2019 work programme and the implementation progress of the completed reviews in the Value for Money review programme.

Whakarāpopototanga matua
Executive summary
2. In March 2017 the Finance and Performance Committee endorsed a Value for Money programme for the council group under Section 17A of the Local Government Act 2002.
3. Overall the programme status is green.
4. Following the initial planning some changes have been made to the 2019 work programme reflecting better alignment with other organisational priorities and a more logical grouping of reviews.
5. Six reviews have been completed and implementation status updates are provided for:
   - Three waters
   - Domestic waste services
   - Investment attraction and global partnerships
   - Group procurement
   - Information, communications and technology
6. The final implementation status report for Communications and Engagement was provided at the December 2018 Appointments, Performance Review and Value for Money Committee meeting.
7. Business managers across the group have developed implementation plans for the completed reviews. In the programme status report information is provided on each review, how the recommendations 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.
8. Business managers are available to address specific questions on completed reviews.

Ngā tūtohunga
Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:
a) note the Value for Money Programme status and 2019 work programme
b) receive the progress updates for the Value for Money reviews on:
   - Three waters
   - Domestic waste services
   - Investment attraction and global partnerships
   - Group procurement
   - Information, communications and technology
Horopaki

Context

10. 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).

Tātaritanga me ngā tohutohu

Analysis and advice

Programme status

11. Overall the programme status is green with no significant issues to report. The programme now has a range of reviews in different phases from initiation through to benefit realisation.

2019 work Programme

12. As indicated in previous reports the VFM work programme will be managed to align with other planned activities. As such there are some changes to the 2019 programme from the version provided to the June 2018 Appointments, Performance Review and Value for Money Committee meeting, those being:

- Previously scheduled Transactional services and payroll, Finance and financial planning. These two reviews were combined into the Finance review currently underway with payroll part of the Human Resources review.
- Human Resources, Legal and Risk. This was split into two reviews – Legal and Risk and Human Resources. Legal and Risk is underway and the terms of reference for Human Resources has been approved and will commence in May 2019.
- Corporate property. This review was scheduled for 2020. It is being brought forward to 2019 to complete all the organisational support reviews.
- Economic development. This review is moved to 2020 (swapping with Corporate property) as ATEED are implementing the results of their first principles review.
- Strategic advice, community and social policy and Conventions and events scheduled to commence in November 2019 will be scheduled for 2020.

13. A copy of the overall work programme for 2019 is included in the attachment.

Implementation status update

14. The following reviews have been completed

<table>
<thead>
<tr>
<th>Review</th>
<th>Status</th>
<th>Comment</th>
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</thead>
<tbody>
<tr>
<td>Three waters</td>
<td></td>
<td>Quarterly status update provided</td>
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<tr>
<td>Domestic waste</td>
<td></td>
<td>Quarterly status update</td>
</tr>
<tr>
<td>Communications and engagement</td>
<td></td>
<td>Final status update provided to the December Appointments, Performance Review and Value for Money Committee meeting</td>
</tr>
<tr>
<td>Investment attraction and global partnerships</td>
<td></td>
<td>Quarterly status update provided</td>
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<tr>
<td>Review</td>
<td>Status</td>
<td>Comment</td>
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<tr>
<td>Group procurement</td>
<td></td>
<td>Quarterly status update provided</td>
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<tr>
<td>Information, communications and technology</td>
<td></td>
<td>Quarterly status update provided (first report)</td>
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**Benefit realisation**

15. Details of the benefit realisation are included in the status report. A summary is

<table>
<thead>
<tr>
<th>Cash releasing benefit ($m)</th>
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<tbody>
<tr>
<td>Benefit opportunity (10 years)</td>
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<tr>
<td>$527</td>
</tr>
</tbody>
</table>

16. In the table at section 20, benefits are the cash benefit (both operating and capital).

- **Benefit opportunity** – potential identified by VFM review (10 years)
- **Benefit forecast** – amount forecast by management based on implementation progress (10 years)
- **Benefit realised** – amount “banked” in accounts (1 year). This reflects that only 1 financial year has been completed since the review findings were approved.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera

**Council group impacts and views**

17. The VFM reviews consider all organisations in the group. Group organisations are involved in the development of the implementation status updates, where appropriate.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe

**Local impacts and local board views**

18. The decision to receive this report has no direct implications for local boards. As recommendations from completed reviews are implemented the impact on local boards is considered.

Tauākī whakaaweawe Māori

**Māori impact statement**

19. The decision to receive this report has no direct implications for Māori. As recommendations from completed reviews are implemented the impact on Māori is considered.

Ngā ritenga ā-pūtea

**Financial implications**

20. Any financial implications arising from the implementation of the VFM reviews will be determined as implementation plans are developed and included in the reporting back to this committee.

Ngā raru tūpono me ngā whakamaurutanga

**Risks and mitigations**

21. The primary risks arising from these recommendations are regarding their implementation which will be addressed through implementation plans and where required business cases.
Ngā koringa ā-muri

Next steps

22. The next quarterly progress report will be provided at the August 2019 meeting of the Appointments, Performance and Value for Money Committee.

Ngā tāpirihanga

Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
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<tbody>
<tr>
<td>A</td>
<td>Value for Money Programme Status updated March 2019</td>
<td>13</td>
</tr>
</tbody>
</table>

Ngā kaihaina

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Ross Chirnside – Programme Lead Value for Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Kevin Ramsay - General Manager Corporate Finance and Property</td>
</tr>
<tr>
<td></td>
<td>Nicola Berghaus – Acting Group Chief Financial Officer</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
Value for Money Programme

Status update

March 2019
Auckland Council Group
Value for Money Programme

Programme Manager  Ross Chirnside

Business Owner  Kevin Ramsay

Sponsor  Matthew Walker

Programme Health  ⬜ Schedule  ⬜ Resource  ⬜ Budget  ⬜ Risk

Reporting Period  March 2019

Programme overview and monthly progress

Independent Reference Panel (IRP) – March meeting
The IRP reviewed the recommendations for the Finance Value for Money review and initial data for the Legal and Risk review.

Customer services review
The review was discussed by at the Committee’s March workshop with the report to be considered at the committee’s April meeting. The review team is being supported by the GM Customer Services, Auckland Council at these meetings.

Finance review
Three substantive opportunities for improvement have been identified and developed into value propositions. These have been sent to Finance management across the group for feedback.

The review team have developed an A3 page to summarise the Finance review.

Legal and Risk review
Progress on developing the current state assessment

Next Steps
Finance
Seek management comment on improvement opportunities and finalise report

Legal and risk
Continue development of current state assessment report

Human Resources
Commence planning of the Human Resources review.

Key risks and issues
Parks and open spaces
The ongoing review of the governance framework and allocation of decisions between governing body and local boards has a potential impact on some elements of the report and recommendations.

Work will recommence on the review once next phase of governance review this work has been completed.

Key for all pages  ⬜ On track  ⬜ Some issues which may impact achieving targets  ⬜ Some issues which will impact achieving targets
### Auckland Council Group Value for Money Programme

<table>
<thead>
<tr>
<th>Phase</th>
<th>RAG</th>
<th>Committee Approval</th>
<th>Next Steps</th>
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<tbody>
<tr>
<td>Three Waters</td>
<td>Benefit realisation</td>
<td>November 2017</td>
<td>• APRVFM committee May 2019 – Implementation progress update</td>
</tr>
<tr>
<td>Domestic Waste</td>
<td>Benefit realisation</td>
<td>November 2017</td>
<td>• APRVFM committee May 2019 – Implementation progress update</td>
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<tr>
<td>Communications and engagement</td>
<td>Benefit realisation</td>
<td>November 2017</td>
<td>• No further progress updates required</td>
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<td>Investment attraction</td>
<td>Benefit realisation</td>
<td>November 2017</td>
<td>• Delays due to resource constraint with other priorities</td>
</tr>
<tr>
<td>Parks and open spaces</td>
<td>Deliver</td>
<td></td>
<td>• On-hold until after completion of next phase of governance review</td>
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<td>Group Procurement</td>
<td>Benefit realisation</td>
<td>June 2018</td>
<td>• APRVFM committee May 2019 – Implementation progress update</td>
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<td>December 2018</td>
<td>• APRVFM committee May 2019 – Implementation progress update</td>
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<td>Customer services</td>
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<td>April 2019</td>
<td>• APRVFM committee April 2019 – final report, move to benefit realisation</td>
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<td>• APRVFM Committee workshop April 2019, Final report June 2019</td>
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<tr>
<td>Legal and risk</td>
<td>Plan</td>
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<td>• Continue development of current state assessment</td>
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<tr>
<td>Human resources</td>
<td>Initiate</td>
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<td>• Review to commence May 2019</td>
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<td>Regional and Local Planning</td>
<td>Initiate</td>
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<td>• APRVFM Committee July 2019 – terms of reference</td>
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<td>Corporate property</td>
<td>Initiate</td>
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</table>

#### REVIEW PHASES

- **INITIATE**
  - Terms of reference
- **PLAN**
  - How we will review?
- **DELIVER**
  - Assess VFM
- **CLOSE**
  - Recommendations
- **BENEFIT REALISATION**
  - Implement recommendations
## Auckland Council Group
**Value for Money Programme**

### Reporting Period (last quarter) **March 2019**

<table>
<thead>
<tr>
<th>Review</th>
<th>Responsible officer</th>
<th>Benefit planning Implementation</th>
<th>Value</th>
<th>VFM opportunity</th>
<th>Forecast</th>
<th>Realised</th>
<th>Non-financial benefit opportunity</th>
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<td><img src="#" alt="Auckland investment story, Improved performance measures" /></td>
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<td><img src="#" alt="Group ICT strategy" /></td>
<td><img src="#" alt="Planning commenced for benefit realisation" /></td>
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<td><strong>TOTAL</strong></td>
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<td>527</td>
<td>430</td>
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### Benefit Realisation detail

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<tr>
<th>Benefit $M</th>
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*Benefits are cash benefit (both operating and capital). **Benefit opportunity** — potential identified by VFM review (10 years), **Benefit forecast** — amount forecast by management based on implementation progress (10 years), **Benefit realised** — amount “banked” in accounts (1 year)*
Auckland Council Group
Value for Money Programme

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<td>Regional and local planning</td>
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**REVIEW PHASES**
- **INITIATE**: Terms of reference
- **PLAN**: How we will review?
- **DELIVER**: Assess VFM
- **CLOSE**: Recommendations
- **BENEFIT REALISATION**: Implement recommendations

**APRVFM committee dates**
- **Terms of reference**: Green
- **Workshop findings**: Purple
- **Final report**: Orange
- **Implementation progress update**: Blue

---

Attachment A  Item 8
Value for Money Programme

Review
Three Waters

Responsible officer
Andrew Chin and Anin Nama

Implementation Health
- Benefit planning
- Implementation
- Value
- Risk

Implementation overview
- The key recommendations of the S17A review, which can be progressed at this time, have been completed and are now part of business as usual delivery.
- 80% of the forecast savings have now been realised and the remainder are captured in the Long-Term Plan.
- Recommendations relating to economic regulation, consolidation of regulatory services and delivery of three waters services have been placed on hold pending completion of central government’s Three Waters review.

Key achievements in last quarter
- Public consultation on the discussion document for the Our Water Future strategy carried out in March and April 2019.
- Award of the central interceptor contract was completed in March 2019. The inclusion of the Grey Lynn extension project within this larger construction contract award enabled savings.
- Martin Jenkins analysis of options for structural change completed.

Benefit Realisation summary

<table>
<thead>
<tr>
<th>Benefit Opportunity $M</th>
<th>Benefit Forecast $M</th>
<th>Variance to Opportunity $M</th>
<th>Benefit Realised $M</th>
<th>Benefit realisation plan developed</th>
<th>RAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$300M</td>
<td>$293M</td>
<td>$7M</td>
<td>$231M</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

Key activities for next quarter
- Complete analysis of feedback on Our Water Future discussion document and continue delivering other S17A actions.

Key risks and issues
- Some of the potential operational expenditure 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.

Benefit Realisation detail

<table>
<thead>
<tr>
<th>Benefit $M</th>
<th>Total</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>293</td>
<td>181</td>
<td>52</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Realised</td>
<td>231</td>
<td>181</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Value for Money Programme

**Review**  
Three Waters  

**Reporting Period**  
March 2019  

### Status of implementation recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Start date</th>
<th>Completion date</th>
<th>RAG</th>
<th>Completed</th>
<th>Comment (if not green must comment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produce a Three Waters Policy and Strategy</td>
<td>Nov 2017</td>
<td>Sep 2020</td>
<td>⬤</td>
<td>⬤</td>
<td></td>
</tr>
</tbody>
</table>
- Consultation on the Our Water Future discussion document was carried out in March and April 2019 with over 2,500 submissions received.  
- Analysis of feedback and a framework for next steps will be provided to Environment and Community in June 2019. |
| Consolidated capital planning between Auckland Council and Watercare | Nov 2017 | Ongoing | ⬤ | ⬤ |  
- $179 million of benefits from consolidated capital planning have been included in the Long-term Plan. Watercare has published their Asset Management Plan and the Healthy Waters Asset Management Plan is underway.  
- Planning for the largest area of capital expenditure (the western isthmus) has been fully consolidated. |
| Establish joint project delivery and procurement with Watercare, Auckland Transport and Healthy Waters | July 2017 | Ongoing | ⬤ | ⬤ |  
- Watercare, Healthy Waters and Auckland Transport have identified locations where road, stormwater, wastewater and water supply projects are needed in the same area.  
- These projects are then being jointly procured and delivered with $108 million of savings forecast. For example, the award of the Central Interceptor contract was completed by Watercare in March 2019. The inclusion of the council’s Grey Lynn extension project within the Central Interceptor contract award enabled savings. |
## Value for Money Programme

<table>
<thead>
<tr>
<th>Review</th>
<th>Three Waters</th>
<th>Reporting Period</th>
<th>March 2019</th>
</tr>
</thead>
</table>

### Status of implementation recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Start date</th>
<th>Completion date</th>
<th>RAG</th>
<th>Completed</th>
<th>Comment (If RAG not GREEN – Got to Green plan)</th>
</tr>
</thead>
</table>
| Coordinate Three Waters operations and maintenance activities, including joint monitoring | Mar 2018 | Ongoing | ● | ● | • An analysis of options for operations and maintenance has been completed by Martin Jenkins and will be discussed in the confidential section of the 6 June 2019 meeting.  
• Hearings for the Stormwater Network Discharge consent have been completed. However, decisions on the consent have been delayed. Opportunities for joint monitoring will be explored once the consent is confirmed. |
Value for Money Programme

<table>
<thead>
<tr>
<th>Review</th>
<th>Domestic Waste</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible officer</td>
<td>Andrew Ovenden</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>March 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme health overall</td>
<td>-</td>
</tr>
</tbody>
</table>

**Implementation Health**
- Benefit planning
- Implementation
- Value
- Risk

**Implementation overview**
- Most recommendations have been implemented and are either a) on track for completion or b) already part of business as usual.

**Key achievements in last quarter**
- Waste solutions is working closely with partners such as the Wynyard Edge Alliance, HLC and Community Facilities to reduce construction and demolition waste going to landfill.
- A waste collections procurement plan, which will drive a shift towards an integrated collections model, was approved by the Strategic Procurement Committee in early March 2019. A Notice of Information was then issued to potential suppliers for the three waste streams – food scraps, recycling and refuse.
- An independent business case regarding options for ownership of key waste assets and services has been completed.

**Benefit Realisation summary**

<table>
<thead>
<tr>
<th>Benefit Realisation Summary</th>
<th>Benefit Opportunity $M</th>
<th>Benefit Forecast $M</th>
<th>Variance to Opportunity $M</th>
<th>Benefit Realised $M</th>
<th>Benefit realisation plan developed</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be confirmed</td>
<td>To be confirmed</td>
<td>To be confirmed</td>
<td>To be confirmed</td>
<td>To be confirmed</td>
<td>RAG</td>
</tr>
</tbody>
</table>

**Key activities for next quarter**
- A formal Request for Proposals for waste collection services will be issued to suppliers.
- A review of the Waste Minimisation and Innovation Fund is underway and will be completed by June 2019.

**Key risks and issues**
- It is not possible at this stage to quantify the level of financial benefit arising from the Value for Money review. Savings can be confirmed once the waste collections procurement is completed.
- The timeline for procurement of waste collection services is constrained. This creates various risks related to achieving value for money through the procurement and smooth handover of services to new suppliers. Recommendations for mitigating this risk will be presented to Strategic Procurement Committee on 1 May 2019.

**Benefit Realisation detail**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>To be confirmed post procurement of waste collection services.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forecast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realised</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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8 Benefits are cash benefit (both operating and capital). **Benefit opportunity** – potential identified by VFM review (10 years), **Benefit forecast** – amount forecast by management based on implementation progress (30 years), **Benefit realised** – amount "banked" in accounts (1 year)
## Value for Money Programme

### Status of implementation recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Start date</th>
<th>Completion date</th>
<th>RAG</th>
<th>Completed</th>
<th>Comment (if not green must comment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepare a plan to focus on the total waste stream and include it in the Waste Management and Minimisation Plan.</td>
<td>Nov 17</td>
<td>June 2018</td>
<td></td>
<td></td>
<td>• The Waste Management and Minimisation Plan was adopted in 2018 and includes a focus on reducing non-domestic waste. Waste staff are now working with partners such as HLC and Community Facilities to reduce the volume of construction and demolition waste sent to landfill.</td>
</tr>
</tbody>
</table>
| Evaluate options of ownership for non-strategic assets and associated services | Feb 18     | Feb 19          |     |           | • An independent business case from PricewaterhouseCoopers relating to options for ownership and management of key waste assets and services has been completed. The business case made the following recommendations:  
  • Whittford Landfill – retain council’s 50 per cent ownership and develop a resource recovery park on the site  
  • Waitakere Transfer Station – council should continue to own and manage, including development of a resource recovery park on the site.  
  • Community recycling centres – continue developing 12 centres as planned and two resource recovery parks  
  • Staff support these recommendations but have not yet carried out a detailed feasibility assessment of them.  
  • The business case also made a number of commercially sensitive recommendations relating to waste collection services. These have been actioned through the waste collections procurement plan which was approved by Strategic Procurement Committee in March 2019. |
| New services or trials must include:                                          | Nov 17     | Ongoing         |     |           | • An application to the national Waste Minimisation Fund to fund aspects of the resource recovery network was partially successful. It is currently undergoing due diligence before final funding is confirmed. |
| - Consideration for co-funding support from the national Waste Minimisation Fund and business cases. |            |                 |     |           |                                     |
## Value for Money Programme

### Review
Domestic Waste

### Reporting Period
March 2019

#### Status of implementation recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Start date</th>
<th>Completion date</th>
<th>RAG</th>
<th>Completed</th>
<th>Comment (if not green must comment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lift economic discipline by including evidence-based market research, ranking initiatives by cost effectiveness and carrying out independent reviews</td>
<td>Nov 17</td>
<td>Ongoing</td>
<td></td>
<td></td>
<td>• Various waste initiatives were ranked by cost-effectiveness during development of the Waste Management and Minimisation Plan 2019. Waste Solutions regularly commissions market research, cost benefit analysis and reviews to guide effective delivery of services.</td>
</tr>
<tr>
<td>Review of Auckland Council’s waste grant scheme</td>
<td>Nov 17</td>
<td>Ongoing</td>
<td></td>
<td></td>
<td>• A review of the Waste Minimisation and Innovation Fund is underway and will be complete by June 2019. An update on changes arising will be provided to Environment and Community Committee once the review is complete. Changes will be implemented from September 2019.</td>
</tr>
<tr>
<td>Develop site waste management plans to minimise waste</td>
<td>July 18</td>
<td>Dec 18</td>
<td></td>
<td></td>
<td>• Contract specifications requiring site waste minimisation plans (including a ban on priority materials going to landfill) will soon be included in all facilities maintenance projects under $300,000 being delivered by the council group.</td>
</tr>
<tr>
<td>Gather evidence for diverting waste from landfill – carry out household behavior studies</td>
<td>Nov 17</td>
<td>Ongoing</td>
<td></td>
<td></td>
<td>• Market research on households’ willingness to achieve and pay for waste reduction initiatives will be procured in 2019.</td>
</tr>
<tr>
<td>Do further research into whether central government should lift the landfill levy</td>
<td>Nov 17</td>
<td>July 18</td>
<td></td>
<td></td>
<td>• Research on the costs and benefits of a levy increase has been completed and the case for an increase is strong. Council advocacy to the Associate Minster for the Environment on this issue is ongoing.</td>
</tr>
<tr>
<td>Implement outcome based contracting for waste collections</td>
<td>Nov 17</td>
<td>Ongoing</td>
<td></td>
<td></td>
<td>• The procurement plan for new waste collection services - an integrated collections model designed to incentivise greater diversion and operational efficiency - was approved by Strategic Procurement Committee in March 2019. A Notice of Information was then issued to suppliers. A more detailed Request for Proposals will be issued in May 2019.</td>
</tr>
</tbody>
</table>
Value for Money Programme

Implementation Health
- Benefit planning
- Implementation
- Value
- Risk

Reporting Period
March 2019

Programme health overall

Implementation overview
- Progress continues to be made however there have been some delays due to resource constraints (including some staff changes) and compelling priorities. Resource constraint issues have been addressed now.

Key activities in last quarter
- Investment Story: Project rescope has been approved, stakeholder engagement plan approved including ATEED CEO briefing Council and CCO CEO’s. Best practice review of global ED platforms has commenced
- Performance measures: completion of ATEED Voice of the Customer pilot including measurement of investment attraction customer satisfaction and benefits received.

Key activities for next quarter
- Full roll-out of ATEED Voice of the Customer programme to provide more detailed and in-depth measures of customer satisfaction.
- Coordination of CCO investment meetings to identify key personnel to form working groups, CCO working groups established, including working Terms of Reference and governance framework.

Key risks and issues
- Investment Story: Project was rescoped as a result of resource being redirected to Project Epic (screen). Project initiation will take longer than expected due to complex nature of stakeholder engagement.

Benefit Realisation summary

<table>
<thead>
<tr>
<th>Benefit Opportunity $M</th>
<th>Benefit Forecast $M</th>
<th>Variance to Opportunity $M</th>
<th>Benefit Realised $M</th>
<th>Benefit Realisation plan developed</th>
<th>RAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

Benefit Realisation detail

<table>
<thead>
<tr>
<th>Benefit $M</th>
<th>Total</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Realised</td>
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<td></td>
</tr>
</tbody>
</table>

* Benefits are cash benefit (both operating and capital). Benefit opportunity – potential identified by VFM review (10 years), Benefit forecast – amount forecast by management based on implementation progress (10 years). Benefit realised – amount “banked” in accounts (1 year).
### Value for Money Programme

**Attachment A**

#### Item 8

**Implementation Progress**

**Detail**

**Value for Money quarterly progress reports**

**Review**

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Start date</th>
<th>Completion date</th>
<th>RAG</th>
<th>Completed</th>
<th>Comment (if not green must comment)</th>
</tr>
</thead>
</table>
| Develop a consolidated Auckland investment story  
- explain clearly to potential investors the respective roles and how they fit together  
- develop a shared understanding of Auckland’s overarching urban growth and infrastructure development plan | Sept 18 | June 19 | 🔴 | 😡 | Background research and analysis is underway but delayed due to revised Statement of Intent and internal restructure. |
| Fees for investment attraction services  
- For attraction services that generate clear private benefits to the investors & businesses receiving the investment. | Apr 18 | Sept 18 | 🟢 | 🔴 | 😡 | Complete – decided not to progress. See previous reports. |
| Establish better performance measures | Apr 18 | Jun 19 | 🔴 | 😡 | ATEED’s Voice of the Customer work is well underway, establishing base lines for measuring customer satisfaction with investment attraction services - but has been delayed due to revised Statement of Intent and internal restructure. |
Value for Money Programme

**Implementation Overview**

- Good progress has been made on implementing the VFM recommendations.
- The Group continue to collaborate well under the oversight of the Chief Financial Officers.

**Key achievements in last quarter**

- Continued development of practical how to toolset for AC to achieve social and sustainable outcomes in procurement.
- Continued strong relationship with TSI is partnering to achieve social and sustainable outcomes at AC.

**Key activities for next quarter**

- Launch the new how to framework to wider AC, workshop with the strategic procurement committee and launch framework at the TSI organised conference Creating Shared Prosperity through Public Procurement 2019.

**Benefit Realisation**

<table>
<thead>
<tr>
<th>Benefit Realisation* detail</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>110</td>
<td>26.8</td>
<td>83.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Realised</td>
<td>26.8</td>
<td>26.8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Item 8**
## Value for Money Programme

### Review

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Start date</th>
<th>Completion date</th>
<th>RAG</th>
<th>Comment (if not green must comment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design and implement a Group procurement operating model</td>
<td>Sept 2015</td>
<td>June 2019</td>
<td>●</td>
<td>• Anticipate that will still be completed on schedule</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Group source programme working across AC, T and Watercare</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Group procurement policy enabled</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Spend analytics in place</td>
</tr>
<tr>
<td>Design and implement a consistent supplier relationship management framework</td>
<td>July 2018</td>
<td>July 2019</td>
<td>●</td>
<td>• Group SRM leads working group formed with AC, AT and Watercare</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• SRM charter and purpose documents developed within entities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• SRM activities within entities are progressing and some category teams are taking Group approach to address suppliers together</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• AC having workshop with strategic suppliers and stakeholders on developing SRM survey</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Group SRM framework strawman expected to be completed by July 2019</td>
</tr>
<tr>
<td>Design and implement a risk management framework to determine correct procurement approach on value and risk</td>
<td>July 2018</td>
<td>Dec 2018</td>
<td>●</td>
<td>• Draft framework in place and being tested</td>
</tr>
<tr>
<td>Implement savings targets for procurement to achieve</td>
<td>June 2018</td>
<td>Sept 2018</td>
<td>●</td>
<td>• AC developed new value and risk assessment thresholds</td>
</tr>
<tr>
<td>Complete a post implementation review of Ariba implementation</td>
<td>March 2018</td>
<td>Dec 2018</td>
<td>●</td>
<td></td>
</tr>
</tbody>
</table>
# Value for Money Programme

## Implementation Progress Detail

### Review

**Group Procurement**

### Reporting Period

March 2019

#### Status of implementation recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Start Date</th>
<th>Completion Date</th>
<th>RAG</th>
<th>Completed</th>
<th>Comment (If RAG not GREEN – Get to Green plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and implement engagement plan for working with Maori businesses</td>
<td>July 2018</td>
<td>Ongoing</td>
<td></td>
<td></td>
<td>• Senior AC and AT procurement staff presented at and attended two HWEN organized workshops.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• In partnership with Arc Blue procurement and TSI are developing a practical how to guide for implementing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>social and sustainable procurement in AC which will include supplier diversity targets (including Maori</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Businesses).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Supporting TSI in developing a business case to seek funding from the Maori Economic Outcomes Steering</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Group to scale HWEN up.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Continued engagement with IMSB, TWA, MWKF and central government.</td>
</tr>
<tr>
<td>Improve benefit reporting with year end forecast position and initiatives to achieve</td>
<td>July 2018</td>
<td>Sept 2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implement customer and supplier surveys at Auckland Transport</td>
<td>July 2018</td>
<td>Feb 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standardise frameworks, templates, contracts, where practical</td>
<td>Sept 2015</td>
<td>Ongoing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Implementation Progress Summary

**Value for Money Programme**

<table>
<thead>
<tr>
<th>Review</th>
<th>Information, communications and technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible officer</td>
<td>Mark Denvir</td>
</tr>
<tr>
<td>Implementation Health</td>
<td>Benefit planning</td>
</tr>
<tr>
<td></td>
<td>Implementation</td>
</tr>
<tr>
<td></td>
<td>Value</td>
</tr>
<tr>
<td></td>
<td>Risk</td>
</tr>
</tbody>
</table>

**Implementation Overview**

- Increased collaboration between AC and AT in a number of areas especially around Risk and Security, GIS, SAP and CCTV.
- A number of other areas of potential collaboration opportunity have been identified e.g. Data Governance, Māori Engagement, Forward Works viewer, Radio network.

**Key activities for last quarter**

- Joint AC / AT meeting held with a number of opportunities identified
- Sharing Security eLearning and a few other AC contracts has enabled AT to enhance speed to market for these services.
- AC and Watercare collaborating on RPA and assisting with establishment of Centre of Excellence and practices

**Benefit Realisation summary**

<table>
<thead>
<tr>
<th>Benefit Opportunity $M</th>
<th>Benefit Forecast $M</th>
<th>Variance to Opportunity $M</th>
<th>Benefit Realised $M</th>
<th>Benefit realisation plan developed</th>
<th>RAG</th>
</tr>
</thead>
<tbody>
<tr>
<td>$18M</td>
<td>TBD</td>
<td>To be confirmed</td>
<td>To be confirmed</td>
<td>To be confirmed</td>
<td></td>
</tr>
</tbody>
</table>

**Key risks and issues**

- Nothing to report

---

**Benefit Realisation detail**

<table>
<thead>
<tr>
<th>Benefit $M</th>
<th>Total</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>2027</th>
<th>2028</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forecast</td>
<td>18</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Realised</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

* Benefits are cash benefit (both operating and capital). **Benefit opportunity** – potential identified by VFM review (10 years). **Benefit forecast** – amount forecast by management based on implementation progress (10 years). **Benefit realised** – amount “banked” in accounts (1 year)
## Value for Money Programme

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Start date</th>
<th>Completion date</th>
<th>RAG</th>
<th>Completed</th>
<th>Comment (if not green must comment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop and implement a Group approach to governing ICT to leverage scale and eliminate duplication</td>
<td></td>
<td>Ongoing</td>
<td></td>
<td>Green</td>
<td>• Work has commenced and progress made on how the Group will work together and a number of group initiatives have been identified</td>
</tr>
<tr>
<td>Design and implement a consistent Group-wide approach for managing data centres</td>
<td></td>
<td>Ongoing</td>
<td></td>
<td>Green</td>
<td>• AC are developing their multi-cloud approach elements of which can be leverage across the Group</td>
</tr>
<tr>
<td>Build on the collaborative approach in the Group Procurement Policy by building an ICT procurement strategy and category management plan.</td>
<td></td>
<td>Ongoing</td>
<td></td>
<td>Green</td>
<td>• Working with the Procurement team to ensure alignment across the Group any procurement activity while developing the category management plans</td>
</tr>
<tr>
<td>Develop ICT procurement category plan for 2018/19 to identify opportunities to combine contracts/re-negotiate more favourable terms on a Group basis</td>
<td>Dec 19</td>
<td>Jun 19</td>
<td></td>
<td>Green</td>
<td>• See above</td>
</tr>
<tr>
<td>Improve business case development</td>
<td>Dec 19</td>
<td>Jun 19</td>
<td></td>
<td>Green</td>
<td></td>
</tr>
<tr>
<td>Create common project practices and a pool of project resources and suppliers</td>
<td>Dec 19</td>
<td>Jun 19</td>
<td></td>
<td>Green</td>
<td></td>
</tr>
</tbody>
</table>
Update report for director appointments to Watercare Services Limited and shortlist candidates for Regional Facilities Auckland

File No.: CP2019/05072

Te take mō te pūrongo
Purpose of the report
1. To provide an update on the programme of appointments to the board of Watercare Services Limited (Watercare) and Regional Facilities Auckland (RFA). These two entities are Auckland council-controlled organisations (CCOs).

Whakarāpopototanga matua
Executive summary
2. On today’s committee agenda is a confidential report that considers the appointment for one of the two director vacancies on Watercare’s board. This follows the interviews conducted by the selection panel of the candidates who were shortlisted on 4 April 2019 by this committee.
3. The confidential report also includes the shortlist candidates chosen by the Regional Facilities Auckland selection panel for pre-interview by council’s external director recruitment support partners Kerridge and Partners (Kerridge).
4. The committee will today make decisions regarding the recommended shortlist of candidates (from Kerridge), and any other candidates whose skills and experience qualify for a shortlist interview for the vacancy on the RFA board.

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

a) note that a confidential report is included on today’s committee agenda that provides information to:
   i) make decisions on the candidate selected for director one vacancy on Watercare Services Limited
   ii) make decisions on the shortlist candidates for the director vacancy on Regional Facilities Auckland

b) note that the report is confidential as it contains personal information relating to the candidates.

Horopaki
Context
5. The board appointment process for appointing directors to any CCO and external partnership board is outlined in the table following.
6. The confidential reports on this agenda provide advice and options to assist the committee to make decisions regarding the shortlist candidates for interviews.
Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views

7. There are no significant impacts on other parts of the council group as a result of these director appointments.

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

8. 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

9. Council’s policy also aims to achieve a diverse range of directors to all CCO boards.
10. This can have positive impacts for Māori by creating opportunities for Māori directors.
11. In line with the policy, 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

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

Ngā raru tūpono / Risks

13. 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 disqualified directors or under-qualified candidates:
      a) a thorough due diligence process will be completed on all candidate applications in line with the council’s appointment policy
b) short-listed candidates have completed 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) thorough reference checks of candidates who are approved for appointment to the CCOs are being conducted by Kerridge and Partners.

ii) reputational risk: breach of privacy if confidential candidate information is provided to media outlets 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.

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.

Ngā koringa ā-muri / Next steps
14. Following approval from this committee, staff from the CCO Governance and External Partnerships department and Kerridge will maintain progress on the appointment programmes for 2019.

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>
<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>
Re-appointment of City Rail Link Limited directors

File No.: CP2019/05556

Te take mō te pūrongo
Purpose of the report
1. To receive information about the expiry of the terms of two City Rail Link Limited directors.

Whakarāpopototanga matua
Executive summary
2. City Rail Link Limited (CRL) is a company set up jointly between Auckland Council and the Crown with responsibility for building the City Rail Link. The company assumed responsibility for the project from Auckland Transport on 1 July 2017.
3. Council and Crown are jointly responsible for appointing the CRL Board.
4. CRL has a board of five directors, including the chair. The Governing Body approved the appointment of Sir Brian Roche as chair in December 2016, while the Appointments and Performance Review Committee approved the appointments of the other four directors on 8 June 2017. Cabinet also considered the appointments in June 2017.
5. Two of the directors were appointed for three-year terms, with the other two being appointed for two-year terms concluding 30 June 2019.

Ngā tūtohunga
Recommendation/s
That the Appointments, Performance Review and Value for Money Committee:
   a) note that Auckland Council and the Crown are jointly responsible for appointing the City Rail Link Limited Board and that the terms of two directors expire on 30 June 2019
   b) note that a confidential report is included on today’s committee agenda that considers whether to reappoint the two directors whose terms expire
   c) note that the report is confidential due to the personal information relating to the two directors.

Horopaki
Context
6. City Rail Link is a project to construct a 3.4km tunnel linking the current Britomart Station with the western line near the current Mt Eden Station. Two new stations will be constructed at Aotea (midtown) and Karangahape (beneath Karangahape Road), and a range of related works to ensure appropriate operational interface with the current Auckland metro rail network.
7. The project was previously part of Auckland Transport, but as part of the agreement between Crown and Auckland Council to jointly fund the project, CRL was set up to deliver the works. The company assumed responsibility for the project from Auckland Transport on 1 July 2017.
8. Council and Crown are both joint sponsors of the project, and as 50/50 funders, also joint shareholders. Council and Crown are therefore jointly responsible for appointing the CRL board.
9. CRLL has a board of five directors, including Sir Brian Roche who was approved as chair by Governing Body in December 2016. The Appointments and Performance Review Committee approved the appointments of the other four directors on 8 June 2017.

Tātaritanga me ngā tohutohu
Analysis and advice

10. The CRLL Board was newly appointed in 2017. All the members were appointed with a range of skills to meet the specific requirements of CRLL’s mandate to deliver the City Rail Link.

11. At the time of the original appointments in 2017, two appointments were made for only two years through to 30 June 2019. This was to allow both shareholders to review skill set requirements, board performance and make appropriate decisions regarding reappointments.

Skill set requirements

12. The skill sets required from CRLL directors have not fundamentally changed since the original appointments were made, as the project is currently still in its procurement phase. Through 2019, the major contracts for tunnels and stations (‘C3’) and the tracks and systems (‘C7’) will be let, and alliances with the contractors and delivery partners set up. At the same time, a number of other contracts which are already under construction will continue.

13. From 2020 however, the focus of the company will shift from this procurement focus to a focus on project delivery and on delivering the benefits of the wider programme, including delivering development benefits in and near the new and redeveloped stations.

Board performance

14. No formal board performance review has been undertaken, due to the still relatively recent establishment of the board.

15. There will be a further opportunity to review the overall skill-set on the board in 2020, when the remaining directors’ terms conclude.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views

16. The proposal has no impacts on other parts of the council group.

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

17. No local board input has been sought for this report.

Tauākī whakaaweawe Māori
Māori impact statement

18. The original board appointment process included government department Te Puni Kokiri, which submitted nominations. Te Puni Kokiri has not been re-consulted for this re-appointment process but will be when the appointments are reconsidered in mid-2020.

Ngā ritenga ā-pūtea
Financial implications

19. Board costs will be met from the overall CRLL budget, which is jointly funded by Auckland Council and the Crown.
20. CRLL is listed in Schedule 4A of the Public Finance Act 1989 and is not a council-controlled organisation. As a Crown company, its fees are set and approved by shareholding Ministers. These were considered at the time of the original appointments in 2017, and the fees paid align with other similar Crown organisations and are lower than those fees paid to directors of Auckland Transport and Watercare Services Limited.

Ngā raru tūpono me ngā whakamaurutanga
Risk and mitigations
21. There are risks associated with all board appointments including:
   i) reputational: 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 disqualified directors or under-qualified candidates a thorough due diligence process is completed (in this case in line with the Crown’s appointment procedures)
   ii) reputational: 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 into future board appointment programmes. To mitigate the risk, this decision is being considered in confidential session, as will be Cabinet’s consideration of the appointments
   iii) governance: 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. This risk will be covered in the confidential report at today’s committee meeting.

Ngā koringa ā-muri
Next steps
22. Subject to the decision of this committee in its confidential session, appointments to the CRLL will be considered by the Cabinet Appointments and Honours Committee at a meeting in June 2019.
23. Should Ministers elect not to reappoint one or both of the directors, Crown would need to consult with Auckland Council on a new appointment process to ensure the CRLL board has a full complement of directors with appropriate skills.

Ngā tāpirihanga
Attachments
There are no attachments for this report.

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Edward Siddle - 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>
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:

### C1 CONFIDENTIAL: Re-appointment of City Rail Link Limited directors

<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 information relating to director appointments.</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>

### C2 CONFIDENTIAL: Appointing a director to Watercare Services Limited and approving the shortlist candidates for Regional Facilities Auckland (Covering report)

<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 the candidates that have applied for the four director vacancies on Auckland's council-controlled organisations.</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>