Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee

OPEN ATTACHMENTS
ADDITIONAL ATTACHMENTS UNDER SEPARATE COVER

<table>
<thead>
<tr>
<th>ITEM</th>
<th>TABLE OF CONTENTS</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Summary of Finance and Performance Committee information memorandum and briefings - 21 May 2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B. Memo from Rod Aitken, Head of Corporate property regarding the Corporate property Portfolio Strategy – disposal of 35 Graham Street, dated 30 April 2019</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>C. Finance and Performance Committee Workshop Minutes - 10 April 2019</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>D. Memo from Alastair Cameron, Manager CCO Governance and External partnerships – growing a regional event into a major event</td>
<td>19</td>
</tr>
</tbody>
</table>
Memo

To: Finance and Performance Committee
cc: Executive Leadership Team, Waitemata Local Board
From: Rod Aitken, Head of Corporate Property

Subject: 35 Graham Street

I refer to my previous memo of 1 February 2019 regarding the Corporate Property Portfolio Strategy, specifically the disposal of 35 Graham Street.

I can now advise that following the marketing of 35 Graham Street, Auckland Council has entered into a conditional agreement of sale with Asset Plus Ltd (Augusta Funds Management Ltd). This transaction is being carried out on behalf of the council by its urban regeneration agency, Panuku Development Auckland.

The agreed price is $58 million, conditional on the approval of an ordinary resolution of Asset Plus shareholders at a meeting to be held in early June 2019. The sale includes a two-year leaseback period (with no right of renewal) from the date of settlement, unconfirmed but expected to be from 28 June 2019. The building’s current use is as council offices and RFA storage. Staff currently based at Graham Street will relocate to Bledisloe House between April and August 2020, and negotiations are underway to identify and develop a new site for the RFA storage. Further details on the new RFA storage site will be forwarded in a separate paper when available.

I will confirm date of settlement once the agreement is unconditional, but please advise if you require any further information at this stage.

Rod Aitken
Head of Corporate Property
Minutes of a workshop held in Meeting Room 1, Level 26, 135 Albert Street, Auckland on Wednesday, 10 April 2019, at 9.34am.

PRESENT

Chairperson  
Cr Ross Clow
Deputy Chairperson  
Cr Desley Simpson, JP
Cr Josephine Bartley
Cr Dr Cathy Casey
Deputy Mayor Bill Cashmore  From 9.40am
Cr Fa’ananana Efeso Collins  From 9.47am
Cr Linda Cooper, JP
Cr Alf Filipaina
Cr Hon Christine Fletcher, QSO
Mayor Hon Phil Goff, JP
IMSB Member Terrence Hohneck
Cr Mike Lee
Cr Daniel Newman, JP
Cr Sharon Stewart, QSM  From 9.37am
IMSB Chair David Taipari
Cr Sir John Walker, KNZM, CBE  From 9.47am
Cr John Watson  From 9.36am
Cr Paul Young

APOLOGIES

Members  
Cr Chris Darby  For absence, on council business
Cr Richard Hills  For absence
Cr Penny Hulse  For absence, on council business
Cr Greg Sayers  For absence, on council business
Cr Wayne Walker  For absence, on council business
Note: No decisions or resolutions may be made by a Workshop or Working Party, unless the Governing Body or Committee resolution establishing the working party, specifically instructs such action.

Purpose of workshop:

Purpose: To discuss the nine legacy CCOs and council organisations and seek feedback on proposed options and a work programme.

<table>
<thead>
<tr>
<th>ITEM</th>
<th>TOPIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apologies</td>
</tr>
<tr>
<td></td>
<td>Apologies from Cr C Darby, Cr P Hulse, Cr G Sayers and Cr W Walker for absence, on council business; and Cr R Hills for absence were noted.</td>
</tr>
<tr>
<td>2</td>
<td>Declaration of interest</td>
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<tr>
<td></td>
<td>No declarations were received.</td>
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<tr>
<td>3</td>
<td>Introduction and presentation on legacy CCOs</td>
</tr>
<tr>
<td></td>
<td>Sarah Holdem, Principal Advisor, CCO/External Partnerships gave a PowerPoint presentation. A copy of the PowerPoint presentation is attached to these minutes.</td>
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<tr>
<td></td>
<td>9.36am Cr J Watson joined the meeting.</td>
</tr>
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<td></td>
<td>9.37am Cr S Stewart joined the meeting.</td>
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<tr>
<td></td>
<td>9.40am Cr B Cashmore joined the meeting.</td>
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<tr>
<td></td>
<td>9.47am Cr E Collins joined the meeting.</td>
</tr>
<tr>
<td></td>
<td>9.47am Cr Sir J Walker joined the meeting.</td>
</tr>
</tbody>
</table>

A list of the community council-controlled organisations and council organisations was tabled during the presentation. A copy of the list is attached to these minutes.

The arms-length community entities – problem definition was also tabled during the presentation. A copy of the document is attached to these minutes.

Next steps:

- Development of criteria, work programme and options
- Further engagement with the legacy CCOs on proposed options
- Local board engagement
- Decisions are within the remit of the Finance and Performance Committee – suggest coming back for formal decisions before the election

The workshop ended at 10.35am.
Governance of community entities
Finance and Performance Committee
19 March 2019

Purpose of this workshop

1. Discuss current state
2. Seek your feedback to develop:
   - Framework / set of principles for community CCOs and COs
   - Forward work programme relating to legacy CCOs
Scope of this work

- Existing legacy CCOs and council organisations (COs) - community-based organisations
- Excludes substantive CCOs, POAL and joint ventures
- Governance of existing entities, and how and when any new entities would be set up
- We are not looking at funding

Legacy council-controlled organisations

<table>
<thead>
<tr>
<th>Council-controlled organisation</th>
<th>Area across which CCO operates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Education Trust (COMET)</td>
<td>Regional</td>
</tr>
<tr>
<td>Contemporary Arts Foundation</td>
<td>Regional</td>
</tr>
<tr>
<td>Mangere Mountain Education Trust</td>
<td>Mangere-Ōtāhuhu</td>
</tr>
<tr>
<td>Arts Regional Trust</td>
<td>Regional</td>
</tr>
<tr>
<td>Heightspark Park Trust</td>
<td>Howick and Mangere-Ōtāhuhu</td>
</tr>
<tr>
<td>Manukau Beautification Trust</td>
<td>South Auckland</td>
</tr>
<tr>
<td>Te Mota a Haana Governance Trust</td>
<td>Mangere-Ōtāhuhu</td>
</tr>
<tr>
<td>Mount Albert Grammar Community Pool Trust</td>
<td>Albert-Eden</td>
</tr>
<tr>
<td>Te Puru Community Charitable Trust</td>
<td>Franklin</td>
</tr>
</tbody>
</table>
Why now?

- Good practice to review periodically
- Light-touch and ad hoc approach to governance of existing entities
- Some have ongoing issues
- The council is likely to increase partnering with the community (facilities partnerships policy) – which could lead to discussions about governance

Part I – why do we have arms’ length entities?
**What does it mean to be at ‘arms-length’?**

Three factors:
- A separate legal identity
- A degree of autonomy from its parent (the council)
- Remains under some degree of government control or influence, through: whole or partial ownership, board representation or another mechanism.

**Definitions**

- **Council-controlled organisation**: a local authority appoints >50% of trustees
- **Council organisation**: a local authority appoints <50% of trustees
- **Standard accountability mechanisms apply to CCOs**
- The council must monitor the contribution of COs to its objectives
- COs are not consolidated into the council’s group accounts but they must be audited.
Spectrum of delivery models

Advantages of the CCO model

- Specific and focused attention
- Empowering local communities to manage local assets (through community entities)
- Delivery of services separate from political direction
- More agility to respond to challenges
- Recruiting skilled board members and staff (volunteers)
- In the past, ability to access other funding sources, incl. philanthropic
Disadvantages of the CCO model

- Lack of direct accountability to the public
- Additional overheads for running a separate entity
- Additional costs for monitoring the entity’s performance
- Difficulty (for parent) of managing risk
- Fragmentation – lack of connection with other council services
- Can be difficult to exit if no longer fit for purpose
- Regardless of independence, will still be seen as part of parent

What are the leaders to success?

- Evaluating all options – keeping the desired outcome in mind
- Not necessarily any single ‘right’ model – will depend on the purpose & its operating environment
- Being clear about the purpose of an entity
- The parent being clear about outcomes and appetite for risk
- Appointing the right people to govern the entity
- Effective monitoring
- A plan for the life of the organisation
Part II – Auckland Council context

Current state

<table>
<thead>
<tr>
<th></th>
<th>Council-controlled organisations</th>
<th>Council organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council interest</td>
<td>More than 50%</td>
<td>Less than 50%</td>
</tr>
<tr>
<td>Separation</td>
<td>In council group</td>
<td>Less connected</td>
</tr>
<tr>
<td>How many?</td>
<td>Nine legacy CCOs</td>
<td>~35 council organisations</td>
</tr>
<tr>
<td>Form</td>
<td>All charitable trusts</td>
<td>~85% charitable trusts</td>
</tr>
<tr>
<td>Group accounts</td>
<td>Consolidated</td>
<td>Not consolidated</td>
</tr>
<tr>
<td>Grants</td>
<td>$1.5 million</td>
<td>$3.1 million</td>
</tr>
<tr>
<td>Contracts</td>
<td>~$2 million</td>
<td>~$850,000</td>
</tr>
</tbody>
</table>
Issues

1. No consistent framework for when Auckland Council should deliver an activity at arms-length
2. Some of the existing entities may no longer be appropriate as CCOs or COs
3. The council’s governance of existing entities could be enhanced
4. There is variable governance capability across the existing entities

FURTHER DETAIL ON A3 SHEET

What we are seeking your feedback on

- In your view, are these the right outcomes?
- We propose further work on:
  - Developing a set of principles to guide when the council should have community CCOs and COs
  - Developing a work programme to review the legacy CCOs
  - Options to support the existing entities and build their governance capability
Next steps

- Development of criteria, work programme and options
- Further engagement with the legacy CCOs on proposed options
- Local board engagement
- Decisions are within the remit of the Finance and Performance Committee — suggest coming back for formal decisions before the election
List of community council-controlled organisations and council organisations

<table>
<thead>
<tr>
<th>Name</th>
<th>Entity type</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Council-controlled organisations (where the council appoints 50% or more of the trustees or directors)</strong></td>
<td></td>
</tr>
<tr>
<td>Arts Regional Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Community Education Trust Auckland (COMET)</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Contemporary Art Foundation (Te Tuh)</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Highbrock Park</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Mangere Mountain Education Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Manukau Beautification Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Mount Albert Grammar School Community Swimming Pool Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Te Motu a Hiaoa Governance Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Te Puru Community Charitable Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td><strong>Council organisations (where the council appoints less than 50% of the trustees or directors)</strong></td>
<td></td>
</tr>
<tr>
<td>Auckland Town Hall Organ Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Estuary Arts Charitable Trust (TAFI)</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Find Your Field of Dreams</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Friends of Arataki Trust Board</td>
<td>Incorporated Society</td>
</tr>
<tr>
<td>Friends of the Auckland Botanic Gardens Trust</td>
<td>Incorporated Society</td>
</tr>
<tr>
<td>Glen Eden Railway Station Restoration Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Hunua Quarry Ecological Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Kaipatiki Community Facilities Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Mackelvie Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Merton Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Mt Eden Methodist Church</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>The Mt Roskill Sports and Recreation Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Muriwai Lifeguard Services Amenities Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>North Shore Heritage Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Northcote Citizens Management Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>North West Auckland Airport Limited</td>
<td>Company</td>
</tr>
<tr>
<td>Orakei Marina Management Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Second Nature Trust - Previously Counties Manukau Pacific</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Trust</td>
<td></td>
</tr>
<tr>
<td>Sir Peter Blake Marne Education and Recreation Board (MERC)</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Tag Out Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Tamaki College Recreation Centre Trust</td>
<td>Charitable Trust</td>
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<tr>
<td>Waitakere Recreation Centre Trust</td>
<td>Charitable Trust</td>
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<tr>
<td>Waitakere City Stadium Trust</td>
<td>Charitable Trust</td>
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<tr>
<td>Waitakere Education Sector Trust</td>
<td>Charitable Trust</td>
</tr>
<tr>
<td>Waitakere Playhouse Theatre Trust</td>
<td>Charitable Trust</td>
</tr>
</tbody>
</table>
Arms-length community entities – problem definition

Problem statement

1. There is no consistent policy or framework for when Auckland Council should deliver an activity at arms-length

- There are costs, benefits and risks to having an organisation at arms-length from the council
- The true costs of establishing an arms-length entity (and especially its long-term viability) are not always considered when they are set up
- Trust arrangements have some permanence
- A status as CCO may confer a continued obligation (or the perception of one) to fund

2. Some of the existing entities may no longer be appropriate as CCOs or COs

- The nine legacy CCOs and ~30 COs were set up by the previous councils to address different problems in different circumstances
- Some of the entities have evolved since amalgamation while others are still in their original form
- There is a question about whether some of the entities are the best vehicle for delivering the services
- The requirements to prepare an audit are often a material cost

3. The council's governance of existing entities could be enhanced

- Some of the existing entities do not have a clear understanding of the council’s priorities or expectations
- Some of the entities have multiple accountability documents which duplicate each other
- Monitoring (including of risks) could be improved to meet best practice and statutory requirements
- There is potential for a better split between local and regional governance
- There is limited resource within the council to support the council to govern its CCOs and COs

4. There is variable governance capability across the existing entities

- The council's appointments to legacy CCOs and COs are unpaid (often required by the trust deed)
- Capability issues are common; appointees often have strong community networks and are passionate, but it can be difficult to attract skills in areas like finance and law (although this is not universal)
- Many of the trust deeds for COs require the council's appointments to be an elected member, which could put the member in a position of conflict

Explanation

Desired outcome

Auckland Council has a clear and consistent framework for when and how it delivers an activity at arms-length through a community entity

All of the community entities are in the appropriate form

The entities which the council has a governance relationship with have a clear understanding of their purpose and strategic direction, and their performance is monitored appropriately

The council's arms-length entities have the right level of capability to govern
Memo  
3 May 2019

To: Finance and Performance Committee members
From: Alastair Cameron, Manager CCO Governance and External Partnerships

Subject: Growing a regional event into a major event

Purpose
To provide information on the council group events landscape, particularly as it relates to regional and major events. This responds to a query raised at the Finance and Performance Committee meeting on 16 April 2019 on roles and responsibilities for growing regional events into major events.

Responsibilities
There are two primary areas within the Council group that lead on events; the Events unit in Auckland Council and the Major Events unit at Auckland Tourism, Events and Economic Development (ATEED), who work in partnership with a variety of parties such as event producers, sponsors and venue operators.

- The Events unit plans and delivers regional, local board and civic events such as Music and Movies in Parks, the Auckland Heritage Festival, Parnell Festival of Roses, local board Christmas events, Citizenship ceremonies and blessings to name a few.
- The Major Events unit manages the major events investment portfolio on behalf of Auckland Council to generate benefits for Auckland and the people who live and visit here. This includes annual events such as the ITM Supersprint, Auckland Lantern Festival, SCulpture on the Gulf and Elemental AKL to name a few.

There is regular interaction and communication between the two teams and the two unit’s differing areas of focus are complementary.

Event focus
ATEED’s major events work and investments are guided by the Destination AKL 2025 strategy and Auckland’s Major Events Strategy 2018-2025.

The emphasis is on promoting domestic and international tourism – increasing visitor nights, targeting high-value visitors, promoting longer stays and increased tourism activity, and generating visitation in the shoulder or low seasons. ATEED seeks events which tell Auckland’s unique story externally and generate positive media exposure for the region, particularly in target markets.

This falls into three major programmes:

- Major programme – driving international and domestic visitation
- National programme – driving predominantly domestic tourism
- Winter programme – attracting domestic and international visitors in the winter months.

The Auckland Council events unit’s regional event work is guided by the Events Policy (2013). This includes a focus on connecting Auckland’s diverse and regionally dispersed communities and special interest groups, developing pride in Auckland and enjoyment of what it offers, making life in Auckland vibrant and stimulating.
Auckland Council also administers an annual Regional Events Grant Fund which supports these event outcomes.

**Growing regional events to major events**
There are a number of factors to consider when exploring potential for growing a regional event to a major event. These factors include:

- Aspirations/growth plans (if any) of the event organisers
- Resource capacity available to support growth (for example, by volunteers or professional event organisers)
- Funding available to support growth (grant, sponsorship etc)
- Risk appetite – growth may require some commercialisation
- Capacity of the current event location to support growth

Successfully growing an event can include factors over and above purely the number of attendees or participants. For example, this might capture the quality or sophistication of the event experience.

Growing a regional event into a major event is not currently an area of focus for either ATEED or Auckland Council’s event unit. Growing an event would need to be assessed on a case-by-case basis, with its own business case. In these circumstances consideration would need to be given to which unit it is more appropriate to manage this. As a first step, the event organisers would need to initiate engagement on their aspirations/plans for growing a regional event into a major event.

**Contact**
Should you wish to discuss any aspects of this memo further, please contact:

Stuart Turner, Head of Major Events, ATEED
stuart.turner@aucklandnz.com

David Burt, Manager Events, Auckland Council
david.burt@aucklandcouncil.govt.nz