Date: Thursday 25 July 2019
Time: 9.30am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Tira Kāwana / Governing Body

OPEN ATTACHMENTS

ADDITIONAL ATTACHMENTS
UNDER SEPARATE COVER

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Note: The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Memo

To: Governing Body
cc: Stephen Town, Phil Wilson, Nirupa George, Robert Irvine
From: Alastair Cameron, Manager CCO Governance and External Partnerships

Subject: Accountability Review programme – progress report

Purpose

1. To update the Governing Body on the improvements and outcomes made as a result of the accountability review initiated in February 2017.

Background

1. The accountability review’s objectives are to increase the accountability and value for money of CCOs by:
   - increasing the transparency of CCO decision-making
   - increasing the responsiveness of CCOs to the public and council
   - improving the recognition of ratepayer funding for CCO activity
   - increasing the ability to align CCOs to the direction set by the council.

2. The Appointments and Performance Review Committee resolved to review 17 accountability mechanisms, plus monitoring practices and resourcing. The relevant resolutions are at Attachment A. This was then confirmed by the Governing Body, as set out in the resolutions at Attachment B. The review programme is at Attachment C.

3. Six monthly updates have been provided via memo to the Governing Body.

Progress report on accountability review workstreams

4. The review is now largely complete, with improvements being made as a result of the review. These are summarised in Figure 1 and include:
   - improvements to CCO governance structures and engagement with council (e.g. board performance review processes, introduction of council / board workshops and improvements)
   - amendments to council policies and direction setting to provide create clarity and guidance (e.g. the CCO accountability policy, more detailed financial reporting in the long-term plan, the board appointment and remuneration policy, review of council’s strategic direction and plans);
   - new performance reporting templates.

5. In August 2018, the Finance and Performance Committee requested that the Statement of Intent (SOI) process is reviewed. In February 2019, the Finance and Performance Committee agreed that this review would include an assessment of the SOI performance indicators. Accountability review workstream 2b) will now be addressed as part of the SOI review.

6. More detailed information on the outcomes of each workstream is provided in Table 1. Some of these mechanisms reviewed will continue to be improved on an on-going
basis, as each cycle of direction-setting and reporting is undertaken (e.g. process for improving strategic alignment, long-term plan financial reporting improvements). This is a comprehensive suite of tools that enable council to set the strategic direction for the CCOs, and to monitor CCO performance. It is recommended that increased focus be given to using the existing tools appropriately.

Figure 1: Accountability framework and review outcomes

Table 1: Accountability review workstreams – summary of progress

<table>
<thead>
<tr>
<th>Accountability Workstream</th>
<th>Outcome of review</th>
<th>Committee Reporting</th>
<th>Status</th>
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</table>
| Mechanisms that were originally programmed for review | Policy changes clarified:  
- council’s expectations of CCOs  
- reporting and planning requirements  
- the management of strategic assets  
- approval of major transactions. | Governing Body June 2018 | Complete   |
<p>| 1a) CCO accountability policy – review policy | Review concluded that the best option is to use s92(2) on case by case basis, with a decision required by the Governing Body. This approach was also recommended for local board plans. This approach enables the relevant aspects of the plan that a CCO is being asked to | Local Board Chairs Forum Sept 2018 Joint Working | Complete   |
| 1b) Section 92(2) of LGACA. Explicit direction to CCOs and strategies that CCOs ‘must act consistently with’ | | | |</p>
<table>
<thead>
<tr>
<th>Accountability Workstream</th>
<th>Outcome of review</th>
<th>Committee Reporting</th>
<th>Status</th>
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<tbody>
<tr>
<td>consider to be stated clearly and performance to be assessed more easily. Many plans are currently not written in a manner that provides for this.</td>
<td></td>
<td>Group Feb 2019</td>
<td></td>
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<tr>
<td><strong>1c) CCO board appointments – review contract for recruitment services and appointment process</strong></td>
<td>The process for appointing directors to CCOs, the size of the CCO boards, the criteria for appointing council's director recruitment agency and board remuneration were all reviewed and amended.</td>
<td>APRVFM Committee, March and August 2017</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>1d) Appointment of councillors to Auckland Transport board</strong></td>
<td>The process for the appointment of directors to the Board of Auckland Transport and the role of councillor appointments for the 2016-2019 electoral term was agreed.</td>
<td>APRVFM November 2016</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>1e) Advice to the Auditor General (OAG) on section 104 of LGACA (to review the service performance of the council and CCOs)</strong></td>
<td>Advice provided.</td>
<td>Annual</td>
<td>On-going</td>
</tr>
<tr>
<td><strong>1f) Councillor to CCO board workshops – clear protocols for the process</strong></td>
<td>Protocols were developed, setting out the purpose and Councillors and board members roles.</td>
<td>Governing Body memo, March 2018</td>
<td>Complete</td>
</tr>
<tr>
<td><strong>1g) Enhanced local decision-making for local boards for CCO Activities</strong></td>
<td>The Governance Framework Review resulted in 38 recommendations agreed to by the Governing Body. An implementation plan has been established and progress reports by Auckland Transport are made twice a year to the Governing Body. The revised Accountability Policy requires CCOs to understand and give effect to Auckland’s shared governance.</td>
<td>Governing Body November 2017</td>
<td>On-going</td>
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<td>Governing Body March 2018</td>
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<td><strong>Mechanisms that are cyclical in nature</strong></td>
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<td><strong>2a) Long-term plan - more detailed level of financial information required of CCOs</strong></td>
<td>During the development of the LTP, more detailed financial information was required of CCOs for budgeting and reporting purposes (provided through the budget books).</td>
<td>Governing Body June 2018</td>
<td>Complete</td>
</tr>
<tr>
<td>Accountability Workstream</td>
<td>Outcome of review</td>
<td>Committee Reporting</td>
<td>Status</td>
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<td>2b) Statement of intent – Review SOI key performance indicators (KPIs) for overall consistency, appropriateness and clarity. Review existing targets to ensure they are appropriate.</td>
<td>The Group Financial Planning team worked with CCOs to review the key performance indicators (KPIs) in the long-term plan. For overall consistency, appropriateness and clarity. A substantive review of KPIs for each CCO will be considered as part of the proposed Statement of Intent review.</td>
<td>Finance and Performance August 2018</td>
<td>To be incorporated into Review of SOI process – subject of a separate report</td>
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<tr>
<td>2c) Quarterly reporting against the statement of intent – improve risk section, support to councillors ahead of meetings for quarterly reports, template</td>
<td>Improvements to the quarterly report template were discussed at the Finance and Performance Committee in November 2018, and the new template was used for the second quarterly report in the 2018/2019 financial year.</td>
<td>Finance and Performance November 2018</td>
<td>On-going improvements</td>
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<tr>
<td>2d) Strategic direction setting and prioritisation – improving how the council specifies the outcomes it wants from CCOs and determines whether CCOs are delivering what the council (representing the public) wants</td>
<td>Staff have met with CCOs to discuss how CCOs can implement the Auckland Plan 2050, with a focus on aligning: • investment with growth and development in the Development Strategy • strategies to translate the high-level directions of the plan into what needs to be delivered • strategies, place-based plans to inform the council group service and asset management plans The letters of expectations to CCOs directs CCOs to align with council’s strategic priorities.</td>
<td>Planning Committee November 2018</td>
<td>On-going</td>
</tr>
<tr>
<td>2e) Update the Governance Manual for Substantive CCOs</td>
<td>The update of the governance manual to CCOs is underway.</td>
<td>To be reported to the Finance and Performance Committee in 2019.</td>
<td>Underway</td>
</tr>
<tr>
<td>Accountability Workstream</td>
<td>Outcome of review</td>
<td>Committee Reporting</td>
<td>Status</td>
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<td>Additional mechanisms for review</td>
<td>Several accountability mechanisms address the aspects provided for by s49 of LGACA (eg, Appointment and Remuneration Policy, Board Performance Review Framework, Accountability Policy, Our Charter). Development of operational rules would largely duplicate existing mechanisms.</td>
<td>NA</td>
<td>Complete</td>
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<tr>
<td>3a) Operating rules for Auckland Transport (how board operates, appointment of staff, acquire/disposal of assets)</td>
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<td></td>
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</table>
| 3b) Additional accountability mechanisms under section 91 LGACA | Improvements to reporting include:  
  - New reporting to the Audit and Risk Committee  
  - Improvements to the risk section of the quarterly report template to improve overall consistency in disclosure.  
  - Updated quarterly reporting template  
  
Addressed in the updated CCO Accountability Policy regarding the management of strategic assets.  

A review of the planning requirements identified that there are currently appropriate processes and documents in place (e.g. LTP, RLTP, ATAP) to address 10-year planning requirements. | Audit and Risk Committee  
Finance and Performance Committee  
Governing Body 2018 | On-going    |
| 3c) Independent CCO board performance reviews led by the council as shareholder | A new framework has been developed and is currently being trialled with Auckland Transport. The other substantive CCOs will trial it in 2019.                                                                                                                                                                                                                           | APRVFM Committee  
May 2018 | On-going   |
Next steps

7. The next steps are to:
   • complete the updates to the Governance Manual for substantive CCOs
   • continue to work with CCOs and council to improve strategic alignment with the Auckland Plan
   • continue to refine the information provided to councilors in the regular CCO performance reports, to best enable councilors to perform their governance role of monitoring CCO performance.
11. Accountability of Auckland Council Controlled Organisations

A PowerPoint presentation was provided. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Resolution number APP/2017/4

MOVED by Mayor P Goff, seconded by Deputy Chairperson C Fletcher:

That the Appointments and Performance Review Committee:

a) recommend to the Governing Body, at its 23 February 2017 meeting, the approval of the following objectives as the basis for the council-controlled organisations accountability review:

i) to increase the accountability and value for money of council-controlled organisations by:

- increasing the transparency of council-controlled organisation decision-making
- increasing the responsiveness of council-controlled organisations to the public and council
- improving the recognition of ratepayer funding for council-controlled organisation activity
- increasing the ability to align council-controlled organisations to the direction set by the council.

b) recommend to the Governing Body at its 23 February 2017 meeting, the approval of the scope and timing of option 2 outlined in the agenda report, which recommends that five mechanisms be added to the existing twelve-mechanism work programme within the same timeline and budget.

c) note that the existing work programme of council-controlled organisation accountability mechanisms will review the use of twelve out of twenty available tools and will proceed even if the committee does not agree to the enhanced programme described as option 2 in the agenda report.

d) agree that the progress of the council-controlled organisation accountability review be reported to Governing Body meetings as a programme of work on a quarterly basis.

e) request that as part of the council-controlled organisation accountability review, staff report back on the cost-effectiveness of the existing monitoring regime and the resource that is currently allocated to this function.

CARRIED
Attachment B
Governing Body resolutions

17 Accountability of Auckland Council Controlled Organisations - Recommendations from the Appointments and Performance Review Committee

A PowerPoint presentation was provided. A copy has been placed on the official minutes and is available on the Auckland Council website as a minutes attachment.

Resolution number GB/2017/17

MOVED by Mayor P Goff, seconded by Cr D Simpson:

That the Governing Body:

a) approve the following objectives as the basis for the council-controlled organisations accountability review:

i) to increase the accountability and value for money of council-controlled organisations by:
   • increasing the transparency of council-controlled organisation decision-making
   • increasing the responsiveness of council-controlled organisations to the public and council
   • improving the recognition of ratepayer funding for council-controlled organisation activity
   • increasing the ability to align council-controlled organisations to the direction set by the council.

b) approve the scope and timing of option 2 outlined in the 1 February 2017 Appointments and Performance agenda report, which recommends that five mechanisms be added to the existing twelve-mechanism work programme within the same timeline and budget.

CARRIED
## Attachment A: Expanded description of proposed scope, timing and contribution of each CCO accountability mechanism

**Table 1: CCO accountability mechanisms already programmed for review/use.**

<table>
<thead>
<tr>
<th>Accountability mechanism</th>
<th>Proposed scope and timing of improvement/use</th>
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<tbody>
<tr>
<td>1a) The Accountability Policy for substantive CCOs – contained in the LTP. The policy must contain: council’s expectations on contributions and alignment to council objectives and priorities and any additional reporting and planning requirements (over and above normal legislative requirements).</td>
<td>Current state: Not comprehensively revised since amalgamation (with the exception of Panuku). Because the accountability policy is contained in the LTP, CCOs must give effect to it. Proposed scope of improvements: The expectations council has for individual CCOs should be reviewed to ensure they match current council priorities. Improvement of the transparency of investment decision-making undertaken by CCOs – likely to be in the form of an Investment Policy that will determine when ‘business cases’ should be approved by the shareholder (council). An investment policy will also contain expectations on how reporting and accountability of business case projects should occur. This work will improve the linkage of budgeted spend to key outcomes set by council. Also propose to clarify the decision-making parameters around the combined wastewater/stormwater network in the strategic assets/major transactions section. Staff will investigate whether there is any matter that will benefit from additional planning or reporting requirements. Contribution to review objectives: increasing the ability to align CCOs to the direction set by the council. Proposed timing: a revised policy would need to be ready for consultation as part of the LTP process (workshopped September – December 2017).</td>
</tr>
<tr>
<td>1b) Section 92(2) of the Local Government (Auckland Council) Act 2000 (LGACA). Explicit direction to CCOs on council plans and strategies that CCOs ‘must act consistently with’</td>
<td>Current state: This mechanism been used in a limited way at this point. Council has a comprehensive array of strategies and policies, some of which CCOs lead the implementation of, some which apply to all entities within the council ‘group’ and some which CCOs contribute to. Proposed scope of improvements: since this mechanism has been used in a minor way to date, there is a significant opportunity to communicate the relevant aspects of adopted council policies to CCOs. Given that council has many policies, plans and strategies, it is proposed that this work is carried out in several tranches. The first tranche will cover the policies that councillors and head of group CCOs would use.</td>
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^1 The term ‘business case’ refers to the council investment decision-making tool that scrutinises investment decisions using five lenses (or cases): the strategic, economic, financial, commercial and management cases.
staff have indicated can bring the most immediate benefit including the brand identity guidelines, the procurement strategy, and the corporate sponsorship policy. Further detail of the approach and timelines for the roll-out of this direction to CCOs is outlined in Attachment A.

**Contribution to review objectives:** increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.

**Proposed timing:** first tranche of policies considered by and May 2017, second tranche between June and November 2017 depending on available resource.

1c) Appointment of the CCO board of directors (including the appointment of the chair and deputy chair)

<table>
<thead>
<tr>
<th>Current State: Legislation requires that council has a robust and transparent director appointment policy. The Auckland Council Board Appointment and Remuneration Policy is contained in the Governance Manual for Substantive CCOs (available on council's website). Council updated and approved this policy in May 2016. Proposed scope of improvements: An additional update of this policy has been anticipated for the beginning of the new political term to ensure we are attracting the best candidates to apply for board director positions. The procurement process for external recruitment services will begin shortly and will have Mayoral Office input. Council will make use of the Government Electronic Tendering System and will review the procurement brief to ensure it is attracting the best proposals. Review of appointment process to ensure that there is sufficient political input. Contribution to review objectives: increasing the ability to align CCOs to the direction set by the council. Proposed timing: 4 May 2017 report to Appointment and Remuneration committee which will outline the recruitment programme for 2017; recruitment services will need to be in place by mid-March; potential policy refinements by September 2017.</th>
</tr>
</thead>
</table>

1d) Appointment of councillors to the board of Auckland Transport (AT)

| Current state: On 10 November 2016, council resolved to use a competitive process to determine whether councillors would be directors on the board of AT. This resolution indicated a change from past practices and was made possible by the May 2016 update to the board appointment policy. Proposed scope of improvements: New process underway as per direction of 10 November 2016 Governing Body meeting. Contribution to review objectives: increasing the ability to align CCOs to the direction set by the council. Proposed timing: The Board Appointment and |
### Remuneration Policy

Remuneration Policy will be updated to reflect the decisions of the 10 November meeting once the director appointment process review (above), has been completed.

### 1e) Advice to the Auditor General (OAG) on areas of interest for CCO audits under section 104 of LGACA

**Current state:** At present the OAG canvases council for a range of ideas on things that would be useful to audit. This advice can come from a number of sources in council and are not necessarily well integrated within the wider audit programme.

**Proposed scope of improvements:** Integrated advice from both a political and senior executive level should be developed. There is no obligation for the OAG to take this advice.

**Contribution to review objectives:** Increasing the ability to align CCOs to the direction set by the council.

**Proposed timing:** Advice provided by staff by March 2017 for communication to OAG in time to inform their annual planning round.

### 1f) Councillor to CCO board workshops

**Current state:** Pilot programme run in 2016. The 2017 programme will run from 15 February to 22 November.

**Proposed scope of improvements:** Feedback on the pilot programme was sought in September 2016 and is being incorporated into the 2017 programme. Lessons learned from each workshop will be incorporated into each successive workshop for continuous improvement.

**Contribution to review objectives:** Increasing the ability to align CCOs to the direction set by the council, increasing the responsiveness of CCOs to the public and council.

**Proposed timing:** Continuous improvement but with most significant changes in place ahead of 6 April workshop.

### 1g) Enhanced local decision-making for local boards for CCO activities

**Current State:** On 15 December 2016 the Governing Body considered a report on the process for implementing the Governance Framework Review.

**Proposed scope of improvements:** The Governance Framework Review is likely to explore opportunities for increasing local board decision-making about activities carried out by CCOs, in particular AT. The analysis on this matter will be primarily led by the Governance Framework Review but is likely to require a link through to an accountability mechanism listed in this report (e.g. section 92(2) direction) to ensure that new expectations are communicated to the CCO board.

**Contribution to review objectives:** Increasing the...
transparency of CCO decision-making, increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.

**Proposed timing:** It is envisaged that the political working party that has been established to oversee the Governance Framework Review will make recommendations in July 2017.

### Table 2: CCO accountability mechanisms that are subject to continuous improvement

<table>
<thead>
<tr>
<th>Accountability mechanism</th>
<th>Proposed scope and timing of improvements</th>
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<tr>
<td><strong>2a</strong> The Long-term plan (LTP) – three year cycle covering a period of ten years. The Annual Plan – annual cycle covering the upcoming financial year (July to June)</td>
<td><strong>Current State:</strong> Although primarily a budget setting mechanism the LTP also contains policies which CCOs must give effect to e.g. financial strategies and the CCO accountability policy. <strong>Proposed scope of improvements:</strong> Work has begun on specifying the more detailed level of financial information required of CCOs for budgeting and reporting purposes. Once these more detailed budget envelopes are developed, work will commence on how best to track and report against these areas. <strong>Contribution to review objectives:</strong> increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council. <strong>Proposed timing:</strong> Specification of more detailed CCO financial budgeting and reporting will be undertaken as part of the 2017/2018 annual plan process (adoption by June 2017). Because the LTP must follow a legislatively prescribed process which includes consulting with the public, any changes to policies affecting CCOs contained in the LTP must be well planned and fit within the time bound LTP process (adoption by June 2018).</td>
</tr>
<tr>
<td><strong>2b</strong> The Statement of Intent (SOI) – annual cycle covering a period of three years. Some content of the SOIs is legislatively prescribed and cannot be omitted.</td>
<td><strong>Current State:</strong> The SOI document is developed according to a template set by Council. The template can be amended annually ahead of each SOI cycle. <strong>Proposed scope of improvements:</strong> The number and type of Key Performance Indicators (KPIs) contained in the SOI at present are not consistent across the six CCOs (i.e. some CCOs have measures relating to staff engagement and health and safety, but others do not). The measures are also very difficult to understand so SOIs should include information that improves understanding for the reader. The KPIs will be reviewed by council staff with a view to improving overall consistency, appropriateness and clarity.</td>
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of the measures in addition to whether the targets continue to be appropriate.

**Contribution to review objectives:** increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.

**Proposed timing:** Amendments to the template (and therefore the content and structure of the resulting SOI) need to be finalised by December of any year for the next SOI cycle. The KPIs will be reviewed in time for the finalisation of the LTP (June 2017).

### 2c) Reporting against the SOI – quarterly reporting covering the previous 3 months, plus annual report covering the previous year.

| Current state: | The quarterly reports are developed using a template set by council. The CCO Board and Chief Executive are expected to participate in a discussion with the Finance and Performance Committee of council about CCO performance against their SOI objectives and targets (half year and fourth quarter results only). There is no evidence to suggest that more frequent meetings would be beneficial, however, councillors have indicated that they require further support to carry out their responsibilities at these meetings to ensure that any non-performance of CCOs has been identified.

**Proposed scope of improvements:** The risk section of the quarterly report template should be updated to improve overall consistency in disclosure across the CCOs. The traffic light indicators (Red, Orange, and Green) for progress towards the achievement of targets should have a specified threshold so that all CCO reports are consistent (e.g. Red light equals target not met (more than 2.5% below target)), improve to support for councillors prior to half year and fourth quarter meetings.

**Contribution to review objectives:** increasing the transparency of CCO decision-making, increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.

**Proposed timing:** If council decided to make amendments to the structure or content of the quarterly report, it would need to update the template approximately two months ahead of the end of the quarterly period. Some content of the reports is legislatively prescribed and cannot be omitted.

### 2d) Strategic direction setting and prioritisation.

| Current state: | Most council policies are refreshed on a regular basis. Although not necessarily cyclical, these updates take place when there is a significant change to the priorities and goals of council. The Auckland Plan is... |
refreshed every six years. The Regional Land Transport Plan (which is approved by NZTA and AT) is revised every three years.

Council must maintain the ability to specify the outcomes it wants from CCOs and also the ability to determine if CCOs are delivering what council (representing the public) want. There have been instances where the strategic capability of council (as the overall direction setter and monitor) has been eclipsed by the technical/strategic capability of CCOs.

Proposed scope of improvements: This is a complex topic and no work has yet been undertaken recently on the relative merits of enhancing council's strategic/technical capacity with respect to CCO activities. A report will be prepared by end 2017, outlining the current state and issues and options for the future. This work relates to the section on monitoring later in this agenda report and may be combined with that workstream.

Contribution to review objectives: increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.

2e) The Governance Manual for Substantive CCOs (the manual). The manual is a document that records all of the enduring expectations of council, including policies and templates.

Current state: The manual was adopted in December 2015. It was envisaged that it would be updated approximately annually.

Proposed scope of improvements: In addition to the mechanisms listed in this report for review which are contained in the manual, there are other policies and expectations which will benefit from revision (e.g. the no surprises protocols)

Contribution to review objectives: increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.

Proposed timing: Due to the dependencies with other elements of this accountability review, we propose that the manual is updated twice during the course of the review – once after the director appointment process review has been completed and again at the completion of all elements of this review (June 2018).

Table 3: CCO accountability mechanisms that are not currently in use.

<table>
<thead>
<tr>
<th>Accountability mechanism</th>
<th>Proposed scope and timing for improvement</th>
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<tr>
<td>3a) Operating rules for Auckland Transport - Council may make rules by</td>
<td>Current state: Not used. There is little indication in cabinet papers on the intention behind these legislative provisions. The provisions are broadly worded but do give</td>
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</table>
which Auckland Transport must operate, including rules in relation to—
- how the governing body of Auckland Transport must operate;
- how Auckland Transport must appoint and employ staff (including its chief executive);
- how Auckland Transport must acquire and dispose of significant assets.

Proposed scope: To review and consider current AT board practices including the way the AT board holds meetings and releases information, its employment practices and its acquisition and disposal practices.

Contribution to review objectives: increasing the transparency of CCO decision-making, increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.


3b) Section 91 of LGACA provides that council may impose additional accountability requirements on its substantive CCOs including:
- the provision of first and third quarter reporting against the SOI (in addition to half year and annual reporting),
- the provision of a 10 year plan (but not from AT),
- a description of how the CCO will comply with council’s requirements for the management of the assets identified by council as strategic assets and processes for the approval of major transactions in relation to those assets.

Current state: Council already requires first and third quarter reports of its CCOs. Since December of 2015 however, only half yearly and fourth quarter results have been discussed in public with CCO boards, in order to allocate time to forward looking workshops with CCO boards. First and third quarter CCO results are circulated by memo to councillors and consolidated into the council group reporting.

Proposed scope: Staff will review all current reporting and planning requirements and the conventions relating to them to ensure they are fit for purpose and consider whether there are any matters requiring additional planning or reporting from CCOs (e.g. use of business case methodology). Staff will also consider whether there is any benefit from additional 10 year planning other the current requirements relating to Asset Management Plans (which are 10 year plans).

Contribution to review objectives: increasing the transparency of CCO decision-making, increasing the responsiveness of CCOs to the public and council, improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.

Proposed timing: Initial analysis provided to council by September 2017.

3c) Shareholder-led independent CCO board performance reviews

Current state: CCO Boards are required to undertake their own reviews of their performance (board-led reviews). Council has no input as to the scope or supplier for these reviews. Council does not undertake its own independent board performance review.

Proposed scope: Consider the best way of assessing and improving the performance of the CCO boards. Preliminary external advice has been sought to assist with scope.
Contribution to review objectives: increasing the ability to align CCOs to the direction set by the council.

Indicative timing: Issues and options (scope and methodology) by May 2017. If a review is agreed to then it could be completed and reported by December 2017.

3d) Requirement for Watercare to report against section 57 of LGACA (cost-effectiveness of service delivery)

Current state: there is no explicit and identifiable public reporting against this legislative requirement nor any agreed conventions or methodology around doing so.

Proposed scope: Requires discussion with Watercare to determine achievable methodology. This is likely to be an additional reporting requirement under s 91 of LGACA (item b) above

Contribution to review objectives: increasing the transparency of CCO decision-making, increasing the ability to align CCOs to the direction set by the council.

Proposed timing: initial findings reported by end September 2017.

3e) Service Delivery Reviews under section 17 of LGACA

Current state: Council last undertook s17A service delivery reviews of CCO activities as part of the 2014/2015 CCO review.

Proposed scope: A report will be taken to the 23 February 2017 Finance and Performance Committee on s17(A) reviews. The activities that will be subject to these reviews and the timing of them will be considered at that time.

Potential for contribution to review objectives if CCO activities are included: improving the recognition of ratepayer funding of CCO activity, increasing the ability to align CCOs to the direction set by the council.

Proposed timing: not yet determined.

<table>
<thead>
<tr>
<th>Accountability mechanism</th>
<th>Rationale for not reviewing</th>
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<tbody>
<tr>
<td>4a) CCO company constitutions</td>
<td>CCO constitutions were last updated in 2012, to include the ability for council to issue a binding management directive. Due to the nature and purpose of company constitutions it is not likely that any change will contribute to the review objectives.</td>
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<td>4b) Public Audit Act 2001</td>
<td>Council cannot change an Act of parliament. No problems have been identified that would warrant lobbying for change to this Act</td>
</tr>
<tr>
<td>4c) The Local Government Official Information and Meetings Act 1987 (LGOIMA)</td>
<td>Council cannot change an Act of parliament. No problems have been identified that would warrant lobbying for change to this Act. However, council will consider whether the existing LGOIMA guidance for CCOs contained in the CCO</td>
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</table>
### Governance Manual is working effectively. If not, staff will consider turning this guidance into a policy and including it as a s92 policy (table 1 b).

#### Ongoing monitoring to ensure CCO effectiveness

1. In addition to council having assurance that it is making the best use of the available accountability mechanisms, it should give equal consideration to the effectiveness and resourcing levels of its monitoring activities for CCOs.

2. The Office of the Auditor General has noted the importance of both the health of the CCO/council relationship and the appropriate administrative processes for monitoring.

3. In recent years, council has focused on building strong working relationships with its CCCs and has held resourcing for the monitoring function at a modest level.

4. The effectiveness of the existing ongoing CCO monitoring regime and the resources needed for additional accountability mechanisms should become a separate workstream alongside any option chosen for the CCO accountability review.

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Memo

Date 24 June 2019
To Governing Body
Cc Chair, Māngere-Ōtāhuhu Local Board
From Nick Hill, Chief Executive ATEED
Subject Future of The FoodBowl – Te Ipu Kai

I would like to inform you of ATEED's decision to transfer its joint venture shareholding in the food and beverage innovation entity New Zealand Food Innovation Auckland Ltd, trading as The FoodBowl – Te Ipu Kai in Manukau.

The FoodBowl is part of the New Zealand Food Innovation Network which includes a number of other independent facilities across New Zealand.

ATEED inherited The FoodBowl and its operational responsibility following the formation of the 'super city'. The project was started by the legacy organisation Enterprising Manukau and the Government, which funded its establishment through the Ministry of Economic Development. When ATEED inherited the entity, it had several long-term liabilities including the premises lease.

In 2013, ATEED transferred two-thirds of the ownership to government agency Callaghan Innovation (a division of the Ministry of Business, Innovation and Employment) forming a joint venture in the ownership of The FoodBowl.

ATEED has been required to provide significant support through annual shareholder funding to keep The FoodBowl going. Transferring this remaining shareholding in The FoodBowl releases ATEED from its annual funding commitments, and fits with ATEED's strategy to transfer mature and established activities to capable owners – in this case the original funders – where feasible.

The decision also makes sense strategically with the Government intending for The FoodBowl’s function to become more national in nature, reinforced by Callaghan Innovation receiving funding for a united network approved in the recent budget. This funding from Government will enable The FoodBowl to continue to operate as it does now, and ensuring it remains an integral part of the NZ Food Innovation Network.

ATEED has signed a non-binding in-principle agreement with Callaghan Innovation for the transfer of ATEED's remaining shares in The FoodBowl, with a settlement date intended to be before 30 June 2019.

The divestment is not a major transaction under the Companies Act 1993, so did not require prior Auckland Council shareholder approval; it will be reflected in the ATEED Annual Report 2018/19.
Background

While it has been a productive innovation facility for food and beverage companies, The FoodBowl is not self-sustaining financially, and requires funding from its owners to keep operating. Callaghan Innovation didn’t have 2019/20 funding confirmed until the recent Budget, and if The FoodBowl had headed towards closure, ATEED would have been liable for a share of liquidation costs including the facility lease which is locked in until 2026.

In 2013, ATEED sought to transfer The FoodBowl in its entirety to Callaghan Innovation, but this option was not endorsed by Callaghan’s Board or leadership team – primarily due to the inherited long-term lease liability.

Instead, two thirds of the ownership was transferred to Callaghan, and the two parties entered into a joint venture. In accordance with the shareholders’ agreement, Callaghan Innovation has since provided two-thirds and ATEED provided one-third of The FoodBowl’s annual shareholder funding.

With the ATEED Board’s support, ATEED management has worked closely with Callaghan Innovation to negotiate an exit from the arrangement in line with ATEED’s long-term strategic approach.

Auckland companies unaffected

The purpose of The FoodBowl has been to promote and accelerate innovation and growth in the food and beverage sector in Auckland and New Zealand by providing a facility that enables product testing, scale up and market testing by firms. The FoodBowl also provides access to technical knowledge, capability and training.

Hundreds of New Zealand companies have benefitted from The FoodBowl’s facilities each year. With a national food innovation network operated by Callaghan Innovation as one cohesive programme, the facility should be more efficient and effective.

Auckland companies will still have access to the facility, which is a key focal point of innovation and business support in Manukau’s strong food and beverage manufacturing base.

As a key facilitator of collaboration in the food and beverage industry, and driver of Auckland’s innovation ecosystem, ATEED will maintain an effective relationship with The FoodBowl and continue to support the region’s food and beverage sector through other targeted programmes.

Please contact me if you have any questions about ATEED’s divestment of The FoodBowl.

Nick Hill
Chief Executive, ATEED
Tira Kāwana / Governing Body Workshop: Auckland Transports Response to the Governance Framework Review MINUTES

Minutes of a workshop of the Governing Body workshop held at Auckland Transport, Halsey Street, Auckland on Monday, 24 June 2019 at 2.00pm.

PRESENT

Hon Phil Goff, CNZM, JP
Cr Bill Cashmore
Cr Cathy Casey
Cr Ross Clow
Cr Alf Filipaina
Cr Christine Fletcher
Cr Richard Hills
Cr Mike Lee
Cr Desley Simpson, JP
Cr Paul Young

ABSENT

Cr Linda Cooper, JP
Cr Penny Hulse
Cr Sharon Stewart
Cr John Walker
Cr Wayne Walker
Cr John Watson
Cr Daniel Newman, JP
Cr Greg Sayers
Cr Fa’anana Efeso Collins
Cr Chris Darby
Cr Josephine Bartley

Members of the Auckland Transport Board and Executive were present, including Chair Lester Levy and Chief Executive Shane Ellison.

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:**
The purpose of the meeting is for the Governing Body to:
- hear Auckland Transports Response to the Governance Framework Review

The meeting was chaired by Deputy Mayor Cashmore and Deputy Chair of Auckland Transport Wayne Donnelly.

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<th>Item</th>
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<tr>
<td><strong>Apologies</strong></td>
<td>Apologies from Cr C Cooper, Cr C Darby, Cr P Hulse for absence, were noted.</td>
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<td><strong>Declarations of Interest</strong></td>
<td>Members were reminded of the need to declare any conflict that may arise between their role as a member and any private or other external interest they might have.</td>
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<td><strong>Current Engagement Context</strong></td>
<td>Presentations by Auckland Transport Board and Executive relating to AT’s current engagement approach for big projects and the Connected Communities programme were noted. Discussions related to improving information flows to elected members (both governing body and local boards), and ensuring that engagement reaches all parts of the community (not just those strongly for and against proposals). Documentation had been circulated prior to the workshop and forms part of these minutes.</td>
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<td><strong>How effective are they?</strong></td>
<td>AT internal staff survey about engagement expectations, Elected member survey results</td>
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<td><strong>How can the current approach be more effective?</strong></td>
<td></td>
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<td><strong>Practical Examples</strong></td>
<td>“Connected communities”/Integrated corridors programme</td>
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<td></td>
<td>How can effective engagement facilitate this programme</td>
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<td>What are the respective governance roles of Councillors, Local Boards and the AT for these major projects</td>
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<td></td>
<td>Protocols for ward councillor engagement (part of Governance Framework Review)</td>
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</table>
Responsiveness to local boards/Governance Framework Review

Update on Governance Framework review items

- Local board capital fund process improvement
- Community Safety Fund
- Local board engagement plans

What the protocols (approvals? communication?) for ward councillor engagement and local board? Over and above current governance arrangements and as per legislation?

Is it decisions, consult, inform? eg: when there is a difference of view between LBs and Ward Councillors for community safety programmes. Whose decision is it?

Where do we want to get to and how will we measure success?

The workshop closed at 4.30pm.
From: Alastair Cameron

Sent: Monday, 15 July 2019 2:44 PM

To: Mayor Phil Goff ; Councillor Alf Filipaina Councillor Bill Cashmore, Councillor Cathy Casey, Councillor Chris Darby; Councillor Christine Fletcher, Councillor Daniel Newman; Councillor Desley Simpson; Councillor Efeso Collins; Councillor Greg Sayers; Councillor John Walker, Councillor John Watson; Councillor Josephine Bartley; Councillor Linda Cooper; Councillor Mike Lee; Councillor Paul Young; Councillor Penny Hulse; Councillor Richard Hills; Councillor Ross Clow; Councillor Sharon Stewart; Councillor Wayne Walker

Subject: Haumaru Housing

Dear Mayor and Councillors,

Haumaru Housing is a joint venture between Auckland Council and the Selwyn Foundation. Haumaru was established to manage council’s housing for the older people portfolio of properties.

You may be aware that recently one of Haumaru’s residents, Bryan McGinty, passed away. There have been some issues raised about the death of Mr McGinty, and in particular whether Mr McGinty received appropriate care, and the time it took for Mr McGinty to be found following his death.

I have asked Haumaru to provide council with a report into the circumstances of Mr McGinty’s death, including information on Haumaru’s resident management processes and care of vulnerable residents. I had asked for that report to be provided by Friday 12 July. However, due to the nature of the report, including HR processes, it was not possible for the report to be completed by the 12th. The report is expected this week. Once I have received it, I will circulate it to you for your consideration.

Regards

Alastair Cameron | Manager
CCO Governance & External Partnerships
Ph 09 977 6600 | Ext (46) 6600 | Mobile 027 475 1080
Auckland Council, Level 25, 135 Albert Street, Auckland
Visit our website: www.aucklandcouncil.govt.nz