I hereby give notice that an ordinary meeting of the Aotea / Great Barrier Local Board will be held on:

**Date:** Tuesday, 25 August 2020  
**Time:** 1.00pm  
**Venue:** This meeting will proceed via Skype for Business. Either a recording or written summary will be uploaded on the Auckland Council website

### Aotea / Great Barrier Local Board

**OPEN ADDENDUM AGENDA**

#### MEMBERSHIP

- **Chairperson**  
  Izzy Fordham  
- **Deputy Chairperson**  
  Luke Coles  
- **Members**  
  Susan Daly  
  Patrick O'Shea  
  Valmaine Toki

(Quorum 3 members)

Guia Nonoy  
Democracy Advisor  

20 August 2020

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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.
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Te take mō te pūrongo

Purpose of the report

1. To seek local board feedback on the report of the independent panel’s review of Auckland Council’s council-controlled organisations (CCO).

Whakarāpopototanga matua

Executive summary

2. The independent panel that was set up to conduct a review of CCOs concluded its review at the end of July 2020 and has now submitted its findings (hereafter Review).

3. The Review is available online at: https://ourauckland.aucklandcouncil.govt.nz/media/35576/cco-review-final.pdf

4. The Review investigated how effective the CCO model is and whether there were any viable alternatives; whether the council has adequate accountability measures and is using them effectively; and the CCO culture.

5. The Review found that the CCO model is the right one and clear benefits are evident but there is room for improvement. It found that the lack of strategic direction to CCOs is a key failing and that the council has available mechanisms to ensure accountability but is not using these effectively. The Review highlighted the need for strategic planning and direction, effective use of accountability mechanisms and increased monitoring of CCO performance. In terms of culture, the Review found little evidence of a group culture and highlighted a need for greater collaboration across CCOs (and with the council), especially when working with and responding to the public.

6. The Review proposes a package of 64 recommendations. One of these recommendations is for a proposed merger of RFA and ATEED.

7. The Governing Body will be considering the Review at its meeting on 27 August 2020 and has had informal discussions in workshops on its findings and recommendations. Local board chairs were invited to attend one of these workshops (19 August 2020).

8. The Governing Body is expected to give some direction and make decisions on the package of recommendations from the Review at its meeting on 27 August.

9. The Governing Body will also be receiving another report at its meeting on 27 August seeking a decision on the proposed merger of RFA and ATEED and outlining an implementation process for that work.

10. Local boards are invited to share their views, if any, on this issue in addition to general views about the Review.

Ngā tūtohunga

Recommendation/s

That the Aotea / Great Barrier Local Board:

a) welcome the findings and recommendations in the review of CCOs by the independent panel

b) welcome the proposal in recommendation 34 on how to address CCO-local board engagement and request that this work be started as soon as possible
c) identify any views and preferences on the recommendation to approve a merger of two CCOs (namely Auckland Tourism, Events and Economic Development and Regional Facilities Auckland Limited)

d) note that local boards will be able to provide input on the other relevant CCO review recommendations as they are further developed for implementation

e) identify views and preferences, if any, on the other findings and recommendations in CCO review.

**Horopaki Context**

11. In late 2019, the Governing Body requested a review of CCOs by an independent panel and directed the panel to focus on three key areas:
   
   - the effectiveness of the CCO model, roles and responsibilities – how effective it is and whether there are viable alternatives
   - the accountability mechanisms between CCOs and the council – are the mechanisms adequate
   - the culture of CCOs – how do CCOs engage with and respond to the council and public concerns?

12. In conducting the review, the independent panel consulted CCOs, local boards, the Independent Māori Statutory Board, key stakeholders and requested public feedback. The panel received 2250 submissions and considered a wide range of written material (e.g. statement of intents, annual reports, local board and Māori engagement plans, council policies and plans). The panel also held workshops with councillors, local board chairs, CCO chief executives and chairs, and iwi as well as drop-in sessions with the public.

**Tātaritanga me ngā tohutohu Analysis and advice**

13. The Review concludes that the CCO model remains the right one for Auckland, as it strongly brings together business discipline, agile decision-making, a streamlined administrative structure, operational efficiencies and specialist skills and expertise that would not be possible if the council assumed direct control of CCO functions. The panel notes that most interviewees agree with this conclusion but also acknowledges that some submitters thought CCOs should be brought in-house.

14. The Review is divided into four parts – introduction, CCO model, CCO accountability and CCO culture. Each part is divided into three parts: the relevant facts and feedback, an assessment of current problems and the proposed improvements.

**Part Two: CCO model**

15. The Review concluded there were sound reasons why Auckland Tourism, Events and Economic Development (ATEED) and Regional Facilities Auckland Limited (RFAL) should remain as CCOs. However, given the similarities in the outcomes and potential duplication in some services, the Review recommends a merger of these entities. (recommendation 1)

16. Key recommendations relating to Auckland Transport (AT) that may be of interest to local boards include a recommendation to jointly prepare the regional land transport plan (recommendation 4) and reviews how AT designs, consults on, funds and implements minor capital works including how it involves local boards in the design of its annual work programme. (recommendation 6)
17. Key recommendations relating to Panuku that may be of interest to local boards are outlined in recommendations 8-14 and includes a recommendation that the council assumes responsibility from Panuku for identifying and deciding which non-service properties to sell (excluding Panuku project location areas (recommendation 11). This recommendation is highlighted because it addresses an area that has been of significant interest to some local boards (for example decisions to classify service properties as non-service).

18. The Review acknowledges the need for a property strategy as well as several other strategies on key issues that CCOs work on – water (specifically a three waters strategy), economic development and stadiums. (recommendation 14 and 15).

19. The panel also concluded that the council should review the way it requires CCOs to monitor and report on risks and risk mitigation measures. (recommendation 19).

Part Three: Accountability

20. The Review also highlighted the absence of strategic direction to CCOs and recommends the council draws up detailed, implementable strategies that give CCOs more strategic direction (recommendation 20) and establishes a strategic planning process to facilitate the necessary conversations between Governing Body and CCOs.

21. The panel also reviewed current accountability mechanisms and concluded that the council has available to it all the mechanisms it needs to hold CCOs accountable – both to the council and to the public. However, the Review concluded that in many instances the council was not using these levers as effectively as it could and in one important instance accountability powers are not used at all – referring to Sec 92 of the Local Government Auckland Council Act (LG(AC)A) which gives the council the power to direct a CCO to act in accordance with a plan or strategy.

22. Some concrete suggestions that address these issues include supporting the use of statement of expectations (recommendation 22), developing templates for statements of intent and a set of common key performance measures (recommendation 23), rewrite the governance manual to focus squarely on expectations of CCOs and removing policies to a separate document (recommendation 29) and exercising the statutory powers under Sec 92 of LG(AC)A if there are any concerns that a CCO is not acting consistently with any strategy (recommendation 33).

CCO/Local board relationship

23. The Review looked at the role of local board plans and local board engagement plans that are developed by CCOs to cement CCO-local board relationships and ensure CCO accountability (pages 60-61) and noted that the engagement plans were not particularly effective as an accountability mechanism. It also noted that there does not appear to be a recognised or consistent process in place so local boards can have a say about how elements of their local board plans can be included in a CCO’s statement of intent.

24. The Review concludes that the CCO-local board relationship is not working as it should and proposes a series of practical suggestions on how this can be reset. These are outlined in recommendation 34 and reads as follows:

Recommendation 34: CCOs and local boards reset how they engage with one another, by means of:

- a workshop to develop a more meaningful way for CCOs and local boards to work together
- the preparation of joint CCO engagement plans for each local board
- more initiative by local boards in integrating their own planning with CCO planning
- liaison between CCOs and local boards at a more senior level so CCOs can quickly remedy local board concerns
• the preparation of joint CCO six-monthly reports for each local board
• the communication of clear, up-to-date information from CCOs to local boards on projects in their area.

25. The Review also outlined some practical recommendations that could improve the experience for local boards:
• development of joint engagement plans for each local board (reducing the number of plans from 105 to 21)
• combined CCO 6-monthly report
• recommend local boards present and share their plans with CCOs – to help improve engagement and to help CCOs understand local board aspirations and identify future work opportunities in the local board area
• liaison between CCO and local boards to be at a more senior level
• make better use of technology so boards and communities have up-to-date information
• CCOs to actively work with local boards at the planning stage of local projects so they can have meaningful input into their design, and also so boards can have a commitment to the projects and publicly support them.

26. The monitoring of CCOs is acknowledged as inadequate and under-resourced and recommends more resourcing towards this.

Community responsiveness

27. The Review also concluded that CCOs are not responsive enough to wider community concerns and recommends some improvements. (recommendation 41-43)

28. Recommendation 42 is for the council to give CCOs direction about what it considers the meaning of “commercial interest and public interest”, and how to balance these objectives.

Part Four: Culture

29. There are various recommendations to address issues that relate to the culture of CCOs. Included in these are recommendations that the CCO board membership should be more ethnically diverse and include more mana whenua appointments.

30. The Review touched on practical issues such as branding, job descriptions, shared services including procurement, reporting to the council on complaints received and various others. The range of recommendations aimed at addressing these issues are contained in recommendations 44-64.

31. The Review highlighted that the public feedback on CCO culture-related issues was not overwhelmingly positive. It is noted that the public unquestionably regards CCOs and the council as not taking sufficient account of their views and recommends that the council and CCOs explore options to give ratepayers a more effective voice in what happens in Auckland.

Tauākī whakaaweawe āhuarangi
Climate impact statement

32. Climate impacts were not considered for this report on procedural matters, however the impact of implementing individual recommendations, if any, will be considered as part of the programme of implementation.
Aotea / Great Barrier Local Board

25 August 2020

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

33. The panel met with representatives of the council group including CCOs during its Review.
34. A joint submission by CCOs to the Review can be found online at: https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/council-controlled-organisations/stakeholderupdates/cco-joint-submission.pdf

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

35. During the review, the panel engaged with local board chairs, holding two workshops and meeting with some chairs individually and collectively following requests by these members to understand their views on the model and how engagement between local boards and CCOs could be improved.
36. Sixteen local boards also provided written submissions to the panel, three local boards reserved the right to provide further comment when the recommendations of the Independent Panel were released and two local boards did not provide feedback due to COVID-19 or other reasons.
37. Local board chairs were invited to the Governing Body workshop on 19 August where the panel presented their findings.
38. Local board views on these findings are not known as local boards have yet to formally consider the Review.

Tauākī whakaaweawe Māori
Māori impact statement

40. The panel found that there are adequate mechanisms to ensure CCOs comply with their obligations to Māori at governance and senior management levels. However, the use of the mechanisms requires attention. The panel received feedback that there is confusion about roles and relationships, lack of clear direction and collaboration. Recommendations 35-40 address their findings in this area.

Ngā ritenga ā-pūtea
Financial implications

41. Implementing the review will have financial implications. Some recommendations will provide cost savings (including merger of ATEE D and RFAL) with more accruing over time.
42. The detail of financial implications will be presented in a report to the Governing Body.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations

43. We have not undertaken a risk assessment for this procedural report. The risks associated with the Review findings and recommendations will be outlined to the Governing Body.
Ngā koringa ā-muri

Next steps

44. Governing Body will receive the report on 27 August and will give direction to staff and the CCO Oversight Committee on the implementation of the Review.

45. An update on the process for establishing an implementation work programme will be provided to the 22 September CCO Oversight Committee.

Ngā tāpirihanga

Attachments

There are no attachments for this report.

Ngā kaihaina

Signatories

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