

I hereby give notice that an ordinary meeting of the CCO Direction and Oversight Committee will be held on:

Date: Tuesday, 11 June 2024
Time: 10.00am
Meeting Room: Room 1, Level 26
Venue: 135 Albert Street
Auckland

**Komiti mō te Whakahaere Tikanga me te Aro ki
te Pae Tawhiti mō ngā Whakahaere ka
Whakahaerehia e te Kaunihera /
Council Controlled Organisation Direction and
Oversight Committee**

OPEN AGENDA

MEMBERSHIP

Chairperson	Cr Shane Henderson	
Deputy Chairperson	Cr Kerrin Leoni	
Members	Cr Josephine Bartley	Cr Daniel Newman, JP
	Houkura Member Ngarimu Blair	Cr Ken Turner
	Cr Angela Dalton	Cr Wayne Walker
	Cr Chris Darby	Cr John Watson
	Houkura Member Hon Tau Henare	Cr Maurice Williamson
	Cr Richard Hills	
Ex-officio	Mayor Wayne Brown	
	Deputy Mayor Desley Simpson, JP	

(Quorum 6 members)

Duncan Glasgow
Kaitohutohu Mana Whakahaere Matua /
Senior Governance Advisor

6 June 2024

Contact Telephone: +64 9 8902656
Email: duncan.glasgow@aucklandcouncil.govt.nz
Website: www.aucklandcouncil.govt.nz

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1 Ngā Tamōtanga | Apologies

2 Te Whakapuaki i te Whai Pānga | Declaration of Interest

3 Te Whakaū i ngā Āmiki | Confirmation of Minutes

Click the meeting date below to access the minutes.

That the Council Controlled Organisation Direction and Oversight Committee:

- a) whakaū / confirm the ordinary minutes of its meeting, held on [Tuesday, 7 May 2024](#), as a true and correct record.

4 Ngā Petihana | Petitions

5 Ngā Kōrero a te Marea | Public Input

6 Ngā Kōrero a te Poari ā-Rohe Pātata | Local Board Input

7 Ngā Pakihi Autaia | Extraordinary Business

Port of Auckland Limited Performance Update

File No.: CP2024/06900

Item 8

Te take mō te pūrongo Purpose of the report

1. To receive an update from Port of Auckland Limited (POAL) on their recent performance in the 2023/2024 financial year and future outlook.

Whakarāpopototanga matua Executive summary

2. CCOs and POAL attendance at CCO Direction and Oversight Committee meetings is being rotated, with attendance by each entity on a rolling basis. This allows more time for in-depth and up to date performance discussion.
3. POAL representatives will be in attendance to present on their recent performance in the 2023/2024 financial year, future outlook and answer any questions.
4. The POAL presentation will be attached to the meeting minutes.

Ngā tūtohunga Recommendation/s

That the Council Controlled Organisation Direction and Oversight Committee:

- a) whiwhi / receive the update from Port of Auckland Limited on recent performance in the 2023/2024 financial year and future outlook.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Chris Levet - Principal Advisor
Authoriser	Alastair Cameron - Manager - CCO Governance & External Partnerships

Manukau Beautification Charitable Trust: request to remove CCO status

File No.: CP2024/06160

Item 9

Te take mō te pūrongo

Purpose of the report

1. To remove council-controlled organisation status from Manukau Beautification Charitable Trust to enable a transition to independent community trust status.

Whakarāpopototanga matua

Executive summary

2. The Manukau Beautification Charitable Trust (MBCT) is a non-substantive council-controlled organisation (CCO) under the Local Government Act 2002 because Council has the power to appoint the board.
3. Established in 2001, MBCT operates as a social business and reinvests back into the South and East Auckland community. MBCT fulfils its charitable status by re-investing surpluses from contracts into community pride initiatives and environmental education.
4. The MBCT Board has requested removal of the trust's CCO status, favouring an independent community trust governance model. This model would reduce the administrative burdens and overheads associated with CCO status.
5. MBCT has been exempted from Statement of Intent requirements. Council's primary accountability mechanism for the Trust has been through their contracts for services which includes non-commercial factors including their positive social outcomes.
6. If the MBCT trust deed is amended so that it is no longer a CCO, the accountability mechanism will continue to be through the contracts for services between council and the Trust.

Ngā tūtohunga

Recommendation/s

That the Council Controlled Organisation Direction and Oversight Committee:

- a) whakaae / approve changes to the Manukau Beautification Charitable Trust deed necessary to remove council-controlled organisation status
- b) whakamihi / thank Manukau Beautification Charitable Trust for their service to Tāmaki Makaurau as a council-controlled organisation.

Horopaki

Context

7. MBCT was established in 2001 by Manukau City Council, with the purpose of 'promoting, supporting, and undertaking programmes and initiatives to beautify Manukau's urban and rural environment'.
8. MBCT is a social enterprise reinvesting back into the South and East Auckland community, and leads beautification projects, community events, zero waste programmes, and environmental education across South and East Auckland.
9. Since 2010, the Trust has been contracted to provide council with graffiti removal within the six most southern local boards of Franklin, Howick, Manurewa, Māngere-Ōtāhuhu, Ōtara-Papatoetoe, and Papakura.

10. MBCT also holds contracts to provide the following services:
 - Graffiti management, weed and rubbish control of the KiwiRail corridor with Auckland Transport
 - Graffiti management of electricity utility boxes for Vector.
11. MBCT fulfils its charitable status by re-investing surpluses from contracts into their community initiatives.
12. The Trust has been exempted from Statement of Intent (SOI) requirements under the *Local Government Act 2002*, meaning that Council's key accountability mechanisms for the Trust are board appointments and accountability through their funding contracts with Council [[CDOCC/2023/46](#)].
13. In February 2024, the MBCT Board unanimously voted to remove their CCO status. This requires specific changes to the Trust Deed removing Council's right to appoint Trustees. In reaching this decision, the Board considered a range of factors including:
 - the reporting requirements placed on CCOs
 - restrictions on securing funding
 - board appointments and approval process
 - community lease of their premises.

Tātaritanga me ngā tohutohu Analysis and advice

14. In October 2020, the CCO Oversight Committee approved the framework for a review of non-substantive CCOs [[CCO/2020/21](#)].
15. The review of non-substantive CCOs aims to identify the most appropriate governance model for each CCO. This includes consideration of whether each entity should become an independent community trust, more closely integrate into council, or remain a CCO.
16. The review includes an assessment of the importance of the following factors:
 - access to special expertise, skills or knowledge, whether of decision-makers (trustees) or staff
 - likelihood of attracting funding from philanthropic sources under each model
 - importance of maintaining links with other council functions or services
 - importance of flexibility and responsiveness to the community
 - the scale of the activity and proportionality of accountability requirements
 - perception of CCO status for funders including Council.
17. Council's primary accountability mechanism for the Trust has been through their contracts for services which includes non-commercial factors including their positive social outcomes.
18. Council's right to appoint and remove board members allows Council to shape the skills and competencies of their governance, but in practice MBCT has identified and recommended candidates for appointment.
19. Council currently has the accountability lever of setting strategic direction for MBCT through an SOI process, but the Trust is exempted from this requirement as is the case with all but one non-substantive CCOs.

Independent community trust (recommended option)

20. The MBCT board support the transition to an independent community trust governance model.
21. Engaging with Local Boards found support for MBCT transitioning to an independent community trust model and departing the Council group.

22. Due to its CCO status, MBCT is considered a public entity requiring audit by the Office of the Auditor-General or its appointee. This creates an administrative burden which is not seen as proportionate to the scale of the entity.
23. Existing accountability mechanisms for MBCT are primarily in the terms of their contracts with Council, including the performance measures, and reporting requirements. There would be no reduction in accountability for this funding from removal of CCO status.
24. Staff consider that this option will best serve the Trust to fulfil their charitable purpose and strategic plan. The accountability measures associated with the contractual funding for the Trust means that the Council retains a similar level of oversight to the status quo under this option.
25. The charitable purpose and overall activities of the Trust and overall activities for the wider benefit of the Manukau area does not change under this proposal.

Remaining as a CCO (status quo)

26. Council would continue to appoint the MBCT Board. This acts as an accountability mechanism over the Trust's direction. However, this is complicated by the Trust Deed which states Trustees must act within interest of the Trust and independently from direction of Council.
27. Council would retain the option to set strategic direction through the statement of intent. This is currently not exercised, with the Trust exempted from preparing a statement of intent until September 2025 [[CDOCC/2023/46](#)].
28. At present, Council's main accountability mechanism is via a contract for services. This agreement sets out the performance targets for the Trust, rather than setting targets a statement of intent.
29. Compared to the recommended option, the retention of the CCO model's key difference is the additional overhead burdens that are caused by CCO status.

Integration to Council

30. Integration to Council was considered unfeasible due to the speciality of activity carried out by MBCT. There is no alignment between the services contracted by Council and any existing team within Council.
31. In the case of these activities being brought in-house, South and East Auckland would lose the positive social outcomes and charitable reinvestment delivered by MBCT.

Tauākī whakaaweawe āhuarangi Climate impact statement

32. Amendments to the Trust Deed and changed governance relationships do not have an impact on emissions or adaptation to climate change.

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

33. The Area Operations unit within the Parks & Community Facilities Department manages Council's contract with MBCT. Discussions with Area Operations raised no concerns to removal of CCO status and a transition to independence.
34. Area Operations confirmed that removal of CCO status would not impact future procurement decisions relating to future contracts for services. CCO status is not considered as a factor during procurement processes, however their charitable activities as a social enterprise are considered.
35. MBCT lease premises from Council at 38 Holmes Road Manurewa. The proposed changes to governance relationships will not impact on this lease.

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

36. The Franklin, Howick, Manurewa, Māngere-Ōtāhuhu, Ōtara-Papatoetoe, and Papakura Local Boards were consulted on the request to remove CCO status from MBCT. A memo was provided that discussed the request and offered staff to provide further information.
37. The Howick Local Board sought further information and staff attended a workshop on 14 March 2024 to discuss the request proposal and clarify any impacts on service delivery.
38. No concerns were identified during engagement with Local Boards.

Tauākī whakaaweawe Māori Māori impact statement

39. Under the proposal, MBCT will continue operating as a social enterprise reinvesting surpluses into the South and East Auckland community, with a focus on Māori identity and wellbeing. Their focus on Māori identity and wellbeing will continue to be monitored in their contracts with Council.
40. MBCT's *Strategy 2024* document includes a focus on supporting local iwi and hapū as tangata whenua and the important role they play in protecting and restoring the environment.

Ngā ritenga ā-pūtea Financial implications

41. There are no financial implications arising from the proposed exemption in this report and there will be no change to existing contractual arrangements between MBCT and Council.

Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

42. There is a governance risk associated with the removal of Council's right to appoint their board and retaining accountability for the Trust's direction. This is tempered by the accountability processes set in contracts with Council, and their requirements as a charitable trust and charity to carry out their purpose as set in their deed.
43. Across the six most southern Local Boards, they will continue to hold strong relationships with the Trust alongside the monitoring of their contracts with Council.

Ngā koringa ā-muri Next steps

44. Manager, CCO Governance & External Partnerships will notify the Trust of the committee's decision.
45. MBCT will work with Council to make the required changes to the Trust Deed.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Alexander Croft - Senior Advisor
Authoriser	Alastair Cameron - Manager - CCO Governance & External Partnerships

Lead Councillor CCO updates

File No.: CP2024/06894

Item 10

Te take mō te pūrongo

Purpose of the report

1. To whakaae / accept update reports from Lead Councillors about their activity in maintaining liaison with their assigned Council Controlled Organisations (CCOs) and the Port of Auckland Limited.

Whakarāpopototanga matua

Executive summary

2. On 17 November 2022, the Governing Body approved the purpose and responsibilities of the Lead Councillor CCO role, as included in the Terms of Reference.
3. The purpose of the Lead Councillor CCO role is to assist the Governing Body to exercise effective direction and oversight of the substantive CCOs and the Port of Auckland Limited.
4. Lead Councillors do not have a formal board role, and do not get involved in management decisions.
5. Key responsibilities of the Lead Councillor CCO includes:
 - Attending open sessions of each CCO Board meeting and, at the discretion of the CCO Board Chair, closed sessions and committees. Confidential material is at the discretion of the CCO Board Chair, but CCO will be expected to provide sufficient information to enable Lead Councillors to exercise their functions.
 - Supporting the mayor and governing body by leading policy discussions that concern each CCO, including discussion in relation to the exercise of the council's direction and accountability powers.
 - Reporting on their activity with the CCO quarterly to the appropriate committee.
 - Attending mayoral meetings with CCO Board chairs.
 - Meeting with the mayor to discuss how the roles are operating and can be improved.
 - Creating and supporting good working relationships with CCOs, improving the exchange of information and perspectives.
 - Improving understanding of the expectations and perspectives of the council and community by CCOs.
 - Supporting greater understanding of the activities and expertise of CCOs by councillors and the council.
6. At the 27 July 2023 meeting of the Governing Body, the committee structure was reviewed and alterations made ([GB/2023/131](#)). Following that review, the Lead Councillor roles have been allocated as follows:
 - Tātaki Auckland Unlimited: Deputy Mayor Desley Simpson
 - Eke Panuku Development Auckland: Councillor Angela Dalton
 - Watercare: Councillor Ken Turner
 - Ports of Auckland Limited: Councillor Chris Darby.

Ngā tūtohunga Recommendation/s

That the Council Controlled Organisation Direction and Oversight Committee:

- a) whiwhi / receive the verbal updates from the Lead Councillors.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Duncan Glasgow - Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor
Authoriser	Alastair Cameron - Manager - CCO Governance & External Partnerships

Summary of Council Controlled Organisation Direction and Oversight Committee information memoranda and briefings (including the forward work programme) – 11 June 2024

File No.: CP2024/06765

Item 11

Te take mō te pūrongo

Purpose of the report

1. To tuhi ā-taipitopito / note the progress on the Council Controlled Organisation Direction and Oversight Committee forward work programme appended as Attachment A.
2. To whiwhi / receive a summary and provide a public record of memoranda or briefing papers that have been distributed to the Council Controlled Organisation Direction and Oversight Committee.

Whakarāpopototanga matua

Executive summary

3. This is a regular information-only report which aims to provide greater visibility of information circulated to Council Controlled Organisation Direction and Oversight Committee members via memoranda/briefings or other means, where no decisions are required.
4. The following workshops have taken place:

Date	Subject
22/5/2024	Joint Workshop: Transport and Infrastructure / CCO Direction and Oversight Committees - Shareholder feedback on Substantive CCOs Draft Statements of Intent 2024-2027

5. There were no information items distributed.
6. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Committee members should direct any questions to the relevant staff.

Ngā tūtohunga

Recommendation/s

That the Council Controlled Organisation Direction and Oversight Committee:

- a) tuhi ā-taipitopito / note the progress on the forward work programme appended as Attachment A of the agenda report
- b) whiwhi / receive the Summary of Council Controlled Organisation Direction and Oversight Committee information memoranda and briefings – 11 June 2024.

Item 11

Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Forward Work Programme	
B⇒	Joint Workshop: Transport and Infrastructure / CCO Direction and Oversight Committees - Shareholder feedback on Substantive CCOs Draft Statements of Intent 2024-2027	

Ngā kaihaina Signatories

Author	Duncan Glasgow - Kaitohutohu Mana Whakahaere Matua / Senior Governance Advisor
Authoriser	Alastair Cameron - Manager - CCO Governance & External Partnerships

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the **Council Controlled Organisation Direction and Oversight Committee**

- a) whakaae / agree to 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: Referred from the Audit and Risk Committee - Council-Controlled Organisations' Quarterly Risk Update - May 2024**

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
<p>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.</p>	<p>s7(2)(c)(i) - The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>In particular, the report contains risk reporting and detailed top risks confidential to the substantive council-controlled organisations' boards or Audit and Risk Committees. The substantive council-controlled organisations have provided their risk reports for council's Audit and Risk Committee subject to confidentiality.</p>	<p>s48(1)(a)</p> <p>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.</p>