

**Date:** Thursday 27 February 2025  
**Time:** 10.00am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
 301-305 Queen Street  
 Auckland

## Tira Hautū / 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.





## Memorandum

9 December 2024

**To:** Governing Body  
**Subject:** Note on CCO reform implementation  
**From:** Phil Wilson, Chief Executive

### Purpose

1. To outline the proposed approach to implementing Council-Controlled Organisation (CCO) reforms, if they are adopted by the Governing Body on 12 December.
2. This memo does not contain advice on CCO reform. Staff advice on reform options is available on the public agenda of the Budget Committee meeting for 4 December.
3. The **attached** PowerPoint pack contains more information about the proposed implementation approach and framework.

### Summary

4. The mayor has proposed CCO reforms for consideration by the Governing Body. The government has also announced legislative change to transport governance in Auckland.
5. Staff have developed a high-level framework to guide implementation of these reforms if they are approved, which covers:
  - Structural integration – of functions transferred to council from Eke Panuku and Tātaki Auckland Unlimited
  - Non-structural improvements to strengthen CCO model
  - Transport reform
  - Group Shared Services implementation.
6. Council would take a principled and purpose-led approach that prioritises:
  - Realising the objectives and benefits of reform for Aucklanders
  - Acting in good faith and treating staff well
  - Collaboration with CCOs, staff and other important stakeholders
  - Moving quickly and carefully to provide certainty and maintain continuity of services
  - Retaining what is working well about existing models.
7. The Governing Body is assured that council has the capacity, capability and readiness to implement the proposed reforms. This is supported by previous successful organisational change of similar or larger scale.
8. The reform programme would be appropriately resourced using existing budgets. It would be overseen by a Transition Director and Steering Group reporting to the Chief Executive and draw on internal and external subject-matter expertise. There are several risks associated with reform, which will be managed formally through the programme.
9. The Governing Body will receive monthly reporting on implementation and have ongoing oversight of the realisation of the reform objectives.

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## Context

10. The Governing Body will consider the Mayor's Proposal on CCO reform on 12 December.
11. Staff advice on reform options is available on the public agenda of the Budget Committee meeting for 4 December. This includes an *Indicative Implementation Pathway* (Appendix H).
12. Several councillors have requested further information about how the organisation would approach implementation of the proposed reforms.
13. A confidential workshop was held on 27 November to discuss the proposed implementation approach. This memo and the **attached** PowerPoint pack provide further information.

## Timeframes

14. The different parts of the proposed reforms will work to different timeframes:
  - Structural integration (Eke Panuku and Tātaki Auckland Unlimited's economic development function) and non-structural improvements – proposed implementation by 1 July 2025
  - Transport reform – is subject to Parliament's legislative process, which is signalled to conclude by end of 2025 and include a transition period. A phased approach may be possible where some changes are implemented in advance of legislative change
  - Implementation of Group Shared Services (GSS) – currently subject to the business case process and decisions of the GSS Board. The Budget Committee has provided direction about the progress required by 1 July 2025, however implementation is likely to continue beyond this date.
15. An overarching programme will be established for this work, so dependencies can be managed while individual parts of the reforms can still be progressed separately as appropriate. Further information about reform timeframes and phasing is included in the attached framework.

## Limits to how much detail can be provided at this point

16. There are limits to how much detail can be provided at this stage regarding how change would be implemented, e.g. the specifics of organisational design. There are good reasons for these limits, and it is important that informed decisions are made at right time.
17. Premature detailed design of implementation and structures would have several challenges:
  - It could risk rework and disruption – staff would need to undertake significant work and speculate on multiple scenarios before the mayor had made a final proposal or the Governing Body had decided on any change, and this would prolong uncertainty and cause disruption.
  - Be inconsistent with legal obligations to staff – council has obligations for early engagement and consultation in relation to change. Council must comply with these obligations in deciding the future structure and cannot commit to a structure before that.
  - Compromise good-faith collaboration – integration should be informed by in-depth collaboration with CCOs, staff, experts and other stakeholders. Good practice for significant change is to enable flexibility in crafting the best solutions and not prematurely reduce options.
  - Cause us to act before setting strategic objectives for change – which are critical to successful integration. The Governing Body will then have ongoing oversight of the achievement of the objectives and receive regular reports on implementation.
18. The Governing Body is advised that it has sufficient information to make principle-based decisions on CCO reform and that it can appropriately discharge its governance



responsibilities in doing so. Information available includes the staff advice on the advantages and disadvantages of reform options, as well as previous independent reviews

### Management and governance responsibilities

19. The Governing Body will decide on the extent and nature of CCO reform, including what functions should be provided via a CCO model and the strategic objectives / drivers of change. These decisions are supported by staff advice.
20. It is the Chief Executive's responsibility to implement the Governing Body's decisions in accordance with its strategic objectives, including determining the operating model that will ensure the most effective and efficient delivery of council's functions.
21. CCO Boards and Chief Executives are responsible for making internal changes to the CCOs as result of reform and will work collaboratively with council in doing so.
22. As noted above, the Governing Body will have ongoing oversight of implementation of reforms and benefit realisation, including monthly reporting. The Governing Body will also make decisions, supported by staff advice and with input from and Local Boards, on:
  - allocation of decision-making responsibilities between the Governing Body and Local Boards
  - delegations to the Chief Executive
  - establishment of new governance or advisory structures, such as advisory boards or committees (recognising that elements may be directed by legislation, such as in the case of transport).
23. Decide on some specific changes to strengthen the CCO model, such as the appointment policy (may be decided by relevant committee).
24. Local Boards will make decisions about local delegations and governance structures.

### Implementation approach

25. Staff have developed a high-level framework to guide implementation of CCO reforms if they are approved and subject to further engagement with staff.
26. The **attached** PowerPoint pack contains information about the proposed framework, which includes:
  - Reform objectives (articulated in the proposal and direction-setting document).
  - Principles that guide reform, including:
    - Operating model principles – which guide the design of the future state
    - Transition principles – which guide how we go about transitioning to the future state.
  - High-level work programme, timeline, resources, and programme structure.
  - Specific options and other considerations for parts of the reform.
27. This memo does not summarise the framework but does note key points.

### Principled and purpose-led change

28. Council would take a principled and purpose-led approach to implementing change, that prioritises:
  - Realising the objectives and benefits of reform for Aucklanders
  - Acting in good faith and treating staff well



- Collaboration with CCOs, staff and other important stakeholders
  - Moving quickly and carefully to provide certainty and maintain continuity of services
  - 29. Retaining what is working well with existing models.
30. Objectives of the proposed reform include realising the benefits of greater alignment/integration, reducing duplication, and clarifying roles and priorities.

#### Programme structure

31. Council proposes to manage CCO Reform as an integrated programme covering four workstreams:
- Structural integration (Eke Panuku and Tātaki Auckland Unlimited's economic development function)
  - Non-structural improvements to strengthen CCO model
  - Transport reform
  - Group Shared Services implementation.
32. The programme would be resourced within council. The programme would be sponsored by the Chief Executive. It would have a Steering Group and Transition Director, who will be supported by a programme management team. Each workstream will have a sponsor, and a lead driving a scope of work.
33. The programme would include experts from the CCOs in the workstreams and programme governance, including CCO Chief Executives and Chief People Leaders. It will also be able to draw on external expertise where appropriate. The programme will include specific resources dedicated to Māori outcomes.
34. Given the above, the council has the capacity, capability and readiness to successfully implement the proposed reforms. This is supported by past success in organisational change on a similar or larger scale.
35. Further putting the proposed structural integration into context is useful. While it is significant, the proposed structural integration (relating to Eke Panuku and Tātaki Auckland Unlimited) involves less than 5% of the council group's total workforce, and the council and to a degree the affected CCOs themselves are experienced in managing change processes of this scale.

#### Workstream 1 – Structural integration (Eke Panuku & Tātaki Auckland Unlimited functions)

36. This workstream transfers functions from Eke Panuku and Tātaki Auckland Unlimited to Auckland Council. The functions proposed to be transferred are urban regeneration, economic development, property management, and marina management.
37. This workstream will consider:
- Organisational design – how functions structurally fit into the council organisation, including options such as creating new departments or stand-alone business units. It is expected that most CCO staff would be mapped into the same or substantially similar roles in the new structure.
  - Transition and Day 1 planning – ensuring service continuity on Day 1 and positive induction and employee experiences.
  - Governance – allocation of decision-making responsibilities and delegations, and any new governance or advisory structures required.



38. A focus will be realising the objectives of integration, while retaining what works well and avoiding disruption to services.
39. It is understood the objectives of integrating these functions into council include strengthening council's capability to integrate planning and delivery in a place-based way, particularly around strategic growth opportunities. Reform would seek to realise benefits of bringing specialised delivery expertise that currently sits with CCOs (or sits between both council and CCOs) into council.
40. The attached framework includes some specific ideas or options that will be considered, which draw on international models that were considered in the staff advice (see Appendix D of the advice). These include by way of illustration:
  - A specialised stand-alone unit or agency (e.g. an "Auckland Development Office") that may combine urban regeneration, economic development, and major place-based projects (such as City Centre and Drury). A dedicated office integrating these functions could assist council in realising the opportunities of growth and assist with retaining specialist skills.
  - Local project governance or steering committees for approved urban regeneration initiatives that could draw on local expertise and passion, and enable appropriate long-term oversight of projects.
  - Expert Advisory Board(s) that can draw on expert and independent advice on property and regeneration activities and provide advice to council when considering planning projects that enhance growth.
  - Grouping of similar functions where there could be synergies, for example for economic development this might include local economic development brokers, Community and Social Innovation, and Business Improvement Districts.

#### Workstream 2 – Strengthening the CCO Model

41. This workstream is about implementing non-structural improvements to the CCO model, where that model is retained. This includes improving the quality and clarity of strategic and policy direction.
42. The workstream would build on the implementation of the 2020 CCO Review, but the intent would be to establish stronger mechanisms for ensuring benefits of changes are realised and monitored. Advice will be provided to Governing Body or relevant committees in phases, including on changes to appointments policy, further refinement of SOIs and our approach to fill gaps in policy direction.

#### Workstream 3 – Transport Reform

43. On 3 December 2024, the government announced its intent to progress legislative change that would significantly reform the governance of Auckland's transport system. It signalled that this legislation could pass by the end of 2025 and include a transition period.
44. Given the significance of these changes, work should commence now on how the changes will be implemented and this will be included as part of a the broader CCO reform programme.
45. Staff will provide advice and seek direction on the reforms throughout next year, which will cover:
  - principles to guide council's approach to transport reform and legislation change;
  - detailed options analysis for transport functions and the future operating model for transport, in line with the intent of reforms;



- a potential phased approach to future decision-making and implementation, which may enable some decisions to be taken prior to legislation being enacted.

**Workstream 4 – Implementation of Group Shared Services**

46. The GSS model has been formally established to deliver services to all five entities in the Auckland Council Group. Legally it operates as part of Auckland Council, but is functionally separate, with specific governance arrangements in place.
47. GSS is governed by the GSS Board of the Group Chief Executives and an independent chair. Individual functions are shifted into the GSS model subject to the completion of business cases and work is underway to progress these.
48. On 4 December 2024 the Budget Committee resolved on principles to apply to accelerating the implementation of GSS, and asked the Chief Executive report back. This workstream is primarily implemented through the GSS Board.

**Māori Outcomes**

49. Under any revised model for delivering CCO functions, the council group will continue to be committed to the Treaty and to Māori outcomes. The implementation of CCO reform will identify opportunities to improve the group’s approach to Māori outcomes and making sure the right specialist knowledge is retained in the right places. As we consider operating models and ways of working we will focus on:
  - Enhancing relationships with Māori through the integration of functions at the council (such as providing more holistic place-based engagement).
  - Embedding Māori outcomes into strategy, policy and plan making as we strengthen council strategy and policy capability and provide strategic and policy direction in key areas where there are gaps.
  - Leveraging Māori specialist knowledge and capacity currently at the delivered by the CCOs for the benefit of related functions at Auckland Council, while making sure the right specialist knowledge is retained in the right places.
  - Service continuity for programmes that advance outcomes or create opportunities for Māori and opportunities to connect these programmes to other mahi across the council.

**Risks**

50. There are risks associated with any change process. The organisation is familiar with identifying, mitigating and managing residual risks associated with reform programmes.
51. The implementation programme will identify and manage risks formally with a dedicated programme team and risk register.
52. In general sense, risks will be mitigated through clarity of purpose and decisions, strong leadership and communication, high levels of collaboration and appropriate resourcing for the dedicated programme team. Risks are also reduced by moving quickly and carefully to create clarity for staff and identify integration opportunities.
53. Key risks and controls are identified at a high level in the table below.

Risk	Controls and Mitigation	Risk rating (after controls)
<b>Lack of capacity and capability to deliver change</b>	<ul style="list-style-type: none"> <li>• Clear objectives and decisions from Governing Body.</li> <li>• Reprioritise work to focus on supporting CCO structural change.</li> </ul>	Low





	<ul style="list-style-type: none"> <li>• Appointment of an experienced Transition Director and Steering Group, and a focused programme team with appropriate systems.</li> <li>• Collaborative approach that draws on expertise and engagement from the Group</li> <li>• GSS People Services currently provide structural change support to AC, TAU, and EP, maintaining strong and collaborative relationships with these teams.</li> <li>• GSS People Services are also experienced in delivering this scale of people change and have robust process in place.</li> </ul>	
<b>Talent will leave the organisations</b>	<ul style="list-style-type: none"> <li>• Quick and careful decisions to create certainty as soon as possible.</li> <li>• Strong communications which articulate the opportunities the change provides for Aucklanders and staff – including identifying quick opportunities that demonstrate benefits of integration</li> <li>• The job market is currently facing rising unemployment, with projections indicating further increases in 2025. Recruitment for available positions remains competitive, a trend expected to persist through 2025.</li> <li>• Moving the function rather than reducing functions will reduce motivation to leave.</li> <li>• Consider structural options that will be attractive and empowering for talented staff.</li> </ul>	Low – in recent change programmes a very small number of people have left the organisation
<b>Auckland Council will not provide the optimal culture for the functions moving into AC</b>	<ul style="list-style-type: none"> <li>• AC fosters a strong and inclusive culture that incoming teams are likely already familiar with. Senior leaders across the group are well equipped to lead in this space</li> <li>• Consider structural options that will enable retention of unique team cultures where considered appropriate</li> <li>• Change management process to include transition activities and shared ways of working for newly merged teams.</li> </ul>	Medium / Low
<b>Staff will become disengaged and distracted by the change which will impact negatively on service and project delivery</b>	<ul style="list-style-type: none"> <li>• Quick and careful implementation to create certainty as soon as possible</li> <li>• Early engagement with PSA and teams on the opportunities and risks</li> <li>• Inclusive programme team (drawn from across different entities) and strong communication approach.</li> </ul>	Medium



<p><b>Loss of governance expertise</b> <b>Difficulty supporting new responsibilities for Governing Body and Local Board</b></p>	<ul style="list-style-type: none"> <li>• Consider structural options that will retain external expertise where appropriate (such as advisory board)</li> <li>• Make sensible decisions about allocation of decision-making and delegations, including appropriate governance oversight</li> <li>• Strengthen governance capability, particularly in advising local boards in new responsibilities (which is already part of work program).</li> </ul>	<p>Medium / Low</p>
<p><b>Negative impacts to programmes delivering Māori outcomes or to council-Māori relationships because work is disrupted and/or CCO-specific engagement approaches are changed</b></p>	<ul style="list-style-type: none"> <li>• Specialised Māori Outcomes resource in the transition programme</li> <li>• Seek to embed Māori specialist knowledge into council-delivered functions, and retain specialist knowledge close to delivery functions in CCOs where appropriate</li> <li>• Identify and preserve where appropriate existing processes and approaches agreed with Māori as part of transition programme.</li> </ul>	<p>Low</p>

**Next steps**

- Governing Body make decisions on CCO reform on 12 December 2024.

**Attachments**

**Presentation: Proposed High-level CCO Reform Implementation Framework.**



# CCO Reform Proposed High-level CCO Reform Implementation Framework

Attachment to memo from the CE  
9 December 2024

## Context

This **implementation framework** contains high-level information about how council would implement CCO reforms, if they are adopted by the Governing Body on 12 December 2023.

This PowerPoint deck is designed to be read together with an accompanying memo from the CE. Its purpose is to outline the council's proposed approach should the Governing Body adopt the mayor's proposed Council-Controlled Organisation (CCO) reforms.

It does not provide advice on the merits of CCO reform or options. Staff advice CCO reform options has been provided on the public agenda of the 4 December Budget Committee meeting.

**CCO reform represents an opportunity to improve the CCO model and to use non-structural and structural change to strengthen Auckland Council's ability to achieve its plans and vision**

Successful reform requires clarity of purpose and objectives, to guide downstream decisions and a commitment to collaboration with CCOs, staff and stakeholders.

Affected staff will be thoughtfully engaged in any changes. Kaimahi closest to the work have the most to contribute to decisions related to their work.

# Progressing CCO Reform

\*indicative



# CCO Reform Implementation Framework



Principles

# Enabling a successful future state

## Principles of successful systems improvement

- **Clear objectives of change:** strategy based on value drivers.
- **Focused on Auckland:** prioritise changes that deliver outcomes for Aucklanders
- **Unified local public sector:** deep service-orientated culture, leverage size and scope of Auckland Council Group
- **Clarify priorities and roles**

## Operating model principles

*how we design the future state*

- **Strengthen the CCO model** by clarifying role and focus on narrower range of service delivery functions; improving quality and clarity of strategic and policy direction
- **Find synergies:** Group similar functions and staff
- **Strategic alignment** of planning and delivery to direction
- **Integration** of planning and/or delivery across functions to **strengthen council's place-based delivery**, especially to support growth (building up Auckland Council capacity in key areas)
- **Enhanced local advice and decision making** through place-based ways of working
- **Clear decision-making and governance structures** enabling democratic accountability, strong internal governance and appropriate delegations
- **Reduce duplication** and look for opportunities to leverage GSS
- **Increase service-delivery effectiveness**

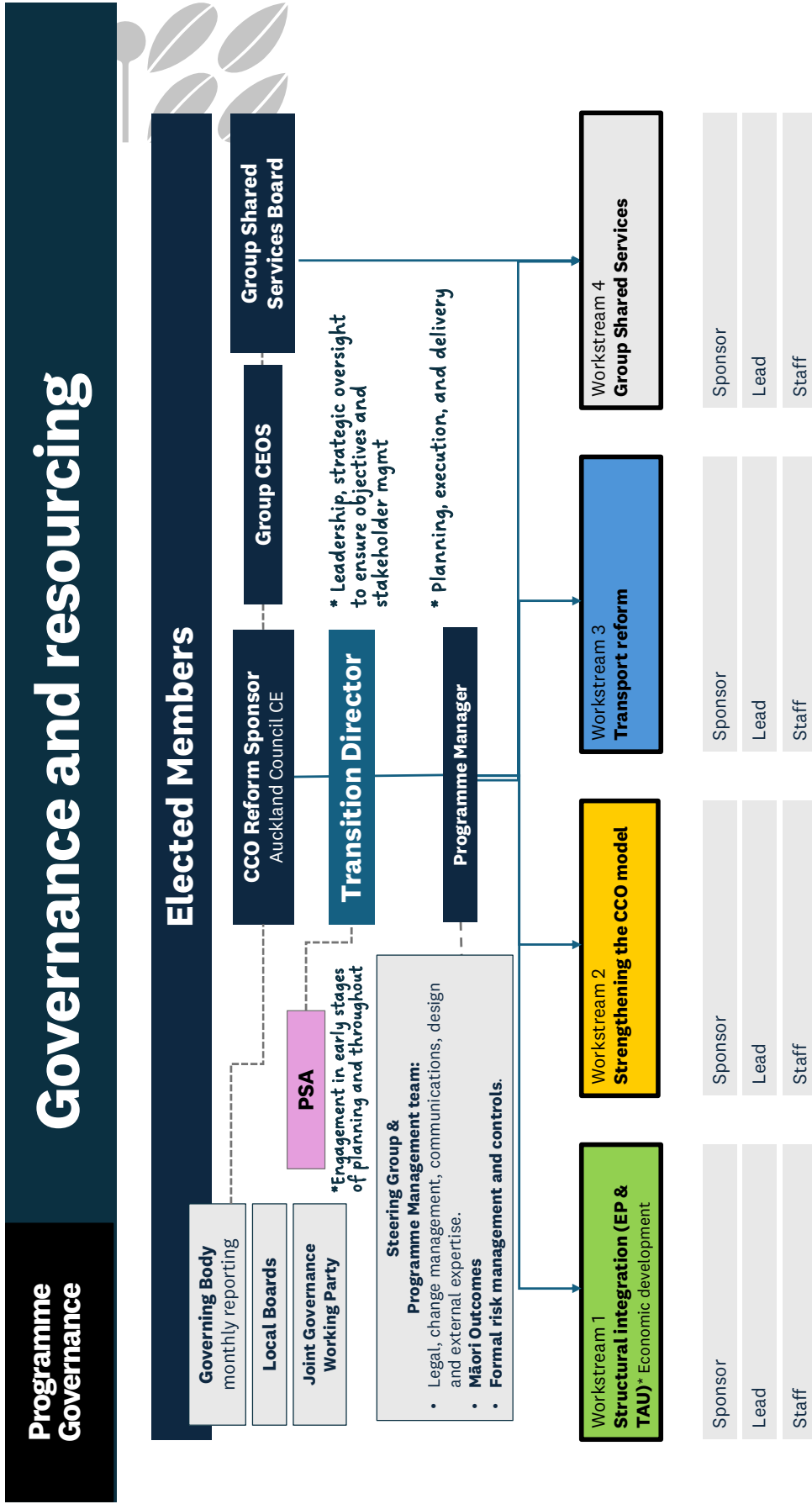
## Governance Oversight

## Transition principles

*how we go about the transition to the future state*

- **Do right by our people and communicate well:** early, open information and value our people and prioritise certainty
- **Quickly and carefully:** delivering well at pace achieves benefits sooner, drawn-out integration will undermine benefits, distract from working on what matters and risks service continuity
- **Early and ongoing collaboration:** with CCO Boards and Staff and PSA (and specific to functions): transparency of important information as well as regular and routine information sharing.
- **Service continuity:** ensure continuity of service levels for public and partners and impact on projects in-flight
- **Culture:** welcoming onboarding, standardised role descriptions and bands
- **Strong project governance:** Manage as a project, manage to day one, clear responsibilities and accountabilitys, seek external expertise where appropriate
- **Clear decision-making responsibilities**

## Management Design

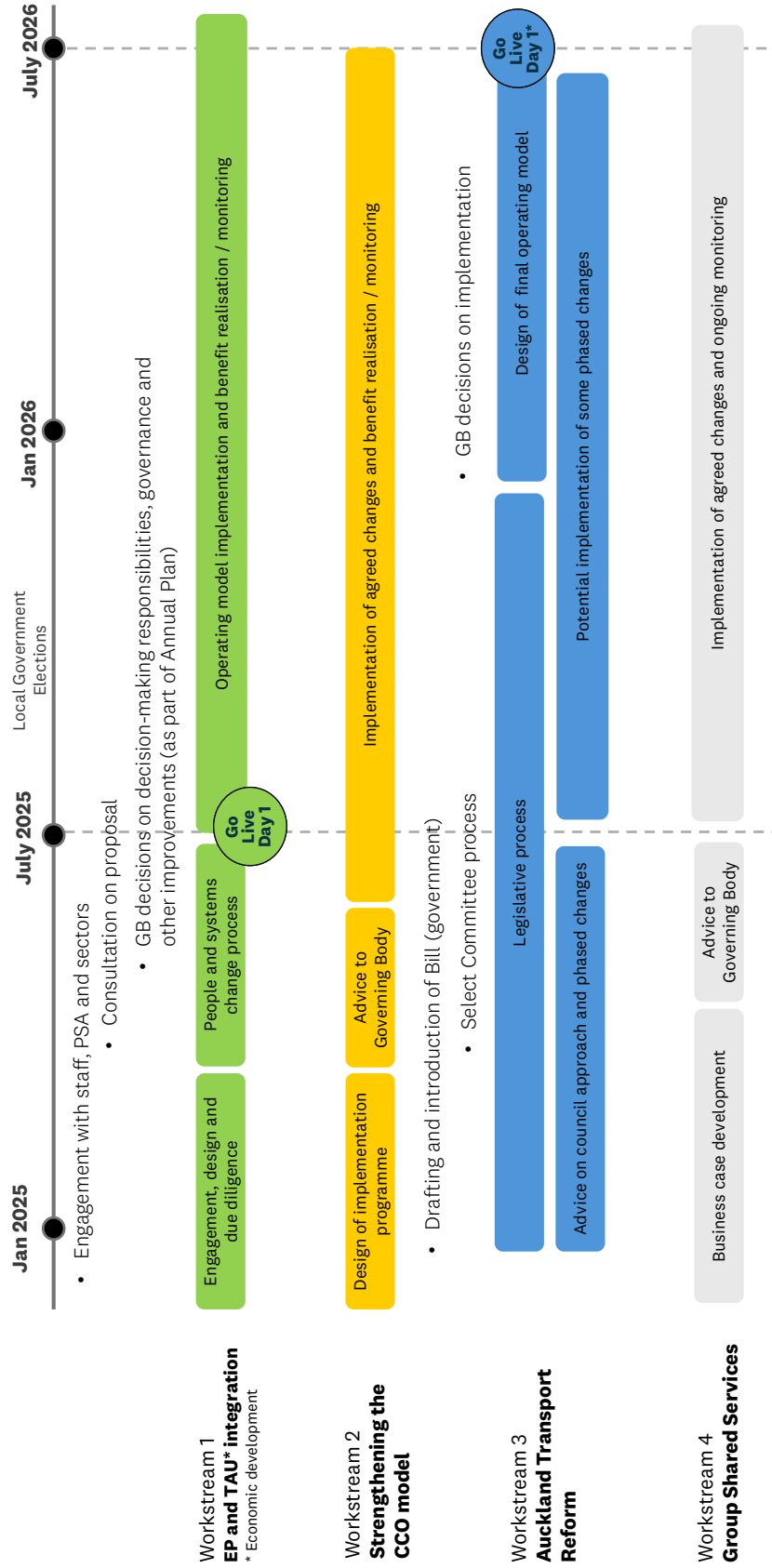




## Programme Governance

# Highly indicative timeline

\* council will seek to move quicker where possible however elements of this timeline are outside council's control



**Programme  
Governance****Māori outcomes**

Each CCO is committed to its Treaty-based obligations, and to delivering outcomes for Māori and supporting their aspirations, as articulated in their individual Achieving Māori Outcomes plans.

Under any new or revised model for delivering CCO functions, the council group will continue to be committed to the Treaty and to Māori outcomes.

The programme will include specific resources dedicated to Māori outcomes.

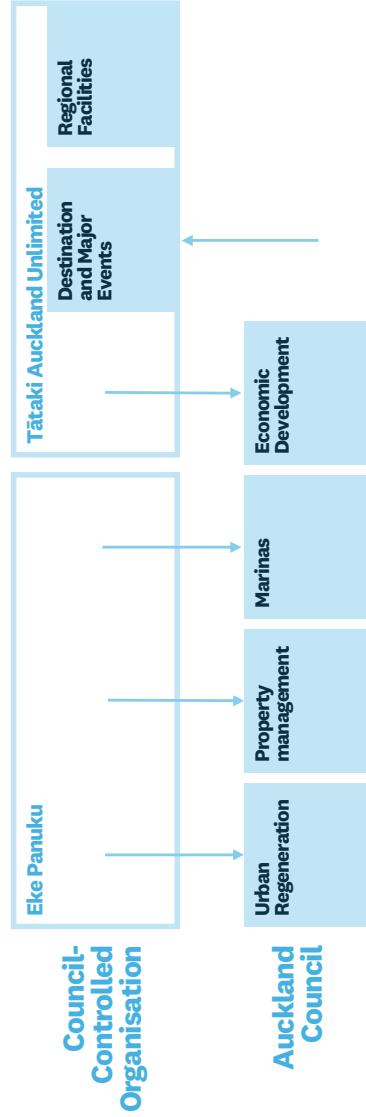
**There are opportunities to strengthen the council group's delivery of outcomes for and with Māori.**

As we consider operating models and ways of working we will focus on:

- Enhancing relationships with Māori through the integration of functions at the council (such as providing more holistic place-based engagement).
- Embedding Māori outcomes into strategy, policy and plan making as we strengthen council strategy and policy capability and provide strategic and policy direction in key areas where there are gaps.
- Leveraging Māori specialist knowledge and capacity currently at the delivered by the CCOs for the benefit of related functions at Auckland Council.
- Service continuity for programmes that advance outcomes or create opportunities for Māori and opportunities to connect these programmes to other mahi across the council.

Workstream 1  
Structural integration

Mayoral Proposal – Structural



\* In each case, council has existing related functions, such as property management.

\* These functions represent about 2% of the council group workforce, but are significant and require specialist expertise and oversight.

Workstream 1  
Structural integration

# Operating model considerations incl.

## Decision making and governance

- Regional/local decisions, and allocation of responsibilities
- Advisory Boards or other ways to enable external expertise
- CE delegations

## Organisation structure

- New department
- 'Lift and shift' into existing department
- Stand-alone business units or internal agencies
- Integrate staff into existing units
- 'Hub' approaches such as sub-regional spatial groups or centres of excellence , virtual teams
- Opportunities for shared services
- Ensuring good systems for Māori Outcomes

## Enablers

- Relationships with partners and stakeholders
- People, culture, risk processes
- Technologies and tools
- Planning, Monitoring, Reporting
- Location / properties
- Brand and identity

*\* We will consider international models across these three categories. Note that Appendix D of the staff advice includes international examples of the governance of functions in scope of CCO reform, including urban regeneration and property management*

Workstream 1  
Structural integration

Indicative timeline - people change

\* Given the importance of pace - council will seek to implement changes quicker if possible and consistent with intent for robust engagement

