

Our key policies and other information: CCO Accountability Policy



3.8 Overview of Auckland Council's CCOs

A council-controlled organisation (CCO) is a company or organisation in which the council controls 50 per cent or more of the votes or the right to appoint 50 per cent or more of the directors or trustees.

The council uses CCOs to apply commercial disciplines and specialist expertise in the management of key regional council assets and efficient service delivery.

CCOs are accountable to the council, which agrees the objectives and targets for each CCO and also monitors their performance. The council, in turn, is accountable to ratepayers and residents for the performance of the CCOs. The council is required to have a policy on the accountability of its substantive CCOs. The policy establishes the council's enduring expectations for each CCO. The council's CCO Accountability Policy can be found as Section 3.9 of this document.

To find out more about each of the CCOs, refer to their Statements of Intent, which can be found on the council's website, following this path from the website home page:

Plans, policies, bylaws, reports and projects > Our annual reports > Statements of intent and reports of council-controlled organisations (CCOs)

The substantive CCOs

A substantive CCO¹ is either responsible for the delivery of a significant service or activity on behalf of the council or owns or manages assets with a value of more than \$10 million.

The council's substantive CCOs are:

- **Auckland Transport (AT)** – responsible for managing the region's transport system. AT provides Auckland's transport requirements (except state highways and Auckland motorways) which include roads, footpaths, cycleways, the public transport network and parking and enforcement.
- **Auckland Unlimited** – responsible for enriching cultural and economic life in Tāmaki Makaurau by creating and sharing experiences and opportunities. Auckland Unlimited aims to drive investment and support Auckland businesses to innovate and thrive, enhance Auckland as a culturally vibrant city, provide experiences and opportunities for all, and tell the Auckland story to Aucklanders, New Zealanders and the international community. It manages major regional facilities and landmark venues across the region, including: ANZ Viaduct Events Centre, Aotea Centre, Auckland Art Gallery Toi o Tāmaki, Auckland Town Hall, Auckland Zoo, Bruce Mason Centre, The Civic, Mt Smart Stadium, North Harbour Stadium, Western Springs Stadium and the New Zealand Maritime Museum.
- **Panuku Development Auckland (Eke Panuku)** – partners with the development sector, iwi and central government to facilitate redevelopment of selected areas across Auckland to promote quality built environments and residential and commercial growth. Eke Panuku will actively review the council group property portfolio for sites that are surplus to service requirements, require renewal or are underutilised and make land available for redevelopment. Eke Panuku will continue to redevelop the city waterfront area and manage non-service properties on behalf of the Auckland Council Group. Eke Panuku also manages on behalf of the council the Westhaven Marina Limited, Westhaven (Existing Marina) Trust and Westhaven (Marina Extension) Trust.
- **Watercare Services Limited (Watercare)** – provides high quality drinking water supply and wastewater treatment and disposal for the Auckland region. Watercare's subsidiaries are: Lutra Limited and Auckland City Water Limited. Watercare also has a relationship with and provides funding to the Water Utility Consumer Assistance Trust and the Watercare Harbour Clean-up Trust.

¹ The meaning of CCO includes subsidiaries of CCOs. For the purpose of this document any reference to a substantive CCO means the substantive CCO and its subsidiaries.

Contribution to council strategies and activities

As this plan is prepared on a group basis, each of the substantive CCOs’ financial and performance information is embedded with the group of activity information contained in this plan. The group of activities information can be found in Section 2 of this Volume. The groups of activities that each CCO contributes to are listed below.

CCO	Group of activities
AT	Public transport and travel demand management
	Roads and footpaths
Auckland Unlimited	Council controlled services
Eke Panuku	Council controlled services
Watercare	Water supply
	Wastewater treatment and disposal

Legacy CCOs

In addition to its substantive CCOs, Auckland Council has several CCOs which were established before amalgamation. These are commonly referred to as legacy CCOs.

While legacy CCOs are smaller in size and scale, they provide a valuable service to a wide range of stakeholders and are key contributors to delivering council programmes and services.

The following three CCOs are required to meet CCO governance requirements such as half-year and annual reports and Statements of Intent:

- **Community Education Trust Auckland (COMET Auckland)** – promotes and supports better education and training opportunities, especially for communities of high educational needs across Auckland
- **Contemporary Art Foundation** – promotes the arts through ownership and management of the Te Tuhi Centre for the Arts, a public gallery in Pakuranga which hosts local, national and international art exhibitions
- **Manukau Beautification Charitable Trust** – the Trust promotes, supports and undertakes programmes, actions and initiatives to beautify Auckland.

The following four CCOs are exempt from CCO governance requirements such as half-year and annual reports and Statements of Intent:

- **Te Taumata Toi-a-Iwi (Arts Regional Trust)** – aims to grow entrepreneurship in the Auckland’s arts, culture and creative sectors to generate cultural, creative and economic outcomes that benefit the region through the provision of unique and innovative programmes
- **Māngere Mountain Education Trust** – the Trust administers the Māngere Mountain Education Centre (MMEC) which provides educational opportunities for Aucklanders of all ages to learn about Māngere mountain and its people
- **Mount Albert Grammar School Community Swimming Pool Trust** – supports the Mt Albert Aquatic Centre, which is a local community pool
- **Te Puru Community Charitable Trust** – manages the community centre at Te Puru Park and supports sports, leisure, community and cultural groups in the Beachlands, Maraetai and Whitford communities.

3.9 CCO Accountability Policy

This policy sets out the council’s expectations for its substantive council-controlled organisations (CCOs) in accordance with section 90 of the Local Government (Auckland Council) Act 2009 (LGACA) and more generally the approach used for accountability of substantive CCOs by Auckland Council.

This policy is designed to be understood in conjunction with:

- The general accountability expectations on CCOs required by Part 5 of the Local Government Act 2002
- The Statement of Expectations issued under section 64B of the Local Government Act 2002
- The Statements of Intent of each CCO, as described in Schedule 8 of the Local Government Act 2002
- The constitutions (where applicable) of each CCO
- section 92(2) of the Local Government (Auckland Council) Act 2009 which requires each substantive CCO to act consistently with the relevant aspects of any other plan (including a local board plan) or strategy of the Council to the extent specified in writing by the governing body of the Council.
- section 64A of the Local Government Act 2002 under which council can require CCOs to prepare and deliver additional plans, including an asset management plan, long-term plan and one or more thematic plans.

Under section 92(1) of the Local Government (Auckland Council) Amendment Act 2009, a substantive CCO must give effect to the aspects of the council’s Long-term Plan relevant to it. The CCO accountability policy must be included in the council’s Long-Term Plan (section 90(3)(b)), and as such forms part of it. Amendments to the policy can only be done through an amendment to the Long-term Plan (section 90(3)(c)).

The council’s expectations for CCO’s contribution to the council’s objectives and priorities

Section 90(2) of the LGACA sets out the requirements of the accountability policy, and states that:

“(2) The policy must—

- include a statement of the Council’s expectations in respect of each substantive council-controlled organisation’s contributions to, and alignment with, the Council’s objectives and priorities.*
- include a statement of the Council’s expectations in respect of each substantive council-controlled organisation’s contributions to, and alignment with, any relevant objectives and priorities of central government.”*

Central government departments have been involved in the development of plans and strategies of the council, including the Auckland Plan and others such as the Auckland Transport Alignment Plan. Therefore, the objectives and priorities of central government are reflected in the expectations set out in this policy.

The Auckland Plan 2050 is our 30-year strategy for growth and development which brings together social, economic, environmental and cultural objectives for Auckland (not just Auckland Council). The plan comprises the Development Strategy and six outcomes.

The Long-term Plan is our 10-year Budget that outlines Auckland Council’s funding priorities to deliver on the Auckland Plan.

Statement of Expectations

Auckland Council has a number of expectations of each substantive CCO. Additional expectations to those set out in this Policy are set out in the Statement of Expectations issued in accordance with section 64B of the Local Government Act 2002. These expectations may include:

- How the CCOs should conduct relationships with council, communities, specified stakeholders within those communities and iwi/hapu/Māori organisations
- The expectation that CCOs must act consistently with statutory obligations of the council, including council’s obligations pursuant to third party agreements

- Any other shareholder expectations, such as expectations in relation to community engagement and collaboration with shareholders and others in the delivery of services.

The statement of expectations is published on Auckland Council’s website.

1.1 Common expectations

Auckland Council has a number of common expectations of all its substantive council-controlled organisations in respect of their contribution to, and alignment with, the council’s objectives and priorities. Each substantive CCO is to meet the common expectations set out below and the specific expectations for each.

1.1.1 Improve outcomes for Māori

The substantive CCOs are to give effect to the council’s Māori Outcomes framework ‘Kia ora Tāmaki Makaurau’ and foster more positive and productive relationships between the council group and Māori, develop the ability of the council group and its people to respond more effectively to Māori and contribute to Māori wellbeing by developing strong Māori communities in Tāmaki Makaurau. This is to be achieved by:

- Ensuring that the principles of te Tiriti o Waitangi, such as shared decision-making, partnership and mutual benefit, are applied consistently in activities and decision-making.
- Implementing and reporting on agreed Te Tiriti o Waitangi Audit actions and Māori Responsiveness Plans.
- Fulfilling statutory obligations to Māori under the Local Government (Auckland Council) Act 2009, Local Government Act 2002 and other statutes.
- Providing council with information necessary to fulfil its statutory duties to the Independent Māori Statutory Board under the Local Government Auckland Council Act 2009, in particular section 88.
- Enabling Māori outcomes.
- Valuing te ao Māori – the Māori world view.
- In addition, the substantive CCOs are to contribute to achieving a collaborative and aligned approach across the council group to working with mana whenua and matāwaka.

1.1.2 Health and safety

Each substantive CCO is to give effect to the group Health, Safety and Wellbeing Policy Statement. This sets out principles and behaviours to give effect to the health and safety vision of the group.

1.1.3 Group policies

Each substantive CCO is to implement agreed existing group policies and participate in the development of any further group policies.

1.1.4 Significance and engagement

Each substantive CCO is to include customers and communities in decision making where appropriate, using the principles in the Significance and Engagement Policy.

1.1.5 Climate change and reducing carbon emissions

- Each substantive CCO is to contribute towards reducing carbon emissions and contributing towards a climate resilient future. This is to be achieved by:
- Supporting the implementation of actions identified in Te Tāruke-ā-Tāwhiri Auckland Climate Plan as appropriate for each CCO.
- Supporting the delivery of our regional and organisational targets of halving emissions by 2030, reaching net zero by 2050 and taking a precautionary approach to planning for the impacts of climate change
- Embedding climate change considerations into investment decision-making and planning, and corporate policies regarding both emissions reduction and addressing the impacts of current and on-going climate change.
- Fully assessing and disclosing its climate-related risks to support Council’s reporting requirements under in the Climate Change Response (Zero Carbon) Amendment Act and its commitment to disclosure on climate-related financial risks through its group Annual Report.

1.2 Council’s expectations of CCO alignment with and contribution to Council’s objectives and priorities

1.2.1 Auckland Unlimited Limited

In 2020 Regional Facilities Auckland Limited amalgamated with Auckland Tourism, Events and Economic Development Limited, and is now known as Auckland Unlimited Limited. The purposes of Auckland Unlimited Limited include enriching cultural and economic life in Tāmaki Makaurau by creating and sharing experiences and opportunities and acting as the corporate trustee of the Regional Facilities Auckland Trust.

Auckland Unlimited Limited aligns with and contributes to the following Auckland Plan outcomes:

Outcome: Belonging and Participation

- Create safe opportunities for people to meet, connect and enjoy community and civic life
- Recognise the value of arts, culture and sports and recreation to quality of life

Outcome: Māori Identity and Wellbeing

- Promote Māori success, innovation and enterprise
- Showcase Auckland’s Māori identity and vibrant Māori culture
- Celebrate Māori culture and support te reo Māori to flourish

Outcome: Environment and cultural heritage

- Ensure Auckland’s natural environment and cultural heritage is valued and cared for

Outcome: Opportunity and Prosperity

- Create the conditions for a resilient economy through innovation, employment growth and raised productivity
- Attract and retain skills, talent and investment
- Advance Māori employment and support Māori business and iwi organisations to be significant drivers of Auckland’s economy
- Leverage Auckland’s position to support growth in exports

It does this by undertaking the following activities:

- Managing and/or partnering with Auckland’s important cultural heritage institutions (including Auckland Zoo, MOTAT, Auckland Art Gallery, New Zealand Maritime Museum, Auckland War Memorial Museum)
- Maintaining and developing, and partnering with sporting and entertainment venues (The Civic, Aotea Centre, Eden Park, Mt Smart Stadium, North Harbour Stadium, Bruce Mason Theatre)
- Attracting visitors to Auckland and ensuring a range of experiences are available for them to enjoy, including festivals and exhibitions, museums and attractions, and arts, cultural and sporting events
- Partnering with other agencies which support business, such as Ministry of Business, Innovation and Employment, Chamber of Commerce, New Zealand Trade and Enterprise and others.
- Attracting and providing services and venues for business events - meetings, conferences, conventions, exhibitions and incentive activity.
- Delivering programmes to attract investment alongside partners including central government, managing specific facilities for sectors such as film, connecting businesses to resources to help them grow and support skills development.
- Providing an umbrella approach to a compelling and aligned Auckland story across business, entertainment, and cultural assets.

1.2.2 Auckland Transport

Auckland Transport was legislatively established as a CCO at amalgamation in 2010, to contribute to an effective, efficient, and safe Auckland land transport system in the public interest.

Auckland Transport aligns with and contributes primarily to the following Auckland Plan outcomes:

- Outcome: Transport and Access
- Better connect people, places, goods and services
- Increase genuine travel choices for a healthy, vibrant and equitable Auckland
- Maximise safety and environment protection

In doing so, Auckland Transport is to:

- Make Auckland's transport system safe by eliminating harm to people.
- Accelerate better travel choices for Aucklanders.
- Better connect people, places, goods and services.
- Enable and support Auckland's growth through a focus on intensification in brownfield areas, with some managed expansion into emerging greenfield areas.
- Improve environmental resilience and sustainability of the transport system, and significantly reduce the greenhouse emissions it generates.

Auckland Transport is to contribute to other relevant outcomes in the Auckland Plan, including:

- Outcome: Māori Identity and Wellbeing
- Outcome: Belonging and Participation
- Outcome: Homes and Places
- Outcome: Environment and Cultural Heritage
- Outcome: Opportunity and Prosperity

It contributes to these outcomes by undertaking the following activities:

- Providing an excellent customer experience for all services and customers.
- Supporting the Council Group's contribution towards Māori wellbeing outcomes, expectations and the aspirations of Māori under the Treaty of Waitangi.
- Collaborative partnering with funders, partners, mana whenua, stakeholders and communities.
- Running an operating model that is agile, financially sustainable and delivers economic benefits.
- Enabling and enhancing culture and capability.

1.2.3 Eke Panuku Development Auckland Limited

Eke Panuku Development Auckland Limited (Eke Panuku) was formed in 2015 as a merger of Auckland Waterfront Development Agency Limited and Auckland Council Property Limited. Its purposes include facilitating urban redevelopment that optimises and integrates good public transport outcomes, efficient and sustainable infrastructure and quality public services and amenities. Eke Panuku also manages council's non-service property portfolio and provides strategic advice on council's other property portfolios.

Eke Panuku aligns with and contributes to the following Auckland Plan outcomes:

Outcome: Homes and Places

- Provide sufficient public places and spaces that are inclusive, accessible and contribute to urban living
- Accelerate the construction of homes that meet Aucklanders' changing needs and preferences
- Develop a quality compact urban form to accommodate Auckland's growth

Outcome: Belonging and Participation

- Create safe opportunities for people to meet, connect, participate in, and enjoy community and civic life

Outcome: Opportunity and Prosperity

- Advance Māori employment and support Māori business and iwi organisations to be significant drivers of Auckland's economy
- Outcome: Māori identity and wellbeing
- Showcase Auckland's Māori identity and vibrant Māori culture
- Celebrate Māori culture and support te reo Māori to flourish
- Reflect mana whenua mātauranga and Māori design principles throughout Auckland

Outcome: Environment and cultural heritage

- Use green infrastructure to deliver greater resilience, long-term cost savings and quality environmental outcomes

It does this by undertaking the following activities:

- Regeneration and development of council's agreed urban locations by making the most of Auckland Council owned land and working with the council, other council-controlled organisations, the crown and infrastructure providers to facilitate urban regeneration
- Selling Auckland Council's surplus property, and where appropriate, reviewing council's service property for optimisation and redevelopment opportunities
- Managing council's assets/property including commercial, residential and marina infrastructure, or redevelopment incorporating a service delivery function
- Undertaking other property-related services such as strategic property advice, place making, acquisitions and disposals
- Ensuring that its capital and operating expenditure, policies and plans (including locally-specific development plans) are directed towards achieving these objectives and priorities.

¹ Section 39, Local Government (Auckland Council) Act 2009.

1.2.4 Watercare Services Limited

Watercare Services Limited (Watercare) provides Auckland’s integrated water supply and wastewater services.

Watercare aligns with and contributes to the following Auckland Plan outcomes²:

Outcome: Environment and cultural heritage

- Ensuring Auckland’s natural environment and cultural heritage is valued and cared for
- Applying a Māori world view to treasure and protect our natural environment (taonga tuku iho)
- Using growth and development to protect and enhance Auckland’s natural environment
- Ensuring Auckland’s infrastructure is future-proofed

Outcome: Homes and places

- Developing a quality, compact urban form to accommodate Auckland’s growth

Outcome: Māori identity and wellbeing

- Advance mana whenua rangatiratanga in leadership and decision-making and provide for customary rights.

It does this by undertaking the following activities:

- Delivering high quality drinking water to its customers
- Treating wastewater to a high standard before discharging it to the environment
- Maintaining and expanding water and wastewater infrastructure to cater for Auckland’s growth
- Implementing, through its role as a provider of infrastructure critical to urban development, the Development Strategy set out in the Auckland Plan.
- Working with the council, other council-controlled organisations and infrastructure providers to achieve the council’s objectives and priorities in an efficient and effective way, including in particular the optimisation and integration of water, wastewater and stormwater (the three waters) outcomes for the benefit of current and future Aucklanders.

²Watercare also has specific statutory obligations as the ‘Auckland water organisation’, which are set out in sections 57 and 58 of the Local Government (Auckland Council) Amendment Act 2009.

2. Additional reporting requirements

Section 90(2) of the LGACA states that:

“(2) The policy must—

- a) *specify any reporting requirements that each substantive council-controlled organisation must undertake in addition to those required under Part 5 of the Local Government Act 2002 or this Act.*”

2.1 Statutory requirements

Sections 66 to 68 of the Local Government Act 2002 (LGA) set out requirements for CCOs to provide half-yearly and annual reports on their operations to the council.

The half-yearly report must be provided within two months after the end of the first half of each financial year. The annual report must be delivered to the council no later than three months after the end of the financial year, and must be publicly available on the CCO’s website, with a hard copy available to any member of the public upon request. The release of the half-yearly and annual reports are required to be managed in accordance with the New Zealand Exchange (NZX) continuous disclosure requirements as noted under Section 2.4.

In addition to the statutory requirements, each substantive CCO is to provide additional reporting as set out below.

2.2 Quarterly reporting

In addition to the statutory requirements for half-yearly and annual reports, the council requires all substantive CCOs to provide:

- a quarterly report on their statement of intent (SOI) performance to the council, no later than 1 month after the end of the first and third quarter of each financial year.³The quarterly report must report against the performance targets set out in its SOI, and must be in the format required by the council.
- a group financial quarterly reporting pack as per instructions and timeframes issued by the Group Financial Controller (which includes financial and other information required by the council to fulfil its reporting obligations under legislation and New Zealand Exchange (NZX) regulations)

2.3 Attendance at council committee meetings

The chair and chief executive of each substantive CCO are expected to appear before the relevant council committee when it meets to consider the CCO’s performance against its SOI.

Representatives from the board of each substantive CCO may be required to appear before the relevant council committee when it meets to consider its annual report and/or fourth quarter report.

2.4 New Zealand Exchange requirements

Substantive CCOs must adhere to the New Zealand Exchange (NZX) requirements and work with the council on the timing of public release of financial information. In particular, CCO and group information must remain confidential until the group interim report and the Auckland Council preliminary NZX release by the council are released to the NZX at the end of February and August, respectively or as advised from time-to-time by the Group Treasurer.

Substantive CCOs must also comply with the requirements of the Disclosure Policy relating to Auckland Council.

2.5 Audit and risk reporting requirements

Each substantive CCO is to:

- Provide a risk report and top risks register (as presented to its own audit and risk committee, board or equivalent) to council staff on a quarterly basis.

³As provided for in s91(1)(b) of the Local Government (Auckland Council) Amendment Act 2009.

- Provide a risk summary (using standard template format) to be reported to the council’s Audit and Risk Committee on a quarterly basis. This summary will be reported to the council’s Audit and Risk Committee as a confidential item.
- Ensure relevant board members (or their delegates) attend the meeting of the council’s Audit and Risk Committee as requested by the committee. This will be every twelve months or as the Committee requires.
- As part of end of financial year processes, report all Audit New Zealand findings through council staff to the council’s Audit and Risk Committee in format specified by council and attend the relevant Audit and Risk Committee meeting to discuss these audit and financial risk updates.

2.6 Provide information as required

Each substantive CCO is required to provide information on any aspect of a CCO’s performance against its statement of intent if required to by a resolution of the relevant council committee.

3. Additional planning requirements

Section 90(2) of the LGACA states that:

“(2) The policy must—

- a) *specify any planning requirements that each substantive council-controlled organisation must undertake in addition to those required under Part 5 of the Local Government Act 2002 or this Act.”*

3.1 Inputs to 10-year Budget and Annual Plan

Each substantive CCO is to have asset management plans, activity plans, performance frameworks and supporting financial information as inputs to the council’s 10-year Budget and Annual Plan in accordance with the timeframes and other requirements specified by the council.

Each substantive CCO should provide council with an updated asset management plan on an annual basis, in August of each year. This is to inform the group planning and budgeting processes and support monitoring of council’s urban growth strategy and other strategies. The updated asset management plan should clearly outline assumptions made and the information that has informed those assumptions.

3.2 Further requirements

Each substantive CCO must:

- Use accounting policies and standards that are consistent with the council group’s accounting policies and standards.
- Comply with council tax initiatives and policies.
- Follow any other planning requirements specified by the council and notified to CCOs.
- Prepare a Māori Responsiveness Plan, and work with the council to monitor and report against it.
- Prepare a local board engagement plan in accordance with the framework specified by council.

4. Management of strategic assets by council-controlled organisations

Section 90(2) of the LGACA states that:

“(2) The policy must—

- a) *identify or define any strategic assets in relation to each substantive council-controlled organisation and set out any requirements in relation to the organisation’s management of those assets, including the process by which the organisation may approve major transactions in relation to them.”*

4.1 Definition and identification of strategic assets

Strategic assets are defined in section 5 of the Local Government Act 2002 as assets that a local authority needs to retain if it is to maintain its capacity to achieve or promote any outcome that it determines to be important to the current or future well-being of the community. This includes:

- a) any asset or group of assets listed in the local authority’s Significance and Engagement Policy; and
- b) any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy; and
- c) any equity securities held by the local authority in—
 - I. a port company;
 - II. an airport company.

For the purposes of this policy, the council considers that the “current or future well-being of the community” means the economic, social, environmental and cultural well-being, and the health and safety of communities.

The strategic assets owned and/or managed by the council’s substantive CCOs are any scheduled heritage buildings or structures and the assets set out in table 1.

Table 1 – Strategic assets owned or managed by substantive CCOs

Council-controlled organisation	Strategic assets owned and managed by the CCO	Strategic assets owned by the council and managed by the CCO
Auckland Transport	The public transport network including Britomart	The roading network
Auckland Unlimited Limited as corporate trustee of the Regional Facilities Auckland Trust	Auckland Art Gallery (including the arts collections owned by Auckland Unlimited Limited) Auckland Zoo Aotea Centre Bruce Mason Theatre Civic Theatre Viaduct Events Centre North Harbour Stadium The council’s contractual rights and interest in Auckland City Arena (known as Spark Arena) Mt Smart Stadium	
Eke Panuku Development Auckland Limited	None	The freehold interests in central Auckland waterfront land
Watercare Services Limited	The wastewater network The water supply network	none

4.2 Requirements in relation to the management of strategic assets by CCOs

4.2.1 Principles for the management of strategic assets

Each substantive CCO must manage the strategic assets set out in table 1 in a way that:

- maximises the long-term benefit of the strategic assets to Auckland.

- gives effect to the expectations set out in section 1 of this policy and the performance measures set out in this long-term plan.
- enables the CCO to achieve the objectives and performance measures set out in its statement of intent.

In making a decision about a strategic asset that may affect the council’s long-term interest in that asset or the associated service delivery to Aucklanders, each substantive CCO must consider the following factors in relation to the proposal, in addition to any of its own considerations:

- the contribution of the issue or proposal to meeting the council’s expectations of the CCO as set out in this policy, the long-term plan, Statement of Expectations and in the statement of intent.
- any impacts on the council’s other objectives or priorities (both positive and negative).
- its consistency with the council’s other plans and strategies, including area-specific plans.
- the likely financial impacts of the proposal, noting the opportunity cost of any investment or expenditure.
- the risks associated with the proposal, including its consistency with council’s enterprise risk framework and appetite.

4.2.2 Shareholder oversight of strategic assets and major transactions

Table 2 below provides guidance for CCOs about expectations for shareholder oversight of decisions about strategic assets and major transactions.

A fundamental principle is that CCOs must ensure that they comply with the no surprises policy and any requirements set out in a Statement of Expectations issued to a CCO, and engage with ward councillors and local boards on issues of local significance. An early discussion about the proposal with Council staff should be undertaken, before any decisions have been made which commit the CCO into a course of action, and with sufficient time for council to consider the proposal. Where it is not clear if the proposed action or decision is consistent with an agreed strategy of the council, a CCO should engage with council staff.

The table below sets out examples of transactions which may require shareholder oversight, but cannot capture the full range of possible situations and transactions which may be proposed by CCOs. For example, an action or decision may indicate shareholder approval is required under table 2 below, but not be material to the council’s long-term interest in the strategic asset and the associated service delivery to Aucklanders. In these cases, approval from the council may not be required. This can be granted at the discretion of the Mayor, Chair of the Finance and Performance Committee and the council’s Chief Executive, according to the criteria in the council’s Significance and Engagement Policy.

Table 2 – Shareholder oversight of strategic assets and major transactions

Where a CCO proposes to	Examples	The shareholder must be involved in the following way
<ul style="list-style-type: none"> • Carry out a <i>major transaction</i> (defined in 4.2.3 below) • Undertake an action or make a decision which may affect the council’s long-term interest in a strategic asset or the associated service delivery to Aucklanders and: <ul style="list-style-type: none"> o which represents or may represent a departure from an agreed strategy of the council; or o where there is no agreed strategy of the council 	<ul style="list-style-type: none"> • The sale of any part of Britomart • A 20-year lease on waterfront land 	<p>Approval of the governing body of Auckland Council is required except where it is already provided for in the 10-year Budget. Note that some major transactions must be set out in the 10-year Budget.</p> <p>Some decisions must be included in the long-term plan. Section 97 of the Local Government Act 2002 requires that:</p> <p>(a) a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including a decision to commence or cease any such activity and</p> <p>(b) a decision to transfer the ownership or control of a strategic asset to or from</p>

Where a CCO proposes to	Examples	The shareholder must be involved in the following way
		the local authority must be explicitly provided for in the 10-year Budget, and must have been consulted on during the development of the 10-year Budget.
<ul style="list-style-type: none"> • Undertake an action or make a decision which may affect the council’s long-term interest in a strategic asset or the associated service delivery to Aucklanders which is consistent with an agreed strategy of the council 	<ul style="list-style-type: none"> • Feasibility studies of a significant activity or investment • The development of a water efficiency strategy 	<p>Refer to the fundamental principles described above about early engagement with council.</p> <p>In some cases approval of Auckland Council may be required, and in others, provisions of information to the governing body through a workshop or memorandum will be sufficient.</p> <p>Engage with relevant local boards in accordance with the Statement of Expectations.</p>
<ul style="list-style-type: none"> • Undertake any operational actions that are part of day-to-day business, or which implement agreed decisions 	<ul style="list-style-type: none"> • Entering into a contract for the provision of food and beverage services at Mt Smart Stadium 	No governing body oversight is required.

4.2.3 Definition of major transaction

For the purposes of this accountability policy, a “major transaction⁴” is:

- Any acquisition, disposal or replacement of a strategic asset, other than ongoing asset renewal in accordance with a CCO’s asset management plan
- Any transaction or dealing in relation to a strategic asset:
 - Reducing control over the asset (whether directly or indirectly)
 - Reducing or materially affecting the asset’s value
 - Granting any legal interest in the asset to a third party
 - Affecting the CCO’s or council’s ownership of the asset
- Any long-term contracts for the development or operation of a strategic asset (being a contract binding the CCO to a term exceeding fifteen (15) years, including any renewals at the contractor’s option)
- Any matters covered by the rights and securities issues, takeover offers, mergers and capital restructuring sections of the Auckland Airport Shareholding Policy.

In relation to network infrastructure, a transaction only qualifies as a major transaction if it relates to any part of a network which:

- is integral to the functioning of the network as a whole, or
- substantially affects the level of service provided to the community.

A lease granted by a CCO on a strategic asset is not a major transaction if the lease:

- is granted in the ordinary course of the CCO’s business on arms-length terms; and
- does not exceed fifteen (15) years in duration (including any renewals at the lessee’s option); and
- does not exceed \$500,000 in rent per annum.

⁴ Note that this is a different definition of “major transaction” to that provided for in the Companies Act 1993, which has different requirements associated with it. Refer to section 4.2.4.

4.2.4 Major transactions under the Companies Act 1993

Under section 129 of the Companies Act 1993 a company must not enter into a major transaction unless the transaction is approved by special resolution; or contingent on approval by special resolution.⁵ This covers:

- a) the acquisition of, or an agreement to acquire, whether contingent or not, assets⁶ the value of which is more than half the value of the company's assets before the acquisition;
- b) the disposition of, or an agreement to dispose of, whether contingent or not, assets of the company the value of which is more than half the value of the company's assets before the disposition;
- c) a transaction that has or is likely to have the effect of the company acquiring rights or interests or incurring obligations or liabilities, including contingent liabilities, the value of which is more than half the value of the company's assets before the transaction.

Where a special resolution is required, it will be assessed against the criteria set out in section 4.2.5 below.

4.2.5 Process where the council's approval is required

Where approval of the council is required, it will be assessed against the following criteria:

- The contribution of the proposal to meeting the expectations set out in this policy and in the statement of intent, and other plans and strategies of council.
- The financial impacts of the decision.
- Evidence that the relevant CCO's Board has considered all of the relevant information which would influence the decision, including the risks and mitigations; and
- Any other factor that the council considers to be relevant, including consistency with council's enterprise risk framework and appetite.
- For decisions which require council approval, quality advice standards⁷ which are required for council decision-making should be adhered to by CCOs in papers prepared for board decision-making. Specifically, robust analysis of options and alternatives should be visible.

⁵ Special resolution means a resolution approved by a majority of 75 per cent or, if a higher majority is required by the constitution, that higher majority, of the votes of those shareholders entitled to vote and voting on the question.

⁶ Includes property of any kind, whether intangible or tangible.

⁷ A summary of Quality Advice Standards can be accessed here: <https://governance.aucklandcouncil.govt.nz/media/1095/quality-advice-standards.pdf>