



Te Kaunihera o Tāmaki Makaurau:  
Tauākī o ngā tūmanako o ngā  
Rōpū Whakahaere Kaupapa kei  
raro i te Kaunihera  
Hurae 2021

**Auckland Council: Statement  
of Expectations of substantive  
council-controlled organisations  
July 2021**







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# The Auckland Council whānau



**Auckland Council is the local government organisation responsible for operations and service delivery for Tāmaki Makaurau**

Our goal is to create an Auckland we can all be proud of.

We advise elected members from our local boards and the governing body to help them make the best decisions for Auckland.

Auckland Council monitors the performance and sets the direction of our Council-controlled Organisations (CCOs) who are accountable to the governing body.



**Auckland Transport is responsible for all of the region's transport services from local roads and footpaths, to cycling, parking and public transport.**

We are a journey to enable Aucklanders to connect with every part of Auckland.

We're connecting our roads, cycleways, footpaths, train, ferry and bus services to create a sustainable network where people can move freely with confidence, and integrating every mode of transport into one connected network.



**Auckland Unlimited is the economic and cultural agency for Tāmaki Makaurau.**

We are committed to making our region a desirable place to live, work, visit, invest and do business.

We deliver a coordinated, region-wide programme to maximise cultural, social and economic benefits for our residents and visitors. Driving investment and innovation, we support Auckland businesses to thrive.



**Eke Panuku Development Auckland delivers urban regeneration across Tāmaki Makaurau.**

We work across neighbourhoods throughout our city – from large, long-term urban regeneration plans to small projects on specific sites – to meet the needs of the city's long-term growth.

We imagine a city of strong neighbourhoods with quality development to accommodate rapid growth, and to ensure people love and can afford to live in Auckland.



**Watercare is the largest water and wastewater company in New Zealand**

We supply more than 400 million litres of water to Auckland every day.

We draw water from 27 sources, treat it and supply it to homes and businesses via a vast network of pipes. We collect, treat and dispose of around 409 million litres of wastewater daily, including trade waste from industry.

We also carry out significant work to upgrade and build infrastructure, so that we can maintain levels of service and provide capacity for a fast-growing population.







1. This Statement of Expectations is issued in accordance with section 64B of the Local Government Act 2002 and resolution CCO/2021/26.
2. It is to be read in conjunction with the Auckland Council CCO Accountability Policy. The Accountability Policy is part of the Long-term Plan, and sets out what the role of CCOs in the Auckland Council group is and their high-level contribution to Council's objectives. The Statement of Expectations focusses on how CCOs should conduct their business and manage their relationships with Council and other stakeholders. Both documents have statutory status and work in complementary fashion, but cover different elements of accountability.
3. In particular, it is noted that common expectations of each CCO in respect of improving outcomes for Māori, health and safety, and climate change and reducing carbon emissions are contained in the Accountability Policy.

## Wāhanga 1: Tikanga whakahaere whakawhirinakitanga

### **Section 1: Conduct of relationships**

#### **I. Relationship with Auckland Council, as the shareholder**

4. Under the CCO model, each CCO:
  - operates at arm's length from the council
  - has an independent board that is accountable to the council for the CCO's performance
  - is a separate legal entity, with directors being responsible for overseeing the management of the business
  - must implement the objectives set by the council as its shareholder in its statement of intent (section 59, Local Government Act 2002 – "Principal objective of a council controlled organisation").
5. In general, the role of the council is to set the strategic direction, plans and expectations for CCOs, and to hold them to account on behalf of Aucklanders. The Governing Body (or its committees, under delegation) is responsible for:
  - developing plans and strategies that CCOs must give effect to
  - appointing and removing directors (including chairs)
  - determining board member remuneration
  - commenting on the content of draft statements of intent, and approving final statements of intent
  - monitoring and assessing the performance of CCOs (including board performance)
  - taking decisions as shareholder (e.g. approving major transactions under the Companies Act or the council's Significance and Engagement Policy).
6. The role of a CCO is to deliver services for Aucklanders, and through this, to implement the direction set by the council as its shareholder. CCOs are expected to act in the best interests of the council group for the benefit of all Aucklanders. The board of a CCO is accountable to the Governing Body of Auckland Council. The board employs a CCO's chief executive, who is accountable to the board. The board provides direction to the chief executive and staff of the CCO.
7. In performing these roles, it is important that both the council and the CCOs understand clearly the respective decision-making and supporting roles of different parties within the council group, reflecting that at times they may have differing interests, priorities, objectives and views. This includes:
  - the specific roles and obligations of Governing Body members (Mayor and ward councillors)
  - local boards
  - CCO Boards.



8. There is an obligation on Council to ensure it has sufficient capability and resource to work with the CCOs to ensure strategic direction is clear, and that the operational imperatives of the CCOs are taken account of – in other words, that strategies are deliverable and (where necessary) funded.

A key recommendation of the 2020 CCO Review discussed the need for Council to build its capacity in this area. This need is being addressed currently, to ensure that both the strategy setting role is enhanced, but also that the ability to measure performance against outcomes and value for money delivered by CCOs is rigorous and can credibly work alongside the subject matter experts in the CCOs.

9. It also means that there needs to be a recognition of one essential aspect of the CCO model: that while CCOs are accountable to the Governing Body, they are nonetheless arm's length organisations with boards who are qualified and experienced to oversee and hold to account the management of their organisations and their operations. In undertaking these governance roles, board directors align themselves with the Four Pillars of Governance Best Practice for New Zealand Directors:

- **Determining purpose** and strategy for the organization
- Delivering **an effective governance culture**
- **Holding to account** through effective and independent oversight of management
- Ensuring **effective compliance** with statutory and other frameworks.

10. It is acknowledged that the general statement of roles above is significantly influenced by legislatively defined roles that some CCOs have in decision-making and strategy.

This includes:

- Watercare's responsibilities as set out in Part 5 of the Local Government (Auckland Council) Act 2009, and in particular section 57

- Auckland Transport's role in strategies such as the Regional Land Transport Plan and preparing business cases for major projects funded by government, and powers described in part 4 of the Local Government (Auckland Council) Act 2009.

Furthermore, all CCOs have important strategy roles, though as the CCO Review discussed, such roles should be undertaken alongside and with Council's endorsement when the issues are material to the delivery of Council outcomes (for example, a parking strategy or a stadium and venues strategy).

11. Some of the key elements of how a CCO should undertake its role include:

- Demonstrating the principles of good governance, having a clear understanding of the council's priorities and objectives
- Have a strong awareness of the public service ethos, recognising the organisation's public ownership and the obligations this creates.
- Decision-making must reflect consideration of Māori interests and values. To support the council's commitment to achieving better outcomes with Māori, CCOs should establish enduring relationships with Māori based on respect and understanding.
- CCOs should deliver services efficiently and effectively in a way that displays prudent use of resources and assets, and provide value for money for Aucklanders.
- CCOs should make operational decisions that are aligned with the council's expectations and strategic directions.
- All members of the council group should work with each other to promote the council's vision and build collaborative relationships built on communication and respect.
- All members of the council group should be transparent, and have an open and honest approach in working with each other and the community.

12. The council expects the board of each CCO to:
- act lawfully
  - make decisions consistent with the CCO's constitution and Statement of Intent (SOI)
  - comply with the CCO Accountability Policy
  - follow the Board Appointment and Remuneration Policy for board members of council organisations.

## Understanding and giving effect to Tāmaki Makaurau's shared governance

13. It is critical to understand the unique shared governance model under which Auckland Council has been established. In this model, both the Governing Body and local boards are responsible and democratically accountable for the decision making of Auckland Council. This shared governance structure is underpinned by the Local Government (Auckland Council) Act, but is further defined through the 'Allocation of Decision Making' table in council's Long-term Plan.

14. The Governing Body has, among other decision-making roles, decision-making in relation to the governance of the council's CCOs. Therefore, the substantive CCOs are directly accountable to Auckland Council through the Governing Body, and the board of each CCO has a direct governance relationship with the Governing Body.

15. In this regard, the substantive CCOs should:
- understand the role of the

Governing Body

- proactively build and maintain good relationships with members of the Governing Body, recognising that ward councillors, while having a regional responsibility, are elected from and responsive to their local constituency, and therefore:
- actively engage with the relevant ward councillors on projects and issues within their ward

16. Local boards make decisions on local activities and services and they play an important role in representing local communities. Local Boards are not a 'stakeholder', but an integral part of the Council's governance system. As a general rule, local boards have decision-making responsibilities for local matters that do not have region-wide implications. The allocation table provides guidance here, setting out a non-exhaustive list of which decision sit with local boards, and which with governing body.

17. The activities of CCOs are very important in local communities, and each CCO must ensure that it works effectively with local boards. Substantive CCOs will need to recognise local interests while ensuring that regional priorities and strategies are achieved. The substantive CCOs should:

- understand the role of local boards, both their role as local decision-makers and their responsibility to identify and communicate the views and preferences of





- the communities in its local board area
- proactively build and maintain good relationships with each local board

18. There are likely to be cases where the local board is not the appropriate decision-maker, but in which decisions will nonetheless affect a local board's governance role, have a significant local impact (taking into account any mitigation measures), or require a CCO to undertake local or regional community consultation. In such cases, CCOs should consult with local boards genuinely and early in a way that allows local boards to influence such decisions. Clarity should be sought by a CCO about the appropriate decision-maker in cases where this may not be clear (or there is conflict about it).

## Achieving outcomes for Aucklanders

19. CCOs are expected to contribute to achieving outcomes for Aucklanders. This is to be achieved by adhering to the following principles:

- Working together, both with Council and other CCOs, to align activities to achieve the outcomes set out in the Auckland

Plan 2050.

- Building and maintaining a culture of collaboration across the group to achieve the objectives and priorities of the council as set out in the Auckland Plan and its supporting strategies and plans.
- Contribute to the development and/or refresh of group strategies and action plans intended to deliver on the Auckland Plan 2050.
- Deliver key activities as prioritised through the Long-term Plan.

## Operating as a group

20. CCOs are part of the Auckland Council group and are expected to operate in ways which contribute to the success of the group as a whole. A commitment to collaborative, proactive, joined-up engagement and communications applies not only to the CCOs but to Council in its roles also.

21. This is to be achieved by adhering to the following principles:

- Working together, both with Council and other CCOs, to align and achieve group strategies as set out in the Auckland Plan and

prioritised through the Long-term Plan.

- Building and maintaining a culture of collaboration across the council group, and operating on a 'no surprises' basis (see also below)
  - Open and transparent sharing of information where that is required to achieve outcomes.
  - Presenting a unified front across the council and CCOs on key issues facing Tāmaki Makaurau, including coordinating on communications
  - Implementing agreed group policies such as those on Treasury, Insurance and Procurement, and participating in the development of any further group policies.
  - Participating proactively and constructively in efforts to achieve efficiencies and savings for the council group and make the most of its size and scale, including group procurement and the use of shared services.
  - Acknowledging the council's wider policy settings in its own operational decision-making and considering issues from the perspective of the council.
22. A key example of working as a group is in our engagement with central government. To assist the government to have a clear understanding of the outcomes we are seeking for Aucklanders, it is important that the council group speaks with one voice when making submissions to central government on policy or legislative proposals. In this regard it is important to note the following expectations:
- Auckland Council organisation leads the preparation of submissions on policy and legislative matters and proposals of importance to the council group.
  - Auckland Council organisation involves relevant CCOs in the development of these submissions to reflect the views of the council group. It is expected that council involves CCOs early to allow them to develop and seek authorization for their contributions to the council group submission.
  - CCOs do not make direct submissions to government which express policy views.





- When council has decided not to submit on a matter, a CCO can develop submissions authorised by its board that are limited to feedback of a technical nature. In these cases, the CCO must have prior agreement from council's Auckland Plan Strategy & Research Department. It is expected that the CCO would work with relevant teams within council in developing its submission.

23. The critical principle is that of working together to present the Auckland Council group as a coherent and unified entity. Where issues arise, these should be raised and addressed at the earliest possible opportunity between organisations, including between chief executives for important matters (such as at the regular CCO chief executives forum).

## The 'no surprises' principle

24. A specific piece of work to more clearly define principles and processes in relation to 'no surprises' (along with examples and to whom relevant information should be passed to) is part of the CCO Review implementation programme. It is intended that representatives of CCOs will be part of this work. Once this work has been completed, this section of the Statement of Expectations will be revised to align with it, along with possibly a specific annex to the SOE to provide detail.

25. The public expects a high standard of accountability and transparency from the council group. As the sole shareholder of each substantive CCO, the council is ultimately held accountable by the public for the activities of its CCOs. This is a key element of working as a group.



26. CCOs must ensure that elected members (via the Mayoral Office, Auckland Council Chief Executive, any assigned liaison councillor, and / or CCO Governance team, as appropriate) are kept informed well in advance of anything that could be potentially contentious, whether or not the issue is covered by the SOI or legislation. All CCOs should assess whether an issue is likely to attract public interest and ensure the mayor, councillors and/or local boards (as appropriate) are fully briefed. This will include an opportunity for the council to provide guidance on the issue prior to any decision being made or any release of information to the public.

27. Issues that should be raised with council include (but are not limited to):
- potential / actual conflicts of interests by directors
  - potential / actual litigation by or against a CCO, its directors or employees
  - fraudulent acts by a CCO's directors or employees
  - significant restructuring
  - large scale redundancies
  - industrial disputes
  - significant acquisitions, divestments, and transactions, whether in scale or the nature of the activities. This particularly applies to the acquisition of new entities or assets, especially where they would be likely to qualify as a strategic asset once part of the council portfolio.
  - the release of significant information under LGOIMA
  - significant consent applications
  - activities with international relations implications.

28. If in doubt, a CCO should contact CCO Governance to discuss the issue. They can help to determine the significance of and potential political interest in an issue. This may specifically include transactions which fall short of being a major transaction, but which may nonetheless be a significant

change to the CCO's business (such as acquiring a new entity). In such cases an early discussion about the proposal with appropriate Council staff should be undertaken (such as governance or finance staff), prior to advice being given to the CCO Board and that Board making decisions which bind it into a course of action.

29. Auckland Council's Communications department has primary, but not exclusive, responsibility for maintaining a relationship with CCO communications staff. This is a two-way, no surprises relationship that is guided by the Auckland Council Group Communications Framework and Action Plan.

30. If a CCO becomes aware of any potential media coverage of activities (not limited to those listed above) that could attract critical comment, or on which the mayor, committee chairs, councillors or local board members may be asked to comment, they should advise the relevant council contacts.

## Expectation to participate in strategy and policy development

31. Another key element of operating as a group is the expectation to participate fully in Council's long-term and annual planning processes, including providing accurate, timely and full advice and information where that is required for council decision-making.

32. Beyond these core planning processes, CCOs will also be involved in strategic and policy development processes relevant to them. This is a two-way commitment: for Council to ensure that CCOs are appropriately involved, and for CCOs to contribute as necessary.

33. This may include requests for workshops from time-to-time, whether annual governance workshops to discuss strategy and priorities for the CCO, or on specific topics on an ad-hoc basis.



## Branding

34. In order to support public understanding that the Council group operates together, Council's branding guidelines are to be adhered to. This reflects that CCOs are public entities operating facilities and assets paid for by residents and ratepayers.

## Public meetings and openness

35. Section 96 of the Local Government (Auckland Council) Act 2009 requires CCOs to provide for two public meetings per annum:

- one meeting is to be held before 30 June each year for the purpose of considering comments from shareholders on the CCO's draft SOI for the following financial year
- the other meeting is to be held after 1 July each year for the purpose of considering the CCO's performance under its SOI in the previous financial year.

36. As a general principle however, Council expects CCOs to operate as openly as possible. In a similar way to which Council Committees are presumptively open to the public, CCOs should only undertake items in confidential where the requirements of the Local Government Official Information and Meetings Act 1987 are met.

37. The general meeting guidelines for CCO boards are as follows.

- all CCO board meetings are to be publicly advertised. Agendas, open reports and minutes are to be published on the CCO's website.
- confidential agenda reports will note reasons for confidentiality which should mirror the reasons set out in the Local Government Official Information and Meetings Act 1987 (LGOIMA).
- CCOs are encouraged to proactively release board reports once the reason for confidentiality has expired.

## II. Relationships with communities and specified stakeholders

38. The broad principles of relationships and engagement for council with communities and stakeholders are set out in section 14 of the Local Government Act 2002. Council's expectation is that these principles are also adhered to by its CCOs.

39. Accountability to communities is managed through the various accountability mechanisms to Council (both Governing Body and Local Boards). When consulting on significant projects, Council's expectation is that local boards will play a critical role in identifying and communicating community views and preferences.

40. Council expects that CCOs will continue to improve their responsiveness to the community, and in particular community concerns and complaints. Putting in place a measure to demonstrate how such responsiveness is improving over time will be a critical step.



## III. Relationships with iwi, hapū, and other Māori organisations Independent Māori Statutory Board

41. In the first instance, Council expects that CCOs will maintain and build relationships at governance and management level with the Independent Māori Statutory Board (the Board). In particular, CCOs should be aware of the Schedule of Issues of Significance prepared by the IMSB. This is a statutory document which provides a platform for the Board's advocacy to Council, and directly informs IMSB's input into processes such as Council's review of draft Statements of Intent. Its five values of whanaungatanga, rangatiratanga, manaakitanga, wairuatanga and kaitiakitanga frame the issues themselves, and it is important for CCOs to consider how they, as part of the Council group, can help deliver Māori outcomes in alignment with the Schedule of Issues of Significance.

### General

42. The Accountability Policy sets out the key elements of expectations for CCOs in respect of improving outcomes for Māori. This includes ensuring that the principles of te Tiriti o Waitangi are applied consistently in their activities and decision-making.

43. This adds to legislative provisions such as that in s60A of the Local Government Act 2002 which requires that before making decisions that significantly affect land or water, CCOs need to take into account the relationship of Māori with their ancestral land, water, sites, wāhi tapu and other taonga. The expectations which Council has of CCOs in respect of maintaining relationships with Māori organisations are however considerably wider than this.

44. In addition, there is a general expectation, consistent with the Treaty principle above, of engagement with mana whenua and mataawaka in Tāmaki Makaurau.

45. The exact mechanisms for building these relationships and engaging at governance and operational levels are currently being worked through as part of the CCO Review Implementation Programme (in particular recommendation 35, but also 36-40). A future iteration of the Statement of Expectations will provide more detail in this regard.





## Wāhanga 2: Ngā kawenga a ngā kaiwhaipānga me ōrite ngā mahi ki ngā Rōpū Whakahaere Kaupapa kei raro i te Kaunihera

### **Section 2: Shareholder obligations with which CCOs must act consistently**

#### **I. Statutory obligations**

46. CCOs must be aware of and ensure that they comply with all relevant legislative requirements, at all times. In this regard, CCOs should be particular aware of:

- the Local Government Act 2002 (relevant obligations include: Long-term Plan, shareholder objectives, being a good employer, social and environmental responsibility and community interests, sound business practice, and accountability)
- the Local Government (Auckland Council) Act 2009 (relevant obligations include: the Auckland (“spatial”) Plan (s79) and additional accountability requirements specific to Auckland Council’s CCOs).
- The Local Government Official Information and Meetings Act 1987. Council expects that CCOs will comply Parts 1-6 of this Act, and with group protocols on managing responses under it, ensuring that Council can meet requirements of this legislation.

47. Additional legislation which contain obligations includes (but is not limited to, especially in respect of individual CCO activities such as water or transport):

- the Companies Act 1993
- the Income Tax Act 2007
- the Goods and Services Act 1985
- the Health and Safety at Work Act 2015
- the Employment Relations Act 2000
- the Privacy Act 2020
- the Copyright Act 1994
- the Human Rights Act 1993
- the Local Government Official Information and Meetings Act 1987
- the Protected Disclosures Act 2000
- the Waitakere Ranges Heritage Area Act 2008.

#### **II. Obligations arising from agreements Auckland Council has with third parties**

48. From time-to-time, Auckland Council may enter or be required to enter agreements and arrangements with parties outside the Auckland Council group. Where those agreements affect and are relevant to the work of a CCO, Council will expect that CCOs will help Council deliver on its commitments with those third parties. This is consistent with the principle of taking a group approach in conducting relationships. CCOs can expect that Council will seek input and collaborate with CCOs before entering agreements with third parties which may affects the business of CCOs.

49. Nonetheless, it is recognised that these commitments may sometimes create additional responsibilities for CCOs, or have unintended consequences for elements of a CCO’s strategic and operational programmes. In such cases a CCO should discuss this at the earliest possible opportunity with Council with a view to reaching agreement on the specific role the CCO should play in regards to the third party. This agreement may in some cases require a formal agreement to be negotiated.

50. Current examples of third parties with which Council may have agreements affecting CCOs include (but are not limited to):

- Tūpuna Maunga o Tāmaki Makaurau
- Haumarū Housing
- Auckland War Memorial Museum, Museum of Transport and Technology
- Eden Park Trust Board.

51. CCOs should actively seek clarity from Council where it is not clear which obligations apply to them under this section.





## Wāhanga 3: Ētahi atu tūmanako

### Section 3: Other expectations

52. This section provides a range of more general expectations which Council has of its CCOs. The Local Government Act s64B provides for a general ability to specify such shareholder expectations, including those in relation to community engagement and collaboration to deliver services.

#### Delivering on Kia Ora Tāmaki Makaurau/Maori Responsiveness Framework

53. Key expectations in this regard are contained in the Accountability Policy. Once the revised Kia Ora Tāmaki Makaurau Framework is approved and begins to be implemented, additional expectations may be added to the Statement of Expectations reflecting it.

#### Climate change

54. Council's expectations in respect of climate change outcomes are contained in the Accountability Policy.

55. Council has a strong expectation that CCOs will build Te Tāruke-ā-Tāwhiri into their policy and strategy processes, so that climate change outcomes are not so much a separate category of goals, but an overlay or lens that is built into decision-making and behaviour. How this is achieved is for CCO Boards and executives to determine, but given the importance and urgency of climate action, close communication with Council about how this is being undertaken over time is crucial. It should be clearly evident through the work programmes in the Statements of Intent how each CCO is addressing the climate challenge at a practical level.

#### Strategy development

56. In general terms, Council leads the commissioning of strategies for Auckland and the Auckland Council group, unless a

CCO is explicitly delegated this activity by the Governing Body. Where a CCO identifies a strategy or policy gap, the CCO should talk to council staff in the first instance to seek an agreed approach. Council staff, in collaboration with relevant CCOs and other interested parties, assess the need for a strategy, and if a strategy is required, council staff and CCO jointly seek council committee agreement to proceed in the strategy development and to agree strategy lead.

57. At the completion of the commissioning process the council and CCOs should have a clear understanding of the issue to be addressed; what council's involvement in this issue should be; which department will lead the work; how the CCO (and other CCOs) will be involved; and the broad programme of work. Other key elements of the analysis and development process include:

- In developing a strategy, staff need to consider the overall framework and how the strategy will contribute to the outcomes of the Auckland Plan.
- Early engagement with key stakeholders is desirable. The communications and engagement plan should be agreed at the commencement of the strategy development process.
- Council and CCO staff will work collaboratively within the organisation and with external agencies and stakeholders.

58. For its part, the council will not develop strategies without considering the CCO's implementation plans. Council will not develop strategies which require CCOs to deliver activity where funding for implementation has not been considered or identified.

59. The final stage is to seek and obtain a decision. Council staff should write the



covering report to any CCO report seeking a decision on a strategy, and ensure contestable, evidence-based advice is provided, where appropriate, to decision-makers.

## Data sharing

60. As part of strategy development, it is critical that appropriate data is shared across the Council group to inform strategy and evaluation. Council expects that CCOs will provide such data in a timely fashion when it is requested and is clearly relevant to the work being undertaken.

## Balance commercial and public good

61. CCOs may have objectives which relate to commercial purposes. At times, these may appear to be in conflict with other objectives of a more public good nature. CCOs are public entities of Auckland Council, and are not fully commercial, profit-seeking organisations. This means that while commercial activity may be an important party of CCO activity and revenue, it is fundamentally intended to be in the service of the public good strategic goals which have been agreed with Council.

62. Different CCOs will have a different balance of commercial activity and, in balancing different objectives, a CCO Board should ensure it is clear about the choices it is making and the balance it is striking. In the first instance this should be reflected in the Statement of Intent, and agreed with Council. This balance, and the tradeoffs, should also be evident (such as in Board papers) when a Board is considering a significant decision. Where there is doubt about a course of significant potential action, the CCO should ensure Council is fully informed of the trade offs and seek advice on how interests should be balanced.



## Provide value for money

63. Each substantive CCO is to ensure that it provides value for money for Aucklanders, which means achieving the outcomes and levels of service specified by the council in an efficient and effective way. This is to be achieved by:

- Being accountable for decisions about spending and the use of council group resources and assets.
- Ensuring that all activities and services are underpinned by prudent use of resources and assets.
- Ensuring that there is a high degree of transparency in financial planning, budgeting, and sources of revenue.
- Informing the council well in advance of entering into any commitments or obligations that may have financial impacts which are outside of approved funding; or negatively affect the council group's prudential ratios through a significant increase in council group debt or reduction in revenue.
- Ensuring that there is a justifiable business purpose for all spending.
- Ensuring that significant investments are supported by robust business cases which meet the standards of any relevant council group policies and provide a clear and strategic rationale for investment.

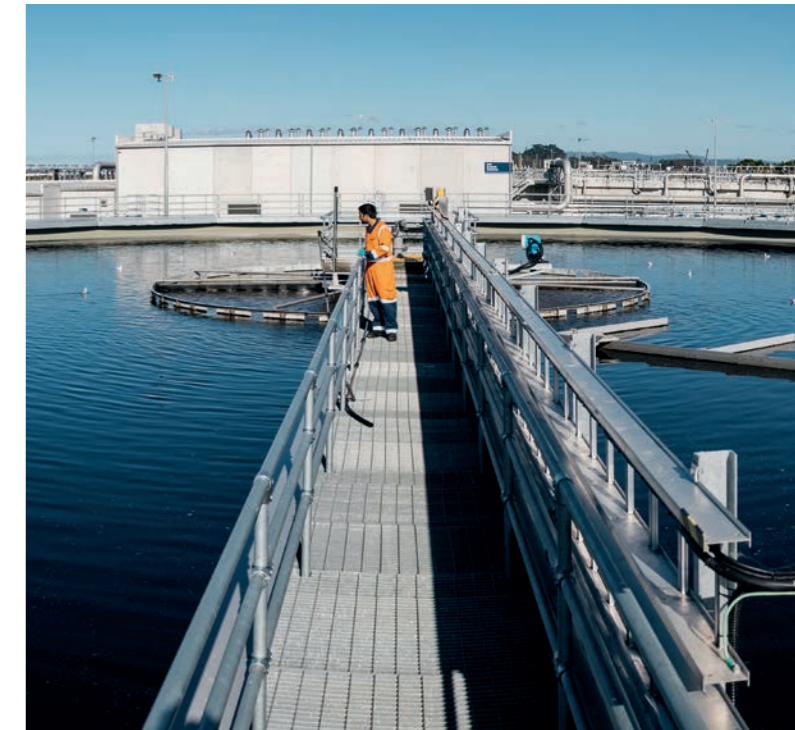
## Manage risk appropriately

64. Each substantive CCO is to proactively manage all their risks including strategic, financial, operational, and reputational risks (including the risk of fraud and/or corruption). Each CCO must:

- manage, monitor and report on their risk management activities undertaken in accordance with either the council's Enterprise Risk Management Policy and Framework, or the CCO's own risk management framework
- actively report on the effectiveness of their risk management processes and outcomes
- proactively report on all significant

risks and issues and their management to ensure no surprises, transparency and that the significant risks are being appropriately managed.

- provide quarterly reports on risk management to the Audit and Risk Committee, and appear before that Committee as requested by it.



## Quality advice to boards

65. We expect that advice given by CCO staff to boards has the rigour as reflected in the council's quality advice standards (for advice to elected members), particularly in relation to risks and credible analysis. Over time, CCOs should ensure that the quality of their internal advice is in alignment with the standards used internally by Council.

66. Council has a comprehensive set of tools and guidance which can be used by the CCOs, including tools for the development of strategies (subject to Council ensuring this material is accessible to all staff within the group).





## Board performance reviews

67. Council expects CCOs to follow the board performance framework below, which requires that reviews:

- be held on a biennial basis, with monitoring of agreed performance improvement initiatives
- be undertaken by an independent, external reviewer
- be based on a methodology that includes qualitative, quantitative and observational approaches
- include relevant assessment criteria that relate to the board's governance role, practices and responsibilities, including strategy, risk and compliance, performance and board culture
- assess the board (as-a-whole), the individual board members and the chair of the board
- seek feedback from senior management as well as individual board members
- allow for input from the shareholder into the themes or topic areas evaluated
- provide a written report to the CCO board summarising findings and suggesting areas for improvement
- provide council with a high level feedback report addressing theme areas and areas of focus for improvement.

## Remuneration

68. Council expects CCOs to adhere to the group remuneration policy.

69. While CCO Chief executive salaries are set by boards, Council's expectation is that salaries should not exceed the salary paid to the group chief executive. For new appointments, careful attention should be given to the relativities with the salary of previous incumbents.

## Job Descriptions

70. Over time, Council would expect that job descriptions for chief executives and senior staff in CCOs will come to reflect that these roles are within the Auckland Council group of organisations, and therefore the importance of being responsive to Council direction (including in this Statement of Expectations) and working effectively with senior council staff. Job descriptions should also refer to the need to contribute to Maori outcomes.



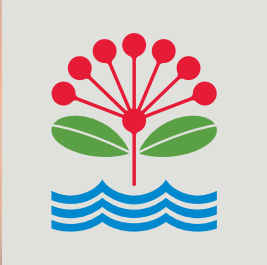
## Hauora

71. In early 2021, Auckland Council conducted a hauora / wellbeing review, to consider and strengthen how Council provides hauora support for employees.

72. It is likely that the events of 2020 and the consequential impacts on all organisations in the Auckland Council group will have commonalities. While the specific circumstances for each CCO will be different, restrictions on spending coupled with Council's ambitious programme of development through the Ten-year Budget will likely be placing stress on some staff, especially in terms of workloads. In addition, many employees through the group will have to deal (at one time or another) with unacceptable behaviour that can affect their wellbeing.

73. Consistent with the status of CCOs as independent organisations, it is up to CCO Boards and executives to consider how to deliver hauora support within their organisations. We invite the CCOs to consider how they aim to improve hauora support provision at their organisations and to develop organisational cultures that actively support hauora.





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