

3.9 CCO Accountability Policy

This policy sets out the council's expectations and requirements for its substantive council-controlled organisations (CCOs).

This policy is set 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
- Part 7A of the Financial Markets Conduct Act 2013 which provides that the council is as a Climate Reporting Entity and required to make a group climate reporting statement (including on behalf of CCOs)
- Section 3 of the New Zealand's Exchange (NZX) listing rules which has requirements around the disclosure of material information of the council and CCOs, and annual and half-yearly reporting requirements

Under section 92(1) of the Local Government (Auckland Council) 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 made through an amendment to the Long-term Plan (section 90(3)(c)).

1. Council's expectations for CCO's contribution to 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—

- a) *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.*
- b) *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.”*

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 includes the Future Development Strategy and six outcomes.

This policy sets out council's common expectations for CCOs as well as the Auckland Plan outcomes, direction and focus areas that each CCO is expected to align with. All CCOs must also comply with relevant legislative requirements, as outlined in the statement of expectations.

The Long-term Plan 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 outlined in the Statement of Expectations, issued in accordance with section 64B of the Local Government Act 2002. These expectations 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 the council's statutory obligations, including the council's obligations under 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 statutory responsibilities, 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

Substantive CCOs must 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 Achieving Māori Outcomes (AMO) 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 Houkura (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 must contribute to achieving a collaborative and aligned approach across the council group to work with mana whenua and mataawaka.

1.1.2 Health and safety

Each substantive CCO is to maintain safe systems of work that ensure compliance with legislative requirements and minimise the risk of harm to their kaimahi and others impacted by their operations. Each substantive CCO is also to participate in the development of a group health, safety, and well-being policy to ensure a common health and safety vision and alignment across the group.

1.1.3 Group policies

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

1.1.4 Significance and engagement

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

1.1.5 Climate change

Each substantive CCO is to contribute towards implementation of Te Tāruke-ā-Tāwhiri, Auckland Climate Plan and building a climate resilient future for the Auckland region. 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 greenhouse gas emissions by 2030, reaching net zero by 2050 and planning for the impacts of climate change
- embedding climate change considerations into policies, planning and investment decision-making to address the current and anticipated impacts of climate change and support greenhouse gas emissions reduction
- putting systems and processes in place to meet the group's statutory climate reporting requirements, including record-keeping requirements

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

1.2.1 Tātaki Auckland Unlimited

Tātaki Auckland Unlimited refers to the two substantive council-controlled organisations Tātaki Auckland Unlimited Limited and Tātaki Auckland Unlimited Trust. Tātaki Auckland Unlimited’s role is to enrich the cultural and economic life of Tāmaki Makaurau Auckland. Tātaki Auckland Unlimited Limited delivers programmes and activities to help make Auckland a desirable place to live, work, visit, invest and do business. Tātaki Auckland Unlimited Limited also acts as the corporate trustee for charitable trust Tātaki Auckland Unlimited Trust which manages venues, collections and experiences.

Tātaki Auckland Unlimited aligns with and contributes to the Auckland Plan outcomes in table 1.

Table 1 – Tātaki Auckland Unlimited contribution to Auckland Plan outcomes

Auckland Plan outcome	Tātaki Auckland Unlimited contribution to Auckland Plan directions and focus areas
Belonging and Participation	<ul style="list-style-type: none"> • 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.
Opportunity and Prosperity	<ul style="list-style-type: none"> • 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.
Māori identity and wellbeing	<ul style="list-style-type: none"> • 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.
Environment and cultural heritage	<ul style="list-style-type: none"> • Ensure Auckland’s natural environment and cultural heritage is valued and cared for.

It does this by undertaking the following activities:

- managing some of Auckland’s most important cultural heritage institutions (including Auckland Zoo, Auckland Art Gallery, New Zealand Maritime Museum) and partnering with others (including MOTAT and the Auckland War Memorial Museum)
- maintaining and developing sporting, events and entertainment venues (including the Civic, Aotea Centre, Viaduct Events Centre, Go Media Stadium Mt Smart, North Harbour Stadium, Bruce Mason Centre) and partnering with others (including Eden Park)
- 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, Auckland Business Chamber, 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
- 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 interest¹.

Auckland Transport aligns with and contributes to the Auckland Plan outcomes in table 2.

Table 2 – Auckland Transport contribution to Auckland Plan outcomes

Auckland Plan outcome	Auckland Transport alignment to directions in the Auckland Plan
Transport and Access	Maximise safety and environment protection and emissions reduction. Better connect people, places, goods and services. Increase genuine travel choices for a healthy, vibrant and equitable Auckland.

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 in line with the Future Development Strategy
- improve environmental resilience and sustainability of the transport system, and significantly reduce the greenhouse emissions it generates.

Auckland Transport also contributes to the other outcomes in the Auckland Plan - Māori Identity and Wellbeing, Belonging and Participation, Homes and Places, Environment and Cultural Heritage and 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 Section 39, Local Government (Auckland Council) Act 2009.

1.2.3 Eke Panuku Development Auckland Limited

The purpose of Eke Panuku (full name Eke Panuku Development Auckland Limited) includes 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 Auckland Plan outcomes in table 3.

Table 3 – Eke Panuku contribution to Auckland Plan outcomes

Auckland Plan outcome	Eke Panuku contribution to Auckland Plan directions and focus areas
<i>Homes and Places</i>	<ul style="list-style-type: none"> Provide sufficient public places and spaces that are inclusive, accessible and contribute to urban living. Accelerate the construction of quality homes that meet Aucklanders’ changing needs and preferences. Develop a quality compact urban form to accommodate Auckland’s growth and support a low carbon future.
Belonging and Participation	<ul style="list-style-type: none"> Create safe opportunities for people to meet, connect, participate in, and enjoy community and civic life.
Opportunity and Prosperity	<ul style="list-style-type: none"> Advance Māori employment and support Māori business and iwi organisations to be significant drivers of Auckland’s economy.
Māori identity and wellbeing	<ul style="list-style-type: none"> Showcase Auckland’s Māori identity and vibrant Māori culture. Celebrate Māori culture and support te reo Māori to flourish. Reflect mana whenua mātauranga (Māori knowledge) and Māori design principles throughout Auckland.
Environment and cultural heritage	<ul style="list-style-type: none"> Use green infrastructure to deliver greater resilience, long-term cost savings and quality environmental outcomes.
Transport and access	<ul style="list-style-type: none"> Better integrate land use and transport Make walking, cycling and public transport preferred choices for many Aucklanders

It does this by undertaking the following activities:

- leading the regeneration of council’s agreed urban locations by making the most of Auckland Council owned land, facilitating a shared vision and working with the council group, the crown, private sector, community housing providers, mana whenua, local boards and infrastructure providers
- identifying opportunities to improve the amenity, attractiveness, connectivity, and resilience of town centres as places to live, work, visit and do business, building confidence for others to invest
- place making and engaging with communities and stakeholders on the changes taking place, testing ideas and strengthening the connection between people and place
- selling Auckland Council’s surplus property, developing unused and underutilised property assets to unlock revenue and enable new housing and commercial development
- managing council’s assets/property including commercial, residential and marina infrastructure, or redevelopment incorporating a service delivery function
- undertaking other urban regeneration and property-related services such as strategic property advice, acquisitions and disposals and where appropriate, reviewing council’s service property for optimisation and redevelopment opportunities.

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 outcomes in table 4²:

Table 4 – Watercare contribution to Auckland Plan outcomes

Auckland Plan outcome	Watercare alignment / contribution to Auckland Plan directions and focus areas
Environment and cultural heritage	<ul style="list-style-type: none"> 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.
Homes and Places	<ul style="list-style-type: none"> Developing a quality, compact urban form to accommodate Auckland’s growth.
Māori identity and wellbeing	<ul style="list-style-type: none"> 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
- enabling and supporting Auckland’s growth through a focus on intensification in brownfield areas, with some managed expansion in line with the Future Development Strategy
- working with the council (including Healthy Waters), 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 Auckland’s water, wastewater and stormwater (the three waters provided by Watercare and Healthy Waters) outcomes for the benefit of current and future Aucklanders.

² Watercare 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) Act 2009.

2. 1.2.5 Auckland Future Fund Trustee Limited (as corporate trustee of the Auckland Future Fund Trust)

As part of the Long-term Plan 2024-2034, the council decided to establish a regional wealth fund to be called the Auckland Future Fund. The fund is to be established as a trust, the Auckland Future Fund Trust, with a company, Auckland Future Fund Trustee Limited, as the corporate trustee of the Trust.

It is intended that the Auckland Future Fund Trust and Auckland Future Fund Trustee Limited will be established and commence operation as soon as possible after 1 July 2024. Once established, Auckland Future Fund Trustee Limited, as corporate trustee for the Auckland Future Fund Trust, will be a substantive CCO. The role of Auckland Future Fund Trustee Limited is to:

- Act as the corporate trustee of the Auckland Future Fund Trust
- Leverage greater returns to fund council operations, reduce risk and provide better long-term financial sustainability in meeting the purposes of the Auckland Future Fund (as set out in the Auckland Future Fund Policy (see Volume two, section 3.10 of this Long-term Plan 2024-2034)).

To the extent that there is any inconsistency between this policy and the Auckland Future Fund Policy, the Auckland Future Fund policy takes precedence.

Auckland Future Fund Trustee Limited aligns with and contributes to the Auckland Plan outcomes in table 5.

Table 5 – Auckland Future Fund Trustee Limited contribution to Auckland Plan outcomes

Auckland Plan outcome	Auckland Future Fund alignment to directions in the Auckland Plan
Opportunity & Prosperity	Create the conditions for a financially more resilient Auckland.

In doing so, Auckland Future Fund Trustee Limited is to:

- reduce the costs to Aucklanders by accessing greater long term investment returns.
- make Auckland more financially sustainable by protecting its intergenerational invested assets for future Aucklanders.
- diversify financial risk by accessing specialist advice to invest on a wider geographical, industry and financial basis
- make use of council group shared services for all operational support and back-office functions, noting that employment of any staff will require consent of Auckland Council’s Chief Executive.

2. Additional reporting requirements

Section 90(2) of the LGACA states that:

“(2) The policy must—

- c) *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 Half-yearly and annual reports

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 Financial Markets Conduct Act 2013 and NZX listing rules 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 year³. The quarterly report must report against the performance targets and key capital and operations programmes / projects 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 (the chair and the representative of the fund administrator in the case of Auckland Future Fund Trustee Limited) 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 group preliminary NZX announcement 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.

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

Substantive CCOs must also comply with the requirements of Auckland Council's Disclosure Policy which is based on the NZX listing rules.

2.5 Audit and risk reporting requirements

Each substantive CCO must:

- 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
- 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.

2.7 Climate reporting

Auckland Council is a Climate Reporting Entity under the Financial Markets Conduct Act 2013, which means the group's climate statement will need to comply with this Act and consequently the Aotearoa New Zealand Climate Standards (from 30 June 2024). Each substantive CCO is required to provide information on greenhouse gas emissions (direct and indirect, Scope 1, 2, 3) in line with Auckland Council Group greenhouse gas reporting methodology and policy on an annual basis.

3. Additional planning requirements

Section 90(2) of the LGACA states that:

“(2) The policy must—

- d) 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 Long-term Plan and Annual Plan

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

Each substantive CCO (with the exclusion of Auckland Future Fund Trustee Limited) 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 an Achieving Māori Outcomes 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—*

- e) *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 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 -
 - 1. a port company;
 - 2. an airport company.

Sections 3.1 and 3.2 of council’s Significance and Engagement Policy specify which assets or group of assets the Council has determined to be “strategic assets”. Some of these are owned or managed by substantive CCOs. The table below identifies the strategic assets, as specified in council’s Significance and Engagement Policy, which are owned or managed by substantive CCOs. The table should be read alongside the commentary and definitions in the Significance and Engagement Policy.

If there is any inconsistency between the assets identified as strategic assets in this table and the Significance and Engagement Policy, the Significance and Engagement Policy prevails.

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 6.

Table 6 – Strategic assets owned or managed by substantive CCOs

Council-controlled organisation	Strategic assets owned and managed by the CCO	<i>Strategic assets owned by the council and managed by the CCO</i>
Auckland Transport	The public transport network and footpath assets	<i>Roading and footpath assets</i>
Tātaki Auckland Unlimited Limited as corporate trustee of the Tātaki Auckland Unlimited Trust	The network of stadiums and venues Auckland Zoo Auckland Art Gallery, including the associated art collection	

Council-controlled organisation	Strategic assets owned and managed by the CCO	<i>Strategic assets owned by the council and managed by the CCO</i>
Eke Panuku Development Auckland Limited	None	<i>The freehold interests in central Auckland waterfront land</i>
Watercare Services Limited	The wastewater network / system The water supply network / system	<i>none</i>
Auckland Future Fund <i>Trustee</i> Limited as corporate trustee of the Auckland Future Fund Trust	The Auckland Future Fund (as a whole)	

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

The strategic assets owned and managed by, or owned by the council and managed by, Auckland Future Fund Trustee Limited are to be managed in accordance with the requirements set out in the Auckland Future Fund Policy (Volume two, Section 3.10). For avoidance of doubt, sections 4.2.1-4.2.5 of this policy do not apply to Auckland Future Fund Trustee Limited.

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 7 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 Budget Committee and the council's Chief Executive, according to the criteria in the council's Significance and Engagement Policy.

Table 7 – 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"> ○ which represents or may represent a departure from an agreed strategy of the council; or ○ 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 Long-term Plan. Note that some major transactions must be set out in the Long-term Plan.</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 the local authority must be explicitly provided for in the Long-term Plan and must have been consulted on during the development of the Long-term Plan.</p>
<ul style="list-style-type: none"> • Undertake an action or make a decision which may affect the council's long-term interest in a 	<ul style="list-style-type: none"> • Feasibility studies of a significant activity or investment 	<p>Refer to the fundamental principles described above about early engagement with council.</p>

Where a CCO proposes to	Examples	The shareholder must be involved in the following way
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"> The development of a water efficiency strategy 	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. Engage with relevant local boards in accordance with the Statement of Expectations.
<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 Go Media 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:

- o Reducing control over the asset (whether directly or indirectly).
- o Reducing or materially affecting the asset’s value.
- o Granting any legal interest in the asset to a third party.
- o 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 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:

- i. is granted in the ordinary course of the CCO’s business on arms-length terms; and
- ii. does not exceed fifteen years in duration (including any renewals at the lessee’s option); and
- iii. 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 resolution⁵. 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>