



# Cabinet

CAB Min (09) 42/21

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## Minute of Decision

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### Auckland Transition Agency Proposals: Structure of Council-Controlled Organisations for the Auckland Council

Portfolio: Local Government

On 30 November 2009, Cabinet:

#### Council-controlled organisation structure and governance framework

- 1 noted that the Auckland Transition Agency (ATA) has undertaken a stocktake of existing Auckland local authorities, and has identified over 300 entities consisting primarily of companies or trusts that have been established for community, service delivery, or commercial purposes;
- 2 noted that in October 2009, the Cabinet Committee on Implementation of Auckland Governance Reforms (AGR) agreed:
  - 2.1 that the ATA should review and rationalise the wholly local authority-owned entities prior to 1 November 2010;
  - 2.2 that any new entities agreed should remain in place until July 2012, when the Auckland Council will produce its first full long-term council community plan;

[AGR Min (09) 12/1]
- 3 noted that the ATA is proposing a structure consisting of the three council-controlled organisations (CCOs) already agreed by Cabinet (Watercare Services Limited, the Regional Transport Authority, and a Waterfront Development Agency) [CAB Min (09) 15/11; CAB Min (09) 30/10; CAB Min (09) 12/7], and four new CCOs for:
  - 3.1 Economic Development, Tourism and Events;
  - 3.2 Property Holdings and Development;
  - 3.3 Major Regional Facilities;
  - 3.4 Council Investments;
- 4 agreed in principle to the CCO structure and governance framework proposed by the ATA, as outlined in Appendix 2 to the paper under CAB (09) 722, to allow the ATA to proceed with consultation on the structure;

- 5 **noted** that in October 2009, AGR agreed that, once the ATA has finalised each CCO, it will make recommendations to establish new CCOs with the assessment of those proposals including assessment against the agreed criteria, identification of benefits, risk, and other consequences for consideration by Cabinet [AGR Min (09) 12/1];

### Appointment of Board members

- 6 **noted** that section 57 of the Local Government Act 2002 specifically provides that a local authority can only appoint a person to a CCO Board where it is believed that the person has the skills, knowledge, or experience to:
- 6.1 guide the organisation, given the nature and scope of its activities;
  - 6.2 contribute to the achievement of the objectives of the organisation;
- 7 **noted** that the local authority members may not be appointed to the existing boards of Watercare Services Limited or the Auckland Regional Transport Authority due to the governance of these entities by multiple local authorities;
- 8 **noted** that in August 2009, Cabinet agreed that up to two Auckland councillors may be members of the Board of the Regional Transport Authority to recognise the significance of transport issues in Auckland, to provide a strong link between the funding and provision roles [CAB Min (09) 30/10];
- 9 **noted** that on 23 November 2009, Cabinet agreed that the Local Government (Auckland Law Reform) Bill (the Bill) provide for the Auckland Council to be able to require, in respect of a substantive CCO<sup>1</sup>, at its discretion:
- 9.1 a long-term plan covering a minimum ten year period that would set out how the CCO intends to:
    - 9.1.1 manage, maintain, and invest in its assets;
    - 9.1.2 maintain or improve service levels;
    - 9.1.3 respond to population growth and other changing environmental factors;
    - 9.1.4 give effect to Auckland Council strategy, plans, and priorities, including the spatial plan;
  - 9.2 additions to a CCO Statement of Intent (SOI) to include a narrative on how the CCO contributes to and/or aligns with the Council's, and where appropriate the government's, wider objectives and priorities for Auckland (for example, spatial plan);
  - 9.3 quarterly reporting against the CCO's SOI;
- [CAB Min (09) 41/16]

<sup>1</sup> Substantive CCOs are CCOs that are wholly-owned by the Auckland Council and either undertake major service delivery functions, or own or manage assets with a value of more than \$10 million [CAB Min (09) 41/16].

- 10 **agreed** that the Bill provide that elected members of the Auckland Council are disqualified from appointment to the Boards of substantive CCOs, except for the Regional Transport Authority (see paragraph 8 above);

#### Legislation and publicity

- 11 **noted** that paragraph 10 above will form part of the Bill, which is planned for introduction in late 2009;
- 12 **agreed** that communication of the government's decisions relating to the Bill be co-ordinated by the office of the Minister of Local Government with the offices of the Prime Minister and the Associate Minister of Local Government.

*Rebecca Kitteridge*  
Secretary of the Cabinet

Reference: CAB (09) 722

Proactively Released by the Minister of Local Government