



Auckland Transport
Board Charter

February 2020

Next Review Date: August 2021



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Introduction

Auckland Transport is a statutory body corporate and a council-controlled organisation established under section 38 of the Local Government (Auckland Council) Act 2009 (Act). Auckland Transport is 100% owned by Auckland Council (being itself a statutory body corporate established under section 6 of the Act). As a result, matters relating to the corporate governance of Auckland Transport and in particular Auckland Transport's board of directors (Board), are subject to:

- The provisions of the Act;
- Fiduciary duties;
- Other applicable enactments (including, without limitation, those set out in the Act);
- Auckland Transport's statement of intent;
- Any policies, guides (or similar) that may from time to time be adopted or made by Auckland Council in respect of substantive council-controlled organisations in general, or Auckland Transport in particular; and
- Any operating rules that Auckland Council may from time to time make for Auckland Transport.
- This document together with other key governance documents should be publicly available.

Board Commitment

The Board of Auckland Transport supports the need for the highest standards of behaviour and accountability from Directors and accordingly endorses the principles set out in:

- The Four Pillars of Governance Best Practice for New Zealand Directors published by the Institute of Directors in New Zealand (Incorporated); and
- AT's Code of Conduct.

Purpose of Charter

This Board Charter (Charter) and the board committees' charters and policies set out governance requirements for the Auckland Transport Board. These include the roles and responsibilities, structure, members' powers and processes of the Board.

Governance Objectives

The board has statutory responsibility for the affairs and activities of the organisation, which in practice is achieved through delegation to the Chief Executive and others who are charged with the day-to-day leadership and management of the organisation.

The Board has adopted the following governance objectives:

- To lay solid foundations for management and oversight.
- To structure itself to add value.
- To promote ethical and responsible decision making.
- To safeguard the integrity of its financial reporting.
- To make timely and balanced disclosure.
- To respect the rights of its shareholders.
- To recognise and manage risk.
- To remunerate fairly and responsibly.
- To ensure the effective monitoring and management of health & safety.
- To promote a corporate culture which embraces diversity and inclusion.



- To ensure there are appropriate sustainability processes and reporting in place for the organisation.
- To ensure there is a strong focus on customer service, aspiring for an excellent experience across all AT's customer touchpoints.

Governance Philosophy & Approach

The Board will govern Auckland Transport with an emphasis on:

- Serving the legitimate interests of Auckland Council (AC) as owner of Auckland Transport and accounting to AC fully for the performance of the organization and for the Board's stewardship of that performance.
- Remaining up to date in terms of key stakeholders' concerns, needs and aspirations.
- Ensuring that no one person or block of persons has unfettered power and that there is an appropriate balance of power and authority on the Board.
- Demonstrating high ethical standards and integrity in their dealings both individually and collectively.
- Speaking with one voice on all policy and directional matters, acknowledging that directors are collectively accountable for all Board decisions.
- Developing a future focus rather than being preoccupied with the present or past.
- Providing leadership in the exploration of strategic issues rather than becoming distracted by administrative or operational detail.
- Behaving proactively rather than reacting to events and to the initiatives of others.
- Bringing a diversity of opinions and views to bear on its decisions.
- Developing and expressing a collective responsibility for all aspects of the Board's role.
- Ensuring there are positive conditions for the motivation of the Chief Executive and that there is adequate training to support him/her in their role.
- Performing such other functions as are prescribed by law or assigned to the Board.
- Demonstrating strong alignment to customer service, good stewardship and ratepayer expectation.
- Operating in a manner that recognises and respects the significance of Te Tiriti / the Treaty. To honour this commitment, the principles of Te Tiriti / the Treaty will be used as a guide to inform AT's approach when making decisions about matters affecting Maori.

Role of the Board

The role of the Board is to exercise corporate leadership through the establishment and monitoring of necessary controls and setting strategic direction. This is to ensure AT is equipped to respond to the changing circumstances and situations in the external and internal environments in order to meet its requirements in law and the expectations and requirements of Auckland Council and other key stakeholders.

This requires the board to work as a team and meet on a regular basis.

Responsibilities of the Board

On behalf of the key stakeholders, the Board of Auckland Transport is responsible for the active stewardship of the organisation to ensure its future well-being for the benefit of members and other current and future stakeholders.



The Board's legal duty is to the organisation as a whole. In meeting this duty, the Board must ensure that all legal requirements under the relevant Acts and regulations are met and that AT is protected from harmful situations and circumstances, in the interests of both current and future stakeholders.

The Board:

- Provides leadership to Auckland Transport ensuring that the organisation fulfils its purpose and acts in the best interests of Auckland Transport, Auckland Council and other stakeholders.
- Determines and articulates Auckland Transport's purpose and values, sets the strategic direction as the basis for further planning, e.g. annual and longer-term planning, and oversees the selection and implementation of strategies consistent with that purpose and those values.
- Determines the appropriate culture for Auckland Transport and models behaviours that both reflect and promote the desired culture.
- Establishes governance policies that provide the framework for the management of Auckland Transport, e.g. financial, human resource, asset management policies, etc., and ensures that internal processes and procedures are designed to provide effective controls and serve as the basis for reporting to the Board as required.
- Appoints and employs the Chief Executive and monitors management and organisation performance against Board-established criteria.
- Identifies and characterises potential organisational risks and creates a framework for managing and monitoring them.
- Ensures that the organisation satisfies all internal and externally imposed compliance requirements including all applicable laws, regulations and codes of best practice.
- Takes an active role in succession planning ensuring that the Board has directors with an appropriate mix of skills, knowledge and experience, whether, individually, they are elected or appointed.
- Establishes and maintains an effective interrelationship with stakeholders in general, and serves, in particular, the legitimate interests of the members of Auckland Transport and accounts to them fully.

Purpose of the Board

The Board has two broad purposes:

a) **COMPLIANCE: conform with or exceed all legal requirements**

Legal

- comply with directors' responsibilities
- comply with laws
- monitor insurance requirements

Accountability

- monitor financials
- compliance audits

b) **PERFORMANCE: assist the organization to perform to its best potential**

Strategy and policy

- approve Vision/mission and ensure it is embedded into the organisation's operations
- approve strategic plan and policies and monitor regularly

Accountability

- overall performance of the organization
- board evaluation, succession planning
- report outcomes to stakeholders
- manage CEO

Public Relations

- represent and participate
- keep stakeholders informed



- project a strong and positive image
- promote the vision
- facilitate cohesion
- protect the interests of stakeholders
- speak with one voice regarding Board decisions

Risk management

- ensure up-to-date and effective risk profile and management strategy
- monitor critical risks

The Board, while meeting its responsibilities, is mindful of AT's mission and its business objectives.

Duties of Directors

- A director must fulfil his/her fiduciary duty to act in Auckland Transport's best interest at all times regardless of personal position, circumstances or affiliation.
- A director must exercise a power for a proper purpose.
- A director must not act, or agree to the organisation acting, in a manner that contravenes relevant Acts of Parliament.
- A director must not agree to the business of the organisation being carried on in a manner likely to create a substantial risk of serious loss to the organisation's creditors or to put the health and safety of those who work in the organisation at risk.
- A director must not agree to the organisation incurring an obligation unless the director believes at that time on reasonable grounds that the organisation will be able to perform the obligation when it is required to do so.
- A director, when exercising powers or performing duties as a director, must exercise the care, diligence and skill that a reasonable director would exercise in the same circumstances.
- A director, when exercising powers or performing duties as a director, may rely on reports, statements and financial data and other information prepared or supplied, and on professional or expert advice.
- A director must, immediately after becoming aware of the fact that he/she is interested in a transaction or proposed transaction with AT, ensure this is entered in the Register of Interests.
- A director who, in his/her capacity as a director of AT, has information that would not otherwise be available to him/her must not disclose that information to any person, or make use of or act on the information, except:
 - For the purposes of AT.
 - As required by law.

The Board's relationship with other stakeholders

The board will use its best endeavours to familiarise itself with issues of concern to all relevant stakeholders. The board recognises that AT's long-term survival and prosperity are closely intertwined with the environments and markets within which it operates and the extent to which AT is seen as a responsible corporate citizen.

Board Composition

The composition of the board will reflect the duties and responsibilities it has and the role it performs in setting the organisation's strategy and seeing that it is implemented.



The governing body of Auckland Transport is the Board. The Board will comprise:

- no fewer than 6 and no more than 8 voting directors, of whom 2 may be members of Auckland Council; and
- 1 non-voting director nominated by the New Zealand Transport Agency (who may be a person who is the holder of an identified office or position within the New Zealand Transport Agency).

The Board, including its chairperson and deputy chairperson, must be appointed by Auckland Council. Auckland Council must not appoint a member of its own governing body as the chairperson or deputy chairperson of the Board.

Role of the Board Chair and Deputy Chair

The role of the Board Chair is to:

- Chair Board meetings
- Provide appropriate leadership to the Board and the organisation
- Facilitate Board discussion to ensure the critical issues facing the organisations are directly confronted and addressed
- Maintain a regular dialogue and mentoring relationship with the Chief Executive and Senior Executives
- Maintain a regular dialogue with the Mayor and other key stakeholders (including the media)
- Lead the director induction process
- Monitor the performance of the Board and other individual Directors
- Ensure the on-going effectiveness and development of the Board

The role of the Deputy Chair which includes the ability to take on the Chairs role, as and when required, is to:

- Chair meetings in the absence of the Chair
- provide effective leadership
- acting on the chairperson's behalf as required for meetings with the Mayor and other key stakeholders
- undertaking other duties are required by the board

The Board Secretary

The appointment of the Board secretary is made on the recommendation of the CEO and must be approved by the board. The secretary is responsible for ensuring that board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the board are complied with and for all matters associated with the maintenance of the board or otherwise required for its efficient operation. All members, particularly the chair, have access to the advice and services of the secretary for the purposes of the board's affairs and the business.

Board Meeting and Agenda

- Board meetings will be split into closed and open sessions with separate agendas and minutes.
- Board business will generally be conducted in Board meetings.
- Members will use their best endeavours to attend board meetings and to prepare thoroughly. Members are expected to participate fully, frankly and constructively in board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the board



table. Members unable to attend a meeting will advise the chair at the earliest date possible and confirm in writing to the secretary.

- The Board will make the best possible use of its meetings by dealing only with matters that have governance-level significance, by focusing primarily on the future and, within a defined policy framework, by delegating as much as possible to the Chief Executive.
- The Board will develop a work plan covering the next 12 months that:
 - Ensures the Board regularly reviews progress towards achievement of the strategic direction/RLTP and relevant strategic issues.
 - Provides assurance that all relevant compliance requirements are addressed.
 - Improves Board performance through education and continuous focus on its governance effectiveness.
- The Chairperson, in consultation with the Chief Executive, will establish the agenda for each Board meeting, although each director is free to suggest the inclusion of item(s) on the agenda. The agenda will generally be structured so that the most important business of the meeting is taken near the start of the meeting.
- The Board will normally meet once every four weeks; however, Board meetings may be scheduled at other times or at other frequencies as determined by the Board.
- Board meetings will be conducted in an open, constructive and respectful manner, recognising that genuinely held differences of opinion can bring greater clarity and lead to better decisions.
- Directors will receive their Board papers at least four working days prior to the meeting.
- At each normal meeting the organisation's interests register will be updated as necessary and the board will consider the work programme and related management papers noted in **Appendix 1**:
- Subject to legal or regulatory requirements the board will decide the manner and timing of the publication of its decisions.
- Directors are entitled to have access, at all reasonable times, to all relevant organisation information and to management.
- Clean copies of the board meeting agenda and minutes will be uploaded to board books. These will be stored for a period of 7 years.

Director Induction

The Board will give all newly appointed directors a thorough induction into the affairs of both the Board and Auckland Transport at large. In fulfilment of this obligation:

- All prospective directors will be provided with all relevant information.
- Upon appointment / election and prior to attendance at their first Board meeting, newly appointed directors will receive a copy of the Board Charter, Governance Policies and other relevant legal governance documentation, current and recent meeting papers, an organisational chart, contact details for other directors and key staff, a glossary of key terms, definitions and acronyms, the current year's meeting schedule and the Board work plan.
- Newly elected or appointed directors will meet with the Chairperson for a governance familiarisation. This meeting may be held as a group session or with individuals.
- They will also meet with the Chief Executive for an operational familiarisation.

Directors' remuneration & reimbursement of expenses

The Directors' remuneration is paid in the form of Directors' fees. Board members' fees will compensate board members fully for their normal contribution to the board, including attending board and Committee meetings, meeting preparation, stakeholder management and any other agreed tasks. The decision to



remunerate elected members (and if so how much) will be determined in accordance with applicable government guidelines on director's remuneration.

Additional fees are paid to the Chairperson of the Board and to Chairpersons and members (other than the Chairperson of the Board) of each Committee to reflect the additional responsibilities of these positions. Auckland Transport will reimburse all reasonable expenses incurred by directors in carrying out their role. Directors will claim these expenses within a period of 6 months from the date of expense.

Chief Executive Remuneration

The Board will determine Chief Executive remuneration based on terms and conditions that reflect the nature of the organisation (size, sector, complexity of strategic challenges, etc.) and market conditions for executive remuneration in comparable organisations. Unless otherwise delegated, e.g. to a Board committee, this will be determined by the Board as a whole.

Conflict of Interest

The board, both individually and collectively, are expected to act ethically and in a manner consistent with the values of the organisation. A key aspect of ensuring integrity in decision-making is to manage any potential conflicts of interest. As a result, the Board requires each director to:

- Minimise the possibility of any conflict of interest that could give rise to a conflict with the organisation by monitoring involvement in other businesses that could lead to a potential conflict of interest.
- Keep the Board advised, on an on-going basis, of any material relationship that could potentially conflict with the interests of Auckland Transport, and the potential for any such material relationship to develop.

Where conflicts of interest do arise, directors will excuse themselves from the relevant discussions and will not exercise their right to vote in respect of such matters.

All conflict of interest shall be recorded in a register maintained by the secretary.

Provision of business or professional services by members

Because a conflict of interest (actual or perceived) may be created, directors should not, generally, provide business or professional services of an ongoing nature to the organisation.

Notwithstanding the general rule, the organisation is at liberty to for the purpose of a special assignment, engage the services of any director having special expertise in the particular field, so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

Other board appointments

Any director is, while holding office, at liberty to accept other board appointments so long as the appointment is not in conflict with the business and does not detrimentally affect the director's performance as a director. All other appointments must first be discussed with the chair before being accepted.



Board and member evaluations

The board will, each year, critically evaluate its own performance, and its own processes and procedures to ensure that they are not unduly complex and are designed to assist the board in effectively fulfilling its role. Each Board sub-committee will review its performance annually and report the results to the Board. Each year, individual members will be evaluated by a process whereby the board determines questions to be asked of each member about him or herself and about each other including the chair, each member answers the questions in writing, and the responses are collected and collated by the chair who then discusses the results with each member. The chair's own position is discussed with the deputy chair and/or the rest of the board.

Continuous Education & Professional Development

It is expected that all Directors continuously educate themselves to ensure that they may appropriately and effectively perform their duties.

In addition, visits to specific organisation operations when appropriate and briefings from key executives and industry experts will be arranged. From time-to-time the Board also undertakes educational trips to receive briefings from companies in relevant industries.

All directors will be encouraged to undertake relevant professional development including attendance at conferences relevant to their role as directors or conferences related to other aspects of their directorship of Auckland Transport. Auckland Transport may contribute to the costs associated with this activity according to a policy that the Board will adopt and review from time to time.

Ethical Standards

Board members are expected to observe the highest standards of ethical behaviour.

The board supports and encourages policies within the organisation which require Directors and employees to observe high standards of personal integrity and display honesty in their dealings

Board Competencies, Skills and Knowledge

Board members are expected to meet a number of core competencies as well as relevant industry, technical, or specialist skills required for that board.

Core Competencies

The core competencies expected on substantive CCO boards are:

- sound judgement and decision-making
- commercial acumen
- public service ethos and awareness of a public media profile
- an understanding and commitment to council's obligation to Te Tiriti o Waitangi
- a high standard of personal integrity
- clear communication and an ability to debate in a reasoned manner
- effective teamwork and collaboration
- the ability to think strategically
- risk assessment and contingency management
- commitment to the principles of good corporate citizenship
- experience in governance; preferably corporate governance



The mix of skills and experience on the board will be taken into account, and consideration given to complementing and reinforcing existing skills and reducing skill gaps where necessary.

Position of CEO

The board will link the organisation's governance and management functions through the CEO. All board authority conferred on management is delegated through the CEO so that the authority and accountability of management is considered to be the authority and accountability of the CEO so far as the board is concerned. The board must agree to the levels of sub delegation immediately below the CEO. The board will agree with the CEO to achieve specific results directed towards the organisation goals. This will usually take the form of an annual performance contract under which the CEO is authorised to make any decision and take any action within the management limitations, directed at achieving the organisation goals. Between board meetings the chair maintains an informal link between the board and the CEO, expects to be kept informed by the CEO on all important matters, and is available to the CEO to provide counsel and advice where appropriate. Only decisions of the board acting as a body are binding on the CEO. Decisions or instructions of individual members, officers or committees should not be given to the CEO and are not binding in any event except in those instances where specific authorisation is given by the board.

Accountability of CEO to board

The CEO, in association with the chair, is accountable to the board for the achievement of the organisation goals and the CEO is accountable for the observance of the management limitations.

At each of its normal monthly meetings the board should expect to receive from or through the CEO:

- the operational and other reports and proposals referred to above
- such assurances as the board considers necessary to confirm that the management limitations are being observed.

Management limitations

- The CEO is expected to act within all specific authorities delegated to him or her by the board. The CEO is expected to not cause or permit any practice, activity or decision that is contrary to commonly accepted good business practice or professional ethics. In allocating the capital and resources of the organisation the CEO is expected to adhere to the organisation goals. The CEO is expected to not cause or permit any action without taking into account the health, safety, environmental and political consequences.
- In financing the organisation, the CEO is expected to not cause or permit any action that is likely to result in the organisation becoming financially embarrassed. The assets of the organisation are expected to be adequately maintained and protected, and not unnecessarily placed at risk. In particular, the organisation must be operated with a comprehensive system of internal control, and assets or funds must not be received, processed or disbursed without controls that, as a minimum, are sufficient to meet standards acceptable to the organisation's external auditors. One of the tools used as a framework is an asset management plan for both on and off-balance sheet assets.
- The CEO is expected to not permit employees and other parties working for the organisation to be subjected to treatment or conditions that are undignified, inequitable, unfair or unsafe.



Board Sub Committees

- Committees established by the Board review and analyse policies and strategies, usually developed by management, which are within their terms of reference. They examine proposals and where appropriate make recommendations to the full Board.
- Committees do not take action or make decisions on behalf of the Board unless specifically mandated by prior Board authority to do so.
- The current Committees of the Board are the Safety and Human Resources sub-committee, Customer and Innovation sub-committee and the Finance, Capital and Risk sub-committee.
- An individual charter exists for each Committee which will be annually reviewed by the Board. From time-to-time the Board may create ad hoc or other committees to examine or have the delegated authority to deal with specific issues on behalf of the Board.
- Committee Chairpersons and members are appointed by the Board.
- The Board reviews annually the performance of each Committee, to ensure that each Committee is operating consistently with its Charter.

Reliance on Information

- Directors may rely on reports, statements, financial data and other information prepared or supplied by an employee of Auckland Transport whom, on reasonable grounds, the director believes (using their own judgment) to be reliable and competent in relation to the matters concerned.
- Directors may rely on professional or expert advice given by a professional advisor or expert in relation to matters which the director believes, on reasonable grounds (using their own judgment), to be within the person's professional or expert competence.
- Directors may rely on the information if the director acts in good faith, makes proper enquiry and has no knowledge that such reliance is unwarranted.
- Directors may rely on the integrity and honesty of the other directors of Auckland Transport, the Chief Executive, senior management and professional advisors and experts.

Other Undertakings

A Director may not:

- use confidential information for his or her personal gain or for the benefit of any other person
- buy or sell (or encourage another person to buy or sell) a property or other asset when in possession of information through his or her position that may affect the value of that asset;
- engage in dialogue with members of the press about any matter concerning Auckland Transport without the prior approval of the chairperson. If dialogue is required by a director in a capacity other than as an Auckland Transport director, the director will act in the best interests of Auckland Transport. If this is not possible, the director will discuss the matter with the chairperson prior to any such engagement or operate under a standing agreement with the chairperson.

Directors should not accept benefits, gifts, hospitality or favours which create or appear to create a favoured position for another organisation or person who either is or aspires to be a vendor or supplier to Auckland Transport. Where offers of gifts, hospitality or inducement are made, these should be reported to the chairperson as applicable for a decision on acceptance or otherwise.



Review of Charter

The board will review this charter every 18 months or as required to ensure it remains consistent with the board's objectives and responsibilities.

Version: February 2020

Approved by:

Adrienne Young-Cooper, Chair

Wayne Donnelly, Deputy Chair

Kylie Clegg

Mary-Jane Daly

Darren Linton

Dr Jim Mather

Dame Paula Rebstock



Appendix 1

At each normal meeting the organisation's interests register will be updated as necessary and the board will consider:

- an operational report from the CEO
- a report from the Exec. GM Finance
- reports on their activities from AT's business areas.
- specific proposals for capital expenditure and acquisitions in accordance with delegations.
- major issues and opportunities for the organisation
- In addition, the board will, at intervals of not more than one year:
 - review the organisation goals
 - review the strategies and operating plans for achieving AT's goals
 - approve the annual budget
 - approve the annual and half-yearly financial statements and public announcements
 - approve the annual report
 - review the board composition, structure and succession
 - review the organisation's audit requirements
 - review the performance of, necessity for and composition of board committees
 - undertake board and individual member evaluations
 - review the CEO's performance and remuneration
 - review remuneration policies and practices in general
 - review risk policies and controls including insurance covers and compliance with legal and regulatory requirements
 - review the organisation's code of conduct and ethical standards
 - review customer, supplier and stakeholder relations
 - settle the following year's board work plan.