I hereby give notice that an ordinary meeting of the Finance and Performance Committee will be held on:

**Date:** Tuesday, 20 March 2018  
**Time:** 9.30am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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**Komiti ā Pūtea, ā Mahi Hoki / Finance and Performance Committee**

**OPEN AGENDA**

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**MEMBERSHIP**

<table>
<thead>
<tr>
<th>Chairperson</th>
<th>Cr Ross Clow</th>
</tr>
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<tr>
<td>Deputy Chairperson</td>
<td>Cr Desley Simpson, JP</td>
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<tr>
<td>Members</td>
<td>Cr Penny Hulse</td>
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<td></td>
<td>Cr Mike Lee</td>
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<td></td>
<td>Cr Josephine Bartley</td>
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<td>Cr Dick Quax</td>
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<td>Cr Greg Sayers</td>
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<td>Deputy Mayor Bill Cashmore</td>
<td>Cr Daniel Newman, JP</td>
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<tr>
<td>Cr F’a’anana Efeso Collins</td>
<td>Cr Sharon Stewart, QSM</td>
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<tr>
<td>Cr Linda Cooper, JP</td>
<td>IMSB Chair David Taipari</td>
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<tr>
<td>Cr Chris Darby</td>
<td>Cr Sir John Walker, KNZM, CBE</td>
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<td>Cr Alf Filipaina</td>
<td>Cr Wayne Walker</td>
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<td>Cr Hon Christine Fletcher, QSO</td>
<td>Cr John Watson</td>
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<td>Mayor Hon Phil Goff, CNZM, JP</td>
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<td>Cr Richard Hills</td>
<td>IMSB Member Terrence Hohneck</td>
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(Quorum 11 members)

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Sandra Gordon  
Senior Governance Advisor

14 March 2018

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Email: sandra.gordon@aucklandcouncil.govt.nz  
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**Note:** The reports contained within this agenda are for consideration and should not be construed as Council policy unless and until adopted. Should Members require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
Terms of Reference

Responsibilities

The purpose of the Committee is to:

(a) control and review expenditure across the Auckland Council Group to improve value for money
(b) monitor the overall financial management and performance of the council parent organisation and Auckland Council Group
(c) make financial decisions required outside of the annual budgeting processes

Key responsibilities include:

- Advising and supporting the mayor on the development of the Long Term Plan (LTP) and Annual Plan (AP) for consideration by the Governing Body including:
  - Local Board agreements
  - Financial policy related to the LTP and AP
  - Setting of rates
  - Preparation of the consultation documentation and supporting information, and the consultation process, for the LTP and AP
- Monitoring the operational and capital expenditure of the council parent organisation and Auckland Council Group, and inquiring into any material discrepancies from planned expenditure
- Monitoring the financial and non-financial performance targets, key performance indicators, and other measures of the council parent organisation and each Council Controlled Organisation (CCO) to inform the Committee’s judgement about the performance of each organisation
- Advising the mayor on the content of the annual Letters of Expectations (LoE) to CCOs
- Exercising relevant powers under Schedule 8 of the Local Government Act 2002, which relate to the Statements of Intent of CCOs
- Exercising Auckland Council’s powers as a shareholder or given under a trust deed, including but not limited to modification of constitutions and/or trust deeds, granting shareholder approval of major transactions where required, exempting CCOs, and approving policies relating to CCO and CO governance
- Approving the financial policy of the Council parent organisation
- Overseeing and making decisions relating to an ongoing programme of service delivery reviews, as required under section17A of the Local Government Act 2002
- Establishing and managing a structured approach to the approval of non-budgeted expenditure (including grants, loans or guarantees) that reinforces value for money and an expectation of tight expenditure control
- Write-offs
- Acquisition and disposal of property, in accordance with the long term plan
- Recommending the Annual Report to the Governing Body
- Te Toa Takatini
Powers

(a) All powers necessary to perform the committee’s responsibilities, including:
   a. approval of a submission to an external body
   b. establishment of working parties or steering groups.

(b) The committee has the powers to perform the responsibilities of another committee,
    where it is necessary to make a decision prior to the next meeting of that other committee.

(c) The committee does not have:
   a. the power to establish subcommittees
   b. powers that the Governing Body cannot delegate or has retained to itself (section 2).
Exclusion of the public – who needs to leave the meeting

Members of the public

All members of the public must leave the meeting when the public are excluded unless a resolution is passed permitting a person to remain because their knowledge will assist the meeting.

Those who are not members of the public

General principles

- Access to confidential information is managed on a “need to know” basis where access to the information is required in order for a person to perform their role.
- Those who are not members of the meeting (see list below) must leave unless it is necessary for them to remain and hear the debate in order to perform their role.
- Those who need to be present for one confidential item can remain only for that item and must leave the room for any other confidential items.
- In any case of doubt, the ruling of the chairperson is final.

Members of the meeting

- The members of the meeting remain (all Governing Body members if the meeting is a Governing Body meeting; all members of the committee if the meeting is a committee meeting).
- However, standing orders require that a councillor who has a pecuniary conflict of interest leave the room.
- All councillors have the right to attend any meeting of a committee and councillors who are not members of a committee may remain, subject to any limitations in standing orders.

Independent Māori Statutory Board

- Members of the Independent Māori Statutory Board who are appointed members of the committee remain.
- Independent Māori Statutory Board members and staff remain if this is necessary in order for them to perform their role.

Staff

- All staff supporting the meeting (administrative, senior management) remain.
- Other staff who need to because of their role may remain.

Local Board members

- Local Board members who need to hear the matter being discussed in order to perform their role may remain. This will usually be if the matter affects, or is relevant to, a particular Local Board area.

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
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1 Apologies

At the close of the agenda no apologies had been received.

2 Declaration of Interest

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have.

3 Confirmation of Minutes

That the Finance and Performance Committee:

a) confirm the ordinary minutes of its meeting, held on Monday, 12 March 2018 as a true and correct record.

4 Petitions

At the close of the agenda no requests to present petitions had been received.

5 Public Input

Standing Order 7.7 provides for Public Input. Applications to speak must be made to the Governance Advisor, in writing, no later than one (1) clear working day prior to the meeting and must include the subject matter. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders. A maximum of thirty (30) minutes is allocated to the period for public input with five (5) minutes speaking time for each speaker.

At the close of the agenda no requests for public input had been received.

6 Local Board Input

Standing Order 6.2 provides for Local Board Input. The Chairperson (or nominee of that Chairperson) is entitled to speak for up to five (5) minutes during this time. The Chairperson of the Local Board (or nominee of that Chairperson) shall wherever practical, give one (1) day's notice of their wish to speak. The meeting Chairperson has the discretion to decline any application that does not meet the requirements of Standing Orders.

This right is in addition to the right under Standing Order 6.1 to speak to matters on the agenda.

At the close of the agenda no requests for local board input had been received.
7 Extraordinary Business

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"An item that is not on the agenda for a meeting may be dealt with at that meeting if-

(a) The local authority by resolution so decides; and

(b) The presiding member explains at the meeting, at a time when it is open to the public,-

(i) The reason why the item is not on the agenda; and

(ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting."

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

"Where an item is not on the agenda for a meeting,-

(a) That item may be discussed at that meeting if-

(i) That item is a minor matter relating to the general business of the local authority; and

(ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion."

8 Notices of Motion

There were no notices of motion.
Integrating the New Zealand National Maritime Museum into Regional Facilities Auckland

File No.: CP2018/03315

Te take mō te pūrongo / Purpose of the report
1. To provide information on the integration of New Zealand National Maritime Museum (Maritime Museum) into Regional Facilities Auckland (RFA).

Whakarāpopototanga matua / Executive summary
2. On request from The New Zealand National Maritime Museum Trust Board, the RFA Board has agreed to the operational integration of the Maritime Museum into RFA.
3. Council has a significant on-going interest in the Maritime Museum, as reflected in its identification as a regional amenity in the Auckland Regional Amenities Funding Act (ARAFA).
4. Under this legal instrument, Council is required to provide on-going operational funding to a private trust to operate the Maritime Museum.
5. Integrating the Maritime Museum reduces risk to Council by bringing the museum into the Council family, thereby enhancing accountability for operational expenditure and asset planning processes.
6. The integration of the Maritime Museum into RFA does not commit the Council to any increased level of operational funding over and above that which would otherwise be committed under the ARAFA regime.
7. The integration will also deliver significant operational benefits as the economies of scale and organisational synergies are realised over the longer term.
8. These benefits are consistent with strategic directions laid out in the Auckland Plan, Toi Whītiki, the Arts and Culture Strategic Action Plan and Long Term Plan around the city’s arts, culture and heritage sectors, and RFA’s Statement of Intent.
9. Accordingly, the Maritime Museum and RFA signed a Heads of Agreement in May 2017 and, following due diligence processes, a Deed of Transfer in November 2017, with full integration being completed by June 2018.
10. The New Zealand National Maritime Museum Trust Board has committed to winding up the Maritime Museum Trust by prior to 1 July 2018.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:
  a) note the integration of the New Zealand Maritime Museum into Regional Facilities Auckland.
  b) note that Auckland Regional Amenities Funding Board has proposed funding of $2,184,500 for the New Zealand National Maritime Museum Trust Board for 2018-2019.
  c) agree that, subject to the New Zealand National Maritime Museum Trust Board withdrawing its funding application to the Auckland Regional Amenities Funding Board, additional funding of $2,184,500 be provided to Regional Facilities Auckland for 2018-2019 at no net financial impact on Council.
Horopaki / Context

11. Following initial conversations, the New Zealand National Maritime Museum Trust Board approached RFA in 2016 with a request to consider integrating The New Zealand National Maritime Museum (Maritime Museum) into RFA.

12. The rationale behind the Trust’s request was for the Maritime Museum to realise the benefits of scale and synergy that result from inclusion in a larger organisation already managing other similar and distinctive operations (e.g. the Auckland Art Gallery and the Auckland Zoo).

13. The RFA Trust Deed articulates that RFA, as part of its role, may subsequently acquire additional regional facilities, and interests and rights in relation to such facilities to be held on the terms of the RFA Trust.

14. Accordingly, RFA and the Maritime Museum signed a Heads of Agreement on May 2017 to progress due diligence with respect to the proposal.

15. Due diligence included reviews of the governance, legal, financial and operational implications of the proposed integration, along with the Museum’s existing commercial and stakeholder commitments and relationships.

16. Third party consent with respect to the transfer of existing legal arrangements has been gained from all relevant parties where needed.

17. The RFA Board noted the proposal’s alignment with the Statement of Intent for RFA with respect to leading and influencing the development of sector portfolios to deliver value to Aucklanders, as well as a key strategic objective of RFA, being to work to optimise sector networks.

18. Following due diligence, the proposed integration was approved by the RFA Board at their meeting of 30 August 2017.

19. Subsequent to that, a Deed of Transfer was signed in November 2017, identifying a February 2018 commencement to the integration process, with completion by 30 June 2018.

20. At key stages of the process, Council’s CEO, relevant Committee Chairs and the Mayor were briefed.

Tātaritanga me ngā tohutohu / Analysis and advice

Alignment with council’s strategic objectives

21. RFA is responsible for coordinating the effective and efficient development and operation of arts, culture and events facilities of regional significance, for the benefit of Auckland and its communities.

22. In this context, the proposal has significant alignment with Toi Whitiki Auckland’s Arts and Culture Strategic Action Plan, specifically to ensure that governance and funding arrangements of council-funded institutions enable them to operate sustainably and collaboratively.

23. Overall, the proposal will support a number of wider council priorities, such as contributing to delivery of a wide range of cultural and social activities for the Auckland region, and maximising the financial sustainability of assets which Regional Facilities Auckland manages on behalf of Council.

24. In addition, the Maritime Museum’s integration into RFA reduces the number of organisations managing key public institutions on the waterfront, making easier a more integrated approach to waterfront programming and planning.

25. The benefits for the Maritime Museum, as a Council-funded cultural facility, are those resulting from gaining economies of scale, leading to improved financial sustainability.
26. These include benefits from shared commercial, marketing and promotional initiatives, shared resources around human resources, finance and IT, and more effective participation in the strategic development of Auckland’s cultural institutions.

**Precedent**

27. RFA has prior experience in bringing other regional facilities into Council under CCO operational control, having integrated two other institutions into RFA in past years.

28. Since 2014, both the Bruce Mason Centre Trust and QBE Stadium have been fully integrated into RFA, both at the request of the respective private trusts, and both in a manner consistent with RFA’s Trust Deed and with the support of Council.

29. At the point of integration, these two institutions relied, collectively, on $1.1m in annual operational funding from Council.

30. Both integrations occurred without incurring cost to Council or disruption to the services provided by these institutions.

31. As a result of subsequent improved financial performance under RFA, reliance on operational funding from Council for these facilities has effectively been reduced by $0.6m per year.

32. In both cases, the facilities have been managed to improve availability and community benefit, with an overall increase in facility use of in excess of 30%.

**Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views**

33. As the integration effects administrative, governance and financial arrangements only, and with operational continuity for the Museum being key to the integration programme, no local impacts are envisioned.

**Tauākī whakaaweawe Māori / Māori impact statement**

34. Hui Te Ananui A Tangaroa, the NZ Maritime Museum understands that engagement of iwi is essential to its integrity as a kaitiaki of Aotearoa’s maritime heritage. The Museum has committed to weaving iwi perspectives and stories into the kete of the Museum to contribute to the visibility and presence of Maori in Auckland, Tamaki Makaurau.

35. Both the Museum Pae Arahi and the Te Toki Voyaging Trust were consulted during planning for integration, with both groups support the integration with RFA.

**Ngā ritenga ā-pūtea / Financial implications**

36. There are no financial implications for Council as a result of the integration.

37. All integration costs are being borne within existing RFA and Maritime Museum operating budgets.

38. The integration does not commit the Council to any increased level of on-going operational funding over and above that which would otherwise be provided to the Maritime Museum through the ARAFPA process.

39. The Auckland Regional Amenities Funding Board has proposed funding of $2,184,500 for the New Zealand National Maritime Museum Trust Board for 2018-2019.

40. On receiving confirmation from the New Zealand National Maritime Museum Trust Board, the Auckland Regional Amenities Funding Board has confirmed their intent to reduce their 2018-2019 levy request by allocated amount, $2,184,500.

41. Since its inception, RFA has had the responsibility for seeking and allocating capital renewals funding from Council on behalf of the Museum.
42. Over the past two years, Council has provided $600,000 towards an on-going renewals programme at the Maritime Museum. To date, funding arrangements for these capital grants have been managed through RFA under existing LTP provisions and no change to this arrangement is proposed.

**Ngā raru tūpono / Risks**

43. The integration reduces risk to Council by placing the Maritime Museum in a circumstance that enhances accountability to Council for operational expenditure and improves asset planning processes.

44. Under current funding arrangements, Council provides an annual operating grant of over $2m to a private trust, with Council’s discretion on this grant constrained by the ARAFA legislation.

45. Integrating the Museum into RFA directs this funding back into the Council family and places the operations of the Museum within a CCO that has a strong focus on reducing reliance on rate-payer funding through realising the opportunities of scale and collective commercial advantage.

46. Similarly, with respect to capital expenditure arrangements, integration ensures that the Maritime Museum’s capital renewals are assessed and prioritised as part of RFA’s standard asset planning processes and budgeted appropriately.

47. RFA’s prior experience with the Bruce Mason Theatre and QBE Stadium represents a track record of effective integration resulting in significant community benefit and reduced reliance on Council funding.

**Ngā koringa ā-muri / Next steps**

48. The Auckland Regional Amenities Funding Board has proposed funding of $2,184,500 for the New Zealand National Maritime Museum Trust Board for 2018-2019;

49. Subject to the New Zealand National Maritime Museum Trust Board withdrawing its funding application to the Auckland Regional Amenities Funding Board, the support of the Finance & Performance Committee is sought for providing this same level of funding, $2,184,500, instead to Regional Facilities Auckland for 2018-2019 to allow operational funding to be maintained for the Maritime Museum with no net financial impact on Council.

**Ngā tāpirihanga / Attachments**

There are no attachments for this report.

**Ngā kaihaina / Signatories**

<table>
<thead>
<tr>
<th>Author</th>
<th>Jonathan Wilcken, Director, Strategy, Regional Facilities Auckland</th>
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<tr>
<td>Authoriser</td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
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Presentations from the Auckland Regional Amenities Funding Board

File No.: CP2018/00633

Te take mō te pūrongo / Purpose of the report
1. To provide an opportunity for the amenities of the Auckland Regional Amenities Funding Board to present to the committee on their key achievements since the last presentation in 2017; details of how the residents and ratepayers are getting good value for money; and the benefits that accrue to them and major initiatives for the year ahead.

Whakarāpopototanga matua / Executive summary
2. The following amenities of the Auckland Regional Amenities Funding Board will present:
   i) New Zealand Opera
   ii) Auckland Philharmonia Orchestra
   iii) Auckland Rescue Helicopter Trust
   iv) Drowning Prevention Trust.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:
   a) thank the representatives from New Zealand Opera, Auckland Philharmonia Orchestra, Auckland Rescue Helicopter Trust and Drowning Prevention Trust for their attendance and the information provided.

Ngā tāpirihanga / Attachments
There are no attachments for this report.

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sandra Gordon - Senior Governance Advisor</th>
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<tr>
<td>Authoriser</td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
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Progressing urban development

File No.: CP2018/01256

Te take mō te pūrongo / Purpose of the report
1. To agree the reinvestment of the proceeds of asset sales in the Transform and Unlock locations to fund the approved Transform and Unlock work programme, along with a broader package of measures to support the comprehensive development and urban redevelopment of town centres to support implementation of the Auckland Plan.

Whakarāpopototanga matua / Executive summary
2. The council has committed to prioritising urban redevelopment in a number of locations across Auckland through the transform, unlock and support framework. Panuku has a mandate from the council to facilitate urban redevelopment and place-making activities across the council group in these locations, and to achieve a balance between strategic and financial outcomes.
3. It is vital that a workable budget is agreed as part of the Long-term Plan 2018-2028 (LTP) to enable Panuku to deliver the approved programme.
4. In September 2017, the Finance and Performance Committee noted the option to fund the Unlock and Transform Programme from the reinvestment of the proceeds of property sales from those locations.
5. This report now seeks approval to enable reinvestment of the proceeds of property sales in the Transform and Unlock locations on the proviso that LTP asset sales targets are being met, together with progressing more enduring revenue tools for funding the infrastructure, amenity and place activation required to support intensification in these brownfield locations.
6. A programme of planned expenditure for years 1-3 is set out in this report. The revenue from the disposals of around $200m will be reinvested across the transform and unlock programme to deliver amenity, activation and infrastructure as well as to acquire strategic sites, consistent with Council-approved plans. The net effect of the revenue of the disposals less expenditure will not impact debt levels.
7. The number, nature and value of council surplus sites in the priority locations vary considerably. Disposal of council assets in some locations will create a surplus while in other locations the reinvestment of sales proceeds will not be sufficient to deliver the outcomes. A regional portfolio approach is therefore proposed to enable credible and balanced progress across all transform and unlock locations irrespective of the projected local sales. It will also enable refinement of priorities from a regional perspective.
8. This report recommends approval of the budget for inclusion in the LTP on the basis of no impact on debt levels.
9. A full review of the approach and impact is to be undertaken ahead of the next LTP. Projected revenue from disposals of a further $200million in years 4-10 of this LTP will be allocated to urban development and regeneration but unallocated to specific projects, giving the Governing Body flexibility to review investment priorities, including locations, at that time.
10. Panuku has a good track record on meeting asset sales targets noting however that this is a finite resource. Panuku will report to the shareholder if it expects to exceed the sales projections within the Transform and Unlock locations, to confirm how funds are used.
11. Council has been working with Panuku on a broader package of measures to support urban redevelopment. The need for alternative funding and tools for urban redevelopment has been highlighted in the Mayoral Intent for the LTP. Four opportunities are identified for action:
• Funding alignment – working across council to better align planning, budgets and delivery

• Development area targeted rate – progressing the development of this revenue tool and its application to brownfields locations

• Service Property Optimisation Projects – enhancing the implementation of the existing policy and extending the policy to Auckland Transport

• Strategic Development Fund (SDF) for acquisitions – minor changes to rules to hone the use of the fund.

12. Funding alignment – As requested in the Letter of Expectation, Panuku is working with Council on fit-for-purpose governance arrangements for the priority locations to support delivery and to strengthen planning and budget alignment overtime.

13. Development area targeted rate – Last year the council amended the Revenue and Financing Policy allowing targeted rates to be used to fund infrastructure in development areas. The Council team has been exploring with Panuku the application of this approach in brownfields areas to fund renewed infrastructure, community facilities and amenity. Staff consider that to apply the rate fairly existing owner/occupiers should not be required to pay until they sell or develop. Implementation of the rate in this way requires legislative amendment. Panuku will work with council on promoting amendments to legislation and to develop specific rating proposals for consideration. Any rate in this form will require council approval and consultation with the affected community.

14. Optimisation of service property policy – this development approach and funding model, approved in 2015, aims to enable the upgrade of community assets at no cost to the ratepayer while also releasing sites for development and delivering town centre outcomes. Panuku is putting in place executive-level support for the policy which aims to incentivise local boards to support the rationalisation of service property. This will enable optimisation projects to be advanced more quickly and encourage greater use of this policy and opportunity.

15. This report also seeks approval to extend the existing optimisation policy to Auckland Transport where it is working in partnership with Panuku to progress urban development opportunities of strategic transport service sites. The policy will enable Auckland Transport to reinvest proceeds of development in transport priorities, in the same way that local boards can reinvest net proceeds of an optimisation project. This will be in situations where airspace is being sold into a development above a transport service site.

16. The Strategic Development Fund (SDF), $100m over 10 years, was carried over when Panuku was created based on legacy arrangements for ACPL. The SDF is to acquire land for development purposes, particularly to aggregate sites in and near centres. Withdrawals from the fund must be repaid within four years and repayment includes the council marginal cost of debt on holding (net of any holding income). The SDF enables Panuku to unlock opportunities that would not otherwise happen and facilitate better development outcomes including improved amenity, connections, access and higher density etc.

17. The current governance structure and rules for the use of the SDF were approved in June 2014. Minor changes to rules are proposed in relation to repayment timeframes, delegations and ability to dispose of SDF sites. This will enable Panuku to hone the use of the SDF. Panuku will also employ new models to secure early involvement by private, Iwi or third sector partners in the priority locations to assist with funding site acquisition and aggregation.

18. The Council has made hard strategic decisions in prioritising locations for redevelopment and investment across the region acknowledging that it is not possible to invest everywhere at the same time. This report notes that the issue of the sale of surplus assets is of particular interest and importance to local boards. Many consider that the areas outside the priority locations programme are unfairly carrying the weight of the asset sales target and that these areas will be disadvantaged in the future. While reinvestment of asset sales is not proposed...
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for town centres outside the regional programme, Council and Panuku can support revitalisation in these areas through approaches open to all local boards including:

- Service property optimisation
- Working more closely with local boards when assets are sold to achieve a development outcome that supports town centre revitalisation
- Development area targeted rate to fund revitalisation (when tool is available in the future).

19. Together the measures in this report will ensure:

- a workable budget to enable credible progress across the programme, and for momentum to build, working alongside Crown and private partners
- greater alignment of council budgets to support implementation
- development of a new revenue stream for brownfields which would be implemented through the 2019/20 annual plan
- greater use of Council and Transport service property to achieve community service improvements and urban development outcomes
- ability to enhance the use of the Strategic Development Fund to enable site acquisition and aggregation as part of successful urban regeneration, to release both commercial and strategic value.

Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

a) approve the funding of the Transform and Unlock programme (excluding the waterfront) from the reinvestment of the proceeds of property sales from those locations for reinvestment in infrastructure, amenity, activation and site acquisition, noting that this approach will be reviewed within three years and is predicated on Panuku achieving the asset sales targets.

b) approve the “regional portfolio approach” in which the reinvestment is focussed on priority outcomes within the Transform and Unlock programme, noting that the reinvestment is not ring-fenced to individual locations.

c) approve that the Transform and Unlock reinvestment programme be included in the Long-term Plan 2018-2028 subject to no impact on group debt levels.

d) approve the extension of the Optimisation of Service Property approach to Auckland Transport noting that this will enable reinvestment of net proceeds by Auckland Transport in transport priorities arising from the commercial development of service property undertaken in partnership with Panuku as part of an urban development project where airspace is being sold above a transport service site;

e) approve the changes to the repayment protocols including three categories of acquisitions under the Strategic Development Fund as follows:

i) standard – 4 years repayment, starting once the site ceases to provide a holding income where appropriate, including cost of debt

ii) strategic – 6 years repayment, starting once the site ceases to provide a holding income where appropriate, including cost of debt, where acquisition enables a more complex, larger development

iii) specific terms – agreed on a case-by-case basis with Council enabling longer term investment and returns involving potentially higher risks and higher returns.
f) agree that the Panuku Board has authorisation to dispose of any properties purchased using the Strategic Development Fund on its own authority in line with the original policy intent.

g) approve changes to the delegations for approvals for individual transactions using the Strategic Development Fund as follows:
   i) up to $20 million be delegated to the Panuku Board
   ii) $20 million to $30 million be delegated to Auckland Council Chief Executive, Chief Finance Officer and the Chair of the Finance and Performance
   iii) more than $30 million remain with the Finance and Performance Committee.

Horopaki / Context

20. The council has committed to prioritising urban redevelopment in a small number of locations across Auckland through the transform, unlock and support framework. All of the locations are identified development areas in the Draft Auckland Plan. Panuku has a mandate from the council to facilitate urban redevelopment and place-making activities across the council group in these locations, and to achieve a balance between strategic and financial outcomes.

21. The priority locations programme will make a significant contribution to the delivery of the Auckland Plan development strategy. High Level Project Plans have now been approved for each of the Transform and Unlock locations.

22. The principle delivery mechanism is the commercial strategy for each location, bringing council surplus or underutilised sites to the market for development by the private sector, Iwi or third sector, to achieve housing and other urban outcomes. It provides revenue and is a core mandate of Panuku.

23. The extent of investment in infrastructure, amenity upgrades, community facilities and placemaking is discretionary. However public realm and place making investment optimises the commercial strategy by adding value to sites, unlocking development opportunities, increasing market confidence, community engagement and support and maximising regeneration impact. A prioritised programme of work has been developed.

24. No capital budget allocation was made in the LTP when Panuku was established. A report was presented to the Finance and Performance Committee in September 2017 outlining the option of funding the infrastructure, amenity and placemaking activities through the reinvestment of the proceeds of asset sales from those locations. Given the pressure on the Council budget other options and opportunities have been considered over recent months, in particular the potential of a development area targeted rate to fund growth, alignment of council budgets to support implementation in priority locations, partnership opportunities and driving regeneration using service property (Optimisation).

25. This report presents a package of measures which are addressed in turn:
   - Changes to enable reinvestment of the proceeds of asset sales to fund the Transform and Unlock programme, with a full review in three years.
   - Funding alignment – working across council to better align planning, budgets and delivery.
   - Development area targeted rate – progressing the development of this revenue tool and its application to brownfields locations.
   - Service Property Optimisation Projects – enhancing the implementation of the existing policy and extending the policy to Auckland Transport.
   - Strategic Development Fund (SDF) for acquisitions – minor changes to rules to hone the use of the fund.
   - Partnership with the Crown.
Tātaritanga me ngā tohutohu / Analysis and advice

Preferred option - funding of programme through reinvestment

26. The Council’s general position is that the revenue from all property sales is untagged. The revenue is part of the consolidated budget and is used to help fund the LTP capex programme or offset borrowing. However as signaled in the Mayor’s Proposal for the LTP (November 2017) some level of “recycling” property may be appropriate to support the funding gap for specific projects.

27. Panuku does not have a budget to implement the approved plans for the priority locations where a programme of investment in amenity upgrades, infrastructure, community services and acquisitions is proposed to unlock the commercial and strategic value of council surplus sites as well as leverage private investment and build support for town centre growth and intensification.

28. A change to enable reinvestment across the Transform and Unlock Programme (excluding the waterfront) is proposed, subject to full review in three years.

29. This reinvestment approach has been approved for the Transform locations. Reinvestment has also been approved for the Haumaru portfolio and for optimisation of service properties, and as such, is a well-founded policy approach.

30. The table below shows the expected revenue from the disposals of surplus sites within Transform and Unlock locations (sales) of $197m, the planned expenditure on amenity, infrastructure and activation (public realm) of $165m and the net position for the portfolio as a whole. Given the planning work undertaken with the council finance team and policy office, and on the assumption that this envelope is set, programme business cases will be prepared each location. These will be reviewed regularly by the Panuku Board to respond to changing circumstances and to enable flexibility to respond to Crown initiatives.

<table>
<thead>
<tr>
<th></th>
<th>Public Realm</th>
<th>Sales</th>
<th>Net</th>
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</thead>
<tbody>
<tr>
<td>Unlock locations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Avondale, Henderson, Hobsonville, Northcote, Ormiston, Papatoetoe, Panmure, Takapuna)</td>
<td>102</td>
<td>85</td>
<td>(17)</td>
</tr>
<tr>
<td>Transform locations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Manukau, Onehunga)</td>
<td>63</td>
<td>112</td>
<td>49</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>165</strong></td>
<td><strong>197</strong></td>
<td><strong>32</strong></td>
</tr>
</tbody>
</table>

31. The revenue from the disposals will be reinvested across the transform and unlock programme to deliver amenity, activation and infrastructure as well as to acquire strategic sites, consistent with Council-approved plans. This programme will deliver new housing, upgraded facilities and improved amenity, increase vibrancy and safety of centres, facilitate significant private investment and in many cases, leverage the considerable investment already made in transport.

32. This approach will be supported by planned investment relating to transport projects, community facilities upgrades (such as Avondale multi-purpose facility), stormwater and playground investments, included in other budgets.

33. A further $200m of sales in years 4-10 in the transform and unlock locations (excluding the waterfront) is projected.

34. This report recommends approval that the Transform and Unlock reinvestment programme be included in the LTP subject to no impact on group debt levels. The reinvestment programme will be cashflow positive.
35. The number, nature and value of council surplus sites in the priority locations vary considerably. Disposal of council assets in some locations will create a surplus while in other locations the reinvestment of sales proceeds will not be sufficient to deliver the outcomes. A regional portfolio approach is therefore proposed to enable credible balanced progress across all locations and ensure investment in agreed priorities.

36. Investments will be based on council-endorsed High Level Project Plans and subject to business cases. The programme is pragmatic, prioritised and achievable; it does not include everything. It will help build community support for intensification, developer and investor confidence and consumer demand.

37. Without reinvestment Panuku will not be able to advance the agreed programme. This is because no budget allowance has been made in the LTP for delivery of the programme, and there are no other ways to fund the public good element of town centre redevelopment until new tools, such as a development area targeted rate, are available.

38. A full review of the approach and impact is to be undertaken in three years ahead of the next LTP. Projected revenue from disposals of a further $200m in years 4-10 of this LTP will be allocated to urban development and regeneration but unallocated to specific projects, giving the Governing Body flexibility to review investment priorities including locations, at that time.

39. Council has set a general asset sales target of $212m, over 10 years for Panuku to deliver. The proceeds of sale from the support development sites and the general disposals will support funding capital expenditure on areas such as transport, stormwater and community facilities. Panuku has a good track record on meeting asset sales targets noting however that this is a finite resource. Panuku will report to the shareholder if it expects to exceed the sales projections within the Transform and Unlock locations, to confirm how funds are used.

**Funding alignment**

40. The successful implementation of urban redevelopment projects requires close collaboration across all council business units, CCOs and local boards - each CCO has unique attributes to bring to the table through its specific capability, resources and mandate.

41. It is important that the council group has an integrated governance model for all the urban development priority areas. Panuku is working with Council on fit-for-purpose governance arrangements for the priority locations to support delivery, and to strengthen planning and budget alignment overtime. Panuku will enhance the working arrangements with council business units and CCOs with the potential in the medium term to optimise council investment to support place-based redevelopment.

42. As indicated in the Letter of Expectation, one of the practical implications of this new approach is that participating agencies will be expected to reallocate existing budgets to urban regeneration priorities.

**Development area targeted rate**

43. Historically town centre redevelopment projects have been funded from general rates. The pressure on the council budget and the large number of investment priorities indicates that many of these projects will not proceed in the next decade or more without new funding sources.

44. Council has been investigating alternative funding tools. The Council amended the Revenue and Financing Policy last year to allow targeted rates to be used to fund infrastructure in development areas. The Council team has been exploring with Panuku the application of this approach in brownfields areas.

45. While early in development as a concept, staff consider that to apply the rate fairly existing owner/occupiers should not be required to pay until they sell or develop. It will be paid by all non-owner-occupied properties in the development location.

46. A legislative change is required to implement this.
47. Panuku will work with council to advocate to the government for legislative change and to develop specific proposals for consideration. Further approvals will be required for implementation as well full consultation with any affected community.

**Service Property Optimisation – enhanced delivery and extension to Auckland Transport**

48. Council holds a lot of underperforming service property that could facilitate housing and mixed-use development without a detrimental effect on service delivery. Opportunities include selling, amalgamating, co-locating and intensifying service property.

49. An approach to the way service property is developed and funded was approved by the Finance and Performance Committee in March 2015 and is known as Service Property Optimisation. This development approach and funding model aims to maximize efficiencies from council’s service assets. It aims to maintain levels of service whilst releasing property for sale or development. A key element is that the sales proceeds are locally reinvested to advance approved projects or activities on a cost neutral basis. Service property optimisation will create the following benefits for council and the community:

- Community facilities will be replaced, upgraded or optimised and become fit for purpose at little or no new capital outlay to council/ratepayers. This may enable the upgrading or delivery of community facilities well ahead of programming in the council’s LTP.
- Underperforming assets will have increased utility and efficiency, with lower maintenance costs, operating costs as well as improved service delivery benefiting from co-location of other complimentary services or commercial activities.
- Latent value, that currently provides little if any return, will be realised from the council portfolio for the direct benefit of the local community.
- Optimisation will free up a vast range of undercapitalised development opportunities such as air space, full sites, or part sites and in many cases will result in intensification of land use, particularly residential, supporting Auckland Plan implementation.

50. Panuku and the Council’s Service Strategy & Integration team are currently progressing several potential opportunities in conjunction with the relevant local boards, and the first project was recently approved. These opportunities include replacing current service assets in a more innovative form via the private sector, co-location, intensification or the closure and release of a site for sale to deliver strategic value e.g. housing.

51. Service property optimisation has been difficult to progress at pace due to a number of factors which have hindered implementation and resulted in a loss of viable market opportunities:

- Misaligned work programme priorities across the council group. There is a lack of resource within the council service departments to progress the necessary investigations with respect to the required service provision. This has resulted in the procurement of consultancy advice by local boards in isolation from appropriate business units, which is often costly and not up to the standard required.
- Layers of complexities added to the agreed process by the council’s service departments both complicate and prolong decision making. New requirements include whole of life investment cases, a very board level of community consultation and new operating models. The Service Property Optimisation policy is to provide an alternative funding stream to enhance service provision. However, it is being used as a catch all to solve all perceived issues associated with community assets.
- There are policy gaps around critical areas of input to optimisation candidates such as community leasing. Legacy agreements have resulted in the council being locked into leases with parties that have effectively privatised a community facility at no cost to the community group.
52. Panuku, together with council leadership, is putting in place executive-level support which aims to inform and educate the council group and local boards to support the implementation of the policy. This steering group will seek to align work programmes and provide direction on integration of council functions into redeveloped facilities to increase utility of council assets. It needs to be adequately resourced within council. Establishing standardised functional design briefs and floor plates for community facilities may also be helpful. Panuku will resource up where there is demand from local boards to advance viable optimisation projects.

53. Auckland Transport (AT) assets are not part of the current optimisation policy however, Panuku is working with AT in respect of assessing optimisation opportunities that can deliver commercial and strategic benefits across the region as well as service improvements. It is proposed that the existing optimisation approach is extended to include AT assets where it is working in partnership with Panuku to progress urban development opportunities of strategic transport service sites. This will enable AT to reinvest net proceeds from a co-development or redevelopment of a site which will be an ongoing service asset, into the transport network priorities. This may include:
   - the development of airspace for commercial or residential purposes
   - reinvestment into a parking facility when a consolidation of parking in a suburban centre occurs.

54. For clarity, optimisation projects must be advanced in partnership with Panuku, and it will not relate to AT property where it is clear that there is an over provision of car parking and the site is no longer required for transport purposes. This is and will continue to be an asset sale.

Minor changes to the Strategic Development Fund for acquisitions

55. The Strategic Development Fund (SDF) of $100 million over 10 years, is to acquire land for development purposes. Withdrawals from the fund must be repaid within four years and repayment includes the council marginal cost of debt on holding (net of any holding income).

56. The SDF enables Panuku to:
   - Increase the scale and development potential of surplus Council land through purchasing adjacent sites.
   - Purchase strategic sites and/or aggregate landholdings to create development sites thereby essentially unblocking the market.
   - Enhance the development potential and value of sites through value-adding actions such as consenting or the provision of infrastructure
   - Unlock opportunities that would not otherwise happen (or would be highly unlikely) such as aggregating leasehold sites in a town centre to enable redevelopment.
   - Facilitate better development outcomes including improved amenity, connections, access and higher density etc.

57. The SDF was carried over when Panuku was created based on legacy arrangements for ACPL. The current governance structure and rules for the use of the SDF were approved in June 2014. Minor changes to rules are now proposed in relation to repayment timeframes, delegations and ability to dispose of SDF sites.

58. Experience has shown that for a number of acquisitions the four year repayment rule is appropriate and achievable. The practice has been that the clock starts on the four years when there is no off-setting holding income. This report seeks to formalise this practice.
59. For long term urban regeneration and depending on the purpose of the acquisition, a longer repayment period is required given the long lead and delivery times for some development projects. A three-tiered approach is proposed:

i) standard – 4 years repayment, starting once the site ceases to provide a holding income where appropriate, including cost of debt

ii) strategic – 6 years repayment, starting once the site ceases to provide a holding income where appropriate, including cost of debt, where acquisition is for a more complex, larger development

iii) specific terms – agreed on a case-by-case basis with Council enabling longer term investment and returns involving potentially higher risks and higher returns.

60. For Council the longer repayment option for some acquisitions will have impact on the use of the council balance sheet including an increase of risk associated with changes in land prices. It is anticipated that there would be a relatively modest impact on the LTP. All expenditure (both capital and operational, including accrued interest) is to be debt funded and repaid within four years/six unless specific terms are approved by this Committee, on a case by case basis. This is to mitigate any volatility impact on rates.

61. Under the “specific terms” category for example, where Panuku proposes to develop a business case for a partnership vehicle for a whole town centre.

62. Changes to the delegations for the SDF are proposed in recognition of the increased scope of work and increase in land values since 2014 when the governance arrangements were first established. Land values increased 56% from Dec 2014, $11-17,000/sm (CBRE). It is proposed that approvals for individual transactions are increased as follows:

- Up to $20 million be delegated to the Panuku Board (currently $15m).
- $20 million to $30 million be delegated to Auckland Council Chief Executive, Chief Finance Officer and the Chair of the Finance and Performance (currently from $15-25m)
- More than $30 million remain with the Finance and Performance Committee (currently $25m).

63. All recent acquisitions have been within the Panuku Board delegation.

64. Panuku is also seeking confirmation that when it uses the SDF for funding and authorisation to purchase the property, it has the authorisation to dispose of the property at the end of the holding period, without requiring further Governing Body endorsement. Every property purchased with the SDF is purchased with the intention of disposing of it and repaying the SDF fund. Without this authorisation to dispose, Panuku is at risk of breaching its repayment obligations under the SDF. Authorisation to dispose of the property is implied in the current SDF governance structure, and we include this recommendation for clarification only.

65. These minor changes will enable Panuku to hone the use of the SDF together with the judicious use of the statutory urban renewal tools under the Public Works Act. Panuku will also employ new models to secure early involvement by private, Iwi or third sector partners in the priority locations to assist with funding site acquisition and aggregation.

66. A review of the SDF will be required in 3-5 years if the programme of locations widens and as opportunities in the market and in association with other council and Crown investments, such as the light rail corridor, are further explored.
Partnership with the Crown

67. Panuku works closely with a range of Crown agencies including HNZ and HLC in a number of locations (e.g. Manukau, Avondale, Northcote, Onehunga-Oranga) as follows:

- Collaborative approaches to masterplanning and community engagement
- Land sales and swaps to deliver better urban and housing outcomes and to unlock opportunities on crown and council land.
- In Manukau a joint executive group is exploring a crown/council business case to align investment and optimise outcomes.

68. The new government has signalled it intends to significantly increase the supply of housing, including affordable housing through its KiwiBuild programme. The government has also signalled that urban development authorities with expanded powers could be used to facilitate an acceleration of housing supply.

69. Panuku and the council are exploring government intentions and opportunities with the intention to secure government support for our urban redevelopment priorities as an integral component of its housing supply interventions. Key outcomes might include

- Greater scale (higher density) and pace of housing supply if there is Crown balance sheet support to underwrite and de-risk development projects
- Introduce an affordable component (KiwiBuild) into the mix of housing delivered on council sites.
- Strategic sites secured, enabling better urban development outcomes and adding value to existing council sites.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

Local impacts

70. The Council has made hard strategic decisions in prioritising locations for redevelopment and investment across the region acknowledging that it is not possible to invest everywhere at the same time. It has endorsed the Transform and Unlock programme. The programme was chosen to have a good balance of town centre locations across the region with varying opportunities and constraints for regeneration and with local communities with diverse needs and preferences.

71. A greater pace and scale of regeneration in town centres will be enabled by the proposals in this report. The localities affected are the Transform and Unlock locations (excluding the waterfront) where the implementation of the approved High Level Project Plans will be enabled through the combination of:

- enabling reinvestment across the programme
- alignment of planning, budget and delivery
- the possible future application of a development area targeted rate
- an acquisition programme supported by changes to the use of the Strategic Development Fund.

This will enable Panuku to facilitate housing and deliver amenity and infrastructure improvements bringing social, economic and environmental benefits in those locations.

Local board views

72. Panuku has sent a memo to local board chairs informing them of this report and of the planned future engagement on development area targeted rates plus ongoing engagement on service property optimisation.
73. Panuku has provided information about the reinvestment proposal through a memo to local board chairs (15 September 2017) and attendance at cluster meetings (20 and 27 November 2017). These meetings considered the reinvestment approach and the proposed changes to the Strategic Development Fund. Panuku is currently attending a further round of cluster meetings (19 and 26 March) covering the contents of this report. While this does not constitute formal feedback the issues raised to date are summarised below. Local board members have a wide range of perspectives on the proposals.

Reinvestment

74. A wide range of views have been expressed in relation to the proposed reinvestment to fund the transform and unlock programme.

75. Local boards have been fully engaged in the development of the High Level Project Plans. The local boards in priority locations benefit from some level of reinvestment and from amenity upgrades, activation and progress on town centre redevelopment. Without this approach no funding has been identified to implement the Council’s prioritised urban redevelopment programme.

76. By way of formal feedback, some local boards for the transform and unlock locations (Whau, Otara-Papatoetoe, and Henderson-Massey Local Boards) have passed resolutions expressing support for the concept of reinvestment and this was noted in the report to the committee in September 2017.

77. Revenue from disposals in other locations is returned to council for allocation to priority capital projects across the region according to the LTP. Local boards may benefit from this. While there is potential to create tension, this is the status quo and these local boards are no worse off than current policy.

78. The issue of the sale of surplus assets is of particular interest and importance to local boards. In general, local boards for areas outside of the transforms and unlock programme are opposed to the existing disposal policy and consider that their areas are unfairly carrying the weight of the asset sales target and that these areas will be disadvantaged in the future. The disposal programme is considered unfair and short-sighted in that it is undertaken prior to planning for intensification and growth.

79. Some local board members have expressed support for the programme being funded by reinvestment to ensure that rapid progress could be made in implementing the Auckland Plan and getting good housing developments on the ground. Some local board members have requested that Panuku include their town centres in the programme to bring about positive change in their area.

80. While reinvestment of asset sales is not proposed for town centres outside the regional programme, Council and Panuku can support revitalisation in these areas through approaches open to all Local Boards including

- Service property optimisation
- Working more closely with local boards when assets are sold to achieve a development outcome that supports town centre revitalisation
- Development area targeted rate to fund revitalisation (when tool is available in the future).

Development area targeted rate

81. The concept of targeted rates to fund growth was included in the Annual Plan 2017/18 consultation and specific targeted rates have been included in the draft LTP 2018-2028. This report proposes further work on the concept of a brownfields development area targeted to fund growth and service improvements. The use of this tool potentially enables earlier investment in amenity, infrastructure and community facilities, to support town centre regeneration. It is proposed to undertake full consultation with local boards over the next year when the concept has been developed and the issues and options can be illustrated. Formal consultation on any proposed development area targeted rate will be required with any affected community.
Service Property Optimisation

82. Formal engagement has been undertaken previously with local boards on the optimisation of service property approach and this engagement is ongoing.

83. As part of the recent Governance Framework Review in September 2017 the Governing Body approved the current ‘optimisation of service assets’ policy being strengthened by delegating the final decisions on local asset disposal and reinvestment to local boards, providing all service property optimisation policy criteria have been met.

84. Local boards are encouraged to bring forward service property optimisation opportunities. Panuku will provide appropriate support to local boards to enable them to utilise the policy (and will resource-up as required).

85. Extension of the Service Property Optimisation approach to Auckland Transport is not considered to be a local board matter as local boards have no decision making over transport service assets. Auckland Transport and Panuku have clear obligations to engage with local boards on place making projects which would include the optimisation of transport service property.

Strategic development fund

86. The impacts of the proposal will be minor and simply assist Panuku to hone the use of the fund. The changes proposed in this report where included in the information discussed with local boards at the cluster meetings in November 2017. There was no specific feedback on the administration of the fund from attendees, although there was some discussion of recent acquisitions undertaken by Panuku.

Tauākī whakaaweawe Māori / Māori impact statement

87. Progressing urban development in the Transform and Unlock locations offers significant scope and opportunity to deliver positive cultural, social, environmental and economic outcomes for Māori.

88. Panuku is working closely with mana whenua in all Transform and Unlock locations based on a foundation charter and through development of cultural narratives. Mana whenua have, or are, currently involved in the preparation of High Level Project Plans for each location, and the focus is now shifting to implementation. The kaitiaki project group meets regularly and the Governance Forum six times per year. This work includes identifying priority outcomes such as the application of Te Aranga Design Principles as a foundation for future activity. This work is expected to produce public good opportunities including cultural expression, environmental enhancement, place-making projects and other social outcomes that will benefit not only Māori but all Aucklanders.

89. Māori are identified as a significant potential commercial partner. Panuku is currently working with iwi on two housing projects and through early engagement on commercial opportunities anticipates further commercial opportunities. Mana whenua are notified early of sites in the development pipeline to assess and express interest.

90. If the funding of the programme through reinvestment is not confirmed, then outcomes agreed with mana whenua may not be achieved.

91. The minor changes to the SDF and the enhanced use of the Optimisation of service property are not considered to have significant impacts on Māori. Engagement was undertaken with Mana whenua on the optimisation policy when it was introduced in 2015.

92. Engagement with mana whenua and IMSB on the concept of a development area targeted rate will be undertaken at an appropriate time during the next year when the concept has been developed and the issues and options can be illustrated.
Ngā ritenga ā-pūtea / Financial implications

93. The reinvestment of the proceeds of asset sales in the Transform and Unlock locations to fund the approved Transform and Unlock work programme, along with a broader package of measures to support the comprehensive development and urban redevelopment of town centres to support implementation of the Auckland Plan, has been developed to ensure no adverse impact on the LTP.

94. For each year of the LTP, the cashflow effect of the cumulative sales should be more than the outflow of the capital expenditure associated with the reinvestment. This is primarily achieved from the $110 million asset sales within the Manukau transform location.

95. If council chose not to reinvest the proceeds in the Transform and Unlock area, the asset sales proceeds could be used to reduce council debt or support investment in other activities.

96. Any additional unbudgeted asset sales revenue will be returned to Council for a decision on its use.

Ngā raru tūpono / Risks

97. There is no clear budget confirmed for delivery of the Transform and Unlock programme in years 4-10 of the LTP. Similar to the current situation, there is a risk that there is no funding to support implementation of the Auckland Plan in town centres/development areas.

98. Urban development and regeneration programmes seek to deliver long term outcomes. A local of certainty over the longer term investment programme may make it difficult to develop partnerships with both the Crown and private sector including efforts to identify and implement new delivery models.

99. It is assumed that the transform and unlock programme will leverage off planned investment across other areas of council. Other priorities in these activities may mean there is re-prioritisation of budgets that may not align with the timing of the reinvestment programme.

100. There may be less support for asset sales where some of the funds are not used locally through reinvestment.

101. Changes in the development market and construction sector may affect the sales and development programme.

102. The development and implementation of new funding tools such as the development area targeted rate will require legislative change as well as significant engagement and leadership.

Ngā koringa ā-muri / Next steps

103. Panuku is developing programme business cases for each of the locations in order to progress implementation subject to approval for reinvestment. Next steps include:

- Further development of the development area targeted rate concept and an engagement plan and advocacy for legislative change
- Continuation of optimisation projects and establishment of steering group
- Ongoing work with Central Government.
Ngā tāpirihanga / Attachments
There are no attachments for this report.

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Brenna Waghorn - Manager Strategic Planning, Panuku Development Auckland</th>
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<tbody>
<tr>
<td>Authorisers</td>
<td>David Rankin - Chief Operating Officer, Panuku Development Auckland</td>
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<tr>
<td></td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
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Response to the independent assessment of expenditure incurred by Auckland Council to deliver Māori outcomes

File No.: CP2018/00539

Te take mō te pūrongo / Purpose of the report

1. To provide a response to an independent report by PricewaterhouseCoopers (PwC) ‘Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes – 13 November 2017’ (the assessment).

Whakarāpopototanga matua / Executive summary

2. The assessment was commissioned by the Independent Māori Statutory Board (IMSB) and has provided 13 findings related to improving the council-group’s systems and processes for identifying, managing and reporting transformational projects for Māori in Tāmaki Makaurau.

3. Taken together these findings present the council group with a platform for addressing the next phase of Māori responsiveness. As the second report of its kind, it has acknowledged the work of the group wide response known as Te Toa Takitini, and the executive level leadership that supports it. The assessment provides a basis for considering for the future of Te Toa Takitini.

4. A cross-council group of staff has been working to progress some of the gaps identified in the findings, namely:
   • strategic alignment of the council group
   • a performance framework including key performance indicators

5. A comprehensive list of recommendations aimed at management activity support the 13 findings. Staff propose that these actions are progressed through the Executive Leadership Group of Te Toa Takitini, and that progress against agreed actions is reported to the Finance and Performance committee on a half yearly basis.

6. It is estimated that full consideration and implementation of the findings will take approximately eighteen months. This report recommends two checkpoints to the Finance and Performance Committee on progress; one in September 2018 and a final report in September 2019.

Ngā tūtohunga / Recommendation/s

That the Finance and Performance Committee:

a) thank the Independent Māori Statutory Board for the ‘Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes’.

b) note the 13 findings contained in the report, which relate to:
   i) underspending on Māori related outcomes
   ii) inaccuracies in reporting for 2016/2017
   iii) the function, role and governance of Te Toa Takitini
   iv) more focus on project/activity outcomes
   v) the strategic vision and priorities for Māori
   vi) further guidance on the four whai strategy and Māori Responsiveness Framework outcomes
vii) consistent reporting and better transparency of key initiatives and projects in council-controlled organisation Statements of Intent
viii) Watercare Services Limited Māori Responsiveness Plan
ix) potential of smaller-funded and business-as-usual projects to achieve Māori outcomes
x) improvements to project reporting processes and report quality
xi) guidelines for budget allocations
xii) project management capability, and processes.

c) note the proposed council group response, which is comprised of three broad elements, those being:
i) strategic alignment
ii) allocating budgets and improving reporting
iii) the transition of Te Toa Takitini.

d) note that both the findings and the proposed response are management actions.
e) note that Te Toa Takitini Executive Leadership Group will report progress to address the findings in the report on “Assessment of expenditure incurred by Auckland Council to deliver Māori outcomes” as part of the Te Toa Takitini reports to the Finance and Performance Committee with a final report in December 2019.
f) provide feedback to the Executive Leadership Group of Te Toa Takitini about the proposed response to the assessment.

Horopaki / Context

2014 Assessment
7. This is the second assessment of its kind. KPMG performed the first assessment in 2014. (Independent Assessment of Expenditure incurred by Auckland council to Achieve Māori Outcomes, May 2014).
8. The core response to the 2014 assessment was to establish Te Toa Takitini to better enable the council family to implement a top-down approach in identifying Māori transformational activities that deliver strategic Māori outcomes.
9. Te Toa Takitini is led by executive leaders from across the council group. The role of the Executive Leadership Group is to provide a strategic overview of Te Toa Takitini activities and ensure accountability for delivery, monitoring and reporting of those activities.
10. Te Toa Takitini Executive Leadership Group is comprised of the following members:
   - Stephen Town, chief executive of Auckland Council
   - Brandi Hudson, chief executive of the Independent Māori Statutory Board
   - Nick Hill, chief executive of Auckland Tourism, Events and Economic Development (ATEED)
   - Roger Macdonald, chief executive of Panuku Development Auckland Limited (Panuku)
   - Raveen Jaduram, chief executive of Watercare Services Limited (Watercare)
   - Shane Ellison, chief executive of Auckland Transport
   - Patricia Reade, director of Auckland Council: People and Performance
   - Phil Wilson, director of Auckland Council: Governance division
Finance and Performance Committee
20 March 2018

- Dean Kimpton, chief operating officer of Auckland Council: Operations Division
- Jim Quinn, chief of strategy of Auckland Council: Strategy Division

2017 Assessment

11. On 12 December 2017, The Independent Māori Statutory Board (IMSB) presented the findings and recommendations of PwC’s independent assessment of expenditure incurred by Auckland Council to the Finance and Performance Committee meeting.

12. The committee resolved to:
   
   Agree that a response to the “Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes" be reported to the Finance and Performance Committee agenda at its 27th February 2018 meeting with an Implementation and Reporting Plan that addresses the recommendations in the report. [Fin/2017/201]

13. This report responds to that resolution. Council’s proposed response is necessarily high-level at present as the report deals with management matters that support the delivery of outcomes for Māori across the council group. This report is provided so that councillors and the IMSB can understand how management intend to respond and provide direction to that response. The boards of council-controlled organisations will need to consider these matters also.

14. This 2017 assessment contains 13 findings based on an analysis of:

- reported expenditure on projects to achieve Māori outcomes against council records, approved plans and budgets
- the effectiveness of portfolio management and project initiation processes, in council-controlled organisations and council, to plan, approve and measure value for money projects that deliver direct and indirect Māori outcomes recognised by the council as transformational activity
- the effectiveness, capability, commitment and sustainability of project management processes, council systems and capability to manage the delivery of Māori outcomes and value for money on an ongoing basis
- projects delivered within Te Toa Takitini, with a focus on four council-controlled organisations during the 2015/2016 and 2016/2017 financial years
- ATEED, Auckland Transport, Panuku, and Watercare during the 2015/2016 and 2016/2017 financial years.
Findings of the report

15. The 13 findings of the assessment are contained in the table below.

<table>
<thead>
<tr>
<th>Framework element</th>
<th>Finding</th>
<th>Priority rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure assessment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure assessment</td>
<td>Underspending on Māori related outcomes in FY 2015/2016 and FY 2016/2017</td>
<td>Significant</td>
</tr>
<tr>
<td>Expenditure assessment</td>
<td>Inaccuracies in reporting for FY 2016/2017</td>
<td>High</td>
</tr>
<tr>
<td>Portfolio management, project initiation and project management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose and scope</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose and scope</td>
<td>The function, role and governance of Te Toa Takitini needs to be clarified</td>
<td>High</td>
</tr>
<tr>
<td>Purpose and scope</td>
<td>More focus on project/activity outcomes is needed, rather than spend</td>
<td>Significant</td>
</tr>
<tr>
<td>Strategic Alignment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Alignment</td>
<td>The strategic vision and priorities for Māori need to be better aligned through plans, activities and reports</td>
<td>High</td>
</tr>
<tr>
<td>Strategic Alignment</td>
<td>Further guidance should be developed to provide clarity on the four whati strategy and Māori Responsiveness Framework outcomes</td>
<td>Significant</td>
</tr>
<tr>
<td>Governance and oversight</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance and oversight</td>
<td>Consistent reporting and better transparency of key initiatives and projects in the Statements of Intent is needed</td>
<td>High</td>
</tr>
<tr>
<td>Roles and responsibilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roles and responsibilities</td>
<td>Watercare’s Māori Responsiveness Plan needs to be finalised</td>
<td>Moderate</td>
</tr>
<tr>
<td>Roles and responsibilities</td>
<td>A performance management framework for Māori outcomes is required</td>
<td>High</td>
</tr>
<tr>
<td>Processes and reporting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Processes and reporting</td>
<td>Potential of smaller-funded and business-as-usual projects to achieve Māori outcomes should be considered</td>
<td></td>
</tr>
<tr>
<td>Processes and reporting</td>
<td>Improvements to project reporting processes and report quality are required</td>
<td>High</td>
</tr>
<tr>
<td>Processes and reporting</td>
<td>Guidelines for budget allocations should be developed</td>
<td>Moderate</td>
</tr>
<tr>
<td>People and capability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People and capability</td>
<td>Project management capability, and processes require improvement</td>
<td>Moderate</td>
</tr>
</tbody>
</table>

16. The assessment noted that Te Toa Takitini is transitioning from focussing on project outputs to also tracking the delivery of outcomes and benefits related to delivering Māori outcomes and acknowledged that by making these changes the portfolio will be better able to collectively achieve improved Māori outcomes and deliver value for money.
Roadmap for change

17. The report has provided a roadmap for the timing of improvements in the diagram below.

Council’s response to finding 1

Auckland Transport underspending on Māori related outcomes in 2015/2016

18. In 2015/2016 there was an underspend (60 per cent of budget) across the following Auckland Transport projects detailed below:

i. Māori Wardens security provisions on trains budget was $600,000 budget, and the service delivery cost was $395,000 with an underspend of $205,000. This budget was for Māori Warden security provisions on trains for major events. The underspend was due to the low number of major events that required security services.

ii. Road safety programme – young Māori drivers and passengers budget was $540,000 budget, the spend was $104,000 with an underspend of $436,000. The underspend was due to timing for the recruitment of a specialist resource and to develop the road safety programme. Delivery of the safety programme began in 2016/2017 and was reported to the Joint Governing Body/Independent Māori Statutory Board Meeting in June 2017.

iii. Road safety – marae - $100,000 budget, and none was spent. This budget was for design works for a driveway access on state highway 16 (Kia Ora Marae). The design was completed inhouse at Auckland Transport and the budget was not drawn down. All resourcing was absorbed inhouse. The physical works was delivered in FY2016/2017.

Auckland Tourism, Events and Economic Development (ATEED) underspending on Māori related outcomes in 2016/2017

19. In 2015/2016 an underspend in ATEED arose due to changes in staff resulting in lower activity and redirection of focus/effort to other Māori transformational activity. ATEED confirmed that some unspent budget was included in the following year budgets (Māori economic growth forum); however unspent budget from the Māori tourism development programme was not rolled forward. The Indigenous Economic/Innovation Conference was moved from Auckland to Northland, and therefore was no longer in ATEED’s portfolio.
**Council’s response to findings 2-13**

20. The proposed response to findings 2-13 of the assessment can be grouped into three topics (shown in the diagram below).

![Diagram of Strategic alignment and reporting - work already underway](image_url)

**Strategic alignment and reporting - work already underway**

**Strategic alignment and budget analysis**

21. The Long-term Plan 2018-2028 has required a cross-council process to:
   - determine the existing strategic Māori outcomes for the council and CCOs
   - ascertain alignment and gaps
   - provide advice to decision-makers on how these outcomes translate to Long-term Plan 2018-2028 funding programmes and activities.

22. It is important to note that this work has been guided by the Auckland plan refresh, the mayor’s priorities as outlined in his budget proposal, Mana Whenua Kaitiaki Forum priorities, and the IMSB priorities as identified through their Long-term Plan 2018-2028 business cases.

23. Council is coordinating this process and will present agreed findings and recommendations to the Executive Leadership Group of Te Toa Takitini to consider in time for Long-term plan 2018-2028 decision-making.

24. The broader work that supports decisions on expenditure is a council wide articulation of the outcomes and goals we will seek to achieve in the next 10 years. Although this will largely be completed before June 2018, it will be reported separately to the 10 September 2018 Finance and Performance Committee meeting so that councillors have assurance that this substantial action of the findings has been achieved.
Reporting on Māori outcomes

25. Alongside the strategic alignment and budget processes council staff are currently working to develop a Māori Responsiveness Performance Measurement Framework that aims to address a perceived deficit in monitoring and reporting on Māori outcomes across the council family that was identified in an earlier IMSB audit.

26. A high-level set of measures will need to be completed within Long-term Plan 2018-2028 timelines (May 2018). Supplementary measures will be developed and agreed with CCOs and reported to council by September 2019.

Implementation responsibilities and timeline

27. As Te Toa Takitini is the vehicle by which the council group oversees the delivery of outcomes for Māori, this group will take responsibility for following up on the actions of the assessment.

28. The Te Toa Takitini Executive Leadership Group will:
   • consider the direction given at this committee meeting
   • discuss the findings of the assessment with CCO boards
   • unless otherwise directed - resource the proposed response within existing budgets. This will likely mean that improvements will occur over an eighteen-month timeframe.

29. Eighteen months is estimated to be a realistic timeframe to achieve the necessary changes to processes, reporting systems and the development of new performance measures across the council group.

30. Two checkpoints are proposed over the eighteen-month period:
   • September 2018 – report on the council-group outcomes and goals for Māori.
   • September 2019 – report on final measurement framework and transition of Te Toa Takitini.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

31. As this report responds to matters which directed at management activity, the views of local boards have not been sought.

32. Activity that is directed towards improving outcomes for Māori, will however, have a local impact.

Tauākī whakaaweawe Māori / Māori impact statement

33. This report is solely related to matters that will impact on Māori.

34. Council has directed significant resource towards the achievement of Māori outcomes. The advice contained in the assessment aims to assist council towards achieving better value for money and are being responded to with that in mind.

Ngā ritenga ā-pūtea / Financial implications

35. The proposed response contained in this report assumes that no additional resource will be available to implement the assessment findings.

36. The proposed response is therefore tailored to enable staff to take up recommendations from the report whilst utilising existing reporting mechanisms to indicate progress. This enables maximum expenditure to be directed towards activity that directly benefits Māori.
Ngā raru tūpono / Risks

37. Four risks have been identified while developing a proposed response:

<table>
<thead>
<tr>
<th>Risk</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Loss of buy-in from key people across the council group through complex collaboration processes</td>
<td>Early improvements to Te Toa Takitini Executive Leadership Group oversight and support. Key messages outlining the proposed response and actions will be communicated to the appropriate council group staff. These key messages will be agreed through the Executive Leadership Group.</td>
</tr>
<tr>
<td>2. Loss of alignment and visibility of existing and future budget allocations for Māori outcomes during the Long-term Plan 2018-2028 process</td>
<td>Continue cross-council working group that is developing advice for budget priorities for the Long-term Plan 2018-2028.</td>
</tr>
<tr>
<td>3. Duplication of target outcomes across council group of same/similar initiatives. Identification of these is not always undertaken prior to project commencement</td>
<td>Executive Leadership Group oversight of projects and project initiation. Application of a business case process which will require linkage back to agreed strategic priorities.</td>
</tr>
<tr>
<td>4. The rigour of the (council-only) Investment Group process is causing decline in projects entering Te Toa Takitini programme</td>
<td>Strategic priorities clearly articulated so staff do not propose projects that are not aligned. Executive Leadership Group oversight and support for business case initiation. Small number of projects at greater scale to be supported. Guidance and support for staff to build good business cases and explore collaboration into significant projects</td>
</tr>
</tbody>
</table>

Ngā koringa ā-muri / Next steps

38. As outlined in paragraph 27-30, the Executive Leadership Group of Te Toa Takitini will:

- consider the direction given at this committee meeting
- discuss the findings of the assessment with CCO boards
- unless otherwise directed - resource the proposed response within existing budgets. This will likely mean that improvements will occur over eighteen-month timeframe.
- keep track of progress on the proposed response through quarterly meetings.
Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>PWC Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes</td>
<td>41</td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Author</td>
<td>Graham Pryor - GM Māori Responsiveness &amp; Relationships</td>
</tr>
<tr>
<td>Authoriser</td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes
Independent Māori Statutory Board

13 November 2017
Final Report

www.pwc.com/nz
DISCLAIMER

The Independent Māori Statutory Board (“Principal”) contracted PricewaterhouseCoopers (“Supplier”) to prepare the Assessment of Expenditure on Māori Outcomes. By reading this Assessment of Expenditure on Māori Outcomes final report the reader of the final report accepts and agrees to the following terms:

(i) The reader of this Assessment of Expenditure on Māori Outcomes final report understands that the work performed by the Supplier was performed in accordance with instructions provided by the Principal and was performed exclusively for the Principal’s sole benefit and use.

(ii) The reader of this Assessment of Expenditure on Māori Outcomes final report acknowledges that this final report was prepared at the direction of the Principal and may not include all procedures deemed necessary for the purposes of the reader.

(iii) The reader agrees that the Supplier, its partners, employees and agents neither owe, nor accept any duty or responsibility to it, whether in contract or in tort (including, without limitation, negligence and breach of statutory duty), and shall not be liable in respect of any loss, damage or expense of whatsoever nature which is caused by any use the reader may choose to make this Assessment of Expenditure on Māori Outcomes final report, or which is otherwise consequent upon the gaining of access to the final report by the reader.

(iv) Further, the reader agrees that this Assessment of Expenditure on Māori Outcomes final report is not to be referred to or quoted, in whole or in part, in any prospectus, registration statement, offering circular, public filing, loan, other agreement or document and not to distribute the final report without the Principal’s prior written consent.

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This Assessment of Expenditure on Māori Outcomes does not constitute a statutory audit, the objective of which is the expression of an opinion on the financial statements, or an Assurance engagement, the objective of which is to provide assurance or the expression of an opinion on management’s assertions. Due to the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, Auckland Council’s overall internal control structure, within which the control procedures that we have assessed operate, has not been audited and no opinion is expressed as to its effectiveness.

An internal audit engagement is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis. In addition, an internal audit engagement does not provide all the evidence that would be required to form an audit opinion of the design or operating effectiveness of the controls subject to assessment.

Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.
Mihi

E te Pōari motuhake o Tāmaki, e mihi nei mātau kia koutou, e pōkaikaha nei ki te rapu ngā huarahi oranga mō ngai Māori i Tāmaki Makaurau. Kai te mihi atu ki te wairua o tēnei kaupapa e arahi atu ana e koutou te poari. Me ki he mihi ānō tēnei kia koutou te poari mo ngā mahi kua oti kē i a tāua e mahi tahi ana. Mai i tō Tumu whakarae, Tiamana o te poari, ngā mema, me o kaimahi he mihi tēnei mai i a mātou ki a koutou mo to pūpū i te wairua Māori.

We acknowledge you the Board, as you continue to seek positive solutions for Māori in Tāmaki Makaurau.

We respectfully acknowledge the intent and purpose of the work you are currently leading and managing. In acknowledging your leadership we also acknowledge the relationship that has evolved and developed in the work we have completed together, with your Chief Executive, Chairman of the Board, board members and staff. We thank you for this opportunity for us to work together under your leadership.
Brandi Hudson
Chief Executive Officer
Independent Māori Statutory Board
Private Bag 92311
Auckland 1142

13 November 2017

Tēnā koe Brandi,

In accordance with our contract dated 31 August 2017, we are pleased to report the findings arising from our assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes, conducted on behalf of the Independent Māori Statutory Board (the Board).

We would like to extend our appreciation for the assistance provided by the Council, Council Controlled Organisations and Board staff and management in the completion of this engagement.

Inā he pātai wā kontou, whakapā mahi.

Nāku nea, nā

[Lara Hillier]
Partner
PwC

[Craig Rice]
Partner
PwC

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92362, Auckland 1142, New Zealand.
T: +64 (9) 355 8000, F: +64 (9) 355 8901, www.pwc.co.nz
Executive Summary

Background

Purpose of this assessment
The Independent Māori Statutory Board (the Board) continue to see an opportunity for the Council and Council Controlled Organisations (CCOs) to improve their systems and processes for identifying, managing and reporting transformational projects in a more effective and collaborative way, that delivers optimum value for Māori in Tāmaki Makaurau.

This re-assessment of the Council’s expenditure on projects to deliver Māori outcomes and processes to ensure performance supports the Board advocacy role to better deliver the outcomes specified in the Schedule of Issues of Significance/Māori Plan, Te Titi o Waliangi and statutory obligations to Māori.

This re-assessment is undertaken with the support of Auckland Council and is the second assessment of its kind. KPMG performed the first assessment in 2014 (Independent Assessment of Expenditure Incurred by Auckland Council to Achieve Māori Outcomes, reported in May 2014 by KPMG). We note that while the Council responded formally to KPMG’s findings and recommendations in 2014, no further follow up or tracking was performed of the progress made to address the recommendations.

Following limitations observed in the Council’s approach to allocating resources for Māori outcomes in the first assessment, the Board is seeking to understand the improvement in the delivery of targeted transformational projects to ensure they achieve the outcomes they intended to deliver and represent value for the resources spent.

Objectives of this assessment
The objectives of this assessment are:
- examine the reported expenditure on projects to achieve Māori outcomes against Council records, approved plans and budgets
- assess the effectiveness of portfolio management and project initiation processes (in CCOs and Council) to plan, approve and measure value for money projects that deliver direct/indirect Māori outcomes
- assess the effectiveness, capability, commitment and sustainability of project management processes, Council systems and capability to manage the delivery of Māori outcomes and value for money on an ongoing basis.

The projects in scope are:
- delivered by four CCOs – Auckland Tourism, Events and Economic Development (ATEED), Auckland Transport, Panuku and Watercare
- delivered during the financial years of 2015/16 and 2016/17, and
- recognised by the Council as transformational activity.

Māori outcomes – clarity of intent and action
In the Māori Plan for Tāmaki Makaurau, the Board have identified 20 key cultural, social, economic and environmental outcomes for Māori (see Appendix II) to uplift the well-being of the community.
One intention for the Māori Plan was the provision of strong direction and leadership to the Council for consideration in planning and resourcing. This is supplemented by the Board’s Schedule of Issues of Significance that sets out issues and proposed actions.

The Council articulates priorities and goals for increasing its responsiveness to Māori through its key strategy and policy documents (Auckland Plan and Māori Responsiveness Framework (MRF), Long-term Plan and CCO Statements of Intent). The MRF is a high-level framework that sets out three goals and four lenses providing a context to Council’s outcomes and strategic directions.

Te Toa Takitini – a key plank in KPMG’s 2014 recommendations

Te Toa Takitini, a Council top management group, was established in response to the 2014 assessment to lead and influence better outcomes with Māori and embed a top-down Auckland Council family approach to overseeing delivery on commitments to significantly uplift Māori economic, social and cultural well-being. It follows that in executing the specific objectives in our scope, the effectiveness of the project planning, monitoring and reporting processes performed by this group has been a central consideration.

What this report covers

This report considers the effectiveness of expenditure incurred on projects to deliver Māori outcomes in past years, as well a ‘forward thinking’ assessment of project initiation and management processes. It provides recommendations for a more effective strategic, collaborative approach for Council and CCOs to deliver optimum value for Māori in Tamaki Makaurau.

Our recommendations are based on a consideration of:

- the processes undertaken by the Council when identifying, planning and approving projects as part of the Council’s strategic planning and Māori Responsiveness Framework goals
- stakeholder interviews discussing leadership, planning, budgeting and reporting of projects and activities to deliver Māori outcomes
- documentation, and
- review of projects attributed to achieving Māori outcomes across four Council CCOs and Te Toa Takitini.
Summary of findings and recommendations

The transition of Te Toa Takitini

Te Toa Takitini was established to provide the Council’s governing body with a strategic top down view of financial commitments to, and understanding of, Māori priorities.

Currently, Te Toa Takitini’s resources and efforts are focused on project outputs, such as the achievement of project tasks, monitoring processes and reporting requirements, rather than tracking the delivery of outcomes or benefits realised relative to Māori priorities.

This creates a reporting burden for both Te Toa Takitini and CCO stakeholders as they align outcomes to project objectives in retrospect. Te Toa Takitini’s plan to further refine its scope – shifting focus toward value-adding activities earlier in the project life-cycle, prospectively aligning projects to broader all-of-Council strategic objectives across the programme portfolio. A summary of this shift in Te Toa Takitini’s activity is outlined below.

We acknowledge this important, positive step forward.

Assessment of the current state

While our observations from this assessment acknowledge that Te Toa Takitini is undergoing a period of transition as a business management and co-ordination function some of the issues identified in the 2014 assessment remain unresolved. This means that project initiation and governance processes to ensure the delivery of Māori outcomes have remained largely focused on activity, rather than outcomes.

Attributing project spend to outputs was an important first step for Te Toa Takitini to gain oversight of projects and activity. However, this has restricted its function to focus on processes, rather than the achievement of outcomes. The coordination and delivery of projects funded to improve outcomes for Māori are not necessarily aligned with Council strategic priorities for Māori, or the Board’s Schedule of Issues of Significance/Māori Plan.

Independent Māori Statutory Board
Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes
Efficiency and collaboration opportunities do not appear to have been actively sought in operating the Te Toa Takitini portfolio, further highlighting there is opportunity to improve the value for money invested.

Our expenditure assessment identified underspending on Māori outcomes in FY2015/2016 (primarily by Auckland Transport) and in FY2016/2017 (primarily by ATEED) due to various reasons outlined in the Detailed Findings and Recommendations section of this report. This further impacts on the achievement of Māori outcomes.

**Recommendations**

We have summarised our recommendations and organised our detailed findings against the dimensions of an organisational operating model. These are:

- Purpose and scope
- Strategic alignment
- Governance and oversight
- Processes and reporting
- People and capability
- Roles and responsibilities.

We have also categorised our recommendations using the previous rating scale.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Significant</td>
<td>A significant weakness or gap, which is almost certain to compromise the delivery of Māori outcomes and should therefore be addressed as a matter of some urgency. Issues of this nature relate to fundamental weaknesses in the core building blocks of a robust control framework, or critical elements required to give effect to Council achieving Māori outcomes.</td>
</tr>
<tr>
<td>High</td>
<td>A serious weakness or gap in process or control, which is likely to compromise the delivery of Māori outcomes and should therefore be addressed as a matter of importance.</td>
</tr>
<tr>
<td>Moderate</td>
<td>A moderate weakness or gap in process or control, which may compromise the delivery of Māori outcomes and should therefore be addressed as a medium term priority.</td>
</tr>
<tr>
<td>Minor</td>
<td>A minor weakness, which is unlikely to compromise the delivery of Māori outcomes, however may improve or refine a process.</td>
</tr>
</tbody>
</table>

**Summary recommendation**

As Te Toa Teko transitions, and shifts its focus to have a greater influence on the achievement of Māori outcomes, the recommendations in the **purpose and scope** section should be addressed as a priority. In particular, the transition should include greater **strategic alignment** and traceability of projects to broader Council and the Board’s priorities, through earlier involvement in the project lifecycle. This early engagement includes seeking strategic guidance from the Board upfront in portfolio strategy discussions, project brainstorming and initiation to help set a clear path for the successful delivery of Māori outcomes.

This early engagement has benefits for both Council and the Board. It enables the Board to perform its evaluation function more effectively, in real time. It enables the Council to better leverage the Board’s knowledge and insights – from their key work programmes of the Schedule of Issues of Significance to Māori, Māori Plan and Te Tiriti o Waitangi Audit. Working together to improve Māori wellbeing ultimately will lead to greater collaboration, more effective advocacy and reporting.
The diagram below outlines our **detailed recommendations** to address the issues identified, for each dimension of an organisational operating model. Recommendations 3, 4, 9 and 11 will be incorporated as part of the planned transition activities already underway by Te Toa Takitini. These largely relate to the recommendations made in the 2014 assessment. There is significant value in focusing on those recommendations relating to **purpose and scope** and **strategic alignment** as these drive strategic connection between desired outcomes and activity.

<table>
<thead>
<tr>
<th>Expenditure assessment findings (rating: significant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Underspending on Māori related outcomes in FY2015/2016 and FY2016/2017</td>
</tr>
<tr>
<td>2. Inaccuracies in reporting for FY2015/2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inconsistent articulation of outcomes and priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. The strategic vision and priorities for Māori need to be better aligned through plans, activities and reports</td>
</tr>
<tr>
<td>6. Further guidelines should be developed to provide clarity on the four whai strategy and MRF outcomes</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Strategic alignment (rating: significant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose and Scope (rating: significant)</td>
</tr>
<tr>
<td>Governance and oversight (rating: high)</td>
</tr>
<tr>
<td>Process findings and recommendations summary</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unclear expectations on quality of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Consistent reporting and better transparency of key initiatives and projects in the Statements of Intent is needed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Performance measures are not well identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roles and responsibilities (rating: high)</td>
</tr>
<tr>
<td>Processes and reporting (rating: high)</td>
</tr>
<tr>
<td>People and capability (rating: high)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Variable capability and commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Project management capability and processes require improvement</td>
</tr>
</tbody>
</table>

**Attachment A**

**Item 12**
Recommended roadmap for change

In recognition of the time and effort required to implement the above recommendations, outlined below is a high-level implementation roadmap to illustrate the priority activities. The roadmap focuses on implementing change in a logical sequence, recognising that addressing the two fundamental issues of:

- a clearly defined purpose and scope for Te Toa Takitini, and
- strategic alignment of the Schedule of Issues of Significance/Māori Plan outcomes, with the Council’s strategic objectives as they related to Māori, and the documents and projects that give effect to them.

This will provide a framework from which the other issues can be resolved.

Management comment from Auckland Council

Management comment, including action date, to be provided to the Independent Māori Statutory Board.

Independent Māori Statutory Board

Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes
# Summary of Findings

## Summary of 2017 findings

Our assessment identified 3 Significant, 8 High and 2 Moderate findings as summarised in the table below. Further detail is set out in the Detailed Findings and Recommendations.

Priority ratings assigned to the findings are based primarily on the criticality of the finding in contributing towards successful delivery of Māori outcomes and the timeframes within which the action plans should be implemented. To ensure consistency of priority ratings in this assessment we have applied the priority ratings agreed by the Board in the 2014 assessment, as detailed below.

Set out below is our priority rating of all the 2017 recommendations.

<table>
<thead>
<tr>
<th>Framework element</th>
<th># Finding title</th>
<th>Priority Rating</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Underspending on Māori related outcomes in FY2015/2016 and FY2016/2017</td>
<td>Significant</td>
<td>18</td>
</tr>
<tr>
<td>2</td>
<td>Inaccuracies in reporting for FY2016/2017</td>
<td>High</td>
<td>19</td>
</tr>
<tr>
<td>Portfolio management, project initiation and project management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose and scope</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>The function, role and governance of Te Taki Tahi needs to be clarified</td>
<td>High</td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td>More focus on project/activity outcomes is needed, rather than spend</td>
<td>Significant</td>
<td>23</td>
</tr>
<tr>
<td>Strategic alignment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The strategic vision and priorities for Māori need to be better aligned through plans, activities and reports</td>
<td>High</td>
<td>24</td>
</tr>
<tr>
<td>6</td>
<td>Further guidance should be developed to provide clarity on the four whai strategy and Māori Responsiveness Framework outcomes</td>
<td>Significant</td>
<td>25</td>
</tr>
<tr>
<td>Governance and oversight</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Consistent reporting and better transparency of key initiatives and projects in the Statements of Intent is needed</td>
<td>High</td>
<td>26</td>
</tr>
<tr>
<td>Roles and responsibilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Watercare’s Māori Responsiveness Plan needs to be finalised</td>
<td>Moderate</td>
<td>28</td>
</tr>
<tr>
<td>9</td>
<td>A performance management framework for Māori outcomes is required</td>
<td>High</td>
<td>29</td>
</tr>
<tr>
<td>Processes and reporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Potential of smaller-funded and business-as-usual projects to achieve Māori outcomes should be considered</td>
<td>High</td>
<td>30</td>
</tr>
</tbody>
</table>
### Attachment A

#### Item 12

<table>
<thead>
<tr>
<th>Framework element</th>
<th>#</th>
<th>Finding title</th>
<th>Priority Rating</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>11</td>
<td>Improvements to project reporting processes and report quality are required</td>
<td>High</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Guidelines for budget reallocations should be developed</td>
<td>Moderate</td>
<td>34</td>
</tr>
<tr>
<td>People and capability</td>
<td>13</td>
<td>Project management capability and processes require improvement</td>
<td>High</td>
<td>35</td>
</tr>
</tbody>
</table>
**Current status of findings identified in the 2014 assessment**

As part of this assessment, we considered whether the actions taken by the Council to remedy the shortcomings reported in the Independent Assessment of Expenditure Incurred by Auckland Council to achieve Māori outcomes, in May 2014 by KPMG.

Of the 23 findings raised, we consider:
- 10 (43%) to be resolved or no longer relevant (due to findings relating to a specific financial year, not recurring in the current assessment)
- 4 (4%) to be substantially resolved, with some elements of the issue outstanding
- 12 (52%) to remain outstanding.

<table>
<thead>
<tr>
<th>Framework element</th>
<th>Finding title</th>
<th>Priority rating</th>
<th>Status at October 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure assessment</strong></td>
<td>Significant under-spending on Māori related outcomes in FY2012/2013</td>
<td>Significant</td>
<td>No longer relevant</td>
</tr>
<tr>
<td></td>
<td>Incomplete allocation of budgets across Council and CCOs in FY2012/2013</td>
<td>Significant</td>
<td>No longer relevant</td>
</tr>
<tr>
<td></td>
<td>Budget for Māori specific expenditure for FY2013/2014 is overstated</td>
<td>Significant</td>
<td>No longer relevant</td>
</tr>
<tr>
<td></td>
<td>Inaccuracies in quarterly reporting for FY2013/2014</td>
<td>Significant</td>
<td>No longer relevant</td>
</tr>
<tr>
<td></td>
<td>Expenditure in other areas in FY2012/2013 – potential re-prioritisation</td>
<td>High</td>
<td>No longer relevant</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>Takes a ‘bottom up’ approach when a ‘top down’ view is critical</td>
<td>Significant</td>
<td>Substantially addressed – refer to Finding 6</td>
</tr>
<tr>
<td></td>
<td>Māori outcomes are not clearly articulated in strategic documents</td>
<td>High</td>
<td>Outstanding – refer to Finding 6, 7, 8</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td>Limited capability</td>
<td>High</td>
<td>Outstanding – refer to Finding 13</td>
</tr>
<tr>
<td></td>
<td>Lack of clear KPIs, incentives and rewards</td>
<td>High</td>
<td>Outstanding – refer to Finding 9</td>
</tr>
<tr>
<td></td>
<td>Staff time not included in Māori related expenditure</td>
<td>Moderate</td>
<td>Outstanding – refer to Finding 10</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td>Inadequate processes for capturing spend on Māori outcomes</td>
<td>High</td>
<td>Resolved</td>
</tr>
<tr>
<td></td>
<td>Inadequate processes for compiling reports on Māori outcomes</td>
<td>High</td>
<td>Outstanding – refer to Finding 11</td>
</tr>
<tr>
<td></td>
<td>Incomplete policies and procedures</td>
<td>High</td>
<td>Outstanding – refer to Finding 6</td>
</tr>
<tr>
<td>Framework element</td>
<td>Finding title</td>
<td>Priority rating</td>
<td>Status at October 2017</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>----------------</td>
<td>------------------------</td>
</tr>
<tr>
<td></td>
<td>Maori Engagement Framework – fragmented approaches to engaging with Maori</td>
<td>High</td>
<td>Resolved</td>
</tr>
<tr>
<td></td>
<td>The Annual Plan does not articulate specific Maori projects</td>
<td>High</td>
<td>Resolved</td>
</tr>
<tr>
<td></td>
<td>Alignment of Maori Responsiveness Plan to the Schedule of Issues of Significance/Maori Plan is work in progress</td>
<td>High</td>
<td>Outstanding – refer to Finding 5</td>
</tr>
<tr>
<td></td>
<td>Improvements in the planning and budgeting process have not been properly embedded</td>
<td>High</td>
<td>Resolved</td>
</tr>
<tr>
<td></td>
<td>No proper consideration of Maori outcomes in project delivery</td>
<td>High</td>
<td>Outstanding – refer to Finding 4</td>
</tr>
<tr>
<td></td>
<td>Lack of clarity around the criteria for measuring Maori outcomes</td>
<td>High</td>
<td>Outstanding – refer to Finding 6</td>
</tr>
<tr>
<td></td>
<td>The ongoing debate – outputs vs. outcomes</td>
<td>High</td>
<td>Outstanding – refer to Finding 4, 10</td>
</tr>
<tr>
<td></td>
<td>Risk not identified and mitigated effectively</td>
<td>Moderate</td>
<td>Outstanding – refer to Finding 11</td>
</tr>
<tr>
<td>Monitoring and oversight</td>
<td>Poor quality of reporting to Council Committees</td>
<td>Significant</td>
<td>Outstanding – refer to Finding 11</td>
</tr>
<tr>
<td></td>
<td>No proactive monitoring of Maori expenditure</td>
<td>High</td>
<td>Resolved</td>
</tr>
</tbody>
</table>
Detailed Findings and Recommendations
Background and context – Te Toa Takitini

Purpose, responsibility and structure of Te Toa Takitini

The purpose of Te Toa Takitini was to embed a top-down Auckland Council family approach to overseeing delivery on commitments to significantly uplift Māori economic, social and cultural well-being. Te Toa Takitini is convened by the Chief Executive of Auckland Council.

Te Toa Takitini’s responsibilities include:

- being a central leadership point with a strategic overview of the Council family Māori responsiveness activity
- ensuring accountability for delivery, monitoring and reporting of Māori responsiveness activity
- maintaining a clear line of sight between the Council’s commitments and delivery.

Te Toa Takitini oversees a portfolio of projects deemed as transformational activity for Māori. Projects are categorised into four unique streams of work programmes or whai – Whai Tika (Effectiveness for Māori), Whai Rava (Māori economic well-being), Whai Painga (Māori social well-being) and Whai Taki (Māori cultural well-being).

Te Toa Takitini’s structure as of this year comprises three governance layers:

1. **Strategic governance** – through the Executive Leadership Group (ELG), to confirm strategic direction and promote transformational achievements. Membership of this ELG includes the Council’s Chief Executive, Governance Director, Executive Leadership Team Whai Sponsor (one for each of the four Whai – responsible for championing Whai activity and providing strategic leadership), Independent Māori Statutory Board Chief Executive, GM – Te Waka Angamua ki Uta, Head of Te Toa Takitini and CCO Chief Executives (as required).

2. **Investment Governance** – through the Council’s Investment Group, to consider business cases that seek approval to start or amend a project and request funding authorisation. The GM – Te Waka Angamua ki Uta is a member.

3. **Performance Governance** – through the Performance Delivery Group, to establish, monitor and report portfolio activity. Membership of this Performance Delivery Group includes the Head of Te Toa Takitini, Te Toa Takitini Portfolio Delivery Manager, Te Toa Takitini Portfolio Support Analyst and the Whai Programme Leads - one for each of the four Whai.

Project Managers (from Council departments/CCOs) are responsible for planning, delivery, monitoring and reporting individual projects. Programme leads support project managers in delivery of outcomes, resolution of risks and issues, project reporting as/when required.
Te Toa Takitini – in transition

Scope
On the establishment of Te Toa Takitini, more than 50 projects/activities were identified across the Council family as contributing to the achievement of better outcomes for Māori.

In FY18, the scope of projects within Te Toa Takitini’s portfolio was refined to target focus on transformational projects, with the removal of projects deemed non-transformational/“business-as-usual” (based on set criteria and a tiering system). As such Te Toa Takitini will no longer monitor and report on these removed projects, as they are not considered as directly contributing to the transformational shift to significantly lift Māori social and economic wellbeing.

Te Toa Takitini is also shifting its focus toward value-adding activities earlier in the project lifecycle, prospectively aligning projects to broader all-of-Council strategic objectives across the programme portfolio.

Funding
Te Toa Takitini portfolio targets the level of spending identified as Māori Transformational Spend in the LTP 2015-2025, for each year.

The way that funding is managed by Te Toa Takitini is in the process of transition – moving from project budgets held and managed by individual departments/CCOs to a centralised budget held by Te Toa Takitini. The plan is to seek centralised funding for Te Toa Takitini portfolio through the LTP planning process for 2018-2028, and if a centralised budget is adopted, transformational projects will be able to apply for funding from the centralised budget from FY19. Decisions regarding LTP budgets will be finalised and adopted in June 2018.

By making these changes, Te Toa Takitini intends to be better able to collectively achieve improved Māori outcomes and deliver better value for money.
Expenditure assessment findings

Through the establishment of Te Toa Takitini and the Council’s LTP 2015-2025, activities and budgets were identified by the Council to contribute over the next ten years to significantly lift Māori economic, social and cultural well-being, strengthen the Council’s effectiveness for Māori, and optimise post-Treaty settlement opportunities for the benefit of mana whenua and the wider public of Auckland.

The focus of this assessment was expenditure by 4 CCOs during the 2015/16 and 2016/17 years, being the first and second years of Te Toa Takitini’s operation. Appendix I details the transformational projects/activities reported by Te Toa Takitini to the Financial and Performance Committee for financial years 2015/2016 and 2016/2017.

1. Underspending on Māori related outcomes in FY2015/2016 and FY2016/2017

Priority rating: Significant

Both years reported underspending on projects/activities to achieve Māori outcomes, with shortfalls of $925,000 and $300,600 respectively. In FY2015/2016, Auckland Transport held the key project variances with some significant underspending.

In FY2015/2016 $741,000 underspend (66% of budget) was seen across the following Auckland Transport projects:

- Māori Wardens security provisions on trains – $600,000 budget, and the service delivery cost was $395,000. Shortfall of $205,000.
- Road safety programme - young Māori drivers and passengers – $549,000 budget, with limited planning for the budget, actual spend was $104,000. Shortfall of $436,000.
- Road safety - marae – $100,000 budget, and none was spent. Shortfall of $100,000.
Auckland Transport staff advised the underspending is due to a combination of factors – including scope changes, budget accuracy and unrealistic timeframes – that created delays in project initiation and spend. These projects continued in FY16/17.

In FY2016/2017 $217,600 underspend was reported by ATEED across 5 projects, representing 27% underspend of budget. Project level variances can be seen in Appendix I.

![Budget and actual comparison FY16/17](image)

Reasons for underspend included changes in staff resulting in lower activity and redirection of focus/effort to other Māori transformational activity. ATEED confirmed that some unspent budget was included in the following year budgets (Māori economic growth forum); however unspent budget from the Māori tourism development programme was not rolled forward. The Indigenous Economic/Innovation Conference was moved from Auckland to Northland, and therefore is no longer in ATEED’s portfolio.

**Recommendation**

Any shortfall in spending on Māori outcomes should be included in future year budgets.

2. Inaccuracies in reporting for FY2016/2017

**Priority rating**: High

In our examination of project budget and actual spend reports produced by CCOs and those prepared by Te Toa Taikitū, we noted that for some ATEED projects in FY2016/2017, the figures reported to Te Toa Taikitū did not agree to underlying reports. This has resulted in overstated budget (of $6,600) and overstated actual spend (of $222,600). We have detailed these differences below:

| Project | FY16/17 budget per TTT | FY16/17 budget per ATEED | Difference in budget? | FY16/17 actuals per TTT | FY16/17 actuals per ATEED | Difference in actuals?
|---------|-------------------------|--------------------------|------------------------|-------------------------|--------------------------|------------------------
| Māori signature festival-Te Herenga Waka Festival | 506 | 513 | -13 | 513 | 566 | 7
| New Sector Development | 24 | 24 | 0 | 24 | 3 | 19
| New Sector Development | 24 | 24 | 0 | 24 | 3 | 19
| Indigenous Economic / Innovation Conference | 48 | 48 | 0 | 48 | 0 | 48

Independent Māori Statutory Board

Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes
<table>
<thead>
<tr>
<th>Project</th>
<th>FY16/17 budget per TTT</th>
<th>FY16/17 budget per ATTEED</th>
<th>Difference in budget?</th>
<th>FY16/17 actuals per TTT</th>
<th>FY16/17 actuals per ATTEED</th>
<th>Difference in actuals?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Māori Economic Growth Forum</td>
<td>48</td>
<td>48</td>
<td>0</td>
<td>48</td>
<td>0.4</td>
<td>47.6</td>
</tr>
<tr>
<td>Auckland visitor and industry</td>
<td>24</td>
<td>20</td>
<td>4</td>
<td>10</td>
<td>20</td>
<td>-10</td>
</tr>
<tr>
<td>promotional video</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Māori Tourism Development Programme</td>
<td>150</td>
<td>155</td>
<td>15</td>
<td>150</td>
<td>58</td>
<td>92</td>
</tr>
<tr>
<td>Total differences</td>
<td>818</td>
<td>812</td>
<td>6</td>
<td>817</td>
<td>594.4</td>
<td>929.6</td>
</tr>
</tbody>
</table>

ATEED confirmed the accuracy of their reported figures above, however we received no comment from Te Toa Takitini.

**Recommendation**

This issue is an example of errors in reporting through weaknesses in the current process. We have made recommendations in finding 11 in this regard.
## Portfolio management, project initiation and project management findings

### Purpose and scope

<table>
<thead>
<tr>
<th>Strategic alignment</th>
<th>Governance and oversight</th>
<th>Roles and responsibilities</th>
<th>Processes and reporting</th>
<th>People and capability</th>
</tr>
</thead>
</table>

### 3. The function, role and governance of Te Toa Tikitini needs to be clarified

**Priority Rating: High**

Our discussions with CCO staff highlighted a lack of a clear understanding of the function and role of Te Toa Tikitini.

**Confusion was expressed over:**

- Te Toa Tikitini’s shift in focus and approach for FY18 towards the role of strategic influencer, rather than project monitor.
- The lack of clarity over the reallocation of budgets, which occurred with little consultation with stakeholders, reducing buy-in and commitment to the projects. We understand Te Toa Tikitini is drafting a communications plan to better inform stakeholders of the transition.
- The scope of projects that Te Toa Tikitini monitors the funding for, that is, ‘transformational’ projects to deliver Māori outcomes. There is a lack of awareness of the categorisation and classification of transformational projects across the CCOs.
- How projects are classed into tiers (according to their contribution to transformative outcomes), the requirements to secure project funding and what projects should be incorporated as part of core CCO business (and therefore reported via the Māori Responsiveness Plans).
- The role of Te Toa Tikitini as distinct from Te Waka Angamua and the Board.
- The structure, leadership and governance layers of Te Toa Tikitini.
- Engagement protocols between CCOs and Te Toa Tikitini (timelines, meetings, agendas). CCOs were at times reluctant to commit to governance and monitoring processes stipulated by Te Toa Tikitini, due to inconsistent coordination of meetings agendas.

### Recommendations

1. Clearly articulate the function and role of Te Toa Tikitini, outlining the steps it is taking in the period of transition.
2. Communicate Te Toa Tikitini’s portfolio scope and project tiering, clarifying what is in and out of scope, and why.
3. Clarify the relationship and governance structure between CCOs, Te Toa Tikitini, Te Waka Angamua and the Board.
4. Clarify engagement protocols between CCOs and Te Toa Tikitini. Meetings, agendas and all governance processes should be planned in advance and formally communicated to all parties to maximise participation and engagement, and minimise invite delegations.
### 3. The function, role and governance of Te Toa Takitini needs to be clarified

<table>
<thead>
<tr>
<th>Implications</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>This confusion has led to frustration being felt by some CCOs and lack of engagement/buy-in to Te Toa Takitini. As a result, the potential value of Te Toa Takitini and benefits have not been fully realised.</td>
<td></td>
</tr>
<tr>
<td>Confusion of what constitutes a ‘transformational’ versus a ‘business as usual’ commitment to achieving Māori outcomes has resulted in a mismatch of expectations on Te Toa Takitini’s portfolio between the Board, Te Toa Takitini and CCOs. This in turn increases the risk of lost funding opportunities, as well as an increased risk that value-adding projects contributing to improved outcomes are not captured in reporting and celebrated.</td>
<td></td>
</tr>
</tbody>
</table>
4. More focus on project/activity outcomes is needed, rather than spend

**Priority Rating: Significant**

The key delivery functions of Te Toa Takitini are to strengthen monitoring and reporting, with better visibility and accountability, of Māori transformational activities. To enable this, Te Toa Takitini has sought clear financial commitment from the Auckland Council group to projects and initiatives, and has focused on monitoring project spend against budget with some reporting on project activities completed three times a year (was quarterly). There are now clear reports showing expenditure on projects to deliver Māori outcomes — an improvement since the first assessment.

However, the Council family does not assess the achievement of Māori outcomes by projects/activities nor delivery quality. This is a key theme of this report.

As was identified in the 2014 assessment (findings on no proper consideration of Māori outcomes in project delivery, and the ongoing debate – output vs outcomes), the nature of some projects is such that outcomes derived from the respective project may not be measurable by project spend. There were a number of initiatives and projects established by CCOs that could have a significant or transformative impact on Māori outcomes, but which do not sit within the scope of Te Toa Takitini because they were a lower dollar spend. For example, Watercare have a number of initiatives that assist both direct Māori employment (e.g. through scholarships) and broader economic development (e.g. by creating demand for nursery tree propagation to support revegetation initiatives). The focus on only transformational projects may not drive a value for money culture, and it does not incentivise the Council family to work together to deliver low cost, high value transformative projects that have the potential to improve Māori outcomes in Tamaki Makaurau.

**Implications**

A heightened focus on project spend has required CCOs and Te Toa Takitini to dedicate significant resource to project monitoring and reporting processes. Measuring commitment through spend can create a perverse incentive to spend money (e.g. penalised when spend less).

Without evaluating whether anticipated benefits and outcomes have been realised, there is an increased chance that risks to these benefits and outcomes will not be identified, limiting their realisation. Ultimately, this could represent poor value for money.

**Recommendations**

5. Project initiation and funding approvals should focus on the potential value of benefits to be achieved, rather than the volume of inputs required.
6. Project assessments – during and post the project – should include focus on outcomes/benefits achieved and quality of delivery.
7. More focus should be directed towards creating opportunities and incentives for collaboration across the Council family to work together to deliver enhanced outcomes for Māori. More strategic discussions should be encouraged to share ideas, coordinate projects, optimise the allocation of resources across the Council and ensure alignment of strategic priorities.
8. Smaller value projects could be centrally coordinated to reduce administration burden and maximise return on investment.
### Purpose and scope

<table>
<thead>
<tr>
<th>Strategic alignment</th>
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<th>Processes and reporting</th>
<th>People and capability</th>
</tr>
</thead>
</table>

### 5. The strategic vision and priorities for Māori need to be better aligned through plans, activities and reports

**Priority Rating: High**

Although the Board and Council share the goal of improving Māori wellbeing, and there is some alignment between the outcomes articulated in the Board’s Schedule of Issues of Significance/Māori Plan and those in the Council’s Māori Responsiveness Framework (MRF), many outcomes in the Māori Plan, that are within Council’s mandate, are not reflected as priorities in key Council strategic or planning documents.

The Board’s knowledge and insights – from their key work programmes of the Schedule of Issues of Significance to Māori, Māori Plan and Te Tiriti o Waitangi Audit – are not well leveraged to guide the strategic direction of the Council’s portfolio and projects to deliver Māori outcomes.

Further, the Council’s strategic vision and outcome priorities for Māori – articulated in the Auckland Plan and MRF, LTP and CCO Statements of Intent – are not clearly traceable through the plans and reports of Te Toa Takitini projects.

The 2014 assessment raised a finding on the alignment of the Māori Responsiveness Framework to the Schedule of Issues of Significance/Māori Plan. Our assessment shows that the issue remains outstanding and requires action from the Council.

**Implications**

The lack of traceability and alignment through these key documents jeopardises the achievement of the effective outcomes for Māori.

### Recommendations

9. A formal discussion on strategic alignment should be held between the Council and the Board. A mutually agreed set of outcomes and priorities should be determined. An example of how outcomes in the MRF and Māori Plan could be mapped is shown in Appendix I. This could be extended to the Auckland Plan and LTP.

10. Strategic guidance from the Board should be sought upfront in portfolio strategy discussions, project brainstorming and initiation (e.g., through the Investment Group) to help set a clear path for the successful delivery of Māori outcomes, and to enable the Board to perform its evaluation function more effectively.

11. The current exercise of creating business cases for projects within Te Toa Takitini’s portfolio should include identifying the priorities/outcomes that each project is targeting, to ensure strategic alignment.

12. We note that the Annual Budget 2017/18 identifies specific Māori projects and this could be done consistently in future Long-term plans and Annual budgets.
6. Further guidance should be developed to provide clarity on the four whai strategy and Māori Responsiveness Framework outcomes

**Priority Rating: Significant**

From our discussions with the CCO members, we understand that project owners often face difficulties in developing a transformational activity/project in the context of the whai programmes of work within Te Toa Takitini’s portfolio. The reason given is that there is lack of clarity around the whai and their desired strategy and outcomes, as there is no detailed definition or guidance for each whai. For instance, the Whai Rawa attribute is merely described as “contributing to Māori economic well-being” in the Portfolio Management Plan July 2017 document.

Whilst there are some strategic directions in the existing Auckland Plan (currently being reviewed), there is an absence of a detailed definition of the eight different outcomes set out in the Māori Responsiveness Framework. This adds to the difficulty in articulating transformational activity. For example, the Māori Responsiveness Framework defines the outcome “Mana Whenua – customary authority” as “the mana of Tamaki Makaurau iwi and hapu is respected”.

The 2014 assessment recognised issues on the ‘bottom up’ approach, lack of clarity over articulation of Māori outcomes in the strategic documents and lack of clarity around the criteria for measuring Māori outcomes. Our assessment shows that these issues remain outstanding and require further action from the Council family.

**Implications**

Due to the lack of clarity on the categories and outcomes for Māori transformational activity, it will difficult to ensure consistent expectations around Māori transformational activity, and ensure targeted efforts and activity across the Council. On the upside – discussions to provide clarity on the whai and outcomes targeted will create an opportunity for good ‘top down’ brainstorming of initiatives and activities that could achieve these outcomes.

<table>
<thead>
<tr>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Existing strategic directions, definitions/key attributes/guidance should be developed for each whai, to provide greater context and detail, and articulate how these link to outcomes. This guidance should be formally communicated to Te Toa Takitini stakeholders.</td>
</tr>
<tr>
<td>14. Further guidance should be developed for each outcome in the Māori Responsiveness Framework to provide greater context and detail. This guidance should be formally communicated to Te Toa Takitini stakeholders to assist project managers in developing targeted transformational activities/projects.</td>
</tr>
</tbody>
</table>
### 7. Consistent reporting and better transparency of key initiatives and projects in the Statements of Intent is needed

**Priority Rating:** High

Each year Auckland Council CCOs must publish Statements of Intent (SOIs) as required under the Local Government Act 2002. SOIs set out the objectives, nature and scope of activities undertaken, and performance targets for each CCO to achieve the objectives in their long-term plans and other strategic plans. A section of the SOI discloses information on key Māori initiatives and projects, the CCO’s contribution towards Māori well-being and budgets of respective activities.

We noted a lack of top-down approach from the Council in setting a clear tone on its expectations of the quality of information disclosed in SOI section relating to key Māori initiatives and projects. There are no formal communications or guidelines that express the Council’s expected standards, which has resulted in reporting inconsistencies and lack of project transparency in the SOIs (covering the years 2015-2017), as detailed below.

**Reporting inconsistencies**
The CCO staff interviewed acknowledged that three projects reported in the SOI were business-as-usual (BAU) in nature. However, we noted inconsistencies in reporting practices where 21 other BAU projects were not included in the SOIs. For example, Watercare has only identified iwi engagement in its SOI as its key activity, when it actually has a number of other activities that are not mentioned. Similarly, nine CCO transformational projects were omitted from their respective SOIs. Details of these projects are listed in Appendix III.

**Lack of transparency on project updates**
While we acknowledge that CCOs report progress of key Māori initiatives and projects to Council on a quarterly basis, we noted that:
- Eight transformational Māori initiatives and projects listed in CCO SOIs were not delivered by the project owners and the reasons were not made transparent and communicated to the stakeholders (see details in Appendix III).
- The reasons for delays in execution could not be identified in the CCO and Council’s quarterly progress reports.

### Recommendations

15. The Council should consider amending its CCO governance framework, including the Mayoral expectations letter to help govern the integrity of SOI reporting on key Māori initiatives and projects. This guidance should outline:
   - types of Māori initiatives and projects to be prioritised and reported in SOIs
   - information required to be disclosed in SOIs such as financial forecasts, linkages to whai and MRF outcomes, KPIs and progress status for key initiatives and projects
   - how CCO Māori Responsiveness Plans can be used a key input into SOIs.

16. The expectations of a well-aligned SOI should be articulated clearly in this framework. The framework should be formally communicated to CCOs.

17. Council should also establish a medium within Te Ton Tritiki to support and provide advice to CCOs throughout the development of this section in the SOIs.
### 7. Consistent reporting and better transparency of key initiatives and projects in the Statements of Intent is needed

<table>
<thead>
<tr>
<th>Linkages of key initiatives and projects to its attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland Transport’s key initiatives and projects reported in the SOI do not have a link to a budget or financial forecast, and are explained as expenditure on Māori outcomes currently embedded in wider project budgets.</td>
</tr>
</tbody>
</table>

| The disclosure of information in the SOI needs further improvement. While project contributions to Māori outcomes/opportunities are outlined, these are often at a very high level and the target what, outcomes and key performance indicators measures are not always identified. |

| The 2014 assessment raised a finding that Māori outcomes are not clearly articulated in strategic documents. Our assessment shows that this finding remains outstanding and requires further action from the Council family. |

<table>
<thead>
<tr>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>With the lack of reporting inconsistencies and project transparency in the SOI, the Council family is not able to strongly and cohesively express its intention and commitments towards elevating Māori well-being, or related delivery expectations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recommendations</th>
</tr>
</thead>
</table>

**8. Watercare’s Māori Responsiveness Plan needs to be finalised**

**Priority rating: Moderate**

The Council’s Māori Responsiveness Framework commits the Council family to raising responsiveness to Māori, which includes achieving better outcomes for Māori. Council departments and CCOs are required to make this a purposeful and tangible part of their activities and work programmes, by detailing commitments and plans in a Māori Responsiveness Plan ("MRP"). MRPs typically includes details on processes, systems, implementation support plans, obligations, rights and responsibilities as well as key principles of partnerships.

Panuku, Auckland Transport and ATEED have developed and formalised their respective MRPs. At the date of this report, Watercare had yet to complete and finalise their MRP, and acknowledged that this development is currently in progress.

In the 2014 assessment, the MRP pilot programmes were underway. While it is pleasing to note that progress has been made with some finalised MRPs, aspects of this original finding (titled ‘Māori outcomes are not clearly articulated in strategic documents) remain open.

**Implications**

Without an MRP, it is unclear how Watercare plan to address Māori outcomes in their SOI/Te Toa Takitini portfolio.

**Recommendations**

18. Watercare’s MRP should be completed and operationalised.
9. A performance management framework for Māori outcomes is required

**Priority rating: High**

Following on from finding 2 – more focus is needed on Māori outcomes, rather than spend – Māori outcomes target benefits, measurement of, and key performance indicators (KPIs) are not currently identified and defined up front in projects/activities, or for Te Toa Takiiti portfolio as a whole.

We acknowledge that Te Toa Takiiti plans to address this at a project level in FY18 through:

- requiring KPIs to be defined in the project’s business case, with guidance to business case writers from the Council’s Strategic Portfolio and Programme Office Business Case Centre
- review of these business cases by the Council’s Investment Group – of which the General Manager Te Waka Angamua is a member, to provide investment rigour in terms of ensuring projects align with organisational strategy. KPIs are appropriate to ensure delivery of desired outcomes, and to assess the cost vs benefit of projects
- reporting on achievement of KPIs three times annually
- evaluating outcomes/benefits (of completed projects).

While some KPIs of success for Te Toa Takiiti portfolio have been identified in the Portfolio Management Plan (during July 2017), these are still not specifically linked to desired outcomes for Māori, e.g. number of people affected by/participated in transformational activities; benefits delivered to the Māori communities based on user feedback.

The 2014 assessment raised a finding on the lack of clear KPIs, incentives and rewards. Our assessment shows that the finding remains outstanding and requires further action from the Council family.

**Implications**

Without a performance management framework, it is difficult for Te Toa Takiiti (as well as project owners/sponsors) to carry out their role to monitor the achievement, support or influence, transformational outcomes for Māori, and hold others accountable. Without defined KPIs at a project level, it is difficult to identify risks to the achievement of the desired outcomes throughout the project and mitigate these effectively.

<table>
<thead>
<tr>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>19. Structured business cases, consistent across the Council, should be used to identify and quantify expected benefits for any given investment.</td>
</tr>
<tr>
<td>20. Using the identified benefits in the business case, KPIs should then be specified and monitored to ensure the project is delivering the desired outcomes, with value for money.</td>
</tr>
<tr>
<td>21. Linking the performance measures of projects to individual or group KPIs will help to incentivise and motivate the successful delivery of projects and promote value for money investment.</td>
</tr>
</tbody>
</table>
10. Potential of smaller-funded and business-as-usual projects in achieving Māori outcomes should be considered

**Priority rating: High**

The Council has developed a criteria document for identification of transformational activities. The projects are scored against 6 unique criteria, which determine whether the project should be considered as transformational, potential transformational or business-as-usual (“BAU”) activities.

Despite this, there is lack of understanding of the real value that some of these non-transformational projects can or do bring to Māori well-being. This is evidenced by:

**Budgets and outputs vs inputs and outcomes:**

Te Tōi Takitini often determines project inclusion (as transformational activities) based on the significance of budgets and outputs rather than its inputs and outcomes.

We understand from CCO members that in some cases the smaller-funded projects have greater significance to the Māori outcome achievement as compared to the larger-funded projects. However, the likelihood of these projects being approved as transformational activities is often low. An example of one initiative is Watercare’s support of iwi training initiatives, such as Waikato Tainui’s life employment support programme.

The 2014 assessment raised a finding on the ongoing debate over “outcomes vs outputs”. Our assessment shows that the finding remains outstanding and requires further action from the Council family.

**Transformational vs BAU**

From our discussion with CCO officers, we understand that the project owners often struggle in identifying sufficient transformational activities, as most of the projects are deemed as BAU. Regardless, of the definition, we were informed that the Māori outcome elements are embedded within these BAU activities and do carry significant benefits to the achievement of Māori well-being.

Furthermore, staff time spent engaging/consulting with iwi, planning and delivering projects is not always captured as part of the expenditure reported for delivering Māori outcomes. Given that effective engagement and consultation is a core tenet to achieving many Māori outcomes, it follows that this time should be captured.

**Recommendations**

22. The Council should widen its view on what constitutes a transformational activity. The definition should hinge on the significance of the outcomes rather than the significance of the spend.

23. Te Tōi Takitini and in particular, the Executive Leadership Group, should perform a thorough assessment of the intended outcomes that smaller-funded projects could achieve and their significance to the overall achievement of Māori outcomes.

24. Council should also broaden its monitoring aspects to recognise BAU activities (including staff time) that have a significant impact on Māori outcomes. These projects outcomes should be measured and reported in the four-monthly reports.
### 10. Potential of smaller-funded and business-as-usual projects in achieving Māori outcomes should be considered

<table>
<thead>
<tr>
<th>The Board and Council do not have much oversight on these projects as the four-monthly reports provide information on transformational activities alone. Thus, the Māori outcome achievement in respect of these BAU activities is not measured and reported.</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the 2014 assessment, a finding was raised on staff time not being included in Māori related expenditure. Our assessment shows that this issue remains outstanding and requires further action from the Council family.</td>
</tr>
<tr>
<td><strong>Implications</strong></td>
</tr>
<tr>
<td>There is a risk that projects/activity contributing to significant Māori outcomes may not be included and recognised by the Council and key stakeholders.</td>
</tr>
</tbody>
</table>
11. Improvements to project reporting processes and report quality are required

**Priority rating: High**

Three times annually (was quarterly), CCOs are required to report to Te Toa Takitini on the progress of Māori-initiative projects. All key project information such as its outputs/features, budget, actual spend, progress status and achievements need to be recorded in the Council’s Sentient system for project management. Te Toa Takitini then extracts necessary project information from Sentient and compiles the reporting packs. The updates are discussed within Te Toa Takitini, before being presented to the Finance and Performance Committee.

Currently, there are no formal reporting guidelines. As a result, some CCOs are confused on the overall reporting processes, the reporting requirements and the communication mechanism. It follows that the CCOs have expressed difficulty in meeting the expectations of Council. The kind of issues faced by the CCOs over the periodic reporting are detailed below.

**Manual workaround**

While Te Toa Takitini obtains project information and updates from CCOs through Sentient, a significant amount of work is required to prepare the required reports from the project information. As a result, there is less focus on what the reports are saying and the required remedial activities. This is evidenced in the quality of reporting. We acknowledge that the Council are in the process of implementing an improved reporting system for core Council and CCOs on their system (ATEED, Panuku).

**Quality of reporting**

1) From our review of the Finance and Performance Committee meeting reports, we noted that the progress update information is not linked to its correlating milestone or KPIs (refer to finding 7 on performance management framework). There is therefore no way of assessing the current state of project or outcome achievement.

2) For any variances resulting from over/under spend of money, the reports do not specifically explain the reasons and the proposed action plans to address the issues. The lack of oversight can impede the inability to capture key learning points that could help improve the Council family’s project management administration.

3) Risks to the achievement of Māori outcomes are not captured nor reported in project reports.

The 2014 assessment raised findings of inadequate report compilation processes, poor reporting quality and a lack of risk management processes relating to achievement of outcomes. Our assessment shows that these issues remain outstanding and require further action from the Council family.

**Recommendations**

25. The Council should work with the CCOs to develop a guideline to govern the integrity of internal reporting to Te Toa Takitini. This guideline should outline:

- types of activities, being transformational and BAU activities with Māori outcome elements, to be incorporated into periodic reports (refer to related recommendations in finding 10 on Transformational vs BAU activity)
- reporting format, roles and responsibilities
- types of information that should be incorporated into the report (i.e. progress updates, project risks to the achievement of outcomes, KPI measurement, milestone achievements, variance analysis, etc.)

26. Council should also consider providing training sessions to the report owners to enhance their knowledge and understanding of the reporting content, process and technology, and its expected quality.

27. In taking these next steps, the Council can add further value by providing regular feedback to the report owners. The report owners need to be made aware of their strengths and development areas for continuous improvement of reporting quality.
### 11. Improvements to project reporting processes and report quality are required

<table>
<thead>
<tr>
<th>Implications</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The extent of manual intervention from the Council on the reporting information could lead to reporting of inaccurate (e.g. by missing context) or incomplete information to Council Committee members.</td>
<td></td>
</tr>
<tr>
<td>The reports currently provide the Council family with a limited view of the portfolio and the outcomes produced by the projects. This prevents a clear understanding of the contribution to Māori outcomes, and limits the ability to identify and remediate risks or issues relating to outcome achievement.</td>
<td></td>
</tr>
<tr>
<td>From a broader perspective, without good integrity of information, there is a risk that resources may not be optimised in the best possible manner nor channelled to the right direction. The reporting pack is essential in assisting Committee members in exercising proper governance.</td>
<td></td>
</tr>
</tbody>
</table>
## 12. Guidelines for budget reallocations should be developed

**Priority rating: Moderate**

For projects currently within Te Toa Takitini’s portfolio, the budget is provided, held and managed by the department or CCO responsible for delivering the project outcomes. The project budget is “ringfenced” for Te Toa Takitini outcomes, meaning that any unspent budget may be reallocated to other Te Toa Takitini projects to support the delivery of other Te Toa Takitini outcomes - by agreement with the budget holder, Whai sponsor and Te Toa Takitini Portfolio team. However, the Council has not established a formal budget reallocation processes to help foster a structured and transparent escalation and decision-making mechanism.

From discussions with the CCO members, we understand that there is lack of guidance on:
- how the budget reallocation request should be raised by the project owners to the Investment Governance committee. This becomes crucial when the project owners are seeking additional funding to successfully execute their projects
- key documents or information required to put forward, for the purpose of justifying the need for additional funding or carry forward of surpluses
- participation or inclusion of concerned project owners in the formal communications, to the right channel. This is an important to ensure clear messages to the decision makers.

### Implications

Resources may not be used in the best possible manner thus affecting Council’s contribution to Māori well-being.

### Recommendations

28. The Council should develop a guideline which outlines:
- the appropriate roles and responsibilities, including for general communication and involvement of relevant parties across the decision making process. Council should consider inclusion of the concerned project owners throughout this phase.
- the processes for making an additional funding request
- consideration for development of a business case that articulates reasons and utilisation plans on the additional funds (likewise for project owners who are seeking to retain surplus budget).

29. The framework should be designed with, and then formally communicated to, all CCOs.
### 13. Project management capability and processes require improvement

**Priority rating: High**

The Council’s oversight of administration of Māori outcome achievement has improved since the 2014 assessment. Te Toa Takitini now has a better view of the strategic plans and direction adopted by CCOs and acts as a medium in addressing concerns across the Council family. However, the Council is still unable to advocate and advise on the achievement of Māori outcomes in a more strategic and holistic manner. This is because Te Toa Takitini’s role is currently concentrated on ensuring stability of project management activities.

**Māori-specific outcomes**

The Council spends significant amount of time trying to identify Māori-specific outcomes and develop suitable activities or portfolios. The Council has been facing challenges in determining outcomes that are pragmatic for the business to fulfil (considering its resources) versus the vision of the community.

Deliberation is also made on whether focus should be given to activities with long-term plans (where outcomes materialise progressively) versus short-term plans (smaller outcomes that crystallise immediately).

The lack of strategic partnership and engagement with the iwi groups is one of the contributing factors to the above mentioned challenges. The Council family is still developing its interaction with key stakeholders, such as local businesses and iwi groups, through formal partnerships or arrangements.

A good example noted in our assessment is the initiative made by Watercare. Watercare established a unique partnership arrangement, known as the Mana Whenua Katiki Forum in 2014, with the 19 iwi of Tamaki Makaurau for support on specialist advice and guidance. This is now a governance level forum reporting to the Council. Below this, operational level forums have been established for key Council activities (e.g., transport, water, community). Watercare operate the water forum, which also covers the Council Healthy Waters department.

**Business cases**

Te Toa Takitini also spends significant amount of time to review business cases submitted by project managers prior to circulating to the Investment Group. This is because the context, format and quality of these business cases are not up to the Investment Group's standards.

We acknowledge that Te Toa Takitini is now leveraging the Council’s Strategic Projects & Programmes Office to review all business cases.

**Recommendations**

31. Te Toa Takitini should conduct an exercise to consider capacity issues and capability needs across Council.

32. Training programmes could be developed to upskill people capacity and capability. Essentially, it is important for Te Toa Takitini to educate CCOs on the approach and perspective to be adopted in the overall project management areas. This could be a more strategic role for Te Toa Takitini in enhancing Māori responsiveness and effectiveness for Māori across Council.

33. Business case improvements could be addressed through Te Toa Takitini establishing guidelines around business case development, to improve understanding of the features of good business cases.
13. Project management capability and processes require improvement

<table>
<thead>
<tr>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Project support</strong></td>
</tr>
<tr>
<td>Technical expertise of Māori culture is limited within CCOs and due to issues and limitations discussed in this report, much time and effort from specialist staff is being spent on project management support roles. This time could be better utilised in advisory roles.</td>
</tr>
<tr>
<td>The 2014 assessment raised a finding of limited capability. Our assessment has observed that aspects of this issue remain outstanding and require further action from the Council family.</td>
</tr>
</tbody>
</table>

**Implications**

Although leadership are generally committed to projects that deliver better outcomes for Māori across CCOs, there are some limitations in project management capability and capacity. In turn, there have been challenges in the initiation, implementation and delivery of projects.
Appendices
# Appendix I

The table below details the transformational projects/activities reported by Te Toa Takitini to the Financial and Performance Committee for financial years 2015/2016 and 2016/2017. Figures with an * are those reported by the COO, as Te Toa Takitini's reported figure was not correct.

<table>
<thead>
<tr>
<th>CCO</th>
<th>Project/activity name</th>
<th>FY15/16 Budget $'000</th>
<th>FY15/16 Actual $'000</th>
<th>FY16/17 Budget $'000</th>
<th>FY16/17 Actual $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland</td>
<td>Māori signature festival – Te Hīranga Waka Festival</td>
<td>500</td>
<td>514</td>
<td>533*</td>
<td>566*</td>
</tr>
<tr>
<td></td>
<td>Māori economic forums activities</td>
<td>100</td>
<td>148</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Māori tourism development programme</td>
<td>150</td>
<td>103</td>
<td>135*</td>
<td>58*</td>
</tr>
<tr>
<td></td>
<td>Māori research lab</td>
<td>75</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>New sector development</td>
<td>-</td>
<td>-</td>
<td>48</td>
<td>10*</td>
</tr>
<tr>
<td></td>
<td>Indigenous economic / innovation conference</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6*</td>
</tr>
<tr>
<td></td>
<td>Māori economic growth forum</td>
<td>-</td>
<td>-</td>
<td>48</td>
<td>0.4*</td>
</tr>
<tr>
<td></td>
<td>Auckland visitor and industry promotional videos</td>
<td>-</td>
<td>-</td>
<td>20*</td>
<td>20*</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td></td>
<td><strong>825</strong></td>
<td><strong>765</strong></td>
<td><strong>812</strong></td>
<td><strong>594.4</strong></td>
</tr>
<tr>
<td>Panuku (in 2015/16 reported as Auckland Council)</td>
<td>Māori-focused events at the waterfront</td>
<td>100</td>
<td>58</td>
<td>93</td>
<td>95</td>
</tr>
<tr>
<td></td>
<td>Iwi investment fund</td>
<td>100</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Enabling iwi involvement in the remediation and environmental enhancement of the waterfront</td>
<td>72</td>
<td>146</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>Council Property</td>
<td>Māori Engagement Forum</td>
<td>88</td>
<td>187</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Limited and</td>
<td>Māori Responsiveness Planning</td>
<td>59</td>
<td>10</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Waterfront Auckland</td>
<td>Developing internal capacity</td>
<td>5</td>
<td>6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td></td>
<td><strong>424</strong></td>
<td><strong>407</strong></td>
<td><strong>255</strong></td>
<td><strong>255</strong></td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Māori Wardens security provisions on trains</td>
<td>900</td>
<td>395</td>
<td>430</td>
<td>430</td>
</tr>
<tr>
<td></td>
<td>Road safety programme – young Māori drivers and passengers</td>
<td>540</td>
<td>104</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>Road safety – marine</td>
<td>100</td>
<td>80</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>Signage – dual naming programme</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td></td>
<td><strong>1249</strong></td>
<td><strong>499</strong></td>
<td><strong>880</strong></td>
<td><strong>800</strong></td>
</tr>
<tr>
<td>Watercare</td>
<td>Mana Whenua Kaihaka Forum</td>
<td>140</td>
<td>141</td>
<td>140</td>
<td>157</td>
</tr>
<tr>
<td></td>
<td>Iwi involvement and engagement on Watercare projects</td>
<td>1059</td>
<td>960</td>
<td>1039</td>
<td>1039</td>
</tr>
<tr>
<td><strong>Sub total</strong></td>
<td></td>
<td><strong>1199</strong></td>
<td><strong>1101</strong></td>
<td><strong>1199</strong></td>
<td><strong>1196</strong></td>
</tr>
<tr>
<td><strong>TOTAL ALL</strong></td>
<td></td>
<td><strong>3,688</strong></td>
<td><strong>2,772</strong></td>
<td><strong>3,146</strong></td>
<td><strong>2,845.4</strong></td>
</tr>
</tbody>
</table>
## Appendix II

The table below details the outcomes in the Council’s Māori Responsiveness Framework, with an example of how these outcomes could be mapped to the outcomes set out in the Māori Plan, as recommended in finding 5. The diagram on the following page is an extract from the Māori Plan, which depicts the 20 Māori outcomes identified by the Board. We also recommend that this mapping is extended to the revised Auckland Plan and LTP 2018-28.

<table>
<thead>
<tr>
<th>Outcome in the Council’s Māori Responsiveness Framework</th>
<th>Description</th>
<th>Indicative link to Māori Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kāliakitanga – guardianship including stewardship</td>
<td>Tangata whenua are empowered, enabled, respected and recognised in their customary kaitiaki role</td>
<td><strong>Outcome 1</strong></td>
</tr>
<tr>
<td>Waahi tapu – sacred ancestral sites and places of significance to iwi, hapu or whanau</td>
<td>Waahi tapu within the Auckland region are protected</td>
<td><strong>Outcome 2</strong></td>
</tr>
<tr>
<td>Rangatiratanga – self-determination</td>
<td>Tamaki Makaamau hapu and iwi have the opportunity to exercise rangatiratanga/self-determination</td>
<td>It is not clear how this outcome addresses the social, cultural, economic and environmental outcomes in the Māori Plan</td>
</tr>
<tr>
<td><strong>Te Tiriti o Waitangi/Treaty of Waitangi</strong></td>
<td>Te Tiriti o Waitangi/the Treaty of Waitangi is recognised as the basis for the relationship between Māori, the Crown and Auckland Council</td>
<td>This outcome is very broad and it is not clear how it links to the Māori Plan</td>
</tr>
<tr>
<td>Mana tangata/Oritetanga – citizenship/equal opportunity</td>
<td>Māori are empowered and enjoy high-quality lives</td>
<td>It is not clear how this outcome addresses the social, cultural, economic and environmental outcomes in the Māori Plan</td>
</tr>
<tr>
<td>Māori – life-force and maintaining balance</td>
<td>The mauri of the natural environment is in optimum health</td>
<td><strong>Outcome 3</strong></td>
</tr>
<tr>
<td>Matauranga Māori – Māori Knowledge, wisdom</td>
<td>Māori knowledge and world views are respected, and its validity and value acknowledged</td>
<td><strong>Outcome 4</strong></td>
</tr>
<tr>
<td>Mana Whenua – customary authority</td>
<td>The mana of Tamaki Makaamau iwi and hapu is respected</td>
<td>It is not clear how this outcome addresses the social, cultural, economic and environmental outcomes in the Māori Plan</td>
</tr>
</tbody>
</table>
Response to the independent assessment of expenditure incurred by Auckland Council to deliver Māori outcomes

Attachment A

Item 12
## Appendix III

The following lists are the inconsistencies in CCO SOI reporting practices (covering the years 2015-2017), referred to in finding 7:

### BAU projects included in SOIs

<table>
<thead>
<tr>
<th>CCO</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATEED</td>
<td>Iwi Investment Support</td>
</tr>
<tr>
<td>ATEED</td>
<td>Māori Cultural Showcasing</td>
</tr>
<tr>
<td>ATEED</td>
<td>Māori Cultural Centre</td>
</tr>
</tbody>
</table>

### BAU projects excluded from SOIs

<table>
<thead>
<tr>
<th>CCO</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Watercare</td>
<td>Iwi engagement on Watercare projects</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>AMETI</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>East West and Mill Road</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Roads &amp; Footpaths</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Glenvar Ridge Road</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Walking and Cycling (Glen Innes to Tamaki)</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>New Lynn to Waterview Shared Path</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Walking and Cycling (general)</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>City Rail Link</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Otahuhu Bus Interchange</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Parnell Station</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Public Transport</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Wynyard Quarter</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Communications</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>AT Statement of Intent</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Other</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Te Reo Māori translations</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Māori tumour project</td>
</tr>
<tr>
<td>Panaka</td>
<td>Māori technical/specialist advice</td>
</tr>
<tr>
<td>Panaka</td>
<td>Development Projects</td>
</tr>
<tr>
<td>Panaka</td>
<td>Māori koha</td>
</tr>
</tbody>
</table>

### Transformational projects excluded from SOIs

<table>
<thead>
<tr>
<th>CCO</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATEED</td>
<td>New Sector Development</td>
</tr>
<tr>
<td>ATEED</td>
<td>Auckland visitor and industry promotional video</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Signage – dual naming programme (capex)</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Māori wardens security provisions on trains</td>
</tr>
<tr>
<td>Panaka</td>
<td>Internal capacity</td>
</tr>
<tr>
<td>Panaka</td>
<td>Iwi investment fund</td>
</tr>
<tr>
<td>Panaka</td>
<td>Māori-focused events at the waterfront</td>
</tr>
<tr>
<td>Panaka</td>
<td>Enabling iwi involvement in the remediation and environmental enhancement of the waterfront</td>
</tr>
</tbody>
</table>

### Transformational project excluded from SOIs and not executed

<table>
<thead>
<tr>
<th>CCO</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATEED</td>
<td>Indigenous Economic/ Innovation Conference</td>
</tr>
<tr>
<td>CCO</td>
<td>Project Name</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>ATEED</td>
<td>Māori Media Lab</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Mara whēmna engagement</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Māori values and stormwater</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Marae development and papakainga housing</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Te Aranga Māori Design</td>
</tr>
<tr>
<td>Auckland Transport</td>
<td>Te Reo Māori Framework</td>
</tr>
<tr>
<td>Panaka</td>
<td>Māori development opportunities</td>
</tr>
<tr>
<td>Panaka</td>
<td>Recognition and celebration of Māori cultural values and heritage</td>
</tr>
</tbody>
</table>

Confidential
Independent Māori Statutory Board

Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes.
Te Toa Takitini - Quarter two report for the 2017/2018 financial year

File No.: CP2018/00982

Te take mō te pūrongo / Purpose of the report
1. To report on progress to the end of the second quarter of the 2017/2018 financial year (1 October 2017 – 31 December 2017) for Te Toa Takitini.

Whakarāpopototanga matua / Executive summary
2. The combined Te Toa Takitini budgets for the 2017/2018 financial year are $9,092,000. Combined expenditure for the end of the second quarter is $2,764,000 which is 30 per cent of the combined annual budget.

3. To enable closer monitoring and ensure project spend, Te Toa Takitini continues to work with project managers to report project milestones and quarterly spend forecasts. The projects that have been actively working with us to achieve their forecasted budget are:
   • Māori Cultural Heritage Programme Sites and Places of Significance
   • Hawaiki Toa
   • Auckland Transport Māori Wardens
   • Auckland Transport Road Safety Programme
   • Kaitiaki Ranger Programme

4. We continue to pursue better project status information from project holders to provide improved reporting on the delivery of Māori outcomes across the council family. We expect for this to be improved for reporting in quarter one of the 2018/2019 financial year.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:

a) note progress on key Te Toa Takitini portfolio projects included in this report for the second quarter of 2017/2018.

Horopaki / Context

Te Toa Takitini Māori transformational- shift activity
5. The name Te Toa Takitini is a call to action for the entire council group and draws from the whakataukī (proverb) “Ehara taku toa i te toa takitahi, engari he toa Takitini”, “Success is not determined by me alone, it is the sum of the contribution of many”.

6. Te Toa Takitini is a cross-council portfolio of projects organised into four Whai (programmes of work). Te Toa Takitini identifies, prioritises, tracks and reports on projects across the council family that lead and influence transformational outcomes for Māori, including:
   • strengthening internal organisational capacity in responding to Māori
   • demonstrating a positive impact on and with Māori communities.
Tātaritanga me ngā tohutohu / Analysis and advice

2017/2018 budget and year-to-date expenditure

7. The budget for the 2017/2018 financial year is $9,092,000. Year to date expenditure at quarter two is $2,764,000. This is 30 per cent of annual budget. Year to date and forecast expenditure are presented in table one.

Table one: Māori transformational shift activity

<table>
<thead>
<tr>
<th>Māori Transformational Shift Activity</th>
<th>FY18 Annual Budget $(000s)</th>
<th>FY18 Q2 Actual YTD $(000s)</th>
<th>FY18 Forecasted Actual $(000s)</th>
<th>FY18 Forecasted Variance $(000s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whai Rawa: Māori Economic Development</td>
<td>298</td>
<td>nil</td>
<td>298</td>
<td>-</td>
</tr>
<tr>
<td>Whai Painga: Māori Social Well-being</td>
<td>1,310</td>
<td>360</td>
<td>1,307</td>
<td>3</td>
</tr>
<tr>
<td>Whai Tiaki: Māori Cultural Wellbeing</td>
<td>6,997</td>
<td>2,348</td>
<td>6,811</td>
<td>186</td>
</tr>
<tr>
<td>Whai Tika: Effectiveness for Māori</td>
<td>487</td>
<td>56</td>
<td>487</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,092</strong></td>
<td><strong>$2,764</strong></td>
<td><strong>$8,903</strong></td>
<td><strong>$189</strong></td>
</tr>
</tbody>
</table>

8. Further detail of activity and expenditure for quarter two of the 2017/2018 financial year is provided in Attachment A.

9. To enable closer monitoring and ensure project spend, Te Toa Takitini continues to work with project managers to report project milestones and quarterly spend forecasts. The projects that have been actively working with us to achieve their forecasted budget are:
   - Māori Cultural Heritage Programme Sites and Places of Significance
   - Hawaiki Toa
   - Auckland Transport Māori Wardens
   - Auckland Transport Road Safety Programme
   - Kaitiaki Ranger Programme

Highlights

Whai Tiaki – Cultural Wellbeing

Iwi engagement on Watercare projects (Watercare)

10. In November 2017, Watercare won the Kawanatanga/Government section of the Tohu Reo Māori Awards. This award recognised Watercare’s efforts to support te reo Māori. It also won the Māori and Pasifika Diversity award at the Young at Heart Awards. Both accolades represented the organisation’s commitment to contributing to its overall capability to strengthen engagement with iwi.

Para Kore (Infrastructure & Environment Services)

11. The Para Kore team worked with Oraeki Marae to deliver the 2018 Waitangi Day event at Okahu Bay. 98.55 per cent of the waste received was diverted from going to landfill.
Whai Tika – Effectiveness for Māori

Organisational Effectiveness - MAHI Strategy (People and Performance):

12. Whānau Manawa Māori staff network (network) was relaunched in December 2017. Recommendations gathered at the relaunch, for how the network can support Māori staff, are due to be communicated to staff and people leaders in quarter three of the 2017/2018 financial year.

13. A review of 16 Māori responsiveness plans was completed. The review identifies what development activities have been planned across the council family, to support the delivery of Māori responsiveness outcomes.

14. A pilot programme for senior Māori responsiveness leadership has finished which provided recommendations to improve delivery of the next programme scheduled for quarter three of the 2017/2018 financial year.

Issues

15. We continue to pursue better project status information from project holders to provide improved reporting on the delivery of Māori outcomes across the council family. We expect for this to be improved for reporting in quarter one of the 2018/2019 financial year.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views

16. Of the 21 Local Boards, 19 have identified a total of 100 initiatives targeting Māori outcomes. These initiatives will be revisited upon completion of the long-term plan to follow up on their implementation. This will be reported in quarter one of the 2018/2019 financial year.

Tauākī whakaaweawe Māori / Māori impact statement

17. Te Waka Anga Mua ki Uta is currently working to develop a Māori Responsiveness Performance Measurement Framework (PMF) that aims to address the deficit in monitoring and reporting on Māori outcomes across the council family. Ultimately the PMF intends to monitor and report on how the council family is progressing on delivering goals and outcomes identified through the Māori Responsive Framework.

Ngā ritenga ā-pūtea / Financial implications

18. There is a forecasted year end variance of $186,000 for the Kaitiaki Ranger Programme project. There has been a delay in the delivery of this project due to other council matters taking precedence (Kauri Die-back – Waitakere Ranges) affecting the resources required for the delivery of the project.

19. Te Toa Takitini is working with project leaders and budget holders to ensure agreed projects, outcomes and the related 2017/2018 budget are optimised.

Ngā raru tūpono / Risks

20. Underspend continues to be a risk. Te Toa Takitini is attempting to work alongside project holders to minimise non-delivery.

Ngā koringa ā-muri / Next steps

21. Te Toa Takitini will continue to monitor portfolio activity.

22. Auckland Council’s response to the PricewaterhouseCoopers (PwC) ‘Assessment of expenditure incurred by Auckland Council on projects to deliver Māori outcomes – 13 November 2017’ has outlined a number of recommendations which will be incorporated in the work plan for Te Toa Takitini over the next 12 months.
### Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Te Toa Takitini Portfolio status (by project) 2017/2018 financial year</td>
<td>89</td>
</tr>
</tbody>
</table>

### Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Graham Pryor - GM Maori Responsiveness &amp; Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Phil Wilson - Governance Director</td>
</tr>
</tbody>
</table>
# Attachment A

## Te Toa Takitini - Quarter two report for the 2017/2018 financial year

**Finance and Performance Committee**

*20 March 2018*

<table>
<thead>
<tr>
<th>Table</th>
<th>Owner</th>
<th>Project</th>
<th>FY17/18 approved budget ($)</th>
<th>FY17/18 actual spent ($)</th>
<th>FY17/18 actual variance ($)</th>
<th>Overall Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>FYQ2/2018 Forecast Expenditure ($)</td>
<td>FYQ2/2018 Forecast Variance ($)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1: Standard Operational Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taha</td>
<td>ATCO</td>
<td>Nelson Signage Festival</td>
<td>290</td>
<td>290</td>
<td>0</td>
<td>On track for delivery in Q3 (27 January 2018).</td>
</tr>
<tr>
<td>Taha</td>
<td>Operations</td>
<td>Whare for life - Nelson Housing</td>
<td>350</td>
<td>350</td>
<td>0</td>
<td>On track - no issues suggesting the Whare is not on schedule.</td>
</tr>
<tr>
<td>Taha</td>
<td>Operations</td>
<td>Nelson cultural initiatives fund</td>
<td>1,000</td>
<td>1,000</td>
<td>0</td>
<td>On track - budget includes committed funds from contracts for the current financial year.</td>
</tr>
<tr>
<td>Taha</td>
<td>TWA</td>
<td>Establishment of Te Kawa (Whakatane) - capacity building</td>
<td>750</td>
<td>750</td>
<td>0</td>
<td>On track - project on track with focus on capacity building.</td>
</tr>
<tr>
<td>Taha</td>
<td>Heritage &amp; RP</td>
<td>Nelson site of significance</td>
<td>950</td>
<td>950</td>
<td>0</td>
<td>On track - project on track.</td>
</tr>
<tr>
<td>Taha</td>
<td>TWA</td>
<td>Nelson/Korua Whare Taonga</td>
<td>350</td>
<td>350</td>
<td>0</td>
<td>On track - project on track.</td>
</tr>
<tr>
<td>Taha</td>
<td>Parks</td>
<td>Ti Kave - Rotorua (formerly Dunedin City)</td>
<td>375</td>
<td>375</td>
<td>0</td>
<td>On track - project on track.</td>
</tr>
<tr>
<td>Taha</td>
<td>Tiva</td>
<td>Wāhine Toa</td>
<td>75</td>
<td>75</td>
<td>0</td>
<td>On track. Highlights in the quarterly report for Q1 2017/2018.</td>
</tr>
</tbody>
</table>

**Year 2: Funding arrangements**

| Taha | AT | Nelson Madras | 600 | 600 | 0 | On track as reported for project manager. |
| Taha | AT | Road safety programmes - young Madras | 540 | 540 | 0 | On track as reported for project manager. |
| Taha | Watercare | Engagement in Watercare projects | 1,050 | 1,050 | 0 | On track as reported for project manager. |
| Taha | AT | Road safety improvements | 1,200 | 1,200 | 0 | On track as reported for project manager. |
| Taha | Watercare | Korura (Whakatane) Watercare | 1,600 | 1,600 | 0 | On track as reported for project manager. |
| Taha | BES | Whakatane (Whakatane) | 210 | 210 | 0 | On track as reported for project manager. |
| Taha | BES | Whakatane (Whakatane) | 210 | 210 | 0 | On track as reported for project manager. |
| Taha | LBS | Local board projects 2 (Waihi Bypass, Waikato cultural heritage sites, industrial pollution programme) | 60 | 60 | 0 | On track as reported for project manager. |

**TOTAL 2017/2018 FINANCIAL YEAR**

$0,000 | $0,000 | $0,000 | $0,000

---

**Attachment A**

Page 89
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project

File No.: CP2018/03132

Te take mō te pūrongo / Purpose of the report
1. To seek approval to divest areas of reserve land required for the New Zealand Transport Agency’s (NZTA) Northern Corridor Improvements (NCI) project.
2. To present the Upper Harbour Local Board’s request regarding the allocation of compensation funds anticipated from the proposed land divestment activity.

Whakarāpopototanga matua / Executive summary
3. The NZTA NCI project provides the final motorway connection for the NZTA Western Ring Route, a project of national significance. It will deliver a number of new direct motorway interchange connections as well as upgrades and extensions to the northern busway, and the construction of new walking and cycling paths.
4. The project requires NZTA permanently acquiring and temporarily occupying areas of council reserve land for construction purposes. The Upper Harbour Local Board has approved NZTAs temporary occupation (subject to conditions) and has resolved to support the areas required by NZTA for permanent divestment. Finance and Performance Committee approval is required before land can be permanently divested to NZTA.
5. The Upper Harbour Local Board has requested that the proceeds of sale are directed towards an agreed local board work programme to deliver local park improvements in the Upper Harbour Local Board area.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:

a) approve the divestment of a combined total of approximately 3.8 hectares of reserve land (being portions of land at Rosedale Landfill, Tawa, Arrenway, Centorian, Meadowood, Alexandra Stream, Rook, Omega and Bluebird Reserves) to the New Zealand Transport Agency for motorway improvements at Upper Harbour, by transfer pursuant to Sections 50 and 52 of the Public Works Act 1981.

b) note that the final areas of reserve for disposal will be subject to final survey following completion of the works, and that the final terms and conditions of sale will be approved under existing standing financial delegations.

Horopaki / Context
6. The NCI project is part of the accelerated transport package advanced by central government through NZTAs National Land Transport Programme. It provides the final motorway connection for the NZTA Western Ring Route - a project of national significance. The project will deliver direct motorway interchange connections between State Highway 1 (SH1) and State Highway 18 (SH18), highway improvements on SH1 between Constellation Drive and Oteha Valley Road, and improvements on SH18 between SH1 and Albany Highway.
7. The project is multi-modal and includes the extension of the northern busway from Constellation bus station to Albany bus station, an upgrade to Constellation bus station, and a new bus bridge into Albany bus station. It also includes the construction of 5km shared walking and cycling path (similar to the north-western cycle-way) alongside SH1 and SH18, to encourage an increased uptake of active modes and to better connect the community with public transport, employment, schools and shopping areas.

8. In November 2017 the Environmental Protection Agency appointed NCI Board of Inquiry confirmed NZTAs Notices of Requirement (NoRs) and granted consents relating to the NCI project, subject to a number of conditions. The confirmed NoR process has the effect of protecting the land subject to the designation - however NZTA must acquire land permanently required and obtain landowner approval for temporary occupation for construction purposes.

9. The project contemplates NZTA permanently acquiring and temporarily occupying areas of council reserve land for construction purposes for the duration of the works. Areas of reserve land to be permanently acquired are located at Rosedale Landfill, Tawa, Arrenway, Centorian, Meadowood, Alexandra Stream, Rook Omega and Bluebird Reserves (refer Attachments A and B). Land at Constellation Reserve is also permanently required; however approval to divest this land was granted and delegated by the committee in July 2017 and negotiations relating to this land are well in train. This report deals only with reserves noted in table 1 below.

10. The Upper Harbour Local Board has approved the temporary occupation of reserve area required by NZTA (subject to conditions) and supports divestment of the areas permanently required by NZTA. Under the Governing Body’s terms of reference, Finance and Performance Committee approval is required before the land can be permanently divested to NZTA.

11. The funding principles set out in council’s 2015-2025 Long Term Plan indicated that funds received from the sale of surplus assets will generally be used to repay borrowings, and that on a case-by-case basis these surpluses may be used to fund investment in another asset of higher strategic priority than the asset sold.

12. The Upper Harbour Board has requested that in this case, as the land is not deemed ‘surplus’, that the proceeds of sale are directed towards an agreed local board work programme to deliver local park improvements in the Upper Harbour Local Board area.

13. While the project itself is one of national significance, the decisions recommended in this report are not considered significant in terms of council’s Significance and Engagement Policy.

Tātaritanga me ngā tohutohu / Analysis and advice

14. Table 1 below lists the reserves affected by the project. Attachment A illustrates the permanent and temporary areas required by NZTA on each reserve. The full term of construction period is expected to be three and a half years, with substantive works commencing in May 2018.
15. As noted earlier, NZTA proposes to permanently acquire approximately 3.8 hectares of reserve land (not including Constellation Reserve) to accommodate the NCI project. (Refer Attachment B.) With the exception of Rook Reserve (and Constellation), the majority of the land permanently required by NZTA consists of grassed strips located adjacent to the motorway.

16. General reinstatement works will be undertaken in consultation with Council Parks and will include (as appropriate):

- removal of structures, plant and materials associated with construction
- replacement of boundary fences to the same or similar type to that removed
- reinstatement of grassed areas to a similar condition as existed prior to construction
- replacement of trees and other planting removed for construction on a one-for-one basis (or as otherwise agreed with Auckland Council Parks)
- details of way finding interpretation signage within and adjacent to the reserve.

17. Specific mitigation works required through designation and consent processes include the re-landscaping and development of a shared user path (SUP) alongside areas of the state highway connecting to several of the reserves. The construction of the SUP will activate a number of reserves and will increase connectivity from the wider local area to reserves such as Rook Reserve and the wider Albany Cycleway.

18. Rook Reserve will be redeveloped by the project to include a 30x30 kick around space, a basketball half court, boardwalks, footpaths and planting as mitigation for the adverse effects of the loss of passive open space to the proposed new storm water wetland.

### Table 1: List of required Reserves

<table>
<thead>
<tr>
<th>Reserve Name</th>
<th>Current area (m²)</th>
<th>Area of permanent requirement (m²) A</th>
<th>Area of temporary occupation (m²) B</th>
<th>Area required for construction (m²) A+B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rosedale landfill: three parcels</td>
<td>221,147</td>
<td>17,209</td>
<td></td>
<td>17,209</td>
</tr>
<tr>
<td>Tawa Reserve : three parcels</td>
<td>12,091</td>
<td>6,151</td>
<td>2,046</td>
<td>8,197</td>
</tr>
<tr>
<td>Arrenway Reserve: three parcels*</td>
<td>14,568</td>
<td>6,596</td>
<td>3,922</td>
<td>10,518</td>
</tr>
<tr>
<td>Centorian Reserve</td>
<td>665</td>
<td>345</td>
<td></td>
<td>345</td>
</tr>
<tr>
<td>Meadowood Reserve*</td>
<td>9,885</td>
<td>120</td>
<td></td>
<td>120</td>
</tr>
<tr>
<td>Alexandra Stream Reserve</td>
<td>6,144</td>
<td>166</td>
<td>1,321</td>
<td>1,487</td>
</tr>
<tr>
<td>Rook Reserve *</td>
<td>14,860</td>
<td>5,919</td>
<td>6,989</td>
<td>12,908</td>
</tr>
<tr>
<td>Omega Reserve</td>
<td>8,978</td>
<td></td>
<td>1,467</td>
<td>1,467</td>
</tr>
<tr>
<td>Bluebird Reserve: two parcels</td>
<td>24,120</td>
<td>1,294</td>
<td>135</td>
<td>1,429</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>300,367</strong></td>
<td><strong>37,800</strong></td>
<td><strong>15,880</strong></td>
<td><strong>53,680</strong></td>
</tr>
</tbody>
</table>
19. Construction activities at Rosedale Reserve will be managed by way of a Construction Environment Management Plan, in addition to a suite of minimum requirements that will be developed in consultation with council’s Closed Landfills and Contaminated Land Services Team.

20. Omega Reserve and Alexandra Stream Reserve will have permanent infrastructure associated with the development of the SUP (including stairs and concrete paths).

21. In addition to the permanent land requirement, NZTA also require the temporary occupation of approximately 1.6 hectares of reserve land for the purpose of construction activity to enable the NCI project.

22. Areas of reserve to be temporarily occupied will be made inaccessible to the public during construction and upon completion of the works the reserves will be reinstated by NZTA. Closure of existing walkways at intermittent stages of the works period may be necessary. As part of the conditions of landowner approval (in addition to consent requirements) NZTA will be required to inform residents of park closures well in advance and to install appropriate information and pedestrian diversion signage.

23. Overall, parks staff consider that the temporary and permanent impacts of the proposals are manageable and can be mitigated. The local board has delegated authority to the General Manager, Parks and Community Facilities to review and approve the detailed plans as they are developed and to provide landowner conditions to manage the staged construction and remediation works.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe /
Local impacts and local board views

24. NZTA initiated engagement with key stakeholders in 2014 and commenced formal community consultation from May to July 2016 as part of the NoR process. Groups contributing to this consultation were:

- the Project Reference Group, a stakeholder group including Auckland Transport, Auckland Council, Local Boards, Watercare and Iwi
- a group of 85 key stakeholders including North Harbour Hockey, Transpower, Vector, Bike Auckland, Walk Auckland, Massey University and QBE Stadium
- 130 interests on 52 properties
- neighbours and the wider community (with a focus on Unsworth Heights).

25. The outcomes of the engagement process fed into the identification of NZTA options, the options assessment and the refinement of the preliminary design. The NoR decision requires NZTA to continue to liaise with the relevant stakeholders and the community during detailed design process and throughout construction.

26. The NCI project team has met a number of times with the Upper Harbour Local Board and Hibiscus and Bays Local Board since 2014 to update them on the overall progress of the project and to seek feedback on a variety of matters during the concept stages of the project.

27. The project contributes directly to Outcome 2 of the draft 2017 Upper Harbour Local Board Plan: “efficient and effective transport links” by enabling a well-connected and accessible network that provides a variety of transport options. The board has provided guidance and feedback on project matters concerning Constellation Reserve and has been integrally involved in the design of the works proposed in relation to other various reserves.

28. In February 2018 the Upper Harbour Local Board approved the areas of reserve required by NZTA for temporary occupation (subject to conditions) and has endorsed the areas permanently required by NZTA for divestment.
29. The Upper Harbour Board has requested that the proceeds of sale are directed towards an agreed local board work programme to deliver local park improvements in the Upper Harbour Local Board area.

**Tauākī whakaaweawe Māori / Māori impact statement**

30. Cultural Values assessments have been commissioned as part of the broader NCI project. Mana Whenua engagement has involved the creation of an NZTA Iwi Integration Group and NZTA has hosted two site visits and numerous hui.

31. Within the project footprint there are no identified or scheduled heritage or archeological sites, or any identified sites of cultural significance to iwi. However, there are waterways and ecological areas important to iwi – particularly the culturally significant Oteha Valley, Rosedale Creek, and Lucas Creek – that are part of the wider context of the project and that iwi seek to protect and enhance.

32. Through the NoR process NZTA presented evidence that iwi have provided feedback on environmental matters, enhancing biodiversity, the built environment, pedestrian and cycle connectivity and public transport initiatives. Iwi is also recognised through the incorporation of Te Aranga design principles into the project’s urban design framework, which includes a forward process to acknowledge cultural kaitiakitanga and Mana Whenua values. With regards to council reserves, the development of landscape plans will be prepared in partnership with the NZTA Iwi Integration Group.

**Ngā ritenga ā-pūtea / Financial implications**

33. The recommendations in this report do not give rise to any major financial risks. Costs associated with responding to the NZTA project requirements will be recovered from NZTA under the provisions of the Public Works Act 1981.

34. The 3.8 hectares of reserve land required to accommodate the NCI road project will reduce the amount of open space provision putting pressure onto the remaining open space provision. Replacement of this open space land would be desirable to ensure there is adequate provision for existing and future residents in the area.

35. Any potential disbenefits resulting from the reduction of open space are expected to be countered by the direct financial benefit of net receipts of sale, temporary occupation revenue, and NZTA’s investment in mitigation outcomes such as the cycle way extension, improved water catchments and storm water systems, and the creation of a ‘green corridor’ for community use.

**Ngā raru tūpono / Risks**

36. There are no significant risks associated with the proposed decision in this report. Project risks will be managed and addressed by NZTA through the relevant consenting and construction processes.

**Ngā koringa ā-muri / Next steps**

37. NZTA’s investigatory work commenced in October 2017 and preliminary enabling works on the first stage of the project commenced January 2018. Substantive construction works are anticipated to commence in May 2018.
38. Independent valuations to assess the compensation due for the permanent land takes and temporary occupation areas are underway. While compensation values may be negotiated and agreed between the Council and NZTA (pursuant to the Public Works Act) this financial year, the final settlement of compensation will not be known until the project is completed and the final areas of land are known and legalised.

39. In order to minimise risk and disruption to the project, NZTA is keen to enter into a compensation agreement for the temporary occupation and permanent land acquisition as soon as possible. The processes for the proposed land transfer are expected to comprise the following key components set out in Table 2 below.

Table 2: Decision-making responsibilities and delegations for key processes

<table>
<thead>
<tr>
<th>Process / Decision</th>
<th>Target date</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Upper Harbour Local Board considers mitigation, the temporary occupation of land and provides a view concerning the divestment of land and the treatment of funds.</td>
<td>February 2018</td>
</tr>
<tr>
<td>Council’s Finance and Performance Committee considers the divestment of land and treatment of funds.</td>
<td>March 2018</td>
</tr>
<tr>
<td>If approved, parties enter into an appropriate legal agreement to compensate the council and transfer the required land areas to NZTA (permanent and temporary).</td>
<td>March 2018</td>
</tr>
<tr>
<td>Possession of the required land is transferred to NZTA.</td>
<td>April 2018</td>
</tr>
<tr>
<td>Staged construction commences. Council (as affected party) monitors construction impact on affected reserves.</td>
<td>April 2018</td>
</tr>
<tr>
<td>Construction concludes / council (as affected party) monitors reinstatement activity.</td>
<td>Early 2021</td>
</tr>
<tr>
<td>NZTA commences the return of temporary occupation areas and asset handovers commence.</td>
<td>Various, up until mid to late 2021</td>
</tr>
<tr>
<td>NZTA undertake final legalisation survey.</td>
<td>Early to mid-2021</td>
</tr>
<tr>
<td>NZTA formalize ongoing access requirements.</td>
<td></td>
</tr>
<tr>
<td>NZTA legalise the land and settle all agreements.</td>
<td></td>
</tr>
<tr>
<td>NZTA undertake ongoing maintenance requirements.</td>
<td>Up until 2025</td>
</tr>
<tr>
<td>Asset handover from NZTA to council concludes.</td>
<td>2025</td>
</tr>
</tbody>
</table>

40. Given the length and complexity of the land transfer processes under the Public Works Act, together with the ongoing interdependencies with consenting matters, staff anticipate it could take up to a year for parties to settle and agree final compensation values. As a result, council and NZTA have agreed to enter into an ‘advance compensation agreement’ and a prescribed time-bound valuation process, in order to allow for the project to commence physical works whilst providing adequate time for parties to assess and agree appropriate compensation values.

41. The final land survey (post construction) will determine the final land requirement areas and will consequently inform a final settlement and compensation reconciliation.
Item 14

Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project

Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Mitigation for Affected Reserves</td>
<td>99</td>
</tr>
<tr>
<td>B</td>
<td>Land Requirement Plans</td>
<td>103</td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Authorisers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natasha Fredericksen</td>
<td>Rod Sheridan - General Manager Community Facilities</td>
</tr>
<tr>
<td></td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
</tr>
</tbody>
</table>
Item 14

Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project
**Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project**

**Address:**
R 02 Greville Road Albany 0629

**Ownership:**
Auckland Council

**Legal Description:**
Lot 1 DP 127427, CT, NA/49523

**Property Information:**

<table>
<thead>
<tr>
<th>Area</th>
<th>Total Lot Area (m²)</th>
<th>Total Land Required (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>35/175</td>
<td>8031</td>
<td>0</td>
</tr>
</tbody>
</table>

Dimensions and areas subject to survey. Rounded up to nearest whole number.

**Attachment B**

**Item 14**
Item 14

Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project

Attachment B

Item 14
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project
Item 14

Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project

Attachment B

![Diagram of land area with dimensions and markers]
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project

Attachment B

Item 14
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project
Disposal of reserve land required for the New Zealand Transport Authority Northern Corridor Improvements Project
Te take mō te pūrongo / Purpose of the report
1. To receive a summary and provide a public record of memos or briefing papers for the Committee’s information and any other information that may have been distributed to committee members since 27 February 2018.

Whakarāpopototanga matua / Executive summary
2. This is a regular information-only report which aims to provide greater visibility of information circulated to committee members via memo or other means, where no decisions are required.
3. The following information-only report is attached:
   - Finance and Performance Committee Forward Work Programme to 30 June 2018 (Attachment A)
4. The following presentations/memos/reports were presented/circulated as follows:
   - 22 February 2018 – Action Memo from Governing Body – Budget to conduct by-elections (Attachment B)
   - 1 March 2018 - Workshop minutes (Attachment C)
   - 6 March 2018 – Memo from Deborah Acott, Head of Rates, Valuations and Data Management relating to Non-Rateable Property Rating Treatment (Attachment D)
   - Auckland Council Controlled Organisations – Letters of Expectation for 2018-2021 (Attachment E)
5. The workshop papers and any previous documents can be found on the Auckland Council website at the following link: http://infocouncil.aucklandcouncil.govt.nz/
   - at the top of the page, select meeting “Finance and Performance Committee” from the drop-down tab and click ‘View’;
   - under ‘Attachments’, select either HTML or PDF version of the document entitled ‘Extra Attachments’.
6. Note that, unlike an agenda decision report, staff will not be present to answer questions about these items referred to in this summary. Committee members should direct any questions to the authors.

Ngā tūtohunga / Recommendation/s
That the Finance and Performance Committee:
   a) receive the information report – 20 March 2018.
Ngā tāpirihanga / Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Finance and Performance Committee Forward Work Programme to 30 June 2018</td>
<td>121</td>
</tr>
<tr>
<td>B</td>
<td>22 February 2018 – Action Memo from Governing Body – Budget to conduct by-elections <em>(Under Separate Cover)</em></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>1 March 2018 - Workshop minutes <em>(Under Separate Cover)</em></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>6 March 2018 – Memo from Deborah Acott, Head of Rates, Valuations and Data Management relating to Non-Rateable Property Rating Treatment <em>(Under Separate Cover)</em></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Auckland Council Controlled Organisations – Letters of Expectation for 2018-2021 <em>(Under Separate Cover)</em></td>
<td></td>
</tr>
</tbody>
</table>

Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sandra Gordon - Senior Governance Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Matthew Walker - Acting Group Chief Financial Officer</td>
</tr>
</tbody>
</table>
## Finance and Performance Committee Forward Work Programme to 30 June 2018

The purpose of the Committee is to control and review expenditure across the Group to improve value for money; to monitor the overall financial management and performance of Auckland Council parent and Auckland Council Group; to make financial decisions required outside the annual budgeting processes and to perform the responsibilities of another committee, where it is necessary.

### Priorities for 2017 will be on initiatives which:
1. Strategic Reviews: Long-term Plan 2018-2028 Development
2. Monitoring
3. Acquisitions and disposals
4. Other financial decisions

### The work of the committee will:
1. Approve the Long-term Plan 2018-2028 including financial policy, the consultation document and supporting information for recommendation to the Governing Body
2. Monitor achievement of financial and other measures of performance and services levels and recommend the Annual Report to the Governing Body
3. Approve acquisition and disposal of property related to the Committee’s responsibilities.
4. Review and approve financial policy and non-budgeted expenditure.

### Table: Finance and Performance Committee role (decision or direction) and F&P Delegations

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Finance and Performance Committee role (decision or direction)</th>
<th>F&amp;P Delegations</th>
</tr>
</thead>
</table>
| 1          | Strategic Reviews: Long-term Plan 2018-2028 Development | • General Rates  
• Interim transport levy ( Remain as a funding source or alternative option implemented)  
• New targeted rates (water quality and natural environment)  
• Regional fuel tax  
• Business rates differentials  
• Local targeted rate (for specific local activities)  
• Local board targeted rates (for specific local projects)  
• Revenue and financing policy  
• Rates remission and postponement policy  
• Parakau disposals and reinvestment in unlock locations | Recommend changes for Mayoral Proposal  
Decide on Mayoral Proposal for inclusion in consultation document  
Consider submissions  
Decide on final LTP | FY17 FY18 |
| 1.1        | Rating and funding policy | | | |
| 1.2        | Expenditure Review | • Key focus areas for net cost reduction  
• Identifying programmes for Maori outcomes  
• Local board ‘one local initiative’  
• Governance funding review  
• Cagem review | Recommend changes for Mayoral Proposal  
Decide on Mayoral Proposal for inclusion in consultation document | | |
| 1.3        | Long-term Plan process | Statutory process – including hearings for community to be heard and long board engagement meetings (Have Your Say events), Approach to communication of investments in LB areas to be considered  
• Elected members consideration of feedback  
• Decision-making for Long-term Plan  
• Long-term Plan adoption | Agree consultation items  
Adopt consultation documents and supporting material and recommend to Governing Body  
Adopt long board agreements  
Adopt Long-term Plan and set rates and recommend to Governing Body | | |

### Expected Timelines

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>Q2</td>
</tr>
</tbody>
</table>

Delegations include development of the Long-term Plan 2018-2028 including financial policy, Preparation of the consultation document and supporting information for recommendation to the Governing Body.

See end table for programme.
### Item 15

<table>
<thead>
<tr>
<th>Priority</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Finance and Performance Committee role (decision or direction)</th>
<th>F&amp;P Delegations</th>
</tr>
</thead>
</table>
| 1.4      | Growth Infrastructure Targeted Rates, Development Contributions, Local Targeted Rate for local activities, Local Board targeted Rate for specific projects | • Growth Infrastructure Targeted Rates – if required to be implemented to a specific growth area  
• Development Contributions – amendment to the Contributions policy  
• Local targeted rate for local activities – this may be considered dependant on the Governance Review project decisions  
• Local Board targeted rate for specific projects – if the Local Board would like to consult on implementing a local targeted rate for specific project in their area | Update  
Recommend changes for Mayoral Proposal  
Decide on Mayoral Proposal for inclusion in consultation document  
Consider submissions  
Decide on final LTP | Delegations include development of the Long-term Plan 2018-2028 including financial policy. Preparation of the consultation document and supporting information for recommendation to the Governing Body |

#### Expected timeframes

<table>
<thead>
<tr>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jul-Sep</td>
<td>Q1</td>
</tr>
<tr>
<td>Oct-Dec</td>
<td>Q2</td>
</tr>
<tr>
<td>Jan-Mar</td>
<td>Oct</td>
</tr>
<tr>
<td>Apr-Jun</td>
<td>Nov</td>
</tr>
<tr>
<td>Q3</td>
<td>Q4</td>
</tr>
</tbody>
</table>

#### Proposed 2018 Long-term Plan Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aug – Nov 2017</td>
<td>Process for early discussions on direction, priorities and prioritisation (within this time period) is currently being prepared and will require Mayoral advice and approval. Discussions include: Infrastructure funding; Infrastructure investment; Service delivery and cost review; Local Boards projects, funding and advocacy; Other budget and non-financial policy issues; Revaluations and rating policy</td>
</tr>
<tr>
<td>Sep – Dec 2017 (Staggered where possible)</td>
<td>Audit of consultation material</td>
</tr>
<tr>
<td>11 Dec 2017</td>
<td>Mayoral Proposal/Consultation items, including local content agreed</td>
</tr>
<tr>
<td>7 Feb 2018</td>
<td>Consultation Document and Supporting Information adopted, including local content</td>
</tr>
<tr>
<td>28 Feb – 28 Mar 2018</td>
<td>Public Consultation</td>
</tr>
<tr>
<td>Apr – May 2018</td>
<td>Processing of consultation feedback and briefing of elected members</td>
</tr>
<tr>
<td>May 2018</td>
<td>Budget discussions and decision-making (both locally and regionally)</td>
</tr>
<tr>
<td>May – June 2018</td>
<td>Audit of Long-term Plan</td>
</tr>
<tr>
<td>27 June 2018</td>
<td>Adoption of Long-term Plan, including Local Board Agreements</td>
</tr>
</tbody>
</table>
### 2. Monitoring

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Finance and Performance Committee role (decision or direction)</th>
<th>F&amp;P Delegations</th>
<th>Expected Timeframes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Quarterly business improvements and performance report</td>
<td>To monitor council parent financial and non-financial performance results</td>
<td>Receive generally no decisions</td>
<td>Q1 Sep</td>
<td>Q2 Nov</td>
</tr>
<tr>
<td>2.2</td>
<td>Auckland Council group quarterly financial results</td>
<td>To monitor Auckland Council group financial performance</td>
<td>Receive generally no decisions</td>
<td>Q1 Sep</td>
<td>Q2 Nov</td>
</tr>
<tr>
<td>2.3</td>
<td>CCO financial monitoring (separate from governance or strategic planning issues)</td>
<td>To monitor CCO financial and non-financial performance results</td>
<td>Receive validate/challenge</td>
<td>Q1 Sep</td>
<td>Q2 Nov</td>
</tr>
<tr>
<td>2.4</td>
<td>Māori Transformational Activity and Expenditure Report and</td>
<td>To monitor progress on expenditure and delivery of Māori transformational activity</td>
<td>Receive generally no decisions</td>
<td>Q1 Aug</td>
<td>Q2 Nov</td>
</tr>
<tr>
<td>2.5</td>
<td>Te Tiriti O Waitangi Audit Response Work Programme</td>
<td>To monitor progress in responding to 3 yearly Te Tiriti O Waitangi audit</td>
<td>Receive generally no decisions</td>
<td>Q1 Aug</td>
<td>Q2 Nov</td>
</tr>
<tr>
<td>2.6</td>
<td>Review of non-rateable land</td>
<td>Programme required to ensure Council’s policies are being implemented consistently</td>
<td>Decision on whether or not land should be rated</td>
<td>Q1 Sep (memo)</td>
<td>Q2 Dec</td>
</tr>
<tr>
<td>2.7</td>
<td>Annual Report / half year reports</td>
<td>Statutory requirement</td>
<td>Recommend to Governing Body</td>
<td>Q1 Sep</td>
<td>Q2</td>
</tr>
</tbody>
</table>

### 3. Acquisitions and Disposals

<table>
<thead>
<tr>
<th>Priority #</th>
<th>Area of work</th>
<th>Reason for work</th>
<th>Finance and Performance Committee role (decision or direction)</th>
<th>F&amp;P Delegations</th>
<th>Expected Timeframes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Recommended disposals or acquisitions (taking care to consider LB input). These reports are as required, but generally monthly.</td>
<td>Panuku Development Auckland is tasked with identifying council owned land that is surplus to requirements.</td>
<td>Decision to proceed with recommended disposals or acquisitions.</td>
<td>Delegations include: “Acquisition and disposal of property related to the Committee’s responsibilities. Note – this includes parks acquisitions in excess of delegations of Environment and Community Committee</td>
<td>Q1</td>
</tr>
<tr>
<td>Priority</td>
<td>Area of work</td>
<td>Reason for work</td>
<td>Finance and Performance Committee role (decision or direction)</td>
<td>F&amp;P Delegations</td>
<td>Expected timeframes highlight financial year quarter and state month if known</td>
</tr>
<tr>
<td>----------</td>
<td>--------------</td>
<td>----------------</td>
<td>---------------------------------------------------------------</td>
<td>----------------</td>
<td>-------------------------------------------------------------------</td>
</tr>
<tr>
<td>4.1</td>
<td>Auckland Regional Amenities Levy</td>
<td>Statutory process</td>
<td><strong>Decision</strong>: to approve submission on draft Funding Plan. <strong>Decision</strong>: to approve levies.</td>
<td>Q1 Q2 Q3 Q4 Jan-Mar</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.2</td>
<td>MOTAT and Auckland War Memorial Museum Levy</td>
<td>Statutory process</td>
<td><strong>Decision</strong>: to approve levies.</td>
<td>Q1 Q2 Q3 Q4 Mar</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.3</td>
<td>Loan write-offs and restructuring (as required)</td>
<td>Responding to proposals and recommendations</td>
<td><strong>Decision</strong>: to approve proposed write-offs and restructuring.</td>
<td>Q1 Q2 Q3 Q4</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.4</td>
<td>Review of existing community loans and guarantees, consideration of new applications and development of a policy framework</td>
<td>Existing arrangements have been entered into without clear policy direction</td>
<td><strong>Decision</strong>: on whether Council should continue, change or exit from existing arrangements.</td>
<td>Q1 Q2 Q3 Q4</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.5</td>
<td>Budget Update (as required). This includes significant unbudgeted one-off expenditure.</td>
<td>Financial management</td>
<td><strong>Decision</strong>: to agree recommended budget changes outside of AP/1TP budgeting cycle.</td>
<td>Q1 Q2 Q3 Q4</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.6</td>
<td>Development contributions policy review</td>
<td>Work request by committee</td>
<td><strong>Decision</strong>: on whether to amend current DC policy.</td>
<td>Q1 Q2 Q3 Q4</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.7</td>
<td>Consideration and adoption of Group policies for Treasury, Insurance and Procurement (includes formal Treasury Management Policy)</td>
<td>Mayoral Office request</td>
<td><strong>Decision</strong>: on whether to amend current policy.</td>
<td>Q1 Sep Q2 Oct Q3 Q4</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.8</td>
<td>Consideration and adoption of Group policy relating to Business Cases</td>
<td>Mayoral Office request</td>
<td><strong>Decision</strong>: on whether to adopt a new policy.</td>
<td>Q1 Q2 Q3 Q4</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.9</td>
<td>Insurance placement 2018-19</td>
<td>Financial Management</td>
<td>Approve insurance renewal programme for 2018-19</td>
<td>Q1 Sep Q2 Q3 Q4 May</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>4.10</td>
<td>Consideration and adoption of Group policies for Performance Bonds</td>
<td>Mayoral Office request</td>
<td><strong>Decision</strong>: whether to amend current policy.</td>
<td>Q1 Q2 Q3 Feb Q4</td>
<td>(<a href="#">Details</a>)</td>
</tr>
<tr>
<td>Priority #</td>
<td>Area of work</td>
<td>Reason for work</td>
<td>Finance and Performance Committee role (decision or direction)</td>
<td>F&amp;P Delegations</td>
<td></td>
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<td>4.11</td>
<td>Value for Money Review Programme</td>
<td>Section 17A requirement</td>
<td>Final Reports (Tranche 1) and Draft Terms of Reference (Tranche 2) for approval</td>
<td>FY17: Q1, Q2 FY18: Q3, Q4</td>
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<td></td>
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<td>Final Reports (Tranche 1) for approval</td>
<td>FY17: Q1, Q2 FY18: Q3, Q4</td>
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<td>Terms of Reference (Tranche 3) for approval</td>
<td>FY17: Q1, Q2 FY18: Q3, Q4</td>
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<td>Final Reports (Tranche 2) and Terms of Reference (Tranche 4) for approval</td>
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<td>Final Reports (Tranche 3) for approval</td>
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<td></td>
<td>Draft Terms of Reference (Tranche 5) for approval</td>
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<td>Final Report (Tranche 4) for approval</td>
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<td></td>
<td>Draft Terms of Reference (Tranche 6) and Final Report (Tranche 5) for approval</td>
<td>FY17: Q1, Q2 FY18: Q3, Q4</td>
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<td>4.12</td>
<td>Statements of Intent</td>
<td>Shareholder feedback on draft SDIs</td>
<td>Decide on shareholder comment on SDIs</td>
<td>FY17: Q1, Q2 FY18: Q3, Q4</td>
<td></td>
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</tbody>
</table>

Note: Timeframes to be reassessed as a result of reviews undertaken to date, and then updated after being discussed with the Committee.