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

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

OPEN ATTACHMENTS
ADDITIONAL ATTACHMENTS UNDER SEPARATE COVER

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<td>27</td>
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Note: The attachments contained within this document are for consideration and should not be construed as Council policy unless and until adopted. Should Councillors require further information relating to any reports, please contact the relevant manager, Chairperson or Deputy Chairperson.
For Action

MEMO TO: Katie Watson, Senior Advisor Voter Participation
COPY TO: Samdra O’Toole - Team Leader Governance Advisors
FROM: Samdra O’Toole - Team Leader Governance Advisors
DATE: 26 February 2018
MEETING: Governing Body Meeting of 22/02/2018

Please note for your action / information the following decision arising from the meeting named above:

GB/2018/35 Budget to conduct by-elections
CP2018/00438

FILE REF 11

AGENDA ITEM NO. 11

11 Budget to conduct by-elections
   Note: new clause b) was added with the agreement of the meeting.
   Resolution number GB/2018/35
   MOVED by Cr W Walker, seconded by Mayor P Goff:
   That the Governing Body:
   a) approve an additional operating budget of $174,000 in the 2017/2018 financial year to conduct two by-elections
   b) note that Auckland Council will conduct a by-election on behalf of the Birkenhead Licensing Trust at no additional cost to the council
   c) refer these recommendations to the next Finance and Performance Committee for their information.
   CARRIED

SPECIFIC ACTIONS REQUIRED:

Please note the decisions of the Governing Body and take the appropriate action.
I will also email this to Katie.
Minutes of a workshop of the Finance and Performance Committee held in Room 1, Level 26, 135 Albert Street, 135 Albert Street, Auckland on Thursday, 1 March 2018 at 1.30pm.

PRESENT

Cr Desley Simpson, JP
Cr Bill Cashmore
Cr Cathy Casey
Cr Linda Cooper, JP
Cr Chris Darby
Cr Alf Filipaina
Cr Christine Fletcher
Hon Phil Goff, CNZM, JP
Cr Penny Hulse
Cr Daniel Newman, JP
Cr Wayne Walker
Cr J Watson

From 1.34pm
From 1.33pm

APOLOGIES

Cr Ross Clow
Cr Fa’anana Efeso Collins
Cr Richard Hills
Cr Dick Quax
Cr Greg Sayers
Cr Sharon Stewart

For absence, on council business
For absence, on council business
For absence, on council business
For absence, on council business

ABSENT

Cr Mike Lee
IMSB Chair David Taipari
IMSB Member Terrence Hohneck
Cr Sir John Walker

Note: No decisions or resolutions may be made by a Workshop or Working Party, unless the Governing Body or Committee resolution establishing the working party, specifically instructs such action.
Purpose:
The purpose of the meeting was to brief the Finance and Performance Committee and to receive feedback on a package of proposals for progressing urban regeneration of town centres, in advance of a report to Finance and Performance Committee on 20 March 2018.

Apologies
Apologies from Cr E Collins, Cr D Quax, Cr G Sayers and Cr S Stewart (for absence, on council business); Cr R Clow and Cr R Hills (for absence); Cr Hulse and Cr Filipaina (for lateness, on council business) were noted.

Declaration of Interest
There were no declarations of interest.

Progressing urban development
David Rankin, Chief Operating Officer - Strategy & Operations and Mr Roger MacDonald, Chief Executive Panuku Development addressed the workshop.

A presentation was given supporting the topic. A copy of the presentation is attached to the official minutes as a minute attachment.

1.33pm    Cr Casey entered the workshop.
1.33pm    Cr Watson entered the workshop.
1.35pm    Cr Cashmore entered the workshop.
1.38pm    Cr Fletcher entered the workshop.
1.47pm    Cr W Walker entered the workshop.
1.55pm    Cr Fletcher left the workshop.
2.01pm    Cr Fletcher returned to the workshop.
2.25pm    Cr Hulse entered the workshop.
2.25pm    Cr Filipaina entered the workshop.
2.25pm    Cr Casey left the workshop.
2.35pm    Cr Casey returned to the workshop.
2.40pm    Cr Fletcher left the workshop.
2.46pm    Cr Fletcher returned to the workshop.

Attachments
A    1 March 2018, Finance and Performance Committee workshop: Progressing urban development - presentation

The workshop closed at 3.05pm.
Finance and Performance Committee
Workshop 1 March 2018

Progressing Urban Development
Workshop purpose and scope

To receive feedback on a package of proposals for progressing urban regeneration of town centres, in advance of a report to Finance and Performance Committee on 20 March.

- Summary of proposals
- Urban regeneration – key components
- Policy changes to enable reinvestment in Transform & Unlock Locations
- New revenue stream – development area targeted rates
- Greater use of Optimisation of service property policy
- Minor changes to the Strategic Development Fund
Three components of regeneration/ comprehensive redevelopment

**Commercial development strategy**
- Selling surplus or underutilised sites to market
- Controlling development outcomes
- Provides revenue
- Housing and other outcomes
- Positive impacts on town centre vitality
- Reliant on market demand and private sector interest
- Core mandate

**Public good investment**
- Infrastructure and amenity upgrades funded by LTP, e.g. parks, playgrounds, cycling, streets, connections, greening
- Expenditure discretionary and prioritised
- Optimises commercial strategy adding value to sites;
- Unlocks development opportunities
- Increases market confidence and community support
- Maximises regeneration impact

**Place-making**
- Temporary events and activations in typically unloved areas, working with local community
- Expenditure discretionary and prioritised
- Builds community engagement, involvement, support, pride
- Increases market interest and confidence
- Maximises regen impact delivering wider benefits including safety
Package of measures to support urban regeneration

- Change policy to enable **reinvestment of sales proceeds** across the Transform and Unlock portfolio (excluding waterfront and Haumaru portfolio)
- Increased use of the **Optimisation** approach – service properties
- Extension of optimisation to Auckland Transport
- Minor changes to the **Strategic Development Fund (SDF)** for acquisitions

- **New revenue stream** - Development Area Targeted Rate
- **Partnership with the Crown** – KiwiBuild, collaborative approaches
- **Improved alignment** of planning and budgets working across Council business units and CCOs
Reinvestment principles and context

- Council has committed to prioritising urban regeneration in a number of locations to implement the Auckland Plan development strategy.
- Panuku has mandate to facilitate urban regeneration and place-making through the transform, unlock, support framework and to balance strategic and financial outcomes.
- Panuku has general asset sales target to meet of approx $250m, 10 years.
- Proposal - reinvestment of sales proceeds within Transform and Unlock is enabled to fund the urban regeneration programme for years 1-3 LTP, as long as sales target met and programme is cash flow positive.
- New funding tools will be advanced.
- A full review of approach and impacts is undertaken in 3 years
- Years 4-10 LTP - asset sales from the Unlock and Transform programme are allocated to urban regeneration and redevelopment (unallocated to specific projects).
- Panuku will inform Council if the 1-3 yr sales target for the transform and unlock programme is to be exceeded, to confirm how funds are used.
- Without reinvestment Panuku cannot advance the programme.
## Transform & Unlock Portfolio (Draft)

<table>
<thead>
<tr>
<th>INDICATIVE</th>
<th>10 Years</th>
<th></th>
<th>First 3 Years</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Unlocks</td>
<td>Public Realm Sales</td>
<td>Net</td>
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<tr>
<td>Avondale</td>
<td></td>
<td>9</td>
<td></td>
<td></td>
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<tr>
<td>Henderson</td>
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<td>29</td>
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<td></td>
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<tr>
<td>Hobsonville</td>
<td></td>
<td>34</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northcote**</td>
<td></td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ormiston</td>
<td></td>
<td>22</td>
<td></td>
<td></td>
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<tr>
<td>Papatoetoe</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Panmure</td>
<td></td>
<td>108</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Takapuna</td>
<td></td>
<td>42</td>
<td></td>
<td></td>
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<tr>
<td><strong>Total Unlocks</strong></td>
<td>248</td>
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<tr>
<td>Transforms</td>
<td></td>
<td>Transforms</td>
<td></td>
<td></td>
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<tr>
<td>Manukau</td>
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<td>150</td>
<td></td>
<td></td>
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<tr>
<td>Onehunga</td>
<td></td>
<td>36</td>
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<tr>
<td><strong>Total Transforms</strong></td>
<td>186</td>
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<tr>
<td>HLPP Implementation (unallocated)</td>
<td></td>
<td>HLPP Implementation (unallocated)</td>
<td>30</td>
<td>(30)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>373</td>
<td>434</td>
<td>61</td>
<td></td>
</tr>
</tbody>
</table>

+ Includes LB funding

**Northcote sales of $50.6m will be repaying the SDF

* + $19m community facility funding
Benefits

- Will enable credible progress given financial realities.
- Revenue from disposals of $180m reinvested in amenity, infrastructure and activation, years 1-3
- Facilitation of significant private investment e.g. supermarkets in Northcote, Papatoetoe, hotel in Manukau, retail in Panmure and Avondale etc
- New housing – Barrowcliffe Pl, Davies Ave, Tavern La, Henderson Valley Rd, etc
- Strategic acquisitions such as the Onehunga Wharf
- Future planning for the Manukau Sports Bowl (21 Ha), Onehunga Wharf, Wynyard Point, Avondale Racecourse
- Plus delivery across waterfront for AC36 and APEC 2021
- Exploration of KiwiBuild opportunities;
- Exploration of new business models for the larger opportunities, e.g. Northcote

- Manukau Puhinui Stream, Hayman Park and street upgrades
- Onehunga laneways, retail extension and street upgrades
- Avondale town square, improved walking/cycling connections and multi-purpose community facility *
- Henderson amenity upgrades and activation
- Northcote greenway and town square
- Panmure amenity upgrades and connections
- Takapuna new town square and car park

* Community Services funding
Portfolio approach to reinvestment

- Programme can deliver 10,000 houses (10 years), increase vibrancy and safety of centres, leverage private sector investment, etc. Speed and final number houses dependent on market and KiwiBuild
- Investments to be based on council-endorsed High Level Project Plans. A pragmatic, prioritised and achievable programme – not everything.
- Credible balanced progress across all locations from investment in agreed priorities. Still an indicative picture to be firmed-up with Programme Business Cases during March.
- It will help build community support for intensification
- Portfolio approach will create some tensions but no one is worse off.
Risks and issues

- Revenue for allocation to other priorities in the LTP is reduced.
- Impact on LBs is varied.
- Many LBs are opposed to the disposal policy – that it is unfair and short-sighted where it is advanced prior to planning for intensification and growth.
Development area targeted rate

- Exploring a new funding tool for brownfields
- Targeted rates:
  - deliver a certain revenue stream
  - can fund community facilities, town centre development, amenity, etc not supported by DCs
  - Can enable town centre redevelopment earlier i.e. prior to LTP programming
- Levy “Development Area Rate” across defined redevelopment area e.g. town centre where range of urban regeneration projects are planned
- Panuku, the Crown (Housing New Zealand, HLC, TRC), other scale players
Development area targeted rate

Early thinking and next steps

Development area rate would not be paid by existing owner occupiers

Development area rate would be paid by

- all non-owner occupied properties in the development location
- future buyers of owner occupied properties on purchase
- current owner occupier if they redevelop

Requires legislative change.

Panuku and council will develop specific proposals.

Implementation requires - council approval, full consultation with the affected community
Service property optimisation

- Development approach and funding model approved in 2015
  - Service property is optimised, community projects advanced on a cost neutral basis with sales proceeds locally reinvested
  - Enables upgrade, replacement and optimisation of community facilities, often ahead of programming in LTP
  - Releases latent value and undercapitalised development opportunities
- Range of issues make it difficult to implement and to progress at any pace
- An executive–level steering group is proposed to align work programmes, integrate council functions and implement policy more effectively.
- Significant opportunity for Local Boards.
- Proposing to extend policy to Auckland Transport where it is working with Panuku to progress urban development opportunities of strategic transport service sites, e.g. building over park & ride, consolidating transport services onto one site releasing another for development.
Strategic Development Fund

- Key urban regeneration tool, along with PWA
- Fund of $100m over 10 years to acquire and amalgamate sites. Withdrawals from fund must be repaid within 4 years and includes the council marginal cost of debt on holding (net any holding income)
- Enhance the scale, development potential and value of sites, unlock opportunities that would otherwise not happen, facilitate better development outcomes.
- Approach and rules established in 2014 for ACPL
- Minor changes to approach are proposed:
  - Longer repayment timeframes for some acquisitions (4yrs, 6yrs, specific terms)
  - Delegations
  - Confirm authorisation to sell sites purchased with SDF
Other initiatives

- Partnership with the Crown – KiwiBuild, collaborative approaches
- Improved alignment of planning and budgets working across Council business units and CCOs
Summary

Together these measures will ensure:

- a workable budget to enable credible progress across the Transform & Unlock programme, and for momentum to build, working alongside Crown and private partners
- greater alignment of council budgets to support implementation
- development of a new funding stream for brownfields and town centre regeneration
- greater use of Council and Transport service property to achieve community service improvements at no cost to LTP and advance 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.
- Proactive implementation of the Auckland Plan development strategy.
Memo

To: Finance and Performance Committee members
From: Deborah Acott, Head of Rates, Valuations and Data Management
cc: Matthew Walker, Acting Group Chief Financial Officer
Date: 6 March 2018
Subject: Final Report on Non-Rateable Property Rating Treatment

Purpose
To inform the Finance and Performance Committee of the results of the programme of work to review the rating treatment of properties currently non-rateable across Auckland.

Executive Summary
The programme of work to review more than 10,400 non-rateable properties has been completed. The Local Government (Rating) Act 2002 (LGRA) defines a range of property uses as non-rateable including reserves, churches and educational institutions. However, any portion of these properties used for other purposes can be liable for rates.

The review has confirmed 9,974 properties as correctly non-rateable and 516 have been confirmed as partly or fully rateable.

The table below shows the work which has been undertaken, by legacy council, along with the nett difference in rates after adjustments are made. The total nett change in rates amounts to an increase of $1,543,398.41.

<table>
<thead>
<tr>
<th>Legacy</th>
<th>Properties Reviewed</th>
<th>Confirmed Non-Rateable</th>
<th>Confirmed Rateable</th>
<th>Nett $ rates change</th>
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<tr>
<td>ACC</td>
<td>2,666</td>
<td>2,438</td>
<td>228</td>
<td>718,641.22</td>
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<tr>
<td>FDC</td>
<td>619</td>
<td>593</td>
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<td>11,700.31</td>
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<td>MCC</td>
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<td>2,406</td>
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<td>NSCC</td>
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<td>PDC</td>
<td>529</td>
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<td>34,008.77</td>
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<tr>
<td>RDC</td>
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<td>WCC</td>
<td>1,124</td>
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<td>Total</td>
<td>10,490</td>
<td>9,974</td>
<td>516</td>
<td>1,543,398.41</td>
</tr>
</tbody>
</table>

Reasons for incorrect rating
Non-rateable land is land that has a legal exemption either wholly or partly from paying rates under the LGRA.

Most cases of non-rateability are for land used for parks and reserves, conservation, council facilities, health, cemeteries and crematoria, education, religious institutions, Maori land, transport and by institutions providing free maintenance or relief of persons in need.
The review identified a total of 516 properties that were incorrectly rated. The main reasons for this were:

- Undetected sales of non-rateable properties to new owners whose activities should be fully rateable. (New rating software includes reporting to identify sales of non-rateable properties so their eligibility for non-rateability can be reviewed before the start of each rating year.)
- Changes in leases where a non-rateable organisation has moved out and land use by the new tenants should be fully rateable. There is an ongoing issue with property owners who do not notify us when lessees change. There is a related issue where advice may not be received until some years after the start of a lease by a non-rateable entity. In these situations, the LGRA requires us to backdate any refund of rates for up to five years even though there has been no way for the council to know the status of the new lessee. Backdated refunds totalling $89,205 have been made for non-rateable properties.
- Lack of a clear definition of “religious worship”.
- Differences in interpretation of the non-rateable provisions of the LGRA by legacy councils.

Parks and reserves

- A total of 6,914 Auckland Council properties constitute the bulk of the region’s non-rateable properties. The majority of them are parks and reserves.
- The LGRA allows for non-rateability where land is covered by the Reserves Act or used by a local authority as a public garden, reserve or playground, or for games and sports.
- Our legal advice is that non-commercial activities by not-for-profit community and sporting organisations will not affect non-rateability as long as the facilities and/or membership are open to general public. One exception is that where clubrooms have liquor licences, then the licensed areas will be business rated.
- Some inconsistency has been identified in how these properties are rated. A full review of their rating will be undertaken along with our Financial Policy team and the nature of the issues and the impacts of any potential changes will be reported in 2018/2019. This work falls outside the initial scope of the non-rateable review.

Religious Use

- A total of 977 properties were identified as part or fully non-rateable for religious use. The LGRA allows non-rateability for land used solely or principally as a place of religious worship or religious education and for theological colleges. Schools and childcare on these properties may be non-rateable under other provisions of the Act.
- The wording in the LGRA reflects a simpler time when the activities of more traditional churches could easily be identified as worship or non-worship.
- Given the lack of guidance in both the Act and local case law, our legal team requested independent legal advice to ensure that we are not seen to be discriminating against particular religions and to avoid anomalies in the way our policies are applied across a wide range of religious groups and activities.
- The opinion confirmed an interpretation of “religious worship” which limited it to those areas used principally or solely for the performance of the sacred rites of the denomination.
- Working with this definition, our valuers have determined that the rating of 402 properties needed to be revised. The nett increase in rates from these changes is estimated at $1,042,971.58.
- As part of the review process, the owners of properties used for religious purposes have been given an undertaking that they will be advised of any proposed changes to their rating. They will have the opportunity to object under section 29 of the LGRA before changes are confirmed. Outcomes from this process may affect the nett rates change for these properties. We will inform councillors and local board members before the letters are issued along with some FAQs to cover any queries that may be received.
The Church of Jesus Christ of Latter-day Saints may lodge an objection based on the effects of the review on its properties outside the former MCC area. Their properties in the former MCC area are fully non-rateable on the basis of a High Court consent order in 2010. This order does not apply to other churches in the former MCC area or to any churches outside of it.

Education

- The provisions for non-rateability of educational properties are some of the most clearly outlined in the LGRA. There are statutory guidelines and Ministry of Education databases to identify qualifying institutions and properties. Providers who operate for profit will be excluded from non-rateability.
- Out of 1,087 education properties, 31 had been made incorrectly non-rateable
- Instances of incorrect rating came about from:
  - The termination of leases by educational groups who were replaced by new tenants whose activities should be fully rateable.
  - A small number of properties where private providers operating for profit had been made non-rateable in error.

Conclusion

The body of work being undertaken to review the treatment of Auckland Council’s non-rateable properties has been completed. If there are any queries on the subject, please contact me via email on deborah.acott@aucklandcouncil.govt.nz or mobile phone on 021-636-046.
18 January 2018

Keith Taylor
Chair
Auckland Council Investments Limited

By email:

Tēnā koe Keith

Letter of expectations for 2018-2021

This letter of expectations sets out the council’s priorities and expectations to inform the development of Auckland Council Investments Limited’s (ACIL’s) draft Statement of Intent (SOI) for 2018-2021.

This letter has been informed by discussions with my fellow councillors. It sets out general expectations across the group, and key strategic expectations for ACIL.

I note also that through the development of the Ten Year Budget for 2018-2028, the council will adopt a revised council-controlled organisation (CCO) accountability policy. The policy will set out more enduring expectations for CCOs, including expectations that CCOs will work to build trust and confidence in the council group, give effect to plans and strategies of the council and work together to achieve the best outcomes for Aucklanders.

General messages and priorities

Financial accountability

The development of the Ten Year Budget is highlighting the significant challenges that the council and the group face in meeting the demands of a growing Auckland. This means there needs to be close scrutiny of current and proposed activities to ensure they are the best way to achieve our social, cultural, environmental and economic outcomes at lowest cost. In the context of ACIL, we need to ensure that your equity investments continue to deliver a strong, sustainable return.

The council’s decisions on the Ten Year Budget will be very important, and all CCOs will need to work with the council to align its investment programme with the Ten Year Budget. For ACIL, that means that council needs an accurate picture of POAL’s investment programme. This is discussed later in this letter.

Building on the group approach

The council is ultimately accountable to the community for the activities of the CCOs. The programme of the Local Government Act 2002 section 17A ‘value for money’ reviews has been instituted to ensure that the council group is delivering the desired outcomes to the community in a cost-effective way. ACIL should actively implement the findings of any relevant review and participate in the ongoing programme of reviews where required.

In addition to the value for money reviews, CCOs should be giving effect to existing group policies and participate in the development of further policies. The council is currently developing group policies on business cases and sensitive expenditure (money and assets).
The money and assets group policy is part of a new framework designed to set clear expectations on staff behaviors. CCOs will apply the group foundation principles and rules (where required) for these areas.

Where applicable, we also expect all CCOs to make tangible progress in implementing the Council’s brand guidelines.

Promote Māori outcomes:

There is a clear obligation across the council group to improve outcomes for Māori. In regard to this, I expect ACIL to:

- Work with the council to optimise the governance fora for engaging with mana whenua across the council group. Currently, there are multiple fora for different CCOs to engage with mana whenua, which results in duplication and inconsistent engagement.
- Assist the council to develop a plan for implementing Te Reo Policy in 2018-19, which will need to include tangible actions in a way that minimises the costs to the group.
- Develop a Māori Responsiveness Plan.

ACIL’s priorities

In light of the proposal relating to ACIL which will be consulted on as part of the Ten Year Budget, I expect ACIL to actively engage and cooperate with council officers as they undertake due diligence and any other analysis to support Governing Body decisions on 31 May 2018. We require similar engagement and cooperation from the Ports of Auckland (POAL) and Auckland International Airport Limited (AIAL) in this process, and we invite ACIL to reinforce this expectation with the two companies.

Alongside continuing to maximise its financial returns to the council, some specific expectations of ACIL are:

- Ensuring that POAL inputs, where required, into the process for further consideration of the recommendations of the Ports Future Study as agreed by the council’s Planning Committee in September 2017, and any central government work on an Upper North Island port study.
- Ensuring that it has visibility over POAL’s capital programme, and keeps the council fully informed about this. Given that Ports of Auckland Limited forms part of the group balance sheet, any planned capital investment that might affect the council’s ability to stay within its debt limits will need to be carefully managed.
- Ensuring that it keeps the council fully informed of AIAL’s intentions around capital raising. The council needs to be aware of any actions which might impact on the council’s shareholding in AIAL, and will require advice from ACIL regarding our options in relation to our shareholding.

I look forward to receiving a draft of ACIL’s Statement of Intent by 1 March 2018.

Yours sincerely

Phil Goff
MAYOR OF AUCKLAND
18 January 2018

Dr Lester Levy
Chair
Auckland Transport

By email

Tēnā koe Lester

Letter of expectations for 2018-2021

This letter of expectations sets out the council’s priorities and expectations to inform the development of Auckland Transport’s draft Statement of Intent (SOI) for 2018-2021.

This letter has been informed by discussions with my fellow councillors. It sets out general expectations across the group, and key strategic expectations for Auckland Transport.

I note also that through the development of the Ten Year Budget for 2018-2028, the council will adopt a revised council-controlled organisation (CCO) accountability policy. The policy will set out more enduring expectations for CCOs, including expectations that CCOs will work to build trust and confidence in the council group, give effect to the outcomes and Development Strategy of the Auckland Plan and other plans and strategies of the council, and work together to achieve the best outcomes for Aucklanders.

General messages and priorities

Financial accountability

The development of the Ten Year Budget is highlighting the significant challenges that the council and the group face in meeting the demands of a growing Auckland. This means there needs to be close scrutiny of current and proposed activities to ensure they are the best way to achieve our social, cultural, environmental and economic outcomes at lowest cost.

The council’s decisions on the Ten Year Budget will be very important, and all CCOs will need to work with the council to align its capital investment programme with the Ten Year Budget.

Building on the group approach

The council is ultimately accountable to the community for the activities of the CCOs. The programme of the Local Government Act 2002 section 17A ‘value for money’ reviews has been instituted to ensure that the council group is delivering the desired outcomes to the community in a cost-effective way. Once the feasibility of the recommendations and timeframes have been agreed to in February 2018, I expect Auckland Transport to actively implement the existing recommendations, and to participate in the ongoing programme of reviews.

In addition to the value for money reviews, CCOs should be giving effect to existing group policies and participate in the development of further policies. The council is currently developing group policies on business cases and sensitive expenditure (money and assets). The money and assets group policy is part of a new framework designed to set clear expectations on staff behaviors. CCOs will apply the group foundation principles and rules (where required) for these areas.
Where applicable, we also expect all CCOs to make tangible progress in implementing the Council’s brand guidelines.

Promote Māori outcomes:

There is a clear obligation across the council group to improve outcomes for Māori. In regard to this, I expect Auckland Transport to:

- Reaffirm its commitment to Te Toa Takitini, the council’s programme of Māori transformational activities, and carry out any actions that may result from the council’s response to the Independent Māori Statutory Board’s (IMSB’s) review of expenditure on Māori.
- Work with the council to optimise the governance fora for engaging with mana whenua across the council group. Currently, there are multiple fora for different CCOs to engage with mana whenua, which results in duplication and inconsistent engagement.
- Assist the council to develop a plan for implementing Te Reo Policy in 2018-19, which will need to include tangible actions in a way that minimises the costs to the group.

Auckland Transport’s strategic priorities

The four strategic priorities which Auckland Transport should reflect in its Statement of Intent are outlined below.

1. Improve the effectiveness and efficiency of the transport network

Major transport projects take years to implement, meaning it is critical to also focus on the wide range of small-scale initiatives that can be implemented quickly to get more from our existing networks.

This includes optimising traffic signals, active network monitoring and making small improvements to intersections or corridors to make them work better.

I expect Auckland Transport to accelerate the optimisation programme, and to improve the attractiveness of public transport as a critical component of the agenda. This might include improved frequencies, more bus lanes with longer hours, bus priority at intersections, and ongoing service optimisation.

It will be necessary to consider options to reallocate street space to more efficient uses (e.g. bus or transit lanes, freight priority lanes, and removing some on-street parking). It will be crucial for Auckland Transport to work closely with local boards and affected businesses and residents as part of this process. This work should be closely integrated with the network optimisation work that the New Zealand Transport Agency is leading, as changes on the local road network will impact on the operation of the state highway network and vice versa.

Recent progress in developing a safe and attractive cycling network must also be maintained to realise the value of recent investment and increase the proportion of Aucklanders who regularly cycle. I also expect Auckland Transport to show a strong focus on building ongoing support for these improvements, and to unlock New Zealand Transport Agency and government funding for cycling.

2. Closer integration with central government transport planning and funding

Auckland Transport has worked closely with New Zealand Transport Agency: the Auckland Transport Alignment Project illustrates the progress that can be achieved when the two agencies are aligned and working collaboratively.
I invite the board to think about how Auckland Transport can deepen this relationship over the coming years. It should actively identify its overlapping interests and activities with New Zealand Transport Agency, and engage with the New Zealand Transport Agency in a discussion to explore how the strategy, planning and programme management resources of the two agencies can be better harnessed in a way that avoids duplication and delivers the best value for Aucklanders. For example, the progression of light rail will be an important area that requires the two agencies to act in a joined-up way.

In recent years, Auckland Transport’s capital programme has not secured the maximum co-funding from the New Zealand Transport Agency that is theoretically available. For example in the 2017-18 year, New Zealand Transport Agency funding covers approximately 22 percent of the Auckland Transport capital programme.

There is increasing alignment between government and the council on transport funding priorities. Auckland Transport should therefore work closely with the NZTA to review Funding Assistance Rates (FARs), GPS activity classes and co-funding eligibility, particularly in respect of the Strategic Public Transport Network, with a view to acquiring co-funding for a greater share of AT’s capital programme. Where this requires policy changes, Auckland Transport should work closely with the council to advance these changes.

3. Develop options to improve the safety of the transport system

As highlighted in Auckland Transport’s most recent quarterly report, the road safety statistics for deaths and serious injury are tracking significantly above the same point in the last year. Furthermore, the annual targets have not been met for several years.

I am asking Auckland Transport to undertake a robust analysis of the causes behind this trend, and come up with options to reverse it. This should:

- integrate with national safety initiatives
- draw on international evidence as to what works
- embody Vision Zero\(^1\) principles
- comprehensively review all options to improve safety outcomes.

Auckland Transport should engage with the council on the different options for improving safety and their implications, including financial impacts.

4. Integrated urban regeneration

Panuku has a mandate from the council to facilitate urban regeneration and place-making activities of the Auckland Council group.

Urban regeneration involves a mix of town centre redevelopment, transport projects, new housing, economic development, community facilities upgrades and three waters infrastructure. It needs to create places which Aucklanders feel proud of.

The successful implementation of urban regeneration 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.

In light of this, the council group needs to move to an integrated governance model for all of its urban development priority areas. All CCOs with a role in this need to actively participate in the development of fit-for-purpose governance models for each area.

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\(^1\) Vision Zero is an international approach to road safety which seeks to eliminate all traffic fatalities and severe injuries on the roads while increasing safe, healthy, equitable mobility.
One of the practical implications of this new approach is that participating agencies will be expected to reallocate existing budgets to urban regeneration priorities.

For Auckland Transport, this will provide opportunities to reach broad-based agreement on how the Roads and Streets Framework will be implemented in each area, and how it should guide streetscape designs, intersection re-designs, renewal programmes and better integration of walking and cycling elements into new projects and upgrades. Auckland Transport should work closely with local boards to do this.

**Additional priorities**

Separate from the SOI process, below are some other issues which I will be looking for progress on through the coming year.

a) **Implement actions from the Governance Framework Review:**

Auckland Transport played an active role in the Governance Framework Review, which arrived at a number of recommendations for how Auckland Transport could better give effect to the governance role of local boards in local place-making. Auckland Transport will need to make sure it actively implements those recommendations, working closely with each of the 21 local boards and with council staff. Auckland Transport is required to report back to the Governing Body in February 2018 with its plan for implementation.

b) **Disposal of surplus assets:**

Auckland Transport should ensure that any assets it holds which are surplus to its core transport purpose are assessed for disposal by Panuku Development Auckland. Auckland Transport should not be disposing or redeveloping surplus assets; Panuku has been charged with disposing surplus assets across the group to provide additional revenue for the council group. In practice, this process has been challenging for Panuku, and it may be necessary to further consider the property disposal policy to consider how the different parties with an interest in disposals can be better incentivised to accelerate the rate of disposals.

c) **Provide excellent customer service into the resource consenting process**

Auckland Transport also needs to make sure that it is providing excellent customer service into the resource consenting process. Auckland Council’s performance in meeting its statutory timeframes depends on Auckland Transport’s input into consent applications.

d) **Stormwater management**

Auckland Transport has significant responsibilities for stormwater management, and its collaboration with the council and Watercare on the development of an ‘Auckland’s Waters’ strategy is appreciated. There are two specific areas of focus where tangible progress is required. Firstly, Auckland Transport should explore all opportunities to achieve efficiencies in stormwater management through increased collaboration with the council and Watercare. Secondly, Auckland Transport should explore ways to mitigate the environmental impacts of transport on stormwater networks by:

- reducing or containing the contaminants that are generated from our roads and streets;
- reducing the amount of stormwater generated from impervious areas through better design.
I look forward to receiving a draft of Auckland Transport’s Statement of Intent by 1 March 2018.

Yours sincerely

Phil Goff  
MAYOR OF AUCKLAND
18 January 2018

David McConnell
Chair
Auckland Tourism, Events and Economic Development Limited

By email:

Tēnā koe David

Letter of expectations for 2018-2021

This letter of expectations sets out the council’s priorities and expectations to inform the development of Auckland Tourism, Events and Economic Development Limited’s (ATEED’s) draft Statement of Intent (SOI) for 2018-2021.

This letter has been informed by discussions with my fellow councillors. It sets out general expectations across the group, and key strategic expectations for ATEED.

I note also that through the development of the Ten Year Budget for 2018-2028, the council will adopt a revised council-controlled organisation (CCO) accountability policy. The policy will set out more enduring expectations for CCOs, including expectations that CCOs will work to build trust and confidence in the council group, give effect to plans and strategies of the council and work together to achieve the best outcomes for Aucklanders.

General messages and priorities

Financial accountability

The development of the Ten Year Budget is highlighting the significant challenges that the council and the group face in meeting the demands of a growing Auckland. This means there needs to be close scrutiny of current and proposed activities to ensure they are the best way to achieve our social, cultural, environmental and economic outcomes at lowest cost.

The council’s decisions on the Ten Year Budget will be very important, and all CCOs will need to work with the council to align its investment programme with the Ten Year Budget.

Building on the group approach

The council is ultimately accountable to the community for the activities of the CCOs. The programme of the Local Government Act 2002 section 17A ‘value for money’ reviews has been instituted to ensure that the council group is delivering the desired outcomes to the community in a cost-effective way. Once the feasibility of the recommendations and timeframes have been agreed to in February 2018, I expect ATEED to actively implement the existing recommendations, and to participate in the ongoing programme of reviews.

In addition to the value for money reviews, CCOs should be giving effect to existing group policies and participate in the development of further policies. The council is currently developing group policies on business cases and sensitive expenditure (money and assets). The money and assets group policy is part of a new framework designed to set clear expectations on staff behaviors. CCOs will apply the group foundation principles and rules (where required) for these areas.
Where applicable, we also expect all CCOs to make tangible progress in implementing the Council's brand guidelines.

Promote Māori outcomes:

There is a clear obligation across the council group to improve outcomes for Māori. In regard to this, I expect ATEED to:

- Reaffirm its commitment to Te Toa Takitini, the council's programme of Māori transformational activities, and carry out any actions that may result from the council's response to the Independent Māori Statutory Board's (IMSB's) review of expenditure on Māori.
- Work with the council to optimise the governance fora for engaging with mana whenua across the council group. Currently, there are multiple fora for different CCOs to engage with mana whenua, which results in duplication and inconsistent engagement.
- Assist the council to develop a plan for implementing Te Reo Policy in 2018-19, which will need to include tangible actions in a way that minimises the costs to the group.

ATEED's strategic priorities

The three strategic priorities which ATEED should reflect in its Statement of Intent are outlined below.

1. Review of ATEED'S focus areas to respond to Auckland’s economic challenges

ATEED should build on the work carried out so far on its first principles review. The Board has signalled this will prioritise activities that support the creation of more high quality employment opportunities that are accessible and more equally distributed across the region. This will also require new performance measures to be developed to align with the new focus areas.

Given the tight financial environment, ATEED needs to work closely with council to determine what activities will need to be reprioritised to give effect to the new focus areas.

2. Actively participate in the integrated governance of urban regeneration priority areas, and leverage the council’s investments in these areas

The council has committed to prioritising urban regeneration. Panuku Development Auckland (Panuku) has a mandate from the council to facilitate urban regeneration and place-making activities across the council group.

Urban regeneration involves a mix of town centre redevelopment, transport projects, new housing, economic development, community facilities upgrades and three waters. It needs to create places which Aucklanders feel proud of.

The successful implementation of urban regeneration 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.

In light of this, the council group needs to move to an integrated governance model for all of its urban development priority areas. All CCOs with a role in this need to actively participate in the development of fit-for-purpose decision-making models for each area. One of the practical implications of this new approach is that participating agencies will be expected to reallocate existing budgets to urban regeneration priorities.
This will be an important area of focus for ATEED as it seeks to take a strong spatial focus across Auckland to identify the specific opportunities and challenges for growing business and employment.

3. Getting the most from major events in Auckland

The Asia Pacific Economic Conference is expected to attract up to 22,000 international attendees to 12 events held throughout the year, while the America’s Cup will bring a significant number of visitors to Auckland as well as a large global audience. Each event presents an opportunity to showcase Auckland, create long-lasting public amenities and bring about urban renewal in Auckland.

Pending the confirmation of the America’s Cup location, ATEED should continue to work proactively with the council, other CCOs and Team New Zealand to ensure that Auckland gets the most from staging such a large-scale global event. It should also think about how the event and the associated venue and facilities could bring enduring benefits to Aucklanders.

The plans will need to be closely integrated with plans for the city centre and the waterfront, and promote excellent economic, environmental and cultural outcomes.

I look forward to receiving a draft of ATEED’s Statement of Intent by 1 March 2018.

Yours sincerely

Phil Goff
MAYOR OF AUCKLAND
18 January 2018

Richard Aitken
Chair
Panuku Development Auckland Limited

By email:

Tēnā koe Richard

Letter of expectations for 2018-2021

This letter of expectations sets out the council’s priorities and expectations to inform the development of Panuku Development Auckland Limited’s (Panuku’s) draft Statement of Intent (SOI) for 2018-2021.

This letter has been informed by discussions with my fellow councillors. It sets out general expectations across the group, and key strategic expectations for Panuku.

I note also that through the development of the Ten Year Budget for 2018-2028, the council will adopt a revised council-controlled organisation (CCO) accountability policy. The policy will set out more enduring expectations for CCOs, including expectations that CCOs will work to build trust and confidence in the council group, give effect to the outcomes and Development Strategy of the Auckland Plan and other plans and strategies of the council, and work together to achieve the best outcomes for Aucklanders.

General messages and priorities

Financial accountability

The development of the Ten Year Budget is highlighting the significant challenges that the council and the group face in meeting the demands of a growing Auckland. This means there needs to be close scrutiny of current and proposed activities to ensure they are the best way to achieve our social, cultural, environmental and economic outcomes at lowest cost.

The council’s decisions on the Ten Year Budget will be very important, and all CCOs will need to work with the council to align its investment programme with the Ten Year Budget.

Building on the group approach

The council is ultimately accountable to the community for the activities of the CCOs. The programme of the Local Government Act 2002 section 17A ‘value for money’ reviews has been instituted to ensure that the council group is delivering the desired outcomes to the community in a cost-effective way. Once the feasibility of the recommendations and timeframes have been agreed to in February 2018, I expect Panuku to actively implement the existing recommendations, and to participate in the ongoing programme of reviews.

In addition to the value for money reviews, CCOs should be giving effect to existing group policies and participate in the development of further policies. The council is currently developing group policies on business cases and sensitive expenditure (money and assets). The money and assets
group policy is part of a new framework designed to set clear expectations on staff behaviors. CCOs will apply the group foundation principles and rules (where required) for these areas. Where applicable, we also expect all CCOs to make tangible progress in implementing the Council’s brand guidelines.

Promote Māori outcomes:

There is a clear obligation across the council group to improve outcomes for Māori. In regard to this, I expect Panuku to:

- Reaffirm its commitment to Te Toa Takitini, the council’s programme of Māori transformational activities, and carry out any actions that may result from the council’s response to the Independent Māori Statutory Board’s (IMSB’s) review of expenditure on Māori.
- Work with the council to optimise the governance fora for engaging with mana whenua across the council group. Currently, there are multiple fora for different CCOs to engage with mana whenua, which results in duplication and inconsistent engagement.
- Assist the council to develop a plan for implementing Te Reo Policy in 2018-19, which will need to include tangible actions in a way that minimises the costs to the group.

Panuku’s strategic priorities

The three strategic priorities which Panuku should reflect in its Statement of Intent are outlined below.

1. Interaction with central government activity

The new government has signalled it intends to significantly increase the supply of housing, including affordable housing. The government has also signalled that urban development authorities with expanded powers could be used to facilitate an acceleration of housing supply. The council will be the key point of contact with the government around its intentions, and Panuku will need to support the council in these discussions with the government where required.

Panuku was set up in 2015 with a specific focus on redevelopment of brownfield areas, and this will continue to be its focus. Our intent is to secure government support for our urban regeneration priorities as an integral component of its housing supply interventions.

2. Lead the integrated governance of urban regeneration priority areas

The council has committed to prioritising urban regeneration in a number of locations across Auckland through the transform, unlock and support framework. Panuku has a mandate from the council to facilitate urban regeneration and place-making activities across the council group in these locations, and to achieve a balance between strategic and financial outcomes.

Urban regeneration involves a mix of town centre redevelopment, transport projects, new housing, economic development, community facilities upgrades and provision of three waters infrastructure. It needs to create places which Aucklanders feel proud of.

The successful implementation of urban regeneration 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.

In light of this, the council group needs to move to an integrated governance model for all of its urban development priority areas, and Panuku needs to take a leadership role in this.
One of the practical implications of this new approach is that participating agencies will be expected to reallocate existing budgets to urban regeneration priorities.

I have made this expectation clear to the other council agencies that have a role to play in urban regeneration projects.

A particular area of focus for Panuku is how it works with local boards and local communities. Panuku should work closely with each relevant local board in priority development areas in their roles as governors of local assets and services, and as representatives of local community preferences.

Panuku is working with council staff to clarify the respective roles of local boards and Panuku in redevelopment areas, and this will need to be in a way which reflects Auckland Council’s shared governance structure.

3. Leveraging the benefits of major events in Auckland

The Asia-Pacific Economic Conference is expected to attract up to 22,000 international attendees to 12 APEC-related events held throughout the year, while the America’s Cup will bring a significant number of visitors to Auckland as well as a large global audience. Each event presents an opportunity to showcase Auckland, create enduring public amenities and bring about urban renewal in Auckland.

Pending the confirmation of the America’s Cup location, Panuku should continue to work proactively with the council, other CCOs and Team New Zealand to stage such a large-scale global event which will also provide an enduring benefit to Aucklanders. This should be closely integrated with plans for the city centre and the waterfront, and promote excellent economic, environmental and cultural outcomes.

I look forward to receiving a draft of Panuku’s Statement of Intent by 1 March 2018.

Yours sincerely

Phil Goff
MAYOR OF AUCKLAND
18 January 2018

Sir Don McKinnon
Chair
Regional Facilities Auckland Limited

By email:

Tēnā koe Sir Don

Letter of expectations for 2018-2021

This letter of expectations sets out the council’s priorities and expectations to inform the development of Regional Facilities Auckland Limited’s (RFA’s) draft Statement of Intent (SOI) for 2018-2021.

This letter has been informed by discussions with my fellow councillors. It sets out general expectations across the group, and key strategic expectations for RFA.

I note also that through the development of the Ten Year Budget for 2018-2028, the council will adopt a revised council-controlled organisation (CCO) accountability policy. The policy will set out more enduring expectations for CCOs, including expectations that CCOs will work to build trust and confidence in the council group, give effect to the outcomes and Development Strategy of the Auckland Plan and other plans and strategies of the council, and work together to achieve the best outcomes for Aucklanders.

General messages and priorities

Financial accountability

The development of the Ten Year Budget is highlighting the significant challenges that the council and the group face in meeting the demands of a growing Auckland. This means there needs to be close scrutiny of current and proposed activities to ensure they are the best way to achieve our social, cultural, environmental and economic outcomes at lowest cost.

The council’s decisions on the Ten Year Budget will be very important, and all CCOs will need to work with the council to align its investment programme with the Ten Year Budget.

Building on the group approach

The council is ultimately accountable to the community for the activities of the CCOs. The programme of the Local Government Act 2002 section 17A ‘value for money’ reviews has been instituted to ensure that the council group is delivering the desired outcomes to the community in a cost-effective way. Once the feasibility of the recommendations and timeframes have been agreed to in February 2018, I expect RFA to actively implement the existing recommendations, and to participate in the ongoing programme of reviews.

In addition to the value for money reviews, CCOs should be giving effect to existing group policies and participate in the development of further policies. The council is currently developing group policies on business cases and sensitive expenditure (money and assets).
The money and assets group policy is part of a new framework designed to set clear expectations on staff behaviors. CCOs will apply the group foundation principles and rules (where required) for these areas.

Where applicable, we also expect all CCOs to make tangible progress in implementing the Council’s brand guidelines.

*Promote Māori outcomes:*

There is a clear obligation across the council group to improve outcomes for Māori. In regard to this, I expect RFA to:

- Reaffirm its commitment to Te Toa Takitini, the council's programme of Māori transformational activities, and carry out any actions that may result from the council’s response to the Independent Māori Statutory Board’s (IMSB’s) review of expenditure on Māori.
- Work with the council to optimise the governance fora for engaging with mana whenua across the council group. Currently, there are multiple fora for different CCOs to engage with mana whenua, which results in duplication and inconsistent engagement.
- Assist the council to develop a plan for implementing Te Reo Policy in 2018-19, which will need to include tangible actions in a way that minimises the costs to the group.
- Complete its Māori Responsiveness Plan.

**RFA’s strategic priorities**

The three strategic priorities which RFA should reflect in its Statement of Intent are outlined below.

1. **RFA’s operations**

Given the constrained funding environment, and in particular limited capital funding for redevelopment of assets, RFA should focus on consolidating its operations, necessary renewals, and ensuring it continues to make the most from commercial operations.

As you are aware, there has been some public concern about the financial position of the Auckland Art Gallery. I expect RFA to advise the council on options (including operational changes) to ensure the gallery continues to offer high-quality services to the Auckland public, and the civic and cultural reputation of the Art Gallery being maintained.

2. **No significant changes to stadia until the future of Eden Park and a national stadium proposal is clearer**

RFA has made considerable progress to develop a stadia strategy for the region, but Auckland still does not have a fit for purpose, financial and operationally sustainable network of stadiums.

The key considerations at present are the uncertainty over the future status of Eden Park and potential prospects for a national stadium in Auckland. The timing of further progress is yet to be determined. In light of this, and the constrained capital environment, I expect RFA to continue investigating an appropriate development plan, but should not take any specific actions towards implementing this.

3. **Support for the cultural heritage review**

As you are aware, in March this year the council approved the establishment of an independent review of Auckland’s major cultural heritage institutions. The review will look at whether there is a
case for changes to achieve greater value from the council’s investment in the sector, the strategic priorities the council and the sector should pursue, and any governance model changes to achieve those priorities. I expect RFA to participate fully in the review.
RFA has recognised that this could result in changes for its business, but once it has been agreed to by the council, RFA will need to actively respond to the findings of the review.
I look forward to receiving a draft of RFA’s Statement of Intent by 1 March 2018.

Yours sincerely

Phil Goff
MAYOR OF AUCKLAND
18 January 2018

Margaret Devlin  
Chair  
Watercare Services Limited  

_By email:_

Tēnā koe Margaret

**Letter of expectations for 2018-2021**

This letter of expectations sets out the council’s priorities and expectations to inform the development of Watercare Services Limited’s (Watercare’s) draft Statement of Intent (SOI) for 2018-2021.

This letter has been informed by discussions with my fellow councillors. It sets out general expectations across the group, and key strategic expectations for Watercare.

I note also that through the development of the Ten Year Budget for 2018-2028, the council will adopt a revised council-controlled organisation (CCO) accountability policy. The policy will set out more enduring expectations for CCOs, including expectations that CCOs will work to build trust and confidence in the council group, give effect to the outcomes and Development Strategy of the Auckland Plan and other plans and strategies of the council, and work together to achieve the best outcomes for Aucklanders.

**General messages and priorities**

*Financial accountability*

The development of the Ten Year Budget is highlighting the significant challenges that the council and the group face in meeting the demands of a growing Auckland. This means there needs to be close scrutiny of current and proposed activities to ensure they are the best way to achieve our social, cultural, environmental and economic outcomes at lowest cost.

The council’s decisions on the Ten Year Budget will be very important, and all CCOs will need to work with the council to align its investment programme with the Ten Year Budget.

*Building on the group approach*

The council is ultimately accountable to the community for the activities of the CCOs. The programme of the Local Government Act 2002 section 17A ‘value for money’ reviews has been instituted to ensure that the council group is delivering the desired outcomes to the community in a cost-effective way. Once the feasibility of the recommendations and timeframes have been agreed to in February 2018, I expect Watercare to actively implement the existing recommendations, and to participate in the ongoing programme of reviews.

In addition to the value for money reviews, CCOs should be giving effect to existing group policies and participate in the development of further policies. The council is currently developing group policies on business cases and sensitive expenditure (money and assets).
The money and assets group policy is part of a new framework designed to set clear expectations on staff behaviors. CCOs will apply the group foundation principles and rules (where required) for these areas.

Where applicable, we also expect all CCOs to make tangible progress in implementing the Council’s brand guidelines.

Promote Māori outcomes:

There is a clear obligation across the council group to improve outcomes for Māori. In regard to this, I expect Watercare to:

- Reaffirm its commitment to Te Toa Takitini, the council’s programme of Māori transformational activities, and carry out any actions that may result from the council’s response to the Independent Māori Statutory Board’s (IMSB’s) review of expenditure on Māori.
- Work with the council to optimise the governance fora for engaging with mana whenua across the council group. Currently, there are multiple fora for different CCOs to engage with mana whenua, which results in duplication and inconsistent engagement.
- Assist the council to develop a plan for implementing Te Reo Policy in 2018-19, which will need to include tangible actions in a way that minimises the costs to the group.
- Complete its Māori Responsiveness Plan.

Watercare’s strategic priorities

The four strategic priorities which Watercare should reflect in its Statement of Intent are outlined below.

1. Implementing the s17A ‘value for money’ review findings

The recent s17A value for money review identified that there needs to be further integration of the three waters to deliver the best environmental, social, cultural and economic outcomes for Aucklanders.

The Finance and Performance Committee endorsed the specific recommendations and asked Stephen Town (in collaboration with the chief executives of the council-controlled organisations) to report back to the Committee by 27 February 2018 on the feasibility and time frames for implementing them.

The council, Watercare and Auckland Transport have been participating in the initial work on an ‘Auckland’s Waters’ strategy, which is currently in its early stages. I would like to reiterate that the development of that strategy will continue to be led by the council, who will also be responsible for its final approval. This strategy will address physical and natural assets, including development of a supporting long term infrastructure strategy. This approach would allow us to address the s17A recommendation for development of a three waters strategy and the associated fully costed asset management and funding plan.

Watercare’s input, and its considerable expertise with regard to its current operating focus, will be an important input to the strategy and the associated asset management plan. However, Watercare should avoid duplicating work through the development of a separate strategy.

Beyond the development of the Auckland’s Waters strategy, there are a number of other recommendations in the review, including work on consolidated capital planning and delivery, joint procurement, the operation and maintenance of stormwater services, and a range of measures to improve transparency and consistency for pricing reviews. Where the implementation of these recommendations are not materially dependent on the outcome of the work of the Auckland Waters strategy we are keen to see rapid progress made by both the council and Watercare.
The board will also need to give careful consideration to the organisational culture changes that may be needed to successfully implement the s17A recommendations.

2. Actively participate in the integrated governance of urban regeneration priority areas

The council has committed to prioritising urban regeneration. Panuku Development Auckland (Panuku) has a mandate from the council to facilitate urban regeneration and place-making activities across the council group.

Urban regeneration involves a mix of town centre redevelopment, transport projects, new housing, economic development, community facilities upgrades and three waters. It needs to create places which Aucklanders feel proud of.

The successful implementation of urban regeneration 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.

In light of this, the council group needs to move to an integrated governance model for all of its urban development priority areas. All CCOs with a role in this need to actively participate in the development of fit-for-purpose decision-making models for each area. One of the practical implications of this new approach is that participating agencies will be expected to reallocate existing budgets to urban regeneration priorities.

3. Continue to collaborate on the optimal solution for the Western Isthmus Water Quality Programme

The joint agreement by the council and Watercare of a programme to address water quality issues in the western isthmus represents a significant milestone on a long-standing issue. In particular, I would like to commend Watercare on establishing a good dialogue with the community on the programme, and encourage it to continue this on other significant projects.

Watercare will need to continue to work closely with the council to progress funding and governance arrangements (including consideration of a new financial entity, which is further discussed below) for the Western Isthmus Water Quality Programme through the development of the Ten Year Budget.

4. Support the council in the development of new financial entities to provide infrastructure for growth

The council is working with the government on funding new infrastructure through Crown Infrastructure Partners and other new financial entities. The current focus is on greenfield developments in the north and south, but the Central Interceptor project may be assessed for inclusion in a new financial entity.

Watercare should support the council to develop fit-for-purpose arrangements to finance infrastructure for growth. In particular, the board should ensure that its planning and procurement for the Central Interceptor can accommodate its inclusion in a new financial entity at some future date.

Additional priorities

Separate from the SOI process, below are some other issues which I will be looking for progress on through the coming year.
a) Work with Veolia to agree on a funding strategy:

Currently, there is no agreed funding strategy for Veolia in regard to the delivery of infrastructure for greenfield areas which are live zoned, for example Papakura and Drury. Watercare should develop options to address this issue in 2018-19, and look to engage the council before committing to a particular course of action.

b) Provide excellent customer service into the resource consenting process:

Watercare should ensure it is providing excellent customer service into the resource consenting process. Auckland Council’s performance in meeting its statutory timeframes depends on Watercare’s input into consent applications.

c) The water efficiency strategy:

Watercare should ensure that it continues to focus on improving water efficiency. Now that the water efficiency strategy is in place, there is a clear basis to report how well Watercare is delivering on these outcomes throughout 2018-19.

I look forward to receiving a draft of Watercare’s Statement of Intent by 1 March 2018.

Yours sincerely

Phil Goff
MAYOR OF AUCKLAND