I hereby give notice that an ordinary meeting of the Governing Body will be held on:

**Date:** Thursday, 25 October 2018  
**Time:** 9.30am  
**Meeting Room:** Reception Lounge  
**Venue:** Auckland Town Hall  
301-305 Queen Street  
Auckland

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**Tira Kāwana / Governing Body**  
OPEN ADDENDUM AGENDA

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**MEMBERSHIP**

**Mayor**  
Hon Phil Goff, CNZM, JP

**Deputy Mayor**  
Deputy Mayor Cr Bill Cashmore

**Councillors**

- Cr Josephine Bartley  
- Cr Dr Cathy Casey  
- Cr Ross Clow  
- Cr Fa’anana Efeso Collins  
- Cr Linda Cooper, JP  
- Cr Chris Darby  
- Cr Alf Filipaina  
- Cr Hon Christine Fletcher, QSO  
- Cr Richard Hills  
- Cr Penny Hulse  
- Cr Mike Lee  
- Cr Daniel Newman, JP  
- Cr Greg Sayers  
- Cr Desley Simpson, JP  
- Cr Sharon Stewart, QSM  
- Cr Sir John Walker, KNZM, CBE  
- Cr Wayne Walker  
- Cr John Watson  
- Cr Paul Young

(Quorum 11 members)

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**Sarndra O’Toole**  
Team Leader Governance Advisors

23 October 2018

Contact Telephone: (09) 890 8152  
Email: sarndra.otole@aucklandcouncil.govt.nz  
Website: www.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.
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<td>Mayoral Housing Taskforce work programme update</td>
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<td>Submission on Proposed New Infrastructure Body</td>
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Te take mō te pūrongo / Purpose of the report
1. To update the Governing Body on the Mayoral Housing Taskforce.

Whakarāpopototanga matua / Executive summary
2. The Mayoral Housing Taskforce (MHT) was set up to provide advice, identify barriers, as well as opportunities to building more homes at a pace and scale that meets the demand created by Auckland’s growth. The MHT is also tasked with finding options and progressing work to overcome these constraints.

3. This work is aligned to the recommendations made in the MHT’s Report released in June 2017 and reported to the Governing Body on 27 July 2017 (CP2017/12102).

4. Since its inception, the MHT has provided a high-level forum where political, community and industry leaders can come together on a regular basis. This is beneficial because it provides a forum for key partners to collectively discuss barriers, opportunities and explore Auckland specific solutions. No other forums exist that allow for this dialogue to take place between key partners on a regular basis.

5. Since the report to the Governing Body in July 2017, the MHT has met four times - December 2017, April, July and October 2018.

6. Six workstreams were established to undertake the work required to progress the report’s 33 recommendations:
   - Construction Procurement and Contracting;
   - Infrastructure Funding;
   - Building Code;
   - Construction Skills and Labour;
   - KiwiBuild Programme; and,
   - Urban Development Authority (UDA).

7. It is worth noting the increased commitment and engagement of central government and its agencies to participate in this work.

8. Auckland Council and other MHT members have made good progress via the six workstreams. Several recommendations have been completed and significantly advanced since the MHT last reported to the Governing Body.

9. In terms of next steps and given that many recommendations have either been completed or nearly closed-out, the MHT will refine and prioritise the outstanding recommendations.

10. The MHT has also agreed to reflect on its membership and the strategic role it can continue to play to support quality urban growth and housing programmes across Auckland. These issues will be considered intersessionally and discussed at the next MHT meeting planned for the first quarter of 2019.

Ngā tūtohunga / Recommendation/s
That the Governing Body:

a) note the update on progress with the recommendations of the Mayor Housing Taskforce Report (Attachment A of the agenda report).
Horopaki / Context

11. The Mayoral Housing Taskforce (MHT) was set-up in early 2017 to help identify significant barriers, as well as opportunities to building homes at a pace and scale to meet Auckland growth; and to catch-up on the deficit in Auckland’s housing stock. Its main purpose was to provide advice, investigate the constraints and opportunities more closely; and get industry representatives, central government and council around the same table to discuss these issues and explore solutions.

12. The purpose of the taskforce was to:
   - Identify barriers and constraints to building more homes in Auckland at a pace and scale which meets the demand created by population growth; and,
   - Identify options and make recommendations to overcome those barriers and constraints.

13. Specifically, the MHT has investigated issues around barriers to getting homes built and the related supply chain, for example, labour/skills, industry capacity, procurement, infrastructure funding, consenting and regulatory processes.

14. The MHT did not focus exclusively on the demand-side issues, for example, social housing and homelessness. It did, however, make the recommendation to investigate new tenure and ownership models (recommendation 6 – see Attachment A). To support this recommendation, the council’s Planning Committee, at its meeting on 2 October 2018, tasked staff to develop a scope of work and provide advice on ways to increase affordable housing (CP2018/17787).

15. Since the last report to the Governing Body in July 2017, the MHT has met four times (December 2017, April, July and October 2018). These meetings have involved discussions, including with Ministers, on urban development initiatives and housing challenges/opportunities in Auckland (see Attachment A for an update of progress on the recommendations).

Tātaritanga me ngā tohutohu / Analysis and advice

16. The MHT established six workstreams to progress the 33 recommendations:
   - Construction Procurement and Contracting;
   - Infrastructure Funding;
   - Building Code;
   - Construction Skills and Labour;
   - KiwiBuild Programme; and,
   - Urban Development Authority (UDA).

17. This report focuses on providing a high-level update on the first four workstreams, as well as the recommendations that have been completed and progressed.

18. Several interrelated and mutually dependent recommendations have been aggregated to be progressed under one of the first four workstreams. For example, recommendation 3 and 4 cover skills, workforce issues and working visas. These issues have been allocated to the construction skills and labour workstream.

19. The Kiwibuild programme and UDA workstreams, both led by central government, have been established, and work to deliver Kiwibuild is well underway in Auckland.
20. A summary of workstream activity progressed since the last update is outlined directly below:

<table>
<thead>
<tr>
<th>Workstream</th>
<th>Purpose</th>
<th>Activity/Progress/Status</th>
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<tbody>
<tr>
<td>Construction Procurement &amp; Contracting</td>
<td>Develop and implement initiatives that reduce the liability placed on Councils.</td>
<td>The workstream has advocated and provided feedback to central government. Ministers have signalled a willingness to look into improvements, including potential warranty and insurance schemes that mitigate Councils' liability on faulty building work.</td>
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<tr>
<td>Infrastructure Funding</td>
<td>Identify and utilise alternative mechanisms to fund infrastructure.</td>
<td>Auckland Council is leveraging the funding mechanisms established by central government. Approval and progress will be reported to the Finance and Performance Committee. Formal arrangements with central government will be completed shortly.</td>
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<tr>
<td>Building Code</td>
<td>Advocate for improvements to the Building Code that allow for innovation, new product and varied housing mix.</td>
<td>The workstream continues to advocate for improvements to the government's Building Code. Ministers have indicated a commitment to make some changes. The workstream is waiting to hear back from central government on next steps.</td>
</tr>
<tr>
<td>Construction Skills &amp; Labour</td>
<td>Attract, develop and retain the right people with the competencies necessary to support the infrastructure build and housing programmes.</td>
<td>Workstream members continue to engage with Ministers, education providers and industry leaders to advocate for training and upskilling of building professionals. The workstream has identified constraints (e.g. focused on cadets/apprenticeships; limited upskilling at senior levels where competencies are critical) and some solutions (e.g. combined approaches to sourcing talent; working alongside secondary schools) that will help to attract, develop and retain talent.</td>
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<tr>
<td>Kiwibuild Programme</td>
<td>Approximately $2 billion in funding to deliver 100,000 homes for first home buyers, half of these will be built in Auckland, over the next decade.</td>
<td>Auckland Council provided regulatory support to the Kiwibuild programmes already underway in Northcote, Pepukura and Orhunga. Also, the Government has announced Kiwibuild Programmes in Mt Roskill, Mt Albert &amp; Mangere.</td>
</tr>
<tr>
<td>Urban Development Authority (UDA)</td>
<td>The Ministry of Housing and Urban Development (HUD) will implement central government's housing and urban development programme.</td>
<td>The HUD was formally operationalised on 1 October 2018. An Auckland Council’s senior executive leader represents Auckland’s strategic engagement with the new Ministry. This leader coordinates and leads Council’s advocacy with central government on its urban development and housing efforts in Auckland.</td>
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Recommendations progressed and completed
21. Good collaboration has ensured progress has been achieved on scaled up joint venture building programmes on public land (recommendation 1), community engagement on urban regeneration programmes (recommendation 2) and establishing a long-term programme of housing development (recommendation 5). Auckland Council has been working closely with HLC (Homes.Land.Company. Previously referred to as the Hobsonville Land Company) and Housing NZ on housing regeneration areas, for example, Mt Roskill (more than 2400 homes), Mangere (up to 3500 homes) and Mt Albert (1200 – 1600 homes).
22. Auckland Council is developing the scope of work on affordable housing; this work supports
the MHT’s recommendation on new tenure & ownership models (recommendation 6).
Ongoing progress will be reported to the Planning Committee in November 2018 and March
2019.

23. Work on aligning the Auckland Plan with the national policy statement (NPS) on future urban
development capacity (recommendation 13) has been completed. This follows the recent
adoption of the Development Strategy as part of the Auckland Plan refresh. Council’s view is
that the Development Strategy fulfils the requirements of the NPS, for example, making sure
Auckland undertakes responsive planning and the region has a future development strategy.

24. The MHT’s recommendation on broadening sources of funding for infrastructure and
revenue sharing (recommendation 17) has advanced on several fronts. For example, the
adoption and implementation of the regional fuel tax, as well as council securing Housing
Infrastructure Funding and Crown Infrastructure Partners funding from central government.

25. Work on the merits of land value versus capital value as a tool to improve incentives to
develop (recommendation 18) was presented to the MHT on 12 October. While the initial
analysis is complete, the MHT has asked for further analysis of the benefits and risks
including for commercial property.

26. Auckland Council has implemented and continues to measure positive progress with its
‘Consenting Made Easy’ service models (recommendation 20). The Qualified Partner
service (applies to standardised, repeat new builds or selected customers with approved
assurance plans) has received positive customer feedback. Other improvements are
tracking upwards, for example the move to digital lodgement of applications has seen e-
lodgement of building consent applications increase to 57% and 39% for resource consent
applications.

27. Council has improved its data collection and reporting (recommendation 23). The ongoing
data reporting has largely been embedded as ‘business as usual’ activity and is largely
completed. The council produces monthly housing updates that are available publicly and
formally reports on a quarterly basis to the Planning Committee.

28. To ensure alignment of national planning standards with best practice elements of
Auckland’s Unitary Plan (recommendation 27), council lodged a submission and raised
several significant concerns on the draft national planning standards. Also, the Mayor and
the Chair of the Planning Committee sent a joint letter in support of council’s submission. It
is expected that the new national standards will be released by the end of this year.

29. Work on investigating building warranty and insurance schemes (recommendation 31) has
been progressed since the last update. Auckland has advocated for central government to
review building warranty/insurance matters to help rebalance the risk, responsibility and
liability many councils can face, for example, with faulty building/construction work.

30. Overall, positive action is being achieved to help address barriers, but also to progress
opportunities and explore solutions to building homes at pace and scale. Notwithstanding
the multiple dependencies required to progress the recommendations, progress is being
achieved.

Benefit of the forum

31. Since its inception, the MHT has provided a high-level forum where political, community and
industry leaders, as well as relevant central/local government officials can all come together
on a regular basis. Having relevant partners around the table to collectively discuss issues,
challenges and solutions is useful because they seldom take place - outside of the MHT - on
a regular basis.
32. As a forum, the MHT has enabled its members and stakeholders to consider the supply-side housing issues in an interrelated and holistic manner. It also ensures all members remain accountable because all partners have visibility of the work (of the MHT’s recommendations) that has been completed or is underway.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe / Local impacts and local board views
33. Local Board views were not sought for this report. All local boards are concerned with housing matters to some degree. The work of the MHT is specifically focussed on housing supply barriers, and this isn’t limited to any local area. The focus remains at the regional level/scale and this report and work on the recommendations reflect this.

34. The work underway will impact local boards in different ways depending on the nature of their respective communities.

Tauākī whakaaweawe Māori / Māori impact statement
35. In terms of housing supply and affordability, the MHT’s work impacts the whole community, including Māori. Nonetheless, the MHT is mindful that Māori are disproportionately affected by affordability. For example, in 2013, an estimated 32 per cent of the homeless population were Māori, and approximately four in every 10 people on the social housing register are Māori.

36. As reported to the Planning Committee on 2 October 2018, council-led work on affordable housing will consider Māori needs, Māori housing providers’ constraints and holistic solutions that ensure Māori needs can be met.

37. In addition, Auckland Council supports papakāinga development on Māori land. Grants are available for Māori land owners to support feasibility studies, resource consents related costs and offsetting development contributions.

38. The MHT will consider ahead of its next meeting, the future membership of the group. As the Housing Taskforce Steering Group has been disbanded, future membership of the MHT will also consider appropriate Māori representation. This will ensure relevant Māori perspectives are incorporated in MHT’s ongoing discussions and work.

Ngā ritenga ā-pūtea / Financial implications
39. The MHT’s ongoing work and recommendations, especially those that the council is accountable for, will be undertaken within existing baselines.

Ngā raru tūpono / Risks
40. The MHT’s ongoing advocacy to central government regarding its Urban Growth Agenda will help to mitigate risks that may impact on council, its regulatory functions and the region. For example, the impact this Agenda may have on the council’s planning and regulatory functions, and the impact its delivery could have in Auckland.

Ngā koringa ā-muri / Next steps
41. Many of the recommendations have either been completed or nearly closed-out; the MHT will continue to advise and focus its attention on the next tranche of recommendations that remain outstanding.

42. The MHT will also reflect on its membership and the effective role it can continue to play in supporting quality urban growth and housing programmes across Auckland. This will be considered intersessionally and discussed further at the next MHT meeting proposed for the first quarter of 2019.
Item 9

43. In the meantime, the MHT will continue to actively engage with Ministers and advocate for housing policy that better addresses shortages and affordability in Auckland.

Ngā tāpirihanga / Attachments

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<td>The Mayoral Housing Taskforce Recommendations</td>
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Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Koro Dickinson – Executive Officer, COO Division</th>
</tr>
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<tbody>
<tr>
<td>Authorisers</td>
<td>Dean Kimpton - Chief Operating Officer</td>
</tr>
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<td></td>
<td>Stephen Town - Chief Executive</td>
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</tbody>
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# MAYORAL HOUSING TASKFORCE RECOMMENDATIONS – IMPLEMENTATION PROGRESS

Please note the recommendations in grey background are Council facing; the other recommendations require Central Government-led action or collaboration between MHT members.

**Last updated on 16 October 2016**

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<tr>
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| RECOMMENDATION 1: SCALED UP JOINT VENTURE BUILDING PROGRAMME ON PUBLIC LAND | - Ongoing work between Panuku, HLC, Housing NZ.  
- Monitoring of Tamaki Regeneration Co. work.  
- Ongoing work between HLC, HNZC, Auckland Council in relation to housing regeneration areas [e.g. Mt Roskill, Mangere] and provision of funding, infrastructure and community facilities. | - Ongoing discussions about building at pace and scale with the Government’s Auckland Policy Office (MBIE, etc.)  
- Panuku is continuing to take surplus council sites suitable for development to the market as part of a general disposals programme, as well as, part of more comprehensive redevelopment plans in priority centres (transform and unlock locations). These are of varying scales and Panuku’s approved business plan for the year has an increased level of activity.  
- Ensuring physical and social infrastructure provided to enable housing.  
- Auckland Council is working with HLC on Mangere regeneration plans. This work amongst other things is part of the business case work for light rail from the City Centre to Mangere. | - Kiwibuild programme. |
| RECOMMENDATION 2: EFFECTIVE EARLY ENGAGEMENT WITH COMMUNITIES FACING URBAN REGENRATION PROGRAMMES | - Auckland Council work regarding approaches to land sales. | - Important to have early and comprehensive communication with Auckland Council Local Boards representative and local residents.  
- Panuku is continuing to build partnership with Kiwibuild, essentially in the role of making sites available and negotiating with developers in a joined-up way. Panuku is also exploring ways to partner more effectively with HLC and Housing NZ. Where Panuku is working with developer entities in priority locations on surplus council land we ensure that early community engagement takes places. | - Establishment of the Ministry of Housing and Urban Development Authority (HUD)  
- Kiwibuild programme |
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<tr>
<td><strong>RECOMMENDATION 3: ENCOURAGE INDUSTRY TO ENGAGE WITH GOVT TO SCALE UP THE BCITO BADGING PROGRAMME</strong></td>
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Encourage the building industry to engage with the Building and Construction Industry Training Organisation’s (BCITO) skills badging trial scheme (due to start in second half of 2017), which aims to be an alternative to multi-year apprenticeships. 
Encourage central government to scale up this scheme rapidly after the trial if it is deemed successful and there is demand for this approach. 
[Auckland Council to encourage central government to adopt a ‘badging’ system should trialling prove successful] |
| - Dialogue with BCITO and Master Builders through the Mayoral Housing Taskforce (MHT). | - The MHT “Construction, Skills and Labour” workstream to continue ongoing advocacy. | - Establishment of the Ministry of Housing and Urban Development Authority (HUD) |
| **RECOMMENDATION 4: OPTIMISE VISAS FOR CONSTRUCTION SKILLS SECTOR** |
Optimise the points system for work visas to increase the preference for skilled construction workers relative to other occupations when there are major workforce shortages that cannot be fulfilled through local training. 
[Auckland Council to invite a response from central government] |
| - Watching brief: Central Government to provide an update. | - The MHT “Construction, Skills and Labour” workstream to undertake ongoing advocacy. | - Kiwibuild visa category proposed |
| **RECOMMENDATION 5: ESTABLISH LONG-TERM HOUSING DEVELOPMENT PROGRAMME TO IMPROVE CERTAINTY** |
Establish a credible long-term programme of housing development, including a commitment to maintain a higher baseline of overall housing delivery across boom-bust cycles. Sending a credible signal about the future pipeline of work would encourage investment in skill development and innovation. This would include: 
- identifying land requirements (including land that may need to be purchased in advance) 
- planning mechanisms to enable delivery 
- financing, funding, and ownership mechanisms to ensure delivery, including potential shared equity models for land 
- a long-term construction workforce development plan. |
| - Work between Panuku, HLC, Housing NZ. 
- Working/monitoring of Tamaki Regeneration Co. activity. 
- Alignment of development strategy/programme with funding and infrastructure to support growth. | - Links to Recommendation 1 
- Ongoing discussions about building at pace and scale with the Government’s Auckland Policy Office (MBIE, etc.) 
- Regular discussions via MBIE Building Advisory Panel 
- Ensure strategy, funding and infrastructure support growth. 
- Commence discussions with landowners in growth areas (e.g. Drury with respect to funding and provision of infrastructure. 
- Council’s Regulatory Services is working with HNZC on Auckland Housing | - Increasing scale of existing Auckland Housing Programme |
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<tr>
<td>[Auckland Council to invite central government and major landowners and developers to progress]</td>
<td></td>
<td>Programme pipeline. Looking at new ways of resourcing &amp; programming.</td>
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<tr>
<td>RECOMMENDATION 6: INVESTIGATE NEW TENURE &amp; OWNERSHIP MODELS AND ASSESS FEASIBILITY</td>
<td>-Council staff working with HLC, CCs, HNZ, MBIE, newly established Ministry of Housing and Urban Development and community housing providers.</td>
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<tr>
<td>Investigate other mechanisms to enable new tenure and ownership models that can fill gaps between social housing and market rate housing. Identify whether and how these are feasible to implement to address affordability issues.</td>
<td>- Briefing to Auckland Council Planning Committee on 2 October 2018, on the scope of policy work on affordable housing.</td>
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<tr>
<td>[Auckland Council to collaborate with central government and housing sector groups]</td>
<td>- Approved the proposed scope and deliverables outlined in the report, and:</td>
<td>- Discuss with Ministers e.g. shared equity as part of Kiwibuild programme.</td>
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<td></td>
<td>- Snapshot report to be brought to the Committee on 27 November 2018</td>
<td>- Upcoming actions noted in column to the left.</td>
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<td>- &quot;Position and Role Report&quot; to be brought to the Planning Committee on 5 March 2019</td>
<td>-30-40% commitment to affordable housing</td>
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<td>- Staff advocacy to central government for re-examination of affordable housing provisions including &quot;retained affordable housing&quot;, relating to the preparation of a National Policy Statement on affordable housing under the Resource Management Act 1991 or other relevant legislation. Report back on progress to the Planning Committee on 27 November 2018.</td>
<td>commitment to ‘Rent to Own’ scheme via coalition agreement with Green Party as part of Kiwibuild</td>
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<td>- Chief Economist is assisting the Tamaki Regeneration Company (TRC) with a piece of work that identifies the problem of affordability for that catchment and explores shared equity and other models of ownership.</td>
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<tr>
<td>RECOMMENDATION 7: INVESTIGATE POTENTIAL CONSEQUENCES FOR RESIDENTIAL DEVELOPMENT FROM BANKING REGULATIONS</td>
<td>-none specific yet</td>
<td>-consider writing to Ministers regarding this matter</td>
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<td>-Discussions with industry for scaling up - such as Fletcher, Ockham, Mike Greer and other developers.</td>
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## Recommendations

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<tr>
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| Investigate the potential for unintended consequences for residential development from new bank regulations (which are intended to manage risks for financial stability but may affect the availability and cost of finance) and identify whether there is a need for a public or private response.  
[Auckland Council to invite Treasury to progress a review, with input from the Reserve Bank, development and financial sectors] | -ongoing discussion with MHT members | -Housing Minister’s suggestion of buying off-plan on existing developments in early stages of Kiwibuild  
-on the demand side of the market, is central government willing to explore the possibility of lending for housing? For example, loans made at market rates and specifically targeted to buyers in the market that have a level of risk banks are unwilling to take on? | |
| **RECOMMENDATION 8: IMPLEMENT THE HOUSING INFRASTRUCTURE FUND**  
Implement the Housing Infrastructure Fund (Case study 4), ensuring a financial structure that can enable it to be expanded through time, enable participation of private capital, and remove the need for this funding to be secured against the Council’s balance sheet. This would involve an appropriate equity underwrite and the ability to raise revenue streams, such as contributions from land owners in the areas that benefit from new infrastructure, targeted ‘value capture’ rates in the same areas, and service charges, all of which will also improve incentives to develop serviced land.  
[Auckland Council to implement Housing Infrastructure Fund following central government decision] | -Further ongoing work by Finance Team re: research targeted rates  
-Report to Auckland Council’s Governing Body in 2018  
-Taking forward implementation of Housing Infrastructure Fund Detailed Business Case for the North West. Working through mechanisms for loan repayment and negotiation infrastructure funding agreements with developers. NB: It is unlikely that there will be another round of HIF and the mechanism will be overtaken by Crown Infrastructure Partners (CIP). | -Links to Recommendation 15  
-Ongoing work by Finance team looking into targeted rates and how to ensure they could be used without capturing property owners that are unlikely to develop their land.  
-Proceed with implementation of Housing Infrastructure Fund for North West. MBIE Loan document is signed, NZTA loan agreement to be signed post AT board approval in November. | -Kiwibuild programme  
-Establishment of the Ministry of Housing and Urban Development Authority (HUD) |
| **RECOMMENDATION 9: PUBLISH INFRASTRUCTURE FUNDING GAP FOR FUTURE URBAN LAND SUPPLY STRATEGY IMPLEMENTATION**  
Publish and regularly update information on the magnitude of the funding gap for the Future Urban Land Supply Strategy (FULSS), including information on how this may affect timing of development, to enable negotiation with developers and other parties for additional funding to progress development.  
[Auckland Council to progress, with input from Watercare and Auckland Transport and in discussion with central government agencies and the development sector] | -DPO: discussions and work as Future Urban Land Supply Strategy (FULSS) is implemented, so that funding and infrastructure are in place to support growth; informs plan change requests.  
-The FULSS updated July 2017 to include high-level bulk infrastructure costs. Ongoing structure planning will provide detail about project infrastructure costs. | -ongoing ‘watching brief’ regarding the evolution of Kiwibuild and the establishment of the Urban Development Authority – especially with respect to funding infrastructure beyond that planned by Council (or brought forward out of sequence with the FULSS).  
-Council is involved in the Auckland to Hamilton spatial corridor study led by Government. This process may reduce estimates of build out rates in Southern structure plan and affect timing of development e.g., may specifically bring station / town centre development in Drury West forward. | -Government’s Urban Growth Agenda includes workstreams relating to infrastructure funding & financing. This includes the government’s Kiwibuild Programme and the HUD which may mean alternative funding / financing sources for infrastructure could be introduced. |
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| **RECOMMENDATION 10: SELF-FUNDED INFRASTRUCTURE SCHEME IMPLEMENTATION**         | -Finance staff looking into targeted rates and how they could work to capture value. | -Further ongoing work by Finance Team with Crown Infrastructure Partners on financing and funding options for development at Wainui | -Kiwibuild Programme  
- Establishment of the Ministry of Housing and Urban Development Authority (HUD) |
| Implement at least one infrastructure scheme that is self-funded from some combination of land owner contributions, targeted ‘value capture’ rates, and service charges, to accelerate an infrastructure project to enable housing delivery and internalise the costs of infrastructure with the party that benefits, i.e. the landowner. Capture learnings to enable this approach to be scaled up. |  |  |  |
| [Auckland Council to progress in collaboration with Auckland Transport, Watercare, and/or central government] |  |  |  |
| **RECOMMENDATION 11: INFRASTRUCTURE PRICING POLICY AND STRUCTURED DISPUTE RESOLUTION** | -Ongoing process between Council and CCOs to align approach. | -Provide an update to Auckland Council's Governing Body before the end of 2018.  
- Contributions Policy 2019: scheduled to go to Auckland Council’s Finance and Performance (F&P) Committee to adopt for consultation in October 2019.  
- Contributions Policy 2018: F&P Committee consider feedback and adopt policy in December 2018. | -- Establishment of the Ministry of Housing and Urban Development Authority (HUD). |
| Develop an infrastructure pricing policy and structured dispute resolution process for infrastructure funding negotiations with developers to signal the direction of pricing and improve confidence in future infrastructure funding arrangements. |  |  |  |
| [Auckland Council to invite a response from Auckland Transport and Watercare] |  |  |  |
| **RECOMMENDATION 12: ROUTE PROTECTION FOR FUTURE INFRASTRUCTURE CORRIDORS**     | -Ongoing work on infrastructure corridors. | -Awaiting further progress by the Supporting Growth Alliance to confirm the supporting growth transport network, and the programme for lodgement of route protection notices of requirement. | -Propose use of targeted rates on proposed light rail transport corridors?  
- Establishment of the Ministry of Housing and Urban Development Authority (HUD)  
- Possibly part of longer-term Resource Management Act reforms |
| Progress route protection for future transport corridors in new urban areas through Auckland Transport’s Supporting Growth Programme, to reduce the likelihood of delays to future housing delivery that are caused by slow infrastructure planning. Capture learnings to enable this approach to be scaled up to other areas and identify the impact of the existing designation process on the project timeframe. |  |  |  |
| [Auckland Transport to progress this programme] |  |  |  |
| **RECOMMENDATION 13: AUCKLAND PLAN ALIGNMENT WITH NATIONAL POLICY STATEMENT ON FUTURE URBAN DEVELOPMENT CAPACITY** | -Reporting requirements under National Policy Statement - Urban Development Capacity | -The Development Strategy has been completed and adopted as part of the Auckland Plan refresh. Council has informed government that it believes that the Development Strategy fully covers off the requirements of the National Policy Statement - Urban | -Kiwibuild programme. |
| Invite Auckland Council’s Governing Body to satisfy itself that the refresh of the Auckland Plan implements National Policy Statement requirements for a Future Development Strategy outlining how urban |  |  |  |
## Recommendations

| Development capacity in brownfield and greenfield areas will be provided to meet future demands. |

[Auckland Council to progress, in collaboration with the Ministry for the Environment and development sector] |

| Work requested/already underway/ongoing |

Development Capacity. Being assessed and awaiting response from MBIE. |

| Related Government plans signalled to date (via media; announcements; coalition agreements) |

| RECOMMENDATION 14: QUANTIFY THE EXTENT OF LAND BANKING |

Seek to quantify the extent of land banking and understand why it is happening, and then develop a set of policy responses to address it. |

[Auckland Council to investigate, inviting input from the development sector] |

| Comments/upcoming actions |

- To measure the extent of land-banking, need an agreed definition before being able to quantify it correctly. For example:
  - A large land owner in one of the PUDs might not be constraining development yet but may be considered a ‘land-banker’ because they may well constrain development when the area is fully serviced with infrastructure and ready.
  - Or, in existing urban areas, a parcel may allow for 8 townhouses, but financing/cash-flow constraints etc. only one additional house is built. Is having 2 dwellings on the land when there is potential for 8 land-banking?
  - If instead, what we want to understand the pattern of land ownership (and levels of ownership concentration), then maybe this recommendation can be refined to reflect that. If this is the case this research should also cover whether land ownership is financed from equity or debt. If the big land owners finance it via equity (and have low holding costs), this gives them greater ability to sit on it and drip-feed the market.
  - When the definition is clear/agreed, the right things to measure & data can be collected. |

| RECOMMENDATION 15: FURTHER DEVELOP HOUSING INFRASTRUCTURE FUND |

Further develop the Housing Infrastructure Fund, expanding it through time, securing participation of new private capital, and raising |

Further work by Finance Team re: research targeted rates. |

- Links to Recommendation 8. |

- Ongoing work by Finance team looks at targeted rates and how to ensure they could be used without capturing |

- Kiwibuild programme. |

- Establishment of the Ministry of Housing and Urban Development Authority (HUD). |
### Recommendations

<table>
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<tr>
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<tr>
<td>new revenue streams, such as contributions from land owners in the areas that benefit from new infrastructure, targeted ‘value capture’ rates in the same areas, and service charges.</td>
<td>-Report to Auckland Council’s Governing Body in 2018  -Working with CIP on funding of pipeline of infrastructure projects to support housing.</td>
<td>property owners that are unlikely to develop their land  -need to develop a pipeline of infrastructure projects for CIP to fund.</td>
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<td>[Auckland Council to implement in collaboration with central government and the development sector]</td>
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<td>RECOMMENDATION 16: IMPLEMENT CONGESTION PRICING WHILE ENSURING APPROPRIATE ALTERNATIVES ARE AVAILABLE</td>
<td>-Government/Council project to investigate whether congestion charging should occur in Auckland. Project should make a recommendation on this mid-2019.</td>
<td>-The congestion pricing project has undertaken a multi-criteria analysis on a long-list of potential options (26 in total). From this a short list of five potential options is being further examined and modelled. A recommendation will made to the Governance Group and Mayor/Minister of Transport in November 2018 on which of the five options to progress to the more detailed evaluation and design phase (Phase 3).</td>
<td>-Review of Auckland Transport Alignment Project is ongoing.</td>
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<td>Implement congestion pricing to manage peak demands on congested networks, which will mitigate the congestion effects of new development and hence potentially alleviate some of the funding gap for transport infrastructure. Ensure that public transport and cycling options are available as an alternative to congested routes where tolls are likely to be high.</td>
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<td>[Auckland Council to collaborate with central government to progress the work of the agreement]</td>
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<td>RECOMMENDATION 17: BROADEN SOURCES OF FUNDING FOR INFRASTRUCTURE &amp; SUPPORT PRINCIPLE OF REVENUE SHARING</td>
<td>-Regional Fuel Tax (RFT) adopted  -Housing Infrastructure Fund (HIF) confirmed $339.2million of 10-year interest free loans to Auckland Council  -Crown Infrastructure Partners (CIP) funding  -Tax working group</td>
<td>-RFT has generated $13.2m (excluding GST); funds have been directed toward delivering rural roads in Rodney and Franklin; red light cameras to improve safety. Future early projects include building the Matakana link road; ferry terminal upgrades and new downtown bus interchange.  -Report for first quarter to Finance and Performance Committee in November 2018.  -HIF: will enable building of 7,000 homes at Redhills and Whenuapai; infrastructure built with this funding includes wastewater mains and pump stations, stormwater management and arterial road, including bus and cycle lanes.  -work is progressing well on new infrastructure financing  -the Tax working group scope covers only what taxes can be equitably collected (it</td>
<td>-HUD legislation  -Regional Fuel Tax implemented.</td>
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<td>[Auckland Council to invite collaboration from central government]</td>
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<td>is not looking at how tax is distributed or spent once collected.</td>
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<td>RECOMMENDATION 18: MERITS OF LAND VALUE VS. CAPITAL VALUE AS A TOOL TO IMPROVE INCENTIVES TO DEVELOP</td>
<td>undertake some work to look at merits of capital value versus land value.</td>
<td>- this work has been completed; David Norman will provide a presentation to the MHT on 12 October - the completed analysis incorporated: - Switch to Land Value - Removal of subsidy to residentially zoned land used as rural land - impacts at Local Board and Ward level.</td>
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<td>Investigate mechanisms to enable infrastructure providers to secure long term infrastructure corridors that do not require the level of detailed design and in-depth analysis of impacts that is currently required under the Resource Management Act.</td>
<td>- Ongoing work lead by the MHT 'Infrastructure Funding' workstream.</td>
<td>- Links to Recommendation 12.</td>
<td>- Propose use of targeted rates on proposed light rail transport corridors? - Establishment of HUD - Possibly part of longer-term Resource Management Act reforms</td>
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<td>RECOMMENDATION 20: IMPLEMENT CONSENTING MADE EASY</td>
<td>Qualified Partner consent pathway initiated in partnership with key customers to improve overall efficiency.</td>
<td>- The SAP/Hybris integration project will improve the efficiency of handing digital consents.</td>
<td>- Kiwibuild programme is related, due to scale of output required - HUD will impact depending on what powers (building or planning) are granted to it - National Planning Standards proposed - not released yet (may have an impact on Council’s regulatory processes).</td>
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<td>Implement Consenting Made Easy service models (Custom, Streamline, Qualified Partner, Premium), with attention to the recommendations of the Challenge Panel. The key actions required for improvement are: • ensuring that applicants have a single point of contact with the ability to resolve views received from Auckland Council teams and council-controlled organisations; and • ensuring appropriate leadership and human resources capacity to drive a culture change in consenting.</td>
<td>- Move to digital: digital lodgement is now at 57% for Building Consents and 39% for Resource Consents. - Faster service for simple consents: Streamline (&lt;10 days) performance is now at 31% for Resource Consents and 9% for Building Consents. - Tiers of service: Premium share now at 3.5% of Resource Consents, Qualified Partner 6.5% of Building Consents.</td>
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<td>[Auckland Council to implement, seeking input and collaboration with development sector]</td>
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<td>-Competency framework to reward staff as step up.</td>
<td>-KiwiBuild programme is related, due to scale of output required</td>
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<td><strong>RECOMMENDATION 21: IMPROVED USE OF STAFF</strong></td>
<td>-Recruitment of internal staff has been a focus with result of RC turnover at lowest level for 15 months (14%) and BC now at 91% staffing, highest level for 14 months</td>
<td>-BC remuneration review to be used for further investigation on competency levels leading to market adjustment proposal</td>
<td>-HUD will impact depending on what powers (building or planning) are granted to it</td>
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<td>Ensure that experienced resource consent (RC) and building consent (BC) processing staff are used effectively through the Consenting Made Easy programme.</td>
<td>-BC recruitment review completed</td>
<td>-Further &quot;Breaking the Chain&quot; for RC consultants</td>
<td>-National Planning Standards proposed - not released yet (may have an impact on Council processes)</td>
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<td>[Auckland Council to progress]</td>
<td>-Recruitment for BC staff underway in Canada with 6 applicants received within 2 days</td>
<td>-Increased resource in the subdivision team.</td>
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<td>-BC competency focus as consents become more complex including continuous Training School</td>
<td>-Dedicated project consenting teams for Auckland Housing Programme (HNZ/HLC).</td>
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<td>-Review of salaries to keep in line with market</td>
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<td>-Experienced internal staff assessing complex, high profile resource consents e.g. America’s Cup.</td>
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<td><strong>RECOMMENDATION 22: IDENTIFY PIPELINE OF SKILLED PROFESSIONALS TO ENSURE FUTURE NEEDS ARE MET</strong></td>
<td><strong>MHT ‘Construction Skills and Labour’ workstream engagement with the Building and Construction Industry Training Organisation’s (BCITO)</strong>.</td>
<td><strong>MHT workstream to continue to progress.</strong></td>
<td><strong>Establishment of the HUD</strong></td>
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<td>Work with tertiary providers and professional institutes to identify a pipeline of suitably qualified people to work in the construction professions to ensure future consenting requirements can be met by the industry.</td>
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<td>-Proposed KiwiBuild Visa (covers initial shortfall of labour in the interim)</td>
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<td>[Auckland Council to progress, in partnership with tertiary providers and professional bodies]</td>
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<td>-Support for prefab signalled could mean significant changes to skills approach</td>
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<td><strong>RECOMMENDATION 23: IMPROVED DATA REPORTING</strong></td>
<td>New reporting regime to Planning Committee.</td>
<td>Monthly and quarterly reports on housing and development are being produced. Quarterly reports are provided to the Planning Committee as an information item. The Auckland Housing Monthly Update is available publicly.</td>
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<td>Regularly report on consent and development outcomes that have been identified as data gaps, i.e. building completions and elapsed timeframes for consents (in addition to statutory timeframes) and improve data on an ongoing basis.</td>
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<td>-Elapsed timeframes [working days] now on LTP measure.</td>
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<td>[Auckland Council to progress]</td>
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<td><strong>RECOMMENDATION 24: ENCOURAGE MBIE TO RELEASE MANUFACTURED BUILDING GUIDANCE</strong></td>
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<td>-MBIE to provide an update about releasing this work.</td>
<td>-Enthusiasm shown by Ministerial releases/interviews regarding scaling up using prefabrication, and discussions being had with the likes of Prefab NZ.</td>
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<td>Encourage the Ministry of Business, Innovation and Employment (MBIE) to publicly release its Manufactured Building Guidance to clarify requirements for the industry.</td>
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<td>[Auckland Council to invite a response from MBIE]</td>
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<td><strong>RECOMMENDATION 25: BROADEN ‘ACCEPTABLE SOLUTIONS’ UNDER BUILDING CODE FOR PREFABRICATION AND MEDIUM DENSITY HOUSING</strong></td>
<td></td>
<td>-Links to Recommendation 31-32</td>
<td>-Minister’s response committed to making some changes</td>
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<td>Develop new Acceptable Solutions under the Building Code for prefabricated products and medium density housing typologies that are not well addressed by existing Acceptable Solutions, and which are important for meeting Auckland’s future housing needs.</td>
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<td>-Letter sent by Mayor to Ministers in Dec. 2017</td>
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<td>-Workshops held with MBIE, Master Builder NZ; Ockham and Conrad Properties to identify issues, short term focus areas, long term issues)</td>
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<td>-Workshops with Wellington and Christchurch City Councils, Ockham, Prefab NZ &amp; MBIE completed.</td>
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<td>-Workshop with MBIE and Ockham to look at potential changes to the building code</td>
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<td>-Waiting for MBIE to update on the next steps.</td>
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<td>[Auckland Council to invite a response from MBIE, in consultation with councils and developers]</td>
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<td><strong>RECOMMENDATION 26: SINGLE COUNCIL FAMILY INFRASTRUCTURE CODE OF PRACTICE</strong></td>
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<td>Ensure that a single Council family Code of Practice, setting technical standards for infrastructure assets for new development, is agreed and understood by consent planners, development engineers, and the development industry. Any updates are to be well communicated to the industry.</td>
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<td>Ensure the Code of Practice defines customer satisfaction outcomes, including enabling housing delivery via efficient and certain processes.</td>
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<td>[Auckland Council to work with council-controlled organisations and development sector to implement]</td>
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<td>-Joint General Chapter of Codes of Practice agreed by the Council family and published.</td>
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<td>-Joint Chapter on utilities at consultation draft, having been developed by the Council family and Utilities Group.</td>
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<td>-Support offered to Auckland Transport to help finalise AT Chapter [ATCOP]; awaiting response.</td>
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<td>-Discussions ongoing with Watercare on Watercare updates to Code of Practice Chapters on water supply and wastewater.</td>
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<td>-Joint Chapter on green infrastructure underway.</td>
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<td>-Update for Chapter on geotechnical aspects of infrastructure for land</td>
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| **RECOMMENDATION 27: ENSURE ALIGNMENT OF NATIONAL PLANNING STANDARDS WITH BEST PRACTICE ELEMENTS OF AUCKLAND UNITARY PLAN**  
Ensure that forthcoming national planning standards align with best practice elements of the Unitary Plan and reduce the need for further major plan changes.  
[Auckland Council to invite the Ministry for the Environment to progress in partnership] | -Council responded to original consultation (by previous Government in early 2017).  
-Council lodged a submission on the draft national planning standards raising several significant concerns.  
-Letter sent by the Mayor and Cr Darby in support of the Council’s submission. | -National Planning Standards to be released in 2018 | |
| **RECOMMENDATION 28: IMPROVE CERTAINTY FOR MEDIUM AND HIGH-DENSITY HOUSING BY AMENDING UNIT TITLE ACT**  
Improve certainty and confidence in medium- and higher-density housing for buyers, through changes to the Unit Titles Act.  
-Watching brief – will await further consultation on Unit Title Act matters. | -Changes to Act signalled by Government. | |
| **RECOMMENDATION 29: EFFICIENT AND FAST PLAN CHANGE PROCESSES**  
Ensure plan change processes required to progress zoning changes (e.g. shifting from Future Urban zoning to live zoning) are well resourced and proceed with speed, and that these planning resources are targeted to areas with land owner commitment to fund infrastructure (potentially including community facilities and operating costs) and proceed to build homes.  
[Auckland Council to investigate, seeking input and collaboration with development sector] | -Council staff undertaken review of how to address private plan change requests in terms of how they align with the Future Urban Land Supply Strategy (FULSS) etc.  
-Ongoing, as private and public plan changes are proposed. | -National Planning Standards to be released in 2018.  
-HUD may affect order of matters considered for roll-out in the Council’s FULSS. | |
| **RECOMMENDATION 30: URBAN DESIGN PROCESS AND OUTCOMES**  
To strike an appropriate balance between the benefits of urban design and the costs of achieving them, Council to work with the development community to:  
- Agree the importance of good urban design | -Research on how high density, mid-rise is being delivered in the city and what the lessons are for the development industry is underway.  
-ADD working more closely with AT and others to ensure good outcomes can be achieved.  
-Place Quality Review being established to give Council input into early stages of design of AT walking and cycling projects. | -MFE undertaking a review of quality intensification and this may be tied to a review of the Urban Design Protocol (2005). Implications for Urban Development Authorities. | |
### Recommendations

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<tr>
<td>• Ensure that there is a single point of approval for designs and/or encourage the establishment of specific project design review panels for significant developments Facilitate discussion between developers, planners, and design review panels about the value and cost implications of key amenity provisions. [Auckland Council to progress in collaboration with development sector]</td>
<td>-ADO participated in workshops with MBIE on medium density housing and building code improvements.</td>
<td>-Auckland Council in conjunction with Christchurch &amp; Wellington City Councils - gave feedback on discussion high-level document released by MBIE.</td>
<td>-Minister (Building &amp; Construction) signalled appetite to more closely look into building warranty/insurance matters to rebalance risk across the building process -Minister also indicated paper would be circulated in September/October.</td>
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<td><strong>RECOMMENDATION 31: INVESTIGATE BUILDING WARRANTY AND INSURANCE SCHEMES TO REDUCE LIABILITY AND IMPROVE QUALITY AND CERTAINTY</strong> Investigate building warranty and insurance schemes as part of a quality assurance process that would facilitate and expedite the building consent process and construction sector innovation in exchange for reducing the liability that councils face for buildings. [Auckland Council to invite central government to lead, with broad engagement across the sector (construction industry, insurance and banking sectors) Legislative change or other market arrangements may be needed to progress]</td>
<td>-Links to Recommendation 25 -Letter sent by Mayor to Ministers in Dec. 2017 -Workshops held with MBIE; Master Builder NZ; Ockham and Conrad Properties to discuss (among other things): liability issue at high level</td>
<td>-No further update from MBIE.</td>
<td>-Minister’s response committed to making some changes.</td>
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<tr>
<td><strong>RECOMMENDATION 32: REVIEW AND UPDATE THE BUILDING CODE TO BETTER PROVIDE FOR INNOVATION AROUND PREFABRICATION AND MEDIUM DENSITY HOUSING</strong> Review the Building Code and update it to ensure that it reflects and enables ongoing innovation, especially in prefabricated products and medium density housing typologies. Medium density housing face special issues, such as managing noise through common walls, are not well addressed by existing Building Code, and are important for meeting Auckland’s future housing needs. [Auckland Council to invite response from MBIE, in consultation with councils and developers]</td>
<td>-Links to Recommendation 25 -Letter sent by Mayor to Ministers in Dec. 2017.</td>
<td>-Unlikely changes to core RMA. -Associated changes via HUD legislation.</td>
<td>-Ongoing review in Ministry for the Environment (review announced by Minister). -Related matters are Housing Minister’s announcements to remove Rural Urban</td>
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<td>[Auckland Council to invite a response from central government]</td>
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<td>- May be longer term look at Productivity Commission advice around urban development limits of current Act.</td>
<td>Boundary and remove density controls from urban Auckland.</td>
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Submission on Proposed New Infrastructure Body

File No.: CP2018/19778

Te take mō te pūrongo / Purpose of the report
1. To approve Auckland Council’s submission on the Government’s proposal to establish a new independent infrastructure body.

Whakarāpopototanga matua / Executive summary
2. The Government is proposing to establish a new independent infrastructure body to strengthen infrastructure strategy, planning, investment and delivery.
3. The proposal is for an independent national body (the Body), with the ability to speak publicly on infrastructure issues, that will:
   - provide new, expert, central transactional capability to support the delivery of major infrastructure projects across central and local government
   - act as a first point of contact for all interested private sector parties in relation to upcoming infrastructure investment and delivery opportunities
   - provide an additional stream of advice to assist Ministers with identifying, prioritising and assuring the delivery of infrastructure projects.
4. A consultation document was released on 8 October 2018, with feedback due by 26 October 2018.
5. A submission has been prepared in consultation with key councillors and staff and includes the following main points:
   - support for the establishment of a new independent infrastructure body
   - support for the Body to carry out functions spanning the two broad areas of strategy and planning, and project delivery support
   - support for the intention to develop a long-term infrastructure strategy for New Zealand (“Function 2”)
   - request for clarification on how “Function 3 - Identifying New Zealand’s priority infrastructure” is to be undertaken
   - support for publishing a pipeline of infrastructure and a view that the pipeline should be promoted locally and internationally
   - views on the nature of procurement and delivery support that would be of assistance
   - views on how the new independent infrastructure body would best work with local government to support and deliver infrastructure projects
   - request that solid waste and recycling be included in the definition of significant infrastructure.

Ngā tūtohunga / Recommendation/s
That the Governing Body:

a) approve the submission on the new independent infrastructure body appended in Attachment A to the agenda report.

b) authorise the Mayor and General Manager Auckland Plan Strategy & Research to make any minor amendments to the submission, including changes requested at this Governing Body meeting and prior to lodgment on Friday 26 October 2018.
Horopaki / Context

6. The Government has announced a proposal to establish a new (national) independent infrastructure body to strengthen infrastructure strategy, planning, investment and delivery.

7. This proposal is in response to Government’s view that New Zealand faces a major infrastructure deficit - New Zealand’s transport and urban infrastructure is struggling to keep up with population growth, increased demand and changing needs, including transitioning to a low emissions economy.

8. It follows a review of the institutional settings for infrastructure carried out by the Treasury. It found that the existing system is not consistently delivering good outcomes. Weaknesses identified in the review include:
   - investment decisions are not well integrated
   - the focus is on building new assets, rather than focusing on outcomes
   - infrastructure investment decisions are not always informed by evidence
   - central and local government procurement capability is at times lacking
   - there are gaps in our information and data
   - skills shortages are one of the greatest challenges faced by industry.

9. It is proposed that the Body has the following functions:

- **Function 1**: Assess the condition of New Zealand’s current infrastructure assets
- **Function 2**: Develop a shared understanding of New Zealand’s long-term infrastructure strategy
- **Function 3**: Identify New Zealand’s priority infrastructure needs
- **Function 4**: Identify and comment on the barriers to delivering good infrastructure outcomes
- **Function 5**: Publish long-term capital intentions
- **Function 6**: Act as a ‘shop front’ for the market and publish a pipeline of infrastructure projects
- **Function 7**: Provide best practice guidance on infrastructure procurement and delivery
- **Function 8**: Support project procurement and delivery
10. The infrastructure body will:
   • be empowered to make recommendations to ministers but decision-making rights and
direction setting will remain with Ministers and departmental chief executives as at
   present
   • be complementary to and will not duplicate other ongoing work streams
   • not have direct funding or project delivery powers
   • provide staff to agencies to support them to undertake specialised infrastructure
functions related to project delivery, while ownership and responsibility for the asset
   remains with the procuring body
   • be accountable, in relation to its strategy and planning functions, to Minister for
   Infrastructure.

11. A consultation document was released on 8 October 2018, seeking feedback on how a new
independent infrastructure body can best deliver on the Government’s objectives of
strengthening infrastructure strategy, planning, investment and delivery. Feedback is due by
26 October 2018.

Tātaritanga me ngā tohutohu / Analysis and advice

12. A submission has been prepared. It incorporates the views of council departments and
council-controlled organisations, and initial input from the Mayor, Deputy Mayor, and chairs
of the Planning and Finance and Performance committees.

13. It includes the following submission points:
   • **support** for the establishment of a new independent infrastructure body to advise
   Government and the wider public and private sector on infrastructure matters across all
   New Zealand
   • **support** for the proposal for the infrastructure body to carry out functions spanning the
two broad areas of strategy and planning, and project delivery support
   • **support** the development of a long-term infrastructure strategy for New Zealand
   • **request** for clarification on how “Function 3 - Identifying New Zealand’s priority
   infrastructure” is to be undertaken and **advise** that Council would be keen to work with
   Government on the development of a prioritisation framework and criteria for identifying
   priority infrastructure needs
   • **support for** publishing a pipeline of infrastructure and a **view** that the pipeline should
   be promoted locally and internationally
   • **views** on the nature of procurement and delivery support that would be of assistance
   • **views** on how the new independent infrastructure body would best assist local
government to support and deliver infrastructure projects
   • **request** that solid waste and recycling be included in the definition of significant
   infrastructure.

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

14. The proposal relates to the planning and delivery of major (nationally and regionally
significant) infrastructure. In the time available to prepare the submission, staff could not
identify any specific impacts at the local level. Local board views were not sought.
Tauākī whakaaweawe Māori / Māori impact statement

15. In the time available to prepare the submission, staff could not identify any specific beneficial or adverse effects on Māori that would occur on the decision to make a submission. The way that infrastructure is planned, invested in, and delivered in the future will, however, impact on Māori and Māori aspirations. Māori views were not sought.

Ngā ritenga ā-pūtea / Financial implications

16. There are no financial implications from deciding to make a submission.

Ngā raru tūpono / Risks

17. There are no risks in deciding to make a submission.

Ngā koringa ā-muri / Next steps

18. Treasury will advise Ministers on the outcome of the consultation as part of their advice on final proposals for Cabinet to consider. The Government intends the new entity to be established by mid to late 2019.

19. In advance of the new independent infrastructure body being established, an interim infrastructure transactions unit (interim ITU) will be established within the Treasury from 1 November 2018.

20. The purpose of the interim ITU is to provide support to agencies on the planning and delivery of major infrastructure projects while the new independent infrastructure body is being established. The interim ITU will move into the new independent infrastructure body when established.

Ngā tāpirihanga / Attachments

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Ngā kaihaina / Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Jim Fraser - Principal Transport Planner</th>
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<tbody>
<tr>
<td>Authorisers</td>
<td>Jacques Victor - GM Auckland Plan Strategy and Research</td>
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<tr>
<td></td>
<td>Jim Quinn - Chief of Strategy</td>
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<td>Stephen Town - Chief Executive</td>
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1. **Overview**

This is Auckland Council’s submission in response to the Government’s proposed new independent infrastructure body.

The address for service is Auckland Council, Private Bag 92300, Victoria Street West, Auckland 1142. Please direct any enquiries to Jim Fraser, Principal Transport Advisor, Auckland Council.

This submission has been approved by the Governing Body of Auckland Council.

2. **Introduction and Summary**

Thank you for the opportunity to submit on the government’s proposed new Independent Infrastructure Body (the Body).

Auckland’s infrastructure directly supports how well the city and region functions. Many infrastructure assets last for a long time and provide services for several decades. How Auckland grows and changes over the next 30-years and beyond will affect the performance of current infrastructure and future investment needs.

Auckland needs infrastructure that can cope with increasing demand as the city grows, a changing environment and that meets community expectations for service delivery. Auckland’s infrastructure needs to keep up with the pace and scale of growth.
Submission Summary:

Our key submission points are:

- **support** for the establishment of a new independent infrastructure body
- **support** for the new independent infrastructure body to carry out functions spanning the two broad areas of strategy and planning, and project delivery support
- **support** for the development of a long-term infrastructure strategy for New Zealand
- **request** for clarification on how “Function 3 - Identifying New Zealand’s priority infrastructure” is to be undertaken and **advise** that Council would be keen to work with Government on the development of a prioritisation framework and criteria for identifying priority infrastructure needs
- **support** for publishing a pipeline of infrastructure and a **view** that the pipeline should be promoted locally and internationally
- **views** on the nature of procurement and delivery support that would be of assistance
- **views** on how the new independent infrastructure body would best assist local government to support and deliver infrastructure projects
- **request** that solid waste and recycling be included in the definition of significant infrastructure.

These main submission points are expanded upon below.

3. **A new independent infrastructure body is required**

Council supports the establishment of a new independent infrastructure body to advise Government and the wider public and private sector on infrastructure matters across all New Zealand.

The arrangement of New Zealand's public services has, in the past, not always resulted in the best long-term public outcomes. A new independent body has the potential to achieve far greater integration amongst infrastructure classes, with a more specific focus on delivering a broader range of outcomes (compared to ‘class’ restricted outputs). It also has the potential to help bring about improvements in the capacity and capability of the industry. Both these aspects will however only be achieved if the Body works closely with all players.

It is also worth noting that central and local government bodies provide a range of services which require investment in infrastructure. Changing technologies, expectations of environmental performance and priorities around resilience and climate change have made the planning, coordination and procurement of infrastructure much more complex in recent times.

Dedicated bodies which harbour and foster expertise in the delivery of public infrastructure services are a common response internationally to the challenge of increasing procurement complexity and a similar response here is highly likely to result in improved capital efficiency.
There is however a potential danger in one body having both strategy and delivery functions – this is further elaborated on in section 4 below.

4. Support for the proposed functions

Council supports the proposal to establish the Body to carry out the proposed functions.

An independent assessment of the state of New Zealand’s infrastructure assets and advice on the nation’s long-term infrastructure needs are important aspects of creating a long-term pipeline of infrastructure investment. It will also assist to ensure we invest in the ‘right’ infrastructure, especially considering the lead-in times and costs associated with such investment.

A word of caution though. The two ‘groups’ of functions proposed for the independent body, strategy and planning on the one hand and project delivery on the other, are not complimentary functions and require different skill sets.

The Body could find the delivery support function becomes burdensome and a distraction from its other core functions. It may also be perceived as compromising its independence, especially if it is heavily engaged in specific projects.

Notwithstanding, both aspects are important if New Zealand’s infrastructure is to be improved. Careful thought should therefore be given to the most appropriate - and most likely to be successful over the long term – way that these functions can be established and performed.

5. Support for the development of a long-term infrastructure strategy

Council supports the intention to develop a long-term infrastructure strategy for New Zealand. It suggests, however, that the following would ensure that this strategy would be effective and help overcome the current issues identified by the Treasury review on current institutional settings:

- the long-term strategy should cover a 30-year time period, consistent with long term project evaluation analyses
- different infrastructure investment scenarios should be both tested and published, highlighting the strengths and weaknesses of various approaches
- the Government should be required to respond to the strategy, either by adopting its recommendations or publishing reasons for its different view. This requirement is critical for the Body to have influence and standing
- agencies need not be compelled to align plans to the strategy, but their failure to do so should be subject to ongoing assessment by the Body and the Government should be required to explain why agency plans are not consistent.
- consultation on the strategy should be required, noting that feedback from stakeholders is critical for the Body remaining informed of all issues likely to impact infrastructure over the medium-long term
- local authorities need to be consulted on draft strategies. Council needs to have the option to advise on the interrelation of proposals on legislation, planning, and financing and delivery of local authority works
6. Function 3 - Identifying New Zealand’s priority infrastructure needs

Council requests clarification on how “Function 3 - Identifying New Zealand’s priority infrastructure” is to be undertaken, specifically:

- how will priorities be set and what will be the decision-making process to set these?
- how will they link with other Ministers’ priorities?
- how will they link with local government priorities?
- which infrastructure classes and spatial areas will take priority?
- what is the jurisdiction of local authority projects identified as being of national significance?
- is it the intent that local authorities’ re-phase and prioritise projects to enable national infrastructure projects?

This potentially has a significant impact on the way local government plans, finances and approves spending on infrastructure.

Auckland Council acknowledges that it is the intention of the entity to draw on council’s Long-term Plans in developing its view on New Zealand’s priority infrastructure needs to deliver a long-term strategy. Something that needs further consideration is the potential for misalignment between Long-term Plans and the strategy. Council would wish to see that it was treated in a similar manner to what is proposed for central government, i.e. that decisions on which it has legislative remit for, are made by its elected members.

Council would be keen to work with Government in developing its approach to identifying priority infrastructure needs, i.e. a framework and criteria for prioritising infrastructure and triggers for new or improved infrastructure requirements.

7. Function 6 – Act as a ‘shop front’ for the market and publish a pipeline of infrastructure projects

Council supports the Body acting as a first point of contact on future significant infrastructure projects.

In addition to collating and publishing the pipeline, the Body should also play a role in promoting the pipeline of projects, both locally and overseas. International promotion could widen the scope of players in the market and bring wider expertise to the market.

Auckland Council is also of the view that the industry will benefit from the pipeline in that it will enable them to better plan for capacity and skill requirements. This has the potential to help smooth out demand and boom/bust cycles.

However, the success of this function is highly contingent on the credibility of the pipeline of capital intentions. This is a key signalling device for the infrastructure market. Without this credibility it will do little for the market.
An additional constraint is that priorities change; governments and councils change, over time new information comes to light and changes what should be built when etc. This complicates the credibility of the signals given to the market – all the more important therefore that the pipeline aligns with capital intentions.

Because funding plans do not go beyond 10 years – at least not for central and local government – this function of the independent body must be supported by other measures to give more confidence to the market, including procurement arrangements that allow firms to gear up and maintain capacity over time.

8. **Function 8 – Provide project procurement and delivery support**

   It is Auckland Council’s view that this support should be outcomes focused and include consulting advise on procurement. Support in selecting appropriate contracting models and tailored go-to-market approaches would be of particular assistance.

   Council would be keen to further discuss with Government what best practice procurement and delivery support could look like.

9. **Assisting local government to support and deliver infrastructure projects.**

   Council is of the view that the Body would best assist local government by:

   - developing a pipeline of decisions on infrastructure investment that could overcome electoral cycles and provide greater planning certainty for infrastructure providers and industry
   - giving local authorities the time to align with new agreed strategic infrastructure projects that the local authorities will need to support through local infrastructure
   - providing a forum for central government, local government, utility providers and large investors in housing and employment land to align planning and investment spend regionally, in particularly in Auckland with the concentration of investment required to respond to growth
   - aligning timing and financing of central government projects with local authority projects in growth areas
   - where strategic initiatives are over and above basic local authority service provision but are required to meet central government strategic objectives, provide funding to local authorities to deliver.

10. **Inclusion of solid waste and recycling as necessary infrastructure**

    Council suggests that the definition of infrastructure be expanded to include those assets, systems and facilities necessary for waste and recycling collection, processing, reprocessing and disposal purposes. Traditionally the waste industry’s infrastructure requirements are not considered for major infrastructure planning purposes and as a result the industry and local authorities are currently struggling to keep up with population growth, increased demand and changing needs.

    In the past, each local authority has taken its own approach to solid waste collection, processing and disposal. This has created a fragmented response to waste management that misses out on economies of scale and means that many communities have poor access to
recycling services. There is need for better central government direction to develop a New Zealand-wide approach to recyclables processing.

By including waste and recycling infrastructure as a part of the Body’s scope of works, New Zealand will be more equipped to develop infrastructure needs that enable a circular economy, allowing waste to be turned into commodities and resources.

Auckland Council would welcome the opportunity to further discuss the prospects that come with waste and recycling as infrastructure with the Treasury or Minister.