

# Group Quarterly Performance Pack

*Quarter ending: 31 March 2019*

*Finance and performance committee*

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# Auckland Council key strategic focus areas

Key strategic focus areas from the LTP are presented within each organisation's packs.

The below table provides an overview of each organisation's respective strategic focus areas.

Group	Auckland Council	Auckland Transport	Panuku	ATEED	Watercare	RFA
City Centre programme	Water quality programme	Customer experience	Waterfront development	Economic development	Central interceptor	Stadia
36th America's Cup (AC36)	Natural environment programme	Road safety	Transform & unlocks	Destination – Visitor attraction	Water supply investment	Zoo development
Māori outcomes delivered across the group	Regulatory	Public transport			Wastewater investment	Aotea Centre development
	Waste	Active modes				
	Community investment (including one local initiatives)	Key projects				
		Asset management				

# Group Performance Overview

## *Context:*

- *Auckland is growing with pressure on transport, water, environment, and community infrastructure*
- *\$26 billion capital investment was provided in the 10-year budget (LTP)*
- *New funding tools such as Regional Fuel Tax, Natural Environment and Water Quality targeted rates introduced to fund key LTP initiatives*

*This report marks the third quarter of the first year within the LTP and provides an overview of the Council's overall financial management and performance against the LTP. It does not replace detailed reporting that is provided to other council committees.*

## Group summary

### 9 months into the 10-year budget



#### Solid capital progress

#### Capital investment of \$1.3 billion



\$213m (19%) increase compared to the same period last year



\$234m below budget with 85% delivered



#### Strong operating performance

#### \$56 million favourable to budget

Direct Revenue



\$24m favourable to budget

Direct Expenditure



\$32m favourable to budget



#### Prudent debt management

#### Net debt at \$8.4 billion

- on track to be under year-end budget of \$9.0b

#### Net debt to total assets at 16%

- below year-end LTP projection of 18%

#### Gross debt to adjusted revenue 243%

- below year-end LTP projection of 254%

#### Stable AA/Aa2 credit rating from S&P/Moody's



#### Outlook

- Solid operational performance to continue

#### Risks

- Rising construction costs and capacity constraints

# Group capital performance



## Capital expenditure & funding sources

(\$ million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget <sup>1</sup>	Variance	Budget <sup>1</sup>
<b>Capital expenditure</b>	<b>A</b>	<b>1,670</b>	<b>1,328</b>	<b>1,562</b>	<b>(234)</b>	<b>2,271</b>
Auckland Council ( <i>exc. Commercial Property</i> )		427	367	427	(60)	548
Auckland Transport		687	438	464	(26)	744
ATEED		8	3	3	-	4
Panuku ( <i>inc. Commercial Property</i> )		49	59	89	(30)	200
Ports of Auckland		130	113	151	(38)	180
Regional Facilities Auckland		45	70	89	(19)	121
Watercare		324	278	339	(61)	474
<b>City Rail Link investment (<i>Auckland Council share</i>)</b>	<b>B</b>	<b>93</b>	<b>45</b>			<b>235</b>
<b>Capital funding sources</b>		<b>1,763</b>	<b>1,373</b>			<b>2,506</b>
Development contributions		182	143	144	(1)	204
Capital grants and government subsidies	<b>C</b>	211	181	313	(132)	411
Asset sales		257	66			177
Change in net debt <sup>2</sup>		253	201			819
Operating funding		860	782			895

## Commentary

**A:** Capital investment was \$1.33 billion for the nine-month period, which was up 19% or \$213 million from the same period last year. This compares to the budget of \$1.56 billion with 85% of the budget delivered.

Highest percentage underspend against budget were from:

- Panuku (inc. Commercial Property) with underspend of 34% (\$30m) largely due to delays from its Waterfront programme and Transform and Unlock locations.
- Ports of Auckland with underspend of 25% (\$38m) mainly due to project reprioritisations and delays in their Automation project.
- RFA with underspend of 21% (\$19m) largely due to delays from the Zoo redevelopment and Aotea Refurbishment.

**B:** Investment into CRL is currently below expected levels due to timing differences in its procurement programme. Project costs and funding have since been updated, and procurement of the main contract (C3) is nearing finalisation.

**C:** The majority of the shortfall in capital grants and government subsidies relates to NZTA capital subsidies which were \$95 million lower than expected. This is largely due to projects not achieving milestones that would allow them to qualify for capital subsidies. Auckland Transport is working with NZTA to facilitate special funding arrangements to increase funding for future years. This financial year's forecast is expected to remain below target.

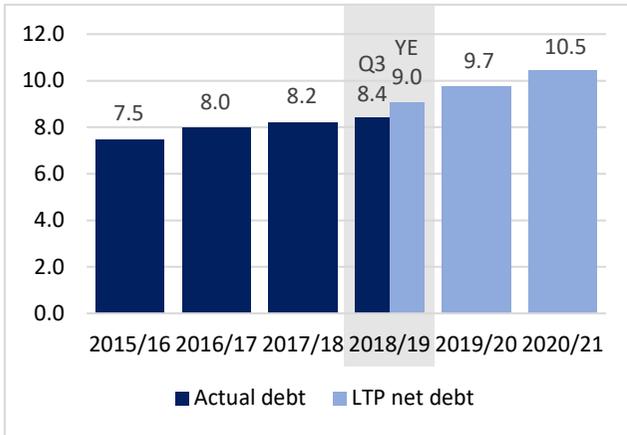
America's Cup government subsidies were also behind budget by \$37 due a change in the capital programme timing.

1. Annual Plan budget adjusted for F&P approved carry-forwards and other items (AP \$2,178m + \$93m)

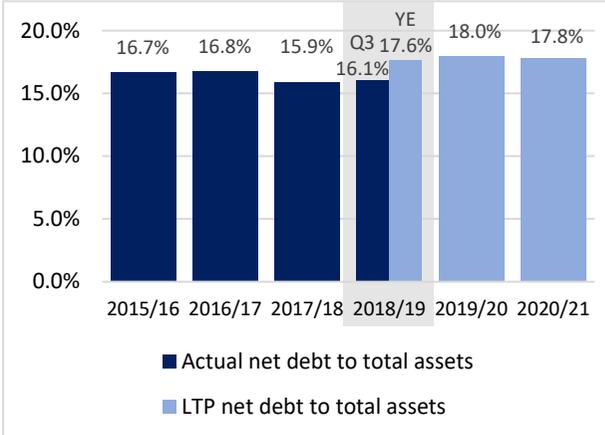
2. Change from 30 June 2018 net debt position for FY19

# Group balance sheet

## Net debt



## Net debt to total assets



## Commentary

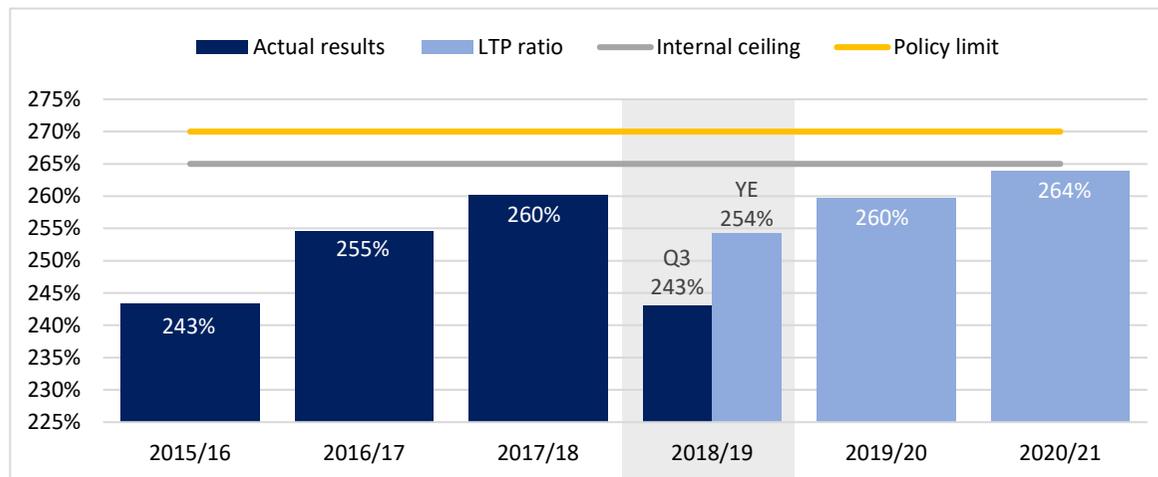
Capital expenditure over the nine-month period was \$1.3 billion. 85% was funded through operating cash-flows, grants and other sources with the remaining 15% financed via debt. This has resulted in a net debt to total assets ratio of 16.1%.

Net debt over the nine-month period increased by \$201 million. This was due to a reduction in gross debt of \$212 million from maturing debt not being refinanced and cash balances falling by \$413 million through the utilisation of cash balances.

Gross debt is forecast to increase over the remainder of the financial year with the majority of financing to be sourced from the Local Government Funding Agency and possibly through a further Green Bond issue.

Council was awarded the “New Zealand Innovative Debt Deal of the Year” by KangaNews the leading Australasian fixed income markets commentator for the Green Bond issued in June 2018 as its was first Green Bond issued by a New Zealand entity.

## Gross debt to adjusted revenue



### Notes to gross debt to adjusted revenue:

Gross debt to adjusted revenue was calculated using a methodology similar to S&P’s. The calculation adjusts net debt for cash balances, lease obligations, and exchange rate movements. It also adjusts operating revenue for capital revenue, development contributions, and capital grant/subsidies.

# Group operating performance



## Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure</b>	<b>A</b>	<b>616</b>	<b>452</b>	<b>508</b>	<b>56</b>	<b>684</b>
<b>Direct revenue</b>	<b>B</b>	<b>1,830</b>	<b>1,450</b>	<b>1,426</b>	<b>24</b>	<b>1,903</b>
Fees & user charges		1,261	1,001	1,002	(1)	1,348
Operating grants and subsidies		286	234	215	19	287
Other direct revenue		283	215	209	6	268
<b>Direct expenditure</b>	<b>C</b>	<b>2,446</b>	<b>1,902</b>	<b>1,934</b>	<b>32</b>	<b>2,587</b>
Employee benefits		866	663	679	16	905
Grants, contributions & sponsorship		133	120	119	(1)	141
Other direct expenditure		1,447	1,119	1,136	17	1,541
<b>Other key operating lines</b>						
General rates		1,514	1576	1,585	(9)	1,588
Targeted rates		193	208	208	-	208
Vested assets	<b>D</b>	572	351	197	154	284
Finance revenue		37	13	12	1	12
Non-direct revenue	<b>E</b>	4	128	100	28	150
Depreciation and amortisation		865	685	707	22	953
Finance costs		472	354	353	(1)	473
Non-direct expenditure	<b>F</b>	101	66	-	(66)	-

## Commentary

**A:** Net direct expenditure was \$56 million favourable to budget. Net direct expenditure includes operating revenue and costs from day-to-day operations and excludes accounting and finance factors such as depreciation, interest, and rates income.

**B:** Direct revenue was \$24 million favourable primarily due to earlier than anticipated receipt of NZTA operating subsidies (\$19m) on approved public transport related programmes. Other direct revenue was \$6 million favourable mainly due to higher than expected rental income, particularly within Community Facilities and Commercial Property Portfolio.

Fees & user charges for the Group remain neutral. Watercare, Regulatory Services and Auckland Transport are well ahead of budget by \$19m, but this is offset by lower than budgeted revenue from RFA and Ports of Auckland.

**C:** Direct expenditure was \$32 million favourable with \$16 million mainly due to underspend from unfilled staff vacancies across the Group and capitalisation of staff costs to capital projects ahead of budget.

Other direct expenditure was favourable partly due to timing changes of projects which deferred spending to Q4 and next year.

**D:** Vested assets revenue continued to be high at \$351 million, reflecting strong development activity in Auckland.

**E:** The favourable variance relates to higher than expected regional fuel tax (\$17m) and other accounting adjustments.

**F:** The unfavourable variance primarily relate to weathertightness costs of \$63 million.

## Other key finance areas

### Ports of Auckland

(\$ million)	12 months to 30 Jun 2018	9 Months to 31 Mar 2019	9 months to 31 Mar 2018	Change from prior period
Revenue	243.2	185.9	182.6	↑ 3.3
Net profit after tax	76.8	37.6	46.0	↓ 8.4
Net debt	383.6	479.7	368.0	↑ 111.7
Net assets	757.7	740.1	688.5	↑ 51.6

### Commentary

Ports of Auckland is in the midst of a major investment programme to increase capacity, efficiency and returns. This includes container terminal automation, construction of a car handling facility and capital investment at its Waikato Freight Hub. This investment has resulted in an increase in debt from \$368.0 million to \$479.7 million.

Container volumes fell due to a combination of reduced terminal capacity during the automation works and the loss of a major contract. Car volumes declined due to lower car sales and the impact of new biosecurity measures. This is having an adverse impact on the net profit after tax for 2018/2019.

As more capacity is created from the accelerated capital investment, the outlook is projected to improve in 2021/22.

### Auckland Int. Airport

\$	31 Mar 2019	30 Jun 2018	Change	Council value
Share Price	8.14	6.78	↑ 20%	2.2b

\$	12 months to 30 Jun 2018	6 months to 31 Dec 2018	6 months to 31 Dec 2017	Change from prior period
Revenue	684m	371m	332m	↑ 39m
Net profit after tax	650m	147m	166m	↓ 19m
Dividend – Council	56.6m	29.3m	28.0m	↑ 1.3m
Cash dividend yield <sup>1</sup>	2.53%	2.66%	2.55%	↑ 0.11%

### Commentary

Auckland Council owns approximately 22% of Auckland International Airport Limited (AIAL). Auckland Council aims to ensure an optimal commercial return from the council's investment in AIAL.

As at 31 March 2019, Auckland Council holds approximately \$2.2 billion worth of AIAL shares. Over the nine-month period, AIAL share price has increased from \$6.78 per share to \$8.14 per share. Annualised cash dividend yield as at 31 March 2019 was at 2.66% (\$58.6m).

AIAL is a NZX listed company and provides an interim and annual report each year. Financial statements for the nine months to 31 March 2019 are not publicly available.

1. Cash dividend yield annualised based on the 31 March 2019 share price of \$8.14

## Other key performance areas

### Group FTEs

Entity FTEs	30 June 2018	31 Mar 2019	Variance
<b>Group</b>	<b>10,258</b>	<b>10,706</b>	<b>448</b>
Auckland Council	6,120	6521	401
ATEED	167	178	11
Auckland Transport	1,676	1,644	(32)
Panuku	175	198	23
RFA	561	568	7
Watercare	918	920	2
POAL	641	677	36

### Commentary

Auckland Council Group has a 448 increase in FTEs (4.4%) since 30 June 2018.

Notable increases were in Auckland Council's Regulatory, Community, Infrastructure & environmental services directorates. The increase was primarily related to the increased activity in consenting and regulatory engineering, asset and maintenance of community assets and Natural Environment and Water Quality targeted rate work programmes.

Auckland Transport FTEs have decreased primarily due to tight FTE control as Auckland Transport realigns its capabilities to deliver on their transport programme.

Panuku's FTEs have increased mainly due to new project management roles to work on priority Transform and Unlock projects.

Ports of Auckland FTEs have seen increases in its cybersecurity and IT areas along with a smaller increase in operations staffing numbers mainly as a result of the automation project, but also to support the company's strategy of improving efficiency through better use of data.

### Key targeted rates & RFT

(\$ million)	YTD revenue	YTD spend <sup>2</sup>	YTD budget	Variance	Reserve
<b>Water quality<sup>1</sup></b>	40.9	6.1	7.6	(1.5)	34.8
<b>Natural environment<sup>1</sup></b>	29.1	7.4	13.0	(5.6)	21.7
<b>City Centre<sup>1</sup></b>	21.5	10.1	18.2	(8.1)	52.8
<b>Accommodation provider<sup>1</sup></b>	13.5	7.8			5.7
<b>Regional Fuel Tax</b>	117.3	68.5			48.9

### Commentary

The Natural Environment and Water Quality targeted rates are targeted rates introduced to provide additional investment towards Auckland's natural environment and water quality outcomes. More information on these targeted rates are provided in Auckland Council's strategic focus areas.

The City Centre targeted rate is to help fund the development and revitalisation of the city centre with the aim of enhancing the city centre as a place to work, live, visit and do business. Staff are working with the Auckland City Centre Advisory Board to review the projects in the current targeted rate budget portfolio. A revised budget portfolio will be made available for the F&P Committee by September 2019.

The Accommodation Provider targeted rate (APTR) was introduced to fund 50% of ATEEDs activities towards growing the visitor economy, including tourism marketing and events. More information on the APTR is provided in ATEEDs strategic focus area – Destination.

The Regional Fuel Tax (RFT) was introduced to support transport expenditure that would otherwise be delayed or not funded. Auckland Transport has 14 key expenditure groups that are funded from a mix of RFT, development contributions, and NZTA funding. Detailed breakdown of the total spend toward the 14 key expenditure groups are provided in the Auckland Transport section of this pack.

1. Targeted rate revenues are recognised in full at the start of the financial year.

2. Includes capital and operating expenditure

# Group strategic focus area – City Centre programme

## Key commentary

For the nine months to 31 March 2019, a total of \$105.2m was spent on the City Centre programme against a budget of \$259.9m.

### Highlights

1. The Victoria Linear Park professional services contract has been awarded to Jacobs New Zealand Ltd. for development of the business case and conceptual design. The project will be developed alongside the Wellesley Street bus project being delivered by Auckland Transport.
2. Staff are undertaking a review of the city centre targeted rate portfolio with input from the Auckland City Centre Advisory Board. This could lead to recommendations for the reallocation of budget for existing and new initiatives.

### Issues/Risks

1. Construction programme unable to be completed on time for scheduled events (Asia-Pacific Economic Forum (APEC), Te Matatini and America's Cup 36). Staff are analysing the construction schedule and staging to avoid significant construction activities and disruption during events.
2. Stakeholder opposition to projects may result in resourcing consent delay and legal challenges. Staff are engaging with stakeholders to mitigate concerns.
3. There is a risk of budget overrun across a number of programmes - staff are undertaking cost reduction exercises to manage costs without compromising programme outcomes.

## Strategic context

Auckland's city centre is an important 'economic engine' for both the region and New Zealand and is experiencing rapid growth. It will also host three key events in 2021: The America's Cup 36, APEC and Te Matatini. These will provide significant economic, cultural and legacy benefits for Auckland and New Zealand.

The city centre work programme will deliver key stormwater, transport and community infrastructure to support these events and achieve the City Centre Masterplan's vision. This positions the city centre as Auckland's cultural, civic, retail and economic heart.

Portfolio of works	YTD Actual/Budget	Description	Outlook
Waterfront development (delivered by Panuku)	\$9.6m / \$57.2m On track	Leading the transformation of the Wynyard Quarter from a former industrial area to a vibrant new waterfront city neighbourhood. The key objectives are increasing access to the marina for Aucklanders and maintaining Westhaven as a premier marina, with a wider range of complementary businesses and services.	<ul style="list-style-type: none"> <li>• Vos Shed construction has been affected by the discovery of asbestos. An asbestos remediation plan has been completed and the building is now wrapped prior to starting works on removal. Scheduled completion of this work will be the end of December 2019.</li> <li>• Construction works are on programme for the development of 30 Madden (90 residences). Work is programmed for completion in December 2020.</li> <li>• Westhaven Promenade Stage 2 resource consent awaited during the quarter and received early April, contractor has been engaged. Work continues on lease negotiations for the Marine Centre.</li> <li>• Procurement for the civil works design and build contractor and the floating pontoon manufacturer and installer for the Marina Pile Moorings project commenced immediately post the settlement of the substantive Environment Court appeal on the consent. Auckland Council will be taking a leading role in the remaining appeal on mana whenua primacy issues, with Panuku participating only as necessary as applicant for the consent. The environment court process is expected to result in a hearing in August with a decision before Christmas. The remaining appeal does not impact upon the delivery of the project.</li> </ul>

Portfolio of works	YTD <sup>Actual</sup> / <sub>Budget</sub>	Description	Outlook
Downtown programme (delivered by Auckland Transport)	\$38.6m / \$64.9m On track	<p>Over the next 10 years, Auckland Council has a vision to transform the waterfront into an attractive, people friendly environment. Auckland Transport will be delivering the first part of this vision from 2018 to 2021. The transformation will support the 36th America's Cup, APEC, and Te Matatini in 2021.</p> <p>The programme includes seismic strengthening to improve the resilience of critical infrastructure on Quay Street water's edge.</p>	<ul style="list-style-type: none"> <li>• A successful value engineering process has been completed to ensure that the programme is affordable and within budget and delivering value for ratepayers.</li> <li>• Key milestones to date, such as the price exchange, have occurred in line with the programme. However, the project remains on a critical path with limited scope for slippage.</li> <li>• The project team is currently working on its last detailed design packages whilst also completing the resource consent process.</li> </ul>
Downtown auxiliary works	\$26.9m / \$27.5m On track	Delivers a connected and accessible waterfront and leverage outcomes from the America's cup event, consisting of Wharf Upgrades, including stormwater infrastructure, Wynyard Bridge and streetscapes.	<ul style="list-style-type: none"> <li>• Hobson Wharf – Slight delay in installation of breakwater 8 but still expected to meet agreed handover date (May 2019).</li> <li>• Daldy Street – the Strategic Procurement Committee approved awarding of the construction contract for the project to the Wynyard Edge Alliance in May 2019.</li> <li>• Wynyard Bridge – design to be reviewed by Panuku's Technical Advisory Group with preliminary design due end of May.</li> <li>• Sealink – staff are finalising design issues before investigating construction related issues.</li> <li>• Lower Queen Street- discussions are underway regarding potential for the Lower Queen Street urban realm project to be delivered by City Rail Link as part of their C1 contract</li> </ul>
AC36 shared infrastructure	\$27.7m / \$98.4m On track	Construction of essential infrastructure to host the 36 <sup>th</sup> America's Cup including syndicate base platforms.	<ul style="list-style-type: none"> <li>• Construction programme continuing momentum - first three challenger base platforms will be completed by August 2019.</li> </ul>
Midtown / Karangahape quarter	\$2.8m / \$12.5m Delayed	Delivers improved pedestrian and public spaces around key transport hubs. The programme is aligned with and leverages off development opportunities from the City Rail Link and bus infrastructure.	<ul style="list-style-type: none"> <li>• Design and construction sequence for the midtown project will be progressed once the City Rail Link C3 contract has been awarded, as it is a significant driver for these works.</li> <li>• The Karangahape Road Enhancement project has been delayed due to prolonged tender evaluation period, construction likely to begin in mid-2019.</li> <li>• The Victoria Linear Park professional services contract has been awarded to Jacobs New Zealand Ltd. for development of the business case and conceptual design. The project will be developed alongside the Wellesley Street bus project to ensure alignment.</li> <li>• An agreement has been executed between council, Auckland Transport and City Rail Link Limited to deliver the Albert Street urban realm project, from Custom to Wyndham Street, as part of the City Rail Link C2 contract.</li> </ul>

# Strategic focus area – 36th America’s Cup (AC36)

## Key commentary

For the nine months to 31 March 2019, a total of \$27.7m was spent against the Auckland Council’s approved 36th America’s Cup Infrastructure capital budget of \$152m.

### Highlights

1. Host Venue Agreement (including Master Base Supply Agreement and Superyacht Agreement) signed by all parties.
2. Arbitration between Emirates Team New Zealand (ETNZ) and the Challenger of Record has settled dispute over the late challengers and six challengers are now officially accepted to compete for the right to challenge for the America’s Cup.
3. Briefing workshops held with four directly impacted local boards (Devonport-Takapuna, Ōrākei, Waiheke and Waitemātā) as well as the Auckland City Centre Advisory Board.
4. Amendment to Wynyard-Hobson resource consent approved by Auckland Council and independent commissioner.
5. Title sponsor Prada and concept architect Renzo Piano presented event village concept to Minister and Mayor – currently being refined.
6. Challenger team base site visits from three teams - DutchSail AC36, INEOS Team UK and American Magic (New York Yacht Club).
7. Inter-agency Steering Group is now progressing detailed city planning leading up to 2021 AC36 events – this includes government agencies and Americas Cup Event Limited.
8. America’s Cup 36 legacy and leverage outcomes frameworks and plans are under development, including mana whenua’s desired AC36 outcomes signed off by Mana Whenua Kaitiaki Forum in April.
9. Construction of Hobson Wharf extension progressing well.
10. Challenger of Record is discussing with Emirates Team New Zealand the potential to hold an additional America’s Cup World Series preliminary event in Tāmaki Makaurau in November 2020 (to be confirmed).

### Issues/Risks

1. The three late challengers (Malta Altus, DutchSail, and Stars and Stripes), although now officially accepted, have funding and construction timeline hurdles to overcome to participate in the Prada Cup Challenger Selection Series but have the support of ETNZ.

## Strategic context

The Prada Cup challenger selection series, and the 36th defence of the America’s Cup will focus global attention on Auckland and New Zealand over the first three months of 2021.

The four themes of the hosts’ America’s Cup 36 programme are place, participation, economic wellbeing and storytelling. The programme vision is *‘Ignite the Passion – Celebrate Our Voyages’*. This is underpinned by the whakataukī *‘He waka eke noa kia eke panuku, kia eke tangaroa - We’re in this waka together, through all our efforts, we will succeed’*.

The expected AC36 programme outcomes comprise a blend of hard and soft benefits that will improve the prosperity of Auckland and New Zealand and enhance the international profile of both.

Key programme of works	Status	Description	Outlook
AC36 Infrastructure project	On Track	Construction of essential infrastructure to host the 36 <sup>th</sup> America’s Cup including syndicate base platforms.	Construction programme on track - first three challenger double-base platforms will be completed by August 2019.
Enabling third party commercial site negotiations and early works	On Track	Negotiations to relocate final Wynyard tenants to alternative sites to allow remaining infrastructure works to commence.	Negotiations with final Panuku tenants progressing well.
AC36 Event (planning and city integration) project	Delayed	National and city-wide planning and coordination, governed by the Event Steering Group, to ensure AC36 events roll out safely and successfully.	Detailed event planning with Americas Cup Event Limited re-commenced April 2019 and is underway.
AC36 Legacy and Leverage Project	Delayed	Identifying, capturing and tracking of benefits related to AC36 pre, during and post the event.	Finalisation of outcomes with mana whenua will guide legacy and leverage frameworks and plans.
Commercial agreements with Emirates Team New Zealand/America’s Cup Event Limited	On Track	Formal documentation of hosts’ relationship with Emirates Team New Zealand/America’s Cup Event Limited (ACE) and the event responsibilities, rights, benefits and funding.	The final formal agreements with ETNZ/ACE were executed in May 2019.

# Group strategic focus area – Māori outcomes

## Key commentary

### Initiatives delivered through dedicated Māori outcomes LTP funding / Te Toa Takitini

For the nine months to 31 March 2019 (YTD), approximately \$4.0 million of the dedicated Māori outcomes LTP funding was spent against a budget of \$8.9 million. Of the \$8.9 million budget, \$2.2 million was unallocated to any specific initiatives. Allocated budget was committed to a total of 23 initiatives with 1 initiative completed.

Key highlights include Hīkoia te Kōrero and the Whare for Life project that have strongly contributed to Reo Māori and Māori Housing & Papakāinga outcomes respectively. However, there remain delivery risks on some key projects. The Māori Outcomes Steering Group is working with relevant units to respond accordingly.

### Initiatives delivered through other funding sources

Across the council group, there were several initiatives that also contributed towards Māori outcomes in addition to the dedicated LTP funding. Key highlights include increased Māori employment opportunities via AC36 infrastructure build led by Panuku, and the consistent application of Te Aranga Design principles led by Auckland Transport. More examples of such initiatives are highlighted in each organisation's pack.

## Key Statistics

### Initiatives delivered through Māori outcomes LTP funding

No. of initiatives committed	23
No. of initiatives completed	1

### Performance measures for Māori outcomes LTP funding

Total no. of measures <sup>1</sup>	6
Measures for this period	
Met	N/A
Unmet	N/A

### Overall financial progress for Māori outcomes LTP funding

YTD expenditure	\$4.0m
YTD budget	\$8.9m

## Strategic context

The council group programme to achieve improved outcomes for Māori is Te Toa Takitini. Adopted strategic priorities are:

1. Marae development
2. Kaitiakitanga (particularly water)
3. Reo Māori outcomes
4. Māori Business, Tourism & Employment
5. Realising Rangatahi potential
6. Māori Identity and Culture
7. Māori Housing & Papakāinga
8. Effective Māori participation (internal)
9. Organisational Effectiveness (internal)

The first four are the focus for the first 3 years of the 10-year budget. The table below focuses on initiatives being progressed through dedicated Māori outcomes LTP funding.

Strategic priority areas	YTD Actual/Budget	Key deliverables & outlook
Marae development	\$948k / \$2,310K Delayed	The cultural initiatives fund is an annual contestable grant available for marae and papakāinga covering capital works, maintenance, feasibility and concept design, strategic financial planning, governance and asset management. \$730k spent. \$200k expected to be spent by year-end and remaining amount to be carried over with extensions to funding agreements, largely due to marae working through processes beyond their direct control (e.g. land tenure, Treaty settlement).  Marae infrastructure programme has \$2.5m allocated with the pilot programme now underway but behind due to the need for more comprehensive engagement on scoping agreements. Planned physical works will now start next financial year and budget will be carried over.
Kaitiakitanga outcomes (particularly water)	- / \$14k Delayed	The development of Te Tāruke-ā-Tāwhiri: Auckland's climate action plan is partly funded by dedicated Māori outcomes LTP funding to enable mana whenua and mataawaka contribution to decision-making on climate change actions for Auckland. There was an underspend for Q3, with delay developing a risk assessment process, currently being resolved and this work will begin in FY19/20.
Reo Māori outcomes	\$37k / \$60k Delivered	Hīkoia te Kōrero: Māori Language Week parades held in central city and Manukau provided Māori language-focussed events giving residents and visitors a sense of Māori identity through the indigenous language being seen, spoken, heard and celebrated in a public setting. Only \$37K of the \$60K budget was spent with a range of assistance, both financial and non-financial, from other organisations such as Te Puni Kokiri to help reduce the overall cost of the event.

1. The six performance measures relate to LTP measures that are measured annually at this stage. Te Waka Anga Mua ki Uta is currently developing an improved performance measure framework to include other measures.

## Strategic focus area – Māori outcomes Continued

Strategic priority areas	YTD <small>Actual</small> / <small>Budget</small>	Key deliverables & outlook
Māori Business, Tourism & Employment	\$10k / \$10k Delayed	Following extensive consultation with the Mana Whenua Kaitiaki Forum, it was agreed to defer the Tāmaki Herenga Waka Festival from January 2019, to a date outside of the 18/19 financial year. The approved budget for the delivery of the remaining two festivals (five to be delivered in total) will be available in FY19/20 and FY20/21.
Realising Rangatahi potential	\$119k / \$159k On track	The Rangatahi engagement / Māori education plan programme developed in partnership with The Southern Initiative, Democracy Services, Local Boards, Chief Sustainability Office, Healthy Waters and Māori communities is piloting new ways to enhance rangatahi capability and leadership, to embed practice long-term in engagement and decision-making practices. A Q3 highlight was successful delivery of a 100 strong rangatahi-led climate action summit, leading to a rangatahi authored chapter in Auckland Climate Action Plan.
Māori Identity and Culture	\$836k / \$1,407k On track	<p>The largest spend was in the Māori Cultural Heritage programme, a working partnership with Mana Whenua, council departments and local boards to identify, protect and manage sites and places of significance to Mana Whenua. The scope was recently increased to include an incentives programme for sites of significance which are located on private land.</p> <p><a href="#">Te Kete Rukuruku</a> project, Maori stories and naming of parks and places, is a significant initiative toward this outcome. It is currently behind budget due to delays in project resourcing due to the project starting late. This has been addressed this quarter and delivery is now expected to speed -up by the end of this financial year.</p>
Māori Housing & Papakāinga	\$75k / \$75k On track	The Whare for Life - Māori Housing project sought to provide opportunities, enhanced support, and facilitation for Māori organisations that are developing affordable and Papakāinga housing. This is the final year of the project, and it has significantly improved internal processes to build capacity within council teams and Māori organisations to fast-track the development process.
Effective Māori participation (internal)	\$1,702k / \$2,205k On track	<p>The largest spend went towards the Kaitiakitanga of Tāmaki Makaurau (Capacity Contracts) initiative. 18 of 19 iwi have signed contracts this financial year, enabling mana whenua capacity to build relationships with council and contribute to decision-making.</p> <p>\$465K has been invested in a mataawaka engagement partnership programme to improve Māori community contribution to council decision-making, and achieving good results with Māori submissions totalling 18% for the recent water strategy consultation.</p>
Organisational Effectiveness (internal)	\$302k / \$420k On track	<p>MAHI is council's internal strategy to ensure we recruit, retain, and develop Māori staff. Ngā Kete Akoranga is one of the initiatives: to grow and develop a talented and thriving Māori workforce, better serve obligations to Māori, build organisational competence in tiro ā-Māori ki tōna ake ao (Māori world view), tikanga and te reo.</p> <p>Graduate and internship programmes have developed marketing material. Coaching for staff involved in recruitment of graduates is underway. Applications for 2020 graduates closed, with an increase in the percentage of Māori applicants - the highest yet compared to previous 3 years. Current focus is on selection for graduate programme positions.</p>