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

<table>
<thead>
<tr>
<th>Date:</th>
<th>Thursday, 27 August 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time:</td>
<td>10.00am</td>
</tr>
<tr>
<td>Meeting Room:</td>
<td>Reception Lounge</td>
</tr>
<tr>
<td>Venue:</td>
<td>Auckland Town Hall</td>
</tr>
<tr>
<td></td>
<td>301-305 Queen Street</td>
</tr>
<tr>
<td></td>
<td>Auckland</td>
</tr>
<tr>
<td></td>
<td>or remotely and can be viewed on the Auckland Council website</td>
</tr>
<tr>
<td></td>
<td><a href="https://councilive.aucklandcouncil.govt.nz/">https://councilive.aucklandcouncil.govt.nz/</a></td>
</tr>
</tbody>
</table>

Tira Kāwana / Governing Body

OPEN AGENDA

MEMBERSHIP

<table>
<thead>
<tr>
<th>Mayor</th>
<th>Hon Phil Goff, CNZM, JP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deputy Mayor</td>
<td>Deputy Mayor Cr Bill Cashmore</td>
</tr>
<tr>
<td>Councillors</td>
<td>Cr Josephine Bartley</td>
</tr>
<tr>
<td></td>
<td>Cr Dr Cathy Casey</td>
</tr>
<tr>
<td></td>
<td>Cr Fāanana Efeso Collins</td>
</tr>
<tr>
<td></td>
<td>Cr Pippa Coom</td>
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<td></td>
<td>Cr Linda Cooper, JP</td>
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<td></td>
<td>Cr Angela Dalton</td>
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<td>Cr Chris Darby</td>
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<td>Cr Alf Filipaina</td>
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<td></td>
<td>Cr Christine Fletcher, QSO</td>
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<td></td>
<td>Cr Shane Henderson</td>
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<td>Cr Richard Hills</td>
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<td>Cr Tracy Mulholland</td>
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<td>Cr Daniel Newman, JP</td>
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<td>Cr Greg Sayers</td>
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<td></td>
<td>Cr Desley Simpson, JP</td>
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<td>Cr Sharon Stewart, QSM</td>
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<td>Cr Wayne Walker</td>
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<td>Cr John Watson</td>
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<td></td>
<td>Cr Paul Young</td>
</tr>
</tbody>
</table>

(Quorum 11 members)

Sarndra O'Toole
Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors

24 August 2020

Contact Telephone: (09) 890 8152
Email: sarndra.otool@aucklandcouncil.govt.nz
Website: www.aucklandcouncil.govt.nz

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

Those powers which cannot legally be delegated:

(a) the power to make a rate
(b) the power to make a bylaw
(c) the power to borrow money, or purchase or dispose of assets, other than in accordance with the Long-Term Plan
(d) the power to adopt a long-term plan, annual plan, or annual report
(e) the power to appoint a chief executive
(f) the power to adopt policies required to be adopted and consulted on under the Local Government Act 2002 in association with the long-term plan or developed for the purpose of the local governance statement
(g) the power to adopt a remuneration and employment policy

Additional responsibilities retained by the Governing Body:

(h) approval of long-term plan or annual plan consultation documents, supporting information and consultation process prior to consultation
(i) approval of a draft bylaw prior to consultation
(j) resolutions required to be made by a local authority under the Local Electoral Act 2001, including the appointment of electoral officer
(k) adoption of, and amendment to, the Committee Terms of Reference, Standing Orders and Code of Conduct
(l) relationships with the Independent Māori Statutory Board, including the funding agreement and appointments to committees
(m) overview of and decisions relating to any CCO review including the implementation of any resulting changes to CCOs
(n) oversight of work programmes of all committees of the governing body.
Exclusion of the public – who needs to leave the meeting

Members of the public

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

Those who are not members of the public

General principles

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

Members of the meeting

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

Independent Māori Statutory Board

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

Staff

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

Local Board members

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

Council Controlled Organisations

- Representatives of a Council Controlled Organisation can remain only if required to for discussion of a matter relevant to the Council Controlled Organisation.
<table>
<thead>
<tr>
<th>ITEM</th>
<th>TABLE OF CONTENTS</th>
<th>PAGE</th>
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</thead>
<tbody>
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<td>Affirmation</td>
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<td>Apologies</td>
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<td>Declaration of Interest</td>
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<td>4</td>
<td>Confirmation of Minutes</td>
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<td>Petitions</td>
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<td>8</td>
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<td>9</td>
<td>COVID-19 briefing and Auckland Emergency Management status update</td>
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<td>11</td>
<td>Proposal to merge Auckland Tourism, Events and Economic Development and Regional Facilities Auckland Limited</td>
<td>23</td>
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<td>12</td>
<td>City Rail Link: Shareholder approval of Major Transaction</td>
<td>49</td>
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<td>13</td>
<td>Ports of Auckland Statement of Corporate Intent 2020-2023</td>
<td>57</td>
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<td>14</td>
<td>Decision to opt in to the first stage of the national three waters reform programme</td>
<td>71</td>
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<tr>
<td>15</td>
<td>Relationship agreement with Watercare and Waikato entities regarding water</td>
<td>85</td>
</tr>
<tr>
<td>16</td>
<td>Summary of Governing Body information memoranda and briefings (including the Forward Work Programme) - 27 August 2020</td>
<td>101</td>
</tr>
<tr>
<td>17</td>
<td>Consideration of Extraordinary Items</td>
<td></td>
</tr>
</tbody>
</table>
1 Affirmation

His Worship the Mayor will read the affirmation.

2 Apologies

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

3 Declaration of Interest

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

4 Confirmation of Minutes

That the Governing Body:

a) confirm the ordinary minutes of its meeting, held on Thursday, 30 July 2020, including the confidential section, as a true and correct record.

5 Petitions

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

6 Public Input

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

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

7 Local Board Input

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”
COVID-19 briefing and Auckland Emergency Management status update

File No.: CP2020/11730

Te take mō te pūrongo
Purpose of the report
1. To enable the committee to be briefed on the COVID-19 pandemic, Auckland Emergency Management status and council’s response.

Whakarāpopototanga matua
Executive summary
2. Ian Maxwell, Director Executive Programmes and Phil Wilson, Group Recovery Manager will provide a verbal briefing.

Ngā tūtohunga
Recommendation/s
That the Governing Body:

a) receive the report and thank Ian Maxwell, Director Executive Programmes and Phil Wilson, Group Recovery Manager for the briefing on the COVID-19 pandemic and the Auckland Emergency Management status update.

Ngā tāpirihanga
Attachments
There are no attachments for this report.

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sarandra O'Toole - Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authoriser</td>
<td>Patricia Reade - Acting Chief Executive</td>
</tr>
</tbody>
</table>
Review of Auckland Council’s council-controlled organisations

File No.: CP2020/10115

Te take mō te pūrongo
Purpose of the report
1. To agree council’s response to the independent panel’s report: Review of Auckland Council’s council-controlled organisations July 2020.

Whakarāpopototanga matua
Executive summary
2. Council received the independent panel’s council-controlled organisations (CCO) Review report (the Review) at the end of July 2020. The findings were presented by the panel on 11 August 2020 at a confidential workshop. Two further workshops were held to discuss the Review with the governing body and local board chairs. The Review document can be found on the council’s web page dedicated to the CCO Review:


3. The Review investigated how effective the CCO model is and whether there were any viable alternatives; whether the council has adequate accountability measures and is using them effectively, as well as accountability to Māori and the public; and CCO culture.

4. The Review found that CCOs are a significant part of the council business and there is generally good support for the model. Clear benefits are evident from the CCO model but there is room for improvement.

5. The Review also found that a key accountability failing by the council is the lack of strategic direction given to CCOs. In terms of culture, the Review found little evidence of a group culture and a need for greater collaboration across CCOs (and with the council) when working with and responding to the public.

6. The Review made 64 recommendations noting that the recommendations should be considered as a package. Staff support all the recommendations.

7. Different approaches are required to implement the recommendations depending on the complexity, time required and dependencies on other activity. Further details on how these will be implemented will be the subject of further work programming and reporting to the CCO Oversight Committee.

8. The recommendations can be summarised as follows

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recommendations that can be approved in principle now and progressed over the next 6 months</td>
<td>25</td>
</tr>
<tr>
<td>Recommendations that require further analysis and development by both council and CCOs</td>
<td>9</td>
</tr>
<tr>
<td>Recommendations that are for CCOs to consider and implement</td>
<td>26</td>
</tr>
<tr>
<td>Recommendations requiring local board input and consideration</td>
<td>3</td>
</tr>
</tbody>
</table>

9. The Review’s recommendation for a proposed merger of RFA and ATEED is the subject of a separate report.
10. Where further analysis is required it is recommended that council requests CCOs to investigate implementing these recommendations and report back to the CCO Oversight Committee.

11. A copy of the report is provided on council’s website and will be available at libraries and service centres.

Ngā tūtohunga
Recommendation/s
That the Governing Body:

a) receive the CCO Review report and thank the panel members: Miriam Dean (chair), Doug Martin and Leigh Auton for their work in undertaking the review.

b) thank the CCOs, stakeholders and public for supporting the review

c) agree that responsibility for progressing the CCO review implementation is delegated to Auckland Council’s chief executive and included in his performance objectives

d) agree that the chief executive appoints a CCO review implementation lead

e) agree that a joint CCO/council project implementation team is established to develop the work programme for implementing approved recommendations and overseeing implementation

f) agree that the implementation team report on the programme and proposed approach timing to the CCO Oversight Committee within three months

g) agree that progress reports on implementing the programme are provided to the CCO Oversight Committee at 6-monthly intervals

h) direct CCOs to report progress on relevant recommendations as part of their quarterly report to the CCO Oversight Committee

i) direct CCO boards to include in CCO chief executive’s performance objectives and measures successfully implementing the relevant review recommendations, and programme of work to progress implementing the review

j) agree the Review’s recommendations in Table 1 and request the Auckland Council chief executive to implement

k) agree the Review’s recommendations listed in Table 2 and request the Auckland Council chief executive to work with CCO chief executive(s) to implement

l) agree the Review’s recommendations listed in Table 3 require further analysis and request the Auckland Council chief executive to work with CCO chief executive(s) on how best to implement

m) request the Panuku board to consider and report back on the Review’s recommendations 9 (how Panuku activities and investments contribute to meeting its performance targets) and 12 (Panuku reduces its overheads and adopts a more focused approach to redevelopment).

n) request CCOs to work with local boards to implement the Review’s recommendations 6 (AT to review how it designs, consults on, funds and implements minor capital works, including how it involves local boards in the design of its annual work programme), recommendation 34 (how they work together) and recommendation 53 (CCOs make more effort to coordinate on how they consult the community on and implement local projects).

o) Note that local boards will be able to provide input on the other relevant Review recommendations as they are further developed for implementation
Horopaki Context

12. In late 2019, the Governing Body approved the terms of reference for the CCO Review [GB/2019/127] and panel members [GB/2019/149].

13. The review took an investigative approach and covered three areas of focus:
   - the effectiveness of the CCO model, roles and responsibilities – whether the model is effective and whether there are viable alternatives
   - the accountability mechanisms between CCOs and the council – whether the mechanisms are adequate
   - the culture of CCOs – CCOs engagement with and responsiveness to the council and public concerns.

14. The terms of reference required the final report with recommendations to be provided to council by July 2020. It noted that the review timing was subject to funding, resourcing and panel commitments. Due to COVID-19, feedback from the community and stakeholders was provided via memo to the Governing Body in May 2020.

15. The independent panel presented their report and findings to a confidential governing body workshop on the 11 August 2020. Local board chairs and the Independent Māori Statutory Board were also invited to the workshop.

16. A workshop was held on 19 August 2020 to discuss CCO review implementation, work programme and recommendations relating to the proposed merger of ATEED and RFA.

17. In developing their findings, the panel met with over 100 stakeholders. Interviews were confidential. The panel received 2250 submissions and considered a wide range of written material (e.g. statement of intents, annual reports, local board and Māori engagement plans, council policies and plans). The panel also held workshops with councillors, local board chairs, CCO chief executives and chairs, and iwi. They also held four drop-in sessions with the public.

18. The CCO report is divided into three parts: CCO model, CCO accountability and CCO culture. Each part is divided into three parts, the relevant facts and feedback, an assessment of current problems and proposed improvements.

Tātaritanga me ngā tohutohu
Analysis and advice

Steps for approving, progressing and reporting on the recommendations

19. The success of the Review will lie in its implementation. The Review has made 64 summary recommendations and for context these should be read in conjunction with the improvements. The recommendations proposed are pragmatic and intended to be cost effective. They should be considered as a package.

20. Staff support the implementation of all the Review’s recommendations.

21. In considering the recommendations (discussed below), staff have grouped them into the following four groups:
   - recommendations that are reasonably straightforward and, if approved, can be actioned now (for example writing a statement of expectations). Some of these recommendations can be approved now but will require further work by the council and CCOs on how to best implement them, including gaining a better understanding of timing and financial implications (for example developing strategies that provide greater direction to CCOs)
• recommendations that council will need to request the CCOs to consider, investigate and implement. Staff recommend the governing body request the council’s chief executive to work with the CCO chief executives to implement these recommendations

• recommendations that require further analysis by council and/or CCO staff before the governing body or other committees can agree to them (for example the proposed merger of RFA and ATEED and the funding and property decisions for Panuku)

• recommendations requiring local board input and consideration.

22. Staff recommend that to implement the Review’s recommendations successfully:

• responsibility for progressing the CCO review implementation is delegated to Auckland Council’s chief executive and included in his performance measures

• the chief executive appoints a CCO review implementation lead

• a joint CCO/council project implementation team is established to develop the work programme to implement approved recommendations and oversee implementation

• the implementation team report on the programme and proposed approach timing to the CCO Oversight Committee within three months

• the implementation team reports progress on implementing the programme to the CCO Oversight Committee on a six-monthly basis

• CCOs are required to report progress on relevant recommendations as part of their quarterly report to the CCO Oversight Committee

• the council direct CCO boards to request that CCO chief executives and their executive teams include in their performance objectives and measures, effective implementation of the relevant review recommendations and programmes of work to progress the review.

Recommendations that can be actioned now

23. Twenty-five recommendations can be approved for actioning now. A summary of these are provided in Table 1. Staff recommend that the governing body agree the following recommendations and request the Auckland Council chief executive to implement these improvements and report back to the CCO Oversight Committee on how they will be implemented and by when.

24. Note that recommendation 1 (the proposed merger of ATEED and RFA) is the subject of a separate report. The Review’s recommendations relating to Panuku require further analysis and consideration of practical matters such as the optimum timing (for example the development of a property strategy, a review of property functions, transfer of non-service asset disposal function to council and any subsequent changes to company constitution, and establishing funding). It is proposed that these recommendations are considered as part of the long-term plan process and the asset recycling programme of work.

Table 1: Summary of Recommendations that can be actioned now

<table>
<thead>
<tr>
<th>Rec.</th>
<th>Recommendations that can be actioned now and request Auckland Council chief executive to implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>The council formulates a three-waters strategy and includes a reference in the strategy to Watercare’s obligation to consult the council about the broad direction of pricing and water services.</td>
</tr>
<tr>
<td>16</td>
<td>Watercare and Auckland Transport submit their asset management plans and detailed supporting information to the council every year so it can assess how well the plans give effect to its urban growth strategy.</td>
</tr>
<tr>
<td>19</td>
<td>The council reviews the way it requires CCOs to monitor and report on risks and risk mitigation measures.</td>
</tr>
<tr>
<td>Rec.</td>
<td>Recommendations that can be actioned now and request Auckland Council chief executive to implement</td>
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<tr>
<td>------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>20</td>
<td>The council establishes a small team to draw up detailed, implementable strategies that give CCOs more strategic direction, starting with strategies on water, economic development and stadiums.</td>
</tr>
<tr>
<td>21</td>
<td>The council establishes a strategic planning process in which CCO boards and the governing body hold workshops to discuss CCO work programmes and priorities, with the results fed into each CCO’s letter of expectation and statement of intent, as well as into the annual budgeting and planning processes.</td>
</tr>
<tr>
<td>22</td>
<td>The council prepares a statement of expectation setting out its expectations of each CCO and of CCOs generally.</td>
</tr>
<tr>
<td>23</td>
<td>The council develops a template CCOs must use when drafting their statements of intent, as well as a set of common key performance measures they must include, to ensure consistency in length, detail, presentation and benchmarks.</td>
</tr>
<tr>
<td>24</td>
<td>CCOs’ first and third quarterly reports concentrate more on any emerging risks or any developments that may require CCOs to adjust their priorities.</td>
</tr>
<tr>
<td>25</td>
<td>The council creates a senior position responsible for day-to-day management of council-CCO relationships to take some of the load off its chief executive.</td>
</tr>
<tr>
<td>26</td>
<td>Councillors have a day-long induction at the start of their three-year term on their responsibilities as CCO shareholders, the separation of governance from management, and how to best govern CCOs as arm’s-length organisations.</td>
</tr>
<tr>
<td>27</td>
<td>The governing body spends half a day each year visiting each CCO to better understand its business and culture and to informally build relationships.</td>
</tr>
<tr>
<td>28</td>
<td>The council reviews the liaison councillor role at the start of the 2021 financial year.</td>
</tr>
<tr>
<td>29</td>
<td>The council rewrites its governance manual so the focus is squarely on its expectations of CCOs, removing policies to a separate document and requiring incoming directors and senior managers to read the manual.</td>
</tr>
<tr>
<td>30</td>
<td>The council gives its CCO governance and external partnership unit more resources to strengthen monitoring of CCOs.</td>
</tr>
<tr>
<td>31</td>
<td>The council updates and clarifies its no surprises policy.</td>
</tr>
<tr>
<td>32</td>
<td>The council draws up a protocol governing information requests between the governing body and CCOs.</td>
</tr>
<tr>
<td>35</td>
<td>The council, working with the Independent Māori Statutory Board, the Mana Whenua Kaitaki Forum and CCOs, clarifies for CCOs what each of these three entities’ respective roles are at the governance level, and how CCOs should engage with each entity.</td>
</tr>
<tr>
<td>43</td>
<td>CCO boards have a more ethnically diverse membership and include more individuals with relevant subject matter expertise and public sector experience.</td>
</tr>
<tr>
<td>48</td>
<td>CCO chairs meet four times a year to strengthen relationships, build trust and generally provide a forum to share information and views.</td>
</tr>
<tr>
<td>49</td>
<td>The quarterly meetings of council and CCO executive leadership teams have a formal agenda.</td>
</tr>
<tr>
<td>50</td>
<td>New council and CCO staff receive instruction during their induction on the need for CCOs to operate at arm’s-length but also to be accountable to the council.</td>
</tr>
<tr>
<td>51</td>
<td>CCO chief and senior executives’ job descriptions include requirements about collaborating with the council, following council directions and meeting council expectations.</td>
</tr>
<tr>
<td>58</td>
<td>The council monitors CCOs’ compliance with its brand guidelines.</td>
</tr>
</tbody>
</table>
### Item 10

#### Rec. 60

<table>
<thead>
<tr>
<th>Recommendations that can be actioned now and request Auckland Council chief executive to implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>The council includes a selection of CCOs’ reports among its own selection for external review each year, and considers reviewing elected members survey questions to get a clear picture of satisfaction with CCO engagement and advice.</td>
</tr>
</tbody>
</table>

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**Recommendations that require CCOs and the council to work together**

25. Twenty-four recommendations will require CCO boards to agree and implement. Table 2 lists those actions that staff recommend the governing body request the council’s chief executive to work with the CCO chief executives to implement.

**Table 2: Recommendations that require CCOs and the council to work together**

<table>
<thead>
<tr>
<th>Rec.</th>
<th>Recommendations where the Auckland Council chief executive is requested to work with CCO chief executive(s) to implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>The merged entity explores, at the council’s direction, the critical need for joint management and operation of the city’s four stadiums with the Eden Park Trust.</td>
</tr>
<tr>
<td>3</td>
<td>The council explores with the War Memorial Museum and MOTAT bringing both institutions into the merged entity and seeks such legislative change as is necessary.</td>
</tr>
<tr>
<td>4</td>
<td>Auckland Transport and the council jointly prepare the regional land transport plan, the draft of which the council endorses before going to the CCO’s board for approval.</td>
</tr>
<tr>
<td>5</td>
<td>Auckland Transport and the council form a working group to clearly delineate their bylaw-making powers and formalise the result in a memorandum of understanding.</td>
</tr>
<tr>
<td>7</td>
<td>Auckland Transport and the council explore urgently with the Ministry of Transport and the New Zealand Transport Agency how to streamline funding processes.</td>
</tr>
<tr>
<td>17</td>
<td>The council, Watercare and Auckland Transport resolve consent processing delays and if this does not happen, the council assumes responsibility for assessing the water and transport components of consents.</td>
</tr>
<tr>
<td>18</td>
<td>The council reaches agreement with Watercare and Auckland Transport on clear, measurable minimum performance levels expected of them when reviewing consent applications, and establishes a formal mechanism to allow objections to the way both CCOs enforce their codes of practice.</td>
</tr>
<tr>
<td>36</td>
<td>The council urgently completes the Māori Outcomes Framework, which should include guidance on how CCOs engage with mataawaka, and afterwards CCOs update and align their Māori responsiveness plans accordingly.</td>
</tr>
<tr>
<td>37</td>
<td>CCOs use a template for their Māori responsiveness plans and collaborate with one another and seek input from Māori entities during the drafting process.</td>
</tr>
<tr>
<td>38</td>
<td>CCOs continue to work with the Independent Māori Statutory Board to monitor and report more effectively on Māori responsiveness plans.</td>
</tr>
<tr>
<td>39</td>
<td>CCOs engage directly and at a more senior level with the Independent Māori Statutory Board and the Mana Whenua Kaitiaki Forum to work on joint initiatives that benefit Māori.</td>
</tr>
<tr>
<td>40</td>
<td>Ngā Mātārae, the Mana Whenua Kaitiaki Forum and CCOs arrange a hui to establish a more co-ordinated and meaningful way of working together to reduce the number of meetings Māori entities are expected to attend and contribute to.</td>
</tr>
<tr>
<td>41</td>
<td>The council and CCOs review the quality of the service their call centres provide, including by ensuring an up-to-date, group-wide phone directory is on hand containing job descriptions and contact details of all staff.</td>
</tr>
</tbody>
</table>
Rec. | Recommendations where the Auckland Council chief executive is requested to work with CCO chief executive(s) to implement
--- | ---
44 | The council and CCOs have common values and expectations of staff and management behaviour that collectively set the tone for the broader culture of all council organisations.
45 | CCOs appoint a lead agency when working jointly on projects.
46 | The council, Auckland Transport and Panuku jointly communicate to the public about urban development and transport infrastructure matters.
47 | CCO chief executives establish a group, led by the council’s chief executive, that meets monthly to deal with any common or significant problems, risks or developments.
52 | Job descriptions refer to the need to contribute to Māori outcomes.
54 | CCOs report regularly on the nature of the complaints they receive and how long they take to resolve them.
55 | CCOs’ statements of intent contain a key performance indicator on complaint-handling.
57 | The council updates its brand guidelines to ensure the pōhutukawa logo is used in a clear, consistent and flexible way on all council-funded services, activities and facilities, including when used alongside CCO operational brands.
59 | CCOs follow the council’s quality advice standards and encourage staff to participate in its quality advice training.
61 | The council and CCOs work together to draw up group policies on shared services, the development of leadership talent and remuneration.
63 | CCOs discuss their proposed collective bargaining strategy with the council.

26. Two recommendations require council to request the Panuku board to consider and respond. These are:
   - R9 - Panuku clearly outlines how its activities and investments contribute to meeting its performance targets
   - R12 - Panuku cuts its overheads and adopts a more focused approach to redevelopment.

**Recommendations that require further analysis**

27. The following nine actions will require further analysis from both council and CCO staff and staff recommend that the Auckland Council chief executive works with the relevant CCO chief executive(s) on how best to implement. Table 3 provides a list of these recommendations.

**Table 3: Recommendations that require further analysis**

<table>
<thead>
<tr>
<th>Rec.</th>
<th>Recommend further analysis is undertaken and request that the Auckland Council chief executive works with the CCO chief executive(s) on how best to implement</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>The council identifies a more stable source of funding for Panuku during the preparation of the next long-term plan.</td>
</tr>
<tr>
<td>10</td>
<td>The council amends the Panuku constitution to make clear its twin purpose of redevelopment of urban areas and managing the council's non-service property.</td>
</tr>
<tr>
<td>11</td>
<td>The council assumes responsibility from Panuku for disposing of non-service properties (excluding those in the CCO’s own unlock-and-transform areas).</td>
</tr>
<tr>
<td>14</td>
<td>Panuku continues to manage the council’s non-service property until the council produces a property strategy and considers whether to combine all property services in one place.</td>
</tr>
</tbody>
</table>
Recommendations that require local board input and consideration

28. Three recommendations relate specifically to local boards:

- recommendation 6 requires Auckland Transport to urgently review how it designs, consults on, funds and implements minor capital works, including how it involves local boards in the design of its annual work programme. It is recommended that AT work with local boards on how to implement this recommendation.

- recommendation 34 specifically relates to local boards and how they work engage with CCOs. Staff propose that feedback is sought from local boards on whether this recommendation is supported.

- recommendation 53 requires CCOs to make more effort to coordinate on how they consult the community on and implement local projects. Staff recommend that CCOs boards are requested to work with local boards to implement.

Tauākī whakaaweawe āhuarangi
Climate impact statement

29. Climate impacts were not part of the terms of reference for the CCO review, however the climate impact will be considered as part of the programme of work to be developed to implement the review's recommendations.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views

30. The panel met with CCO chief executives and board chairs on a number of occasions throughout the review. The panel workshopped with the CCOs chief executives to understand what was working well, what was not, and to test possible options for improvements. The panel invited the CCOs to work together to produce a joint submission on ways to improve accountability and engagement.

31. CCO chief executives were also provided, in confidence, with sections of the report that referred to their CCO for fact checking purposes. The panel also tested, where appropriate, some of the recommendations. Their input is acknowledged in the review.

32. In developing this report, the proposed implementation approach was shared with the CCO chief executives.

33. If all the recommendations are implemented it should improve the effectiveness and accountability of the group.
Local impacts and local board views

34. The panel engaged with local board chairs, holding two workshops and meeting with some chairs individually and collectively following requests by these members to understand their views on the model and how engagement between local boards and CCOs could be improved.

35. Sixteen local boards also provided written submissions to the panel, three local boards reserved the right to provide further comment when the recommendations of the Independent Panel are released later this year and two local boards did not provide feedback due to COVID-19 or other reasons.

36. During the review the CCOs held a joint workshop with local boards to explore how they could work together and report better.

37. Local board chairs were invited to the governing body workshop where the panel presented their findings.

38. Local board input will be sought as part of the development and implementation of the broader work programme. Workstream leads implementing the review should seek local board input where relevant and report back on local board views as part of the six monthly reporting.

Māori impact statement

39. The panel met with representatives from the Independent Māori Statutory Board and the Mana Whenua Kaitiaki Forum. They received written submissions from iwi, held one hui and attended the Mana Whenua Kaitiaki Forum (23 July 2020) to test their findings with them.

40. The panel found that there are adequate mechanisms to ensure CCOs comply with their obligations to Māori at governance and senior management levels. However, the use of the mechanisms requires attention. The panel received feedback that there is confusion about roles and relationships, lack of clear direction and collaboration. Recommendations 35-40 address their findings in this area.

41. When we implement the recommendations we will engage with the Mana Whenua Kaitiaki Forum and the Independent Māori Statutory Board.

Financial implications

42. Implementing the review will have financial implications. No provision has been provided in the Emergency Budget for the implementation costs of the CCO review nor any consequential costs which may arise once the recommendations are implemented.

43. The forecast costs of the core implementation team for 12 months are approximately $800,000. These costs would cover additional staff resource, including a Programme Director, as well as any necessary external consulting and legal costs. Where possible, implementation of the review will utilise council and CCO staff. However additional resource will be required.

44. Consideration will need to given as to how the forecast cost of the implementation team will be funded. Staff will bring a report to the CCO Oversight committee with the proposed review implementation work programme. This report will contain more detail of the cost to implement the review, and seek approval for any unbudgeted expenditure. Any unbudgeted expenditure recommended by the CCO Oversight committee will need to be approved by the Finance and Performance committee.
45. Some recommendations may result in increased costs in one part of the group but either reduced costs or improved effectiveness in another. (For example, a small, strategic team of more resources for monitoring). For each recommendation the costs and benefits will be considered as part of the detailed planning.

46. Some recommendations may require additional funding, such as specialist advice required as part of strategy development. Again, this will be considered as part of the detailed planning.

Financial benefits

47. The review recommendations, taken as a package, will improve the effectiveness of the CCO model. Some recommendations will also provide immediate cost savings with more accruing over time.

48. The Emergency Budget includes $5m savings from the group working more efficiently together. This will be realised from:

   - $2.5m ($5m annualised) operating cost saving from the merger of ATEED and RFA if the Governing Body agrees to this (refer separate report)
   - $2.5m in other back office savings across the group. The CCO Review recommends that a policy is developed for group shared services. The policy will be the first step in achieving these savings.

49. The 6-monthly reporting will provide updates on the financial costs and benefits of the implementing the recommendations.

Ngā raru tūpono me ngā whakamaurutanga

Risks and mitigations

50. There is a risk that without commitment from the council’s executive, CCO chairs and executives and the governing body/local boards that the review’s recommendations will not be taken up. If approved, this risk will be mitigated by the recommendations to include implementing the approved review’s recommendations in the incoming chief executive’s performance objectives and measures and by requiring regular reporting from each CCO to the CCO Oversight Committee. The project lead and cross-council team will support the CCO Oversight Committee to ensure that the CCOs are held to account.

51. Implementing the review will also require resourcing and collaboration across the council family. This may prove challenging in the current environment. Clear direction and priority and monitoring by the CCO Oversight Committee and the establishment of a project lead and cross council team will go some way to mitigating this risk.

Ngā koringa ā-muri

Next steps

52. The decisions made by the Governing Body today will be communicated to the CCOs boards and chief executives, local boards, the Independent Māori Statutory Board and the Mana Whenua Kaitiaki Forum.

53. An update on the process for establishing an implementation work programme will be provided to the 22 September CCO Oversight Committee.

54. The recommendations that relate to Panuku will be considered as part of the long-term plan process.
Ngā tāpirihanga
Attachments
There are no attachments for this report.

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Claire Gomas - Principal Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
</tr>
<tr>
<td></td>
<td>Patricia Reade - Acting Chief Executive</td>
</tr>
</tbody>
</table>
Te take mō te pūrongo
Purpose of the report
1. To seek approval of a proposal to merge Auckland Tourism, Events and Economic Development Limited (ATEED) and Regional Facilities Auckland Limited (RFAL) into a single entity, to carry out all functions and activities of the current organisations.

Whakarāpopototanga matua
Executive summary
2. The 2020 council-controlled organisation (CCO) review process led by an independent panel has made recommendations on Auckland’s substantive CCOs relating to model, culture and accountability. Recommendation 1 of the review is the proposal to merge two current substantive CCOs, ATEED and RFAL.

3. The proposal is to establish a single entity to deliver the existing functions and activities of ATEED and RFAL, to make Tāmaki Makaurau the preferred city in which to live, work, visit, invest and play. Both ATEED and RFAL agree that a merger would, to use their words, “deliver great outcomes for Auckland”.

4. Under the proposal ATEED merges into RFAL, with RFAL being the surviving entity. RFAL will continue to exist as the merged entity and ATEED will be dissolved (noting the merged entity will have a new name).

5. Staff have undertaken an options analysis of the proposal and the potential alternative options considered by the panel and have explored implementation issues associated with the proposed merger. This analysis concludes that the merger proposal (option 4) provides for a maximum of efficiency, improved service delivery and value for money in a post COVID-19 operating context.

6. The proposal is expected to save approximately $5 million to $7 million per annum. These savings will offset the establishment costs of the merged entity before the end of FY2020/21. No changes to the current funding model are suggested as part of this proposal. Funding decisions and any potential changes to levels of service would be made through the council’s next long-term plan process.

7. RFAL is the corporate trustee of the Regional Facilities Auckland (RFA) charitable trust. The assets held by the RFA charitable trust will remain untouched and within the trust in this proposal.

8. The CCO review recommends the council explores with the Auckland War Memorial Museum and MOTAT bringing both institutions into the merged entity and seeks such legislative change as is necessary (recommendation 3). The review also recommends that the merged entity explores, at the council’s direction, the critical need for joint management and operation of the city’s four stadiums with the Eden Park Trust (recommendation 2). Decisions on these two recommendations are not a matter for this report and require future discussions with third parties and as signalled, may require legislative change.

9. It is proposed the merger be completed in stages, the first being establishment, followed by long-term plan refinements (as required) and ongoing optimisation. The merged entity would be established on 1 December 2020, if approval is gained today.
10. Responsiveness is important in the COVID-19 environment and moving with pace is desirable to minimise disruption and uncertainty ahead of a key events year for Auckland and for the market, stakeholders and staff, whilst providing the ability for the merged entity to inform the 2021-31 Long-term plan process.

11. Staff will seek Council approval of a Statement of Intent and name for the merged entity prior to 1 December 2020.

**Ngā tūtohunga**

**Recommendation/s**

That the Governing Body:

a) agree that the option to merge ATEED and RFAL is the preferred option to achieve delivery of their current activities and functions, with a particular focus on a maximum of efficiency, improved service delivery and value for money in a post COVID-19 operating context.

b) agree to the establishment of a merged CCO entity by amalgamating RFAL and ATEED, having taken into account the recommendations of the CCO review independent panel and the analysis contained in this report.

c) delegate to the Auckland Council Chief Executive, on behalf of the council as shareholder, to write to the ATEED and RFAL boards requesting they undertake the merger.

d) delegate to the Auckland Council Chief Executive the ability to undertake all necessary steps and execute all necessary documents, on behalf of the council as shareholder, other than merged entity board appointments or name, to facilitate the transition to and establishment of the merged entity by 1 December 2020 and to support the ATEED and RFAL boards in executing the transition and merger process.

e) agree that the board appointment process for the merged entity is delegated to the Appointments and Performance Review Committee, which will establish the number of directors and the skills required.

f) agree that any appointment of and proposed salary for an interim or permanent Chief Executive Officer by the board of the merged entity is in consultation with the Mayor and Auckland Council Chief Executive.

g) agree the Council Controlled Organisations Oversight Committee (CCO Oversight) will approve a Statement of Intent for the merged entity covering the period 1 December 2020 to 30 June 2021 which will include the consolidation of the current performance measurement framework and budgets for ATEED and RFAL.

h) note any changes to the services provided or service levels for the merged entity will be considered as part of the long-term plan process.

**Horopaki**

**Context**

12. Council agreed to undertake a review, led by an independent panel, to examine Auckland Council’s substantive CCO framework, focusing on three key aspects; CCO model, accountability and culture (GB/2019/127). The review commenced in December 2019 and concluded in late July 2020 with the delivery of the panel’s final report.

13. Recommendation 1 of the CCO review is the proposal to merge two existing substantive CCOs, ATEED and RFAL, into one entity, to deliver a maximum of efficiency, improved service delivery and value for money in a post COVID-19 operating context.
14. Under the proposal ATEED merges into RFAL, with RFAL being the surviving entity. RFAL will continue to exist as the merged entity and ATEED will be dissolved (noting the merged entity will have a new name).

15. RFAL is a company wholly owned by the council, originally incorporated to act as the sole trustee of the RFA charitable trust. RFAL holds the assets of the RFA trust in its capacity as trustee and in accordance with and subject to the RFA trust deed. The RFA trust has charitable status. For the purposes of this paper, RFAL and the RFA trust are generally discussed as one, but the corporate merger with ATEED relates solely to RFAL.

16. This report assesses the proposal against other options that could be considered to meet this objective, including the status quo.

Tātaritanga me ngā tohutohu
Analysis and advice

CCO review panel focus
17. The CCO review panel were tasked with answering four questions about the CCO model in Auckland:
   - whether there are any problems, including duplication with in-house council activities
   - whether each CCO has a clear and current purpose and is receiving adequate direction from the council
   - whether the roles and responsibilities of CCOs and the council towards one another are clearly defined
   - whether viable alternatives exist (including bringing CCO functions in-house) and what the advantages and disadvantages are.

18. In answering these questions, the panel considered whether each CCO’s activities:
   - require the commercial disciplines and specialist expertise of professional directors
   - require people with strong technical and industry knowledge, rely on the ability to recruit and retain highly skilled staff with private sector skills
   - require fast decision-making, innovative thinking and the application of relevant commercial disciplines, including those relating to risk management
   - can be made more efficient by aligning the CCO’s systems and processes to its specific business needs
   - lend themselves to achieving economies of scale
   - are not duplicated by other CCOs or the council.

Panel approach – views and feedback
19. The panel considered over 100 stakeholder interviews, 2,250 written submissions, held public drop-in sessions and workshops with councillors, local board chairs, CCO chief executives and chairs and iwi.

20. The panel has concluded the CCO model remains the right one for Auckland, as it brings strong together business disciplines, agile decision-making, a streamlined administrative structure, operational efficiencies and specialist skills and expertise that would not be possible if the council assumed direct control of CCO functions.

21. The panel said most interviewees – whether councillors, council staff, CCO directors, CCO staff, regulators, customers or other stakeholders – agreed with this conclusion. A smaller number of submitters thought CCOs should be brought in-house (which means their services would be delivered by the council organisation).
22. In respect of ATEED and RFAL, the panel concluded there were sound reasons why they should remain as CCOs. However, the panel noted that there are similarities in the outcomes sought by the CCOs and some duplication in the delivery of their services which provided an opportunity to achieve economies of scale.

23. The feedback the panel received on ATEED and RFAL is summarised below.

ATEED

24. The panel received feedback grouped into two broad topics – economic development and events. The vast majority of submitters stressed the importance of ATEED’s economic development role given the impact of COVID-19. Many submitters said neither Aucklanders nor elected members understood ATEED’s economic development responsibilities well. Both council and CCO staff said Council’s 2012 Economic Development Strategy was out of date and did not clearly define where ATEED needed to put its economic development focus.

25. Many councillors, business associations and even members of ATEED’s board said ATEED was often seen as more of a marketing, destination and events agency than an economic development agency. Some submitters said ATEED’s mandate and focus were too wide. The panel also received a lot of feedback about what submitters regarded as inadequate local economic development aimed at helping growth in individual wards and business improvement districts.

26. Many submitters appreciated ATEED’s tourism and events work. Feedback was positive about events ATEED attracted to the city and/or managed. However, some said ATEED’s events function overlapped with RFAL’s work. Many stakeholders questioned why ATEED was running cultural events such as Diwali when the council had its own community events team. Others considered its activities were not core business and did not provide value for money and the CCO should be disestablished or its functions brought in-house.

27. There were conflicting views on who should be responsible for events. Many submitters, especially members of the public, questioned the economic sense of ATEED running some events and RFAL running others. There was strong public concern about duplication.

RFAL

28. The panel received feedback grouped into four broad topics – events, funding allocations, stadiums and cultural heritage organisations. The panel received positive feedback about RFAL’s Auckland Live brand and the events it attracted to the city. However, many submitters questioned the need for two events agencies, especially when the council also had an events team of its own for more community based events.

29. Many submitters said sport and entertainment infrastructure and spending significantly overshadowed that on cultural infrastructure. Some submitters wanted the CCO brought more or less completely in-house. Other submitters blamed the lack of a stadium or cultural strategy for the way resources were skewed in favour of sports, saying bringing everything in-house would force the council to develop these strategies. Other submitters, including many who had either worked within or alongside sporting and cultural facilities favoured the CCO remaining outside the council. Some submissions from the public showed a misunderstanding about the CCO’s activities, which were often confused with the council’s community facilities, such as sports fields, parks and community halls.

30. Many submitters described the absence of a stadium strategy as a real impediment to change and expressed a strong degree of frustration that development of one was taking so long. The panel noted the CCO’s facilities and venues represent a significant financial liability to the council because they require council funding to operate and do not generate a cash surplus to pay for what is now a considerable amount of deferred maintenance.
31. Some submitters and stakeholder urged the assimilation of cultural heritage organisations, especially Auckland Museum and MOTAT under the CCO’s control. Many stakeholders, including councillors and those from other museums, also expressed dissatisfaction with what they said was “Auckland Museum’s legislatively protected position.”

2020/21 Emergency Budget

32. In the supporting information for public consultation on the 2020/21 Emergency Budget, it refers to the council’s intention to remove duplication between organisations in the council group, through the implementation of any structural changes the council decides to make following the CCO review.

33. This provided an opportunity for general comment by the community on structural changes to CCOs. In terms of CCO specific themes from the consultation, these centred around removing some CCOs, reducing salaries of senior CCO staff, stopping America’s Cup expenditure and criticism of Watercare’s performance.

Strategic context

34. The Auckland Plan 2050 sets the long-term (30 year) direction for Auckland. The functions and activities of ATEED and RFAL make contributions to all six outcomes of the plan but primarily to the Opportunity and Prosperity and Belonging and Participation outcomes.

35. The 10-year budget outlines the council’s funding priorities and how they will be paid for to deliver the council’s contribution to the Auckland Plan 2050. The levels of service statements for RFAL and ATEED reflect these contributions as it relates to their activities and functions.

36. However, the panel highlighted in its report concerns with a lack of explicit strategic direction to CCOs. The panel noted a number of council strategies contain actions that are unfunded (e.g. Toi Whiti: Auckland’s Arts and Culture Strategic Action Plan) or are outdated (e.g. Auckland’s Economic Development Strategy) or there is an absence of an adopted strategy (e.g. for Auckland’s stadiums). The panel’s recommendation 20 addresses this issue.

37. Overlaying this is a new operating context for the council group as a result of the COVID-19 global pandemic. Council’s 2020/21 Emergency Budget highlighted the need to move with pace, be a nimble and adaptable organisation to support Auckland’s recovery. Strong financial prudence is critical in this environment and is expected to flow through into the 2021-31 Long-term Plan and beyond.

Description of options

38. The panel considered a range of alternative models. For ATEED and RFAL they can be broadly summarised and grouped into four options which are described in table 1.

39. For context, the current roles and functions of ATEED and RFAL are stated below. Both CCOs were established by the Auckland Transition Agency pursuant to a direction by Order in Council in 2010.

- **ATEED** - helps make Auckland a desirable place in which to live, work, invest and do business. It does this through economic development, tourism and event attraction, and funding as well as running some events.

- **RFAL** – manages arts, culture and heritage institution and stadiums and attracts, delivers (as well as produces) events. It operates under six brands: Auckland Art Gallery, New Zealand Maritime Museum, Auckland Zoo, Stadiums (which has facilities in North Harbour, Mt Smart and Western Springs), Auckland Live (which runs events) and Venues and Conventions (which runs Aotea Centre, The Civic and Bruce Mason Centre).
40. Both entities focus in one way or another, to use their words, on “enriching the lives of Aucklanders” – ATEED through economic development (including tourism) and attracting, funding and delivering events, and RFAL through arts, cultural, entertainment and sports experiences, which have obvious social and cultural benefits but also investment and employment spinoffs.

Table 1: Summary of options

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<thead>
<tr>
<th>Option</th>
<th>Description</th>
<th>Form</th>
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<tbody>
<tr>
<td>1: Status quo</td>
<td>All ATEED and RFAL activities and functions delivered in their current structures. Assets owned or managed by the current CCOs would continue unchanged. Potential to continue discussions with cultural organisations (Auckland Museum, Stardome, MOTAT) and Eden Park on opportunities for greater integration.</td>
<td>Council organisation, 2 substantive CCOs governed by two independent boards appointed by the council</td>
</tr>
<tr>
<td>2. Bring all activities and functions of ATEED and/or RFAL in-house</td>
<td>All activities of ATEED and or RFAL are brought in-house to be delivered by the council organisation. Assets owned or managed by the current CCOs would be owned and managed by the council organisation.</td>
<td>New stand-alone business unit(s) or council department(s)</td>
</tr>
<tr>
<td>3. Bring some activities and functions of ATEED and/or RFAL in-house e.g. economic development, stadiums or cultural organisations*</td>
<td>Some activities and functions of ATEED (economic development) and/or RFAL (stadiums or cultural organisations) could be brought in-house and delivered by the council organisation. The assets associated with these functions and activities that are owned or managed by the current CCOs would be owned and managed by the council organisation.</td>
<td>Council organisation, 2 substantive CCOs plus one or more new stand-alone business unit(s) or council department(s)</td>
</tr>
<tr>
<td>4. Merger of ATEED and RFAL (the proposal)</td>
<td>A merger of ATEED and RFAL where the merged entity would undertake all current functions and activities of the two organisations. No new functions are proposed at this stage. RFA trust retains all its current assets and charitable status. While not part of the proposal, the panel recommends that a merged entity could explore opportunities to work with other cultural organisations (Auckland Museum, MOTAT) to bring them under the merged entity umbrella. They also recommend the merged entity could also explore joint management and operation of the city’s four stadiums with the Eden Park Trust (at the council’s direction).</td>
<td>Council organisation, 1 substantive CCO governed by one independent board appointed by the council, noting other orgs continue to exist in their current form (Auckland Museum, MOTAT, Eden Park)</td>
</tr>
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*Auckland Zoo, New Zealand Maritime Museum, Auckland Art Gallery

Options analysis

41. Attachment 1 presents an analysis of four options for change to the current CCO model as it relates to RFAL and ATEED. This analysis sets out the high-level advantages and disadvantages of each option (table 2). It includes an assessment of each option against key criteria (table 3), where each option is assessed as High, Medium or Low, with a colour coding applied as below. It is not an assessment of the merits of the activities and functions each entity undertakes.
42. These options were considered as viable alternatives by the panel. While there are other configurations possible, such as stand-alone entities for specific sectors or facility types, these lack sufficient scale under the current framework and as such have not been assessed.

43. The analysis concludes that the merger proposal (option 4) provides for a maximum of efficiency, improved service delivery and value for money in a post COVID-19 operating context. A summary of the criteria analysis is provided below, for the full commentary refer to Attachment 1.

| Criteria                              | 1. Status quo | 2. Bring all activities and functions of ATEED and/or RFA in-house | 3. Bring some activities and functions of ATEED and/or RFA in-house e.g economic development, stadiums or cultural organisations* | 4. Merger of ATEED and RFA (the proposal) |
|---------------------------------------|---------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Strategic fit – aligns to council outcomes and role | Yellow        | Blue                                                               | Red                                                                |
| Effectiveness – opportunity to maintain or improve effectiveness of council’s services to Aucklanders | Red           | Blue                                                               | Red                                                                |
| Value for money – anticipated benefits exceed costs/fits with council’s financial objectives and constraints | Blue          | Blue                                                               | Yellow                                                             |
| Achievability – simplification of how council operates and council has competencies to implement effectively | Red           | Blue                                                               | Yellow                                                             |
| Innovation – encourages and enables innovation | Red           | Blue                                                               | Yellow                                                             |
| Risks – risks are able to be effectively mitigated | Yellow        | Yellow                                                             | Yellow                                                             |
| Scale of resource to effect option | Blue          | Blue                                                               | Yellow                                                             |
| Degree of change to service and activity levels | Blue          | Blue                                                               | Yellow                                                             |
| Adverse impact on customer experiences and interactions with council group | Yellow        | Yellow                                                             | Yellow                                                             |

*Auckland Zoo, New Zealand Maritime Museum, Auckland Art Gallery

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<tr>
<th>Color</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Green</td>
<td>overall significant improvement with minor trade-offs or drawbacks only</td>
</tr>
<tr>
<td>Yellow</td>
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<td>overall worse outcome</td>
</tr>
<tr>
<td>Blue</td>
<td>no or very minor change</td>
</tr>
</tbody>
</table>
Detailed analysis of merger proposal

Rationale

44. As outlined by the CCO review panel, the rationale includes:
   - bringing together two entities with more similarities than differences.
   - producing economies of scale, cost savings and other tangible benefits.
   - taking a first step towards the rationalisation process set in train by the local government reforms a decade ago.
   - enabling better accountability and monitoring by reducing the number of CCOs from five to four.

45. It also creates the ability to leverage the combined resources and assets of both CCOs to unlock ‘great for Auckland’ outcomes, particularly in a post COVID-19 environment.

46. The panel also noted that standalone agencies with economic development, venue and/or events responsibilities are common elsewhere in New Zealand and overseas.

Role and purpose of merged entity

47. The proposed essential purpose of a merged ATEED and RFAL would be to make Tāmaki Makaurau the preferred city in which to live, work, visit, invest and play.

48. A merged entity would achieve this by attracting and delivering events, managing the city’s cultural institutions, venues and stadiums, and attracting visitors, business and investment that foster social, cultural and economic wellbeing.

Description of option

49. As outlined earlier, the merged entity would undertake all the current functions and activities of RFAL and ATEED. Other key parameters:
   - No changes to functions are proposed. Any changes to functions, activities and service levels will be considered as part of the long-term plan process.
   - RFAL would be the surviving entity/merger vehicle as it holds substantial physical assets (ATEED has none) and has more full-time equivalent staff (FTEs) than ATEED.
   - RFAL would retain its role as the corporate trustee of the RFA trust and RFA trust’s assets and charitable status are preserved and retained.

Objectives

50. The proposed objectives of the merged entity draw on relevant current objectives for the two existing CCOs and include others to reflect the panel’s proposal and the current operating context. The proposed objectives are:
   - to lift Tāmaki Makaurau’s economic, social and cultural wellbeing
   - to support and enhance Tāmaki Makaurau’s successful economic recovery post COVID-19
   - to develop a coordinated region-wide programme of cultural, arts, sport and business events with the objective of maximising cultural, social and economic benefits
   - to engage the communities of Tāmaki Makaurau through cultural, heritage, and lifestyle opportunities
   - to operate in a financially prudent manner to enable Auckland Council to keep rates low and contain debt. As a first principle, the merged entity should pursue shared services efficiencies in its operating model (this aligns to the panel’s recommendations 61 and 62).
51. Further refinements may be made as part of the long-term plan, implementing other CCO review recommendations and the ongoing response to COVID-19.

Auckland Plan 2050

52. Through the functions and activities currently undertaken by ATEED and RFAL, the merged entity will contribute to a number of outcome areas in the Auckland Plan 2050.

Name of entity

53. For the purposes of this report, staff have referred to a ‘merged entity’. However, it will need a new name which resonates with Aucklanders and symbolises the purpose and activities of the merged entity. Both ATEED and RFAL are aware their current names and brands are not well understood by Aucklanders and visitors. Approval of the merged entity’s name will be sought from the council.

Structure

54. The merged entity will be governed by a single board of approximately 7 members and one executive leadership team.

55. Amendments will be required to the constitution of RFAL so that it can act in a capacity other than as the corporate trustee of RFA trust. The RFA charitable trust and its assets remain untouched.

56. The merged entity could unlock opportunities to work with Auckland Museum, MOTAT and Stardome to bring these cultural organisations under one roof. Early discussions have already taken place with MOTAT. It may also provide an opportunity to explore a joint management agreement with Eden Park, which for various reasons has not been able to progress under the current framework.

Funding this proposal – establishment costs and operational funding

57. The cost savings of the proposal amount to approximately $5 million to $7 million per annum. In FY21 the savings will offset the establishment costs of the merged entity.

58. More detail on the projected cost savings and benefits realisation will be possible as the establishment process for the merger progresses, and will inform the decisions of the ATEED and RFAL boards.

59. The existing budgets of ATEED and RFAL will be consolidated from 1 December 2020 to 30 June 2021. This consolidation will enable a continuation of the current activities of RFAL and ATEED and will create opportunities for efficiency and productivity gains through the exploration of shared services and back-office functions.

60. No changes to the current funding model are anticipated initially. Funding decisions are a matter for the council’s long-term plan and annual planning processes.

Views and preferences

61. Earlier sections of this report have summarised the process to develop the panel’s final report, the feedback the panel received through the CCO review relating to ATEED and RFAL, as well as the themes from CCO specific feedback Council received during the 2020/21 Emergency Budget consultation. This feedback sets out the views and preferences of persons likely to be affected by, or have an interest in, the proposal.

62. In comparison to the last CCO merger process where Auckland Council Properties Limited and Auckland Waterfront Development Agency Limited were merged to create Panuku Development Auckland, this proposal does not include proposed new activities or expansion of the council’s current role. There would be no changes to the ownership of strategic assets owned or controlled by the existing CCOs (ATEED has no strategic assets).
63. This proposal focuses on more effective and efficient delivery of current activities. In actioning the panel’s recommendation to merge ATEED and RFAL, there are no proposed changes to existing levels of service, or the start/stop of a group of activities. The existing LTP measures that apply to each entity will continue and apply to the merged entity to begin with. It is not a proposal for new investment of council funding requiring a business case, as the current budgets of ATEED and RFAL will simply be consolidated as of the merger date. The merger proposal does not significantly affect land or a body of water.

64. As such formal consultation on the merger proposal is not required. As set out elsewhere in this report, consultation may be required in the future if the merged CCO alters service levels, or starts or stops activities at a later date.

**Timing**

65. It is proposed the merger be completed in stages, the first being establishment, followed by long-term plan refinements (as required) and ongoing optimisation.

66. The first stage – the merger of the two entities – could be done relatively quickly. To ensure the continued charitable status of the RFA trust, there will be a set of protocols and policies and appropriate organisational design set in place for day 1 of the merged entity to ensure separation between the entity’s charitable and non-charitable assets.

67. Provided approval to proceed with the proposal is received at this meeting, staff consider that a day one establishment date of 1 December 2020 can be achieved.

68. Moving at pace is desirable for a number of reasons:
   - Minimising disruption ahead of a key events year for Auckland (commencing with 36th America’s Cup)
   - Ability for the merged entity to inform the 2021-31 Long-term plan process
   - Providing certainty to the market, stakeholders and staff
   - Leveraging the cost savings and efficiencies as soon as possible
   - Minimise disruption to staff and loss of key talent
   - Enhancing the benefits anticipated from the proposal if the parties can work in a constructive manner and under a condensed timeframe

69. The following stages would centre around the 2021-31 long-term plan as an opportunity to refine levels of service (as required) and ongoing optimisation work. This optimisation work would afford an excellent opportunity to examine closely the functions of each entity to achieve maximum synergies, cost savings and transparency.

**Performance measures**

70. If the proposal to merge ATEED and RFAL is approved, the existing LTP measures that apply to each entity will continue and be applied to the merged entity in an initial performance framework. It is anticipated any review and refinement of these measures and/or targets (as necessary) will occur as part of long-term plan process, in parallel to any refinements to levels of service.

**Impact on the CCO accountability framework and Councillor CCO Liaison roles**

71. If council agrees to merge ATEED and RFAL, the current CCO accountability policy will continue the to apply to RFAL (as the merger vehicle) until updated through the long-term plan process. At that point the accountability policy will need to be amended to reflect the merged entity, its purpose and objectives and any other changes that may arise from the council’s implementation of CCO review panel wider accountability recommendations.
72. There are no changes to the strategic assets held by RFA charitable trust as part of the proposed merger and ATEED does not have any strategic assets. The requirements around CCO’s management of strategic assets and process for approval of major transactions in relation to them, as set out in the current accountability policy, will continue to apply.

73. The CCO Oversight Committee will need to approve a new SOI for the merged entity covering the period 1 December 2020-30 June 2021.

74. There are currently two liaison councillors for ATEED and RFAL. As of 1 December 2020, it is suggested this be reduced to one. The panel has recommended a review of the liaison role at the start of the 2021 financial year (recommendation 28), following which further decisions can be made on the role’s long-term future.

**Tauākī whakaaweawe āhuarangi**

**Climate impact statement**

75. A decision to agree a merger of ATEED and RFAL will not have a material adverse impact on direct greenhouse gas emissions and the approach to reduce emissions.

76. Te Tāruke-ā-Tāwhiri – Auckland’s Climate Plan was adopted by the council in July 2020 and costed actions for the council’s contribution to delivery of the plan are being developed for consideration as input to the 10-year budget (Long-term Plan).

77. ATEED and RFAL’s final 2020/21 SOIs include their high-level work programmes around climate change and sustainability. ATEED is leading three of the programmes under Te Tāruke-ā-Tāwhiri – Auckland’s Climate Plan economy section. RFAL already has a number of initiatives in place, such as integrated public transport ticketing for Auckland Stadiums’ major events and optimisation of energy and water usage across various buildings, among others.

**Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera**

**Council group impacts and views**

78. The proposal will have largely minimal impacts on other parts of the council group, given that the merged entity will deliver the all functions and activities currently provided by ATEED and RFAL, with no new functions at this stage. Interactions and relationships between various council and CCO units and teams will also continue.

79. As highlighted in the panel’s report, ATEED and RFAL have been approached separately and together, for their views and also to get a clearer picture of the implications of a merger. At the panel’s request they prepared a joint memorandum setting out their position and views on key questions (refer Attachment 2).

80. Both CCOs favour a transition process that can be concluded a soon as reasonably possible, but certainly before the end of 2020.

81. In the joint submission that all substantive CCOs made to the panel, they presented a consensus view of the common issues and challenges they faced. This included aspects such as strategy development and ownership (as noted earlier in this report) and coordination between CCOs and the ability to tell a joined-up story. The proposed merger will reduce the number of entities for coordination across the council group. With a clear purpose and logically complete set of functions, the merged entity will be able to support more coherent and integrated communications.

**Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe**

**Local impacts and local board views**

82. The process to develop the panel’s final report included workshops with local board chairs and formal submissions from local boards to the panel.
83. A key focus of the review was whether accountability mechanisms ensured CCOs responded to the concerns of the council, local boards and the public.

84. The panel are recommending several improvements to the CCO and local board relationship, including joint CCO engagement plans for each local board and combined six-monthly reports for each local board (recommendation 34).

85. The merger proposal provides an opportunity to streamline the number of CCOs that local boards and their communities need to interact with and provides a single entity with a logically complete set of functions, less duplication and sufficient scale.

**Tauākī whakaaweawe Māori**

**Māori impact statement**

86. The process to develop the panel’s final report included engagement with the Independent Māori Statutory Board (IMSB), Mana Whenua Kaitiaki Forum and iwi authorities. Material on the CCO review was provided at mataawaka events for the 2020/21 Annual Budget and mataawaka organisations were briefed on the review during the public engagement period.

87. The panel found that there are adequate mechanisms to ensure CCOs comply with their obligations to Māori at governance and senior management levels. However the use of the mechanisms requires attention. The panel received feedback that there is confusion about roles and relationships and a lack of clear direction and collaboration.

88. Among the panel’s recommendations it proposes Council, working with the IMSB, Mana Whenua Kaitiaki Forum and CCOs, clarifies for CCOs what each of these entities’ respective roles are at the governance level, and how CCOs should engage with each entity (recommendation 35).

89. The merger proposal provides an opportunity to streamline the number of CCOs that Māori and iwi authorities need to interact with and provides a single entity with a logically complete set of functions, less duplication and sufficient scale.

90. At the time of writing, the draft Māori Outcomes Performance Measurement Framework - Kia ora Tāmaki Makaurau was to be considered by the council’s Parks, Arts, Community and Events Committee. The draft framework contains a number of mana outcomes that a merged entity could contribute to, including Kia Ora Te Umanga – Māori business, tourism and employment and Kia ora Te Ahurea – Māori identity and culture.

**Ngā ritenga ā-pūtea**

**Financial implications**

91. The proposal is expected to save approximately $5 million to $7 million per annum, which includes the reduced requirement for board and executive staff, reduced back office costs and event integration efficiencies. Over 10 years, this would amount to between $44 million and $67 million.

92. In FY2020/21 the savings will offset the establishment costs of the merged entity. There are always transaction costs associated with merger proposals. In this case they are less than what they would be for interaction with third parties, as the council is 100% shareholder of both CCOs.

93. Over time further savings could also be achieved if the merged entity is able to agree a joint management agreement with Eden Park and bring together the cultural organisations (Auckland Museum, MOTAT, Stardome) under one roof.

94. Agreement from relevant Finance staff on the implications of this advice has been gained.
Ngā raru tūpono me ngā whakamaurutanga

Risks and mitigations

95. A high-level risk assessment has been undertaken in accordance with the council’s Enterprise Risk Management Framework process and methodology. This has covered high level strategic risks of the proposed amalgamation on the council’s objectives, and risks related to the implementation that will need to be managed and mitigated through the establishment and implementation process.

96. To ensure the continued charitable status of the RFA trust, there will be a set of protocols and policies and appropriate organisational design set in place for day 1 of the merged entity to ensure separation between the entity’s charitable and non-charitable assets.

97. Other risks relating to perceptions of conflicts of interest in event attraction and event management functions can be controlled through robust policy, separate reporting structures and transparent decision-making. The risk of potential uneven emphasis between economic, cultural and community outcomes within the merged entity can be mitigated through careful application of the council’s existing levers and accountability mechanisms for direction to CCOs.

98. The highest residual risks relate primarily to risks of an extended or delayed transition process and impacts for staff and stakeholders and alignment with the long-term plan preparation process. Others relate to the timeframe and resourcing to support execution of the merger. These can be controlled through effective project planning and governance oversight of the transition process.

99. The risk assessment and management process will be ongoing to ensure the successful implementation of any decisions by Governing Body. The Enterprise Risk team will support this process.

Ngā koringa ā-muri

Next steps

100. Detailed transition planning will be completed and executed under the direction of the Auckland Council, ATEED and RFAL Chief Executives. It is proposed the Auckland Council Chief Executive be provided with the appropriate delegation required to facilitate the transition to and establishment of the merged entity by 1 December 2020 and to support the ATEED and RFAL boards in executing the transition and merger process.

101. The appointment of the merged entity’s directors, number, interim chair, process, and appointment will be considered by the Appointment and Performance Review committee at its meeting on 8 September 2020.

102. Any appointment of and proposed salary for an interim or permanent Chief Executive Officer by the board of the merged entity should be undertaken in consultation with the Mayor and Auckland Council Chief Executive. Including proposed salary in this consultation reflects the panel’s suggestion that the council state its expectations about CCO chief executives’ salaries and tenure (through the statement of expectations mechanism).

103. Staff will seek Council approval of a Statement of Intent and name for the merged entity prior to 1 December 2020.

104. There also may be opportunities for some of the panel’s other recommendations, for example relating to job descriptions (recommendations 50 and 51) to be progressed in the implementation of the merger proposal.
Ngā tāpirihanga
Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Options analysis</td>
<td>37</td>
</tr>
<tr>
<td>B</td>
<td>Joint CCO memorandum</td>
<td>43</td>
</tr>
</tbody>
</table>

Ngā kaihaina
Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sarah Johnstone-Smith - Principal Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
</tr>
<tr>
<td></td>
<td>Patricia Reade - Acting Chief Executive</td>
</tr>
</tbody>
</table>
### Attachment 1: Options analysis

#### Table 2: High level advantages and disadvantages

<table>
<thead>
<tr>
<th></th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Status quo</strong></td>
<td>Specialist professional skills and expertise retained.</td>
<td>Does not respond to views and feedback received in the CCO review process regarding duplication</td>
</tr>
<tr>
<td></td>
<td>No major change to group risk profile given functions and activities already undertaken</td>
<td>Does not provide for any economies of scale, improvements to efficiency, service delivery and value for money for ratepayers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Does not provide opportunity or catalyst to unlock issues such as stadium strategy and lack of integration with the cultural sector</td>
</tr>
<tr>
<td><strong>2. Bring all activities and functions of ATEED and/or RFA in-house</strong></td>
<td>Minimises risks of duplication</td>
<td>Increases the breadth of Governing Body decision making, adding to already heavy workload</td>
</tr>
<tr>
<td></td>
<td>Promotes greater interaction with council programmes and teams such as Council Events, Chief Economist Unit</td>
<td>Potential reduced ability to leverage other funding sources (e.g. central government, private sector)</td>
</tr>
<tr>
<td></td>
<td>May increase potential for delivery of a stadium strategy if council is directly responsible for stadiums</td>
<td>Loss of flexibility and agility to respond to challenges and opportunities</td>
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<td></td>
<td></td>
<td>Potential loss of specific and focussed attention and objectives</td>
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<td></td>
<td></td>
<td>Potential for functions such as economic development to be subsumed by urban planning functions which is core council business</td>
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<tr>
<td></td>
<td></td>
<td>May be more challenging to attract and retain people with industry knowledge and expertise</td>
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<td></td>
<td></td>
<td>Incurs transition costs and resultant disruption</td>
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<tr>
<td></td>
<td></td>
<td>Incurs transition risks through establishment period</td>
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<tr>
<td></td>
<td></td>
<td>Loss of specialist industry expertise through removing both boards</td>
</tr>
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<td></td>
<td></td>
<td>Does not respond to views and feedback received in the CCO review process where most submitters agreed the CCO model remains the appropriate one for Auckland</td>
</tr>
<tr>
<td><strong>3. Bring some activities and functions of ATEED and/or RFA in-house e.g. economic</strong></td>
<td>Promotes efficiency and clarity through specific and focussed attention and objectives (e.g. for stadiums and cultural organisations)</td>
<td>Loss of opportunities to utilise international linkages created through the visitor economy and events for wider economic development purposes</td>
</tr>
<tr>
<td>Advantages</td>
<td>Disadvantages</td>
<td></td>
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<tr>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Promotes greater interaction with council programmes and teams (such as Parks, Sports and Recreation, Chief Economist Unit)</td>
<td>Loses opportunities for common functions (ticketing etc.) and economies of scale</td>
<td></td>
</tr>
<tr>
<td>May increase potential for delivery of a stadium strategy if council is directly responsible for stadiums</td>
<td>Increases the breadth of Governing Body decision making, adding to already heavy workload</td>
<td></td>
</tr>
<tr>
<td>4. Merger of ATEED and RFA (the proposal)</td>
<td>Potential for misalignment by having some aspects (e.g. sports venues) managed separately from other entertainment venues</td>
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<tr>
<td></td>
<td>Potential reduced ability to leverage other funding sources (e.g. central government, private sector)</td>
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</tr>
</tbody>
</table>

One point of reference for event organisers and those seeking funding for events
Enables a coordinated region-wide programme of cultural, arts, sports and business events
Addresses issues of duplication raised in feedback to the CCO review panel
Retains and consolidates event attraction and delivery functions within the council group, and other specialist skills and expertise

Larger entity, potentially reduces agility and flexibility
Potential for the risk of competing objectives if purpose, role and mandates are unclear
Risk of potential uneven emphasis between economic, cultural and community outcomes
Incurs transition/establishment costs and resultant disruption
Incurs transition risks through establishment period
## Table 3: Assessment against criteria

Each option is assessed as High, Medium or Low against each criteria, with a colour coding applied as below:

<table>
<thead>
<tr>
<th>Colour</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green</td>
<td>overall significant improvement with minor trade-offs or drawbacks only</td>
</tr>
<tr>
<td>Yellow</td>
<td>moderate improvement in outcome, with significant trade-offs or drawbacks</td>
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<tr>
<td>Blue</td>
<td>no or very minor change</td>
</tr>
</tbody>
</table>

* Auckland Art Gallery, New Zealand Maritime Museum and Auckland Zoo.

Advantages
- Provides a clear end-to-end value chain for events and event organisers
- Aligns to successful models used in New Zealand and overseas
- Stronger credibility and networks within business/industry sectors in CCO model
- Provides some economies of scale relating to event attraction functions, shared services and back office functions
- Provides an opportunity in time to progress integration with other cultural organisations (such as Auckland Museum, MOTAT and Stardome) and a joint management agreement with Eden Park
- No major change to group risk profile given functions and activities already undertaken, no new functions proposed

Disadvantages
- To ensure the continued charitable status of RFA trust, a set of policies and protocols, and appropriate organisational design will be required to ensure separation between the merged entity's charitable and non-charitable assets
- Potential perceived conflicts of interest in event attraction and event management will need to be managed
<table>
<thead>
<tr>
<th>Criteria</th>
<th>1. Status quo</th>
<th>2. Bring all activities and functions of ATEED and/or RFA in-house</th>
<th>3. Bring some activities and functions of ATEED and/or RFA in-house e.g economic development, stadiums or cultural organisations*</th>
<th>4. Merger of ATEED and RFA (the proposal)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic fit</strong> – aligns to council outcomes and role</td>
<td>Aligns to council outcomes and role</td>
<td>Medium – aligns to council outcomes and role but potential for role confusion and risk of functions/activities being subsumed by other council business</td>
<td>Medium – aligns to council outcomes and role but potential for role confusion and risk of functions/activities being subsumed by other council business</td>
<td>Aligns to council outcomes and role Two entities have more in common than differences</td>
</tr>
<tr>
<td><strong>Effectiveness</strong> – opportunity to maintain or improve effectiveness of council’s services to Aucklanders</td>
<td>Medium – maintains current effectiveness but misses opportunity to improve issues of scale, service delivery and value for money (opportunity cost)</td>
<td>Low – size and complexity of delivery challenge in addition to council’s other business is unlikely to improve effectiveness of service delivery</td>
<td>Low – by splitting various related functions across three existing entities creates potential for misalignment Misses opportunity to improve issues of scale, service delivery and value for money (opportunity cost)</td>
<td>High – can create a single coordinated programme of cultural, arts, sports and business events Offers one point of contact for customers Results in entities of sufficient scale to deliver services efficiently and effectively Modern approach to managing sports, performing arts, museums and zoos as elements of a single cultural offering</td>
</tr>
<tr>
<td><strong>Value for money</strong> – anticipated benefits exceed costs/fits with council’s financial objectives and constraints</td>
<td>Remains unchanged</td>
<td>Medium – benefits of CCO model lost Removes two CCO boards (resultant cost savings)</td>
<td>Low – loses some benefits of CCO model Loss of opportunities for operational synergies and shared service functions but also wider opportunities (e.g. precinct based approaches)</td>
<td>High – efficiencies gained through reduction of duplication, reduction of two CCO boards to one and one executive leadership team and resultant cost savings Over time further savings could be achieved if merged entity can agree joint management agreement with Eden park and bring cultural organisations (MOTAT, StadTome, Auckland Museum) under one roof</td>
</tr>
<tr>
<td>Criteria</td>
<td>1. Status quo</td>
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<td>-----------------------------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>Achievability – simplification of how council operates and council has competencies to implement effectively</td>
<td>Retains existing structures, including duplications</td>
<td>Low – adds more complexity to how the council operates</td>
<td>Low – adds more complexity to how the council operates</td>
<td>Enhances opportunities to consider precedent-based approaches across arts, culture, sports</td>
</tr>
<tr>
<td>Innovation – encourages and enables innovation</td>
<td>Remains unchanged</td>
<td>Low – size and complexity of resulting council organisation may inhibit innovation</td>
<td>Medium – splitting various related functions across three existing entities limits opportunities for innovation</td>
<td>High – alignment of related functions within one entity increases opportunities for innovation</td>
</tr>
<tr>
<td>Risks – risks are able to be effectively mitigated</td>
<td>Remains unchanged</td>
<td>Medium – mitigation strategies would need to be adapted for existing risks/put in place for any new risks</td>
<td>High – mitigation strategies can likely be put in place/already exist for key risks</td>
<td>High – mitigation strategies can be put in place/already exist for key risks</td>
</tr>
<tr>
<td>Scale of resource to effect option</td>
<td>None required</td>
<td>Medium – will require a disestablishment team to drive the transition process.</td>
<td>Medium – theoretically requires less resource to drive the transition process but process may be more complex when extracting functions/activities in part from a set of interrelated functions.</td>
<td>Medium – will require an establishment team to drive the transition process.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Will incur disestablishment costs (primarily legal)</td>
<td>Will incur establishment costs</td>
<td>Will incur establishment costs</td>
</tr>
</tbody>
</table>
## Proposal to merge Auckland Tourism, Events and Economic Development and Regional Facilities Auckland Limited

### Attachment A

<table>
<thead>
<tr>
<th>Item 11</th>
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</table>

#### 1. Status quo

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Degree of change to service and activity levels and interactions with council group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes to levels of service would have to be agreed through council’s LTP process</td>
<td>Remains unchanged</td>
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</table>

#### 2. Bring all activities and functions of ATEED and RFA in-house

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Degree of change to service and activity levels and interactions with council group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes to levels of service would have to be agreed through council’s LTP process</td>
<td>Medium – theoretically medium but pragmatic and practical impact of losing some internal expertise and ability to deliver dual purposes of event delivery and council delivery</td>
</tr>
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</table>

#### 3. Bring some activities and functions of ATEED and RFA in-house, economic development, organisations* |

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Degree of change to service and activity levels and interactions with council group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes to levels of service would have to be agreed through council’s LTP process</td>
<td>Low - offers one point of contact for customers, event organisers</td>
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</table>

#### 4. Merger of ATEED and RFA (the proposal)

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Degree of change to service and activity levels and interactions with council group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes to levels of service would have to be agreed through council’s LTP process</td>
<td>Low - offers one point of contact for customers, event organisers</td>
</tr>
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</tbody>
</table>

#### Opportunity to improve city brand alignment, linking the cultural attractiveness of the city with its attractiveness as a place to live, work and visit |

- Creates stronger and clearer brand and positionally with a clearly defined set of functions

#### Promotes greater interaction with existing council teams (e.g. Council Events) |

- Promotes greater interaction with existing council teams (e.g. Council Events)

#### Auckland Zoo, New Zealand Maritime Museum, Auckland Art Gallery |

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*Auckland Limited*
Implications of merging ATEED and RFA

This Memorandum has been requested by the CCO Review Panel and prepared by the Boards and CEOs of ATEED and RFA who have taken advice from PwC to ensure objectivity and accuracy. Its purpose is to consider the implications of merging the two CCOs. Both Boards support progressing the merger in a way that delivers great outcomes for Auckland.

This Memorandum sets out our position and views on the key issues relating to this potential merger.

Areas of Common Ground

- **Purpose & Strategic Priorities.** ATEED and RFA have both embraced purpose statements based on the concept of “Enriching Life in Auckland”. Both organisations have the objective of strengthening economic, social and cultural outcomes for Auckland, including through attracting events. This means that if the merger were to occur, it will be relatively straightforward to align the new organisation’s purpose, strategic priorities and story-telling.

- **ATEED and RFA’s strategic priorities and activities are compatible.** ATEED is focused on four pillars to activate Auckland’s economic development and to ensure Auckland’s successful economic recovery post-COVID:
  - Driving quality investment into Auckland
  - Rebuilding the Auckland region from the neighbourhood up
  - Showcasing a vibrant and resilient Auckland
  - Supporting businesses to innovate and thrive.

RFA has a role to play in supporting each of these pillars, and in particular through its various arts and culture institutions and live events is uniquely placed to ensure that Auckland’s vibrancy is showcased.

- **The merger should be in full and not partial.** By bringing together the full range of cultural, heritage, entertainment and sports venues and institutions, Auckland is embracing a modern and inclusive approach to culture. Consolidated management of diverse regional assets is the approach that has now been adopted by many other cities such as Melbourne, Brisbane, London, Glasgow, and Rio. The operation of Auckland’s venues and cultural programmes is underpinned by many common functions – visitor and community experience, programming, marketing, retail sales, ticketing operations, the provision of food and beverage, and venue hire arrangements.
Cultural activities and destination marketing complement each other. Establishing a single organisation to deliver both cultural activities and economic development would improve city brand alignment, linking the cultural vibrancy of the city with the city's attractiveness as a place to live, work in and visit. The city of Glasgow is an informative example. Glasgow Life is a city council funded charitable trust that provides (for a city of 1.2m people) the full range of council funded cultural and lifestyle services: museums, galleries, music and performing arts, libraries, sports and leisure facilities. Alongside this, Glasgow Life is also responsible for destination marketing and tourism development for the city. This approach has elevated Glasgow into the top 10 of the New York Times' 52 global 'must-visit' cities, and TripAdvisor rates Glasgow as one of the top 10 'most excellent' cities in the world.

It is now time to progress the Auckland Transition Agency's (ATA) 2010 recommendation that all of Auckland's venues and institutions be aggregated. Since RFA was established it has successfully added North Harbour Stadium, the Bruce Mason Centre, the New Zealand Maritime Museum, Shed 10 and the Cloud to its existing venues. In order to allow the merged entity to deliver "great for Auckland" outcomes it is critical that all of Auckland's venues and institutions are brought together in some way. The missing venues are the Auckland Museum, MOTAT, Stardome, and also Eden Park. ATEED and RFA see this CCO Review as a timely opportunity to take a first step towards integration of all of Auckland’s venues and institutions.

COVID is the catalyst for a game-changing “new normal”. Following the shock of COVID, Auckland’s success will turn on its ability to transition from crisis-recovery mode to making bold decisions for economic development and hosting events that are relevant to the “new normal” environment. In the context of this “new normal” the breadth and depth of the merged entity would be a key catalyst for Auckland’s economic recovery, while also reanimating the city as a world-class place to live, work and play. The time for this to happen is now.

There is an opportunity to consider new funding sources. Central government has committed very significant funding to support New Zealand’s economic recovery. In an environment where Council has a large funding gap, we believe there is a case for changing the funding model, so that the new entity may be funded by both Council and central government. There is precedent for this approach as Auckland Transport is funded by both Council and central government. As Auckland accounts for approximately 38% of national GDP and is likely to experience urban drift from job-seekers, we believe it is in the Government’s interests to support Auckland as the likely epicentre of the recovery. We also believe that Government is likely to prefer to fund Auckland programmes (such as the Regional Business Partner programme and the Pacific Skills initiative) through a CCO rather than Council.
The merged entity must be equipped to support commercial activity and engage with the private sector. A strong commercial capability within the merged organisation will create new revenue opportunities for Council, as well as economic outcomes for Auckland (for example in the screen sector). This is a role that a CCO can play, where it is not possible for Council to do the same. The merged entity would play a key role in sponsorships and creating commercial partnerships for Auckland, as well as increasing private sector delivery of Great for Auckland projects.

Retaining RFA’s charitable status will ensure that revenue opportunities can be maximised. For this reason we recommend that RFA should be used as the merger vehicle, noting however the intent is to create a new entity (see below).

Great for Auckland Outcomes

- The main driver for the merger is the ability to leverage the combined resources and assets of both legacy CCOs to unlock “great for Auckland” opportunities. The new organisation would develop a co-ordinated city-wide programme of cultural, arts, sport and business events with the objective of maximising cultural, social and economic benefits. As an example, ATEED is currently developing the Create Auckland 2030 Strategy with the creative sector. Bringing together ATEED and RFA would allow this strategy to be accelerated, including leveraging un-used and under-utilised venue capacity.

- Duplication of events effort would be eliminated. The new organisation would establish a co-ordinated approach to event attraction, programming and delivery that draws on the strengths and capabilities of both legacy CCOs.

- The merger would achieve cost savings and efficiencies. It is envisaged that the new entity would have a single Board, executive leadership team, back office function, and integrated event attraction, programming and delivery function. These changes would give rise to annual cost savings (ie productive efficiencies). In addition, the ability to co-ordinate and optimise resources and funding, and to enhance the level of innovation, would give rise to allocative efficiencies. Based on analysis undertaken by PwC, we expect annual cost savings and efficiencies of between $5.0m and $7.2m per annum. Over 10 years the net present value of these savings would be $44m to $67m.

- The merger would unlock the opportunity to bring together all of Auckland’s venues and institutions. RFA has prepared plans which would allow Stardome, MOTAT, and the Auckland Museum to be brought into the merged entity in a way that would ensure each institution continues to provide great outcomes for Auckland. A merger also provides an opportunity to look at joint operation of all of Auckland’s stadiums, including non-Council venues such as Eden Park.

- The combination of access to all of the city’s venues and new funding sources would accelerate the development of Auckland’s cultural infrastructure. RFA has a 30 year vision to ensure that Auckland develops world-class, fit for future facilities, which might include new theatres, museums and science centres. The merged entity with access to new funding sources has a unique opportunity to
holistically drive demand and bring forward this 30 year vision so that Auckland is seen as an attractive place to live, and to visit.

- **The merger represents an opportunity to migrate from the legacy CCO brands to a new brand that resonates with Aucklanders and symbolises the purpose of the new merged entity.** Both ATEED and RFA are aware that their current brands are not well understood by Aucklanders and visitors. The merger would allow a new brand to be adopted that transparently conveys the purpose and activities of the new entity.

**Issues to be resolved**

- **Distraction, disruption and loss of key talent.** COVID has already introduced an environment of uncertainty and anxiety into the market. Therefore if structural change is contemplated, it will need to be carefully managed by the two legacy CCOs. The risk of losing key talent and subject matter expertise is very real. Accordingly it is imperative that if the merger proceeds it is completed as fast as practicably possible.

- **Integration adds complexity relative to the status quo.** The merged entity would be more complex than either of the existing CCOs, though still smaller than Auckland Transport and Watercare. Accordingly an operating model and organisation structure will need to be designed that allow the new organisation to operate efficiently in a connected way from inception. This is discussed further below.

- **There is a risk that the new entity may not appropriately balance economic development activity and cultural and community initiatives.** For ATEED the merger represents a transition from a single purpose (activating and catalysing economic development opportunities for Auckland) to a multi-purpose organisation that will need to balance economic, cultural and community objectives. And this also applies to RFA who’s cultural and community objectives will sometimes require trade-offs against commercial outcomes. Care will need to be taken in the design of the new organisation to ensure that an appropriate balance is struck between what at times will be competing priorities.

- **The trade-off between event attraction and event management will need to be managed.** Where, for wider economic reasons, events are incentivised to come to Auckland by the same organisation that operates potential host venues, perceptions of conflict of interest may be raised by competitor venue hosts. Robust policy, separate reporting structures, and transparent decision-making will address any perceived conflicts. Ultimately the new entity will need to demonstrate that its choices are predicated on delivering “great for Auckland” outcomes.

- **The merger will incur transaction costs.** However because Council is the 100% owner of both CCOs there would not be any valuation relativities to negotiate and agree, and therefore the costs will be less than for a transaction involving third parties.

- **In our view all of these issues can be addressed and managed.**
How, Timing and Funding

- **If the merger proceeds, the strategic interface with Council will be critical.** An early task in establishing the new entity will be for Council to set the city-wide strategy with the objective of maximising cultural, social and economic benefits for Auckland. It is expected that the two legacy CCOs would provide subject matter input and recommendations to support this process.

- **Appoint a Board for the new entity at the start.** The Board would represent the interests of the new entity, and appoint a CEO to establish the organisation. The establishment process would include developing the strategy for the new organisation, drafting a Statement of Intent, setting Key Performance Indicators (see below), designing the operating model and the organisation structure, and a plan for the change management process, all with input from Council.

- **RFA is the logical merger vehicle.** RFA has $1.5 billion of assets, whereas ATEED has no physical assets. Avoiding the movement of physical assets is likely to minimise tax impacts from the transaction. RFA also has more FTEs than ATEED, thus reducing the risk of triggering technical redundancy when staff are transferred into the new entity. This approach will ensure that RFA does not lose its charitable status.

- **To mitigate distraction, disruption and loss of key talent a fast timeline is required.** Subject to clarification on any legal requirements, any need for consultation, and the impact on the LTP, ATEED and RFA both favour a go live date of 1 December 2020.

- **As discussed above, the merged entity would benefit from access to central government funding.**

**Governance, Operating Model and KPIs**

- **The new Board should include Board members from each legacy CCO for continuity.**

- **The creation of Advisory committees would provide for appropriate expert input.** RFA has already embarked on a process to form an Advisory committee for the Auckland Art Gallery. It is recommended that where appropriate this model be adopted for other sectors.

- **The Establishment Team would ultimately recommend an operating model and organisation structure for the new entity.** In order to create synergies and unlock opportunities for Auckland, the operating model and organisation structure should minimise silos and encourage connected activity.

- **The new entity will need to set relevant KPIs.**

  ATEED’s current KPIs are based on the following:
  - Place brand awareness and strength
  - Return on invested capital
  - Impact on regional GDP
  - Impact on bed nights
  - Employment outcomes
  - Benefits to sectors (such as film, tourism and education)
RFA's current KPIs are based on the following:
- Reducing the cost to Council of providing arts, cultural, heritage, entertainment and sports experiences
- Increasing commercial revenue
- Growing both the audience and programme for arts, cultural, heritage, entertainment and sports experiences
- Increasing both the audience and support for performing arts
- Growing the use of and attendance at its stadiums

The new entity would develop KPIs in conjunction with Council that support the following themes:
- Auckland is an attractive city to live in, and visit
- Auckland values cultural life, and actively participates in cultural activities
- Auckland is an economically vibrant and thriving city
- Auckland is a major investment hub for the Asia-Pacific region
Te take mō te pūrongo

Purpose of the report

1. To seek Governing Body’s approval, as joint shareholder with Crown, for City Rail Link Limited (CRL) to enter into a contract variation for the City Rail Link Project Alliance Agreement. This “Variation Agreement” is a material contract, as defined in the Project Delivery Agreement (PDA) and a major transaction as defined in the Companies Act 1993.

Whakarāpopototanga matua

Executive summary

2. CRLL is responsible for the delivery of the City Rail Link project, which is being procured via separate works packages. On 27 June 2019, Council approved CRLL entering into a “Project Alliance Agreement” (PAA) for the C3 (stations and tunnels) works as a major transaction (GB/2019/64). The C3 contractor selected was Link Alliance, comprising Vinci Construction, Downer New Zealand, and Soletanche Bachy as constructors, and WSP Opus/AECOM/Tonkin and Taylor as designers.

3. The committee report on C3 noted that two other major works packages – C5 (Western Line connections) and C7 (Systems, Integration, Testing and Commissioning) – would be subsequently integrated into the PAA as a variation.

4. This report seeks approval for the integration into the PAA of the C5 and C7 works packages by way of a Variation Agreement. The C5 and C7 works packages cover the following works:
   - C5: connecting the railway infrastructure with the existing western line in and around the Mt Eden station area
   - C7: station and rail IT, data and communications systems, rail control systems, signaling systems, systems integration into the existing network, traction power systems, and testing and commissioning of the City Rail Link and its integration into the existing network.

5. The Alliance has worked closely with CRLL to agree a variation to the PAA. It has ensured value for money primarily through the competitive selection of subcontractors for a majority of the works by value.

6. City Rail Link Limited has confirmed in a letter to sponsors seeking approval for the C5/C7 transaction that the “budget and timeline for completion for the Alliance Works are consistent in all material respects with the approved Forecast Project Costs and approved Project Delivery Schedule”. These Forecast Project Costs were revised and agreed as $4.419b by Crown and Council (2 May 2019, GB/2019/33). CRLL has also confirmed that there remains sufficient budget and time allowed for procurement and completion of the remaining works packages.

7. The Variation Agreement is the second highest value works package of the City Rail Link project. Incorporating the C5 and C7 works packages into the Alliance exceeds the total current value of City Rail Link Limited’s assets (approximately $1.3b at present), by well over half. This transaction qualifies as a ‘major transaction’ under section 129 of the Companies Act 1993 and requires shareholder (Crown and Auckland Council) approval before CRLL can enter into the Variation Agreement.

8. This is given effect by Council and Crown signing a shareholder resolution prepared by CRLL.
9. The Sponsors’ assurance provider (Advisian) has provided advice to council staff, and confirms that CRLL has met the relevant requirements, particularly those under the PDA. Advisian has reviewed the Variation Agreement, evaluation reports, independent advice provided to CRLL and board reports to ensure that CRLL has undertaken all necessary and prudent due diligence to assure that the Alliance has sufficient financial, technical and operational capacity and capability to undertake the full scope of works required of it.

10. We also confirm our view that CRLL has complied with the requirements of the PDA and that there are no grounds for withholding approval of this major transaction.

Ngā tūtohunga
Recommendation/s
That the Governing Body:

a) grant shareholder approval to City Rail Link Limited to enter into the Project Alliance Agreement Variation Agreement, which will constitute a major transaction under the Companies Act 1993 and a material contract under the Project Delivery Agreement.

b) delegate the Auckland Council chief executive to sign any shareholder resolutions and other documents necessary to give effect to clause a) of the decision.

Horopaki
Context
Shareholder approval

11. In 2017, the Governing Body resolved [GB/2017/72/c xi)] that sponsor approval is required in relation to significant (or “material”) contracts for the City Rail Link project.

12. The PDA, signed by the Crown, Auckland Council and CRLL sets out the conditions for CRLL to enter into material contracts. The PDA lists the information and documentation CRLL is required to provide sponsors to complete their review for approval purposes and identifies the grounds for which sponsors can withhold approval of the award of a material contract.

13. CRLL is seeking formal approval from shareholders to enter into the Variation Agreement, which constitutes a material contract.

14. The Variation Agreement is also a “major transaction” under section 129 of the Companies Act 1993 and requires a shareholders’ resolution. Under the Companies Act, a ‘major transaction’ includes a transaction that has the effect of the company incurring obligations or liabilities, including contingent liabilities, the value of which is more than half the value of the company’s assets before the transaction. As the value of CRLL’s assets are estimated at approximately $1.3b (as at 31 August 2020), the Variation Agreement works (with a value in excess of $700m) meet the major transaction threshold.

The Project Alliance Agreement – Variation Agreement: the transaction

15. When the City Rail Link project was first planned, it was as a series of discrete works packages and procurement contracts (C1, C2, C3, etc.). As the project developed, the procurement model shifted from a ‘design and construct’ basis for each individual package, to an alliance model for the major works of tunneling, building stations, installing systems, and creating connections with the existing rail network.

16. An alliance model is a form of procurement which includes the client and contractor(s) together agreeing target costs when the contracts are signed. The participants in the alliance also together agree to share any cost overruns or savings. This incentivises cost management, value engineering/optimisation and scope control.
17. CRLL ran a competitive tender process in 2019 to select the supplier for the tunnels and stations works – the “C3” works package. CRLL selected a consortium, comprising Vinci Construction Grands Projets S.A.S, Downer New Zealand Limited, and Soletanche Bachy International (NZ) Limited as constructors, and Opus International Consultants Limited, AECOM, and Tonkin and Taylor Limited as designers. This became known as the “Link Alliance”.

18. When the PAA was signed, CRLL signaled its intention to also incorporate the other major works packages, C5 (Western line connections) and C7 (Systems, Integration, Testing and Commissioning) into the PAA by way of a variation to the original agreement. This Variation Agreement has now been agreed with the Link Alliance.

19. The Variation Agreement does not alter the overall scope, timing or agreed budget of the City Rail Link project as agreed in the Project Delivery Agreement. However, the Variation Agreement does allow for changes to be made to the timeline for valid reasons. The circumstances which qualify as a valid reason are set out in the Variation Agreement. This may mean the timeline goes beyond that in the Project Delivery Agreement.

Tātaritanga me ngā tohutohu
Analysis and advice

20. CRLL is responsible for delivering the project, with Auckland Council and the Crown having a suite of oversight mechanisms to satisfy themselves on the progress of the project and the ability of CRLL to deliver it.

21. Two elements are required for approval of the Variation Agreement. First, that CRLL has satisfied the requirements of the PDA agreed by and between Council, Crown and CRLL for material contracts. Second, that the major transaction requirements of section 129 of the Companies Act are met.

Material contract approval requirements

22. The requirements for approving a material contract as set out in the CRL PDA (Schedule 4) are provided in the table below, along with an assessment of whether these are met.

Material contract approval requirements and assessment, C5 and C7

<table>
<thead>
<tr>
<th>Approval requirements</th>
<th>Assessment</th>
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<tbody>
<tr>
<td>Final form of material contract</td>
<td>The proposed final form of the Variation Agreement has been presented to the CRLL Board, which has approved it.</td>
</tr>
<tr>
<td>Summary of key commercial terms</td>
<td>Reviewed and accepted by legal representatives of all parties. This has largely been carried over from the PAA, with some relevant amendments made to the ‘Variation Benchmarking Register’, which records the types of events or circumstances which would justify a further variation to the PAA. This includes circumstances where there is a failure by AT or KiwiRail to provide services to the Alliance in a fashion that allows the programme to be maintained. These services have been agreed with AT and KiwiRail.</td>
</tr>
<tr>
<td>All required consents are held or in the process of being obtained</td>
<td>CRLL has assured shareholders that all consents are held by CRLL (or in process of being obtained) or its contractors as required.</td>
</tr>
<tr>
<td>Approval requirements</td>
<td>Assessment</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Budget and timeline are consistent with approved forecast project costs and delivery schedule</td>
<td>CRLL has assured shareholders that the budget and timeline for completion are consistent with approved Forecast Project Costs ($4.419b) and approved Project Delivery Schedule (practical completion is proposed as Friday 13 December 2024). CRLL has also confirmed that there remains sufficient budget and time allowed for procurement and completion of the remaining works packages.</td>
</tr>
<tr>
<td>Scope of work is consistent with project scope</td>
<td>The scope of Works under the Alliance described in the Variation Agreement is consistent with project scope for the C3, C5 and C7 Packages.</td>
</tr>
<tr>
<td>Successful contractor is solvent and capable of undertaking works</td>
<td>CRLL has assured shareholders that each of the entities forming the Alliance is solvent and capable of undertaking the required works. CRLL has a right to regularly monitor the financial viability of the Other Alliance Participants and will provide regular assurance to sponsors on this matter. Upon execution of the Variation Agreement each ‘Other Alliance Participant’ (i.e. all parties except CRLL itself) must provide confirmation from its parent company that the existing parent company guarantee covers these existing obligations.</td>
</tr>
<tr>
<td>Insurance policies are provided for</td>
<td>All insurance policies required in connection with the Works under the Alliance are in full force and effect.</td>
</tr>
<tr>
<td>The level of contingency in the budget is acceptable</td>
<td>CRLL has assured shareholders of the level of contingency in the budget for the Alliance works. CRLL has informed sponsors that this includes allowances for the financial risks which CRLL has retained following negotiations.</td>
</tr>
<tr>
<td>Government rules of sourcing have been complied with</td>
<td>CRLL performed an assessment of compliance at the time of selecting the procurement model for the procurement of the C5 and C7 works. CRLL has confirmed that processes have been in place to procure all C5/C7 works on a value for money basis. Advisian has peer reviewed the procurement processes and has provided assurance to Sponsors that so far as practicable, the procurement process provides value for money.</td>
</tr>
<tr>
<td>Risk position accepted by CRLL are within the risk matrix approved by sponsors</td>
<td>The risk positions accepted by CRLL are within the risk allocation matrix previously approved, or where they are not, have been documented and are acceptable in the context of the CRL project. As part of the approval of the Variation Agreement, Sponsors have asked CRLL to ensure there are protocols in place to manage and mitigate the CRLL Retained Risks.</td>
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23. Compliance with the material contract approval requirements identified in the PDA has been verified by the sponsors’ assurance manager (Advisian) and it has confirmed that it has not identified any material issues for withholding approval.

24. Crown officials have provided similar advice to the Minister of Finance and Minister of Transport. Due to the upcoming general election, this has occurred prior to Council’s Governing Body considering approval of the Variation Agreement. A verbal update on Government’s decision, if known, will be provided to the Governing Body at the meeting.
Major transaction: Assessment of impacts

25. We have assessed the proposal for CRLL to enter into the proposed major transaction in relation to:
   - its strategic alignment
   - any group financial impacts
   - whether the board has been provided with advice on all the issues and risks relevant to the proposal.

26. While CRLL is not a Council-Controlled Organisation (CCO), these three factors have been drawn from the CCO accountability policy for assessing major transactions as we consider that this provides an appropriate framework.

Strategic Alignment

27. Council has already contractually committed with the Crown to deliver the City Rail Link. The Variation Agreement will deliver some of the key components of the City Rail Link works. City Rail Link was identified in the 2012 Auckland Plan as Auckland’s highest priority project and in the Auckland Plan 2050 as a critical piece of enabling infrastructure required to unlock Auckland’s development areas and provide for future population growth. The City Rail Link is also a core component of the Auckland Transport Alignment Plan (ATAP) package agreed between Auckland Council and the Crown. The transaction is therefore strongly aligned with and delivers on council’s strategic objectives.

Financial implications on the council group

28. The Governing Body in May 2019 [GB/2019/33] approved the council’s funding commitment to CRLL be increased by $500 million to $2.2 billion and agreed that budgets will be updated to reflect this. This was based on a robust reforecasting and peer review of total project costs. This brings the total budget of $4.419 billion and a letter was sent to CRLL from sponsors confirming this on 29 May 2019.

29. The cost CRLL has negotiated for the Variation Agreement, including contingency, can be accommodated within the total City Rail Link project budget.

30. Staff are therefore of the view that there are no adverse financial implications from this proposal, and that any financial risks associated with the transaction can be appropriately managed by CRLL.

31. Funding will continue to be provided to CRLL by the Crown and Council as per current practice, by quarterly requests from CRLL.

Board decision-making

32. CRLL’s board has received regular presentations and formal reports on the Variation Agreement package. These are summarised in Table 3 below.

Table 3: Summary of CRLL board meetings and updates

<table>
<thead>
<tr>
<th>Date</th>
<th>Meeting format</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 August 2020</td>
<td>CRLl Board Meeting</td>
<td>Board paper for discussion/decision: Final approval of C5/C7 Variation Agreement and associated documents for issue to sponsors</td>
</tr>
<tr>
<td>21 July 2020</td>
<td>CRLl Board Meeting</td>
<td>Board paper for discussion/decision: Update on C5/7 pricing and programme</td>
</tr>
<tr>
<td>23 June 2020</td>
<td>CRLl Board Meeting</td>
<td>Board paper for discussion/decision: Update of C5/7 Pricing Negotiations</td>
</tr>
<tr>
<td>21 January 2020</td>
<td>CRLl Board Meeting</td>
<td>Board paper for discussion/decision: Extension of C5/7 Development Agreement</td>
</tr>
</tbody>
</table>
33. The contract documents have been prepared and negotiated by CRLL and its legal advisers.

34. The approval is subject to there being no material changes to the risk allocation under the Variation Agreement as currently drafted.

35. Based on the information provided, it appears that the CRLL board has considered the issues and risks associated with the Variation Agreement and has received appropriate advice to support its decision-making. Staff believe there are no grounds for withholding council approval.

**Tauākī whakaaweawe āhuarangi**

**Climate impact statement**

36. The Variation Agreement includes an enhanced financial risk/reward regime which incentivises the Other Alliance Participants to improve their environmental sustainability practices.

**Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera**

**Council group impacts and views**

37. We work with staff from Auckland Transport (AT) on the CRL project, with regular fortnightly meetings taking place, which also include KiwiRail representatives. More frequent meetings have occurred throughout development of the Variation Agreement.

38. AT has the responsibility for the public transport metro rail services in Auckland and is the likely asset owner of the City Rail Link stations on completion of the City Rail Link project. AT is the owner of the Britomart railway station and lessee of the other Auckland rail stations. AT is not a party to the Link Alliance/PAA but is a Stakeholder Alliance Participant as it has a critical interest in the successful completion of the City Rail Link and its integration with the AT network.

39. AT’s involvement in the PAA is to provide governance (through its membership of the Project Alliance Board and its participation in various technical working groups) and to provide technical and operational support to CRLL as set out in the Delivery Partner Agreement.

40. However, the Variation Agreement represents the point where AT’s interests become more fully integrated within the programme. Whereas most previous contracts have focused on construction of relatively discrete pieces of infrastructure, the C5 and C7 packages have critical interface elements with the responsibilities of Auckland Transport and KiwiRail.

41. Supporting AT’s involvement from this point are a number of elements, including:
   - Amendments to the Delivery Partner Agreement to agree AT’s role
   - A supplemental services agreement, detailing an agreement on what services AT will provide to the Alliance
   - AT’s involvement in the Project Control Group.
42. These documents and processes ensure that, while City Rail Link is a complex multi-party programme, AT’s interests (and therefore Council’s as sponsor) can be incorporated into the work of the Alliance. For example, as the project proceeds, there will be numerous design elements which will require resolution to ensure seamless interface with the existing operational systems and standards of KiwiRail and AT.

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

43. Local board views have not been sought for this report. The City Rail Link is a strategic regional investment and as such falls under the decision-making authority of the Governing Body. Whilst many local boards are likely to have an interest in the completion of the CRL due to the benefit to their communities, the decision to approve the Variation Agreement does not have a local impact.

Tauākī whakaaweawe Māori
Māori impact statement

44. The PAA specifically provides as Alliance objectives that the Alliance develops collaborative relationships with mana whenua and supports social outcomes including positive and enduring social and economic outcomes for the people of Tamaki Makaurau, and support leadership roles for mana whenua, Pasifika, youth and immigrants.

45. The Variation Agreement includes a regime for incentivising enhanced social outcomes, for example training and apprenticeship programmes for Māori (and Pasifika).

Ngā ritenga ā-pūtea
Financial implications

46. CRLL has provided assurance to shareholders that the agreed Target Outturn Cost for the Variation Agreement is consistent with the approved Forecast Project Costs ($4.419b).

47. There are accordingly no financial implications from agreeing to the Variation Agreement.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations

48. CRLL is legally accountable for procuring, managing and delivering the CRL project within the project budget.

49. The Variation Agreement is generally consistent with the Risk and Commercial Framework set out in the original PAA, with such changes as necessary due to the incorporation of the C5 and C7 works packages.

50. The C5 and C7 works are not without risk. The key specific risks primarily relate to the interface with existing systems and networks and the testing and commissioning phase before CRL can open to the public. Some of these risks are retained by CRLL under the Variation Agreement, rather than shared with the Other Alliance Participants, by way of example:
   - Interface with Auckland Transport rolling stock specifications
   - Design of track form and auto transformers where CRLL has agreed to take some risk that the design solution is not effective;
   - Cancellation or non-granting of block of lines, including provision of rail replacement buses
   - Failure of AT and KiwiRail to provide services that CRLL has engaged them to provide to enable the Alliance to carry out the works (including design approvals); and
   - The impact of COVID-19 and other pandemics or epidemics.
51. The C7 works package includes the critical testing and commissioning scope. As the input of both KiwiRail and Auckland Transport is integral to this stage, in particular in the period prior to practical completion, CRLL has agreed that some delays caused by the failure of AT and KiwiRail to provide these critical services, is a CRLL retained risk. It will be important in relation to these services provided by AT and KiwiRail that CRLL properly manages their engagement as delivery partners, and that AT and KiwiRail be proactively engaged and ready to provide those services, particularly during the testing and commissioning phase immediately prior to practical completion of the project.

52. Staff have reviewed applicable documents describing these risks and how they will be dealt with and are satisfied that the risks above are both described in a comprehensive fashion and are an appropriate allocation of responsibilities to respond the issues. CRLL has represented that it has in place appropriate processes to manage the CRLL retained risks arising from the C5 and C7 works packages.

53. Another risk identified by the Alliance, which is outside of the CRL project, is the need to increase the scope of the power capacity of the traction power network. This work is to be carried out by KiwiRail outside of the CRL Project and will need to be done so as to facilitate the Day One opening timetable.

54. CRLL has assured shareholders that all foreseeable financial risks are within the CRL project budget and contingency. The shareholders are not obliged to provide additional funding and have governance rights to direct CRLL to descope or take such other action shareholders deem necessary should there be risk to budget.

Ngā koringa ā-muri

Next steps

55. If the Governing Body and the Crown approve this major transaction, then Auckland Council's chief executive will sign a Shareholder Resolution and CRLL will enter into the Project Alliance Agreement Variation Agreement in September 2020.

56. A number of elements of the CRL project are already complete, as was noted by CRLL at its recent workshop with councillors. An example is the stormwater diversion work which constituted the C6 package. A report to governing body in September 2020 will seek approval to transfer these to their appropriate future owners, along with an update on discussions about CRL future ownership.

Ngā tāpirihanga

Attachments

There are no attachments for this report.

Ngā kaihaina

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Edward Siddle - Principal Advisor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorisers</td>
<td>Alastair Cameron - Manager - CCO Governance &amp; External Partnerships</td>
</tr>
<tr>
<td></td>
<td>Phil Wilson - Governance Director</td>
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<td></td>
<td>Barry Potter - Director Infrastructure and Environmental Services</td>
</tr>
<tr>
<td></td>
<td>Patricia Reade - Acting Chief Executive</td>
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</tbody>
</table>
Ports of Auckland Statement of Corporate Intent 2020-2023

File No.: CP2020/09626

Te take mō te pūrongo
Purpose of the report
1. To agree shareholder comments on Ports of Auckland Limited's 2020-2023 statement of corporate intent.

Whakarāpopototanga matua
Executive summary
2. Ports of Auckland Limited has provided a draft copy of its statement of corporate intent to the council. The council must provide its comments on the statement of corporate intent by the end of August.

3. The statement of corporate intent contains very few changes from last year’s document. Ports of Auckland’s focus this year is on the straddle automation project and dealing with the ongoing impacts of COVID-19. As such, we recommend only a few comments this year.

4. Ports of Auckland plans to review its company vision and strategy next year which will lead to more changes to the statement of corporate intent. Ports of Auckland should engage with the Governing Body to ensure that its vision and strategic objectives are consistent with the council’s wider objectives for the port and waterfront land.

5. The Governing Body is scheduled to meet with the board of Ports of Auckland in September.

Ngā tūtohunga
Recommendation/s
That the Governing Body:

a) approve the proposed shareholder comments in this report, relating to Ports’ vision and strategy review, emissions target, and mana whenua engagement measure

b) delegate to the Mayor and Deputy Mayor the approval of a letter to Ports of Auckland reflecting these comments

c) note that the Governing Body is scheduled to meet with the board of Ports of Auckland in September.

Horopaki
Context
6. Ports of Auckland Limited has provided a draft copy of its statement of corporate intent to the council, as required under the Port Companies Act 1988 (Attachment A to this report).

7. The statement of corporate intent states the objectives of Ports of Auckland and provides an opportunity for accountability to the council. Among other things, it must contain:
   • The objectives of the Ports of Auckland group
   • The nature and scope of the Port’s activities for the year
   • The performance targets and other measures that relate to its objectives
   • An estimate of the amount or proportion of dividends to be paid to the shareholder.
8. If the council chooses to provide comments on the statement of corporate intent, it has to do so by the end of August. Ports of Auckland must provide a revised statement of corporate intent by the end of September. The council can modify Ports of Auckland’s statement of corporate intent at any time.

9. The Governing Body is scheduled to meet with the board of Ports of Auckland in September, which was rescheduled from March following the COVID-19 Alert Level 4 lockdown. This meeting is an opportunity to ask questions of the board.

Tātāritanga me ngā tohutohu

Analysis and advice

10. The statement of corporate intent contains very few changes from last year’s document. Ports of Auckland has advised the council that its immediate focus this year is on the straddle automation project and dealing with the ongoing impacts of COVID-19. As such, we recommend only a few comments this year.

11. Ports of Auckland plans to review its company vision and strategy next year which will lead to more changes to the statement of corporate intent. We recommend that you provide feedback to Ports of Auckland that it should engage with the Governing Body to ensure that its vision and strategic objectives are consistent with the council’s wider objectives for the port and waterfront land, and that staff should agree a process for how this should happen.

Projected financial performance

12. The statement of corporate intent contains the financial projections that you approved in the Emergency Budget. Its revenue, net profit, dividend and return on equity are all lower than projected.

13. Ports of Auckland has revised the dividend policy to remove a reference to a general target dividend of 80 per cent of after-tax profits for any given year. It plans to return the dividend to 60 per cent of after-tax profits in the 2022/2023 financial year. Ports of Auckland attributes this to the current economic conditions and “the high level of capital investment required to meet Auckland’s growing freight needs”, which we assume relates to the straddle automation project and the other projects in the Port Masterplan.

Straddle automation project

14. Ports of Auckland originally intended that the ‘go-live’ date for the straddle automation project would take place in late 2019 but delayed it until after the 2019/2020 summer season. This was further delayed because of the COVID-19 lockdown, and we understand that it is now in a testing phase. You should expect a briefing on the automation project’s progress at the meeting with the board in September.

Emissions reduction target

15. After the Governing Body’s comment last year that it should include an annual emissions reduction target to better benchmark its progress, Ports of Auckland has included annual targets for the next three financial years. This is commendable, however we recommend you request Ports of Auckland to provide more detail including what baseline it is measuring these against and whether it is gross or net emissions.

Health and safety

16. This year, Ports of Auckland has been sentenced on a charge relating to a death of a swimmer and has pled guilty to another charge relating to the death of a straddle carrier driver in 2018. Ports of Auckland should communicate what actions it has been taking to improve health and safety.
Other matters

17. The statement of corporate intent says that Ports of Auckland will contribute to the council’s City Centre Masterplan refresh in 2020. The City Centre Masterplan 2020 has already been adopted by the Planning Committee in March this year, and Ports of Auckland was involved in that process.

18. Ports of Auckland has agreed to provide quarterly reports to the council, with the first report scheduled for the first quarter of the 2020/2021 financial year.

19. The relationship between Ports of Auckland and the council is set out in a memorandum of understanding. That document refers to an annual review by the chief executives of each organisation and the chair of the board and the Mayor. Staff will progress this review, which will include engaging with councillors on specific issues that they see with the governance relationship.

Tauākī whakaaweawe āhuarangi
Climate impact statement

20. As discussed above, Ports of Auckland has included an annual emissions reduction target. This will allow the council to measure its incremental progress against the long-term target of being emissions free by 2040.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera Council group impacts and views

21. There are no specific council group impacts associated with this report.

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

22. The statement of corporate intent includes a commitment to developing relationships with the Waitematā, Ōrākei and Devonport-Takapuna local boards, including attending meetings where requested. Ports of Auckland representatives met with Ōrākei Local Board in 2019. We recommend that Ports of Auckland includes reporting on local board engagement in quarterly reports.

Tauākī whakaaweawe Māori
Māori impact statement

23. The statement of corporate intent has an objective to improve relationships with mana whenua, but there is no way for the council to assess how well it is doing. We recommend that you include a comment that Ports of Auckland develops a performance measure, and in the meantime it should report on mana whenua engagement in its quarterly reports.

Ngā ritenga ā-pūtea
Financial implications

24. There are no direct financial implications associated with this report, as the financial projections have already been factored into the Emergency Budget.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations

25. Although there are no direct risks associated with the recommendations in this report, there is a broader risk that continued uncertainty about the port’s future will, at some point, hamper its ability to operate. This can be mitigated by seeking to engage with the new government after the general election on a broader ports strategy for the North Island.
Ngā koringa ā-muri

Next steps

26. If the governing body agrees to the recommendations, we will prepare a letter to the chair of the board summarising the contents. We recommend that the Governing Body delegates approving the letter to the Mayor and Deputy Mayor.

Ngā tāpirihanga

Attachments

<table>
<thead>
<tr>
<th>No.</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
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<td>A1</td>
<td>Ports of Auckland: statement of corporate intent 2020 - 2023</td>
<td>61</td>
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</table>

Ngā kaihaina

Signatories

<table>
<thead>
<tr>
<th>Author</th>
<th>Sarah Holdem - Principal Advisor</th>
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<tbody>
<tr>
<td>Authorisers</td>
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</table>

Ports of Auckland Statement of Corporate Intent 2020-2023
PORTS OF AUCKLAND LIMITED

STATEMENT OF CORPORATE INTENT

For the period from 1 July 2020 to 30 June 2023
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STATEMENT OF CORPORATE INTENT
For the Period from 1 July 2020 to 30 June 2023

1. Introduction

This Statement of Corporate Intent (SCI) is for Ports of Auckland Limited and its subsidiaries (referred to singularly or collectively as “POAL” or “the Company”). POAL is wholly owned by Auckland Council, referred to as “the Shareholder”.

This SCI covers the period from 1 July 2020 to 30 June 2023, and has been prepared in accordance with the terms under Section 9 of the Port Companies Act 1988.

2. Purpose

The purpose of this Statement of Corporate Intent (SCI) is to:

- State publicly the activities and intentions of POAL and the objectives to which those activities will contribute; and
- Provide a basis for the accountability of the Board of Directors of POAL to the Shareholder for the performance of the Company and its subsidiaries.

3. Nature and Scope of Activities

POAL provides the following services:

(a) container terminal handling services which includes receipt, delivery, transit storage and shipment of a wide range of import and export cargos;

(b) breakbulk and bulk cargo handling services;

(c) marine services which include pilotage, towage, hydrography and bunkering services – both directly and through its ownership of SeaFuels Ltd and Bunker Shipz Ltd and its half ownership of North Tugz Ltd;

(d) intermodal freight hubs in South Auckland, Waikato, Bay of Plenty and Manawatu – both directly and through its ownership of Waikato Freight Hub Ltd and its one third ownership of Longburn Intermodal Freight Hub Ltd;

(e) supply chain management services – both directly and through its ownership of Nexus Logistics Ltd and CONLINXX Ltd;

(f) other port-related activities required to manage and operate an efficient and competitive port – both directly and through its half ownership of PortConnect Ltd; and

(g) services and facilities to support the cruise ship industry.

4. Vision

Working for Auckland and serving New Zealand, today and tomorrow. Kaitiakitanga.

Ports of Auckland works hard to bring in goods a growing Auckland needs. We also serve New Zealand’s national freight needs by using our inland hubs to deliver imports and exports efficiently and sustainably.
We aspire to be a world-class port company known for our skilled people, innovation and sustainable practices. We are committed to working with the community in an open and transparent manner as we develop to meet Auckland and the country’s needs.

5. Objectives

5.1 Principal Objective

The principal objective of POAL is to operate as a successful business\(^1\); i.e. to be as profitable and efficient as comparable businesses that are privately owned, and sustainable over the long term.

5.2 Working for Auckland and serving New Zealand

POAL is a “Lifeline Utility” as defined under the Civil Defence Emergency Management Act 2002. Lifeline utilities are entities that provide essential infrastructure services to the community, such as water, wastewater, and transport. As such, we have a responsibility to ensure that our operations have the capability and resilience to meet Auckland’s maritime transport needs in the event of a civil defence emergency. We take this responsibility very seriously, particularly in the planning and maintenance of our infrastructure and equipment.

POAL recognises that how well we carry out our role in facilitating trade for the regions and nations exporters and importers and the cruise ship industry has a significant impact on the economic wellbeing of Auckland and New Zealand.

POAL recognises that its seaport’s location on the Waitemata harbour holds a special significance to the Auckland community. POAL is committed to ongoing engagement with Auckland Council and its related entities, our community, local iwi and other stakeholders with regard to its activities at the seaport.

POAL will maintain a stakeholder engagement plan and act as a good neighbour and as a good corporate citizen and will report progress against the plan to the Shareholder on a quarterly basis.

POAL will strive to achieve the targets it has set to improve profitability and provide a sustainable level of financial returns to the Shareholder.

POAL will act in an environmentally and socially responsible manner.

POAL will be a good employer.

POAL will work co-operatively with Auckland Council and CCOs, including Auckland Transport and Panuku Development Auckland, to assist in the delivery of the Council’s strategic priorities. Where practicable POAL will align its strategic priorities with the Council’s strategic priorities; including those in the Auckland Plan 2050. The Waterfront Plan 2012, City Centre Masterplan 2012, Regional Land Transport Plan 2018-2028, the Central Wharves Strategy and the Climate Action Plan. POAL will contribute to the Council’s City Centre Masterplan refresh in 2020.

POAL will contribute to Auckland Council’s targets for reducing greenhouse gas emissions through POAL’s Emissions Reduction Roadmap.

POAL will strengthen its relationships with Mana Whenua to enable it to contribute to Auckland Council’s targets of increasing Māori economic and social wellbeing.

POAL will ensure that the Shareholder is kept fully and promptly informed of any issues that may generate public and/or media interest or comment.

\(^1\) Port Companies Act 1988, section 5
POAL will maintain a good relationship with central government, including contributing to its Upper North Island Supply Chain Strategy.

In order to operate a successful and sustainable business on its current site, POAL will continue to investigate new ways to handle freight which improve the efficiency of our operations, provide sufficient capacity for Auckland’s future growth and to reduce the negative impact port operations can have on the community and environment.

POAL supports regional and national growth by offering an efficient connection to overseas markets through our sea port and freight hub network. This network also helps balance our freight flows and reduces the unnecessary movement of empty containers. Our supply chain strategy has financial and environmental benefits for importers, exporters and our business.

5.3 Outcomes and Strategic Objectives

POAL will provide value to our stakeholders by serving Auckland and New Zealand’s freight needs in an efficient and sustainable way.

POAL developed a 30-year Master Plan that balances Auckland’s economic, social and environmental needs. The plan provides certainty about what we need to do to continue delivering for Aucklanders. It creates space for freight and gives Auckland the time it needs to make a sound decision on where, when and how to move the port. Auckland Council’s Planning Committee considered the plan and noted that it aligns with the council’s City Centre Master Plan, Waterfront Plan and Central Wharves Strategy, and is consistent with the recommendations of the Ports Future Study.

POAL will seek Auckland Council’s support when required in regard to POAL’s 30 year Master Plan developments and Auckland road and rail infrastructure changes required to support access to the Port.

POAL has 9 outcomes and related strategic objectives as follows:

Safe and empowered people

- Safety and wellbeing embedded into our culture
- Structures and systems for an engaged and well-skilled workforce
- Diversity and inclusion leveraged for competitive advantage
- Digitally enabled workforce engagement, better access to data, insights and knowledge

Innovation leader

- Foresight and innovation in our culture and operations
- Data and ecosystem led innovation programmes, B2B and strategic investment

Delighted customers

- Productive and efficient operations
- Effective engagement with customers
- Establish new channels of digital engagement, data, streamlined processes and tools to drive value

Future-fit NZ port structure

- Strong relationships with aligned New Zealand ports
- Actively engage in port sector structure change with government and industry
Supportive community and iwi

- Constructive relationships with community and iwi
- Increased public engagement with open and transparent communications, as far as practical with respect to commercial objectives
- Advance community centric digital channels

Improved environment

- Protection of our natural environment
- Responsible use of natural resources
- Leader in Auckland's transition to a low carbon economy
- Technology to support sustainability investments and emission monitoring

Volume growth through sustainable supply chain solutions

- Integrated supply chain network – hubs and transport with a focus on rail
- Gain high volume cargo owners with supply chain solutions
- Supply chain successfully contributes to volume growth
- Develop data, platforms and tools to drive greater visibility and control across supply chain

Keeping ahead of trade needs

- Step-change in container terminal capacity through straddle automation
- Step-change in car handling capability
- Appropriate capacity to meet growing volumes and larger ships
- Improved performance and productivity through innovation
- Work with supply chain and logistics partners to improve the efficiency of the North Island supply chain and Auckland logistics
- Fully enable automation benefits with predictive technology

Commercially successful

- Sustainable shareholder returns
- Maintain sufficient financial capacity to respond to market change risks
- Rapidly adapt and respond to internal / external change and continue operations with limited impact
- New sustainable revenue streams through innovation and partnerships, with a focus on digitalisation
## 6. Key Performance Targets

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Key Performance Measures</th>
<th>Targets</th>
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<tbody>
<tr>
<td>Safe and empowered people</td>
<td>Number of lost time injuries</td>
<td>0, 0, 0</td>
</tr>
<tr>
<td></td>
<td>Achieve the target of becoming a zero harm workplace</td>
<td></td>
</tr>
<tr>
<td>Delighted customers</td>
<td>Crane rate (as measured by MOT)</td>
<td>35.25, 36, 36.25</td>
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<tr>
<td></td>
<td>Ship rate (as measured by MOT)</td>
<td>83, 84, 84</td>
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<td>Container Terminal – Truck turnaround time</td>
<td>90% at &lt; 30 min, 90% at &lt; 30 min, 90% at &lt; 30 min</td>
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<tr>
<td></td>
<td>Container Terminal – Truck average turn time</td>
<td>25, 22, 20</td>
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<tr>
<td></td>
<td>Customer Survey Score</td>
<td>At least 8/10, At least 8/10, At least 8/10</td>
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<tr>
<td>Supportive community and iwi</td>
<td>Hold quarterly community reference group meetings to provide a forum for community feedback and dialogue re POAL’s operations and development plans.</td>
<td></td>
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<tr>
<td></td>
<td>Attend all relevant Auckland local Board meetings where invited and strengthen relationships with the Orakei, Waitāmata and Devonport-Takapuna local boards.</td>
<td></td>
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<tr>
<td></td>
<td>Strengthen relationships with mana whenua.</td>
<td></td>
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<tr>
<td>Improved environment</td>
<td>Number of harbour spills caused by POAL</td>
<td>0, 0, 0</td>
</tr>
<tr>
<td></td>
<td>All public environmental complaints acknowledged within 24 hours</td>
<td></td>
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<tr>
<td></td>
<td>Target detailed response timeframe for complaints (where required): 90% within 7 working days and 100% within 10 working days</td>
<td></td>
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<tr>
<td></td>
<td>Percentage of land-side moves on rail</td>
<td>20%, 20%, 25%</td>
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<td></td>
<td>SCI emission target reductions</td>
<td>5%, 7%, 10%</td>
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<tr>
<td></td>
<td>Work towards POAL’s long term environmental sustainability goals of being carbon neutral by 2025, emission free by 2040 and zero waste to landfill by 2040.</td>
<td></td>
</tr>
<tr>
<td>Keeping ahead of trade needs</td>
<td>Multi-cargo terminal: average car dwell times (days)</td>
<td>2.85, 2.85, 2.85</td>
</tr>
<tr>
<td>Commercially successful</td>
<td>Increase in revenue</td>
<td>0.3%, 18.1%, 11.2%</td>
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<td></td>
<td>Interest coverage ratio</td>
<td>1.5x, 2.6x, 3.3x</td>
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<tr>
<td></td>
<td>Net Profit after Tax (NPAT)</td>
<td>$20.4m, $38.3m, $56.6m</td>
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<td>Dividend declared (includes group tax offset)</td>
<td>$4.1m, $7.7m, $34.0m</td>
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<td>Return on Equity (NPAT / average Equity)</td>
<td>0.9%, 3.9%, 5.2%</td>
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<td>Return on Equity (excluding asset revaluations)</td>
<td>1.3%, 5.4%, 7.2%</td>
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<tr>
<td></td>
<td>Ratio of consolidated shareholders’ funds to total assets</td>
<td>54.3%, 51.3%, 51.8%</td>
</tr>
</tbody>
</table>

The near-term objectives and associated targets represent POAL’s concerted efforts to develop and implement its long-term strategy to improve the profitability and sustainability of its operations. The automation of the container terminal may have negative impacts on productivity measures in the short term, but significant improvements are expected in the medium term.
7. Dividend Policy

Dividends will be based on a percentage of after-tax profits (excluding the tax-adjusted effect of investment property revaluations, unrealised capital gains and losses, unrealised treasury gains and losses) to allow POAL to sustain an optimal capital structure. Each year the Board will review its ability to pay dividends at this level after giving consideration to; the ongoing needs of the business, the riskiness of the market environment, the requirements of the Companies Act and the statutory obligations imposed on Directors. Dividends will be paid in two instalments in February and August.

Due to the high level of capital investment required to meet Auckland’s growing freight needs and current economic projections, for the financial years ending 30 June 2021 and 2022 POAL are targeting a dividend of up to 20% of after-tax profits and up to 60% of after-tax profits for the financial year ending 30 June 2023.

8. Accounting Policies

POAL has adopted accounting policies that are consistent with the New Zealand International Financial Reporting Standards (NZ IFRS) and other standards issued in accordance with the Companies Act 1993 and the Financial Reporting Act 1993 and any amendments thereto.

A full statement of the Company’s accounting policies is set out in the audited annual Financial Statements.

A register of accounting policies will be provided to the Shareholder’s Financial Planning Team in accordance with the Shareholder’s timetable.

9. Information to be provided to the Shareholder

Statutory Information Requirements

Annual Statement of Corporate Intent (SCI)

POAL will provide the Shareholder with a draft SCI for discussion and a final SCI as required by the Port Companies Act, working with the shareholder to meet its timetable.

Half Yearly Report

Within seven weeks after the end of the first half of each financial year, the Company will deliver to the Shareholder and the Minister of Transport its Half Yearly Report prepared in accordance with the NZ IFRS and the Financial Reporting Act 1993, including the unaudited group consolidated financial statements and performance commentary, together with such other information as the Board consider appropriate.

The report will include:

- Performance Commentary,
- Income Statement,
- Balance Sheet,
- Cash Flow Statement,
- Statement of Changes in Equity,
- Notes to the Financial Statements,
- Performance against the SCI Key Performance Targets and other measures.
Annual Report

Within three months after the end of each financial year POAL will deliver to the Shareholder and the Minister of Transport its Annual Report prepared in accordance with the reporting requirements of the NZ IFRS and the Financial Reporting Act 1993 and will include the audited annual group consolidated financial statements and performance commentary, together with such other information as the Board consider appropriate.

The report will include:

- Performance Commentary,
- Income Statement,
- Balance Sheet,
- Cash Flow Statement,
- Statement of Changes in Equity,
- Notes to the Financial Statements,
- Performance against the SCI Key Performance Targets and other measures
- Auditor’s Report, and
- Climate Adaptation Report.

Other Information Requirements

Quarterly Reports

Within five weeks after the end of each quarter, the Company will deliver to the Shareholder a report on the preceding quarter, consisting of the following:

- Financial update as at the end of the quarter showing progress against budget, including the return on equity (ROE);
- Progress against the SCI Key Performance Targets;
- Commentary on progress on key issues affecting or likely to affect the business; and
- Any significant events that have arisen in the quarter.

Annual Shareholder Meeting

At a time to be agreed with the Shareholder, POAL officers will present to the Shareholder on the performance of the Company as well as progress on key issues affecting or likely to affect the business, and any significant events that have arisen.

One-off public and ‘no surprises’ issues, including media releases

The Company will endeavour to:

- inform the Shareholder prior to any significant decisions being made public or the occurrence of any event that could reasonably be anticipated to have a high level of public interest
- provide the Shareholder with copy of any media releases prior to publication.

The information is to be provided to the Mayoral Office and Shareholder’s Communications Team.
Material financial changes

The Company will confer with the Shareholder on any material acquisitions, disposals or other changes which affect the Shareholder’s accounting or financial reporting treatment or obligations before contractual commitments are entered into. The information is to be provided to the Shareholder’s Financial Planning Team.

Primary line of communication

The Company’s primary line of communication, for all formal reports and ad hoc business matters, is direct to the CCO Governance team of the Shareholder. The Company will also have a direct line of communication to the Mayor of Auckland.

Financial reporting requirements

POAL will provide all public benefit entity reporting requirements to the Shareholder as required by the Shareholder’s timetable. The information will be provided to the Shareholder’s Financial Planning Team.

10. Investments

The Company’s ability to subscribe for, purchase or otherwise acquire shares in any company or other organisation is governed by the provisions in the POAL Constitution and the Companies Act 1993.

11. Capital Expenditure

The Company will confer with the Shareholder in respect of any significant proposed capital expenditure which is not included within, or is inconsistent with, the 5 year strategic plan, or which impacts the Port’s footprint and its connection to Auckland before contractual commitments are entered into.

12. Asset or investment disposals

The company will confer with the Shareholder in respect of any significant asset or investment disposal before contractual commitments are entered into.

13. Compensatory Activities

The Company will seek compensation for all non-commercial activities performed by it on behalf of local authorities.

14. Value of Shareholder’s Investment

The assessed market equity value of Ports of Auckland Limited based on an external review undertaken effective 30 June 2020 is to be confirmed.
Decision to opt in to the first stage of the national three waters reform programme

File No.: CP2020/11613

Te take mō te pūrongo

Purpose of the report

1. To agree in principle to participate in the initial stage of the government’s three waters reform programme

Whakarāpopototanga matua

Executive summary

2. Over the past three years, central government has been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater).

3. The Minister of Local Government recently established a joint central-local government steering committee to provide oversight and guidance of the reform programme.

4. The government has offered a funding package to local authorities that sign a memorandum of understanding to participate in the first stage of a reform programme. If Auckland Council agrees to participate, instead of a share of the funding package, the government has said that it will investigate ways to separate Watercare’s balance sheet from the council’s.

5. Agreeing to participate in the first stage of the reform programme represents a commitment to assess reform options in good faith, including the government’s preferred option. It does not commit the council to any change, and it can exit the reform process in June 2021 if it wishes to.

6. The government’s preferred option in the reform programme is statutory entities of significant scale (multi-regional), which are asset-owning and publicly owned with a board selected on the basis of professional competencies.

7. We recommend that you agree in principle that the council should be involved in the initial stage of reform. The options to be developed may result in joint ownership of the Auckland water provider which could potentially lead to less accountability, and cross subsidisation of other regions by Auckland water consumers. However, being involved in the reform process will allow these issues to be explored and mitigations put in place.

Ngā tūtohunga

Recommendation/s

That the Governing Body:

a) agree in principle to participate in the initial stage of the government’s three waters service delivery reform programme

b) note that agreeing to participate does not commit Auckland Council to any reform options, and the council can opt out of the reform process at the end of the initial stage in June 2021

c) delegate to the Mayor and Auckland Council Chief Executive, if required, the authority to sign a memorandum of understanding with the Minister of Local Government setting out the terms of Auckland Council’s involvement in the initial stage of the reform programme
d) note that Auckland Council, Watercare and government officials are investigating an option for Watercare’s balance sheet to be separated from the council’s, which may (but is not guaranteed to) provide more capacity to borrow and invest in infrastructure

e) note that staff will assess options for Watercare’s balance sheet to be separated from the council’s and will provide more advice to the Governing Body

Horopaki

Context

8. Over the past three years, central government has been considering the issues and opportunities facing the system for regulating and managing the three waters (drinking water, wastewater, and stormwater).

9. This stemmed from the outbreak of campylobacter in Havelock North in 2016: the resulting Government Inquiry into Havelock North Drinking Water found that there were widespread failure of suppliers to meet drinking water standards.

10. The context in Auckland is different. Watercare provides drinking water and collects and treats wastewater, while the Healthy Waters department plans for and manages stormwater (and manages some small, local drinking water systems at council facilities). Auckland consistently meets drinking water standards. The council and Watercare’s scale has led to more investment and an increase in service levels.

11. Taumata Arowai, the new central government water regulator is being established. It will become responsible for drinking water regulation once a separate Water Services Bill is passed (anticipated mid 2021).

12. Central government, as well as some local authorities, think that there will also need to be changes to service delivery and funding to address the long-standing issues in other parts of New Zealand.

13. The Minister of Local Government recently established a joint central-local government steering committee to provide oversight and guidance to support the reform, and to assist in engaging with local government, iwi/Māori, and other water sector stakeholders on options and proposals. Auckland Council’s representatives on this group are the General Manager of Healthy Waters and the Manager of CCO Governance and External Partnerships.

Intention of the government’s reform

14. The government has been clear that its starting point for the reform programme is publicly-owned multi-regional water companies with a preference for local authority ownership i.e. council-controlled organisations owned by multiple local authorities.

15. Its rationale is that reforming water service delivery, which is currently delivered by individual district and city councils, into larger scale providers would have benefits for the economy, public health and the environment over the medium to long-term. It also sees an opportunity to support economic recovery from COVID-19 by stimulating investment in water infrastructure.

16. The government’s objectives for the reform programme are:
   - significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
   - ensuring all New Zealanders have equitable access to affordable three waters services;
   - improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand’s infrastructure and environmental needs at a larger scale;
   - increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
• moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils;
• improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
• undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.

17. The government intends that through the reform process, the following design features will be considered as a minimum:
• water service delivery entities, that are:
  o of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term
  o asset owning entities, with balance sheet separation to support improved access to capital, alternative funding instruments and improved balance sheet strength
  o structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards
• delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so
• publicly owned entities, with a preference for collective council ownership
• mechanisms for enabling communities to provide input in relation to the new entities.

18. The Auckland model already has most of these components. Where it differs is that it only covers the Auckland region and the council is the only shareholder.

19. In October 2018, Auckland Council agreed an early position on reform of the three waters sector, which:
• acknowledged the significant challenges facing some parts of the country and the likely costs
• stated that those costs should not be subsidised by other communities
• suggested that the government include other models, for example Auckland contracting with other local authorities.

Tātaritanga me ngā tohutohu
Analysis and advice

The reform process
20. The government’s intention is that the reform programme will take three years and will be split into three stages. The first stage is an opt in, non-binding approach. If the council were to agree to be involved, it would be agreeing to assess options for larger-scale water services providers. It does not bind local authorities to any changes, and the council could exit the reform process at the end of the initial stage of reform in June 2021.

21. Other local authorities that agree to opt in by the end of August 2020 will receive a share of an initial $761 million government funding package using a formula which takes into account population and land area. To obtain the funding, each local authority must sign a standard memorandum of understanding, Attachment A to this report. The memorandum of understanding represents a commitment to assess options for aggregation in good faith.

22. However, the government has said that it will take a different approach in Auckland because Auckland Council is “further along in [its] service delivery arrangements”.

Decision to opt in to the first stage of the national three waters reform programme
23. After the initial stage of reform ends in June 2021, the government has signaled that there may be further tranches of funding, but these will be at its discretion and may depend on progress with reform.

24. The government has said that its final decisions on a service delivery model will be informed by its discussion with the local government sector and the work of the joint central-local steering committee.

**A different approach for Auckland**

25. The government’s approach for Auckland is different from other local authorities. Instead of a share of the funding package, the government has indicated that it would be willing to investigate options to separate Watercare’s balance sheet from the council’s.

26. Although we have not fully assessed the impacts of such a move, it may reduce the pressure on the council group’s debt to revenue ratio. This could free up capacity for both the council and Watercare to borrow more to invest in infrastructure while maintaining the same credit rating (and therefore not affecting the interest cost of that borrowing).

27. We are currently working with government officials to investigate the practical means of achieving balance sheet separation, and what that would mean for both Watercare and Auckland Council in terms of additional debt capacity.

**Advice**

28. The government’s preferred option is well-formed. That option could involve cross-subsidisation between local authority areas, although it is not clear whether that would mean Aucklanders paying more or less for water than they currently do. The implications of a multi-regional water entity would become clearer during the first stage of the reform programme.

29. We recommend that you agree in principle that the council should be involved in the initial stage of reform because:
   - We recognise the challenges many other local authorities are facing in three waters, and as the largest local authority in New Zealand, Auckland Council should be seen to support efforts to improve the sector.
   - The council will have more influence over the reform process if it has a seat at the table.
   - Balance sheet separation, if it could be achieved, may allow the council and Watercare to borrow more to invest in infrastructure.

30. We recommend that you delegate to the mayor and chief executive the approval of a separate memorandum of understanding for Auckland. This should stipulate that:
   - Auckland Council is prepared to participate in the first stage of the reform programme
   - the objective of any balance sheet separation is to free up capacity for the council to borrow and invest i.e. the objective is not about giving Watercare more independence
   - any changes should not affect any of the council’s other governance or accountability mechanisms, or its ability to set strategic direction for Watercare.

31. Although we have not yet considered what the specific options are that should be assessed, they would likely involve local authorities in Northland and the Waikato region.

**Tauākī whakaaweawe āhuarangi**

**Climate impact statement**

32. There are no direct climate impacts if you decide to enter into the initial stage of the reform programme. However, one of the reform objectives is to increase the resilience of the three waters to risk, particularly climate change and natural hazards.
Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views
33. Watercare and council staff would work together to develop and assess the options before providing more advice to you. Watercare holds much of the information that would need to inform the options assessment.

Ngā whakaaweawe ā-rohe me ngā tirohanga a te poari ā-rohe
Local impacts and local board views
34. We have not engaged with local boards about this. If you agree to enter the first stage of the reform programme, we will develop an appropriate way to consult local boards on the programme.

Tauākī whakaaweawe Māori
Māori impact statement
35. The joint central-local government steering committee will engage with iwi/Māori throughout the reform process. It invited mana whenua to the initial workshops that were held to announce the reform process, and is currently developing a programme of Māori engagement.

36. If you agree to enter the initial stage of the reform programme, we will engage with mana whenua in Tamaki Makaurau on the different options and their impact for Māori.

Ngā ritenga ā-pūtea
Financial implications
37. If you agree to enter the initial stage of the government’s three waters reform programme, there would be no direct financial implications. However, it would likely take significant council and Watercare staff time.

Ngā raru tūpono me ngā whakamaurutanga
Risks and mitigations
38. If you agree to be involved in the first stage of the reform, the options to be developed may result in joint ownership of the Auckland water provider.
39. This could potentially lead to less accountability, and cross subsidisation of other regions by Auckland water consumers. However, being involved in the reform process will allow these issues to be explored and mitigations put in place, and we think that the risk of not being involved is greater.
40. There is also a risk that a balance sheet separation does not result in additional capacity to borrow or reduce the pressure on the council’s debt to revenue capacity. The analysis to date has only considered the likely response of S&P Global and not the council’s other credit rating agency Moody’s. Moody’s takes a different approach to S&P Global in that, while more subjective, they tend to treat Watercare as a self-funding entity and therefore exclude Watercare’s debt and revenue from their version of council’s debt to revenue ratio.
41. This could mean that, under Moody’s methodology, the council does not receive any benefit (and therefore extra debt headroom) from the proposed balance sheet separation. As a consequence, any extra debt that the council takes on could result in a ratings downgrade from Moody’s even if it is acceptable under S&P Global’s methodology.
Ngā koringa ā-muri

Next steps

42. If you agree to enter into the first stage of the reform programme, the next steps would be to:

- Consider whether to develop a memorandum of understanding to be signed by the mayor and chief executive and the Minister of Local Government. If this was necessary, this would be based on the memorandum of understanding for other local authorities (Attachment B), with specific changes for Auckland as required.

- Develop a terms of reference with local authorities in Northland and the Waikato region (should they opt into the reform process) to agree the parameters of our engagement, including how options would be assessed.

Ngā tāpirihanga

Attachments

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<td>A</td>
<td>Standard memorandum of understanding for all local authorities except Auckland</td>
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Ngā kaihaina

Signatories

| Authors                | Sarah Holdem - Principal Advisor  
|                        | John Bishop - Group Treasurer     |
| Authorisers            | Alastair Cameron - Manager - CCO Governance & External Partnerships  
|                        | Phil Wilson - Governance Director |
|                        | Patricia Reade - Acting Chief Executive |
Memorandum of Understanding
Three Waters Services Reform

Between the Sovereign in right of New Zealand acting by and through the Department of Internal Affairs and
PURPOSE

This Memorandum of Understanding (Memorandum) sets out the principles and objectives that the Parties agree will underpin their ongoing relationship to support the improvement in three waters service delivery for communities with the aim of realising significant public health, environmental, economic, and other benefits over the medium to long term. It describes, in general terms, the key features of the proposed reform programme and the Government funding arrangements that will support investment in three waters infrastructure as part of the COVID 19 economic recovery.

BACKGROUND

Over the past three years central and local government have been considering solutions to challenges facing the regulation and delivery of three water services. This has seen the development of new legislation to create Taumata Arowai, the new Water Services Regulator, to oversee and enforce a new drinking water regulatory framework, with an additional oversight role for wastewater and stormwater networks.

While addressing the regulatory issues, both central and local government acknowledge that there are broader challenges facing the delivery of water services and infrastructure, and the communities that fund and rely on these services. There has been regulatory failure, underinvestment in three waters infrastructure in parts of the country, and persistent affordability challenges, and additional investment is required to increase public confidence in the safety of drinking water and to improve freshwater outcomes. Furthermore, investment in water service delivery infrastructure is a critical component of a collective response to climate change and increasing resilience of local communities.

The Parties to this Memorandum consider it is timely to apply targeted infrastructure stimulus investment to enable improvements to water service delivery, progress reform in partnership, and ensure the period of economic recovery following COVID-19 supports a transition to a productive, sustainable economy. Additional funding will be subject to Government decision-making and reliant on the Parties demonstrating substantive progress against the reform objectives. The quantum, timing, conditions, and any other information relating to future funding will be advised at the appropriate time but will likely comprise additional tranches of funding and more specific agreement to key reform milestones.

The reform process and stimulus funding, proposed by Government, is designed to support economic recovery post COVID-19 and address persistent systemic issues facing the three waters sector, through a combination of:

- stimulating investment, to assist economic recovery through job creation, and maintain investment in water infrastructure renewals and maintenance; and

- reforming current water service delivery, into larger scale providers, to realise significant economic, public health, environmental, and other benefits over the medium to long term.

There is a shared understanding that a partnership approach will best support the wider community and ensure that the transition to any eventual new arrangements is well managed and as smooth as possible. This requires undertaking the reform in a manner that enables local government to continue and, where possible, enhance delivery of its broad “wellbeing mandates” under the Local Government Act 2002, while recognising the potential impacts that changes to three waters service delivery may have on the role and functions of territorial authorities.
PRINCIPLES FOR WORKING TOGETHER

The Parties shall promote a relationship in their dealings with each other, and other Parties related to the three waters services reform, based on:

- mutual trust and respect; and
- openness, promptness, consistency and fairness in all dealings and communication including through adopting a no-surprises approach to any matters or dealings related to the reform programme; and
- non-adversarial dealings and constructive problem-solving approaches; and
- working co-operatively and helpfully to facilitate the other Parties perform their roles; and
- openly sharing information and analysis undertaken to date on the state of the system for delivering three waters services and the quality of the asset base.

This Memorandum is intended to be non-binding in so far as it does not give rise to legally enforceable obligations between the Parties.

REFORM OBJECTIVES AND CORE DESIGN FEATURES

By agreeing to this Memorandum, the Parties agree to work constructively together to support the objectives of the three waters service delivery reform programme.

The Parties agree that the following objectives will underpin the reform programme and inform the development of reform options/proposals:

- significantly improving the safety and quality of drinking water services, and the environmental performance of drinking water and wastewater systems (which are crucial to good public health and wellbeing, and achieving good environmental outcomes);
- ensuring all New Zealanders have equitable access to affordable three waters services;
- improving the coordination of resources, planning, and unlocking strategic opportunities to consider New Zealand’s infrastructure and environmental needs at a larger scale;
- increasing the resilience of three waters service provision to both short- and long-term risks and events, particularly climate change and natural hazards;
- moving the supply of three waters services to a more financially sustainable footing, and addressing the affordability and capability challenges faced by small suppliers and councils;
- improving transparency about, and accountability for, the delivery and costs of three waters services, including the ability to benchmark the performance of service providers; and
- undertaking the reform in a manner that enables local government to further enhance the way in which it can deliver on its broader “wellbeing mandates” as set out in the Local Government Act 2002.
In addition to these objectives, the Parties recognise that any consideration of changes to, or new models for, water service delivery arrangements must include the following fundamental requirements and safeguards:

- mechanisms that provide for continued public ownership of water service delivery infrastructure, and protect against privatisation; and

- mechanisms that provide for the exercise of ownership rights in water services entities that consider the interests and wellbeing of local communities, and which provide for local service delivery.

The Parties also recognise the reform programme will give rise to rights and interests under the Treaty of Waitangi and both Parties acknowledge the role of the Treaty partner. This includes maintaining Treaty settlement obligations and other statutory rights including under the Resource Management Act 1991 and the Local Government Act 2002. The outcome of discussions with iwi/Māori will inform design of appropriate mechanisms to reflect Treaty interests. This will include clarity of roles and responsibilities.

The Parties agree to work together to identify an approach to service delivery reform that incorporates the objectives and safeguards noted above, and considers the following design features as a minimum:

- water service delivery entities, that are:
  - of significant scale (most likely multi-regional) to enable benefits from aggregation to be achieved over the medium to long-term;
  - asset owning entities, with balance sheet separation to support improved access to capital, alternative funding instruments and improved balance sheet strength; and
  - structured as statutory entities with appropriate and relevant commercial disciplines and competency-based boards;

- delivery of drinking water and wastewater services as a priority, with the ability to extend to stormwater service provision only where effective and efficient to do so; and

- publicly owned entities, with a preference for collective council ownership;

- mechanisms for enabling communities to provide input in relation to the new entities.

The Parties acknowledge that work will also be undertaken to develop a regulatory framework, including mechanisms to protect the interests of consumers.

**FUNDING ARRANGEMENTS**

The Government has indicated its intention to provide funding to stimulate investment to enable improvements in water service delivery, support economic recovery and progress Three Waters Services Reform. The quantum of funding available for the Council (and each participating Council) will be notified by Government prior to signing this Memorandum.
Funding will be provided as soon as practicable following agreement to this Memorandum and the associated Funding Agreement and Delivery Plan. The Delivery Plan will need to show that the funding is to be applied to operating or capital expenditure on three waters service delivery (with the mix to be determined by the Council) that:

- supports economic recovery through job creation; and
- maintains, increases and/or accelerates investment in core water infrastructure renewals and maintenance.¹

The Delivery Plan will be based on a simple template and will include a summary of projects, relevant milestones, costs, location of physical works, number of people employed in works, reporting milestones and an assessment of how it supports the reform objectives set out in this Memorandum.

The Delivery Plan will be supplied to Crown Infrastructure Partners, and other organisations as agreed between the Parties, who will monitor progress of application of funding against the Delivery Plan to ensure spending has been undertaken consistent with public sector financial management requirements.

Agreement to this Memorandum and associated Funding Agreement and Delivery Plan are required prior to the release of Government funding. The Council will have the right to choose whether or not they wish to continue to participate in the reform programme beyond the term of the Memorandum.

FUTURE AGREEMENTS

The Parties may choose to enter other agreements that support the reform programme. These agreements will be expected to set out the terms on which the Council will partner with other councils to deliver on the reform objectives and core design features, and will include key reform milestones and detailed plans for transition to and establishment of new three waters service delivery entities.

PROGRAMME MANAGEMENT

The Government will establish a programme management office and the Council will be able to access funding support to participate in the reform process.

The Government will provide further guidance on the approach to programme support, central and regional support functions and activities and criteria for determining eligibility for funding support. This guidance will also include the specifics of any information required to progress the reform that may be related to asset quality, asset value, costs, and funding arrangements.

TERM

This Memorandum is effective from the date of agreement until 30 June 2021 unless terminated by agreement or by replacement with another agreement related to the reform programme.

¹ Maintains previously planned investment that may have otherwise deferred as a result of COVID-19.
INTERACTIONS, MONITORING, INFORMATION AND RECORDS

The Parties nominate the following representatives to act as the primary point of communication for the purposes of this Memorandum and any other purpose related to the reform programme.

<table>
<thead>
<tr>
<th>Government's representative</th>
<th>Territorial Authority's representative</th>
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<tbody>
<tr>
<td>Allan Prangnell</td>
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<tr>
<td><a href="mailto:threewaters@dia.govt.nz">threewaters@dia.govt.nz</a></td>
<td></td>
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<tr>
<td>CC. Chief Legal Advisor</td>
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<td><a href="mailto:Legal.notices@dia.govt.nz">Legal.notices@dia.govt.nz</a></td>
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It is the responsibility of these representatives to:

- work collaboratively to support the reform objectives;
- keep both Parties fully informed;
- act as a first point of reference between Parties and as liaison persons for external contacts; and
- communicate between Parties on matters that arise that may be of interest to either party.

If the contact person changes in either organisation, the other party’s contact person must be informed of the new contact person immediately and there should be an efficient transition to ensure the momentum of the reform process is not undermined.
CONFIDENTIALITY

Neither of the Parties is to disclose, directly or indirectly, any confidential information received from the other party to any third party without written consent from the other party, unless required by processes under the Official Information Act 1982 or the Local Government Official Information and Meetings Act 1987 (whichever applies), or under a Parliamentary process- such as following a Parliamentary question, in which case the relevant party is to inform the other party prior to disclosure. Protocols will be established to enable exchange information between Councils where that is consistent with progressing reform objectives.

DISPUTE RESOLUTION

Any dispute concerning the subject matter of this document is to be settled by full and frank discussion and negotiation between the Parties.
Relationship agreement with Watercare and Waikato entities regarding water

File No.: CP2020/10753

Te take mō te pūrongo
Purpose of the report

1. To approve the signing of *He Paiheretanga o Ngā Wai o Waikato* between Auckland Council, Watercare Services Limited, Waikato-Tainui, Waikato Regional Council and Waikato River Authority.

Whakarāpopototanga matua
Executive summary

2. As a result of Auckland’s drought conditions and the need to supplement the water collected in the dams, the Mayor led discussions with Watercare, Waikato-Tainui, Waikato Regional Council and the Waikato River Authority related to immediate solutions to the drought via increased water take from the Waikato River.

3. An output of these discussions is *He Paiheretanga o Ngā Wai o Waikato* (“the Agreement”). Its purpose is to:
   - Establish and formally record the on-going working relationship between the Parties in relation to the short and long-term use of the Waikato River for water supply and other water supply arrangements;
   - Ensure both the Auckland and Waikato regions have sufficient water to sustain and support their communities; and
   - Ensure that Te Ture Whaimana and the health and wellbeing of Waikato River/Awa is paramount in any solutions.

4. The Agreement does not pre-empt or preclude formal statutory consenting processes or future infrastructure decisions, but it will require a close and genuine relationship with the parties and an open, collaborative and innovative mindset in addressing future challenges.

5. It is recommended that the Governing Body delegate to the Mayor, Deputy Mayor and Chief Executive the power to finalise and enter into *He Paiheretanga o Ngā Wai o Waikato*.

Ngā tūtohunga
Recommendation/s

That the Governing Body:

a) acknowledge the cooperation and goodwill of Waikato-Tainui, the Waikato River Authority and Waikato Regional Council in working constructively with Auckland Council and Watercare in relation to the current drought and water supply issues, and for entering into *He Paiheretanga o Ngā Wai o Waikato*

b) delegate to the Mayor, Deputy Mayor and Chief Executive the power to finalise and enter into *He Paiheretanga o Ngā Wai o Waikato* on behalf of Auckland Council.
Horopaki
Context
6. The Governing Body approved restrictions on potable water use by Watercare customers across Tāmaki Makaurau at the 7 May 2020 Emergency Committee meeting (EME/2020/52). Level 1 restrictions came into force on 16 May 2020 and continue to be in place.
7. This decision was made based on advice from Watercare around the levels of the region’s dams (46 per cent of capacity as at 6 May 2020), the fact that for the first half of 2020 Auckland had received less than half the volume of usual rainfall, and the long-range forecast for the rest of 2020 and summer of 2021 as being less than or average volume of rain.
8. As a result of this decision, the Mayor led discussions with Watercare, Waikato-Tainui, Waikato Regional Council and the Waikato River Authority related to immediate solutions to the drought via increased water take from the Waikato River (“the awa”).
9. On 16 June 2020, Watercare used section 330 of the Resource Management Act 1991 to authorise an emergency take of 25MLD from the awa. This was stopped on 02 July 2020 as the awa was above median flow. Watercare has been using its own “winter take” consent for 25MLD since that date.

Tātaritanga me ngā tohutohu
Analysis and advice
10. There have been three hui held with all five parties – Friday 12 June, Wednesday 1 July and Monday 13 July 2020. Minister Parker (Minister for the Environment) attended the second hui and Minister Mahuta (Minister for Local Government) attended the second and third hui.
11. The main business discussed related to applications by Watercare to increase the take from the awa to assist with the immediate drought situation. The three applications are summarised as follows:
   • 25MLD from Hamilton City Council’s unused allocation. This take can be used between 1 October and 1 April the following year;
   • 100MLD additional take during winter months. This take can only be used between April to October and only when the river flow exceeds the median flow;
   • 50MLD from a third party’s unused allocation. This would be a negotiation between Watercare and another user who has unused allocation, similar to the situation with Hamilton City Council, and be available between 1 October and 1 April the following year.
12. It was also acknowledged that, under the Resource Management Act 1991, the Minister for the Environment had “called-in” Watercare’s consent application for 200MLD. That consent was lodged with the Waikato Regional Council in 2013 and is 108th in the processing queue. This consent, if granted, would replace all three consents above.
13. It was agreed at the first hui that an agreement be reached between the five parties relating to the various take requests outlined above and to recognise the shared interests in the Waikato River and the communities of Auckland and Waikato.
14. He Paiheretanga o Ngā Wai o Waikato is appended at Attachment A and is broken into a number of parts:
   • Ngā roopu / Parties
   • Te Horopaki / Context
   • Kawenata / Agreement
   • Te Koronga / Purpose
15. There are a number of actions recorded in Section 6 - Te Ara Whakamua / The Pathway Ahead. All of them are underway and a number have already been completed. In particular, the actions under sections 6.2 and 6.3 have been undertaken and hui have been held to progress them.

16. Section 5 - Ngā Mātāpono / Principles identifies four principles to guide the relationship and discussions. They focus on the importance of the mauri and mana of the awa when exploring solutions and taking action.

17. One of the principles relates to Te Ture Whaimana – Vision and Strategy for the Waikato River. The vision and strategy is set out in legislation resulting from various treaty settlements along the awa, recorded in Schedule 2 of the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 (“Settlement Act”).

18. The agreement requires signatories to acknowledge and commit to giving effect to Te Ture Whaimana (appended at Attachment B). Auckland Council is the only signatory that is not located or operating within the Waikato and it reflects a desire, particularly on the part of Waikato-Tainui, for Council to partner in a greater way with Te Ture Whaimana at the centre.

19. The agreement is fundamentally one of relationship and commitment to work together for the benefit of the awa and communities. It does not preclude or inhibit any party from undertaking their statutory duties or entering into other agreements.

20. He Paiheretanga o Ngā Wai o Waikato is not legally binding, but does represent an important statement of principle. It is also a very important relationship for Auckland Council. Therefore, Auckland Council should only enter into the agreement in good faith.

21. The purpose of the agreement is as follows:

- “establish and formally record the on-going working relationship between the Parties in relation to the short and long-term use of the Waikato River for water supply and other water supply arrangements”
- “ensure that both the Auckland and Waikato regions have sufficient water to sustain and support their communities; and”
- “ensure that Te Ture Whaimana and the health and wellbeing of Waikato River/Awa is paramount in any solutions.”

22. A key principle of He Paiheretanga o Ngā Wai o Waikato is that the “health and wellbeing of the Waikato River are paramount and to be considered first when exploring and reaching agreement on solutions and actions”. So, although the agreement acknowledges the importance of water supply in Auckland and Waikato, it asks that the point of departure be consideration of the health and wellbeing of the awa. In other words, abstracting more water from the awa should not be the automatic or default solution to increasing water demand.

23. Te Ture Whaimana makes a similar point in the Settlement Act. The Vision includes objectives around minimising further cumulative harm to the awa, although the Strategy executes on that objective through RMA planning frameworks which balance other priorities.

24. Strategically, Auckland Council must in the future deal with a wide range of policy, environmental, social and financial issues for the provision of potable water supply in the growing Auckland region. These will involve various prioritisation and balancing exercises.
25. The agreement does not preclude Watercare (or Auckland Council) from seeking further consents, nor does it preclude enhancements to the health and wellbeing of the awa being achieved through other offset mitigation or “corporate social responsibility” initiatives. But it will make the seeking of any further consents more consultative and with a strong leaning towards consensus outcomes. In particular, while Waikato Regional Council is the consenting authority, the parties to He Paiheretanga o Ngā Wai o Waikato include representatives of Waikato-Tainui and the Waikato River Authority (constituted under the Settlement Act).

26. By entering into He Paiheretanga o Ngā Wai o Waikato, Auckland Council and Watercare are making a serious commitment to promote consensus outcomes with a wider range of stakeholders across a potentially broader range of issues and perspectives. For example, Te Ture Whaimana focuses on respect for the awa as a tupuna, and not solely on measurable environmental considerations. It is also the case that the other parties to He Paiheretanga o Ngā Wai o Waikato make a similar commitment to collaboration, good faith and reasonable acknowledgement of other interests. It is implied that future impacts on the awa will be informed by the wider strategic and policy priorities (including water reform and further Auckland infrastructure investment) which means holistic discussions and approaches could be required.

27. In short, He Paiheretanga o Ngā Wai o Waikato does not pre-empt or preclude formal statutory consenting processes or future infrastructure decisions beyond the current applications referred to in paragraphs 11 and 12, but it will require a close and genuine relationship with Waikato-Tainui and an open, collaborative and innovative mindset in addressing future challenges.

Tauākī whakaaweawe āhuarangi
Climate impact statement

28. The signing of this agreement has no specific impact on climate.

29. The provision of potable water to Auckland and the northern Waikato (Watercare’s current jurisdiction) is a matter which is both affected by climate and impacts climate. The key reason for Watercare’s applications for additional takes from the awa is due to the drought conditions in Auckland. The forecast for spring and summer is also for reduced rainfall.

30. From a climate mitigation perspective, the infrastructure required to abstract, treat and transport the water will have carbon impacts. Watercare measures and accounts for carbon use when costing and assessing infrastructure options.

31. From a climate adaptation perspective, Watercare and council are working together on demand-management options and increasing resilience of Aucklanders to drought conditions.

Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera
Council group impacts and views

32. From council’s perspective, the discussions leading to this agreement have been led by the Mayor, Deputy Mayor and the Chair and CE of Watercare. The agreement speaks to the ongoing relationship between the parties and care of the awa in any future discussions and actions. It directly affects Watercare and more indirectly Auckland Council in the broader area of demand management and future decisions around long-term water supply for Auckland.

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

33. The agreement has not been circulated or socialised with local boards.
Tauākī whakaaweawe Māori

Māori impact statement

34. One of the parties to the agreement is Waikato-Tainui. There are thousands of their iwi living within Tāmaki Makaurau, a proportion of whom rely on Watercare’s water supply. While Waikato-Tainui is the proposed signatory to He Paiheretanga o Ngā Wai o Waikato, the Agreement recognises that the Waikato River is also of spiritual and cultural significance to other iwi, including but not limited to Ngāti Maniapoto, Raukawa, Te Arawa River Iwi and Ngāti Tūwharetoa.

35. The Chair of the Independent Māori Statutory Board attended the hui with Hamilton City Council and the first hui of these parties on 12 June 2020. He has been supportive of finding solutions that meet the needs of communities while recognising the mana of the awa.

36. The agreement has not been discussed with Tāmaki Makaurau iwi.

Ngā ritenga ā-pūtea

Financial implications

37. There are no direct financial implications from the signing of this agreement. The only indirect financial implication is that of additional infrastructure required by Watercare to abstract, treat and transport the water through the system. This additional infrastructure was factored into the recently approved Emergency Budget and will also form a part of the 2021-2031 Long-term Plan discussions. This report does not seek any budget allocation or additional resourcing.

Ngā raru tūpono me ngā whakamaurutanga

Risks and mitigations

38. There are no risks by signing this agreement as it does not prevent council from exercising any of its statutory responsibilities. There are significant reputational risks if council does not sign it given the Agreement is based on relationship and partnership.

Ngā koringa ā-muri

Next steps

39. The actions in the agreement will continue, including the regulatory consenting processes. There may be a formal signing ceremony between the parties but this has not been confirmed.

Ngā tāpirihanga

Attachments

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Ngā kaihaina

Signatories

<table>
<thead>
<tr>
<th>Authors</th>
<th>Bram VanMelle - Manager Projects and Transactions</th>
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<td>Megan Tyler - Chief of Strategy</td>
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<thead>
<tr>
<th>Authorisers</th>
<th>Megan Tyler - Chief of Strategy</th>
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<tr>
<td></td>
<td>Patricia Reade - Acting Chief Executive</td>
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</table>
HE PAIHERETANGA O NGAA WAI O WAIKATO

Tooku awa koiora me oona pikonga he kura tangihia o te maataamuri.

The river of life, each curve more beautiful than the last.

1. Ngaa Roopu / Parties:

1.1 Waikato Regional Council (WRC) is a regional council (within the meaning of the Local Government Act 2002) established in 1989 whose purpose includes the promotion of the social, economic, environmental, and cultural wellbeing of communities in the Waikato region in the present and future;

1.2 Auckland Council (AC) is a unitary authority (within the meaning of the Local Government Act 2002) established under the Local Government (Auckland Council) Act 2009 whose purpose includes the promotion of the social, economic, environmental, and cultural wellbeing of communities in the Auckland region in the present and future;

1.3 Te Whakakitenga o Waikato Incorporated (Te Whakakitenga) is the representative organisation for the iwi of Waikato-Tainui (Waikato-Tainui) and is the trustee of the Waikato Raupatu Lands Trust and the Waikato Raupatu River Trust;

1.4 Waikato River Authority (WRA) is statutory body whose purpose is to set the primary direction through Te Ture Whaimana o Te Awa o Waikato / the Vision and Strategy for the Waikato River (Te Ture Whaimana) to achieve the restoration and protection of the health and wellbeing of the Waikato River for future generations, promote an integrated, holistic, and co-ordinated approach to the implementation of Te Ture Whaimana and the management of the Waikato River, and fund rehabilitation initiatives for the Waikato River in its role as trustee for the Waikato River Clean-up Trust; and

1.5 Watercare Services Limited (Watercare) is a local government organisation under the Local Government Act 2002, wholly owned by AC, and provides water and wastewater services in the Auckland region and to communities in Tuakau and Pokeno in northern Waikato,

(each one a Party and together the Parties).

2. Te Horopaki / Context:

2.1 For Waikato-Tainui, the Waikato River is a single indivisible being that flows from Te Taheke Hukahuka to Te Puuaha o Waikato (the mouth) and includes its waters, banks and beds (and all minerals under them) and its streams, waterways, tributaries, lakes, aquatic fisheries, vegetation, flood plains, wetlands, islands, springs, water column, airspace, and substratum as well as its metaphysical being.
2.2 Waikato-Tainui’s relationship with the Waikato River and its respect for the River lies at the heart of Waikato-Tainui’s spiritual and physical wellbeing and tribal identity and culture. Waikato-Tainui’s relationship with the Waikato River, and its respect for the River and its wellbeing, gives rise to the responsibilities of Waikato-Tainui and Te Whakakini to protect the mana and mauri of the River and to exercise mana whakahaere (control, access and management) in respect of the River and its resources in accordance with long established tikanga.

2.3 It is acknowledged that the Waikato River is also of spiritual and cultural significance to other iwi, including but not limited to Ngaati Maniapoto, Raukawa, Te Arawa River Iwi and Ngaati Tuwharetoa.

2.4 Over many generations the Waikato River and its tributaries have given much to support the social and economic aspirations of various Waikato communities. Since the damming of the Mangataawhiri River in the 1960s and continuing with the establishment of the Waikato-Auckland water pipeline in 2002, the Waikato River has also contributed significantly to the supply of water to the communities of Auckland.

2.5 Consequent on the 2008/2009 Waikato River Settlement between the Crown and Waikato-Tainui, the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Act 2010 was enacted which, among other things:

(a) created a legislative imperative:
   (i) to restore and protect the health and wellbeing of the Waikato River for future generations;
   (ii) for Te Ture Whaimana to be the primary direction-setting document for the Waikato River and activities within its catchment affecting the Waikato River; and
   (iii) to give effect to Te Ture Whaimana (as part of the regional policy statement) in regional and district plans; and

(b) established the WRA and the Waikato River Clean-up Trust.

2.6 Sustainable allocable flows have since been established throughout the catchment of the Waikato and Waipaa Rivers (excluding the Mangataawhiri and Mangatangi Rivers), a Waikato Waipaa Restoration Strategy has been established, and significant resources have been applied to the implementation of both that strategy and Te Ture Whaimana.

2.7 Watercare presently holds, and has applied for further, resource consents for the take of water from the Waikato River. Due to the present drought conditions affecting the Auckland region and Watercare’s water storage and supply system, Watercare has also recently initiated an emergency take relying on section 330 of the RMA and is also exploring other arrangements for temporary access to allocated, but presently unutilised,
water. The Minister for the Environment has recently announced his intent to call-in and refer Watercare’s 2013 resource consent application to a Board of Inquiry.

2.8 The 2020 drought conditions have highlighted resilience issues facing Auckland’s water supply system. Auckland is looking to the Waikato region, as well as other water sources including storage dams in the Huunua (outside the Waikato catchment) and Waitakere Ranges and an aquifer in Onehunga, for both short-term and long-term solutions.

2.9 The Waikato region is also anticipating increasing growth and demand for water supply which must also be considered in the context of the ongoing take of water from the Waikato River. In addition, it is recognised that the issue of iwi rights and interests in fresh water remains to be resolved in the context the Government’s continuing process of freshwater and related RMA reforms.

2.10 On 1 July 2020 WRC hosted a Waikato Water Summit (Water Summit), attended by the Parties and the Minister for the Environment, to identify and discuss potential solutions to Auckland’s immediate water needs, while also acknowledging the need for long-term sustainable solutions to be found.

2.11 While acknowledging that this Agreement does not create binding legal rights and/or obligations, the Parties wish to record their commitment to the principles and processes discussed at the Water Summit.

3 Kawenata / Agreement:

3.1 The Parties have agreed to enter into this Agreement:

(a) in recognition of their relationship and shared interest in; and

(b) in confirmation of their commitment to advance matters of mutual interest for the benefit of the Waikato River and the communities of Auckland and Waikato.

3.2 This Agreement does not:

(a) preclude the right of any Party, in accordance with its interests, to establish additional relationships or enter into agreements with any other Party; or

(b) constitute an agreement by any Party to, or a waiver by any Party regarding the legality of, any solution that might be explored.
4 Te Koronga / Purpose:

4.1 The purpose of this Agreement is to:

(a) establish and formally record the ongoing working relationship between the Parties in relation to the short and long-term use of the Waikato River for water supply and other water supply arrangements;

(b) ensure that both the Auckland and Waikato regions have sufficient water to sustain and support their communities; and

(c) ensure that Te Ture Whaimana and the health and wellbeing of Waikato River/Awa is paramount in any solutions.

5 Ngaa Maataapono / Principles

5.1 The Parties have agreed to the following principles to fulfil the purpose:

(a) Te Mana o Te Awa – The health and wellbeing of the Waikato River are paramount and to be considered first when exploring and reaching agreement on solutions and actions;

(b) Te Ture Whaimana – The Parties acknowledge and are committed to giving effect to Te Ture Whaimana.

(c) Kotahitanga – The Parties are committed to working together to achieve the purpose of this Agreement.

(d) Manaakitanga – The parties agree that the relationship between them should be based on mutual trust, honesty, respect and reciprocity as they seek mutually beneficial solutions and actions for both the needs of the communities of Auckland and Waikato and the needs of the Waikato River.

6 Te Ara Whakamua / The Pathway Ahead

6.1 The Parties have agreed to continue to discuss and explore issues and potential solutions relating to the short and long-term water supply needs of the Auckland and Waikato regions and the take of water from the Waikato River, including but not limited to:

(a) the sharing of presently allocated, but unutilised, water between Hamilton City Council and Watercare;

(b) Watercare exploring the potential to access additional unutilised water, within current allocation limits, from other third parties;
(c) WRC undertaking any work required to enable Watercare to access such unutilised water where available and agreed;

(d) WRC and Watercare engaging with Waikato-Tainui, local iwi and hapū and WRA in relation to particular proposed water takes;

(e) considering whether any other water take consent applications relating to the Waikato River should be considered by the Board of Inquiry that is to consider Watercare’s 2013 resource consent application;

(f) Watercare building a further treatment plant and related infrastructure to treat and convey any additional consented water;

(g) Auckland Council and Watercare exploring how they should re-invest back into the Waikato River to improve water quality and to restore and protect the Waikato River as required by Te Ture Whaimana;

(h) Auckland Council and Watercare continuing with their water conservation measures and exploring new opportunities to reduce water demand in Auckland and alternative methods of providing water to Auckland including recycling wastewater; and

(i) exploring what support, by way of resourcing or otherwise, may be provided by Government in relation to any solutions that might be identified.

6.2 As a matter of immediate priority, the Parties agreed that, in relation to the short-term options, representatives of each Party will meet at the earliest opportunity after the Water Summit to discuss and clarify:

(a) the nature, extent and terms of any proposed water sharing arrangements;

(b) the nature, terms and inter-relationship between the various resource consents presently being sought (or likely to be sought) by Watercare;

(c) the relevant WRC policies, rules and processes applying to such water-sharing arrangements and consent applications; and

(d) the understandings and positions of the Parties in terms of the precedence (if any) of any short-term solutions that may be agreed.

6.3 Since the Water Summit, representatives of the Parties have continued to discuss relevant matters with the consequence that:

(a) greater clarity has been provided regarding WRC policies, rules and processes applying to water-sharing arrangements and consent applications;
Relationship agreement with Watercare and Waikato entities regarding water

(b) constructive progress has been made in relation to certain proposed water sharing arrangements;

(c) discussions have begun in respect of certain matters relating to Watercare’s pending seasonal take application and the proposed referral of Watercare’s 2013 application to a Board of Inquiry; and

(d) Watercare has confirmed its commitment to providing certain initial funding, on terms to be agreed with relevant parties, for matters connected with the health and wellbeing of the Waikato River.

6.4 The Parties have further agreed to:

(a) report monthly to each other by email on any progress in relation to the matters identified in clauses 6.1 to 6.3 above; and

(b) meet every three months, and otherwise if required, to progress discussions and share information in relation to the matters identified in this Agreement, with the location, chairing and administration of such meetings being shared between the Parties.

6.5 The Parties may review and amend this Agreement at such intervals as agreed between the Parties.

7 Te Waitohu / Execution:

DATED this day of July 2020

SIGNED for and on behalf of ) ..............................................................
WAIKATO REGIONAL COUNCIL )
by two Councillors ) ..............................................................

SIGNED for and on behalf of ) ..............................................................
WAIKATO RIVER AUTHORITY )
by two Board Members ) ..............................................................

SIGNED for and on behalf of ) ..............................................................
AUCKLAND COUNCIL )
by two Councillors ) ..............................................................
SIGNED for and on behalf of
TE WHAKAKITENGA O WAIKATO INC
by two Board Members

SIGNED for and on behalf of
WATERCARE SERVICES LIMITED
by two Directors
Schedule 2

Vision and strategy for Waikato River

1 Vision

1.1 Tōoku awhi korore me oona pākonga he kura tangihia o te mātauranga. The river of life, each curve more beautiful than the last.

1.2 Our vision is for a future where a healthy Waikato River sustains abundant life and prosperous communities who, in turn, are all responsible for restoring and protecting the health and wellbeing of the Waikato River, and all it embraces, for generations to come.

1.3 In order to realise the vision, the following objectives will be pursued:
   (a) the restoration and protection of the health and wellbeing of the Waikato River;
   (b) the restoration and protection of the relationships of Waikato-Tainui with the Waikato River, including their economic, social, cultural, and spiritual relationships;
   (c) the restoration and protection of the relationships of Waikato River iwi according to their tikanga and kawa with the Waikato River, including their economic, social, cultural, and spiritual relationships;
   (d) the restoration and protection of the relationships of the Waikato Region’s communities with the Waikato River, including their economic, social, cultural, and spiritual relationships;
   (e) the integrated, holistic, and co-ordinated approach to management of the natural, physical, cultural, and historic resources of the Waikato River;
   (f) the adoption of a precautionary approach towards decisions that may result in significant adverse effects on the Waikato River and, in particular, those effects that threaten serious or irreversible damage to the Waikato River;
   (g) the recognition and avoidance of adverse cumulative effects, and potential cumulative effects, of activities undertaken both on the Waikato River and within the catchment on the health and wellbeing of the Waikato River;
   (h) the recognition that the Waikato River is degraded and should not be required to absorb further degradation as a result of human activities;
   (i) the protection and enhancement of significant sites, fisheries, flora, and fauna;
   (j) the recognition that the strategic importance of the Waikato River to New Zealand’s social, cultural, environmental, and economic wellbeing requires the restoration and protection of the health and wellbeing of the Waikato River;
   (k) the restoration of water quality within the Waikato River so that it is safe for people to swim in and take food from over its entire length;
   (l) the promotion of improved access to the Waikato River to better enable sporting, recreational, and cultural opportunities;
   (m) the application to the above of both mātauranga Māori and the latest available scientific methods.

2 Strategy

To achieve the vision, the following strategies will be followed:

2.1 ensure that the highest level of recognition is given to the restoration and protection of the Waikato River;
2.2 establish what the current health status of the Waikato River is by utilising mātauranga Māori and the latest available scientific methods;
2.3 develop targets for improving the health and wellbeing of the Waikato River by utilising mātauranga Māori and the latest available scientific methods;
2.4 develop and implement a programme of action to achieve the targets for improving the health and wellbeing of the Waikato River;
2.5 develop and share local, national, and international expertise, including indigenous expertise, on rivers and activities within their catchments that may be applied to the restoration and protection of the health and wellbeing of the Waikato River.
(f) recognise and protect wahi tapu and sites of significance to Waikato-Tainui and other Waikato River iwi (where they do decide) to promote their cultural, spiritual, and historic relationship with the Waikato River;

(g) recognise and protect appropriate sites associated with the Waikato River that are of significance to the Waikato regional community;

(h) actively promote and foster public knowledge and understanding of the health and wellbeing of the Waikato River among all sectors of the Waikato regional community;

(i) encourage and foster a "whole of river" approach to the restoration and protection of the Waikato River, including the development, recognition, and promotion of best practice methods for restoring and protecting the health and wellbeing of the Waikato River;

(j) establish new, and enhance existing, relationships between Waikato-Tainui, other Waikato River iwi (where they so decide), and stakeholders with an interest in advancing, restoring, and protecting the health and wellbeing of the Waikato River;

(k) ensure that cumulative adverse effects on the Waikato River of activities are appropriately managed in statutory planning documents at the time of their review;

(l) ensure appropriate public access to the Waikato River while protecting and enhancing the health and wellbeing of the Waikato River.
Summary of Governing Body information memoranda and briefings (including the Forward Work Programme) - 27 August 2020

File No.: CP2020/11356

Te take mō te pūrongo

Purpose of the report
1. To note the progress on the forward work programme appended as Attachment A.
2. To receive a summary and provide a public record of memoranda or briefing papers that may have been held or been distributed to Governing Body members.

Whakarāpopototanga matua

Executive summary
3. This is a regular information-only report which aims to provide greater visibility of information circulated to Governing Body members via memoranda/briefings or other means, where no decisions are required.
4. The following workshops/briefings have taken place:

<table>
<thead>
<tr>
<th>Date</th>
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<tbody>
<tr>
<td>29/7/20</td>
<td>CONFIDENTIAL: Emergency Budget – Annual Budget 2020/2021</td>
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<tr>
<td>29/7/20</td>
<td>CONFIDENTIAL: Water Issues (workshop with Watercare)</td>
</tr>
<tr>
<td>11/8/20</td>
<td>CONFIDENTIAL: Council Controlled Organisations Review</td>
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<td>19/8/20</td>
<td>CONFIDENTIAL: Council Controlled Organisations Review</td>
</tr>
<tr>
<td>19/8/20</td>
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5. These documents can be found on the Auckland Council website, at the following link: http://infocouncil.aucklandcouncil.govt.nz/
   o at the top left of the page, select meeting/Te hui “Governing Body” from the drop-down tab and click “View”;
   o under ‘Attachments’, select either the HTML or PDF version of the document entitled ‘Extra Attachments’.
6. Note that, unlike an agenda report, staff will not be present to answer questions about the items referred to in this summary. Governing Body members should direct any questions to the authors.

Ngā tūtohunga

Recommendation/s
That the Governing Body:

a) note the progress on the forward work programme appended as Attachment A of the agenda report

Ngā tāpirihanga
Attachments

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Ngā kaihaina
Signatories

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<tr>
<th>Author</th>
<th>Authoriser</th>
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<tr>
<td>Saranda O'Toole - Kairarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors</td>
<td>Patricia Reade - Acting Chief Executive</td>
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### Area of work and Lead Department

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<th>Area of work and Lead Department</th>
<th>Reason for work</th>
<th>Committee role (decision and/or direction)</th>
<th>Expected timeframes Highlight the month(s) this is expected to come to committee in 2020</th>
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<tr>
<td>Americas Cup 2021</td>
<td>Locations, infrastructure and funding</td>
<td>Decisions to approve locations, infrastructure and funding</td>
<td>Jan</td>
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<tr>
<td>Chief Executive’s Performance Objectives</td>
<td>The Appointments and Performance Review Committee has the delegation to recommend performance objectives. The Governing Body must then consider the recommendations and make a decision.</td>
<td>Decision to approve performance objectives</td>
<td>Jan</td>
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</table>
| Appointment of Chief Executive | Statutory requirement | Decision around process to recruit a new chief executive
Decision to appoint a new chief executive | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| City Rail Link | Construction of the City Rail Link in the central city | Decisions to approve matter associated with City Rail Link
Decisions to note any matters raised by the Audit and Risk Committee about the project | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |

### Expected timeframes

**Progress to date:**
- Open Process Report and Restatement to Appoint an Acting Chief Executive and update on Chief Executive recruitment process February 2020
- Decision to appoint a new chief executive June 2020 in confidential
- Chief Executive appointed July 2020
- Link to decision
- Link to Restatement
- Link to announcement

**As and when required**
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<th>Area of work and Lead Department</th>
<th>Reason for work</th>
<th>Committee role (decision and/or direction)</th>
<th>Expected timeframes</th>
<th>Highlight the month(s) this is expected to come to committee in 2020</th>
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| Review of council-controlled organisations                          | Overview of and decisions relating to any council-controlled organisations review including the implementation of any resulting changes to council-controlled organisations | Decision on appointment of a council-controlled organisations review panel  
Consider draft report on the key issues, feedback from the community and stakeholders  
Decision on final report and recommendations | Jan | Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec |
| Emergency Budget/Annual Budget (Annual Plan)                        | Statutory requirement                                                           | Decision to approve consultation documents, supporting information and process prior to consultation  
Decision to adopt Emergency Budget | Jul, Aug, Sep, Oct, Nov, Dec | Jul, Aug, Sep, Oct |
| 10-year Budget (Long-term Plan)                                     | Statutory requirement                                                           | Decision to approve consultation documents, supporting information and process prior to consultation  
Decision to adopt the 10-year Budget (Long-term Plan) | Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec | Jan, Feb, Mar, Apr, May, Jun, Jul |
| Committee Forward Work Programmes                                   | Responsibility for oversight of work programmes of all committee of the Governing Body. | Decisions to note the forward work programmes | Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec | Jan, Feb, Mar, Apr, May, Jun, Jul |

**Progress to date:**
- 11 August 2020 – Confidential Workshop
- 19 August 2020 – Confidential Workshop
- 25 August 2020 – Confidential Workshop

**Decision on appointment of a council-controlled organisations review panel**
- 14 May 2020 Confidential

**Decision on final report and recommendations**
- 28 May 2020 released 25 June 2020

**Emergency Budget and consultation given COVID-19 – 16 April 2020 in confidential and released on 7 May 2020**
- Link to decision

**Decisions on Emergency Budget and consultation given COVID-19 – 16 April 2020 in confidential and released on 7 May 2020**
- Link to decision

**Decisions on Emergency Budget feedback**
- 16 July 2020

**Final adoption of Emergency Budget**
- 30 July 2020

**Decision to approve consultation documents, supporting information and process prior to consultation**
- 21 May 2020 released 25 June 2020

**Decision to adopt the 10-year Budget (Long-term Plan)**
- 30 July 2020

**Decision to adopt the Annual Report**
<table>
<thead>
<tr>
<th>Area of work and Lead Department</th>
<th>Reason for work</th>
<th>Committee role (decision and/or direction)</th>
<th>Expected timeframes Highlight the month(s) this is expected to come to committee in 2020</th>
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</thead>
<tbody>
<tr>
<td>Review of Code of Conduct</td>
<td>The experience of working with the current Code of Conduct indicates that it could be further improved. In particular, it could be clearer about complaint, investigation and resolution processes, as well as available sanctions</td>
<td>Decision to adopt new Elected Members Code of Conduct</td>
<td></td>
</tr>
</tbody>
</table>
| Terms of Reference               | The Terms of Reference enables the governing Body to delegate to committees those power necessary for them to carry out their responsibilities to the most efficient and effective levels. Any changes to the Terms of Reference must be done by the Governing Body. | Decision to adopt the Terms of Reference  
Decision to adopt changes to Terms of Reference  
**Progress to date:**  
Terms of Reference approved November 2019 [Link to decision]  
Terms of Reference amended to include working parties November 2019 [Link to decision]  
Terms of Reference amended to include the Emergency Committee March 2020 [Link to decision]  
As and when required |                                                                                           |
| Standing Orders                  | Statutory requirement under the Local Government Act 2002, Schedule 7, clause 27  
Originally adopted 16/12/2010                                                                                                           | Decision to amend standing orders  
**Progress to date:**  
Change in light of COVID-19 March 2020 [Link to decision]  
Change for Attendance by Electronic Link 25 June 2020 [Link to decision]  
As and when required |                                                                                           |
| Tūpuna Maunga o Tāmaki Makaurau Operations Plan | Section 60 of Ngā Mana Whenua o Tāmaki Makaurau Collective Redress Act 2014 requires the Tūpuna Maunga o Tāmaki Makaurau Authority (Tūpuna Maunga Authority) and Auckland Council to annually agree an operational plan as part of the annual or long-term plan process.  
This requires the council to consult on a summary of the Draft Tūpuna Maunga o Tāmaki Makaurau Operational Plan (the Draft Tūpuna Maunga Plan).  
The Governing Body is also required to adopt the final plan. | Decision to adopt Operations Plan and summary  
**Progress to date:**  
Adopt draft plan and summary for consultation February 2020 [Link to decision]  
Adoption of Plan and Summary 30 July 2020 [Link to decision]  
Consultation documents |                                                                                           |
## Area of work and Lead Department

### Health, Safety and Wellbeing

**Reason for work:** The Governing Body has the role of the person or organisation conducting a business or undertaking.

**Committee role:** Decision to receive quarterly Health, Safety and Wellbeing report

**Progress to date:**
- Item deferred 26 March 2020

### Alcohol Control Bylaw Review

**Reason for work:** Legislative requirement to review the bylaw and policy after five years.

**Committee role:**
- Decision to approve statement of proposal #
- Decision to Make/Amend/Revoke the bylaw
  
- Public notification is required for bylaw reviews even if no change to the bylaw is recommended.

### Animal Management Bylaw Review

**Reason for work:** Legislative requirement to review the bylaw and policy after five years.

**Committee role:**
- Decision to approve statement of proposal #
- Decision to Make/Amend/Revoke the bylaw
  
- Public notification is required for bylaw reviews even if no change to the bylaw is recommended.

### Cemeteries and Crematoria Bylaw Review

**Reason for work:** Legislative requirement to review the bylaw and policy after five years.

**Committee role:**
- Decision to approve statement of proposal #
- Decision to Make/Amend/Revoke the bylaw
  
- Public notification is required for bylaw reviews even if no change to the bylaw is recommended.

### Freedom Camping

**Reason for work:**
- Explore the need for and options for regulating freedom camping in Auckland
- Regulatory response may be required following completion of research and pilot

**Committee role:**
- Decision to approve statement of proposal #
- Decision to Make/Amend/Revoke the bylaw
  
- Public notification is required for bylaw reviews even if no change to the bylaw is recommended.

### Navigation Safety Bylaw Review

**Reason for work:** Legislative requirement to review the bylaw and policy after five years.

**Committee role:**
- Decision to approve statement of proposal #
- Decision to Make/Amend/Revoke the bylaw
  
- Public notification is required for bylaw reviews even if no change to the bylaw is recommended.
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<tr>
<td>Outdoor Fire Safety Bylaw Review</td>
<td>Legislative requirement to review the bylaw and policy after five years.</td>
<td>Decision to approve statement of proposal # Decision to Make/Amend/Revoke the bylaw *public notification is required for bylaw reviews even if no change to the bylaw is recommended.</td>
<td>Option Option</td>
</tr>
<tr>
<td>Property Maintenance Nuisance Bylaw Review</td>
<td>Legislative requirement to review the bylaw and policy after five years.</td>
<td>Decision to approve statement of proposal # Decision to Make/Amend/Revoke the bylaw *public notification is required for bylaw reviews even if no change to the bylaw is recommended.</td>
<td>Proposal</td>
</tr>
<tr>
<td>Signage Bylaw Review</td>
<td>Legislative requirement to review the bylaw and policy after five years.</td>
<td>Decision to approve statement of proposal # Decision to Make/Amend/Revoke the bylaw *public notification is required for bylaw reviews even if no change to the bylaw is recommended.</td>
<td>Proposal</td>
</tr>
<tr>
<td>Trading and Events Bylaw Review</td>
<td>Legislative requirement to review the bylaw and policy after five years.</td>
<td>Decision to approve statement of proposal # Decision to Make/Amend/Revoke the bylaw *public notification is required for bylaw reviews even if no change to the bylaw is recommended.</td>
<td>Proposal</td>
</tr>
<tr>
<td>Traffic Bylaw Review</td>
<td>Legislative requirement to review the bylaw and policy after five years.</td>
<td>Decision to approve statement of proposal # Decision to Make/Amend/Revoke the bylaw *public notification is required for bylaw reviews even if no change to the bylaw is recommended.</td>
<td>Option Option</td>
</tr>
<tr>
<td>Mayoral Housing Taskforce Steering Group</td>
<td>Oversee the progress and implementation of the June 2017 Mayoral Housing Taskforce report.</td>
<td>Decision to setup, agree and approve membership of group Decision to receive six-monthly updates</td>
<td>Deferred To April Deferred</td>
</tr>
<tr>
<td>Auckland Council Top Risk Register</td>
<td>The Audit and Risk Committee will refer the risk register to the Governing Body every quarter.</td>
<td>Decision to note the top risk register and risk heat map Decision to receive quarterly reports</td>
<td>Deferred Deferred</td>
</tr>
</tbody>
</table>

*Summary of Governing Body information memoranda and briefings (including the Forward Work Programme) - 27 August 2020*
### Area of work and Lead Department

<table>
<thead>
<tr>
<th>Item 16</th>
<th>Area of work and Lead Department</th>
<th>Reason for work</th>
<th>Committee role (decision and/or direction)</th>
<th>Expected timeframes Highlight the month(s) this is expected to come to committee in 2020</th>
</tr>
</thead>
</table>
| 16      | Te Tiriti o Waitangi / Treaty of Waitangi | The Crown negotiates settlements with iwi on a confidential basis and from time to time invites Council to express its views. The Te Tiriti o Waitangi / Treaty of Waitangi Settlement Working party is accountable to the Governing Body and reports its findings to the Governing Body. | Decision to approve submissions to the Crown as and when required  
Decision to approve establishment and on-going implementation of co-management and other governance arrangements  
**Progress to date:**  
Formation of Kaipara Moana Remediation Joint Committee 30 July 2020 | As and when required  
Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| 16      | Elected members expense policy | Responsibility to adopt expense policy rules for Remuneration Authority approval | Decision on elected members expense policy  
**Progress to date:**  
Item deferred 26 March 2020  
Adoption of policy 30 July 2020 | Deferred  
Decisions on Service Levels and Funding  
Decisions on Governance Framework Review implementation as required | Deferred to April  
| 16      | Strategy | Watercare is accountable for the metropolitan water supply system - the continuity, supply and quality of drinking water as well as customer service and communication. They are also responsible for the management and treatment of wastewater. | Monitoring drought situation.  
**Progress to Date:**  
Update from Watercare 25 June 2020  
Update on water matters from Auckland Council 25 June 2020 |  
Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
<table>
<thead>
<tr>
<th>Lead Department</th>
<th>Area of work</th>
<th>Committee role (decision and/or direction)</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Services</td>
<td>Ark in the Park</td>
<td>Decision to appoint GB representatives to Ark in the Park.</td>
<td>Appointment of councillor representatives February 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Link to decision</td>
</tr>
</tbody>
</table>
| Democracy Services     | Local government elections Evaluation of 2019 election for 2022 election | Consider evaluation report of 2019 election  
Decision on submission to Justice Select Committee Inquiry into 2019 election  
Decision on voting system for the 2022 election and whether to establish Māori wards | Decision on evaluation and Māori wards February 2020                                                 |
|                        |                                                   |                                                                                                            | Link to decision                                                                                   |
|                        |                                                   |                                                                                                            | Decision on submission in Inquiry into 2019 election February 2020                                  |
|                        |                                                   |                                                                                                            | Link to decision                                                                                   |
| Community and Social Policy | Food Safety Information Bylaw Review Legislative requirement to review the bylaw and policy after five years. | Decision to approve statement of proposal #  
Decision to Make/Amend/Revoke the bylaw  
*public notification is required for bylaw reviews even if no change to the bylaw is recommended. | Adoption of Food Safety Information Bylaw Review 30 April 2020                                       |
|                        |                                                   |                                                                                                            | Link to decision                                                                                   |