

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

Date: Thursday, 28 March 2024
Time: 10.00am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Tira Hautū / Governing Body

OPEN AGENDA

MEMBERSHIP

Mayor
Deputy Mayor
Councillors

Wayne Brown	
Cr Desley Simpson, JP	
Cr Andrew Baker	Cr Mike Lee
Cr Josephine Bartley	Cr Kerrin Leoni
Cr Angela Dalton	Cr Daniel Newman, JP
Cr Chris Darby	Cr Greg Sayers
Cr Julie Fairey	Cr Sharon Stewart, QSM
Cr Alf Filipaina, MNZM	Cr Ken Turner
Cr Christine Fletcher, QSO	Cr Wayne Walker
Cr Lotu Fuli	Cr John Watson
Cr Shane Henderson	Cr Maurice Williamson
Cr Richard Hills	

(Quorum 11 members)

Sandra Gordon
Kaiarataki Kapa Tohutohu Mana Whakahaere /
Acting Team Leader Governance Advisors

25 March 2024

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- 1 **Ngā Tamōtanga | Apologies**
- 2 **Te Whakapuaki i te Whai Pānga | Declaration of Interest**
- 3 **Te Whakaū i ngā Āmiki | Confirmation of Minutes**

Click the meeting date below to access the minutes.

That the Governing Body:

whakaū / confirm the ordinary minutes of its meeting, held on [Thursday, 29 February 2024](#), including the confidential section, as a true and correct record.
- 4 **Ngā Kōrero a te Marea | Public Input**
- 5 **Ngā Kōrero a te Poari ā-Rohe Pātata | Local Board Input**
- 6 **Ngā Pakihi Autaia | Extraordinary Business**

Chief Executive and Group Chief Financial Officer Update

File No.: CP2024/00493

Te take mō te pūrongo Purpose of the report

1. To provide a monthly update to the Governing Body on key matters from the Auckland Council Chief Executive and Acting Group Chief Financial Officer.

Whakarāpopototanga matua Executive summary

Chief Executive and Group Chief Financial Officer's Update

2. Phil Wilson, Chief Executive and Nicola Mills, Acting Group Chief Financial Officer (GCFO) will provide a summary of highlights and key activities and updates for the following:
 - Government relationships and reform
 - Service performance
 - Long-term Plan (LTP) update
 - Financial performance for Auckland Council and the Auckland Council Group for the eight months to 29 February 2024
 - Economic/market update.

Government relationships and reform

Water reform

3. In accordance with the direction from Governing Body, staff are continuing to work with Crown officials on water reform. It is expected that further reporting will be required in May 2024.

Fast-Track Consenting Bill

4. The Fast Track Approvals Bill was introduced on 7 March 2024 and has been referred to the Environment Select Committee. Submissions close on 19 April 2024.
5. The purpose of the Bill is to provide a streamlined decision-making process to facilitate the delivery of infrastructure and development projects with significant regional or national benefits. It is intended to provide a 'one-stop' process that applies to approvals under a range of legislation, including consents under the RMA^[1]. The Bill is based on the previous RMA fast-track regime developed by the previous government but is far more extensive in its scope and may encompass renewable energy, housing and mining. The Bill provides for the following process:
 - the responsible joint ministers refer projects for acceptance into the fast-track process
 - referred projects to go to an Expert Panel, which will have limited ability to decline a project and will apply any necessary conditions to ensure adverse effects are managed
 - the Expert Panel is unable to seek public submissions and is not required to conduct a hearing but will be required to seek and consider comments from local government, Māori groups, landowners, and other groups listed in the Bill.

[1] Approvals under the Conservation Act 1987, Wildlife Act 1953, Reserves Act 1977, Freshwater Fisheries Regulations 1983, Heritage Pouhere Taonga Act 2014, Exclusive Economic Zone Act 2012, Crown Minerals Act 1991 and the Public Works Act 1981. [Fisheries Act and Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act]

- the Expert Panel makes a recommendation to the joint Ministers, who will determine if the approvals should be granted or declined. Ministers can refer a project back to the panel if they determine the conditions are too onerous
 - appeals are available to the High Court on points of law only
 - protections for existing Treaty settlements and other legislative arrangements are included.
6. Council staff are preparing a submission for the Planning, Environment and Parks Committee's consideration.
 7. The Bill was to include specific projects, which will automatically be referred into the fast-track process. The Government will establish a Fast-track Advisory Group of independent experts to provide advice to Ministers on what projects should be included in the legislation.

Changes to National Transport Policy

8. The Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill was passed on 5 March 2024 under urgency. The Act ends the Auckland Regional Fuel Tax scheme on 30 June 2024.
9. The Bill has significant implications for Auckland's transport programme, which staff are still working through.
10. As reported last month, the Long-term Plan (LTP) consultation document reflects the Government's decision to end the regional fuel tax. The government has indicated its support for the introduction of Time of Use Charging in Auckland, although it has yet to announce timeframes for undertaking the necessary legislative change.
11. The draft Government Policy Statement on Land Transport (GPS) was released for consultation on 4 March 2024, with submissions due on 2 April 2024. Auckland Council made a submission on the draft Government Policy Statement on Land Transport 2024 (GPS) developed by the previous government. The new version of the GPS reflects the Government's transport priorities. The Transport and Infrastructure Committee will consider the draft submission at an extraordinary meeting on the 27 March.

Long-term Plan 2024 – 2034 (LTP) process –update

12. Public consultation on the LTP began on 28 February and feedback is being compiled and assessed so that it can be considered by the Governing Body and local boards ahead of decisions and adoption of the final LTP by 30 June 2024. As at 19 March, we have received just over 6,000 submissions.
13. There has been ongoing engagement during the consultation period, which ends on 28 March. Aucklanders have been encouraged to have their say on the consultation document at [akhaveyoursay.nz/ourplan](https://www.akhaveyoursay.nz/ourplan) throughout the consultation period. Over 70 events have been scheduled, including stalls at existing events such as the Kumeu Show in Rodney, Pasifika Festival at Western Springs, Polyfest, drop-in sessions held at various libraries across the region, online information sessions, hui for mataawaka and whānau Māori communities, Pasifika fono in South and West Auckland, and regional organisation and interest groups have your say events. Participatory forums as part of the Deliberative Engagement approach have also been conducted both with advisory panels and a demographically representative group of the general public.

Financial performance for Auckland Council and the Auckland Council Group

14. The monthly financial dashboard for Auckland Council and the Auckland Council Group was not available at the time the agenda was due for release and will be made available prior to the meeting. A summary of the key highlights and results will be provided by the Acting Group Chief Financial Officer at the meeting.

Economic/ market update

15. Key economic/ market activity and updates are:

- Annual inflation rate – Consumer Price Index was 4.7 per cent at the end of December 2023 (updated quarterly, next due 17 April 2024).
- Non-tradable inflation was at 5.9 per cent for the year to December 2023. Non-tradables are goods and services that do not face foreign competition and are an indicator of domestic demand and supply conditions. (updated quarterly, next due 17 April 2024)
- Unemployment rate – 4.0 per cent to the end of December 2023, an increase of 0.3 per cent on the previous quarter (updated quarterly, next due 1 May 2024).
- Gross Domestic Product decreased by 0.1 per cent in the December 2023 quarter, bringing annual growth to 0.6 per cent (updated quarterly, next due 20 June 2024)
- The Official Cash Rate (OCR) rate remained at 5.5 per cent on 28 February 2024 (next update is 10 April 2024).
- Auckland new dwellings consented numbers – 15,309 for the 12 months to January 2024 (28 per cent lower than the year ended January 2023).
- International migration (national level) – net gain of 127,400 people for the 12 months to November 2023, comprising 249,500 arrivals and 122,100 departures (provisional estimates, subject to revision)

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whiwhi / receive the information provided in this report, in the monthly financial dashboard circulated prior to the meeting and the verbal updates by the Chief Executive and Acting Group Chief Financial Officer.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Authors	Karuna Dahya - Manager Group Performance Reporting Lisa Tocker - Executive Officer Kerri Foote - Executive Officer : Chief Financial Office Division
Authorisers	Nicola Mills - Acting Group Chief Financial Officer Phil Wilson - Chief Executive

Auckland Council Group and Auckland Council Quarterly Performance Reports for the quarter ended 31 December 2023

File No.: CP2024/01392

Item 8

Te take mō te pūrongo

Purpose of the report

1. To provide a quarterly performance update for the Auckland Council Group and Auckland Council for the six months ended 31 December 2023.

Whakarāpopototanga matua

Executive summary

2. The priority over the quarter has been to continue to support the region's recovery from the 2023 weather events that hit Auckland, and to strengthen its long-term financial and physical resilience. This included continuing to review and build infrastructure to support the growth in the region, planning for delivery of the long-term plan and working on partnerships with the new government.
3. In response to the Auckland-wide storm damage, in October 2023, a cost-sharing arrangement with central government was negotiated that will help fund buy-outs of properties that are faced with an intolerable risk to life and where there is no feasible intervention (Risk Category 3 properties). Auckland Council recorded a provision of \$459 million for buying out Risk Category 3 properties which will be partially recovered from central government grants under the cost-sharing agreement.
4. Auckland Council Group's direct revenue from fees and charges continued to be ahead of budget except water and wastewater revenue due to delay in increasing price and lower water consumption.
5. Capital investment of \$1.4 billion was delivered year-to-date by Auckland Council Group, against a budget of \$1.5 billion – a delivery of 96 per cent of budget, an improvement of 16 per cent compared to prior year capital investment delivery (80 per cent). Progress continued for major capital works such as the City Rail Link, the West and Northwest Bus programme, and flood remediation works across the group.

Group performance

6. Capital investment for the quarter was \$752 million, bringing capital investment for the first six months of the financial year to \$1.4 billion. Most investment was in roading and transport assets (\$313 million for the quarter and \$599 million for the six months), as well as water supply and wastewater assets (\$273 million for the quarter and \$551 million for the six months).
7. We use debt to spread the cost of assets over the generations that will benefit from them. For the six months, despite the significant capital investment, net debt decreased by \$0.4 billion to \$11.9 billion. This was mainly due to the proceeds from the sale of 7 per cent of Auckland Airport shares (\$833 million) being used to repay debt during September, which was partially offset by funding of the capital investment programme.
8. Overall net direct expenditure for the group is \$27 million favourable to budget.
9. Direct revenue was \$1.4 billion which is \$49 million ahead of budget. This has been mainly driven by weather event related government grants, infrastructure growth charges (IGC) and developer revenue. Also, higher than anticipated volume of building consents, licenses and permits and increase in bus patronage (33 per cent more trips from July to December 2023 compared to same period prior year) but partially offset by lower revenue from water and wastewater fees contributed to direct revenue being favourable to budget.

10. Direct expenditure was \$1.8 billion (\$22 million higher than budget) due to weather event costs and repairs, higher outsourced works and services for processing the higher consenting volumes, timing of provision of grants and employee costs.
11. The non-direct expenditure included a \$459 million unbudgeted provision for the estimated costs to buy-out Risk Category 3 properties.
12. There was an increase of 221 (2 per cent) in full time equivalent employees across the group since September 2023 with the bulk of the increase coming from Auckland Council attributable to the hiring of interns and seasonal employees, such as in the pools and leisure lifeguards and casual staff and regional parks interns during summer peak use periods.
13. The CCO Statement of Intent (SOI) performance measures (which include some LTP performance measures) are reported as part of the Transport & Infrastructure Committee and the CCO Oversight Committee quarterly reporting and as such and are not reported here.

Auckland Council performance

14. The council's capital expenditure for the quarter was \$130 million bringing the year-to-date result to \$223 million against a budget of \$225 million – a 99 per cent delivery of budget. Most investments were in Parks and Community Facilities (\$60 million for the quarter and \$92 million the six months) and Healthy Waters projects (\$29 million for the quarter and \$54 million for the six months).
15. Year-to-date net direct expenditure of \$558 million was \$28 million favourable to budget.
16. For our non-financial performance measures, 26 measures were updated this quarter for Auckland Council. We achieved 58 per cent (15) and did not achieve 38 per cent (10). One measure (4 per cent) was substantially achieved. Community investment is tracking well and many of these measures have consistently improved on previous quarters. Some targets were not achieved as a result of delayed projects, contractor performance, specialist staff shortages and potential changes in customer needs which continue to cause risk in these areas. These risks are being mitigated through the recruitment of additional staff and updating systems and processes.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whiwhi / receive the Auckland Council Group and Auckland Council quarterly performance reports for the six months ended 31 December 2023.

Horopaki Context

17. The Auckland Council Group Interim Report for the six months ended 31 December 2023 was released on 29 February 2024 with a primary focus on meeting statutory reporting requirements. A link to the interim report was sent to the Governing Body on the same day. As results are now in the public domain, a more fulsome view of the group's performance to that date can be provided. Auckland Council has series of bonds quoted on the New Zealand Stock Exchange (NZX) Debt Market maintained by NZX Limited. The Auckland Council Group is subject to obligations under the NZX Main Board and Debt Market Listing Rules and the Financial Markets Conduct Act 2013. Price sensitive information, such as financial information, must be handled confidentially and with care, until the release of the interim report to the NZX on 29 February 2024.

18. This quarterly performance report is a more fulsome report for the six months to 31 December 2023, which in addition to financial information includes non-financial performance measures, capital project delivery, debt management metrics and information on progress in key strategic areas.
19. The Governing Body is provided with management and statutory results on a quarterly basis. While these two sets of results reconcile, they are aggregated and analysed with different lenses. The quarterly performance report reflects management's view of the group service performance and the Auckland Council, tailored to highlight key performance areas (refer Attachments A and B respectively). The statutory results are externally focused and based on financial reporting standards (refer Attachment C).

Tātaritanga me ngā tohutohu Analysis and advice

Group performance

20. The group's quarterly performance report is included in Attachment A.
21. Capital delivery highlights include:
 - Progression of the Rodney Targeted Rate Programme which included completion of footpath construction in Riverhead, Warkworth, Wellsford and Whangateau.
 - New Lynn pump station upgrade was completed, and Triangle Road pump station was brought back into service to boost water supply by pushing water from treatment plants to consumers at a faster rate.
 - Gas consumption at Auckland Art Gallery has reduced significantly since decommissioning of gas boilers in November 2023.
 - Vibrant new mural, all weather canopy and lighting completed in Devon Lane (Pukekohe).
 - Central Interceptor project continued to progress, and the tunnel boring machine has commenced its drive from May Road A to Tawariki Street (15 per cent of the Northern Tunnel). So far, the main tunnel boring machine has bored 9,805m and laid 6,128 concrete rings behind to form the Central Interceptor Tunnel.
22. Net debt reduced by \$0.4 billion to \$11.9 billion over the six months. Significant movements in net debt include repayment of borrowings with the proceeds from the partial sale of Auckland International Airport Limited's shares and additional borrowings to meet the group's capital investment.
23. The council's credit ratings from S&P Global Ratings and Moody's Investor Services remained at AA and Aa2 respectively, on stable outlook. The S&P's rating was reaffirmed in February 2024 and Moody's rating in October 2023.
24. Year-to-date net direct expenditure of \$456 million was \$27 million favourable to budget.
25. Year-to-date direct revenue was favourable to budget by \$49 million mostly driven by grants received for remediation of severe weather events, increase in developers' revenue and water reform funding. Also, higher than anticipated volume of building consents, licenses and permits and increase in bus patronage (33 per cent more trips from July to December 2023 compared to same period prior year) partially offset by lower revenue from water and wastewater fees contributed to direct revenue being favourable to budget.
26. Year-to-date direct expenditure was \$22 million higher than budget. The variance was primarily driven by an increase in number of seasonal employees, costs of repairing storm and flooding related damages and budget phasing for grants, contributions, and sponsorship provided.

27. There was an increase of 221 (2 per cent) in full time equivalent employees since September 2023 with a lot of the increase coming from Auckland Council, attributable to the hiring of interns and seasonal employees, for example in the pools and leisure lifeguards and casuals and regional parks interns during summer peak use periods.
28. Year-to-date non direct expenditure was \$482 million higher than budget. Following the cost-sharing agreement with the central government to support the recovery from the severe weather events during Auckland Anniversary and Cyclone Gabrielle, Auckland Council recognised a provision of \$459 million for buying out Category 3 properties.

Auckland Council performance

29. Auckland Council's quarterly performance report is included in Attachment B.
30. The council delivered capital expenditure of \$223 million year-to-date against a budget of \$225 million – a 99 per cent delivery of budget.
31. Capital highlights included:
 - Comprehensive renewal of Helensville A&P Showgrounds facility was completed.
 - Clinker Place New Lynn project reached practical completion in September 2023. The project installed a stormwater pipe in New Lynn and improved the stormwater network in the area.
 - Victoria Street was partially opened to east-west traffic in late December 2023.
 - Myers Park Underpass project was formally opened in December 2023.
 - Sinclair Park water treatment plant upgrade at 34 Macky Road, Kaukapakapa achieved practical completion in December 2023.
32. Year-to-date net direct expenditure of \$558 million was \$28 million favourable to budget.
33. Year-to-date direct revenue of \$277 million was favourable against the budget of \$235 million, by \$42 million, driven mainly by higher than budgeted processing volumes for building consents and inspections, as well as licensing and compliance.
34. Year-to-date direct expenditure was \$835 million, broadly in line with budget of \$821 million.
 - Outsourced works and services were \$29 million unfavourable to budget driven by rising contract costs, ongoing storm recovery work and consenting support. This was partly offset by other direct expenditure favourable variance of \$28 million.
 - Grants, contributions and sponsorship were \$11 million unfavourable due to a number of grants paid at different times than budgeted including Business Improvement District grants payments, Healthy Water Kaipara Moana Programme, and higher than anticipated grants expenditure on the Skills for Industry Programme.
35. \$43.7 million (87 per cent) of the \$50 million savings target has been achieved at the end of quarter two. Of the \$43.7 million savings achieved, \$30.6 million are ongoing cost reductions and \$13.1 million are one-off expenditure reductions. A comprehensive savings update was provided to the Revenue, Expenditure and Value Committee at the 19 March 2024 meeting.
36. For our non-financial performance measures, 26 measures were updated this quarter. We achieved 58 per cent (15) and did not achieve 38 per cent (10). One measure (4 per cent) was substantially achieved.
 - i) 100 per cent of the eight targets for stormwater measures have been achieved for the last two quarters This included a median response time of 1 hour 10 minutes to habitable floor flooding events, against a target of >2 hours. Further detail provided in Attachment B (page 15)

- ii) Customer satisfaction targets for building consent, resource consent and licensing services (food and alcohol) were achieved, and the overall performance has improved compared to last year. The 100 per cent target for statutory timeframes is unattainable however building and resource consents have achieved 84 per cent. Sustained improvement towards the target includes balancing internal recruitment, contractor spend/performance with forward demand projections. Regulatory Services have plans to recruit additional staff and increase their focus on prioritising incoming applications. Further detail provided in Attachment B (page 23-24)
- iii) Customer and Community Services performed well in the number of library internet sessions and participation at art facilities, community centres and hire venues. The visits to library have improved since last quarter moving from not achieving to substantially achieving targets in this quarter. Further detail provided in Attachment B (page 27)
- iv) The targets for active library members, website sessions and number of library items checked out were not met. Those targets were set assuming that Auckland Libraries would recover relatively quickly from COVID-19 impacts. Libraries are showing some signs of recovery with upward trends, however still likely to remain below the targets, which will need to be adjusted. The change in customer needs and preferences and the website re-platforming project, are likely to continue to further impact on the number of website sessions measure and the ability to meet targets set in 2021. Further detail provided in Attachment B (page 27).

Climate impact statement

37. This is an information report providing an update on performance across the Auckland Council Group and Auckland Council. No decision is sought in this report that has a direct impact on the group's greenhouse gas emissions nor the group's approach to preparing for climate change. Climate action is a strategic focus area for the group and an update on the progress of climate action projects is provided in Attachment A (page 16-19). Further, details of statutory climate reporting, which reports on the impact of climate risks and opportunities on the group, is also included at the end of Attachment A.

Council group impacts and views

38. The group quarterly performance report reflects the results of the group for the six months ended 31 December 2023. CCO's and Port of Auckland Limited provide input into the preparation of these reports.

Financial implications

39. No financial decisions are sought and accordingly there are no financial implications directly arising from the information contained in the report.

Risks and mitigations

40. There is a minor risk that the information in this report and the attachments may lack accuracy or completeness due to it not being subject to an audit. Management has performed due diligence by obtaining detailed explanations from all Auckland Council business units as well as group entities supplemented by representation letters provided by CCOs and Port of Auckland Limited.

Tauākī whakaaweawe Māori

Māori impact statement

41. Māori outcomes are a group and council strategic focus area. Attachment A (page 20-22) provides key information and progress on delivery of the agreed programmes for the group and the council.
42. No decisions are being sought in this report that could have an impact on Māori.

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

Local impacts and local board views

43. Community investment is one of Auckland Council's strategic focus areas. The Auckland Council quarterly report in Attachment B provides highlights, issues and risks related to local and regional projects.
44. No decisions are being sought in this report that could have an impact on local communities or on local board decision-making.

Ngā koringa ā-muri

Next steps

45. The next quarterly performance report for the nine months to 31 March 2024 will be provided at the 30 May 2024 Governing Body meeting.

Ngā tāpirihanga

Attachments

No.	Title	Page
A⇒	Auckland Council Group Quarterly Performance Report 31 December 2023	
B⇒	Auckland Council Quarterly Performance Report 31 December 2023	
C⇒	Auckland Council Group reconciliation of management to statutory results 31 December 2023	

Ngā kaihaina

Signatories

Authors	Karuna Dahya - Manager Group Performance Reporting Kent Annear - Senior Group Performance Advisor Tracy Gers - External Stakeholder Group Reporting Manager Yvonne Teo - Financial Accounting Manager
Authorisers	Brian Chan - Acting General Manager Financial and Business Performance Ross Tucker - General Manager, Financial Strategy and Planning Nicola Mills - Acting Group Chief Financial Officer Phil Wilson - Chief Executive

Storm Recovery update and request to set an end date for homeowners to opt in to the property risk assessment process

File No.: CP2024/02723

Item 9

Te take mō te pūrongo

Purpose of the report

- To:
 - provide an update on progress with the Tāmaki Makaurau recovery programme,
 - agree an end date for property owners to opt into the storm recovery assessment process, of 30 September 2024.

Whakarāpopototanga matua

Executive summary

- This monthly report to the Governing Body provides an overview of progress with Auckland's storm recovery, including notable achievements and identifying upcoming challenges. A dashboard of progress is included as Attachment A.
- The Recovery Office continues to provide support to impacted communities, whānau and individuals, with Navigator support, community events and mental wellbeing workshops. The Community and Social Recovery Needs Assessment Summary Report is attached as Attachment B. It highlights that whānau are struggling in many ways, including mentally, emotionally, spiritually and financially. Health and wellbeing, housing and accommodation, and meeting basic household needs are common issues. Other recovery needs identified include access to information and support, insurance issues, and infrastructure and planning concerns such as the potential to withstand future severe weather events.
- Of note this month, approximately one quarter of opted-in properties have now been assessed and categorised (noting that new opt in requests continue to be received). The rate of categorisation is increasing, as more site assessments are completed. 685 properties have received their categorisations.
- Eighty-six Category 3 properties have received a buy-out offer, 34 offers have been accepted and 12 sale and purchase agreements have been completed. The first dwelling deconstructions have started.
- A policy framework for decisions on the future of storm impacted land will be presented to the Governing Body at its 30 May meeting.
- The first application for a Category 2P grant has been received, with more in the pipeline, and the Recovery Office continues engagement with Crown agencies in progressing Category 2 Risk Mitigation Projects, including Category 2C (community level risk mitigation). Project Development Plans (PDP) have been lodged for Category 2P and the first phase of Category 2C (Feasibility and Design) with Crown Infrastructure Partners. The PDPs for transport resilience projects (\$110 million) have been approved by Government Ministers.
- This report proposes establishing an end date for property owners to opt into the storm recovery property assessment process. 30 September 2024 will provide sufficient time to inform communities of the upcoming close-off of the scheme, and to do the consequent assessment and categorisation before government funding for Category 3 voluntary buy-outs ends on 30 June 2025.
- A Transition Plan, covering the closure of the Recovery Office and integration of remaining recovery activities into the council's regular operations, will be presented to the Governing Body in June 2024

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) tuhi-ā-taipitopito / note progress with the Tāmaki Makaurau recovery efforts.
- b) whakaae / agree that the end date for property owners to opt into the storm recovery property assessment process will be 30 September 2024, with provision to enable inclusion of other properties following that time at the council's discretion, with the final details of the council discretion to be approved by the Chief Executive.
- c) tuhi-ā-taipitopito / note that a programme of communications will be implemented to encourage owners of high-risk properties to opt in before 30 September 2024.

Horopaki Context

Continued activity to recover from the severe weather events of 2023

10. It is now more than one year since the severe weather events that devastated Auckland communities. The Auckland Anniversary Weekend floods and Cyclone Gabrielle left a trail of devastation, with tragic and long-lasting impacts for impacted communities.
11. Since January 2023, Auckland Council group has worked with government, NGO's, iwi and community partners to support people and the region to respond to the severe weather events and to begin their recovery journey. Work includes deploying hundreds of teams to repair the roads, pipes and community infrastructure that keep Auckland working and, in uncharted territory for the council, setting up new systems and funding streams to support Aucklanders with homes that pose an intolerable risk to life.
12. This monthly report to the Governing Body provides an overview of progress with Auckland's storm recovery, including notable achievements and upcoming challenges and decisions.

Tātaritanga me ngā tohutohu Analysis and advice

13. The Tāmaki Makaurau Recovery Plan identifies four whenu (strands). Progress is reported here against each of these whenu, with key data presented in the Recovery Office dashboard, attached as Attachment A. The key decision for the Governing Body this month is to set an end date for homeowners to opt-in to the property risk assessment process.

Setting an end date for opt-ins

14. Partnership funding with the Crown for Category 3 buy-outs is set to end on 30 June 2025, so an end-date for property owners to opt into the property risk assessment process needs to be set.
15. The recommendation is to close the invitation to opt-in to the property risk assessment process on 30 September 2024, with provision to enable inclusion of other properties following that time at the council's discretion.
16. Key considerations in setting the final date are ensuring:
 - The scheme is open long enough to meet the council's policy objective to remove people from situations of intolerable risk, arising from the severe weather events of early 2023
 - High risk properties are recruited into the scheme so that the council can assess and identify properties that reach the intolerable risk to life threshold
 - Property-owners have sufficient information and time to be able to decide whether they want to opt in

- Enough time remains after the opt-in closure to allow for technical assessment and categorisation and, where relevant, entry into the Category 2P scheme and settlement of Category 3 buy-outs before 30 June 2025. This needs to include time for requests for reviews / disputes to be lodged and processed.
17. Door-knocking and letter campaigns are already underway to reach owners of known high-risk properties. Further communications will be undertaken before the end date, including proactive communication to reach owners of high-risk properties, and wide-reaching public messaging in the months leading up to September 2024.
 18. It is possible that a number of property owners will choose not to opt into the assessment process, preferring to remain in their homes at their own risk. As the scheme is voluntary, there is little the council can do beyond offering information and advice.

Community and social recovery is supporting people with complex recovery needs

19. Storm Recovery Liaisons and Community Convenors continue to support communities to problem-solve and access information and resources to progress their recovery. Navigators are actively supporting 625 whānau and individuals. Community liaisons are supporting 22 resident groups.
20. A Storm Recovery Navigation Governance Group has been set up, with membership from iwi and NGO partner leaders. The purpose of the Governance Group is to provide strategic guidance, oversight, and support in the implementation, evaluation, and continuous improvement of the service. The first two hui discussed coordination, communication, and service enhancements.
21. Funding for Work and Income Temporary Accommodation Assistance (TAA) and MBIE Temporary Accommodation Service (TAS) ends June 2024. Given the extended periods some households in Auckland will continue to need this assistance, the Recovery Office is advocating for the extension of funding to June 2025. Wherever we can, we are ensuring that displaced residents receive their categorisation as soon as possible.
22. There are increasing reports of looting, vandalism, illegal dumping and squatting in vacant properties, particularly in the West and North Shore. Our priority at the moment is to support residents to work together on solutions such as connecting in with neighbourhood support groups and community patrols where they exist, and building relationships with their local police community constables. In some areas, neighbours are supporting each other by loaning cameras to the properties with recurring break-ins. We are monitoring the situation and considering if further action is needed.
23. The Mental Wellbeing Grant process, reported last month, has received 46 applications totalling \$3.5 million (for the available funding of \$1.6 million).
24. Free 'Weathering the Storm' workshops, funded by Te Whatu Ora, are being run to help people manage stress and heightened emotions associated with severe weather events, including weather-related anxiety and worry about the future. Workshops are booked for Mangere, Mount Roskill and Henderson, as well as two on-line zoom sessions. Further information is available at <https://www.blueprint.co.nz/workshops/weathering-the-storm/#sessions>
25. The Community and Social Recovery Needs Assessment Summary Report is attached as Attachment B. This report draws on findings from the Recovery Office's engagement with mana whenua and the community and social sector. It highlights significant ongoing needs in the community, linked to issues that have either not been resolved from the immediate aftermath of the weather events, or have developed since this time. These needs include:
 - **Health and wellbeing:** The storm events have had significant impacts on individuals and whānau physically, spiritually and emotionally. Identified needs were linked to a range of issues including ongoing trauma from the events, anxiety about future adverse weather events, stress in addressing the impacts of the events, isolation and loneliness, grief, unsuitable accommodation options and family and relationship stressors.

- **Housing and accommodation:** Impacts are being felt across the housing system. Many whānau are not having their basic housing needs met. Needs stem from families being forced to leave their properties which has resulted in some living in accommodation which is not fit for purpose, a loss of familial ties, cultural connections and other support networks, overcrowding, and psychological impacts as a result of housing instability. Some families are still living in damaged and unhealthy properties that they cannot afford to repair.
 - **Meeting basic household needs:** For some whānau, the financial toll of the weather events will be significant, ongoing and difficult to recover from. Financial impacts stem from loss of income, loss of vehicles and home contents, costly repairs, accommodation and travel costs related to temporary accommodation, additional insurance costs in the future and reductions in values of homes. For those who were already struggling, the financial impacts will be worse.
26. Other recovery needs identified include:
- **Access to information and support:** this is still a challenge for some whānau due to a lack of awareness of support options, confusing or complex pathways to help, language barriers, a lack of documentation, and a reluctance amongst some residents to ask for help.
 - **Insurance issues** are adding to an already stressful situation, with language barriers and a lack of evidence to support claims creating additional challenges.
 - **Infrastructure and planning** concerns relating to a lack of community preparedness for adverse weather events, the capacity of infrastructure to withstand future events, the potential negative impact of housing redevelopments and intensification, and threats to the natural environment.
27. The issues identified in the Needs Assessment Report have informed the development of the Tāmaki Makaurau Recovery Plan and continue to drive the priorities of the Recovery Office. We will ensure the findings are incorporated into lessons learned and communicated with the Cyclone Recovery Unit's national review processes.

Māori partnership and participation has secured further resourcing

28. Ngā Mātārae has further supported the Recovery Office programme via a part time secondment. This new whenu lead will join the leadership team with an initial focus on prioritising and implementing the Māori Partnership and Participation action plan which has already been produced.

Natural and built environment recovery is progressing

29. Significant headway is being made in the natural and built environment whenu, with categorisations, voluntary buy-outs, and other rebuilding projects all reporting good progress.
- Categorisations*
30. Six hundred and eighty-five categorisations have now been communicated to property owners (as of 8 March, up from 494 as of 31 January). This includes 460 Category 1, 16 Category 2P, 4 Category 2A, and 205 Category 3.
31. Based on the current number of properties opted into the assessment process, council is quarter of the way through the categorisation process. An increasing rate of categorisations are expected in the coming months, as site assessments for flooding and landslides – and in some cases both – are completed.
32. Forty-six property owners have requested a review of the council's decision – most seeking a change of category, with a smaller number seeking consideration of insurance provisions or special circumstances. Fourteen of these reviews are complete, with another 32 still in progress.

Category 3 buy-outs

33. Eighty-six Category 3 property owners have received an offer of purchase. Thirty-four have accepted the offer, and 12 sale and purchase transactions are now complete. As reported in the Recovery Office dashboard (Attachment A), average purchase costs are shifting around as the number of properties purchased increases, with the average Crown-council contribution being around \$155,000 higher than initial estimates. This data is expected to become more stable as the range of properties increases.
34. The first deconstruction of dwellings started in March.

Category 2 processes

35. The first grant application has been received for a Category 2P property, to construct a barrier for land slide protection. A number of other grant applications are likely to be lodged soon. Systems and people are in place to support Category 2P property owners with understanding their risk mitigation options and the process to design, consent and construct these on their properties.
36. The Recovery Office is submitting a Project Delivery Plan for funding of the overall 2P programme. Crown funding will only be sought for specific properties once projects have an approved construction grant.
37. Representatives of the Senior Executive Group and the Recovery Office are continuing discussions with Crown representatives on the best approach to Category 2 Risk Mitigation Projects and Category 2C properties. Feasibility assessments are underway for areas identified as potential candidates for a 'blue-green network' solution, including the hydraulic modelling necessary to evaluate potential risk mitigations. The first Project Delivery Plan will be lodged with Crown Infrastructure Partners shortly.

Establishing a policy for storm impacted land

38. Around 600 residential sites are likely to be transferred into Auckland Council ownership because of the voluntary buy-out scheme.
39. The acquired sites will have been assessed as posing an intolerable risk to life for residential activity. This is a high-risk threshold, to factor in the possibility of people being asleep in their homes when an event occurs. Other activities will have lower risks associated with them and could potentially be safely undertaken on these sites.
40. A draft policy framework for the storm impacted land is being developed by staff, to ensure that decisions about the future of these sites are appropriate, with risk as the primary consideration. Most land is likely to need to be retained, for example for stormwater management purposes. Some land could possibly be repurposed or redeveloped, subject to risk assessment.
41. As much as possible, decisions about storm impacted land will be streamlined into existing council group processes using existing policy settings.
42. With 12 properties already in council ownership, it is important to get clarity on the preferred approach to their future use as soon as possible.
43. The draft policy will be presented to the Governing Body at the 30 May 2024 meeting. An implementation plan for the policy will be developed following that milestone, as the details of the number of properties, appropriate risk thresholds and potential changes to the Unitary Plan (natural hazards plan change) become firmer.

Transport and infrastructure update

44. Eight hundred and thirteen minor and major sites have been identified and reviewed for the Auckland Transport Flood Recovery Programme. Three hundred and eighty-three have been completed to date. By the end of February 2024, Auckland Transport had spent \$144 million addressing sites and communities affected by the 2023 weather events.

45. Two Project Delivery Plans have been approved to date as part of the co-funding agreement Transport allocation (\$390 million): The Auckland Region Weather Events 2023 – Road Network Reinstatement Programme (\$85 million) and Mill Flat Road Bridge and Manukau Heads Road (\$25 million).

Economic recovery is beginning new resilience work

46. Tātaki Auckland has begun engagement with key stakeholders to develop an adaptation planning platform for small to medium enterprises. An update will be provided to the Governing Body when work is further advanced.
47. Rates relief requests, as approved by the Governing Body on 27 July 2023 (GB/2023/137) are slowing. A total of \$3.322 million rates relief has been provided to 902 properties to date.
48. Regulatory services continues to work with infrastructure partners on consenting for emergency works, and continues to prioritise the allocation and processing of consent applications for repairs to damaged properties.

Climate impact statement

49. Climate change remains a key consideration for the Recovery Office. The risk of more frequent and extreme weather events is rising with the effects of climate change. The impacts of individual events compound – making communities more vulnerable to crises and undermining resilience building efforts. This compound risk puts our communities, natural environment, infrastructure, utilities, and services under further pressure. Responding and recovering from extreme weather events becomes harder if communities are still coping with the impacts of the last event.
50. The Tāmaki Makaurau Recovery Plan sets out specific actions and describes work at a regional level that will contribute to Auckland’s ability to adapt to the impacts of climate change. This includes elements of the Resilient Auckland programme which will help to ensure Auckland’s resilience in the long-term and also prioritise adaptation planning for communities that have less adaptive capacity.

Council group impacts and views

51. The Recovery Office is working across the council group to ensure alignment with council policy and priorities, and to deliver necessary work programmes. A Recovery Office transition plan will be prepared by June 2024 to ensure a seamless transition of recovery activities into business as usual by the end of 2024.

Financial implications

52. There are no financial implications arising from this report.

Risks and mitigations

53. The ongoing risks and mitigations for the recovery effort are identified in Table One.

Table One. Priority Risks for the Recovery Office

	Risk	Mitigation
1. Sufficient funding	Assumptions had to be used to develop the co-funding agreement with the Crown, at a time where information was limited. There is a risk that the number of Category 3 and Category 2 properties is higher than expected over time.	Modelling is in place to track actual progress and updated assumptions against the current funding agreement envelope. The Recovery Leadership Team have monthly commercial forecasting and expenditure meetings with finance to track costs and forecasts, supported by a dedicated Recovery finance business partner. There is a good faith provision in the co-funding agreement with government to re-enter discussions if it proves the funding for the Voluntary Buy-out Support Scheme is insufficient.

	Risk	Mitigation
2. Delivery timeframes	There is a strong community expectation that categorisation and risk mitigation projects will be implemented quickly. The balance between speed and accuracy means that sometimes decisions take longer than the community expects. Additional properties (c. 500) have opted-into the scheme in 2024 and will require detailed risk assessments by engineers.	Prudent management of resources and budgets to deliver priority activities that meet the needs of affected Aucklanders, and clear rationale communicated to explain how projects are sequenced and prioritised.
3. Fit for purpose systems	Recovery Office operations are beyond business as usual for the council and have required rapid deployment of systems and projects. These systems need to be fit for purpose, demonstrate value for money, and able to be transitioned back into the council's regular business when the Recovery Office is wound down.	Recovery Office staff are focused on improved data management and reporting systems, working with relevant staff in the wider council group to ensure smooth transition and to manage further risk of cost escalation.
4. Further severe weather events	Another severe weather event could occur before recovery efforts are complete.	Storm Response funding is being used to increase proactive maintenance and improve the council's ability to respond quickly to events. Recovery continues to focus on the most vulnerable communities (Category 2 and 3) and developing community interventions to reduce risk.

Tauākī whakaaweawe Māori

Māori impact statement

54. The recovery is an opportunity to partner with iwi, mataawaka, marae and Māori businesses. Regular contact from Auckland Council will be important moving forwards to strengthen relationships with mana whenua, and ensure they are able to meaningfully participate in the recovery effort. Staff are considering the feedback provided in the November and December hui and exploring options for further partnership.
55. A new Māori Partnership and Participation whenu lead will shortly join the Recovery Leadership team with an initial focus on prioritising and implementing the Māori Partnership and Participation action plan which has already been produced.

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

Local impacts and local board views

56. Local boards have been engaged with throughout the recovery process, including development of the Tāmaki Makaurau Recovery Plan. Further targeted engagement with local boards will happen throughout the implementation of the Recovery Plan, particularly in areas with impacted communities.
57. The Storm Impacted Land policy framework will include local boards in their normal capacity with regard to land use in their areas. A briefing on the draft policy framework is scheduled for 29 April 2024.

Ngā koringa ā-muri Next steps

58. The Storm Impacted Land policy will be presented to the 30 May 2024 Governing Body Meeting.
59. A Transition Plan, covering the closure of the Recovery Office and integration of remaining recovery activities into the council's regular operations, will be presented to the Governing Body in June 2024.

Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Recovery Office Dashboard March 2024	
B⇒	Community and Social Recovery Needs Assessment	

Ngā kaihaina Signatories

Authors	Megan Howell - Programme Manager Mace Ward - Deputy Group Recovery Manager Tanya Stocks - Recovery Office Strategic Support
Authorisers	Mat Tucker - Group Recovery Manager Phil Wilson - Chief Executive

Presentation from Eden Park Trust Board

File No.: CP2024/01684

Te take mō te pūrongo Purpose of the report

1. To provide:
 - i) an opportunity for the Eden Park Trust Board (which is partially financed by Auckland Council through an existing loan facility) to present to the Governing Body on its performance and financial projections; and
 - ii) an update on progress against the resolutions of the Finance and Performance Committee from 19 March 2019 ([FIN/2019/24](#), [FIN/2019/25](#), [FIN/2019/26](#) and [FIN/2019/27](#)).

Whakarāpopototanga matua Executive summary

2. In accordance with resolutions made by the Finance and Performance Committee in March 2019, the Eden Park Trust Board (the Trust) will present to the Governing Body. The Trust's presentation includes: financial performance, major events and highlights, community events and engagement, planning for the future (stadium infrastructure and resource consent), P!NK, new partnerships, sustainability and exploring new revenue streams.
3. The balance of the loan facility (Facility) that the Trust has with the council remains steady at \$48.75 million. The loan balance is due 30 September 2029. The Trust continues to pay interest on the Facility. As at 31 October 2023 the Trust held cash at bank of \$11.4 million.
4. A Development Funding Agreement was executed between council and the Trust in late 2019. A total of \$9,797,985 was released to the Trust before 30 June 2022.
5. The priority from the council to progress on the single stadium operating model was further confirmed in the 2023/24 and 2024/25 letters of expectation to Tātaki Auckland Unlimited (TAU). There are delays with this work given council's political working group which is investigating options for a "main stadium" for Auckland. Once this process concludes, TAU anticipates more rapid progress can be achieved.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whakamihi / thank the representatives of the Eden Park Trust Board for their attendance and the information provided on their six-month performance and financial projections.

Horopaki Context

6. The Finance and Performance Committee agreed to provide the Trust with funding and financing on 19 March 2019 ([Resolutions FIN/2019/24](#), [FIN/2019/25](#), [FIN/2019/26](#) and [FIN/2019/27](#)) as follows:
 - a) *authorise and delegate all necessary powers to the chief executive to:*
 - i) *reach an agreement with Eden Park Trust and ASB Bank for Auckland Council to take over the \$40 million loan from ASB Bank to Eden Park Trust together with other facilities provided by ASB Bank to Eden Park Trust before 30 September 2019.*

- ii) *reach an agreement with Eden Park Trust to consolidate the loans acquired from ASB Bank and Auckland Council loans into one or more new facilities on commercial terms including:*
 - A) *first-ranking security over Eden Park Trust's assets*
 - B) *a term of up to ten years*
 - C) *an interest rate set at council's cost of funds plus a margin.*
 - b) *authorise the chief executive to agree a grant to fund capital expenditure of up to \$9.8 million over a three-year period from 1 July 2019 under a Development Funding Agreement.*
 - c) *agree that the chief executives of Auckland Council, Eden Park Trust and Regional Facilities Auckland jointly prepare an operational partnering proposal to be completed by March 2020.*
 - d) *invite Eden Park Trust Board to report to the Finance and Performance Committee on at least a six-monthly basis to outline its performance and financial projections.*
 - e) *initiate discussions with the Government to seek amending the Eden Park Trust Deed to appropriately align the governance of Eden Park with funding.*
7. In accordance with resolution d), representatives of the Eden Park Trust Board will attend the meeting. Their last appearance before the Governing Body was on 23 November 2023.
8. Since that time, the Trust's Annual Report for the year ended 31 October 2023 has been released and is provided for reference at **Attachment A**.

Trust Annual Report for year ended 31 October 2023 – financial results

- 9. The Trust's adjusted net operating profit to (excluding MBIE grants of \$4.3 million) was \$8.263 million. Following adjustments for interest and depreciation, the adjusted net deficit for the year was \$3.435 million.
- 10. The Trust holds cash at bank of \$11.4 million.
- 11. The Trust notes the financial outlook for FY24 is not as strong, as the event calendar is not as exceptional as FY23, which included the FIFA Women's World Cup, Te Matatini Herenga Waka, concerts by Ed Sheeran, Billy Joel and more.
- 12. Delivering FIFA Women's World Cup in Auckland involved a \$21.9 million investment by Auckland Council and its council-controlled organisations on core event delivery and leverage and legacy.
- 13. Investments from TAU's Major Events fund also helped attract various concerts and sporting fixtures to Auckland (and Eden Park). Across calendar year 2021 and 2022 the investments in events that took place in Eden Park totaled \$2.1 million.
- 14. The Eden Park annual report also acknowledges and thanks council and other partners for their support, and specifically acknowledges the Development Funding Agreement (DFA) grant of \$9.8 million from council.
- 15. As a result of the last presentation by the Trust, and feedback from the Governing Body, Auckland Council's logo also now appears on the Eden Park website 'Our Partners' page: <https://edenpark.co.nz/about-eden-park/our-partners/>

Update on implementation of previous resolutions

Resolution a) – Loan facility

16. On 30 September 2019, the council took over ASB Bank loans and facilities held by the Trust by paying ASB Bank \$40 million (the par value of all amounts outstanding from the Trust to ASB Bank as at 30 September 2019) and consolidating \$6.5 million of existing council loans into one \$54 million revolving facility with a drawn loan balance of \$46.5 million. The council also took over ASB's first ranking mortgage securities over the Trust's land and continues to hold first ranking mortgages as security for the Facility.
17. The Trust's Facility loan balance as at 29 February 2024 was \$48.75 million, as it was in October 2023 and March 2023. The maximum amount that may be borrowed under the Facility at any point in time is \$54 million. The Trust continues to pay interest on the Facility. The loan balance is due 30 September 2029. At 31 October 2023 the Trust held cash at bank of \$11.4 million and during the year allocated \$2 million of funds to their Deferred Maintenance Reserve.

Resolution b) – Funding

18. A DFA was executed with the Trust in late 2019. A total of \$9,797,985 was released before 30 June 2022 in accordance with the DFA for a new turf and protection and maintenance equipment; a video replay screen; turnstiles and hand scanners; cyber security; point of sale; entry-point LED screens for public notifications; and electrical, facilities, lifts, and stadium lighting upgrades. The Trust has advised that all projects have been completed.
19. Eden Park is working with TAU to refresh and update the council's external signage on the North Stand, the provision of which is an obligation under the DFA expiring June 2030.

Resolution c) – Operational Partnering Proposal and resolution e) Governance:

20. The CCO review findings were released in August 2020. The recommendations included a merger of Regional Facilities Auckland Limited and Auckland Tourism, Events and Economic Development and 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."*
21. A confidential workshop was held on 7 July 2021 with the CCO Oversight Committee to discuss how TAU should progress work with the Trust and on stadiums. A further three confidential workshops were held (September and December 2021 and May 2022) to provide progress updates with the work programme and seek feedback on key aspects.
22. The priority from the council to progress on the single stadium operating model has been further confirmed in the 2023/24 and 2024/25 letters of expectation to TAU. However, there are ongoing delays to this work, due to the process undertaken by the council's political working group on investigating options for a "main stadium" for Auckland. Once this process concludes, TAU anticipates more rapid progress can be achieved.

Resolution d) – the trust reporting to Finance & Performance Committee:

23. The Trust continues to comply with the reporting obligations to the council, including their quarterly compliance reports. In accordance with resolution d), the Trust previously presented to the Governing Body at an open session on 23 November 2023. Reporting is to continue on at least a six-monthly basis. Council staff will consider the presentation and raise any risks or issues at the meeting.

Tātaritanga me ngā tohutohu Analysis and advice

Climate impact statement

24. There are no direct climate impacts or implications for delivering climate actions as a result of receiving the presentation from the Trust.
25. Eden Park has a range of sustainability initiatives operative at the stadium, including collecting and treating rainwater on-site and using it to water the field, rubbish separation, compostable packing, replacing all sports and emergency lighting with LED products, onsite composting and beehives.

Council group impacts and views

26. The priority from the council to progress on the single stadium operating model has been further confirmed in the 2023/24 and 2024/25 letters of expectation to TAU. It is considered that a single stadium operating model will improve the operational performance of the stadium network, increase overall revenues, and provide efficiencies that will ultimately reduce the impact on ratepayer funding.

Financial implications

27. As outlined earlier in this report, the Trust's current Facility loan balance as at 29 February 2024 was \$48.75 million, as it was in October 2023 and March 2023. The maximum amount that may be borrowed under the Facility at any point in time is \$54 million. The Trust continues to pay interest on the Facility. The loan balance is due 30 September 2029.

Risks and mitigations

28. There are no significant risks arising from the Governing Body receiving the presentation from the Trust on their six-monthly performance.

Tauākī whakaaweawe Māori

Māori impact statement

29. The decision to receive the presentation from the Trust does not have direct impacts on Māori. Views from, and engagement with Māori, has not been sought.
30. Eden Park hosted the Te Matatini Herenga Waka Festival in February 2023 and in May 2023 signed a kōtuitanga, a shared agreement between Ngāti Whātua Ōrākei.

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

Local impacts and local board views

31. Receiving regular reporting from the Trust is a responsibility of the Governing Body ([resolutions FIN/2019/24](#), [FIN/2019/25](#), [FIN/2019/26](#) and [FIN/2019/27](#)). No decisions are required. As such the views of local boards have not been sought on this report.

Ngā koringa ā-muri

Next steps

32. The Eden Park Trust Board will present to the Governing Body in September 2024.

Ngā tāpirihanga Attachments

No.	Title	Page
A	Eden Park Trust Board Annual Report for the year ended 31 October 2023	

Ngā kaihaina Signatories

Author	Sarah Johnstone-Smith - Principal Advisor
Authorisers	Alastair Cameron - Manager - CCO Governance & External Partnerships Anna Bray - Acting Director - Governance and CCO Partnerships Phil Wilson - Chief Executive

Consideration of 2024/2025 levy requests from Museum of Transport and Technology and Auckland Regional Amenities Funding Board

File No.: CP2024/01725

Item 11

Te take mō te pūrongo Purpose of the report

1. To consider the levy requests from:
 - i) Auckland Regional Amenities Funding Board (ARA Funding Board)
 - ii) Museum of Transport and Technology (MOTAT).

Whakarāpopototanga matua Executive summary

2. The ARA Funding Board was established under the Auckland Regional Amenities Funding Act 2008 (ARAFa), to collect a levy from Auckland Council and distribute it as grants to Specified Amenities named in the legislation.
3. Under the Museum of Transport and Technology Act 2000 (MOTAT Act), the Museum of Transport and Technology (MOTAT) must prepare and publicly consult on their draft Annual Plan and proposed levy from the council.
4. All levies must be set by 30 April 2024, either through agreement or, failing that, arbitration.
5. The council has invited MOTAT and ARA Funding Board representatives to attend this meeting and answer questions from the Governing Body. MOTAT representatives are expected to be attendance. The ARA Funding Board have advised that they were unable to attend this meeting.

Auckland Regional Amenities Funding Board

6. The ARA Funding Board is seeking \$18,270,000. This represents an increase of \$922,821 (or 5.3 per cent) compared to 2023/2024. The draft ARAFA Funding Plan for 2024/2025 (Funding Plan) is at Attachment A.
7. The Funding Plan includes a \$500,000 increase for the Auckland Theatre Company (ATC). The ARA Funding Board and ATC commissioned Grant Thornton to review ATC's operations. The review found that ATC had a \$500,000 shortfall due to the cost of operating the ASB Waterfront Theatre. The review recommended that the council provide ATC with a \$500,000 operating grant for the theatre. The ARA Funding Board cited this review for the \$500,000 increase.
8. Staff recommend that the council and ATC would be better served by discussing the funding shortfall and an outstanding \$4,930,000 ground lease separate to the ARAFA funding process to find a complete solution for ATC. The reasons for this are provided at paragraph 31. To have these discussions and meet their reporting obligations, ATC require a further extension from Eke Panuku for the outstanding ground lease until 30 June 2025.
9. Council is responsible for deciding how much to pay each member of the ARA Funding Board after considering a recommendation from the ARA Funding Board. The Funding Plan proposes an overall increase of \$17,500 for the ARA Funding Board. Staff recommend maintaining the current remuneration levels, consistent with those of 2023-2024. The reasons for this are provided at paragraphs 32-38.

10. Therefore, staff recommend that this committee request the ARA Funding Board to amend their levy amount to remove:
 - a) the \$500,000 increase for ATC on the understanding that the council and ATC will meet in good faith to consider options to address the shortfall for operating the ASB Waterfront Theatre and the outstanding ground lease; and
 - b) the \$17,500 increase for ARA Funding Board remuneration.
11. Council must decide on the levy by 30 April. Because the Governing Body does not have a meeting scheduled in April, the final decision on a revised levy will go to the April meeting of the Planning, Environment and Parks Committee or an extraordinary Governing Body meeting.

Museum of Transport and Technology

12. MOTAT is seeking \$19,021,154 for the 2024/2025 financial year. This is an increase of \$493,904 (or 2.7 per cent) from its 2023/2024 levy and is within the MOTAT statutory cap of approximately \$34 million. MOTAT's draft Annual Plan 2024/2025 is at Attachment B.
13. Under the Advisory and Management Agreement between Tataki Auckland Unlimited (TAU) and the council, TAU makes a submission on the MOTAT draft annual plan and recommends to the council whether to approve or reject the levy requested by MOTAT. TAU has worked with council staff as part of this process. The letter of advice from TAU at Attachment C includes their recommendation that the 2024/2025 levy be approved.
14. Staff advice is in line with the advice of TAU and recommend approval of MOTAT's levy request as it is in accordance with the provisions of the MOTAT Act.

Ngā tūhonga Recommendation/s

That the Governing Body:

- a) whakaae / approve Auckland Regional Amenities Funding Board's member remuneration which should remain at current levels as below:
 - i) \$37,000 for the chair
 - ii) \$27,750 for the deputy chair
 - iii) \$18,500 for members
- b) tono / request staff to engage with the Auckland Theatre Company to agree a solution to address the \$500,000 funding gap and the outstanding ground lease and report back by the end of the 2024 calendar year.
- c) tono / request the Auckland Regional Amenities Funding Board to further amend their levy request for 2024/2025 to remove the proposed \$17,500 increase to the Funding Board's member remuneration and the \$500,000 increase in funding for the Auckland Theatre Company.
- d) tuhi ā-taipitopito / note for the avoidance of doubt, recommendation c) should not be considered as Auckland Council refusing the Auckland Regional Amenities Funding Board's recommended levy as per section 28(b) of the Auckland Regional Amenities Funding Act 2008.
- e) tono / request Eke Panuku to write to Auckland Theatre Company to extend the due date for the outstanding ground lease until 30 June 2025.
- f) whakaae / approve the Museum of Transport and Technology's (MOTAT's) levy request for 2024/2025 of \$19,021,154.

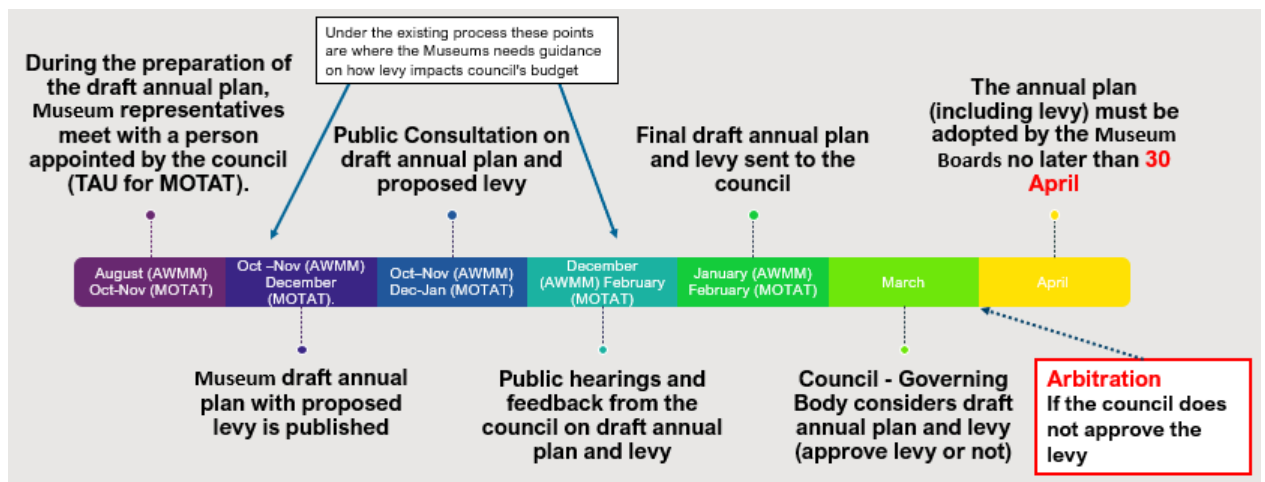
Horopaki Context

15. Over the last three years, the entities have responded to the council's requests to moderate their levies, and this has been appreciated.
16. The funding process for the entities has been complicated by the impacts of rising interest and inflation costs on both the entities and the council. Notably, the Consumer Price Index (CPI) inflation rate stood at 4.7 per cent for the 12 months leading up to the December 2023 quarter. Throughout the process, the financial position of the council and the challenges it is facing have been well communicated to each entity.
17. The combined levy amounts proposed by the ARA Funding Board and MOTAT for financial year 2024/2025 is \$37,291,154, with the breakdown shown below. This represents an increase of \$1,416,725 or 3.9 per cent compared to the combined payment approved in 2023/2024.
 - i) MOTAT: \$19,021,154 (2.7 per cent increase on the previous year)
 - ii) ARA Funding Board: \$18,270,000 (5.3 per cent increase on the previous year)

Levy process

18. Under the MOTAT Act 2000, MOTAT must prepare and publicly consult on their draft Annual Plan and proposed levy. Diagram 1 below sets out the indicative levy process timeframe. The timeframe for this process precedes council's budget consultation and decisions by some months.

Diagram 1: Indicative levy process timeline MOTAT



19. For 2024/2025 MOTAT received five submissions on its draft Annual Plan.

Tātaritanga me ngā tohutohu Analysis and advice

20. Table 1 below illustrates the previous two years levy payments, the proposed 2024/2025 levy requests and indicative amounts for the following two financial years, based on the 2024/2025 Annual Plan for MOTAT and 2024/2025 Funding Plan for ARA Funding Board.

Table 1: Agreed, proposed and indicative levies 2022/2023 to 2026/2027

Entity	2022/2023	2023/2023	Proposed 2024/2025	Indicative draft annual plan 2025/2026	Indicative draft annual plan 2026/2027
ARAFB	\$16,910,479	\$17,347,179	\$18,270,000	\$19,714,452*	\$20,720,766*
MOTAT	\$18,607,810	\$18,527,250	\$19,021,154	\$19,840,144	\$20,491,924

**In the case of ARA Funding Board, the indicative amount is simply the sum of the amenities' requests, as required by section 25 of the Act, and not a projection by the Funding Board itself. The final amount is usually lower.*

21. The total levy amounts proposed by MOTAT and the ARA Funding Board for the financial year 2024/2025 is \$37,291,154, which is an increase of \$1,416,725 or 3.9 per cent, compared to the total levy payment in 2023/2024.
22. The combined levy request is within the forecast financial projection included in the draft Long-term Plan 2024-2034 (LTP) for 2024/2025. While the request can be accommodated within the draft budget, it is important to note that once approved by the Governing Body, there will be no opportunity to modify the levy amounts if further cost reductions are required to address budget pressures through the final stage of the LTP process. Nevertheless, this factor will need to be carefully balanced against the need to provide adequate funding support to the entities in accordance with their legislative frameworks.

Auckland Regional Amenities Funding Board

23. The ARA Funding Board is seeking a levy of \$18,270,000. This represents an overall increase of \$922,821 (or 5.3 per cent) compared to 2023/2024. The Funding Plan is provided at Attachment A.
24. The below table sets out the proposed grant allocations to each of the eight Specified Amenities.

Specified Amenity	Grant Allocation 2023/2024	Amenity Funding Application 2024/2025	Grant Allocation 2024/2025	Year on Year Change 2023/2024 to 2024/2025
Auckland Festival Trust	\$4,187,000	\$4,942,000	\$4,187,000	0
Auckland Philharmonia Trust	\$4,741,729	\$5,087,967	\$4,900,000	+\$158,271
Auckland Rescue Helicopter Trust	\$450,000	\$0	\$0	0
Auckland Theatre Company Ltd	\$2,222,000	\$2,444,299	\$2,722,000	+\$500,000
Drowning Prevention Auckland -WaterSafe Auckland Incorporated	\$1,178,750	\$1,351,980	\$1,260,000	+\$81,250

Specified Amenity	Grant Allocation 2023/2024	Amenity Funding Application 2024/2025	Grant Allocation 2024/2025	Year on Year Change 2023/2024 to 2024/2025
New Zealand Opera Limited	\$1,260,000	\$1,351,980	\$1,260,000	0
Stardome - Auckland Observatory and Planetarium Trust Board	\$1,488,000	\$1,592,160	\$1,570,000	+\$82,000
Surf Life Saving Northern Region Inc	\$1,897,450	\$2,105,000	\$1,975,000	+\$77,550
Total Grants Payable	\$16,974,929	\$18,875,386	\$17,874,000	+\$899,071
Funding Board Administration Budget	\$372,250	\$396,000	\$396,000	+\$23,750
Total Grants and Administration Costs	\$17,347,179		\$18,270,000	+\$922,821
Less Paid from Funding Board Retained Earnings				
Total Levy Payable by Auckland Council	\$17,347,179		\$18,270,000	+\$922,821

25. The biggest increases are directed to the APO (\$158,271) and ATC (\$500,000).

Auckland Philharmonia Orchestra

26. 2023-2024 represented the final stage of a three-year staged introduction of the new salary model for APO musicians that commenced in 2021-2022 and was previously agreed with the council. The introduction of this new salary model and the associated additional funding was delayed one year due to the impacts of COVID-19, which saw all grants for 2020-2021 frozen at the same levels as 2019-2020. The increase for the 2024-2025 year of \$158,271 is in recognition of additional non salary costs incurred by the APO since 2020.

Auckland Theatre Company

27. Last year ATC indicated that previous grant allocations have been insufficient to ensure the sustainability of the organisation. In response, ATC and the ARA Funding Board commissioned Grant Thornton to undertake a review of the operations of ATC to determine the optimal operation of both the artistic development and property management aspects of the business.
28. The Grant Thornton review found that the original business case for the development of the ASB Waterfront Theatre was overly optimistic by suggesting that the theatre would operate at no cost. The cost of operating the theatre has resulted in a funding gap of around \$500,000 each year for ATC.
29. The Grant Thornton review states “the most efficient way for this gap to be resolved would be for an annual operational grant to be paid by local/central government.”
30. The ARA Funding Board considered the information provided by Grant Thornton when deciding to include the \$500,000 increase in the Funding Plan.

31. Staff consider that ATC’s funding shortfall identified in the Grant Thornton review should be addressed between the council and ATC outside of the ARAFA funding process. The reasons for this are set out below:
- a) The ARA Funding Board has established a convention of seeking the council’s approval for any significant funding increase for a Specified Amenity. Recent examples include the three-year staged introduction of the new salary model for APO musicians and previously, the annualisation of the Auckland Festival.
The decision to grant a \$500,000 increase to ATC was made and communicated to the council at the beginning of this month without prior consultation with the council. The council was not asked for approval of this significant increase and was unable to provide feedback through the usual ARAFA levy process.
 - b) Council representatives were involved in a workshop that was run by Grant Thornton and communicated that the council was not in a financial position to simply close the funding gap and that other parties would need to contribute. The Grant Thornton review does not consider the council’s financial position in detail and the authors of the review did not consult the council when they decided that the council would be the “most efficient way” to resolve the funding gap.
 - c) The Funding Principles in ARAFA state that “funding is available only if the specified amenity has made all reasonable endeavours to maximise its funding from other available funding sources”. We understand that ATC have made some endeavours to explore external sources to close the funding gap. However, the council could facilitate discussions with key contributors to ATC including ASB who is the naming sponsor of the ASB Waterfront Theatre and central government.
 - d) There is also the unresolved issue of an outstanding ground lease prepayment for the ASB Waterfront Theatre of \$4,930,000 which was due to be paid to Eke Panuku seven years from lease commencement (2021). The council has been working with Waterfront Theatre Limited and ATC to agree a way for the outstanding prepayment amount to be spread out over several years. These discussions have stalled and the amount remains unpaid. This matter must be resolved and it is sensible to deal with the ground lease and funding gap together to find a comprehensive solution for ATC.

ARA Funding Board Remuneration

32. Under ARAFA the council must decide how much to pay each member of the ARA Funding Board after considering a recommendation from the ARA Funding Board. In making this decision the council is required to have regard to the public purpose of the ARA Funding Board’s functions and the extent of public funding of the Board’s operations.
33. The ARA Funding Board have recommended the following increases for board members for 2024-2025:

	2023-2024	Proposed 2024-2025	Annual Change
Chair	\$37,000	\$40,000	+\$3,000
Deputy Chair	\$27,750	\$30,000	+\$2,250
Members (8)	\$18,500	\$20,000	+\$1,500
TOTAL	\$212,750	\$230,000	+\$17,250

34. Council has considered the recommendation of the ARA Funding Board and the ongoing good work and fiscally prudent approach of the ARA Funding Board. However, in the context of the council’s well publicised financial challenges the advice from staff is that these increases should not be approved.

35. The requested increase for 2024-2025 is 8 per cent. Staff note that this is significantly ahead of Consumer Price Index (4.7 per cent for the 12 months to December 2023). The ARA Funding Board have requested and received an uplift in fees in eight of the past ten years, resulting in the base rate for members increasing by a total of \$5500 since the 2013-2014 financial year. Staff note that in the same time frame, directors of substantive CCOs have had an increase to their base rate of \$700.
36. Council's policy on remuneration of council organisation boards might also be looked at for guidance (although acknowledging that it does not apply to the ARA Funding Board). That policy states that board members' fees will reflect the element of public service in serving on the board and will not necessarily increase in line with the private sector.
37. The Deputy Mayor wrote to the ARA Board Chair in November 2023 warning that the proposed increases are likely to be considered with reference to the council's financial challenges and in comparison with CCO Board remuneration increases.
38. Based on the reasons set out above, the recommendation is for the remuneration to remain the same as in 2023-2024.

Recommendation on Levy Request

39. The recommendation in this report is that the council request the ARA Funding Board to amend their levy request for 2024/2025 to remove the proposed \$17,500 increase for the Funding Board's member remuneration and the \$500,000 increase in funding for the Auckland Theatre Company. This committee will also provide a direction to council staff to work with ATC to find solutions to address the funding shortfall and outstanding ground lease.
40. For the avoidance of doubt, the recommendation should not be considered as the council refusing the ARA Funding Board's recommended levy as per section 28(b) of ARAFA. Furthermore, this report and decision is not ruling out the council providing ATC with an operational grant for the ASB Waterfront Theatre.

MOTAT

41. Under the Advisory and Management Agreement between TAU and the council, TAU are asked to recommend to the council whether to approve or reject the levy requested by MOTAT. Attachment C is TAU's letter recommending that the council accept MOTAT's 2024/2025 levy request.

Proposed Levy Request

42. MOTAT's levy request is \$19,021,154 for 2024/2025. This is an increase of \$493,904 or 2.7 per cent from 2023/2024. Approximately 86 per cent of MOTAT's total revenue is budgeted to come from the levy.
43. MOTAT typically comes to the council (through the levy process) for specific project funding when required. MOTAT has been transparent with TAU and the council about this, and what is proposed is consistent with MOTAT's objectives under the MOTAT Act and its vision.
44. The components of the proposed levy are:
 - a base operational portion of the levy of \$16,971,154. This includes the increase in MOTAT board remuneration budget from \$136,250 to \$222,500 which was deferred from 2023/2024¹.

¹ MOTAT advises this is the first increase to the board remuneration budget in over a decade.

- \$2,050,000 to cover additional operating and capital requirements including:
 - Repayment of loan for Approach 2 projects - \$1,000,000 (see below)
 - Pumphouse heritage repair (roof renewal) - \$800,000
 - Tramline renewal and upgrade (carried forward each year so MOTAT has sufficient funds to cover cost of renewing a reasonable length of track and associated points) - \$250,000.

45. Under the MOTAT Act 2000, members of the MOTAT Board may be paid remuneration as the MOTAT Board considers appropriate. The MOTAT Board must have regard to the public purpose of its functions and the extent of public funding of its activities when deciding on remuneration.
46. The MOTAT Board has included a remuneration budget increase in their draft Annual Plan as follows. The proposed increase comes after several years of no remuneration increase due to budget restraints.

	2023-2024	Proposed Annual Plan 2024-2025
Chair	\$23,000	\$30,000
Deputy Chair	\$17,250	\$23,000
Members (8)	\$12,000	\$19,000

47. TAU met with the Chair and Chief Executive of MOTAT prior to the publishing of the 2024/2025 draft Annual Plan. At this meeting TAU outlined the financial pressures the council is facing. MOTAT responded to this positively and reduced their levy request, from a 6.5 per cent increase on their current levy to a 2.7 per cent increase.
48. TAU and council staff's recommendation is that MOTAT's proposed 2024/2025 levy be agreed. The alternative is to reject the levy amount and enter arbitration. This is not recommended because the request is aligned with the purposes in the MOTAT Act and does not exceed a level beyond the board meeting its minimum obligations.

Approach 2 projects

49. Prior to the 2020/2021 Emergency Budget, Regional Facilities Auckland (now TAU) had collaborated with the council and MOTAT to devise a pragmatic and measured approach via the levy process to assist MOTAT in addressing specific issues (identified as the Approach 2 projects in the Museum's Annual Plans and Annual Reports).
50. Under this approach, MOTAT was to be supported by a borrowing regime that wouldn't affect the council's credit rating or borrowings. This arrangement involved ring fencing \$1,000,000 of the levy per annum for 10 years starting in 2019/2020 so that MOTAT could borrow circa \$12.5 million from its bank, under highly favourable terms, to undertake and complete the Approach 2 projects².
51. This arrangement was effectively put on hold when MOTAT agreed to reduce its levy request to assist the council with its 2020/2021 Emergency Budget. To progress its core projects, MOTAT sought to reinstate this in the 2022/2023 Annual Plan, which was agreed by the Governing Body and continues into this draft annual plan.
52. MOTAT anticipates opening Te Puawānanga Science and Technology Centre in the second quarter of 2024. MOTAT aims to establish Te Puawānanga as the premium science and technology experience for tamariki, rangatahi and whanau in Aotearoa.

² Completed projects include: Environmental and roofing upgrades to main exhibition hall at Great North Road (September 2023), car park at Motions Road site - Stage 1 (August 2022), upgrade of the entrance to the Aviation Hall (August 2022), upgrade of MOTAT2 entrance (August 2022), environmental and roofing upgrades to Building 6 (Pink Building), café upgrade and a partial upgrade to entrance of the Great North Rd MOTAT1 site.

Climate impact statement

53. The ARA Funding Board is a statutorily independent organisation and the council is unable to direct it on climate change issues. However, ARA Funding Board is required to ensure that amenities align their activities with Auckland Plan objectives, which include Auckland's response to climate change.
54. MOTAT is a statutorily independent organisation and the council is unable to direct it on climate change issues. However, despite operating heritage machinery that relies on fossil fuels, MOTAT has successfully trialled a biofuel alternative and will continue to test similar fuels to identify one best suited to their requirements and reduces its impact on the environment.
55. MOTAT's budget also includes funds for the ongoing installation of more energy-efficient lights and solar panels. MOTAT will also continue its recycling and water harvesting and monitoring of carbon emissions by Toitū.

Council group impacts and views

56. An update and report back from the Arts, Social, Sports and Community Political Working Group (chaired by the Deputy Mayor) was provided to the Governing Body in September 2023. Its recommendations included closer integration of MOTAT (and Auckland Museum) to the Auckland Council group. The working group continues to engage with the entities on this recommendation.

Financial implications

57. The analysis in this report was undertaken with finance staff and their advice is incorporated at the beginning of the analysis and advice section so that it is read together with the main part of the advice on the levies.

Risks and mitigations

58. There are three main risks associated with approving the levy requests considered in this report.
59. The first key risk is that the levies will materially exceed the council budget allocations. This has been mitigated by the council and TAU staff working with the entities to communicate the council's financial challenges.
60. The second key risk is the possibility that the activities of the organisations will not meet the stated goals of the annual plans and that those annual plans do not align with the council goals. For the eight Specified Amenities, this risk is minimised because a requirement of funding is to demonstrate alignment with the Auckland Plan. MOTAT works with TAU to ensure its long-term goals are aligned with those of the council.³ However, ultimately the legislative schemes for MOTAT does not guarantee the council any role in assessing the performance of these organisations or ensuring that their activities align with the council priorities.
61. There is a risk of going to arbitration if the levies are not agreed by 30 April. This risk is mitigated by maintaining a good relationship with the entities and a mutual understanding of the financial pressures.

Tauākī whakaaweawe Māori

Māori impact statement

62. The Specified Amenities are required to align their activities with the Auckland Plan 2050 developed by the council. The current Auckland Plan 2050 details six outcomes which, among other outcomes, include Māori Identity and Wellbeing. The Specified Amenities continue to identify specific outcomes relating to the interests of Māori that are being incorporated into the day-to-day operations of each organisation where appropriate.

³ Refer to pp18-23 of the MOTAT draft 2024/2025 Annual Plan which shows alignment of MOTAT's objectives to the Auckland Plan 2050.

63. Some of these initiatives are detailed in the summaries prepared by each organisation in this Funding Plan.
64. MOTAT's draft 2024/2025 Annual Plan refers to the steps it has and is taking to embed a bicultural approach into its culture and everything it does. This approach is reflected in the MOTAT Board Charter, its bicultural framework (Te Puna Whāngai Māori), exhibition design and event and education programming. Further an external Māori advisor and Ngāti Whātua Ōrākei worked in partnership with MOTAT in relationship with the development of Te Puawānanga Science and Technology Centre.

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

Local impacts and local board views

65. The relationship with the ARA Funding Board and MOTAT is of Auckland-wide relevance, and as such decisions about funding contributions are made by the Governing Body or its committees.

Ngā koringa ā-muri

Next steps

66. If agreed:
- the MOTAT Board will adopt their final 2024/2025 Annual Plan.
 - The ARA Funding Board should provide an amended version of the Funding Plan to the council for approval in April.
67. The agreed levies will be paid within the appropriate statutory timeframe.

Ngā tāpirihanga

Attachments

No.	Title	Page
A⇒	2024-2025 Funding Plan Auckland Regional Amenities Funding Board	
B⇒	MOTAT draft Annual Plan 2024-2025	
C⇒	Letter from Tataki Auckland Unlimited regarding MOTAT 2024/2025 levy request	

Ngā kaihaina

Signatories

Authors	Sarah Johnstone-Smith - Principal Advisor Chris Levet - Principal Advisor Tracy Xu - Principal Advisor CCO Financial Planning
Authorisers	Alastair Cameron - Manager - CCO Governance & External Partnerships Anna Bray - Acting Director - Governance and CCO Partnerships Phil Wilson - Chief Executive

Auckland War Memorial Museum Funding Agreement and Levy Approval

File No.: CP2024/02273

Item 12

Te take mō te pūrongo

Purpose of the report

1. To approve a three-year funding agreement with Auckland War Memorial Museum (the Museum) and approve an annual levy for FY2025 as an alternate should the funding agreement not receive final sign off.

Whakarāpopototanga matua

Executive summary

2. Under the Auckland War Memorial Museum Act 1996 (the Act), each year the Museum must prepare and publicly consult on their draft Annual Plan which includes a proposed levy from the council.
3. This year the council and the Museum intend to enter a three-year funding agreement in place of the usual annual levy.
4. The Museum consulted on an alternative funding mechanism, being a three-year funding agreement, and feedback for this was supportive. Attached to this report is a letter from the Museum and their draft Annual Plan.
5. The proposed three-year funding agreement is for the following amounts:

Year	FY	Funding Amounts	Percentage increase
1	2024/2025	\$34,060,000	-
2	2025/2026	\$34,810,000	2.20%
3	2026/2027	\$35,500,000	1.98%

6. The terms of the agreement are set out at paragraph 20.
7. The benefits for the council and the Museum of a three-year funding agreement compared to the annual levy are set out at paragraph 21.
8. Council staff have considered the benefits and risks of a multi-year agreement. The risks have been mitigated in the agreement and are outweighed by the benefits of a multi-year agreement. The risks and mitigations are set out at paragraph 29-31.
9. The funding agreement requires final legal review and sign off by both the council and the Auckland Museum Trust Board. This report seeks approval for the council to enter the agreement subject to the final legal review and document approvals.
10. This report also seeks approval for an annual levy of \$34,060,000 (the same amount as year one of the funding agreement) as a backstop which will only be paid if the proposed funding agreement does not receive final approval.
11. If the agreement and/or the levy is not agreed then the Act requires that the matter be referred to arbitration to be resolved.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whakaae / approve the three-year funding agreement between Auckland Council and Auckland War Memorial Museum for financial years 2025 – 2027 based on the terms set out in this report subject to final approval by the Auckland Museum Trust Board and the Mayor and Deputy Mayor.
- b) tautapa / delegate authority to the Mayor and Deputy Mayor to approve changes to the agreement and sign the final version of the agreement.
- c) whakaae / approve the annual levy for Auckland War Memorial Museum of \$34,060,000 to be paid only if the three-year funding agreement approved under clause a) does not receive final approval and execution.

Horopaki Context

12. Under the Act, each year the Museum may levy the council for a funding contribution.
13. The levy process starts around August and ends the following year in April requiring considerable resources of the council and Museum to negotiate and agree the levy.
14. The 2018 Auckland Cultural Heritage Sector Review recommended the council enter a multi-year funding agreement due the benefits of such an agreement over the annual levy process and because it could be achieved without requiring law change.
15. The Arts, Social, Sports & Community Institutions Political Working Group has considered options for improving the cultural and heritage sector and recommended:
“consideration be given to how to continue to provide long-term funding certainty to these organisations while reducing annual resources dedicated to the levy process. This may mean long-term funding agreements and/or a new funding formula. This would be subject to agreement on legislative changes”
16. The Mayoral Proposal endorsed the recommendation of the Arts, Social, Sports & Community Institutions Political Working Group.
17. Council representatives have negotiated the main terms of the agreement with the Museum Trust Board (see paragraph 19).

Tātaritanga me ngā tohutohu Analysis and advice

18. The three-year funding agreement is for the following amounts:

Year	FY	Funding Amounts	Percentage increase
1	2024/2025	\$34,060,000	-
2	2025/2026	\$34,810,000	2.20%
3	2026/2027	\$35,500,000	1.98%

19. Year 1 of the agreement represents a 2.4 per cent increase from last year's levy of \$33,260,000 paid to the Museum.

20. Representatives of the council and Museum have negotiated the main terms of the agreement which are summarised below:
- a) The Museum agrees not to make a levy against the council for each financial year that it receives funding under the agreement.
 - b) The Museum will not seek any additional funding from the council except for any agreements that might be entered into for the provision of goods or services.
 - c) The Museum reserves the right to make a levy against the council if it does not receive funding under the agreement.
 - d) If the council provides (or facilitates) additional funding, then the amounts in the agreement may be reduced by the amount of additional funding.
 - e) Each year the parties will agree KPIs which will be recorded in the AWMM Annual Plan.
 - f) The Museum will attend a Governing Body meeting to report on the previous year's performance against the Annual Plan measures and the proposed activities and measures for the next financial year.
 - g) The parties will agree to review the funding amounts in the agreement if either party suffers material financial hardship as defined in the agreement.
 - h) The parties agree to review the funding amounts in the agreement if there is a local or national state of emergency.
 - i) The parties agree to engage with each other in good faith on potential amendments to the Act and consideration of alternative sector structures.
 - j) At the end of the funding period covered by the agreement the Museum may resume seeking an annual levy from the council under the Act.
 - k) The Agreement may be terminated by either party if the Act is amended or repealed.
21. The benefits of the funding agreement compared to the annual levy process are a reduction of bureaucracy and drain on resources, better engagement with the Museum's plans, strategy, and general direction, and improved financial certainty. The below table sets out the benefits in more detail:

Improvement under agreement	Museum benefit	Council benefit
<p>Reduction of bureaucracy and drain on resources. Council and Museum representatives spend significant time working on the annual levy process, reviewing documents, analysing financial information, in meetings, negotiating and writing reports. This will be avoided for two years under the agreement.</p>	<p>Museum staff and Trust Board members will have more time to focus on running a museum for the benefit of Aucklanders.</p>	<p>Reduction in council resources dedicated to negotiating funding agreement each year.</p>

Improvement under agreement	Museum benefit	Council benefit
<p>Council can better engage with the Museum’s plans, strategy, and general direction.</p> <p>Each year the funding negotiation dominates discussions and distracts from the direction of the Museum.</p> <p>Removing the funding element frees up the parties to focus on the outcomes of the Museum.</p>	<p>Museum will have a better idea of the council’s expectations.</p>	<p>Council has more time and resource to provide direction to the Museum to inform their plans, strategy, and general direction.</p>
<p>Funding certainty.</p> <p>Museum can only plan one year at a time and the annual levy is disconnected from council’s budget process and decisions.</p>	<p>Three-year funding certainty will allow Museum to implement longer term plans.</p>	<p>Council has certainty for three years of financial contribution to the Museum and the impact on budget.</p>

22. The Museum has written to the council in support of the three-year funding agreement, and no annual levies, for the coming three-year period, subject to agreement on conditions and on legal due diligence being completed (letter attached to this report).

2024/2025 Levy Request and approach

23. The funding agreement will need final approval from the Auckland Museum Trust Board and Council representatives after legal due diligence is completed which is currently underway. As a result, this Committee is asked to approve a levy of \$34,060,000 (same amount as year one of the funding agreement) for the 2024/2025 financial year as a backstop which will only be paid if the funding agreement does not receive final approval.
24. If the agreement and/or the levy is not agreed then the Act requires that the matter be referred to arbitration to be resolved.

Climate impact statement

25. The Auckland Museum addresses climate outcomes in their annual plan. The council will be better able to provide input on the Museum’s climate outcomes when their Annual Plan and KPIs are agreed next year.

Council group impacts and views

26. The agreement includes a commitment to engage with each other in good faith on potential amendments to the Act and consideration of alternative sector structures. The work on cultural sector reform is ongoing and involves Tātaki Auckland Unlimited.

Financial implications

27. Finance staff have reviewed the financial impact of the agreement. The requested funding amounts are within the forecast financial projection included in the draft Long-term Plan 2024-2034 (LTP).
28. While the request can be accommodated within the draft budget, it is important to note that once approved by the Governing Body, there will be no opportunity to modify the funding amount for year 1 and limited opportunity to modify funding amounts for year 2 and 3 if further cost reductions are required to address potential budget pressures through the final stage of the LTP. Nevertheless, this factor will need to be carefully balanced against the benefits of a multi-year agreement.

Risks and mitigations

29. Council staff have considered the risks of a multi-year funding agreement and sought to mitigate these risks with the terms and conditions. Any risks need to be compared to the status quo annual levy process and weighed against the benefits of a multi-year agreement.
30. The agreement will include a clause that require the parties to review the funding amounts in the agreement if either party suffers material financial hardship. Likewise, the agreement will require the parties to review the funding amounts if there is a local or national state of emergency. These clauses mitigate against the council being locked into an agreement if there is a dramatic change to the council's financial position as was the case with COVID-19.
31. Council is working on options to improve the cultural sector which will likely require law change. The agreement will include a clause that allows the agreement to be terminated if the Act is amended or repealed. This means that the agreement will not provide an impediment to the passage of law change.

Tauākī whakaaweawe Māori

Māori impact statement

32. The Auckland Museum addresses Māori outcomes in their annual plan. The council will be better able to provide input on the Museum's Māori outcomes when their Annual Plan and KPIs are agreed next year.
33. The Museum has a Māori committee known as the Taumata-ā-lwi who serve an important role as both advisor and partner to the Museum Trust Board. Mana whenua represented on the Taumata are from Ngāti Whātua, Ngāti Pāoa and Waikato Tainui.

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

Local impacts and local board views

34. Matters concerning the Museum are of Auckland-wide relevance, and therefore decisions regarding funding contributions are made by the Governing Body or its committees.

Ngā koringa ā-muri

Next steps

35. The lawyers for council and the Museum will undertake a final review and the Mayor and Deputy Mayor will then sign the final version of the agreement.
36. If the agreement and/or the levy is not agreed, then the Act requires that the matter be referred to arbitration to be resolved.
37. The funding amount for year one will be paid in July. If the agreement does not receive final approval the levy will be paid in July.
38. Museum Representatives will start attending Governing Body meetings each year to report on their performance.

Ngā tāpirihanga Attachments

No.	Title	Page
A	AWMM letter to Auckland Council	
B	Auckland War Memorial Museum draft Annual Plan FY24-25	

Ngā kaihaina Signatories

Authors	Chris Levet - Principal Advisor Tracy Xu - Principal Advisor CCO Financial Planning
Authorisers	Alastair Cameron - Manager - CCO Governance & External Partnerships Anna Bray - Acting Director - Governance and CCO Partnerships Phil Wilson - Chief Executive

Referred from the Audit and Risk Committee - Health, Safety and Wellbeing Performance Report

File No.: CP2024/01079

Te take mō te pūrongo

Purpose of the report

1. To receive the Health, Safety and Wellbeing Performance Report referred by the Audit and Risk Committee.

Whakarāpopototanga matua

Executive summary

2. The Audit and Risk Committee considered Health, Safety and Wellbeing Performance Report at its meeting on 19 February 2024.
3. The Audit and Risk Committee resolved as follows:
*“Resolution number ARCCC/2024/6
That the Audit and Risk Committee:*
 - a) *tuhi ā-taipitopito / note the information in this report and the associated health, safety, and wellbeing indicators.*
 - b) *whakaae / agree to refer this report to the Governing Body, and recommend that the Governing Body forwards this report to local boards for their information.”*
4. Clause b) of the recommendation to the Audit and Risk Committee refers the report to the Governing Body for noting along with any commentary the Audit and Risk Committee feels is appropriate and recommends that the report be forwarded to local boards for their information.
5. The original Health, Safety and Wellbeing Performance Report to the Audit and Risk Committee can be accessed at this link:
https://infocouncil.aucklandcouncil.govt.nz/Open/2024/02/20240219_ARCCC_AGN_12253_AT.htm#PDF2_ReportName_98134
6. The Audit and Risk Committee also requested that the following points relating to the report be made:
 - i) there has been a significant lift in the culture relating to health, safety, and wellbeing over the past few years. This has led to a lifting of expectations and standards that apply, going beyond basic compliance and towards best practice. As these standards lift, and performance is measured more fully, this has identified a range of opportunities for Auckland Council to improve the systems that support good health, safety, and wellbeing.
 - ii) while control opportunities exist at an enterprise level, this does not necessarily reflect how operational work is managed and delivered safely across Auckland Council. Kaimahi successfully navigate challenges to undertake their work every day, and usually manage the risks well. Improving the systemic factors that support this will enable this to be more successful, more often.
 - iii) work being undertaken as part of the current health, safety, and wellbeing work programme will enable the improvement of the controls, and this work programme is appropriately supported, resourced, and managed.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- b) tuhi ā-taipitopito / note the Auckland Council's [Health, Safety and Wellbeing \(HSW\) Performance report](#) (presented to the Audit and Risk Committee on 19 February 2024)
- c) tuku ki tangata kē / forward the report to all local boards for their information.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Sarndra O'Toole - Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors
Authoriser	Phil Wilson - Chief Executive

Summary of Governing Body and Committee information memoranda and briefings (including the Forward Work Programme) - 28 March 2024

File No.: CP2024/00173

Item 14

Te take mō te pūrongo Purpose of the report

1. To receive a summary and provide a public record of memoranda or briefing papers that may have been distributed to the Governing Body or its committees.

Whakarāpopototanga matua Executive summary

2. 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.
3. The following memos or information were circulated to members of the Governing Body:

Date	Subject
28.2.24	Letter from Mayor Brown to Hon Chris Bishop regarding Plan Change 78 – Intensification
1.3.24	Memorandum: Regional Bin Optimisation
4.3.24	Action from Whau Local Board regarding a Notice of Motion – Member Warren Piper – Ring-fencing sale proceeds
5.3.24	Letter from Mayor Brown to Chief Executive Auckland Transport regarding Day Street, Karangahape Road
5.3.24	Memorandum – Targeted Hardship Fund 2024-2025
14.3.24	Minutes from the Hauraki Gulf Forum meeting held on 4 March 2024 Minutes can be accessed at this link: https://infocouncil.aucklandcouncil.govt.nz/Open/2024/03/20240304_HGF_MIN_12285_WEB.htm Minutes attachments can be access at this link: https://infocouncil.aucklandcouncil.govt.nz/Open/2024/03/20240304_HGF_MAT_12285_WEB.htm

4. The following workshops/briefings or working groups have taken place for the Governing Body:

Date	Subject
20.3.24	Enterprise Risk and Risk Appetite

5. This document can be found on the Auckland Council website, at the following link:
<http://infocouncil.aucklandcouncil.govt.nz/>
- at the top left of the page, select meeting/Te hui “Governing Body” from the drop-down tab and click “View”;
 - 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) whiwhi / receive the Summary of Governing Body information memoranda and briefings (including the Forward Work Programme) – 28 March 2024.

Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Forward Work Programme	
B⇒	Letter from Mayor Brown to Hon Chris Bishop regarding Plan Change 78 – Intensification, 28 February 2024 (<i>Under Separate Cover</i>)	
C⇒	Memorandum: Regional Bin Optimisation (<i>Under Separate Cover</i>)	
D⇒	Action from Whau Local Board regarding a Notice of Motion – Member Warren Piper – Ring-fencing sale proceeds (<i>Under Separate Cover</i>)	
E⇒	Letter from Mayor Brown to Chief Executive Auckland Transport regarding Day Street, Karangahape Road (<i>Under Separate Cover</i>)	
F⇒	Memorandum – Targeted Hardship Fund 2024-2025, 5 March 2024 (<i>Under Separate Cover</i>)	
G⇒	Workshop: Enterprise Risk and Risk Appetite (<i>Under Separate Cover</i>)	

Ngā kaihaina Signatories

Author	Sarndra O’Toole - Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors
Authoriser	Phil Wilson - Chief Executive

Summary of Confidential Decisions and related information released into Open

File No.: CP2024/00494

Item 15

Te take mō te pūrongo Purpose of the report

1. To note confidential decisions and related information released into the public domain.

Whakarāpopototanga matua Executive summary

2. This is a regular information-only report which aims to provide greater visibility of confidential decisions made that can now be released into the public domain.
3. The following decisions/documents are now publicly available:

Date of Decision	Subject
29.2.24	CONFIDENTIAL: Group Recovery Office – Continuity An Our Auckland story was released on 12 March 2024 and can be accessed at the following link: Auckland Group Recovery Manager role extended and transition plan signalled - OurAuckland (aucklandcouncil.govt.nz)

4. 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) tuhi ā-taipitopito / note the confidential decision and related information that is now publicly available:
 - i) Group Recovery Office – Continuity.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Sarndra O'Toole - Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors
Authoriser	Phil Wilson - Chief Executive

Exclusion of the Public: Local Government Official Information and Meetings Act 1987

That the Governing Body

- a) whakaae / agree to exclude the public from the following part(s) of the proceedings of this meeting.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution follows.

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

C1 CONFIDENTIAL: Accelerating Group Shared Services

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	s7(2)(a) - The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. In particular, the report contains staff implications.	s48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.