

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

Date: 27 Feb 2025
Time: 10.00am
Meeting Room: Reception Lounge
Venue: Auckland Town Hall
301-305 Queen Street
Auckland

Tira Hautū / Governing Body

OPEN AGENDA

MEMBERSHIP

Mayor	Wayne Brown	
Deputy Mayor	Cr Desley Simpson, JP	
Councillors	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 O'Toole
Kaiarataki Kapa Tohutohu Mana Whakahaere /
Team Leader Governance Advisors

24 February 2025

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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, 12 December 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

Status Update on Action Decisions from Governing Body 19 December 2024

File No.: CP2024/13082

Item 7

Te take mō te pūrongo Purpose of the report

- To update the Governing Body on action decisions made at the last meeting.

Whakarāpopototanga matua Executive summary

- The information provided below is a status update on action decisions only that were made at the Governing Body meeting on 19 December 2024:

Resolution Number	Item	Status
GB/2024/179	Mayoral Proposal 2025/2026: Council-controlled Organisation Reform	Monthly report on implementation process:
GB/2024/181	Proposed changes to council dog policy and bylaw	Currently out for consultation
GB/2024/182	Proposed changed to council cemetery bylaw and code	Currently out for consultation

Ngā tūtohunga Recommendation/s

That the Governing Body:

- tuhi ā-taipitopito / note the status of decisions made at the 19 December 2024 meeting.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Authors	Sarndra O'Toole - Kaiarataki Kapa Tohutohu Mana Whakahaere / Team Leader Governance Advisors Lisa Tocker - Executive Officer CE
Authoriser	Phil Wilson - Chief Executive

Chief Executive and Group Chief Financial Officer Update

File No.: CP2024/13085

Item 8

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 Group Chief Financial Officer as at 31 January 2025.

Whakarāpopototanga matua Executive summary

Chief Executive and Group Chief Financial Officer's Update

2. Phil Wilson, Chief Executive and Ross Tucker, Group Chief Financial Officer will provide a summary of highlights and key activities and updates for the following:
 - Service updates
 - Long-term Plan 2024–2034 and annual plan delivery (including CCO Transition Updates – memo in Attachment 1)
 - Annual Plan 2025/2026
 - Interim report
 - Financial performance for Auckland Council and the Auckland Council Group
 - Economic/market update.

Annual Plan 2025/2026

3. The Annual Plan 2025/2026 represents the second year of the Long-term Plan 2024-2034 (LTP). Development began in September 2024 with two facilitated sessions involving the Governing Body, which informed the Mayoral and Councillor Direction to Council Group document.
4. Following Budget Committee decisions in December 2024, consultation materials have been prepared and were adopted by the Governing Body on 19 February 2025. Public consultation will take place from 28 February to 28 March 2025, seeking feedback on key proposals, including funding for major events, destination marketing, and visitor attraction. Engagement will involve online submissions, in-person events, and targeted stakeholder outreach.
5. During February and March 2025, a Budget Refresh process is underway across the group to review and update financial forecasts, incorporating changes in assumptions and the latest project information. The outcomes of this review will be presented to the Budget Committee around mid-April 2025, informing the development of the final Mayoral Proposal.

Interim report

6. The half year results announcement for the NZX and Interim Report for the six months ended 31 December 2024 were considered by the Audit and Risk Committee on 18 February 2024.
7. The Audit and Risk Committee noted that there were no significant outstanding matters and recommended that the deputy mayor, under delegation of the Governing Body, approves the half year NZX release for the six months ended 31 December 2024, and that the mayor and the Chief Executive approve and release the half year NZX release on 27 February 2025.
8. The underlying performance for this period is covered in a separate report on this agenda on quarterly performance reports.

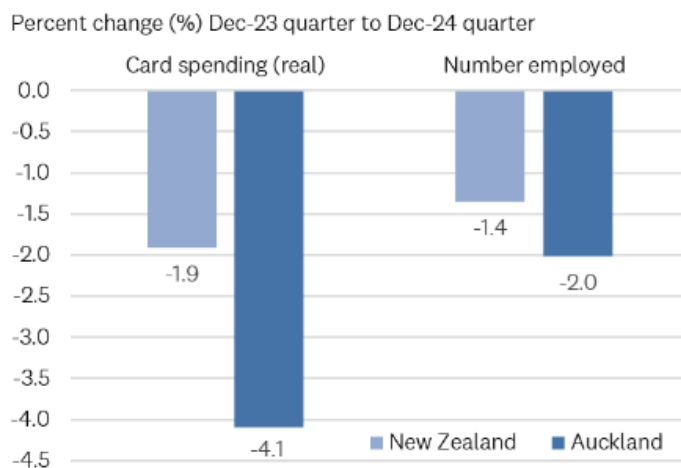
Financial performance for Auckland Council and the Auckland Council Group

9. 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 Group Chief Financial Officer at the meeting.

Economic/ market update

10. Economic activity contracted in mid-2024 with the Official Cash Rate (OCR) being held high for much of the year, to dampen spending and reduce inflation.
11. Auckland has been affected by the downturn. Figure 1 shows card spending in the December quarter was down 4.1 per cent in real terms on the prior year, compared to a 1.9 per cent decline nationally. Employment in Auckland was 20,000 or 2.0 per cent lower, versus 1.4 per cent nationally. Auckland may be more sensitive to interest rates given its elevated house prices and household debt. Conversely, activity in Auckland tends to surge in an upturn, benefiting from its scale and international connectedness.
12. Annual Consumer Price Index (CPI) inflation for the December 2024 quarter was 2.2 per cent, within the target band of 1 to 3 per cent. The Reserve Bank reduced the OCR on 19 February by 50 basis points to 3.75 per cent. Recent interest rate cuts suggest activity will pick up in 2025, though with a delayed effect, supporting our forecast for an increase in dwellings consented.

Figure 1: Change in card spending and employment



Sources: electronic card transaction data, Household Labour Force Survey

13. Key economic/ market activity and updates are:
- Annual inflation rate – Consumer Price Index was 2.2 per cent at the end of December 2024 (updated quarterly, next due 17 April 2025).
 - Non-tradable inflation was at 4.5 per cent for the year to December 2024. 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 2025).
 - National unemployment rate – 5.1 per cent to the end of December 2024, an increase of 0.2 per cent on the previous quarter. Updated February 2025 (updated quarterly, next due 7 May 2025).
 - Gross Domestic Product decreased by 0.1 per cent in the September 2024 quarter, bringing annual growth to 0.1 per cent (updated quarterly, next due 20 March 2024).
 - The Official Cash Rate (OCR) rate was reduced from 4.25 per cent to 3.75 per cent on 19 February 2025.

- Auckland new dwellings consented numbers – 13,939 for the 12 months to December 2024 (10 per cent lower than the 12 months to December 2023).
- International migration (national level) – net gain of 27,100 people for the 12 months to December 2024, comprising 155,800 arrivals and 128,700 departures (provisional estimates, subject to revision).
- City centre indicators show recent activity continues to be relatively subdued, with data for December 2024 being down on December 2023 in terms of pedestrian counts (-16 per cent) and retail spending (-10.3 per cent versus -4.0 for the region).

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 Group Chief Financial Officer.

Ngā tāpirihanga Attachments

No.	Title	Page
A	CCO Transition February 27 update	

Ngā kaihaina Signatories

Authors	Karuna Dahya - Manager Group Performance Reporting Helen Aksiuta - Project Manager
Authorisers	Michael Burns - General Manager Financial Strategy Ross Tucker - Group Chief Financial Officer Phil Wilson - Chief Executive

Auckland Future Fund establishment update and Letter of Expectation 2025-2026 approval

File No.: CP2025/00002

Item 9

Te take mō te pūrongo Purpose of the report

1. The purpose of this report is to:
 - provide a progress update on the establishment of the Auckland Future Fund since the Governing Body meeting on 24 October 2024
 - approve proposed content for inclusion in the 2025/2026 letter of expectations to Auckland Future Fund Trustee Limited.

Whakarāpopototanga matua Executive summary

2. Decisions were made through the Long-term Plan (LTP) 2024-34 to establish the Auckland Future Fund (the fund). The Auckland Future Fund Trustee Limited (AFFTL), a wholly owned subsidiary of Auckland Council, has been established as the trustee to hold, own and manage the fund in accordance with the terms of the trust deed and relevant policies. This entity is a substantive council-controlled organisation (CCO).
3. Auckland Council staff have continued to progress the preparatory work required to enable the AFFTL directors to start their work and make key decisions about the operation of the fund.
4. The Auckland Future Fund sold Auckland Council's remaining shares in Auckland International Airport Limited (AIAL) on 4 December 2024.
5. The shares were sold for \$8.08 per share (over \$1.31 billion), exceeding the Long-term Plan 2024-2034 projection of \$7.89 after transaction costs.
6. Auckland Future Fund Trustee Limited Chair Christopher Swasbrook will attend the meeting to address any questions from the Governing Body on the board's activities.
7. Dr Carlos Cheung MP introduced the Auckland Council (Auckland Future Fund) Bill to the House on 28 January 2025. This bill has now passed its first reading in the House and has been referred to the Governance and Administration Select Committee.
8. The letter of expectations provides direction on the development of AFFTL's Statement of Intent (SOI) for 2025-2028. The proposed content for the draft 2025/2026 letters of expectations for Tātaki Auckland Unlimited and Watercare and for Auckland Transport have already been considered at their respective committee meetings on 11 February and 13 February 2025.
9. CCO letters of expectations have been informed by a drop-in session for councillors, local board chairs and deputy chairs in late January 2025, thirty-minute online sessions with the CCO Governance team, the final mayoral proposal for the draft 2025/2026 Annual Budget and decisions of the Budget Committee on 4 December 2024 and Governing Body on 12 December 2024.
10. Letters of expectations contain two parts i) general expectations for all CCOs and ii) specific expectations for each CCO. There are a several common expectations for CCOs that are not applicable to AFFTL given that it does not deliver services or infrastructure directly to Aucklanders or manage physical assets on the council's behalf. The key expectation specific to AFFTL is to deliver distributions to the council from the fund in 2025/2026 in accordance with the Auckland Future Fund Distribution Policy.

11. It is recommended that AFFTL is given a one-month extension of all statutory deadlines in the SOI process for 2025, as allowed for in the Local Government Act 2002. This is consistent with the extension approved for all other substantive CCOs and provides more time for CCOs to align their work programmes with the agreed outcomes and final decisions of the 2025/2026 Annual Budget process.

Ngā tūtohunga Recommendation/s

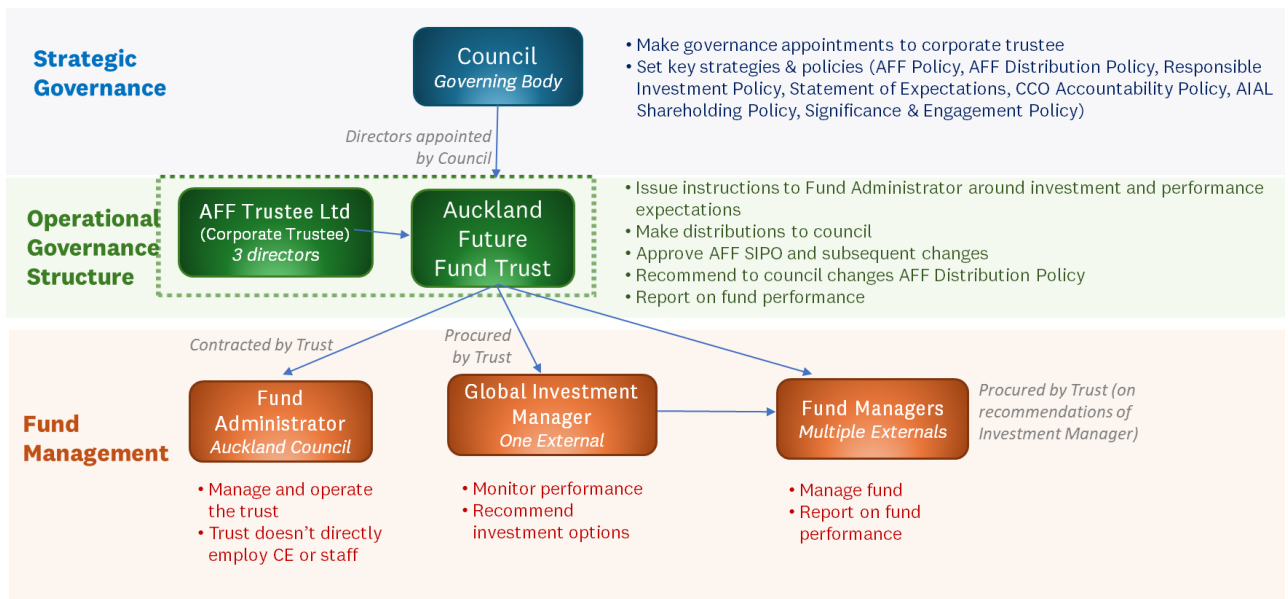
That the Governing Body:

- a) tuhi-ā-taipitopito / note the progress with preparatory work to establish the Auckland Future Fund
- b) whakaae / approve the proposed content for inclusion in the 2025/2026 letter of expectations to Auckland Future Fund Trustee Limited as set out in this report and with any amendments requested by the Governing Body
- c) tautapa / delegate authority to the Mayor and Lead Councillor to finalise and issue the 2025/2026 letter of expectations to Auckland Future Fund Trustee Limited
- d) whakaae / approve a one-month extension of the statutory deadline for the Auckland Future Fund Trustee Limited statement of intent for 2025-2028, as provided for in the Local Government Act 2002, Schedule 8, section 4
- e) tautapa / delegate to the Chief Executive, Mayor and Lead Councillor for the Auckland Future Fund to approve and speak to any submission to the Governance and Administration Select Committee on the Auckland Council (Auckland Future Fund) Bill, and to work with the Chair of Auckland Future Fund Trustee Limited on a joint submission on behalf of the Auckland Council group.

Horopaki Context

Establishing the Auckland Future Fund

12. Decisions were made through the LTP 2024-34 to establish the Auckland Future Fund. The purposes of the fund are to:
- protect the real value of the trust's assets over time, so they can continue to benefit future generations; and
 - provide a strong return to the council to fund services and infrastructure.
13. Auckland Future Fund Trustee Limited (AFFTL), a wholly owned subsidiary of Auckland Council, has been established as the trustee to hold, own and manage the fund in accordance with the terms of the trust deed and relevant policies. This entity is a substantive CCO.
14. The agreed governance and fund management structure for the fund is shown below:



- The LTP 2024-2034 included an update to the council's Auckland Airport Shareholding Policy to enable the sale of the council's shareholding in Auckland International Airport Limited to capitalise the Auckland Future Fund.

Tātaritanga me ngā tohutohu Analysis and advice

Auckland International Airport share sale

- The AFFTL board sold Auckland Council's remaining shares in Auckland International Airport Limited on 4 December 2024.
- The shares were sold for \$8.08 per share (over \$1.31 billion), exceeding the Long-term Plan 2024-2034 projection of \$7.97 (\$7.89 after transaction costs).
- The board required all bids on the shares to be inclusive of any transaction costs. The board was independently advised by PwC on the sale, with Simpson Grierson providing independent legal services.

	LTP budget	Actual	Variance
Sale proceeds	\$1.301 billion	\$1.319 billion	\$18 million
Transaction and advisory costs	\$13 million	\$0 transaction costs \$350,000 in legal and advisory fees	\$12.65 million
Net proceeds	\$1.288 billion	\$1.319 billion	\$30.65 million

- Because the actual net proceeds were \$30.65 million higher than projected in the LTP, the size of the fund at establishment will now be higher than budgeted by this amount. As these additional funds have resulted from the sale of the shares, they form part of the capital of the fund and are not available to be distributed to the council and used for other purposes.
- The sale prompted over 50 media stories in the first two days across mainstream and business media. The coverage was generally very favourable for the council.

21. The board will appoint an experienced independent global investment manager in the first half of 2025. In the meantime, the proceeds from the share sale have been placed in secure term deposits to ensure they continue earning a return and the fund can provide its annual distribution to the council.
22. As per the council's Auckland Future Fund Distribution Policy, the fund will provide a distribution to the council for the 2024/2025 financial year, pro-rated for the time between the share sale settlement and 30 June 2025. As the share sale resulted in higher than budgeted net proceeds and occurred earlier than the assumed date of 1 January 2026, the fund's distribution to Auckland Council for the 2024/2025 financial year will be approximately \$4.5 million higher than budgeted.

Liquidity support

23. As stipulated in the Auckland Future Fund Policy, AFFTL will provide liquidity support (emergency funding) to the council. In a case of extreme financial emergency where no other financing options are available, the council could call on the liquidity support to temporarily borrow money from the fund. The liquidity support agreement between the council and AFFTL replaces some of the council's current bank standby facilities, saving approximately \$1 million per annum in costs.
24. The board and the council's treasury team finalised the terms of the liquidity facility agreement at the board meeting on 13 February 2025. Going forward, the agreement will be reviewed annually.

Establishment work in progress

25. The following activities are ongoing.

Procurement of independent global investment manager

26. The board chose to delay the procurement for the global investment manager until after the airport share sale. This enabled a more discreet sale process to take place which enhanced the overall value achieved. Throughout January and February, the board identified and met with a number of potential candidates. On Friday 21 February 2025, the board issued a closed tender which will close on 14 March 2025. The board expect to make an appointment in April 2025.

Statement of Investment Policies and Objectives (SIPO)

27. In association with the independent global investment manager that the directors will choose to appoint, the directors will approve a SIPO for the fund and report this to the Governing Body. The SIPO Objectives for the fund will cover the intended investment strategies and objectives for the fund, including strategic asset allocation, asset classes and benchmarks, and rebalancing and hedging settings.
28. This is a critical document for the successful operation of the fund. To ensure that the directors and their investment managers are well placed to work through this document in a timely way, council staff, in conjunction with some specialist advice on industry best practice, prepared an initial draft for the fund board to receive and consider.
29. The board will provide the final SIPO to Governing Body by no later than 30 June 2025.

Responsible Investment Policy

30. On 27 June 2024, the Governing Body approved the Responsible Investment Policy to apply to the Auckland Future Fund, the Self-Insurance Fund and any subsequently formed Council investment funds. It was also agreed that, once the directors of the Auckland Future Fund were in place and had appointed their global investment manager, the directors and the global investment manager will provide advice on responsible investment to a Governing Body workshop to consider any changes to the current adopted policy.

Progress on legislative protection

31. On 27 June 2024, the Governing Body resolved as follows ([GB/2024/88](#)):
- d) *whakaae/agree to:*
 - i) *promote an Auckland Council (Auckland Future Fund) Bill to ensure the Auckland Future Fund is a long-term financial investment for the benefit of the current and future communities of the Auckland Region, substantially as set out in the draft Bill at Attachment B of the agenda report*
 - ii) *tautapa / delegate authority to the Chief Executive to prepare and finalise the draft Bill and carry out procedural requirements, including those under Parliamentary Standing Orders, to enable the Bill to be introduced to the House.*
32. Last year, council staff worked closely with the Parliamentary Counsel Office and others to finalise the drafting of the Auckland Council (Auckland Future Fund) Bill.
33. In December 2024, the council then publicly notified its intent to promote the draft bill, as required under Parliamentary Standing Orders. The notification was displayed at the central library, in the NZ Herald, on the council website and on the fund website.
34. On 28 January 2025, Dr Carlos Cheung MP introduced the Bill to the House. This bill has now passed its first reading in the House and has been referred to the Governance and Administration Select Committee. The overall timeline for the completion of the bill is dependent on Parliamentary process.
35. The council intends to make a formal submission on the bill, and will seek to do so jointly with AFFTL. Given the council's policy on the Auckland Future Fund is well settled this report seeks a delegation to the Chief Executive, Mayor and Lead Councillor to approve and speak to any submission to the Select Committee on the Bill, and to work with the Chair of AFFTL on a joint submission on behalf of the Auckland Council.

Letter of Expectations 2025-2026

Process and timings

36. Letters of expectations provide direction to substantive CCOs that will inform the development of their statement of intent (SOI) which is required by legislation. The council aims to provide these letters before the end of every calendar year in order to provide sufficient time for the CCOs to prepare a draft SOI before 1 March and a final copy before the end of the financial year.
37. However this year, given final decisions on the CCO reform process were made on 12 December 2024, it was determined it would be more appropriate to send letters of expectations in February 2025, which can reflect these decisions.
38. The proposed draft expectations for AFFTL have been informed by a drop-in session for councillors, local board chairs and deputy chairs in late January 2025, thirty-minute online sessions with the CCO Governance team, the final mayoral proposal for the draft 2025/26 Annual Budget and decisions of the Budget Committee on 4 December 2024 and Governing Body on 12 December 2024.
39. Staff can provide a verbal summary of the main feedback points received at the drop-in and online sessions, as requested.
40. The proposed content for the draft 2025/2026 letters of expectations for Tātaki Auckland Unlimited and Watercare and for Auckland Transport have already been considered at their respective committee meetings on 11 February and 13 February 2025.

41. Staff recommend an extension of the statutory deadlines for all SOIs in 2025 (this has already been approved for Tātaki Auckland Unlimited, Watercare and Auckland Transport through their respective committees). This ability to extend deadlines by one month is provided for in the Local Government Act 2002 (schedule 8, section 4). It would extend:
- i) the date of submission of the draft SOIs to on or before 1 April 2025
 - ii) the date when the boards must consider shareholder feedback to 1 June 2025, and
 - iii) the date for final submission of SOIs on or before 31 July 2025.

Proposed content

42. The council agreed items for consultation as part of the 2025/2026 Annual Budget process at the Governing Body meeting on 12 December 2024.
43. The mayor's expectation is that CCO draft 2025-2028 SOIs will be consistent with the relevant aspects of the Mayor's Proposal for the 2025/2026 Annual Budget.
44. The AFFTL letter of expectations will contain two parts:
- i) general expectations for all CCOs
 - ii) specific expectations for each CCO.

Common expectations for all CCOs

45. There are a several common expectations for CCOs that are not applicable to AFFTL given that it does not deliver services or infrastructure directly to Aucklanders or manage physical assets on the council's behalf. The remaining common expectations that are applicable to AFFTL are summarised below:
- i) CCOs are expected to focus on delivering year two of the LTP 2024-2034. Final SOIs (including financial information and performance measures) should be aligned with the final 2025/2026 Annual Budget and the strategic priorities contained within.
 - ii) As part of the CCO reform package approved by the Governing Body on 12 December 2024, the council will also be pursuing a range of non-structural changes (such as reforming the existing CCO board appointment and performance review process) to support the reset of the CCO model as it applies to all substantive CCOs. Advice on these non-structural change options has been requested in early 2025 and any additional requirements or changes arising from this will be communicated to CCOs.
 - iii) Auckland Council Group is committed to upholding its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. CCOs are expected to share this commitment and contribute to its delivery, including through (but not limited to):
 - A) AFFTL completing its first Achieving Māori Outcomes (AMO) Plan, which includes key performance indicators to track progress over time. Once the AMO is established, AFFTL should report on this as part of the quarterly performance report. Ngā Matārāe (Council's Māori Outcomes Directorate) are available to offer support to CCOs with navigating Kia Ora Tāmaki Makaurau Māori Outcomes Framework and any updates to this framework.
 - B) As required, work collaboratively with Ngā Matārāe and other Māori Outcomes specialists across the council group to take a whole-of-council-group approach to delivering outcomes for Māori.
 - iv) CCOs should adhere to the Statement of Expectations of substantive CCOs, which explains how CCOs should conduct their business and manage their relationships with the council and other interested groups (including matters such as the 'no surprises' principle). This document will be reviewed and updated in 2025 to reflect decisions on CCO reform.

- v) As such, CCOs should work with the government, only where interests are aligned and messages are consistent with those of Auckland Council. CCOs should inform the council of any conversation with the government on any new proposal or legislative reform. These engagements should be summarised in CCO quarterly reporting.
- vi) Given AFFTL has only recently been established, it is expected that technology, people, procurement, corporate support, data, customer experience and digital services are provided by Group Shared Services and that no duplication is created by AFFTL.

AFFTL-specific expectations

- 46. The key expectation for AFFTL is to deliver distributions to the council from the Auckland Future Fund in 2025/2026 in accordance with the Fund Distribution Policy.
- 47. Following the successful sale of the council's remaining Auckland International Airport Limited shareholding and the capitalisation of the fund, the focus of AFFTL must be on appropriately investing the funds from the share sale in order to meet the purposes of the fund (as set out in the Trust Deed):
 - i) To maintain or increase the real value of assets that are put into the fund over time so they can continue to benefit future generations; and,
 - ii) To provide a strong return to Auckland Council to fund services and infrastructure.

Climate impact statement

- 48. This report does not seek any decisions that would impact climate or would be impacted by climate change, nor have a direct impact on greenhouse gas emissions. However, it should be noted that the creation of the fund is in part in response to the impacts of climate change and seeks to protect the intergenerational assets invested in the fund from further shocks as a result of future climate-related events.
- 49. The Responsible Investment Policy integrates environmental, social and governance and climate change considerations where possible. It is expected that the investment manager of any council investment fund will seek to improve environmental, social and governance practices of the companies they invest in through proactive engagement.
- 50. AFFTL will be guided by the Responsible Investment Policy. AFFTL has no statutory requirement to prepare climate reporting in its own right. However, as a council group entity, AFFTL will participate in the council's group reporting process and provide the council with information to enable the council to meet its reporting requirements as a climate reporting entity.

Council group impacts and views

- 51. Preparatory work to support the AFFTL directors in their role is being led by the council's group chief financial officer and the implementation of the work programme covered in this report has involved extensive involvement from Group Treasury, Legal, CCO Governance/External Partnerships, and Communications.
- 52. The views of the other substantive CCOs and Port of Auckland Limited have not been sought as the fund does not directly impact any of their activities.
- 53. The letter of expectations is one part of an overall accountability framework for substantive CCOs. The expectations have been drafted based on the Mayor's proposal for the 2025/2026 Annual Budget, decisions of the Budget Committee on 4 December 2024 and Governing Body on 12 December 2024 and with input from subject matter experts from across the council.
- 54. It is suggested that the AFFTL letter include a closing paragraph which invites it to contact the Manager CCO Governance and External Partnerships should they wish to discuss or clarify any aspects of the letter.

Financial implications

55. The cost of establishing and operating the fund has been provided for in the operational budgets for the LTP. The ongoing operational budget has been set at \$400,000 per year.
56. As the net proceeds from the sale of the Auckland International Airport Limited shares were greater than expected and occurred earlier than the assumed date of 1 January 2026, the annual distribution from the fund to the council for 2024/2025 will be approximately \$4.5m higher than budgeted.
57. Through the letter of expectations, AFFTL will be asked to ensure that the final 2025-2028 statement of intent (including financial information and performance measures) is aligned with the final 2025/2026 Annual Budget.

Risks and mitigations

58. There is a very small risk with any term deposit that a bank could fail and some or all of the funds in the deposit could be lost. To mitigate this risk and ensure the funds are protected, the initial proceeds from the sale were paid into two separate banks, and the subsequent term deposits were invested across the four biggest banks in New Zealand which are reputable and well-established banks. Auckland Council Treasury also has term deposits with these banks from time to time.
59. There is a risk that CCOs may misunderstand the expectations provided in the letters of expectations. However, there are additional opportunities for CCOs to clarify the expectations, whether by discussion with council staff or through Lead Councillors.
60. Additionally, the process of reviewing the draft statements of intent after they are received on 1 April 2025 provides another opportunity to ensure that expectations in the letters of expectations are responded to appropriately.

Tauākī whakaaweawe Māori

Māori impact statement

61. Houkura (Independent Māori Statutory Board) has been involved in the decision-making for the creation of the fund.
62. In the recruitment of Trustee directors, common priorities for director briefs included that they will uphold the principles of Te Tiriti o Waitangi, promote improved outcomes for Māori and have knowledge of Te Ao Māori and established Māori networks.
63. Auckland Council Group is committed to upholding its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. This is reflected in the proposed common expectations for the CCO letters of expectations and in specific expectations to individual CCOs.

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

Local impacts and local board views

64. The proposed decisions have no identified local impacts. The governance of CCOs is a Governing Body responsibility under the allocation of non-regulatory decision-making.
65. However, a drop-in session was offered to councillors, local board chairs and deputy chairs in late January 2025 (or alternatively a thirty-minute online session with the CCO Governance team), to discuss topics for inclusion in the letters of expectations.

Ngā koringa ā-muri Next steps

66. As a substantive CCO, AFFTL will report on performance every quarter.
67. The Mayor will issue the letter of expectations to AFFTL based on the resolutions of the Governing Body, as soon as possible after this meeting. In response to the letter of expectation, AFFTL will prepare a draft statement intent for 2025-2026 by 1 April 2025.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Authors	Megan Holley - Treasury and Investments Relationship Manager Sarah Johnstone-Smith - Principal Advisor
Authorisers	John Bishop - Group Treasurer Alastair Cameron - Manager CCO/External Partnerships team Anna Bray - General Manager Group Strategy, Transformation and Partnerships Ross Tucker - Group Chief Financial Officer Phil Wilson - Chief Executive

Group Remuneration Policy February 2025

File No.: CP2025/01077

Te take mō te pūrongo

Purpose of the report

1. To request Governing Body's approval of the Group Remuneration Policy – February 2025.

Whakarāpopototanga matua

Executive summary

2. The Group Remuneration Policy – February 2025 (Remuneration Policy) has been in place since July 2021 and covers Auckland Council, Auckland Transport, Eke Panuku Development, Watercare Services Limited and Tātaki Auckland Unlimited (the group).
3. The Remuneration Policy is a principles-based policy. Following a review led by a cross-group team, no changes proposed to the policy principles. The team have proposed some minor amendments to wording to improve clarity, this does not change the intent of the principle. The minor changes proposed are outlined in paragraph 8 and 9.

Ngā tūtohunga

Recommendation/s

That the Governing Body:

- a) whakaae / approve the Group Remuneration Policy – February 2025.

Horopaki

Context

4. The CCO review, completed in 2020, recommended the need for aligned policies on remuneration across the group.
5. Clause 36A of Schedule 7 in the Local Government Act states "A local authority must review a policy adopted under this clause at intervals of no more than 3 years". The Remuneration Policy is reviewed at every three years by a cross group working group of senior staff with expertise in this area.
6. The working group developed the overarching policy in 2021 and have continued to work together to update the policy during 2024. The working group meets regularly to ensure consistent policies, procedures, and practices across the group regarding remuneration and application of the policy principles.

Tātaritanga me ngā tohutohu

Analysis and advice

7. The Remuneration Policy has been created to align the principles with which remuneration decisions are made in Auckland Council and the CCO's. It enables alignment in operational remuneration decisions and ensures the right procedures and practices are adopted and implemented.

Remuneration Policy principles

8. The Remuneration Policy is underpinned by a number of principles. As part of the 2024 review, the working group agreed to the following amendments (*changes in italics*):

1. Fairness

We ensure the methodologies we use are fair and enable a diverse and inclusive workforce to deliver to the best of their capabilities. Policies & practices must be based on best practice approaches to remuneration, using well proven methodologies and independent advice. *Our frameworks and policies are transparent to support equity and build trust.*

2. Financial responsibility

We manage remuneration in a financially responsible and measured way that balances the needs of Auckland and Aucklanders with our need to develop, attract and retain talented individuals who will help deliver our vision.

3. Social equity through a living wage

We acknowledge that how we remunerate our people has an impact on their economic well-being and meaningful increases will be a priority for employees in roles at the lower end of the pay scale. We aim to ensure that our remuneration is aligned to a living wage and helps our people meet the basic necessities of life and participate as active citizens in society. A living wage is calculated and monitored by Auckland Council whānau.

4. Contribution

We review and monitor remuneration levels and validate they are aligned with peoples' contribution to the organisation and in line with the external market.

9. Other changes include:

- i) Market positioning and remuneration ranges – A statement on equity -
“Our commitment to ensure equity”
- ii) Managing Remuneration for the Executive Leadership Team – Additional wording in the statement to ensure a financially prudent approach is taken -
“This enables a measure of consistency within the whānau and parity with the external market while always maintaining a financially prudent lens.”

How we enact the policy

10. In addition to the principles, the following components are key to how the policy is enacted:

- **Methodologies and benchmarks:** The group will use proven job evaluation methodologies that provide common bands for all people and provide the basis to set salary ranges. The benchmark used by the group will be the General Market Fixed Remuneration (excludes bonuses) which will be reviewed annually. Premiums for certain roles may only apply if validated by market information.
- **Policies for exceptions and executive leadership teams:** Out of cycle increases and appointment salaries are subject to the appropriate approval processes in order to ensure parity. All Executive Leadership Team (direct reports to the Chief Executives) appointments and increases to remuneration follow a standard process which is aligned to the methodology used for all jobs. These jobs are externally evaluated, and market remuneration comparisons are sourced from two external providers. This enables greater consistency within the group and parity with the external market *while always maintaining a financially prudent lens.*
- **Chief Executive Remuneration:** Remuneration for Chief Executives is set by the Board of Directors for CCO's or Governing Body for Auckland Council. The guidance is provided through the statement of expectation.

11. Operational remuneration decisions are delegated to the Chief Executives (excluding Chief Executive pay) and the policy enables the right procedures and processes to be created while providing flexibility to address unique challenges in the market.

Climate impact statement

12. The Remuneration Policy does not impact the climate.

Council group impacts and views

13. Council Chief Executives and the CCO Boards have all endorsed the Remuneration Policy.

Financial implications

14. There are no financial implications as part of the review and update to the Remuneration Policy given it is a principle based document.

Risks and mitigations

15. Reputational – It may be perceived by the public that the entire Remuneration package is not adequately benchmarked versus the market. Mitigants – working group monitoring and oversight of the consistent application of the principles, practices and policy across the entire remuneration package. Reporting overall consistency of application and any variances to the Group Chief Executives.

Tauākī whakaaweawe Māori

Māori impact statement

16. The Remuneration Policy is committed to Diversity and Inclusion including our responsibilities in Te Tiriti O Waitangi as outlined in Our Charter.

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

Local impacts and local board views

17. The Group Remuneration Policy does not impact Local Boards.

Ngā koringa ā-muri

Next steps

18. This Remuneration Policy will be reviewed every three years.
19. The officers responsible for remuneration continue to meet regularly sharing practices and policies to ensure alignment across the group.

Ngā tāpirihanga

Attachments

No.	Title	Page
A	Final - Group Remuneration Policy 2021	
B	Final Group Remuneration Policy Feb 2025	
C	Tracked version - Group Remuneration Policy Feb 2025	

Ngā kaihaina

Signatories

Author	Wendell D'Cunha - Manager Reward
Authorisers	Richard Jarrett - Director Group Shared Services Phil Wilson - Chief Executive

Item 10

Auckland Unitary Plan - Private Plan Change Request - Arvida Warkworth

File No.: CP2024/20727

Te take mō te pūrongo Purpose of the report

1. To decide under clause 25 of schedule 1 of the Resource Management Act 1991 how to process a private plan change request to the Auckland Unitary Plan (Operative in Part) from Arvida Limited (the Applicant) to extend the Rural Urban Boundary to include an additional area of 29ha, and to rezone approximately 140ha (including the 29ha) of land located at Matakana Road and Sandspit Road, Warkworth, from Future Urban Zone, Rural - Mixed Rural Zone and Special Purpose – Quarry Zone to Residential - Mixed Housing Urban Zone and Residential – Large lot Zone.

Whakarāpopototanga matua Executive summary

2. Arvida Limited (the Applicant) has lodged a private plan change request to extend the Rural Urban Boundary (RUB) to include an additional 29ha of land, and to rezone approximately 140ha of land (including the 29ha) to the northeast of Warkworth, at Matakana Road and Sandspit Road. The majority of the land (101ha) is zoned Future Urban Zone (FUZ) in the Auckland Unitary Plan (Operative in Part) (AUP). A smaller portion of the land (29ha) is zoned Rural – Mixed Rural Zone (MRZ), and a very small portion (0.78ha) is zoned Special Purpose – Quarry Zone (SPQZ).
3. Through the plan change, the Applicant seeks to rezone most of the land to the Residential – Mixed Housing Urban Zone (MHUZ) (113ha). In the far northeastern portion of the land, the Applicant seeks to shift the Rural Urban Boundary (RUB) and rezone the existing rural zoned land to a mix of Residential – Mixed Housing Urban Zone (10.1ha) and Residential – Large Lot Zone (LLZ) (18.9 ha). The existing 5.3ha zoned Open Space Conservation Zone would remain unchanged.
4. The plan change also proposes to introduce a new precinct (Mahurangi Takapou Precinct) over the land which details walking and cycling trails, boundary treatments for the Warkworth Golf Club, measures addressing reverse sensitivity effects on the Rodney Co-operative Limestone quarry, required transport upgrades, management of existing Outstanding Natural Landscape and High Natural Character overlays, and specific provisions to provide a transition between urban and rural areas.
5. The plan change also proposes to map additional Significant Ecological Areas (SEA), alter the existing shape and extent of the Quarry Area Buffer Overlay around the Rodney Co-operative Limestone Quarry, apply the Stormwater Management Area Flow 1 control over the entire plan change area and update the Macroinvertebrate Community Index (relating to water quality) mapping in the AUP.
6. The plan change states that the rezoning proposal provides capacity for a conservative estimate of around 2,200 dwellings along with approximately 210 retirement village units. A copy of the plan change request provisions and section 32 report are included as Attachments A and G.
7. The Council must decide how the plan change request is processed. Under Clause 25 of Schedule 1 in the Resource Management Act 1991 (RMA) the Council may:
 - a) adopt the request as if it were a proposed plan change made by the Council, or
 - b) accept the private plan change request in whole or in part, or

- c) reject the private plan change request in whole or in part, if one or more of the limited grounds for rejection is satisfied, or
 - d) deal with the request as if it were an application for a resource consent, or
 - e) a combination of options a) to c).
8. As with a number of previous plan changes considered by the Council, this plan change raises a strategic issue in terms of the appropriateness of land being rezoned ahead of the indicative timing in the Council's Future Development Strategy 2023-2053 (FDS).
 9. In the FDS the proposed plan change area is within the Warkworth North area and is identified to be ready for urban development from 2035+. Bulk transport, water supply and wastewater infrastructure are identified in the FDS to support development by this indicative date. The plan change responds to this timing by including provisions that require various infrastructure upgrades/new infrastructure to be in place before development can proceed. The Applicant has also made commitments to upgrade public infrastructure to support the development. However, at this stage these commitments are not contractually/legally binding, and there is no current funding available for all the necessary infrastructure (in particular transport infrastructure) to support the plan change.
 10. Advice has been sought from Auckland Transport, the Council's Healthy Waters Department and Watercare in relation to the strategic infrastructure issues raised by the plan change.
 11. With respect to transport, Auckland Transport staff advise that transport improvements will be required to support the development envisioned by the plan change. They note that provisions within the plan change could be strengthened and that this can be achieved through the submission, hearing and decision-making process.
 12. With respect to stormwater, a Stormwater Management Plan (SMP) has been prepared by the Applicant that outlines a range of stormwater management options for the plan change area. Council's Healthy Waters staff have identified concerns with the level of detail provided in the SMP. However, they conclude that the SMP could be further worked on through the plan change submission, hearing and decision-making process.
 13. With respect to water supply and wastewater, Watercare staff have confirmed that the plan change does not raise any fundamental concerns in relation to water supply, and that upgrades to the wastewater system will be in place in late 2025 providing capacity to service land in the Warkworth North area (inside the RUB). Additional upgrades to the system are programmed to provide further capacity by 2035.
 14. However, as the plan change proposes to rezone an additional 29ha of land outside of the RUB, Watercare staff advise that more detailed analysis is required to confirm whether the upgrades programmed for the Warkworth area will be able to cater for this additional land. The land proposed to be included in the RUB is a large area, over and above the area of the plan change that has been identified in the FDS to be ready for urban development from 2035+.
 15. Having reviewed the Applicant's planning and specialist reports, including the s32 evaluation report, the Council's experts' comments, feedback from Auckland Transport, the Council's Healthy Waters Department and Watercare, undertaken a coarse scale merits assessment of the plan change, and taken the purpose and principles of the Resource Management Act (RMA) into account, there are potential grounds for rejection available to the Council. In particular, there are aspects of the plan change that are contrary to sound resource management practice, and aspects that could make the Auckland Unitary Plan inconsistent with Part 5 of the RMA.
 16. However, when there are grounds for rejection available, the Council has a discretion as to whether or not it rejects a private plan change request. On balance, it is considered that the better way to test the conclusions reached in relation to sound resource management practice and Part 5 of the RMA is for a detailed merits assessment to be undertaken through the submission, hearing and decision-making process.

17. It is therefore recommended that the Council exercise its discretion and not reject the private plan change request, and that the private plan change request is accepted under clause 25(2)(b) of Schedule 1 of the Resource Management Act 1991.

Ngā tūtohunga Recommendation/s

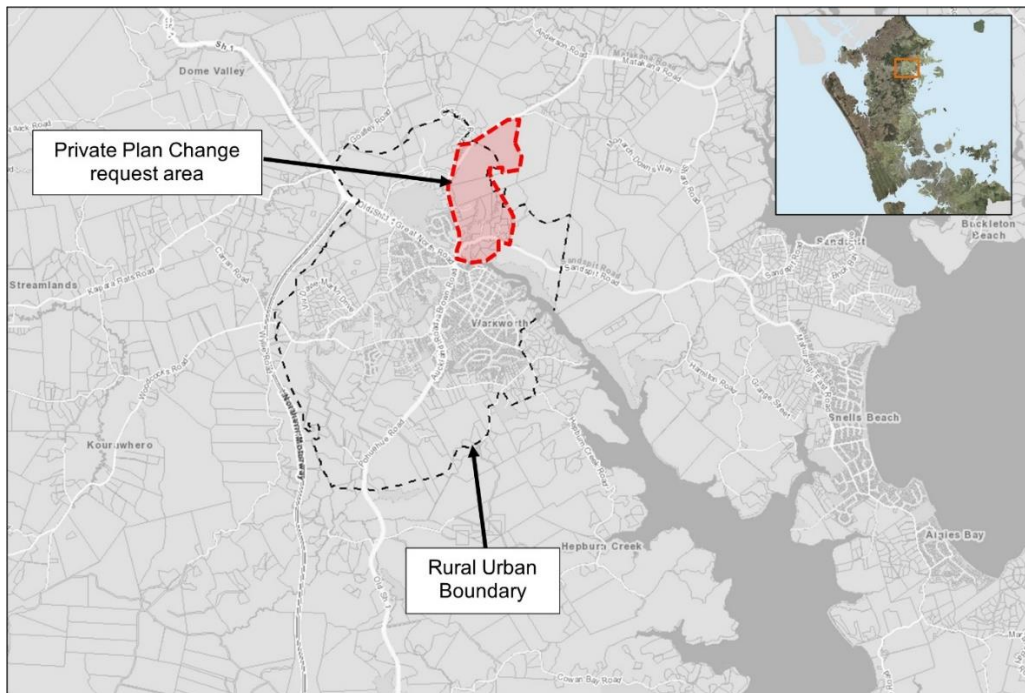
That the Governing Body:

- a) whakaae / agree not to reject the private plan change request under clause 25(4) of Schedule 1 of the RMA on the basis that:
- i) the grounds to reject a private plan change request under clause 25(4) of Schedule 1 are limited and, having regard to relevant case law:
 - A) The request is not frivolous. The Applicant provided supporting technical information and the private plan change has a resource management purpose.
 - B) The request is not vexatious. The Applicant is not acting in bad faith by lodging a private plan change request.
 - C) The substance of the private plan change request has not been considered within the last two years.
 - D) Under the Council's Future Development Strategy (FDS), Warkworth North is intended to be ready for development to commence 'not before' 2035+. There is a lack of funding available for infrastructure, particularly transport infrastructure required to support the proposed development. In addition, the private plan change request proposes to shift the Rural Urban Boundary and to urbanise an additional 29ha of land identified as highly productive land, which was not considered under the FDS. A coarse grain assessment of the request indicates that the private plan change request may not be in accordance with sound resource management practice. While the Council could reject the private plan change request under this ground, the Council can exercise its discretion not to reject the private plan change request under this ground. The better way to test this conclusion is for a detailed merits assessment to be undertaken through the submission, hearing and decision-making process.
 - E) A coarse level of assessment indicates that the private plan change request could make the Auckland Unitary Plan (AUP) inconsistent with Part 5 of the Resource Management Act. In particular, the private plan change request proposes to shift the Rural Urban Boundary (RUB) to include an additional 29ha of land which is identified as highly productive land under the National Policy Statement on Highly Productive Land and prime soil under the AUP. In addition, the proposed relocation of the RUB is not consistent with every aspect of Policy 2.2.2(2) of the AUP. While the Council could reject the private plan change request under this ground, the Council can exercise its discretion not to reject the private plan change request under this ground. The better way to test this conclusion is for a detailed merits assessment to be undertaken through the submission, hearing and decision-making process.
 - F) The provisions of the Auckland Unitary Plan subject to the private plan change request have been operative for at least two years.
- b) whakaae/ accept the private plan change request for processing having particular regard to the Applicant's section 32 evaluation report and for the following reasons:
- i) Accepting the request will enable the matters raised by the private plan change request to be considered in detail on their merits, during a public participatory planning process.

- ii) It is inappropriate to adopt the private plan change. The private plan change proposal is not a matter under consideration in Council's policy work programme. The private plan change does not address a gap in the Auckland Unitary Plan, introduce a new policy direction, nor does the private plan change have broad application by seeking to change provisions that apply across the region.
 - iii) The grounds to reject a private plan change request under clause 25(4) and 25(4A) of Schedule 1 of the RMA are limited and while two possible grounds of rejection have been met by this private plan change request, the Council can exercise its discretion not to reject the private plan change request.
 - iv) It is not appropriate to deal with the private plan change as if it was resource consent application because the current zones that apply to the land are not suitable for residential subdivision and development.
- c) tautapa / delegate authority to the Manager Planning – Regional North, West and Islands to undertake the required notification and other statutory processes associated with processing the private plan change request.

Horopaki Context

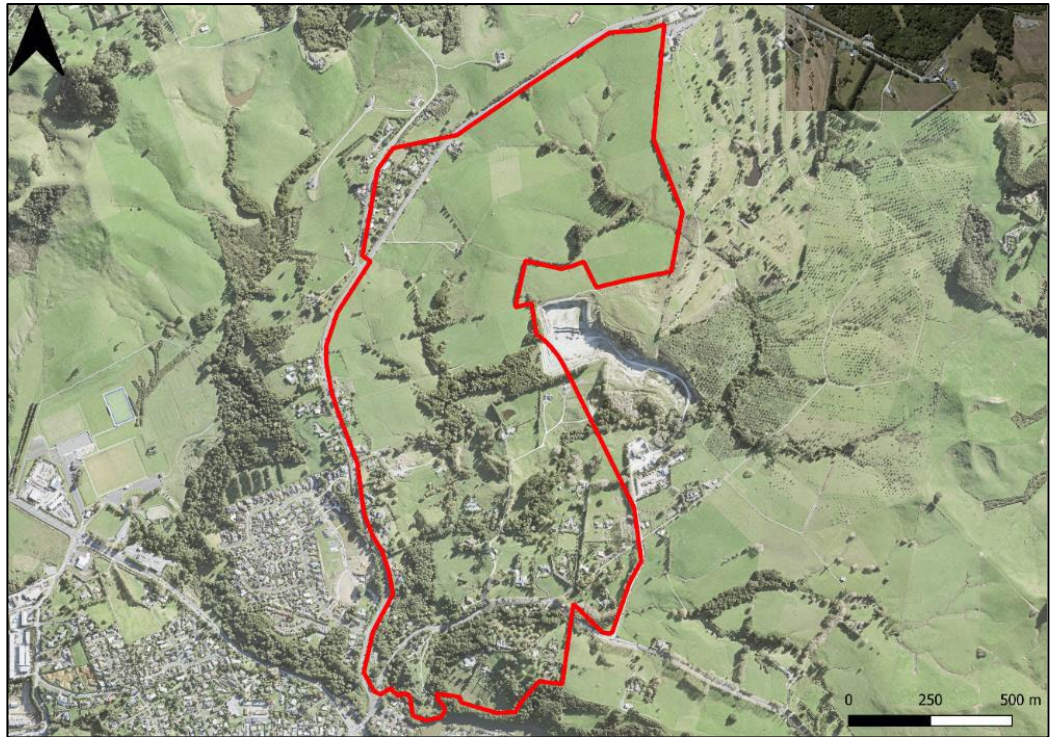
18. Arvida's private plan change request (PPC) area comprises approximately 140 hectares of land located in the northwest of Warkworth as shown in Figure 1 below.



1.

Figure 1: Private Plan Change request area in the context of Warkworth

19. The PPC area comprises blocks of pastoral land to the north, rural lifestyle living to the south, and large residential lots bounded by Clayden Road and Matakana Road. The PPC area is made up of land owned by 47 landowners, with Arvida owning two large lots in the north (totalling 55ha). Figure 2 shows an aerial photo of the PPC area.



2.

Figure 2: Aerial photo showing the PPC area

20. The southern portion of the PPC area is currently developed with rural lifestyle blocks. This area has a number of vegetated stream networks, with much of the vegetation identified as Significant Ecological Areas (SEA) in the Unitary Plan. The vegetated escarpments that adjoin the Mahurangi River form a native forest back drop with the Warkworth town centre and are identified in the Unitary Plan as areas of Outstanding Natural Landscape (ONL) and High Natural Character (HNC).
21. The northern portion of the PPC area is largely a working farm with most of the area in pasture. This area contains a number of mature exotic trees and some stands of native vegetation. The topography varies across the PPC area with rolling hills to the north transitioning into steeper terrain in the south, particularly around the stream network.
22. As shown in Attachment D, the PPC area includes approximately 101 hectares of land with an existing zoning of FUZ in the Unitary Plan. There are also 29 hectares of land zoned MRZ and a small area of SPQZ.

Private plan change content

23. The private plan change request proposes to amend the Unitary Plan planning maps including proposed changes to relocate the RUB boundary (which is the boundary between urban and rural zoning) to include an additional 29ha, changes to the zonings, overlays, controls, and the addition of a new precinct. The request also seeks to add new text to the Unitary Plan via a new precinct in Chapter I.
24. As shown in Figure 3 below, Arvida seeks to rezone the majority (113ha) of the PPC area to the MHUZ. In the far northeastern portion of the land Arvida seek to shift the RUB and rezone the existing rural land to 10.1ha of MHUZ and 18.9ha of LLZ. The existing area (5.3ha) within the PPC area that is already zoned Open Space – Conservation is proposed to remain (covering existing esplanade reserves).

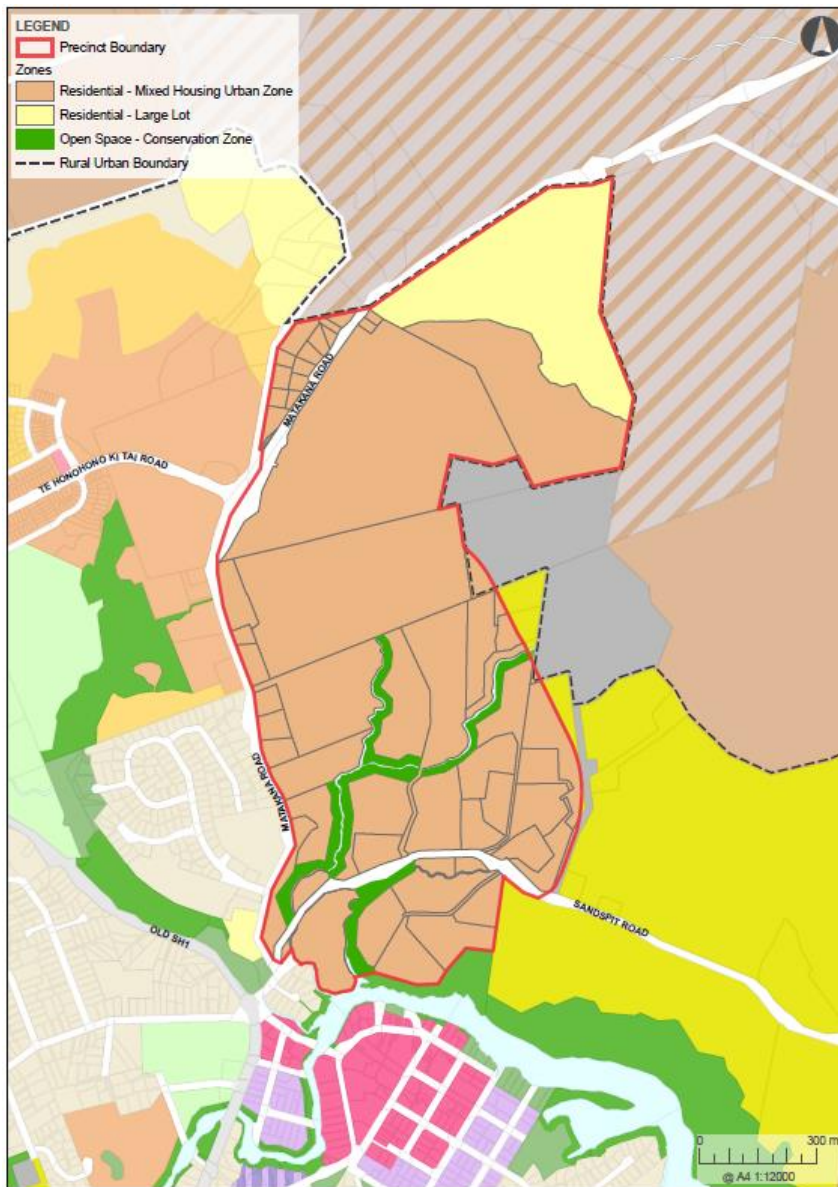


Figure 3: Proposed zonings and precinct under the private plan change request

25. The private plan change request seeks that the “Mahurangi Takapou Precinct” is added to the Unitary Plan to provide for residential growth in the Warkworth northeast area while providing for a range of open spaces, transport upgrades, off road walking and cycling trails, and to manage edge effects in relation to the Warkworth Golf Club boundary and the Rodney Co-operative Lime Quarry.
26. The plan change also seeks the following changes to overlays and controls:
 - Additional areas of terrestrial vegetation have been identified that meet the criteria to be mapped as SEA
 - Alteration of the existing shape and extent of the Quarry Area Buffer Overlay around the Rodney Co-operative Limestone Quarry
 - Application of the Stormwater Management Area Flow 1 control over the entire plan change area
 - Update to the Macroinvertebrate Community Index mapping
 - Consequential changes are proposed to Chapter H28 – Special Purpose Quarry zone.

27. Warkworth has been signalled for significant greenfield growth since the initial version of the Auckland Plan (2012). That plan identified it as a ‘Satellite Town’ and envisaged it to grow to around 25,000 people by 2050. The land around Warkworth was shown as one of the Greenfield Areas of Investigation. This led to around 1,100ha of rural land directly around Warkworth being zoned for greenfield expansion during the Proposed Auckland Unitary Plan process (2013-16).
28. Since this time, the Auckland Plan has been reviewed and the latest policy document relating to the growth of Warkworth is the Auckland Future Development Strategy 2023-2053 (FDS). The FDS identifies Warkworth as the one rural node in the north of Auckland and it is to be the predominant focus of growth in the northern rural area.
29. The PPC area is located in the ‘Warkworth North’ area as shown in Figure 4 below. The PPC area covers the eastern most and largest portion of this area. Under the FDS, Warkworth North is intended to be ready for development to commence ‘not before’ 2035+.

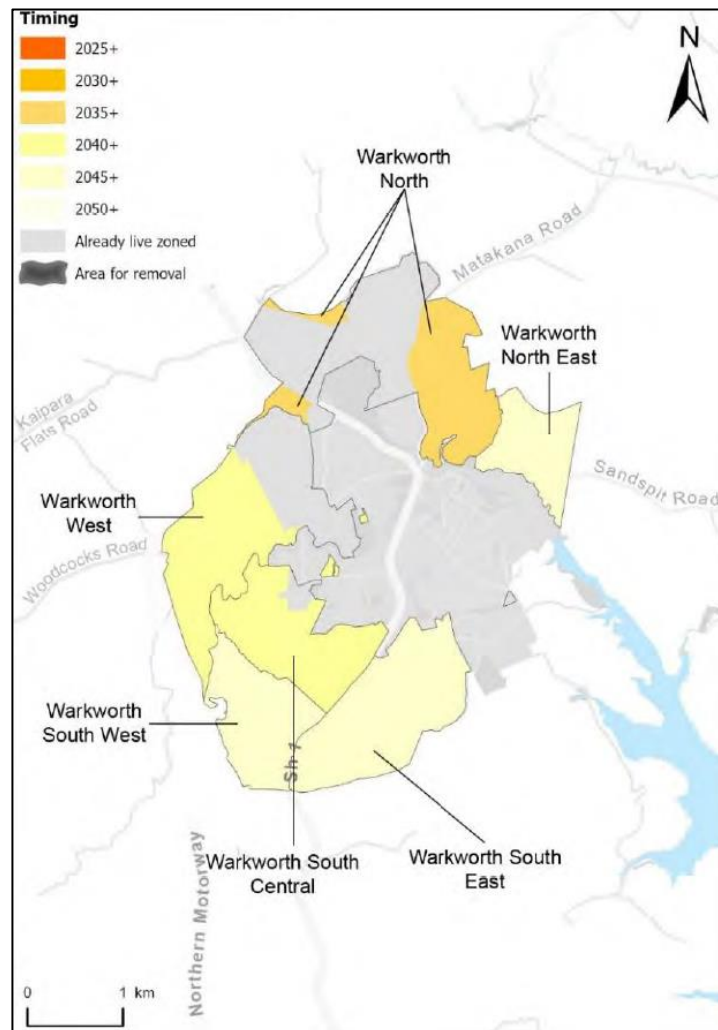


Figure 4: Warkworth future urban areas cluster

30. The key¹ bulk infrastructure projects to support development readiness (infrastructure pre-requisites) identified in the FDS for the Warkworth North part of the future urban area are:
 - Western Link North
 - Matakana Road Upgrade
 - Sandspit Link

¹ Not an exhaustive list.

- Sandspit Road Upgrade
- Northern Public Transport Interchange
- Warkworth Wastewater Growth Strategy (new pipeline, pump station, wastewater treatment plant and outfall pipe) and ancillary works
- Warkworth Wastewater Growth Servicing (gravity pipe from the showgrounds to Lucy Moore pump station)

Tātaritanga me ngā tohutohu Analysis and advice

Statutory context: Resource Management Act 1991

31. Any person may request a change to a district plan, a regional plan or a regional coastal plan.² The procedure for private plan change requests is set out in Part 2 of Schedule 1 of the RMA. The process Council follows as a plan-maker is adapted,³ and procedural steps added⁴ including the opportunity to request information.
32. The Council must decide under clause 25 which is the most appropriate processing option for each private plan change request. In making this decision Council must have particular regard to the Applicant's section 32 evaluation report.
33. Having read the private plan change request, visited the PPC area and reviewed the requests and responses to further information, it is considered that the Applicant has provided sufficient information for the private plan change request to be considered. Therefore, the 'insufficient information' ground for rejection of the private plan change request in clause 23(6) of Schedule 1 of the RMA is not available in this instance.
34. The private plan change request incorporates the medium density residential standards as required by s77G(1) of the RMA, so the Council is not prevented from accepting or adopting the private plan change request (clause 25(4A), Schedule 1).
35. The Council has four possible options available to it when making a decision on a private plan change request under clause 25 of Schedule 1 of the RMA. These options are discussed in the next sections of this report, and particular regard has been had to the Applicant's section 32 evaluation report in undertaking the assessment of these options.
36. Having regard to the principles established by the relevant case law, the consideration of private plan change requests under clause 25 involves a "threshold test" and a coarse assessment of the merits of the private plan change request - noting that if the request is accepted or adopted the full merits assessment will be undertaken when the private plan change is determined. Case law has also established that "where there is doubt as to whether the threshold has been reached, the cautious approach would suggest that the matter go through to the public and participatory process envisaged by a notified plan change."⁵

² Clause 21, Schedule 1, Resource Management Act 1991.

³ Part 1 Schedule 1 applies, as modified by clause 29 Part 2 Schedule 1, Resource Management Act 1991.

⁴ Part 2 Schedule 1 Resource Management Act 1991.

⁵ *Malory Corporation Ltd v Rodney District Council* [2010] NZRMA 1 (ENC) at [22], applied in *Orakei Point Trustee Limited v Auckland Council* [2019] NZEnvC 117.

Options available to the Council

Option 1: Adopt the request, or part of the request, as if it were a proposed plan change made by the Council itself

37. There is no obvious case for the Council to adopt the requested plan change.
38. Adopting the request would mean that the Council would have to meet all costs of processing the plan change. The request is an area-specific proposal relating to 47 private properties within the PPC area and the immediate beneficiaries of the changes to the zoning will be the Applicant and the number of other private property owners within the PPC area.
39. It is recommended that the private plan change request not be adopted.

Option 2 – Reject the request, in whole or in part

40. The Council can reject a private plan change request if one or more of the limited grounds of rejection in clause 25(4) of Schedule 1 of the RMA are available. The Council does not have to reject the private plan change request in those circumstances and can exercise its discretion not to reject the request. If there are no grounds of rejection available, the Council cannot reject the private plan change request.
41. The grounds for rejection under clause 25(4) are as follows:
 - a) the request or part of the request is frivolous or vexatious; or
 - b) within the last two years, the substance of the request or part of the request;
 - i) has been considered, and given effect to, or rejected by, the local authority or the Environment Court; or
 - ii) has been given effect to by regulations made under section 360A; or
 - c) the request or part of the request is not in accordance with sound resource management practice; or
 - d) the request or part of the request would make the policy statement or plan inconsistent with Part 5; or
 - e) in the case of a proposed change to a policy statement or plan, the policy statement or plan has been operative for less than two years.

Is the request frivolous or vexatious?

42. The objective of the plan change is to enable the urban development of approximately 140ha of land, of which 101ha is currently zoned FUZ in the Unitary Plan. The private plan change request includes a section 32 evaluation report which is supported by specialist assessments on a full range of relevant matters, that assess the environmental effects of the proposed plan change. The request is not frivolous as the private plan change:
 - a) was considered thoroughly in the application materials;
 - b) is supported by expert independent opinion and a section 32 evaluation report; and
 - c) cannot be said to have no reasonable chance of succeeding.
43. The Applicant is not acting in bad faith by lodging the private plan change request. The Applicant is not requiring Council to consider matters in this process that have already been decided or the subject of extensive community engagement or investment. Accordingly, the private plan change request is not vexatious.
44. It is recommended that the private plan change request not be rejected on this ground.

Has the substance of the request been considered and been given effect, or rejected by the Council within the last two years?

45. The provisions which are the subject of the requested plan change have been in place since the AUP became partly operative in 2016. There have been no rezonings considered for this land, and decided on by the Council within the past two years.
46. It is recommended that the private plan change request not be rejected on this ground.

Has the substance of the request been given effect to by regulations made under section 360A?

47. Section 360A relates to regulations amending regional coastal plans pertaining to aquaculture activities and is not relevant.
48. It is recommended that the private plan change request not be rejected on this ground.

Is the request in accordance with sound resource management?

49. The term 'sound resource management practice' is not defined in the RMA.
50. In the Environment Court's decision in *Orakei Point Trustee v Auckland Council* [2019] NZEnvC 117, the Court stated:

"[13] What *not in accordance with sound resource management practice* means has been discussed by both the Environment Court and High Court in cases such as *Malory Corporation Limited v Rodney District Council* (CIV-2009-404-005572, dated 17 May 2010), *Malory Corporation Limited v Rodney District Council (Malory Corporation Ltd v Rodney District Council [2010] NZRMA 1 (ENC))* and *Kerikeri Falls Investments Limited v Far North District Council (Kerikeri Falls Investments Limited v Far North District Council, Decision No. A068/2009)*

[14] Priestley J said in *Malory Corporation Limited v Rodney District Council* (CIV-2009-404-005572, dated 17 May 2010, at 95) that the words *sound resource management practice* should, if they are to be given any coherent meaning, be tied to the Act's purpose and principles. He agreed with the Environment Court's observation that the words should be limited to only a coarse scale merits assessment, and that a private plan change which does not accord with the Act's purposes and principles will not cross the threshold for acceptance or adoption (CIV-2009-404-005572, dated 17 May 2010, at 95)

[15] Where there is doubt as to whether the threshold has been reached, the cautious approach would suggest that the matter go through to the public and participatory process envisaged by a notified plan change (*Malory Corporation Ltd v Rodney District Council [2010] NZRMA 1 (ENC)*, at para 22)."

51. The consideration of this ground for rejection should involve a coarse assessment of the merits of the private plan change request - "at a threshold level" - and take into account the RMA's purpose and principles – noting that if the request is accepted or adopted the full merits assessment will be undertaken through the submission and hearing process where independent hearing commissioners will make a decision on the plan change request.
52. The courts have also accepted that "sound resource management practice" can include issues of timing and process. For example, the Environment Court in *Malory Corporation Ltd v Rodney District Council* [2010] NZRMA 1 stated:

"[60] We conclude that the question of sound resource management practice goes well beyond questions of planning merit to include fundamental issues as to appropriate process, timing and the like. It can include non-planning matters such as engineering, cultural, and other issues."

A coarse merits assessment of the proposed Plan Change

Timing of the plan change relative to the provision of infrastructure

53. As with previous plan changes considered by the committee, this plan change raises a strategic issue regarding the appropriateness of land being rezoned ahead of the indicative timing in the FDS.
54. In the FDS the proposed plan change area is within the Warkworth North area and is identified to be ready for urban development from 2035+. Bulk transport, water supply and wastewater infrastructure are identified in the FDS to support development by this indicative date. Given that the FDS provides that the proposed plan change area (within the Warkworth North area) as being ready for urban development from 2035+, and the Council does not have funding available for all the necessary infrastructure required, this suggests that the request may not be in accordance with sound resource management.
55. The plan change proposes to respond to this timing issue by including provisions that require various infrastructure upgrades/new infrastructure to be in place before development can proceed.
56. Advice has been sought from Auckland Transport, the Council's Healthy Waters Department and Watercare in relation to the strategic infrastructure issues raised by the plan change.
57. With respect to transport, Auckland Transport staff note that local transport improvements will be required to support the development. They note that provisions within the plan change which require improvements to key roads could be strengthened and that this can be achieved through the submission, hearing and decision-making process.
58. With respect to stormwater, a Stormwater Management Plan (SMP) has been prepared by the Applicant that outlines a range of stormwater management options for the plan change area. Council's Healthy Waters staff have identified concerns with the level of detail provided in the SMP. However, they conclude that the SMP could be further worked through the plan change submission, hearing and decision-making process.
59. With respect to water supply and wastewater, Watercare staff have confirmed that the plan change does not raise any fundamental concerns in relation to water supply, and that upgrades to the wastewater system will be in place in late 2025 to service land in the Warkworth North area (inside the RUB). Additional upgrades to the system are programmed to provide further capacity by 2035. However, the plan change proposes to extend the RUB to include an additional area of 29ha of land, and to rezone the 29ha of land outside the RUB to MHUZ (10.1ha) and LLZ (18.9ha). This additional land has not been taken into account by the FDS. Watercare staff advise that more detailed analysis is required to confirm whether the upgrades programmed for the Warkworth area will be able to cater for this additional land.
60. In light of the advice received from Auckland Transport, Healthy Waters and Watercare, the development timing issues raised by the plan change could be considered through a hearing of submissions on the plan change.
61. A more detailed analysis of the timing of the plan change relative to the provision of infrastructure is included as Attachment B, where the FDS bulk prerequisites are discussed in relation to the FDS timing. It is noted that the FDS does allow for the timing of future urban land development to be brought forward where the requestor of a plan change can fund the infrastructure prerequisites or identify alternative funding tools which limit impacts on the Council's financial position and commitments.

Density of residential development

62. The density of residential development proposed by the private plan change request is more intensive than the future residential uses identified in the Council's Warkworth Structure Plan (WSP). However, since the WSP was adopted by the Council in 2019, the Government amended the RMA to require Medium Density Residential Standards (MDRS) in all relevant residential zones in Auckland. The proposed zoning and density of residential development in the private plan change request, which includes MDRS, is therefore consistent with the Government directive on residential density.
63. While the residential density proposed in the private plan change request is more intensive than identified in the WSP, it could result in a more efficient use of greenfield land, and it is not so intensive that it would become an issue of 'sound resource management practice'. Council staff consider that it is reasonable that the matter of residential density be further considered at the submission, hearing and decision-making stage.

Shifting the Rural Urban Boundary and urbanising highly productive land

64. The private plan change request proposes to relocate the Rural Urban Boundary, to include an additional 29ha of land. In addition to proposing to relocate the RUB to include this additional 29ha of land, the private plan change request proposes to urbanise the land that is currently zoned rural and sits outside the FUZ area and RUB of Warkworth. The Applicant's section 32 evaluation report states that the current location of the RUB is not appropriate as it currently follows a property line which may not be a defensible boundary, being located part way down a hill. The proposal is to shift the location of the RUB to be the property boundary line with the Warkworth Golf Course (another property boundary). The Applicant considers this to be a more suitable location due to the golf course being a clear demarcation between rural and urban. This is because of the large size and open space nature of the golf course and the proposed new RUB being at the top of a hill.
65. However, Council staff consider the proposed relocation of the RUB may not give effect to all aspects of Policy B2.2.2(2) of the Regional Policy Statement chapter of the AUP (see Attachment G) as this land is not suitable for urbanisation. This is because the expansion fails to avoid prime soils as defined under the AUP and it is practicable to do so in this case. The balance of the property is not a small or incidental area of land where a rezoning might 'round off' the rezoning. Rather, the area proposed to be included in the RUB is approximately 29ha currently zoned MRZ which includes prime soils.
66. The applicant considers that the proposed new RUB offers a strong natural boundary rather than one solely based on a property boundary. However, staff consider that the new proposed RUB would not offer a strong natural boundary as the golf course may not be a permanent natural feature and the property boundary is not quite at the top of the hill and not quite following the ridgeline. The Warkworth Golf Course is privately owned and it cannot be assumed that it will always be used for a golf course.
67. The current RUB boundary follows property boundaries. Any relocation of the RUB needs to identify land suitable for urbanisation in locations that contribute to a well-functioning urban environment, and that meets the criteria in Policy B2.2.2(2)(a)-(m) of the AUP. It is not clear from the private plan change request, that the land is suitable for urbanisation, or that it meets all the relevant criteria. The current RUB is based on a property boundary as opposed to a preferred strong natural boundary. The merit of the proposed alternative location of the RUB could potentially be examined further through the plan change process, with the possibility that the proposed extension of the RUB and urban zoning within this area could be excluded from the plan change through a decision of the independent hearing commissioners.

68. The entire proposed 29ha extension of the RUB is identified in the New Zealand Land Resource Inventory (NZLRI) as being Land Use Capability (LUC) Class 3. LUC Class 3 land is considered as 'land containing prime soils' under the Unitary Plan definition and is also considered to be Highly Productive Land (HPL) under the transitional definition in the National Policy Statement for Highly Productive Land 2022 (NPS-HPL).
69. The Applicant has sought to argue (through a site-specific soils report) that the vast majority of the 29ha is mostly LUC 4, with only a very small portion (under 1ha) being LUC 3. However, a recent Environment Court decision⁶ found that until councils undertake HPL mapping for their regions, the existing NZLRI maps must be relied on in determining whether the land meets the transitional definition of HPL or not. As outlined above, the existing NZLRI maps identify the entire 29ha as LUC 3. Therefore, the 29ha of Mixed Rural zoned land must be considered as HPL for the purposes of the NPS-HPL.
70. Policy 5 of the NPS-HPL provides that "The urban rezoning of highly productive land is avoided, except as provided in this national policy statement". Policy 5 of the NPS-HPL is directive and the only pathway for urban rezoning to occur is through clause 3.6(1)(a) to (c) of the NPS-HPL. Clause 3.6 states:
- "3.6 Restricting urban rezoning of highly productive land
- (1) Tier 1 and 2 territorial authorities may allow urban rezoning of highly productive land only if:
- (a) the urban rezoning is required to provide sufficient development capacity to meet demand for housing or business land to give effect to the National Policy Statement on Urban Development 2020; and
- (b) there are no other reasonably practicable and feasible options for providing at least sufficient development capacity within the same locality and market while achieving a well-functioning urban environment; and
- (c) the environmental, social, cultural and economic benefits of rezoning outweigh the long-term environmental, social, cultural and economic costs associated with the loss of highly productive land for land-based primary production, taking into account both tangible and intangible values."
71. The Applicant's economic report concludes that all three of these criteria are met, stating that:
- a) the existing urban capacity within the RUB is not sufficient to meet the projected population growth over the next 30 years in the local market
- b) there are limited options for further urban expansion around Warkworth without encroaching on HPL
- c) the environmental, social, cultural and economic benefits of the PPC rezoning outweigh the long-term environmental, social and economic costs associated with the negligible loss of HPL, including the tangible and the intangible values of productive soils.
72. Council staff have a range of concerns with this assessment, particularly the suggestion that the existing development capacity within the RUB is not sufficient, as there is currently approximately 839.5ha of remaining FUZ land surrounding Warkworth (159ha of which is currently part of the Plan Change 93 area currently awaiting a decision from independent hearing commissioners) . The Applicant argues that the Council overstates the anticipated yield from the FUZ because it has failed to take into account various constraints such as flooding areas, reserves, roads etc. In fact, the Council has considered these constraints on the FUZ when developing anticipated development capacity.

⁶ *Blue Grass Limited & Others vs Dunedin City Council* [2024] NZEnvC 83

73. Council staff also consider that even if there was a shortfall in capacity, there could be alternative options in the same locality and market including intensification of existing areas in Warkworth, utilising the FUZ in a more intensive pattern, or urban expansion onto lower class soils. In terms of clause 3.6(a) above the Applicant has carried out an assessment based on growth in a more tightly defined catchment around Warkworth as distinct from the much wider regional assessment in the HBA 2023, which results in a much higher growth rate than the wider Auckland area. The Applicant concludes that long term there will be a capacity deficit, in the residential catchment they have defined, before the end of the 30 year lifespan of the FDS. However based on the HBA the Council considers there is adequate land within the RUB.
74. Given all of these factors Council staff consider that the proposal to extend the RUB by 29ha, where the land is currently identified as highly productive land under the NPS-HPL and as land containing prime soil under the AUP, and to rezone this land as MHUZ and LLZ, is not in accordance with sound resource management practice. However, the identified differences in relation to capacity are a technical matter which requires a more detailed merits assessment than is appropriate at this stage and would be best addressed through the submission and hearing process.

Conclusion

75. Overall, having regard to relevant caselaw, a coarse level of assessment of the private plan change request indicates that it is not in accordance with sound resource management practice. The Council could reject the private plan change request (in whole or in part), on the basis that the request is not in accordance with sound resource management practice. However, the Council has a discretion as to whether it rejects a private plan change request. It is considered that the better way to test this conclusion is for a detailed merits assessment to be undertaken through the submission, hearing and decision-making process. It is therefore recommended that the plan change not be rejected on this ground.

Would the request or part of the request make the policy statement or plan inconsistent with Part 5 of the RMA?

76. Part 5 of the RMA sets out the role and purpose of planning documents created under the RMA, including that they must assist a local authority to give effect to the sustainable management purpose of the RMA. Regional and district plan provisions must give effect to the regional policy statement and higher order RMA documents (including national policy statements), plus not be inconsistent with any (other) regional plan. The Applicant has provided an assessment against a series of RMA and non-RMA documents. The relevant higher order RMA documents assessed include NPS-Highly Productive Land, NPS-Urban Development, NPS-Indigenous Biodiversity, New Zealand Coastal Policy Statement 2010, NES Freshwater, NES Contaminated land and the RPS provisions of the AUP.
77. Addressing the RPS provisions first, the most relevant part of the Unitary Plan in this regard is Chapter B2 – Tāhuhu whakaruruhau ā-taone - Urban growth and form. This chapter seeks to enable a quality compact urban form that enables a high-quality urban environment with good accessibility for all people, better maintenance of rural character and rural productivity, reduced adverse environmental effects, improved resilience to the effects of climate change and that urbanisation be contained within the RUB, towns, and rural and coastal towns and villages. This chapter also contains objectives and policies concerning the integration of land use with the provision of infrastructure.

78. The Applicant's section 32 report concludes that the plan change will be consistent with the objectives and policies of the RPS, and in particular Chapter B2, by enabling a well-functioning urban environment, providing for a wide range of housing typologies, a high level of amenity, efficiently serviced by infrastructure both economically and practically and, in a compact form which provides a clear transition between urban and rural. Other relevant RPS chapters of the AUP, particularly the remainder of B2 Urban growth and form, B3.2 Infrastructure, B3.3. Transport, B4 natural heritage, B6 Mana whenua, B7 Natural resources, B8 provisions relating to the coastal environment, B9 relating to the rural environment and B10 Environmental risk. At a coarse merits assessment, this conclusion is supported albeit considering the comments in the previous section relating to RPS Policy B2.2.2(2) (addressing the RUB) and the comments in the previous section and in Attachment B relating to infrastructure and Policy B2.2.1(5).
79. Private Plan Change requests are required to incorporate the medium density residential standards (MDRS) as required by s77G of the RMA, or the Council is unable to accept or adopt the request under clause 25 of Schedule 1 (clause 25(4A), Schedule 1). The private plan change request incorporates the MDRS.
80. There are aspects of the NPS-UD that the proposal will need to be assessed against in more detail, including the extent to which it integrates infrastructure planning and funding decisions (Objective 6a), strategic approaches to planning (Objective 6b), supporting reductions in greenhouse gas emissions (Objective 8a) and some aspects of a well-functioning urban environment – including providing good accessibility via public or active transport (Policy 1c), and supporting reductions in greenhouse gas emissions (Policy 1e).
81. It is also noted that Policy 8 of the NPS-UD requires the Council to be 'responsive' to plan changes that would add significantly to development capacity and contribute to well-functioning urban environments, even if the development capacity is unanticipated by Unitary Plan or out-of-sequence with planned land release under the FDS.
82. Council has yet to define what significant development capacity is in the Unitary Plan and as such it is not possible to evaluate the plan change against this criteria. However, in the context of Warkworth, the proposed rezoning which enables around 2,200 dwellings does represent a significant proportion of Warkworth's future growth.
83. With regard to the NPS-Highly Productive Land, the private plan change request proposes to extend the RUB to include an additional 29ha of land, including land that is defined as highly productive land. As previously noted, the private plan change request includes a site-specific soils report which concludes that the 29ha of land is in fact mostly LUC 4, with only under 1ha being LUC 3.
84. However, and again as previously noted, a recent Environment Court decision⁷ found that until councils undertake HPL mapping for their regions, the existing NZLRI maps must be relied on in determining whether the land meets the transitional definition of HPL or not. Therefore, the 29ha of Mixed Rural zoned land must be considered as HPL for the purposes of the NPS-HPL as existing NZLRI maps identify the 29ha as LUC 3.
85. For the reasons already outlined, the pathway for urban rezoning to occur under the NPS-HPL is through clause 3.6(1)(a) to (c). coarse merits assessment therefore indicates the private plan change request may make the Unitary Plan inconsistent with the NPS-HPL and therefore with Part 5 of the RMA. However, it is considered that rather than rejecting the PPC on this ground, the better approach would be for the conclusions reached in the plan change section 32 evaluation report to be evaluated via the submission, hearing and decision-making processes so that these matters can be considered in detail.

⁷ *Blue Grass Limited & Others vs Dunedin City Council* [2024] NZEnvC 83

86. The Council could reject the private plan change request (in whole or in part), on the basis that the private plan change request may make the Unitary Plan inconsistent with Part 5 of the RMA. However, the Council has a discretion as to whether it rejects a private plan change request. It is considered that the better way to test this conclusion is for a detailed merits assessment to be undertaken through the submission, hearing and decision-making process. It is therefore recommended that the plan change not be rejected on this ground.

Has the plan to which the request relates been operative for less than two years?

87. The plan provisions of the Unitary Plan relevant to this request were made operative on 15 November 2016. The provisions have therefore been operative for more than two years.
88. It is recommended the private plan change request not be rejected on this ground.

Option 3 – Decide to deal with the request as if it were an application for a resource consent

89. The Council may decide to deal with the request as if it were an application for a resource consent and the provisions of Part 6 would then apply.
90. However, it is considered that the plan change process is the most appropriate process because the activities enabled through the private plan change request (i.e. urban subdivision and large-scale residential development) would be very complex to manage by way of a resource consent. In addition, the Unitary Plan anticipates that a plan change (either Council initiated or private) is the correct means to provide for the urbanisation of the land.
91. It is recommended that the private plan change request not be dealt with as if it were an application for a resource consent.

Option 4 - Accept the private plan change request, in whole or in part

92. Council can decide to accept the request in whole, or in part. If accepted, the plan change cannot have legal effect until it is operative. It is recommended that the private plan change should be accepted as there is not a demonstrable need for the Council to adopt the plan change request and the better way to test the conclusions reached in relation to sound resource management and Part 5 of the RMA is for a detailed merits assessment to be undertaken through the submission, hearing and decision-making process..
93. If the private plan change is accepted, the matters discussed in this report can be considered in detail on their merits, during a public participatory planning process. If the request is accepted, the Applicant would pay all reasonable costs associated with processing it on a user-pays basis.

Climate impact statement

94. Council declared a climate emergency in Auckland in June 2019. The decision included a commitment for all council decision-makers to consider the climate implications of their decisions. In particular, consideration needs to be given in two key ways:
- a) how the proposed decision will impact on greenhouse gas emissions and the approach to reduce emissions
 - b) what effect climate change could have over the lifetime of a proposed decision and how these effects are being taken into account.
95. The decision whether to adopt, accept, reject or deal with the private plan change request is a decision relative to those procedural options, rather than a substantive decision on the merit of the plan change. Climate impacts can be considered in the future hearing report on the private plan change request, and any submissions received. At that time the potential impacts on Auckland's overall greenhouse gas emissions may be considered (does it encourage car dependency, enhance connections to public transit, walking and cycling or support quality compact urban

form), and whether the request elevates or alleviates climate risks (such as flooding and stress on infrastructure).

Council group impacts and views

96. Views have been sought from Council groups and from specialists within and external to Council including Auckland Transport, the Council's Healthy Waters Department and Watercare. These views have been discussed in detail in previous sections of this report, and in the analysis of Attachment F.

Financial implications

97. As discussed in detail in previous sections of this report, the plan change raises a strategic issue in terms of rezoning land ahead of the indicative timings and infrastructure pre-requisites listed in the FDS. While rezoning land does not commit the Council to fund infrastructure, it can create an expectation that it will do so.
98. In response to these issues, it is noted that the Applicant's section 32 report contests the need for all of the pre-requisite infrastructure to be available for the development to proceed. The plan change proposes a staged approach whereby some, but not all of the pre-requisite infrastructure in the FDS is required to be provided ahead of or at the time of development taking place. Auckland Transport and Watercare staff consider that a more detailed assessment of its merit is necessary. As part of that assessment, strengthening the infrastructure staging provisions in the plan change can be considered, together with the issue of whether there should be greater certainty of funding for the infrastructure required to support the development (e.g. in the form of an infrastructure agreement).
99. In terms of the direct costs associated with processing the plan change, if the request is accepted or, if the request is dealt with as a resource consent application, the applicant is required to pay all reasonable costs associated with processing it on a user-pays basis

Risks and mitigations

100. An applicant may appeal to the Environment Court a decision to:
- adopt the private plan change request in part only under clause 25(2)
 - accept the private plan change request in part only under clause 25(2)
 - reject the private plan change in whole or in part under clause 23(6)
 - deal with the private plan change request as if it were an application for a resource consent.⁸
101. The applicant requested the private plan change be accepted. There is no risk of a legal challenge by the Applicant utilising the clause 27 appeal rights if the private plan change request is accepted. If the private plan change request is rejected (in whole or in part) at this stage, then there is a risk of an appeal to the Environment Court.
102. Risks relating to the timing of the proposed rezoning ahead of the indicative timings in the FDS have been addressed in detail in previous sections of this report.

Tauākī whakaaweawe Māori

Māori impact statement

Record of applicant's consultation

103. An applicant should engage with iwi authorities in preparing a private plan change request, as a matter of best practice. It is also best practice for an applicant to document changes to the private plan change request and/or supporting technical information arising from iwi engagement.

⁸ Clause 27, Schedule 1 Resource Management Act 1991.

104. Arvida advises that it has engaged with the following iwi authorities with an interest in the area (see table below) providing the opportunity for feedback before the request was formally lodged with Council.
105. Feedback from Manuhiri Kaitiaki Charitable Trust (for Ngāti Manuhiri) is supportive and a position statement was provided by the trust. With reference to the position statement, the Applicant states that feedback is positive on the basis that the re-zoning will secure positive outcomes with respect to protecting freshwater resources and terrestrial vegetation and that there are no specific cultural values that would make urbanising the PPC area inappropriate.

Iwi authority	Organisation	Detail
Ngāti Manuhiri	Manuhiri Kaitiaki Charitable Trust	Ngāti Manuhiri was advised of the proposal and provided with the documents.
Te Kawerau ā Maki	Te Kawerau Iwi Settlement Trust	Does not have any further feedback and continues to defer to their whanaunga to Ngāti Manuhiri.

106. The proposed plan change does not relate to Māori land or Treaty Settlement Land, nor does it relate to any identified Sites of Significance to Mana Whenua within the Auckland Unitary Plan.
107. If Council accepts a private plan change request, it is not required to complete prenotification engagement with iwi authorities. If the Council accepts the request and subsequently notifies it, iwi authorities have the opportunity to make submissions.

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

Local impacts and local board views

108. Local board views have not been sought on the options to adopt, accept, reject or deal with the private plan change request as a resource consent application. Although Council is required to consider local board views prior to making a regulatory decision, that requirement applies when the decision affects, or may affect, the responsibilities or operation of the local board or the well-being of communities within its local board area. The clause 25 decision does not affect the Rodney local board's responsibilities or operation, nor the well-being of local communities.
109. Views of the Rodney Local Board will be sought on the content of the private plan change request after the submission period closes. All formal local board feedback will be included in the hearing report and the local board will be able to present its views to hearing commissioners, if the local board chooses to do so. These actions support the local board in its responsibility to identify and communicate the interests and preferences of people in its area, in relation to the content of Auckland Council plans.

Ngā koringa ā-muri

Next steps

110. If accepted, the private plan change must be notified within four months of its acceptance. No further evaluation and decision will be required regarding extent of notification noting that the Applicant has requested public notification.
111. The views and preferences of the Rodney Local Board will be sought after submissions close for inclusion in the section 42A hearing report.
112. Council will need to hold a hearing to consider any submissions, and local board views, and a decision would then be made on the private plan change request in accordance with Schedule 1 of the RMA.

Ngā tāpirihanga Attachments

No.	Title	Page
A	Mahurangi Takapou Precinct + s32 report	
B	Infrastructure analysis	
C	Watercare Report	
D	Clause 25 Schedule 1 of RMA	
E	Current Zoning Map overlain with proposed zoning	
F	Warkworth Structure Plan land uses overlain with PPC area	
G	RPS Policy B2.2.2(2)	

Ngā kaihaina Signatories

Author	Ben Willis - Policy Planner
Authorisers	John Duguid - General Manager Planning and Resource Consents Megan Tyler - Director Policy, Planning and Governance Phil Wilson - Chief Executive

Property Buy-out Funding

File No.: CP2025/02276

Te take mō te pūrongo Purpose of the report

1. To approve unbudgeted expenditure for the 2024/2025 financial year to enable projected Category 3 property settlements and house removal as recommended by the Transport, Resilience and Infrastructure Committee.

Whakarāpopototanga matua Executive summary

2. On 13 February 2025, Transport, Resilience and Infrastructure Committee considered updated forecasts for the total number of properties required to be purchased under the Category 3 buy-out scheme. It is now estimated that 1,215 properties will require buy-outs, around 300 more than assumed in the Long-term Plan 2024-2034.
3. Staff estimate that additional expenditure of \$352 million will be need to incurred over the 2024/2025 to 2033/2034 financial years for these purchases. In addition, an additional \$33 million is currently projected for further house removal costs, with staff continuing to work on options to reduce this.
4. A request was made to the Crown to provide additional funding given the updated forecasts but this has been declined.
5. In order to fund this the Crown and council would each need to reallocate funding within the current Auckland Funding Agreement. Shortfalls outside of the funding agreement are expected to be initially funded through council borrowings, to be repaid over time from property sales.
6. The Transport, Resilience and Infrastructure Committee has requested the Budget Committee to approve the required changes as part of Annual Plan 2025/2026 decision making (TICCC/2025/10). In the meantime, the committee has also requested the Governing Body approve unbudgeted expenditure for the 2024/2025 financial year to enable projected Category 3 property settlements and house removal to proceed without delay.
7. In the 2024/2025 financial year 216 additional Category 3 properties are expected to be bought out at a cost of \$222.8 million, with an additional \$10.5 million of house removal costs. This will be partly mitigated by \$35.5 million reallocated from Category 2 works. The total gives overall requirement for \$197.8 million of additional expenditure in 2024/2025.
8. This is expected to be partially funded through reallocation of government funding, with the remainder to be funded through \$108.4 million of additional council borrowings by 30 June 2025. These borrowings would be repaid in future years through asset sales.
9. If approved, this additional expenditure and borrowings would result in additional ongoing interest of around \$5 million per annum (until the debt is repaid) and consequential opex of \$1-2 million per annum. While this can be accommodated within existing operating budgets for the 2024/2025 financial year, impact on future years will need to be considered in as part of annual budget decision making.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whakaae / approve the total unbudgeted expenditure in the 2024/2025 year which is expected to be \$197.8 million.
- b) tuhi tīpoka / note that the impact on council borrowings in 2024/2025 is projected to be \$108.4 million by 30 June 2025 after applying assumed reallocation of government funding, / h this additional debt expected to be repaid in future years through property sales.
- c) tuhi tīpoka note that the flow-on operating requirement is expected to be covered within existing budgets in 2024/2025, with further consideration of future years to take place during Annual Plan 2025/2026 decision-making.

Horopaki Context

10. It is now two years since the severe weather events of Auckland Anniversary Weekend 2023 and Cyclone Gabrielle. Auckland Council has made strong and steady progress in its recovery efforts, with more than 80 per cent of priority activities now complete.
11. On 5 December 2024, staff reported to the Transport, Resilience and Infrastructure Committee that the number of Category 3 properties eligible for voluntary buy-out was expected to rise. On 13 February 2025, staff reported to committee an updated forecast projecting 1,215 Category 3 properties requiring a buy-out, around 300 more than assumed in the LTP.
12. The Auckland Funding Agreement provides for the sharing of the cost of purchasing Category 3 properties and transaction costs. Auckland Council is responsible for other related costs, including house removal and ongoing consequential operating expenses associated with the severely affected land purchased.
13. With reasonable confidence in the updated forecast, the changes required to the current Auckland Funding Agreement were outlined to the committee. This included:
 - An additional \$352 million expenditure on Category 3 buy-outs
 - Requesting Crown reallocate \$176.1 million of Category 2 funding under the funding agreement to Category 3
 - Reallocating council funding of \$159.9 million from Category 2 to Category 3
 - Additional council funding of \$16.2 million for Category 3 and \$52.6 million for Category 2.
14. While these changes would reduce the number and scope of community resilience projects that can be delivered under the Auckland Funding Agreement, the shift will still meet the policy objective of removing people from situations of intolerable risk to life.
15. The Transport, Resilience and Infrastructure Committee resolved to (TICCC/2025/10):
 - request that the Governing Body approve unbudgeted expenditure for the 2024/2025 financial year to enable projected Category 3 property settlements and house removal to proceed without delay, noting these costs will need to be initially funded from borrowings, and then offset through future-year property sales.
 - request that the Budget Committee approve the required changes to future budgets to respond to the revised programme though its consideration of the Annual Plan 2025/2026.

Tātaritanga me ngā tohutohu Analysis and advice

16. In the 2024/2025 year, current budgets include the purchase of 556 Category 3 properties, along with the estimated cost to deliver the planned blue-green network projects. The updated Category 3 forecast projects an additional 216 buy-outs will now be required in 2024/2025.
17. Based on the updated forecasts and recommended reallocations presented at the Transport, Resilience and Infrastructure Committee on 13 February 2025, the total unbudgeted expenditure in the 2024/2025 year is expected to be \$197.8 million which includes:
 - an increase in Category-3 buy-out costs of \$222.8 million due to the increased number of properties to buy-out.
 - an additional capital requirement of \$10.5 million to cover further house removal and deconstruction costs
 - partially offset by reallocating \$35.5 million Category 2 expenditure to Category 3. Of this, \$31.9 million is expected to come from Category 2C projects (beyond Tranche 1) and \$3.6 million is to come from Category 2P.
18. Should the Crown agree to the changes in the funding agreement discussed above, Crown's share of this expenditure would be \$89.4 million. That is, \$111.4 million for the increased Category 3 spend less \$22.0 million for the reduction in Category 2. This would leave a \$108.4 million capital requirement for the council to fund in the 2024/2025 financial year.
19. The capital requirement is summarised below:

	2024/2025 impact
Additional 216 Category 3 property purchases	\$222.8 million
Additional house removal costs	\$10.5 million
Less: reallocated Category 2 expenditure	-\$35.5 million
Total additional expenditure	\$197.8 million

	2024/2025 impact
Assumed Crown funding transferred to Category 3 from Category 2 *	\$111.4 million
Assumed Crown funding from Category 2 to Category 3 *	-\$22.0 million
Additional council borrowing required	\$108.4 million
Total additional funding	\$197.8 million

**Noting that over the period of the funding agreement these two lines will net to zero.*

20. The \$108.4 million capital requirement would need to be initially funded by debt. It is projected that this could be repaid over six years from the proceeds of the disposal of Category 3 land through the future land use programme. If these land proceeds are ultimately not available to fund this capital requirement, then alternative budget mitigations (such as reduced capital expenditure, service level reductions, alternative asset disposals and/or higher council rates and debt) would need to be considered and agreed via future budget processes.
21. If approved, this additional expenditure and borrowings would result in additional ongoing interest of around \$5 million per annum (until the debt is repaid) and consequential opex of \$1-2 million per annum. While this can be accommodated within existing operating budgets for the 2024/2025 financial year, impact on future years will need to be considered in as part of annual budget decision making.

Climate impact statement

22. The Recovery Office continues to prioritise climate change adaptation, as outlined in the Tāmaki Makaurau Recovery Plan. This includes regional resilience initiatives and targeted adaptation planning for vulnerable communities

Council group impacts and views

23. The Recovery Office continues to work across the council group to ensure alignment with council policy and priorities, and to deliver necessary work programmes.

Financial implications

24. Financial implications for the 2024/2025 financial year are discussed in the main body of the report.
25. As part of Annual Budget 2025/2026 decision-making, Budget Committee will need to consider the required changes to future budgets to respond to the revised programme. This includes consideration of the full capital requirement beyond 2024/2025 and any flow-on operating pressures from interest and consequential opex. In total, there may be a \$8-10 million per annum ongoing operating gap until property sales can repay the initial debt requirement

Risks and mitigations

26. The key financial risk of future land sales not being sufficient to cover the additional borrowings is discussed in the main body of the report.
27. Not confirming this request could result in greater long-term costs for council with no further buy-outs and an ongoing intolerable risk to life for those affected in flood zones. It could also result in the need to defer other capital projects which would mean significant deferral of desired growth, resilience or service level outcomes.
28. Ongoing key risks and mitigations for the Recovery Office are set out in details in the report to the Transport, Resilience and Infrastructure Committee meeting held on 13 February 2025.

Tauākī whakaaweawe Māori

Māori impact statement

29. The recovery is an opportunity to partner with iwi, mataawaka, marae and Māori businesses. Regular contact from council will be important moving forwards to strengthen relationships with mana whenua, and ensure they are able to meaningfully participate in the recovery effort. In response to feedback received that mana whenua expect to be involved in the recovery effort at a local level, council are resourcing and enabling mana whenua to develop and implement recovery plans for their rohe and involve them in project development.
30. Local Recovery Planning is underway with three mana whenua entities. The Recovery Office is working with other teams across the council to extend the workstream to additional iwi, aligning it with existing projects where possible.
31. Staff have regularly attended the Interim Resilience and Infrastructure Mana Whenua Forum to provide updates on Recovery Office activity and seek feedback.

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

Local impacts and local board views

32. Local boards have been engaged throughout the recovery process, including the development of the Tāmaki Makaurau Recovery Plan and the Making Space for Water programme. Further targeted engagement will continue, particularly in areas with impacted communities. Some local boards have shown interest in the future of council-owned Category 3 land, with opportunities for input provided through the Storm Affected Land Use process.

Ngā koringa ā-muri

Next steps

33. Financial Strategy, Commercial Advisory and Recovery Office will continue to work together, to best position funding reallocations, including negotiations of the Auckland Funding Agreement with the Crown.
34. The impact on future council budgets will be considered through the 2025/2026 Annual Plan process.

Ngā tāpirihanga

Attachments

There are no attachments for this report.

Ngā kaihaina

Signatories

Authors	Michael Burns - General Manager Financial Strategy Tanya Stocks - Recovery Office Strategic Support
Authorisers	Ross Tucker - Group Chief Financial Officer Phil Wilson - Chief Executive

Auckland Council proposal to the Department of Internal Affairs on the Regional Deals Framework 2025

File No.: CP2025/00421

Item 13

Te take mō te pūrongo Purpose of the report

1. To approve Auckland Council's proposal for an Auckland Deal in response to the government's Regional Deals Framework 2025.

Whakarāpopototanga matua Executive summary

2. Auckland Council's response to the Regional Deals Framework is an important opportunity to propose a long-term partnership between Auckland and the Government focused on mutual objectives for Auckland's growth.
3. As New Zealand's only major international city and economic centre, Auckland contributes almost 40% of the nation's gross domestic product (GDP), is home to over a third of its population and is its main gateway for trade, people, innovation and investment. It has significant advantages and potential as an engine for growth, productivity and higher value jobs. It also faces significant challenges that constrain its growth and result in "growing pains" such as congestion and housing unaffordability, and it lacks the tools to address these challenges by itself. A regional deal could provide a mechanism for addressing these challenges and empowering the region to unlock its growth potential in a way that enhances the quality of life in Auckland and New Zealand.
4. In November 2024, the Governing Body requested that the chief executive produce a 'light touch' proposal for an Auckland regional deal in response to the Government's Regional Deals Framework. To support the development of the proposal, the Governing Body also established a political reference group made up of members from the Governing Body, local boards, and Houkura (GB/2024/170).
5. This report seeks Governing Body approval for the proposal's content (to be circulated prior to the Governing Body meeting), and authorisation for the mayor to sign and submit the proposal on behalf of the council.
6. The proposal covers the matters required by the Government's framework, including the following three core matters:
 - *Case for an Auckland Deal* – advancing the case for "why Auckland", noting its advantages, capability and readiness for a deal partnership, and broadly how unlocking Auckland's growth and the advantages of a major, internationally competitive city could deliver a productivity dividend to the nation.
 - *How the Auckland Deal should work* – the proposal seeks a fundamentally different relationship between the council and central government. It proposes that the Auckland Deal relationship is based on mutually agreed objectives, stronger long-term joint planning (with a 30-year horizon and on the basis that Auckland must plan to accommodate its next one million residents), and empowering Auckland to achieve those mutual objectives with stronger planning, funding and regulatory tools.

- *Priorities the Auckland Deal should focus on to have the greatest impact on growth, productivity and living standards* – Five ‘priority areas’ are put forward, and the proposal addresses why the area is a priority, the work already underway in that area, what the council can do to unlock growth, what Auckland needs from the government to enable that, and how the private and iwi sectors can leverage these actions. Each priority area also contains a ‘priority initiative’ as requested by the framework

7. Reflecting the intended partnership with Government, the proposal has been prepared to respond directly to the government’s focus on growth, productivity, housing and infrastructure; while also advancing council’s long-standing priorities and political direction.
8. The proposed priority areas and initiatives are:

Priority	Why it’s a priority	Priority initiative
Housing Abundant, quality and affordable housing alongside transport, business and industry	<p>Housing is critical to economic growth and productivity, addressing Auckland’s housing challenges will enable people to locate closer to more productive areas and generate agglomeration benefits.</p> <p>Reducing housing supply constraints in Auckland could increase NZ’s GDP by 0.9% - 1.8%.</p>	<p>Auckland Development Initiative – supercharging Auckland’s ability to support quality growth and development in priority places.</p> <p>Council plans to establish and resource a new function to carry out urban development activities in partnership with government, private developers and iwi - the <i>Auckland Development Office</i> (working title). The proposed Auckland Development Initiative is a partnership with Government that would see:</p> <ul style="list-style-type: none"> • Council with powers under the Urban Development Act and funding tools. • Place-based partnership to facilitate the planning, funding and delivery of Crown, council and private infrastructure in priority places (e.g. in Drury), including a refreshed partnership on large-scale projects on Crown/Kāinga Ora land. • A specific focus on realising opportunities from transit-oriented development, including taking action to realise opportunities around City Rail Link stations.
Transport Enable people and good to get around faster, easier, with lower emissions	<p>Transport supports growth and productivity and provides access to opportunity. Improving Auckland’s transport system is important to the nation’s productivity</p> <p>Decongestion in Auckland could be worth \$1.4 - \$1.9 billion per year or 1.5% - 2% of Auckland’s GDP.</p>	<p>Getting Auckland moving</p> <p>Accelerated level crossing removal programme - A prioritised initiative to remove dangerous and congested level crossings across Auckland over 10 to 30 years – enabling more-frequent trains and traffic to flow freely and safely, and maximising benefits from the CRL investment.</p> <p>The benefits of the initiative are assessed as more than \$20 billion, with a benefit-cost ratio of 1.1.</p> <p>Time-of-use charging – enabling the use of this important tool to reduce congestion.</p>

Priority	Why it's a priority	Priority initiative
<p>Innovation & technology</p> <p>Thriving innovation and technology sector that attracts international investment and talent</p>	<p>Knowledge intensive economy supports high productivity and rely on large cities due to agglomeration. Auckland has a concentration of research, startups, large firms, institutions and capital. 60% of technology industry is in the region.</p> <p>Auckland's technology sector contributes \$ 16.5 billion in GDP.</p>	<p>Establish the core of the new Advanced Technology Institute based in Auckland</p> <p>Auckland Council proposes to exercise a greater leadership role in facilitating the growth and development of the technology and innovation sector.</p> <p>It is also proposed that the government locate the core of the new advanced technology public research organisation in Auckland to deliver research, capability, and commercial outreach around advanced technologies such as artificial intelligence, synthetic biology, and quantum. This will provide the greatest benefits to the new organisation, the strongest possibilities in terms of commercialisation and act as an anchor for the largest and most important technology clusters in the nation.</p>
<p>Gateway to the world</p> <p>Connected and diverse city that drives international trade, investment, immigration and tourism</p>	<p>International connections underpin Auckland and NZ's prosperity. Auckland's diverse population is internationally connected. Auckland is the Capital of the Pacific and has strong links to the world's two largest countries. Auckland Airport and the Port of Auckland are major facilitators of trade and tourism.</p> <p>\$26.6 billion per annum worth of goods are moved through Auckland Airport (91% of the nation's international air freight by value) – and this is forecast to grow to \$41.1 billion by FY32. Tourism contributed \$4.5bn to Auckland's GDP in the year to March 2023.</p>	<p>Unlocking Auckland as premier destination for iconic events & high-value tourism – funded by a bed-night visitor levy</p> <p>A long-term commitment to destination and major events funding, underpinned by a strategy that will attract and retain large-scale major events (international and domestic), attract visitors, business delegates and students, and position Auckland as a premier destination for tourism, major events, business events, and international education.</p> <p>More planes carrying visitors to Auckland will increase NZ's connectivity to the world – boosting trade and international investment opportunities – and making direct flights to India and South America more viable.</p> <p>This strategy needs a sustainable funding mechanism and will not be achieved through rates funding. The bed night visitor levy is the best mechanism and will have major benefits for the nation.</p>

Priority	Why it's a priority	Priority initiative
<p>Environment and harbours</p> <p>Stunning natural environment – including its harbours and parks – that contribute to a thriving city and economy</p>	<p>Auckland's stunning natural environment – including its harbours and parks – contributes to a thriving city and economy</p> <p>The ecosystem services associated with the Hauraki Gulf alone have an estimated total economic value of \$5.14 billion per year</p>	<p>Marine biosecurity and clean-hull vessel plan – an essential initiative to protect and restore the health of the Hauraki Gulf</p> <p>This initiative would implement a regional policy to prevent the spread of invasive marine species, strengthen biosecurity measures for boats and shipping, and support iwi-led marine conservation efforts.</p>

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whakaae / approve the Auckland Deal proposal in response to the Government's Regional Deals Framework
- b) whakamana / authorise the mayor and chief executive to make minor amendments to the proposal following feedback from the Governing Body
- c) tāpae / delegate the mayor to sign and submit the proposal on behalf of Auckland Council

Horopaki Context

Background on the Regional Deals Framework

9. The Regional Deals Framework 2025 is a government initiative to strengthen partnerships between central and local government to drive regional economic development. The framework seeks to establish long-term, place-based agreements that align government investment, funding mechanisms, and policy settings to unlock regional economic potential.
10. The framework acknowledges that current settings do not support local government to foster economic growth in their regions. It notes that councils' existing funding and financing tools are an example of this, where councils are not rewarded for economic growth. Instead, increased tax revenue from local growth flows to central government, not local government. In practice, this means that councils and ratepayers are bearing the costs of growth.
11. The Regional Deals Framework is a competitive process, the government plans on selecting one region for the first deal in 2025, with two more regions selected from 2026. To be selected, Auckland must submit a compelling and strategic case to partner with the government, demonstrating that an Auckland Deal would deliver the greatest benefits for both the region and New Zealand as a whole.
12. However, the government is only seeking 'light-touch' proposals at this stage, which are to be based on existing work and internal resources.

13. Auckland has a compelling case to be selected for a deal with the government. Small, advanced economies rely on major cities to generate economic growth and higher productivity. Auckland is New Zealand's economic engine and only major international city, generating almost 40% of the country's GDP, home to over a third of the population and its major gateway for trade, people, innovation and investment. Auckland has capable and effective governance and private institutions – with a mature planning framework and a proven track-record of delivering growth and investment. The Auckland Deal could provide a framework to unlock Auckland's growth in way that enhances the quality of life for Aucklanders, which would have major benefits for the country as a whole.

Development of Auckland's Proposal

14. In November 2024, Auckland Council was formally invited to submit a 'regional deal' proposal. In response, the mayor proposed that the Governing Body request the chief executive to prepare a proposal, noting that it should be aligned with the items in the mayor's 2023 *Manifesto for Auckland*.
15. The mayor noted that key elements of any 'regional deal' should include enabling simple legislative fixes for things which are holding back local and regional government; development of an integrated transport plan for Auckland; Auckland Council involvement in immigration planning for the region; collaboration on science, innovation and technology planning work; and long-term agreement on approaches to agreeing, funding and contracting major projects, particularly significant projects such as the Waitemātā harbour crossing. These were also major themes of our Long-Term Plan.
16. Staff have developed the Auckland Deal proposal based on this political direction from the mayor and the Political Reference Group, and a high-level assessment of regional priorities and economic opportunities. Valuable input was provided by an Auckland leaders group convened by the chief executive to develop broader support for a deal, as well as the chairs and chief executives of council-controlled organisations.
17. There has been limited opportunity to engage more broadly on the content of the regional deal since the Regional Deals Framework was only announced in November 2024 and the expectation is that the proposal is "light touch". This approach reflects tight government timeframes. However, before agreeing to a deal, council would support a wider engagement process to ensure the deal reflects local, iwi, and regional priorities –noting that formal negotiations with the government about the regional deal would be confidential.

Tātaritanga me ngā tohutohu Analysis and advice

Overview

18. Auckland's growth opportunities, and economic potential require a long-term, coordinated approach between central and local government. The Regional Deals Framework 2025 presents an opportunity to secure a multi-year commitment to unlock tools to accelerate Auckland's development. However, given that only one region will be selected, Auckland must demonstrate that its proposal delivers the greatest national benefit and aligns with government priorities.

Content of the proposal

19. The Auckland Deal proposal makes the case for why unlocking growth constraints in Auckland – and enabling it to be a thriving, globally competitive city – is New Zealand's gateway to greater productivity and growth.

20. The Auckland Deal proposal seeks a fundamental shift in the relationship between Auckland Council and central government, moving from short-term, project-based collaboration to a coordinated, long-term approach which empowers Auckland with tools to tackle its challenges. An Auckland Deal is an opportunity to seek greater funding certainty, enable planning for large-scale infrastructure development, empowering Auckland to fix its own challenges, and policy settings that are aligned with Auckland’s long-term strategic objectives.
21. In addition to seeking this fundamental shift, the Auckland Deal would focus on five key priorities that will have the greatest impact on growth and productivity:

Table 1. A table describing the top five priorities in the Regional Deals proposal

Priority	Why it’s a priority	Priority initiative
<p>Housing</p> <p>Abundant, quality and affordable housing alongside transport, business and industry</p>	<p>Housing is critical to economic growth and productivity, addressing Auckland’s housing challenges will enable people to locate closer to more productive areas and generate agglomeration benefits.</p> <p>Reducing housing supply constraints in Auckland could increase NZ’s GDP by 0.9% - 1.8%.</p>	<p>Auckland Development Initiative – supercharging Auckland’s ability to support quality growth and development in priority places.</p> <p>Council plans to establish and resource a new function to carry out urban development activities in partnership with government, private developers and iwi - the <i>Auckland Development Office</i> (working title). The proposed Auckland Development Initiative is a partnership with Government that would see:</p> <ul style="list-style-type: none"> • Council with powers under the Urban Development Act and funding tools. • Place-based partnership to facilitate the planning, funding and delivery of Crown, council and private infrastructure in priority places (e.g. in Drury), including a refreshed partnership on large-scale projects on Crown/Kāinga Ora land. • A specific focus on realising opportunities from transit-oriented development, including taking action to realise opportunities around City Rail Link stations.
<p>Transport</p> <p>Enable people and good to get around faster, easier, with lower emissions</p>	<p>Transport supports growth and productivity and provides access to opportunity. Improving Auckland’s transport system is important to the nation’s productivity</p> <p>Decongestion in Auckland could be worth \$1.4 - \$1.9 billion per year or 1.5% - 2% of Auckland’s GDP.</p>	<p>Getting Auckland moving</p> <p>Accelerated level crossing removal programme - A prioritised initiative to remove dangerous and congested level crossings across Auckland over 10 to 30 years – enabling more-frequent trains and traffic to flow freely and safely, and maximising benefits from the CRL investment.</p> <p>The benefits of the initiative are assessed as more than \$20 billion, with a benefit-cost ratio of 1.1.</p> <p>Time-of-use charging – enabling the use of this important tool to reduce congestion.</p>

Priority	Why it's a priority	Priority initiative
<p>Innovation & technology</p> <p>Thriving innovation and technology sector that attracts international investment and talent</p>	<p>Knowledge intensive economy supports high productivity and rely on large cities due to agglomeration. Auckland has a concentration of research, startups, large firms, institutions and capital. 60% of technology industry is in the region.</p> <p>Auckland's technology sector contributes \$ 16.5 billion in GDP.</p>	<p>Establish the core of the new Advanced Technology Institute based in Auckland</p> <p>Auckland Council proposes to exercise a greater leadership role in facilitating the growth and development of the technology and innovation sector.</p> <p>It is proposed that the government locate the core of the new advanced technology public research organisation in Auckland to deliver research, capability, and commercial outreach around advanced technologies such as artificial intelligence, synthetic biology, and quantum. This will provide the greatest benefits to the new organisation, the strongest possibilities in terms of commercialisation and act as an anchor for the largest and most important technology clusters in the nation.</p>
<p>Gateway to the world</p> <p>Connected and diverse city that drives international trade, investment, immigration and tourism</p>	<p>International connections underpin Auckland and NZ's prosperity. Auckland's diverse population is internationally connected. Auckland is the Capital of the Pacific and has strong links to the world's two largest countries. Auckland Airport and the Port of Auckland are major facilitators of trade and tourism.</p> <p>\$26.6 billion per annum worth of goods are moved through Auckland Airport (91% of the nation's international air freight by value) – and this is forecast to grow to \$41.1 billion by FY32. Tourism contributed \$4.5bn to Auckland's GDP in the year to March 2023.</p>	<p>Unlocking Auckland as premier destination for iconic events & high-value tourism – funded by a bed-night visitor levy</p> <p>A long-term commitment to destination and major events funding, underpinned by a strategy that will attract and retain large-scale major events (international and domestic), attract visitors, business delegates and students, and position Auckland as a premier destination for tourism, major events, business events, and international education.</p> <p>More planes carrying visitors to Auckland will increase NZ's connectivity to the world – boosting trade and international investment opportunities – and making direct flights to India and South America more viable.</p> <p>This strategy needs a sustainable funding mechanism and will not be achieved through rates funding. The bed night visitor levy is the best mechanism and will have major benefits for the nation.</p>

Priority	Why it's a priority	Priority initiative
Environment and harbours Stunning natural environment – including its harbours and parks – that contribute to a thriving city and economy	<p>Auckland's stunning natural environment – including its harbours and parks – contributes to a thriving city and economy</p> <p>The ecosystem services associated with the Hauraki Gulf alone have an estimated total economic value of \$5.14 billion per year</p>	<p>Marine biosecurity and clean-hull vessel plan – an essential initiative to protect and restore the health of the Hauraki Gulf</p> <p>This initiative would implement a regional policy to prevent the spread of invasive marine species, strengthen biosecurity measures for boats and shipping, and support iwi-led marine conservation efforts.</p>

22. These priorities align with central government policy objectives, including growth, productivity and infrastructure resilience, they also align with the Auckland Plan 2050 and other council priorities.

Options considered

23. Auckland Council officers considered three broad options when considering the approach to responding to the Regional Deals opportunity:

Option	Description	Recommendation
(1) Do nothing	Attempt to work with the government without a dedicated Auckland Deal	<p>Not recommended, as this would not take up an important opportunity for Auckland to propose a stronger partnership with central government that addresses its key challenges</p> <p>The Governing Body requested the chief executive produce a regional deal proposal for endorsement by the Governing Body (GB/2024/170).</p>
(2) Submit a broad Auckland Deal	Include a wide-ranging set of initiatives covering multiple sectors	<p>Not recommended, as it risks diluting the proposal's impact, doesn't respond to the light-touch response template, and may not align with government priorities</p>
(3) Targeted, high-impact Auckland deal proposal	Propose a Deal based on a different relationship with Government, and focus on a small number of transformative initiatives that align with central government policy objectives	<p>Recommended, as it maximises Auckland's chances of securing the deal that will take advantages of Auckland's strengths</p>

Rationale for the preferred option

24. The targeted approach ensures Auckland's proposal is strategically focused and aligned with government priorities while remaining achievable. This option:
 - Demonstrates Auckland's national economic importance and the role of an Auckland Deal in driving productivity.
 - Aligns with central government's priorities, including housing supply, transport, innovation, and international competitiveness.
 - Provides a clear investment case to partner with the government to leverage our collective resources and capabilities.
 - Can be refined through further engagement if Auckland is selected for negotiation.
25. Auckland Council's Regional Deal proposal provides a strong, strategic case for why investing in Auckland will help grow the prosperity of New Zealand. If approved, this proposal will allow Auckland to progress to formal negotiations, with further engagement to refine the agreement before finalisation.
26. The timeline leading up to a regional deal is available in table 2. Auckland Council will be notified if it is successful in its proposal after a Cabinet meeting in May 2025. The negotiations on any regional deal will likely traverse the Auckland Council electoral cycle.

Table 2. The timeframes and sequencing of the Regional Deals process

Milestone	Date
Government announces all councils are invited to Regional Deals	21 November 2024
Invitations issued to all councils	21 November 2024
Regions confirm intent to develop a light-touch proposal	18 December 2024
Regions submit light-touch proposals to DIA	28 February 2025
Cabinet decisions on first regions to progress into MOUs	May 2025
First regional deal finalised	December 2025
Two additional regional deals finalised	By October 2026
Process for future rounds of proposals and deals (TBC)	2026 onwards

Climate impact statement

27. There are no direct climate impacts from submitting the proposal, given it does not commit council to any particular action and is based on existing council priorities. Detailed climate analysis and advice would be sought to support any detailed negotiations on a deal.
28. Some of the proposed priorities in the Auckland Deal would advance priorities in Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan. For example, removal of level crossings, enabling development of housing alongside business, and action to protect the health of the Hauraki Gulf could all have a positive climate impact consistent with the Plan. On the other hand, action to support the growth in tourism and trade could have a negative impact of Auckland's climate emissions.
29. An Auckland Deal framework would also provide a mechanism to collaborate with the Government on climate initiatives, including work required to make the region more resilient to climate impacts.

Council group impacts and views

- 30. The proposed Auckland Deal has implications for the Auckland Council Group. The chairs and chief executives of council-controlled organisations have provided valuable input to support the development of the proposal.
- 31. If Auckland Council is selected for a regional deal, then CCOs will be included in negotiations. One of the bottom lines in the Auckland Deal is a more mature partnership with government and this will require a contribution from the whole Auckland Council Group.

Financial implications

- 32. There are no financial implications to submitting the proposal. The priority initiatives have been developed on the basis that they do not contain additional funding commitments from the council. However, if Auckland is selected to negotiate a Regional Deal, there could be financial implications in the final deal depending on the nature of deal. The financial impacts will be assessed if negotiations on a deal commence.
- 33. The proposal suggests that council is provided with greater funding and financing tools, which will increase council’s options in funding initiatives that will support economic growth.

Risks and mitigations

- 34. The table below outlines the key risks associated with the Auckland Deal and the proposed mitigations to address them.

Table 3. Potential risks associated with submitting on a Regional Deal

Risk	Potential impact	Mitigation strategy
The government does not select Auckland as the first region for a deal	Auckland misses out on long-term co-investment, requiring continued reliance on short-term, project-based funding.	Ensure Auckland’s proposal demonstrates national-level benefits, aligns with government priorities, and showcases Auckland’s economic significance. Strengthen advocacy efforts through central government engagement.
The government is unwilling to empower Auckland through the deal or provide any additional funding	The deal involves wasted time and effort and is not able to achieve anything new, as it involves using existing resources, tools and projects.	Ensure Auckland’s proposal demonstrates national level benefits and makes the case for a more empowered Auckland to achieve the mutual objectives of the deal
Governance and implementation challenges	Complexity in coordinating central and local government agencies, particularly over multiple electoral terms, potentially leads to delivery delays.	Establish clear governance structures, ensuring strong leadership, defined responsibilities, and mechanisms for dispute resolution between Auckland Council and government agencies.

Risk	Potential impact	Mitigation strategy
Capacity constraints within Auckland Council and CCOs	There is a risk that Auckland Council and CCOs may not have sufficient internal resources to implement the priorities in the Regional Deal.	Develop a phased implementation plan, ensuring adequate resourcing and funding for the council's newly integrated economic and urban development functions (previously held by Eke Panuku and Tātaki Auckland Unlimited).
Regulatory barriers and planning misalignment	Potential delays due to misalignment between Auckland Council's planning framework and central government's regulatory settings.	Advocate for planning and legislative reforms to streamline processes, particularly in areas such as infrastructure, consenting, housing intensification, and transport delivery.

Tauākī whakaaweawe Māori

Māori impact statement

35. Auckland Council has statutory obligations to Māori relating to te Tiriti o Waitangi and strategic commitments to Māori outcomes as articulated through the Auckland Plan 2050 and Kia Ora Tāmaki Makaurau – Māori Outcomes Performance Measurement Framework (KOTM). The Auckland Deal presents an opportunity to embed Māori aspirations in Auckland's long-term investment, infrastructure, and economic development priorities.
36. In November 2024, the mayor discussed the regional deal with mana whenua leaders at a regular iwi chairs meeting. Several mana whenua representatives supported investing in long-term relationships with central government to increase the prosperity of Tāmaki Makaurau.
37. The Auckland Deal has the potential to impact several key outcomes within Kia Ora Tāmaki Makaurau, including:
 - **Kia Ora te Umanga – Māori Business, Tourism and Employment:** The Auckland Deal includes a focus on high-value economic development, innovation hubs, and industry growth, providing opportunities for Māori business participation and workforce development. Consideration will be given to procurement strategies that enable Māori businesses to engage in infrastructure and service delivery contracts.
 - **Kia Ora te Marae – Marae Development:** Investment in urban development and community infrastructure must consider the role of marae as community and cultural hubs. Any changes in land use planning or infrastructure development will assess the potential impact on mana whenua and mātāwaka aspirations for marae-based services.
 - **Kia Ora te Hononga – Effective Māori Participation:** Auckland Council and central government will need to actively engage mana whenua and Māori communities in decision-making processes for the Auckland Deal. This includes ensuring Māori voices are represented in governance structures and processes for priority initiatives.
38. Other Māori outcomes may be identified as specific projects within the Auckland Deal progress. Engagement with mana whenua, mātāwaka, and Māori businesses will be a priority if Auckland is selected as a Regional Deals partner by the government.

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

Local impacts and local board views

39. The Auckland Deal has region-wide implications and varying impacts across local board areas. Given Auckland's diverse communities, infrastructure needs, and economic conditions, the deal's effects will be unevenly distributed, with some area's neighbourhoods directly benefiting from the investment.
40. While the Auckland Deal is a region-wide initiative, its benefits and potential disruptions will differ by local board area. Engaging with local boards will ensure the deal aligns with community needs, particularly land use planning, transport, and infrastructure investment.
41. The council invited local boards to attend political reference group meetings to discuss the details of the proposal. If Auckland is selected as a partner for a Regional Deal, then further engagement will be required with affected local boards.
42. Key considerations for local board engagement include:
 - **Ensuring alignment with local board plans:** The Auckland Deal must be assessed against local board priorities, particularly in areas where major infrastructure and housing projects are proposed.
 - **Addressing local transport and infrastructure concerns:** Local boards will need to evaluate how proposed investments affect their communities, including potential congestion impacts, public transport integration, and accessibility.
 - **Supporting local economic development:** The economic focus of the Auckland Deal should align with local economic aspirations, particularly for business precincts, employment zones, and community-led development initiatives.
43. Formal local board feedback will be sought in future phases of the Auckland Deal, with an opportunity for local boards to provide resolutions through business meetings. The Governing Body will need to consider and incorporate local board views before finalising Auckland's position in negotiations with central government.

Ngā koringa ā-muri

Next steps

44. Auckland Council officers will circulate the Auckland Deal proposal to elected members by email before the Governing Body.
45. With the support of the Governing Body, the mayor will submit the Auckland Deal proposal to the government.
46. In May 2025, the Government will decide if Auckland is selected for a regional deal.
47. If Auckland is selected, a new mandate would be sought from Governing Body to undertake negotiations with government, including political oversight, leadership and engagement with broader stakeholders. There is a strong case to adopt an "Auckland Inc" approach to negotiating a deal, involving elected members and broader stakeholders in making the case for Auckland.
48. Council and government would plan to negotiate a memorandum of understanding between May and December 2025.

Ngā tāpirihanga Attachments

There are no attachments for this report.

Ngā kaihaina Signatories

Author	Daniel Haines - Executive Officer Maori Outcomes Lead
Authorisers	Max Hardy - Director Group Strategy and Chief Executive Office Phil Wilson - Chief Executive

Auckland Council's submission on the Local Government (Water Services) Bill

File No.: CP2025/00947

Te take mō te pūrongo Purpose of the report

1. To approve Auckland Council's submission on the Local Government Water Services Bill.

Whakarāpopototanga matua Executive summary

2. The Finance and Expenditure Select Committee called for submissions on the Local Government [Water Services Bill](#) on 27 January 2025. Auckland Council has an extension to provide its submission by 2 March 2025.
3. The Local Government Water Services Bill is an omnibus bill that amends other Acts, including the Local Government Act 2002, the Commerce Act 1991 and the Water Services Act 2021. The bill sets out how territorial authorities are enabled to create water organisations to achieve financial sustainability, and arrangements related to contracting out water services, or entering joint water services arrangement.
4. This third and final bill in the reform programme proposes replacing some water services related legislation in the Local Government Act 2002 with provisions in this Bill and establishes the enduring economic regulation and consumer protection regime for water services in New Zealand that will ultimately supersede the interim economic regulation currently being implemented at Watercare.
5. Auckland Council's submission on the Local Government Water Services Bill has been prepared at pace over the past two months, with input from over 30 representatives of the functions involved in water services at Auckland Council, and another 10 personnel representing Watercare.
6. The submission will reflect that while Auckland Council is generally supportive of the Local Water Done Well reform and the intent of the Bill, there are aspects that need to be amended to ensure Auckland Council and Watercare can achieve the best outcomes for Aucklanders.
7. Auckland Council's submission includes recommended changes in the following key areas:
 - a) A new land access 'notice and consent' regime.
 - b) Changes to planning and accountability arrangements and resource management processes.
 - c) Treatment of Watercare in relation to financial settings and tax.
 - d) Bylaws and enforcement provisions changes.
 - e) Stormwater responsibility definitions.

Ngā tūtohunga Recommendation/s

That the Governing Body:

- a) whakaae / approve Auckland Council's submission to the Local Government Water Services Legislation Bill appended at Attachment A of the agenda report;
- b) tautapa / delegate to the Mayor and Deputy Mayor the final approval of council's submission as a result of any feedback from the Governing Body;
- c) tautapa / delegate to the Mayor or his representative/s the authority to speak to the submission on behalf of the Governing Body at the Finance and Expenditure Select Committee.

Horopaki Context

8. The Government has, over the last two years, been working to reframe the complex set of issues relating to the regulation, financing and funding for the provision of drinking water, wastewater, and stormwater services. The Local Water Done Well reform seeks the following key outcomes, while working with councils to provide them with the flexibility to deliver in a way that meets local needs and situations:
 - i) safe, reliable drinking water;
 - ii) wastewater treatment that protects our receiving environments and preserves our ability to recreate in our water bodies;
 - iii) financially sustainable water services organisations who can fund resilient water infrastructure for existing and new developments while maintaining;
 - iv) affordable and cost-efficient water services delivery
9. The reform has two key elements: new economic and environmental regulatory frameworks and new service delivery model requirements.
10. Auckland Council has previously supported new regulatory frameworks, to lift standards of water quality and wastewater treatment across New Zealand and introduce economic regulation to improve efficiency and productivity (GB/2021/110).
11. Auckland Council also supports the Local Water Done Well reform's flexible service delivery arrangements by region, which has allowed the retention of Watercare as a Council-Controlled Organisation, and to retain stormwater delivery as a function of Auckland Council's inhouse department preserving important connections between stormwater and land use planning.
12. In the past year, Auckland Council has worked with the Minister of Local Government and the Department of Internal Affairs to develop and implement changes for Watercare for an interim economic regulation regime to support Watercare's earlier transition to the requirements of the reform. These requirements were set out in the Local Government Water Services (Preliminary Arrangements) Act 2024 in support of this timetable.
13. Bill 3, Local Government Water Services, lays out the full framework for future water services delivery in a financially sustainable manner, amending related legislation including the Local Government Act 2002, the Commerce Act 2019 and the Water Services Act 2021, to provide a comprehensive set of changes enabling Local Water Done Well.
14. Local government submissions on the current bill are due by 23 February 2025. This is a very short timeframe and makes it challenging to respond to the detailed and technical content in the bills. Auckland Council has secured an extension to lodge its submission by 2 March 2025 to allow time between the Governing Body meeting and final submission for a delegation to adjust for any significant issues arising from the meeting.

Tātaritanga me ngā tohutohu Analysis and advice

15. The Local Government Water Services Bill is an omnibus bill that amends many Acts, including the Local Government Act 2002 and the Commerce Act 1991, to set out the implementation arrangements, functions, powers, obligations and oversight arrangements of the water services delivery organisations.
16. After careful review of the proposed bill by Auckland Council Group, including Watercare, the attached submission has been prepared, including the following key items and recommendations.

Land Access Regime

17. The Bill introduces a new "notice and consent" land access regime to replace the existing regime under s 181 of the Local Government Act 2002. A Water Services Provider has the power to access land to carry out water services infrastructure work and can enter private land to carry out specified works where it has followed a notice procedure AND has received the owner's consent OR has obtained a court order to enter land that is a transport corridor. Notice requirements for WSPs are 30 days. There are specific provisions for Māori land access and regarding liability for charges.
18. If a consent is disputed, landowners have a right of appeal against a WSP via the District Courts. Compensation for 'injurious affection' may apply through the Public Works Act 1981.
19. Auckland Council is of the view that these proposed changes could result in significant additional costs, and compromised service levels to Aucklanders for delivery of non-urgent water services infrastructure works.
20. *Recommendation:* given the existing regime works well, that the land access regime under the Local Government Act 2002 is retained. However, if a new framework must be implemented, it is critical that it reflects the design constraints of water infrastructure and existing network reliance, as well as balances protective mechanisms with time / cost implications and therefore service delivery impacts. The different reasons for which access is required (new construction or maintenance and repair) must be appropriately empowered.

Integrated Planning for Water Services

21. Auckland Council and Watercare support the Bill giving territorial authorities the decision-making ability as to how water services are delivered within their regions. A potential outcome is that certain water services are delivered by different entities, as is the case in Auckland, where Auckland Council is responsible for stormwater management and Watercare is responsible for the water supply and wastewater services.
22. An important aspect of the reform is to ensure there is sufficient funding of necessary water infrastructure investment, both for new assets and renewals, regardless of delivery models.
23. It is essential that local government retains the ability to pursue policy initiatives that deliver outcomes for their local constituencies. In the Auckland context, a key example of this is being able to deliver on growth ambitions for the region. The legislation must not have the unintended effect of constraining Watercare (or any future water organisation responsible for stormwater services) from supporting these objectives.
24. It is also important that the Bill recognises and enables the integrated nature of water services and infrastructure. Long-term strategic planning (including land use and growth planning), integrated stormwater management and the process of connecting customers to a network are all areas which require an integrated and collaborative approach between key stakeholders to respond to cross-cutting issues such as climate change, resilience, equity, Māori outcomes, environmental protection, and consideration of contemporaneous regulatory regimes.

25. Bill 3 provides that councils are prohibited from including information related to water services in council plans and introduces the requirement for WSPs to produce a Water Services Strategy which they will then report on in annual reports to the minister. Both Watercare and Auckland Council will be required to produce such strategies.
26. The Bill also specifies a new 'Statement of Expectations' to be prepared by council to guide Watercare in the preparation of its Water Services Strategy for drinking water and wastewater. Watercare would no longer prepare a Statement of Intent, with the Water Services Strategy replacing that requirement.
27. Bill 3 exempts operators of stormwater infrastructure in transport corridors from the provisions of this legislation with the effect that there are entities who have a statutory role, function or interest in the operation of stormwater infrastructure in the Auckland Services area, who are not required to be engaged in water services delivery planning and management.
28. The Bill provides for a new 3 stage connection approval process, which will be included as a new bylaw under the Local Government Water Services legislation. This approval is separate from a resource consent under the RMA. However, the Bill does not expressly state that obtaining a resource consent prior to obtaining connection approval does not guarantee a connection approval. That clarity should be included in the Bill.
29. This change also creates challenges for a WSP in providing a design approval without visibility to resource consents and needs recognition of the WSP as an "affected party" in relation to any resource consent applications for development that potentially materially impact water infrastructure or capacity, and a requirement to consult water organisations in relation to private plan changes.
30. *Recommendation:* that the following amendments are made to the Bill in this regard:
 - a) Amend the Bill to reflect that councils are NOT prohibited from including 'information related to water services' in their plans and strategies under Local Government Act 2002 which would allow for the Long-term Plan, Infrastructure Strategy, Auckland Water Strategy, Te Tāruke ā Tāwhiri and other key planning documents to refer to continue to make reference to water services
 - b) Provide more clarity between the new planning and accountability requirements and the existing planning and accountability documents;
 - c) Make amendments to the Bill to clarify that a Water Services Strategy must be consistent with specified plans and strategies of Council including growth and infrastructure strategies, and relevant National Policy Statements.
 - d) Adjust the required timeline for the first draft Water Services Strategy from 1 March 2027 to 1 October 2026 to allow councils time to review the Water Services Strategy before they need to consult on their Long-term Plans.
 - e) Make provisions in the Bill to recognise that Watercare, as an existing CCO, is required to comply with certain reporting requirements under LGA 2002 for the transitional period (2025-2027) but that the shareholder must have regard to efficiency and the Watercare's existing obligations in requiring compliance with those reporting requirements.
 - f) Make it mandatory that there are service agreements for stormwater networks between entities that have a statutory role, function or interest in the operation of any stormwater infrastructure in the service area, including transport corridor managers.
 - g) Grant WSPs "affected party" status in relation to resource consent applications for development that potentially materially impact water infrastructure or capacity, and a requirement to consult WOs in relation to private plan changes.

Roles and Responsibilities of Water Services Providers (WSP) and Water Organisations (WO)

31. The Bill provides a legislative basis for new water services delivery models for *council* services. Water services provided by a territorial authority may be transferred to a designated water organisation. Since Watercare is already an established provider of the region's drinking water and wastewater services, the changes enabled by the Local Government Water Services (Preliminary Arrangements) Act 2024 mean that there is no further impact from the provisions in Bill 3 on the services delivery model for Auckland. Stormwater will remain with council, and Watercare will remain a CCO, albeit financially separated from Auckland Council.
32. The definitions of 'WSP' and 'WO' as set out in the Bill, ascribe a number of important roles and responsibilities relative to the delivery of water services. Independently or privately owned schemes and services providers, and contracted suppliers such as Veolia, are excluded from these definitions, leaving Auckland Council and Watercare with overarching responsibility for ensuring that water services provided in the Auckland region, including by these entities, are delivered in accordance with the legislation.
33. While arrangements for Watercare have been largely settled in the prior legislation, it is unclear whether this formal transfer has occurred as part of the arrangements.
34. The Bill does not make it clear who the WSP is in respect of private networks where there is more than one WSP or WO organization delivering water services in the region, as is the case with Auckland. Current legislation (LGA 2002) establishes that Watercare is not responsible for private networks, however the Bill appears to make Watercare responsible for failing drinking water suppliers and wastewater suppliers.
35. Additionally, while cost recovery by a WSP is provided for in the case of a failing drinking water supplier, the Bill is silent on what happens in the case of a failing wastewater scheme.
36. *Recommendation:* that the Bill is amended to make clear that the responsible WSP for Auckland in this context is Auckland Council.
37. *Recommendation:* that, given the statutory obligations in the Bill related to responsibility for services (including economic regulation requirements), the Bill express exclusion of privately-owned water supply and wastewater services schemes in the definitions of water services. This would provide helpful clarity to WSPs on the extent of their role. At the very least, the existing statutory scope of Watercare's water services under LGACA, which excludes private networks, should be acknowledged and preserved.
38. *Recommendation:* that the Bill provide statutory power to recover costs from the previous supplier in the event that a WSP takes over operation of a drinking water supply or wastewater scheme.

Taxation matters related to Watercare

39. Under the Bill, the income tax-exempt status granted to WOs does not apply to Watercare.
40. We seek to ensure the Bill supports the following key principles:
 - There is no basis to distinguish Watercare's tax status from other WOs
 - If Watercare remained a tax paying entity, it would disadvantage Auckland water services users relative to other users in New Zealand.
 - With consolidation of water organisations expected over the next 5 years, allowing Watercare to be tax-exempt appears sensible.

- Watercare's carried forward tax losses should be preserved
 - Under current tax legislation it appears that the circa \$942 million of tax losses would be preserved on transition to a WSP, but we need certainty that they will remain intact and complete.
 - We also need certainty that no unintended tax consequences will arise on transition, reducing Watercare's tax losses.
 - Watercare should be "no worse off"
 - Watercare's tax losses should be able to be utilised by Auckland Council tax group going forward.
41. *Recommendation:* that Watercare should not be excluded from the tax-exempt status afforded to other WOs.
42. *Recommendation:* that the Bill should confirm any historical tax losses are preserved complete and intact given that there will be unbroken shareholder continuity in Watercare (including after application of tax exemption under this Bill).
43. *Recommendation:* that the Bill should clarify that no income tax is crystallized, and no taxable income will be derived on transition and no unintended tax consequences would arise out of the transition to a WSP.

Statutory charging

44. The Bill also currently expressly excludes Watercare from the entirety of the statutory charging framework, which empowers WOs to charge for water services and development contributions ("DCs"). While the Bill provides that Watercare has been previously granted the ability able to retain and "roll over" its existing charging practices, including IGCs, it is our recommendation that Watercare should benefit from the statutory ability to charge like all other WOs, including because of the additional revenue security that could provide.
45. *Recommendation:* that exclusion of Watercare from access to statutory charging ability be removed from the Bill.

Recognition of the existing Veolia Contract

46. While the Bill does allow a WSP to make arrangements made with contracted providers for water services, Watercare's arrangement with Veolia Water Technologies NZ (Veolia) for drinking water and wastewater services in Papakura does not appear to be covered under this provision.
47. Under the Bill, a WSP may enter into a contract with another entity to provide any aspect of water services on their behalf for a term of up to 50 years. The WSP remains responsible for water services, including control of policy and pricing of water services. This does not appear to apply to the contract with Veolia, who currently have complete control of the delivery of water services for Papakura district.
48. Watercare assumes it is the WSP in respect of, and is therefore ultimately responsible for, the services provided by Veolia. However, as the Veolia contract predates the Bill, it does not have contractual mechanisms aligned with the obligations in the Bill.
49. As a WSP, the Bill deems Watercare responsible for the operation of drinking water and wastewater services in compliance with this legislation, including the operations of Veolia since Veolia is itself, neither a WSP or Water Organisation, and not a 'contracted party' either.
50. Watercare is required to provide information disclosures on all water services in its service area under amendments to the Commerce Act 1991, however there is no stated requirement on Veolia to provide information to Watercare in the Bill.

51. *Recommendation:* that the Bill require Veolia to provide information to Watercare so that Watercare can meet its statutory obligations for Information Disclosure under the Commerce Act 1991.

Bylaws and Enforcement Regime

52. Changes to bylaws and enforcement provisions in the Bill provide WSPs and water organisations power to revoke, amend or replace existing bylaws covering matters related to water services as well as to make new bylaws for enforcement and infringement notices and penalties.
53. Councils are required to complete a full review of bylaws to identify those that need to be addressed to ensure consistency with the Local Government Water Services Bill (Bill 3) within 2 years of the bill's enactment. Watercare must be invited to propose new, or amend existing, bylaws as part of this process
54. The Bill introduces complexity in bylaw making process, distinguishing between 'general' bylaws and 'specific' bylaws, such as those covering:
- Regulating connections;
 - Drinking water catchment plans;
 - Trade waste;
 - Stormwater network;
 - Infringement offences.
55. While some of this is appropriate and helpful, there is scope for simplification and alignment with existing bylaws requirements under the LGA to ensure the relevant territorial authority teams responsible for bylaws do not need to unnecessarily apply new or bespoke processes.
56. *Recommendation* that rather than creating a new complex system that duplicates and adds to the LGA 2002 provisions, the Bill should, where it makes sense to do so, align bylaws requirements with relevant LGA 2002 bylaw provisions.

Stormwater Services responsibilities are unclear.

57. Definitions for "watercourse" and "stormwater service" need clarification to ensure that the scope of service delivery and related water strategy and planning requirements are clear.
58. There are currently two definitions of watercourse, and it is not clear that a watercourse in this context relates to the drainage or discharge of stormwater by a stormwater network, (and does not include watercourses which are not related to the stormwater network).
59. The definition of Stormwater service needs to be amended to include a service related to the management of the stormwater network, which would align with the definition of a stormwater services proposed for insertion into the Commerce Act 1991.
60. The definition of 'critical infrastructure' is an important part of the stormwater network risk management plan that a stormwater services provider is requirement to produce under this Bill. This means stormwater infrastructure whose failure will prevent or seriously impair the conveyance of stormwater in a network and includes infrastructure that conveys stormwater to, or receives stormwater from, an overland flow path or watercourse that crosses over of beneath private land.
61. Some critical infrastructure may therefore be privately owned infrastructure on private land for which the WSP has no responsibility but should take into account in the stormwater network risk management plan. The current definition in the Bill does not make this clear, which could impede the WSP's ability to collaborate with landowners in the management of such infrastructure under the stormwater network risk management plan.

62. The Bill appears to remove the obligation for maintenance of existing water services infrastructure from private landowners, but this should only be for infrastructure owned by a WSP. That is, private landowners should have no exemption from maintaining their private stormwater infrastructure, given the impact that failure to maintain this infrastructure might have on the wider network.

Recommendation: that fundamental stormwater terminology definitions in the Bill are updated to properly reflect the scope of responsibility for stormwater services by a WSP.

Recommendation: that the Bill be amended to clarify that private landowners are still responsible to maintain private stormwater infrastructure on their land.

Climate impact statement

63. It is not clear that the reforms sought under this bill will directly assist Auckland Council to achieve its goals under Te Tāruke-ā-Tāwhiri, Auckland's Climate Plan. However, the Bill does uphold compliance with existing environmental performance standards, many of which have climate protection outcomes.

Council group impacts and views

64. Contributions from relevant council departments and CCOs have been provided to develop the council's submission to the bills, including Auckland Transport and Watercare.
65. Over 40 personnel from across council have been engaged in the review of the legislation and drafting of the submission on this Bill.

Financial implications

66. The bill includes provisions for ringfencing of funds for water services, and financial reporting on water services to the regulator that will impact both Watercare and Auckland Council; we have engaged with Group Finance advisors as well as Watercare Finance to analyse these impacts and determine submission requirements.
67. While Bill 3 does not add to the requirements under the Local Government Water Services (Preliminary Arrangements) Act 2024, to provide a water services delivery plan for stormwater which includes details of revenue, expenses and investments for stormwater services, including evidence of revenue sufficiency, the Bill does introduce the requirement to produce an annual report against the Stormwater services strategy which will require support from the Finance organisation and may involve systems changes. More will be known after council presents the proposed Stormwater Water Services Delivery Plan to the Secretary in September 2025.

Risks and mitigations

68. An update on Local Water Done Well was previously reported to the Audit and Risk Committee on 3 December 2024 (CP2024/18099), covering the risks associated with the implementation of requirements under the LGWS Preliminary Arrangements Act 2024.
69. The risks identified in the current bill relate to:
- Ineffective coordination of water services strategies with council's strategies and plans in support of land use and growth, making developing and implementing plans less efficient and responses to big challenges such as climate change, hazards and growth more less effective.
 - Increased service levels for maintenance of water infrastructure on private land as a result of the land access regime changes in the Bill.
70. These risks have been taken into consideration in the development of the submission on this bill.

Tauākī whakaaweawe Māori

Māori impact statement

71. The Bill removes statutory recognition of Te Mana o te Wai, making amendments to the Water Services Act 2021 that instruct the Water Services Authority to consider Te Mana o Te Wai indirectly. This is consistent with the Government's previous decisions to remove the Te Mana o Te Wai hierarchy from the Resource Management regime.
72. Auckland Council and Watercare do not support the provisions in the Bill that would remove Te Mana o te Wai from the Water Services Authority's direct remit and water services delivery framework more generally.
73. The Bill provides that a WSP must act in a manner that is consistent with Treaty of Waitangi settlement obligations (i.e. Treaty settlement Acts or signed and ratified deeds) when performing and exercising functions, powers, and duties under the Bill. The Bill also provides for obligations on WSPs in relation to accessing and purchasing land involved in an existing or future Treaty settlement.
74. Auckland Council recognises the principles of the Treaty of Waitangi and the relationship that tangata whenua have with water as kaitiaki and support requirements that WSPs give effect to any relevant Treaty settlements obligations, including in relation to joint decision making, iwi consultation or consideration, and in relation to land issues. Auckland Council notes that only half of the 19 local iwi authorities have settled their historical treaty claims. Auckland Council is committed to its relationship with mana whenua and its agreements and arrangements with iwi.

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

Local impacts and local board views

75. Local boards were briefed on 17 February 2025 and received a briefing on the Local Government Water Services Bill and the submission points, on 19 February 2025. Local Board feedback has been appended to this report at Attachment B.

Ngā koringa ā-muri

Next steps

76. Auckland Council must lodge its submission to the Finance and Expenditure Select Committee by 2 March 2025.
77. The current target date for enactment of the Local Government Water Services Bill is mid-2025.

Ngā tāpirihanga Attachments

No.	Title	Page
A	Auckland Council and Watercare Submission on Local Government (Water Services) Bill	
B	Local Board Feedback on Local Government Water Services Bill submission	

Ngā kaihaina Signatories

Authors	Rose Ernst - Programme Coordinator Tracy Gers - Group Financial Controller
Authorisers	Megan Tyler - Director Policy, Planning and Governance Phil Wilson - Chief Executive

St James Theatre Restoration

File No.: CP2024/17224

Te take mō te pūrongo Purpose of the report

1. To confirm \$15 million in funding to support Phase 1 of the St James Theatre restoration project, subject to terms and conditions negotiated with the owner and Government.

Whakarāpopototanga matua Executive summary

2. In 2016 Auckland Council's Finance and Performance Committee resolved to contribute \$15M towards the restoration of the St James Theatre, subject to certain terms and conditions ([FIN/2016/112](#)).
3. This report requests confirmation of funding approval, subject to revised terms and conditions that have now been negotiated with the owner and Government.
4. The theatre is privately owned by St James Holdings Limited, as trustee of the Auckland Notable Properties Trust. The theatre owner has a single director.⁹
5. The proposed public investment would be to enable substantial restoration and strengthening of the St James Theatre (a Category A heritage building), and its reopening for public events. However it would not fully restore the theatre or its Queen Street frontage.

Negotiations since 2016

6. Since 2016, the theatre has been mothballed and its restoration has not progressed as anticipated. A reason for this was that the restoration project relied on the adjoining apartment development, which did not proceed as expected in 2017. Cost escalations also meant that more funding was required.
7. In 2022, the theatre owner made the decision to "uncouple" the theatre restoration project from the apartment development, and the apartment site is now in separate ownership.
8. In July 2023, the Government (via the Minister for Arts Culture and Heritage) agreed to contribute \$15M towards the theatre restoration project, contingent upon council continuing to commit the same amount. This commitment re-started the project.
9. For the last year, council officers have been working closely with the St James Theatre Working Party, the theatre owner and the Government on the terms of the funding agreements.
10. A Development Funding Agreement (DFA) has been negotiated between Auckland Council and the theatre owner guided by the 2016 resolutions. The DFA would be the primary funding agreement for the project. A Grant Funding Agreement (GFA) has also been developed which sets out the proposed agreement between Auckland Council and the Government.
11. On 17 May 2024, the St James Theatre Working Party confirmed their support for the project and formally recommended to the Chief Executive that the Business Case be approved, and the contracts entered into and (see **Attachment E**).
12. Both funding agreements were signed by the Chief Executive in June 2024 and are conditional on council confirming it has all internal approvals. Confirmation is sought through this report.
13. Council's \$15M commitment is budgeted for in the 2024-2034 Long-term Plan (LTP).

⁹ Steven Bielby.

What is – and is not – included in the project

14. The agreements relate to “Phase 1” of the restoration works only. Phase 1 will deliver a safe and secure heritage theatre building, including structural strengthening and essential services upgrades,¹⁰ and enable the theatre to reopen and be operational, with a total seated capacity of approximately 900 people and a concert format (non-seated) capacity of approximately 1800 people. The dress and upper circle will not be usable, and elements of the interior and exterior will not be fully restored to an “as new” condition.
15. Due to its historic nature and configuration, St James would offer a flexibility of staging and seating formats missing from some other venues that could allow for hosting a greater variety of events.
16. Phase 1 will deliver significant improvements to the Lorne Street façade and minor improvements to the Queen Street façade, noting that the Queen Street frontage is part of an adjoining title that is subject to a planned apartment development.
17. Phase 1 does not include:
 - i) Phase 2 works, which include reinstatement of the finishes, fittings and remaining services, and the restoration of the dress and upper circle. These will require further work depending on desired end use theatre capability.
 - ii) The adjacent apartment development, which is now in separate ownership from the theatre and will progress separately. This includes restoration of the Heritage Tower and St James foyer on Queen Street, as well as enabling works related to the long-term use of the theatre such as access, toilets, and services.
18. Following further discussions with the mayor and owner, staff consider it is open to council to propose an additional milestone condition that requires the owner needs to address some of the Queen Street frontage issues before commencing further development. The owner has indicated he would accept such a condition, secured by a milestone payment.

Differences with 2016 resolution

19. While the negotiated arrangements are broadly consistent with the conditions in the 2016 resolution, there are differences.
20. The key substantive difference is that in 2016 it was assumed the restoration project would proceed alongside the apartment development. This meant that “Stage 1” included works secured by consent conditions for that development, including the Heritage Tower and St James foyer on Queen Street, as well as other enabling works related to the long-term use of the theatre. These works were excluded from the council’s funding package (given they were secured by the resource consent and so privately funded) but were part of the overall project.
21. The current proposal does not include these works, which have been “uncoupled” from the theatre project. This means the project will not achieve the full outcomes expected in 2016, if the apartment development does not proceed.
22. There are also technical differences in how the funding is structured. The 2016 resolution envisaged that the funding would be paid out as a loan, with repayment suspended and waived at the completion of *Stage 2* works or earlier if the theatre was moved into philanthropic ownership. The current proposal is that the funding is paid as a repayable grant, with any obligation for repayment being waived once the substructure is completed (about 45% of Phase 1).

¹⁰ Includes strengthening and envelope upgrades, essential services (electrical, water and fire), roofing, façade repair, security systems and contingency.

Financial implications and risks

23. The funding agreements and security arrangements have been developed to minimise the risk to council and secure the public benefits. Independent quantity surveyors were engaged to confirm estimates of the remaining cost to complete.
24. The estimated costs for Phase 1 works are approximately \$49M. This includes \$33.9M being the remaining cost to complete, plus approximately \$15M spent by the owner to date.
25. Council's \$15M contribution would be debt funded, with an ongoing interest cost rising to around \$720,000 per annum. An independent quantity surveyor would be engaged at a cost of approximately \$100,000 over the life of the project, which is expected to take 30 months. This would be met from existing budgets.
26. This project does not follow a typical development funding model and is instead pursued as a partnership with the private owner. By partnering with the theatre owner, as a private developer, and the Government, the council can secure public access to a restored theatre without being responsible for the full project.
27. However, there are remaining risks that cannot be eliminated given the nature of the project. Financial risks include costs overruns, council being required to financially support the operation of the theatre, and negative financial impacts on other theatres funded or owned by council in the city centre (requiring further public subsidy). It is noted that at least two city-centre theatres (Q Theatre and the ASB Waterfront Theatre) are expected to seek additional council funding in the near future because their current operating model is not sustainable. Measures have been included in the DFA to mitigate these risks to the extent possible.
28. There is also a risk that the apartment development does not proceed as planned, meaning that enabling works are not progressed and leaving Queen Street frontage unaddressed.
29. A full cost-benefit analysis has not been completed for the project. This report has been prepared based on the assumption that the "in principle" decisions about council's contribution towards the restoration of the theatre using heritage-related funding have already been made in previous resolutions (2015 and 2016).
30. Since council's commitment to contribute to the theatre project has been publicly signalled since 2016, a decision not to contribute at this late stage would also create reputational risks for council.
31. The combination of funding contributions from council, Government, and the theatre owner makes the project feasible, and having all these funding sources align represents a unique opportunity. Confirmation of the council's existing funding commitment is an important step in the decade-long process to restore the St James.

Ngā tūtohunga Recommendation/s

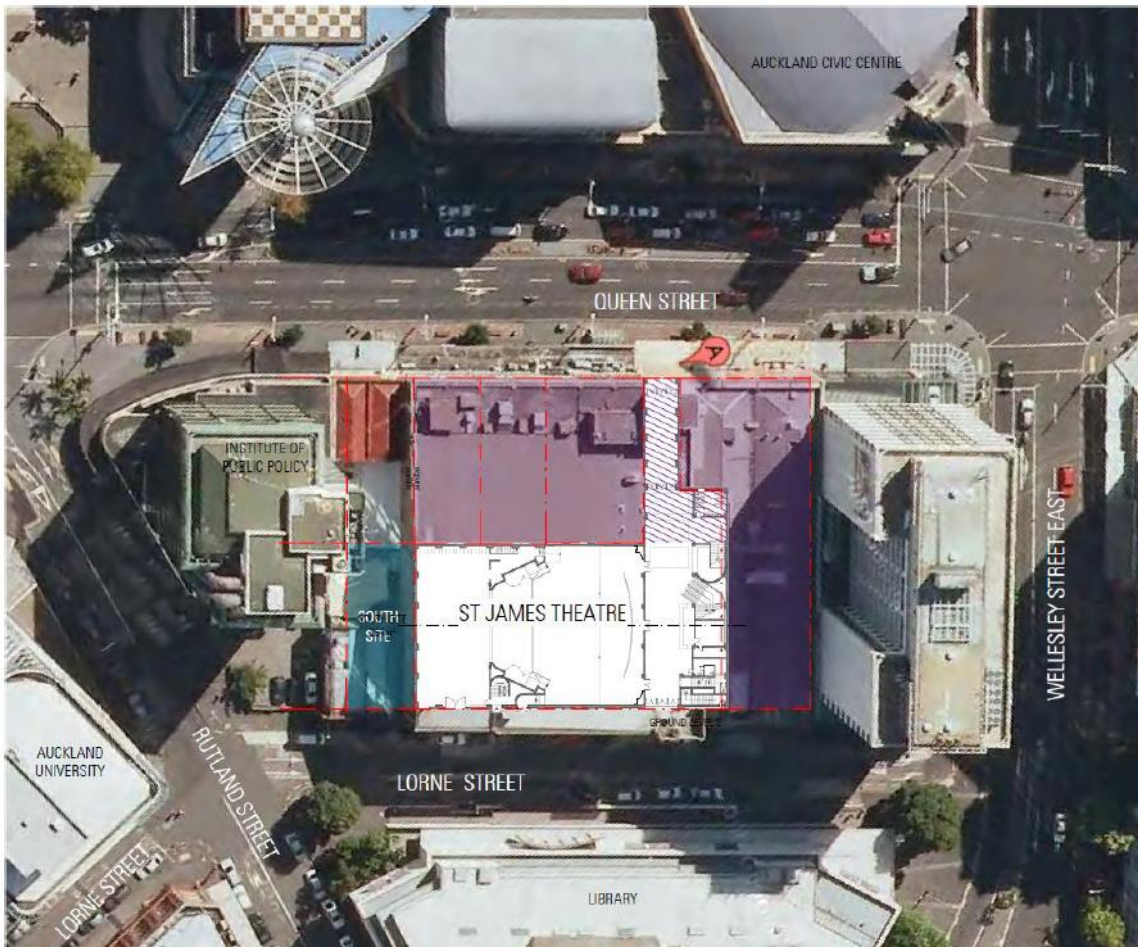
That the Governing Body:

- a) whakaū / confirm the existing funding of up to \$15 million from the heritage budget towards the restoration of the St James Theatre
- b) whakaae / agree that the funding arrangements, in accordance with clause a), continue to be delegated to the Chief Executive
- c) tuhi tīpoka / note that payments towards the restoration of Saint James Theatre will be made based on achieving agreed milestones




Horopaki Context

32. The St James Theatre is an iconic and important early 20th Century theatre in Auckland and is scheduled as a Category A historic heritage place in the Auckland Unitary Plan. It was built in 1928 and has been closed since 2007 following a fire. The St James is a special place for many Aucklanders, and council has been actively working with the theatre owner for the last decade on finding a solution to restore and reopen the theatre.
33. The site is depicted in the following diagram.

Diagram 1 – St James site from 2013 Business Case



Source: 2013 Business Case

Key:  = St James Theatre  = Adjacent development
 = Original St James Tower and Entrance Lobby to be restored and recreated within new development

34. In 2016 council resolved to contribute towards the restoration of the St James Theatre with a contribution of \$15M, to be paid from the Built Heritage Acquisition Fund. The 2016 agenda report noted that the restoration works at the theatre will be undertaken in two phases, and council's contribution only relates to the Phase 1 works. The key terms of the 2016 resolution were:
- that council's contribution must be matched by an equal spend by the theatre owner,
 - public access to the theatre must be secured on an ongoing basis, and
 - adequate measures would be put in place to safeguard the council's investment.

- iv) funding would be paid as a suspensory loan, with repayment suspended if conditions were met and waived once stage 2 was completed or earlier if changed to philanthropic ownership.

As part of the resolution, the details of the financial arrangements were delegated to the Chief Executive to approve.

- 35. At the time of the 2016 resolution, the budget to complete Phase 1 was estimated at \$41.3M. This included \$12.3M for works required to comply with resource consent conditions relating to the apartment development, leaving a balance of \$29M for which a public contribution was sought.
- 36. Since then, the scope and budget have been refined as further work and investigations have taken place, and construction costs have escalated. The estimated costs for Phase 1 works (excluding the apartment development) are now estimated at \$49M (up from \$29M). This includes \$33.9M being the remaining cost to complete, plus approximately \$15M spent by the owner to date (which will need to be proven to council's satisfaction). This meant that additional funding was required.
- 37. Since 2016, the theatre has been mothballed, and its restoration has not progressed as anticipated due to delays with the separately owned apartment development on the adjoining title and difficulties securing funding from other sources.
- 38. In July 2023, the Government (via the Minister for Arts Culture and Heritage) agreed to contribute \$15M towards the theatre restoration project, contingent upon Council continuing to commit the same amount. This combination of the council, Government, and the theatre owner's contributions of \$15M each has re-started the project.
- 39. In August 2023 the Mayor appointed the St James Theatre Working Party chaired by Councillor Mike Lee to provide political oversight to the project and ensure that it is implemented as outlined in council's 2016 resolution.
- 40. For the last year, Auckland Council officers have been working closely with the theatre owner and the Government on the terms of the funding agreements. The Development Funding Agreement (DFA) is between Auckland Council and the theatre owner. The DFA is the primary funding agreement for the project and sets out all the terms and conditions, following the direction set by council's 2016 resolution.
- 41. A Grant Funding Agreement (GFA) has also been developed which sets out the agreement between Auckland Council and the Government. The GFA sets out how the Government's contributions would be transferred to the council and who would be responsible for administering the full \$30M public funding package.
- 42. On 17 May 2024, the St James Theatre Working Party, after a review, confirmed their support for the project, recommending additional safeguards to protect the council's and the public's interest (see **Attachment E**), and on that basis formally recommended to the Chief Executive that the Business Case be approved, and the contract entered into. Note that the Business Case was not prepared by council or Government to justify the strategic need for public investment. It was prepared by the owner to provide the necessary background information to demonstrate that the project is commercially viable and practically achievable.
- 43. Following the guidance in council's 2016 resolution, supported by provision in the 2024-2034 Long-term Plan, and the working party's recommendation, the funding agreements were signed by the Chief Executive in June 2024 but are conditional on confirming council has obtained all internal approvals (as sought by this report).

History of Built Heritage Acquisition Fund

44. In 2011 Auckland Council established a Built Heritage Acquisition Fund to save at-risk heritage buildings, with budget for the purposes of short-term purchase of vulnerable buildings with the intention of redevelopment and on sale.
45. In 2015, it was agreed in principle to use the Built Heritage Acquisition Fund to support a contribution of up to \$15M towards the restoration of the St James Theatre (FIN/2015/127).
46. In the 2016 resolution (FIN/2016/112), it was again agreed that the \$15M contribution to the St James would come from this fund. Accordingly, the primary goal of the project has always been as a heritage restoration project, with the theatre's use as a performing arts venue as a secondary consideration.
47. Besides the St James, the Built Heritage Acquisition Fund has been used for the Thomas Doo Building, Airedale Cottages, and the Vos Boat Shed. Council has entered into negotiations about other buildings over the years, but the fund has proved somewhat difficult to use in practice. Even though council did not purchase as many buildings as originally intended, the presence of the fund and the participation of council in the negotiation process did help facilitate the sale of some heritage places on the private market.
48. The fund started with approximately \$10M in FY2011/12 and increased annually, growing to nearly \$60M by the end of the previous financial year (FY2023/24). Of that \$60M, the \$15M earmarked for the St James was retained in the 2024-2034 LTP, but the remaining \$45M was not included in the LTP as part of the Council's cost-saving measures.
49. There is no further specific funding available in the LTP to purchase any other at-risk heritage buildings.

Limitations of Report

50. This report has been prepared based on the assumption that the 'in principle' decisions about council's contribution towards the restoration of the theatre using heritage-related funding have already been made in previous resolutions (2015 and 2016). This report provides an update on how the key issues and considerations previously identified by elected members have been incorporated into the final funding agreements, and how the context has changed since the previous resolutions were passed. This report therefore does not take a 'first principles' approach and does not analyse all possible options for council's role in the restoration of the St James theatre, nor does it explore all possible options for spending \$15M of public funds.
51. Any variation to the DFA would need to go through a formal process and would need to be agreed among all three parties (council, Government, and owner).

Tātaritanga me ngā tohutohu Analysis and advice

What does the public get for the public investment?

52. This project does not follow a typical development funding model and instead proceeds as a partnership. By partnering with the theatre owner, as a private developer, and the Government, council funds that are invested are leveraged. The public gain access to a restored and usable heritage theatre, while not being responsible for the whole project.

Substantially restored, operational theatre building

53. The restoration works are proposed to be undertaken in two phases. The funding agreement relates to the Phase 1 works only. Phase 1 comprises at a minimum a safe and secure heritage theatre building, including structural strengthening and essential services upgrades, that is capable of limited public use. Phase 1 will deliver a base-level venue with limited operational capability but structurally futureproofed to allow for easy upgrade in future for specific operating requirements. The agreement requires that Phase 1 must achieve practical completion by 30 June 2029 at the latest.

54. Upon the completion of Phase 1, the theatre will be reopened and operational. According to the Business Case, Phase 1 will deliver structural upgrades and essential services upgrades to deliver a safe and efficient functioning venue for the ground floor and first floor (circle), with a total seated capacity of approximately 900 people and a concert format (non-seated) capacity of approximately 1800 people. This may change depending on the final operating model but is a good indication of the intended use at the end of Phase 1. The finishes and fittings will be reinstated, and the dress and upper circle will not be usable.

Restoration of Lorne Street façade, potential improvements to Queen Street

55. The Lorne Street façade will be restored and will serve as the main entrance to the theatre at the end of Phase 1. The hoardings on Lorne Street would be removed. Some improvements to the Queen Street frontage may be achieved.

Requirement to maintain public access

56. A requirement for public access to the theatre for live arts and other cultural events is secured by a land covenant placed on the property title. This covenant will remain in place in perpetuity and will secure the public access outcome following completion of the project. Public access has been defined in the covenant as the hosting of live arts and/or other events through a mixture of not-for-profit and/or commercial operations. The public must be able to easily purchase or otherwise access tickets to these public use events.
57. The covenant specifies that the owner is required to keep the St James Theatre open to the public for a minimum number of five events per calendar year. If more than five events are held per calendar year, the majority of those events must be open to the public. In addition, the owner is required to grant the council and the Government the right to hold two events per calendar year with no venue fee or cost.

Operating model to be determined

58. In terms of operations, upon completion of Phase 1 the owner considers that the theatre may be able to operate sustainably with a commercial lease, without further operating subsidies from council. Such a lease would still be bound by the terms of the covenant to deliver the public access outcomes. There are examples overseas where this is possible (such as the Palais Theatre in Melbourne), but we are not aware of any examples of theatres that are operated commercially in New Zealand without public subsidy. An alternative to the commercial lease would be a community operated model (for example, this could take the form of the owner granting a peppercorn lease to a charitable organisation on a 25-year lease), which would likely require further operating subsidies from council and/or Government.
59. The Governing Body would be consulted before entering into any operating model that requires ongoing public funding.

Foundation for future work

60. There will be further work required to complete Phase 2 (including reinstatement of the finishes, fittings and remaining services, and the restoration of the dress and upper circle), and it is anticipated that this further work would be completed over time as other funding becomes available and depending on desired end use theatre capability. It is possible that Phase 2 is never fully completed.
61. The adjacent apartment development is in separate ownership from the theatre and while related will progress separately. This includes restoration of the Heritage Tower and St James foyer on Queen Street.

How effectively have we secured repayment obligations and public benefits?

62. The funding agreements and security arrangements have been developed to minimise the risk to council and secure the public benefits to the greatest degree possible. A suite of checks and balances was developed which work together.

63. The cost estimates include significant contingency (around \$6.5 million). The DFA states that any cost overruns are the responsibility of the owner. While this is important in principle, it will not necessarily prevent the owner from requesting further funding from council if there are significant overruns and the owner cannot complete the project.
64. Further focus was also placed on reducing the risk of large sums of money being spent before the project is at risk of failure. This is achieved through the combination of payments in arrears (paid at the completion of milestones), coupled with cost-to-complete reporting requirements where the owner must demonstrate that there is enough money remaining to complete the project prior to claiming each milestone. This oversight process should identify and correct any budget risks *before* funds are paid out, reducing council's financial exposure and ensuring the outcome is achieved.
65. A caveat over the property (with an underlying agreement to mortgage) is the council's primary form of security over the property. Council can request at any time that the mortgage be registered and has a power of attorney to do so. If the owner fails to comply with the agreement and does not repay its funding, council may be able to exercise its mortgage and force the sale of the property. Given the property is currently valued at \$8.1 million and has a Category A heritage building on it, this may not be sufficient to recover all lost public funding.
66. A covenant is the council's primary tool for securing the public access benefit. It is not foolproof, especially given that the operating model and budget have not yet been finalised, but it is a practical control that is the best option available to ensure the theatre operates in a manner that benefits the public. The covenant will also work in tandem with the caveat and agreement to mortgage, giving council a range of enforcement options should the theatre not be performing adequately in relation to the covenant.
67. The DFA also includes a termination clause, which could be triggered by a number of things including failing to meet the sunset date of 30 June 2029, having an insolvency event or other financial default, breach of terms, or abandonment of the project.
68. If the owner abandons the project or defaults prior to the completion of the sub-structure works, then the owner must return all funds paid before this date (although they may not be able to do so, and the owner is a limited liability company which could limit council's recovery options). If the owner abandons the project or defaults after completion of the sub-structure works, then any further payments would stop and no further milestones could be claimed. Council could still take legal action against the owner in the event of termination, register a mortgage on the title of the property and then enforce that mortgage by way of mortgagee sale (land value currently estimated at approx. \$8.1M).
69. The owner is not an ordinary commercial operation, but nevertheless the agreement means the owner has an incentive to finish the project on time and budget.
70. Despite these measures, there are some risks that cannot be mitigated because of the nature of the project which are noted below.

Changes from 2016 resolution

71. While the negotiated arrangements are broadly consistent with the conditions in the 2016 resolution, there are also some differences as noted in the table below.

Table 1 – differences between 2016 resolution & current proposal

	2016 resolution	Current proposal (DFA)
Scope of works in Phase 1	<p>It was assumed that the project would proceed alongside the apartment development. So, Stage 1 included:</p> <ul style="list-style-type: none"> • Structural upgrades and essential services for Theatre building 	<ul style="list-style-type: none"> • Structural upgrades and essential services for Theatre building <p>Does <u>not</u> include works related to the apartment development, which has now been separated from the theatre restoration.</p>

	2016 resolution	Current proposal (DFA)
	<ul style="list-style-type: none"> Works secured by consent conditions for the adjoining apartment development, including restoration of the Heritage Tower and St James foyer on Queen Street as well as other enabling works related to the long-term use of the theatre - access, toilets, and services. <p>These works were excluded from council's funding package but were included in the overall project.</p>	<p>These works are still secured by consent conditions if the apartment development proceeds.</p>
Structure of funding	Suspensory loan paid out at agreed Phase 1 milestones (the full amount not being advanced until all Phase 1 works are completed).	Repayable grant paid out at agreed Phase 1 milestones in accordance with a schedule to be determined.
Point at which the owner no longer has an obligation to repay funding if the agreement is terminated	Completion of Stage 2 works (reinstatement of the finishes, fittings and remaining services, e.g. air-conditioning and backstage equipment, and the restoration of the dress and upper circle); or earlier if changed to philanthropic ownership.	Once the substructure works are complete (about 45% of Phase 1 works).

72. The key difference is that the works relating to the apartment development have been "uncoupled" from the theatre project.
73. The resource consent conditions for the apartment development includes a package of enabling works related to the long-term use of the theatre (including Queen Street upgrades, access, toilets, and services), but does not include any conditions requiring the theatre itself to be reopened.
74. The committee report that supported council's 2016 resolutions referred to these works as being part of "Stage 1". It also stated that any works that were the responsibility of the apartment developer were specifically excluded from council's funding package, and the cost of these items (valued at approx. \$12.4M) was subtracted from the total theatre restoration budget that public funding was applied to.
75. The project no longer includes these works given uncertainty about the timing of the apartment development. The restoration of the theatre building can be completed separately and is covered by a separate resource consent with its own set of conditions.
76. Council's 2016 resolution also references structuring the council's contribution as a secured suspensory loan, with no interest payable during construction and to be forgiven upon completion. Since the resolution was passed in 2016, council's best practice has changed, and suspensory loans are no longer favoured. Further the Government's contribution (which was not part of the package in 2016) will be coming to the council as a grant.
77. It was no longer considered reasonable to preserve the owner's repayment obligation until the completion of phase 2, given there is no timeframe for when that could occur.

78. Given these factors, the \$15m from Council is now structured as a repayable grant if the agreement is terminated by council for any of the reasons described in the DFA, before the substructure work is completed, then council would be entitled to a full refund.

Queen Street frontage & apartment development

79. The current “street appeal” issues on Queen Street are a result of the adjacent apartment development, not the theatre project as currently presented. As noted above, the theatre owner has separated the adjacent apartment development from the theatre project, so it is now in different ownership and part of separate projects.
80. Completion of Phase 1 might encourage progress on the apartment site. Like all development projects, and vertical residential developments in particular, the adjacent apartment site faces challenges due to difficult economic conditions. One of the additional challenges the adjacent apartment site faces is the current state of the St James Theatre, and the uncertainty of future funding and restoration. Committed funding from council and Government will likely assist the proposed apartment development with presales activity and therefore the development feasibility. Additionally, a restored theatre will remove a development impediment and provide some amenity and activity leading to an improvement in the attractiveness of the area. Again, this should assist with the development feasibility.
81. The apartment developer is still legally responsible (by way of a land covenant on the apartment site title and resource consent conditions) for providing access for the long-term operation of the theatre, even if the apartment development does not proceed.
82. Although the timeline for the apartment development is uncertain there are several potential options for improvement of the site in the meantime. The theatre owner has been in discussions with the apartment developer about the Queen Street frontage. These discussions have confirmed that once the theatre work gets underway, the apartment developer has committed to tidying up the site, beautifying the hoardings and improving the appearance on Queen Street. This in turn could potentially allow the apartment site to be used for temporary activities that would activate the frontage and enliven this stretch of Queen Street. There is an opportunity for placemaking to play a role in finding solutions, and for the community to get involved in creating a space that contributes positively to the city centre.
83. Council officers have been actively working with the theatre owner and apartment developer to ensure that the appearance of Queen Street is addressed in parallel with the Phase 1 works, to the greatest degree possible given the separate ownership. The apartment developer has indicated a willingness to work with council on these matters, and is committed to advancing the apartment development and improving Queen Street when the theatre restoration begins. Their letter of intent is included as **Attachment C**.

Options

84. As noted above, the analysis in this report is focused on how the St James Theatre project has developed since the 2016 resolution and does not provide a ‘first principles’ analysis of all possible options. Therefore, there are two primary options to consider at this stage. A third and fourth option related to the adjoining development is also presented given the concerns about the current appearance of Queen Street.
- A. Confirm Council’s contribution as per the 2016 resolution.**
85. The Council would contribute \$15M towards the theatre restoration using funds that are already budgeted for, in accordance with the terms set out in the DFA.
86. Confirmation of the council’s existing commitment will also allow the Government to proceed with confirming their contribution. The combination of funding contributions from council, Government, and the owner will be an important step in the decade-long process to secure funding to restore the St James.

87. Advantages of this option are securing the substantially restored and reopened theatre, with significant improvements to the Lorne Street façade. Minor improvements to the Queen Street façade will also be achieved, noting that this is part of the adjoining title containing the consented apartment development. Phase 1 is expected to be completed by 30 June 2029 at the latest.
88. Disadvantages of this option are the financial cost to council from the funding (including opportunity cost), and potential negative impact on other theatres funded or owned by council in the city centre (noted in Tataki's feedback below). It could also expose council to financial and other risks relating to overruns and the cost of operating the restored theatre. Further, it does not secure restoration of the Queen Street façade.

B. Decide not to contribute as per the 2016 resolution.

89. Council would not contribute the \$15M. This will result in the loss of the Government contributions as they are conditional on council's contribution.
90. Without these contributions, the project would not proceed. This would force the theatre owner to explore other options including other sources of funding (which have previously not been forthcoming) and potentially other land use options (which will be limited, given the Category A heritage status of the property which prohibits demolition of the building). The owner may seek to remove that heritage protection, but that would not be straightforward.
91. The main disadvantage is the theatre would likely not be restored. It would not result in any immediate change to the Queen Street or Lorne Street frontage. Over time the theatre would likely deteriorate further, potentially to the point where restoration is no longer a feasible option.
92. Since council's commitment to contribute to the theatre project has been publicly signalled since 2016, a decision not to contribute at this late stage would also be a reputational risk for the Council.
93. The advantage of this option is council not spending \$15 million and not being exposed to other risks associated with the project. If the \$15M is not spent on the St James Theatre, this money could then be available to address other at-risk heritage buildings, both council owned or privately, applied to some other activity, or represent a savings to the council if it is not spent.

C. Link council's contribution to the adjacent apartment development

94. Given concerns about the Queen Street frontage and the fact that restoration of the heritage tower and foyer are not included in Phase 1, officers have investigated whether it might be possible to make council's \$15M funding commitment to the theatre restoration conditional upon works progressing on the adjacent apartment development site (given these works were "coupled" in the 2016 plans).
95. In principle, it is open to council to make its funding conditional in this way. This would require the theatre owner to come to a separate commercial arrangement with the apartment developer before the owner could draw down on funding from council.
96. However, it is likely that this would be challenging given difficult economic conditions affecting the apartment site as discussed above. As such, this condition could likely halt the theatre project.
97. For these reasons, Option C does not appear to be a practical option to achieve the objective of restoring St James Theatre.

D. Confirm Council's contribution, but add a milestone condition requiring work to address the Queen Street frontage

98. It is open to council to propose a milestone payment requiring the owner to address some of the Queen Street frontage issues including the Heritage Tower and associated gantries and hoardings. Options for the owner could include a variation to the resource consent relating to the tower retention, advancing the restoration of the tower and agreement from Auckland Transport relating to the hoardings and gantries. All options will require time and consents from the adjacent apartment owner as well as potentially from council.
99. Rather than prescribe the method, it is suggested that the milestone should focus on the outcome sought. This allows the owner to consider options and discuss with appropriate parties. The milestone would specify a completion date with all milestones requiring council approval before any payment is made.
100. Discussions have occurred with the owner who agrees to the inclusion of a milestone requiring Queen Street issues being resolved
101. For these reasons, Option D is a practical option and is recommended.

Strategic Alignment

102. Council is shifting the way it approaches delivery of the six key outcomes in the Auckland Plan 2050, linking the Council Group's contributions through Investment Areas (rather than whole of Auckland outcomes) with clear accountability on impacts as a result of investing in each activity.
103. The St James Theatre restoration project aligns with the following Investment Area outcomes:
 - i) Good amenities and a quality urban environment are provided through a range of inclusive public places and spaces that make neighbourhoods liveable at different densities (Built Environment).
 - ii) The visitor economy and cultural development are enhanced through the delivery of major events and regional facilities, reflecting Auckland's cultural identity and boosting its global reputation as a destination. (Economic and Cultural Development)
104. The restored theatre, both in terms of its heritage value and its role as an arts venue, will enhance the quality of the urban environment and will provide opportunities to boost the visitor and cultural experience, as sought by these outcomes.

Climate impact statement

105. Council's climate goals as set out in Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan are:
 - i) to reduce greenhouse gas emissions to reach net zero emissions by 2050.
 - ii) to prepare the region for the adverse impacts of climate change.
106. At the time of the 2016 resolution to commit funding to the restoration of St James Theatre, information on 'whole of life' greenhouse gas emissions—encompassing embedded, operational, and end-of-life emissions—as well as the potential impacts of climate change on refurbishment activities were not readily available or required. However, there are still opportunities to consider mitigations to climate impacts such as projected increases in peak rainfall, higher temperatures, as well as greenhouse gas emissions over the theatre's lifespan.
107. Adaptive reuse of existing heritage buildings is an inherently sustainable approach, as it minimises embodied carbon emissions associated with new construction and reduces the amount of construction waste.

108. Any development of the St James site will result in additional carbon emissions due to the production of new materials, transport, construction processes, and operation of the refurbished building, but because the project is focused on retaining and rehabilitating the existing theatre, this would be considerably less than a new build of a similar scale. The project also provides an opportunity to improve the energy efficiency and performance of the theatre by upgrading its systems.
109. The DFA requires the theatre owner to comply where reasonably practicable with the 'Auckland Council Sustainable Procurement Framework', which should help keep sustainability (including climate impacts) front of mind as the project progresses.
110. Council officers will continue to encourage the theatre owner to consider future climate impact and mitigation in the design, demolition, build, and operation of the theatre restoration, using measures such as:
 - i) considering increases in peak rainfall and higher temperature over the theatre's lifespan and the opportunities to future proof the building, e.g. cladding, roofing, and sustainable ways to light, heat and cool the building envelope.
 - ii) greenhouse gas emissions can be reduced during the rebuild process by considering the design and material selection. The use of low carbon products, materials and processes can reduce resource use and greenhouse gas emissions.
 - iii) options to reduce, reuse, recycle waste throughout the refurbishment including the use of the original fittings and fixtures to reduce waste and emissions.

Council group impacts and views

111. To provide further context for elected members, council officers sought additional advice from Tātaki Auckland Unlimited on the market and commercial impact of the St James Theatre reopening, as well as the potential impacts on the wider performing arts venue network, particularly in the city centre. Advice was also sought from Eke Panuku on the potential urban regeneration impacts of the theatre restoration project.

Tātaki Auckland Unlimited – Performing Arts Context

112. The St James Theatre is a medium scale venue with a capacity between smaller venues such as Q Theatre and ASB Waterfront Theatre and larger venues such as the Civic Theatre and Kiri Te Kanawa Theatre in the Aotea Centre. Due to its historic nature and configuration, the St James also offers a flexibility of staging and seating formats missing from some other venues that could allow for hosting a greater variety of events.
113. The restoration of the St James Theatre (900-1,800 capacity) will increase the available theatre space for use in Auckland and serve to:
 - i) attract different types of content to the city that otherwise would not be staged in Tāmaki Makaurau Auckland
 - ii) ensure that performances are programmed in the most suitable venue for artist and audience experience.
114. The Broadway appeal of Queen Street would be regenerated by the return of the St James Theatre, with the iconic examples of vaudeville theatre (St James) and atmospheric theatre (The Civic) in close proximity likely to attract both domestic and international visitors and return the area to a thriving cultural, heritage and retail zone within the Aotea Arts Quarter.

115. Whilst the St James Theatre will provide a more suitable venue and better experience for some events currently not able to be presented in the city, the re-opening is also likely to have an impact on the occupancy rates of the Tātaki operated venues that are of a similar size, scale and configuration, as some promoters will choose a more intimate venue.
116. This will potentially have a detrimental commercial impact for council, given the likelihood that some content from the Tātaki managed venues would move to the St James Theatre and not be fully substituted, leading to a reduction in revenue for Tātaki.
117. A more detailed analysis prepared by Tātaki Auckland Unlimited is provided in **Attachment D**.

Eke Panuku – Urban Regeneration Context

118. The restoration of the St James Theatre aligns with the City Centre Masterplan's goals of creating a 'heritage-defined city centre' and promoting 'quality built form'. Situated in the Aotea Arts Quarter, the project aligns with the area's vision as "the civic, arts, and cultural heart for the people of Tāmaki Makaurau – Auckland" (Aotea Quarter Framework, 2016). It will enhance the Quarter's heritage character - which already includes the Civic Theatre and the Town Hall - and provide an accessible heritage anchor on the eastern side of Queen Street. The theatre restoration will contribute to the city's quality-built form, enriching the Waihorotiu Queen Street Valley experience.
119. Revitalising the Aotea Arts Quarter has been identified as a priority for the next phases of city centre regeneration. This has been a common theme among stakeholders and is supported by the City Centre Advisory Panel. The restoration of the St James Theatre can contribute to this revitalisation by increasing pedestrian activity on Queen Street and Lorne Street, thereby improving safety and enhancing the street experience. Increased activity from a live performance venue before and after events, along with planned activities in the area, will contribute to a vibrant public realm.
120. More holistically, restoration of the St James offers an opportunity to support the ongoing regeneration of the Arts Quarter and the Te Waihorotiu Station Neighbourhood. In combination with the theatre restoration, completion of the proposed apartment tower adjacent to the theatre site would further support the ongoing regeneration of this area. Conversely, if left undeveloped, these sites will continue to detract from the area's appeal and vibrancy.

Financial implications

121. The \$15M council contribution to the St James is budgeted for in the current 2024-2034 LTP. The \$15M would be debt funded, with an ongoing interest cost rising to around \$720,000 per annum. An independent quantity surveyor would be engaged at a cost of approximately \$100,000 over the life of the project, which is expected to take 30 months. This would be met from existing budgets.
122. By way of background, in 2011 Auckland Council established a Built Heritage Acquisition Fund with budget for the purposes of short-term purchase of heritage buildings with the intention of redevelopment and on sale. At the time of the 2016 resolution, it was envisaged that the \$15M contribution to the St James would come from this fund.
123. Reports from an independent quantity surveyor confirm that the \$33.9 million estimated to complete Phase 1 of the St James Theatre restoration is appropriate and well-managed, with effective risk mitigation measures in place.

Financial Risks

124. The key financial risks have been mitigated through several mechanisms:
- i) Cost Overruns: A 30% contingency fund of \$6.5 million has been allocated to reduce this risk. Payment structures are milestone-based, ensuring that costs are controlled and verified before disbursement.
 - ii) Project Delays: Delays could escalate costs, but the stringent oversight measures, such as monthly cost-to-complete reports, help mitigate this risk.
 - iii) Owner Default / Project Failure: The project's agreement to mortgage and caveat provides substantial financial protection for the Council, reducing the risk of financial loss should the project fail. The DFA also protects the Council's investment by requiring repayment of funds if the theatre owner defaults before completing key project milestones.
125. There is a risk that council could be asked for further funding to contribute to the capital project or the ongoing operation of the theatre. The DFA includes a suite of measures to ensure delivery of Phase 1, and specifies that any cost overruns will be the responsibility of the theatre owner, not council. Regarding the financial implications of different operational models (commercial lease vs. community run), at this stage no further council investment in the ongoing operation of the theatre is proposed.
126. The Governing Body would be consulted in the event that a funding shortfall develops during construction that requires additional council investment, and/or before entering into any operating model that requires ongoing public funding.

Risks and mitigations

Budget

127. A key risk for council was whether the proposed budget was sufficient to deliver Phase 1 of the restoration. The council has engaged an independent quantity surveyor to assist throughout the process and provide quality assurance to protect the public investment. The quantity surveyor has confirmed the initial budget of \$33.9M is sufficient for Phase 1 and will continue to monitor the budget during construction.
128. Preventing cost escalation and budget blowouts has been a major focus in developing the funding agreements. This risk has been reduced by including measures such as a generous contingency (approx. \$6.5M) and payments structured in arrears based on delivered milestones. Payment claims for each milestone must be accompanied by an engineer's report certifying achievement of agreed construction milestones. Claims will also be accompanied by a quantity surveyor's report confirming that there is enough funding remaining to complete the project.
129. Any cost overruns will be the responsibility of the theatre owner, not Council.

Delivery Risk and Delay

130. There is a risk that Phase 1 will not be delivered as agreed, both in terms of outcome and timeframe. This risk and associated mitigations are canvassed in detail under both the *Analysis and Advice* and *Financial Implications* sections, and therefore are not repeated here.

Owner's contribution

131. The DFA requires an investment by the owner of at least \$15M to match the council's contribution. The owner will need to provide certification of this expenditure, which will be validated by an independent quantity surveyor. Evidence of the theatre owner's funds spent will need to be provided both before accessing the public contribution (prior to any payments being made), and during the project as required.

Security

132. The DFA includes an agreement to mortgage as security for the funds. This is secured by a caveat to be registered on the title before any funding is advanced by Council to the owner.
133. There is further security for the funds pursuant to the termination clause contained in the DFA. This states that, in the event of default by the theatre owner before the substructure upgrade work is complete, the theatre owner must repay all funds paid out by the Council. If default happens after that point, the council may stop any further payments and can take action through the mortgage.

Final operating model

134. The final operating model for the theatre is yet to be determined. The theatre owner is confident that either a charitable trust or a commercial lease (or a hybrid between the two) would be feasible. The final operating model does not affect the structural and systems upgrade works, which need to be completed regardless of which operating model is chosen.
135. Selection of the final operating model will be made before Phase 1 is completed. A condition of the funding agreement is that the owner engage with stakeholders to ascertain which arts groups are interested in using the theatre. The council will be involved in any decision around the operating model and if required it will be reported to the Governing Body. Some of the milestones related to the interior fit out will not be able to be claimed until the operating model is confirmed, meaning there is incentive to sort this matter sooner rather than later.
136. As the operating model is developed, this provides a good opportunity to ensure that the arts and cultural events run through the St James are accessible for all Aucklanders and to consider how this could be opened to communities who currently are excluded from participation due to a range of barriers.

Tauākī whakaaweawe Māori Māori impact statement

137. In Kia Ora Tāmaki Makaurau (Māori Outcomes Framework), Kia ora te Ahurea (Māori Identity and Culture) includes the following performance measure that is most relevant to the St James Theatre restoration:
Number of events and programmes supported by the council group that showcases Māori identity and culture in Tāmaki Makaurau.
138. Restoration of the theatre will result in an increase in performance and event space which aligns with this measure, and could provide more opportunities for programmes that showcase Māori identity and culture. In particular:
 - i) The two free public events per year secured by the covenant are not specifically defined or allocated, so in any given year the council and/or Government could choose to offer one or both of these for cultural purposes, if desired.
 - ii) As part of the development of the operational model, there are opportunities for further engagement with mana whenua to explore potential partnership opportunities (including with mātāwaka and other Māori businesses and communities), which could benefit both Māori and the wider community.
139. The DFA includes several measures to ensure Māori interests are represented as the project progresses. There is a requirement for the owner to develop an interpretation strategy for the facility, which could include an opportunity to acknowledge the historical significance of the whenua through storytelling displayed on site, or giving the theatre a Te Reo Māori name, in consultation with mana whenua. There is also a requirement for the facility to operate in accordance with an appropriate tikanga plan, to be developed with mana whenua.

140. Any statutory issues related to the redevelopment of the entire site that may be of interest to Māori have been addressed through the resource consent process.

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

141. The Waitemata Local Board Plan 2023 contains the following position in regard to heritage buildings and specifically St James:

Ō Tātou Wāhi Our places

Waitematā is a great place to live, work, learn and play. Our neighbourhoods are well designed to be sustainable, well-connected, and celebrate our heritage and unique identities.

Preserving significant heritage buildings

Support the preservation of significant heritage buildings such as Carlile House, the former Fitzroy Hotel and St James Theatre.

142. For the purposes of this report no further feedback was requested.

Ngā koringa ā-muri Next steps

143. If council confirms the existing funding commitment, then the Government will be able to finalise their contribution and the theatre owner can meet the conditions that are required prior to the DFA becoming unconditional and any funding being advanced. This is not anticipated to be a lengthy process and is likely to take no more than a few weeks.
144. Works on site are expected to commence within 30 days after the agreement is declared unconditional. The owner has provided a draft programme of works, but this may change as the project progresses. Site establishment, final design work, and the Lorne Street repair works are the first steps.

Ngā tāpirihanga Attachments

No.	Title	Page
A	Map of St James Theatre & Apartment Site	
B	Auckland Council resolution FIN/2016/112	
C	Letter of intent from Relianz Holdings Ltd (apartment developer)	
D	Tātaki Auckland Unlimited - Analysis of current theatre capacity in the Aotea Arts Quarter & Auckland City Centre	
E	St James Working Party Meeting Minutes, 17 May 2024	

Ngā kaihaina Signatories

Authors	Rebecca Fox - Team Ldr Built Heritage Implementation Noel Reardon - Manager Heritage
Authorisers	Max Hardy - Director Group Strategy and Chief Executive Office Phil Wilson - Chief Executive

Summary of Governing Body and Committee information memoranda and briefings (including the Forward Work Programme) - 27 February 2025

File No.: CP2024/13084

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
10.12.24	Memorandum: Note on Council-controlled Organisation reform implementation
11.12.24	Action from Whau Local Board 4 December 2024 – Ban on the private sale and use of fireworks
13.12.24	Memorandum: Update on the merits and options for undertaking a joint review of the Local Government (Auckland Council) Act 2009
17.12.24	Action from Waiheke Local Board 11 December 2024 – Fireworks
16.1.25	Memorandum: November 2024 Financial Results and Dashboard
17.1.25	Memorandum: Public consultation on proposed updates to council's dog policy and bylaw, regional and local dog access rules, and cemeteries bylaw and code
23.1.25	Mayoral Report on Overseas Travel
14.2.25	Memorandum: Contributions Policy Update 2025 – summary of consultation feedback
20.2.25	Memorandum: Update on the status of initiatives related to Auckland's stadium network

4. 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’.

5. 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) – 27 February 2025.

Ngā tāpirihanga Attachments

No.	Title	Page
A	Forward Work Programme	
B	Memorandum: Note on Council-controlled Organisation reform implementation (<i>Under Separate Cover</i>)	
C	Action from Whau Local Board 4 December 2024 – Ban on the private sale and use of fireworks (<i>Under Separate Cover</i>)	
D	Memorandum: Update on the merits and options for undertaking a joint review of the Local Government (Auckland Council) Act 2009 (<i>Under Separate Cover</i>)	
E	Action from Waiheke Local Board 11 December 2024 - Fireworks (<i>Under Separate Cover</i>)	
F	Memorandum: November 2024 Financial Results and Dashboard (<i>Under Separate Cover</i>)	
G	Memorandum: Public consultation on proposed updates to council's dog policy and bylaw, regional and local dog access rules, and cemeteries bylaw and code (<i>Under Separate Cover</i>)	
H	Mayoral Report on Overseas Travel (<i>Under Separate Cover</i>)	
I	Memorandum: Contributions Policy Update 2025 – summary of consultation feedback (<i>Under Separate Cover</i>)	
J	Memorandum: Update on the status of initiatives related to Auckland's stadium network (<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

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: Auckland Council Group and Auckland Council Quarterly Performance Reports for the quarter ended 31 December 2024**

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)(j) - The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage. In particular, the report contains matters which are subject to NZX.	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.

C2 **CONFIDENTIAL: Chief Executive Annual Review (Covering report)**

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. s7(2)(i) - The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). In particular, the Governing Body will discuss the performance and remuneration of the Chief Executive.	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.