

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

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## Tira Hautū / Governing Body

### OPEN ATTACHMENTS

ADDITIONAL ATTACHMENTS  
UNDER SEPARATE COVER

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20 February 2025

Richard Leggat  
Chair  
Auckland Transport

**By email -** [REDACTED]

Tēnā koe Richard

### **Letter of Expectation for Statement of Intent for 2025 - 2028**

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2025-2028 of Auckland Transport.

It sets out common expectations across all council-controlled organisations (CCOs) in Part 1, and expectations specific to Auckland Transport in Part 2. It also reflects decisions made by Governing Body in December 2024 regarding CCOs (GB/2024/179), and my expectation that you will work with council to implement the government's transport reforms in Auckland

The content of this letter was approved by the Transport, Resilience and Infrastructure Committee on 13 February 2025, with delegation to the Mayor and Chair, Transport, Resilience and Infrastructure Committee to finalise and issue this letter of expectation.

The Transport, Resilience and Infrastructure Committee also approved extensions of the statutory deadlines for the SOI process, as is allowed in the Local Government Act 2002, Schedule 8, section 4. This means the due dates for the process are:

- date of submission of the draft SOIs is on or before 1 April 2025
- date for final submission of SOIs is on or before 31 July 2025.

Council looks forward to receiving a draft of the Auckland Transport SOI no later than 1 April 2025. We invite you to attend the April 2025 meeting of the Transport, Resilience and Infrastructure Committee to present your draft SOI and discuss how you have responded to the expectations set out in this letter. A calendar invitation will follow. The same invitation has been extended to the other CCO Chairs at the CCO Direction and Oversight Committee. Shareholder feedback on your draft SOI will be considered at the May 2025 Transport, Resilience and Infrastructure Committee.

Please liaise with CCO Governance staff about ensuring these dates can be met. Council will likely consider its shareholder feedback on your draft SOI at the Transport, Resilience and Infrastructure Committee meeting of 8 May 2025.

## **Part 1. Expectations of all CCOs**

### ***i. Focussing CCOs on delivery***

The CCO reform package approved by the Governing Body on 12 December 2024 seeks to realign and reinvigorate the CCO model, strengthen council's ability to support elected members to make integrated decisions, and ensure the Auckland Council Group is set up in the best way to deliver on its long-term plan and broader vision for Auckland.

In line with structural change decisions on CCO reform and pending transport legislative reform led by the Government, council will be assuming a greater role in setting strategy, planning and policy and CCOs will be refocussed on service delivery.

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-legislative change options has been requested in early 2025 and any additional requirements or changes arising from this will be communicated to CCOs.

CCOs are expected to work positively and collaboratively with council to effectively implement the structural and non-legislative change decisions on CCO reform. CCOs are also expected to support and actively engage in any section 17A, value for money and other reviews council may commission.

Auckland Council has established an investment area office to deliver to assist it in delivering outcomes for Aucklanders in priority investment areas in the Long-term Plan. Transport is a key investment area for Auckland Council. I expect Auckland Transport to work constructively with the transport investment area office, as well as supporting integrated development decision-making, delivered by departments in council

#### Attribution and branding

CCOs deliver services on behalf of council. However, it is not always clear to Aucklanders the correlation between activities and functions of the CCO and the council parent to which they pay their rates. In line with the overall desire to refocus CCOs on service delivery, CCOs are expected to provide greater attribution to the council in your public facing services, assets, amenities, communications and branding.

#### **ii. Accelerate implementation of group shared services**

As part of decisions on the 2024-2034 Long-term Plan (LTP), the Group Shared Services (GSS) board agreed the high-level scope of the functions including: technology services, people services, procurement services, corporate support services, data services, customer experience and digital services.

Auckland Transport should be active participants in Group Shared Services.

I also expect advice on integrating the back-office functions of marketing, legal and financial services with council's functions. We expect priority to be given to assessing legal services.

CCOs are expected to actively support the GSS board with accelerating the transition of functions to the GSS model. The GSS Board has been tasked with assessing the benefits (through business cases) for all eligible functions within Auckland Council and CCOs, with as many as possible to be completed by 1 July 2025. Thereafter, where business cases are favourable, the expectation is that all functions are shifted to GSS as soon as possible. Demonstrable progress must be evidenced through the movement of functions to GSS through 2025, noting that, as part of the business case approval process, the operating model for these functions is agreed at the GSS Board.

In some cases where there is a good reason for part of a function to stay within a CCO, it is still expected that CCOs will utilise common technology platforms or systems and be supported by GSS wherever possible. The expectation is that no new technology platforms or arrangements will be introduced or entered in to by Council or any CCO without the appropriate oversight and approval within GSS.

Council's chief executive has been asked to provide advice to the Governing Body about its options if insufficient progress has been made on GSS.

**iii. Delivering Auckland Council's commitment in Year 2 of the Long-term Plan and alignment to final Annual Budget 2025/2026**

CCOs are expected to focus on delivering year two of the LTP 2024-2034. This includes \$47 million of savings, on top of other savings targets agreed through previous plans and decisions. For Auckland Transport, this includes delivering a revised capital programme, updated following the Governing Body's decision on 24 October 2024 [GB/2024/150]. The revised programme focuses on funding essential and high priority projects and reflects a balanced approach to increases to renewals and smaller projects.

Council will commence public consultation on the draft Annual Budget 2025/2026 in late February 2025. Following consultation and deliberations, the final Annual Budget will be adopted in June 2025. Once this occurs, final SOIs (including financial information and performance measures) should be aligned with the final Annual Budget and the strategic priorities contained within.

**iv. Planning, delivery and paying for growth**

As outlined in the Mayor's Proposal for the draft Annual Budget 2025/2026, council continues to face issues around planning, delivery and paying for growth. The council has an adopted long-term growth plan – the Future Development Strategy. Based on this, the council will be developing a framework to support decision-making on growth related issues which takes an integrated group approach. This framework will help to identify necessary trade-offs and prioritisation. We are also increasing oversight over CCO planning and delivery to regional growth plans. All CCOs are expected to actively support and contribute to the development of this framework and its associated implementation.

**v. Procurement and effective spending**

Improving how council group procures and effectively spends ratepayers' money (particularly on capital projects) is an area of focus in 2025/2026. Effective delivery of capital works requires right sized and cost-effective solutions that will deliver outcomes for Aucklanders who will ultimately benefit from the investment. Suppliers find it hard to work with council and CCOs and the processes are too lengthy. To support improvements, CCOs are expected to align closely with a group approach to procurement where there are clear efficiencies and benefits to be gained, noting the existence of the group procurement function in GSS as an enabler for this.

Council's chief executive has established a team to drive improvements and will report back to the Revenue and Expenditure Committee by March 2025. CCOs are expected to actively contribute to and implement these improvements once agreed.

**vi. Continue upholding Auckland Council Group's Te Tiriti o Waitangi-derived obligations**

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):

- reporting on the delivery of the Auckland Transport Achieving Māori Outcomes (AMO) Plan as part of the Quarterly Performance Report. The reporting should include Key Performance Indicators (KPIs) to track progress over time.
- working with Ngā Mātārae regarding the review of the Māori Outcomes Fund and to implement the refreshed Kia Ora Tāmaki Makaurau framework and strategy. This includes contributing to the design of measures and preparing to align with the rest of the Auckland Council Group on AMO Plan development, monitoring and reporting for FY27 onwards.
- building strong partnerships with mana whenua and mataawaka. This includes aligning with Council's Mana ki te Mana approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake of each iwi and mataawaka entity by prioritising their needs and aspirations.

- working collaboratively with Auckland Council (Ngā Mātārae) and other Māori Outcomes specialists across the Council Group to take a whole-of-Council-Group approach to delivering outcomes for Māori. This includes participating in Auckland Council-led activities and hui such as the Kia Ora Tāmaki Makaurau Programme Delivery Board.

**vii. Quality, timely advice to Local Boards**

CCOs should provide timely, delivery focused, quality, concise advice to local boards and ensure local boards are engaged early on projects and decisions directly impacting their local area. Ensuring that local boards are provided with options where decision-making is required is also expected. This supports the More Empowered Local Boards proposal.

Legislative and CCO Reform will mean there are changes to the roles and responsibilities of local boards. We expect CCOs to work positively to implement forthcoming changes.

**viii. Climate change**

CCOs should continue to be guided by Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan by incorporating climate change considerations (whole of life greenhouse gas emissions and resilience) into work programmes and decisions.

**ix. Compliance with Statement of Expectations of substantive CCOs**

CCOs should adhere to the Statement of Expectations of substantive CCOs (<https://www.aucklandcouncil.govt.nz/about-auckland-council/how-auckland-council-works/council-controlled-organisations/stakeholderupdates/cco-statement-expectations.pdf>), which explains how CCOs should conduct their business and manage their relationships with 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.

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 council of any conversation with the government on any new proposal or legislative reform. These engagements should be summarised in your quarterly reporting.

In responding to council's requests or initiating new programmes, CCOs should consider their role in the group and not just activities that benefit their purpose. CCOs are part of the Auckland Council group and are expected to operate in ways which contribute to the success of the group as a whole and do not create risks for the council group. This extends to the open sharing of information where that is required to achieve outcomes or for legal purposes.

**x. Asset Management Planning in preparation for the LTP 2027-2037**

CCOs are expected to deliver a draft asset management plan (AMP) covering existing and planned assets to inform the development of the LTP 2027-2037. The draft AMP should be available in February 2026 to contribute to the development of the LTP 2027-2037.

Key expectations for the draft AMP are:

- planning covers at least 30 years and is based on whole-of life costings.
- group alignment on population assumptions.
- delivery of your risk appetite is a base assumption of planning
- demonstration of a sustainable approach to renewals and maintenance
- cost forecasts are linked directly to existing levels of service
- spatial presentation of asset condition data (key asset groupings and asset criticality), and growth capex need (identifying location of investment and/or catchment of benefit) is included
- strategic alignment is demonstrated as set out in the Strategic Investment Framework for Infrastructure 2024
- participation in the Investment Impact Assessment for each Annual Budget and the 2027 LTP.

AMP prioritisation aligns with the Investment Hierarchy (as set out in the Long-term Plan 2024-2034), where investments with lower long-term costs are preferred.

Further detail and guidance on the AMP expectations above will be provided in early 2025. CCOs are expected to work with Auckland Council's Infrastructure Strategy and Asset Management System teams on the development of AMPs.

## Part 2. Key expectations of Auckland Transport

In summary, the council's key expectations of Auckland Transport are as follows:

### ***xi. Work with council on government transport reform for Auckland***

I expect you to work with council to prepare for and enable the proposed legislative reform announced on the 3 December 2024. Legislation change will enable:

- strategy, policy and planning functions to return to Auckland Council
- establishment of a new Auckland Regional Transport Committee with a focus on long-term, integrated transport planning
- Auckland Council to assume the role of Road Controlling Authority
- greater local decision-making over certain transport decisions for local streets and neighbourhoods
- Auckland Transport to be retained as a CCO focused on delivering transport projects and services (as decided by Auckland Council).

I would appreciate it if all communications regarding these reforms could be directed through Auckland Council. I do not expect separate engagement with the government on this matter. For transparency, all engagement should be recorded and noted in your quarterly performance reports to council.

These changes are substantial and will necessitate a thorough, joint process for effective implementation. To provide staff with clarity and assurance, Auckland Council may consider pursuing a more accelerated timeline with the government. I expect Auckland Transport to accommodate any necessary adjustments to the timeline, where feasible.

Similar to the non-legislative reform options noted below, I expect complete, open and timely process around the transfer of information.

The Minister has signalled the intention for local boards to be given greater transport responsibilities. We will need to work closely to understand the implications of and plan for this.

### ***xii. Non-legislative reform changes***

As part of the future operating model arising from CCO reform decisions, I have asked for advice from council's chief executive on the:

- principles to guide council's approach to transport reform that reflect the overall intention of this CCO reform package and legislative change
- detailed analysis about how transport functions could be delivered in the future state
- a proposed phased approach to implementation prior to legislation being enacted

This advice is to be prepared in parallel to the government's legislative process (discussed above).

Auckland Council has appointed a transition director, David Rankin to execute the broader CCO Reform programme, including transport reform. Megan Tyler will be the sponsor of this workstream. They will need to work closely with Auckland Transport staff and I expect positive and proactive engagement with them.

I expect Auckland Transport to actively support and provide full cooperation with council in the development of this advice and its associated implementation, pending Governing Body decisions. This includes the provision of timely information when requested by council. I also expect a complete and open process around the transfer of information as and when it is requested.



**xiii. Continue to progress the council's priorities for Auckland Transport**

The last two letters of expectations have outlined council's expectation for you to:

- continue work to change how they interact with Aucklanders and listen to Aucklanders
- get the most out of the existing transport network, e.g. implement dynamic lanes, network optimisation, time of use charging, signal improvements
- improve temporary traffic management, reduce its impact and seek revenue and improve open road traffic management to ensure it is removed when works are complete
- take direction and oversight from council
- support development of the Auckland Integrated Transport Plan
- reduce delays incurred by utilities & developers when working with Auckland Transport
- implement low-cost opportunities to complete the cycling network, and continuing to focus on completing existing links with minimal disruption
- reduce AT's cost to Council
- seek cheaper and more flexible alternatives for road safety furniture

I expect you to continue to focus on these priorities and indicate in your statement of intent how you will be delivering on these.

**xiv. Seek regional and local elected member input on matters of high public interest**

I expect Auckland Transport to seek input from elected members on matters of high public interest, like the setting of private share. I am aware that the government will be introducing new requirements for the farebox recovery ratio.

In all matters of high public interest or affecting large numbers of Aucklanders, I expect you to keep the council informed on any consequences, and for this to be initiated at the start of your considerations and not just at the end. Examples of this would include matters such as the Victoria and Federal St intersection changes, and ways to traverse the CBD east to west by car.

**xv. Further work is needed to improve communication to customers**

Auckland Transport must continue to improve communication to customers about the transport system, particularly in the coming year due to rail disruptions. This is a critical factor that impacts the experiences of transport users, and it is essential that information provided is reliable and up-to-date across all communication channels. Given the forecasted disruptions on the rail network and changes to the rail and bus system to support the City Rail Link, clear communications will be vital.

To be clear, I want you to refocus communications and marketing activities on basic customer communications (especially for public transport) and away from promotion of Auckland Transport's brand and successes.

**xvi. Implementation of mega projects like the City Rail Link (CRL) and Eastern Busway**

As the CRL construction work winds down, the role of Auckland Transport within the project will increase and day-1 readiness will become a stronger focus. This includes removing level crossings required for day-1, asset testing, acceptance, station and precinct readiness, driver training, way finding and passenger transport operations. I expect to see a clear programme through to day-1, with regular reporting to the Transport, Resilience and Infrastructure Committee.

As part of delivering to day-1 and to ensure we get the most efficient use out of our investment we expect you to work with Auckland One Rail and KiwiRail to decrease planned dwell times at stations and report on progress as part of your quarterly performance reporting.



Ensuring that we accurately assess and capture the benefits of these initiatives will both require Auckland Transport to input into the benefit realisation methodology and in some instances be responsible and owner of some of the benefits.

**xvii. *More detail is required on the methodology for your statement of intent measures and targets***

As Auckland Transport transitions to being more of a delivery agency, I expect you to provide council and the public with your methodology, how your measures are calculated and the assumptions that underpins them.

Auckland Transport has undertaken to provide council with improved capital expenditure and value for money measures. I expect this to be included in your statement of intent. Merely reporting the percentage spent is not an informing statistic.

I also expect a measure that sets out the "Percentage of critical assets in poor or very poor condition (by asset count)". A breakdown of this data by traffic signals, PT, structures and road pavements is also expected.

**xviii. *Planning and paying for growth***

My Mayoral Proposal notes that by bringing the policy and planning for infrastructure, economic development, land use regulation and urban regeneration into council, will help to bring a more integrated, coordinated and properly prioritised investment. While we transition, I expect any growth-related decisions made by Auckland Transport are canvassed with Auckland Council staff and elected members.

**xix. *Auckland Transport's commitment to the Water Strategy and stormwater plans***

The roading network is Council's biggest stormwater asset. Auckland Transport has an important role in managing and reducing the environmental impacts of stormwater quality. I expect you to align with the outcomes sought the Council's Water Strategy and ensure that water quality outcomes are included in your delivery programme.

The Local Government (Water Services Preliminary Arrangements) Act requires Auckland Council to have a Water Service Delivery Plan for stormwater. The new water reform bill proposes that territorial authorities must prepare stormwater network risk management plans to identify any hazards and assess risk relating to the network in the district. I expect Auckland Transport to provide any necessary input, in a timely manner, into the development and implementation of these plans.

I also expect Auckland Transport to enter into Service Level Agreements with Auckland Council in relation to stormwater and to keep these Agreements current with changes coming from water reform. This will help ensure that the community has clarity of roles and responsibilities for the variety of stormwater services and asset in Auckland.

I would expect to see Auckland Transport comply with any new standards that might be applied to stormwater because of regulation implemented in the new water reform bill. If consultation is required on draft standards, Auckland Council will take the lead on this, seeking your specialist advice and input.

**xx. *Auckland Transport's subcommittee agendas should be published***

With Auckland Transport's board meeting six times a year, and Auckland Transport's subcommittees playing an important governance role, I expect the agenda items for each subcommittee to be published online, and reports to be included in an open agenda (unless there are valid Local Government Official Information and Meetings Act 1987 reasons for exclusion).

Council looks forward to receiving a draft of the Auckland Transport SOI no later than 1 April 2025. AT's SOI 2025-2028 needs to set out in more detail its initiatives, including milestones for which we can assess performance.

Staff are available to expand aspects of this letter if required. Please contact Alastair Cameron, Manager, CCO Governance and External Partnerships to discuss.

Ngā mihi,



Wayne Brown  
**MAYOR OF AUCKLAND**

**Copy to:**

*Councillor Andrew Baker*  
*Dean Kimpton*  
*Alastair Cameron*

*Chair, Transport and Infrastructure Committee*  
*Chief Executive, Auckland Transport*  
*Manager, CCO Governance and External Partnerships*

Item 15

Attachment B



20 February 2025

Vicki Salmon  
Chair  
Tātaki Auckland Unlimited

**By email** [REDACTED]

Tēnā koe Vicki

### **Letter of Expectation for Statement of Intent 2025-2028**

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2025-2028 of Tātaki Auckland Unlimited (Tātaki).

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to Tātaki. It also reflects decisions made by Governing Body in December 2024 regarding CCOs (GB/2024/179).

The content of this letter was approved by the CCO Direction and Oversight Committee on 11 February 2025, with delegation to me, the Deputy Mayor (as your Lead Councillor) and Councillor Henderson as the Chair of the Committee to finalise and issue this letter of expectation.

The CCO Direction and Oversight Committee has also approved extensions of the statutory deadlines for the SOI process, as is allowed in the Local Government Act 2002, Schedule 8, section 4. This means the due dates for the process are:

- date of submission of the draft SOIs is on or before 1 April 2025
- date for final submission of SOIs is on or before 31 July 2025

Council looks forward to receiving a draft of the Tātaki SOI no later than 1 April 2025. We invite CCO Chairs to attend the April 2025 meeting of the CCO Direction and Oversight Committee to present their draft SOIs and discuss how they have responded to the expectations set out in their letters. A calendar invitation will follow.

Please liaise with CCO Governance staff about ensuring these dates can be met. Council will likely consider its shareholder feedback on draft SOIs (except for Auckland Transport) at the CCO Direction and Oversight Committee meeting of 13 May 2025.

#### **Part 1. Expectations of all CCOs**

##### ***i. Focussing CCOs on delivery***

The CCO reform package approved by the Governing Body on 12 December 2024 seeks to realign and reinvigorate the CCO model, strengthen council's ability to support elected members to make integrated decisions, and ensure the Auckland Council Group is set up in the best way to deliver on its long-term plan and broader vision for Auckland.

In line with structural change decisions on CCO reform for Tātaki Auckland Unlimited (bringing economic development functions in-house), disestablishment of Eke Panuku and bringing all functions in-house and pending transport legislative reform led by the Government for Auckland Transport, council will be assuming a greater role in setting strategy, planning and policy and these CCOs will be refocussed on service delivery. For Eke Panuku and Tātaki Auckland Unlimited, these structural changes are expected to be in place by 1 July 2025.

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.

CCOs are expected to work positively and collaboratively with council to effectively implement the structural and non-structural change decisions on CCO reform. CCOs are also expected to support and actively engage in any section 17A, value for money and other reviews council may commission, as well as supporting integrated development decision-making, delivered by departments in council.

#### Attribution and branding

CCOs deliver services on behalf of council. However, it is not always clear to Aucklanders the correlation between activities and functions of the CCO and the council parent to which they pay their rates. In line with the overall desire to refocus CCOs on service delivery, CCOs are expected to provide greater attribution to the council as the policy maker and funder in their public facing services, assets, amenities, communications and branding.

For Tātaki I expect a clear name that reflects what you actually deliver for Aucklanders.

#### **ii. Accelerate implementation of group shared services**

As part of decisions on the Long-term Plan (LTP) 2024-2034, the Group Shared Services (GSS) board agreed the high-level scope of the functions including; technology services, people services, procurement services, corporate support services, data services, customer experience and digital services.

Tātaki should be active participants in Group Shared Services.

CCOs are expected to actively support the GSS board with accelerating the transition of functions to the GSS model. Council's chief executive has been tasked assessing the benefits (through business cases) for all eligible functions within Auckland Council and CCOs, with as many as possible to be completed by 1 July 2025. Thereafter, where business cases are favourable, the expectation is that all functions are shifted to GSS as soon as possible. Demonstrable progress must be evidenced through the movement of functions to GSS through 2025, noting that, as part of the business case approval process, the operating model for these functions is agreed at the GSS Board.

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- building strong partnerships with mana whenua and mataawaka. This includes aligning with Council's Mana ki te Mana approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake of each iwi and mataawaka entity by prioritising their needs and aspirations.
- work collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the Council Group to take a whole-of-Council-Group approach to delivering outcomes for Māori. This includes continuing to participate in Auckland Council-led activities and hui such as the Kia Ora Tāmaki Makaurau Programme Delivery Board.

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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 council of any conversation with the government on any new proposal or legislative reform. These engagements should be summarised in your quarterly reporting.

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**x. Asset Management Planning in preparation for the LTP 2027-2037**

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- cost forecasts are linked directly to existing levels of service
- spatial presentation of asset condition data (key asset groupings and asset criticality), and growth capex need (identifying location of investment and/or catchment of benefit) is included
- strategic alignment is demonstrated as set out in the Strategic Investment Framework for Infrastructure 2024
- participation in the Investment Impact Assessment for each Annual Budget and the 2027 LTP

Further detail and guidance on the AMP expectations above will be provided in early 2025. CCOs are expected to work with Auckland Council's Infrastructure Strategy and Asset Management System teams on the development of AMPs.

**ix. Investment area office**

Auckland Council has established an investment area office to assist it with delivering outcomes for Aucklanders in priority investment areas in the Long-Term Plan. Economic and cultural development is a key investment area for Auckland Council. I expect Tātaki to work constructively with the economic and cultural development investment area office.

**Part 2. Key expectations of Tātaki Auckland Unlimited**

In summary, the council's key expectations of Tātaki are as follows:

**i. Destination and major events strategy and policy sits with council**

Structural change decisions on CCO reform agreed by the Governing Body on 12 December 2024 see the retention of the destination and major events function with Tātaki. However, the Governing Body was clear that strategy and policy for this function is a council responsibility, with clear priorities and metrics to be set for the delivery agency (Tātaki). As such any plans for Tātaki to lead a refresh of the current DestinationAKL 2025 strategy or the Auckland Major Events Strategy 2015-2025 should be paused until further direction from council. Tātaki's expertise will be sought in any refresh of these documents.

**ii. Consolidation of events and activation activity**

As part of the future operating model arising from CCO reform decisions, advice is sought from council's chief executive on the consolidation of all group events and major activation functions to remove any duplication and build a dedicated Auckland events delivery function within Tātaki. Careful thought will be given to local events and how we continue to enable that activity to be delivered the way local communities and local boards expect.

Options are also sought on how Aucklanders can be provided with greater clarity and focus on council's role as policymaker and funder of major events. This should include a potential name change for Tātaki, so that Aucklanders can better understand what you deliver. A sensible suggestion would be 'Auckland Council Events'.

Tātaki is expected to actively support and contribute to the development of this advice and its associated implementation, plus advice on how Tātaki can develop and inform the public on a comprehensive calendar of all events in Auckland, particularly those with any council involvement.

**iii. Evaluation of major events**

Any refresh of the Auckland Major Events Strategy (led by council) will need to consider key questions such as why council seeks major events, the outcomes desired from them, how much risk council wishes to take and the measures and targets by which Tātaki should be held to account as the delivery agency.

Tātaki should focus on cost benefit analysis to evaluate decisions about major events funding on the basis of net regional benefits. This is a move away from traditional economic impact assessment approaches. Council notes that cost benefit analysis is also utilised by New Zealand Major Events to evaluate performance.

**iv. Funding of destination and major events activity**

On 4 December 2024, through the draft Annual Plan 2025/2026, council agreed to publicly consult in principle on a bed night visitor levy to fund major events and destination marketing activity, subject to necessary legislation being enacted.

It was agreed that public consultation material should include details of a proposed regionally applied bed night visitor levy of 2.5 to 3 per cent, to raise around \$27 million per annum to fund major events and destination marketing activity. The consultation material will outline the alternative options as included in staff advice and Budget Committee agenda report.

As you are aware, without the introduction of a bed night visitor levy there will be a budget gap of \$7 million for 2025/2026 for the funding of major events. Pending outcomes of the consultation process and decisions on the final Annual Plan 2025/2026, Tātaki may need to reduce its 2025/2026 major events portfolio and this will consequentially need to flow through into your final Statement of Intent 2025-2028.

**v. Council oversight on stadiums**

One of the non-structural initiatives outlined in the CCO reform staff advice was to provide strategic and policy direction in key areas where there are gaps. In the case of stadiums, it is important for council to assume greater responsibility for strategic direction and stakeholder management.

There are several stadium related matters (including main stadium feasibility studies and a stadium investment plan that council will be considering in 2025 and as such timing and sequencing of these will be important. Tātaki has existing knowledge, relationships, and expertise that can support council to develop a more strategic approach to the use of our regional stadium and venue network.

In line with earlier resolutions of the Governing Body (30 October 2024), council expects that any further decisions on the future of Western Springs (following the expression of interest process that Tātaki has conducted) come before the Governing Body and involve adequate engagement with the Governing Body.



Tātaki is expected to engage regularly with council staff on Go Media Stadium master planning and progress with the expression of interest process for operation of some or all of the activity at North Harbour Stadium and Domain Precinct.

**vi. Alliance of council funded cultural organisations and Tātaki**

On 26 September 2024 the Governing Body endorsed the recommendations of the Arts, Sports, Social, and Community Political Working Group. Amongst these recommendations was an alliance of council funded cultural organisations, acknowledging that Tātaki has already been providing leadership in this area to achieve efficiencies and improved outcomes for the sector.

The Political Working Group recommendations tasked Tātaki with leading discussions with the relevant cultural organisation to agree shared key performance indicators (KPIs). This is to allow the council to understand how its funding is being utilised to achieve key outcomes, better measure impact and provide stronger accountability for the investment council makes on behalf of ratepayers. The Tātaki board is expected to report back to council in time for the KPIs to be included in the cultural organisations' Annual Plans 2025/2026.

Staff are available to expand aspects of this letter if required. Please contact Alastair Cameron, Manager CCO Governance and External Partnerships to discuss.

Ngā mihi,



Wayne Brown  
**MAYOR OF AUCKLAND**

**Copy to:**

<i>Deputy Mayor Desley Simpson</i>	<i>Lead Councillor</i>
<i>Councillor Shane Henderson</i>	<i>Chair, CCO Direction and Oversight Committee</i>
<i>Nick Hill</i>	<i>Chief Executive, Tātaki Auckland Unlimited</i>
<i>Alastair Cameron</i>	<i>Manager CCO Governance and External Partnerships</i>



20 February 2025

Geoff Hunt  
Chair  
Watercare Services Limited

**By email** - [REDACTED]

Tēnā koe Geoff

### **Letter of Expectation for Statement of Intent for 2025 - 2028**

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2025-2028 of Watercare Services Limited (**Watercare**).

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to Watercare. It also reflects decisions made by Governing Body in December 2024 regarding CCOs (GB/2024/179).

The content of this letter was approved by the CCO Direction and Oversight Committee on 11 February 2025, with delegation to me, Councillor Henderson and Councillor Turner (as your Lead Councillor) to finalise and issue this letter of expectation.

The CCO Direction and Oversight Committee also approved extensions of the statutory deadlines for the SOI process, as is allowed in the Local Government Act 2002, Schedule 8, section 4. This means the due dates for the process are:

- date of submission of the draft SOIs is on or before 1 April 2025
- date for final submission of SOIs is on or before 31 July 2025.

Council looks forward to receiving a draft of the Watercare SOI no later than 1 April 2025. We invite CCO Chairs to attend the April 2025 meeting of the CCO Direction and Oversight Committee to present their draft SOIs and discuss how they have responded to the expectations set out in their letters. A calendar invitation will follow.

Please liaise with CCO Governance staff about ensuring these dates can be met. Council will likely consider its shareholder feedback on draft SOIs (except for Auckland Transport) at the CCO Direction and Oversight Committee meeting of 13 May 2025.

### **Part 1. Expectations of all CCOs**

#### ***i. Focussing the CCOs on delivery***

The CCO reform package approved by the Governing Body on 12 December 2024 seeks to realign and reinvigorate the CCO model, strengthen council's ability to support elected members to make integrated decisions, and ensure the Auckland Council Group is set up in the best way to deliver on its long-term plan and broader vision for Auckland.

Watercare was out of scope for structural change within the reform. Council decided to bring in-house economic development functions from Tataki Auckland Unlimited, disestablish Eke Panuku and bring all its functions in-house and pending transport legislative reform led by the Government for Auckland Transport. Council will be assuming a greater role in setting strategy, planning and policy and these CCOs will be refocused on service delivery. For Eke Panuku and Tataki Auckland Unlimited, the structural changes are expected to be in place by 1 July 2025.

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.

CCOs are expected to work positively and collaboratively with council to effectively implement the structural and non-structural change decisions on CCO reform. CCOs are also expected to support and actively engage in any section 17A, value for money and other reviews council may commission, as well as supporting integrated development decision-making, delivered by departments in council.

Attribution and branding

CCOs deliver services on behalf of council. However, it is not always clear to Aucklanders the correlation between activities and functions of the CCO and the council parent to which they pay their rates. In line with the general desire to refocus CCOs on service delivery, CCOs are expected to provide greater attribution to the council as the shareholder, policy maker or funder in their public facing services, assets, amenities, communications and branding.

**ii. Accelerate implementation of group shared services**

Watercare must be active participants in Group Shared Services, in order to focus your efforts on core business activities.

As part of decisions on the Long-term Plan 2024-2034 (LTP), the Group Shared Services (GSS) board agreed the high-level scope of the functions including; technology services, people services, procurement services, corporate support services, data services, customer experience and digital services.

CCOs are expected to actively support the GSS board with accelerating the transition of functions to the GSS model. Council's chief executive has been tasked with assessing the benefits (through business cases) for all eligible functions within Auckland Council and CCOs, with as many as possible to be completed by 1 July 2025. Thereafter, where business cases are favourable, the expectation is that all functions are shifted to GSS as soon as possible. We understand the importance of services provided by GSS to Watercare being commercial and on arms-length terms with written contracts and suitable charge-back models. These elements are not unique to a council shared service model and Watercare is expected to move at pace to leverage the opportunity provided by GSS. Further, there is benefit for Watercare to leverage the expertise that GSS has so that Watercare can focus on its core services and key priorities leading up to full financial separation.

Demonstrable progress must be evidenced through the movement of functions to GSS through 2025, noting that, as part of the business case approval process, the operating model for these functions is agreed at the GSS Board.

In some cases where there is a good reason for part of a function to stay within a CCO, it is still expected that CCOs will utilise common technology platforms or systems and be supported by GSS wherever possible. The expectation is that no new technology platforms or arrangements will be introduced or entered in to by Council or any CCO without the appropriate oversight and approval within GSS.

**iii. Delivering year two of the Long-term Plan 2024-2034**

CCOs are expected to focus on delivering year two of the LTP 2024-2034.

Council will commence public consultation on the draft 2025/2026 Annual Budget in late February 2025. Following consultation and deliberations, the final Annual Budget will be adopted in June 2025.

**iv. Planning, delivery and paying for growth**

As outlined in the Mayor's Proposal for the draft Annual Plan 2025/2026, council continues to face issues around planning, delivery and paying for growth. Council will be developing a framework to support decision-making on growth related issues which takes an integrated group approach. This framework will help to identify necessary trade-offs and prioritisation. We are also increasing oversight over CCO planning and delivery to regional growth plans. CCOs are expected to actively support and contribute advice and expertise to the development of this framework and its associated implementation. I also note the requirements of the 'capital delivery and planned asset management improvements plan' and 'pricing reform roadmap' required under Watercare's interim economic regulation.

**v. Procurement and effective spending**

Improving how the council group procures and effectively spends ratepayers' money (particularly on capital projects) is an area of focus in 2025/2026. Effective delivery of capital works requires right sized and cost-effective solutions that will deliver outcomes for Aucklanders who will ultimately benefit from the investment. Suppliers find it hard to work with council and the processes are too lengthy. To support improvements, CCOs are expected to align closely with a group approach to procurement where there are clear efficiencies and benefits to be gained, noting the existence of the group procurement function in GSS as an enabler for this.

Council's chief executive has established a team to drive improvements and will report back to the Revenue and Expenditure Committee by March 2025. CCOs are expected to actively contribute to and implement these improvements once agreed. Even though Watercare does not receive rates funding, the expectation is that you will evaluate value for money of all your expenditure.

**vi. Continue upholding Auckland Council Group's Te Tiriti o Waitangi-derived obligations**

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):

- reporting on the delivery of Achieving Māori Outcomes (AMO) Plans as part of the Quarterly Performance Report. The reporting should include Key Performance Indicators (KPIs) to track progress over time.
- working with Ngā Mātārae regarding the review of the Māori Outcomes Fund and to implement the refreshed Kia Ora Tāmaki Makaurau framework and strategy. This includes contributing to the design of measures and preparing to align with the rest of the Auckland Council Group on AMO Plan development, monitoring and reporting for FY27 onwards.
- building strong partnerships with mana whenua and mataawaka. This includes aligning with Council's Mana ki te Mana approach to Māori engagement, where relationships take precedence over issues or projects. This approach respects the unique mana motuhake of each iwi and mataawaka entity by prioritising their needs and aspirations.

- working collaboratively with Ngā Mātārae and other Māori Outcomes specialists across the Council Group to take a whole-of-Council-Group approach to delivering outcomes for Māori. This includes continuing to participate in Auckland Council-led activities and hui such as the Kia Ora Tāmaki Makaurau Programme Delivery Board.

**vii. Quality advice to Local Boards**

CCOs should provide timely, delivery focused, quality, concise advice to local boards and ensure local boards are engaged early on projects and decisions directly impacting their local area. This supports the More Empowered Local Boards proposal, consistent with council's shared governance model.

**viii. Climate change**

CCOs should continue to be guided by *Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan* by incorporating climate change considerations (whole of life greenhouse gas emissions and resilience) into work programmes and decisions.

**ix. Compliance with Statement of Expectations of substantive CCOs**

CCOs should adhere to the Statement of Expectations of substantive CCOs, which explains how CCOs should conduct their business and manage their relationships with 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.

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 council of any conversation with the government on any new proposal or in the case of Auckland Transport, legislative reform. These engagements should be summarised in your quarterly reporting.

In responding to council's requests or initiating new programmes, CCOs should consider their role in the group and not just activities that benefit their purpose. CCOs are part of the Auckland Council group and are expected to operate in ways which contribute to the success of the group as a whole and do not create risks for the council group. This extends to the open and sharing of information where that is required to achieve outcomes or for legal purposes.

**x. Asset Management Planning in preparation for the 2027 LTP**

CCOs are expected to deliver a draft asset management plan (AMP) covering existing and planned assets to inform the development of the 2027 LTP. The draft AMP should be available in February 2026 to contribute to the development of the 2027 LTP.

Key expectations for the draft AMP are:

- planning covers at least 30 years and is based on whole-of life costings
- group alignment on population assumptions.
- delivery of your risk appetite is a base assumption of planning
- demonstration of a sustainable approach to renewals and maintenance
- cost forecasts are linked directly to existing levels of service
- spatial presentation of asset condition data (key asset groupings and asset criticality), and growth capex need (identifying location of investment and/or catchment of benefit) is included
- strategic alignment is demonstrated as set out in the Strategic Investment Framework for Infrastructure 2024
- participation in the Investment Impact Assessment for each Annual Budget and the 2027 LTP

- AMP prioritisation aligns with the Investment Hierarchy (as set out in the Long-term Plan 2024-2034), where investments with lower long-term costs are preferred.

Further detail and guidance on the AMP expectations above will be provided in early 2025. CCOs are expected to work with Auckland Council's Infrastructure Strategy and Asset Management System teams on the development of AMPs.

**ix. Investment area office**

Auckland Council has established an investment area office to assist it with delivering outcomes for Aucklanders in priority investment areas in the Long-Term Plan. Drinking water, wastewater and stormwater is a key investment area for Auckland Council. I expect Watercare to work constructively with the water, wastewater and stormwater investment area office.

**Part 2. Key expectations of Watercare**

In summary, the council's key expectations for Watercare are as follows:

- Successful implementation of Local Water Done Well, including financial separation, compliance with interim economic regulation and the implementation of new arrangements for water services
- Implementation of the Auckland Water Strategy
- Alignment of growth planning and delivery
- Improved oversight and accountability of CCOs
- Adherence to no surprises

**Implementation of the Auckland solution for Local Water Done Well**

Council's agreement with the Government for an Auckland solution within the Local Done Well policy was based on council's proposal that enabled Watercare's balance sheet separation from council so that Watercare can undertake the required investment in water and wastewater infrastructure and keep prices affordable to customers.

*(i) Financial separation*

Following financial separation of Watercare from council on 1 July 2025, Watercare will take on debt in its own name and is expected to successfully raise capital to fund the investment approved under the Watercare charter and to meet repayment obligations of approximately \$4.2 billion to council which will be finalised in the Transitional Debt Facility Agreement between the council and Watercare.

*(ii) Compliance with interim economic regulation*

The council expects Watercare to meet the performance and reporting requirements of the Watercare Charter (**Charter**) which will be formalised through Order in Council early in 2025 and apply from 1 April 2025 to 30 June 2028. The Charter includes minimum service quality standards for water and wastewater and financial performance objectives.

We note the minimum service quality standards are:

Water supply

- median response time for resolution at urgent water callouts is  $\leq 5$  hours
- median response time for resolution at non-urgent water callouts is  $\leq 6$  days
- unplanned water interruptions per 1,000 connections is  $\leq 10$
- leakage from the network, with a target based on total volume of water loss currently being developed by the Department of Internal Affairs.

### Wastewater

- dry-weather sewerage overflows per 1,000 connections is  $\leq 5$
- median sewer overflow resolution time is  $\leq 5$  hours

Watercare is to maintain an investment grade credit rating and meet the annual maximum revenue cap set through the price path of 7.2 per cent increase in water and wastewater charges and a minimum 15.5 per cent increase in infrastructure growth charges in 2025/2026.

Under the price-quality path of the Charter Watercare will also be required to report on a broader range of service quality measures and targets.

It also includes the following performance requirements. I expect Watercare to develop the following three plans in close consultation with council to meet council's objectives where possible and seek formal guidance from council where appropriate.

### Plan for infrastructure growth charges

- A pricing reform roadmap on the proposed approach to review and implement a new methodology for determining infrastructure growth charges and the consequential implications for water and wastewater tariffs, for the Crown Monitor's review and comment by 30 September 2025. Following this a new infrastructure growth charging methodology would be finalised in 2026/27 for implementation by 1 July 2027.
- Council supports Watercare implementing full recovery of the costs of growth as outlined in previous letters of expectations.

### Plan for operating cost efficiencies

- A draft operating cost efficiency improvement plan (2025-2028) to support Watercare's four per cent annual operational efficiency target to be provided by 31 December 2025 for the Crown Monitor's feedback. Council expects the Group Shared Services model to be reflected in this plan.

### Plan for capital delivery and planned asset management improvements

- Watercare is to develop a draft 'capital delivery and asset management improvement plan' by 31 August 2025, for the Crown monitor's feedback, and finalise the plan by 31 December 2025.
- Council looks forward to continued focus on capital delivery and to seeing the impact of Watercare's improvement plan in reports on the council group annual asset management maturity.

I expect Watercare to provide Auckland Council with all reporting to the Crown Monitor and to give Auckland Council early notice in the event of any unforeseen incident that impacts on your ability to meet the requirements of the Charter.

### (iii) *New enduring arrangements for water services*

Watercare should implement the requirements of the Local Government (Water Services) Bill (**Bill**) when enacted in mid-2025. The Bill provides the new water services delivery system and the new enduring economic regulation and consumer protection regime for water services.



### **Implementation of the Auckland Water Strategy**

Watercare should continue to collaborate with Auckland Council to implement the Auckland Water Strategy, including continuing to:

- proactively plan for climate change and diverse water supply, including wastewater reuse
- install smart meters and achieve per capita water use targets.

### **Alignment of growth planning and delivery**

Watercare should continue to build on recent improvements in the alignment with council's position in relation to private plan changes that do not conform with the Future Development Strategy. Watercare's input will be needed to the Housing and business development capacity assessment and update to Future Development Strategy.

### **Improved oversight and accountability of CCOs**

While Watercare was out of scope of the structural elements of CCO reform, the expectation is that you will work with council constructively to implement the non-structural changes to improve oversight and accountability of CCOs which will be agreed by council in early 2025. For Watercare, the aim is that the improvements will support and be aligned with the requirements associated with interim economic regulation and the new enduring planning and accountability requirements and economic regulation framework for water services established when the Bill is enacted.

### **Adherence to no surprises**

Watercare should ensure compliance with the council group's no surprises principle, including in the context of iwi relationships, government engagement, seasonal impacts on water supply and potential drought conditions, and as water reform is implemented to ensure the best outcome for Auckland.

Council looks forward to receiving a draft of the Watercare SOI no later than 1 April 2025. Staff are available to expand aspects of this letter if required. Please contact Alastair Cameron, Manager - CCO Governance and External Partnerships to discuss.

Ngā mihi,



Wayne Brown  
**MAYOR OF AUCKLAND**

### **Copy to:**

*Councillor Ken Turner*  
*Councillor Shane Henderson*  
*Dave Chambers*  
*Alastair Cameron*

*Lead Councillor*  
*Chair, CCO Direction and Oversight Committee*  
*Chief Executive, Watercare Services Limited*  
*Manager, CCO Governance and External Partnerships*





07 March 2025

Chris Swasbrook  
Chair  
Auckland Future Fund Trustee Limited

Via email: [REDACTED]

Tēnā koe Chris,

### Letter of Expectation for Statement of Intent 2025-2028

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2025-2028 of Auckland Future Fund Trustee Limited (AFFTL).

The content of this letter was approved by the Governing Body on 27 February 2025, with delegation to the Mayor and Councillor Fletcher (as your Lead Councillor) to finalise and issue this letter of expectation. (GB/2025/8)

The Governing Body has also approved extensions of the statutory deadlines for the AFFTL SOI process, as per the Local Government Act 2002 (Schedule 8, section 4). Due dates are:

- submission of the draft SOI is on or before 1 April 2025
- final submission of the SOI is on or before 31 July 2025.

Council also notes that AFFTL will produce a Statement of Investment and Policy Objectives (SIPO) that sets out the investment governance and management framework, philosophy, strategies and objectives of the Fund and will provide council with the final policy no later than 30 June 2025.

### Part 1. Expectations of all CCOs

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 council's behalf. The remaining common expectations applicable to AFFTL are:

- 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.
- As part of the CCO reform package approved by the Governing Body on 12 December 2024, council will also be pursuing a range of non-structural changes to support the reset of the CCO model as it applies to all substantive CCOs. Any additional requirements or changes arising from this will be communicated to CCOs.

- CCOs should adhere to the Statement of Expectations of Substantive CCOs (to be updated in 2025), which explains how CCOs should conduct their business and manage their relationships with council and other interested groups.
- 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 council of any conversation with the government on any new proposal or legislative reform. These engagements should be summarised in your quarterly reporting.
- Given AFFTL's recent establishment, it is expected that technology, people, procurement, corporate support, data, customer experience and digital services are provided by Group Shared Services and no duplication is created by AFFTL.
- Auckland Council Group is committed to upholding its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. AFFTL is 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 Matārae (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 Matārae and other Māori Outcomes specialists across the council group to take a whole-of-council-group approach to delivering outcomes for Māori.

#### Part 2. Key expectations of Auckland Future Fund Trustee Limited

The key expectation for AFFTL is to deliver distributions to council from the Auckland Future Fund (the Fund) in 2025/2026 in accordance with the Fund Distribution Policy. This is in line with the purposes of the Fund (as set out in the Trust Deed):

- 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,
- To provide a strong return to Auckland Council to fund services and infrastructure.

Staff are available to expand aspects of this letter if required. Please contact Alastair Cameron, Manager CCO Governance and External Partnerships to discuss.

Ngā mihi



Wayne Brown  
**MAYOR OF AUCKLAND**

cc:

Cr Christine Fletcher, Lead Councillor  
Cr Shane Henderson, Chair CCO Direction and Oversight Committee  
Alastair Cameron, Manager CCO Governance and External Partnerships



13 March 2025

Councillors  
Local Board Members  
CCO Board Members

**Via Email**

Tēnā koutou,

**Stop wasting money – Capital Spending Rules**

In the Long-term Plan 2024-2034, I introduced key disciplines to restore Aucklanders' trust and confidence in our ability to spend their money wisely:

- **Fixed baseline budgets:** No automatic increases, with a default assumption of no operating budget growth each year
- **Robust advice on new expenditure:** Elected members must receive clear cost-benefit analysis and contestable advice (i.e. advice separate from the department requesting funding)
- **Increased transparency and financial accountability:** Improved financial and non-financial reporting for each area of the council group, tracking both spending and service delivery

“**Stop wasting money**” is one of my five priorities. Delivering value to Aucklanders must be a shared focus across council.

**Mayoral Proposal - Annual Plan 2025/2026**

My proposal for the Annual Plan 2025/2026 identified procurement and capital expenditure as areas where significant improvement is needed. Change is already underway.

Staff recently reported to the Revenue, Expenditure and Value Committee on initiatives to increase value for Aucklanders when we spend their money. I was so encouraged by their progress that I actually applauded their presentation!

But this is just the beginning. There is still much to do to strengthen public trust and confidence in our spending. I regularly see examples where we need to do better.

**Our role as governors**

We must actively support this work - and challenge staff to ensure every dollar delivers maximum value. We must be curious, ask tough questions, and insist on right-sized solutions that match the problem being solved.

**Our capital spending rules**

I have reworked the staff report into “Our Capital Spending Rules” - a set of guiding principles for smarter spending. A checklist for all to use when considering spending proposals.

Print them out, put them up on your wall, and use them to hold us all accountable for spending Aucklanders' money wisely.

**Our Capital Spending Rules**

- ✓ What is the problem we are trying to solve?
- ✓ How much can we afford to spend?
- ✓ Have we considered standardised designs?
- ✓ Have we set cost limits?
- ✓ Are we choosing the best suppliers (including local)?
- ✓ Can we simplify processes and remove barriers?
- ✓ Are we managing consultation and consultancy costs?
- ✓ Have we independently reviewed the project?
- ✓ Are we getting value at every stage?

Staff will continue to report regularly to the Revenue, Expenditure and Value Committee. I encourage all elected members to engage in these discussions, even if they are not on the committee. At the March meeting the Committee will do a "deep dive" into some recent capital projects.

This is a critical issue, and it demands our full attention.

Yours sincerely,



Wayne Brown  
**MAYOR OF AUCKLAND**

**CC:** *Phil Wilson – Chief Executive*  
*David Rankin – Chief Executive, Eke Panuku*  
*Dave Chambers – CEO, Watercare*  
*Nick Hill – Chief Executive, Tātaki Auckland Unlimited*  
*Dean Kimpton – Chief Executive Officer, Auckland Transport*  
*Ross Tucker – Group Financial Officer*  
*Max Hardy – Director Group Strategy and Chief Executive Office*

### **Our Capital Spending Rules – Guidance Notes**

- ✓ **What is the problem we are trying to solve?**
  - Clearly define the problem and align all relevant stakeholders.
  - Assess whole-of-life costs, expected value, and number of Aucklanders who benefit.
- ✓ **How much can we afford to spend?**
  - Apply a 'minimum viable product' (MVP) approach—fund only what is necessary.
  - Seek alternative funding (e.g. sponsorship, those who directly benefit) for extras over MVP.
  - Explore lower-cost and non-built solutions (e.g. demand management).
  - Use design and build contracts where appropriate.
- ✓ **Have we considered standardised designs?**
  - Increase use of modular, repeatable designs (e.g. stairs, toilets) to reduce costs.
- ✓ **Have we set cost limits?**
  - Establish a maximum project price to control budget creep.
  - Be transparent with suppliers about budgets before procurement.
- ✓ **Are we choosing the best suppliers (including local)?**
  - Factor past performance into contract awards.
  - Use the new contract management system (launching 31 March 2025) to track reliability.
  - Test smaller, local suppliers for better value and pricing transparency with large suppliers.
  - Leverage supplier diversity programmes (e.g. Amotai).
- ✓ **Can we simplify processes and remove barriers?**
  - Reduce unnecessary compliance and design standards.
  - Focus on functional outcomes, not 'nice to haves.'
  - Advocate for regulatory reform where needed.
- ✓ **Are we managing consultation and consultancy costs?**
  - Prevent scope creep from additional engagement and consultants.
  - Increase internal capability to reduce reliance on external consultants.
  - Limit further consultation if plans are agreed.
  - Regularly brief suppliers on value-for-money expectations.
- ✓ **Have we independently reviewed the project?**
  - Require independent assessment for projects over \$5M.
  - Ensure findings are included in decision reports and continuously improve.
- ✓ **Are we still getting value at every stage?**
  - Reassess value throughout the project.
  - Escalate cost/value concerns to governance before committing.
  - Be willing to stop or revisit projects if necessary.
  - Ask how this would look on the front page of the paper.