

I hereby give notice that an ordinary meeting of the CCO Direction and Oversight Committee will be held on:

Date: Tuesday, 8 April 2025
Time: 10.00am
Meeting Room: Room 1, Level 26
Venue: Te Wharau o Tāmaki - Auckland House
135 Albert Street, Auckland

**Komiti mō te Whakahaere Tikanga me te Aro ki
te Pae Tawhiti mō ngā Whakahaere ka
Whakahaerehia e te Kaunihera /
Council Controlled Organisation Direction and
Oversight Committee**

OPEN AGENDA

MEMBERSHIP

Chairperson	Cr Shane Henderson	
Deputy Chairperson	Cr Kerrin Leoni	
Members	Cr Josephine Bartley	Cr Richard Hills
	Houkura Member Ngarimu Blair	Cr Daniel Newman, JP
	Cr Angela Dalton	Cr Ken Turner
	Cr Chris Darby	Cr Wayne Walker
	Houkura Member Hon Tau Henare	Cr John Watson
Ex Officio	Mayor Wayne Brown	
	Deputy Mayor Desley Simpson, JP	

(Quorum 6 members)

Madeline Holland
Kaitohutohu Mana Whakahaere / Governance
Advisor

3 April 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 Council Controlled Organisation Direction and Oversight Committee:

- a) whakaū / confirm the ordinary minutes of its meeting, held on [Tuesday, 11 March 2025](#), including the confidential section, as a true and correct record.

4 Ngā Petihana | Petitions

5 Ngā Kōrero a te Marea | Public Input

6 Ngā Kōrero a te Poari ā-Rohe Pātata | Local Board Input

7 Ngā Pakihi Autaia | Extraordinary Business

Watercare Draft Statement of Intent 2025-2028

File No.: CP2025/04312

Te take mō te pūrongo

Purpose of the report

1. To receive the draft statement of intent 2025-2028 from Watercare Services Limited.

Whakarāpopototanga matua

Executive summary

2. The Statement of Intent (SOI) is an annual requirement of CCOs in the Local Government Act 2002.
3. It is one of several tools which provide accountability by CCOs to council and provides an opportunity for the council to influence each organisation's direction. The SOIs set out the objectives and activities of each CCO for the next three years, but as an annual document, it has a focus on the first of the three years.
4. The Mayor issued letters of expectations to CCOs that set out the council's priorities and expectations to inform the development of draft Statement of Intent for 2025-2028. The content of the draft letters of expectation were approved by the CCO Direction and Oversight Committee on 11 February 2025 ([CDOCC/2025/6](#)).
5. Council received the Watercare Draft 2025-2028 SOI by 1 April 2025 in accordance with prescribed timeframes.
6. The Watercare board Chair, Geoff Hunt, has been invited to attend the April 2025 meeting of the CCO Direction and Oversight Committee to present the draft Watercare SOI 2025-2028 and outline how Watercare has responded to the direction in the letter of expectation.
7. A joint workshop with this Committee and the Council Controlled Organisation Direction and Oversight Committee has been scheduled on 16 April to consider shareholder feedback on the draft CCO SOIs. This Committee will then approve shareholder comments on Watercare's draft SOI at its meeting in May 2025.

Ngā tūtohunga

Recommendations

That the Council Controlled Organisation Direction and Oversight Committee:

- a) tuhi tīpoka / note that the Committee will be approving shareholder comments on draft statements of intent 2025-2028 from council-controlled organisations at its meeting in May 2025.
- b) whakamihi / thank Geoff Hunt, Watercare Board Chair, for presenting the Watercare Draft Statement of Intent 2025-2028.

Ngā tāpirihanga

Attachments

No.	Title	Page
A⇒	Watercare Cover letter and draft SOI 2025-2028	

Ngā kaihaina

Signatories

Author	Trudi Fava - Principal Advisor
Authoriser	Alastair Cameron - Manager CCO/External Partnerships team

Tātaki Auckland Unlimited Draft Statement of Intent 2025-2028

File No.: CP2025/04510

Item 9

Te take mō te pūrongo Purpose of the report

1. To receive the draft statement of intent 2025-2028 from Tātaki Auckland Unlimited (TAU).

Whakarāpopototanga matua Executive summary

2. The Statement of Intent (SOI) is an annual requirement of CCOs in the Local Government Act 2002.
3. It is one of several tools which provide accountability by CCOs to council and provides an opportunity for the council to influence each organisation's direction. The SOIs set out the objectives and activities of each CCO for the next three years, but as an annual document, it has a focus on the first of the three years.
4. The Mayor issued letters of expectations to CCOs that set out the council's priorities and expectations to inform the development of draft Statement of Intents for 2025-2028. The content of the draft letters of expectation were confirmed by approved by the CCO Direction and Oversight Committee on 11 February 2025 ([CDOCC/2025/6](#)).
5. Council received the TAU draft 2025-2028 SOI by 1 April 2025 in accordance with prescribed timeframes.
6. The TAU board Chair, Vicki Salmon, has been invited to attend the April 2025 meeting of the CCO Direction and Oversight Committee to present the draft TAU SOI 2025-2028 and outline how TAU has responded to the direction in the letter of expectation.

Ngā tūtohunga Recommendations

That the Council Controlled Organisation Direction and Oversight Committee:

- a) tuhi tīpoka / note that the Committee will be considering shareholder comments on draft statements of intent 2025-2028 from council-controlled organisations at its meeting in May 2025.
- b) whakamihi / thank Vicki Salmon, Tātaki Auckland Limited Board Chair, for presenting the Tātaki Auckland Unlimited draft Statement of Intent 2025-2028.

Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	TAU Cover letter and draft SOI 2025-2028	

Ngā kaihaina Signatories

Author	Sarah Johnstone-Smith - Principal Advisor
Authoriser	Alastair Cameron - Manager CCO/External Partnerships team

Port of Auckland Limited Performance Update

File No.: CP2025/04932

Item 10

Te take mō te pūrongo

Purpose of the report

1. To receive an update from Port of Auckland Limited (POAL) on their performance for the 2024/2025 financial year, year-to-date results, and future outlook.

Whakarāpopototanga matua

Executive summary

2. CCOs and POAL attendance at CCO Direction and Oversight Committee meetings is being rotated, with attendance by each entity on a rolling basis. This allows more time for in-depth and up to date performance discussion.
3. POAL representatives will be in attendance to present on their recent performance in the 2024/2025 financial year and future outlook and answer any questions.
4. The POAL presentation will be attached to the meeting minutes.

Ngā tūtohunga

Recommendation/s

That the Council Controlled Organisation Direction and Oversight Committee:

- a) whiwhi / receive the update from Port of Auckland Limited on recent performance in the 2024/2025 financial year and future outlook.

Ngā tāpirihanga

Attachments

There are no attachments for this report.

Ngā kaihaina

Signatories

Author	Chris Levet - Principal Advisor
Authoriser	Alastair Cameron - Manager CCO/External Partnerships team

Haumaru Housing - update to operating model because of funding changes

File No.: CP2025/04989

Item 11

Te take mō te pūrongo

Purpose of the report

1. To provide an update on the Haumaru Housing operating model, following a change in central government funding for social housing.

Whakarāpopototanga matua

Executive summary

2. The Haumaru Housing Limited Partnership (Haumaru Housing) provides affordable housing services for older people. It is a joint venture between Auckland Council and the Selwyn Foundation (Selwyn) and is a registered community housing provider (CHP).
3. Last year central government changed the criteria for allocating the Income-Related Rent Subsidy (IRRS) to community housing providers. The IRRS subsidy that Haumaru receive is now capped at 950 units (64 percent).
4. Since then, Haumaru Housing have been considering their operating model and the level of rent to charge new tenants that do not receive the IRRS subsidy. They have decided to rent the vacant units at 50 percent of market rent. Haumaru Housing believe this market rent subsidy is an appropriate balance between affordable rent for older people who are struggling with housing affordability, but still at a level where the organisation can remain financially viable.
5. Council and Selwyn will continue to monitor the financial performance of Haumaru Housing. There are risks associated with unforeseen costs coming from an aging housing stock or further funding changes from central government.
6. A reduced income level for Haumaru Housing (than previously anticipated) will likely reduce their financial capacity to fund and finance growth in the housing portfolio, which is a goal of the partnership. However the Minister of Housing recently announced financial support for community housing providers to borrow funds at low interest costs for new social housing units (27 March 2025). The implications of this announcement for Haumaru Housing are still being explored.

Ngā tūtohunga

Recommendation/s

That the Council Controlled Organisation Direction and Oversight Committee:

- a) whiwhi / receive the update from Haumaru Housing on their impact of the reduction of central government funding.
- b) tuhi tīpoka / note that Haumaru Housing will continue to provide six-monthly performance reports to council, allowing shareholder monitoring of their financial performance

Horopaki

Context

Auckland Council set up Haumaru Housing to provide affordable housing for older people

7. Auckland Council owns the majority of the property portfolio of 1,475 rental units across 62 villages, used to house older people across Auckland.

8. This property portfolio was established by the previous Waitakere, Franklin, Manukau, North Shore and Papakura Councils. Auckland Council previously managed the portfolio and in 2016 reviewed, and then standardised, the rent at 30 percent of tenants pre-tax income. These tenants are referred to below as **'legacy tenants'**.
9. Haumarū Housing was set up late 2016 as a joint venture (limited liability partnership) to take on the provision of affordable housing for older people and manage the portfolio. Council is a 49 percent shareholder and Selwyn is the other 51 percent shareholder. Selwyn also assists with the operational side of the Haumarū Housing business.
10. The partnership was set up to:
 - access the income related rent subsidy (IRRS) provided by central government.

Under this subsidy tenants are identified from emergency or social housing registers. **'IRRS tenants'** pay 25 percent of their net income as rent, with central government funding the balance between the tenant's payment and the market rent.

The IRRS funding is not available to local authorities, however as council is a minority shareholder this prohibition does not apply to Haumarū Housing.

Note that while the IRRS tenants receive this subsidy, legacy tenants remain on the previous rate of 30 percent of pre-tax income.
 - improve the housing stock and tenancy management over time, ensuring they were fit for purpose
 - use the expertise which Selwyn could bring to supporting older people
 - grow the number of units of social housing for older people.

Central government have changed the way they fund community housing providers

11. Last year central government (the Ministry of Housing and Urban Development) made changes to the IRRS funding criteria that had an immediate effect on Haumarū Housing. The amount of IRRS funding Haumarū receive is now capped at 950 units (64 percent).
12. The central government funding change came without notice. They have advised that the change in funding criteria is to prioritise moving people out of emergency accommodation.
13. In response to the funding cap, the Mayor, Haumarū Housing and Selwyn have all written to the relevant Ministers, to ask that the IRRS funding levels be reinstated. Central government have not agreed to this request.

Tātāritanga me ngā tohutohu Analysis and advice

The change in central government funding criteria has required a review of the Haumarū Housing operating model

14. Previously Haumarū Housing expected a gradual increase in the rent they received, to effectively reach a market rent level for all units (through the IRRS subsidy). The increase in revenue was anticipated to contribute to the maintenance and renewal of their units and to fund growth in the number of properties.
15. Following the capping of IRRS funding, the Haumarū Housing Board has now reviewed options for their operating model, including tenancy and asset management. They have advised that they are seeking to achieve two outcomes:
 - Continuing to provide housing for older Aucklanders struggling to meet market rent, with secure, warm dry homes in well located communities
 - Providing this housing in a way that does not compromise the long-term financial sustainability of the organisation.

The Haumaru Housing Board have now decided criteria and rent levels for new tenants (that do not receive IRRS funding)

16. Haumaru Housing have advised that they are moving to a subsidised market rent model for the vacant units that are not able to receive the IRRS funding. There will be no central government funding top-up to a market rent for these units, as happens with the IRRS units.
17. The relevant units will be refurbished and let to older adults at 50 percent of market rent. Eligibility criteria (other than age), set by the board for subsidised market rent tenants will include:
 - Ability to live independently
 - New Zealand residency and connection to the Auckland region
 - Income, savings, asset ownership and debt history.
18. The subsidised market rental model will mean there is an additional variation in the levels of rent paid by different types of tenants. These are summarised in table 1.

Table 1: Summary of rent levels to be paid by Haumaru Housing tenants

IRRS tenants	IRRS tenants pay 25 percent of their net income as rent, with central government covering the balance between the tenants payment and the market rent for the property.	Tenants in 950 'IRRS' units
Legacy tenants	Legacy tenants pay 30 percent of their pre-tax income (adjusted annually). <i>This level of rent was set by Auckland Council prior to formation of Haumaru Housing.</i>	Tenants in remaining 525 units
Subsidised market rent tenants	Subsidised market rent tenants will pay 50 percent of market rent (adjusted annually). <i>New tenants with rent level set by Haumaru Housing.</i>	

19. Haumaru Housing have advised they have undertaken peer-reviewed financial modelling, taking into account the impact on the whole business over a 10-year period. They are satisfied that that the level of subsidised market rent for tenants is financially sustainable, on the assumption that no extraordinary changes are made to current policy, ownership and financial settings by central government or shareholders.
20. Haumaru Housing is also satisfied that there is demand for a subsidised market rent offering for older Aucklanders in housing need. No difficulty is anticipated in finding older adults to fill the units with the subsidised market rent.
21. It has been noted that the different rent levels for tenants has the potential to create issues in the villages. Haumaru Housing are conscious of this issue and will look to manage this wherever possible. All tenants will continue to get the same operational support, such as regular community manager contact, invitations to village activities and repairs and maintenance.

Implications and risks for council

22. The government's decision to cap the IRRS revenue that Haumaru Housing receives, has been noted as a potential budget risk to council as shareholder¹. With additional tenants in the vacant units (as they arise), this risk is partially mitigated. However, council (and Selwyn) will continue to monitor Haumaru Housing's financial performance and the impacts of this change, through their six-monthly financial reporting.

¹ In the supporting materials for the 2025/26 Annual Plan consultation document.

23. Another concern is the age of the housing stock, that Haumaru Housing inherited from council. While the quality of the portfolio has been improved over the past seven years, most villages were built before 1980, with an overall average age of 48 years². With less revenue than previously anticipated, there will be less funding for asset management and replacement housing stock than previously anticipated.
24. With reduced income levels (than previously anticipated), it may also be less likely for Haumaru Housing to be able to find opportunities to grow the number of housing units, which was another goal of the partnership.

Tauākī whakaaweawe āhuarangi **Climate impact statement**

25. Haumaru Housing's Environmental Sustainability Strategy, and its implementation is not expected to be impacted.

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

26. Haumaru Housing services and actions contribute to outcomes in the Auckland Plan and the Age-friendly Auckland Action Plan. This is not anticipated to change.

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

27. Information on the reduction in central government funding has been sent to all local board members. Local board members have been advised of the report today and are able to send questions to the Chair for consideration.

Tauākī whakaaweawe Māori **Māori impact statement**

28. Currently 11 percent of Haumaru Housing tenants identify as Māori (July 2024). Haumaru Housing are not proposing any criteria around ethnicity for the new subsidised market tenants.

Ngā ritenga ā-pūtea **Financial implications**

29. In the supporting materials for the 2025/26 Annual Plan consultation document, it was noted the government's decision to cap IRRS revenue that Haumaru Housing receives presents a potential budget risk to council for the upcoming financial periods.
30. As noted above, the financial risk to the council, is alleviated with the move to subsidised market rent tenants (in non-IRRS units). However, council will continue to monitor Haumaru Housing's financial performance, especially in light of this change, through the six-monthly financial reporting to the council.

Ngā raru tūpono me ngā whakamaurutanga **Risks and mitigations**

31. The key risk to council is the ongoing financial stability of Haumaru Housing as an organisation, outlined above.

² Report on funding and financing options, February 2023.

Ngā koringa ā-muri

Next steps

32. Haumaru Housing will continue to provide six-monthly performance reports to council, allowing shareholders to monitor their financial performance.

Ngā tāpirihanga

Attachments

There are no attachments for this report.

Ngā kaihaina

Signatories

Author	Rachel Wilson - Principal Advisor
Authoriser	Alastair Cameron - Manager CCO/External Partnerships team

Summary of Council Controlled Organisation Direction and Oversight Committee information memoranda and briefings (including the forward work programme) – 08 April 2025

File No.: CP2025/04863

Item 12

Te take mō te pūrongo

Purpose of the report

1. To note the progress on the Council Controlled Organisation Direction and Oversight Committee forward work programme appended as Attachment A.

Whakarāpopototanga matua

Executive summary

2. This is a regular information-only report which aims to provide greater visibility of information circulated to Council Controlled Organisation Direction and Oversight Committee members via memoranda/briefings or other means, where no decisions are required.
3. There were no workshops held.
4. There were no memos or information circulated.
5. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Committee members should direct any questions to the relevant staff.

Ngā tūtohunga

Recommendation/s

That the Council Controlled Organisation Direction and Oversight Committee:

- a) tuhi ā-taipitopito / note the progress on the forward work programme appended as Attachment A of the agenda report

Ngā tāpirihanga

Attachments

No.	Title	Page
A⇄	Forward Work Programme	

Ngā kaihaina

Signatories

Author	Madeline Holland - Kaitohutohu Mana Whakahaere / Governance Advisor
Authoriser	Alastair Cameron - Manager CCO/External Partnerships team