

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

**Date:** Tuesday, 13 May 2025  
**Time:** 10.00am  
**Meeting Room:** Room 1, Level 26  
**Venue:** Te Wharau o Tāmaki - Auckland House  
135 Albert Street  
Auckland

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**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**

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**MEMBERSHIP**

<b>Chairperson</b>	Cr Shane Henderson	
<b>Deputy Chairperson</b>	Cr Kerrin Leoni	
<b>Members</b>	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
<b>Ex-officio</b>	Mayor Wayne Brown	
	Deputy Mayor Desley Simpson, JP	

(Quorum 6 members)

**Lexy Turner**  
**Kaitohutohu Mana Whakahaere / Governance  
Advisor**

**8 May 2025**

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<b>ITEM</b>	<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
1	Ngā Tamōtanga   Apologies	5
2	Te Whakapuaki i te Whai Pānga   Declaration of Interest	5
3	Te Whakaū i ngā Āmiki   Confirmation of Minutes	5
4	Ngā Petihana   Petitions	5
5	Ngā Kōrero a te Marea   Public Input	5
6	Ngā Kōrero a te Poari ā-Rohe Pātata   Local Board Input	5
7	Ngā Pakihi Autaia   Extraordinary Business	5
8	Approval of shareholder comments on Tātaki Auckland Unlimited, Watercare Services Limited and Contemporary Art Foundation draft Statements of Intent 2025-2028	7
9	Quarter three performance reports 2024/2025 for substantive council-controlled organisations and Port of Auckland Limited	21
10	Lead Councillor CCO updates	33
11	Summary of Council Controlled Organisation Direction and Oversight Committee information memoranda and briefings (including the forward work programme) – 13 May 2025	35
12	Te Whakaaro ki ngā Take Pūtea e Autaia ana   Consideration of Extraordinary Items	
<b>PUBLIC EXCLUDED</b>		
13	Te Mōtini ā-Tukanga hei Kaupare i te Marea   Procedural Motion to Exclude the Public	37
C1	CONFIDENTIAL: Lead Councillor CCO updates	37



**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:  
whakaū / confirm the ordinary minutes of its meeting, held on [Tuesday, 8 April 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**



# Approval of shareholder comments on Tātaki Auckland Unlimited, Watercare Services Limited and Contemporary Art Foundation draft Statements of Intent 2025-2028

File No.: CP2025/07530

Item 8

## Te take mō te pūrongo

### Purpose of the report

1. To approve shareholder comments on the draft statements of intent 2025-2028 for Tātaki Auckland Unlimited (TAU), Watercare Services Limited (Watercare) and the non-substantive council-controlled organisation (CCO) the Contemporary Art Foundation.

## Whakarāpopototanga matua

### Executive summary

2. Statements of Intent outline the activities of each CCO for the three-year horizon. CCOs are required to produce statements of intent (SOI) annually under the Local Government Act 2002. They are the basis of the accountability of CCO Boards to the council as shareholder.
3. Draft SOIs 2025-2028 (and cover letters where applicable) for TAU, Watercare and the Contemporary Art Foundation are provided at Attachments A-C of this report.
4. The TAU and Watercare Board Chairs presented the draft SOIs 2025-2028 to the committee on 8 April 2025. They outlined how their CCOs have responded to the direction in the letters of expectation agreed by this committee in February 2025 ([CDOCC/2025/6](#)).
5. High-level themes and points of proposed shareholder feedback on draft SOIs were workshopped with the CCO Direction and Oversight and Transport, Resilience and Infrastructure Committees on 16 April 2025. These were drawn from feedback from council staff and the Houkura Independent Māori Statutory Board (Houkura) secretariat.
6. Proposed shareholder comments focus on alignment with statutory requirements, annual letters of expectations, key council strategies, the Long-term Plan 2024-2034 (LTP) and 2025/2026 Annual Plan. The intention is not (generally speaking) to provide detailed direction on work programmes.
7. Key themes of proposed shareholder comments for all substantive CCOs and feedback specific to each CCO are set out in the box below.

**Table 1: Summary of proposed shareholder comments**

General shareholder comments proposed for all substantive CCOs
<p><i>Financial and non-financial performance</i></p> <ul style="list-style-type: none"><li>• Final SOIs should reflect 2025/2026 Annual Plan decisions and any adjustments to reflect CCO reform changes.</li><li>• Final SOIs should ensure that all performance measure targets are fully populated and that measures and targets reflect those in the LTP.</li></ul> <p><i>Capital programme and Better Value Projects</i></p> <ul style="list-style-type: none"><li>• Final SOIs should include a statement on how the ten delivery principles of the Better Value Projects programme (which aims to achieve better value for our capital and project spend) will be applied. CCOs are expected to provide case studies of projects when requested and report to council on their progress with capital spend reviews, learnings and improvements.</li></ul>

**General shareholder comments proposed for all substantive CCOs**

*Group shared services*

- Final SOIs should include unequivocal commitment to Group Shared Services and agreed processes.

*Māori outcomes*

- Final SOIs should include a statement on how the needs and aspirations of Māori have been reflected in the CCO’s planned activities and deliverables.
- CCOs should refresh Achieving Māori Outcomes Plans as applicable, to account for functional changes from CCO reform, new Issues of Significance from Houkura and the refreshed Kia Ora Tāmaki Makaurau framework.

**Key feedback specific to individual CCOs**

**TAU**

In the final SOI TAU should:

- Align the content to final decisions from the CCO Reform Transition Workstream One change proposal, particularly regarding events and activations.
- Review the performance measures to:
  - Explore if existing council methodologies in similar areas can be utilised (or New Zealand Major Events cost benefit analysis (CBA) methodology for events) for the proposed new performance measures on events cost-benefit analysis (CBA), website sessions, and venue utilisation.
  - Update the existing critical asset condition measure to align to the condition grading system used across the council group.
  - Fully populate targets for 2026-2028 for the ‘contribution to regional GDP from major events and business events attracted or supported’ (LTP measure) reflecting 2025/2026 Annual Plan decisions.
  - Consider bringing current *Te Mahera Aronga* measure on ‘percentage of goods and services spend on diverse suppliers (Māori suppliers, Pacific suppliers, Social Enterprise suppliers)’ into the final SOI performance measure set.
- Reflects in the one-year work programme the development of, and agreement to, shared key performance indicators with the alliance of cultural organisation members, in time for these to be incorporated in the organisations’ 2026/2027 Annual Plans.
- Clarify TAU’s specific role in Aotea Arts Quarter and Western Springs precinct activities within the one-year work programme.
- Clarify the scope of TAU’s work developing a Māori Performing Arts Strategy within the one-year work programme (understood to be for Auckland Live venues).
- Establish stronger connections and descriptions between the key capital projects table and one-year work programme specific deliverables for 2025/2026.

**Watercare**

In the final SOI Watercare should:

- Make reference to the parts of the Kia ora Tāmaki Makaurau framework that Watercare’s work is aligned to.
- Reflect the aims from the Auckland Water Strategy – that mana whenua and Auckland Council are partners in the protection, management and enhancement of water; and that Aucklanders are empowered to shape decisions about, and are prepared for, our changing water future.
- Make reference to the indigenous restoration project in the Hunua Ranges and consider referencing other work under ‘Protect and enhance our natural environment.’
- Clearly reflect Watercare’s agreed role in the water literacy work (Auckland Water Strategy Action 2.1).



### General shareholder comments proposed for all substantive CCOs

- Remove the reference to the per capita water consumption target review, which has been completed in the current financial year.
- Reflect Auckland Council group alignment for asset management plans, including alignment on population growth assumptions.
- Commit to Group Shared Services to deliver value for Aucklanders.
- Consider reporting results on Priority 1 (60-minute response time) and Priority 2 (4-hour response time) within their overall median maximum target response time of 90 minute.

### **Contemporary Art Foundation**

In the final SOI the Contemporary Art Foundation should:

- Amend the target for gallery visitation to be more realistic, given the impacts of the Eastern Busway construction on the accessibility to Te Tuhi Gallery.

8. Shareholder comments will be provided to CCOs in writing, following agreement by this committee. Staff will also work with CCOs to clarify any additional matters of detail. Once received, CCO boards must consider shareholder comments and provide the council with a final SOI by 31 July 2025.
9. Shareholder comments on the draft SOI 2025-2028 for Auckland Transport were considered by the Transport, Resilience and Infrastructure Committee on 8 May 2025.
10. Shareholder comments on the draft SOI 2025-2028 for Auckland Future Fund Trustee Limited will be considered at the Governing Body meeting in late May 2025. A number of the general shareholder comments proposed for all substantive CCOs are not applicable to Auckland Future Fund Trustee Limited (AFFTL) given that it does not deliver services or infrastructure directly to Aucklanders or manage physical assets on the council's behalf.

## Ngā tūtohunga

### Recommendations

That the Council Controlled Organisation Direction and Oversight Committee:

- a) whakaae / approve the proposed shareholder comments on the draft statements of intent 2025–2028 for Tātaki Auckland Unlimited, Watercare Services Limited and Contemporary Art Foundation contained in this report, with any deletions or additions based on feedback at this meeting.
- b) whakaae / agree that the Mayor will prepare letters to be sent to Tātaki Auckland Unlimited and Watercare Services Limited containing the shareholder comments.
- c) tāpae / delegate to the Manager, CCO Governance and External Partnerships, the authority to finalise the shareholder comments on the draft statement of intent 2025-2028 for Contemporary Art Foundation.
- d) tuhi tīpoka / note that staff will record any feedback at the meeting that relates to performance or operational issues, or issues of detail or wording, and ensure those are raised with the relevant council-controlled organisations.

## Horopaki

### Context

Item 8

11. Statements of intent (SOIs) outline the activities, deliverables, budgets and performance measures of each CCO for the three-year horizon. The purpose of the SOI process is:
  - i) to provide an opportunity for shareholders to influence the direction of the CCO
  - ii) for CCOs to outline intentions and activities for the forthcoming year, and the following two years at a high-level
  - iii) to provide a basis for the accountability of CCO directors to the shareholders.
12. The requirements and timeframes for SOIs are set out in Schedule 8 of the Local Government Act 2002 (LGA). SOIs are one element of council's overall strategic, planning, reporting and accountability documentation. Other documents include the statement of expectations, CCO accountability policy, key council strategies, long-term plan and annual report.
13. The proposed content of the letter of expectations for TAU and Watercare was confirmed by this committee on February 2025 ([CDOCC/2025/6](#)). The final letters were issued by the Mayor on 25 February 2025.
14. A one-month extension of statutory deadlines for the TAU and Watercare SOIs for 2025-2028 was also agreed in February 2025 ([CDOCC/2025/6](#)), as provided for in the LGA Schedule 8, section 4.
15. The draft SOIs 2025-2028 (and cover letters where applicable) for TAU, Watercare and the Contemporary Art Foundation are provided at Attachments A-C of this report.
16. The TAU Board Chair Vicki Salmon and Watercare Board Chair Geoff Hunt presented their draft SOIs 2025-2028 to this committee on 8 April 2025, including how their CCOs have responded to the direction in the letter of expectations.
17. Staff from CCO Governance and other relevant divisions reviewed the draft SOIs, along with the Houkura secretariat. The review has focused on considering statutory requirements, the letters of expectation, key council strategy and the LTP. The high-level themes and points of proposed shareholder feedback on draft SOIs were also workshopped with the CCO Direction and Oversight Committee and Transport, Resilience and Infrastructure Committee on 16 April 2025.
18. Council has CCOs that are not considered 'substantive' under the Local Government (Auckland Council) Act 2009. These CCOs often have a local focus and are significantly smaller in scale in comparison to the substantive CCOs. The Contemporary Arts Foundation prepares an SOI and the other non-substantive CCOs are exempt from this requirement ([CCO/2022/38](#)).
19. Shareholder comments on the draft SOI 2025-2028 for Auckland Transport were considered by the Transport, Resilience and Infrastructure Committee on 8 May 2025. Shareholder comments on the draft SOI 2025-2028 for Auckland Future Fund Trustee Limited will be considered at the Governing Body meeting in late May 2025.
20. Final shareholder comments will be sent to CCO Board chairs once approved. Boards must consider the shareholder comments at a public board meeting, before submitting a final SOI to the council by 31 July 2025.
21. Any matters relating to operational issues will be communicated separately to each CCO, along with matters of specific clarification or detail. Performance issues can be followed up with TAU and Watercare through quarterly reporting and deep dive discussions with the CCO Direction and Oversight Committee.

## Tātaritanga me ngā tohutohu Analysis and advice

22. The TAU, Watercare and Contemporary Art Foundation draft SOIs 2025-2028 all include the information required under Schedule 8 of the LGA.

### Comments common to all CCOs

23. The Mayor's 2025/2026 letters of expectation had directives common to all CCOs and those specific to individual CCOs. The common expectations and CCO response in draft SOIs are summarised below in Table 2. In general CCOs have responded well to the common expectations.

**Table 2: Common expectations in CCO letters of expectations**

Common expectations	TAU	Watercare
Focusing CCOs on delivery	✓	✓
Attribution and branding	✓	Not specifically
Accelerate implementation of group shared services	✓	Partially
Delivering Auckland Council's commitment in Year 2 of the Long-term Plan and alignment to final 2025/2026 Annual Plan	✓	✓
Planning, delivery and paying for growth	✓	✓
Procurement and effective spending	✓	✓
Upholding the Group's Te Tiriti o Waitangi-derived obligations	✓	✓
Quality, timely advice to Local Boards	✓	✓
Climate change	✓	✓
Compliance with Statement of Expectations of substantive CCOs	✓	✓
Asset Management Planning in preparation for the LTP 2027-2037	✓	✓ (lacks specifics)
Work constructively with Investment Area Office	✓	✓

24. Financial information was often excluded from the draft SOIs. CCOs will include budget information in the final SOIs reflecting the LTP and decisions on the 2025/2026 Annual Plan.
25. In addition to reporting progress on their Achieving Māori Outcomes (AMO) Plans in quarterly performance reports, CCOs should ensure that Māori outcomes are included in performance discussions with the governing body or committees. Achieving Māori Outcomes Plans may need to be updated to account for functional changes from the CCO reform.

### Proposed feedback to all CCOs

26. We recommend that substantive CCOs in the final SOIs:
- Reflect 2025/2026 Annual Plan decisions and any adjustments to reflect CCO reform changes. Financial forecasts in the SOI should align with those submitted to the council for the Annual Plan. We expect consistent figures for 2025/2026 and the projections for 2026/2027 and 2027/2028.
  - Ensure that all performance measure targets are fully populated and that measures and targets reflect those in the LTP.

- iii) Include a statement on how the ten delivery principles of the Better Value Projects programme (which aims to achieve better value for our capital and project spend) will be applied. CCOs are expected to provide case studies of projects when requested to the Revenue, Expenditure and Value Committee and report to the council on their progress with capital spend reviews, learnings and improvements.
- iv) In addition, through the regular quarterly reporting process, CCOs should report progress on milestones for the key capital programmes/projects set out in their SOI.
- v) Unequivocally commit to Group Shared Services and agreed processes (in particular Auckland Transport and Watercare).
- vi) Include a statement on how the needs and aspirations of Māori have been reflected in the CCO's planned activities and deliverables based on Kia Ora Tāmaki Makaurau, Houkura Issues of Significance or CCO's own engagement with Māori.
- vii) CCOs should refresh their AMO Plans as applicable, to account for functional changes from CCO reform, the new Issues of Significance from Houkura and refreshed Kia Ora Tāmaki Makaurau framework.

## CCO specific comments

### Tātaki Auckland Unlimited

#### *Alignment to letter of expectations*

27. TAU's 2025/2026 letter of expectations was agreed and issued in the context of CCO reform decisions (December 2024) and pending consultation on funding of major events through the 2025/2026 draft annual plan.
28. The TAU letter of expectations focussed on six key areas specific to TAU, all of which have been reflected in the draft SOI 2025-2028. In summary these were:
  - Destination and major events strategy and policy sits with council
  - Consolidation of events and activation activity
  - Evaluation of major events
  - Funding of destination and major events activity
  - Council oversight on stadiums
  - Alliance of council funded cultural organisations and TAU.
29. The alliance of council funded cultural organisations and TAU expectation is captured in the draft SOI, noting that shared key performance indicators for the cultural organisations will be progressed during 2025/2026.
30. The draft SOI retains the same structure as previous SOIs but has a refreshed purpose and new strategic objective and removes one performance measure (attributable value of private sector investment secured during the year). These changes reflect CCO reform decisions to move the economic development function into the council.
31. TAU's refreshed purpose is to enrich the cultural life and vibrancy of Tāmaki Makaurau Auckland (formerly economic and cultural life). The four strategic outcomes are:
  - **Experiences and events** – inspirational experiences, events and activations drive and enhance Tāmaki Makaurau Auckland's unique identity, vibrancy and prosperity
  - **Taonga and Places** – Tāmaki Makaurau Auckland's taonga and places are looked after, accessible and enriched for the benefit of current and future generations
  - **Auckland's reputation** – Tāmaki Makaurau Auckland is known and loved for what makes it unique and attractive
  - **All Aucklanders** (replaces Auckland's prosperity outcome and economic development content) – We positively engage all Aucklanders through our diverse programme of experiences and events and our accessible taonga and places.

32. The draft SOI envisages an expanded events delivery and activation function to reflect a more coordinated council events approach – as per the CCO reform decisions and the 2025/2026 letter of expectations. At the time of writing, consultation on the CCO Reform Transition Workstream One change proposal had closed and final decisions were pending.

#### Proposed feedback to Tātaki Auckland Unlimited

33. We recommend that in the final SOI TAU:
- reflects decisions from the CCO Reform Transition Workstream One change proposal, particularly regarding events and activations
  - reflects in the one-year work programme the development of and agreement to shared key performance indicators with the alliance of cultural organisation members, in time for these to be incorporated in the organisations' 2026/2027 Annual Plans.

#### Performance measures

34. The draft SOI proposes three new performance measures:
- cost-benefit ratio of major events investment,
  - discover Auckland website sessions ([www.aucklandnz.com](http://www.aucklandnz.com)),
  - TAU performing arts and conventions venue utilisation.
- The draft SOI also contains a measure 'percentage of critical TAU assets in acceptable condition' with a 2025-2028 target of 95 per cent.
35. The 'contribution to regional GDP from major events and business events attracted or supported' measure (also an LTP measure) is missing targets for 2025-2028.
36. TAU board receives monthly reporting on *Te Mahere Aronga - Māori Outcomes Plan* performance measure 'percentage of goods and services spend on diverse suppliers (Māori suppliers, Pacific suppliers, Social Enterprise suppliers)'. The target for this measure is five per cent and current year-to-date performance is 6.6 per cent.

#### Proposed feedback to Tātaki Auckland Unlimited

37. We recommend that in the final SOI TAU:
- Explores if existing council methodologies in similar areas can be utilised (or New Zealand Major Events cost-benefit analysis (CBA) methodology for events) for new proposed new measures on; events CBA, website sessions and venue utilisation.
  - Updates the existing critical asset condition measure to align to the condition grading system used across the council group. This would mean changing 'acceptable' condition to 'fair to very good'.
  - Fully populates targets for FY26-28 for the 'contribution to regional GDP from major events and business events attracted or supported' (LTP measure) reflecting 2025/2026 Annual Plan decisions.
  - Considers bringing current *Te Mahere Aronga* measure on 'percentage of goods and services spend on diverse suppliers (Māori suppliers, Pacific suppliers, Social Enterprise suppliers)' into the final SOI performance measure set.

#### Clarifications on one-year work programme

38. The draft SOI refers in several places to the Aotea Arts Quarter and the Western Springs precinct but is unclear on the role TAU is specifically undertaking in these areas. The draft SOI also includes reference to 'developing a Māori performing arts strategy' and work on the alliance of Auckland's council-funded cultural organisations.
39. The draft SOI includes a table of key capital projects in 2025/2026 and number of milestones associated with each, however the link between these projects and the one-year work programme deliverables could be strengthened.

### Proposed feedback to Tātaki Auckland Unlimited

40. We recommend that in the final SOI TAU:
- i) provides greater clarification of TAU's specific role in Aotea Arts Quarter and Western Springs precinct activities within the one-year work programme
  - ii) provides further clarification on the scope of TAU's work developing a Māori Performing Arts Strategy within the one-year work programme (understood to be for Auckland Live venues).
  - iii) establishes stronger connections and descriptions between the key capital projects table and one-year work programme specific deliverables for 2025/2026 (e.g. Zoo Masterplan Stage 3 Phase 1, Go Media Stadium renewals, repairs and upgrades).

### Watercare

#### *Alignment to letter of expectations*

41. Watercare's draft SOI reflects the focus of the letter of expectations, which are:
- i) successful implementation of Local Water Done Well, including financial separation from 1 July 2025, compliance with interim economic regulation under the Watercare Charter and the implementation of the new enduring arrangements for water services following legislative change to be enacted later in 2025
  - ii) collaboration with the council to implement the Auckland Water Strategy
  - iii) alignment of growth planning and delivery
  - iv) implementation of improved oversight and accountability of CCOs, resulting from CCO reform decisions.
  - v) adherence to no surprises, including in the context of iwi relationships, government engagement, seasonal impacts on water supply and potential drought conditions, and as water reform is implemented.
42. The structure of the draft SOI 2025-2028 is similar to the SOI 2024-2027, but incorporates an update to Activity Area 2 (as set out below) to reflect work on financial separation, interim economic regulation, and the implementation of new arrangements for water services. The Activity Areas are:
- i) delivering safe and reliable water and wastewater services to Aucklanders 24/7
  - ii) ensuring the successful implementation of Local Water Done Well, including financial separation, compliance with interim economic regulation, namely the Watercare Charter, and the implementation of new arrangements for water services
  - iii) renewing and building the necessary water and wastewater infrastructure to cater for growth, improve resilience and maintain service levels for our customers
  - iv) delivering our services and infrastructure projects efficiently, keeping a strong focus on operating costs, so we can minimise price increases
  - v) strengthening our relationships with developers, customers, community stakeholders and our Māori partners
  - vi) improving our organisational performance in relation to our core strategic outcomes, namely: Climate Change (including drought and extreme weather resilience and supply); the health, safety, and wellness of our kaimahi (our employees and contractors); and Māori outcomes.
43. Watercare is seeking to align their reporting requirements to the council as its shareholder and its regulators. This approach is supported by Auckland Council.

## Responses to Council's strategic objectives and outcomes

### Māori identity and wellbeing

44. There has been constructive collaboration with Watercare to align the refresh of their Achieving Māori Outcomes plan with the approach being taken within the council.
45. In the 'Māori identity and wellbeing' section of the SOI, Watercare should reference which parts of the Kia Ora Tāmaki Makaurau framework Watercare's work is aligned to. It should reflect the Auckland Water Strategy Strategic Shift 1 aim that mana whenua and the council group (including CCOs) are 'partners in the protection, management and enhancement of water'.

### Belonging and participation

46. In the section 'Belonging and participation', Watercare should reference the Auckland Water Strategy Strategic Shift 2 aim that 'Aucklanders are empowered to shape decisions about, and are prepared for, our changing water future'.

### Proposed feedback to Watercare

47. We recommend that in the final SOI Watercare:
  - i) references the parts of the Kia Ora Tāmaki Makaurau framework that their work aligns to
  - ii) reflects the Auckland Water Strategy Strategic Shift 1 aim that mana whenua and the council are 'partners in the protection, management and enhancement of water'
  - iii) reflects the Auckland Water Strategy Strategic Shift 2 aim that 'Aucklanders are empowered to shape decisions about, and are prepared for, our changing water future'.

### Annual work programme

48. The indigenous restoration project in the Hunua Ranges is not included in the 'Protect and enhance our natural environment' section. The contribution of other innovative projects underway could also be included in this section.
49. The work programme should clearly reflect Watercare's agreed role in the water literacy work (Auckland Water Strategy Action 2.1), which is to continue generating insights on the water literacy of Aucklanders and delivering communications and education to increase this. The strategy seeks that Aucklanders understand the life-sustaining capacity of water (te mauri o te wai) and are actively involved in shaping Auckland's water future. Watercare should also work with Auckland Council to define, measure and set a target for water literacy.
50. The review of per capita consumption targets in the Auckland Water Strategy has been completed in the current financial year, reference to this work can be removed from the SOI.

### Proposed feedback to Watercare

- a) We recommend that in the final SOI Watercare:
  - i) make reference to the indigenous restoration project in the Hunua Ranges and consider referencing other work in the 'protect and enhance our natural environment' section
  - ii) clearly reflect Watercare's agreed role in water literacy work (Auckland Water Strategy Action 2.1)
  - iii) remove the reference to the review of per capita water consumption targets, as it has been completed.

**Key activities**

- 51. The letter of expectations set out some of the requirements to achieve Auckland Council group alignment and coordination of asset management plans, such as alignment on population growth assumptions. These should be reflected in the SOI as it is important that investment in new and existing infrastructure by the council group (including council-controlled organisations) is coordinated, follows the overall strategic direction set by the council, responds to issues facing the region, and is right-sized and cost-effective.
- 52. As part of existing collaborative working practices between the council and Watercare, the council should be kept advised if obligations to the Commerce Commission under economic regulation will impact on Watercare’s ability to meet any of the group asset management requirements.
- 53. Council expects Watercare’s commitment to Group Shared Services to deliver value for Aucklanders as noted in paragraph 26 (v).
- 54. The draft SOI notes that Watercare are at risk of not meeting their target to reduce operational carbon emissions by 50 per cent by 2030. In this context, their review of the decarbonisation roadmap planned for 2025/2026 is of high importance.

**Proposed feedback to Watercare**

- a) We recommend that in the final SOI Watercare:
  - i) reflect Auckland Council group alignment for asset management plans, including alignment on population growth assumptions
  - ii) commit to Group Shared Services to deliver value for Aucklanders.

**Performance measures**

- 55. Substantial changes were made to performance measures in the 2024-2027 SOI to incorporate Taumata Arowai water quality rules. Further changes are proposed in the draft SOI to reflect the performance requirements of the Watercare Charter.
- 56. A summary of changes from the SOI 2024-2027 are provided in the table below.

**Table 3: Summary of performance measures changes in the Watercare draft SOI**

Change	Measure	Staff commentary
<b>Capital programme</b>		
Removed	Programme delivery against schedule and budget	Watercare will be reporting quarterly on capital programme milestones, risks and delivery progress.  There is also a requirement for an infrastructure delivery and asset management improvement plan under the Charter that will be reported on annually.
Removed	Proportion of reactive renewals to planned renewals	
Removed	Kilometre of network pipe renewals completed	



Change	Measure	Staff commentary
<b>Service measures</b>		
Target change	Maximum median time for attendance at sewage overflows increased from 75 to 90 minutes (DIA Measure)	The target for the maximum median time for attendance at sewage overflows was changed in the LTP and SOI 2024-2027 from less than 60 mins to less than 75 minutes.  A further adjustment to the target to less than 90 minutes has been proposed in the draft SOI. The quarter 3 result was 77 minutes. Watercare triage sewage overflows as either a Priority 1 (60 minute response time) or Priority 2 (4 hour response time) so a 90 minutes median target is a more appropriate reflection of the response. Note that Auckland Council will continue to report against the target median time of 75 minutes in the LTP.
Removed	Adherence to all of DIA's non-financial service performance measures	Agree this measure is removed because individual measures required by DIA are included.
New measure	Number of unplanned water supply interruptions per 1000 water supply connections with a target of less than ten over the SOI period.	Incorporates the minimum standard set by the Charter.
<b>Customer and relationships</b>		
Removed	Adherence to the service level agreement with council to provide specialist input to resource consent	At the joint committee workshop staff had proposed that council sought the reinstatement of this measure. However, advice from the council's Resource Consents team has confirmed that performance is being tracked internally, so no shareholder comment is proposed on the removal of this measure from the SOI.
Removed	Health and safety measure on undertaking permit audits on each site	The Watercare Board has a crucial role in health and safety culture and results. Health and safety results reported to the Watercare board will be included in staff reports on Watercare quarterly performance to the CCO Direction and Oversight Committee.

Item 8

Change	Measure	Staff commentary
<b>Financial</b>		
Removed	Debt to revenue ratio	Debt to revenue is no longer required as an SOI measure as Watercare will borrow independently from the council from 1 July 2025 and manage its own credit rating.  Watercare must prepare a cost efficient improvement plan 2025-2028 for the Charter. This will be reported on annually to the Commerce Commission, and also made available to council and public.
Removed	Controllable costs	
New measure	Maximum allowable revenue from water and wastewater supply as set by the Charter. The FY26 maximum revenue is \$845.1 million	Incorporates the financial performance objectives set by the Charter and 10-year business plan developed by Watercare under the Local Government (Water Services Preliminary Arrangements) Act 2024.
New measure	Capital expenditure of \$1,201 million in FY26 in the Watercare Business Plan based on the price path	
New measure	Maintenance of Watercare's credit rating	

**Proposed feedback to Watercare**

- a) We recommend that in the final SOI Watercare:
  - i) Consider whether they are able to report results on Priority 1 (60 minute response time) and Priority 2 (4 hour response time) within their overall median maximum target response time of 90 minute. Note that Auckland Council will continue to report against the target median time of 75 minutes in the LTP.

**Contemporary Art Foundation**

- 57. The Contemporary Art Foundation is established to promote and support the arts within Auckland and achieve this primarily through the Te Tuhi Art Gallery in Pakuranga.
- 58. Contemporary Art Foundation's draft SOI has generally appropriate performance measures and targets and its proposed budget is in line with expectations.
- 59. Te Tuhi is adjacent to the construction of the Eastern busway which impacted on the visitor numbers to the gallery in 2024 with 103,701 visitors recorded against the SOI target of 150,000. The busway construction is expected to continue to have an impact on visitation in 2025, however the draft SOI has retained the 150,000 visitor target. Staff consider that this target is not realistic while access to the gallery is impacted by busway construction.

**Proposed feedback to Contemporary Art Foundation**

- 60. We recommend that in the final SOI the Contemporary Art Foundation:
  - work with officers to set a realistic visitation target for the period of Eastern Busway construction, returning to 150,000 when the construction impacts have ended.

## Tauākī whakaaweawe āhuarangi Climate impact statement

61. CCOs are responsible for demonstrating how their draft SOI aligns with Te Tāruke-ā Tāwhiri: Auckland's Climate Plan. Comments relating to climate impacts are included in the shareholder comments recommended above.

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

62. Staff have sought and incorporated feedback from various departments across the council. When shareholder comments are sent to CCOs, staff will work with each CCO on how best to incorporate the shareholder feedback.

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

63. The Governing Body is responsible for providing shareholder comments on draft SOIs, and formal feedback from local boards has not been sought.
64. Local board Chairs and Deputy Chairs were invited to a drop-in session on the letters of expectations in January 2025 and local boards were also offered the opportunity for one-on-one drop-in sessions. In these sessions members highlighted the need for delivery-focused options, advice and reporting from CCOs and the importance of early input by elected members on matters of high public interest.
65. CCOs are expected to provide timely, delivery-focused, quality, and concise advice to all elected members, including local boards.

## Tauākī whakaaweawe Māori Māori impact statement

66. The activities of CCOs have significant potential to improve Māori wellbeing and to influence the achievement of the Auckland Plan and Kia Ora Tāmaki Makaurau.
67. The draft SOIs were separately provided to Houkura - Independent Māori Statutory Board secretariat and council's Nga Mātārae.
68. Houkura secretariat provided the following feedback for all CCOs. Council staff comments are also included:
- Each SOI should refer to Te Tiriti o Waitangi and outline the legislative requirements in the LGA. Staff response: this feedback has been passed to CCOs, noting that these requirements are also set out in CCO Accountability Policy and Statement of Expectations for substantive CCOs.
  - SOI should refer to Houkura and He Whenua Makaurau - Schedule of Issues of Significance. Staff response: this feedback has been passed to CCOs.
  - To maximise benefits for Māori businesses it is recommended that specific Māori procurement targets are identified with a target of five per cent. Staff response: the council group is still working towards a group-wide measure, currently there are some differences in methodologies. See paragraph 37 iv).
  - At least three Māori outcomes measures are sought in SOIs. Staff response: at least one Māori outcome measure is included in the draft SOIs of substantive CCOs, with numerous measures in Achieving Māori Outcome Plans.
  - CCOs should commit to reporting on Māori outcomes delivery to committees. Staff response: staff will work with CCOs to ensure regular updates are provided.
  - CCOs should be mandated to align activities with Kia Ora Tāmaki Makaurau mana outcomes framework relevant to their functions under the new reform. *Staff response: this will be addressed in refreshed Achieving Māori Outcome Plans. See paragraph 26 vii).*

vii. SOIs should specify how the CCO will engage with mana whenua and mātāwaka referencing Te Tiriti and LGA. Staff response: this is aligned with the direction in letters of expectations.

69. Comments relating to Māori outcomes are included in the recommended shareholder comments above.

### Ngā ritenga ā-pūtea Financial implications

70. As noted in the comments above, the final SOI financial sections need to be aligned with the LTP and decisions on the 2025/2026 Annual Plan.

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

71. There are no direct risks associated with the proposed shareholder comments.

72. There is a risk that the CCOs may not adequately reflect the shareholder comments. This can be mitigated by working closely with each CCO. Also, the council can modify a SOI at any time.

73. Government policy has the potential for significant impacts on the activities of council's CCOs. Staff will continue to provide advice on these matters and whether final SOIs will need to be amended.

### Ngā koringa ā-muri Next steps

74. Letters based on the agreed feedback and any other matters directed to be included by the committee will be finalised and sent by the Mayor to the Board Chairs of TAU and Watercare, as soon as possible after this meeting. A letter will also be sent to the Contemporary Art Foundation. CCOs will consider comments, revise their SOIs accordingly and submit final SOIs by 31 July 2025.

### Ngā tāpirihanga Attachments

No.	Title	Page
A⇒	Tataki Auckland Unlimited draft Statement of Intent 2025-2028 and cover letter	
B⇒	Watercare Cover letter and draft SOI 2025-2028	
C⇒	Contemporary Art Foundation - Draft Statement of Intent	

### Ngā kaihaina Signatories

Authors	Sarah Johnstone-Smith - Principal Advisor Trudi Fava - Principal Advisor James Stephens - Senior Advisor
Authorisers	Anna Bray - General Manager Group Strategy, Transformation and Partnerships Alastair Cameron - Manager CCO/External Partnerships team

## Quarter three performance reports 2024/2025 for substantive council-controlled organisations and Port of Auckland Limited

File No.: CP2025/07638

Item 9

### Te take mō te pūrongo

#### Purpose of the report

- To receive a summary and comments on the quarter three reports for Eke Panuku, Tātaki Auckland Unlimited, Watercare and Port of Auckland Limited (POAL) for the period ending 31 March 2025.

### Whakarāpopototanga matua

#### Executive summary

- The council-controlled organisations (CCO) and Port of Auckland Limited (POAL) performance reports for the third quarter of 2024/2025 are contained in Attachments A to D.
- Staff have reviewed the performance reports. Key issues and risks are summarised in the table below.

Council-controlled organisation	Summary of highlights, issues and risks
<b>Eke Panuku</b>	<ul style="list-style-type: none"> <li>Eke Panuku's operating financial results, including activities managed on behalf of the council, were favourable for the first three quarters. Capital expenditure totaled \$64.9 million, \$7.2 million below the year-to-date (YTD) budget of \$72.1 million.</li> <li>The full-year asset sales combined target (asset recycling and transform and unlock) of \$76 million will not be met due to subdued market conditions, \$8.1 million of asset sales were completed by the end of quarter three, with approximately \$57 million of further conditional sales under negotiation. 66 housing units were completed, against a target of 157. This target is also unlikely to be met.</li> </ul>
<b>Tātaki Auckland Unlimited (TAU)</b>	<ul style="list-style-type: none"> <li>Of the twelve TAU Statement of Intent performance measures, at the end of quarter three, nine performance measures were met or on track to be met, one is not met/not on track and two are not reported this quarter.</li> <li>TAU's operating financial result was favourable to budget, driven by higher event revenue and strong film studio margins, while expenditure remained largely on budget.</li> <li>Capital expenditure for Q3 YTD was \$55.6 million, \$9.2 million above the phased budget, due to accelerated project delivery in the third quarter. Forecast for the full year is still within the total budget.</li> </ul>
<b>Watercare</b>	<ul style="list-style-type: none"> <li>Targets were achieved for 25 of Watercare's 30 performance measures reported in this quarter. An additional six measures have yearly targets.</li> </ul>

Item 9

Council-controlled organisation	Summary of highlights, issues and risks
	<ul style="list-style-type: none"> <li>Watercare’s credit raise remains on track to be achieved by 1 July 2025.</li> <li>Watercare’s net direct operating financial result was unfavourable compared to budget, driven by lower-than-expected water and wastewater revenue due to reduced consumption volumes and lower infrastructure growth charges revenue. Capital delivery is behind schedule, with Q3 YTD spend \$199 million below budget. The full-year capital programme has now been revised to \$1.08 billion from the original budget value of \$1.21 billion.</li> </ul>
<p><b>Port of Auckland Limited (POAL)</b></p>	<ul style="list-style-type: none"> <li>POAL delivered a strong performance in the third quarter of FY25. Revenue increased across all major streams, supported by continued growth in container volumes, steady breakbulk imports, and a solid cruise season. While vehicle imports and construction materials remain below expectations, the company has exceeded its full-year profit target.</li> <li>Revenue for Q3 YTD reached \$297.5 million, \$19.9 million favourable compared to budget, while net profit after tax (NPAT) was \$67.3 million, \$20 million above YTD budget and exceeding the full-year budgeted NPAT of \$65 million. Despite weaker vehicle trade and construction material volumes, profitability remains strong. Full-year earnings guidance is \$75–80 million NPAT, with POAL tracking at the upper end of this range.</li> </ul>

- Issues and risks for each CCO and POAL are noted in this report. Committee members may identify any additional matters that they want staff to follow up.
- The 2024/2025 third quarter report for Auckland Future Fund Trustee Limited (AFFTL) will be considered at the Governing Body meeting on 29 May 2025.

## Ngā tūtohunga Recommendation

That the Council Controlled Organisation Direction and Oversight Committee:

- whiwhi / receive the 2024/2025 third quarter reports of Eke Panuku, Tātaki Auckland Unlimited, Watercare and Port of Auckland Limited, provided as attachments A to D of the agenda report.

## Horopaki Context

6. Each substantive CCO must provide a quarterly report to the CCO Direction and Oversight Committee. They are required to:
  - summarise the CCO's performance against the approved budget and agreed targets in the 10-year Budget and Statement of Intent (SOI);
  - provide a forecast of the CCO's performance;
  - identify the cause of major variances;
  - highlight major achievements for the quarter; and
  - signal any potential or developing issues.
7. The CCO reports for the third quarter of 2024/2025 are in Attachments A to C of the agenda report. The third quarter reports are required under the CCO Accountability Policy.
8. Under the Memorandum of Understanding (MOU) between POAL and the council, POAL is required to provide quarterly reports to the council as shareholder. The report for the third quarter of 2024/2025 is contained in Attachment D.

## Tātaritanga me ngā tohutohu Analysis and advice

### Eke Panuku

#### Quarter three performance

##### *Financial and capital performance overview*

9. Eke Panuku finished quarter three with direct revenue \$7.2 million above budget, primarily due to \$3.2 million in property lease revenue being recognised upfront, \$2.6 million from tenanted properties that were initially planned for sale or vacancy, and \$1.3 million from expenditure recoveries from tenants. Direct expenditure was \$1.9 million below budget, driven by lower spend in staff cost and delays in some expenditure while the CCO reform process is underway.
10. Year-to-date capital spend was \$7.2 million below budget, attributable to timing delays across projects (e.g. \$3.9 million deferred spend on Te Ara Tukutuku) and lower-than-budgeted costs on some projects (e.g. \$2 million savings from the Cambridge Terrace extension and carpark project).
11. This underspend offset higher-than-anticipated spend in other projects, such as the Wynyard Crossing Bridge maintenance project (over-spend of \$3.3m), where scope and costs changed from the original plan. A post-project review of the Wynyard Crossing Bridge maintenance project, by RCP consultants, was sent to councillors on 1 May 2025. This project will also be a case study going to the Revenue and Expenditure Committee as part of the Better Value Projects work. The Eke Panuku full-year capex budget remains on track to be fully utilised by year-end.

**Performance measures and programme deliverables**

12. The below table sets out a summary of performance against Statement of Intent 2024-2027 performance measures at the end of quarter three:

Eke Panuku	Target met or on track	Target not met or not on track	Not reported in the period	Total
Measures	7	3	2*	12

\*Two are annual surveys.

13. Three performance measures are not on track by the end of quarter three (the same as quarter two), primarily due to subdued market conditions:
- Asset recycling target – \$8.1m sales have been achieved in the year-to-date, with Eke Panuku advising they will not meet the annual target of \$60m.
  - Transform and unlock (urban regeneration) property sales – no properties have been sold in the year-to-date and the annual target of \$16m is unlikely to be met.
  - Net new dwellings (housing units) – 66 units have been completed, against a target of 157 units. This target is also unlikely to be met due to project construction delays or restaging from a challenging property market.
14. Eke Panuku have 13 programmes with deliverables for 2024/2025. 10 programmes are on track and three are at risk (Takapuna, Avondale and Panmure), mainly due to a challenging property market.
15. The disestablishment of Eke Panuku and the transition of business activities into council by 1 July 2025 is on track. This includes initiatives to ensure continuity of business activities and projects.

**Highlights**

16. Quarter three delivery highlights include:
- Westhaven Marina was awarded a five Gold Anchor accreditation by the Marina Industries Association, following assessment of their marina services, procedures and facilities
  - Te Ara Tukutuku (Wynyard Point) public engagement on the concept plan, enabling works started in late March 2025
  - developed design for the Northcote town centre streets project completed
  - resource consent lodged for the Northcote community hub, Puāwai /Cadness Reserve upgrade
  - resource consents granted for Panmure Lagoon Edge Reserve enhancements and the Manukau Osterley Way streetscape projects
  - Chambers Laneway works in Papatoetoe are complete.

**Key Issues and Risks**

17. Market conditions and uncertainty around the development contributions policy update mean that there could be a significant shortfall of asset sales against targets, although approximately \$57m of conditional sales are under negotiation. The property market is challenging from a wider economic perspective with a significant number of listings and developers holding unsold stock.
18. Property sales and completion of housing units are still expected once the property market improves, but the timing may need to be rephased to subsequent years.



## Tātaki Auckland Unlimited

### Quarter three performance

#### Financial and capital performance overview

19. TAU's operating net financial result was favourable to budget, with higher event revenue in the Performing Arts area, strong film studio operating margins, and insurance recoveries offsetting timing variances in grant revenue, while expenditure remained largely on track. Capital expenditure totalled \$55.6 million at the end of quarter, ahead of phased programme budget by \$9.2 million due to earlier scheduling of programmes of work. The end of year forecast is that TAU will largely achieve its budget for the year.
20. Noting that some projects span multiple financial years, TAU reports the following progress with key projects:
  - Auckland Art Gallery Heritage Restoration (total project budget \$31.8m) – overall project spend is 73.8 per cent. The Kitchener Street scaffold removal is scheduled for May 2025 with the final stage clock tower façade remediation due to be completed in October 2025.
  - Aotea Precinct Standby Generator (total project budget \$6.7m) – the standby generation system is live and operational with overall spend at 101 per cent. Staff training to handover to the operations team, final inspection, engineer sign-off and project closure documentation remain.
  - Security transformation programme (total project budget \$8.3m) – eight of the twelve sites are complete and two remain on hold pending future direction (North Harbour and Western Springs Stadiums). The final two sites, Auckland Zoo and Go Media Stadium, are progressing well with CCTV and access control works.

#### Performance measures

21. The below table sets out a summary of performance against SOI 2024-2027 performance measures at the end of quarter three:

Tataki Auckland Unlimited	Target met or on track	Target not met or not on track	Not reported in the period	Total
Measures	9	1	2	12

22. TAU has 12 SOI measures, of which five are Long-term Plan (LTP) measures. Nine of the 12 measures are tracked quarterly; one is a six-monthly measure; and two are annual measures. At the end of quarter three, nine performance were met or on track to be met, one is not met/not on track and two are not reported this quarter.
23. The measure not met/not on track is 'the number of children participating in educational experiences through TAU venues and facilities.' The year-end target is 150,000, the year-to-date result is 104,000. TAU attributes this largely to external influences such as transportation costs and reduced levels of school field trips.

#### Highlights

24. Quarter three delivery highlights include:
  - At the end of Q3, ticketed attendance across TAU venues and events was 1.65 million – 78 per cent of the year-end target of 2.12 million.
  - The ITM New Zealand Sail Grand Prix: Auckland (SailGP) saw the Waitemātā Harbour, Auckland Harbour Bridge and city skyline as backdrops to the action broadcast internationally and live-streamed online over the weekend of 18-19 January 2025. Spectators packed the purpose-built, temporary 8000-seat grandstand both days, with more on the spectator fleet and waterfront vantage points, while free live coverage screened at the Eastern Viaduct.

- Tāmaki Makaurau Auckland’s innovation hub GridAKL marked its 10-year anniversary in quarter three. A comprehensive 10-year impact report published for the anniversary shows GridAKL generates \$424m in annual GDP contributions through its focus on innovation and entrepreneurship (based on 2024 figures). Of this, \$33m is additional economic value enabled by TAU investment.
  - From 1-23 March 2025, SIX the Musical played in The Civic, achieving strong ticket sales. This project was made possible through the collaboration between TAU, Auckland Arts Festival and Louise Withers (producer of the Australasian tour of the musical). The success of this show will help build confidence in the New Zealand market.
  - Manukau Sports Bowl was lit up with more than 500 lanterns for the BNZ Auckland Lantern Festival 13–16 February 2025. The Chinese New Year festival, presented by TAU on behalf of Auckland Council, changed to a free ticketed event for the first time with free travel on Auckland Transport busses and trains included. More than 200,000 tickets were issued for the event.
  - To date this year, three flamingo chicks have been hatched at Auckland Zoo and are being reared by their parents. The ongoing breeding success of this flock, the only flamingos in Oceania, will potentially be important as preparation continues for the imminent arrival of high pathogenicity avian influenza (HPAI).
  - Go Media Stadium has taken a major step toward becoming New Zealand’s most sustainable stadium with the installation of more than 1700 solar panels. Mounted on the roofs of the East and West stands, the solar arrays are expected to generate approximately 60 per cent of the stadium’s total energy usage, cutting carbon emissions by 36 tonnes per annum and saving an expected \$100,000 annually in energy costs.
25. In other updates, TAU has continued to investigate the feasibility of an Auckland Pass (a single ticket for key regional facilities and attractions). Over quarter three, this has included primary research with potential operators and customers, an evaluation of the operational feasibility of introducing an Auckland Pass, commercial modelling and assessment of the conditions required for a pass to be successful. This work will be synthesized and a recommendation made on next steps will be made to the TAU board in quarter four.

### Key Issues and Risks

26. TAU highlight while progress has been made through the CCO Reform process towards establishing TAU as the lead agency for regional event programming and delivery of all regional, major and mega events, achieving a realistic allocation of funding and resources from the council to TAU to reflect the new accountability of functions and activities remains a risk to TAU. Implementation is separate to the current transition process and will be staged over time so as not to disrupt current event programming.
27. TAU continues to work with the council and key stakeholders on an alternative to the Accommodation Provider Targeted Rate (APTR) – such as a bed levy – to enable continued investment in destination attraction and major event activity. The implementation of legislation to enable a bed levy in this term of government has now been discounted by the Minister of Tourism, creating a major funding gap for TAU major events for FY26 and beyond. This identification of a stable future funding source is critical to enable continued major events attraction for Auckland.
28. TAU also highlights that ongoing uncertainty regarding the future funding of major events has a direct impact on future regional GDP. Over the last three years the estimated contribution to regional GDP from major and business events attracted or supported by TAU has been \$74.2m (FY23), \$142.8m (FY24) and \$63.7m (FY25 year to date). This additional GDP is at threat without ongoing funding, with TAU unable to commit to future events.

## Watercare

### Quarter three performance

#### *Financial and capital performance overview*

29. Watercare's Q3 YTD net financial result was unfavourable, with revenue \$35 million below plan due to lower water and wastewater consumption (\$26 million) and reduced developer activity impacting Infrastructure Growth Charges revenue (\$12.7 million). Cost savings of \$17 million, mainly from lower plant operating costs and professional services, partially offset this, but declining consumption and growth trends pose ongoing revenue risks that need to be closely monitored.
30. Capital spend was \$199 million behind plan impacted by initial uncertainty around financial separation and funding, delays in procurement, design, consenting and challenges with traffic management plans. The full-year forecast has been revised to \$1.08 billion from the full year budget of \$1.21 billion following the quarter three result. Key underspends include pipeline and plant renewal programmes (\$58.3 million), lower than anticipated flood renewals (\$26 million), Queen St Diversion (\$18 million) and Warkworth Growth Servicing and Wellsford Wastewater Treatment Plant Upgrade (\$11.9m).
31. The southern section of the Central Interceptor went into service in January 2025 and a further milestone was reached when the tunnel boring machine completed the last section of the tunnel from Māngere to Herne Bay in March 2025.
32. Of the capital works in the SOI scheduled to be completed in the quarter, the following have been delayed:
  - Completion of the Waikowhai pump station and watermain, which is being delivered with Kāinga Ora, has been delayed due to excavation challenges and electricity connections. It is on track to be delivered within budget by year end.
  - Takapu Street wastewater was not completed in the quarter but should be completed by year end and within budget.
  - Waikato Water Treatment Plant waste management upgrade was delayed due to the need to switch focus to preparing for drought conditions and is forecast to be completed in July 2025 and within budget.

#### *Highlights*

33. Progress on new financial and regulatory arrangements for Watercare achieved in the quarter include:
  - The Watercare Charter came into effect on 1 April 2025 under the Local Government (Water Services Preliminary Arrangements) Act 2024. It sets minimum service quality standards and financial performance objectives that Watercare must meet.
  - The Watercare business plan 2025-2034 was completed as required by the Preliminary Arrangements Act. It includes priorities and challenges, asset management approach, infrastructure investment, revenue and funding plans for the next ten years.
  - Watercare received a credit rating of Aa3 from Moody's and completed the first phase of its capital raise to secure debt in preparation for raising its own debt from 1 July 2025.
34. Jamie Sinclair has been appointed the new Chief Executive of Watercare and will take over the role from Dave Chambers on 3 June 2025.
35. Public consultation on the Metropolitan Servicing Strategy for water and wastewater started in March and will run to 1 June 2025.

36. Auckland entered the 'preparing for drought' level in the Drought Management Plan in early March 2025 which triggered an operational and community response. Water production increased from the Waikato Water Treatment Plant to preserve dam water levels, proactive leakage identification and resolution continued, and Aucklanders were asked to reduce their water use through the "Easy does it" campaign. Wetter weather in April means that Auckland has now moved out of its preparatory drought response.

**Performance measures**

37. Thirty of Watercare's 36 SOI measures are reported in the quarter three report.

Watercare	Target met or on track	Target not met or not on track	Not reported in the period	Total
Measures	25*	5	6	36

*\*Note Watercare are reporting 26 targets on track, see Leakage performance below*

38. Targets were not met for five measures in the quarter:
- i) Response time for attendance at sewerage overflows – 77 minutes median compared with a target of less than 75 minutes.
  - ii) As the response time target has not been met, this also means that the target to meet all 15 measures set by the Department of Internal Affairs has also been missed.
  - iii) Leakage performance – 113.74 litre/connection/day (l/c/d) against a target of 98.29 l/c/d. Watercare's proactive leak detection (and pressure reduction) programme surveys pipes to reduce water loss. Watercare are reporting this measure as meeting the target which is a change to the previous treatment of this measure.
  - iv) Compliance with Taumata Arowai Quality Assurance Rules – Residual disinfection (chlorine) compliance was not achieved in one of the 40 zones: Roberta Avenue (one sample). The issue has been rectified.
  - v) Community trust – The 12-month rolling average is at 54 per cent, below the minimum target of 55 per cent.

**Key Issues and Risks**

39. Of those measures with a yearly target, two appear to be at some risk: planned network pipe renewal, at 7.5km completed, sits well below the yearly target of 26 km; and the proportion of procurement sourced through Māori-owned business was at three per cent, against a target of five per cent.

**Port of Auckland Limited**

**Quarter three performance**

**Performance Overview**

40. POAL delivered strong performance in the third quarter, and POAL management note that they are very pleased with the year-to-date results. Revenue increased across all major streams, supported by continued growth in container volumes, steady breakbulk imports, and a solid cruise season. While vehicle imports and construction materials remain below expectations, the company has exceeded its full-year profit target.
41. Financially, revenue reached \$297.5 million, \$19.9 million favourable compared to budget, while net profit after tax (NPAT) was \$67.3 million, \$20 million above YTD budget and exceeding the full-year budgeted NPAT of \$65 million. Despite weaker vehicle trade and construction material volumes, profitability remains strong. Full-year earnings guidance has been revised upward to \$75-80 million NPAT, with POAL tracking at the upper end of this range.

42. POAL also maintained cost discipline, with operating expenses slightly below budget. A \$25 million interim dividend was paid to the council in March, and POAL is on track to meet the full-year dividend target of \$45 million.

**Operational and safety highlights include:**

- Zero serious injuries or fatalities.
- Health and Safety Performance Index improved further to 86 per cent, above the 80 per cent target.
- Berth window performance reached 68 per cent YTD, with a particularly strong Q3 result of 91 per cent.
- Customer experience score was 87 per cent positive.
- Container handling productivity improved further to a berth rate of 42.04 moves per hour.
- Truck turnaround times remained strong, averaging under 20 minutes despite high volumes.
- Cruise ship calls 17 per cent higher than YTD budget of 95 vessels.

**Key Issues and Risks**

43. Although cruise activity has been better than expected for FY25, the outlook for the following season remains weaker due to cruise scheduling constraints.
44. Demand for construction materials such as cement and aggregates remains soft in the Auckland region.
45. Only slight improvement in container movement towards off peak. POAL management outlined plans to address this at their appearance at the CCO Direction and Oversight Committee meeting last month.
46. Waste reduction remains a challenge, with performance behind target and new measures being implemented.

**Strategic Developments**

47. The company submitted a resource consent application for the Bledisloe North Wharf to the Environmental Protection Authority. Tender documentation has been distributed to contractors.
48. Progress continues on the Fergusson North Wharf extension and the capital dredging program, which is currently under stakeholder review.
49. The upgrade of the terminal operating system to a cloud-based platform was completed in April.
50. Decarbonisation initiatives also advanced, with the completion of the rooftop solar installation and the commissioning of the first electric hoist.

**Outlook for FY25**

51. POAL is likely to exceed its revised full-year financial targets. Management will continue to focus on delivering capital projects, maintaining operational performance, and improving outcomes in safety, customer satisfaction, and environmental sustainability.

## Tauākī whakaaweawe āhuarangi

### Climate impact statement

52. The CCOs and POAL quarterly reports contain commentary on activities relating to climate change. Important points to highlight are:
53. Eke Panuku progress on their climate goals in quarter two includes:
  - ongoing deconstruction projects in Papatoetoe, Avondale and Northcote to identify and salvage materials of value for reuse
  - work is underway to scope a blue-green network strategy for the city centre as part of the delivery of the City Centre Action Plan and there is ongoing community engagement on the Te Whakaorangao te Puhinui stream regeneration project
  - embedding climate considerations, including mapping climate hazards such as flooding and urban heat island effects across neighbourhood projects.
54. For TAU, Auckland Zoo will gradually phase-out single-use cups from dine-in cafes Te Puna and Wētāpunga by 30 April, and from its takeaway outlets later in the calendar year. While the Zoo diverts approximately 85 per cent of its total waste from landfill each year, in FY 2023/2024, the Zoo was still TAU's largest source of waste to landfill, responsible for 25 per cent of the total 402 tonnes. Eliminating single-use cups from the Zoo by the end of this calendar year will help reduce waste to landfill to help achieve its waste target.
55. In quarter three, Auckland Art Gallery Toi o Tāmaki was the host of the quarterly climate action hui run by TAU. The cross-organisational group from Auckland Arts Festival, Auckland Museum, Howick Historical Village, The Trusts Arena and TAU (incl. Auckland Live & Conventions, Auckland Stadiums, Climate Connect Aotearoa) learnt about TAU's decarbonisation project, the sustainability requirements for the gallery's Olafur Eliasson exhibition, and other initiatives, with the goal of supporting collaboration and knowledge sharing.
56. Watercare performance against the greenhouse gas SOI measure is tracking well, with 78,090 tonnes of CO<sub>2</sub> equivalents (tCO<sub>2</sub>e) year-to-date against the annual SOI target of a maximum of 139,170 tCO<sub>2</sub>e. This result is largely based on positive performance in electricity emissions.
57. Nitrous oxide and methane generated from wastewater treatment processes and biosolids disposal are Watercare's most challenging emission sources. To start to address this, real time monitoring of nitrous oxide emissions is now underway at the Māngere and Pukekohe wastewater treatment plants. Monitoring will also be rolled out to Rosedale plant in the coming months. The data gathered will be analysed and processes put in place to reduce emissions.
58. POAL's report outlines that decarbonisation initiatives advanced, with the completion of the rooftop solar installation and the commissioning of the first electric hoist. However, waste reduction remains a challenge, with performance behind target and new measures being implemented.

## Ngā whakaaweawe me ngā tirohanga a te rōpū Kaunihera

### Council group impacts and views

59. Each CCO and POAL quarterly report contains information on how they are contributing to the council's outcomes and objectives.

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

### Local impacts and local board views

60. The governance of substantive CCOs (with the exception of Auckland Transport) and POAL is a responsibility delegated to the CCO Direction and Oversight Committee. We have not sought the views of local boards. CCOs provide six-monthly progress and performance reports to local boards. The quarterly reports also note where the CCO has engaged with a local board(s) on particular projects/activities during the quarter.

### Tauākī whakaaweawe Māori

#### Māori impact statement

61. Each CCO and POAL report on their contribution towards achieving Māori outcomes in their quarterly report.
62. Highlights for Eke Panuku in quarter two, include:
- Working with nine iwi mana whenua groups on the Central Wharves masterplan programme to understand their aspirations for the wharves. Key focus areas include the need to restore and regenerate the natural environment including the Waitematā.
  - Development of the North Wharf site in Wynyard Quarter will be in partnership with iwi and will include cultural representation through the design of the development.
  - Engagement with iwi mana whenua rangatira to discuss the CCO Reform programme and organisational changes.
63. Highlights for TAU in quarter three include:
- Running since 2019, the TupuToa programme offers a 12-week (November–February) paid internship that provides professional opportunities for Māori and Pacific final year tertiary students. This year, TAU sponsored five interns within the People and Culture, Māori Outcomes (two), Marcomms and Digital rōpū.
  - To date, nine Tangata Tiriti Te Tiriti Workshops (Level 1) have taken place, with 230 kaimahi across the organisation attending. A Level 2 ‘Applying Te Tiriti’ pilot workshop developed and facilitated by Te Tiriti education specialists Groundwork was completed in February, and a Level 3 ‘Haumi | Allies’ workshop completed in March.
  - Te Puna Māori Economic Innovation Hub, Te Ngahere (GridMKN), and Reserve TMK hubs are part of the GridAKL network and as such this work programme will transition to Auckland Council from FY26 following the transfer of economic development functions from TAU to the council as part of the CCO Reform programme. Draw down of the three-year funding of East Auckland hub operator ReserveTMK started in quarter one and programme delivery is underway. Te Puna Māori Economic Innovation Hub is a partnership with Te Kawerau ā Maki iwi. Funding agreements are now in place for Te Puna Creative Academy with Crescendo Trust of Aotearoa, Ama Digital Studios and Te Pou Theatre Trust and programme delivery started in quarter three and will continue in quarter four.
64. Watercare’s review of its Māori outcomes plan is almost complete. It aligns with the refresh of Kia Ora Tāmaki Makaurau. The plan aims to prioritise the development of tools and resources to support Te Reo and Tikanga Māori initiatives throughout Watercare. Key deliverables include:
- programmes that support water infrastructure and improvement developments for marae and papakāinga
  - five percent of total spend of contracts (direct and subcontract spend) to be awarded to Māori businesses
  - knowledge sharing of Watercare’s technical expertise on water with iwi and mana whenua partners, as well as Māori education providers and community groups.

65. POAL’s report outlines progress on its Tauru Herenga Waka/Māori Outcomes Framework, including that the Framework document has been refreshed and is in booklet form and has been embedded in the cultural workshops. Taumata reset has occurred including establishment of the Runanga Māori. POAL’s report includes the number of staff iwi engagements for the quarter (41), participation in Te Ara Ahurea Wananga (Tiriti Training) for Emerging Leaders cohort (43), and Participation in Te Reo Māori training (46).

## Ngā ritenga ā-pūtea Financial implications

66. Each of the CCOs and POAL’s quarterly reports contain information regarding their financial performance. These are summarised at a high-level in the sections above.

## Ngā raru tūpono me ngā whakamaurutanga Risks and mitigations

67. Each of the CCOs and POAL’s quarterly reports contain information regarding their risks and mitigations, key points are summarised above.

## Ngā koringa ā-muri Next steps

68. The next CCO and POAL quarterly performance reports (quarter four, April to June 2025) will be provided to the CCO Direction and Oversight Committee in September 2025.

## Ngā tāpirihanga Attachments

No.	Title	Page
<a href="#">A⇒</a>	Eke Panuku 2024/2025 Quarter Three Report	
<a href="#">B⇒</a>	Tataki Auckland Unlimited 2024/2025 Quarter Three Report	
<a href="#">C⇒</a>	Watercare 2024/2025 Quarter Three Report	
<a href="#">D⇒</a>	Port of Auckland 2024/2025 Quarter Three Report	

## Ngā kaihaina Signatories

Authors	Rachel Wilson - Principal Advisor Chris Levet - Principal Advisor Trudi Fava - Principal Advisor Sarah Johnstone-Smith - Principal Advisor Tracy Xu - Principal Advisor CCO Financial Planning
Authorisers	Anna Bray - General Manager Group Strategy, Transformation and Partnerships Alastair Cameron - Manager CCO/External Partnerships team



## Lead Councillor CCO updates

File No.: CP2025/07814

### Te take mō te pūrongo

#### Purpose of the report

1. To whakaae / accept update reports from Lead Councillors about their activity in maintaining liaison with their assigned Council Controlled Organisations (CCOs) and the Port of Auckland Limited.

### Whakarāpopototanga matua

#### Executive summary

2. On 17 November 2022, the Governing Body approved the purpose and responsibilities of the Lead Councillor CCO role, as included in the Terms of Reference.
3. The purpose of the Lead Councillor CCO role is to assist the Governing Body to exercise effective direction and oversight of the substantive CCOs and the Port of Auckland Limited.
4. Lead Councillors do not have a formal board role, and do not get involved in management decisions.
5. Key responsibilities of the Lead Councillor CCO includes:
  - Attending open sessions of each CCO Board meeting and, at the discretion of the CCO Board Chair, closed sessions and committees. Confidential material is at the discretion of the CCO Board Chair, but CCO will be expected to provide sufficient information to enable Lead Councillors to exercise their functions.
  - Supporting the mayor and governing body by leading policy discussions that concern each CCO, including discussion in relation to the exercise of the council's direction and accountability powers.
  - Reporting on their activity with the CCO quarterly to the appropriate committee.
  - Attending mayoral meetings with CCO Board chairs.
  - Meeting with the mayor to discuss how the roles are operating and can be improved.
  - Creating and supporting good working relationships with CCOs, improving the exchange of information and perspectives.
  - Improving understanding of the expectations and perspectives of the council and community by CCOs.
  - Supporting greater understanding of the activities and expertise of CCOs by councillors and the council.
6. At the 27 July 2023 meeting of the Governing Body, the committee structure was reviewed and alterations made ([GB/2023/131](#)). Following that review, the Lead Councillor roles have been allocated as follows:
  - Tātaki Auckland Unlimited: Deputy Mayor Desley Simpson
  - Eke Panuku Development Auckland: Councillor Angela Dalton
  - Watercare: Councillor Ken Turner
  - Ports of Auckland Limited: Councillor Chris Darby.

## Ngā tūtohunga

### Recommendation

That the Council Controlled Organisation Direction and Oversight Committee:

- a) whiwhi / receive the verbal updates from the Lead Councillors.

## Ngā tāpirihanga

### Attachments

There are no attachments for this report.

## Ngā kaihaina

### Signatories

Author	Madeline Holland - Kaitohutohu Mana Whakahaere / Governance 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) – 13 May 2025

File No.: CP2025/07135

Item 11

### 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.
2. To receive a summary and provide a public record of memoranda or briefing papers that have been distributed to the Council Controlled Organisation Direction and Oversight Committee.

### Whakarāpopototanga matua

#### Executive summary

3. 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.
4. The following workshops/briefings have taken place for the committee:

Date	Subject
16/04/2025	OPEN Workshop - CCO Direction and Oversight Committee and Transport, Resilience and Infrastructure Committee Joint Workshop - Shareholder feedback on CCO Draft Statements of Intent 2025-2028 Documents will be made available on the Auckland Council website <a href="#">here</a>

5. These documents can be found on the Auckland Council website, at the following link: <http://infocouncil.aucklandcouncil.govt.nz/>
  - o at the top left of the page, select meeting/te hui “Council Controlled Organisation Direction and Oversight Committee” from the drop-down tab and click “View”;
  - o under ‘Attachments’, select either the HTML or PDF version of the document entitled ‘Extra Attachments’.
6. Note that, unlike an agenda report, **staff will not be present to answer questions about the items referred to in this summary.** Committee members should direct any questions to the relevant staff.

### Ngā tūtohunga

#### Recommendations

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
- b) whiwhi / receive the Summary of Council Controlled Organisation Direction and Oversight Committee information memoranda, workshops and briefings – 13 May 2025.

## 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

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

That the **Council Controlled Organisation Direction and Oversight Committee**

- 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: Lead Councillor CCO updates

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)(h) - The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.  In particular, the report contains information that could prejudice Watercare's position with potential stakeholders.	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.