

20 December 2023

Via email: Paul.Majurey@holmmajurey.nz

Paul Majurey
Chair
Eke Panuku Development Auckland

Tēnā koe Paul

Letter of Expectation for Statement of Intent 2024 – 2027

This letter of expectation sets out the council's priorities and expectations to inform the development of the draft Statement of Intent (SOI) 2024-2027 of Eke Panuku Development Auckland (Eke Panuku).

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to Eke Panuku. These expectations build on the joint workshop of Transport and Infrastructure and CCO Direction and Oversight Committees, held on 12 December 2023.

The content of this letter was approved by the Governing Body on 14 December 2023, with delegation to myself, the Deputy Mayor, Chair of the CCO Direction and Oversight Committee and relevant Lead Councillor to finalise and issue this letter of expectation.

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

- date of submission of the draft SOIs is on or before 1 April 2024
- date for final submission of SOIs is on or before 31 July 2024.

Please liaise with CCO Governance staff about ensuring these dates can be met. Council will likely consider its shareholder feedback on draft SOIs at the CCO Direction and Oversight Committee meeting of 7 May 2024.

Part 1. Expectations of all CCOs

i) Alignment to final 2024-2034 Long-term Plan (LTP)

Council will commence public consultation on the draft 2024-2034 LTP in late February 2024. Following consultation and deliberations, a final LTP will be adopted in June 2024. Once this occurs, final SOIs (including financial information and performance measures) should be aligned with the final LTP and the strategic priorities contained within.

ii) Financial strategy and budget levers

Group budget responsibility and transparency rules

- CCOs are expected to provide better advice to elected members, including:
 - use of cost/benefit analysis for spending decisions. CCOs are expected to work with council to determine a consistent methodology / approach for estimating benefits, which must outweigh costs.
 - some contestable advice (i.e. we are seeking advice provided to elected members which is separate from the council department or CCO asking to spend the money). This need not require external advice in every instance but can leverage expertise within the council group.
 - a thorough assessment of options against Long-term Plan strategic priorities.

Capital expenditure

- Fix, finish, optimise – CCOs are expected to consolidate, finish what we have started, fix what is broken and get the best out of what we already have. CCOs should slow down growth in capital programmes, look after what we already have, before embarking on big new capital projects
- Any new CCO capital projects to support growth should be in accordance with the direction of the Future Development Strategy.

Operating savings

- Council group will need to deliver additional cost savings that have not been identified, of at least \$20m in year one, rising to \$50m in year three of the LTP (based on the core scenario).

iii) Better, faster, cheaper: cost savings and value for money

- Fit for purpose technology: CCOs should not set up any separate technology functions and share generic technology functions
- CCOs are expected to deliver group shared services and consolidation of service functions (council will set the mandate for this)
- CCOs should work with council to optimise the performance of our significant property portfolio and implement the findings of the Group Property model review
- CCOs are expected to support and actively engage in any S17A, value for money and other reviews council may commission.

iv) Compliance with Statement of Expectations of substantive CCOs

- CCOs should adhere to the Statement of Expectations of substantive CCOs, which explains how CCOs should conduct their business and manage their relationships with council and other interested groups (including matters such as the 'no surprises' principle)
- Visible CCO chair and board leadership should be provided to elected members on CCO major activities and programmes, and at key project milestones
- Communication on significant public facing issues should be led as a partnership between the CCO Chair and elected members

v) Engagement with government

- Work with the new government, only where interests are aligned and messages are consistent with those of Auckland Council
- CCOs should inform council of any conversation with the government on any new proposal
- CCOs are expected to ensure any relevant data and work undertaken on the previous government's proposals are retained and utilised where relevant.

vi) Climate change (mitigation and resilience)

- CCOs should continue to be guided by *Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan* by incorporating climate change considerations (whole of life greenhouse gas emissions and resilience) into work programmes and decisions
- CCOs are expected to continue reducing climate emissions and improving climate resilience, with a focus on cost-effective delivery of climate projects
- CCOs should demonstrate leadership and accountability through measurement and reporting on the climate performance of their decisions
- CCOs are expected to work towards reducing exposure and vulnerability to climate-related risks (Auckland Council Group and Regional risks)
- If there are risks to a CCO's achievement of their carbon emissions targets, these should be highlighted through the CCO's regular quarterly reporting to the relevant committee, and as appropriate, to the council's Audit and Risk Committee.

vii) Local Boards

- CCOs are expected to provide timely, delivery focused, quality, concise advice to local boards.

viii) Māori Outcomes

- CCOs should continue to be guided by *Kia Ora Tāmaki Makaurau* and deliver, monitor and report on each Achieving Māori Outcomes plan
- CCOs are expected to actively work as a partner with Māori, along with central government and external partners
- CCOs should actively seek to maximise opportunities for Māori businesses to participate in procurement processes.

Part 2. Key expectations of Eke Panuku

i) Urban regeneration

- Continue to progress urban regeneration programmes, including maintaining capital investment levels. Provide a clear view of projects to be delivered in the next three financial years and any programme delays.
- Progress a rolling five-yearly review / refresh of current programmes (as previously agreed).
- Note the intention of council to restore the \$100m Strategic Development Fund to enable faster regeneration of run-down parts of Auckland.
- As lead agency in the city centre, continuing to recognise the council group role in central city safety and the need to work in partnership with the Crown, social services and community groups.
- Present the Port Precinct Framework Plan to the Governing Body in February 2024, in accordance with Eke Panuku's current Statement of Intent. Progress the next stage of port precinct development work, including master planning of the central wharves, based on future decisions of the Governing Body. This includes looking at simple low-cost initiatives to activate the central wharves, enabling people to access the water.

ii) Property management

- Contribute to the asset sales target of \$300m over 10 years of the LTP, with the timeline and pipeline of asset sales to be decided by council.
- Contribute to work led by council on group property ownership and management, including:
 - Establishing principles for asset ownership and a framework to support decision-making.
 - Co-operate with a review of the group property model to remove unnecessary duplication and waste.
 - Section S17A review of the ongoing management of marinas
 - Establishment of a taskforce on service property optimisation.

Council looks forward to receiving a draft of the Eke Panuku SOI no later than 1 April 2024.

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

Ngā mihi



Wayne Brown
MAYOR OF AUCKLAND

cc:

Desley Simpson, Deputy Mayor
Cr Shane Henderson, Chair CCO Direction and Oversight Committee
Cr Angela Dalton, Eke Panuku Lead Councillor
David Rankin, Chief Executive, Eke Panuku
Alastair Cameron, Manager CCO Governance and External Partnerships