

20 December 2023

Via email: [REDACTED]

Vicki Salmon
Chair
Tātaki Auckland Unlimited

Tēnā koe Vicki

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 Tātaki Auckland Unlimited (Tātaki).

It sets out common expectations across all council-controlled organisations (CCOs), and expectations specific to Tātaki. 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. advice provided to elected members which is separate from the department 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 LTP 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 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.

i) 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 Tātaki

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

i) Implement decisions on options for North Harbour Stadium (NHS) Precinct

Subject to consultation and final decisions on the LTP, Tātaki is expected to implement either:

- i. the status quo option (investing in essential renewals of \$33m at NHS) or,
- ii. an option to redevelop the NHS Precinct into a fit-for-purpose multisport area in conjunction with the community, existing users and stakeholders, to ensure the community is better-off following any changes, or
- iii. change the operational management of NHS to ensure greater use by the community

ii) Progress options on a bed night visitor levy

Tātaki is expected to work, in partnership with council, to progress options for a bed night visitor levy with the new Government, to fund major events and destination marketing.

iii) Funding of economic development, major events and destination activity

Expiring government funding for events will leave a \$5m funding gap at the end of the FY24 financial year. Tātaki is expected to fund this gap by seeking additional Government funding.

iv) Remove any duplication in economic development and events activity

Tātaki is expected to support and actively engage with Council's review of economic development activity and events delivery across the council, to reduce any duplication. Work on events (regional and local) should identify how teams and activity can be consolidated into one entity

v) Progress closer integration with Auckland War Memorial Museum (AWMM) and MOTAT

Tātaki should support progress of the recommendations from the Arts, Social, Sports and Community Political Working Group regarding closer integration of AWMM and MOTAT with Tātaki.

vi) Progress a single operator for Auckland's stadiums

Following conclusion of the 'main stadium' expression of interest process, Tātaki should further progress discussions with Eden Park Trust on a single operator for the region's four stadiums.

vii) Better utilisation of Council's art collection

Tātaki, specifically the Auckland Art Gallery, is expected to work in partnership with council on how the council's art collection can be better utilised. The Auckland Art Gallery should explore ways the collection can be exhibited or leased around the region. For a fee to the hiree, some of the collection could also be exhibited or leased across the country.

vii) Investigate an 'Auckland Pass'

Tātaki should investigate the development of an 'Auckland Pass' integrated ticket solution, in collaboration with Auckland's cultural institutions.

Council looks forward to receiving a draft of the Tātaki 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 and Tātaki Lead Councillor
Cr Shane Henderson, Chair CCO Direction and Oversight Committee
Nick Hill, Chief Executive, Tātaki Auckland Unlimited
Alastair Cameron, Manager CCO Governance and External Partnerships