

20 February 2025

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Chair
Tātaki Auckland Unlimited

By email - [REDACTED]

Tēnā koe Vicki

Letter of Expectation for Statement of Intent 2025-2028

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

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

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

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

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

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

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

Part 1. Expectations of all CCOs

i. Focussing CCOs on delivery

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

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

Council will also be pursuing a range of non-structural changes (such as reforming the existing CCO board appointment and performance review process) to support the reset of the CCO model as it applies to all substantive CCOs. Advice on these non-structural change options has been requested in early 2025 and any additional requirements or changes arising from this will be communicated to CCOs.

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

Attribution and branding

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

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

ii. Accelerate implementation of group shared services

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

Tātaki should be active participants in Group Shared Services.

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

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

iii. Delivering year two of the Long-term Plan 2024-2034 and alignment to final Annual Budget 2025/2026

CCOs are expected to focus on delivering year two of the LTP 2024-2034. This includes \$47 million of savings, on top of other savings targets agreed through previous plans and decisions.

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

iv. Planning, delivery and paying for growth

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

v. Procurement and effective spending

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

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

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

Auckland Council Group is committed to upholding its obligations derived from Te Tiriti o Waitangi and to achieving better outcomes for Māori. CCOs are expected to share this commitment and contribute to its delivery, including through (but not limited to):

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

vii. Quality timely advice to Local Boards

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

viii. Climate change

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

ix. Compliance with Statement of Expectations of substantive CCOs

CCOs should adhere to the Statement of Expectations of substantive CCOs, which explains how CCOs should conduct their business and manage their relationships with council and other interested groups (including matters such as the 'no surprises' principle). This document will be reviewed and updated in 2025 to reflect decisions on CCO reform.

As such, CCOs should work with the government, only where interests are aligned and messages are consistent with those of Auckland Council. CCOs should inform council of any conversation with the government on any new proposal or legislative reform. These engagements should be summarised in your quarterly reporting.

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

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

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

Key expectations for the draft AMP are:

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

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

ix. Investment area office

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

Part 2. Key expectations of Tātaki Auckland Unlimited

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

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

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

ii. Consolidation of events and activation activity

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

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

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

iii. Evaluation of major events

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

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

iv. Funding of destination and major events activity

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

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

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

v. Council oversight on stadiums

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

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

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

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

vi. Alliance of council funded cultural organisations and Tātaki

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

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

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

Ngā mihi,



Wayne Brown
MAYOR OF AUCKLAND

Copy to:

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