

Staff Advice to support the Mayoral Proposal



Part 2

10 May 2024

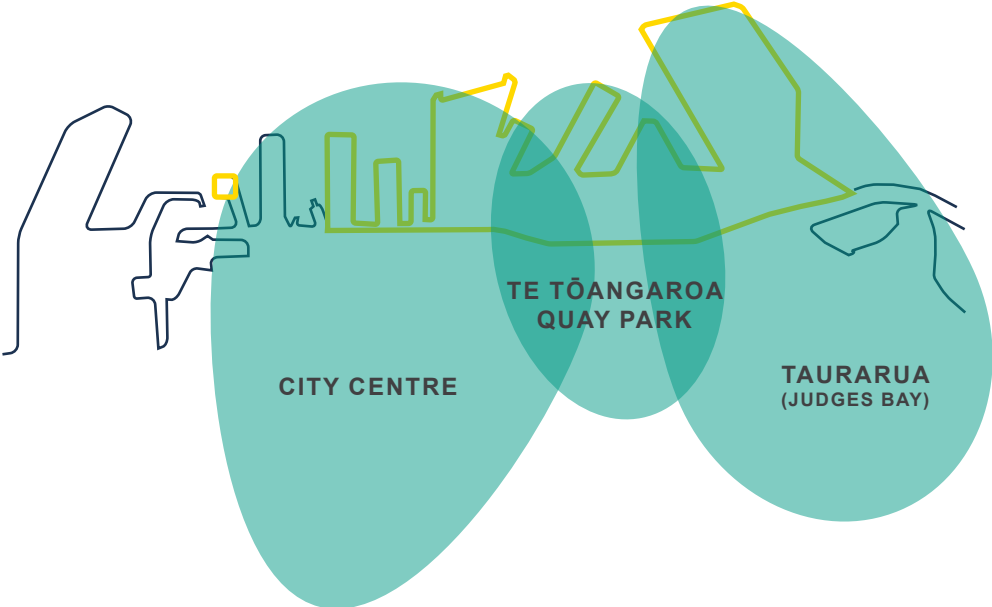
Considerations

This section covers issues that we know are key to the future development of the port land, wharves and water spaces.

Some are high level, and some take a deeper dive into these issues.

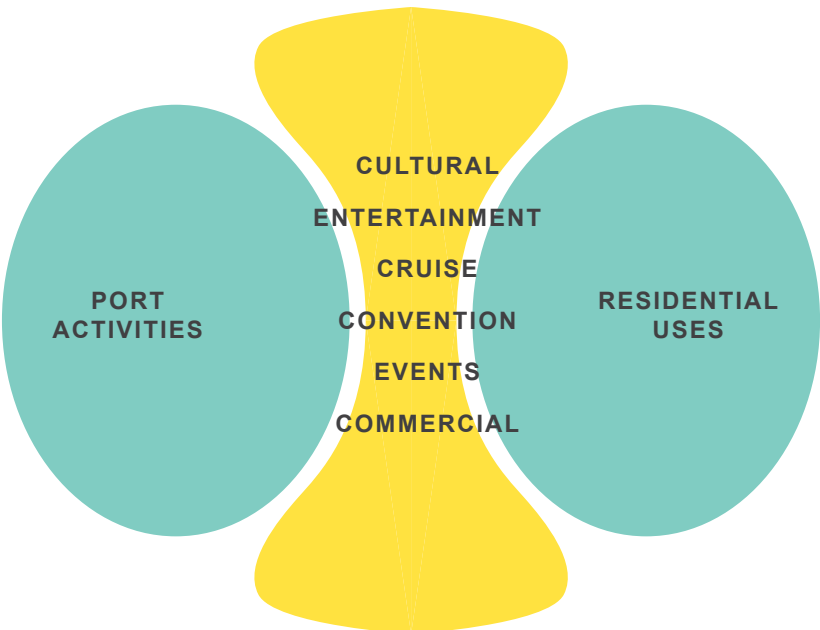


SPATIAL CONSIDERATIONS



The precinct is over two kilometres long from west to east, and borders several parts of the city, each with its own distinct identity.

To ensure the future development integrates successfully and cohesively into Tāmaki Makaurau, it will need to stitch back and transition into the intensity and activity of the city centre, the mid-rise development through Te Tōangaroa / Quay Park, and into the character suburb of Parnell.



As the port withdraws in stages, there will be a period of time during which port operations continue alongside new development and uses - creating potential compatibility issues.

The noise, light and dust associated with the round-the-clock operations of a working port pose a reverse sensitivity risk with future residents.

As land is released into public use over stages, a key challenge will be to continue to allow for freight movement to support port operations, while demand (and priority) for other modes become increasingly important.

PROVIDING THE MIX



We need to confirm the scale and type of development appropriate for each part of the site and the future mix of uses.

Based on the work done in Wynyard Quarter and elsewhere, an indication of the potential allocation of space could be:

- + 25% for public use (passive and potential sites for destination attractions)
- + 50-60% for mixed development which brings investment and ongoing activation of the area
- + The balance being in roading, walkways, laneways, cycleways etc.

A CHALLENGING SITE

Alongside the opportunities, come the constraints of the site, Our investigations and collective knowledge have identified the following challenges:

Health of Te Waitematā

Many of our city activities have an impact on the health of Te Waitematā. Any future development of this land and waterspace needs to positively lift the health and wellbeing of humans and the marine environment.

Contamination

The site’s history includes various industrial uses and storage of hazardous substances resulting in land contamination. The site has been identified as a Hazardous Activities and Industries List (HAIL) location. Due to historic reclamation, geotechnical assessment will be required to identify areas of non-engineered fill with limited load bearing capability. Further investigations and land management plans will need to be developed to understand the ground conditions and the location and nature of contaminant loads.

Wharf condition

To date the asset management and renewal of wharves has been undertaken to a standard required for port use. A change of use will require further investigation into the deck and wharf capacity required over time. The wharves are of different ages and stages in their asset management cycles. A change in use will need to factor in the required investment to renew and/or maintain them to a level suitable for public access.

Height controls

There are height controls across the site that protect valued view shafts, such as the Auckland War Memorial Museum Viewshaft Overlay.

Sea level rise

Modifications will need to be made to the site in the medium term to protect against coastal flooding from sea level rise and storm surges. Based on existing ground levels a 1m sea level rise would result in partial inundation of the site and a 1.5m sea level rise would result in total inundation. Varying ground levels is likely to be the required solution however a decision will need to be made concerning the level of coastal and flood resilience to plan for.

Bulk Infrastructure

There is limited bulk infrastructure on site and what does exist is only sufficient for port usage. Significant investment will be required to connect to city infrastructure networks and provide the resilience needed for future redevelopment. Stormwater and waste water represent the majority of investment required to connect the site and future proof the network for use.

Access requirements

Similar to Wynyard Quarter which is on a peninsula, the development potential and ease of access will be affected by the capacity of Quay Street and the quality of the connection to Britomart, the rail network and the motorway.

CMA occupation

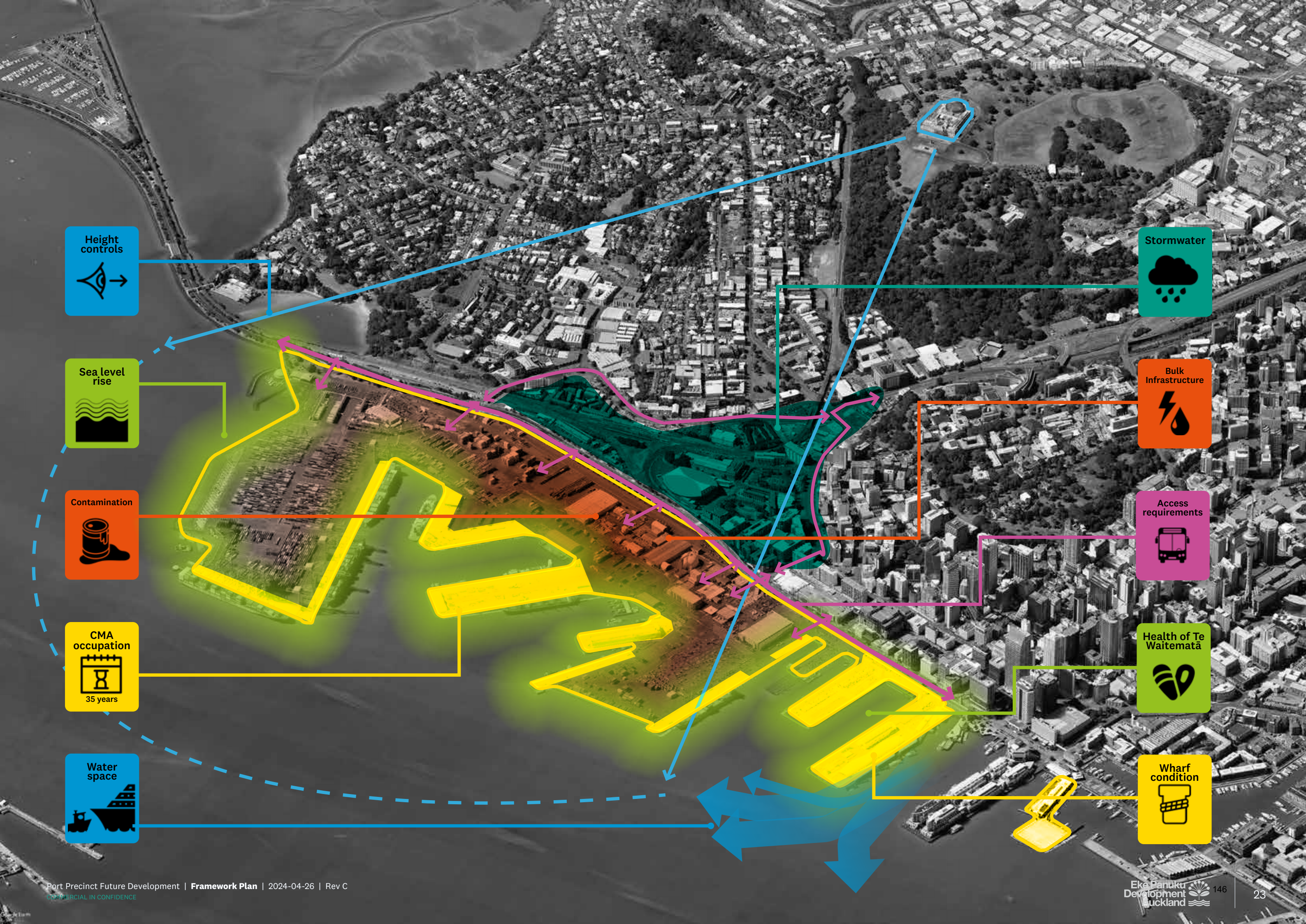
Since they are in the coastal marine area (CMA), there is a 35-year lease tenure on wharves which will need to be factored as a development constraint.

Stormwater

The location of the site on the water edge makes wider stormwater catchment treatment difficult. The ports site will only be capable of addressing its own water issues and the low level of the area combined with sea level rise will require extensive investment in stormwater management. The adjoining site has experienced significant flooding and has even as recently as this year, caused disruption to the city network.

Water space

Te Waitematā provides for a range of functions including ferry activity, cruise activity, and recreational and working boats - all of the factors of an authentic working waterfront. The current conflict between ferries and cruise in the downtown basin is an issue that needs to be resolved through planning and operations.



Height controls

Sea level rise

Contamination

CMA occupation

35 years

Water space

Stormwater

Bulk Infrastructure

Access requirements

Health of Te Waitematā

Wharf condition

A REGENERATIVE RESPONSE TO CLIMATE CHANGE AND TE TAIAO.



Image: Yangpu Riverfront China

Auckland is committed to taking action to mitigate against future climate change and respond to the impacts we are already experiencing. Climate change will result in further sea level rise, hotter temperatures and an increase in the number and intensity of extreme weather events such as droughts, heatwaves, storms and floods. The extreme weather events in early 2023 demonstrated the widespread disruption these can cause.

A key consideration for future development is how to make space for water, both from the sea and the sky, ensuring that designs accommodate flows.

Te Waitematā has water quality issues and there are opportunities to improve its health and ecological functions by introducing nature and biodiversity to the industrial, urbanised port land. Redevelopment presents a regenerative opportunity to demonstrate climate action with a low carbon, resilient urban form that increases the mauri of Te Waitematā through healing the land and water.

ISSUES TO CONSIDER

Sea level rise and coastal inundation

The port is higher than surrounding land but will be vulnerable to impacts from sea level rise over the next 50 years and beyond. The existing wharves are at 3.4m relative level (RL), which is approximately one metre above the current 1 in 100-year storm tide and around 1.8 metres above the mean high water spring tide. Current models predict a one metre rise in sea level within the next 100 years. Based on existing ground levels, a one metre sea level rise would result in partial inundation of the site due to waves overtopping, while a 1.5 metre rise would result in total inundation. Decisions will need to be made regarding how much protection from future sea level rise to build in initially, versus allowing for future retrofitting or adaptation.

A changing climate and more extreme weather events

Seasonal patterns and extremes are expected to change in the Auckland region over the coming decades. Weather events that were considered 1 in 100-year events are likely to increase in frequency. Average rainfall over the year will be similar, but we can expect both drier periods and heavy rain events, causing both droughts and potential floods. Auckland’s temperature is projected to increase by between 1.5 and 3.75 degrees Celsius by the end of the century, depending on the pace and scale of change of global emissions. In considering any development on the port precinct it will be critical to mitigate risks from drought, heatwaves, the urban heat island effect and wind, and plan for high rainfall events.

OPPORTUNITIES

Climate risk mitigation through design responses

There are several structural mechanisms to mitigate flood risk from sea level rise that have been used in New Zealand and overseas. These include raising the ground levels or installing dykes, sea walls or tidal barriers. Regardless of future land use in the port precinct, over time engineering solutions would need to be employed to manage flood risk. More sensitive uses such as residential development would require greater protection and likely raising of levels.

Higher ground levels provide more future protection but would require greater infill and therefore additional cost. Any raising of the port site would need to ensure that this did not result in run off onto lower lying surrounding land, exacerbating, or creating any flood susceptibility. Raising ground levels would also reduce allowable building heights, which are constrained due to viewshaft height limits under the Unitary Plan. This may impact the development potential and feasibility, depending on the land use.

Recent flooding in Auckland has highlighted the benefit of ‘sponge cities’ which use water sensitive design approaches to manage stormwater in a way that mimics natural systems. This can help manage both water quality and quantity issues and can involve a range of approaches including creating wetlands, daylighting water courses or incorporating green roofs, swales, raingardens or permeable pavements.

Infrastructure that allows space for water in a more natural way can help improve resilience as it can be designed to accommodate storm flows and have more flexibility than water pipes.

There are existing issues in the wider port catchment, which has previously caused flooding in Quay Street, and The Strand areas. Redevelopment presents an opportunity to address these issues and could also involve stream daylighting to reconnect historic streams to the sea. Consideration is being given to allowing water flows to travel across the existing Quay St area and into the harbour between Jellicoe, Freyberg and Fergusson wharves. This could take the form of canal-type infrastructure or a large swale that can accommodate varying flow levels.

Redevelopment on Bledisloe and Fergusson wharves could include green infrastructure such as raingardens or wetlands to introduce biodiversity and natural habitats, improve environmental outcomes and provide visual amenity. Water can also be integrated into the precinct through design features such as tidal pools or canals. These could have flood risk mitigation benefits as well as encourage biodiversity, allow for recreation and provide visual amenity.

To mitigate the heat island effect and design for comfort in a hotter climate, strategies include provision for shelter and shade in the public realm, significant planting using species appropriate for the climate now and into the future and incorporation of water sensitive design

strategies. Design of buildings will be important, with a need to ensure energy and water use are minimised. Strategies include provision for rainwater capture and re-use, and designs that prevent overheating without relying on energy consumptive options such as air conditioning.

Health of Te Waitematā

Waitematā translates to ‘sparkling waters’, but the harbour is not as healthy as it should be. This affects its intrinsic value as a natural asset and ecosystem but also diminishes the opportunity for people to enjoy the water through swimming, watersports or gathering kaimoana.

The port precinct is on reclaimed land, sitting within the realm of Tangaroa. Redevelopment can be a catalyst for remediation, delivering regenerative development that can improve the mauri of Te Waitematā. The site is contaminated, and development must ensure it would not result in leaching contaminants into the harbour.

Redevelopment could involve remediation of contaminated land, measures to treat stormwater run off and the reintroduction of biodiversity and ecological systems.

Green space

Work by Tātaki Auckland Unlimited has highlighted an opportunity for Auckland as an ‘Indigenously Inspired National Park City’ with a focus on making our reserves and sanctuaries, marine parks and conservation domains a point of difference. There is a significant opportunity on Auckland’s waterfront to create an experience for residents and visitors that is ‘uniquely Tāmaki Makaurau’ and an internationally recognised destination.

Fronting on to our beautiful Waitematā Harbour, there is an opportunity to designate a large portion of the port precinct to green and open space.

Rewilding, biodiversity, natural systems

Internationally there is a movement towards urban rewilding, which is a form of ecological restoration aimed at increasing biodiversity and restoring natural processes. It differs from conventional ecological restoration as while human intervention may be involved, rewilding aims to reduce human influence on ecosystems.

Connectivity is also a key aspect of rewilding, providing stepping stones for species that link to other areas of habitat. Urban wildflower meadows can be provided that increase plant diversity and attract pollinators. These can have a range of benefits, promoting health and wellbeing for people and providing

habitat for birds, butterflies and bees. Meadows can be more drought-tolerant than monocultural lawns and can become largely self-sufficient with established plants not needing active management such as watering and weeding.

The original waterfront would have been coastal forest grading into coastal dune, beach, saltmarsh and marine ecosystems including plants such as pūriri, kauri, taraire, pigeonwood and rewarewa. Rewilding parts of the site and reintroducing endemic flora and fauna would enhance the natural environment and reference historic coastal ecosystems. Introduction of rockpools could provide habitat to intertidal species as well as providing a natural space for the community to enjoy and providing educational value.

Potential declamation of some of the ageing wharf structures or reclaimed land could create space for foreshore, beaches, mangroves, salt marsh or a floodable ecological zone. This could soften the straight, hard edges of the site and create a gradual transition, providing visual interest and recreational space and could help improve resilience to storm events. Fergusson Wharf presents an opportunity to bookend the waterfront with open space that could complement Te Ara Tukutuku, involving some declamation and creation of a softened, naturalised coastal edge. Introduction of coastal species or aquaculture such as mussel farms or oysters could improve water quality, provide educational opportunities and potentially commercial opportunities. Aquaculture has been successfully introduced on the waterfront through Te Wānanga.

Mitigation of climate change

Future redevelopment of the port precinct must be done in a way that contributes to the council’s commitment to climate mitigation within Te Tāruke-ā-Tawhiri. Redevelopment of the Wynyard Quarter has been done with sustainability as a key consideration, with requirements put in place for development partners to ensure high performance buildings.

Future redevelopment of the port precinct should continue and expand on this, providing an opportunity to showcase climate responsive, low or zero carbon development. The precinct can be an exemplar through use of stringent building standards and design to promote and facilitate low carbon lifestyles for residents, visitors and workers. This would include aspects such as maximising passive heating and cooling, use of renewable energy, zero waste principles and sustainable transport modes.

Redevelopment of the port precinct presents an important opportunity to demonstrate leadership in climate responsive development. Challenges such as sea level rise, contamination, water quality and the increased severity of weather events cannot be ignored and there are a range of opportunities to use green infrastructure across the precinct.

CREATING A NEW CULTURAL DESTINATION

Image: South Bank, Brisbane

Transformation of the port site could help Auckland realise some of its major ambitions as a city, attract local, domestic and international tourism and generate widespread civic and economic benefit.

Helping to create a new destination and provide a new attractor to the city centre supports the wider objectives of the City Centre Masterplan.

There is an opportunity to develop parts of the port site to create an attractive and unique cultural destination.

This would complement and add capacity to the city’s current cultural, event and experience assets, primarily located in midtown and the Aotea Arts Precinct. It would also enable the city to meet the demand for fit for purpose cultural and civic assets, and cater for our future population growth.

Key considerations for the new destination

We have a unique opportunity to create a truly special place. Whatever is developed must:

- + complement, not compete with existing uses and locations elsewhere within the city centre
- + have a strong sense of identity, culture and community and be developed in partnership with mana whenua
- + reflect the unique local heritage and culture of Tāmaki Makaurau

- + cater to Auckland residents, domestic and international visitors alike
- + support arts and cultural events that create memories and moments of inspiration and celebration, as envisaged in the City Centre Masterplan
- + provide a clear benefit to the city, its community and economy.

Any proposal will need adequate funding and must provide economic return to be commercially viable.

OPPORTUNITIES TO CONSIDER

- + A new cultural destination for Auckland. As outlined in the City Centre Masterplan this could involve working with mana whenua to advance Papa Kōkiri (a flexible mana whenua facility) on the central waterfront, while also linking to the whare tāpere concept at the Aotea Arts Precinct.
- + A new exhibition and experience space: The chance to provide a venue for international exhibitions and experiences of a size and scale that we can’t currently host due to the lack of suitable facilities. This would ensure that Aucklanders can benefit from the opportunities that such exhibitions provide for learning and education and add to the attractiveness of the city. Such a space could also support events such as seasonal social gala dinners, providing a venue with a stunning outlook and cultural aesthetics as a draw card for the city.

- + Business lead: The site could be used as a platform to level up the New Zealand economy on the global stage. The precinct could aim to attract a major anchor tenant, for example within the high-value maritime and marine industry, or research, green economy and technology industries.
- + A flexible range of events spaces that can be scaled to the city’s needs going forward. This could take the form of multi-purpose, programmable sites that make the best use of limited resources and give people reasons to visit year-round. This would enable the precinct to scale up for major events as required. Integrating Māori culture, uses and programming, civic spaces and activations would ensure that the location has a strong cultural identity that creates a shared benefit to the community.
- + Water-based amphitheatre: Potential to use the water between wharves as an amphitheatre or basin for maritime events and activities. A specially dedicated water space could increase the volume and scale of maritime events that could be hosted in Tāmaki.
- + Relocation of the NZ Maritime Museum (NZMM): The museum could potentially be accommodated on the port land in the future.

Realising these opportunities would future proof Auckland’s position as a desired host city for major events, help grow the visitor economy, enhance public perceptions of the city, and improve the quality of peoples’ lives.

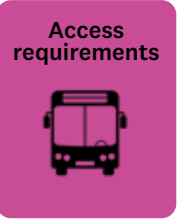
ISSUES TO CONSIDER

- + There is a displacement risk, in that creating such an attractive new precinct on the waterfront could detract from other parts of the city – especially the Aotea Arts Precinct and other commercial areas. Careful consideration needs to be made regarding the phasing of development to ensure that displacement risks are mitigated, and that the wider arts and entertainment offer is enhanced, not duplicated.
- + Developing these facilities, to a world class standard, would require significant capital and operational funding. Although these are not self-funding, they provide economic and other benefits to the city as a whole.

The Framework Plan has identified opportunities for event, cultural, and experience facilities, with the potential to create a new precinct on the site – likely focussed around Bledisloe Wharf and the Admiralty Promenade.

This could include major landmark buildings, facilities that will fill the gaps in Auckland’s current portfolio for years to come, and opportunities to use the land, wharves and waterspace to provide a range of attractive activities.

A masterplan process would further explore these opportunities, and work through the challenges identified above.



ACCESS REQUIREMENTS

Currently, there are around 2,000-3,000 vehicle movements per day in and out of the port site, with a high proportion of heavy vehicles operating outside of peak times.

A land use change will see different travel demand and travel patterns emerge, including demand for public transport, active modes and vehicle access. As a comparison, there are 10,000-15,000 vehicle movements per day in Wynyard Quarter, which is half the size of the port precinct and still only around half developed.

Quay Street and the surrounding road network are constrained, and the development of residential, commercial and destination facilities would add further pressure on the network.

A major change in land use would require a shift away from conventional transport solutions to reduce car dependency.

If we are to provide access to the site for thousands of people, a focus on active and public transport modes will be required.

Significant planning work and investment, undertaken alongside a staged withdrawal of port operations, would be needed, to ensure that the impact on the transport network could be managed.

As land is released into public use over stages, a key challenge will be to continue to allow for freight movement to support port operations, while demand (and priority) for other modes become increasingly important.

Ferries

The downtown ferry terminal at Queens Wharf is a key transport hub for the city, connecting north and east Auckland to Britomart

To support decarbonisation initiatives and the predicted future demand for ferry services, AT have indicated that 4,000 to 5,000 m2 of land area, plus berths, will be needed to support the electric ferry fleet.

The relocation of cruise ships and infrastructure from Queens Wharf and Princess Wharf would reduce conflict between ferries and cruise.

Rail

The port is currently serviced by freight rail to the east of the site. KiwiRail is working to understand the impact of wider network changes and the potential scale of investment required to shift freight rail to a new port location. Should a relocation of port activities eventuate, significant opportunity exists to repurpose existing rail lines and to build off the planned investment in inter-regional rail.

There is potential opportunity to develop a new intercity bus, regional rail and metro transport interchange around the Quay Park area - which is in close proximity to the port precinct. An integrated transport hub would be a significant catalyst for growth in the area and would directly link the site to the City Rail Link and possibly interchange connections with future light rail services.

An opportunity exists to consider the connection between future cruise terminals and either proximity to a future interregional bus/rail interchange or the existing Britomart transport precinct.

Quay Street

The re-alignment and straightening of Quay Street east of Tangihua Street has long been an urban design and development move identified in previous plans. This would create a strong east-west axis, linking Tāmaki Drive to the city centre.

It would also allow development on the southern side of the new alignment, providing for new functions to link Te Tōangaroa with the port precinct.

Image: Toronto Waterfront



The provision of transport infrastructure suits the needs of an operating port, but as the land is re-developed for other uses, the transport requirements will change significantly.



BULK INFRASTRUCTURE



The level of service for bulk infrastructure, including three waters (wastewater, stormwater, and drinking water), is only adequate for the site's current use as a port.

To support public use of the precinct, major investment will be required to connect to city centre infrastructure, and upgrade it for future use.

With minimal underground infrastructure in place and the nearby network at capacity, any new development will require enabling investment in underground infrastructure to unlock the potential of the site.

This presents both an opportunity and a challenge for the future regeneration of the area. While significant enabling investment will be required to service the precinct, this provides the potential to ensure best practice water management principles are incorporated into all new development.

- + An opportunity to improve flood protection through better stormwater management
- + New green infrastructure to complement grey infrastructure and lengthen its lifespan
- + An opportunity to improve stormwater quality through natural filtration.

Stormwater and wastewater improvements in particular will require major investment and work to ensure the future resilience of the network is improved.



CONTAMINATION AND GEOTECHNICAL ISSUES



The site is listed on the Hazardous Activities and Industries List (HAIL), meaning there is contamination present.

Like Wynyard Quarter, the contamination is associated with the fill used to form the reclamation. Typically, the contamination originates from the workshops and industrial activity that were on site for decades, spills (nickel and hydrocarbons), and buildings containing asbestos. Contamination associated with fuel storage is likely, both on specific sites and in the surrounding water.

Further investigations are needed to understand the contaminant loads and locations. On-site remediation should be used to avoid transferring the burden of contamination elsewhere.

There will also be a need to understand any geotechnical issues that might inform potential development.

WHARF CONDITION AND LEASE TENURE



There is a distinction between wharves and reclaimed land on the port site.

The wharves have been maintained by the port company at a level appropriate for port use, and are at differing levels of capability. For any change in use to the wharves, upgrades to public accessibility standards will be needed. The wharves vary in age, Queens Wharf for example was constructed between 1907-13. The more recent addition of Fergusson North was constructed in 2017. Ongoing management and maintenance will be needed to ensure these structures are fit for their intended purpose.

Since they are in the coastal marine area (CMA) and fixed to the seabed, occupation of wharves can be granted for a maximum of 35 years only.

No titles can be issued. This is a legislative requirement within the CMA.

COMPETITION FOR WATER SPACE



Due to the constrained waterspace around current berths, between Queens and Princes Wharves, ferry journeys are suspended whilst cruise ships berth at Princes Wharf. This disrupts ferry timetables and creates delays for passengers.

UNLOCKING CRUISE



We need to accommodate cruise ships and associated infrastructure in the city centre waterfront – and do this in a way that complements other uses (especially ferries) and sustainably accommodates future trends in the industry.

There has been broad agreement in various studies and strategies over the last decade that cruise ships berthing in the city centre provide significant benefit for Auckland. Further, the cruise industry asserts that Auckland is an essential location for cruise ships visiting New Zealand. The industry has bounced back after Covid-19, and there is evidence that demand for cruise ship visits and full passenger exchange visits in Auckland will continue to increase.

We also expect to get more visits by large cruise ships, and to see the smaller, boutique cruise ships stay longer.

CURRENT CRUISE INFRASTRUCTURE

Auckland currently has two cruise berths – on Queens Wharf east and Princes Wharf east, with cruise terminals in Shed 10 and the Hilton Hotel respectively. Whilst Queens Wharf is the primary cruise berth with larger terminal capacity, it can only berth ships up to 300m in length. Ships up to 320m can berth on Princes Wharf in certain conditions. Longer ships either stay in the harbour or berth on Fergusson north, part of Port of Auckland’s Container Terminal.

Nearly 150 cruise ship visits are scheduled in 2023-24, up from 103 in 2022-23. Of these 60% are booked to Queens Wharf, 35% to Princes Wharf and four ships are too long for either wharf. Around 20% of visits are by ships too large for Queens Wharf. Nearly 55% of visits are full or partial exchanges, with 33 days with two ships berthed at the same time, and two days with three ships at the same time.

PREVIOUS STUDIES AND STRATEGIES

A number of studies and strategies have been developed in an attempt to find a more sustainable location for the cruise industry in Auckland. These include:

- + Central Wharves Strategy 2015. This attempted to balance the demand for and use of waterspace and land by ferries, cruise ships, visitor services and port operations in the light of aspirations for public use of the waterfront.
- + Cruise Action Plan 2015. This aimed to identify opportunities to increase the regional economic benefits from the cruise industry and its contribution to the visitor economy.
- + Port Future Study 2016. This considered options to increase cruise infrastructure capacity, including those considered in the Central Wharves Strategy.
- + We Have a Plan - Port 30-year Masterplan 2018. This provided POAL’s response to the Port Future Study.

The Framework Plan has considered and built on the outcomes of all of these past studies.

ISSUES TO CONSIDER

Desirable levels of growth

There are a range of environmental, social and economic considerations, and infrastructure implications at play that need to be carefully weighed up.

The global cruise fleet is set to grow by over 60 new ships entering service from 2023 through 2028, growing the fleet to 499 cruise ships. The global passenger capacity is projected to grow from 26.5 million (double occupancy) in 2022 to nearly 38 million by 2028. We expect to see the majority of new builds at both ends of the size scale - i.e. those over 300m in length and the smaller boutique ships. As the proportion of ships over 300m grows, so do the challenges for Auckland.

Big ships

The largest cruise ships (~350m) are now longer than the available cruise terminal berths in Auckland, necessitating their positioning in the harbour or in the container port, which isn't ideal. Even the more usual ships (300m – 320m) are too long for Queens Wharf and can only berth on Princes Wharf in ideal conditions. New cruise berths will need to be considered.

Conflicting demands on water space

Due to the constrained waterspace around current berths, between Queens and Princes Wharves, ferry journeys are suspended whilst cruise ships berth at Princes Wharf. This disrupts ferry timetables and creates delays for passengers. Providing dedicated cruise berths away from the ferry basin was a key component of the Central Wharves Strategy.

Infrastructure needs

The availability of a suitable berth is only one factor of successfully accommodating a cruise ship visit. The cruise industry requires a terminal which is large enough for a full exchange of thousands of passengers, a customs-controlled space with capacity to fully provision a ship, and hard stand and access routes for taxis, coaches and trucks. Additional infrastructure may include shore side power to remove the need for ship engines to be active all the time and all-weather shelter for passengers. The cruise terminal on Princes Wharf is too small for the volume of passengers currently using this facility, while the increased use of Shed 10 and the southern apron is limiting the use of Queens Wharf for other public activities.

Consolidating cruise berths with a single terminal would enable greater efficiency of the use of land and the potential to better manage access and other impacts.

City centre proximity

Feedback from the cruise industry indicates that one of the key attractions of Auckland as a cruise destination is the proximity of cruise berths to the city centre. Passengers are able to disembark right on the doorstep of the city centre and this is seen as a real draw card. While Queens Wharf and Princes Wharf provide this customer experience, the current use of Fergusson Wharf provides a less welcoming passenger experience.

Extracting and sharing the value

The economic benefits of the cruise industry are the result of spending by passengers and crew, and expenditure by vessels on services and port charges. Exchange visits by cruise ships generate around 40% more benefit than day visits. This is due to the additional spend on hotels, food and beverages, retail and transport by passengers, and higher levels of provisioning by ships. In addition, overnighting in port by smaller, boutique and expedition ships enables passengers to spend more time ashore and experience additional activities outside of the city centre.

Reverse sensitivity

Providing dedicated berths and a terminal for cruise ships will also help to reduce the impact of noise and other disruption on public use of the waterfront and on the increasing city centre residential population.

The future of cruise infrastructure in Auckland

Work to identify a future location for cruise as part of the Framework Plan development has considered the above factors, and been based on the following guiding principles:

- + Two main berths are seen as sufficient to accommodate the bulk of demand and provide industry efficiency and flexibility. Further, the city and region will be able to cope with this volume of passengers.
- + Cruise facilities should be close to the city centre.
- + Cruise berths should ideally be located where they can share a terminal and other landside infrastructure.
- + Berths should be able to accommodate ships around 320m long and ideally oriented north-south. The occasional visits by larger ships will be accommodated elsewhere in the port.
- + Terminals should be able to cater for exchange visits of up 3000 to 4000 passengers per day.
- + Land side infrastructure should be able to cater

- for customs, provisioning and access for this volume of activity.
- + Cruise ship activity should be sufficiently separated from other land uses to reduce or eliminate reverse sensitivity issues.
- + Cruise ship activity should be sufficiently separated from other water-based uses to reduce or eliminate operational impacts and conflicts.

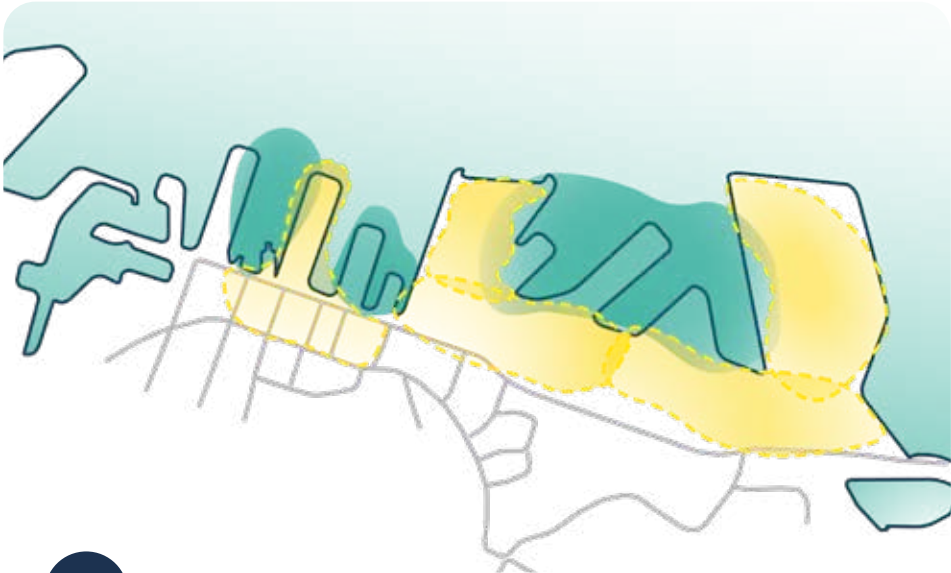
A dedicated cruise terminal with two berths in close proximity to the centre of the city will meet the needs of the cruise industry well into the future.

Relocating cruise berths from Princes and Queens Wharves to Captain Cook and Bledisloe North Wharf provides immediate benefit for ferry services, including projected growth, and allows Queens Wharf to fulfil its potential with enhanced public and event use.

These benefits offset the need for additional infrastructure on Captain Cook, including an extended wharf structure to accommodate longer ships and the necessary landside infrastructure.

DESIGN KEY MOVES

Key spatial and infrastructure requirements:



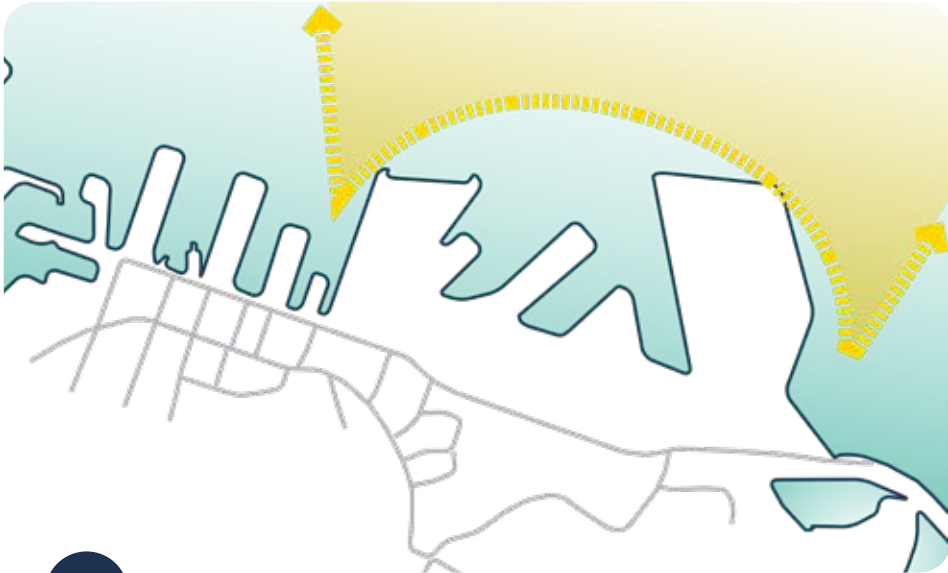
1 Create sub-precincts

Create a series of high-quality mixed-use sub-precincts, each with its own distinctive character and mix of uses. Include a range of commercial, visitor accommodation, small scale retail, food and beverage uses, and high-density residential with supporting community uses.

Create a series of waterside sub-precincts that enable the functioning of our working waterfront, and create opportunities to make space for water at the boundaries. How we use the waterspace is just as important as what happens on the land, so thinking about activity and access to Te Waitematā is key to this.



Image: Toronto Port Lands



2 Sense of place

Protect and celebrate visual connections to the surrounding context, maunga and Te Waitematā.



Image: Rangitoto



3 Make space for water

Allow water to flow through the site according to the overland flows of the original landforms from the south. Relieve stormwater issues around The Strand and create natural connections between Grafton Gully and Te Waitematā.



Image: Vallastaden, Sweden



4 Connect to the harbour

Create high-quality continuous public access along the edge of the waterfront – a mixture of promenade and green space including opportunities to engage with the water.



5 Stitch into the city

Re-align Quay Street to create a strong east-west axis linking Tāmaki Drive to the city centre. This would allow development on the south side to create a double-sided activated street.

Establish a north-south network to connect the water and to existing neighbouring precincts, enabling Quay Street to act as an urban unifier, not a barrier.

Create a highly activated east-west axis along the waterfront edge linking all new development.



6 Site access

Create a new transit hub, indicatively located to serve the eastern end of the waterfront and Parnell.



Image: Battery Park Waterfront, NYC



Image: Quay Street, Auckland



Image: Northern Explorer, Auckland

Framework PLAN

To plan for the redevelopment of the port precinct, we need to confirm the:

- **scale** and **type** of development appropriate for each part of the site
- future **mix** of **uses**, and how they will **complement** each other and the wider city centre
- **staging** and **timing** of land being released from port activities.

The Framework Plan does not yet reflect mana whenua views. We will need to work in partnership with mana whenua to develop any future masterplan for the port precinct.

Sub-precincts and urban grain shown indicatively.





1 INDICATIVE MIXED USE SUB-PRECINCTS:

A BLEND OF USES WITH A PREDOMINANTLY

RESIDENTIAL
CHARACTER

COMMERCIAL
CHARACTER

DESTINATION
SUB-PRECINCT
CHARACTER

WITH SUPPORTING SOCIAL INFRASTRUCTURE



1A INDICATIVE WATERSIDE
SUB-PRECINCT



2 INDICATING SENSE OF PLACE



3 STORMWATER OVERLAND
FLOW PATHS



4 WATERFRONT ACCESS



5A REALIGN QUAY STREET



5B WATERFRONT EDGE



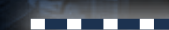
5C NORTH/SOUTH CONNECTIONS



6 NEW TRANSIT HUB



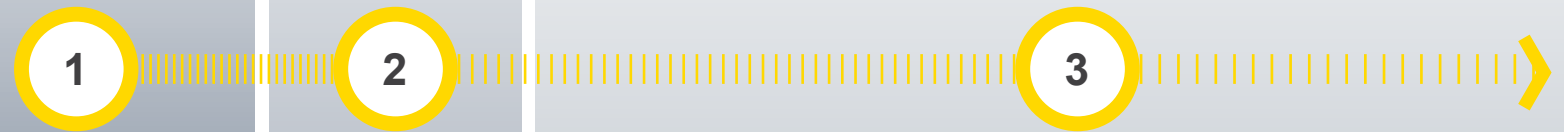
EXISTING TRANSPORT NODE



FRAMEWORK SCOPE
BOUNDARY

Staging

COMPLETED AND ONGOING
PROGRAMME SINCE 1990'S



CENTRAL
WHARVES

BLEDISLOE
WHARF

FERGUSSON
CONTAINER
TERMINAL

VEHICLE
IMPORTS

BREAK
BULK

Port land would become available as activities are withdrawn in stages.

These stages would likely unfold in a broadly west to east pattern following relocation of associated operations.

Each phase will be planned to support ongoing port operations and continuation of freight throughput, as well as catering for new uses and activities.

The Framework Plan has been developed based on an understanding that the port withdrawal might happen as follows:

STAGE 1 - CENTRAL WHARVES

Five years to release port land

Captain Cook and Marsden Wharf could be released for public use within the next five years (approximately).

New berth on Bledisloe North to accommodate large cruise and other ships.

STAGE 2 - BLEDISLOE WHARF

15 years (approx)

Bledisloe Wharf could be released for public use within 15 years.

Consideration of what uses may be appropriate and complementary on Bledisloe Wharf edge and land has been included in this Framework Plan and will need to form part of the thinking around the central wharves.

STAGE 3 - BLEDISLOE TO FERGUSSON

35 years

Bledisloe Wharf to Fergusson Wharf could possibly be released after 35 years (approx).

The majority of the uses proposed through this stage focus on commercial, residential and mixed-use activity that support the city centre.

STAGE 1 OPPORTUNITIES

The Framework Plan has been developed based on an understanding that the likely first stage of port withdrawal would see Captain Cook Wharf and Marsden Wharf released for public use within the next five years (approx).

The Stage 1 opportunity is to focus on the central wharves – Hobson Wharf Extension, Queens Wharf, Captain Cook Wharf and Marsden, and form an updated view on the role and function of these wharves and their surrounding waterspace.

While this is potentially a near-term, first-stage opportunity, the challenge will be to identify an appropriate mix of uses that can remain relevant permanently, rather than assume a temporary use.

Central Wharves Strategy

The Central Wharves Strategy was adopted in 2015 by the Auckland Council. No formal updates have been made to the Central Wharves Strategy since 2015.

However changes have been made across the central wharves in response to recent developments and activities:

- + Providing for cruise on Queens Wharf via a berthing dolphin. This resource application was later withdrawn.
- + The 36th America’s Cup event and associated infrastructure.
- + The recent expansion of new ferry infrastructure on Queens Wharf.

Queens Wharf

Queens Wharf is an important heritage site has been seen as the peoples’ wharf since 2011. It is currently used for public access, events, ferries and cruise. It is a

key regional transport hub, with recent expansions to the Downtown Ferry Terminal on the western side.

All of these uses have created demands on the wharf that are sometimes in conflict for space and incompatible.

The withdrawal of port activities would provide a real opportunity to consider a refreshed future for this heritage space, and its surrounding waterspace.

The key strategic move would be to move cruise ship berths off Queens Wharf (and Princes Wharf) and relocate this activity to Captain Cook Wharf with a further berth for larger vessels on Bledisloe North. This would open the water space up and reduce the conflict between ferries and cruise traffic.

Releasing Queens Wharf of its cruise function also releases Shed 10 of its cruise use and provides options for more public events and cultural activities in this heritage building. A Papa Kōkiri on Queens Wharf has been envisaged in the City Centre Masterplan and this could be provided in the front paddock of the wharf, linking to Te Komititanga and Queen Street.

We would also remove the Cloud, which has outlived its intended lifespan.

There could be opportunity for some public facing commercial activities and events on Queens Wharf. Opening access to the historic Admiralty Steps has been a long-awaited outcome for the waterfront.

Hobson Wharf Extension

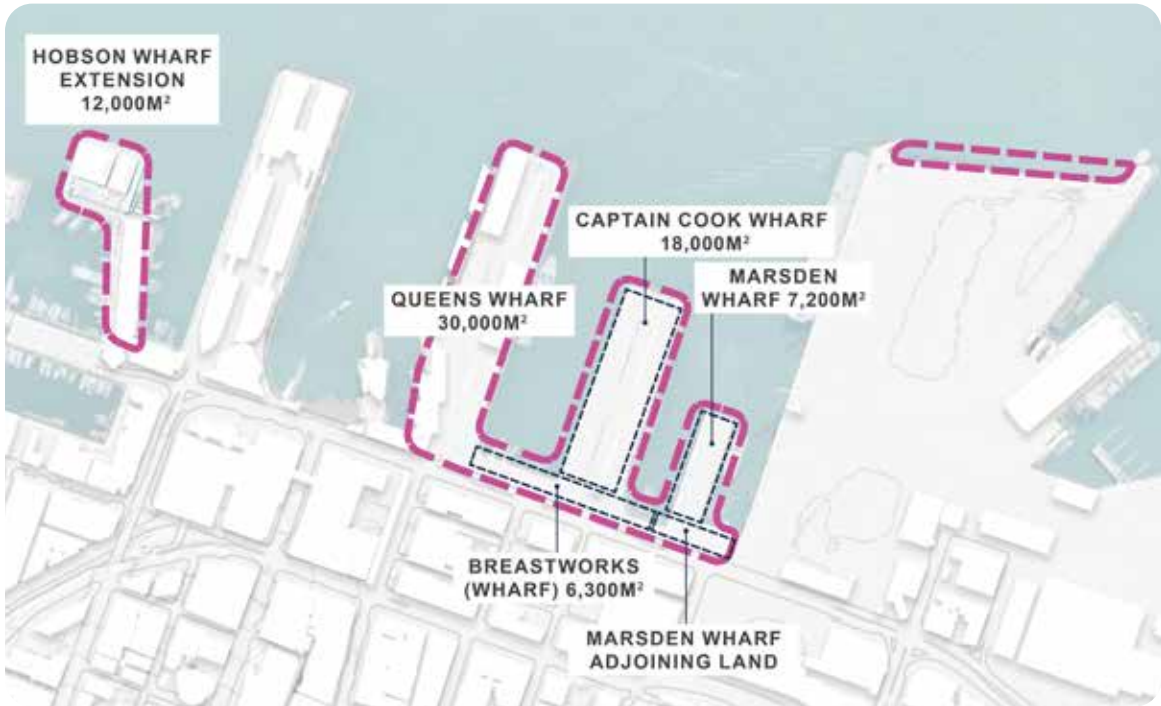
Hobson Wharf Extension was constructed as part of the 36th Americas Cup. This was a legacy wharf, built to accommodate major events, and outside of event time to be used for marine and public activities.

It is proposed through this Framework Plan that the Cloud is removed from Queens Wharf. In the short term there is an opportunity for this extended wharf to be a place used for medium size event activity such as food festivals and activity supporting major events such as fan engagement hubs. One option would be to consider pop up semipermanent infrastructure to host medium size events such as food festivals, experiential or digital exhibitions. This offering to be delivered by Tātaki Auckland Unlimited and with commercial providers.

Over the longer term, there is a potential to think about the future of the Maritime Museum on Hobson Wharf and if this cultural facility is moved to an area of the port land. This could then create a new life and function for both Hobson Wharf and Hobson Wharf extension.

Captain Cook Wharf, Marsden Wharf and the Admiralty Promenade

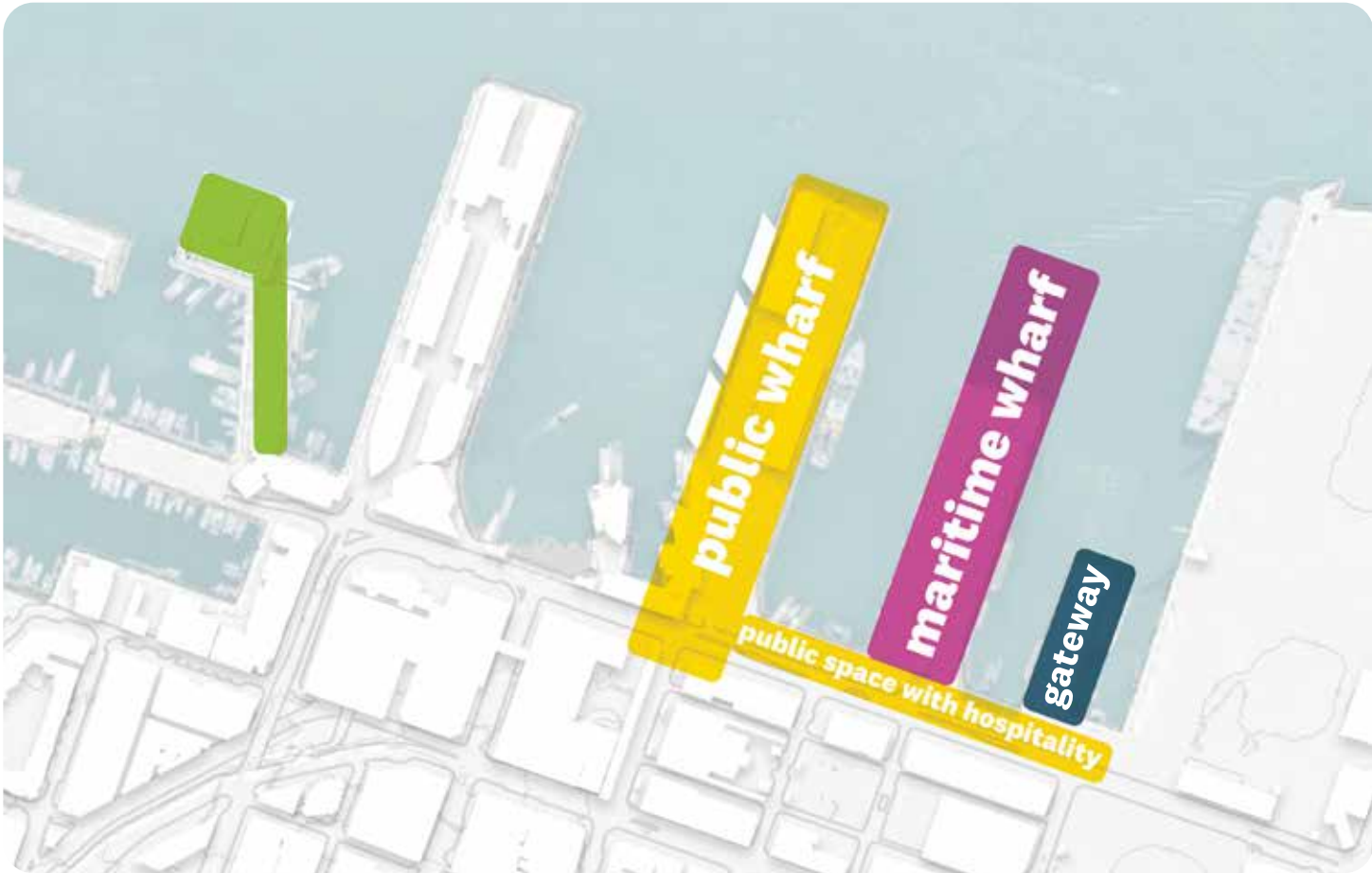
Both wharves are under the control of the Port of Auckland at present. Releasing these wharves and the Admiralty Promenade that adjoin them creates scale for this waterfront space. The Framework plan has considered these wharves and spaces together – as outlined in the next few pages.



In developing this Framework Plan and a masterplan, the following will need to be considered:

- + What should the specific identity and role be for each wharf
- + We need to define these spaces as part of the public space network and not duplicate what we have already
- + Opening up these wharves lends themselves to public use, but commercial development will need to play a role to help with activation and vibrancy
- + The role and staging of each wharf needs to consider compatibility and also reverse sensitivity issues (noise, light, dust)
- + The impact any land use change will have on the surrounding area and the transport network
- + Transport and supporting infrastructure requirements and planned developments
- + Changing the use of these wharves from a port function to public use will require an upgrade to high standard, which in turn attracts higher maintenance costs

AN IDENTITY FOR EACH WHARF



Hobson Wharf and Extension:

- + Recreation / attraction wharf
- + Medium sized event activity

Queens Wharf:

- + Public focus
- + Move the cruise function (to Captain Cook Wharf – Maritime wharf)
- + Free up space for people facing and cultural activities, events and commercial activations.
- + Remove the Cloud and develop a refreshed future for Shed 10

Captain Cook Wharf:

- + A maritime wharf – that supports the working waterfront
- + New dedicated cruise terminal with berths on both sides
- + Wharf extended to accommodate vessels
- + Create berthage and space for other working and visiting vessels

Marsden:

- + A gateway wharf
- + An opportunity for a quality commercial development

Admiralty Promenade:

- + A new east-west link that supports connections to Te Wānanga
- + A place for people facing activity which also supports small scale commercial / hospitality destinations

CENTRAL WHARVES OPPORTUNITIES

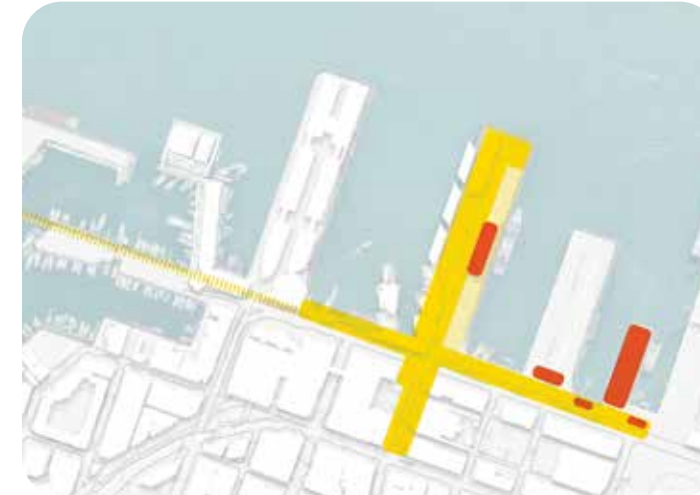


Public Wharf

- + Establish a strong north-south connection from Queen Street and Te Komititanga to the end of Queens Wharf
- + Create a new east-west connection continuing from Te Wānanga and adding the heritage Admiralty Steps and breastworks
- + Consolidate the Downtown Ferry Basin access and infrastructure, which supports transport connections
- + Create a refreshed space for people to rest and relax, or engage with events and commercial activities that can stimulate activation over the day and night
- + Deliver the papa kōkiri, as outlined in the City Centre Masterplan, which presents a base from which Tāmaki mana whenua cultural identity is fostered, celebrated and shared with the region and the world

Cruise / Maritime

- + Maintain a working waterfront function, including providing flexible berthing for working and visiting vessels when needed
- + Consolidate the cruise berths from Queens Wharf and Princes Wharf into a new cruise terminal
- + Would require additional wharf structure / extension for berthing and provisioning (size TBC)
- + A third berth to be provided for at the northern end of Bledisloe Wharf. This would require additional wharf structure / extension for berthing
- + Create a commercial edge to generate and support activity



Ferries

- + Accommodate growth in the Downtown Ferry Basin
- + With the relocation of cruise off Princes and Queens Wharf, this provides the opportunity to eliminate the congestion with cruise and ferry timetables
- + Provide space on Queens Wharf for new electric ferry charging infrastructure

Engage with the water

- + Along the Admiralty Promenade there are opportunities for people to engage with the water, particularly around the Admiralty Steps
- + There is the opportunity at Marsden Wharf to have a swimming pool, or the potential for a relocatable floating barge style pool
- + Engagement with the water, particularly for swimming, requires an improvement of the health of and mauri of Te Waitematā
- + There can be initiatives that build on the philosophy behind Te Wānanga – learning about sea ecology – such as mussel ropes and ichthyology

Commercial opportunities

- + Establish commercial activity to support vibrancy over the day and night. There are commercial opportunities identified for each wharf, which will require partnership with the private sector. These are outlined below for testing:
- + Queens Wharf: A refreshed use for Shed 10 and new buildings to support cultural uses and activations on the eastern side of the wharf
- + Admiralty Promenade: Pavilion style food and beverage offering similar to Wynyard Quarter North Wharf
- + Captain Cook Wharf: Forming an active edge to the Admiralty Promenade with buildings and support for cruise
- + Marsden – this is reclaimed land presenting an opportunity for commercial activity that supports the adjoining Britomart Precinct
- + Hobson Wharf Extension: A place for an event space and/or sport and recreation facility.

Destination opportunity

- + Creating new destinations that do not compete with the city centre is important. The destination opportunity is for those already expressed in the City Centre Masterplan including a Papa kōkiri or similar cultural function.
- + There is space to create new drawcards for residents and visitors to the waterfront

STAGE 1

CENTRAL *Wharves*



PUBLIC SPACE



CRUISE / MARITIME



FERRIES



ENGAGE WITH THE WATER



COMMERCIAL OPPORTUNITIES



DESTINATION OPPORTUNITIES

The Framework Plan does not yet reflect mana whenua views. We will need to work in partnership with mana whenua to develop any future masterplan for the port precinct.





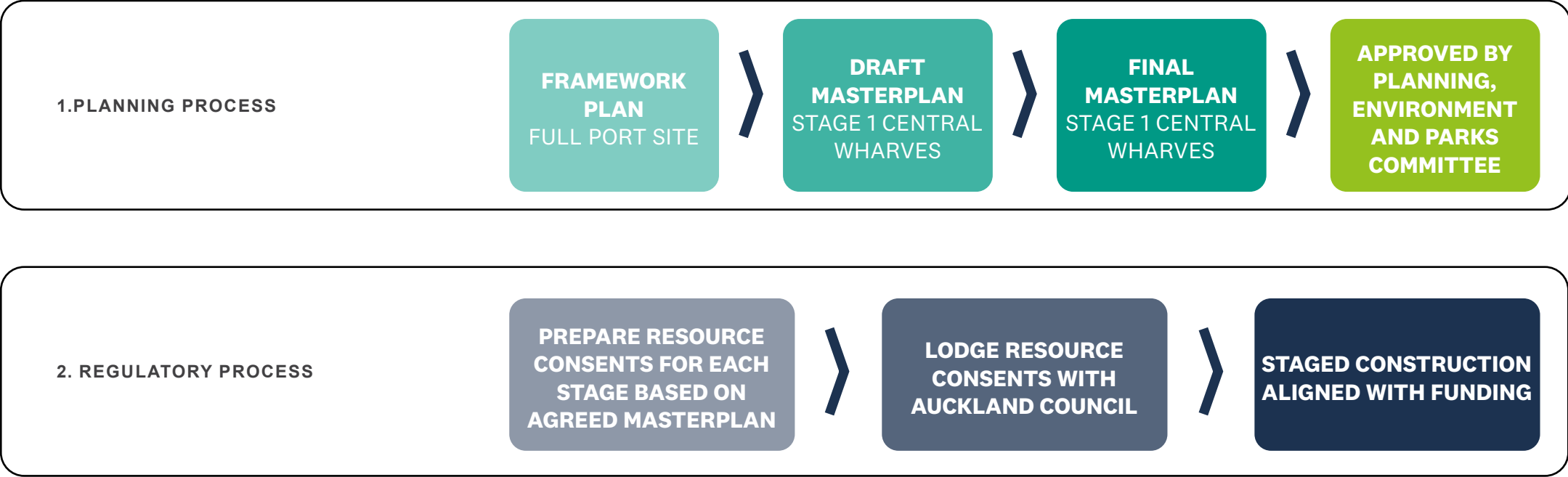
CENTRAL *Wharves* OPPORTUNITY



Next Steps



PROCESS SUMMARY



The role of this Framework Plan has been to set out the vision, key outcomes, principles, mix of uses and development staging to guide the next phase of work.

Whilst the Framework Plan has been developed largely within the council group, the next stage will be developing a masterplan for Stage 1: the Central Wharves. This will mean a thorough engagement process with our mana whenua partners, local boards, key stakeholders and the public.

What is a masterplan?

A masterplan is an overarching planning document and spatial layout which can be used to structure land use and development. It provides a more detailed approach to change over time and provides an indication of the costs and time required for the process.

A masterplan will also inform the regulatory process including the resource consents needed.

Eke Panuku would lead the masterplan process on behalf of the council group, drawing from our experience and learnings of other projects. We would expect that:

- + Work to complete the draft and then final masterplan would take approximately 14-18 months.
- + We would work in partnership with mana whenua through the masterplan development process and the work would be undertaken in a way that is similar to Te Ara Tukutuku process.
- + Local boards will play an important role in this process and we will work with them through informal and formal decision-making forums.
- + A thorough community engagement and consultation process would be followed to engage Aucklanders and a range of waterfront and city centre stakeholders on this significant city shaping initiative.

The masterplan process will be informed by:

- + Technical studies to interrogate the issues identified in this Framework Plan
- + Engagement with adjoining landowners on the impact and opportunities of a redeveloped site
- + Engagement with the industry sectors – such as destination, tourism, cruise
- + Discussions with the private sector on the commercial opportunities to activate the sites in line with the vision
- + Consideration of the regulatory process for the site to enable outcomes in line with the vision.

The regulatory process will then follow:

- + Based on our understanding to date, we expect that once the masterplan is completed and agreed by Auckland Council that the resource consents be required and lodged.
- + As per our usual process, technical experts will be working on material to support the resource consent applications alongside the masterplan preparation. Once resource consents are lodged the standard process will be followed by Auckland Council, including a decision on notification of consents and any hearings required.

eke pōwhiri

ngā mihi



Appendix B

Auckland Council Long-Term Plan 2024 - 2034 Feedback Port of Auckland submission

Introduction

Auckland Councillors have decisions ahead that will impact the future of Auckland for generations to come. Key questions include when Aucklanders want to see returns from the port, and whether Aucklanders want ongoing input into port operations.

As Councillors assess feedback from Aucklanders and make their decision about the future of Port of Auckland (POAL), we want to make sure we've helped explain some of the wider context about the port, its operations, and the value the port provides Auckland.

Port of Auckland's contribution and impact

We look at the port's operation through the lens of how it serves our many stakeholders. In no particular order, this includes:

Aucklanders

We are focused on being a good neighbour to Aucklanders. We know it's a privilege to operate where we do and are acutely aware of the significance of the port's location. That's why we operate on the smallest site possible and have already returned 125ha or around 60% of wharf and land space back to Auckland Council. We are very aware of ongoing pressure around access to the waterfront and thus pressure on our footprint. For a city of this size, we already operate off a small area – our current 77 hectares is only 40% of the Port of Tauranga operational area, and 75% of the Lyttleton Port operational area.

As New Zealand's largest import port, we play a strategic role in New Zealand and Auckland's supply chains. Due to our ownership, we make decisions based on what's best for Auckland. Aucklanders continue to have a say in our operations via our commitment to consultation, our community engagement programmes and the input we receive from Councillors.

We are also acutely aware of the significance of its location; the whenua Port of Auckland resides upon. As many as 19 iwi whakapapa (trace) back to this reclaimed land. Our Taura Herenga Waka framework and objectives see us actively engaging and supporting Māori within and outside the organisation.

Auckland and Upper North Island Businesses

We are vital to Auckland businesses, and businesses across the Upper North Island. We handle more than 850,000 or around 25% of New Zealand's three million, twenty-foot equivalent units (TEU) per year, and around 60% of POAL imports end up within a 40km radius of the port. Due to our central location, the port is the lowest emission, quickest and most reliable supply chain link into Auckland region.

Our operation also facilitates cruise ships supporting more than 300,000 tourists to Auckland annually, injecting up to \$660 million into New Zealand's economy. We hear regularly from local CBD

businesses how important cruise is to their trade, as well as those businesses supplying cruise ships with provisions – from Waikato beer and lamb, Northland honey, to milk and cream from farmers nationwide, to name just a few. We are also acutely aware of the impact cruise can have on Auckland commuters and have a plan for a staged exit from the ferry basin.

Current and future team members

We are a port deeply committed to health and safety, and continue to work towards becoming a safer port. We directly employ around 780 people, a large majority of whom are based in South and West Auckland, and approximately 3,000 people access the port for work each day. We take safety on the port very seriously.

In recent years we have built strong relationships with our Unions. We do this because we know how important our people are to our business. Our Whanaungatanga strategy of embedding a High Performance, High Engagement culture is delivering not just improved employee engagement and safety but also productivity improvements.

The current management approach has also provided stability for the market through our stronger and more collaborative Union relationships. We know the significant impact port strikes and lockouts can have on our city, like we've recently seen in some Australian ports.

The benefits of a strong partnership with our Unions, leading to stability for our business, customers, and community have been recognised. In the past year the port is proud to have had our efforts to improve safety and workplace culture (Whanaungatanga) recognised independently. Awards include:

- The Collaboration Award at the 2023 Safeguard New Zealand Workplace Health and Safety Awards. This award was for establishing the Stevedoring Code of Practice with Maritime Union of New Zealand (MUNZ) and our third-party stevedores, C3 Limited and Wallace Investments Limited.
- The HR NZ Future of Work award for promoting strong collaborative relationships between management, Unions, front-line workers, and the Taumata responsible for Māori and Pasifika outcomes.
- In December 2023 Port of Auckland was proud to win the Deloitte Top 200 Business Awards for Most Improved Performance, for improving financials, Union relationships, health and safety practices and operational performance.

Environment

Our current trajectory puts us on track to achieve zero emissions by 2050 based on replacing vessels, vehicles and equipment, and is in line with Auckland Council Policy. We also know that having a port in Auckland is the best option for a resilient low carbon supply chain, according to the Government-commissioned Sapere report in July 2020.

Alongside emissions, we have also made significant commitments to restoring native forest at our Mahanihahi property at Manukau Harbour's South Head, have committed \$1.5 million to protecting and restoring the Hauraki Gulf, and take an active role in protecting the Brydes' whales.

Ratepayers

Every single dollar of Port of Auckland's dividend goes to funding Auckland Council. We are making solid progress in improving profitability of the port, towards a fair return for our Council owner.

Our commitment to deliver \$52 million or \$1 million per week in dividends in FY26 represents about 2% of Auckland Council's annual rates revenue.

Auckland Council has the potential to make more money from us in the long-term as we continue our growth trajectory and operational improvements.

Bledisloe Wharf's critical role in Auckland's future

Port of Auckland strongly disagrees with the proposal to transfer Bledisloe Wharf from Port of Auckland within 15 years, a timeframe that exceeds that of the 10-year Long-Term Plan, and therefore, does not take any implications – logistics or cost – into consideration.

Alongside our stakeholders, we look at the port operation through the lens of our long-term strategic plan to deliver higher returns to our shareholder, Auckland Council. Our plan for Bledisloe North Wharf and its impact on an integrated transport plan for Auckland are of particular relevance to the proposals in front of Councillors.

We must retain Bledisloe Terminal and need to complete Bledisloe North Wharf, constructing the Northern berth for the following reasons:

- To allow us to berth a new generation of 300m+ vessels on Bledisloe Northern berth, so we can significantly reduce the number of cruise ships using the Princes Wharf ferry basin. We see a future where Port of Auckland's cruise ship operation makes an even greater contribution to tourism in our city, with less impact on commuter ferry traffic.
- To berth cargo ships that are currently using our smaller finger wharves – Captain Cook Wharf and Marsden Wharf (see below for discussion on transferring these wharves to Auckland Council). Construction of the new Northern berth will allow us to return Captain Cook and Marsden wharves without reducing Port of Auckland's profitability or significantly impacting operations.
- Sale of Bledisloe Terminal to Council will lead to reduced ability to bring key trades supporting the Auckland region in through the port. This will lead to reduced profitability for Port of Auckland, and as noted by Council in the Long-Term Plan consultation documents, is therefore likely to negatively impact on Port of Auckland enterprise value in Council's balance sheet by an estimated \$300 million. It is also worth noting that the Port Companies Act requires the Port of Auckland to operate as a successful business. Should Council proceed with the proposal to remove Bledisloe Wharf from the port, the Port of Auckland board would also have to seek fair market value from Council, or it would then need an exemption by the Minister of Transport.
- Without Bledisloe Wharf, cargo destined for Auckland would be forced to arrive by road rather than sea. That means more trucks on the southern motorway or via the Brynderwyns, leading directly to more carbon emissions, more road deaths and injuries, more congestion, more cost for cargo, more time in supply chain due to extra distance, and thus more risk of product outage for industry or consumers.

- Construction of the Northern berth completes and caps the Bledisloe Terminal footprint, and does not require any additional reclamation from the harbour. We anticipate that the berth could be constructed and operational within two years of obtaining resource consents.

Captain Cook and Marsden Wharves

Port of Auckland is supportive of the proposal to transfer Captain Cook and Marsden Wharves to Auckland Council for public use. However, this support is based on the proviso that Port of Auckland can obtain resource consents and build the Bledisloe North berth within the same timeframe.

Without the consents for Bledisloe Wharf's Northern berth, Port of Auckland would require Captain Cook and Marsden Wharves to maintain the two roll-on roll-off cargo berths and the required vehicle handling facilities.

If Port of Auckland can obtain the relevant consents, then Captain Cook and Marsden Wharves can be sold to Council for public use. Aucklanders will reap the benefits of a profitable business that keeps cargo moving, while also being able to access the beautiful Waitematā and having recreational use of the wharves.

The Port Companies Act would require Council to pay fair market value for the two wharves, if transferred to Council.

Port of Auckland's Vote

As a result of the aforementioned information, we are voting as follows:

4b	Which option do you prefer for the future of Port of Auckland?	Other. Port of Auckland considers lease or status quo a shareholder decision for Councillors to make, and we therefore do not express a view in our submission.
4c	If the council group continues to operate the Port of Auckland, how would you prefer the profits and dividends to be used?	Other. Port of Auckland commits to paying our Council shareholder the dividends agreed annually in our Statement of Corporate Intent, however it is a shareholder decision as to how to use those funds.
5a	What option do you prefer for Captain Cook and Marsden wharves?	Proceed with the proposal to transfer Captain Cook and Marsden wharves from the Port to Auckland Council so they can be used for something else that provides public benefit. Provided the Port of Auckland is able to obtain resource consents for Bledisloe North Wharf.
5b	What option do you prefer for Bledisloe Terminal?	Keep Bledisloe Terminal as a Port of Auckland operational area. See submission for further information.

We hope this has been helpful context and as always are happy to answer any questions from Councillors as they decide how they will vote on matters related to Port of Auckland in the 2024-2034 Long-Term Plan for Auckland.

Ends

Budget Committee

CONFIDENTIAL ITEM

30 April 2024

Appendix C

I want us to deliver to Auckland the most *beautiful* and *loved* publicly owned **waterfront** of **any** harbour city in the **world**, and

this is a first step.

Mayor Wayne Brown.



Blue-green waterfront



Ki Tātahi

Smart working waterfront



Tuāhōanga
āhu mahi

Public waterfront



Tauranga
tāngata

Connected waterfront



Hononga
tāngata

Livable waterfront



Kia tau
te mauri mō te ira
tangata ki te ao
tūroa

Introduction

This workshop

- The Framework Plan lays out a potential high-level vision for the future of the **whole precinct** - from Hobson Wharf in the west to Teal Park in the east.
 - This has been **circulated as pre-reading**.
- The Framework Plan includes greater detail around the probable first stage of development:

The *Central Wharves*:

- Queens Wharf
 - Captain Cook Wharf
 - Marsden Wharf
 - Hobson Wharf Extension
- **This is the focus of *today's workshop*.**

Process so far – *Recap*

SOI for Eke Panuku 2023-26

- Work with the council and Port of Auckland Limited (POAL) on a conceptual plan, and staging, for the release of port land
- Prepare a preliminary framework plan by December 2023.

Out of scope:

- **Assessment of any future locations for the port, feasibility of port relocation, or port operating model.**
- **Detailed costings for future uses** – noting that some high-level costings can be provided to inform next steps for master planning

July 2023

Governing Body **Workshop**



- Discovery phase information
- Setting the scene
- High level summary of opportunities and issues

December 2023

Draft Framework Plan provided to Mayors Office and Auckland Council CEO



- Vision and goals
- Opportunities and issues
- Nature of the future development and value proposition
- Key moves to get us there
- Staging recommendations
- Process and resourcing - what we need to develop the plan post December 2023

Framework Plan

future *Vision* for the full site

THINKING INTERGENERATIONALLY:

Imagine...

...a place for *people* and *nature*

...a *destination* precinct like no other

...a new *community* on the city centre *waterfront*



Central Wharves *Opportunity*



Principles of *redevelopment*

1. Cultural response and identity

- + A place where we express and celebrate our unique cultural heritage and history.

2. Regeneration and climate resilience

- + Regenerate and restore the health and functionality of the surrounding environment.
- + Enhance the mauri of Te Waitematā, improve climate resilience and increase biodiversity.
- + Respond and adapt to sea level rise and inundation.

3. Destination precinct

- + A waterfront precinct that makes Aucklanders proud and leaves visitors in awe.
- + A destination that helps Auckland deliver world-class arts, culture, and entertainment.

4. Connectivity

- + A highly connected extension of the city centre, with attractive multi-modal travel options providing access for residents and visitors.

5. Mixed-use precincts

- + Mixed-use neighbourhoods with their own identity, catering for a wide cross-section of the community.
- + Economically viable development driving commercial and community vitality.

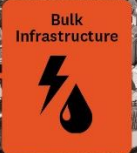
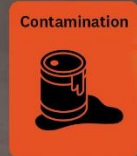
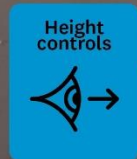
6. Working harbour

- + Improve Auckland's working harbour, with efficient facilities for maritime services such as ferries and cruise ships.

7. Built form and open space

- + Outstanding architecture and urban design.
- + Attractive interconnected urban places.
- + High quality, multifunctional open spaces.

Considerations and Constraints



Staging

COMPLETED AND ONGOING
PROGRAMME SINCE 1990'S



1

CENTRAL
WHARVES

2

BLEDISLOE
WHARF

VEHICLE
IMPORTS

BREAK
BULK

3

FERGUSSON
CONTAINER
TERMINAL

PORT WITHDRAWAL SEQUENCE

The Framework Plan has been developed based on an understanding that the port withdrawal might happen as follows:

STAGE 1 - CENTRAL WHARVES

Five years to release port land

Captain Cook and Marsden Wharf could be released for public use within the next five years (approximately).

New berth on Bledisloe North to accommodate large cruise and other ships.

STAGE 2 - BLEDISLOE WHARF

15 years (approx)

Bledisloe Wharf could be released for public use within 15 years.

Consideration of what uses may be appropriate and complementary on Bledisloe Wharf edge and land has been included in this Framework Plan and will need to form part of the thinking around the central wharves.

STAGE 3 - BLEDISLOE TO FERGUSSON

35 years

Bledisloe Wharf to Fergusson Wharf could possibly be released after 35 years (approx).

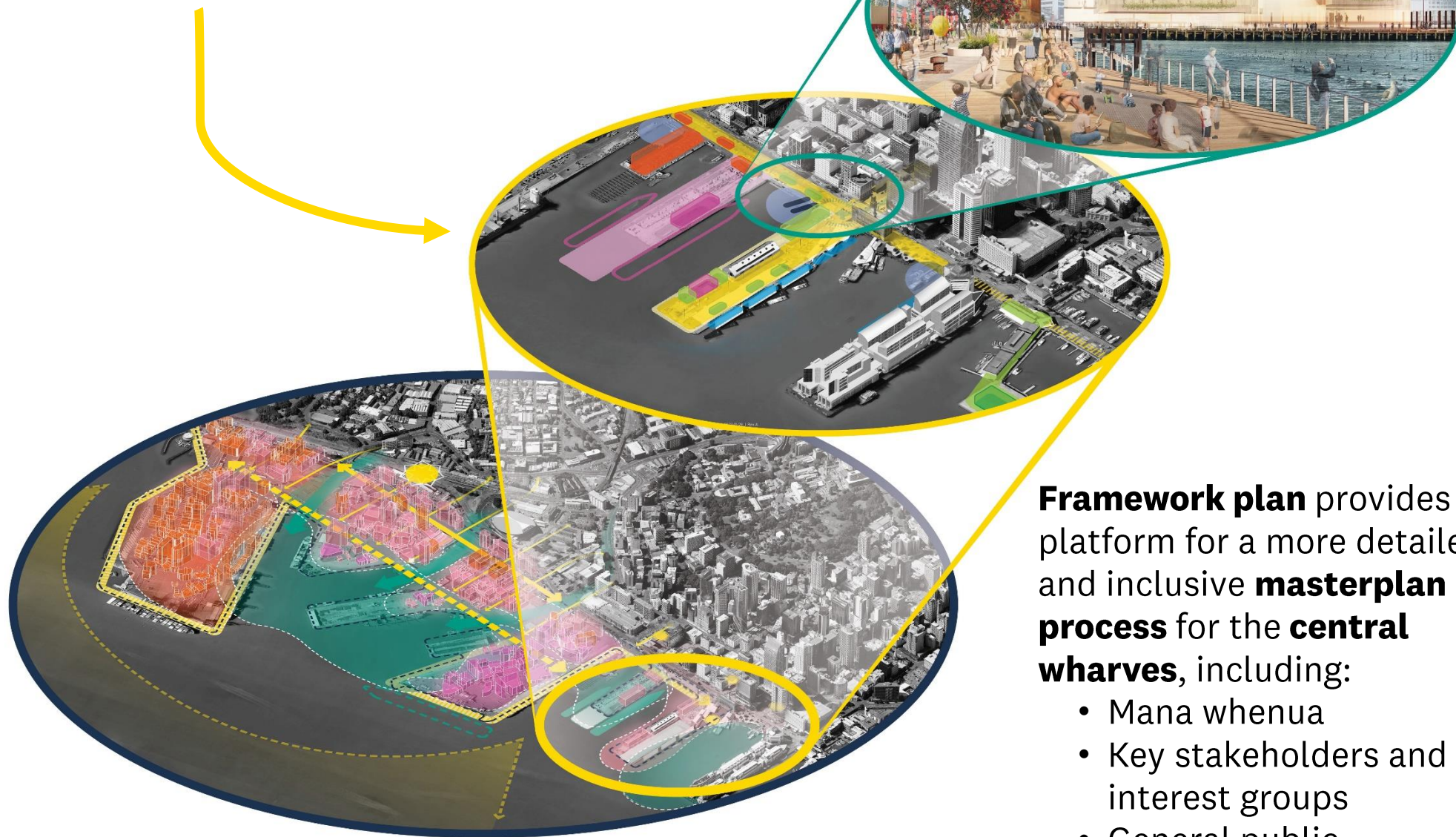
The majority of the uses proposed through this stage focus on commercial, residential and mixed-use activity that support the 182 city centre.

Port land would become available as activities are withdrawn in stages.

These stages would likely unfold in a broadly west to east pattern following relocation of associated operations.

Each phase will be planned to support ongoing port operations and continuation of freight throughput, as well as catering for new uses and activities.

Central Wharves Strategy



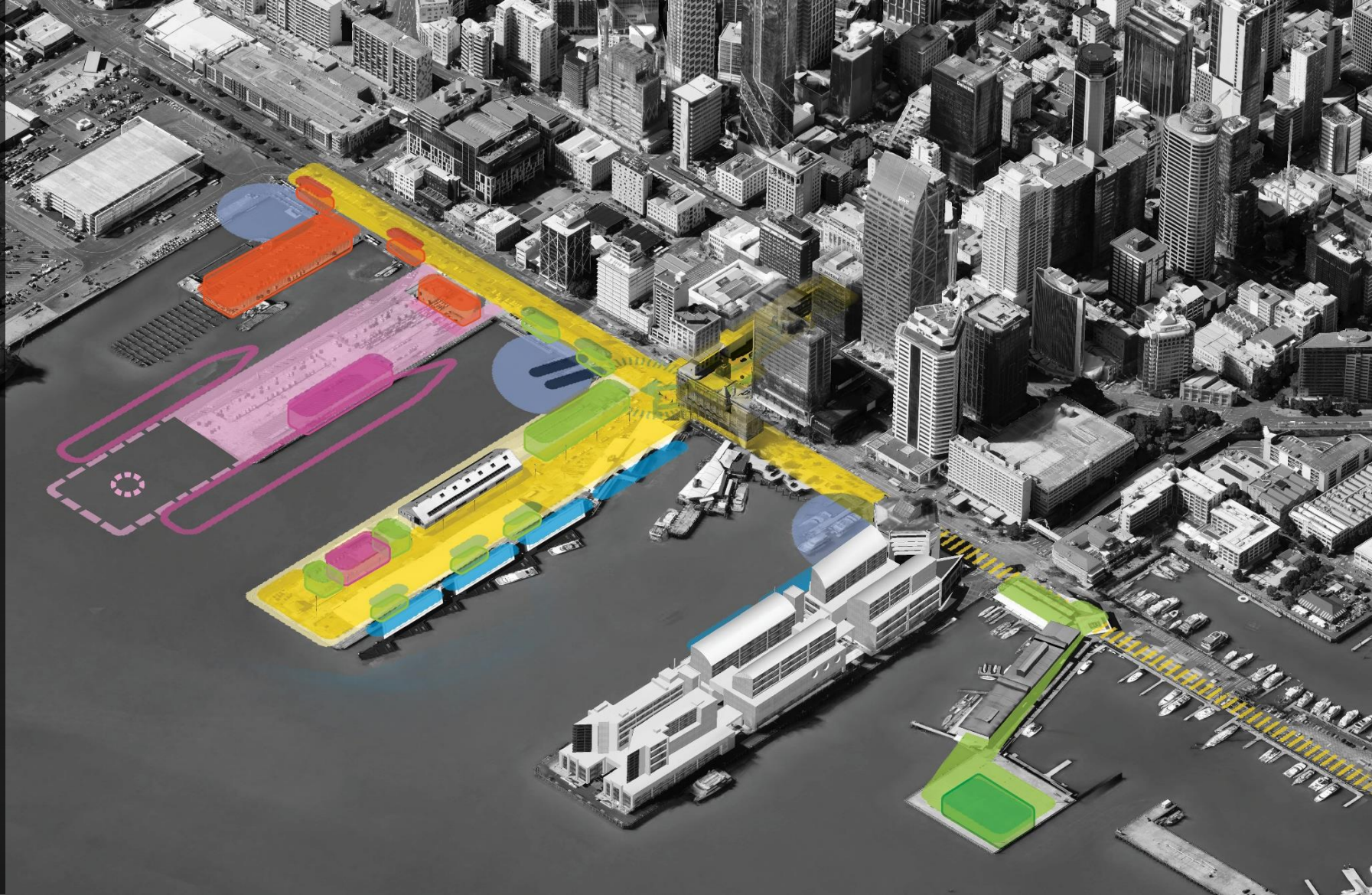
Framework plan provides a platform for a more detailed and inclusive **masterplan process** for the **central wharves**, including:

- Mana whenua
- Key stakeholders and interest groups
- General public

Central Wharves Strategy

Key benefits in 5 years:

- Unlocking cruise from Princes and Queens Wharf:
 - 50% of cruise out of the ferry basin in 5 years
 - Creating space for ferry circulation and the growth of electric ferries
 - Enhanced role of Queens Wharf for the public
- Long awaited opening and access to Admiralty Steps and significantly enhanced east-west access on the waters edge
- A strategy of flexibility as Auckland's needs change and grow on both land and water



An *identity* for each wharf



Queens Wharf:

- + Public focus
- + Move the cruise function (to Captain Cook Wharf – Maritime wharf)
- + Free up space for people facing and cultural activities, events and commercial activations.
- + Remove the Cloud and develop a refreshed future for Shed 10

Captain Cook Wharf:

- + A maritime wharf – that supports the working waterfront
- + New dedicated cruise terminal with berths on both sides
- + Wharf extended to accommodate vessels
- + Create berthage and space for other working and visiting vessels

Admiralty Promenade:

- + A new east-west link that supports connections to Te Wānanga
- + A place for people facing activity which also supports small scale commercial / hospitality destinations

Hobson Wharf and Extension:

- + Recreation / attraction wharf
- + Medium sized event activity

Marsden:

- + A gateway wharf
- + An opportunity for a quality commercial development

Queens Wharf

Public wharf:

- Move the **cruise** function off Queens (to Captain Cook and Bledisloe North)
- Free up space for people facing and cultural **activities, events and commercial** activations
- Remove the **Cloud** (2026) and develop a refreshed future for **Shed 10**
- Accommodate **growth** in **ferries**



Create a:

- Strong **north-south connection** from Queen Street / **Te Komititanga** to the end of Queens Wharf
- New **east-west connection** from Te Wānanga through Admiralty Steps and promenade
- Improved **Downtown Ferry Basin access** and infrastructure
- **Papa kōkiri**, as outlined in the City Centre Masterplan. A base from which Tāmaki Makaurau mana whenua cultural identity is fostered, celebrated and shared

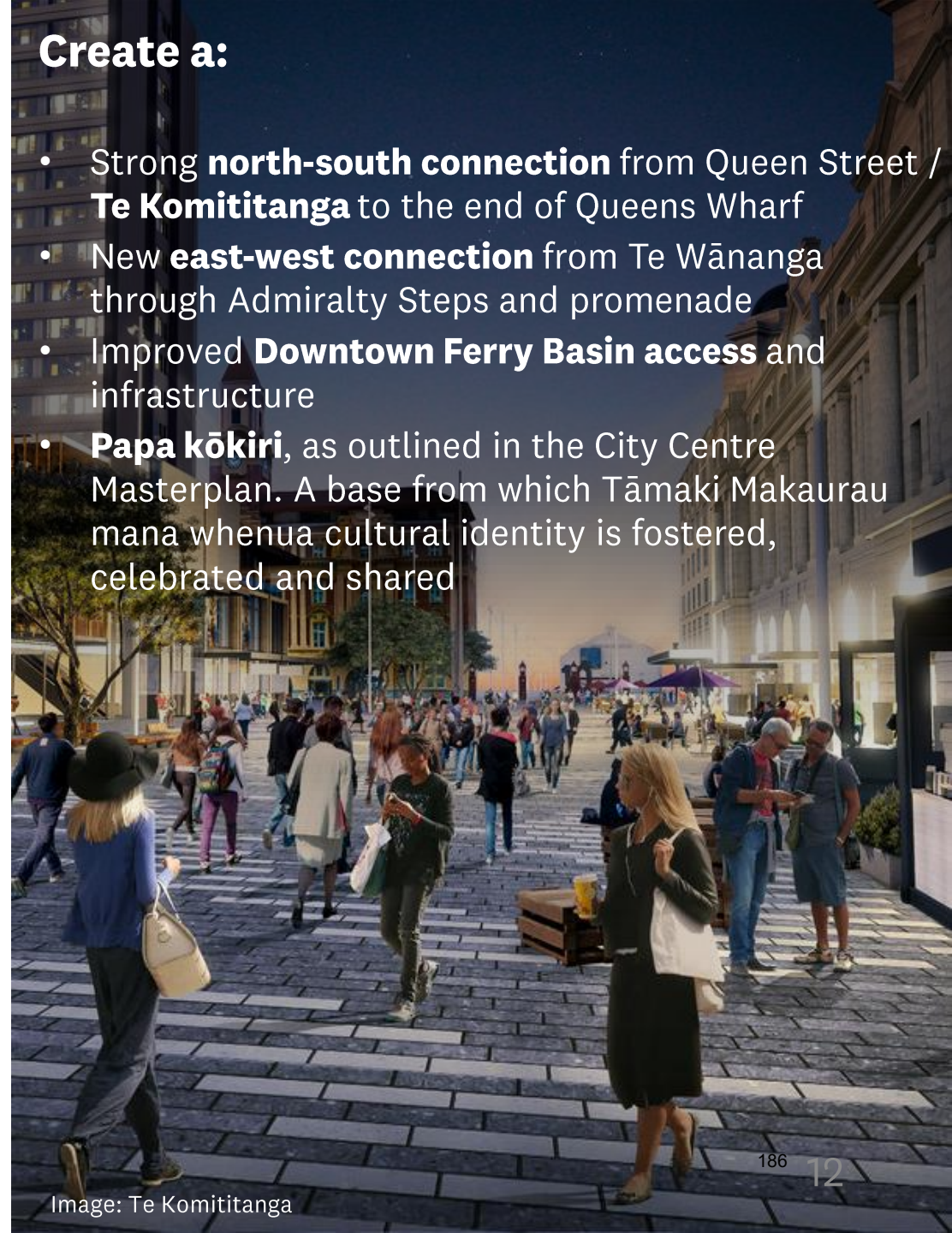


Image: Te Komititanga

Admiralty Promenade

Public space with hospitality / commercial

- A new **east-west** link that supports connections to **Te Wānanga**
- A place for people facing activity which also supports small scale **commercial / hospitality destinations**
- Pavilion style **food and beverage** offering similar to Wynyard Quarter North Wharf
- Opportunities for people to **engage with the water**, particularly around the Admiralty Steps



Image: Te Wānanga

Captain Cook Wharf

Maritime wharf:

- Supports the **working waterfront**
- New dedicated cruise terminal with berths on both sides
- **Wharf extended** to accommodate vessels
- Create berthage and space for other working and visiting vessels
- Create a **commercial edge** to generate and support activity



Marsden Wharf

Gateway wharf:

- This is reclaimed land, presenting an opportunity for quality **commercial development** that supports the adjoining Britomart Precinct
- Potential for a **swimming pool**, or a relocatable floating barge style pool

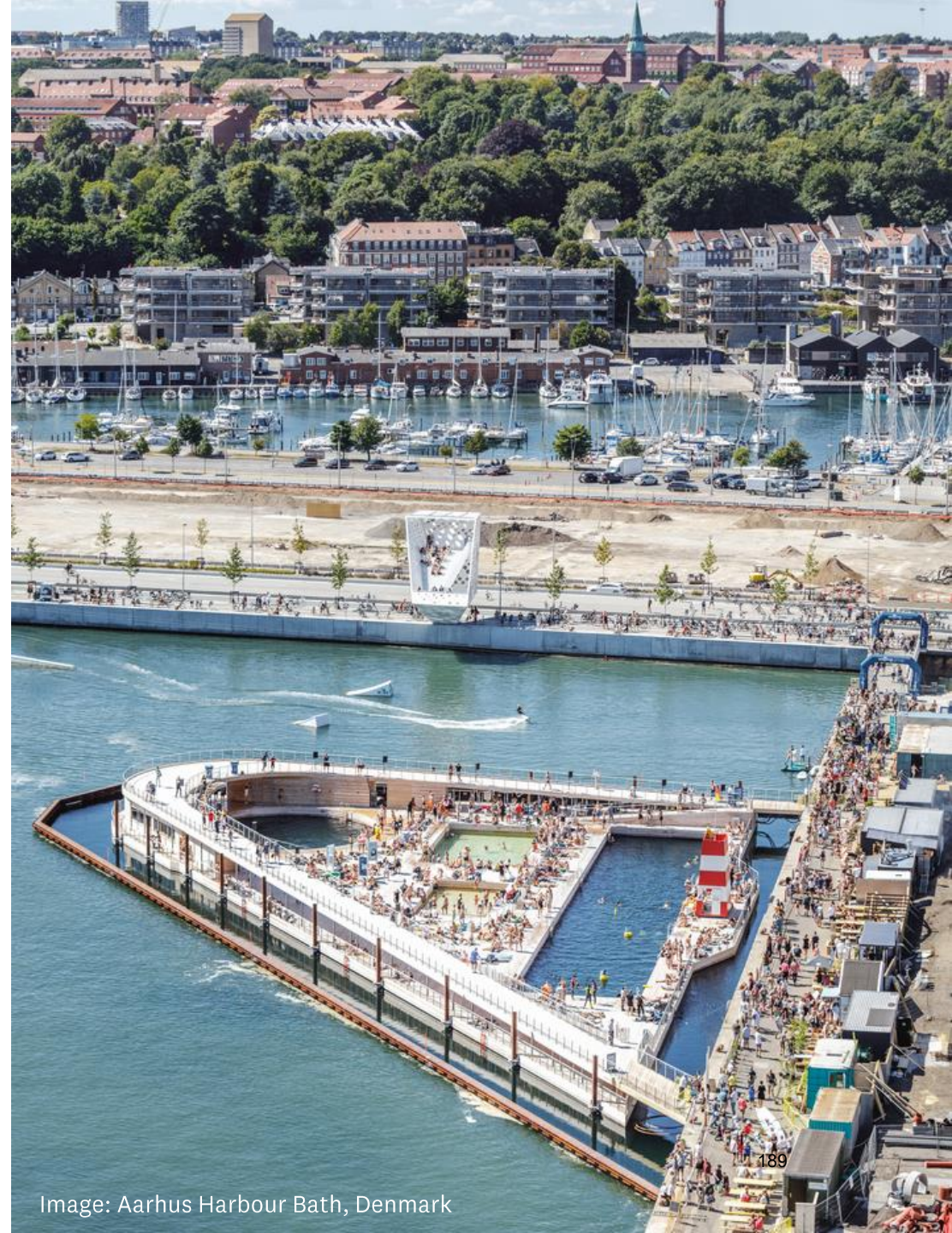
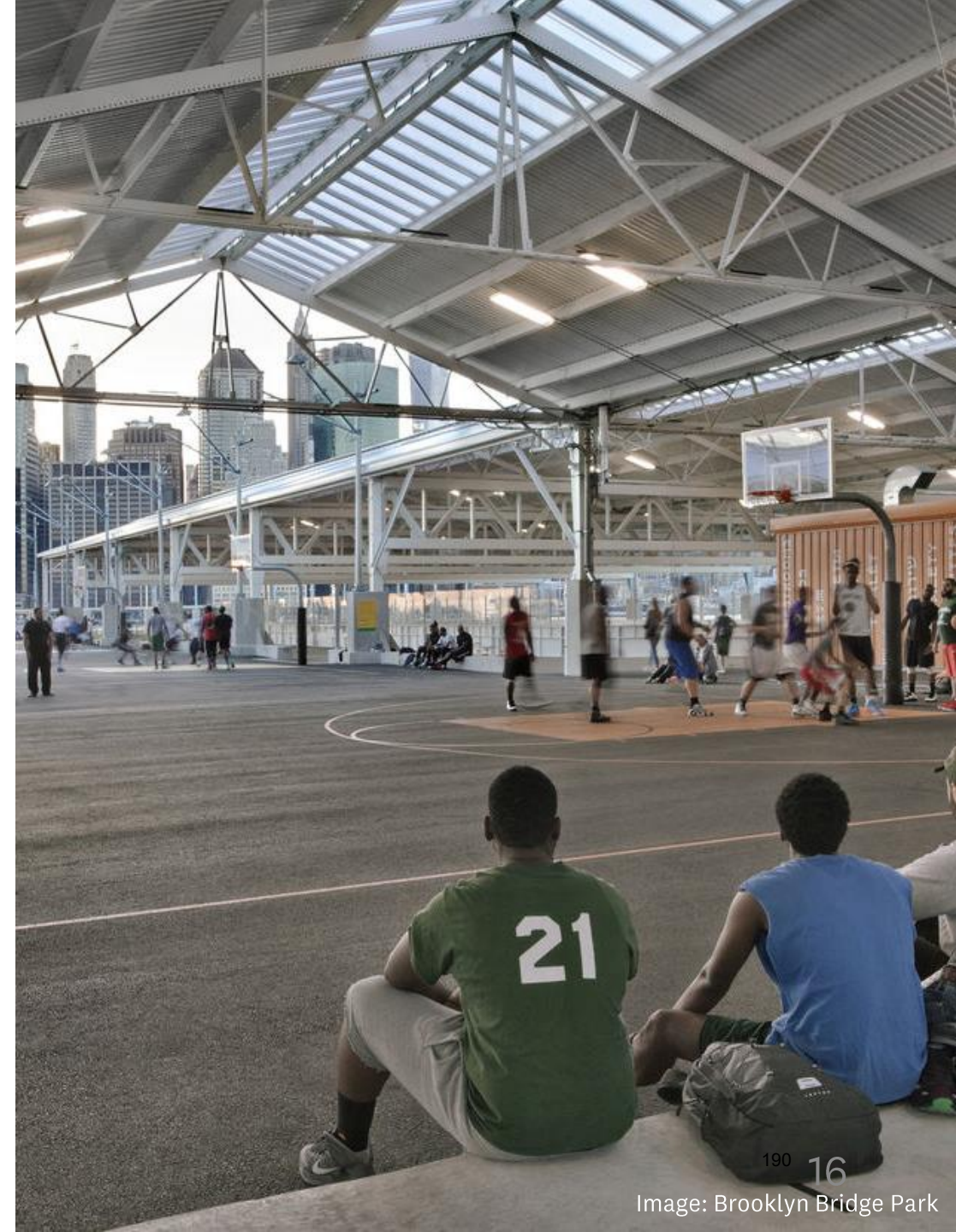


Image: Aarhus Harbour Bath, Denmark

Hobson Wharf extension

Recreation / attraction wharf:

- A place for an event space and/or **sport** and **recreation facility**
- Supporting medium-sized **event** activity
- **Destination** activity



Bledisloe North & West

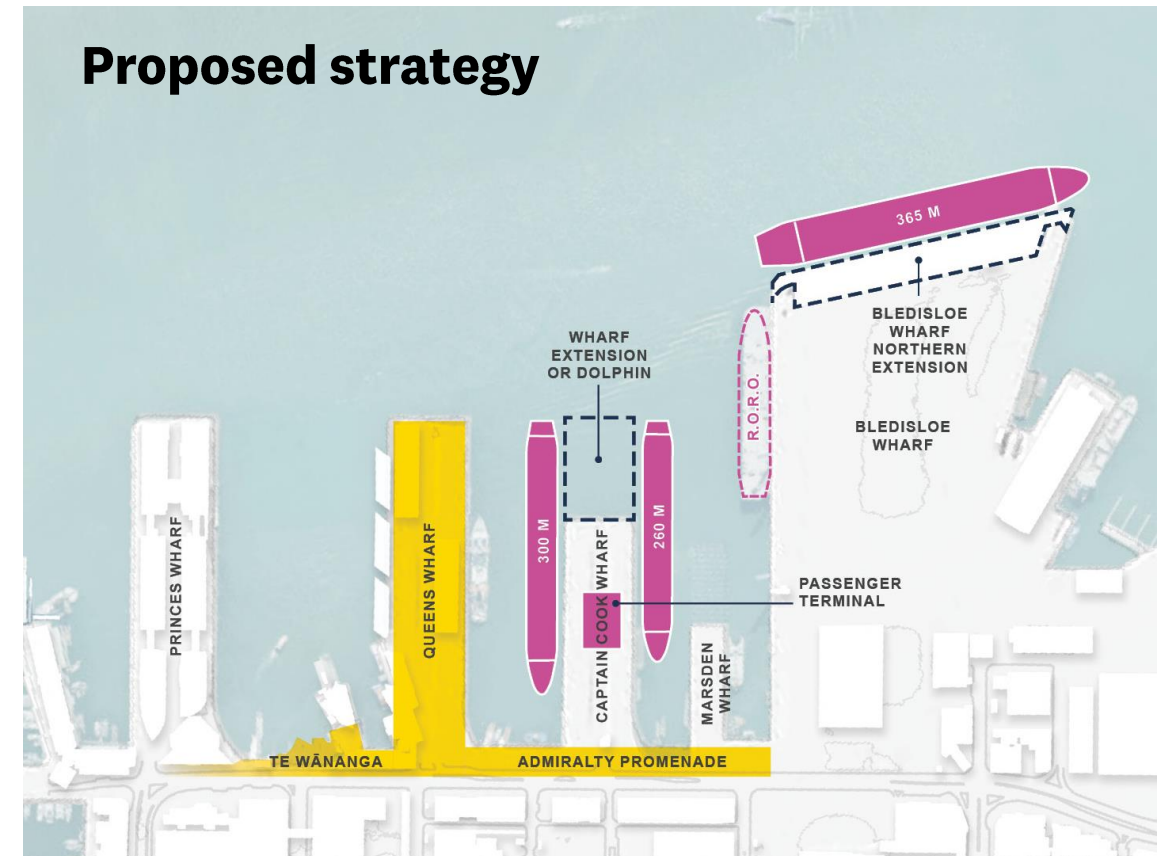
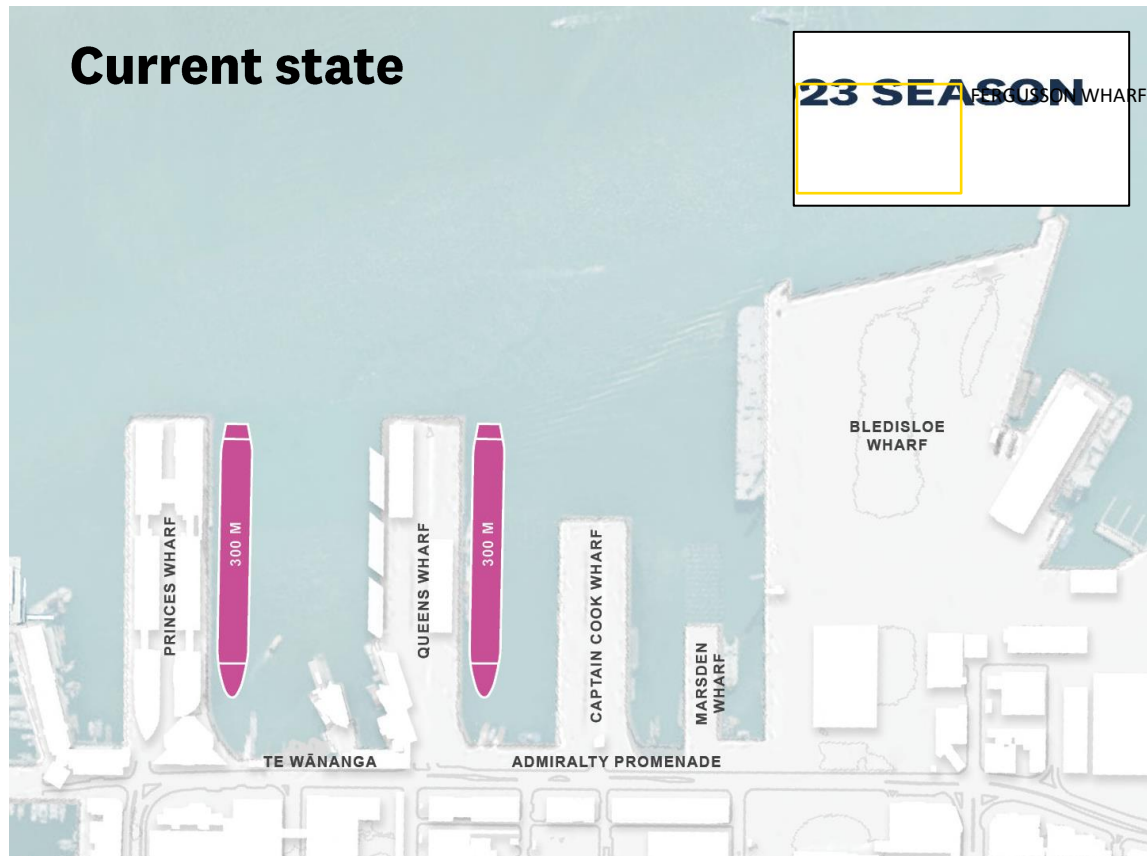
Cruise attraction wharf:

- The western edge can be **shared** with public – enabling **public access on the western edge of Bledisloe** when not in use for cruise (within 10 years)
- With a view to a world class cruise facility in one location in the longer term – accommodating 3 cruise berths
- Provides for a transition from public & commercial space



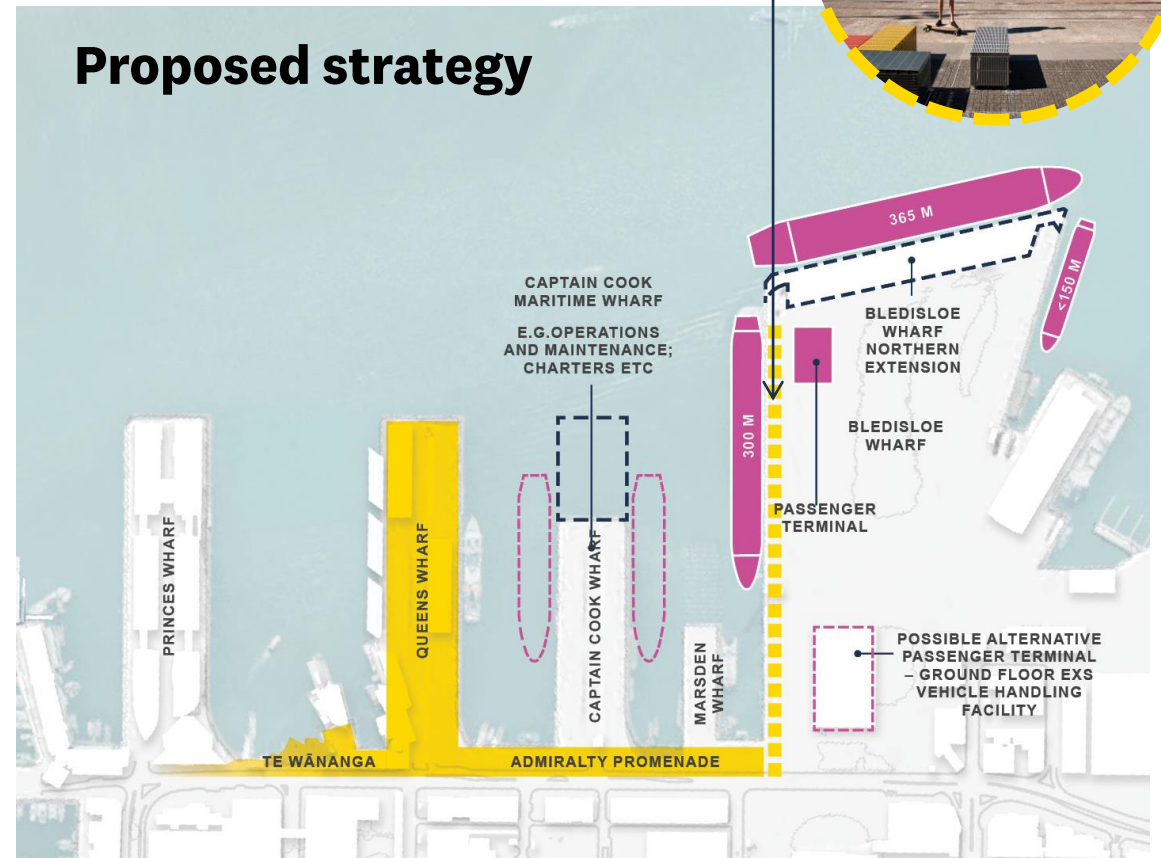
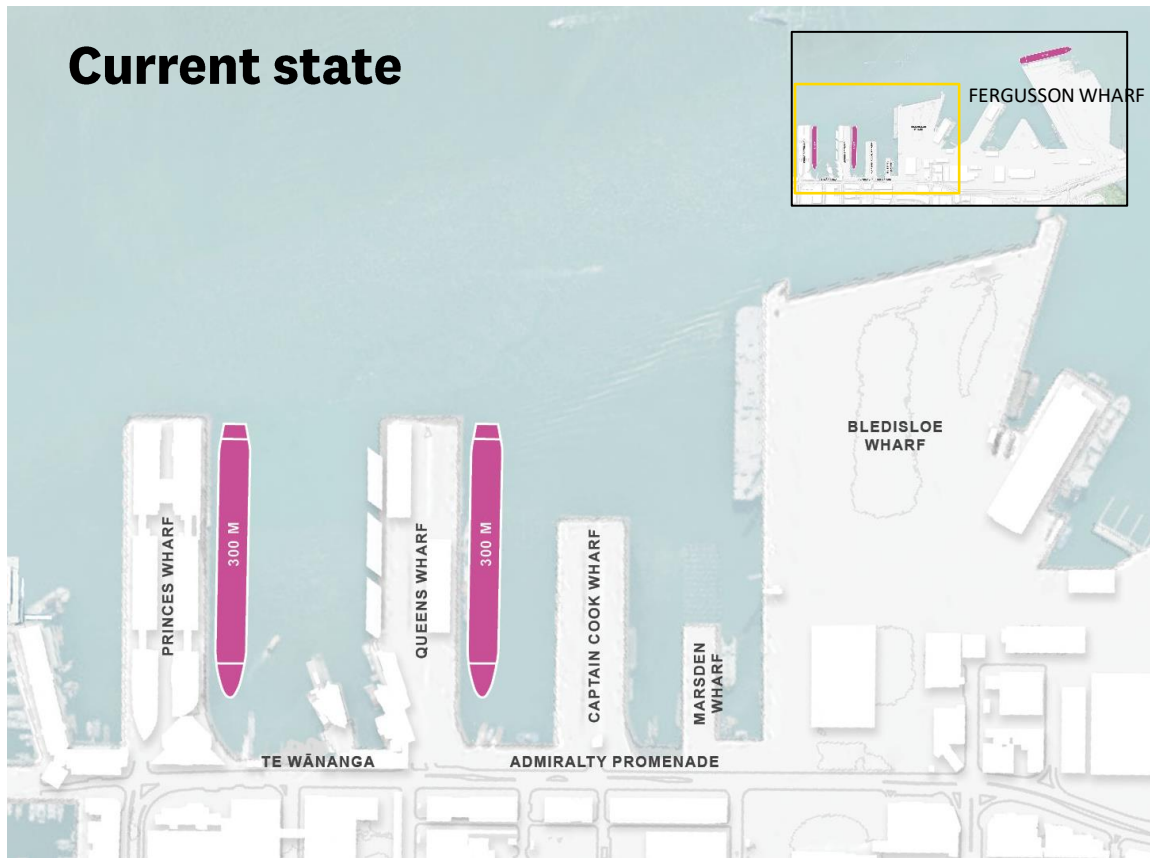
Cruise strategy Bledisloe and Captain Cook

Key move to **unlock** the central wharves in **5 years** – two cruise berths



Cruise strategy Bledisloe North West

POAL potential future strategy 15-20 years – three cruise berths



Next Steps

On the 16th of May, the **Governing Body**:

- Approve the *Central Wharves* component of the **Port Precinct Framework Plan**.
- Approve the reallocation of **\$6m** of Eke Panuku shared services savings over four financial years to progress the masterplan for **Stage 1: Central Wharves**. This includes stakeholder engagement, design, regulatory approvals and related implementation planning for these public assets.
- Note that the Port Precinct Plan will be the basis from which a *masterplan* will be developed for Stage 1: **Central Wharves**.

Ngā mihi nui

Questions



Attachment F: Major Investment

Purpose

1. The advice in this report addresses the four options consulted on in the Long-term Plan 2024-2034 for an Auckland Future Fund.

Proposal

2. Council consulted on options for the establishment of a regional wealth fund, entitled the Auckland Future Fund (AFF) for the draft Long-term Plan 2024-2034. The proposal included three options for the creation of a Fund along with potential uses of the Fund.
 - Option 1. Establish an Auckland Future Fund with the transfer of AIAL shares and the proceeds of a lease of the port operations.
 - Option 3. Establish an Auckland Future Fund with the transfer of AIAL shares only.
 - Option 4. Establish an Auckland Future Fund with the transfer of AIAL shares and the POAL annual dividend.
3. Council also consulted on an option for Enhanced Status Quo (option 2) that no Fund be established.
4. These changes were consulted on in February and March of 2024 as part of consultation on the Long-term Plan 2024-2034. Detailed analysis of the feedback received during the consultation was presented at a Budget Committee workshop on 24 April 2024.

Executive Summary

Establish an Auckland Future Fund

5. The purpose of this fund is to improve Council's long-term financial position through financial and geographical diversification, assistance with self-insurance, providing a sustainable annual cash dividend, and providing for investment requirements to meet financial and physical risks arising from climate change and other major environmental challenges. In order to establish a Fund, council needs to decide on the sources of capital to be used for its establishment.
6. Having agreed that the Fund can be established and how it will be seeded, there are then further decisions to be made regarding what the Fund may be used for, and how to structure and protect the Fund to ensure that fund uses are only those agreed upon and cannot be changed without appropriate consideration and decision-making process.

7. The uses of the Fund will depend on the decisions made about capital inputs because these determine the Fund's size.
8. In the following sections, this report will provide new information, including feedback from consultation, updated financial assumptions and new developments since the consultation process.
9. Each option is then covered in a separate section. For each of the proposed options for the establishment of an Auckland Future Fund:
 - How each option achieves the strategic objectives of the proposal.
 - The financial details of the option
 - Implementation considerations for the option
10. Common considerations for all options, such as the structure and Control settings required to ensure the Fund is protected and used only for achieving intended outcomes, and subsequent decisions, are then provided.
11. Considerations around available uses of the Fund are provided, along with the impact of the chosen option on these uses.
12. Lastly, the report provides conclusions and next steps.

Background:

13. The stated objectives of the Auckland Future Fund are:
 - To protect the value of the council's intergenerational assets by maintaining the real asset value of the Fund investments over the long term.
 - To provide improved cash returns to fund council operations above the council's long-term cost of capital over the long run.
 - To diversify risk by spreading investments over a broader range of assets, both in terms of where they are as well as what they are.
 - To provide council with the flexibility to respond to changing community needs and investment objectives by rebalancing investments.
 - To support council's ability to better respond to climate change, to contribute to costs associated with a natural event and to provide liquidity in the event of a major financial disruption.
 - To continue to deliver on council's strategic objectives for the airport and port.
14. The establishment of the Fund will depend on the decisions made about the transfer of AIAL shares and/or a port lease, as without at least one of these, a fund will not be able to achieve the identified objectives of the fund.

AIAL Shares

15. Council currently owns just over 11% of AIAL shares, which would contribute \$1.3b to the Fund based on current share price.
16. There is public perception that Auckland Council has the ability to control and/or influence the strategic direction of AIAL. At current shareholding levels, council does not have the ability to do this.
17. Potential rationales for owning shares in AIAL can be met more appropriately through other avenues (e.g., key regional asset, monopoly powers not abused, negative externalities addressed, and New Zealand ownership).
18. The purpose of transferring the shares as opposed to selling and transferring the proceeds, is to allow the Fund Manager to determine whether and when to hold or sell the shares to provide the best outcomes for the Fund.
19. The transfer of AIAL shares to an Auckland Future Fund is almost certain to mean that most, if not all, of the AIAL shares will be sold to diversify risk.
20. Council is required under legislation to recognise any level of shareholding in an airport as a 'strategic asset' for decision making purposes. As a result, any transfer of ownership or control of council's shareholding in LTP must be explicitly provided for in the long-term plan before the council can make such a decision. The council has consulted on proposed amendments to its Auckland Airport Shareholding Policy that, if adopted, would enable the sale of shares in AIAL once transferred into the Fund.

Port Lease

21. Council owns 100% of the Port of Auckland Ltd (POAL), which is the company administering Auckland's commercial freight and cruise ship harbour facilities.
22. POAL both owns the port land and operates the port facilities.
23. Under option one, the port operations would be leased for an approximate 35-year period and the proceeds paid to the Fund at an estimated \$2.1b (being \$2.2b lease value less \$100m for the release of Captain Cook and Marsden wharves).¹
24. Another option considered as part of the consultation process was to lease the port operations with net prepaid lease proceeds invested in the Fund after repaying POAL debt. The option has not been further analysed due to costs to break long-term debt facilities and the expectation of a higher return from investing all the lease proceeds.

¹ Flagstaff Investments: <POAL April Forecasts Revision.pdf>

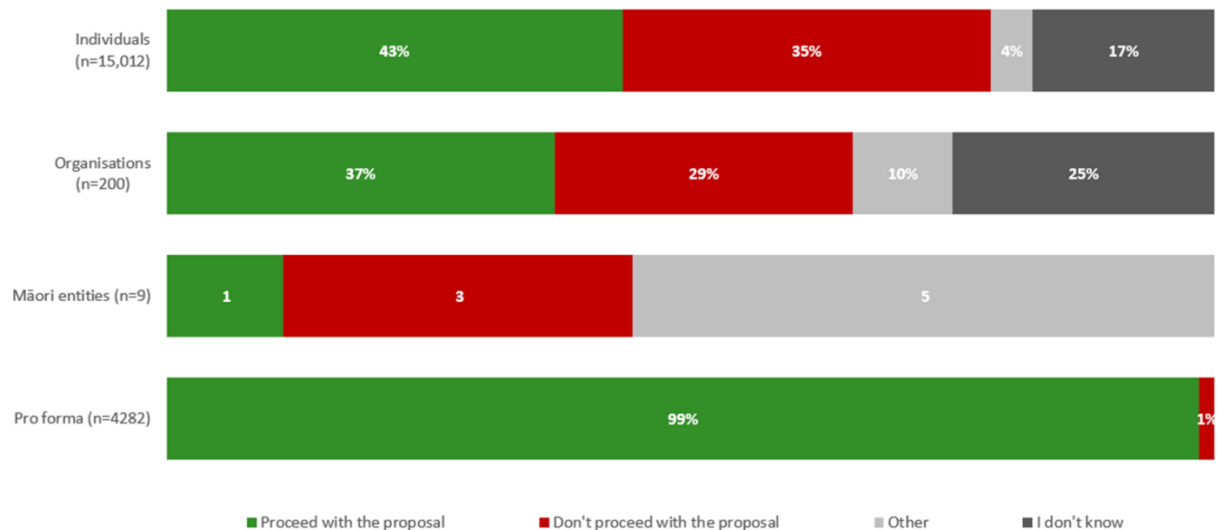
25. If a decision is made to lease the port operations, council would also need to establish a 'Port of Auckland Policy' that authorises an operating lease to be granted, perhaps subject to a certain reserve price, key conditions and a specific approach to procurement.
26. The central proposal (option 1 in the Consultation Document for the Long-term Plan 2024-2034) is to transfer the AIAL shares and the proceeds of a port lease into the Fund, creating an initial \$3-4b wealth fund able to meet all of the above objectives.
27. Alternatively, transferring only the AIAL shares (option 3) has the most favourable financial return and meets all the other objectives, albeit at a slightly reduced level.
28. Transferring the AIAL shares and adding POAL dividends (option 4) to the Fund provides the ability to meet some of the above objectives, albeit on a reduced scale.
29. An option for Enhanced Status Quo (option 2) in which there is no Auckland Future Fund was also considered.

Feedback from Consultation

30. As part of the Long-term Plan consultation, Aucklanders were asked the following questions related to the Auckland Future Fund with the responses shown beneath each:

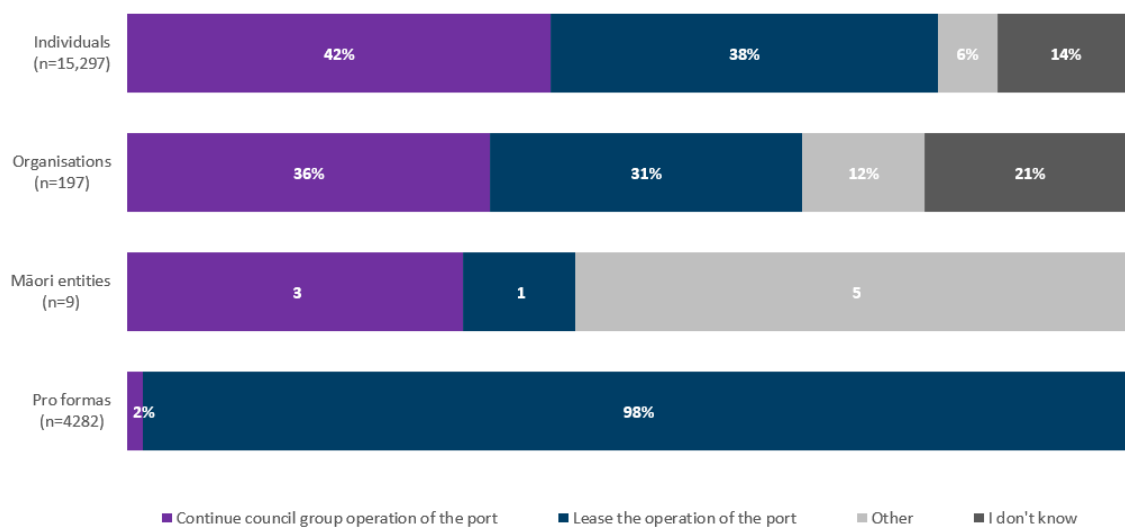
Question 4a. What is your preference on the proposal to establish and Auckland Future Fund and transfer Auckland Council's shareholding in Auckland International Airport Limited (AIAL) into this fund, enabling the shares to be sold?

- ☐ Proceed with the proposal
- ☐ Don't proceed with establishing an Auckland Future Fund and transferring AIAL shareholding
- ☐ Other
- ☐ Don't know



Question 4b. What option do you prefer for the Port of Auckland?

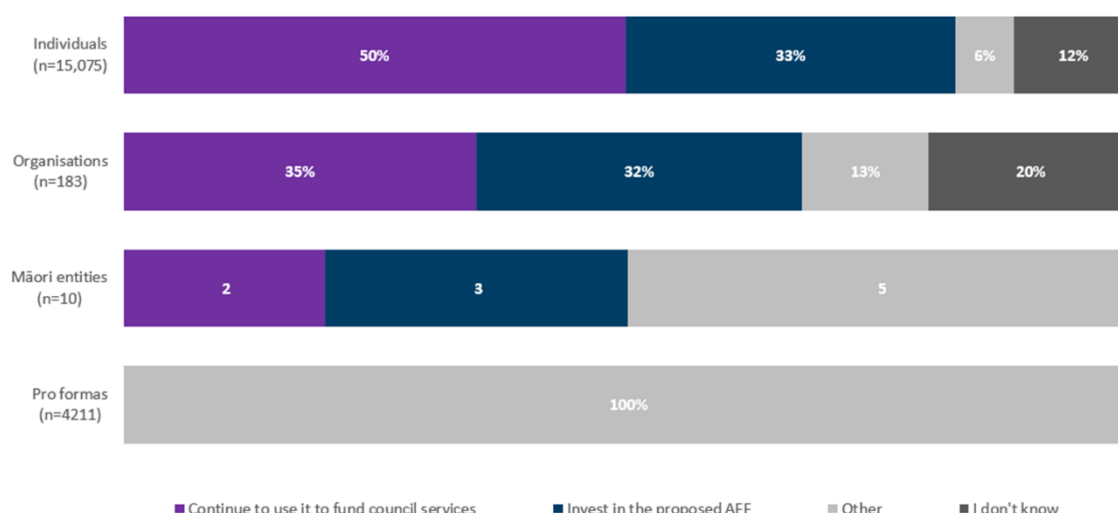
- ☐ Retain underlying council ownership of port land and wharves and **continue council group operation of the port** (through Port of Auckland Limited), and implement the plan to delivery profitability and more dividends to council
- ☐ Retain underlying council ownership of port land and wharves, and **lease the operation of the port** for a period of about 35 years and use the upfront payment to invest in the proposed Auckland Future Fund
- ☐ Other
- ☐ Don't know



☐

Question 4c. “If the council group continues to operate the Port of Auckland, how would you prefer the profits and dividends to be used?”

- ☐ **Continue** to use it to fund council services
- ☐ **Invest** in the proposed Auckland Future Fund
- ☐ Other
- ☐ I don’t know



Question 4d. Do you have any feedback on any other part of the proposal? Including the proposal for self-insurance and implementation options for the Future Fund and possible changes to the council’s shareholding in Port of Auckland Limited and to the ownership of the Port Land.

Common feedback on this question was as follows:

- Don’t sell assets.
- Generally do not support without a clear reason.
- General financial feedback (e.g., no rates increase, lower rates increase, implement a capital gains tax)
- Have clear rules, restrictions.
- General dissatisfaction with Council
- Find other savings / improve efficiency.
- Support self-insurance.
- Generally support, without a clear reason

It should be noted that only 10% of individual submitters commented on this question.

Submission from the Port of Auckland

31. As part of the consultation process, the Port of Auckland provided a submission to the council). In their submission the Port of Auckland highlights that:

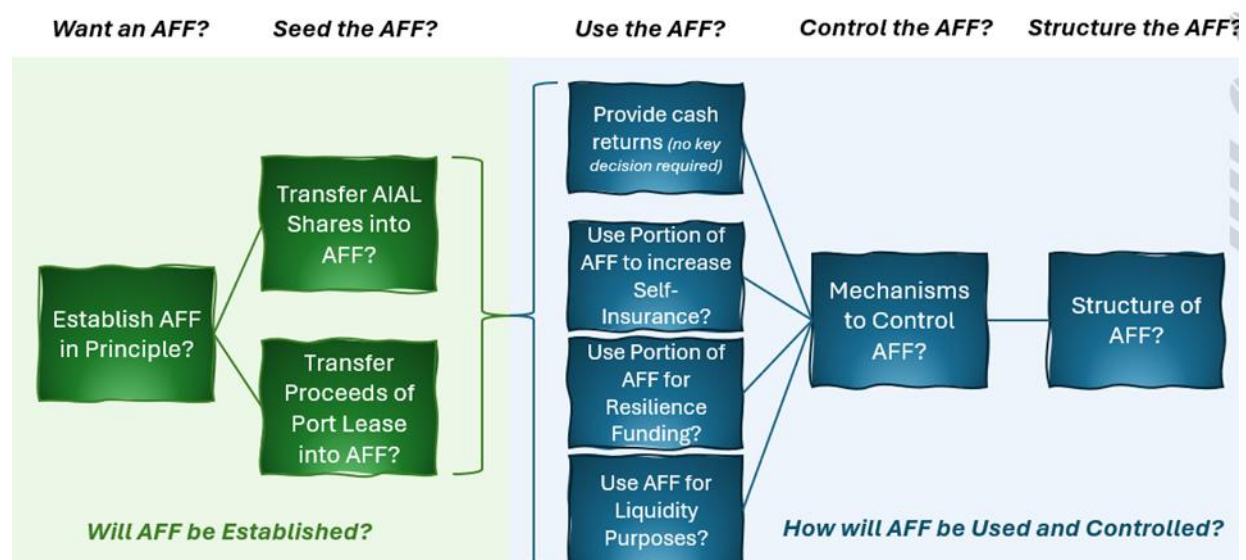
- They consider lease or status quo to be a shareholder decision for the Governing Body to make.
- If the council agrees to continue port operations, POAL commits to paying our council shareholders the dividends agreed to annually in our Statement of Corporate Intent, however it is a shareholder decision as to how to use those funds.
- They agree with the proposal to transfer Captain Cook and Marsden wharves from the Port to Auckland Council so that they can be used for something else that provides public benefit (subject to resource consent approval).
- They state that Bledisloe Terminal should be kept as a Port of Auckland operational area.

Summary of local board input

32. Local boards provided input on the Long-term Plan at their business meetings from 30 April to 2 May. A summary report will be provided to the Budget Committee for the Extraordinary Budget Committee Meeting on 16 May 2024. Any local board input relevant to the AFF will be referenced in the final decision-making report.

Context

33. The diagram below shows the main decisions to be made regarding the establishment, seeding and use of an Auckland Future Fund.



33. The success of the Fund itself comes down to meeting stated objectives by leveraging its major investments for greater cash returns, reduced risk, and better long-term financial sustainability. Some proposed uses of the Fund, other than the main purpose of providing cash returns, that may meet these objectives include increased self-insurance, a resilience fund and establishing a liquidity facility to meet Auckland Council's future needs in a more affordable way. These calls on the funds are, however, difficult to estimate with the biggest unknowns being requirements for resilience and self-insurance events.

New Developments

34. On May 7 2024, the Mayor of Auckland along with the Ports of Auckland Limited (POAL) and the Maritime Union of NZ (MUNZ) announced that Auckland Council has entered into a tripartite relationship agreement with POAL and MUNZ under which Auckland's port land, assets and operations will be retained under council ownership.
35. It should be noted that **this is subject to council decision-making for the LTP and POAL Statement of Intent process.**
36. Port of Auckland Ltd has agreed to deliver much improved profits to council, estimated at \$1.1b over the next ten years.

Financial updates

37. The following financial assumptions have been revised from those used in the Long-term Plan 2024-2034 Consultation Document:
- The net fund return has been reduced from 7.5% to 7.24% based on updated independent advice² on expected long-run average returns and expected operating costs. This is the average gross return of 7.64%, net of fees of 0.40%
 - It should be noted that while returns will not be a consistent 7.24% every year (as markets and economies fluctuate) history supports this average over time.
 - The proposal calls for a 2% retention of those investment earnings in the Fund to maintain real capital value, therefore the expected annual distribution to Auckland Council has been revised to 5.24%.
 - The Fund will be invested in a mix of 80% growth/20% income funds.
 - The enhanced expected financial performance of the Port has been updated.

² Russell Investments. See appendix G for full detail

- The Port Lease value estimate has been increased based on the above improved performance of POAL, from \$2.1b to \$2.2b³.
- The value of the port lease has been reduced by \$100m due to the assumption of land release of Captain Cook and Marsden wharves in 2.5 years.
- To enable a like-for-like comparison with the updated Port financials, it is currently assumed for modelling purposes that Bledisloe Wharf will not be released. (Estimates if Bledisloe Wharf had been released are for a \$100m reduction in the value of the port lease, if released within 15 years or \$300m if released within 5 years).
- The Airport share price has reduced from \$8.58 (25 Jan 2024) to \$7.97 (22 Apr 2024). It should be noted that the AIAL share price fluctuates continuously as the chart below shows.



Source: Bloomberg

- The Airport dividend forecast has also reduced slightly based on broker consensus estimates published by Bloomberg.
- It is assumed that the AIAL shares will be transferred on 1 January 2025 and a port lease will be established and the proceeds available as at 1 July 2025.
- The operational savings have been updated to reflect reduced insurance premiums from \$12m to \$10m from FY26.
- Standby facility fee savings of \$2m, as a result of providing an internal liquidity fund, have been added starting at FY26.

³ Flagstaff Investments : 20240424 POAL – April forecasts revision.pdf

- Various implementation and operational costs for the establishment and operation of the Fund have been included or updated. Some of these are dependent on the option and structure selected.

Options Analysis

38. The below table shows a summary assessment of the options against key objectives the Fund, with further elaboration of each option in the following paragraphs.

	Option 1 Auckland Future Fund with AIAL and port lease	Option 2 Enhanced Status Quo	Option 3 Auckland Future Fund with AIAL	Option 4 Auckland Future fund with AIAL shares and POAL dividends
Protecting assets	✓+	✓	✓+	✓✓
Self-Insurance / resilience	✓✓	✗	✓	✓
Enhanced cash returns	✓✓	✓	✓✓✓	✗
Diversification	✓✓✓	✗	✓✓	✓✓
Flexibility	✓✓✓	✓	✓✓	✓✓
Strategic outcomes	✓✓✓	✓✓	✓✓	✓✓
Projected financial contribution (10 years)	\$1.77 billion	\$1.42 billion	\$1.94 billion	\$1.06 billion

Option One: Establish the Auckland Future Fund with AIAL Shares and the proceeds of a port lease.

39. The Fund would be established by transferring the AIAL shares and the proceeds of a port lease of about 35 years. The estimated fund value at the outset would be in the order of \$3-4b.
40. Establishing an Auckland Future Fund with the AIAL shares and the proceeds of a Port lease enables an investment manager to diversify the risks (on a financial and geographical basis) and for investments to be made on a strategic basis. This provides council with the greatest opportunities for enhanced cash returns, diversified risk and long-term financial sustainability.
41. Under this option, the Fund also affords council the greatest ability to provide for one or more of the identified potential uses.
42. The estimated Fund value at the outset, of \$3-4b, is dependent upon changes to the valuation of AIAL shares and the POAL profit forecasts at the time of implementation.

43. Expected returns for this option are **\$1.773b** over the ten years of this Long-term plan, as shown below:

\$ million	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Projected gross AFF return	47	246	251	256	261	267	272	277	283	289	2,450
Less reinvestment into fund	(13)	(68)	(69)	(71)	(72)	(74)	(75)	(77)	(78)	(80)	(677)
Net fund proceeds	34	178	182	186	189	193	197	201	205	209	1,773
Plus: Reduction in insurance premiums	0	10	10	10	11	11	11	11	11	12	98
Plus: Other net savings	(1)	2	2	2	2	2	2	2	2	2	14
Plus: POAL projected profit	70										70
Plus: Projected AIAL dividends	11										11
Less: Interest costs on retained port debt	0	(20)	(20)	(20)	(21)	(22)	(22)	(22)	(23)	(23)	(192)
Projected financial contribution	114	170	174	177	181	184	188	191	195	199	1,773

44. This option includes annual savings of \$12m in operating costs, comprised of \$10m per annum on insurance premiums (based on assumption that the Fund will be used to support an increased deductible for greater self-insurance), and a provision for liquidity for council, which supports a decreased external standby facility reducing costs by in excess of \$2m a year.

45. If it is decided that the Fund should not be used for self-insurance or liquidity purposes, the above savings of \$12m per annum are not available and therefore impact on rates requirements.

46. While the transfer of AIAL shares can happen relatively quickly, a Port lease is expected to take a substantial amount of time to implement (at least twelve months) to allow for a thorough procurement process to occur.

47. As a lease of the port operations would be a complex undertaking, implementation costs are estimated at around 1% of lease value (approximately \$20m).

Option two: Enhanced Status Quo

48. There would not be an Auckland Future Fund.

49. AIAL shareholdings would continue to be held by Auckland Council, retaining the risks attached to having a non-diversified investment.

50. POAL would continue to operate the port, and would continue to work with council to improve its financial performance and enhance returns to the council as the 100 per cent shareholder.

51. Council continues to be exposed to any financial shocks that result from unexpected climate, environmental or economic challenges under this option.

52. Self-insurance premiums continue at current settings (limits, deductibles and cost of insurance) for the Group.

53. Council continues to require current levels of standby facilities to ensure liquidity and resilience funding is available in the event of a major disaster, insurance event or economic shock.

54. AIAL dividends and POAL profits and dividends, at a forecast value of \$1.422m, are expected to be returned to Auckland Council over the ten years of this Long-term plan.

55. No change in current organisation or operations are anticipated.

\$ million	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Projected AIAL dividends	23	26	28	30	30	31	32	32	33	33	299
POAL projected profit	70	93	110	114	117	119	121	124	126	129	1,123
Projected financial contribution	93	119	138	144	147	150	153	156	159	162	1,422

Option three: Establish a Fund with AIAL Shares Only

56. The Fund is established by transferring the council's shares in AIAL into the fund entity.

57. This option enables an investment manager to diversify investment risks on a financial and geographical basis.

58. This option also enables investments to be made on a strategic basis, rather than through historical circumstances.

59. It is almost inevitable that the shares would be sold, as this enables the diversification and strategic investments noted above.

60. POAL operations would continue unchanged with POAL dividends and profits continuing to be received by council.

61. While this option establishes the Fund with a smaller balance than option 1, it still enables council to achieve the fund objectives while also producing the highest financial contribution to council operations.

62. Under this option, the Fund at the outset is estimated at approximately \$1.3b based on current share prices.

63. Projected returns to council over the ten years covered by this Long-term plan are **\$1.936b** as shown in the below table. Due to the improved POAL dividend forecast and projected level of fund returns, this option would give the highest financial contribution.

\$ million	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Projected gross AFF return	47	94	96	98	100	102	104	106	108	111	967
Less reinvestment into fund	(13)	(26)	(27)	(27)	(28)	(28)	(29)	(29)	(30)	(31)	(267)
Net fund proceeds	34	68	70	71	72	74	75	77	78	80	700
Plus: Reduction in insurance premiums	0	10	10	10	11	11	11	11	11	12	98
Plus: Other net savings	(1)	1	1	1	1	1	1	1	1	1	5
Plus: Projected AIAL dividends	11										11
Plus: POAL projected profit	70	93	110	114	117	119	121	124	126	129	1,123
Projected financial contribution	114	172	190	196	201	204	208	213	217	221	1,936

65. It is assumed that a limited liquidity facility would still be provided by the Fund under this option, reducing the operational savings to \$11m per annum. The Fund would still be used for self-insurance purposes.

66. Should the Fund not be used for self-insurance purposes, then the operational savings on premiums will not be achieved and there will be an impact on rates requirements as modelled.

67. Implementation considerations are the same as for option 1, but with less complexity, cost and time required for establishment due to the removal of the port lease from this option.

Option four: Establish a Fund with AIAL Shares and POAL Dividends

64. An Auckland Future Fund would be established with initial seed capital from the transfer of AIAL shares, and would then receive annual POAL dividends from 1 July 2025.

65. POAL forecasts have improved per the recent press release (and as noted in our financial /updates).

66. Compared to Option 1 involving AIAL shares and a Port lease, this would be a significantly less complex option.

67. This option has a higher debt profile than option 1 due to POAL capital investment but with a lower debt-to-revenue ratio due to inclusion of POAL revenue.

68. Expected returns over the ten years of this Long-term plan are **\$1.057b** (as shown in the table below) vs. combined dividends of \$901m (AIAL (\$275m) and POAL (\$626m)) under option 2 (without a Fund).

\$ million	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	Total
Projected gross AFF return	47	99	108	118	129	140	151	163	175	188	1,319
Less reinvestment into fund	(13)	(27)	(30)	(33)	(36)	(39)	(42)	(45)	(48)	(52)	(364)
Net fund proceeds	34	72	78	86	93	101	110	118	127	136	955
Plus: Reduction in insurance premiums	0	10	10	10	11	11	11	11	11	12	98
Plus: Other net savings	(1)	1	1	1	1	1	1	1	1	1	5
Projected financial contribution	33	83	89	97	104	113	121	130	139	148	1,057

69. This option has a lower financial contribution to council than option three as rather than the full POAL profits going to council, the dividends are being placed in the Fund and the council's financial contribution is only the return of 5.24% on the dividend amounts.

70. It is assumed that a limited liquidity facility than considered in option 1 would be provided by the Fund under this option. The Fund would still be used for self-insurance purposes. This has resulted in reduced operational savings of \$11m per annum, comprising \$10m savings on insurance premiums, and \$1m savings on standby facility fees.

71. Should the Fund not be used for self-insurance purposes, then the operational savings on premiums would not be achieved and there would be an impact on rates requirements as modelled.

72. This option is quicker, and less complex than option 1 due to removal of the port lease component.

73. Structure and control considerations also apply under this option. See the dedicated section on these considerations further down in this report.

Common Considerations for All Fund Options

74. Under all but one of the structures considered for the Auckland Future Fund (the Council Restricted Fund option) the establishment of the Fund results in the creation of a substantive Council Controlled Organisation.

75. As such, a CCO Accountability Policy change would be required, explaining the purpose of the new CCO and how it contributes to Auckland Plan outcomes, as part of the LTP adoption.

76. If it is decided to establish an Auckland Future Fund, council would also need to establish an 'Auckland Future Fund Policy' which:

- sets out key rules and restrictions for the Fund,
- outlines any processes that will be required in relation to decisions to make changes to the structure or rules of the Fund, or the circumstances in which funds may be used. For example, the council could require the use of the Special Consultative Procedure for these types of decisions.

77. A decision to establish the Fund and transfer Auckland Council's shareholding in AIAL into the Fund and enable the shares to be sold would be subject to the adoption of the final Long-term Plan 2024-2034 explicitly providing for the transfer and sale of airport shares (through the Auckland Airport Shareholding Policy).

78. Key risks in these assumptions are that the future profitability of AIAL and/or POAL (which also determines the port lease proceeds), or the earning levels of the Fund differ from those projected.

79. It is assumed that a fund structure will be in place by 1 January 2025 to receive the transfer of AIAL shares.

Implementation

80. A selection process for the governors of the Fund will be required.

81. Procurement of an investment manager for the AFF will be required if the decision is made to establish an Auckland Future Fund. A two-stage procurement process should take place, consisting of an open market Expression of Interest (EOI), followed by a closed Request for Proposal (RFP).

82. The Fund manager procurement process is estimated at 8-10 weeks total for the two stages.

83. It is assumed that these Fund manager procurement decisions would be made by the board/trustees of the Fund.
84. The drafting and adoption of the guiding policies and strategies for the Fund (dependent on structure) should include:
- Statement of Intent
 - Distribution Policy
 - Statement of Investment and Policy Objectives (SIPO)
 - Terms of Reference
 - Access rules for potential uses of the Fund
85. If implementing a lease for the Port, a robust procurement process would be required including the engagement of appropriate specialist resources. Further detail on a procurement process for a port lease are covered in Appendix B.
86. The complexity of the procurement process would extend the timeframe required to implement a port lease. While this is estimated to be a year, it may be longer.
87. Additional considerations if a port lease were to be implemented, are covered in appendices C and D.
88. Note that structure choice will also impact the time required for implementation as some structures require a longer establishment period.

Uses of the Fund

Self-insurance

89. **The Issue:** Auckland Council has a modest self-insurance fund of around \$59 million which covers physical damage/loss and liability risks, as well as insurance policies with global insurers⁴. As insurance is expected to become more difficult and costly to obtain due to the impacts of climate change and increasing value of infrastructure, there is a need to consider alternatives, including increasing the amount of risk that is self-insured.

90. **The Proposal:** With a large balance sheet, council is well-placed to have more self-insurance and meet the costs of both smaller, more frequent claims, and larger less-frequent claims, such as those that occurred as a result of last year's storm events. Up to \$1 billion of the AFF could be allocated for insurance purposes, expanding the existing self-insurance scheme, with the deductibles for above and below ground property cover with external insurers to increase from \$10m to \$500m. This is estimated to save around \$10 million per annum in insurance premium costs.

Note that the usual annual insurance process would continue to be followed, with the Audit and Risk Committee overseeing the insurance approach and the Revenue, Expenditure & Value Committee approving the insurance placement. Council staff actively monitor insurance market conditions and recommend an appropriate mix of self-insurance and external insurance to best manage risk.

91. **The Risk:** Any insurance claim payments over the current \$10m deductible would reduce the balance of the self-insurance fund and therefore the AFF. This would reduce future returns from the AFF. In an extreme case, the balance of the AFF could be seriously impacted by a single catastrophic insurance claim. However, over the life of the council there has only been one property-related insurance event (2023 Anniversary Weekend event) that has exceeded the current deductible level (estimated claim value of \$110m).

92. **The Benefit:** Transferring the existing self-insurance scheme to the AFF and expanding it from the current deductible of \$10m to \$500m would save on annual insurance premiums of around \$10m. It also future-proofs against sudden changes in the external insurance market.

⁴ Details of current insurance cover are provided in Appendix A

Resilience

93. **The Issue:** The costs of large unexpected natural events and the impacts of climate change can place real pressures on Council's finances. The costs of these shocks compete on debt headroom and revenues with regular programmes of work and other unexpected costs. The 2023 storms and subsequent flooding resulted in a \$2b cost-sharing deal with the government to support flood recovery and resilience efforts and provide funding for the "Making Space for Water" programme.
94. **The Proposal:** That Council could make the AFF available to fund **unexpected** costs of a **major** project deemed to have arisen due to a **natural event** or the impact of **climate change**. This would not oblige council to do so, but would provide another option in the case of such an event. As the costs of such an event are likely to be significant and would have a material effect on the size of the fund, it is proposed that council be required to make a proposal and consult with the public (applying the special consultation procedure requirements) to make any decisions to access the Fund for resilience purposes,.
95. **The Risk:** Any payments for resilience type events would reduce the balance of the AFF, reducing future returns and options for the use of the AFF.
96. **The Benefit:** It would provide an available funding source for the costs of extreme unexpected natural events.

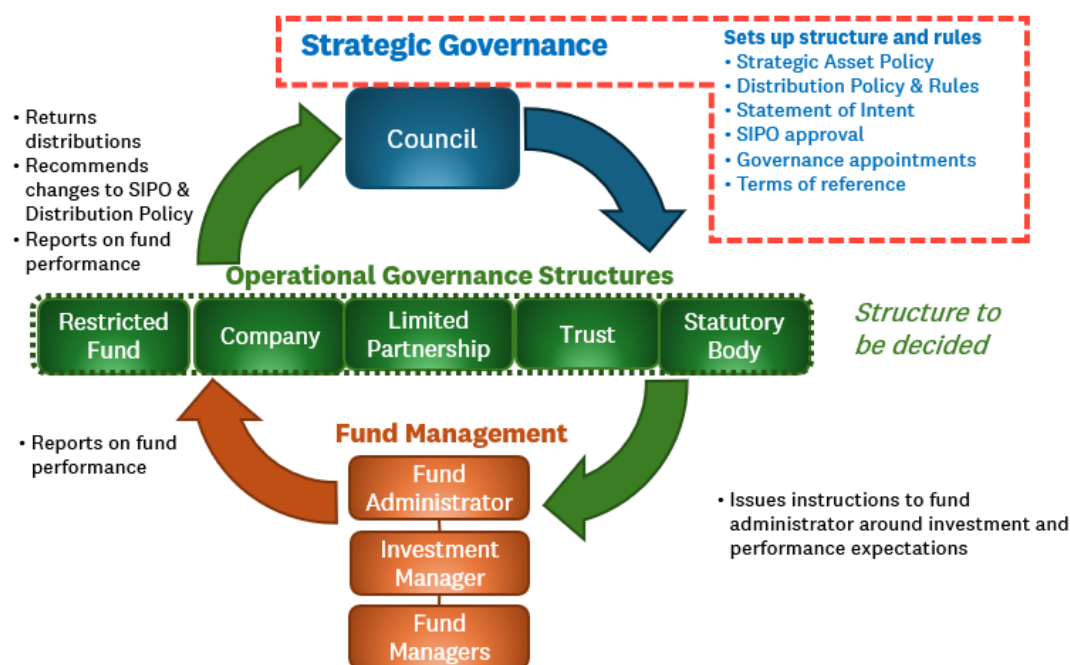
Liquidity

97. **The Issue:** For Local Government Funding Agency covenant purposes and to keep its high credit ratings council needs to hold certain levels of liquidity (ability to access cash when needed). Liquidity can be in the form of standby facilities (effectively a promise by a bank to lend money on pre-agreed terms, in exchange for the payment of a fee) or liquid assets (such as cash, bonds and stocks). Currently council spends over \$3 million per annum on standby facilities.
98. **The Proposal:** That council use the AFF to meet some of its liquidity needs. This means that should an event occur which effectively closed the financial markets, council could draw down on the AFF to meet its financial obligations. This would be on a temporary basis and would be required to be repaid with interest when financial market conditions returned to normal. There would be strict rules, procedures and reporting obligations around this, including:
- Any drawdown must be approved by the Chief Executive Officer on the recommendation of the Group Chief Financial Officer.
 - A report must be provided to the Governing Body as soon as practicable after a drawdown on the justification for accessing the fund.
99. **The Risk:** Council has never had to draw on standby facilities since inception. It would also not have had to during the global financial crisis or Covid-19 pandemic. Given council's strong credit rating the chances of it having to liquidate part of the AFF to meet our liquidity needs is extremely remote (estimated at less than a 1 in 100 year event). Even in the highly unlikely event of a drawdown, the amount would be repaid and so would not reduce the balance of the Fund.
100. **The Benefit:** It would save between \$1m and \$2m per annum in standby fees (assuming the fund is seeded with AIAL shares proceeds). It would also assist in council's credit rating liquidity assessment especially from Moody's (who prefer liquid assets to standby facilities).

Control/Protection Mechanisms and Structures

Control Mechanisms

101. A range of control mechanisms are available, and they are relatively consistent across all structural options, albeit with different names. Using the right mechanisms ensures that the intentions for the Fund are embedded and followed.
102. Key requirements of the control mechanisms and structures are to provide:
- Enduring protection for the Fund
 - Clear operating parameters / settings (e.g. investment, use of proceeds)
 - Clear roles and accountabilities.



103. The above diagram summarises the roles and responsibilities for governance and control of the Fund.
104. Council's role of Strategic Governance is where the strategies and policies are set and will generally be the same regardless of the operational structure selected.
105. Operational governance oversees the fund operations within the rules set by Strategic governance.
106. The management of the Fund, through an administrator, investment manager and fund managers, will be fundamentally the same for all operational structures.
107. The control mechanisms that would be required to protect the Fund and ensure that intended objectives are met, are as follows:
- An Auckland Future Fund policy to lock in the framework and rules.

- Fund access rules and settings (embedded on day 1). This includes:
 - A Distribution Policy
 - Resilience Funding Policy
 - Liquidity support agreement
 - An updated Self Insurance Policy
- Framework including:
 - Governing Body – Terms Of Reference / committee delegations
 - Constitution / Trust Deed / Terms Of Reference for fund purposes and scope
 - Appointment Policy
 - Management Agreements (administration, investment)
 - Reporting and accountability processes
- Living documents would include a Statement of Investment Policy and Objectives (SIPO) and Statement of Intent (or equivalent)

108. An example of how the above control mechanisms work under a Trust scenario is provided in Appendix F.

Structural Options

109. The consultation document outlined some possibilities regarding the structure of the Fund, including the establishment of a new CCO (e.g., Trust, Company, or Limited Partnership)
110. The below table provides an evaluation of the five structure options against criteria that reflect the overall objectives and other relevant factors:

With the right protections in place, desired outcomes can be achieved under any of the structures considered, with some nuances across specific criteria.

	Option 1 Council restricted fund	Option 2 Trust (CCO)	Option 3 Limited company (CCO)	Option 4 Limited Partnership (CCO)	Option 5 Statutory body
Ability to achieve objectives					
Self-insurance and resilience	✓	✓	✓	✓	✓
Adaptability / flexibility	✓	✓	✓	✓	✓
Providing for liquidity	✓	✓	✓	✓	✓
Long-term potential	✓	✓	✓	✓	✓
Value protection*	Lower Higher	Lower Higher	Lower Higher	Lower Higher	Lower Higher
Wider structural considerations					
Independence**	Lower Higher	Lower Higher	Lower Higher	Lower Higher	Lower Higher
Tax comparability	Unfavourable Favourable	Unfavourable Favourable	Unfavourable Favourable	Unfavourable Favourable	Unfavourable Favourable
Ease of Implementation	Lower Higher	Lower Higher	Lower Higher	Lower Higher	Lower Higher
Cost efficiency***	~\$250k pa	~\$400k pa	~\$400k pa	~\$400k pa	~\$400k pa
Overall evaluation	Favourable from an implementation and tax comparability perspective. Robust internal mechanisms and protections needed to manage operational independence.	Well understood structure that provides independence and stakeholder confidence.	Provides an effective and well understood operational structure, but likely higher tax costs than the status quo and Option 2.	Effective fund structure which is increasingly being used in NZ. Not widely understood or as easy to implement. Other than tax, no apparent upside vs Option 3.	Provides strong legislative protections, but complex, costly and time consuming to implement, with uncertain tax outcomes.

*Value protection can likely be achieved under any structure in varying degrees. The additional structural element associated with an 'incorporated' body does provide slightly more protection given additional steps required to change constitutional documentation and independence/skills/duties of operational governance.

**Independence can be achieved in varying degrees under any structure. A legal construct underpinned by governing legislation, duties and formalised mechanisms for expectation setting provides a stronger foundation to achieve this.

***Based on high level governance and compliance cost assumptions. Does not include day-to-day operational costs. Actual costs will depend on the final design of the Fund, including scale of seed capital, governance, and resourcing arrangements.

Source: AFF Operational Structures 09052024.pdf

111. If AIAL shares are transferred to the Fund, for some structures, any potential gain on sale may be taxed if the share price increases between transfer and sale. This could be mitigated through the timing of transfer or retaining under council's name.
112. From this initial analysis the Limited Company and Limited Partnership structures have no inherent advantages over a Trust. There may be a slight advantage for tax comparability with the Limited Partnership, but this can be relatively easily managed.

Conclusion

113. Options are firstly around the size and seeding of the Fund:

- Both AIAL Shares and Port Lease (option 1)
- Enhanced Status Quo – no Future Fund (option 2)
- Just AIAL Shares (option 3)

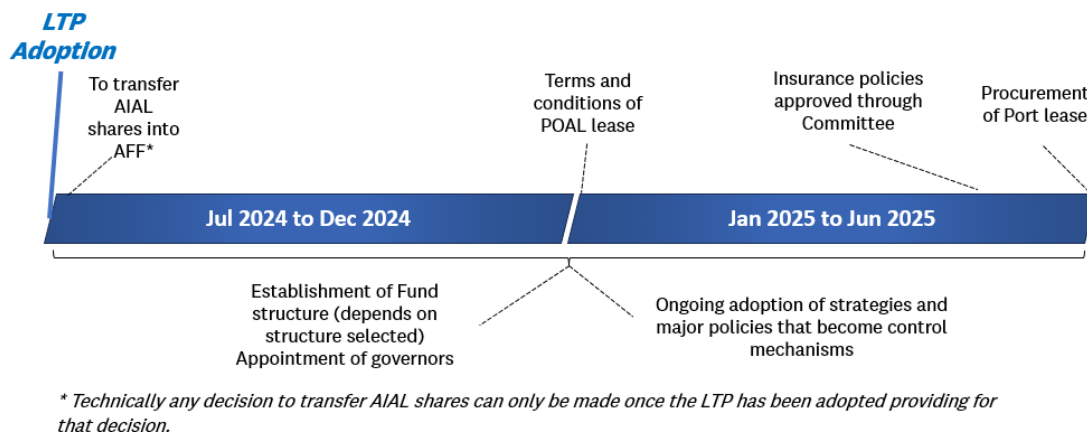
- AIAL Shares and POAL dividends (option 4)
114. If a Fund is created under options 1, 3 or 4, then there are options around any additional uses of the Fund on top of greater cash returns, reduced risk and better long-term financial sustainability. These include:
- Expanding council's current self-insurance to generate additional annual savings.
 - Providing a resilience funding facility
 - Providing a repayable liquidity facility to generate additional annual savings and better position council for future financial shocks.
115. Risk associated with the decision to establish a Fund include that the actual value of the inputs will not be known until council approaches the market (for AIAL share sales and/or a port lease).
116. For the purposes of modelling returns on the Fund, it is assumed that there would be:
- no liquidity drawdowns, as there has been no such example in recent times, and any such drawdown would have to be repaid as soon as practicable.
 - no resilience payments, as there would be quite an onerous threshold for such extreme events which are not expected to occur often.
 - no additional insurance claims beyond current levels, as claims up to a \$10m deductible are already budgeted for, and events above this level have only occurred once in recent times.
117. Should either of the latter two occur this could materially impact on the Fund's balance.
118. While there is a focus on the rating impact over the next 10 years, should the proceeds of a Port lease be put into a Fund, at the end of 35 years control reverts to Council, and it still has the Fund balance to use.
119. Protecting the fund and capitalising it sufficiently are key to enabling the outcomes.
120. Governance of the Fund will operate at two distinct levels:
- Strategic governance will be provided by Council through the adoption of key strategies and policies to set expectations and instruct the Fund operation.
 - Operational governance will be provided by the selected Operational Structure, which can be Trustees, Directors, Council Steering Group, etc.
121. The division of governance responsibilities will be set by Council, in accordance with any relevant legislation (e.g. Trust Act, Companies Act, Local Government Act, etc)

122. The options have been assessed as shown in the table below:

	Option 1 Auckland Future Fund with AIAL and port lease	Option 2 Enhanced Status Quo	Option 3 Auckland Future Fund with AIAL	Option 4 Auckland Future fund with AIAL shares and POAL dividends
Protecting assets	✓+ Base case dividends set at level to maintain real asset growth.	✓ Limited levers to ensure value is protected.	✓+ Base case dividends set at level to maintain real asset growth.	✓✓ Reinvestment of dividends provides for growth exceeding inflation
Self-insurance / resilience	✓✓ Greater ability to absorb shocks, albeit changes to fund value or dividends may be needed.	✗ Low portfolio liquidity and ability to use asset value to self-insure	✓ Limited ability to self-insure against larger shocks without impacting fund value and future dividends	✓ Limited ability to self-insure against larger shocks without impacting fund value and future dividends
Enhanced cash returns	✓✓ Potential for improved returns	✓ AIAL / POAL dividends received	✓✓✓ Potential for greatest returns	✗ Lower cash returns than status quo due to reinvestment of POAL dividends
Diversification	✓✓✓ Full asset value / proceeds reinvested in diversified investment portfolio	✗ Concentrated investment exposure/ risk.	✓✓ Reinvestment of AIAL proceeds in a diversified investment portfolio	✓✓ Reinvestment of AIAL proceeds in a diversified investment portfolio
Flexibility	✓✓✓ Larger scale provides greater flexibility to balance financial objectives.	✓ Limited ability to rebalance assets to reflect changing community needs.	✓✓ Fund expected to enable timely response to changing community needs and market conditions.	✓✓ Fund expected to enable timely response to changing community needs and market conditions.
Strategic outcomes	✓✓✓ Strategic outcomes for airport maintained through other means Strategic outcomes for port improved	✓✓ Strategic outcomes continue to be delivered	✓✓ Strategic outcomes for airport maintained through other means Outcomes for port maintained	✓✓ Strategic outcomes for airport maintained through other means Outcomes for port maintained
Projected financial contribution (10 years)	\$1.77 billion	\$1.42 billion	\$1.94 billion	\$1.06 billion

Further detail on the financial components of these options can be found at **Appendix E**

123. While certain decisions could be made as part of the LTP process, there are several that can only be made subsequent to the LTP process, dependent on what is first decided. The below diagram shows the key subsequent decisions and an indication of possible timing:



In conclusion, the following are the key decision points:

1. Establish and seed the Fund

- If to be established, then the Fund will need to have at least the AIAL shares transferred in to give it any scale.

2. Determine Uses of the Fund

- The Fund would be used primarily to make distributions to council to fund operations. It could also be used for resilience, self-insurance and/or liquidity purposes.

3. Choose Controls and Structure of the Fund

- The Restricted Fund, Trust or Statutory Entity structures could all be used with the right control mechanisms implemented. A Limited Partnership and Limited Company have no real advantages over a Trust and so can be disregarded.

Council group impacts and views guidance

The analysis in this report has been agreed on by the following departments or business units of the Auckland Council group:

- Group Chief Financial Office
- Chief Planning Office
- CCO / External Partnerships
- Legal Projects and Transactions

The advice in this report has been reviewed by Legal Services.

Appendices

No	Titlte
A	Insurance
B	Procurement of a Port Operator for the Port Lease
C	Subsequent Decisions on Port Lease
D	Controls for the Port Lease
E	Financial Implications of Options for the Fund (detailed components)
F	Example of control mechanisms under a Trust Structure
G	Distribution of Nominal Returns

Appendix A: Current Insurance Cover

- Council has a broad range of insurance policies covering physical damage/loss and liability risks:
 - Physical damage/loss: e.g., above ground general property; below ground general property; fine arts, electric trains, motor vehicles, travel, contract works.
 - Liability: e.g., general liability, professional indemnity, employer's/directors'/officers' liability.
- There are a wide variety of deductibles and limits (depending on the risk).
- The current Self-Insurance Fund (SIF) has assets of \$59m, covering some policies.
 - Policies not covered by the SIF includes motor vehicles, travel, directors' and officers' liability, and contract works.
 - For those other policies that are included, full coverage is up to a maximum of \$10m.

Any proposed material changes to insurance cover are presented to the Audit & Risk Committee, and the Revenue, Expenditure and Value Committee approves the placement of annual policies.

Insurance Claim History

- A total of 2700 claims were made over 13 years for all types of material damage including weather events, criminal activity and accidents. Half of all claims occurred in the past 5 years.
- Of those, 75% occurred in 2023 and 65% relate to either January 27th or Cyclone Gabrielle events.
- To date*, only two claims have exceeded our current deductible:

Should the Fund be used for wider self-insurance purposes, Council will need to confirm whether it needs to be registered as an insurer or not. This will depend on the nature of the fund including whether premiums are charged, and claim payouts are discretionary. If deemed to be an insurer this will place additional administration and regulatory responsibilities onto Council.

Appendix B: Procurement of a Port Operator under a Lease

- The procurement of a Port operator by way of a lease will require decisions to be made on approach, choosing from the following options:
 - Direct source – entering into negotiation with a single supplier for the provision of services.
 - Closed request for proposal – requesting response from a limited number of respondents who would be selected by Auckland Council. Note that this process may follow an Expression of Interest phase where council first identifies interested parties and assesses their suitability.
 - Open request for proposal – where a Request for Proposal is published online, with no limitations on who can respond.
- As with any procurement process, council will first need to clearly determine and articulate what is important in this procurement event and from this set criteria and relevant weightings against which proposals will be assessed.

Appendix C: Subsequent Decisions dependent on Port Lease being approved

- Depending on the decision around whether to lease out the port operation, there may be two subsequent decisions to make, which were included in the Consultation

Document:

- POAL Land ownership
 - POAL Shareholding
- Three options were provided around whether land ownership should change:
 - POAL continues to own the land.
 - Land ownership transfers to Eke Panuku or a new entity within the council group.
 - Land ownership transfers to council.
- **Three similar** options were provided around whether shareholding in POAL should change:
 - No change to PAL shareholding.
 - Shareholding transfers to Eke Panuku or a new entity within the council group.
 - Disestablish POAL and cancel the shares.

Appendix D: Controls for the port lease

- These controls will address “what” happens at the port if a Lessee is operating the port. The controls can be shareholder levers under current POAL operations scenario but would need to be contractual in the event of a lease.
- Shareholder controls
 - Not as precise, subject to PCA, but fairly flexible
 - Remedies are corporate – Board removals.
- Contractual controls (in the lease)
 - Can be precise, any topic, but need to think ahead.
 - Remedies are contractual – Step-in, damages, specific performance.

Either way, controls should be balanced and appropriate (affects returns)

- The lease should have escalation procedures, major approval gateways, integration plans and end of lease conditions.
- Lease agreement terms are equally important, and should address:
 - Land ownership – this should remain with council group.
 - Operating terms that cover:
 - **Quality:** Workforce, H&S, environment, performance standards
 - **Scope:** Ceasing “dirty, dusty” trades, regulation of port prices and access, no reclamation
 - **Investment:** efficient operations on a smaller footprint, better road / rail outcomes, business growth / jobs

Appendix E: Financial Implications of Options

Option 1: Auckland Future Fund with AIAL and port lease

\$ million	FY25	FY26	FY27	FY 28	FY 29	FY 30	FY31	FY32	FY33	FY34	Total
Projected gross AFF return	47	246	251	256	261	267	272	277	283	289	2,450
Less: reinvestment into fund	(13)	(68)	(69)	(71)	(72)	(74)	(75)	(77)	(78)	(80)	(677)
Net fund proceeds	34	178	182	186	189	193	197	201	205	209	1,773
Plus: Reduction in insurance premiums	0	10	10	10	11	11	11	11	11	12	98
Plus: Other net savings	(1)	2	2	2	2	2	2	2	2	2	14
Plus: POAL projected profit	70										70
Plus: Projected AIAL dividends	11										11
Less: Interest costs on retained port debt	0	(20)	(20)	(20)	(21)	(22)	(22)	(22)	(23)	(23)	(192)
Projected financial contribution	114	170	174	177	181	184	188	191	195	199	1,773

Option 2. Enhanced Status Quo

\$ million	FY25	FY26	FY27	FY 28	FY 29	FY 30	FY31	FY32	FY33	FY34	Total
Projected AIAL dividends	23	26	28	30	30	31	32	32	33	33	299
POAL projected profit	70	93	110	114	117	119	121	124	126	129	1,123
Projected financial contribution	93	119	138	144	147	150	153	156	159	162	1,422

Option 3. Auckland Future Fund with AIAL Shares

\$ million	FY25	FY26	FY27	FY 28	FY 29	FY 30	FY31	FY32	FY33	FY34	Total
Projected gross AFF return	47	94	96	98	100	102	104	106	108	111	967
Less: reinvestment into fund	(13)	(26)	(27)	(27)	(28)	(28)	(29)	(29)	(30)	(31)	(267)
Net fund proceeds	34	68	70	71	72	74	75	77	78	80	700
Plus: Reduction in insurance premiums	0	10	10	10	11	11	11	11	11	12	98
Plus: Other net savings	(1)	1	1	1	1	1	1	1	1	1	5
Plus: Projected AIAL dividends	11										11
Plus: POAL projected profit	70	93	110	114	117	119	121	124	126	129	1,123
Projected financial contribution	114	172	190	196	201	204	208	213	217	221	1,936

Option 4. Auckland Future Fund with AIAL Shares and POAL Dividends

\$ million	FY25	FY26	FY27	FY 28	FY 29	FY 30	FY31	FY32	FY33	FY34	Total
Projected gross AFF return	47	99	108	118	129	140	151	163	175	188	1,319
Less: reinvestment into fund	(13)	(27)	(30)	(33)	(36)	(39)	(42)	(45)	(48)	(52)	(364)
Net fund proceeds	34	72	78	86	93	101	110	118	127	136	955
Plus: Reduction in insurance premiums	0	10	10	10	11	11	11	11	11	12	98
Plus: Other net savings	(1)	1	1	1	1	1	1	1	1	1	5
Projected financial contribution	33	83	89	97	104	113	121	130	139	148	1,057

Appendix F:. Protecting the Future Fund - Trust Model

The protection for a non-statutory trust model for the Auckland Future Fund rests on three pillars:

1. Strategic Asset: AFF Policy in the LTP protecting the fund as strategic asset:
 - Any transactions **outside** the permitted fund rules would always trigger LTP amendment process.
 - Permitted transactions under the rules would be “within” the LTP already and not trigger LTP amendment process.
2. Fund Rules: Clear rules for the investment and use of fund assets:
 - Investment objectives under the Trust Deed, and SIPO (which can be amended from time to time in response to the SOI).
 - Rules and processes for **permitted** distributions, resilience support, liquidity and self-insurance (as applicable).
 - Discretions for trustees, escalation where GB approval required, and scope for variation of operational practice.
3. Trust Deed: Separate legal status for the trust (as substantive CCO with corporate trustee) ensuring:
 - Independent trustee / directors (not elected members).
 - Duties under the Trusts Act 2019 to support the prudent stewardship of trust assets.
 - Compliance with the Fund Rules.
 - A separate identity and “Auckland” voice for the Fund.
4. Taken together, the Fund would be established under clear “Day 1” rules and principles, with sufficient built-in flexibility so that LTP variation would only be triggered if GB sought to disestablish the trust. The strong institutional framework for the fund (including its Rules and the Trust Deed) would mean that any attempt to disestablish it or take funds other than as permitted would have to be approached very carefully and with strong public support. The trust structure also means the trustees might seek High Court orders before acquiescing in any attempted disestablishment of the trust.

5. The Fund Rules could have the following features under either the trust or restricted fund model (with necessary adjustment):

- Distributions:
 - 3-year rolling forecasts by trustees for budgeting purposes (in the LTP cycle).
 - Annual distributions paid from income (to ensure taxation at council beneficiary level).
 - Maintain capital value of the fund over time (may require benchmarking).
- Resilience: Three step process to validate and approve resilience payments from the fund's capital:
 - GB making resilience funding request on “resilience event” occurring (as defined in Trust Deed).
 - Trustees assessing the request and testing that other funding options exhausted.
 - Trustees referring back to GB for a specified consultation process (set out in the Trust Deed and Fund Policy).
- Liquidity: Facility agreement entered into on Day 1:
 - Standby facility provided without annual charge in consideration of council vesting the funds in trust.
 - Drawdowns (including interest and security) on arms-length terms.
- Self-Insurance:
 - Defined “insured” events, excesses and caps (annual or aggregate).
 - Optional premiums paid into the fund.
 - Implemented as a “contract” between council and the trust on Day 1, OR have the fund owned within council but managed by the trust.

Appendix G: Distribution of nominal returns to be expected in any one year.

	Expected Return	Summary
10 th	-6.44%	90% of the time you could expect returns above -6.44%
20 th	-1.37%	80% of the time you could expect returns above -1.37%
25 th	0.44%	75% of the time you could expect returns above 0.44%
33 rd	2.98%	66% of the time you could expect returns above 2.98%
50 th	7.64%	50% of the time you could expect returns above 7.64%
66 th	11.83%	33% of the time you could expect returns above 11.83%
75 th	14.46%	25% of the time you could expect returns above 14.46%
80 th	16.15%	20% of the time you could expect returns above 16.15%
90 th	20.66%	10% of the time you could expect returns above 20.66%

Source: Russell Investments strategic planning assumptions as of December 2023. This material has been compiled from sources considered to be reliable but is not guaranteed. Returns assume no alpha and no tax. Opinions and estimates offered constitute Russell Investments' judgment and are subject to change without notice. Please note forecasted return, risk, and correlation is based on assumptions. Expected returns employ proprietary projections of the returns of each asset class. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. Asset classes are broad general categories which may or may not correspond well to specific products.

Attachment G: North Harbour Stadium Precinct

Purpose

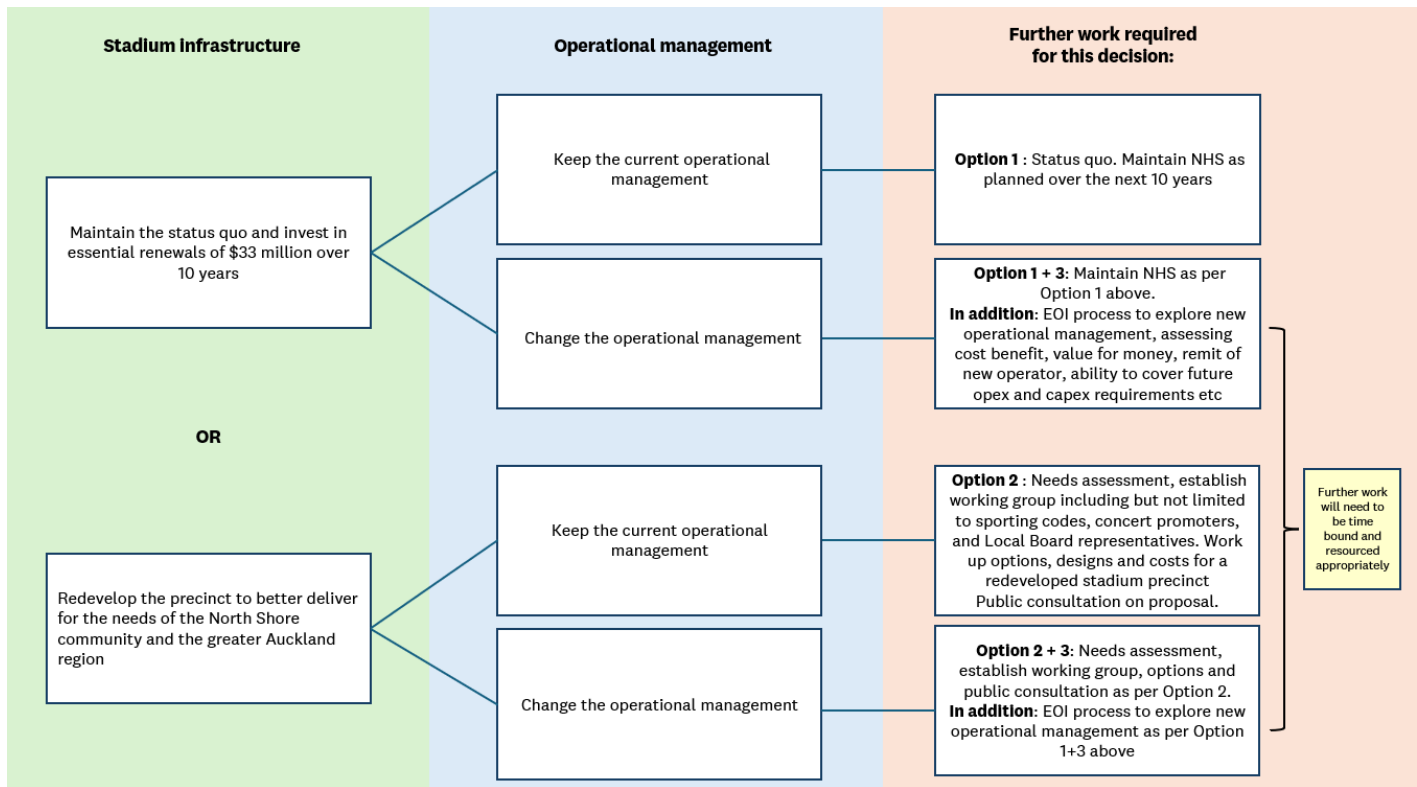
- 1. To provide context to, and advice, on Long-Term Plan discussions related to North Harbour Stadium Precinct (NHS)

Recommendations

Not requested

Likely decision

Nearly all options (with the exception of option 1 status quo) will require **further work**, needs analysis, engagement and advice before a full assessment against critical success factors (such as strategic alignment, community needs, value for money, affordability and achievability) can be completed. Only at that point can final decisions be made. This further work will need to be **time-bound** and **resourced** appropriately.



Consultation material

Information relating to the North Harbour Stadium precinct proposal can be found on page 104 of the Consultation Document. Further detail is included from page 652 onwards in the Supporting Information.

The following question was included in the consultation material relating to the North Harbour Stadium precinct:

North Harbour stadium

► Further information on each option can be found on page 104 of the consultation document.

In response to future investment needs of North Harbour Stadium, we are considering options for the future of the stadium precinct.

We could keep the stadium precinct as it is now, and maintain it at a cost of \$33 million over 10 years. Or, we could redevelop the stadium precinct to better deliver for the needs of the North Shore community, funded through reallocation of this \$33 million, the sale of some stadium precinct land while retaining the existing community playing fields and any other external funding available.

Another option is to change the operational management of the stadium to ensure greater use by the community. Changes to operational management can be considered in addition to either Option 1 or Option 2.

3. Which options do you support for the North Harbour Stadium?

(Please select one or more options)

☐ Keep the stadium precinct as it is

☐ Consider redeveloping the stadium precinct

☐ Change the operational management

☐ Other

☐ I don't know

Tell us why:

Context and new developments

Tātaki Auckland Unlimited (TAU) owns and operates the North Harbour Stadium precinct (all land, and a majority of the buildings), including maintenance and management of the community fields known as the domain fields. A portion of the site is leased to Auckland Council at \$1 per annum on demand for the Albany Stadium Pool. The pool facility is owned and operated by Auckland Council. For a detailed precinct map, refer to [Appendix 1](#).

For a timeline of the NHS precinct from 1997 to present day, including governance, financial history, and notable events and attendances refer to [Appendix 2](#).

As evidenced in [Appendix 2](#), annual attendance at sports matches and concerts was steadily declining at NHS prior to the transfer of NHS to RFA. Attendance at events in the year after the stadium opened in 1997 was more than 230,000, but by 2014, when the facility was transferred to RFA, this had declined to less than 90,000 each year.

Auckland Stadiums, a division of TAU, manages its finances and meets its statutory reporting requirements on an aggregate basis – so profit and loss (P&L) accounts are produced at a business unit level, and detailed financial statements are not produced for the individual stadiums managed by TAU. However, to assist council's Long-Term Plan process this year, TAU prepared one-off P&L statements for each stadium for the 2022/23 financial year. For a comparison table of TAU stadiums P&L information for the 2022/23 financial year refer to [Appendix 3](#).

Strategic case for consultation

North Harbour Stadium is the **least utilised facility** in Auckland's outdoor stadium network (see LTP supporting information [pg 656](#)). In its current state the facility **does not meet the needs** of its hirers, commercial event promoters or its community (supporting information [pg 655](#)).

For these reasons, of the three stadiums owned and operated by TAU, NHS requires the **highest level of public subsidy** to operate (\$35.68 per person). In the financial year 2022/23, the precinct made an operating loss of \$2.65 million.

To maintain the status quo at NHS, capital investment of \$33 million is required over the next 10 years – in addition to the continued subsidy required to cover forecast ongoing operating losses.

Investment objectives

In considering options for final decision-making the following objectives should be met:

Provide a service which serves and meets the needs of the community
Improve utilisation of the stadium
Reduce the cost to serve and financial impact on ratepayers
North Harbour Stadium precinct is sustainable in the long-term

Alignment with council strategic direction

The independent panel convened to undertake the 2020 Review of Auckland Council's council-controlled organisations stated in its [report](#): "The harsh economic reality is Auckland neither needs nor can afford four stadiums" (pg 28)

Responding to the Mayor's [Letter of Expectation 2023-26](#), TAU in its [Statement of Intent 2023-26](#) commits to "undertaking a significant programme of work to address new and ongoing facility and infrastructural challenges, including improving Auckland's stadium network through better use of the facilities and spending limited capital more wisely". (pg 4). In the Letter of Expectation, TAU is also asked to lead the establishment of a single operator for Auckland's stadiums network on behalf of council. (pg. 3)

The NHS proposal for consultation in Auckland Council's draft 2024-34 Long-term Plan aligns to both TAU's commitment under the Statement of Intent as well as the following sections of the [Direction to Council Group from the Mayor and Councillors](#) Long-term Plan 2024-2034 guidance document from August 2023:

Take back control of Council organisations and Auckland's future (pg. 11)

- Sustainable funding for Sports & Recreation, Cultural & Arts, and Social Services. Mayor Brown: "I also want to consider our long-term stadium venue plan, given the current situation is unsustainable."

Maximise patronage and commercial return of regional facilities. (pg. 31)

- As well as providing entertainment and value as cultural institutions, regional facilities stimulate tourism and economic activity and generate commercial returns. The councillors and the Mayor want to maximize the patronage and commercial viability of these facilities to ensure their value and financial sustainability.

The [Mayoral Proposal for the Long-term Plan 2024-34](#) (pg. 50) released on 1 December 2023 provided further strategic direction:

"I am not convinced that an idea to demolish North Harbour Stadium and sell the land to invest in other stadium assets would have community support, so I do not think it should proceed any further.

But something has to be done. The current stadium has become a white elephant. Looking at the use and utilisation history of the North Harbour Stadium makes sobering reading. It requires \$33 million over the LTP to keep it in usable condition and will lose money each year we operate and manage it. Even the current users want something else.

I do not propose to make new regional funding available to upgrade the stadium to make it fit for purpose. That is not realistic in our current financial situation."

Previous advice

TAU continues to progress the proposed **single operator for Auckland's outdoor stadium network**. As per TAU's Quarter 2 report for FY2023/24, the timing of this work has been impacted by the process undertaken by the council political working group on stadiums, which is currently considering options for a 'main stadium' in Auckland. TAU will further progress discussions on a single operator for the region following the conclusion of the 'main stadium' expression of interest process.

New advice

See analysis of Options 1 - 3 below

Summary of feedback

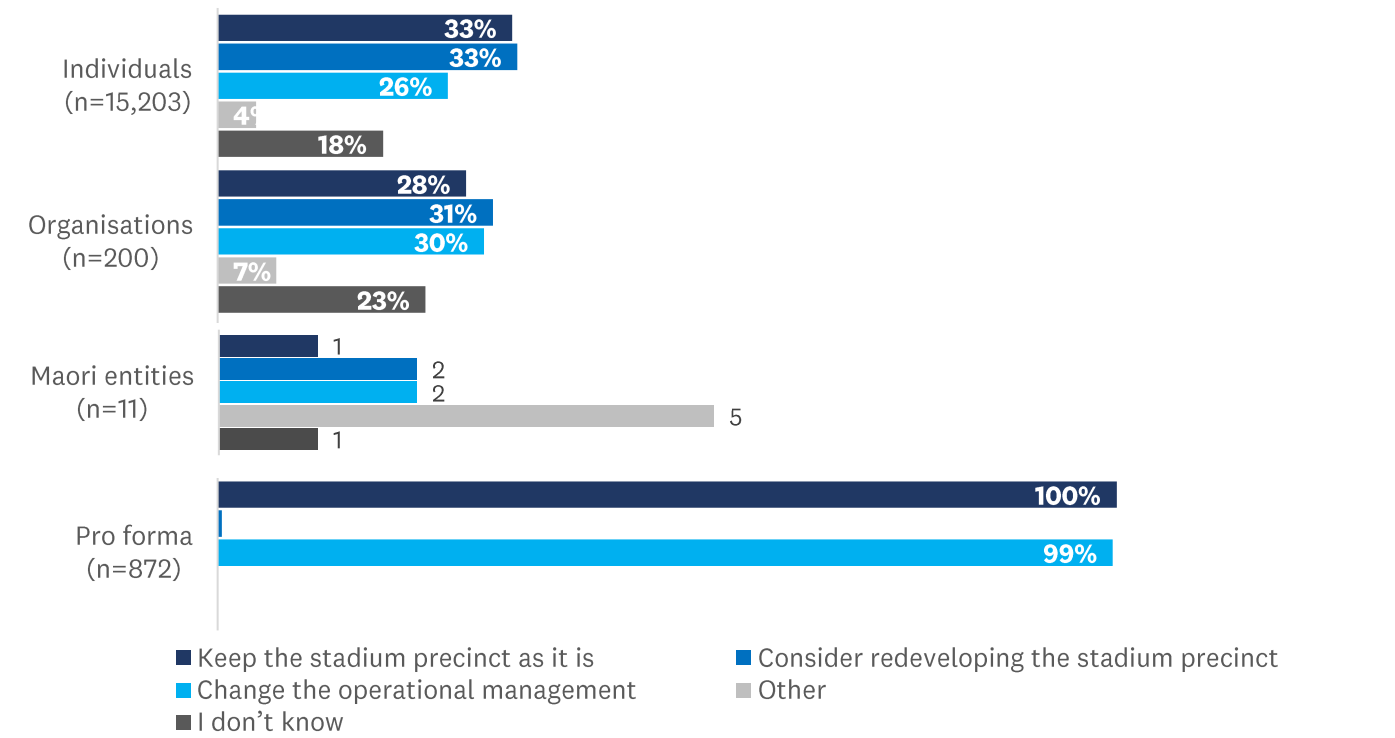
Note, the below has been extracted from the Summary of Feedback report on consultation results for the Long-term Plan 2024-2034 that is publicly available [here](#). A further request was made by some councillors to receive a view of the feedback results that reports what has been identified below as proforma response with individual responses. This has been provided separately and can be found on Nexus here.

Which options do you support for the North Harbour Stadium?

- ☐ **Keep** the stadium precinct as it is
- ☐ **Consider redeveloping** the stadium precinct
- ☐ Change the **operational management**
- ☐ Other
- ☐ I don't know

Note that for this question, submitters were able to select more than one option with the following exceptions: a) they could not select both 'keep the stadium precinct as it is' and 'consider redeveloping the stadium', and b) they could not select 'I don't know' and any other option.

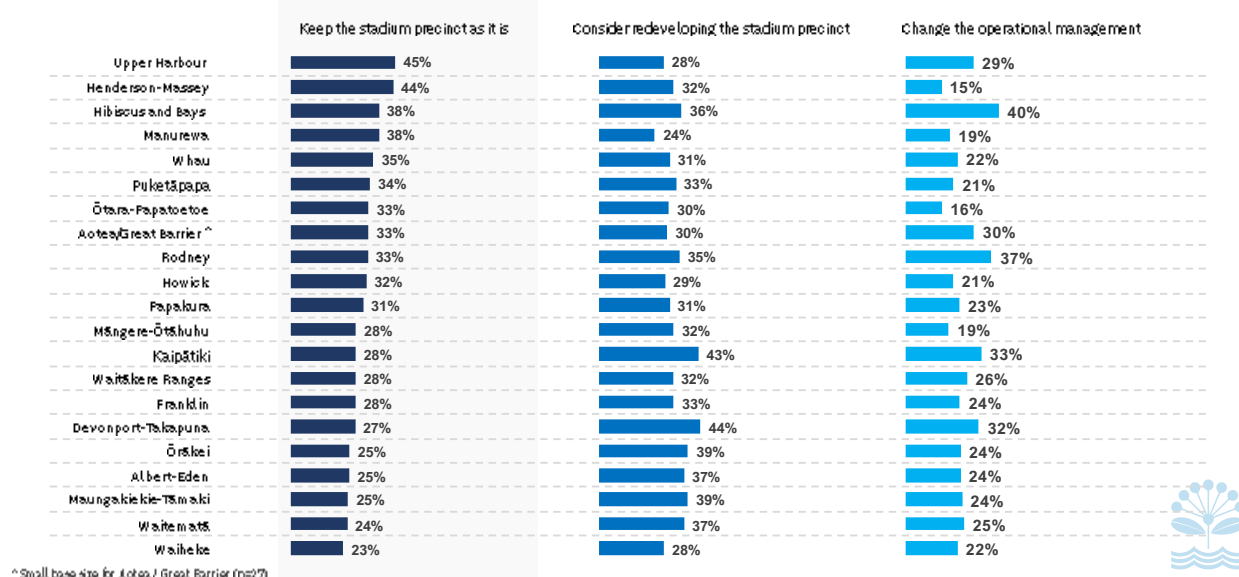
Therefore, percentages may add to more than 100 per cent. Percentages represent the number of times an option was selected, divided by the number of submitters on this topic.



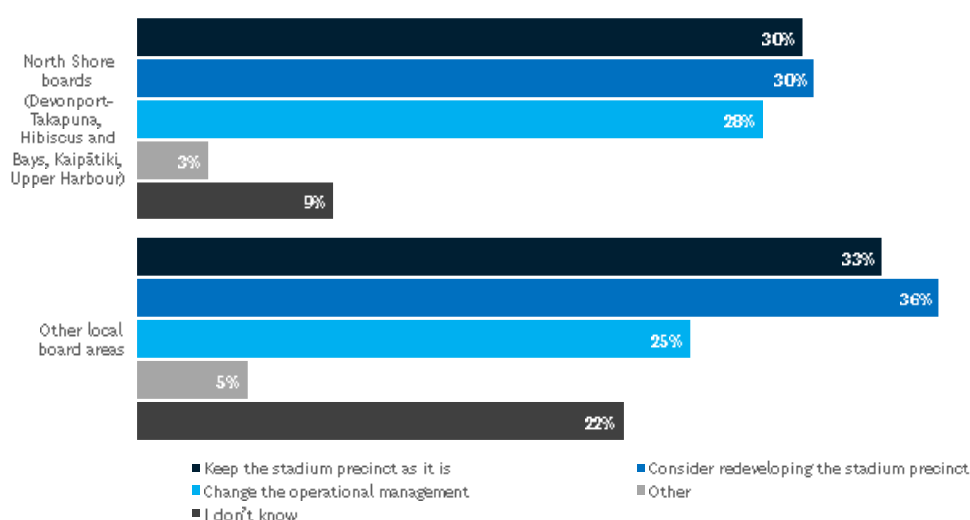
	Individuals	Organisations	Maori entities	Pro forma
Keep the stadium precinct as it is	4,958	55	1	868
Consider redeveloping the stadium precinct	5,042	61	2	4
Change the operational management	3,877	59	2	864
Other	649	13	5	0
I don't know	2,787	46	1	0
NOTE: CELLS CAN NOT BE ADDED TO OBTAIN THE TOTAL, AS SUBMITTERS COULD MAKE MORE THAN ONE SELECTION				

Total submitters	15,203	200	11	872
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Q3 North Harbour stadium by local board (individuals)



Q3 North Harbour stadium by North Shore local boards and all others (individuals)



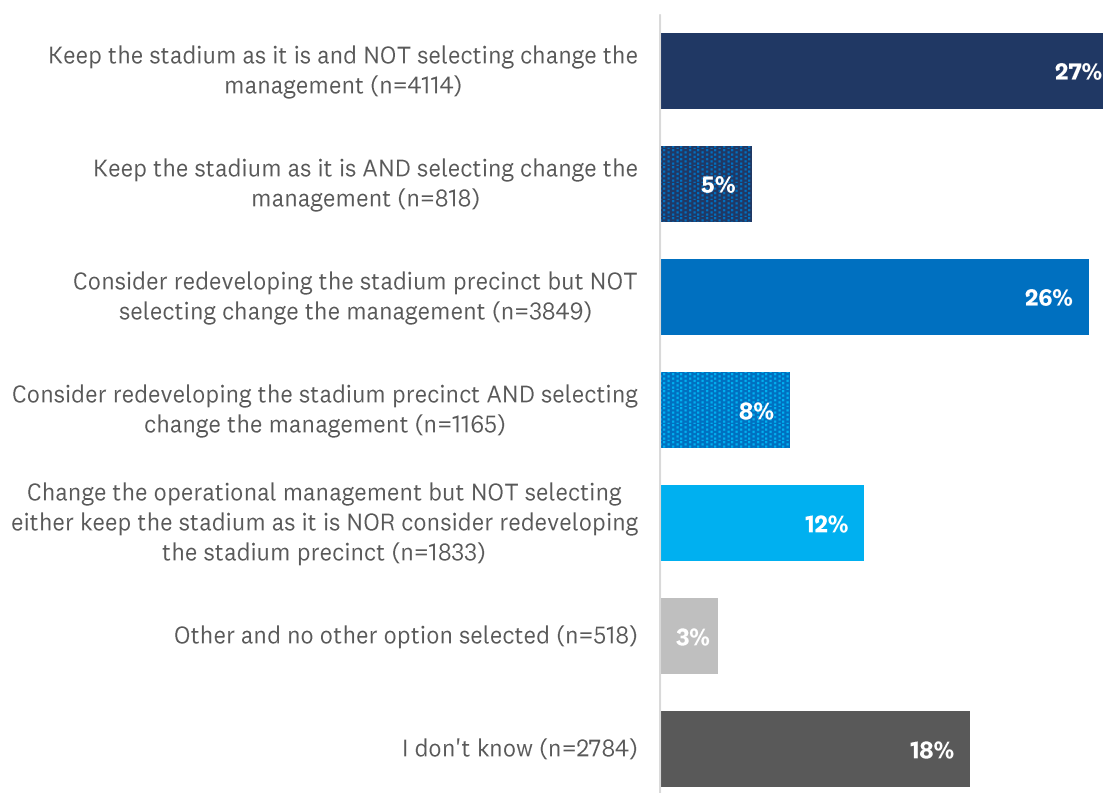
North Harbour Stadium response combinations

As submitters could choose more than one option for this question, we also show in the figure below common combinations of responses for individual submitters. This shows:

- The most common response to this proposal among individual submitters was selecting only 'Keep the stadium as it is' at 27 per cent
- The second most common response to this proposal was selecting only 'Consider redeveloping the stadium precinct' at 26 per cent
- The third most common response to this proposal was selecting 'I don't know' at 18 per cent (which could not be selected in combination with any other option)

- The most common combination of responses was selecting both ‘Consider redeveloping the stadium precinct’ and ‘Change the operational management’ at 8 per cent.

Common response selections for North Harbour Stadium proposal Long-term Plan 2024-2034 consultation feedback



Note: 1) The above shows six common option selections (including combinations) from a total of 12 possible. The five combinations not broken out separately in the above are combinations including ‘other’ which in total made up approximately one per cent of all submissions. 2) The above excludes 113 pieces of feedback from local events that were not on a feedback form as in this case the individual selections from one individual cannot be cross-referenced to identify combinations.

Organisations (not individuals) connected with the NHS precinct (as either main hirer or tenant) provided feedback as part of the Long-term Plan 2024-34 public consultation at Regional Organisations Have Your Say events or via written submissions. For a summary of this specific feedback (as requested through Elected Member Survey) refer to **Appendix 4**.

Subsequent to the Budget Committee workshop on 6 May, the Local Board resolutions on NHS have been collated and are added to this report at **Appendix 5**.

Options

A full description of each option is available in the Long-term Plan 2024-34 Supporting Information [pgs 659 - 662](#)

Under all options:

- No demolition** of the stadium and sale of the entire precinct land
- There **will be** a stadium facility for the North Shore
- Retention** of existing community playing fields capacity
- No impact** on existing Albany Stadium Pool

Options for consideration are as follows:

Option 1

Keep the stadium precinct as it is with operational management retained by Tātaki Auckland Unlimited

Option 1 + 3

Keep the stadium precinct as it is and change the operational management

Option 2

Consider redeveloping the stadium precinct

Option 2 + 3

Consider redeveloping the stadium precinct and change the operational management

Options analysis

Options comparison table

	Option 1	Option 1 + 3	Option 2	Option 2+3
Details	<ul style="list-style-type: none"> No changes made to the precinct Stadium remains part of the regional network Stadium capacity unchanged at 14k (sports) and 25-30k (concerts) Existing conference facilities retained TAU continues to work with event promoters, sporting codes and community hirers to ascertain what can be done to enable further bookings, finding ways to make the precinct more attractive within current budgetary constraints without increasing costs for users 	<ul style="list-style-type: none"> No changes made to the precinct Stadium remains part of the regional network depending on operational model Stadium capacity unchanged at 14k (sports) and 25-30k (concerts) Existing conference facilities retained TAU Trust retains ownership of the site, however: Day-to-day operational management of the unchanged precinct would be managed differently Options for a different operator are a continuum from: <ul style="list-style-type: none"> Council operates the NHS precinct as a community facility A future single operator of Auckland's outdoor stadium network (SOSA) operates the precinct 	<ul style="list-style-type: none"> Requires consideration of a wide range of possibilities for a fit for purpose stadium. First step is conducting a needs assessment to validate requirements and how they might be realised. To arrive at the most suitable solution for the North Shore, a working group including the local community and stadium stakeholders should then be established to develop options, design and costs for a redeveloped NHS precinct This work should be time-bound and will require resources to undertake TAU continues to own and operate the stadium, booking events and undertaking essential maintenance of retained infrastructure (and maintenance and upgrades of the community fields) while the proposed design is being developed 	<ul style="list-style-type: none"> Requires consideration of a wide range of possibilities for a fit for purpose stadium, a needs assessment and establishment of a working group to develop options, design and costs as per Option 2 TAU continues to own and operate the stadium, booking events and undertaking essential maintenance as per Option 2 until the stadium is redeveloped Once the redeveloped stadium precinct is further progressed, day-to-day operational management of the redeveloped precinct would be managed differently. Options for a different operator are a continuum as per Option 1+3

	Option 1	Option 1 + 3	Option 2	Option 2+3
		<ul style="list-style-type: none"> • Council operates the community sports fields while TAU operates the stadium facility • Council operates the community sports fields while a third party (community trust or commercial entity) operates the stadium facility • Management of the NHS precinct is outsourced entirely to a third party (community trust or commercial entity) 		
Strategic:				
Advantages	<ul style="list-style-type: none"> • A stadium facility is retained for the North Shore 	<p>As per Option 1</p> <p>PLUS:</p> <ul style="list-style-type: none"> • A different operator may be able to leverage new opportunities. 	<ul style="list-style-type: none"> • The North Shore community will have a fit for purpose facility that meets the needs of those who use it • Opportunity to incorporate other community service provision more broadly as part of an integrated plan, identified through Local Board plans and priorities for the North Shore 	<p>As per Option 2</p> <p>PLUS:</p> <ul style="list-style-type: none"> • A different operator may be able to leverage new opportunities.

	Option 1	Option 1 + 3	Option 2	Option 2+3
Disadvantages	<ul style="list-style-type: none"> No substantial upgrades to the precinct, only ongoing maintenance to maintain current standards <p>RISKS:</p> <ul style="list-style-type: none"> Funding does not include provision for major improvements (e.g. seating or lighting) or to replace seating removed in 2019 	<ul style="list-style-type: none"> As per Option 1 <p>PLUS:</p> <p>RISKS:</p> <ul style="list-style-type: none"> A different operator is unable to attract sufficient commercial events to make NHS financially viable, with council facing the same problem again within a few years Council group required to continue funding maintenance of community fields, as it is likely this cost would be a barrier to a new operator becoming involved in NHS An different operator undermines council's strategic direction to establish a single operator for regional stadiums in Auckland. A different operator may not prioritise alignment across the stadium network 	<ul style="list-style-type: none"> Additional funding required will most likely need to be secured from an external source – either private funding or through the sale of land not required for the redeveloped precinct The process of undertaking further work will take time, and require resources. This work should be time-bound and be adequately resourced Construction works will lead to some interruption of service <p>RISKS:</p> <ul style="list-style-type: none"> Even with a fit for purpose stadium, NHS is not a preferred venue for event organisers and promoters in Auckland and continues to operate at a cost to the ratepayer. This risk must be mitigated at business case stage through physical design and operating model development. 	<ul style="list-style-type: none"> As per Option 2, <p>PLUS:</p> <p>RISKS:</p> <ul style="list-style-type: none"> Council group required to continue funding maintenance of community fields, as it is likely this cost would be a barrier to a new operator becoming involved in NHS

Financial	<ul style="list-style-type: none"> Capital costs of \$33m are funded through the Long-term Plan. <p>RISKS:</p> <ul style="list-style-type: none"> Risk that utilisation will continue to decrease whilst net operating losses continue / increase 	<ul style="list-style-type: none"> Capital costs of \$33m are funded through the Long-term Plan. It is expected that a third party operator would largely meet operational costs and some capital costs through the stadium's operational model, reducing reliance on the ratepayer to subsidise operational losses 	<ul style="list-style-type: none"> Capital costs of \$33m would fund: 1) essential maintenance of retained infrastructure, maintenance and upgrades of the community fields and 2) the community led redevelopment of the stadium precinct It is likely that the cost of a proposed new design would exceed the \$33m available and, subject to business case approval, additional solutions will be required This could come from a public-private partnership or the sale of some precinct land that is not required as per the redevelopment plans. <p>RISKS:</p> <ul style="list-style-type: none"> There is inherent risk in being able to secure third party funding 	<ul style="list-style-type: none"> As per Option 2 <p>PLUS:</p> <ul style="list-style-type: none"> It is expected that a third party operator would largely meet operational costs and some capital costs through the stadium's operating model, reducing reliance on the ratepayer to subsidise operational losses
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Implementation / Further work required	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Conduct benchmarking analysis to assess current operational performance before considering alternatives and issuing EOI • Ascertain the implications of the proposed single operator for Auckland's regional stadiums on the optimal operational management of NHS • Ascertain the new management model using council's Value for Money framework. Considerations include: <ul style="list-style-type: none"> • An expressions of interest process to attract interested operators • Assess operator capacity and capability • Assess cost benefit of a different operator • Establish the remit of a different operator • Establish ability of the operator to cover future Opex requirements for the site • Seek Governing Body endorsement / decisions as required 	<ul style="list-style-type: none"> • First step is needs assessment to validate requirements and how they might be realised. • Establish working group including but not limited to sporting codes, concert promoters, community representatives and local boards • Work up options, designs and costs for a redeveloped stadium precinct, building on work already in existence i.e. Local Board plans and priorities for the North Shore, and consulting widely to ensure that any proposed design is fit for purpose and cost effective to use and operate. • Present proposal for feedback in a public consultation process • Secure additional funding required (if necessary) • Seek Governing Body endorsement / decisions as required • Proceed with construction of the approved design 	<ul style="list-style-type: none"> • First step is as per Option 2 <p>THEN</p> <ul style="list-style-type: none"> • As per Option 1 + 3
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Options assessment table

Investment objectives	Option 1	Option 1 + 3	Option 2	Option 2+3
Provide a service which serves and meets the needs of the community	<p>Low</p> <p>The North Shore will continue not to have a stadium facility that is suitable to the needs of the sports organisations that use it, or promoters who could potentially use it</p>	<p>Low</p> <p>The North Shore will continue not to have a stadium facility that is suitable to the needs of the sports organisations that use it, or promoters who could potentially use it</p>	<p>High</p> <p>Embedding community engagement in the needs assessment and design process will ensure that the redeveloped facility can serve the needs of the community as well as commercial activity</p>	<p>High</p> <p>Embedding community engagement in the needs assessment and design process will ensure that the redeveloped facility can serve the needs of the community as well as commercial activity</p>
Improve utilisation of the stadium	<p>Low</p> <p>There is no indication that retaining the status quo will slow the trend of declining event utilisation of the stadium</p>	<p>Moderate</p> <p>There is no indication that retaining the status quo will slow the trend of declining event utilisation of the stadium, however a different operator may be able to leverage new opportunities. The EOI to explore different operators would include this factor in selection criteria</p>	<p>High</p> <p>A fit for purpose precinct can deliver on the requirements of those who use it, and those who could potentially use it</p> <p>Considering how NHS is part of an integrated community hub could further increase utilisation of the site by the community</p>	<p>High</p> <p>A fit for purpose precinct can deliver on the requirements of those who use it, and those who could potentially use it</p> <p>Considering how NHS is part of an integrated community hub could further increase utilisation of the site by the community</p> <p>A different operator may be able to leverage new opportunities. The EOI to explore different operators would include this factor in selection criteria</p>

Reduce the cost to serve and financial impact on ratepayers	<p>Low</p> <p>Ratepayers will continue to fund capital maintenance and subsidise operational losses</p>	<p>Moderate</p> <p>It is expected that a third party operator would largely meet operational costs and some capital costs through the stadium's operating model. The EOI to explore different operators would be designed to ensure sufficient Opex and Capex costs can be met by the operator</p> <p>Ratepayers may be required to continue to fund some operational costs and capital maintenance</p>	<p>Moderate</p> <p>NHS can be designed in a manner that reduces capital funding requirements for renewals, supports greater commercial utilisation and therefore leads to a reduction in the level of ratepayer subsidy required</p> <p>Ratepayers will continue to fund capital maintenance and any operational losses</p>	<p>High</p> <p>NHS can be designed in a manner that reduces capital funding requirements for renewals, supports greater commercial utilisation and therefore leads to a reduction in the level of ratepayer subsidy required</p> <p>It is expected that a third party operator would largely meet operational costs and some capital costs through the stadium's operation model. The EOI to explore different operators would be designed to ensure sufficient Opex and Capex costs can be met by the operator</p> <p>Ratepayers may be required to continue to fund some operational costs and capital maintenance</p>
North Harbour Stadium precinct is sustainable in the long term	<p>Low</p> <p>Maintaining the status quo does not introduce any changes which could lead to the improved long term sustainability of NHS</p>	<p>Moderate</p> <p>Securing new event activity for Auckland at NHS would contribute to the long term sustainability of the precinct. If this does not occur, council is likely to face the same problem again within a few years</p>	<p>High</p> <p>Further needs assessment and consultation is required under Option 2 to determine how the NHS precinct can best serve the needs of the community. Long term sustainability is a critical success factor for any future new operating model and designs</p>	<p>High</p> <p>Further needs assessment and consultation is required under Option 2 to determine how the NHS precinct can best serve the needs of the community. Long term sustainability is a critical success factor for any future new operating model and designs</p>

Appendices

No.	Title
A	NHS precinct site map
B	North Harbour Stadium precinct timeline and notable events
C	Tātaki Auckland Unlimited operated stadiums, FY2022/23 profit and loss comparison table
D	Feedback received from Regional Organisations (main hirer or tenants of NHS)
E	Local Board input on North Harbour Stadium

Appendix A: NHS precinct site map



Appendix B: North Harbour Stadium precinct timeline and notable events

	1997	2000	2006	2010	2014	2019	2020	2024	2025-2035
Local Government context	North Shore City Council (NSCC) Stadium opens		Spark Arena opens (March 2007)	Auckland Council established, CCOs include Regional Facilities Auckland (RFA)	NHS transferred to Regional Facilities Auckland (RFA)	Reconfiguration to accommodate baseball to increase venue utilisation is completed	CCOs RFA and ATEED merge to become Tātaki Auckland Unlimited (TAU)	LTP consultation	
Governance of NHS precinct	North Shore Domain and North Harbour Stadium Trust (NHS Trust)	NHS Trust	NHS Trust	NHS Trust	Directors of RFA Trust	Directors of RFA Trust	Directors of RFA Trust / Directors of TAU Trust	TAU Trust	
Financial	Construction funded by: • money raised by community • \$5m loan guarantee from NSCC • NSCC loan guarantee increased to \$7m in 1998	NSCC: • Pays most of the existing \$6m loan on behalf of NHS • guarantees a further \$12m loan in 2000 • approves interest free loans of \$6.7m in 2002	• NHS unable to repay loans • NSCC takes over all loans and forgives \$30m in debt. • NHS has operating profit of \$1.5m • After depreciation (EBIT) the result is a loss of \$63k	• Operating profit of \$277k After EBIT the result is a loss of \$960k • Auckland Council pays grants of approx. \$1m p.a. which helps bridge the net loss	• A reserve fund of \$4.9m for costs of asset management is transferred to RFA			• \$13.86m spent on capital maintenance since 2014- \$4.9m from the reserve fund plus a further \$8.95m from RFA/TAU	• \$33m in capital investment required for maintenance of the stadium precinct
Annual attendance*	233,702	112,332	54,600	144,253	90,000	77,735	64,577	75,675	
Population**	264,900	279,500	320,600	338,100	360,100	404,700	413,900	422,600	462,800 (est. 2033)

* Based on the best information available (unaudited), derived from NHS Trust archive and RFA archive event operation reports and ticketing reports, as well as TAU event management system records

**Combination of the population in Rodney, Upper Harbour, Devonport-Takapuna, Kaipātiki, and Hibiscus and Bays Local Board areas. Source: Stats NZ www.stats.govt.nz

Notable events

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Notable sporting fixtures 1997-2010	All Blacks v Fiji (24,500) Chiefs v Blues (25,000) All Whites v Australia (22,000)	Chiefs v Waratahs (18,000)	All Blacks v Samoa (24,000) Blues v Reds (17,000)	All Blacks v Tonga (19,500) Blues v Chiefs (12,050)	All Blacks v Samoa (19,500) Blues v Reds (13,225)	Blues v Waratahs (22,750)	Blues v Crusaders (22,750) Kiwis v Australia (19,000)	All Blacks v Pacific Islanders (20,000) Blues v Bulls (18,500) Kiwis v Australia (17,000)	All Blacks v Fiji (23,500)	Blues v Force (13,500)	Blues v Sharks (19,835)	FIFA U-17 Women's World Cup tournament (51,134 over 8 matches, average attendance 6,391)		Blues v Hurricanes (21,276)
Notable events 1997-2010	Cliff Richard (17,202) Classical Spectacular (17,000)	Carmen (9,910)			The Corrs (14,500)		Bryan Adams (4,800) Santana (6,000)	Cher (17,000)	Pavarotti (13,500)	Stevie Nicks / John Farnham (8,000)	Roger Waters (12,084)			The Who (18,000) Nitro Circus (23,500)
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Notable sporting fixtures 2011-2024	4 x Rugby World Cup games (average of 29,000 attended each) Warriors vs Manly (14,000)	Blues v Chiefs (20,367)	Blues v Stormers (15,322)	Blues v Sharks (14,500)	Blues v Chiefs (10,634) Blues v Lions (4,123) FIFA U-20 Men's World Cup Tournament (87,162 over 8 matches, average attendance 10,895)	Blues v Jaguars (9,322) All Whites v New Caledonia (7,179)	All Blacks v South Africa (27,581) Blues v Bulls (7,191) All Whites v Solomon Islands WC Qualifier (9,230) World Masters Games (7,000)	Wellington Phoenix v Newcastle Jets (3,816) Wellington Phoenix v Melbourne City (2,300)	Blues v Sunwolves (5,887)	Covid-19 impact: no major events	Covid-19 impact: no major events	Covid-19 impact: no major events	FIFA Women's World Cup playoff tournament (7,293)	
Notable events 2011-2024			Nitro Circus (21,500)		Nitro Circus (12,873)	The Colour Run NZ (10,000)	The Colour Run NZ (8,000)	The Colour Run NZ (5,700)		Weber Bros Circus (14,400)	Mahons Amusements (10,000)			Juicyfest (11,700)

Appendix C: Tātaki Auckland Unlimited operated stadiums, FY2022/23 profit and loss comparison table

Auckland Stadiums, a division of TAU, manages its finances and meets its statutory reporting requirements on an aggregate basis – so profit and loss (P&L) accounts are produced at a business unit level, and detailed financial statements are not produced for the individual stadiums managed by TAU. However, to assist council's Long-Term Plan process this year, TAU prepared one-off P&L statements for each stadium for the 2022/23 financial year.

	North Harbour Stadium	Western Springs Stadium ¹	Go Media Stadium Mt Smart
Operating revenue	\$2,328,891	\$1,685,000	\$8,116,000
Cost of sales	\$1,170,385	\$1,278,000	\$4,260,000
Operating expenditure ²	\$3,802,849	\$2,477,000	\$5,088,000
Net operating loss	\$2,644,342	\$2,070,000	\$1,232,000
Net subsidy by ratepayer per attendee	\$35.68	\$17.60	\$3.49
Financial valuation (carrying value) of asset – land and improvements ³	\$99m (\$16m land, \$83m improvements)	\$49m (\$27m land, \$22m improvements)	\$96m (\$96m improvements) ⁴
Proposed LTP capex funding FY2024-2034 ⁵	\$32,995,524	\$20,700,000	\$38,200,000

¹ Financial results at Western Springs Stadium in 2022/23 were negatively impacted as a result of the Auckland Anniversary floods in February 2023.

² Excludes depreciation and interest costs

³ Source: Beca authored “Auckland Unlimited Ltd – Land and Buildings Financial Reporting Valuation 2022” report as included in Tātaki Auckland Unlimited Trust annual report 2022

⁴ Mt Smart valuation includes improvements only – land is owned by the Tūpuna Taonga Trust

⁵ An additional \$19.6m LTP capex funding is proposed for other planned renewals across all three venues: i.e. equipment and machinery replacement, HVAC renewals, paving, planning and portable asset renewals etc.

Appendix D: Feedback received from Regional Organisations (main hirer or tenants of NHS)

Regional Organisations Have Your Say event feedback:

North Harbour Rugby Union and Northern Region Football Chief Executive Officers attended the Regional Organisations Have Your Say event on Tuesday 26 March 2024 to present their views to Elected Members as part of the public consultation process. Feedback at the session is summarised as follows:

- North Harbour Rugby Union is of the view that it is important to retain North Harbour Stadium for the North Shore and would like to see some tweaks or changes made to make the stadium fit for purpose. NHRU would welcome redevelopment of the precinct to make the stadium sustainable into the future.
- Northern Region Football supports Option 2, and would welcome the opportunity to work with TAU and the community to ascertain what the community wants to see changed in a redeveloped precinct.

Organisation feedback received via online submissions:

- *“AFL New Zealand is part of the sport and recreation sector in Auckland. We have been based at North Harbour Stadium for the past 18 years. We support the redevelopment of North Harbour Stadium towards a fit for purpose model.”* AFL New Zealand
- *“We support the keeping of North Harbour Stadium – Option 1, with an investigation of a new management structure, to then investigate all the options available, which may include redevelopment and finetuning the stadium to meet future needs.”* Harbour Sport
- *“NRF are strongly in support of Option 2 for Harbour Stadium precinct. We believe the \$33 million budgeted for the next ten years is best spent redeveloping the stadium into an appropriately sized, intimate venue to offer a better experience for sport and event fans, that’s cost effective for hirers.”*
Northern Region Football

The other organisations that are main hirers, or tenants at North Harbour Stadium did not make submissions or provide feedback on behalf of their organisations.

Appendix E: Local board input on North Harbour Stadium

Local Board	Keep stadium precinct as is	Redevelop the stadium precinct	Change the operational management	Local Board Feedback
Albert-Eden				
Aotea / Great Barrier	Support	Do not support	Support	Change of operational management is an absolute priority and should enable better access for local use.
Devonport-Takapuna				<p>Recommend a local stakeholder working group (not TAU) be formed to more fulsomely investigate options rather than settling on a preferred path forward through this LTP. This may include the retention of the stadium amongst other options.</p> <p>Note: Community expressed willingness to investigate a potential redevelopment with a change of management (37%). There was clear dissatisfaction with the current management model.</p>
Franklin	Do not support	Support	Support	<p>The majority of Franklin submitters signalled the need for change.</p> <p>Redevelopment - Supported by the majority of Franklin submitters. Note that this option provides the opportunity for relevant local boards to be involved in the future of the stadium facilities for local benefit.</p> <p>Change the operational management - Note that this option provides the opportunity for relevant local boards to be involved in the future of the stadium facilities for local benefit.</p>
Henderson-Massey				
Hibiscus and Bays	Support	Do not support	Support	<p>The local board support keeping the precinct as it is now and change the operational management of the stadium to ensure greater use by the community.</p> <p>Note:</p> <ul style="list-style-type: none"> the North Harbour Stadium was built on the foresight and years of hard fundraising work from North Harbour Rugby Union and North Shore City Council. the North Harbour Stadium is surrounded by Auckland's largest park and ride facility on the Northern Express and large and free parking facilities.

Local Board	Keep stadium precinct as is	Redevelop the stadium precinct	Change the operational management	Local Board Feedback
				<ul style="list-style-type: none"> • the North Harbour Stadium is opposite to what will be New Zealand's largest shopping mall when Westfield stage two is complete, incorporating a larger entertainment and dining precinct. • Under North Shore City Council, North Harbour Stadium was a competitive entertainment and sporting stadium hosting large international events that brought significant economic benefit to the area on the investment from North Shore City Council. • A significant section of seating was removed from the Stadium for a failed baseball venture in 2020, that was not consulted on, which has still not been reinstated and has led to sporting codes and event holders not wanting to use the facility. • The focus of Tataki Auckland Unlimited is on the wider network of stadia and greatest benefit, resulting in North Harbour Stadium not being a priority for the greatest economic benefit to the city as a whole, and has no longer been meeting the needs and sub-regional benefit of the north. • the significant growth yet to occur in the northern region that supports the high, long term need for a stadium to serve this community. • the options wording in the consultation on this topic was particularly ambiguous and difficult for residents and stakeholders to understand and engage with. • The wording in option two was particularly ambiguous, seemingly allowing for an option that would see the current stadium demolished and a smaller boutique one built instead, which our community have significant concerns over the ability for this to eventuate and the risks involved. • One of the three performance measures for Economic and Cultural Development relates to 'the number of programmes, initiatives and events contributing to the visibility and presence of Maori in Auckland' and the role that North Harbour Stadium has previously played and the potential it can play in meeting this outcome, particularly on a sub-regional level, is significant. • the community wishes to retain the stadium as it is, and put it into a new management model (such as a community trust) to work through the future needs of North Harbour Stadium and to bring it back to the vibrant and viable stadium it was. • North Harbour Stadium appears to have been a casualty of regional control following the establishment of Auckland Council. • option one and option two are delivered within existing funding envelopes
Howick				<p>I) defer consideration on this matter to the Upper Harbour Local Board, and any other Northern Local Boards that have an interest in this matter.</p>

Local Board	Keep stadium precinct as is	Redevelop the stadium precinct	Change the operational management	Local Board Feedback
				J) encourage Governing Body to involve the relevant Local Boards in the decision-making on the future of this asset.
Kaipātiki	Support	Do not support	Support	We support option 1 to retain North Harbour Stadium. We support the enhancement of the stadium and restoration of the seating, which was demolished in the western stand, to attract more sporting events and to ensure better attendance and spectator experience. We request appropriate investment in the maintenance and enhancement of the North Harbour Stadium and surrounding precinct and investigation into alternative funding streams. We request a political working group is established with at least two representatives from each of the northern local boards to progress discussions on enhancing and restoring the stadium to better serve and meet the needs of the North Auckland community. We do not support the sale or demolition of the stadium or any land in the North Harbour Stadium and Domain Precinct. We do not support any changes to the Unitary Plan to enable the sale, noting that North Harbour Stadium is appropriately within the Special Purpose - Major Recreational Facility Zone. We support option 3 to change the operational management of North harbour Stadium.
Māngere-Ōtāhuhu	Support		Support	Keeping the stadium precinct as is - We support this initiative in tandem with the third initiative of changing the operational management if the stadium Change the operational management - We support this initiative in tandem with the first initiative of keeping the precinct as it is now
Manurewa	Do not support	Support	Support	
Maungakiekie-Tāmaki	Do not support			All assets should be reviewed for performance, usage and revenue generation
Ōrākei		Support		bb) support retention of the stadium by developing the stadium precinct by the reallocation of \$33 million and the sale of some stadium precinct land, while retaining the existing community playing fields and any other external funding available, and changing the operational management of the stadium to ensure greater use by the community
Ōtara-Papatoetoe	Other			Will support the position of North Shore Local Boards.
Papakura	Do not support	Support	Support	The board believes the stadium needs to be opened up more for community use.

Local Board	Keep stadium precinct as is	Redevelop the stadium precinct	Change the operational management	Local Board Feedback
Puketāpapa			Support	i) Change the operational management of the stadium to ensure greater use by the community (noting this option can be considered in addition to either of the options above), noting that stadium space is limited therefore we need to retain the stadium and look for opportunities to increase use and income.
Rodney	Support	Do not support	Support	
Upper Harbour	Support		Support	<p>ix) support options 1 and 3 to retain the North Harbour Stadium and Domain Precinct and change the operational management, noting that a majority of the submitters supported these two options.</p> <p>x) do not support sale or demolition of the stadium or any land in the North Harbour Stadium and Domain Precinct or any changes to the Unitary Plan to enable the sale, noting that North Harbour Stadium is appropriately within the Special Purpose Major Recreational Facility Zone</p> <p>xi) support the enhancement of the stadium and reinstatement of the seating, which was demolished in the western stand, to attract more sporting events and to ensure better attendance and spectator experience</p> <p>xii) note that the North Harbour Stadium is within walking distance of the largest park and ride facility, the Albany Bus Station providing extensive free parking, ensuring stadium patrons have an easy access to affordable transport options</p> <p>xiii) note that the North Harbour Stadium is adjacent to the largest shopping mall in New Zealand which when complete will incorporate an expansive entertainment and dining precinct catering not only to locals and tourists but stadium attendees as well.</p> <p>xiv) note that when completed, the metropolitan area which is adjacent to the North Harbour Stadium and Domain Precinct will have approximately eight hundred apartments with residents who will need access to all the amenities this area offers</p> <p>xv) note that the identified site for the proposed new Albany Library facility is adjacent to the Albany Stadium Pool which is located within North Harbour Stadium and Domain Precinct, and aligns with the vision to turn this area into the heart of the Albany community, recognising that the iconic North Harbour Stadium is an integral part of the Albany community's brand identity</p>

Local Board	Keep stadium precinct as is	Redevelop the stadium precinct	Change the operational management	Local Board Feedback
				<p>xvi) request appropriate investment in the maintenance and enhancement of the North Harbour Stadium and surrounding precinct and investigation into alternative funding streams</p> <p>xvii) request a political working group is established with at least two representatives from each of the two local boards in the Albany Ward, noting the location of the North Harbour Stadium within the ward, to progress discussions on enhancing and restoring the stadium to better serve and meet the needs of the North Auckland community</p>
Waiheke	N/A	N/A	N/A	<p>Keeping the stadium precinct as is- Submitter feedback was evenly balanced (19%)</p> <p>Redeveloping the stadium precinct -Submitter feedback was evenly balanced with a slightly larger number supporting this option (22%)</p> <p>Support for change management was at 12 per cent</p>
Waitākere Ranges				xxx) provide no comment on the North Harbour Stadium as is outside of the local board's area.
Waitematā	Support	Do not support	Support	a. Significant stadiums need to ensure that opportunity benefits occur for local community utilisation.
Whau		Support		support Stadium Investment Plan options that consider how to improve or redevelop the North Harbour Stadium and its operations versus its disposal.

Attachment H: Housing and Growth Infrastructure

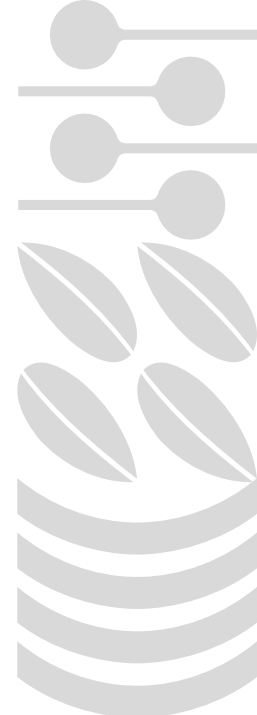
Long-term Plan 2024-2034

Budget Committee online briefing

3 May 2024

Introduction

- Context
 - Economic and planning environment
 - Need for growth infrastructure
 - Development contributions
- LTP consultation
 - Proposal
 - Feedback
- Final LTP
 - Updated projections
 - Implementation



Context



Context: Economic and planning environment

- Newly adopted Future Development Strategy
- Constrained investment capacity
- Rescoping of Development Contribution (DC) policy to take longer-term view
- Collaboration with Kāinga Ora (KO) in Auckland Housing Programme (AHP) areas
(briefing to Transport and Infrastructure Committee in April)
- Uncertainty around: location and pace of growth, private plan changes in greenfields, government law changes impacting zoning

So far we have delivered infrastructure to support more than 5,000 Auckland homes

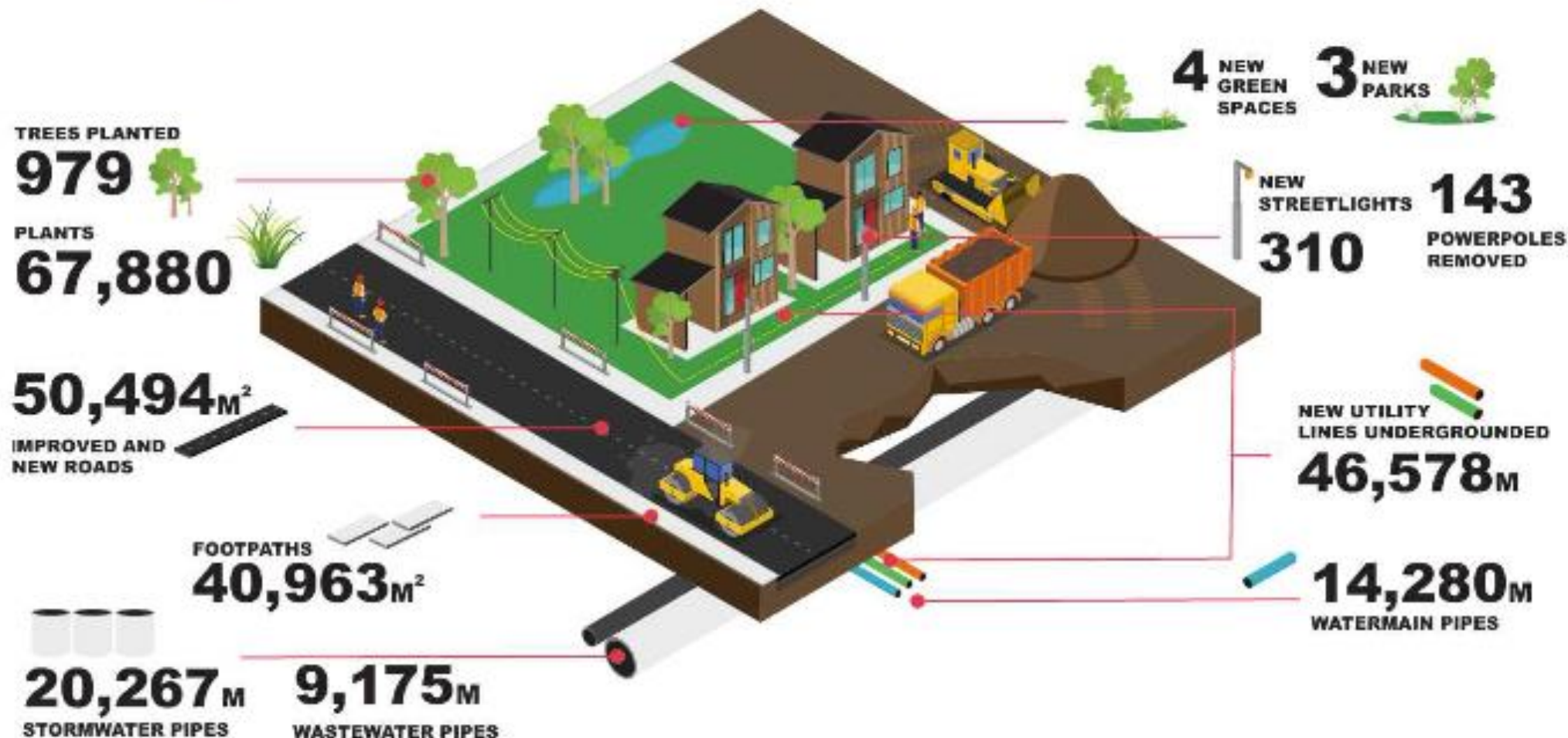
This work has enabled growth for around 2,000 additional homes on third-party land.

- 98 hectares of land development has been completed, 34 hectares currently in progress
- 1,476 homes under construction, 3,244 homes completed
- 83% of construction waste diverted from landfill
- We've already seen flooding resilience benefits of this infrastructure.



Our programme is about enabling suburb-scale infrastructure improvements

All civils work has now been completed in the Roskill South, Ōwairaka and Northcote development neighbourhoods. This equates to:



Context: The need for growth infrastructure

LTP 2021 focused investment in priority areas

Priority Area	30-year view
Auckland Housing Programme (Tamaki, Mt Roskill, Mangere)	\$2- \$3bn
Drury	\$2.4bn
Inner Northwest (Redhills, Whenuapai, Westgate)	\$2.0bn

Deferred or under investment in infrastructure to support housing and growth will result in:

- Less housing and business development
- Poorer urban environment outcomes
- Non-compliance with policy
- Higher future infrastructure costs
- Need to dig twice
- Risk of orphaned investment



Context: Development contributions

- Council has agreed that the DC Policy should recover the full costs of growth across the full period of growth
- Requires a longer-term view of the cumulative infrastructure required
- DC Policy to be gradually updated to recover the full costs taking a 30-year view.
- Policy updated for Drury in April 2023 following extensive analysis & consultation
- Staff working on other priority areas, with good progress made with the inner North-west and Auckland Housing Programme.



LTP consultation

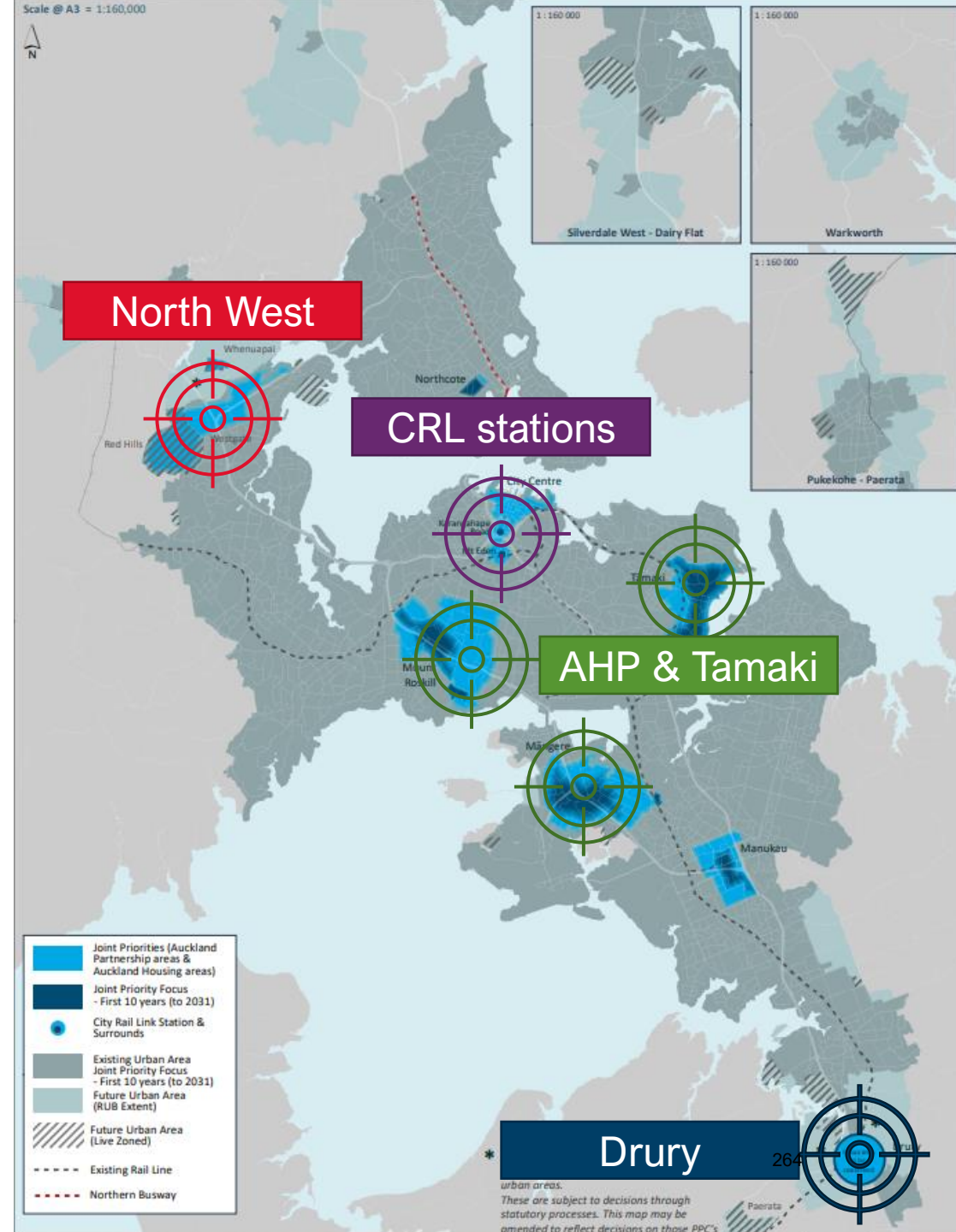
A focused approach

Infrastructure prioritised to support housing and growth in spatial priority areas in the Future Development Strategy

- Auckland Housing Programme with Central Government in Mangere, Mt Roskill and Tamaki
- Inner North West (Westgate, Whenuapai, Red Hills)
- Drury
- CRL Stations (Mt Eden and Karangahape)

Affordability means a constrained approach over the next decade

Shifting some investment in LTP 2021 for Drury and Inner Northwest to beyond 2034



Auckland Housing Programme

- Jointly agreed priority with government
- MoU with Crown establishes a collaborative approach to infrastructure (transport, storm water, parks and community infrastructure)
- Supports development of up to 40,000 dwellings over 30 years
- Council has agreements with Kainga Ora
 - setting out our overall partnership approach
 - with each asset group providing for development and then delivery of detailed investment program



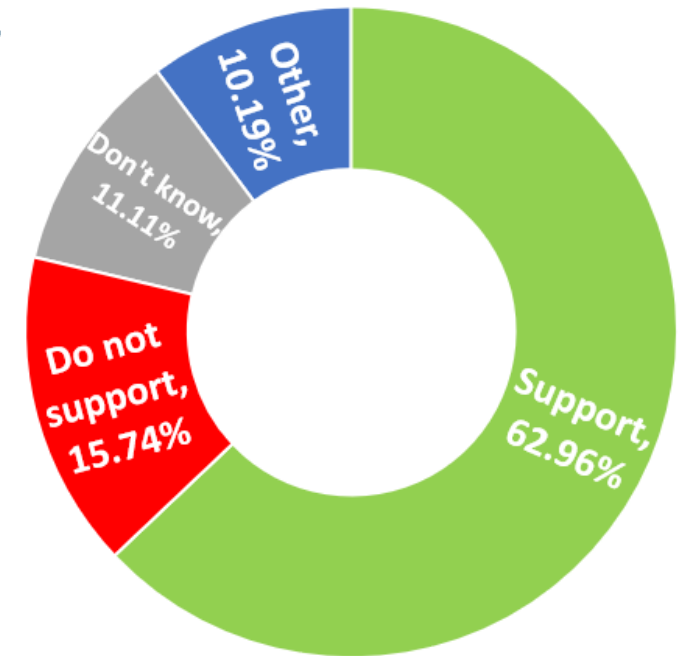
Auckland Housing Programme

- Consultation on LTP included **\$1.822 billion** of investment:
 - **\$1.451 billion** supported by the Housing Acceleration Fund (HAF) administered by Ministry of Housing and Urban Development (MHUD). Includes \$250m of transport subsidies
 - **\$371 million** by council in base LTP (incl \$85m transport subsidies)
 - Watercare working separately with KO due to different funding sources
- HAF proposed to fund investment in two ways:
 - i. HAF grant for share of benefit to existing properties (usually rates funded)
 - ii. DCs collected by council for growth share from developers - private and KO
- For ii) HAF covers initial investment and council repays funds only if and when DCs are collected - no council debt or risk
- Project level detail and funding will develop over time

Feedback

2112 responses commented on Housing and infrastructure

- The most common themes were:
 - Increasing the supply of affordable housing options for Aucklanders
 - General support for the proposal for housing and infrastructure growth
 - Implementing smarter and more cost-effective housing intensification strategies
- Other less common themes included:
 - Apply an equitable approach to housing development and infrastructure across Auckland



Feedback was received from **18** organisations that represent business groups, **13** supported with **5** other responses

Final LTP

Final LTP decision-making

- Continued focus on Spatial Priority Areas
- Managing investment over longer time horizon, 30 years, reflecting this decade's financial constraints
- Integrate with longer term DC policy view
 - Drury now planned and funded over 30 years
 - Adding Inner Northwest and AHP areas (Tamaki, Mt Roskill, and Mangere)
- Continuing work with government in Auckland Housing Program areas, and inclusion of updated projections

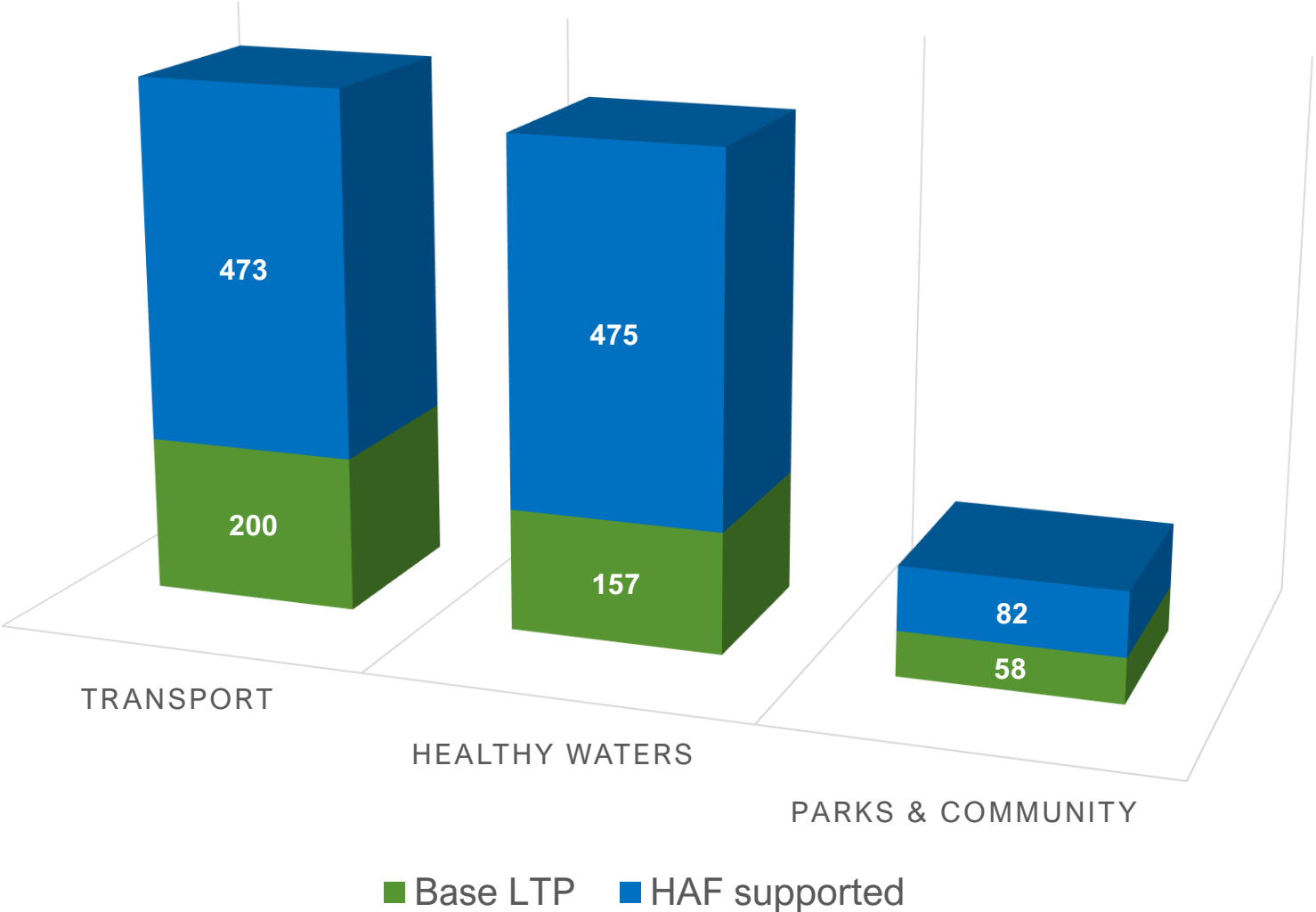


Auckland Housing Programme

- Scale of investment and timing adjusted since draft, now **\$1.445 billion**
- Focusing investment on AHP active neighbourhoods in next decade
 - **\$1.030 billion** supported by Housing Acceleration Fund (HAF) – recovered by
 - Limited recourse HAF financing - \$657 million (DCs collected on behalf by council)
 - HAF grant - \$318 million
 - \$45 million National Land Transport Fund (NLTF) and \$9m developer mitigation
 - **\$415 million** funded by council using rates and DCs (incl \$100m NLTF)
- Delivers maximum development for investment recognising:
 - Scale and timeframe of investment and growth, over all of each AHP area
 - Constraints on local and central government resources
- Remainder of areas within AHPs provided for beyond 2034
- Progress dependent on government support



Infrastructure investment by asset type (\$m)



Transport	673
Healthy Waters	632
Parks & Community	140
Total	1,445

Note: Watercare to be addressed separately



Auckland Housing Programme

- Reliant on government funding (HAF and NLTF) and law change
 - DC law doesn't currently provide for this use of Crown housing grants
 - Without law change significant additional council or government funding required to provide a subsidy to developers
- If HAF **not** available, options for council's LTP are:
 - i. Adopt the \$415m programme that is affordable with current funding sources, or
 - ii. Provide additional council funding of up to \$318m to replace HAF grant – requires higher rates and debt, or significant capex reprioritisation
- Risks and management
 - No law change – don't proceed with DC policy change, don't enter into project-level agreements
 - Project cost movement – scope and mix adjusted to manage within budget





Patai?

AHP (Tamaki, Mangere, Mt Roskill, Oranga, Northcote)	<ul style="list-style-type: none"> • Joint Priority Growth Area – Crown & Council • Brownfields growth envisaged to occur at pace • Existing infrastructure, but many of the infrastructure assets are old, in a poor condition, built to a different level of service and standards. This aging infrastructure does not have the capacity to support growth. Continued growth is dependent upon appropriate infrastructure and services. 	<p>Potential growth to Full Build Out = 40,000 dwellings</p> <p>KO and non KO growth</p>
Drury	<ul style="list-style-type: none"> • Joint Priority Growth Area – Crown & Council • Considerable development completed / underway. Large areas live zoned, Consents approved. Growth will continue to occur at pace • Extensive infrastructure being put in (eg 2 stations). Transport corridors designated. Infrastructure required well planned. Further infrastructure required to be delivered to support this growth. • 30 Year DC Policy adopted covering much of the infrastructure investment required to support the growth in Drury • Important area for employment growth in FDS, plus growth around Rail Stations 	<p>Potential growth to Full Build Out = 22,000 dwellings, 12,000 employees</p> <p>(Fisher & Paykel growth not included, could be additional 15,000 employees)</p>
Inner NW (RWW)	<ul style="list-style-type: none"> • Joint Priority Growth Area – Crown & Council • WK investment investigations and RTN business cases • Considerable development completed / underway. Large areas live zoned, Consents approved. Growth will continue to occur at pace • Extensive infrastructure is being designated through the SGA process (many transport projects required). Extensive infrastructure required to support the existing community and further growth. • 30 Year DC Policy will include infrastructure required but not yet costed/determined • Important area for employment growth and as a node in FDS 	<p>Potential growth to Full Build Out = 38,000 dwellings, 30,000 employees</p>

Attachment I: Making Space for Water

Purpose

To provide an update on the **Making Space for Water** programme proposed, responding to changing priorities within the government co-funded storm recovery programme.

Recommendations

Staff recommend:

- proceeding with an updated Making Space for Water programme (an updated central proposal) phased over 10 years with three main components:
 - Category 2C Risk Mitigation Projects (including blue-green networks) for three severely storm-impacted areas over two years
 - Risk Mitigation and Resilience Projects (including blue-green networks) for 9 severely storm-impacted areas over ten years
 - Regional flood resilience projects delivered over ten years.

Consultation material

Details on the Making Space for Water programme are included throughout the consultation material, but the majority of the detail can be found:

Consultation Document

- Part four: Council Services, Water (pages 35 – 40)

Supporting Information

- Section three: Groups of activities, Stormwater management (pages 275 – 281)

In addition to the consultation documents, the report to the Governing Body in [October 2023](#) provides detailed analysis and advice, including the full Making Space for Water programme.

Storm recovery context

Making Space for Water is a response to the severe storms of early 2023. The programme will aid Auckland's recovery from the impacts of the Auckland Anniversary Weekend Floods and Cyclone Gabrielle, and build resilience and preparedness for future storms. Its strategic goals are to:

- reduce existing flood risk
- avoid creating new flood risks
- raise awareness of flood risks, and
- prepare for flood events.

Making Space for Water is included as a key project in the Tāmaki Makaurau Recovery Plan and was endorsed in principle by the Governing Body in October 2023 ([GB/2023/203](#)), subject to Long-term Plan decision-making. It also delivers on priorities and goals set out in the Auckland Water Strategy 2022-2050 and Te Tāruke a Tāwhiri: Auckland's Climate Plan.

The proposed programme is organised into seven initiatives:

1. Blue-green networks (part of capital delivery of North Island Weather Events Auckland Funding Agreement)
2. Stream and waterway resilience
3. Flood intelligence
4. Community flood resilience
5. Increased maintenance
6. Overland flow path management
7. Rural settlements.

Further detail on each initiative is provided in the [Making Space for Water programme overview](#).

Crown co-funding

Capital elements of the Making Space for Water programme (i.e. the Blue-Green networks) are partly dependent on the Crown funding provided through the North Island Weather Events Auckland Funding Agreement ('the Auckland Funding Agreement').

Funding agreement provisions	Central government funding	Auckland Council funding	Total
Transport network recovery	\$309M	\$81M	\$390M
Category 2 risk mitigation projects	\$380M	\$440M	\$820M
Category 3 voluntary buy-outs	\$387M	\$387M	\$774M
Total	\$1,076M	\$908M	\$1,984M

The Crown has agreed to contribute \$380 million for capital expenditure on Category 2 Risk Mitigation Projects, sourced from the National Resilience Plan fund. Funding is provided on a 62:38 matched fund basis with Auckland Council. This funding would enable \$612.9m of capital investment.

Separate funding for the Category 3 Voluntary Buy-outs will go to purchasing residential properties assessed as having intolerable risk to life. The Auckland Funding Agreement assumed around 700 properties would be purchased, many of which were expected to be in clusters that enable delivery of blue-green network areas.

New developments

Implementation timeframes for Category 2C projects

The Auckland Funding Agreement sets a ten-year timeframe for delivery, which is reasonable for the scale of physical works involved in community-level risk mitigation projects. It has become clear that this is too long for homeowners in situations of intolerable risk. Speed and certainty for homeowners are priorities for both the council and the government.

Working within the terms of the Agreement, we are proposing to reduce the Category 2C projects to only those that can be delivered within a two-year timeframe. Around 130 other properties that could have been Category 2C within a ten-year timeframe (i.e., where a community-scale solution will take longer to deliver) will need to become Category 3 instead and be offered a voluntary buy-out. This meets the need for homeowner certainty faster, and still delivers on the Making space for Water strategic goal of reducing existing flood risk. With the immediate risk to life resolved, there will be time to consider how best to reduce risk and improve resilience for remaining flood-impacted areas.

Category 2P

A grant scheme for 'Category 2P' properties was established in early 2024 to provide funding support for on-site mitigation of some properties with intolerable risk to life. It allows homeowners to stay in place and reduces the cost to the storm recovery scheme (compared to the cost of a Category 3 buy-out). Up to 200 properties are likely to be categorised as Category 2P, with a total cost of around \$40 million. Staff are seeking confirmation from the Crown that these projects will be co-funded from the Auckland Funding Agreement's 'Category 2' funding line. This reduces the funding available for Making Space for Water projects identified in earlier documents but continues to deliver on the programme's strategic goal to reduce existing flood risk.

Implications for funding agreement

Fewer Category 2C projects, the introduction of Category 2P grants and more Category 3 voluntary buy-outs has implications for budget allocation within the Auckland Funding Agreement funding envelope, requiring agreement from the Crown that we can:

- Reallocate funding from Category 2 to Category 3, to reflect the balance of final categorisations (around 900 Category 3s are now expected, compared to the 700 initially forecast). Refer to Appendix 3.
- Retain access to remaining funding from the Category 2 funding line (after allowing for Crown share of Category 2P and Category 2C projects) for projects that provide risk mitigation benefits for flood-impacted areas in line with the National Resilience Plan. This is expected to be in the range of \$256M (\$293m less Crown share of Category 2C projects (\$37m) at an advanced stage of planning).

The Minister for Recovery has indicated a commitment to honour the cost-sharing agreements already made¹. Staff are in discussion with the Crown to maximise access to agreed funding allocations, and to ensure the programme can still deliver good outcomes for Auckland.

Implications for Making Space for Water

Changes to the scope and timing of feasible Category 2C projects will have some impacts for the Making Space for Water programme. Less funding will be available to deliver elements of the programme as planned, due to additional funding being required for Category 3 purchases and for the Category 2P Grants Scheme. Anticipated capital expenditure over the 10-year period of the LTP is reduced from \$730M to \$507M.

Operational expenditure is also reduced from \$263M to \$224M however, Healthy Waters are confident that the proposed outcomes can still be delivered, with a smaller geographic reach or at a reduced pace.

These two expenditures will still contribute to the Making Space for Water strategic goals, removing risk from the most severely impacted properties in the region. While reducing the amount of community-scale physical works that are possible, smaller and lower-cost mitigation options can be explored to continue to deliver the outcomes envisaged in the initial Making Space for Water proposal.

Healthy Waters are allowing for this by proposing to undertake minor projects in some of the original focus areas that leverage off the voluntary buy-out properties to provide wider resilience benefits.

It is therefore recommended that the Making Space for Water programme is repositioned to better align to co-funding arrangements, with three key components, described in Table 1.

¹ Letter from Minister Hon Mark Mitchell to Mayor Wayne Brown, 26 March 2024.

Table 1. Elements of updated Making Space for Water programme

Programme element	Description	Outcomes	Project \$	Funding assumptions
Category 2C Risk Mitigation Projects	Two-year projects in areas with Category 2C properties, improving flood capacity of streams and infrastructure	Reduced flood risks for storm-impacted communities including properties with intolerable risk to life with secondary benefits to infrastructure and non-residential buildings	\$60M	Requires Crown approval for co-funding of projects, within terms of the existing agreement.
Risk mitigation and resilience	Blue-green risk mitigation projects in areas that were severely affected by the 2023 storms	Reduced flood risks for storm-impacted communities including habitable floor flooding	\$347M	Requires Crown approval for co-funding. Potential to progress as a council-only programme, with funding and timing consequences.
Other flood risk mitigation initiatives	Projects to improve Auckland Council's and Aucklanders' preparedness and response to flooding across the region, including and beyond the areas severely affected by the 2023 storms	Aucklanders can rely on better data, more frequent stormwater network maintenance, and understand how to manage their own flood risks	\$283M ²	Most of these works will be delivered using council-only funding. Opportunities to access crown funding will be explored where appropriate.

Further detail on the programme, timing and cost is provided in the appendices.

Summary of feedback on options

Submitters were asked to give feedback on whether they supported three options for Water: the central proposal, paying less and doing less, or paying more and doing more.

Of the 16,495 **individual** responses, 11 per cent supported 'do less', 47 per cent indicated 'as proposed' and 42 per cent supported 'do more'.

Of the 226 **organisation** responses, four per cent supported 'do less', 42 per cent indicated 'as proposed' and 54 per cent supported 'do more'.

Options analysis

The following options analysis is offered in the context of the updated information above.

² Total MSFW capex and opex programme is \$731M, less consequential opex and staff costs (\$41M) totals \$690M combined programme above.

Option 1 – pay less and get less

Details

This option would focus on increased maintenance and flood intelligence only, with no new significant investment in physical works or improvements to reduce flood risk. Category 3 Voluntary Buy-outs would still go ahead through government funding. This option was supported by only 11 per cent of respondents.

Strategic

This option would not sufficiently deliver the council's strategic goals relating to reducing existing flood risk, avoiding new flood risk, increasing community resilience, or climate change adaptation. It does not align with the commitments given to the Crown and the community to implement the storm recovery scheme, including Category 2 Risk Mitigation Projects.

Financial

Doing less would reduce the upfront costs but presents a risk of higher reactive costs in response to future events. This option would cost \$60 million capex and \$145 million opex (in addition to the cost of Category 3 buy-outs).

Implementation

The level of awareness (flood intelligence) around storm events and maintenance of existing assets would be improved under this option. This would help to reduce the impacts of future flood events. The highest risk properties would be managed through the categorisation and voluntary buy-out process. However, no physical works projects would be undertaken to reduce flood risk, nor other community-based initiatives to increase the community's ability to prepare for and respond to storm events. As we have seen in previous storm events, it can be difficult and expensive to respond at pace to the required repair work with current staff and contractor structures.

Option 2 – Updated central proposal for Making Space for Water

Details

This option is the revised Making Space for Water programme, including the seven initiatives listed above, with some funding reallocation from community-scale physical works to more property buy-outs. The expected outcomes would remain the same as originally proposed in the LTP consultation document, through different delivery mechanisms (more property purchase, less community-scale physical works).

The original central option – for the full programme – was supported by 47 per cent of respondents through the LTP consultation. The majority of comments reflected the urgency of investing in stormwater as a core service, and maintaining that system. The updated central proposal aligns with this feedback. The scale of physical works delivered will be reduced, however flood risk will still be reduced through direct purchase of those properties most at risk.

Strategic

This option contributes to the delivery of the strategic goals of the Making Space for Water programme, as well as those set out in the Tāmaki Makaurau Recovery Plan, Auckland’s Water Strategy and Te Tāruke a Tāwhiri: Auckland’s Climate Plan.

Making Space for Water will reduce flood risk to our communities and provide protection to critical infrastructure assets. For example, the Harania Blue-green Network Project will protect Watercare’s Eastern Interceptor, a pipeline that carries most of the sewage flow to the Mangere Wastewater Treatment Plant.

Financial

The total cost for this programme is \$507 million capex (including central government co-funding) and \$224 million opex (see Appendix 3).

Implementation

The highest risk properties will be managed through the categorisation and voluntary buy-out process.

Category 2C projects will require feasibility and design/consenting to be completed before construction can begin. The indicative timeframes are shown in the 10-year delivery programme and planned phasing for the blue-green networks initiative provided in Appendix 2. A summary of costs, comparing the central proposal in the consultation document with the updated proposal, is set out in Appendix 3.

Option 3 – pay more and get more

Details

An alternative to the updated central proposal is to increase the scope of physical works and increased stream maintenance and community-led flood resilience projects funded by the council. Assuming the full crown funding allocation can be accessed, this option could extend to areas beyond those impacted by the Auckland Anniversary storm and Cyclone Gabrielle (drawing on evidence of risk from past flood events). Doing more than the central proposal was supported by 42 per cent of respondents. Feedback was centred on the urgency of reducing risk to life in preparation for future events.

Strategic

This option contributes to the delivery of the strategic goals of the Making Space for Water programme, as well as those set out in the Tāmaki Makaurau Recovery Plan, Auckland’s Water Strategy and Te Tāruke a Tāwhiri: Auckland’s Climate Plan.

Financial

This option would require allocating an additional \$222m capital funding (in addition to the co-funding agreement) to Making Space for Water and an additional \$136 million in opex.

Implementation

The highest risk properties would be managed through the categorisation and voluntary buy-out process. The scale of the work required would need to be delivered over 10 years. However, delivery is limited by staff capacity, cost distribution, and specialised contractor availability. Therefore, while this option would meet our strategic goals, it is not recommended.

Appendices

No.	Title
A	Revised Making Space for Water 10-year programme
B	Making Space for Water 10-year programme
C	Making Space for Water 10-year forecast

Appendix A. Revised Making Space for Water 10-year programme

Tranche 1: Category 2C risk mitigation projects

Description	Two-year projects in areas with Category 2C properties, improving flood capacity of streams and infrastructure						
Outcome	Reduced flood risks for storm-impacted communities including properties with intolerable risk to life						
	Cost	Benefits					
Project	Estimate of Cost (P95)	# properties where intolerable risk to life removed	# other properties with habitable floor flooding reduced	Total properties benefiting	Reduced Road Flooding	Water/Wastewater Infrastructure Protected	Other
Te Ararata (Māngere)	25.0	43	149	192	Walmsley Rd	WSL PS37 (Black Bridge wastewater pumpstation)	- Creation of new reserve
					Eldom St	The WSL Watermain that serves Māngere (810mm dia.)	- Water quality improvement
					Ventura St		
					Pito Pl		
					Bader Dr		
Harania (Māngere)	31.0	13	27	40	Blake Rd	WSL Eastern Interceptor Sewer (2.5m dia.)	Protects security of the main trunk sewer from Eastern and Southern Auckland - conveyance to Māngere Wastewater treatment plant.
					Bicknell Rd		
					Tennessee Ave		
					Archboyd Ave		
Domain Crescent (Muriwai)	4.0	4	0	4	Domain Crescent		Protects safe access / egress for Domain Crescent.
Total	60.0	60	176	236			

Note: Costs exclude consequential opex and staff resources.

Tranche 2: Risk mitigation and resilience

Description	Blue-green network risk mitigation projects in areas that were severely affected by the 2023 storms					
Outcomes	Reduced flood risks for storm-impacted communities, including reduced risk of habitable floor flooding, reduced road flooding and protection of water and wastewater infrastructure					
	Cost	Benefits				
Project	Estimate	# properties where intolerable risk to life removed	# other properties with reduced flooding	Reduced Road Flooding	Water/Wastewater Infrastructure Protected	Other
Clover Drive (Ranui)	86	0	70	Don Buck Rd	-	- Creation of new reserve
				Glen Rd		- Water quality improvement
				Woodside Rd		- Transport linkages
				Clover Dr		
				Meadowcroft Way		
				Mayfair Pl		
				Swanson Rd		
Te Auaunga Stg.2 (Mt. Roskill)	60	0	95	Dominion Rd	-	- Creation of new reserve
				Winstone Rd		- Water quality improvement
				May Rd		- Transport linkages
				Memorial Ave		
				Mt Roskill Rd		
Whangapouri (Pukekohe)	16	0	36	Helvetia Rd	-	- Creation of new reserve
				Montgomery Ave		- Water quality improvement
						- Transport linkages
Wairau (North Shore)	93	0	250	Northern Motorway	Reduced risk to waste water pump station and electrical sub-station	- Flood reduction to business / commercial area (Wairau Valley)
				Northern Busway		- Creation of small new reserve and linkages of existing
				Wairau Rd		- Water quality improvement
				Totaravale Dr		
				Sunnynook Dr		
Kumeu	56	0	150	Marsh Ave	-	- Flood reduction to business/commercial area in Wairau Valley
				Seine Rd		- Creation of new reserve and linkages of existing
				Gordon Rd		- Water quality improvement and
				Nile Rd		- Transport linkages
				Stanley Ave		
Other Minor BGNs	36.5	0	TBC	Whau		
				Opanuku		
				Cox's Creek		
				Epsom		
Total	347.5	0	601			

Notes: 1. Costs exclude consequential opex and staff resources. 2. Costs and number of properties with reduced flooding are indicative and subject to change.

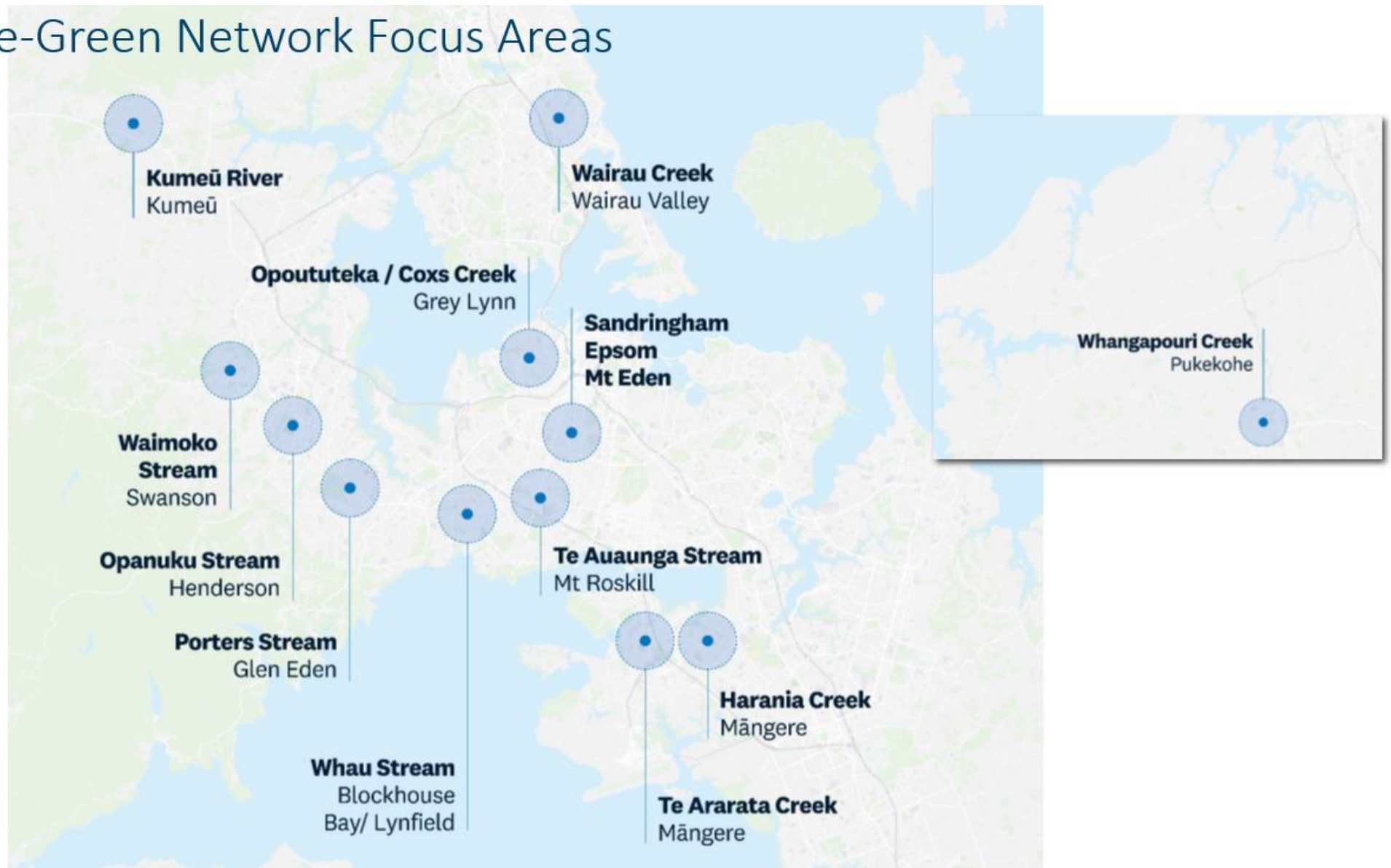
3. All intolerable risk to life properties are assumed to have been purchased through the voluntary buy-out process

Other flood mitigation initiatives

Description	Projects to improve Auckland Council's and Aucklanders' preparedness and response to flooding	
Objectives:	Aucklanders can rely on better data, more frequent maintenance, and understand how to manage their own flood risks	
Project	Cost (\$m)	Overview
Stream and waterway resilience	7.0	Enhancing the capacity of high-risk streams and waterways by de-lining concrete channels and replacing pipes with naturalised features like vegetated swales, ponds or open channels
Increased maintenance	140.5	Boosting maintenance of both the pipe and stream stormwater networks to improve drainage capacity and prevent blockages
Flood intelligence	44.5	Investing in new planning, monitoring and modelling tools while continually updating existing tools to assess and communicate flood risk
Overland flow path management	19.0	Identifying and enhancing the performance of overland flow paths at both a catchment (capital works) and individual property-scale.
Community-led flood resilience	33.0	Supporting communities to take action to reduce their own flood risk and ensure Aucklanders know what to do before, during and after a flood. Facilitating minor works on council assets and streams with community groups and providing guidance on how to manage flood risk.
Rural settlements	39.0	Responding to specific needs in rural communities, including marae and papakainga to improve community resilience and assess public stormwater assets.
Total	283.0	

Note: Costs exclude consequential opex and staff resources.

Blue-Green Network Focus Areas



Appendix B. Making Space for Water 10-year programme



Appendix C. Making Space for Water 10-year forecast

Storm response and increased resilience

	Consultation document			Updated assumptions		
	Council	Crown	Total	Council	Crown	Total
Capex and debt-funded opex						
Category 3 - voluntary buyouts	347,405,625	347,405,625	694,811,250	447,974,583	447,974,583	895,949,166
Category 3 - deconstruction	37,155,580		37,155,580	48,483,756		48,483,756
Category 2P - grants for property-level interventions			0	14,896,000	24,304,000	39,200,000
Category 2C - Making Space for Water	350,829,280	380,000,000	730,829,280	213,450,475	293,719,504	507,169,979
	735,390,485	727,405,625	1,462,796,110	724,804,814	765,998,087	1,490,802,901
Opex						
Category 3 - consequential opex	39,698,171		39,698,171	49,791,828		49,791,828
Making Space for Water	262,536,922		262,536,922	224,064,219		224,064,219
Interest on timing change				28,321,025		28,321,025
	302,235,093	0	302,235,093	302,177,072	0	302,177,072
Total funding	1,037,625,578	727,405,625	1,765,031,203	1,026,981,886	765,998,087	1,792,979,973