



# **Statement of Intent**

## **For the year ended 30 June 2015**

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# 1. Message from Tāmaki Redevelopment Company

We are pleased to present the Statement of Intent (SOI) for Tāmaki Redevelopment Company (TRC) Limited.

This SOI is submitted by the Board of Directors of the Tāmaki Redevelopment Company Limited pursuant to the Crown Entities Act 2004. It sets out the objectives and intentions of TRC.

Our SOI reflects the delivery and implementation focus of the company:

- TRC's prioritised strategic objectives
- TRC's annual plan target outcomes
- A five year action plan based on the Business Implementation Plan (BIP) which was approved in principle by Shareholders
- Identification of projects that will make a tangible difference on the ground.
- Identification of delivery partners to achieve TRC's regeneration objectives
- A strong risk management framework
- A project management framework
- A measurement framework that covers TRC's four broad objectives
- The state of TRC's social license to operate in the Tāmaki community
- The state of TRC's relationships with community and key stakeholder groups in particular businesses and investors
- Reaffirmation of TRC's three Special Housing Areas

TRC's relationship with the community is good. Implementation of tangible projects across the four objectives particularly in the Fenchurch Neighbourhood has strengthened that goodwill. Whilst TRC has started to bring in community leaders and other stakeholders as part of the design and delivery of projects, our SOI demonstrates our desire and intention to step up our efforts to ensure that stakeholders become embedded in the delivery.

TRC's SOI acknowledges and demonstrates our desire to work closely with Iwi to achieve the aspirations of Tāmaki's mana whenua and mataawaka as part of the Crown's responsibility under Te Tiriti o Waitangi.

We acknowledge the national conversations around housing and social policy changes particularly around the treatment of Crown and Council assets and land in the Tāmaki area. We look forward to working with Shareholders and officials on impact that any policy changes might have on the regeneration programme.

The Tāmaki Vision now belongs to the community. The Regeneration Narrative belongs to the Shareholders. TRC as the Crown and Council's delivery mechanism in Tāmaki, would like to reassure Shareholders that our focus is on the delivery and execution of our projects.



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Brian Donnelly  
Chair

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Date: 20 February 2015



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Dr. Susan Macken  
Deputy Chair

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Date: 20 February 2015

## 2. Background:

Tāmaki is located southeast of Auckland's CBD. It consists of the suburbs of Glen Innes, Point England and Panmure. The area is characterised by an outstanding natural environment, culturally diverse community (68% Maori and Pasifika) a young population (29% under the age of 15), close proximity to the CBD, and strong community networks. There are also significant challenges within the area, including a large number of people seeking work and a high number of residents receiving support from the State. These challenges are exacerbated by the high proportion of social housing (57% of all housing is owned by HNZC).

In August 2012, the Tāmaki Redevelopment Company (TRC) was incorporated. TRC is a Schedule 4A company under the Public Finance Act and is owned by the Crown (59%) and Auckland Council (41%). The company is the first of its kind in New Zealand and was established to support the urban regeneration of Tāmaki. The TRC board was appointed in December 2012.

## 3. Strategic Objectives

The four objectives outlined in the company's Heads of Agreement (HoA) are as follows:

**Social:** Supporting Tāmaki residents and families to gain the skills, knowledge and employment opportunities to progress their lives;

**Economic:** Strengthening the local economy and unlocking the potential of the Tāmaki area to enable a prosperous community and deliver better value for money to the Crown (with a focus on increasing the return on investment and realising the potential value from state and council-owned housing);

**Spatial:** Creating safe and connected neighbourhoods that support the social and economic development of Tāmaki and its community; and

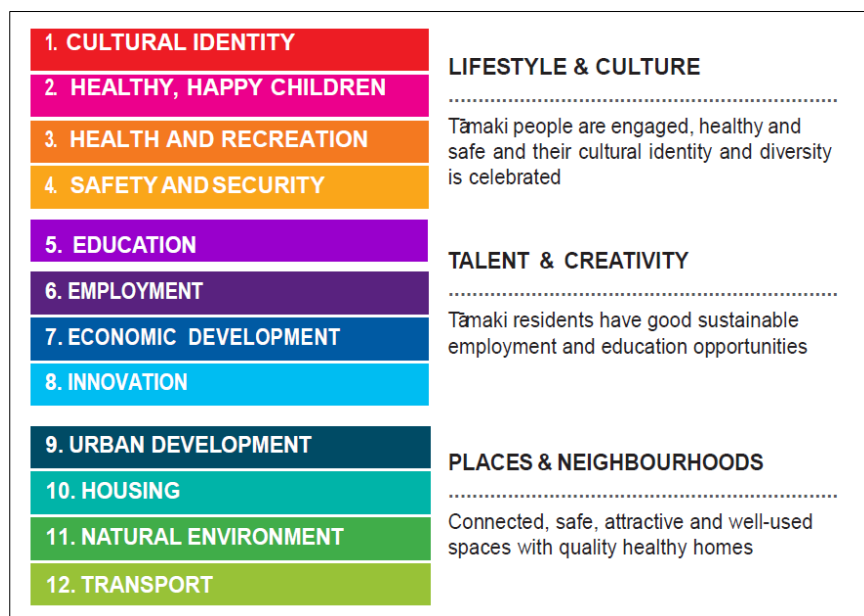
**Housing Resources:** Optimising the use of land and existing housing stock to effectively support and deliver social and economic results, including progressing private housing development and better public housing options for Tāmaki.

TRC is now in its third year of operation.

## 4. TRCs Vision, Strategic Framework and Business Implementation Plan

The Tāmaki **vision** states 'Tāmaki is a strong and welcoming community, where people thrive and prosper, celebrated for its distinct history and vibrant future'.

The **Strategic Framework** sets out how regeneration will be achieved across a 25-year period. The framework was developed in conjunction with the Tāmaki community and endorsed by shareholders in 2013. The diagram below sets out the three strategic themes to enable regeneration and the underlying interdependent elements that will be delivered in an integrated way to achieve the vision for Tāmaki.



The **Business Implementation Plan** (BIP) feeds directly from the Strategic Framework and outlines a five-year work programme from 2014 to 2018. A key aspect of this plan is that neighbourhood regeneration projects are delivered under a model of collaboration and partnership that includes HNZC, government departments, Council entities and the community. The BIP was endorsed by shareholders via the New Zealand Cabinet and the Auckland Council Governing Body in July 2014.

## 5. Nature of Scope and Activities

In the 2014/15 year TRC will focus on delivering Year One of the five-year regeneration programme recently endorsed by Shareholders.

TRC's model of delivery will be based on collaboration and partnership as endorsed by Shareholders.

The key outcomes of the programme within the 2014/15 year are as follows:

- An operating model to achieve financial independence proposed (to include agreement on the treatment of development contributions, alignment of expenditure from Crown, Council and NGOs, a mechanism for TRC to capture the asset value up-lift from regeneration) and a governance structure to support the above;
- Embed TRC's operating principles, including enabling, facilitating, coordinating and leading where required;
- 32 new quality homes and neighbourhoods, in mixed tenure settings with a percentage of affordable homes;
- A new fully operational Early Childhood Centre, connected strongly to the community;
- A renovated community facility, managed in accordance with the wishes of the local community;
- Jobs and/or work experience for locals;
- Develop and start a capacity building programme for local entities;
- Deeper local engagement and support for the regeneration programme;
- Cross-sector initiatives formed and continued in order to address deep and complex community issues - youth at risk, financial literacy, child poverty, ECE attendance and quality, safety and security, health and wellbeing, economic growth;
- Enable and support the development of the Community Housing sector in Tāmaki;
- Incentivise and promote private sector investment and partnerships;
- Future strategic placemaking initiatives agreed with shareholders and key stakeholders;
- Best practice approaches defined for future use and internal processes right-sized and embedded.

To deliver the above, TRC will work in partnership with the Tāmaki community and key stakeholders such as HNZN. The delivery budget is \$7.8m for the year.

The company is expecting to move to stage two operations next year as outlined in the HOA & the Constitution. This will be approved by the Shareholders following the operating model work which is outlined in the first bulletpoint above.

The company's organisational structure, project management framework and measurement framework have been configured internally to support the delivery of the regeneration programme.

## **6. Functions & Operations**

TRC has a broad range of responsibilities and functions including but not limited to the following:

### **Finance**

TRC prepares a monthly profit and loss statement and balance sheet for the Leadership team and Board. TRC also tracks and reports on project costs in accordance with the Project Management Framework (PMF). This allows the management of TRC to scrutinise and manage expenditure to meet deliverables. Further, project financial information is produced for TRC staff, Board and Shareholders as requested.

### **Project Management Framework**

The regeneration programme is delivered through a series of projects and initiatives. The Project Management Framework is a control mechanism that assists in ensuring the programme is delivered on time, to budget and within scope. The framework is based on PRINCE2 project management principles, adapted to TRC's delivery and organisational circumstances.

### **Procurement**

Due to changes in legislation, as of 1st February 2015 TRC will adopt the Government Rules of Sourcing (GRS). Currently TRC is using GRS as a good practice guide but has been following a fit for purpose procurement framework that underpins best value for money, fairness and transparency of process.

### **Human Resources**

The Company operates a human resources framework that adopts the Good Employer requirements of the Crown Entities Act and aspires further to best practice.

### **Governance**

The Board of TRC consists of seven directors with different areas of expertise. The Board's purpose is to provide cohesive leadership for TRC. The Board meets monthly.

TRC also complies with its legislative requirements for example quarterly reporting to shareholders and the requirement to be audited by the Auditor General on the Statement of Service Performance Expectations, the Statement of Intent and the Annual Report.

### **Engagement**

Urban regeneration is more than bricks and mortar. It is taking an integrated whole of community and resource approach by delivering long-lasting improvements in the economic, physical, social and environmental conditions.

TRC's delivery of its projects (housing, social, economic development and spatial) is based on collaboration and partnership. There are projects in which the company will lead, however with most initiatives TRC will act as an enabler, facilitator, connector and implementer. TRC is physically located in the community, staffed by members connected to the community and the private sector, and will be measured by its success in delivering on the regeneration promise as outlined in the Tāmaki Strategic Framework and the 5 year Business Implementation Plan (BIP).



To leverage the current goodwill and commitment of the community for change, it is critical that significant progress is made on all regeneration objectives within the next five years. The BIP has identified priority neighbourhood redevelopment projects; important supporting social, spatial and economic projects; and a planned and phased approach is taken.

In regards to housing, TRC's partnership approach requires a tight bond with HNZC as the key provider of social housing. It is an integrated partnership. There is also flexibility of approach to suit specifics of each project development - leveraging from existing skills, lessons learned, and private sector involvement.

TRC is leveraging its role with other key stakeholder groups such as the private sector, Crown departments, Council entities, iwi, local board and local community groups. Shareholders require an entity that can provide simple and yet long lasting solutions and ensure that all relevant stakeholders are committed to delivering on one action plan for the area.

There are a number of ways and mechanisms with which TRC engages with various groups from surveys, meetings, newsletters, information sessions, social media, and face to face. TRC is a member of most community groups in Tāmaki so engages with the community via those avenues.

With the establishment of TRC, the Government and Auckland Council have recognised that whilst collaboration will be important, having a single entity to drive the vision and regeneration outcomes is critical. The people of Tāmaki have endorsed the need for an enabling and place shaping entity to ensure that resources in the area are targeted to the most in need and actually make a real difference on the ground.

## **Social Responsibility**

The Tāmaki Way of Working will continue to underpin the way that the Company operates. In support of this, TRC will conduct business through sound operating principles that include:

- Exhibiting a sense of social and environmental responsibility;
- Exhibiting sound business practice, including responsible and transparent financial management, procurement integrity, sound regeneration principles and practice, and a "no surprises" communication policy.

## **7. Organisational Health, Capability and Risk Management**

The Company is committed to building and maintaining an enduring and resilient organisation. For the period covered by this SOI, the Company has recruited a skilled team that has the capabilities required for regeneration. Where a further specialist skill is identified and required, the Company will continue to engage external resources.

### **Health and Safety**

Health and Safety is an important priority for the Company and TRC is committed to a high standard of observance and practice. An appropriate Health & Safety system & importantly the right organisational culture is in place

### **Risk Management & Assurance Framework**

TRC manages risks through the systematic identification and assessment of Strategic / Operational and Project risks.

TRCs Assurance framework:

- Provides assurance that our strategic objectives are being achieved
- Provides assurance that the company is meeting compliance obligations
- Ensures TRC is reporting in a timely and transparent manner to the senior leadership team, board and shareholders

The assurance hierarchy is documented in appendix one.

## 8. Assessing Performance

### Measuring Success: The Measurement Framework

TRC's measurement framework is currently being developed and will enable the company to track progress against the delivery of outcomes.

The Objectives of TRC's measurement framework are fourfold:

**To measure the effectiveness of regeneration at the Tāmaki-wide, neighbourhood and family level.** This assessment of broad community outcomes and perceptions will assist in understanding the characteristics of the Tāmaki community, outlining benchmarks, setting targets, and improve decision making at a programme level in the future;.

**To use measures to make adjustments to the implementation of existing projects and to define new projects,** in order to ensure regeneration projects are contributing towards overall regeneration programme goals.

**To understand our community** and ensure that social and economic regeneration interventions at a neighbourhood and family level are configured appropriately to assist in delivering positive change.

**To promote awareness amongst stakeholders** of the impact of the company's regeneration programme.

## 9. Operating Environment

TRC's operating environment is characterised by (a) the physical and socioeconomic characteristics of the area within its operational boundary, but in addition by (b) a diverse range of other factors which directly affect the company's overall ability to conduct its operations. Specifically:

### Tāmaki

Tāmaki enjoys a range of **natural advantages** including coastal boundaries and green spaces, in addition to **location and accessibility advantages**, being only 16 minutes by train to the CBD and adjacent to major commercial, education and property developments with substantial future infrastructure investment planned. Its population (18,150 in June 2011) is a **culturally diverse community** made up of 23% Māori and 45% Pacific Islander, and a young population with 29% of people under the age of 15 (compared to 19% in wider Auckland). The area is characterised by a strong **community identity** and **sense of place** within Auckland.

However, the Tāmaki community also is characterised by relatively **high levels of deprivation, low levels of education, a high percentage of young parents, low income** and a **high dependency on benefits**. Overall **capital asset efficiency remains low** due to the high proportion of stock being

separate dwellings on large sections. There is some evidence to suggest that **private investors have been deterred from investing in** the area due to the perception of Tāmaki as an undesirable place to live, and a lack of certainty around resource consents.

## **Influencing Factors**

The success of the Tāmaki regeneration programme is a function of the success or otherwise of the **partnerships** into which TRC must necessarily enter as part of its operations. While TRC has been able to make some progress towards earning a **social licence to operate** in the area, and has been relatively successful with some small-scale regeneration initiatives to date, progress towards longer-term regeneration goals, considered holistically, is fundamentally dependent on the redevelopment of **HNZC housing stock** considered not fit for purpose, at a rate and on a scale not achieved to date.

## **Policy Changes**

*The Regeneration Programme continues to be impacted by policy changes across the housing, social and economic development areas. Shareholders are conscious of this and are willing to extend themselves in providing clear policy settings for TRC as well as agility to move at pace.*

## Appendix One: Assurance Hierarchy

