



He Mihi

Tēnā koutou ngā mana whenua me ngā iwi e noho nei ki raro i ngā maunga whakahii o Tāmaki Makaurau, tēnā koutou kātoa. Me mahi tahi nei tātou kia tūtuki ērā wawata mō te oranga o ngā iwi kātoa o te wāhi nei.

“To the people of the land and those residing under the sacred volcanic mountains of Auckland, greetings to you all. Let us all work together to fulfil our dreams so that we may all prosper in this beautiful city”.

Panuku means to ‘move on’ or ‘move forward’ and the name conveys the concept of dynamism of building towards excellence. It has been likened to the motion of a Waka that requires skill to navigate, and team work to propel.

Chair and Chief Executive Foreword

Panuku is Auckland Council's specialist urban development agency, shaping spaces for Aucklanders to love.

This SOI underlines an acceleration in our delivery programme and a renewed focus on collaboration, driven by two important catalysts: confirmation last year of long-term plan funding for our priority locations, and the Crown's recent significant boost for urban regeneration via the newly formed Ministry of Housing and Urban Development and the proposed Kāinga Ora - Homes and Communities (new Housing and Urban Development Authority bringing together parts of Housing New Zealand along with HLC and KiwiBuild).

These new entities place a focus on the need to create more affordable homes for New Zealanders, as well as on urban development and regeneration to support the creation of communities in which New Zealanders can thrive.

This marks a significant shift in context for urban regeneration in New Zealand and this reinvigorated focus on our area of work presents opportunities for Panuku, as Auckland Council's agency, to increase the speed and scale of its redevelopment programme through collaboration with the Crown, its new urban-focused entities and others.

Since the establishment of Panuku via the merger of Waterfront Auckland and Auckland Council Property Limited, our focus has been to catalyse urban redevelopment in prioritised locations, pursuing balanced community and financial outcomes to optimise value in these locations and across the portfolio for the people of Auckland.

Working in partnership

Acknowledging that partnerships and collaboration will outperform silo-thinking, working together with others will be a focus for Panuku in this SOI.

As well as partnerships with the Crown, we will work closely with the wider Auckland Council whanau to ensure alignment of vision and delivery of the Auckland Plan.

Panuku will give effect to this through community and stakeholder engagement changes contained in this SOI.

Panuku continues to work with Māori in Auckland and this SOI commits to strengthening relationships further. Achieving better outcomes for and with Māori is a priority. We will do this by championing an integrated approach to applying the council's policies across the wider council whanau, and by enabling commercial opportunities for Mana Whenua, Mataawaka and contributing to the material uplift of Māori economic well-being, an Auckland Plan priority. Through our work, we can also celebrate and amplify Māori culture and identity primarily through our regional public realm programme.

As the eyes of the world turn towards Auckland for the America's Cup and APEC in 2020, Panuku is working to ensure that our waterfront is not just ready to hold the world's best-known yacht race, but that it is also 'Instagram ready' for Auckland's beautiful waterfront to

be shared worldwide. Panuku works to ensure that these major events provide enduring benefits to Aucklanders.

Business challenges

Monitoring and management of external pressures such as house and property market fluctuations, labour and materials costs and the need for entities like Panuku to deliver public good outcomes, is an everyday reality of our business reflected in this SOI.

With the increased focus on urban regeneration nationally, the ability to source excellent talent will become more competitive. Attracting and retaining the right team to maintain momentum is critical to our success. We continue to build our internal capacity and capability in development, portfolio, project and programme management and building a high-performance culture.

With our focus on building and developing partnerships, we signal that it is people who make the difference in our work and people who we are delivering for in this SOI.

TABLE OF CONTENTS

1. PURPOSE OF STATEMENT OF INTENT	6
2. ABOUT PANUKU.....	6
Activities	6
Vision	6
Mission	7
3. CONTRIBUTION TO THE IMPLEMENTATION OF THE AUCKLAND PLAN	7
4. PANUKU STRATEGIC APPROACH.....	10
5. THREE YEAR WORKPLAN TO DELIVER ON STRATEGIC DIRECTION	12
6. PERFORMANCE OUTLOOK.....	19
7. SUMMARY OF FINANCIALS.....	27
8. IMPORTANT SHAREHOLDER ISSUES.....	29
9. APPROACH TO GOVERNANCE.....	30

1. PURPOSE OF STATEMENT OF INTENT

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intentions of **Panuku Development Auckland (Panuku)** for the next three years, and the objectives that those activities will contribute to. This SOI also includes performance measures and targets as the basis of organisational accountability.

This SOI was adopted by the Panuku Board in June 2019.

2. ABOUT PANUKU

Panuku is the sole entity within the Auckland Council group responsible for leading urban redevelopment leveraging off council owned property. Panuku was formed in September 2015, from the merger of Waterfront Auckland and Auckland Council Property Limited.

Working in an agreed list of Priority Development Locations, with an emphasis in and around town centres, Panuku's role includes integration of its redevelopment with other inputs of the council group. This is incorporated into its planning process for the various redevelopment locations. It strives to support intensification through partnerships with other investment partners, creating strategic value and where appropriate, seeking the council investment in priority locations.

In a constrained funding environment, Panuku will carry out its facilitation role with greater reliance on the alignment of funding priorities within the council family. In addition, Panuku is investigating new funding arrangements such as targeted rates in areas where there may be significant benefit to residents from the urban redevelopment.

Activities

The activities of Panuku cover four broad areas:

1. Regeneration and redevelopment of urban locations leveraged off council-owned land, mostly within the existing suburbs.
2. Regeneration and redevelopment of the council non-service property and where appropriate, review of council service property.
3. Management of the council assets/property including commercial, residential and marina infrastructure, or redevelopment incorporating a service delivery function.
4. Other property related services such as strategic property advice, place making, acquisitions and disposals.

Panuku is charged with balancing financial and non-financial outcomes in order to create and manage sustainable and resilient places where people want to live, work, invest, learn and visit.

Vision

The vision of Panuku is "Shaping spaces for Aucklanders to love".

Mission

The mission of Panuku is to rejuvenate urban Auckland, from small projects that refresh a site or building, to major transformations of town centres or neighbourhoods. Panuku improves the uses of land and buildings that Auckland Council owns, attracts private investment and together we unlock their potential to create spaces Aucklanders love.

3. CONTRIBUTION TO THE IMPLEMENTATION OF THE AUCKLAND PLAN

The Auckland Plan 2050 is the roadmap to deliver on Auckland's vision to be a **world class city**.

Panuku plays a significant role in achieving the **Homes and Places and Belonging and Participation outcomes**.

This is through regenerating town centres, facilitating housing development and creating public spaces for the future.

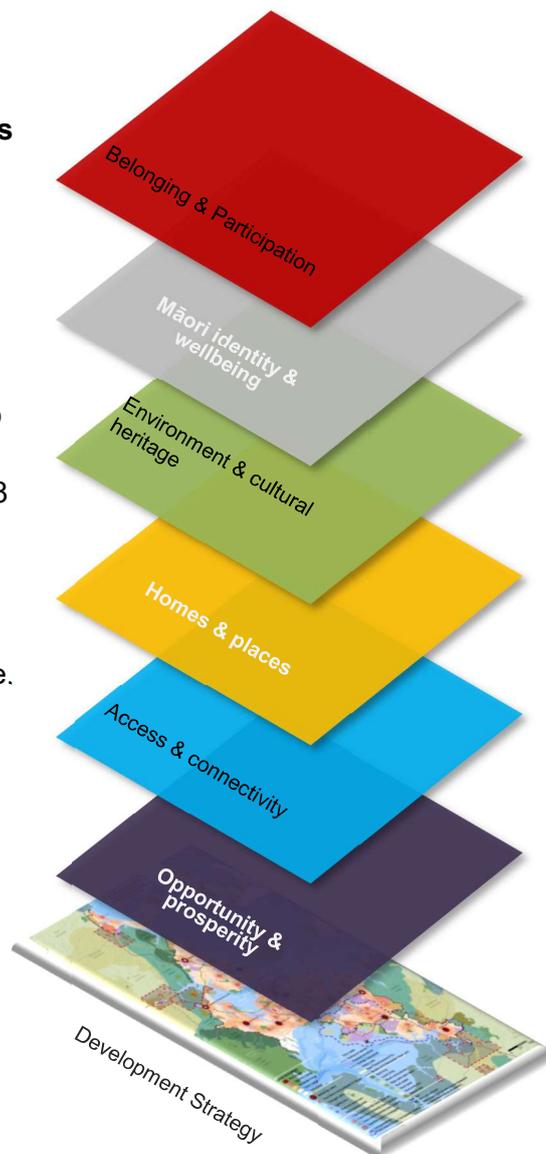
The Panuku Priority Location Programme is aligned to the Auckland Plan Development Strategy and has been set, agreed and funded through the LTP 2018-28 process.

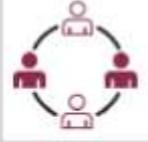
Panuku will support the planned activities in the first decade of the Auckland Plan Development Strategy through the delivery of its Priority Location Programme.

Panuku will report annually on activities that have contributed to delivering the Auckland Plan 2050.

How Panuku contributes

Panuku will contribute to all of the outcomes of the Auckland Plan as a primary contributor (P) or as a secondary contributor (S).

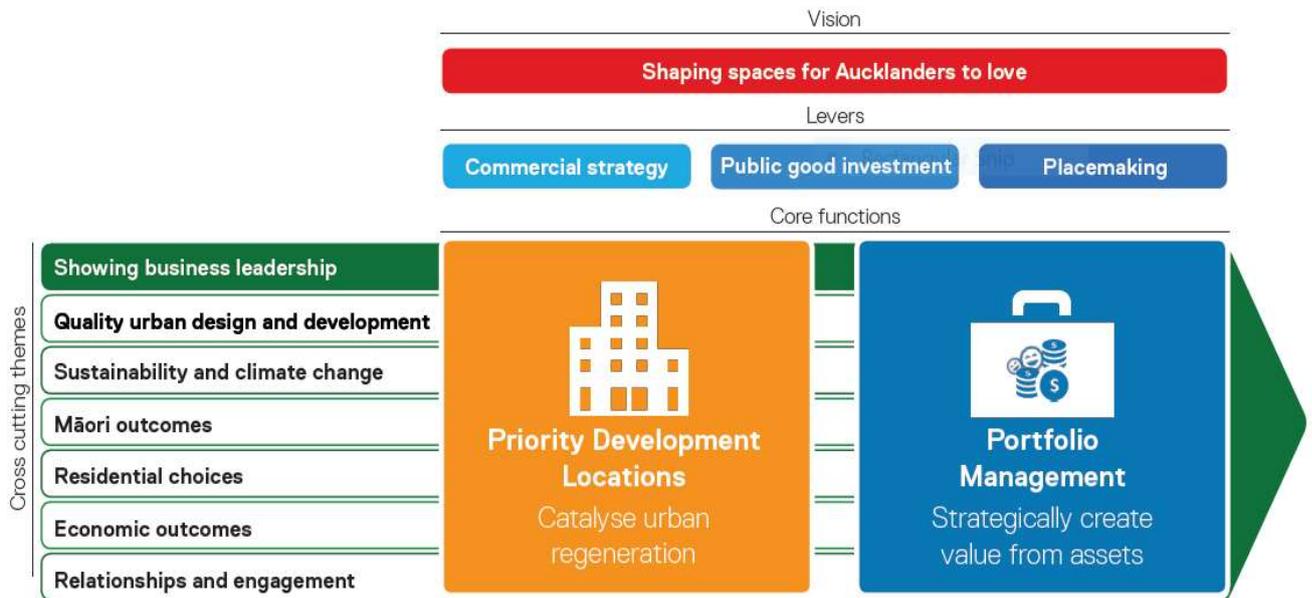


AUCKLAND PLAN OUTCOMES	DEGREE OF CONTRIBUTION	HOW PANUKU CONTRIBUTES
 <p data-bbox="212 398 411 465">Belonging and participation</p>	Primary	<ul data-bbox="778 241 1417 495" style="list-style-type: none"> • Facilitating place making and activation in the priority locations, in collaboration with local boards and working closely with the diverse communities • Improving the amenity of town centres that are accessible and attractive to all • Partnering with Community Facilities to deliver accessible community facilities • Engaging communities in local projects
 <p data-bbox="212 728 411 795">Māori identity and wellbeing</p>	Primary / Secondary	<ul data-bbox="778 571 1417 1003" style="list-style-type: none"> • Providing commercial development and capacity building opportunities • Reflecting mana whenua mātauranga and Māori design principles in public realm projects to showcase Māori identity • Providing place-making opportunities to celebrate and showcase vibrant Māori culture including working with rangatahi and supporting te reo Māori to flourish • Enabling Māori to express kaitiaki role through environmental monitoring and place-making
 <p data-bbox="212 1211 371 1279">Homes and places</p>	Primary	<ul data-bbox="778 1055 1417 1554" style="list-style-type: none"> • Leading urban regeneration and development in Manukau, Onehunga, Wynyard Quarter, Northcote, Avondale, Takapuna, Henderson, Hobsonville, Papatoetoe, Ormiston, Panmure, City Centre, Pukekohe and redevelopment of the Haumaru Portfolio • Facilitating and accelerating quality housing at scale and housing choices to meet changing needs and preferences, working closely with the Crown and private partners • Creating quality public spaces for the future that are inclusive, accessible and contribute to urban living and civic life
 <p data-bbox="228 1794 371 1861">Transport and access</p>	Secondary	<ul data-bbox="778 1630 1417 1901" style="list-style-type: none"> • Bringing housing and people closer to transport networks, to leverage the existing investment and provide increased transport choices • Partnering with Auckland Transport and NZTA to facilitate transport infrastructure and service improvements in priority locations and improved connectivity as part of integrated planning, to

		<p>make walking, cycling and public transport preferred choices for more Aucklanders</p> <ul style="list-style-type: none"> • Leading property disposal and redevelopment opportunities arising from completed and proposed transport projects (e.g. light rail)
 <p>Environment and cultural heritage</p>	Secondary	<ul style="list-style-type: none"> • Facilitating more intensive development in town centres to support a quality compact urban form • Using green infrastructure where appropriate to build resilience and enhance environmental outcomes • Facilitating energy and water efficient homes • Partnering with others to restore environments as Auckland grows, to facilitate stream and open space enhancements and more sustainable transport modes • Representing Auckland Council in the Low Carbon Districts Forum and advancing specific initiatives to address the challenges of climate change • Place-led design to ensure that new development best reflects the character and indigenous stories of an area or place
 <p>Opportunity and prosperity</p>	Secondary	<ul style="list-style-type: none"> • Partnering with Auckland Tourism, Events and Economic Development Limited to integrate economic outcomes in priority locations • Facilitating new investment and business opportunities • Creating commercial and strategic value from surplus sites and the council portfolio of assets • Using social procurement to provide local training and employment, lifting communities' skills and opportunities • Establishing working relationships with Business Improvement Districts programme (BIDS) to help communities prosper

Panuku's strategic objectives outlined in the Auckland Council **CCO Accountability Policy** includes facilitating vibrant places; facilitating redevelopment of urban locations, accommodating for growth; developing the Auckland Waterfront; strategically creating value from assets and promoting Māori identity and well-being.

4. PANUKU STRATEGIC APPROACH



Priority Development location programme catalysing urban regeneration

Panuku leads the urban regeneration of the town centres which forms the priority development location programme. This programme was agreed with Auckland Council and includes town centres that are ripe for redevelopment, identified within the Auckland Plan Development Strategy to accommodate residential and employment growth, and where there is surplus council land that can be developed.

The priority location programme includes three transform areas; eight unlock areas; and support areas. Panuku is not anticipating any changes to the priority location programme or new locations apart from potential opportunities with the crown.

Panuku will deliver both financial and strategic outcomes from its activities. The balance of financial value and social, environmental, economic or cultural outcomes is achieved across the programme.

Panuku was established to show **leadership** to the market, to unlock opportunities and to facilitate and leverage private and public investment to support the implementation of the Auckland Plan.

Panuku seeks to provide leadership in the quality of urban design and development that we facilitate, in our planning for sustainability and climate change, in the diverse and more intensive housing choices that we enable and in the quality of our partnerships and engagement. Māori outcomes and opportunities are considered in all priority development locations.

While each of the town centres is unique, all require investment in amenity, place making and wide community and stakeholder engagement, alongside the commercial development strategy.

Our three levers are applied to deliver the vision and outcomes set out in the approved High-Level Project Plans for each location. These levers change overtime as the programme advances. Options and investment are prioritised through the Programme Business Case process.

Property Management and other activities that create value

Panuku creates value for the council group through management of a large and diverse portfolio including residential and commercial properties, vacant sites, marinas, public space, quarries, landfills and other property. Panuku strives to optimise the performance of this portfolio achieving both strategic objectives and financial return to the council.

Panuku also creates value by disposing properties for the council and managing the council's property acquisition programme. General property disposal proceeds contribute to meeting the asset sales target in council's Long-term Plan (LTP).

Property pipeline

Panuku maintains a pipeline of properties for development, disposal or optimisation. Panuku develops and promotes property options for optimising their performance.

Panuku also identifies new commercial opportunities, assesses alignment with strategic direction and evaluates the commercial feasibility and long-term value of potential opportunities and seeks appropriate approvals.

At a property level, Panuku provides key strategic investment advice and leads site research and due diligence and undertakes statutory processes as per the implementation plans.

Funding

Our funding streams are a mix of council funding (through the Long-term Plan) and reinvestment of proceeds from property sales within the transform and unlock programme. This enables the reinvestment in town centre amenity improvements and place led activation, which maximises redevelopment and community benefits, increases market confidence and fosters community support.

We prioritise expenditure on the best use of funds and to ensure credible progress is made across locations. There are other significant projects underway by different parts of the council such as Healthy Waters, Auckland Transport and Community Facilities that tie with, and contribute to the overall regeneration of the areas.

Auckland Council, Panuku and the Crown are investigating alternative funding arrangements such as targeted rates to fund town centre re-development projects. The reinvestment approach and impacts will be reviewed in advance of the next LTP.

Asset transfer decision

The council resolved on the 22 May 2019 the full transfer of Waterfront assets back to the council. The impact of this is a reduction of asset and equity values in Panuku's balance sheet, the operating statement showing additional funding by Council of Waterfront activities and the removal of the requirement to pay a dividend to the council.

Council has decided to keep the current Return on Equity (ROE) performance measure relating to the performance of the Waterfront assets until the next LTP.

5. THREE YEAR WORKPLAN TO DELIVER ON STRATEGIC DIRECTION

The following are the key initiatives/projects to deliver on Panuku strategic objectives:

Key project and initiatives	Description	Panuku Strategic goal	Primary contribution to Auckland Plan Outcomes	
Catalyse urban development				
1	Deliver Panuku's Transform and Unlock Programme	Panuku will deliver its Transform and Unlock programme by: <ul style="list-style-type: none"> • Giving effect to the council approved High Level Project Plans (HLPPs) for priority locations • Focus on delivery and implementation of the 10-year LTP programme with a focus on the first three years • Taking Transform and Unlock sites to the market to negotiate and agree agreements to secure development outcomes. • Application of the reinvestment principle for funding public realm projects • Facilitating private sector, third sector and other investment • Ensuring design processes are in place and leadership opportunities are identified • Trial the use of the Greenstar community tool as a framework for improving community and design outcomes (this is underway in Takapuna) • Working with the council and Central Government to explore targeted rate funding of redevelopment 	Catalyse Urban Development	Home and Places Belonging and Participation
2	Improve the delivery of capital expenditure programme	Panuku will improve its business planning and delivery of capital expenditure programme over the 2019 year through: <ul style="list-style-type: none"> • Enhancing quality of project planning and budgeting • Securing project management and project delivery capability • Enhancing our ability to identify and manage dependencies and risks, including proactive communication to the shareholder and stakeholders, including the potential impact on the delivery programme • Coordinating work of other CCOs and other Auckland Council departments in priority locations 	Catalyse Urban Development	Home and Places Belonging and Participation

Key project and initiatives	Description	Panuku Strategic goal	Primary contribution to Auckland Plan Outcomes	
Demonstrate business leadership				
3	<p>Prepare for the timely delivery of America's Cup and APEC.</p>	<p>Panuku will continue to contribute to the completion of America's Cup infrastructure in Wynyard Quarter and prepare for the event. Panuku will work proactively with the council, other CCOs, Government Agencies and Team New Zealand to successfully stage the America's Cup.</p> <p>Panuku as part of the council family will also work closely with Central Government to support the Asia Pacific Economic Conference that will be held in Auckland.</p> <p>These major events will provide enduring benefits to Aucklanders. Panuku will integrate it's work with the plans for the city centre and waterfront and promote excellent economic, environmental and cultural outcomes.</p> <p>Some of the America's Cup key activities include:</p> <ul style="list-style-type: none"> • Relocation of Wynyard Quarter tenants to allow AC 36 programme of works • Implementation of resource consent obligations • Implementing obligations required under the Host Venue Agreement for the Event • Working with stakeholders in Wynyard Quarter to ensure the Quarter can continue to operate during the lead up to the event • Working with key agencies to ensure a safely run event 	Provide business leadership	Home and Places Belonging and Participation
Working with the Crown				
4	Urban Growth Agenda	<p>Panuku through the council will provide input into the Kāinga Ora - Homes and Communities (new Housing and Urban Development Authority) legislation. The bill to establish Kāinga Ora was introduced into Parliament in late May 2019 and is expected to pass later in the year.</p> <p>Panuku as part of the Auckland Council group will also work on the partnership model with the crown's Urban Development Group (UDG), an interim group consisting of the Housing New Zealand's Asset Development Group, Homes Land Communities (HLC) and KiwiBuild formed as an interim step</p>	Catalyse Urban Development	

Key project and initiatives	Description	Panuku Strategic goal	Primary contribution to Auckland Plan Outcomes
	towards the establishment of Kāinga Ora later in the year.		
5 Community Engagement and Communication	<p>Community engagement and communication</p> <p>As Panuku begins to create change through the implementation of long-held plans for priority locations, it also begins a new style of stakeholder and community engagement. This new approach will ensure that engagement will assist stakeholder and Panuku decision-making and that the momentum of the programme can be maintained because key stakeholders understand the vision and future benefits of the change to occur in their neighbourhoods.</p> <p>Key commitments to achieve this include:</p> <ul style="list-style-type: none"> • Review and audit of existing engagement • A review of community engagement and an audit of engagement with local boards and communities. <p>Celebrating neighbourhoods through innovative neighbourhood channels</p> <ul style="list-style-type: none"> • A new approach to community-focused communications will demonstrate our understanding of local neighbourhoods as opposed to a one-size-fits-all approach. • Panuku will trial new and innovative engagement and communications channels such as Social Pinpoint, local information kiosks, and a new community-focused web site that enable community-led storytelling, 'on-the-ground' information sharing and community feedback opportunities. <p>Working across the Auckland Council family to ensure consistency and clarity of activities</p> <ul style="list-style-type: none"> • Panuku will continue to be a member of the well-established cross-council media team to ensure that our activities are aligned across the whanau. • Early, open and frequent engagement so no surprises, through regularly scheduled Council family, facilitated working group sessions in priority locations and regular local board updates alongside council colleagues. • Panuku will engage with Local Boards in accordance with its Local board engagement Plan as required by the substantive CCO governance manual. Also, where local boards are amenable, 	Provide business leadership	Home and Places Belonging and Participation

Key project and initiatives	Description	Panuku Strategic goal	Primary contribution to Auckland Plan Outcomes
	<p>Panuku is seeking a Terms of Reference for engagement with boards within Panuku project locations This is currently held in Manukau and progressing in Onehunga and Panmure.</p> <ul style="list-style-type: none"> • Panuku has developed strong relationships with ward councillors in our Transform and Unlock areas. All communications and engagement plans include when and how ward councillors will be updated on significant activities. • Regular councillor updates are undertaken via quarterly reporting, IMSB/Governing Body joint meetings and Panuku Board and Councillors annual workshops. <p>Data driven decision-making</p> <ul style="list-style-type: none"> • Decisions made based on evidence-based analysis will be communicated appropriately to the communities and stakeholders taking into account confidentiality of certain information. • Our community-focused communications will incorporate detailed plans for providing timely information about what we were told and how that information contributed to the decision. • Panuku will continue an annual review with key stakeholders and elected members to measure our progress and identify whether we are showing leadership in project locations through good engagement. <p>Whole of community approach</p> <p>Two new strategies will help to guide our community-focused information and feedback campaigns specifically with Pasifika and Youth communities which are both currently under-represented in current engagement activities. Leveraging the knowledge of the council whanau, Panuku will focus on these two specific community groups in 2019/20.</p> <p>Local Board support on service property optimisation</p> <p>Panuku will support Local boards by providing quality optimisation and rationalisation advice. Proposals are socialised early with local boards and feedback from local Boards will be reflected in decisions. This is in recognition of local boards’ role in place and decision making at local level.</p>		

Key project and initiatives	Description	Panuku Strategic goal	Primary contribution to Auckland Plan Outcomes
6 Climate Change	<p>By working closely with development partners and leading the planning and design of low carbon neighbourhoods, Panuku can have a worthwhile impact on Auckland's future climate change readiness.</p> <p>Working with the Council Group, Panuku is making a contribution to reducing greenhouse gas emissions (GHG) in our project areas, while ensuring new developments are designed to be adaptive to climate risk.</p> <p>To do this we use international sustainability frameworks and develop local standards where necessary to guide best practice. In our own operations Panuku has a commitment to measure and reduce emissions and influence suppliers to improve their GHG impact. This will be a focus in the coming year.</p> <p>Some of the key initiatives include:</p> <ul style="list-style-type: none"> • Working with developers and industry to ensure planning addresses climate change adaptation and resilience in response to specific local risk • Continue to roll out and evolve energy efficient, low-carbon standards for homes and commercial buildings • Working with suppliers to encourage reduced industry emissions and climate resilient, low carbon design in the public realm • Partner with government, local government, CCOs and other agencies to share learnings and grow capability in climate response • Establishing organisational carbon footprint and set emission reduction targets • Proactively identify and lead opportunities to innovate where appropriate, to help de-risk low carbon solutions. 	Provide business leadership	Home and Places Belonging and Participation

Key project and initiatives	Description	Panuku Strategic goal	Primary contribution to Auckland Plan Outcomes
7 Māori Initiatives	<p><i>How will we deliver on Mana Whenua's aspirations?</i></p> <p>Through an effective participation/co-design process with mana whenua we have agreed to deliver on the Māori Responsiveness Framework (MRF) Strategic Priorities via a series of pou. Each pou provides clarity on mana whenua aspirations that Panuku can help (directly or indirectly) bring to life. Panuku will support the aspirations for Māori in Tamaki Makaurau over the period of the SOI, 2019-2022 and contribute to Council's strategic whakapapa:</p> <ul style="list-style-type: none"> • by delivering 52 Significant Initiatives (FY19/20), • via our Priority Location Projects; and • through our involvement in key projects such as America's Cup, APEC and te Matatini. <p>Panuku will contribute and help deliver on these aspirations by doing the following things across our business:</p> <p>Pou 1: Governance - <i>(Supports MRF Strategic Priority 9 Effective Māori Participation)</i></p> <ol style="list-style-type: none"> 1. Mana whenua is engaged in decision making on strategy and operations 2. Values, views and interests of mana whenua are represented across Panuku (Governance, Executive, Management, Operations) 3. Mana whenua is well informed of emerging issues <p>Pou 2: Culture and identity - <i>(Supports MRF Strategic Priority 1 Te Reo Māori, Priority 4 Kaitiakitanga Outcomes (particularly water) and Priority 5 Māori Identity and Culture)</i></p> <ol style="list-style-type: none"> 1. Increased practice of kaitiakitanga (by all) across our projects, to ensure significant improvements to te mauri o te taiao 2. Increased visibility of mana whenua identity and culture 3. Integration of Māori culture into processes and projects <p>Pou 3: Economic - <i>(Supports MRF Strategic Priority 2 Economic development)</i></p> <ol style="list-style-type: none"> 1. Increased engagement of Māori workforce (e.g. artists, designers, tech specialists) 2. Enhanced procurement opportunities for Māori 	Facilitate effective engagement with Māori	Māori identity and wellbeing

Key project and initiatives	Description	Panuku Strategic goal	Primary contribution to Auckland Plan Outcomes
	3. Enhanced visibility over commercial investment opportunities 4. Enhanced commercial investment opportunities Pou 4: Social - (Supports MRF Strategic Priority 6 Realising Rangatahi Potential and Priority 3 Marae Development) 1. Increased sense of community and connectedness 2. Pathways established to gain knowledge and high-value, transferrable skills 3. Pathways to gain access to long term well-paid employment and fulfilling careers		

Māori Identity and Wellbeing – Strategic Context

Panuku recognises the Auckland Plan’s vision that “*a thriving Māori identity is Auckland’s point of difference in the world – it advances prosperity for Māori and benefits all Aucklanders*”.

One of the six overarching outcomes identified in the Auckland Plan is “*Māori Identity and Wellbeing*”.

Our strategic whakapapa in supporting the Auckland Plan Outcome of *Māori Identity and Wellbeing* is through various channels including direction from mana whenua, the Mayor’s Letter of Expectation and our SOI commitments. We are bringing all these commitments together through the development of a comprehensive Māori Responsiveness Plan that legally requires us to:

- Fulfil statutory Māori obligations,
- Value te ao Māori,
- Enable Te Tiriti o Waitangi and
- Enable Māori outcomes.

Panuku works closely with the Council whanau to ensure that we are contributing to the established Māori Responsiveness Framework (MRF). One of the primary ways we do that is to ensure we are doing what we can to advance the MRF’s Strategic Priorities, being:

1. Te Reo Māori
2. Economic development
3. Marae Development
4. Kaitiakitangi Outcomes (particularly water)
5. Māori Identity and Culture
6. Realising Rangatahi Potential
7. Papakainga and Māori Housing
8. Organisational Effectiveness
9. Effective Māori Participation

Mana Whenua’s aspirations for Māori in Tamaki Makaurau and how Panuku can help

As a new organisation we have worked closely with our mana whenua partners to understand where they saw the potential across the Panuku work programme to help support their aspirations for Māori here in Tamaki Makaurau. Now that we know what is important to mana whenua we can provide purposeful and significant alignment with Council’s strategic whakapapa.

What are Mana Whenua's aspirations in 2019-2022?

We spent considerable time from 2017-2019 listening to mana whenua as they told us what is important to them and what potential they saw to use the levers and resources Panuku has available. We are working in partnership toward long term goals, but the journey must be phased across short, medium and long-term aspirations. It is important to note that across all of the outcomes noted below, mana whenua fundamentally want to achieve significant improvements for Māori well-being across Tamaki Makaurau and to see significant improvements to te mauri o te taiao.

How will you know we have delivered on Mana Whenua aspirations?

Ultimately if we are successful in delivering on our commitments, we will see:

- Increased autonomy / self-sufficiency for mana whenua and Māori
- there will be better wellbeing and quality of life for Māori; and
- sustained economic growth for mana whenua and Māori.

In the 2019/20 year we will highlight our successes via the Panuku Quarterly Reports to Auckland Council.

How do we support Mataawaka?

Mana whenua believe that what is important to mana whenua, is also an important contributor to improved outcomes for all Māori and ultimately everyone here in Tamaki Makaurau. The direction we have been given by mana whenua iwi, hapu, also serves mataawaka through the exercise of manaakitanga (hospitality / support) by mana whenua. We are confident that the direction they have given us takes a holistic view on how all Māori here in Tamaki can benefit from the work we are doing across the region.

6. PERFORMANCE OUTLOOK

Panuku has an agreed set of performance measures and targets which form the basis of accountability for delivering on the council's strategic direction, priorities and targets. These are reported to the shareholder on a quarterly basis in accordance with the CCO Governance Manual. The Strategic Framework for Panuku including the LTP activities, SOI goals and performance measures agreed as part of the Long-term Plan 2018-2028 are illustrated on the next page.

Auckland Plan	Vision – To be a world class city				
	Homes and Places, Belonging and Participation and other Auckland Plan Outcomes				
LTP Activities	Catalyse urban redevelopment and demonstrate business leadership		Strategically create value from assets		
	Facilitate city centre and town centre redevelopment	Lead redevelopment	Manage non-service properties & other assets of the council family	Optimise returns from development and disposals	Lead strategic property advice and acquisitions
SOI Goals	Develop and activate public spaces on city and town centre development areas		Optimise returns from the managed property portfolio	Optimise return from assets	Acquire properties
	Facilitate private development of city and town centre selected sites			Dispose agreed surplus properties	Identify and propose opportunities across AC Group portfolios
	Facilitate effective engagement with Māori	Facilitate housing development to increase housing supply			
Performance Measures	1. Priority location initiatives completed	2. Tool is developed to measure and reduce green-house gas impact of developments	11. Property portfolio net surplus achieves the annual budget		
	3. Process for climate change adaptation embedded & one plan completed.	4. % of attendees satisfied with city centre Waterfront place programmes & activities	12. Rolling average % occupancy at month end (LTP)	13. ROI on like for like properties (LTP)	
	5. % visitors satisfied with experience of public spaces (LTP)	6. % Aucklanders who visited the city centre in the past year (LTP)	14. Return on Equity on commercial assets and services (LTP)	15. Stakeholder input obtained / List of properties recommended for disposal submitted to the council	
	7. % customers satisfied overall with marina facilities and services (LTP)	8. Significant Māori initiatives implemented or active per annum (LTP)	16. Achieves total forecast net sales for the financial year		
	9. % Mana whenua groups satisfied with quality of engagement.	10. Written evidence of opportunities	17. Satisfaction with Acquisitions service delivery		

Performance Measures

Service Level Statement	Measure	Actual 2017/18	Annual Plan 2018/19	SOI Targets			
				2019/ 2020	2020/ 2021	2021/ 2022	
Catalyse urban redevelopment and demonstrate business leadership							
Develop and activate town centres	1	Transform and Unlock location initiatives completed	New performance measure	90% or more of planned Transform and Unlock initiatives completed/ achieved. A list of location initiatives for the 2019/20 year will be agreed by the Board in the 2018/19 ¹ financial period.	90% or more of planned Transform and Unlock initiatives completed/ achieved. A list of location initiatives for the 2019/20 year will be agreed by the Board in the 2018/19 financial period.	90% or more of planned Transform and Unlock initiatives completed/ achieved. A list of location initiatives for the 2020/21 year will be agreed by the Board in the 2019/20 financial period.	90% or more of planned Transform and Unlock initiatives completed/ achieved. A list of location initiatives for the 2021/22 year will be agreed by the Board in the 2020/21 financial period.
Corporate Responsibility	2	Climate change mitigation and adaptation considered across Panuku projects	New performance measure	New performance measure	A tool is developed / identified to measure and reduce green house gas (GHG) impact of new mixed use and residential development by June 2020.	KPI established for GHG reduction in mixed use and multi-unit residential development.	Building on industry practice, revise and strengthen KPI to improve GHG performance of new projects.
	3	Climate change mitigation and adaptation considered across Panuku projects	New performance measure	New performance measure	A process is defined to ensure climate change adaptation is embedded in the location planning process. Approved by Board by June 2020. One adaptation plan completed as a template for other areas.	Master planning in all priority locations takes climate change adaptation and resilience into account.	Comprehensive climate change adaptation plans developed in two priority locations to Green Star Community standard.

Service Level Statement	Measure		Actual 2017/18	Annual Plan 2018/19	SOI Targets		
					2019/ 2020	2020/ 2021	2021/ 2022
Deliver initiatives to make the priority locations dynamic, well-connected, culturally-rich, safe and sustainable, for the enjoyment of Aucklanders and visitors	4	Percentage of attendees surveyed satisfied with key city centre Waterfront place programmes and activities	89% (At the Waterfront)	Set baseline	Improve baseline	Improve baseline	Improve baseline
	5	Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre (LTP)	90% (At the Waterfront)	80% ²	80%	80%	80%
	6	Percentage of Aucklanders surveyed who have visited the city centre in the past year (LTP)	72% (At the Waterfront)	73%	73%	73%	73%
Provide a safe marina environment and world class facilities	7	Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	92%	88% ³	88%	88%	85%

Service Level Statement	Measure		Actual 2017/18	Annual Plan 2018/19	SOI Targets		
					2019/ 2020	2020/ 2021	2021/ 2022
Deliver initiatives to make the priority locations dynamic, well-connected, culturally-rich, safe and sustainable, for the enjoyment of Aucklanders and visitors	8	Number of significant Māori initiatives implemented per annum (LTP)	49	50	52	54	56
	9	% Mana whenua groups satisfied with quality of engagement	New Panuku Survey	Set Baseline ⁴	Maintain or Improve	Maintain or Improve	Maintain or Improve
Strategically create value from assets							
Identify and propose opportunities across Auckland Council Group owned properties.	10	Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban redevelopment combined)	203 opportunities have been identified and assessed.	At least 100 opportunities identified and assessed			
	11	The net surplus on the property portfolio achieves the annual budget agreed with the council.	Actual net surplus on the property portfolio for the 12 months ended 30 June 2018 is \$3.9 million ahead of budget (actual	Net Surplus achieves budget for 2018/19	Net Surplus achieves budget for 2019/20	Net Surplus achieves budget for 2020/21	Net Surplus achieves budget for 2021/22

Service Level Statement	Measure		Actual 2017/18	Annual Plan 2018/19	SOI Targets		
					2019/ 2020	2020/ 2021	2021/ 2022
			surplus of \$31 million against budget of \$27.1 million).				
Properties managed for Auckland Council and Auckland Transport achieve optimum net returns and are maintained to be fit for purpose	12	Occupancy rate for tenantable properties.	97.5%	95% ⁵	95%	95%	95%
	13	ROI on investment on a like for like properties (LTP)	3.06% against the 2.2% target.	Greater than or equal to 2.25%	Greater than or equal to 1.75%	Greater than or equal to 1.75%	Greater than or equal to 1.75%
	14	Return on Equity on commercial assets and services (LTP).	11.2%	8.25% ⁶	8.25%	8.25%	8.25%

Service Level Statement	Measure		Actual 2017/18	Annual Plan 2018/19	SOI Targets		
					2019/ 2020	2020/ 2021	2021/ 2022
Dispose agreed surplus properties	15	<p>List of properties recommended for disposal submitted to the council</p> <p>The disposal target for the next financial period will be agreed with the council in the current financial period.</p>	<p>\$88 million of recommended properties have been presented to the council for approval to dispose.</p> <p>A recommended for disposal target for 2018-19 was agreed by the Board in June 2018.</p>	<p>A list of recommended properties with a total value agreed by the Board the prior year totalling \$30 million gross value will be submitted to the council seeking approval to dispose for 2018/19 financial period.</p> <p>A recommended for disposal target for 2019/20 will be agreed by the Board in the 2018/19 financial period.</p>	<p>A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021.</p> <p>or</p> <p>A list of recommended properties with a total gross value of \$22.5 million will be submitted to the council seeking approval for disposal by the end of June 2020.</p>	<p>A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021.</p>	<p>A list of recommended properties with a total value agreed by the Board the prior year will be submitted to the council seeking approval to dispose for 2021/22 financial period.</p> <p>A recommended for disposal target for 2021/22 will be agreed by the Board in the 2020/21 year.</p>
	16	<p>Achieve total forecast net sales for the financial year through unconditional agreements.</p> <p><i>(**Annual actual asset sales may fluctuate between years) (LTP)</i></p>	<p>Achieved actual net sales of \$231 million for the financial year. The target of \$100 million has been exceeded.</p>	<p>Meet or exceed forecast</p> <p>Property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.</p>	<p>Meet or exceed forecast</p> <p>Property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.</p>	<p>Meet or exceed financial forecast</p> <p>Property disposal annual target of \$24 million or progress the achievement of the 3-year LTP cumulative sales target of \$72m.</p>	<p>Meet or exceed financial forecast</p> <p>Property disposal annual target of \$20 million or achieve the 3-year LTP cumulative sales target of \$60m.</p>

Service Level Statement	Measure		Actual 2017/18	Annual Plan 2018/19	SOI Targets		
					2019/ 2020	2020/ 2021	2021/ 2022
Acquire properties	17	Acquisitions are delivered within the timeline agreed with Auckland Council.	100% of the acquisitions were delivered within the timeline agreed with Auckland Council. 20 acquisitions for the council were completed this year.	80% satisfaction against agreed service performance measure	80% satisfaction against agreed service performance measure	80% satisfaction against agreed service performance measure	80% satisfaction against agreed service performance measure.

Performance Assessment Criteria					
	Achieved	Where the performance result for the year is either equal to or above the target, then the performance measure target was met (or achieved).		Not achieved but progress made	Where the performance result for the year is below the target (with a margin of more than 2%) but the result is better than the previous year.
	Substantially achieved	Where the performance result for the year is below the target but has not been achieved by a slim margin (of around 2%).		Not achieved	Where the performance result for the year is below the target (with a margin higher than 2%) and the result is lower than the result achieved in the previous year.

Footnotes:

- 1 The Transform and Unlock location initiatives will come from the programme business cases (PBC) set in the previous financial period. The initiatives include achieving Transform and Unlock unconditional sales, completing milestones in public realm and other project initiatives, and completing the place making programme. Progress will be reported to council quarterly.
- 2 The city centre visitors public spaces satisfaction are set at 80% taking into account the potential adverse impact on visitors from disruption caused by projects such as road construction and America's Cup building activities occurring.
- 3 The marina facilities customer satisfaction is set at 88% taking into account the potential adverse impact on customers from disruption caused by building activities that affect the Westhaven marina such as America's Cup, Promenade stage 2, Skypath, Marine centre and the Pile Mooring projects.
- 4 This is a new survey commissioned by Panuku.
- 5 The average occupancy rate of 95% takes into account the conditions of properties and the fact that a significant portion of the portfolio are mainly held for projects affecting the length of tenure.
- 6 The return on equity is expected to reduce over time due to assets being transferred out of Council's ownership as they are leased to a lessee on long term finance leases.
- 7 Key performance targets align with the 2018/28 LTP.

7. SUMMARY OF FINANCIALS

The 2019/20 budget is consistent with the annual plan submission to the council. Total general asset sales target is \$24m per annum or \$72m cumulative for 3 years of the LTP.

7.1 Panuku Development Auckland

This section outlines the budgets for Panuku as contained in the council Annual Plan for the next three years. This excludes the activities that Panuku manages on behalf of Council, which are outlined separately in the next section.

	2017/18 Actual	2018/19 Revised LTP *	2019/20 Annual Plan	2020/21 Revised LTP **	2021/22 Revised LTP **
OPERATING EXPENDITURE (\$000)					
Direct operating revenue					
Fees and user charges	3,023	2,295	20	21	21
Other revenue	34,293	32,479	19,795	20,161	20,608
Direct operating revenue	37,316	34,774	19,815	20,182	20,629
Direct operating expenditure					
Staff costs	22,096	23,684	31,689	32,274	33,158
Grants, contributions and sponsorship	24	15	10	10	10
Other expenses	22,954	22,934	9,160	9,259	9,403
Direct operating expenditure	45,074	46,633	40,859	41,543	42,571
Net direct operating expenditure (income)	7,758	11,859	21,044	21,361	21,942
Other revenue					
Finance income	697	618	-	-	-
Other expenditure					
Depreciation and amortisation	7,939	8,534	99	99	99
Net other operating expenditure (income)	7,242	7,916	99	99	99
Operating funding from Auckland Council	(17,880)	(17,962)	(21,143)	(21,460)	(22,041)
Net operating expenditure (income)	(2,880)	1,813	-	-	-
CAPITAL EXPENDITURE (\$000)					
Total capital expenditure	12,274	50,500	-	-	-
Capital revenue					
Capital funding from Auckland Council	8,223	30,265	-	-	-
Total capital revenue	8,223	30,265	-	-	-
Net capital expenditure (income)	4,051	20,235	-	-	-

* The revised LTP for 2018/19 represents the LTP budget, adjusted for budget deferrals and carry-forwards.

** The revised LTP for 2020/21 and 2021/22 represents the LTP budget, adjusted for budget deferrals, carry-forwards and approved changes.

Up until 30 June 2019, Panuku owned land and marina assets commonly referred to as the Waterfront assets. These assets were transferred from Panuku to Council on 26 June 2019. Revenue and expenses which were incurred in Panuku for the 2017/18 and 2018/19 financial years have been included in the Council budgets managed by Panuku for the 2019/20 year onwards.

From 1 July 2019, other revenue principally comprises recharges to Council for consultancy costs related to acquisition as well as staff time recharged to Council for marina activities

and priority location operating expenditure projects. Other expenses include director's fees, audit fees, consultancy, corporate communication, office and administration costs.

7.2 Managed on behalf of Auckland Council

This section outlines the budgets for Auckland Council activities which are managed by Panuku as contained in the Council Annual Plan for the next three years. The Waterfront assets transferred from Panuku to Council have been included in this category from 1 July 2019 which accounts for the increase in operating revenue and other expenses.

	2017/18 Actual	2018/19 Revised LTP *	2019/20 Annual Plan	2020/21 Revised LTP **	2021/22 Revised LTP **
OPERATING EXPENDITURE (\$000)					
Direct operating revenue					
Fees and user charges	1,390	1,318	4,307	3,796	4,294
Other revenue	32,605	26,453	44,345	48,469	44,896
Direct operating revenue	33,995	27,771	48,652	52,265	49,190
Direct operating expenditure					
Recharges of staff costs from Panuku	28	-	13,450	11,508	10,681
Other expenses	14,949	17,138	25,114	27,294	23,903
Direct operating expenditure	14,977	17,138	38,564	38,802	34,584
Net direct operating expenditure (income)	(19,018)	(10,633)	(10,088)	(13,463)	(14,606)
Other revenue					
Finance income	36	-	494	373	253
Other expenditure					
Depreciation and amortisation	36	1,531	11,314	12,662	18,821
Net other operating expenditure (income)	(0)	1,531	10,820	12,289	18,568
Net operating expenditure (income)	(19,018)	(9,102)	732	(1,174)	3,962
CAPITAL EXPENDITURE (\$000)					
Total capital expenditure	35,816	149,100	161,084	172,532	119,820
Capital revenue					
Asset sales	232,263	152,143	88,304	90,590	115,813
Total capital revenue	232,263	152,143	88,304	90,590	115,813
Net capital expenditure (income)	(196,447)	(3,043)	72,780	81,942	4,007

* The revised LTP for 2018/19 represents the LTP budget, adjusted for budget deferrals and carry-forwards.

** The revised LTP for 2020/21 and 2021/22 represents the LTP budget, adjusted for budget deferrals, carry-forwards and approved changes.

2019/2020 BY BUSINESS ACTIVITY (\$000)				
	Total	Commercial Property Portfolio	Business Interests	Development
Operating revenue	48,652	47,949	54	650
Operating expenditure	38,564	22,840	587	15,137
Net operating expenditure (income)	(10,088)	(25,109)	533	14,487
Capital expenditure	161,084	9,473	-	151,611
Capital revenue	88,304	-	-	88,304
Net capital expenditure (income)	(72,780)	(9,473)	-	(63,307)

The Commercial Property portfolio includes non-service properties owned by Council throughout the Auckland region and the downtown Auckland marinas including Westhaven Marina. Operating revenue includes rental and berthage income. Operating expenditure

includes direct operating expenses such as repairs and maintenance, rates and utilities plus staff costs recharged by Panuku to Council for marina activities.

Business interests include activities such as quarries and forests.

Development is the activities Panuku is undertaking in the priority locations. Operating expenditure include staff costs recharged by Panuku for operating expenditure projects and consultancy fees.

Other financial information

Current value of assets	The projected value of Panuku total assets as at: 30 June 2020: \$10 million	
Shareholder equity ratio	The projected shareholder equity ratio for Panuku as at: 30 June 2020: 70%	
Accounting Policies	Panuku Development Auckland's accounting policies are consistent with those of the Auckland Council group policies.	
Financial Reporting	Panuku Development Auckland's financial reporting will be in accordance with requirements of the Governance Manual for substantive CCOs.	
LTP General Asset sales (\$ million)	2017/18 Actual	\$231m
	2018/19 Annual Plan	The property disposal target (net value of unconditional sales) is \$24m
	2019/20 LTP	\$24m
	2020/21 LTP	\$24m

8. IMPORTANT SHAREHOLDER ISSUES

Panuku has addressed issues below that are contained in the Mayor's Letter of Expectation:

Branding and Communications

Panuku is committed to the group's objectives to improve public understanding of the use of rate payer funds through the use of the Panuku Council group logo.

Panuku is also committed to making tangible progress in implementing the council's brand guidelines.

Financial accountability

Panuku is cognisant of the need to be prudent with the council resources and will always explore the best way to achieve outcomes at lowest cost. This means undertaking efficient processes, developing and assessing realistic options, balancing strategic and commercial outcomes, smart procurement processes, managing costs, and undertaking a regular review of priorities. There will be times when Panuku needs to be open to innovation to test different ways to achieve outcomes which may carry greater risk.

Panuku will align its investment programme with the council's LTP budget and establish governance structures for the priority locations to optimise alignment with the council business units and priorities.

The Panuku Board will demonstrate value for money across all expenditure in delivering its programmes. This includes greater transparency on operating expenditure and a strong focus on managing sensitive expenditure lines. Panuku will inform the council on any significant challenges that arise and will work closely with the council on these issues.

Panuku will enhance its public accountability by publishing new information on our website such as sensitive expenditure and responses to LGOIMA requests where appropriate.

Working with the Auckland Council family

Panuku is committed to participating and supporting the Integrated Infrastructure Planning Platform, a council group initiative to unlock the development of land. This is a platform across the group with reliable data on existing and required infrastructure. Panuku will also support the council on other activities such as a future strategy for marinas.

Shared services

Panuku is committed to optimising efficiency and value, remove unnecessary duplication and different approaches to core systems and business processes, to pursue shared back-office delivery where appropriate and to better align our respective investment in information and communications technology.

Value for money reviews, group policies and guidance

Panuku recognises the shareholder's wish to ensure full value for money from its CCOs, a requirement in section 17A of the Local Government Act 2002. Panuku will support the active implementation of existing VFM review findings and will also participate in the ongoing programme of reviews.

Panuku applies a value for money approach across its business and will continue to review its business operations, processes, practices and systems for efficiencies, effectiveness and economy. Panuku will also continue the use of shared services provided by Auckland Council, where appropriate.

For significant projects, Panuku will identify appropriate skills and resources from within the council family to lead delivery of certain aspects of projects and will facilitate this via negotiation with the council business units.

Panuku will also give effect to existing AC Group policies and participate in the development of further policies and guidance.

New Accountability Policy for CCOs

Panuku has adopted the new CCO Accountability Policy.

9. APPROACH TO GOVERNANCE

Governance

Auckland Council works in partnership with its CCOs and the agreed approach to governance is outlined within the Governance Manual for substantive CCOs. The Governance Manual sits alongside this SOI and Panuku will act in accordance with the Governance Manual.

Panuku reports to the council on Issues, Opportunities and Risks through the quarterly reporting process. Panuku also reports to the Finance and Performance Committee and Planning Committee.

Panuku is committed to the "no surprises" protocols set out in the Governance Manual for substantive CCOs.

Public and media

As a Council-Controlled Organisation, it is recognised that a good deal of the work conducted by Panuku Development Auckland is carried out in public. As such, the principles of transparency and accountability are always applied to our relationships with both the public and the media.

Board meetings

Panuku will hold as many of its monthly board meetings in the open as possible. A public-excluded session will be held at each meeting to discuss confidential matters.

Agendas for each meeting will continue to be posted on the Panuku website (panuku.co.nz) prior to the meeting. Board papers (with confidential information redacted) will also be posted online.

Members of the public will be invited (via the Panuku website) to present to the Board on issues relevant to Panuku.

Auckland Council CCOs are required to hold two public meetings a year under the Local Government, Auckland Council Act 2009. The schedule for year 1 of this SOI is as follows:

Purpose	Date	Form of Public Notification
Consider shareholder comments on draft SOI	June 2020	Advertisement in NZ Herald at least two weeks prior to meeting and on Panuku website five working days prior.
Consider performance against SOI targets	October 2020	

Media

Our media protocols are designed to ensure our interactions with the media are as proactive and transparent as possible. All media enquiries are responded to in a timely fashion and all information is shared with the media unless it is of a confidential nature.

Online channels

Panuku's major projects are outlined on our website www.panuku.co.nz and all key documents (such as our Annual Report and the project plans for our development locations) are available online.