

Eke Panuku Development Auckland

Quarter 1 Performance Report

For the period ending 30 September 2021

This report outlines the key performance of Panuku which includes regeneration of urban locations and management of Auckland Council's property assets

Eke Panuku Q1 summary

Highlights, issues & risks for the quarter

Momentum has been negatively affected early on in the financial year by the covid lockdowns. Teams have adjusted well to working online. Progress has continued, albeit at a slower pace, for activities such as planning, policy, business cases, improvement initiatives, design and consenting. However, activity involving site works, sale and acquisition activity, public engagement and events have been slowed or delayed and there will be financial implications due to the impact on our tenants. This impact to our overall performance will become clearer in time.

Some of the highlights for the quarter are:

1. The board approved **go to market strategies** for Kotuku House Manukau, Putney Way Manukau and Fencible Drive and Moore Street Howick. Other approvals progressed include Downtown Car Park, Anzac Street and Hurstmere Road Takapuna. These contribute to progressing urban regeneration and housing outcomes.
2. **The Thriving Town Centres guidelines** - comprehensive engagement has been undertaken with stakeholders on the Thriving Town Centres Guidelines for the urban regeneration of Eke Panuku town centres.
3. **Te Ara Tukutuku Plan (informing Wynyard Point plan change)** is completed. Eke Panuku and Auckland Council Plans and Places are working in collaboration to prepare the council led plan change which is on track for lodgement by mid-2022. The Te Ara Tukutuku Plan was reviewed by a panel of international urban design experts.
4. Eke Panuku supported the Joint Crown and Council Work Programme Sponsors meeting which included Ministers and the Mayor, at which the **CRL Maungawhau and Karangahape and Manukau projects** were discussed. The CRL Maungawhau and Karangahape precinct development programme business case is on track to be presented to the CRL sponsors by end of 2021 for approval.
5. **Events completed** in the quarter include Haumi, celebrating 10th anniversary of Wynyard Quarter, Matariki on the waterfront at Silo Park, an event marking the completion of stage 1 of Oram's Waterfront marine haul out and refit facility, and celebration of Percy Vos boat shed.

Issues/Risks:

The main issues and risks that can impact Eke Panuku's programmes are the uncertainty arising from covid 19 lockdowns and future requirements affecting all parts of the business. Shortages in construction material and escalating costs and slower consenting are impacting capital projects. Uncertainty in the property market could affect property sales. There are challenges in retaining or attracting skilled staff, such as in planning and development due to market shortage and border closure. More details on risks and issues are contained in the **programmes section** of this report.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	6.7	18.6	↓ 11.9
Strategic Development Fund	0.1	1.3	↓ 1.2
Direct revenue	17.2	16.9	↑ 0.3
Direct expenditure	22.5	25.7	↓ 3.2
Net direct expenditure	5.3	8.8	↑ 3.5

Financial Commentary

Capital Delivery: Capital delivery is behind budget year to date due to the impact of Covid 19 combined with other factors. Physical works stopped for 5 weeks during Alert Level 4 and was at slower pace under Alert Level 3 due to start up times and health and safety site protocols. We are currently forecasting \$74m on annual capital spend against a budget of \$90m due to a combination of factors. These include flow on effects of slower momentum in the first two quarters from Covid -19 alert levels having a cumulative effect on the annual programme. This includes delayed design and consenting affecting capital spend; some planned projects not progressing as planned such as those associated with Northern Pathway; renewals projects taking longer due to the need to work around existing tenant requirements and operations, and acquisitions taking longer due to Public Works Act requirements. We will be in a better position to provide an accurate forecast of our annual capital spend at the end of quarter two after we consider the impacts of the government's Covid-19 Protection Framework and any capital recovery work.

Direct revenue: revenue is currently \$0.3m favourable to budget, current requests from tenants for covid hardship relief is \$1m and credits are only starting to be processed and have not yet impacted the year-to-date income position. The extension of lockdowns will increase the amount of relief that tenants require over time.

Direct expenditure: direct expenditure is favourable to budget \$3.2m. Lockdowns have meant slower than anticipated spend in the quarter in repairs, maintenance, consultants and external events. With the easing of restrictions these costs should start to increase. There are a number of vacant roles within Eke Panuku which is currently generating a favourable to budget variance.

Key performance indicators	Previous Year	FY 22 Quarter 1		Status	Commentary
		YTD Actual	FY Target		
Capital project milestones approved by the board achieved	82%	0	Achieve 80 per cent or more of project milestones for significant capital projects	On Track	Despite delays in the capital programme, based on our assessment to date we will still be able to meet the capital project milestones for the year.
The asset recycling target agreed with the Auckland Council	New measure	\$1.9m	Achieve asset recycling target agreed with Auckland Council. (FY22 - \$115m)	At Risk	On track for the quarter - sales to the end of September is \$1.9m, 3 properties were sold. However due to uncertainty in the current Covid 19 environment and changes to legislation, interest rates and other external factors the full year target could be at risk.
Annual property portfolio net operating budget result agreed with the council achieved	Net surplus is \$14.7m ahead of budget (actual surplus of \$41.1m against YTD budget of \$26.4m).	YTD \$5.5m	\$21.9 million	Achieved	The year to date result to the end of September is \$5.5m which is \$3.3m ahead of phased budget.
The monthly average occupancy rate for tenantable properties	Commercial 93.9% Residential 98.8%	Commercial 94.1% Residential 98.3%	Commercial 85% Residential 95%	Achieved	Target has been met or exceeded.

Strategic focus area – Urban Regeneration Programmes

Key commentary

Urban regeneration: For the three months to 30 September 2021, a total of \$3.9 million was spent towards the Urban Regeneration Programme against a capital budget of \$12.4 million.

Highlights

1. Te Ara Tukutuku Plan (informing Wynyard Point plan change) was completed.
2. Several properties were prepared for board approval in October to be taken to the market are contained in the summary highlights. Negotiation continues with potential development partners on other properties at later stages of the sale process. Three sites were sold in the quarter for \$1.9m.
3. We were able to restart physical projects at Alert Level 3 to continue the physical works programme.
4. The events completed during the quarters are contained in the summary highlights.

Issues/Risks

1. **Covid 19 lockdown impacts: Physical projects and property development:** The Level 4 lock down meant physical work was suspended. Asset sale activities such as valuation and marketing that required property visits could not be carried out. Placemaking activities, stakeholder engagement and other business activities were restricted to online. Level 3 allowed construction and property related activities to resume, but pace of work is slower due to additional health & safety requirements.
2. **Engagement** with stakeholders, development partners and other external parties was able to continue online but is less efficient.
3. **Specialist skills** – as a result of the strong development market; the government’s infrastructure and development programmes, closed borders and other factors, there is competition in the market for specialist skills such as planning, design, development and project management. The ability to attract and retain talent is being addressed through refreshing our employment brand and other innovative measures.
4. **Construction material supply and cost escalation** – Building material availability and construction cost escalation are two risks that are being closely monitored because of their potential impact on the delivery of our capital projects. Some of the mitigations we are applying include early contractor involvement, contingency levels, advance ordering of materials and allowing for alternative materials and products specifications and consents.
5. **Property market uncertainty** – we will continue to monitor changes in the property market that can affect our development sales and asset recycling targets. Changes such as increase in interest rates, legislative changes, Covid 19 alert levels, re-opening of the borders can have significant impact on property prices and demand.

Strategic context

Urban regeneration: Eke Panuku plays a significant role in achieving the Homes and Places and Belonging and Participation outcomes in the Auckland Plan. Eke Panuku leads the redevelopment of town centres, the creation of public spaces for the future, and facilitates housing and commercial development, fundamental elements of comprehensive urban regeneration. The priority location High Level Project Plans and associated masterplans provide a roadmap for redevelopment.

Key programme	Status	Description	QTR progress and Annual forecast
<p>Strategic and town centre planning programme</p> <p><i>(Urban Regeneration)</i></p>	On track	Some projects in the planning phase where the focus is on developing the vision, outcomes and assessing future development opportunities. Where plan changes are required, this is undertaken with the council.	<p>Overall the programme is on track and is forecast to be completed by the end of the financial year.</p> <p>The Te Ara Tukutuku Plan (informing Wynyard Point plan change) is complete. Other planning and guidance are on track.</p> <p>Issues and challenges – The extended lockdown has impacted planned engagement sessions with stakeholders which has been mitigated by seeking feedback using virtual meetings. A contingency engagement plan has been developed to be able to respond to covid alert level guidelines.</p>
<p>Public good investment programme</p> <p><i>(Urban Regeneration)</i></p>	At risk	The public good investment programme includes projects at different stages: design, consenting and construction delivery. These projects contribute to the regeneration of priority locations.	<p>The momentum of the programme in quarter one has been affected by the covid-19 lockdown. This lockdown has occurred at the beginning of the financial year, stalling the momentum of the programme against the plan. Physical works stopped during alert level 4, from August to September 2021. The programme restarted from the middle of September but at a slower pace due to health and safety measures required for contractors while the Delta out-break is being controlled.</p> <p>Other activities such as project planning, design and consents were carried out online. The lockdowns will have a negative impact on the annual programme and some projects may not be completed within the financial year. We will be able to quantify the impact of the lockdown once alert level is further downgraded. Construction material availability is another significant risk that will impact the programme this year. Construction material demand has increased internationally and in New Zealand as economies try to recover. This is compounded by international production/supply and freight issues.</p>
<p>Property Development programme</p> <p><i>(Urban Regeneration - Transform and Unlock sales)</i></p>	At risk	Progress site sales to support urban regeneration through development agreements to achieve housing and mixed-use development outcomes and provide council with funds for reinvestment.	<p>When reviewing the annual programme, we have assessed the programme to be at risk. This is due to the increased market uncertainty because of the unknown length and impact of the current lockdowns, an increase in interest rates, future government plans to reopen the border and other external factors. We will continue to monitor market trends and reassess our programme status in quarter two.</p> <p>Several properties within the programme will be on the market for sale in late October. This will provide us with feedback on the status of the market.</p>
<p>Asset Recycling programme</p> <p><i>(Urban Regeneration – all other sales)</i></p>		Deliver our share of the council's 10-year budget annual asset recycle target. Asset sales proceeds are returned to the council for reinvestment.	<p>In quarter one we were able to continue with the development programme. External activities such as property visits by marketing agents, valuers and others that could not take place during the Level 4 lockdown have now resumed under Level 3 but at slower pace due to rescheduling and extra health and safety control measures. Other activities such as due diligence and feasibility work, design of development outcomes, engagement with potential development partners, Mana Whenua, Kāinga Ora and others, and negotiations have continued.</p>

<p>Strategic Acquisitions programme <i>(Urban Regeneration)</i></p>	<p>On Track</p>	<p>Progress strategic site acquisitions to support urban regeneration.</p>	<p>The acquisition programme is on track and is forecast to be completed by the end of the financial year. The compulsory acquisition of the ground leases in Northcote were completed in quarter one. A number of other acquisitions are being progressed across various programmes. Timing will depend on progress with negotiations and the use of the Public Works Act.</p>
<p>Placemaking programme <i>(Urban Regeneration)</i></p>	<p>On Track</p>	<p>Ongoing placemaking programmes help to build trust, maintain and build the vitality of the centres and support for urban regeneration, and ensure that residents and businesses are part of changes happening in their communities.</p>	<p>The overall programme is on track despite impacts of Covid-19. We were able to complete planned events in quarter 1 while working towards increased events around the summer period. We are redesigning planned activities to ensure that we maintain trust and connection, as well as being ready to respond appropriately to the requirements of the new Covid-19 Protection framework. This includes the Waterfront placemaking programme and planning for summer underway. While Covid-19 lockdowns has had an impact both on events taking place and the scale of events, there is a very clear message from communities about the need for safe, meaningful opportunities to connect.</p> <p>The key events completed in quarter one includes Haumi celebration, the 10th anniversary of the Wynyard quarter and Matariki on the waterfront at Silo Park.</p>

Strategic focus area – Property Management Services and Programme

Key commentary

Property management services and programme: For the 3 months to 30 September 2021, a total of \$2.5 million was spent towards the property management against a capital budget of \$9.5 million.

Highlights

Property Service

We are on track to achieve our performance targets for the full financial year. The residential market is still strong given high demand in Auckland for residential properties. Our average residential occupancy percentage for the quarter is 98%. Our average commercial occupancy percentage for the quarter is 94%.

Marina Service

We are on track to achieve our performance objectives for the year. Marina use continues to be high reflected by average occupancy of 95% for the quarter. Overall revenue is also ahead of budget, reflecting a steady start to the year across all marinas.

Issues/Risks

Property and marina management: Critical services continued under level 4 lockdown such as response maintenance for rental properties and marinas. Similar to the last lockdown we have received financial hardship requests from commercial property tenants that are being assessed. We will arrive at a more accurate assessment on the financial impacts once the process is completed.

Strategic context

Property management services and programme: The delegations from Auckland Council enable Eke Panuku to manage council's assets/property including commercial, residential and marina infrastructure to optimise return from these assets, or redevelopment incorporating a service delivery function.

Key programme of works

Status

Description

Key deliverables for the QTR

Property and Marina Services

On track

Managing the council's assets/property including commercial, residential and marinas to optimise return from these assets for the council.

This includes tenancy and berth marketing and leasing, property maintenance, financial management and customer services.

We are keeping a watching brief on the impact of covid lock downs on commercial tenancies. Covid rent relief requests have been received from commercial tenants which are currently being evaluated. During Alert Level 4 and Level 3 most property management functions could be performed online. Response maintenance continued under Alert Level 4. In the quarter we completed an asset management strategy for the management of properties in the portfolio.

Capital delivery (Marina)	At risk	Maintaining and renewing marina assets, providing marina services and optimising returns for the council.	This is similar to the comments covered in the Public good investment programme (Urban Regeneration) section.
Property Renewals programme		Maintaining and renewing existing assets, as good custodians of council non-service assets, optimise portfolio return and enable assets for public use.	

Transforms, Unlocks and Regional

Areas	Status	Financials YTD Actuals/Budget	Key deliverables for QTR
Waterfront (Westhaven and Wynyard Central)	On track	\$1.8m / \$4.6m	<ul style="list-style-type: none"> • Eastern viaduct and Quay Street intersection works – A project to improve stormwater runoff and tie into the Quay St project, was completed in July 2021. • Haumi celebration – On Saturday 7 August 2021, a community event called Haumi was held to celebrate the 10th anniversary of Wynyard Quarter. The event began with a pōwhiri led by Te Puru o Tāmaki and Ngāti Whātua Ōrākei. Haumi attracted over 10,000 people over the course of the day who were treated to live music, workshops, outdoor games and activities. • Amy Daldy Park – On 6 August 2021, a small karakia whakawātea was led by Ngāti Whātua Ōrākei for the new mural on the Amey Daldy Park pump station. The Park and pump station were delivered by Auckland Transport and Watercare. • Percy Vos Shed – On 12 August 2021, a celebration was held at the Percy Vos Boat Shed to mark the completion of the restoration project and to thank those who have been a part of the journey to date. The New Zealand Maritime Museum will take over the lease and manage the site from September 2021. • Silo Park extension – Phase 2 was open for the Haumi event in August 2021, with the majority of works completed. Remaining works include tank greening and tank activations, the installation of the play line features and the remainder of the wharf furniture, all of which are planned to be complete by the middle of November 2021. • Te Ara Tukutuku Plan and Plan Change – Te Ara Tukutuku Plan is completed. The Te Ara Tukutuku Plan was reviewed by a panel of international urban design experts. Eke Panuku and Auckland Council Plans and Places are working in collaboration to prepare the council led plan change which is on track for lodgement by mid-2022.
North (Northcote and Takapuna)	On track	\$0.54m / \$2.3m	<p>Takapuna:</p> <ul style="list-style-type: none"> • 14 Huron Street - The preferred development partner has withdrawn from the sale negotiations process due to feasibility issues in the current market. An updated sales strategy is being prepared to select a new development partner. • Innovating Streets for People (ISFP), Huron and Northcroft streets – In September 2021, the second round of ISFP works began in the Huron and Northcroft street location. Community feedback received from the original project has helped shape what is planned for this round. Works include increased parking provision, reducing the amount of paint and artwork on the footpath and in the street, and installing a pedestrian crossing on Lake Rd.

South

(Manukau, Pukekohe and Papatoetoe)

On track

\$0.4m / \$1.4m

Manukau:

- **10 Putney Way site sale** – The go to market sales strategy was approved by the board in August 2021, which will enable the development of this key site located between the Manukau town square and the bus terminal.
- **The Puhinui programme** – We reached a major milestone in our work alongside mana whenua leading the development of Te Whakaoranga o Te Puhinui – The Puhinui Regeneration Strategy. The strategy and charter were endorsed by the Governing Body in August.
- **Innovative streets project** – A project to enhance the pedestrian journey, being delivered in conjunction with Auckland Transport with funding from Waka Kotahi. Stage 2 was implemented in August 2021 and is proceeding well. Feedback will be assessed when practical.

Papatoetoe:

- **Papatoetoe Masterplan** – Community engagement for the Old Papatoetoe masterplan launched in August 2021 and was completed online using various innovative tools and methods due to the Covid-19 lockdown restrictions. Feedback is currently being collated.
- The Otara-Papatoetoe Local Board endorsed the disposal of several properties at their September 2021 business meeting. Important public realm elements of the programme were also progressed at the meeting with the local board's endorsement of the revocation of a part of the Stadium reserve, which is required to progress the development and open space programme.

<p>West (Henderson and Avondale)</p>	<p>On track</p>	<p>\$0.28m / \$2.7m</p>	<p>Avondale:</p> <ul style="list-style-type: none"> • Crayford Street – After extensive delays, extended by the recent lock down, works have commenced by Vector in late September 2021. This streetscape improvement project once complete, will strengthen the connection between the town centre and the train station. • 28 Racecourse Parade – To address recent community feedback concerning carparking demand for the library, community hub and town square, an at grade car park is proposed for the area in front of the Set building to accommodate 34 cars. The car park project will provide additional parking for the local market and sports fields. <p>Henderson:</p> <ul style="list-style-type: none"> • Falls car park (14-20 Edmonton Rd) – Certificate of title was achieved following subdivision approval for the site on September 2021 which will enable us to progress this development opportunity. • Innovating Streets for People (ISFP) – Additional elements to be removed to improve traffic flow have been delayed and are expected to be completed by the end of October 2021. The elements to be retained from the trial include artwork and a deck area used for outdoor dining, which will help business owners operate under ongoing covid restrictions.
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<p>Regional</p> <p>(Haumaru, Support, Corporate Property, AT/Panuku transit orientated development programme, and Service Property Optimisation)</p>	<p>On track</p>	<p>\$0.63m / \$0.82m</p>	<p>Haumaru:</p> <ul style="list-style-type: none"> • 27-31 Greenslade Crescent, Northcote (Greenslade Village, Housing for Older People) –The lease and management agreements have been signed by Eke Panuku, Haumaru Housing and Kāinga Ora respectively for the development of 40 net new dwellings. Kāinga Ora has now lodged a resource consent application for this development. • 81A Godley Road, Green Bay (a vacant site) – A resource consent application for 42 new one-bedroom apartments was lodged with Auckland Council regulatory team in July 2021 and is being progressed. <p>Supports:</p> <ul style="list-style-type: none"> • Downtown Car Park – The go to market strategy was approved by the Eke Panuku Board in August 2021. The EOI phase of the project is on-track to commence when Auckland moves to alert level 2. The plan for this site is to deliver a high quality, mixed-use development that includes future-focused transport facilities. • Lot 3 187 Flat Bush School Road, Flatbush – A resource consent application to complete earthworks at the site has been lodged. A resource consent application for 40 new residential homes is currently being prepared. • Bledisloe House – 24 Wellesley Street – In August 2021, the Finance and Performance Committee provided approval to negotiate directly with a development partner on a 125-year lease and development agreement to achieve an integrated development with the City Rail Link, Aotea Station and the Aotea quarter. • 10 Ambrico Place, New Lynn – Resource consent has been obtained for the development of 10 new homes on the site. Once the Clinker Infrastructure enabling works by Healthy Waters is complete, the site will be marketed for sale. <p>Corporate Property:</p> <ul style="list-style-type: none"> • Kotuku House – 4 Osterley Way, Manukau – In July 2021, the Eke Panuku board approved the go the market strategy of this site. This site is currently being prepared for sale.
			<p>AT/Panuku Transit Orientated Development Programme:</p> <ul style="list-style-type: none"> • Manurewa train station park & rides – 8 Selwyn Road and 33 Station Road, Manurewa - Preliminary work has begun on identifying the transport requirements on both sites. Comprehensive investigation into any detailed constraints to sale/development has also commenced.

Other statement of intent focus areas

CCO Review Implementation

- Good progress has been achieved in addressing CCO Review recommendations. The CCO review recommendations are addressed via an officers' working group made up of CCO and Council staff. This group reports to the council group CE forum and provides regular updates to the CCO Oversight Committee.
- Eke Panuku is participating in the shared services review (rec 61, 62) and in a number of other workstreams such as the review of strategic gaps (rec 20) and the lead agency model (rec 45).
- Eke Panuku has completed two recommendations to the satisfaction of the council Governance Team. This has involved working together to ensure the Eke Panuku SOI better aligns investments and activities with performance measures (rec 9), and that our overheads are reviewed and are managed (rec 12). After a collaborative and iterative exercise, both are now considered BAU and will be part of ongoing business improvements.

Māori Outcomes

- **Engagement** – Despite covid-19, Eke Panuku continued engagement with our mana whenua partners and hosted over 45 engagement meetings in the last quarter. Significant work has gone into the development of Te Ara Tukutuku Plan and TOA – their nominated technical expert.
- **Commercial opportunities** – Eke Panuku presented six properties as commercial opportunities to mana whenua. Key sites include the Racecourse Parade site in Avondale and the Downtown car park.
- **Design** – Māori artists have been invited to participate in a number of projects including the Waiapu Precinct in Onehunga, Takapuna town square and the Onehunga wharf masterplan. We completed the detailed design of Clifton Court, Panmure, engaging directly with Ngāti Pāoa. Eke Panuku completed the construction of the Wiri playground and invited mana whenua and the local board to a dawn ceremony to mark the occasion.
- **Projects** – Eke Panuku has invited mana whenua technical experts to write a public art strategy for Manukau and to contribute to the writing of the Town Centre Guidelines to guide our strategic choices. Eke Panuku created four videos featuring mana whenua artists on the waterfront. Eke Panuku is supporting a rangatahi development programme (He Pia He Taurira), and they lead the annual celebration of Wynyard Quarter (Haumi). Eke Panuku recently celebrated a week of activities for Te Wiki o Te Reo Māori.

Climate change and sustainability

- Eke Panuku is a Toitū carbon reduce certified organisation, committed to measuring and managing our greenhouse gases and publicly reporting on them. Our emissions are audited and reported on annually by Toitū NZ. In this quarter, we have completed our recertification under Toitū enabling us to carry out sustainable reporting as part of the council group.
- We have made enhancements to the software used for project management that will support decision-makers to consider the climate implications of their decisions (mitigation and adaptation) including sustainability reporting. Training was completed for project managers to assist them in considering these issues and completing the reports.
- Homestar and Green star standards continue to be applied for Eke Panuku developments. Standards for public realm projects are currently in development.

Collaboration and Engagement programme

- As noted through the above programme highlights, our collaboration and engagement continued in Q1 despite the covid-19 lockdown.
- Prior to the lockdown, we celebrated a number of milestones in Wynyard Quarter with stakeholders and the public.
- While the lockdown prevented in-person activities, our public engagement on the Old Papatoetoe Masterplan continued with online sessions.
- We worked closely with local boards throughout the quarter, completing the new engagement plans and progressing a number of projects together. This includes significant progress in Avondale, with the Whau Local Board confirming the design of the new Avondale library, community hub and town square.
- We reached a major milestone in our work alongside mana whenua leading the development of Te Whakaoranga o Te Puhinui – The Puhinui Regeneration Strategy. The strategy and its charter were endorsed by the Governing Body in August 2021 following significant collaboration and engagement led by Waiohua Iwi, Eke Panuku and Healthy Waters.
- We continue to support Auckland Council through the asset recycling process. As part of the reserve revocation process, some of the hearings have been delayed. One of the smaller hearings was able to take place online due to the number of submitters requesting to be heard.

Eke Panuku Q1 financials

Direct operating performance

(\$ million)	Notes	FY 21	FY 22 Quarter 1 YTD			FY 22
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		15.3	(4.3)	(5.0)	0.7	22.1
Direct revenue		16.2	4.2	4.5	(0.3)	15.3
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	16.2	4.2	4.5	(0.3)	15.3
Direct expenditure		31.5	8.5	9.5	1.0	37.4
Employee benefits	B	25.7	7.0	7.4	0.4	28.8
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	C	5.8	1.5	2.1	0.6	8.6
Other key operating lines						
AC operating funding		15.7	4.4	5.0	(0.6)	22.1
AC capital funding		0	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		0.3	0.1	0	(0.1)	0
Net interest expense		0	0	0	0	0

Financial Commentary

Overall, the operating performance of Eke Panuku is within budget, with detailed income and expenditure variations below.

Eke Panuku is budgeted to generate a net zero surplus. We are currently tracking to meet budget.

A: Other direct revenue is \$0.3m unfavourable to budget, most of this revenue is generated through Eke Panuku staff charging time to council projects. There are a number of vacant roles within Eke Panuku which has reduced the amount of recharge revenue generated.

B: Employee benefits is \$0.4m favourable to budget, there are a number of vacant roles within Eke Panuku and in this quarter we are finding there is a shortage of talent in the market.

C: Other direct expenditure \$0.6m favourable to budget, this is a timing difference and spend is expected to be on budget by year end.

Auckland Council Portfolio Q1 financials managed on behalf of Auckland Council

Direct operating performance

(\$ million)	Notes	FY 21	FY 22 Quarter 1 YTD			FY 22
		Actual	Actual	Budget	Variance	Budget
Net direct revenue		15.0	(1.0)	(3.8)	2.8	4.3
Direct revenue	A	56.4	13.0	12.4	0.6	43.8
Fees & user charges		0	0.3	0.3	0	1.3
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		56.4	12.7	12.1	0.6	42.5
Direct expenditure	B	41.4	14.0	16.2	2.2	39.5
Employee benefits		1.8				
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		39.6	14.0	16.2	2.2	39.5
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		12.9	4.5	4.9	0.4	18.1
Net interest expense		0	(0.1)	(0.1)	0	(0.5)

Financial Commentary

The numbers in the table represent the Auckland Council Portfolio managed by Eke Panuku. These exclude the net direct revenue of \$0.4m that Eke Panuku has generated for properties managed for Auckland Transport which is above budget by \$0.4m.

A \$1.7m dividend has been paid to Council's Solid Waste team from the Waste Disposal Services investment, managed by Eke Panuku.

Overall net revenue of (\$1.0m) year to date is \$2.8m ahead of budget.

The main explanations relate to:

A: Direct revenue is \$0.6m favourable compared to budget, unbudgeted additional rental income has been generated from tenancies at Bledisloe House and carpark extending into this financial year. To date there has been no negative impact on current revenue from tenants due to the current Covid lockdowns. Over 100 tenants have requested relief totalling \$1m. We will be working through these requests, and any submitted in the next quarter.

B: Direct expenditure is \$2.2m favourable to budget, the Covid lockdowns have slowed expenditure especially around repairs, maintenance, external facing events and engagement within our priority locations. We anticipate that once lockdowns are eased, we will start to catch up on expenditure. We will report with more certainty in the next quarterly update.

Eke Panuku Q1 performance measures

Key performance indicators	Previous	FY 22 Quarter 1		Status	Commentary
	Year	YTD Actual	FY Target		
<p>Note: Eke Panuku has a total of 12 SOI performance measures, of which 5 are LTP measures. For the 3 months to 30 September 2021, 8 of the 12 measures are tracked monthly. There are 4 annual measures. In Q1, of the 12 measures, 3 of the measures were achieved, 6 were on track, 2 are at risk and 1 not measured.</p>					
LTP performance measures					
1. Net new dwellings (housing units) <i>– LTP performance measure</i> <i>Note: Progress on 3-year total</i>	New measure	Not measured until year end.	Annual - 350 net new dwelling units.	On Track	No new housing units were completed this quarter. Housing projects continue to be delivered; this is measured annually as the information comes from third parties.
2. Commercial / Retail gross floor area (GFA) or net lettable area (square meter) <i>– LTP performance measure</i> <i>Note: Progress on 3-year total</i>	New measure	Not measured	Annual – 0	-	There are no FY22 GFA targets to be met.
3. Public realm – square meters <i>Note: Progress on 3-year total</i>	New measure	390 sqm	Annual - 21,000 sqm	On Track	For this quarter, Eke Panuku completed 390sqm of the public realm target of 21,000 sqm in July 2021. The public realm works relate to the Viaduct Quay St intersection project which is part of the Waterfront programme.
4. Capital project milestones approved by the board achieved <i>– LTP performance measure</i>	82%	0	Achieve 80 per cent or more of project milestones for significant capital projects	On Track	Despite delays in the capital programme, based on our assessment to date we will still be able to meet the capital project milestones for the year.

<p>5. Achieve total board approved budgeted Transform and Unlock (T&U) net sales for the financial year through unconditional agreements</p> <p><i>Note: These site sales also enable housing and wider urban regeneration outcomes.</i></p>	\$21.1m	\$9.72m	Meet \$48m T&U annual unconditional sales approved by the Board	At Risk	<p>On track for the quarter - \$9.72m early payment of a long lease in the Waterfront location.</p> <p>However due to uncertainty in the current Covid 19 environment and changes to legislation, interest rates and other external factors the full year target could be at risk.</p>
<p>6. Annual property portfolio net operating budget result agreed with the council achieved</p> <p><i>– LTP performance measure</i></p>	Net surplus is \$14.7m ahead of budget (actual surplus of \$41.1m against YTD budget of \$26.4m).	YTD \$5.5m	\$21.9 million	Achieved	The year to date result to the end of September is \$5.5m which is \$3.3m ahead of phased budget.
Key performance indicators					
SOI performance measures	Previous Year	FY 22 Quarter 1		Status	Commentary
		YTD Actual	FY Target		
<p>7. The monthly average occupancy rate for tenatable properties</p> <p><i>– LTP performance measure</i></p>	<p>Commercial 93.9%</p> <p>Residential 98.8%</p>	<p>Commercial 94.1%</p> <p>Residential 98.3%</p>	<p>Commercial 85%</p> <p>Residential 95%</p>	Achieved	Target has been met or exceeded.
<p>8. The percentage of marina customers surveyed who are satisfied with marina facilities and services</p>	94%	Not measured until year end.	80%	On Track	This is an annual measure. Survey to be completed at end of year.

<p>9. The asset recycling target agreed with the Auckland Council</p>	<p>New measure</p>	<p>\$1.9m</p>	<p>Achieve asset recycling target agreed with Auckland Council. (FY22 - \$115m)</p>	<p>At Risk</p>	<p>On track for the quarter - sales to the end of September is \$1.9m, 3 properties were sold. However due to uncertainty in the current Covid 19 environment and changes to legislation, interest rates and other external factors the full year target could be at risk.</p>
<p>10. Creating positive outcomes for Māori Deliver 50 ongoing or new initiatives that support Māori Outcomes <i>This activity is supported through the delivery of the Mana Whenua Outcomes Framework.</i></p>	<p>45</p>	<p>Not measured until year end.</p>	<p>50 initiatives that support Māori Outcomes</p>	<p>On Track</p>	<p>This is an annual measure. Initiatives completed this quarter include activities associated with Te wiki o te reo Māori 2021 : Māori language week.</p>
<p>11. Enhancing the relationship between Eke Panuku and mana whenua. Increasing the percentage of satisfaction with the support they receive from Eke Panuku.</p>	<p>New survey</p>	<p>Not measured until year end.</p>	<p>Baseline survey</p>	<p>On Track</p>	<p>This is an annual measure. Survey to be completed at end of year.</p>
<p>12. Complaints received by Eke Panuku are resolved. <i>Note: This is a new performance measure. The actual result for FY22 as a baseline will help set future targets.</i></p>	<p>New measure</p>	<p>89%</p>	<p>80% of complaints are resolved within 10 working days</p>	<p>Achieved</p>	<p>For the quarter we have resolved 25 out of 28 complaints within 10 working days. Due to Covid-19 lock down there were no registered complaints received in September 2021.</p>