

Eke Panuku Development Auckland

Quarter 3 Performance Report

For the period ending 31 March 2022

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

Eke Panuku Q3 summary

Highlights, issues & risks for the quarter

A range of projects, activities and events have been progressed this quarter, although momentum has been negatively affected by the impacts of Covid-19. Progress has continued, albeit at a slower pace. The impact on performance is evident in areas such as progression of renewals and public realm works. Our SOI targets that are reliant on these areas have also been impacted, with some looking increasingly unlikely to be reached. A weakened property market will also have an impact on our short to medium term property sale targets with the effect of slowing down the anticipated timing of revenue.

Some of the highlights for the quarter are:

1. **Thriving Town Centres** – a key strategy document providing town centre guidelines for our priority locations has been approved by the Board and endorsed by the Planning Committee. This outlines the regeneration approach, setting out the principles and toolbox for thriving centres.
2. **Plans approved** - The Te Ara Tukutuku Plan which sets out what is next in the Wynyard Quarter was endorsed by the Planning Committee this quarter. The updated masterplan for Papatōetoe which guides our regeneration was endorsed by the Ōtara-Papatōetoe Local Board in March. The **concept design for Harbour Bridge Park** was endorsed in March by the Waitemātā Local Board ahead of wider engagement.
3. **Agreement signed with Willis Bond** to build **Takapuna Central**, a \$400m mixed-use development over five sites surrounding Waiwharariki Anzac Square. Construction of this new town square commenced in January.
4. **Managed properties and marinas occupancy** continue to be within SOI targets and the overall property portfolio surplus target is on track to meet the annual budget.
5. Several **capital project and development project milestones** were achieved in the quarter. **Avondale Crayford Street West streetscape** improvement works commenced in February and **Hayman Park Playground** construction works began in March 2022. Four major renewals projects are now in the construction phase.
6. A number of **placemaking initiatives were completed** in the quarter to continue community participation and support local business recovery during these challenging times.

Risk and Issues:

Issues around material supply, delays with statutory planning processes and staff illness within our organisation and our partnering organisations has meant that timelines have had to be adjusted to accommodate frequently changing situations. A weakened property market will impact our property sale targets. The competitive labour market makes it hard to retain and hire skilled staff. Our people strategy, business continuity plans, partnering approach with developers and early procurement of material are some of the initiatives we are using to manage the impacts of risks and issues. The Human Rights Tribunal hearing initiated by Ngai Tai Waipareira Housing Ltd is expected to proceed in May, delayed from September, and may attract significant media attention.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	24.3	63.4	↓ 39.1
Strategic Development Fund	0.7	3.9	↓ 3.2
Direct revenue	49.4	48.9	↑ 0.5
Direct expenditure	57.6	62.8	↓ 5.2
Net direct expenditure	8.2	13.9	↑ 5.7

Financial Commentary

Capital Delivery:

Capital delivery is behind budget year to date due to the impact of Covid-19, supply chain issues and other external factors.

A conservative Capital expenditure forecast for the full year is **\$40m** against a budget of \$90m. This could reach up to \$57m should certain acquisitions with a 50% probability, currently progressing, be completed by 30 June.

The forecast variance in capital spend is due to Northern Pathway related projects being delayed, the effect of Covid Protection Framework restrictions and Omicron on our staff, contractors and our suppliers. Projects were affected by delayed design, consenting, and tenants and stakeholders' decisions in making property available for physical works. Planned site acquisitions were also affected by Public Works Act requirements and third-party agreements.

Direct revenue:

Revenue is slightly favourable against year-to-date budget and is expected to be similar in Quarter 4 and full year.

Direct expenditure:

Direct expenditure is favourable compared to budget due to slower spend in repair and maintenance, consultants, vacant staff roles not yet filled and external events. Some catch up spend is anticipated in Quarter 4 and the full year forecast is expected to be favourable to budget.

Key performance indicators	Previous	FY 22 Quarter 3		Status	Commentary
	Year	YTD Actual	FY Target		
Capital project milestones approved by the board achieved	82%	31%	Achieve 80 per cent or more of project milestones for significant capital projects	Not On Track	Currently we have 3 milestones at risk and a number of other milestones have forecast completion dates very close to the end of the financial year. Five milestones have been met year to date, 4 of which were met within quarter 3. The target is unlikely to be met.
The asset recycling target agreed with the Auckland Council	New measure	\$15.8m	Achieve asset recycling target agreed with Auckland Council. (FY22 - \$115m)	Not On Track	Eight properties were sold for \$15.8m year to date. This includes one property in Howick sold this quarter. At the end of quarter 3, eight properties had conditional agreements in place circa \$14m, 22 properties are under negotiation circa \$44m and sites worth \$52m are being prepared for sale. For the whole year - unconditional sales forecast is \$32m and conditional sales is forecast to be \$60m. The slowdown of the property market in quarter 3 has had an impact on the sales forecast for the year. Whilst we are forecasting a significantly lower number than target for the financial year, we are reasonably confident that the issue will be more one of timing of receipt of revenue. A number of the material land sales/developments will be under contract with a view to concluding them in FY23. The target for FY22 is unlikely to be met.
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 \$19.1m	\$21.9 million	On Track	The year-to-date result end of quarter 3 is \$19.1m, this is \$3.4m ahead of budget. We are on track to meet the target at year end.
The monthly average occupancy rate for tenantable properties	Commercial 93.9% Residential 98.8%	Commercial 93.8% Residential 97.9%	Commercial 85% Residential 95%	On Track	Occupancy rates have been stable and above target for this quarter with commercial at 93.8% and residential at 97.9%.

Strategic focus area – Urban Regeneration Programmes

Key commentary

Urban regeneration:

We continue to make progress on programme milestones to realise multi-year programme objectives despite current challenges we are facing in our operating environment. Progress in the quarter includes the approval of key plans and achieving capital and development project milestones.

The urban regeneration programmes were affected by the impact of Covid-19 on staff, contractors, consultants and suppliers. We continued to operate under controls of the Covid Protection Framework during the quarter, with effects on the efficiency of operations. Reduced staff levels and availability of consultants impacted our ability to complete design and consents.

The capital projects delivery, development and acquisition activities were all affected. For the nine months to 31 March 2022, total capital spend was \$16.5m out of \$54.5m year to date capital budget. Asset sales was \$50.5m out of annual target of \$163m. A weakened property market is impacting our sales.

Highlights

1. **Avondale Town Square** – the new community facility was approved by Auckland Council’s Strategic Procurement Committee in February 2022. The building itself is led by council’s Community Facilities and construction is scheduled to start in late 2023. This is a key milestone for the town centre, enabling the Eke Panuku project involving the upgraded town square and open spaces surrounding the building to be constructed at the same time.
2. **Harbour Bridge Park** – The **concept design** for the park was endorsed in March 2022 by the Waitemata Local Board.
3. **Capital Projects milestones reached in the quarter: Avondale Crayford Street West** streetscape improvement works started on 28 February; **Waiwharariki Anzac Square**, Takapuna, construction began in January 2022 and **Hayman Park Playground** construction works began in early March 2022. There are also **four major renewals projects** now in the construction phase: 27 Princes Street seismic strengthening and refurbishment, 7 Hill Road, Manurewa, Z Pier Watermain Renewal, and Westhaven G, H and J pier replacement.
4. **Property developments and sales milestones reached in the quarter: Downtown Carpark** - The Request for Development Partner process commenced on 17 March with shortlisted parties and will run until August 2022. **Meadowbank Community Centre Redevelopment** - the Orakei Local Board resolved to support the preferred development partner progressing with a resource consent application for the development of 29-31 St Johns Road, Meadowbank.
5. **Significant highlights for the quarter are contained in the quarter 3 summary** which include design awards, key plan approvals and material developments.

Risk and Issues:

Omicron had a significant impact on our staff, contractors, suppliers and other partners during the quarter.

The Property Market showed signs of slowing down in quarter 3 and will have an impact on planned property sales for the year.

In this quarter we are noticing development viability is being affected and decline in property values.

Market demand has been affected by factors such as tighter lending, rising interest rates, rising inflation, and building supply chain issues. We will continue to monitor changes in our operating environment and manage impacts on our programmes.

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
Strategic and town centre planning programme <i>(Urban Regeneration)</i>	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.	The Thriving Town Centres Guidelines for our priority locations, the Te Ara Tukutuku Plan for Wynyard Quarter, and the updated Papatoetoe Masterplan, key outputs planned for the year were approved in the quarter.
Public good investment programme <i>(Urban Regeneration)</i>	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.	The public good programme is at risk due to delays from issues around constrained material supply, increased costs, delays with statutory planning processes and Covid-19 staff illness within our organisation and our partnering organisations. This has meant that timelines have needed to be adjusted for some projects. Other factors include the delay of three Waterfront projects due to the cancellation of the Northern Pathway project by the government, stakeholder and tenant issues affecting timing of works and consultant availability.
Strategic Acquisitions programme <i>(Urban Regeneration)</i>	At risk	Progress strategic site acquisitions to support urban regeneration.	The strategic acquisition programme in Northcote town centre has been completed although there are some outstanding differences to be resolved with a few property owners on final compensation payments to be made. We have settled an acquisition at 37 Queens Road, Panmure. A key land acquisition to progress the Puhinui Cycleway and Walkway is still in negotiation and may not be finalised this financial year.
Property Development programme <i>(Urban Regeneration - Transform and Unlock sales)</i>	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.	The aspects of the development and asset recycle programme that we are able to control are on track, such as engaging stakeholders and potential partners, design of outcomes, resolving issues that facilitate the sales or realising the property value and taking the sites to the market. The success of the sales can be influenced by external factors such as length and complexity of negotiations and more importantly level of market demand. In addition to lower property market demand, development viability issues and decline in property values have also been noted.
Asset Recycling programme <i>(Urban Regeneration - all other sales)</i>		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>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>We are forecasting that Eke Panuku will be able to complete a number of its programmed events and activations for the year. Some activities will continue to be redesigned in alignment with updated guidance on the Covid-19 Protection Framework settings. Activities successfully completed in the quarter are contained in the individual priority location programme updates for the quarter.</p>
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Strategic focus area – Property Management Services and Programme

<p>Key commentary</p> <p>Property Management Services – We are on track to achieve our performance targets for the full financial year. Our average residential occupancy percentage for the quarter is 98%. Our average commercial occupancy percentage for the quarter is 94%. We are continuing to support our tenants financially through the Covid-19 hardship framework. We also continue to implement health and safety measures to protect our tenants, contractors and staff to enable property management and project work.</p> <p>Marina Management Service – We are on track to achieve our performance targets for the year. Marina average occupancy is 96% for the quarter. Overall revenue is also ahead of budget. Renewal of Piers G, H and J is in delivery with a completion target of September 2022. This project will contribute 112 berths to Westhaven Marina, accommodating increased demand. The Westhaven Team has worked hard to implement sustainable actions in all sectors of the marina operation. To endorse these actions, environmental accreditation is being sought through the Gold Anchor initiative offered by Marina Industries Association.</p> <p>Issues/Risks</p> <ul style="list-style-type: none"> • Continue to manage the impacts of Covid-19 on our staff, tenants, berth-holders, contractors and others. • Monitor and manage financial impacts of Covid-19 on commercial and other tenants • Rent arrears is an area we will continue to monitor, especially arrears relating to Food and Beverage tenants due to ongoing risk of business recovery. • Implementing our people strategy to manage the loss of skilled staff due to the competitive employment market • AC37 event’s move overseas and its impacts on our Silo and Viaduct Marinas future plans. Planning has been progressed to address the impact, especially on the Silo Marina. • We will also monitor the timing of re-opening the border to international vessels as it will have an impact on the Silo and Viaduct Marinas. 	<p>Strategic context</p> <p>Property management services and programme: The delegations from Auckland Council enable Eke Panuku to manage council’s property assets including commercial, residential and marina infrastructure, to optimise return from these assets, or to facilitate redevelopment incorporating a service delivery function.</p> <p style="text-align: right;">5</p>
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Key programme of works	Status	Description	Key deliverables for the QTR
Property and Marina Services	On track	<p>Managing the council's assets/property including commercial, residential and marinas to optimise return from these assets for the council.</p> <p>This includes tenancy and berth marketing and leasing, property maintenance, financial management and customer services.</p>	<p>The property management business continues to successfully operate under the Covid-19 Protection Framework. Staff falling sick to Covid-19 virus during the quarter as Omicron peaked was a significant issue affecting operations. The Property Portfolio and Marina ⁵ businesses successfully applied its business continuity plans to continue service delivery.</p> <p>The Property Portfolio targets in the SOI are on track to be met.</p> <p>Demand for Westhaven and Viaduct Marina berths remains strong but is lower for the Silo Marina (superyachts) due to New Zealand's closed borders.</p>
Capital delivery (Marina)	At risk	Maintaining and renewing marina assets, providing marina services and optimising returns for the council.	<p>The impact of Covid-19 Omicron and shortage of building materials supply has further impacted project progress. Covid-19 lockdowns and the wide spread of the virus resulting in project delays, material supply unavailability and cost escalations are being assessed continually and project delivery programmes updated as these are confirmed. Industry assessments are indicating that cost escalations are likely for projects that have not yet commenced construction.</p> <p>The Marina capital delivery and Property renewals programme are at risk due to delays.</p> <p>Delays were caused by stakeholder and tenant issues affecting timing of works, material shortages and longer lead time affected projects, delay in consents and design, some relating to consultant availability.</p>
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
<p>Waterfront</p> <p>(Westhaven and Wynyard Central)</p>	<p>At risk</p>	<p>\$6.0m / \$13.5m</p>	<p>Westhaven:</p> <ul style="list-style-type: none"> • Harbour Bridge Park – The concept design for the park was endorsed in March 2022 by the Waitemata Local Board. Next steps are to complete consultation and engagement with stakeholders, ahead of lodging resource consent later in the year. This is a significant milestone for the project and marks the completion of one of Eke Panuku’s SOI capital project milestones for this year. <p>Wynyard Quarter:</p> <ul style="list-style-type: none"> • Te Ara Tukutuku – Wynyard Point Precinct Plan – a foundation document co-written with mana whenua, which sets the scene for the next phase of design and delivery on Wynyard Point over the next 15 years, was presented to the Planning Committee at a workshop in February and was endorsed by the Eke Panuku Board in February 2022. The endorsement marks the completion of another SOI capital project milestone target. <p>Waterfront project awards</p> <ul style="list-style-type: none"> • Three Waterfront projects have been shortlisted for the New Zealand Institute of Landscape Architecture Awards, Amey Daldy Park, Westhaven Promenade and Silo Park Extension. • Westhaven Promenade also picked up a Gold Pin at the Best Awards in March 2022, along with Amey Daldy Park and Te Nukuao both winning a Bronze Pin.
<p>Central</p> <p>(City Centre, Maungawhau & Karangahape)</p>	<p>On track</p>		<p>City Centre</p> <p>The Planning committee decided in late 2021 to appoint Eke Panuku as the lead agency for the city centre. We are now in a transition phase of taking over the lead agency role from 1 July 2022. As part of this transition we have progressed a number of activities which include:</p> <ul style="list-style-type: none"> • City Centre Steering Group – established a group of senior managers from across the council group to lead this transition to Eke Panuku as lead agency. • Iterative recovery plan – working with the council group, stakeholders and partners on a recovery plan to encourage people back into the city centre and make sure their experience is a positive one. • Project team – appointed a project manager and set up a cross council project team to progress a number of workstreams which will inform how we best set up the council group in the city centre with Eke Panuku as lead agency. • Recruitment – progressed key recruitment including the appointment of a Priority Location Director for the city centre. The new director will start in May. • Consultation and engagement – engaging with staff, stakeholders and partners to get their feedback on how we approach things under this lead agency model.

Isthmus
(Onehunga & Panmure)

At risk

\$1.5m/\$2.3m

Onehunga:

- A recent review of the Onehunga Wharf master plan has highlighted the feasibility challenges of a mixed-use development of the wharf. We are now focusing on a public realm-led development and ways of opening up public access and connectivity between the wharf, town centre and adjacent areas. Planning for the town centre will focus on housing opportunities, leveraging off the proposed investment in light rail, testing of new development precincts and the viability of strategic acquisitions in the area.

Panmure:

- **Transport Precinct** - A joint project with Auckland Transport is being initiated. The aim of the joint project is to achieve a more integrated and co-funded programme of development. This will include further expansion of the station and greater integration of the site with the town centre.
- **Placemaking** - Panmure's first outdoor dining installation took place in February 2022. March 2022 saw the formal opening of the Ngati Paoa supported pop up exhibition. An exhibition to mark the 200-year commemoration of the Mokoia Pa which will run until 25 April 2022. Great support and feedback have been received.

North
(Northcote and Takapuna)

On track

\$3.2m / \$7.0m

Northcote:

- **Town Centre** – A workshop was held with the Kaipātiki Local Board in February 2022 to discuss benefits of the town square being co-located with the new community hub, adjacent to Cadness Reserve. The local board declined this proposal at its business meeting in March 2022, supporting the town square being located at the south end of Pearn Place instead.
- **Placemaking** - Eke Panuku installed a visual display of history around Pearn Place in the Northcote town centre. The display features images from Auckland Libraries Heritage Collections, showing how much Northcote has transformed over the past 77 years.

Takapuna:

- **Waiwharariki Anzac Square** (Town Square) – Construction began in January 2022 and is expected to be completed by mid-2023.
- **Anzac and Hurstmere Rd development site** – Eke Panuku announced its partnership with property development and investment company Willis Bond to create **Takapuna Central**, a mixed-use development over five sites surrounding the upcoming Waiwharariki Anzac Square.
- **Gasometer site: Auburn Street tree and footpath reinstatement** – Work began on reinstating the footpath and planting six trees on the section of Auburn Street between Huron and Northcroft streets in March 2022. Planting of these six trees was one of the consent conditions for the construction of Toka Puia carpark.
- **Northcroft/Huron streets upgrade** – A design team was appointed, and work began on the concept design for the long-term upgrade of these streets.

<p>South (Manukau, Papatoetoe and Pukekohe)</p>	<p>At risk</p>	<p>\$1.3m / \$10.2m</p>	<p>Manukau:</p> <ul style="list-style-type: none"> • Hayman Park Playground - Construction works began in early March 2022. • Sports Bowl – Community engagement can now begin following the Ōtara-Papatoetoe Local Board endorsement of the masterplan in March 2022. The masterplan is led by council's Service Strategy and Integration team to guide future development and use of the park. • Placemaking - Auaha ō Manukau is a trial programme consisting of four new container spaces, located across the Transform Manukau area, designed by local practitioners to provide platforms for the local community to be a part of the regeneration of their area. There are four values represented in the programme: toi (creativity); taiao (environment); takiura (knowledge) and tākarokaro (play). <p>Papatoetoe:</p> <ul style="list-style-type: none"> • Old Papatoetoe Masterplan – The updated masterplan was endorsed by the Ōtara-Papatoetoe Local Board on 15 March 2022. <p>Pukekohe:</p> <ul style="list-style-type: none"> • Roulston Park playground and Skate Park upgrade – three community activation events were held over the quarter to seek feedback on the concept design of the playground and options proposed for the skate park. A good level community engagement has been achieved with numerous comments received. • Placemaking - Outdoor dining area in Edinburgh Street - In January 2022 we converted four car parks on Edinburgh Street and installed a temporary raised platform and outdoor dining tables to support nearby dining establishments to continue operating in these uncertain times. <p>The platforms have been a success and we are looking at either extending this to the businesses on the other side of the road, or elsewhere in Pukekohe as demand and interest arises. A carefully implemented communications and engagement strategy, having communications led by the supportive businesses, helped ensure this project's success.</p> <p>Pump track - The pop-up pump track that was installed at the Hall Streetcar Park in December 2021 to foreshadow potential alternate uses for the site and give local children an entertaining activity to enjoy over the summer period. This was a success over this period, and it was removed at the end of March 2022.</p>
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<p>West (Avondale and Henderson)</p>	<p>On track</p>	<p>\$2.3m / \$4.7m</p>	<p>Avondale:</p> <ul style="list-style-type: none"> • Town square – the new library and community facility project was approved by Auckland Council’s Strategic Procurement Committee in February 2022. The building itself is led by council’s Community Facilities and construction is scheduled to start in late 2023. Eke Panuku led the acquisition of the four properties required for the future location of the new community facility development. Eke Panuku are also leading the upgraded town square and open space components of this project surrounding the new facility, with construction scheduled to occur at the same time. There is close co-ordination between these two projects to support the delivery of a new civic heart supporting the intensification of Avondale. This has included Eke Panuku leading public consultation, site acquisition and statutory clearance. • Crayford Street West – Safety and streetscape improvement works started on 28 February 2022 and are expected to be completed by the end of this financial year. • 1817 Great North Road - Construction is progressing well on the Ockham and Marutūāhu, Aroha apartment housing development. Estimated completion date is February 2023, delivering 117 new homes to the area of which 47 are Kiwibuild. • Engagement – Eke Panuku took Kāinga Ora staff on a tour of Avondale in March 2022 to discuss the overall regeneration underway and planned. <p>Henderson:</p> <ul style="list-style-type: none"> • Placemaking – A number of placemaking activities took place at the Falls car park site including the Fantastic Planet exhibit, part of the Auckland Arts Festival, a silent disco and outdoor theatre performances.
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<p>Regional</p> <p>(Haumaru, Support, Corporate Property, AT/Eke Panuku transit orientated development programme, Service Property Optimisation & Regional Programme, Renewals)</p>	<p>At risk</p>	<p>\$2.0m / \$3.5m (Regional)</p> <p>\$7.7m/\$25.1m (Renewals)</p>	<p>Supports:</p> <ul style="list-style-type: none"> • Downtown Carpark - The Request for Development Partner process began on 17 March 2022 with shortlisted parties. This phase will run until August 2022. This will deliver a high-quality mixed-use development in the city centre and provides a significant contribution to the asset recycle target in the SOI. <p>Property Optimisation:</p> <ul style="list-style-type: none"> • Meadowbank Community Centre Redevelopment - In March 2022, the Orakei Local Board resolved to support the preferred development partner progressing with a resource consent application for the development of 29-31 St Johns Road, Meadowbank. <p>Renewals:</p> <ul style="list-style-type: none"> • Onehunga Wharf renewals - Asset renewal work including dredging, administration building upgrades, roading access and capital works on sheds A to E were completed this quarter. Eke Panuku is working to ensure the best outcome for the wharf's strategic future use. • There are four major renewals projects now in the construction phase (27 Princes Street Seismic Strengthening and Refurbishment, 7 Hill Road, Manurewa, Z Pier Watermain Renewal, and Westhaven G, H and J pier replacement) and three smaller projects in the construction phase (Viaduct Tiling, Viaduct Lighting and Viaduct Handrails improvements), with few others in process of design, investigation or procuring construction contractors.
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Other statement of intent focus areas

CCO Review Implementation

- Eke Panuku is supporting the Joint CEs Group and Governance team to finalise implementation of remaining recommendations. A full report has been provided to the CCO Oversight Committee.

Māori Outcomes

- **Engagement** – We carried out a number of engagements during the quarter. These include:
 - Hosting 28 hui with our mana whenua partners since 1 January 2022. A significant focus of our work early this year has been the review of the draft masterplan for Onehunga wharf.
 - We hosted a hīkoi with mana whenua and their technical experts to design a cultural health framework to conduct the review.
 - We conducted a hīkoi with artist Nigel Borell to develop a public art strategy for Manukau.
 - We also hosted our first board-to-board meeting with the Independent Māori Statutory Board (IMSB).
- **Culture and identity** – Mana whenua appointed artist Graham Tipene to join our design team for the future Market Square on Wynyard Quarter. Mana whenua also appointed artists Ted and Maaka (Ngāti Tamaoho), Tessa Harris (Ngā Tai ki Tāmaki), and Janine Williams (Ngāti Whātua ki Kaipara) to join Precinct Properties for stage three of their development in Wynyard Quarter. We also have an EOI for the Aotea Over Station Development currently in the market.
- **Commercial opportunities** – We presented a property in Manukau as a commercial opportunity to mana whenua and we are waiting to receive bids. We have also shortlisted several mana whenua parties to develop a key site in Avondale.
- We are continuing to progress the implementation of the Mana Whenua Outcomes Framework.

Climate change and sustainability

- Homestar and Green star standards continue to be applied for Eke Panuku developments. Standards for public realm projects are currently in development.
- Eke Panuku is working closely with the Auckland Council Urban Ngahere team to support their efforts to increase canopy cover in South Auckland (one of the lowest canopy cover areas in the city). This includes planned planting in Puhinui Domain and proposing an Urban Ngahere Strategy for Hayman Park.
- Implementation of the Northcote Zero Waste Action Plan continues. Community interactions are progressing via the Northcote Zero Waste Hub (sited within an empty Eke Panuku-owned shop) and work continues regarding the construction and deconstruction workstream to ensure planning and collaboration takes place between Eke Panuku and its partners across the Northcote project.
- Eke Panuku is supporting the Kaipātiki project to develop and undertake environmental monitoring and evaluation along Te Ara Awataha in Northcote, enabling them to track environmental improvements resulting from the project including those relating to water quality, pest species and biodiversity.
- Future fit has been launched with staff this quarter as a way to further reinforce our sustainability work programme and facilitate action by staff to understand and reduce their carbon footprints.

Collaboration and Engagement programme

- To mark the start of the construction of Takapuna Waiwharariki Anzac Square project in January, we invited mana whenua to lead a karakia whakawātea (blessing ceremony) with project partners and key stakeholders.
- Construction started on the Crayford Street West upgrade in Avondale, combined with **community engagement** on proposed changes to parking time restrictions. The proposed changes, done in collaboration with Auckland Transport, are aimed at improving parking availability for school drop-offs and pick-ups, as well as residents.
- In Pukekohe, we installed a new parklet on Edinburgh Street, after **substantial engagement** with local hospitality businesses and with the support of the Franklin Local Board. Feedback has been positive so far. We continue to work with local businesses, the business association and the local board to monitor the parklets.
- Also in Pukekohe, we **engaged** the local community on a proposed upgrade to Roulston Park and the nearby Pukekohe Skate Park. A priority for the Franklin Local Board, which developed a concept for the upgrade in 2018, Eke Panuku will deliver the upgrade as part of the Unlock Pukekohe programme.
- In Panmure, we installed two new parklets in Queens Road, after receiving requests from local hospitality businesses and the Panmure Business Association. Feedback has been positive so far, with both parklets getting a lot of use. We continue to work with local businesses and the business association to monitor the parklets.

Eke Panuku Q3 financials



Direct operating performance

(\$ million)	Notes	FY 21	FY 22 Quarter 3 YTD			FY 22
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		15.3	(12.9)	(15.9)	3.0	22.1
Direct revenue		16.2	12.2	12.8	(0.6)	15.3
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	16.2	12.2	12.8	(0.6)	15.3
Direct expenditure		31.5	25.1	28.7	3.6	37.4
Employee benefits	B	25.7	20.9	22.3	1.4	28.8
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	C	5.8	4.2	6.4	2.2	8.6
Other key operating lines						
AC operating funding		15.7	13.2	15.9	(2.7)	22.1
AC capital funding		0	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		0.3	0.2	0	(0.2)	0
Net interest expense		0	0	0	0	0



Financial Commentary

Overall, the operating performance of Eke Panuku is within budget, and we are forecasting to not use \$3.0m of funding in year, detailed income and expenditure variations are below.

We are currently tracking to meet budget.

A: Other direct revenue is 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. Recharge revenue has lifted this quarter and it is forecast that we will achieve or surpass budget.

B: Employee benefits is favourable to budget, there are a number of vacant roles within Eke Panuku and a shortage of talent in the market, we are having to use more expensive contract staff while roles are not filled, however the underspend to date will not catch up this year and a small saving is forecast.

C: Other direct expenditure \$2.2m favourable to budget, this is spread over a number of expense areas and although expenditure is expected to increase in the next quarter, with a number of initiatives being undertaken there is potential for a circa \$1m saving in year.

Auckland Council Portfolio Q3 financials managed on behalf of Auckland Council

Direct operating performance

(\$ million)	Notes	FY 21	FY 22 Quarter 3 YTD			FY 22
		Actual	Actual	Budget	Variance	Budget
Net direct revenue		15.0	4.7	2.0	2.7	4.3
Direct revenue	A	56.4	37.1	35.7	1.4	43.8
Fees & user charges		0	1.0	1.0	0	1.3
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		56.4	36.1	34.7	1.4	42.5
Direct expenditure	B	41.4	32.5	34.1	1.6	39.5
Employee benefits		1.8	0.1	0	(0.1)	-
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		39.6	32.4	34.1	1.7	39.5
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		12.9	13.9	14.8	0.9	18.1
Net interest expense		0	(0.1)	(0.4)	(0.3)	(0.5)

Financial Commentary

The financials in the table represent the Auckland Council Portfolio managed by Eke Panuku. These exclude the net direct revenue of \$3.5m that Eke Panuku has generated for properties managed for Auckland Transport which is above budget by \$1.7m. A \$4.7m dividend has been paid to Council's Solid Waste team from the Waste Disposal Services investment, managed by Eke Panuku.

Overall net revenue of \$4.7m year to date is \$2.7m ahead of budget.

The main explanations relate to:

A: Direct revenue is \$1.4m favourable compared to budget, this is a result of increased occupancy at the Marinas and commercial property revenue is favourable \$1.4m to budget, even after \$1.8m in Covid-19 relief has been credited to tenants. Additional rental income has been generated from tenancies at Bledisloe House and carpark and through additions to the portfolio. Also back dated rental payments has been received after the end of successful negotiations of rental increases. There are still requests for Covid-19 relief being worked through.

B: Direct expenditure is \$1.6m favourable to budget, the Covid-19 lockdowns have slowed expenditure especially around maintenance, external events and engagement within our priority locations. We anticipate that expenditure will increase as we are still planning a number of activations that have been tailored to be delivered in the changing Covid-19 environment.

Eke Panuku Q3 performance measures

Key performance indicators	Previous	FY 22 Quarter 3		Status	Commentary
	Year	YTD Actual	FY Target		
<p>Eke Panuku has a total of 12 SOI performance measures, one has no target this year. Of the 11 performance measures for FY22, 3 of the targets are not on track due to project delays and 8 are on track to be achieved this year.</p>					
SOI performance measures					
1. Net new dwellings (housing units)	New measure	305	Annual - 350 net new dwelling units.	On Track	Housing numbers are on track, YTD 87% met with 305 homes delivered across our programmes. 33 new homes were completed this quarter.
2. Commercial / Retail gross floor area (GFA) or net lettable area (square meter)	New measure	Not measured	Annual - 0	-	There are no GFA targets to be met in FY22.
3. Public realm – square meters	New measure	1,580 sqm	Annual - 21,000 sqm	On Track	1,580 sqm has been completed year to date. The most recent works relates to the Waterfront Curran St upgrade totaling 1190 sqm. We forecast that this target can still be met.
4. Capital project milestones approved by the board achieved <i>- LTP performance measure</i>	82%	31%	Achieve 80 per cent or more of project milestones for significant capital projects	Not On Track	Currently we have 3 milestones at risk and a number of other milestones have forecast completion dates very close to the end of the financial year. Five milestones have been met year to date, 4 of which were met within quarter 3. The target is unlikely to be met.

Key performance indicators	Previous Year	FY 22 Quarter 3		Status	Commentary
		YTD Actual	FY Target		
SOI performance measures					
<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	\$34.5m	Meet \$48m T&U annual unconditional sales approved by the Board	Not On Track	<p>A site in Onehunga was sold this quarter. We are forecasting sales to be slightly below target at \$46m.</p> <p>The balance of sales planned to be finalised in quarter 4, will be at risk of market changes.</p> <p>The target is unlikely to be met</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 \$19.1m	\$21.9 million	On Track	The year-to-date result end of quarter 3 is \$19.1m, this is \$3.4m ahead of budget. We are on track to meet the target at year end.
<p>7. The monthly average occupancy rate for tenantable properties</p> <p><i>- LTP performance measure</i></p>	<p>Commercial 93.9%</p> <p>Residential 98.8%</p>	<p>Commercial 93.8%</p> <p>Residential 97.9%</p>	<p>Commercial 85%</p> <p>Residential 95%</p>	On Track	Occupancy rates have been stable and above target for this quarter with commercial at 93.8% and residential at 97.9%.
<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	The customer satisfaction survey is scheduled to be completed by May 2022.

<p>9. The asset recycling target agreed with the Auckland Council</p>	<p>New measure</p>	<p>\$15.8m</p>	<p>Achieve asset recycling target agreed with Auckland Council. (FY22 - \$115m)</p>	<p>Not On Track</p>	<p>Eight properties were sold for \$15.8m year to date. This includes one property in Howick sold this quarter. At the end of quarter 3, eight properties had conditional agreements in place circa \$14m, 22 properties are under negotiation circa \$44m and sites worth \$52m are being prepared for sale.</p> <p>For the whole year - unconditional sales forecast is \$32m and conditional sales is forecast to be \$60m. The slowdown of the property market in quarter 3 has had an impact on the sales forecast for the year. Whilst we are forecasting a significantly lower number than target for the financial year, we are reasonably confident that the issue will be more one of timing of receipt of revenue. A number of the material land sales/developments will be under contract with a view to concluding them in FY23. The target for FY22 is unlikely to be met.</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>36</p>	<p>50 initiatives that support Māori Outcomes</p>	<p>On Track</p>	<p>This is an ongoing activity created by delivering our work programmes and responding to the initiatives in the Mana Whenua Outcomes Framework. Thirty six initiatives have been completed year to date.</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>We are in the process of undertaking this survey. The results will be published at the 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>87%</p>	<p>80% of complaints are resolved within 10 working days</p>	<p>On Track</p>	<p>A total of 38 complaints have been received year to date, of these 33 have been resolved within 10 working days.</p>