

Panuku Development Auckland
Quarterly Report
Quarter ended 31 March 2018

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1. Executive summary

The Company is going through the process of formalising the Transform and Unlock programme business cases following the approval of the reinvestment principle and associated LTP budgets by the Council Finance and Performance Committee. The company's LTP budget will be approved by the Governing Body by the 30 June 2018.

The quarter three report shows that Panuku is making good progress on achieving its financial and non-financial performance targets in the SOI.

2. Strategic issues and focus areas

Funding of development programme

The Finance and Performance Committee meeting on 20 March 2018 approved the funding of the Transform and Unlock programme (excluding the waterfront) from the reinvestment of the proceeds of property sales from those locations for reinvestment. Through the Long Term Plan 2018-2028, Panuku now has credible funding to support public good parts of regeneration in Transform and Unlock locations. Panuku's final LTP Budget will be approved by Council by 30 June 2018.

Central Government

Panuku continues to support the Council in its interactions with Central Government on KiwiBuild. Panuku attended a comprehensive briefing for Ministers Twyford and Salesa, officials from MBIE, Housing NZ, HLC and the ministers' office on Panuku's role, capabilities and the opportunities for Kiwibuild to leverage off. There is significant interest in the Panuku work programme and the response from the Minister was very positive. The Minister expressed particular interest in Manukau, Panmure and Avondale.

Panuku is currently working with MBIE on a number of immediate and medium term opportunities for Kiwibuild homes in our locations. Discussions are progressing in incorporating the Henderson Valley Road and Barrowcliffe projects as test cases on how this might work in the future.

America's Cup 36

Following the Governing Body approval on 29 March 2018, Panuku prepared a new resource consent for the Wynyard Hobson option which was submitted in early April 2018.

Panuku continues to work with existing tenants on the surrender of leases to enable the Wynyard Hobson option to progress.

Mana Whenua engagement

Panuku has initiated implementation of the 'Mana Whenua resource consent engagement plan'. The purpose is to establish an agreed engagement framework for the Panuku led consenting matters, and relationships and opportunities arising from these consents. This involves working with their nominated technical specialists on the consenting details of the proposal. There are currently four consents where this approach is being implemented: consent for AC36, pile mooring redevelopment, Westhaven Marina promenade stage 2 and the cruise ship dolphin.

3. Highlights

Panmure

The Planning Committee has given the green light to a plan to revitalise Panmure that will improve transport connections to and from the town centre, reinvigorate the main street and reconnect the community with its surrounding natural features. The plan sets out what lies ahead for Panmure for the next 15-20 years, during which time the population is expected to almost double. Panuku will lead the rejuvenation of the Panmure town centre in partnership with the Maungakiekie-Tāmaki Local Board and mana whenua. Panuku will work closely with Tāmaki Regeneration Company, which expects to deliver 7500 new homes across Tāmaki.

Takapuna

The heart of Takapuna will come to life with well-designed public spaces, new homes and employment opportunities following the Planning Committee's approval of the "change of use" of the Anzac Street carpark. Panuku received feedback from the community which identified the desire for a new public space, better and safer connections in the surrounding area. Panuku will work with Auckland Transport to create 400-550 carparks in the new Gasometer carpark. Panuku will also work alongside the Devonport-Takapuna Local Board to continue discussions with the community.

Avondale

The High Level Project Plan for Avondale has won a national award. Panuku Senior Project Planning Leader John Carter has won a prestigious award for his work on the rejuvenation of Avondale. John won the Best Practice Award: District/Strategic Planning and Guidance for the plan he wrote for the area at the New Zealand Planning Institute awards.

Eastern Viaduct

The Eastern Viaduct on the city's waterfront is Auckland's newest public space. Public car parking was removed from the area to improve safety and prioritise access for pedestrians and cyclists. In its place are food trucks, seating and a 35-metre-long table skinned with information about the development of the city's waterfront, designed to get people sharing food and ideas about the future of Auckland. This is a temporary solution due to the impact of AC36, but a permanent design is planned. This new space is the realisation of the 2012 Waterfront Plan, where the intention was to return Eastern Viaduct to the public and improve the connection to and from Wynyard Quarter.

Putney Way, Manukau

The upgrade of Putney Way into a pedestrian-friendly main street for central Manukau has begun. This will include a new single-level surface extending from the new bus station to the opposite pathway, rain gardens that help to clean stormwater, and new lighting to create a stronger sense of safety for evening commuters and residents. A local group has been invited to design artwork for the light panels.

The upgrade, carried out by Auckland Transport on behalf of Panuku, is the first of a series of projects for 2018 that will help rebalance the impact of roads, car parks and large buildings, making the area more people-friendly.

Park Hyatt Hotel, Wynyard Quarter

Façade works have started on the Park Hyatt Hotel which is on track to open in 2019. The vista of the eastern edge of Wynyard Quarter is set to be transformed with the façade of the new five-star Park Hyatt Hotel now ready to be wrapped around the seven-storey building. The design of the exterior centres on the notion of a Maori cloak around the building; a double skin offering warmth, privacy and beauty. As part of the development, a stunning water's edge promenade will open up part of the Viaduct Harbour previously closed off to the public.

4. Future outlook

Statement of Intent

Following the receipt of the Letter of Expectation, Panuku has drafted the Statement of Intent 2018-2021 (SOI). Following comments received from the shareholder, Panuku will finalise the SOI and submit it by 30 June 2018.

Working with Central Government

Panuku is scheduling a workshop with Homes Land Community (HLC) at their invitation. The workshop will explore how we can work together in our current and potential additional locations.


Panuku will continue joint work with the Crown in Manukau and on Kiwibuild opportunities in our priority development locations. There may be an opportunity to work alongside the Land for Housing Programme, which is part of MBIE.




Potential further priority development locations






A significant component of the debate conducted by Councillors in making the decision on our Finance and Performance Committee paper on reinvestment was on whether or not, and if so where, additional locations should be contemplated for the Panuku priority development locations programme. The outcome of the debate was that the Councillors adopted a resolution asking Panuku to report back to the Planning Committee in August on whether or not our programme should be extended. Part of the report addresses the request of including Manurewa and Papakura in our programme. Panuku executive have started work to respond to this request.

5. Key deliverables

The key projects currently being delivered are:

Deliverable	\$'000 YTD CAPEX/ OPEX Actual	Completed/ carry over to next quarter/ deferred	Status	Comments
TRANSFORM				
<i>Transform Manukau</i>	\$771k (OPEX) \$406k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> • 20 Barrowcliffe: a 5ha site to be developed for over 220 homes, the majority of which will be affordable. Heads of terms for a development agreement has been agreed with the developers. Earthworks have commenced on the site under a licence to occupy to allow the developer to manage costs. • Putney Way stage 1 : street works to improve public amenity through widen footpaths , street furniture and tree planting. Auckland Transport commenced construction in March 2018 on behalf of Panuku. • Regular place activation activities have continued both in Karoro Court as well as around events such as the Puhinui Challenge to

				<p>improve community engagement and raises awareness of public space.</p> <ul style="list-style-type: none"> • Puhinui Stream project: scoping work has started to incorporate the area adjacent to the Barrowcliffe development and the District Health Board walkway. • Manukau Plaza : preparations continue for the High Court process to remove restrictive covenants that currently prohibit ground floor retail activities.
Transform Onehunga	\$618k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Negotiation of commercial terms are continuing regarding the development of a carpark site adjacent to Dressmart and for the acquisition of Onehunga Wharf. • Analysis work is under way with Community facilities procurement for a 'future needs' assessment of the area.
Transform Wynyard Quarter – (Public Projects)	\$5,050k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> • A resource consent application has been submitted for the final option of AC36. • Skypath enabling works: the Seawall upgrade concept design has been completed and the detailed design is underway. • Madden and Pakenham Street upgrade was completed in January 2018. Practical Completion has been issued and a formal Council sign-off has been received. • Westhaven Marine Village: the Match Realty leasing campaign concluded in February 2018. Resource consent amendment is in progress. • Vos Shed Restoration: resource consent lodged in March 2018.
Transform Wynyard Quarter – (Capital Projects)	\$3,136k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Precinct Stage 2 - 10 Madden Street (office buildings): Final development offer being finalised with Precinct. Works are due to commence on site in May 2018. • Willis Bond Stage 1 – Wynyard Central (Site East 2): The apartments and townhouses are progressing and will be completed

				<p>by 30 June 2018.</p> <ul style="list-style-type: none"> Fu Wah / Park Hyatt Hotel: construction is progressing with facade and fit-out works underway. On track for completion in May 2019.
UNLOCK				
Panmure	\$268k (OPEX)	Carry over to next quarter		<ul style="list-style-type: none"> High level project plan (HLPP) completed in partnership with the local Board, AT and AC.
Avondale	\$212k (OPEX) \$83k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> 1 Trent Street (NZ Housing Foundation) 33 houses completed in March 2018; 75% of which are affordable.
Takapuna	\$236k (OPEX) \$80k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> 40 Anzac Street: The hearings panel recommendation on the change of use was approved at the Planning Committee in March 2018. Community engagement is commencing to determine the options for the public realm and development layout of Anzac St site.
Hobsonville	\$3,794k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> AV Jennings (Stage 1 – 102 dwellings) six of the seven superlots have now settled, with the remaining one due October 2018. Avanda (Stage 2 – 510 dwellings): Tier 1 Roads (Wallace Road / Waka Moana Drive / Commanders Avenue) are progressing well and are on target for completion December 2018.
Northcote	\$795k (OPEX) \$14.0M (Total SDF)	carry over to next quarter		<ul style="list-style-type: none"> The Town Centre Design Guide and reference design for first super lot is complete and has been endorsed by the Local Board Negotiations for the acquisition of strategic leasehold interests in the town centre are ongoing. Eight ground leases out of thirty two

	spend on ground leases)			have been acquired.
Ormiston (Partner: Todd Property)	\$85k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> Residential Block Stages 1A to 3C completed (63 housing units). Residential (66 housing units) and Medical Block (Block E) commenced construction.
Haumarū	\$95k (OPEX) \$1,100k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> Progressing consent and tender for Henderson Valley Road.
Papatoetoe	\$2,570k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> The Shopping Mall refurbishment Stage 2 is progressing and expect to be completed in May 2018. (Two remaining tenancies).

5.1 Key deliverables for next quarter

Deliverable	Comments
TRANSFORM	
Transform Manukau	<ul style="list-style-type: none"> Putney Way Road Stage 1: Practical Completion by 31 July 2018 Consistent place activation activities will continued in Manukau areas Conclude discussions with Scentre Group that enables the redevelopment of the existing shopping mall with the aim of an agreement in June 2018 Work closely with the Crown on how it may support Transform Manukau and develop Kiwibuild opportunities. Support MIT in its objective to relocate part of its campus from Otara to Manukau. Continue work on the commercial property land development strategy.

<i>Transform Onehunga</i>	<ul style="list-style-type: none"> • Framework Planning and Programme Business case process is targeted for Board approval in May 2018. • MoU (memorandum of understanding) in place for the site adjacent to Dressmart. Design underway and a draft development agreement targeted for June 2018. Panuku Board approval in August 2018. (Commercial/ retail space 3,100 sqm)
<i>Transform Wynyard Quarter</i>	<ul style="list-style-type: none"> • Continue to support integration with the America's Cup programme. • Willis Bond Stage 1 – Wynyard Central (Site East 2): Residents are going to move in shortly afterwards in June 2018. (Residential development with 113 housing units). • Willis Bond Stage 2 - 30 Madden Street (Site West 1): Construction commencement of sub-stage 1 is forecast for August 2018, subject to achieving the required pre sales threshold. (Residential development with 90 housing units). • Wynyard Central East-West Pedestrian Street: The anticipated completion is June 2018. • Fu Wah / Park Hyatt Hotel: Practical completion expected in March 2019.
<i>Transform Tamaki – Panmure</i>	<ul style="list-style-type: none"> • Work is continuing on investment logic mapping, options analysis, and preliminary costing information for Panmure Programme Business Case to seek Board approval in the next quarter. • Further work to be undertaken to achieve mandate to transact sites.
UNLOCK	
<i>Takapuna</i>	<ul style="list-style-type: none"> • Preliminary design is continuing on the Gasometer car park. Construction expecting to commence October 2018. • The residual Gasometer site of 2,800 sqm will be available on the open market for development interest in June 2018. • Sites (R78 and 72A) Hurstmere Road are going to the AT Board in May 2018 for approval to release to Panuku.
<i>Avondale</i>	<ul style="list-style-type: none"> • 28 Racecourse Parade: a future carpark. The commencement of construction expected October 2018. • Avondale Central: 1909-1949 Great North Road expected to go to market in July 2018. (A residential / retail site with up to 150 housing units) • 24-26 Racecourse Parade (Ockham): practical completion expected August 2018 (72 houses)

Hobsonville – Airfields	<ul style="list-style-type: none"> We are investigating the activation of the mixed use component on the balance (7.5ha) of the Airfields site. Construction of key infrastructure will continue on the Avanda and mixed use areas enabling further subdivision.
Northcote	<ul style="list-style-type: none"> Continue with acquisition of strategic leasehold interests in the town centre.
Ormiston (Partner: Todd Property)	<ul style="list-style-type: none"> Residential Block (Block HL) Civil works underway with estimated completion in late 2018. Town Centre Block (Block F&J) estimated settlement in July 2018 (This is the main retail block for Ormiston Town Centre. It does not have a residential component.)
Haumaru	<ul style="list-style-type: none"> Lot 2, 21 Henderson Valley Road to go to market in July 2018 for tender submissions around Kiwibuild. (Estimated 57 housing units)
Papatoetoe	<ul style="list-style-type: none"> Foodstuffs are expecting to start supermarket construction in July 2018. Wallace Road carpark construction to start July 2018 in line with the supermarket redevelopment .

6. Development budget and Strategic Development Fund

6.1 Development budget

Annually council approves a budget (before deferrals) sourced from property sale proceeds to cover investigatory activities and value-adding capital works on properties prior to development or sale. The 2017/18 budget has been split between \$7.3m for operational expenditure (includes inflation) and \$4.0m for capital expenditure.

\$000	Full year Budget	Forecast	Committed to projects	Actual Expenditure	
Development Expenditure					RAG *
Development capital expenditure	3,987	1,352	1,352	584	
Development operating expenditure	7,344	7,777	7,777	5,225	

The committed capital expenditure of \$1.3m relates to value add activities for 16 projects. These include site decontamination, building demolition, subdivision, preliminary design, vendor due diligence and infrastructure such as water reticulation. The under spend to date mainly relates to the carpark project in Avondale (\$1.5m) expecting to start late 2018 and Unlock Takapuna (\$1m).

Committed operating expenditure to date relates to 26 projects and includes High Level Project Plans and Framework plan work not capitalised.

6.2 Strategic Development Fund

\$000	Cumulative SDF spend to date	Full year Budget	Actual YTD	Comments	
Strategic Development Fund (SDF)					RAG *
Development capital expenditure	49,821	36,764	15,651	The Panuku Board approved the acquisition of strategic properties and sites in Northcote, Avondale and Onehunga that will contribute to the activation of the areas and support regeneration of the town centres.	

The Strategic Development Fund is available for land acquisition and capital improvements for sites which will benefit from short to medium term investment and return both financial and non-financial outcomes.

7. Financial performance

The following tables and section provides an overall financial summary covering all Panuku Development Auckland's activities.

7.1 Operational

For the quarter ended 31 March 2018

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Operational						RAG*
Revenue/External funding	27.4	27.0	(0.4)	36.4	35.5	(0.9)
AC funding	26.6	18.3	(8.3)	44.1	27.4	(16.7)
Expenditure excluding depreciation	36.6	30.6	6.0	49.0	44.1	4.9
Fair value decrease / (increase) on investment property	-	(5.2)	5.2	-	(5.2)	5.2
Depreciation	8.1	5.6	2.5	10.8	8.0	2.8
Tax	-	-	-	-	-	-
Net Surplus/(Deficit) After Tax	9.3	14.3	5.0	20.7	16.0	(4.7)

*RAG Status:

- Green** - Performance on target or better
- Amber** - Target may not be met, corrective action taken
- Red** - Target may not be met, action required

The Net Surplus After Tax is \$5.0m higher than budget year to date.

Revenue and External funding was (\$0.4m) behind budget due to the following;

- a. (\$1.8m) less in recharges of Panuku staff to capital budgets, acquisitions and disposals of Council properties and development opportunities. This is linked to reduced acquisition and disposal costs and capital projects being behind timetable.

- b. Marina income is ahead of budget \$0.9m due to additional occupancy and an increase in rates.
- c. Release of a 2015 revenue provision and Maritime Museum revenue to fund capital project at Hobson Wharf \$0.5m

Panuku has not drawn on Auckland Council funding in line with budget (\$8.3m). This is due to a number of public outcome capital projects being behind budget.

Expenditure excluding depreciation is \$6.0m favourable compared to budget due to the following;

- a. \$2.7m saving in interest expense, Council undertook a debt for equity swap in June 2017, this was not reflected in the budget. At this stage of the year interest has been reforecast close to zero.
- b. \$0.4m saving in consultancy cost, this is a permanent saving and will be held until year end.
- c. \$1.6m saving in people and director costs, there has been ongoing recruitment throughout the year and there are currently positions being actively recruited, there is also a \$0.3m saving in annual leave expense. Of the current savings \$1.3m is expected to be held until year end.
- d. \$1.3m saving in repairs and maintenance costs, the majority of this relates to our Marinas and now that the summer season has finished there are a number of projects that will be starting, \$0.3m of the current timing difference is expected to be held at year end.
- e. \$0.6m saving in marketing and communications, this is a timing difference and will be corrected by year end.
- f. (\$0.2m) additional electricity expense at the Silo Marina, additional recoveries revenue will offset this, (\$0.2m) of additional IT Costs relating to SAP Upgrade and (\$0.2m) of additional security on Wynyard Crossing and Tidal Steps in Wynyard Quarter to ensure public safety.

Depreciation is \$2.5m favourable compared to budget; this is due to slower than anticipated delivery of capital projects from both the prior and current years. The current trend is forecast to continue with \$2.8m saving by year end.

7.2 Capital

For the quarter ended 31 March 2018

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Capital						
Expenditure	20.8	8.2	12.6	43.4	15.0	28.4
AC funding	13.6	5.1	8.5	26.2	9.5	16.7
External funding	7.2	3.1	4.1	17.2	5.5	11.7

Year to date capital spend was \$12.6m behind budget due to the following:

- a. AC Funded projects : Madden and Pakenham street upgrade is practically complete resulting in a saving of \$2.6m. There are a number of projects behind phased budget, Sky Path Landing related works are \$1.2m, Central Park (Panuku contribution to a Healthy Waters Pumping Station in the Wynyard Quarter), Westhaven Promenade Stage 2 \$0.9m, Karanga Kiosk construction underway and a \$0.4m timing difference will be corrected this quarter. Public space renewals \$0.8m under budget spent year to date.

Other points to note are the Tiramarama Way project which started construction in September 2017 and has been progressing well, currently \$0.4m behind phased budget. Its cost reforecast is expecting a saving against budget of \$1.2m.

There are a number of projects which are still in the pre resource consent stage where underspends are now forecast against budget in the year as construction is either expected to start towards the end of the last quarter or in the next financial year. They include the Promenade Stage 2 \$3.8m saving in year and cruise ship infrastructure (The Dolphin) \$2.7m. Public space renewals are forecast to be \$1.1m under spent in year, there are a number of other smaller projects which are underway and will not be completed until the new financial year \$1.0m.






- b. External funded/commercial projects is currently \$4.1m behind phased budget. \$1.1m is in relation to Contamination costs paid to Development Partners in the Wynyard central sites (Willis Bond and Precinct). These payments are made when requested by the developer after decontamination work is completed and depend on the construction progress on their sites. Due to construction programmes being delayed we expect there to be a \$0.9m under spend in year.

Vos Shed restoration \$0.4m, resource consent lodgement is expected this month followed by building consent with construction expected to start early in FY 18/19 with \$2.2m expected to be unspent in year.

The Pile Mooring redevelopment project has applied for resource consent, but this process is expected to be extensive and \$1.5m of costs are forecast to be deferred to FY 18/19. The Westhaven Marine Village project is delayed as we are working with a realtor to confirm 50% tenancy pre-let prior to construction starting. We forecast construction will start in June with a \$5.0m deferral to FY 18/19.

8. Key performance measures

The table below shows the result of Panuku's key SOI performance measures for the quarter.

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
13. Written evidence that opportunities have been identified and assessed, to be progressed or not.	At least 100 opportunities identified and assessed		176 opportunities have been assessed to date.
14. The net surplus on the property portfolio achieves the annual budget agreed with Council.	Net Surplus achieves budget for 2017/18		A net surplus of \$22.7 million was achieved to the end of March 2018 (\$3.5m ahead of YTD budget).
16. For those properties available for rent: The rolling average over a 12 month period, of % occupancy at each month end (LTP).	The average of monthly % occupancy for the year is 95% or more.		Achieved 97% occupancy at the end of March 2018 (against target 95%).
19. List of properties recommended for disposal submitted to Council. The disposal target for the next financial period will be agreed with Council in the current financial period.	A list of recommended properties with a total value agreed by the Board the prior year totalling \$60 million gross value will be submitted to Council seeking approval to dispose for 2017/18 financial period.		\$30.5 million of recommended properties have been presented to date (on track to meet annual target).
20. Achieve total forecast net sales for the financial year through unconditional agreements.	Meet or exceed financial forecast Property disposal target of \$100 million (net value of unconditional sales).		\$124.2 million net property disposals have been achieved to date (target of \$100 million has been met).

9. Annual performance measures

The table below details Panuku's other SOI performance measures that are reported annually at the end of the financial period.

Measure	Year-end target	Last Actual
1. Achieve ten key deliverables in the Board approved Master programme.	Master programme deliverables completed within the Board approved timeline.	Annual Target
2. Number of net new dwelling units is calculated in accordance with agreed criteria.	Projected number of net new dwelling units is approved by the Board at least annually.	Annual Target
3. Development agreements are submitted to the Panuku Chief Executive, Board and/or Council for approval	Three year target Twenty six development agreements with partners including community housing organisations to be entered into.	Annual Target
4. On completion of the project or each key stage of the project, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)	All projects completed this year achieve business case financial and non-financial outturn	Annual Target
5. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	75%	Annual Target
6. Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73%	Annual Target
7. Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	84%	Annual Target
8. Number of event days per year at the Waterfront	350 days	Annual Target
9. Number of visitors per year at the Waterfront	1.9 million	Annual Target
10. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	74%	Annual Target
11. Number of significant Māori initiatives implemented or active per annum (LTP)	47	Annual Target
12. % Mana whenua groups satisfied with quality of engagement	Maintain or Improve	Annual Target

Measure	Year-end target	Last Actual
15. Improvement in gross rental income on those properties that are available for rent and have been held in the portfolio for at least two years prior to the end of the reporting period.	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.	Annual Target
17. Maintain or improve the baseline established at the end of the 2012/13 financial year. ROI on properties on a like for like basis (LTP). Panuku is committed to continuously review and improve the ROI target over the term of the SOI.	Greater than or equal to 2.2%	Annual Target
18. Return on Equity on commercial assets and services (LTP) at Waterfront.	8.4%	Annual Target
21. Acquisitions are delivered within the timeline agreed with Auckland Council.	80% satisfaction against agreed service performance measure	Annual Target

10. Contribution to Māori outcomes

The table below shows Panuku's progress on SOI projects and initiatives contributing to Māori outcomes.

Key project and initiatives	Description	Progress
1. Achieving better outcomes for and with Māori	<p>Support and develop initiatives which create strong relationships with Māori, including engagement opportunities through governance forums and with kaitiaki.</p> <p>Include KPIs and appropriate measures to identify progress across the organisation in delivering positive outcomes for Māori.</p> <p>Undertake engagement with Māori to increase understanding of priority outcomes, agree shared strategic objectives, and develop a way forward.</p>	<p>Panuku is implementing a range of improvements to our engagement approach with Mana Whenua, and strengthen relationships across all levels of the organisation.</p> <p>The Panuku Board held a Māori engagement workshop which identified several areas for improvement. A key priority is the Board's relationship with Mana Whenua representatives through the Rangatira-Board hui. The Board expressed their support for these hui and the significant opportunity the hui provide for better understanding</p>

Key project and initiatives	Description	Progress
		<p>priorities and identifying strategic alignment. The Mana Whenua outcomes framework provides a strong basis for partnering on delivering shared strategic outcomes.</p> <p>The Mana Whenua outcomes framework is being developed collaboratively with Mana Whenua using the Kaitiaki Forum Strategic Plan as the foundation. Approval for the framework will be sought in June at the Rangatira-Panuku Board hui.</p> <p>As part of the wider engagement review programme, Mana Whenua have sought a review of the terms of references including remuneration. This will be completed by June.</p> <p>The engagement review includes a review of current BAU processes where they either impact or give effect to Māori outcomes. Decisions on the LTP business cases will inform the direction of this project including scope and priorities.</p> <p>Central to this is the Panuku Māori Responsiveness Action Plan. A review of the plan will be initiated once the Mana Whenua outcomes framework has been approved.</p>
2. Enabling Māori commercial development opportunities	Understand and develop the spectrum of Māori commercial development opportunities available across the organisation. Working in partnership with Māori to enable investment in commercial and housing opportunities.	<p>Discussions to finalise the Barrowcliffe development in Manukau are progressing positively. The development conditions are almost agreed and it is anticipated the development agreement will be drafted shortly.</p> <p>Panuku are in preliminary discussions</p>

Key project and initiatives	Description	Progress
		<p>with an iwi led development group regarding a student accommodation proposal in Manukau.</p> <p>A draft development agreement for the Tavern Lane site in Old Papatoetoe has been issued subject to commercial conditions being finalised. This development proposal involves a Mana Whenua entity and a mataawaka agency.</p>
<p>3. Celebrating the Māori cultural footprint in design, the natural and urban environment, and broader social outcomes</p>	<p>Facilitate Māori identity innovations through priority location and public realm projects.</p> <p>Foster Māori identity and te reo Māori through initiatives such as naming new streets, laneways, buildings, signage, communications, art and landscaping.</p> <p>Placemaking will work from a kaupapa Māori foundation to deliver positive outcomes for Māori across the region.</p>	<p>The Priority Location programmes offer a number of opportunities to incorporate Māori identity in public realm projects. Panuku currently has either commissioned or will be shortly commissioning appropriate consultants to work with Mana Whenua on development concepts. Current projects include the Madden St development (design opportunity), 33 Henderson Valley Rd development (design opportunity), Opanuku reserve and the playground concept (design opportunity), and the Henderson C40 sites (design criteria for C40 entrants - the low carbon initiative).</p> <p>The rangatahi placemaking group recently held their first hui and agreed the first event to focus on is the Wynyard Quarter 7th Birthday celebrations. The rangatahi programme will focus on building the visible cultural identity from a youth focus. The purpose of this programme would be to grow the capability of both Panuku and rangatahi to work collaboratively in the uplifting and creation of meaningful places, to develop leadership skills, and to explore opportunities by connecting</p>

Key project and initiatives	Description	Progress
		and learning in shared learning environment through tikanga, reo and kawa. This work is in conjunction with the creation of Placemaking Values for Panuku, which draw directly from Matauranga Maori and Mana Whenua values and knowledge.

Initiative	How it contributes to Maori outcomes	Spend to date \$000	Full Year Budget \$000
Maori engagement	Improves public space and activities through input from Iwi	\$83	\$ 93
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history	\$424	\$ 341
Development Projects	Maori related expenditure spent on Panuku's development projects	\$75	
Maori koha		\$1	\$ 5
Commercial Advisory Fund		-	\$100
Total		\$583	\$539

11. Key Local Board issues

Decision mapping project

Panuku and Local Board Services staff collaborated on the decision mapping project earlier this year and made great progress towards ensuring that local board input and decision making is sought at the right time across our projects. Initial feedback from the Local Board Services Lead Team is the work is a really positive step in terms of how we will work together and that Panuku is demonstrating a commitment to working well with the boards. There are further refinements to be made to the framework following constructive feedback from local board services and members. We hope to conclude this work in May.

Enhancing Local Board Relationships

Locally elected members are key partners in local regeneration so establishing robust relationships with them will be critical to our overall success. Unfortunately at times our relationships with local board members are strained due to a number of factors including:

- Panuku engagement with local boards across the region is often focused on the disposal of assets within their areas.
- As our projects move from the planning to implementation phase, we expect to encounter issues that will need resolution that impact on timing of delivery
- We are seeing an increase in workload across our stakeholder engagement while the staffing levels remain the same.
- There remain some governance delegation issues from amalgamation (2010) which create a large grey area for Panuku and local boards.

Panuku needs to look to continuously improve the culture around stakeholder engagement, in order to see a significant shift in the levels of trust and confidence elected members have in us we are looking to adopt an organisation wide business improvement approach. We want the improvements to be meaningful so we are working with Local Board Services to develop an action plan that will look at how we can see significant shift in the levels of trust and confidence elected members have in Panuku. We hope to finalise the plan with Local Board Services in June with a launch mid-late 2018.

Consultation on the Panuku Work Programme

Panuku started a collaborative discussion with LB's in March to build trust and confidence in our processes, our people and the work programme we will deliver over the next three years. The conversations build on the years of engagement on HLPP's, and Framework Plans and provide a critical local lens across our regional priority location portfolio. We workshopped our proposed work programme with a number of our transform and unlock local boards, seeking their views on the projects we will deliver, subject to LTP funding. Their views will be formally sought at a subsequent business meeting over April/May and will be factored into the final portfolio prioritisation exercise our Senior Leadership and Board will make in June/July.

12. Risk management

During quarter 3 we had the Board Risk Workshop with EY that identified the key strategic risks to Panuku. Highlighted below are the Top 5 risks as identified by the Board, although other risks remain high such as cyber security.

The key risks are:

No.	Risk	Risk Level and Movement from Q2
1	Panuku's role and purpose Lack of clarity over Panuku's roles and clarity; uncertainty of role with the Crown and the Kiwibuild programme	↑
2	Resource Constraints Programme and project delivery is affected by potential staff turnover and secondments into other projects, e.g. AC36, and the requirement to increase the depth of staff for the delivery of Transform and unlock projects.	↑
3	Interdependencies and stakeholder management Possible misalignment with key stakeholders including Council, AT, Mana Whenua and Iwi.	New
4	America's Cup (AC36) Lack of delivery relating to consenting and other.	↓
5	Funding to support delivery of 10-year plan Disconnect between Panuku's role and purpose and the level of funding provided and the associated time frames.	↓

The Board Risk Workshop identified a new strategic risk to the Top 5 being the Interdependencies and Stakeholder Management. Not in the Top 5 but identified during the workshop was the risk of potential loss of experience due to the change in the chair of the Board and the possible rotation of the directors in October.

The 'role and purpose' is a key risk as it perceives a lack of clarity in the role Panuku is meant to be fulfilling, i.e. transform, unlock, regeneration, redevelopment and /or renewal. There may also be the perception that there is uncertainty over the role of Panuku and that of the Crown as a result of the government's Kiwibuild programme. Panuku is currently working with Crown agencies such as MBIE, HLC and Housing New Zealand on potential Panuku sites for Kiwibuild, as well as clarifying any requirements and roles as we move forward towards the formalisation of the urban development agency (UDA) in the future.

'Resource constraints' remains a key risk and the appointment of the Director, People and Culture is a positive mitigation in addressing current needs analysis, the development of skilled staff and retention strategies. There is a shortage of skilled staff in the project management and development sectors that may affect Panuku's ability to meet future programme demand.

The risk of lack of funding to support the delivery of the 10-year plan has been reduced with the approval of the long-term funding by the Finance and Performance Committee of Auckland Council.