

Panuku Development Auckland

Quarter 4 Performance Report

For the period ending 30 June 2019

This report outlines the key performance of Panuku which includes urban redevelopment related activities and investments

Panuku Q4 summary

Highlights, issues & risks for the quarter

Panuku met all but one of its fifteen SOI performance targets. The Transform and Unlock initiatives measure not achieved was mainly due to the slow-down in the market, affecting potential property sales. Despite this, significant transactions such as MIT Tech Hub at Manukau, CAB at City Centre, Site 18 Marine facility at the Waterfront, and 35 Graham street (facilitated by Panuku) achieved unconditional status. Panuku achieved general asset sales of \$44.4m, \$20.4m above target, and returned the council a surplus of \$26.8m on the portfolio it manages, \$2.3m ahead of budget. Significant progress has been made on AC36 enabling works; planning and resource consents for projects at the Waterfront and other locations, and large capital projects such as Gasometer carpark and the Haumaru apartment development in Henderson. Positive results were received on Waterfront, Manukau, and Onehunga location surveys and key areas of leadership, sustainability, and Māori outcomes.

Quarter Highlights:

1. A development agreement for the Manukau Institute of Technology (MIT)'s new Tech Hub at Manukau Station Road became unconditional in June 2019. The new centre of excellence for MIT's trades and engineering schools is expected to be used by more than 1200 students and 100 staff while creating more high-value jobs for the area. This facility will not only bring benefits to those who live in South Auckland but will reinforce Manukau as a hub for learning and a place where people can live, work, learn, and celebrate.
2. An unconditional agreement was achieved in June with Te Ākātai Waiohū for the sale of a site at 20 Barrowcliffe Place. This is part of the agreement with the consortium that includes mana whenua iwi Te Ākātai Waiohū and the NZ Housing Foundation. The project will provide homes for more than 300 families in the next five years.
3. Transform location stakeholder surveys - Panuku's leadership in our Transform locations continues to strengthen, with encouraging results in Onehunga (71%) and Manukau (79%).
4. Civic Administration Building site sale was completed.

Issues/Risks:

1. Challenging market conditions has the potential to impact physical works delivery and property sales.
2. Evolving crown relationships and partnerships.

Financials (\$million)	Actual	Annual budget	Actual vs Budget
Capital delivery	93.4	200.0	↓ (106.6)
Direct revenue	68.2	62.1	↑ 6.1
Direct expenditure	65.1	63.7	↑ (1.4)
Net direct expenditure	3.1	(1.6)	↑ 4.7

Financial Commentary

Capital expenditure variance is made up of **project capex** variance of \$58.6m and **Strategic Development Fund (SDF)** variance of \$48m. The SDF is a facility for purchasing properties for development if opportunities arise during the year.

- **Actual project capex** was in line with the December 2018 reforecast of \$73.4m. The main reasons for the variance were Waterfront projects being \$17m behind budget—caused by consenting and other delays, the Takapuna Carpark construction \$16.3m behind budget, a late start due to consenting, and \$19.3m variance spread over other locations.
- **Actual SDF** was \$22m, \$48m behind budget due lack of the right opportunities available for acquisition during the year.
- **Direct revenue:** This was ahead of budget due to \$2.6m additional revenue from Panuku activities, Marinas and Commercial Properties owned in Waterfront, and \$3.5m for Commercial Properties Managed for Council.
- **Direct expenditure:** additional spend (\$1.4m) mainly due to additional properties and water charges in the Commercial Managed Properties.

Key performance indicators (Refer to pg. 13 for complete list)	Previous Quarter	FY 19 Quarter 4		Status	Commentary
		Actual	Target		
Net Surplus achieves budget for 2018/19. (Properties managed on behalf of Council)	\$21.12m	Actual net surplus on the property portfolio for the 12 months ended 30 June 2019 is \$2.3 million ahead of budget.	Net Surplus achieves budget for 2018/19.	Met	Achieved actual surplus of \$26.8 million against budget of \$24.5 million.
Return on Equity on commercial assets and services (LTP) at Waterfront.	N/A	Actual ROE is 11.43%	8.25%	Met	Target has been exceeded by 3.18%.
Meet or exceed forecast property disposal annual target of \$24 million. (Asset sales)	\$42m	Achieved actual net sales of \$44.44 million for the financial year.	Meet or exceed forecast Property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.	Met	The target has been exceeded by \$20.44 million.
Percentage of visitors surveyed satisfied with their experience of the public spaces on the city or town centres (LTP)	N/A	Actual 92%	80%	Met	Target has been exceeded by 12% at the City Waterfront.

*All financials on this page include Commercial Property Portfolio which is owned by Auckland Council, but managed by Panuku.

Strategic focus area – Waterfront development

Key commentary

For the 12 months up to 30 June 2019, a total of \$34.2 million was spent towards Waterfront development, against a budget of \$51.2 million.

Highlights:

1. Resource consent has been granted for the Westhaven Pile Berth redevelopment which will provide new additional berths in place of the current pile moorings, to accommodate for growing demand.
2. Resource consent and Overseas Investment Office approval for Stage 1 of the marine refit facility and development by Orams has been received and demolition is underway.
3. Resource consent for the Wynyard Crossing Bridge has been submitted and publicly notified.
4. In the lead up to the AC36 event, and to enable construction works to take place, five of the seven tenants have been successfully relocated and new commercial agreements are in place.
5. Vos Shed Restoration is underway – the heritage value and restoration of the Vos shed will give Auckland a glimpse into the past, help facilitate wooden hull yacht repairs, and be a social hub for the public, visitors, and the marine community. It will also provide a commercial return based on land and water space value.

Issues/Risks

1. Tight timeframes for AC36 early works, particularly negotiation with tenants and stakeholders, means that any delays could impact on Wynyard Edge Alliance (WEA) construction timeframes.
2. The volume of work taking place in and around the Waterfront area, involving several different agencies.
3. Cruise Ship Mooring Dolphin – Two appeals have been lodged against the resource consent. A mediation process with one of those parties is scheduled for August 2019. The second appeal which relates to primacy in relation to the RMA context is set to be considered via the Environment Court.
4. There is risk to the Vos Shed project in terms of the level of asbestos contamination.

Strategic context

Panuku is leading the realisation of the Waterfront Plan's five goals, being:

1. A blue-green Waterfront
2. A public Waterfront
3. A smart working Waterfront
4. A connected Waterfront
5. A liveable Waterfront

The work within Transform Waterfront sees Panuku continue to build on the work completed by its predecessor, Waterfront Auckland, and to progress and enable the desired Transform outcomes within Wynyard Quarter and the surrounding Waterfront precincts.

Key programme of	Status	Description	Outlook
AC36 Enabling Works	On track	The key role of Panuku is to conclude commercial agreements with waterfront tenants enabling AC36 construction; facilitate resource consents and progress the subsequent project works including tenant relocations in line with agreed AC36 programme.	<ul style="list-style-type: none"> • The AC36 early works programme requires the relocation or exit of seven Wynyard Quarter tenants in time for construction to be delivered by the Wynyard Edge Alliance (WEA). There is an acceptance from all parties involved that the issues are complex and time frames challenging. Five tenants have been successfully relocated and new commercial agreements are in place. The focus now remains on the successful relocation of Sealink (Sept 2019), the exit of Bulk Storage Terminals (BST), site preparation for WEA handover (Sept 2019) and the temporary relocation of the fishing fleet (Sept 2020). • The WEA construction works are well underway. The level of activity emphasises the need to ensure that this activity does not unduly impact on business-as-usual in the Wynyard Quarter, and that the level of communication with tenants and stakeholders is clear and timely. • Attention has now turned to meeting the event activities schedule. Contractual negotiations have now been completed between Auckland Council, the Crown (through Ministry of Business, Innovation and Employment), and America's Cup Events Limited (ACE) on the Host Venue Agreement (HVA), which is the contract for the event. Panuku has responsibilities to deliver on HVA obligations and will need to lead on works to ensure that Wynyard Quarter is ready to receive the expected number of visitors for the event period. This includes the update of some current facilities and the extension of current services including CCTV to ensure the event can operate safely. Panuku is also involved in supporting additional AC36 work streams including legacy and the implementation of the event.

Wynyard Quarter	On track	In leading the transformation of the Wynyard Quarter from a former industrial area to a vibrant new waterfront city neighbourhood, Panuku facilitates significant outcomes for Auckland: new housing, business, and employment opportunities; visitor and resident satisfaction; economic impact; enhanced public amenity and access; place activation and community engagement.	<ul style="list-style-type: none"> Construction works at 10 and 30 Madden Street - apartments are progressing well. These developments are due for completion in Oct 2020. The completion of the Park Hyatt Hotel and the adjacent Madden Plaza has now been indicated by the developer as October 2019. The Vos Shed asbestos and remediation works are progressing well, although the asbestos contamination levels are significant which will impact the ability to retain some items. An architect is overseeing the process and the Vos Trust has been updated. Due to significant timeframe and budget constraints for the delivery of the replacement Wynyard Crossing Bridge, the decision has been made to move the proposed construction to after the AC36 event.
Other e.g. Marinas	On track	The key objectives are increasing access to the marina for Aucklanders and maintaining Westhaven as a premier marina, with a wider range of complementary businesses and services. This includes redevelopment of the pile mooring area, and completing the waterfront promenade to improve the profitability, quality, and public amenity of the marina.	<ul style="list-style-type: none"> The Westhaven Marina team were one of only three finalists at the International Marina of the Year awards. This follows their recent success at the New Zealand Marina of the Year awards, where they won New Zealand's Best Marina. The Curran Street upgrade works required in advance of the delivery of the Auckland Harbour Bridge Pathway have been completed. The contractor (HEB) for the Promenade Stage 2 has commenced site establishment to improve public access to the water edge, with construction scheduled to begin in August 2019.

Strategic focus area – Other Transforms and Unlocks

Key commentary	Strategic context
<p>For the 12 months up to 30 June 2019, a total of \$59.2 million was spent towards other Transforms and Unlocks against a budget of \$149.1 million.</p> <p>Highlights</p> <ol style="list-style-type: none"> 1. Wilsher Village (33 Henderson Valley Road, Henderson) - Construction of a new 40-unit apartment development has progressed to 90% of completion. The village opening ceremony is planned for December 2019. 2. The Papatoetoe Mall sale - a conditional agreement was achieved in FY19 with the deal going unconditional in July 2019. 3. The agreement with Hayden & Rollett to develop 52-54 Manukau Station Road into the MIT Tech Hub has become unconditional and construction is now underway. 4. A development agreement for a new hotel development adjacent to the Manukau bus station has been signed. 5. The Unlock Pukekohe High-Level Project Plan was given the green light by Auckland Council's Planning and Finance and Performance Committees, following endorsement by the Franklin Local Board. The plan provides a framework for Pukekohe as it faces rapid growth and increased population. <p>Issues/Risks</p> <ol style="list-style-type: none"> 1. Challenging market conditions has the potential to impact physical works delivery and property sales. 2. Evolving crown relationships and partnerships. 3. Ngai Tai Waipareira Housing Limited is seeking a Human Rights Review Tribunal order against Panuku and the Auckland Council for a breach of the Human Rights Act in relation to the Tavern lane property sale. 	<p>Panuku plays a significant role in achieving the <i>Homes and Places</i> and <i>Belonging and Participation</i> outcomes in the Auckland Plan.</p> <p>Panuku will lead the redevelopment of town centres, the creation of public spaces for the future, and facilitate housing development; fundamental elements of comprehensive redevelopment.</p> <p>The priority location HLPPs, Precinct Plans, and the LTP-funded Priority Location Programme provide a redevelopment roadmap for priority locations.</p>

Key programme of works	Status	Description	Outlook
Transform Manukau	On track	The Transform Manukau programme area covers 600ha including the Manukau city centre, the Wiri housing areas and the extensive land holdings of the Counties Manukau DHB. The objectives focus on optimising both council and crown land holdings to create significant new residential units and new employment in the town centre. Reinvestment of asset sales into improved public realm and public good projects are an important component of the programme to create a healthy and attractive environment for a growing community.	<ul style="list-style-type: none"> • Panuku continues to work closely with the Crown to evaluate the cost and benefits of increased Crown investment in the area. • Panuku and the Crown are exploring office, education, and residential development opportunities on Council land in the Manukau city centre. • Panuku's leadership position amongst key stakeholders was confirmed at 79% via an external engagement survey • Panuku is supporting Council on its corporate property rationalisation in central Manukau. • The agreement with Hayden & Rollett to develop 52-54 Manukau Station Road has been completed and construction of the MIT Tech Hub is underway. • Land subdivision for the 330 affordable new homes in Barrowcliffe Place is continuing to the planned programme. Work to upgrade the bridge from Manukau to the new housing is progressing. • Development Agreement has been put in place for a new hotel development adjacent to the bus station. • Panuku is working closely with Healthy Waters on the regeneration of the Puhinui Stream catchment area for community, amenity, and environmental benefits. • Negotiations with CMDHB are underway for the walkway/cycleway through DHB land to support the Puhinui Stream project. • Panuku, Healthy Waters and Community Facilities are working together to develop a plan for the improvement of Hayman Park. • Panuku has established a partnership with TSI and ATEED to enhance joint working on social and economic regeneration opportunities. • Te Papa confirmed that it is not proceeding to develop a new museum facility in Hayman Park.
Transform Onehunga	On Track	Planning the mixed-use redevelopment of the wharf and advocating for integrated infrastructure solutions to better connect Onehunga Mall to the Onehunga wharf and Manukau Harbour. Enhancing public spaces with great design, facilitating new retail and housing choices, and optimising council service sites.	<ul style="list-style-type: none"> • The Onehunga Port framework objectives guiding its redevelopment has been agreed with mana whenua. • Panuku's leadership position amongst key stakeholders was confirmed at 71% via an external engagement survey. • Safety and quality of environment improvements have been achieved. Survey results showed safety at 81% (up from 46%) and quality of town centre reaching 97% (up from 64%) • A public realm project in Onehunga town centre for a new and improved laneway (Laneway 7) beside the Onehunga Police Station was completed. The laneway is the first of eight spaces in the town centre being upgraded with new paving, artwork, seating, lighting, and landscaping. • Waiapu Lane Precinct - A preferred option for the precinct plan is being developed from 5 options following Local Board and mana whenua feedback. The Auckland Transport (AT) board has approved the transfer of the carpark site to Panuku subject to resolving minor legal issues and transport requirements. • Laneways - Concept design is progressing on three further laneways incorporating community feedback, testing and mana whenua input. • DressSmart Precinct – A development agreement has been signed with the developer/long-term owner. A concept design of the public realm is progressing following Local Board and mana whenua feedback. A partial road closure is progressing with AT. • Municipal Precinct – A needs assessment for the Onehunga indoor recreation requirement has been scoped by Council Community Services Strategy and Integration. The expected date of completion is March 2020.

			<ul style="list-style-type: none"> • Station Precinct - Work on the integrated transport station with AT is being investigated with the Local Board. • The Crown (HLC/HNZ) - Panuku are working in the Jordan and Oranga areas with these agencies and Council to reconfigure parks and road closures for an improved amenity and housing outcomes. Parks and Place are leading a strategic assessment and management plan for Jordan Reserve which will provide direction for the park redevelopment.
Unlock Takapuna	On Track	Engaging closely with the community to unlock the opportunity to create a new active public heart for Takapuna and to provide new housing choices, amenity, and enhanced economic vitality.	<ul style="list-style-type: none"> • Gasometer Car Park Building - The construction of a multi-level carpark on part of the Gasometer site in Takapuna is progressing to programme. Completion is expected in mid-2020. The five storey building has been designed for 420 car park spaces. The project will consolidate parking from the 40 Anzac Street car park allowing for mixed-use development and public space to be developed. • Two Māori artists are working with the architects to create a fantastic piece of cultural art for the lift lobby walls at each end of the car park building. • A working group has been established with local ward Councillors, local board Deputy Chair and Chair to progress public space development opportunities. Initial concepts to be reported to the local board for approval in early 2020. • Shortlisted parties for the development opportunities at 40 Anzac Street and 30-34 Hurstmere Road are preparing development proposals. • The design for the town square / public space at 40 Anzac Street and 38 Hurstmere Road is underway. Isthmus Group has been appointed as the design team. • The building at 38 Hurstmere Road has been demolished and the site is being used to create and test temporary public space to guide the final design of the space for this site and part of 40 Anzac Street. The space has held several successful events over the last few months, including events during April 2019 for ANZAC day and during May 2019 for New Zealand music month.
Unlock Avondale	Delayed	Facilitating a new multi-purpose community centre and development of vacant central sites in partnership with the Crown and private sector will bring Avondale to life, with more housing choices, people, activity and business prosperity.	<ul style="list-style-type: none"> • Panuku is working directly with the Crown in Avondale. This includes reaching agreement on key issues such as overall housing mix. There is an interest by both parties to refine how the Council and Kāinga Ora can best work together to achieve great outcomes in Avondale. • Panuku is continuing to work with the crown on two sites in Avondale. • Panuku continues to negotiate with a potential development partner on 1817 Great North Road. We anticipate that agreement will be reached in Q1 FY2020. • Residents have now moved into the 72-housing unit development at Racecourse Parade, which comprises 10% affordable housing. • Panuku is supporting the council-led Community Services project to build a combined community centre and library in Avondale through assisting with site location decisions and leading site acquisition. • Panuku is leading the planned streetscape upgrade for Crayford Street West. This opportunity was proposed as a cornerstone to signal the overall integrated design and development within Unlock Avondale. It links the train station with the town centre and will provide a gateway to Avondale.

Strategic focus area – Other Transforms and Unlocks

Key programme of works	Status	Description	Outlook
Unlock Haumaru	Delayed	Improving the quality, location, and design of the Council's social housing stock for older residents, led by Haumaru—a partnership with the Selwyn Foundation. Panuku leads the multi-year, multi-location redevelopment programme.	<ul style="list-style-type: none"> Wilsher Village (33 Henderson Valley Road, Henderson) - Construction of a new 40-unit apartment development has progressed to 90% and scheduled to be completed in September. The Village handover to Haumaru Housing is scheduled for October 2019, subject to obtaining code compliance certificate. The village opening ceremony is planned for December 2019. 21 Henderson Valley Road, Henderson site redevelopment – negotiations with a potential developer reached conditional agreement stage but did not progress further. Development feasibility and valuation work is being progressed to re-evaluate options for the site in current market conditions. The evaluation will feed into an updated business case. Greenslade Court Redevelopment, Northcote - A proposal to redevelop existing Greenslade Court is being progressed.
Unlock Henderson	On Track	To create an urban eco centre with a family focus, to enhance the mauri of the twin streams Wai o Panuku and Wai Horotiu, and to demonstrate sustainability and climate responses.	<p>Development:</p> <ul style="list-style-type: none"> C40 low carbon project - negotiations with a preferred development partner is continuing. This will progress a potential low carbon development at the Alderman carpark in central Henderson. Engineering Plan Approval has been lodged for the 2-6 Henderson Valley Road subdivision works. The project is preparing to procure a contractor for delivery of a new road, intersection, greenway, and bellhouse; targeting to start in November 2019. Henderson sound path - Ngā rongo o te mauri - is planned for three locations around central Henderson. This is projected for delivery to the identified sites in October 2019. The Opanuku Link project comprising a new play space, cyclist bridge to Corban Estate, and a 400m upgrade of Henderson Valley Road continues to progress in concept design phase. Cycleway network - collaboration with Auckland Transport continues to progress an agreement on the cycleway network for Henderson. CRL Henderson - Panuku continue to work with City Rail Link Limited to progress and refine designs of the Henderson station expansion. <p>Placemaking:</p> <ul style="list-style-type: none"> Low scale activations continue on Falls carpark (Te Puna pop-up village) including the Pump Track The Pa Rongorongo from the city is coming to Corban Estate and supported by Panuku. <p>Engagement:</p> <ul style="list-style-type: none"> The third Eco Centre Speakers Series took place on 18 June 2019. It was a successful event and was well attended. We are also working with Unitec architectural students for concept designs around the Henderson Valley Road area.

Unlock Ormiston	On Track	The development and creation a town centre within the Ormiston & Flat Bush area and to further develop Panuku controlled land. To provide enhanced community facilities, a primary school, 392 new homes, and a retail shopping centre.	<ul style="list-style-type: none"> • Ormiston Town Centre - Block E has now been completed bringing a total of 129 housing units. • Ormiston Town Centre - Block F & J are under construction which will provide the retail shopping centre, restaurants, and fitness centre. • Ormiston Town Centre - Blocks B2 and K, to confirm the location of the Community Facilities. • A Community Information Evening took place on Wednesday 22nd May, with presentations from Panuku, Todd and other parts of the Council family. This was a great success, with lots of positive feedback from local councillors and the community.
Unlock Panmure	On Track	Reviving the town centre with new housing options, enhanced amenity, local connections and community facilities, building on the natural landscape (the Maunga and the Basin) and the great transport infrastructure.	<ul style="list-style-type: none"> • 3 Mountwell Crescent, Mt Wellington - commercial negotiations is in progress with interested parties from the tender process. We are working towards achieving a conditional agreement to enable a new mixed-use development to broaden the centre's offering. • Commercial Precinct (486-492 and 516 Ellerslie-Panmure Highway, 59 and 59A Mountain Road, Mt Wellington) - Negotiation is progressing with a retailer to enable an integrated mixed-use development. A resource consent for the integrated mixed-use development was lodged in June 2019. • Town Centre Streetscape Upgrade - in collaboration with the Maungakiekie-Tāmaki Local Board, Panuku successfully engaged with the community using Social PinPoint between October 2018 to March 2019 to invite input on their views on the Town Centre Streetscape and Community Hub projects. More than 1,700 people engaged with the website and community feedback are being fed into concept design development in the second half of 2019. • Community Hub (7-13 Pilkington Road, Panmure) - Maungakiekie-Tāmaki Local Board approved on 28 June for Panuku and Council Community Services to proceed with investigation for a new multipurpose Community Facility investment in Panmure. Panuku and Community Services will work with the local board and key stakeholders to assess a range of redevelopment options to ensure the community facilities provision can be fit for purpose for a growing Panmure community. • 3 Kings Road Plan Change - on 28 June 2019, Maungakiekie-Tāmaki Local Board gave support to proceed with a plan change to rezone the site from Open Space - Informal Recreation to Terrace Housing and Apartment Building zone to provide new quality housing and choice within the town centre. Plans and Places is scheduled to present the open space plan change to the Planning Committee in August 2019.
Unlock Papatoetoe	Delayed	Developing new housing choices around the completed commercial developments of a shopping mall, supermarket, and carpark to enable the centre to flourish and the community to thrive.	<ul style="list-style-type: none"> • The Papatoetoe Mall sale - a conditional agreement was achieved in FY19 which became unconditional in July 2019. • An agreement on the Tavern Lane site was not achieved in FY19 as envisaged. Panuku is in discussions with a potential development partner to progress the sale of Tavern Lane for a mixed-use development. Ngai Tai Waipareira Housing Limited is seeking a Human Rights Review Tribunal order against Panuku and the Auckland Council for a breach of the Human Rights Act in relation to the Tavern lane property sale.
Unlock Hobsonville	On Track	Facilitating the creation of an employment hub "The Airfields" to compliment the greenfields master planned community at Hobsonville Point led by HLC and the residential	<ul style="list-style-type: none"> • Megalot 1 - developer AV Jennings - 106 units completed in May 2019 • Megalots 2, 3 & 4 - developer Avanda - first phase of 17 units commenced on Megalot 2 in May 2019. • Megalots 5 & 6 - review of masterplan options for the site, including employment, mixed use and community uses, working in partnership with HLC.

		precincts facilitated by Panuku and currently underway.	<ul style="list-style-type: none"> The Hobsonville team provided a priority location update to the Panuku Board in May, which provided feedback on the overall programme and way forward. This was followed by a subsequent Panuku/ HLC Board meeting which focused on the employment precinct and how working with HLC, we can progress this part of the programme.
Unlock Northcote	Delayed	Regenerating the shopping centre into an accessible, modern mixed-use town centre, where people can live, work, play, and stay; where cultures are celebrated and connected by the Awataha Stream.	<ul style="list-style-type: none"> An enhanced programme business case with updated timelines and milestones has been approved by the Panuku Board. The acquisition programme is gaining momentum with all remaining building owners receiving renewed approaches and several negotiations underway. There is further site preparation activity including an electrical capacity study. Greenway restoration also underway at the Jessee Tonar Scout Reserve and over 10,000sqm of land by the town centre will be undergoing detailed design. Continued regular and close liaison with stakeholders including the Northcote Business Association Two successful town centre activation events in collaboration with stakeholders completed - Open Day and Pump Track Party, each with about 1,000 attendees.
Unlock Pukehohe	On Track	Working with the Local Board in identifying development opportunities to strengthen the local economy and bring communities together.	<ul style="list-style-type: none"> Completed the High-Level Project Plan High-Level Project Plan (HLPP) was given the green light by Auckland Council's Planning and Finance and Performance Committees, following endorsement by the Franklin Local Board. The plan provides a framework for Pukekohe as it faces rapid growth and increased population. Enhancing the town centre will create a central hub for southern Auckland and northern Waikato communities. Piloting an exemplar partnership with mana whenua.
Unlock City Centre	On Track	Managing city centre redevelopment projects on behalf of Council, including the Civic Administration Building (CAB), Central Post Office (CPO)	<ul style="list-style-type: none"> Civic Administration Building sale has been completed and construction will start once the construction contract is let and the site established. CPO: Panuku is working with AT to explore over site development at the rear of the Britomart Station (ex CPO Building).

Other statement of intent focus areas

Local board engagement

- Panuku has engaged both formally and informally with elected members through this quarter. Engagement included:
 - Reports to local board business meetings e.g. Six-monthly updates to all the 21 local boards
 - Project specific reporting to seek appropriate approvals
 - Workshops, briefings, and site visits
- Local board and community engagement is a particular area of focus for Panuku especially in priority locations
- Ongoing collaboration with other parts of council e.g. Local Board Services and CCO monitoring to determine best practice approach for elected members' input and decision-making into Panuku's priority locations.
- Panuku is also preparing an induction package for new elected members. This information/induction pack outlines Panuku's activity and remit across the city post-election

Climate change

- As part of the Climate Leaders Coalition, Panuku is working with Enviro-Mark to obtain CEMARS certification with an externally verified carbon footprint that will be reported by late 2019. Once our baseline is established we will set targets and develop a management plan to reduce our emissions.
- We have established a cross-Panuku Climate Change working group to grow capability and understanding throughout the organisation and drive the development and implementation of a Climate Change Strategy that covers all our operational areas.
- We have engaged closely with developers to promote and facilitate the delivery of Homestar rated housing. This has included championing innovations to demonstrate market leadership.
- We have engaged with CCOs, industry, government and developers to create a low carbon framework for new commercial buildings which has been piloted on two developments.
- We are currently developing a low-carbon framework for public realm projects, which will complete a full suite of requirements for all development types.
- We are working with technical experts and industry to develop a tool to measure and reduce the carbon impact of new mixed-use and residential development.
- Panuku is in the final stage of obtaining New Zealand's first *Green Star - Communities* ratings for the Opanuku Precinct in Henderson and Takapuna's masterplan. Use of the tool provides a robust methodology to assess the performance of our masterplanning processes against a holistic set of social, environmental and economic benchmarks, as well as quality assurance of some of our BAU processes. It enables us to show industry leadership and encourages further improvements to our BAU activities and processes. Submissions are being prepared for Northcote and Panmure's masterplans for this year.
- We are working with technical experts to ensure that climate adaptation and resilience is a key consideration in the master planning and development of our priority development locations. This is being piloted first for the Onehunga Port.
- Panuku has leveraged its membership of C40 to drive low carbon initiatives including the innovative Reinventing Cities proposal in Henderson.
- We achieved a 4 *Green Star - Interiors* rating for our tenancy fit-out at 82 Wyndham St and a 4 star 'excellent' NABERSNZ rating for our operational energy use. We have set a target of 4.5 star rating for our FY20 NABERSNZ rating and have established a cross-tenant committee to improve efficient energy use. Panuku has also set a target to reduce landfill waste in our office by 20% by the end of 2019 and is working to support greater uptake of sustainable travel modes amongst staff as part of a wider operational sustainability strategy.

Working with Central Government

- Panuku is continuing to explore ways of working closely with Central Government in our priority development locations.
- In Manukau, we are exploring office, education and residential development opportunities on council land in the city centre.
- Negotiations are progressing with the Crown on sites in Avondale and Henderson.
- Panuku has put a lot of effort in working with KiwiBuild over the year presenting a number of development opportunities, such as Papatoetoe Tavern Lane, Flat Bush and Gt North Road, Avondale. Other opportunities presented to the Crown (such as Henderson Valley Road) have not progressed due to the private developer pulling out.
- Housing New Zealand, KiwiBuild and HLC transitioned into the Urban Development Group in preparation for the establishment of Kāinga Ora Homes and Communities.
- Panuku has provided input into the Auckland Council submission on the bill to establish Kāinga Ora Homes and Communities. The second bill on powers is expected in 2020.

Contribution towards Māori outcomes

- **Māori Housing & Papakainga** - A key significant Māori initiative achieved was reaching an unconditional development agreement on the Barrowcliffe Place site at Manukau in June 2019. This site was sold to a consortium including mana whenua iwi Te Ākitai Waiohū and the NZ Housing Foundation. Earthworks are well underway on this site which will be home to more than 300 families in the next five years. The project will deliver well designed efficient homes of different sizes, typologies and tenures for a diverse community.
- **Economic Development** - In the Old Papatoetoe Mall, mana whenua were provided with an opportunity ahead of the market to commence due diligence in respect of the commercial investment opportunity. Panuku presents all development opportunities to Māori on a regular basis.
- **Identity and Culture** - One of our SOI commitments in FY18/19 was "to facilitate 50 significant Māori initiatives". We achieved 65 initiatives overall. Examples include:
 - Two Māori artists are working with architects to create a fantastic piece of cultural art for the lift lobby walls at each end of the Takapuna Gasometer car park building.
 - Panuku reflected mana whenua history and association with Te Waitematā via the Waterfront Tiramarama Way hoardings. We engaged a landscape architect and local Māori artist to collaborate in the design.
 - For Matariki Panuku provided Haiku and video projections onto the Manukau Civic Building. This process involved 60 first-year Bachelor of Media Design students who incorporated their culture.
 - In Henderson, we attracted a Māori artist through an EOI process to work with Panuku on the design of the Opanuku Link Bridge and playground.
- **Te Reo Māori** - We facilitated several internal projects to develop the capability of our staff to engage in Te Ao Māori with confidence. For example, Panuku hosted regular waiata practice, te reo Māori, and tikanga courses. Panuku also celebrated Te Wiki o Te Reo Māori week and incorporated Māori kupu [words] into our internal written and oral channels.
- **Organisational Effectiveness (internal)** - Panuku has partnered with mana whenua to co-design a Māori outcomes framework. Panuku has used the Auckland Council Māori Responsiveness Framework as a foundation to develop a more robust and authentic mechanism to engage with mana whenua.
- **Effective Māori participation (internal)** - Engagement Survey - Understanding if mana whenua groups are satisfied with the quality of engagement here at Panuku is very important. Panuku has set the baseline at 30% of mana whenua were satisfied with the quality of engagement. 30% were neither satisfied nor dissatisfied and 20% were dissatisfied. 20% did not give a rating for this question, i.e. selected 'Don't know/not applicable'. Other feedback includes a recognition from mana whenua that Panuku is trying hard to provide ample opportunities for mana whenua to engage with them and is leading the way within the council whānau.

Panuku Q4 financials



Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 4 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		7.7	9.7	11.8	2.1	21.1
Direct revenue		37.4	37.4	34.8	2.6	19.8
Fees & user charges		3.1	2.1	2.3	(0.2)	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	34.3	35.3	32.5	2.8	19.8
Direct expenditure	B	45.1	47.1	46.6	(0.5)	40.9
Employee benefits		22.1	25.2	23.7	(1.5)	31.7
Grants, contributions & sponsorship		0	-	0	-	-
Other direct expenditure		23.0	21.9	22.9	1.0	9.2
Other key operating lines						
AC operating funding		17.9	18.0	18.0	0	21.1
AC capital funding	C	8.0	17.2	30.3	(13.1)	0
Vested assets		-	-	-	-	-
Depreciation		7.9	8.1	8.5	0.4	0.1
Net interest expense		(0.7)	(0.7)	(0.6)	0.1	0



Financial Commentary

Overall the operating performance of Panuku is ahead of budget \$2.1m

A: Other direct revenue is \$2.8m ahead of budget due to Marina revenue \$1.3m, at the Viaduct Marina not being impacted to the extent initially forecast by AC36 \$1.0m, other marina revenues were up \$0.3m. Commercial Property income is \$1.4m ahead of budget as the timing of lease exit of tenants affected by AC36 was pushed out later than budgeted, recovered from tenants was above budget and a number of back-dated rents were negotiated and paid in year.

B: Direct expenditure was (\$0.5m) ahead of budget, employee benefits increased (\$1.5m) as a result of increased staff levels as we start to deliver in our Priority locations, this was offset by \$1.0m of savings across other expenditure categories.

C: Capital funding was behind budget (\$13.1m) due to external dependencies, resource consents or commercial issues reflecting the underspend in capex within public realm in the Waterfront.

Please note the FY20 budget reflects the impacts on Panuku of the asset transfer.

Commercial Property Portfolio Q4 financials



Direct operating performance

(\$ million)	Notes	FY 18	FY 19 Quarter 4 YTD			FY 20
		Actual	Actual	Budget	Variance	Budget
Net direct revenue		18.9	12.8	10.2	2.6	10.1
Direct revenue	A	33.9	30.8	27.3	3.5	48.7
Fees & user charges		1.4	1.9	1.3	0.6	4.3
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		32.5	28.9	26.0	2.9	44.4
Direct expenditure	B	15.0	18.0	17.1	(0.9)	38.6
Employee benefits		0	0.2	0	(0.2)	-
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		15.0	17.8	17.1	(0.7)	38.6
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		0	0.3	1.5	1.2	11.3
Net interest expense		0	0	0	0	(0.5)



Financial Commentary

The numbers in the table are the numbers consolidated at Auckland Council, they do not include the net direct revenue of \$5.7m year to date that we have generated for properties managed for Auckland Transport, or the \$4.6m of dividend that has been passed to Solid Waste at Council from the Waste Disposal Services investment managed by Panuku for Council.

A: Direct revenue is \$3.5m ahead of budget, the non-service property portfolio managed by Panuku for Council is \$3.5m ahead due to negotiation of new rent increases and back-dated rent across the portfolio and a number of new acquisitions (Onehunga Wharf, Northcote Town Centre) that were not included in the budget.

B: Direct expenditure was ahead of budget \$0.9m largely due to additional unbudgeted water charges \$0.3m for infrastructural growth, \$0.4m for additional repairs and maintenance due to additions to the Portfolio.

Please note the FY20 budget reflects the impacts on the Commercial Property Portfolio of the asset transfer.

Panuku Q4 performance measures

Key performance indicators	Previous	FY 19 Quarter 4		Status	Commentary
	Quarter	Actual	Target		
Note: Panuku has a total of 6 LTP measures and 15 SOI measures. For the 12 months to 30 June 2019, 13 has been met, 1 has been substantially met and 1 has not been met.					
1. Transform and Unlock location initiatives completed.	3/14 completed	8 of the 14 Transform and Unlock location initiatives were completed this year or 57% against a target of 90%.	90% or more of planned Transform and Unlock initiatives completed/ achieved. A list of location initiatives for the 2019/20 year will be agreed by the Board in the 2018/19 financial period.	Not met	The initiatives not completed this year mainly relate to property developments and site sales which were impacted by the slowdown in the property market. A list of location initiatives for the 2019/20 year has been agreed by the Board.
2. Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities.	-	Actual 85%	Set baseline	Met	Baseline set at the City Waterfront
3. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city or town centres (LTP).	-	Actual 92%	80%	Met	Target has been exceeded by 12% at the City Waterfront.
4. Percentage of Aucklanders surveyed who have visited the city or town centres in the past year (LTP).	-	Actual 72%	73%	Substantially Met	Less than target by only 1%. Survey relates to the City Waterfront.
5. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP).	-	Actual 91%	88%	Met	Target has been exceeded
6. Number of significant Māori initiatives implemented or active per annum (LTP).	57	Actual 65	50	Met	65 Māori initiatives have been implemented by Panuku this year.

Key performance indicators	Previous Quarter	FY 19 Quarter 4		FY 19 Quarter 4 Status	Commentary
		Actual	Target		
7. % Mana whenua groups satisfied with quality of engagement.	-	An actual baseline has been set at 30% of mana whenua survey respondents were satisfied with the quality of engagement.	Set Baseline	Met	The other 30% of respondents were neither satisfied nor dissatisfied and 20% were dissatisfied. 20% did not give a rating for this question, i.e. selected 'Don't know/not applicable'
8. Written evidence that opportunities have been identified and assessed, to be progressed or not.	72	Actual 143 opportunities have been identified and assessed this year.	At least 100 opportunities identified and assessed	Met	Target has been exceeded
9. Net Surplus achieves budget for 2018/19 (Properties managed on behalf of Council).	\$21.12m	Actual net surplus on the property portfolio for the 12 months ended 30 June 2019 is \$2.3 million ahead of budget.	Net Surplus achieves budget for 2018/19	Met	Achieved actual surplus of \$26.8 million against budget of \$24.5 million.
10. The average of monthly % occupancy for the year is 95% or more.	97%	The actual average of monthly % occupancy for the year is 97.8%	The average of monthly % occupancy for the year is 95% or more.	Met	Target has been exceeded
11. ROI on properties on a like for like basis (LTP).	-	Actual ROI is 2.4%	Greater than or equal to 2.25%	Met	Actual ROI calculated on this year's property valuation on a like for like basis is 2.4% against the 2.25% target.
12. Return on Equity on commercial assets and services (LTP) at Waterfront.	-	Actual ROE is 11.43%	8.25%	Met	Target has been exceeded by 3.18%.
13. List of properties recommended for disposal submitted to Council valued at \$30 million.	\$9.4m	Actual \$30.38 million of recommended properties have been presented to Council for approval to dispose.	A list of recommended properties with a total value agreed by the Board the prior year totalling \$30 million gross value will be submitted to council seeking approval to dispose for 2018/19 financial period. A recommended-for-disposal target for 2019/20 will be agreed by the Board in the 2018/19 financial period.	Met	A recommended-for-disposal target for 2019/20 was agreed by the Board in June 2019.

14. Meet or exceed forecast property disposal annual target of \$24 million. (Asset sales).	\$42m	Achieved actual net sales of \$44.44 million for the financial year.	Meet or exceed forecast property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.	Met	The target has been exceeded by \$20.44 million.
15. Acquisitions are delivered within the timeline agreed with Auckland Council.	100%	Actual 92.8% of the acquisitions were delivered within the timeline agreed with Auckland Council.	80% satisfaction against agreed service performance measure	Met	14 acquisitions for Auckland Council were completed this year.