

Eke Panuku Development Auckland

Quarter 3 Performance Report

For the period ending 31 March 2023

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

Eke Panuku has made good progress in quarter 3 on its SOI performance targets in spite of a constrained environment. During this period, we have had to focus on project prioritisation and giving effect to organisational changes to realise budget savings.

Key highlights for the quarter include:

- The **surplus for the managed portfolio** was \$19.4m, \$6.1m ahead of phased budget year to date. We project that the full year budget will be achieved or exceeded.
- Our **asset sales** year to date totalled \$73.6m (80%) against a combined annual target of \$91.7m for Transform and Unlock and Asset Recycle sales. One significant sale became unconditional this quarter. Achieving the asset sales targets will be affected by the downturn in the property market.
- Our annual new dwellings target has been met this quarter, with 242 new homes delivered by our development partners against a target of 200 dwelling units.
- The **North Wharf site** in Wynyard Quarter, a current hub for hospitality, has gone to the market this quarter, seeking a development partner to unlock the potential of a sustainable building for the site.
- We have commenced work with the council group on conceptual plans for the **future use of Ports of Auckland property** as part of a staged withdrawal of port related activity over 2024–2039. The scope has been presented to councillors and work is underway to prepare for a direction-setting discussion with the Governing Body in mid-year.
- We are supporting the Council group office accommodation review, meeting financial reporting requests and are completing the requested property schedules to support council to develop principles governing its property ownership.
- Initiated by the Council's CCO Governance and External Partnerships team, **an independent review of Eke Panuku urban regeneration** has been completed. The review found that Eke Panuku plays an important role as 'lead agency' in creating the vision and delivering on Auckland Plan outcomes for each priority location, co-ordinating stakeholders and driving implementation. Three priority locations were reviewed, with delivery of the Avondale and Manukau urban regeneration programmes generally on track, but the Northcote programme delayed against the programme business case. The review has been presented to council for feedback.
- A second review initiated by Council noted that our current **performance measures** cover our core activities and are aligned with those of entities with similar activities. Council feedback on this review will shape improvements in our future performance measurement in line with the Letter of Expectation.

Issues:

- We are working through the implications of reduction to our budgets including reprioritisation of our projects and our organisation changes while maintaining delivery momentum. We plan to complete this before the start of the new financial year.
- We are working through property repairs and their financial impacts with council's insurance provider in relation to properties affected by flooding events in QTR3.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	45.0	51.5	↓ 6.5
Direct revenue	52.8	49.2	↑ 3.6
Direct expenditure	60.6	67.5	↓ 6.9
Net direct expenditure	7.8	18.3	↓ 10.5

Financial Commentary

Capital Delivery:

YTD \$45.0m. The original budget was reduced from \$80m to \$60m in QTR2. This reflects the capital budget reduction that contributes to savings on interest costs of \$1.9m, part of the \$5m opex savings required for next year's annual plan.

Eke Panuku forecast meeting the \$60m target capex, but this has some dependencies in relation to third party commitments. It is also dependant on concluding certain acquisitions which are reliant on willing sellers and in some cases longer PWA timeframes which may push out into later financial years.

Direct revenue: in line with half year results, direct revenue has continued to track ahead of budget, this is largely due to additional rental income being received for properties that we were able to lease for longer than planned. This is forecast to remain ahead of budget by year end.

Direct expenditure: is favourable to budget by \$6.9m. Savings to date in rates, people costs, regeneration and external consultants circa \$3m are forecast to be held as savings in year.

Net direct expenditure is favourable to budget as explained above.

- We are awaiting the findings of a Human Rights Review Tribunal matter. This relates to the former Tavern Lane site development in Papatoetoe between Auckland Council/Eke Panuku and Ngai Tai Waipareira Housing, and the hearing concluded in June 2022.

Risks:

- The weakening property market continues to impact our sale targets. We will continue to work with our development partners on issues affecting asset sales.
- Failure of construction firms or contractors is starting to emerge as a risk we are monitoring due to financial risks. We will monitor existing arrangements and carry out due diligence as part of contractor or development partner selection.
- Other risks such as unbudgeted work and new priorities, material supply and delays with statutory planning processes are managed via early procurement, rescheduling of projects and resource planning.

Key performance indicators	Previous	FY 23 Quarter 3		Status	Commentary
	Year	YTD Actual	FY Target		
Capital project milestones approved by the board achieved	81%	33%	Achieve 80 per cent or more of project milestones for significant capital projects	At risk	<p>Actual YTD: 5 capital milestone targets have been met year to date (33%). No additional targets were met this quarter.</p> <p>Forecast FY: There is a risk that our 80% target will not be achieved. We currently have 4 at risk milestones, which means we forecast to achieve 73% of milestones vs target of 80%.</p> <p>Of 4 milestones at risk, two are delayed but may still be met. The completion of the Hayman Park playground in Manukau has been delayed by weather events and issues with manufacturing. The delay in commencing construction on the Takapuna Huron and Northcroft streetscape upgrades is due to further design changes following community consultation.</p> <p>The other two milestones will not be met. One relates to the approval of the Northcote community facility concept design by the local board and public consultation requirements. This will be delayed to the first half of FY24. The other relates to delay in commencing construction on the new Westhaven AC piers. This project has been paused for funding reasons. The balance of milestones which involve local board approvals, consent approvals and construction starts/finishes are currently on track but do carry an element of risk as we approach year end.</p>

The asset recycling target agreed with the Auckland Council	\$35m	\$66.4m	\$70m	On track	<p>Actual YTD: To date four sales with a cumulative value of \$66.4m have contributed towards the asset recycling target.</p> <p>Forecast FY: It is anticipated that this target will be achieved.</p>
Achieve total board approved budgeted Transform and Unlock (T&U) net sales	\$64.4m	\$7.2m	\$21.7m	At risk	<p>Actual YTD: To date four T&U sales with a cumulative value of \$7.2m.</p> <p>Forecast FY: There is a risk that our T&U target will not be achieved. This is due to the timing of the sale of a commercial building in the Wynyard Quarter being deferred to the next FY.</p>
Annual property portfolio net operating budget result agreed with the council achieved	\$27.1m	\$19.4m	\$19.4m	On track	<p>Actual YTD: The target of \$19.4m has been achieved at the end of March, this is \$6.1m ahead of phased budget.</p> <p>Forecast FY: We are on track to achieve a better than budget result.</p>
The monthly average occupancy rate for tenatable properties	Commercial 93.4% Residential 97.9%	Commercial 93.4% Residential 97.9%	Commercial 85% Residential 95%	On track	<p>Actual YTD: Occupancy rates are within target. No significant movement expected in coming months.</p> <p>Forecast FY: We forecast to achieve average occupancy rates.</p>

Strategic focus area – Urban Regeneration Programmes

Key commentary

Other urban regeneration highlights for the quarter:

- Stage two of the Pile Berth Redevelopment project in Westhaven commenced in late February 2023 and is expected to take 10 months to complete. This stage involves extending the Westhaven Promenade boardwalk, new utility services, landscaping, and the construction of a new car park.
- 3 Kings Road, Panmure site sale - This site was approved to go to market by the Eke Panuku Board in February 2023.
- Acquisition of properties in Pukekohe - All acquisitions required to enable consolidation and better development outcomes of the flagship Edinburgh Superblock are now complete following the settlement of 19 Massey Avenue in February 2023.
- A walk along Northcroft Street in Takapuna just got a whole lot more interesting with exciting new pavement art outside Sentinel Tower. The artwork started as a placemaking activity, as part of the Northcroft Street upgrade, working with locals and others to help Takapuna to thrive.
- Greenslade Reserve, Northcote - The newly completed stormwater detention park at the Greenslade Reserve worked very well during the recent severe weather events. At its peak, January's downpour exceeded a one in 100-year event. The detention of 12 million litres of water on the sports field meant that flooding downstream was predominantly within the street network.

Risk and Issues:

- Weather events and contractor availability has constrained our ability to deliver projects in-line with schedules during the quarter. Staff time was also impacted by project prioritisation work and organisation change consultation and finalisation.
- A number of property sales agreements are at a conditional stage, but finalisation is impacted by reduced demand, tighter lending and indirectly by supply chain issues, inflation and other factors.

Strategic context

Urban regeneration:

Eke Panuku plays a 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 council-approved High Level Project Plans for the town centres and associated masterplans provide a roadmap for redevelopment.

Transforms, Unlocks and Regional

Areas	Status (Multi-year programme)	Financials YTD Actuals/Budget	Key deliverables for QTR
<p>Waterfront</p> <p>(Wynyard Central and Westhaven)</p>	<p>On track</p>	<p>\$ 14.1 m / \$ 18.1 m</p>	<ul style="list-style-type: none"> <p>The Wynyard Point design consortium (Toi Waihanga) - The consortium, with Eke Panuku and mana whenua will lead on design for public realm and integration of future development sites in the Te Ara Tukutuku Plan which sets the next phase of delivery on Wynyard Point over 15 years. The first stage of a reverse brief (confirming project brief) was completed and presented to mana whenua in December 2022. This informs the programme, deliverables, and outputs for the project. The first round of engagement took place on the 14 March 2023 with the Waitemata Local Board. It received a joint presentation given by Eke Panuku, Toi Waihanga and Mana Whenua representatives which was well received. Further stakeholder engagement is planned from March to June 2023.</p> <p>North Wharf - Eke Panuku began marketing the high-profile North Wharf site in Wynyard Quarter on the open market in March, with the intention of leasing the site (125-year prepaid ground lease) to a development partner. CBRE has been engaged to manage the go to market process and current tenants have been informed. This process is expected to take approximately six months.</p> <p>Pile Berth Redevelopment stage two - Stage two of the Pile Berth Redevelopment project in Westhaven commenced in late February 2023. This stage involves extending the Westhaven Promenade boardwalk along the southern side of the reclamation, installing new utility services and construction of a new car park and landscaping. Works are expected to take approximately 10 months to complete.</p> <p>Wynyard Quarter Base Events – From February 2023, several events took place utilising the ex-America’s Cup base spaces. These events included Indulge Food Wine and Design Festival (2 to 5 March), Auckland Boat Show (23 to 26 March) which sold out and attracted around 18,000 people over the duration of the event. Eke Panuku is supporting Tātaki Auckland Unlimited and the event organisers to utilise this space for their events, so they run successfully for both the event organisers and stakeholders.</p>

Central

(City Centre,
Maungawhau and
Karanga a Hape)

On track

\$ 0 m / \$ 0.2 m

City Centre

Development of the **City Centre implementation plan (Action Plan)** is on track working through the management and board process with a view to seeking council endorsement in mid-year. The Action Plan will set out group-wide priorities to guide the council group's implementation of the next phase of the City Centre Masterplan and support the 2024 LTP process.

Engagement on the Action Plan with key partners, stakeholders and community groups started in March 2023 and will continue through April 2023. This will help inform the action plan prior to seeking endorsement and approval.

Key programmes **supporting the integration of CRL** into the city centre, including Karanga a Hape streetscape and the Midtown programme, led by Auckland Transport and Auckland Council respectively, are on track with key milestones achieved. Key milestones include:

- Procurement for Te Ha Noa (Victoria Street Linear Park) approved by Governing Body
- Preferred design for Karanga a Hape streetscape approved to proceed to consultation in April 2023.

Karanga a Hape and Maungawhau CRL Station development sites

Approval for the Maungawhau and Karanga a Hape programme business case, clarifying our mandate going forward will be sought from the Governing Body at its April 2023 meeting. Approvals from the Crown Sponsors, being the Minister of Finance and the Minister of Transport, will also be sought in April 2023.

Three of the development sites within the Maungawhau precinct are subject to a right of first refusal. These are managed by the Whenua Haumi Roroa o Tāmaki Makaurau Limited Partnership. Contact has been made to introduce the development opportunities that have a right of first refusal on the sites. A hui will be held in March 2023 to discuss the opportunity and understand interest and process by Whenua Haumi.

Isthmus
(Onehunga & Panmure)

On track

\$ 1.9 m / \$ 3.1 m

Onehunga

- **Waiapu Precinct** – This includes a mixture of public realm, commercial and residential development sites. The subdivision resource consent to enable the future development sites has been delayed but issues are expected to be resolved soon so that the project can progress.
- We are progressing work on a new walking and cycling connection between the town centre and the wharf and new bridge, including engagement with Auckland Light Rail (ALR) and Auckland Transport to confirm the preferred route.
- **Dress Smart Precinct** – Eke Panuku sold the land previously used for parking to the owner of the Dress Smart mall to enable an expansion of the mall. Resource consent was obtained to expand the mall. A revised scheme for the Dress Smart extension has been approved by Eke Panuku. Dress Smart is seeking a resource consent amendment for the changes and is waiting to progress to the building consent stage. Under a separate project, Eke Panuku is delivering a public realm upgrade of Paynes Lane and part of Waller Street to improve pedestrian access from the Dress Smart mall to Onehunga mall.
- **Onehunga wharf** - Work has been focused on understanding the condition of the existing wharf and wharf building structures, major infrastructure and climate change considerations affecting the site and the overall feasibility of mixed-use development and ongoing port related activities. Mixed use development is not considered feasible. We are exploring the ongoing operation of the site to optimise commercial returns whilst exploring public realm development and access to the western side of the site. We are prioritising investment in the town centre combined with strengthening the connection to the wharf and the new bridge to the south. Key stakeholder consultation is planned in Q2 of FY24.

Panmure

- **Clifton Court streetscape and public realm upgrade** - We are expecting to complete works by June 2023.
- **Lagoon Edge Reserve Enhancement** - This is a project to create an urban waterfront park adjacent to the existing Lagoon Pools as an anchor destination at one end of the proposed pedestrian and cycle link between the maunga and the basin. The project is now progressing through design development and the detailed business case stage.
- **3 Kings Road site sale** - This site was approved to go to market by the Eke Panuku Board in February 2023. Whilst the downturn in the market has impacted developer confidence in the short-term, we are expecting to reach agreement relating to the site over the next two years.

North
(Northcote and
Takapuna)

On track

\$ 9.8 m / \$ 10.8 m

Northcote

- **Greenslade Reserve** – Is part of the Te Ara Awataha greenway being jointly delivered by council’s Healthy Waters, Kāinga Ora and Eke Panuku, working alongside the Kaipātiki Local Board and mana whenua. Greenslade Reserve was designed to manage a one in 100-year flood event by detaining and slowing the release of water. The newly completed stormwater detention park at the Greenslade Reserve worked very well during the recent severe weather events. At its peak, January’s downpour exceeded a one in 100-year event. The detention of 12 million litres of water on the sports field meant that flooding downstream was predominantly within the street network and damage to property was minimal compared to previous lesser weather events. We continue to progress other stages of the Te Ara Awataha greenway with our partners in Northcote.
- **Northcote central** - A mixed-use development in the town centre. The go to market strategy and design brief will be presented to the Eke Panuku Board in June 2023 for approval.

Takapuna

- Construction of **Waiwharariki Anzac Square** is progressing well. Provisions to incorporate a market space in the second stage of the square will be workshopped with the Devonport-Takapuna Local Board.
- Site sale of **72A Hurstmere Road** - The agreement to sell the laneway at 72A Hurstmere Road has gone unconditional with settlement scheduled for May 2023. An easement will be registered on the title to ensure pedestrian access is maintained. The sale enables a more comprehensive development making the most of the planning provisions.
- **Huron and Northcroft Streetscape upgrades** - Public consultation from November 2022 on the Northcroft streetscape upgrade indicated that the road was not currently seen as a significant pedestrian connection and amenity improvements was not desired. A workshop was held with the Devonport-Takapuna Local Board on 28 March 2023 to consider the community consultation and seek feedback on changes to Northcroft Street. The updated design will focus on safety and accessibility only and install a pedestrian crossing, improved lighting to ensure it meets standards and some tree planting to help with wind effects and to encourage slower traffic speeds. The local board was comfortable with these changes and that the changes addressed the feedback from the community. We aim to commence construction in June/July 2023.

South

(Manukau, Papatoetoe and Pukekohe)

At risk

\$ 7.0 m / \$ 14.4 m

Manukau

- **Hayman Park Playground** – Progress on the playground has been impacted by the recent weather events and a manufacturing problem with the main tower beams. There have been time delays and there is a risk works may not be completed by the end of the financial year.
- **Puhinui Walkway and Cycleway** - As part of the Puhinui regeneration strategy, the planned walkway and cycleway along the stream corridor allows for an active transport connection from central Manukau to the Botanic Gardens. The acquisition of the land is progressing well with an expected settlement mid-2023.
- **Manukau is on the Move** – A campaign to build interest and encourage investment in Manukau was launched in February 2023. The aim of the campaign is to increase awareness and interest amongst developers in Manukau as a place for investment in the current market.

Papatoetoe

- **St Georges Lane** – Known as Pikotoetoe, this project will enable the development of 120 new homes on two sites on St George Street that we sold for housing, near the town centre. Following some delays, construction mobilisation is expected to start soon.

Pukekohe

- **Acquisition of properties** - All acquisitions required to enable consolidation and better development outcomes of the flagship Pukekohe Edinburgh Superblock are now complete following the settlement of 19 Massey Avenue in February 2023. These are sites assembled for mixed use development.
- **Masterplan for Pukekohe Town Centre** - following community engagement in August 2022, the masterplan was endorsed by the Franklin Local Board on 28 February 2023 and will be the guiding plan for the Unlock Pukekohe programme.

West
(Avondale and
Henderson)

At risk

\$ 2.1 m / \$ 3.4 m

Avondale

- **Key projects** – we are continuing to work with the developer for the **Avondale Central** site to reach an agreed masterplan to enable development to proceed. And we continue to work with Council on the **Avondale multipurpose community facility** on options to enable this to proceed. The Eke Panuku town square project is consequently delayed.

Henderson

- Upgrade of **Catherine Plaza** to support the vitality of the town centre businesses. A positive concept design workshop was held with the Henderson-Massey Local Board in February 2023. Public consultation seeking feedback on the design is planned for March or April 2023. We aim to seek final concept approval from the Henderson and Massey Local Board in May 2023.
- **Opanuku Link Bridge** - This project includes a new bridge for walking and cycling, a new playground and a shared cycleway, improving the connectivity between the Corban Estate and the Henderson Train Station and town centre. Further information requests in relation to the resource consent are completed and we are aiming to obtain consent by June 2023.

Regional

(Haumaru, Support, Corporate Property, AT/Eke Panuku transit orientated development programme, Service Property Optimisation & Regional Programme)

On track

\$ 2.1 m / \$ 8.8 m

Support and general asset portfolio

- **84A Morrin Road, St. John's** - The property (3437 sqm) will be advertised for sale on the open market during late April 2023. Bayley's real estate has been selected as the agency to take the site to the open market via a deadline private treaty closing 2 May 2023.
- **Airfields Stage 3, Hobsonville** - Negotiations are proceeding for the sale of a development block (Lot 5B) to enable building of medium density housing. Given the current market conditions other sites in Hobsonville will not be taken to the market until 2024 when the prevailing market sentiment will be re-assessed.
- The **Downtown car park** redevelopment to deliver a high-quality sustainable mixed-use development that contributes positively to Auckland's cityscape and **Own Your Own Home (OYOH)**, the disposal of a shared equity home ownership scheme for older people consisting of approximately 150 units across Auckland are progressing.
- **Pump station 6, Launch Road, Hobsonville** (a new wastewater pump station to accommodate future residential and commercial development). A workshop with the Upper Harbour Local Board was held on 9 March 2023 to discuss the installation of the new wastewater pump station.

Service Property Optimisation

- Four service property optimisation projects are progressing well with milestones reached or anticipated shortly. Resource consent for the Meadowbank Community Centre was granted in February and site sales are well progressed in Herne Bay and Ponsonby.

Corporate Property

- **Bledisloe House** - 24 Wellesley Street, Auckland City - the sale of the site to MRCB went unconditional.
- **4 Osterley Way, Kotuku House, Manukau** - The property sale has settled.

Strategic focus area – Property Management Services and Programme

Key commentary

Property Portfolio Highlights:

- Property Portfolio net **budget surplus** is \$19.4m for the quarter, \$6.1m ahead of YTD budget. A number of properties are leased longer than anticipated mainly due to project delays. We forecast a **\$22.5m** surplus to be achieved by end of year, \$3.1m ahead of budget.
- The occupancy rates remain high for both commercial (94%) and residential (97%) and are well ahead of SOI targets.

Marinas

- Forty new 'Share Boating' berths have been completed and are 100% utilised at the Z Pier charter boat base.
- The new Pier AB was completed in January and is operating with 85% occupancy. Full occupancy will be impacted by the disruptions of 10 months of civil works that have begun on the northern reclamation. The works will deliver service infrastructure and a public walkway.
- The delivery of the AC pier development is presently paused as there is no funding currently available for further marina berth development. The enabling works plan has been drafted and will consolidate the redundant pile moorings and raise the seawall to mitigate the risks of wave overtopping that occurs during the increasing frequency of extreme weather events.
- The overall Marinas revenue is on budget and expenditure is also on budget.

Issues/Risks

- Marinas - continued monitoring and recovery of arrears is critical as we notice customers feeling the cost-of-living pressures.
- The Eke Panuku property teams responded well to the flooding events. Forty-three properties sustained minor to moderate damage. This includes sewage and stormwater backflow, water tightness failings, damage to chattels, roofs and contents. Our facilities management team is progressing repair work and also progressing insurance claims for cost of repair and lost income.

Strategic context

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.

Key programme of works	Status	Financials YTD Actuals/Budget	QTR progress and Annual forecast
Capital delivery - Marina and Property Portfolio and Renewals programme	On track	\$ 7.5 m / \$ 7.1 m	<p>Renewals</p> <ul style="list-style-type: none"> • 27 Princes Street Seismic Strengthening and Refurbishment - Practical completion of seismic strengthening and refurbishment works has been delayed due to minor variation request. However, we are still on schedule to complete by 30 June 2023. • 73r Selwyn Road, Howick (Shamrock Cottage) - Asbestos has been removed from the building. • Silo-6 and 7 Cladding works - Silo 6 sustained some damage from the high winds and rain during the recent weather events. Emergency repair works started on 14 March and will take approximately one month to complete. Planned Refurbishment works will start once the emergency works are complete. All works are expected to be completed by the end of August 2023. • CCTV Systems Rationalisation and Upgrade - A number of plate recognition (NPR) cameras have been installed in Wynyard Quarter.

Other statement of intent focus areas

Climate change and sustainability

- Environmental standards for public realm projects are in development. Draft environmental objectives, which reflect Eke Panuku and Council group priorities, have been developed and discussed with Auckland Council and Auckland Transport colleagues, and mana whenua.
- The recent flooding and cyclone events had an impact on 43 of our properties that are being addressed.
- There were no major impacts apparent in any of our town centre locations. We do not need to amend our masterplans but will continue to consider climate risk and resilience in our urban regeneration work. Some project sites were affected and need re-assessment, including the Alderman carpark site and the area around the Opanuku stream.
- These events have highlighted the benefits of the Eke Panuku regenerative approach – nature-based and place-based solutions and partnership approaches have worked well. Green infrastructure in Northcote (Greenslade Reserve and Awataha stream works) and Wynyard Quarter (rain gardens) performed well. Eke Panuku has an opportunity to share our learnings and has received positive media coverage about our nature-based, place-based approaches, which require collaboration and co-funding. Our regenerative approach has also recently been featured in a series of webinars and conferences.
- Support is being provided to a range of Eke Panuku projects to further our contribution to achieving sustainable procurement objectives and targets, particularly in relation to supplier diversity and waste minimisation.

Māori Outcomes

Commercial opportunities

- The North Wharf Development site was presented to mana whenua before being taken to market, to update mana whenua on the opportunity and to seek interested iwi in partnering with developers. Partnering with Mana Whenua is aligned with our Selecting Development Partners policy criteria.
- Mana whenua were exclusively offered the opportunity to purchase the following five disposal properties before they were taken to the market. These include 3 Victoria Road, Devonport, 143 Keri Vista Rise, Papakura, 145 Keri Vista Rise, Papakura, 2/97 Mahia Road, Manurewa and 22R Clyde Road, Ōtara.

Engagement

- Mana whenua provided input into the development of a Matariki Placemaking Strategy. Eke Panuku representatives met with iwi from the Waiohua collective and Ahiwaru to understand what about Matariki was important to them to help direct our approach.
- Mana whenua provided input into the design of the Panmure Lagoon Edge Reserve. Mana whenua expressed their concerns that Eke Panuku engage with Ngāti Pāoa Trust Board to finalise the narrative of the space. Eke Panuku have followed up with this guidance and confirmed an approach.
- Mana whenua continue to input weekly into the Wynyard Headland, Te Ara Tukutuku project. The Vision phase of this project has now begun and includes weekly design workshops that mana whenua feed into, to help inform the framework of the project.
- Mana whenua have provided input into the Northcote Community Hub Upgrade and the adjacent Northcote Streetscape upgrade. Project Leads have engaged with mana whenua to understand if the mana whenua wellbeing tool 'Take Mauri Take Hono – Te Awataha' is applicable in these projects. Mana whenua have agreed to this and have formed a subcommittee to ensure the application of the tool into the projects are aligned.
- Mana whenua workshopped with Eke Panuku, members of Auckland Council Public Art Team and the art consultant, to begin phase 2 of the Manukau Public Art Strategy. Phase 2 required the project team to partner with mana whenua to outline opportunities important to them to consider when delivering public art in Manukau.

Culture and identity

- Mana whenua were presented the opportunity for an artist/s to join the design team and provide cultural design input into a build to rent project in Takapuna. An expression of interest has been developed seeking mana-whenua-mandated artists to be a part of the project team. This expression of interest is expected to go live in April.

CCO Review Implementation

- Eke Panuku is supporting the Joint CEs Group and Governance team to finalise implementation of remaining recommendations. This will include discussion of the Eke Panuku future programme and funding model as part of the next long-term plan process in 2023/4.

Collaboration, Engagement and Placemaking programme

- As part of the Summer at Silo Park programme, a number of activations drew people to the waterfront. The always popular Silo Cinema was back after a two-year hiatus, iSpy Silo Park provided an interactive, self-guided experience for all ages, while the Teti Pea Pikiniki / Teddy Bears Picnic at Silo Park was more focused on tamariki and their families. Other activities include sunrise yoga and a number of workshops - wax wrapping, bike maintenance, tie dye and sewing repairs.
- In March, consultation started on the refresh of Catherine Plaza in Henderson's town centre. By upgrading Catherine Plaza, we aim to create a welcoming, unique and safe meeting point that can be enjoyed all year-round. With more flexibility for events and outdoor dining opportunities, the plaza can draw people in, attracting private investment and attracting creative and exciting uses for people of all ages.
- February saw the installation of colourful street artwork outside Sentinel Tower in Takapuna that came about through close collaboration with the local community. The artwork is temporary, and we will work closely with the Sentinel residents involved to explore how elements of the artwork can be integrated into the permanent Northcroft Street upgrade, planned for late 2023.
- In Onehunga, February saw the start of monthly activations where the local community can gather at the Onehunga library with plenty to keep everyone entertained – from poi making with free poi packs, badge making, kiri tuhi (temporary body stencils) and a colouring station, to games, a sausage sizzle, survey and live art.

Eke Panuku Q3 financials

Cashflows that Eke Panuku Controls

Eke Panuku is budgeted to generate on an annual basis \$153.3m and spend \$150.4m, net \$2.9m. The current position year to date shows gross receipts of \$127.1m and spend of \$91.1m a net revenue of \$36m. The split of which is shown below.

\$ millions	FY23 Annual Budget	Progress to Date	Financial Commentary
Capital Inflows			
Selling Council's surplus property	70.0	66.4	It is anticipated that this target will be achieved. One additional site is expected to go unconditional in April and several additional sites are currently on the market.
Selling or long leasing property to reinvest in our urban regeneration locations	21.7	7.2	There is a risk that our T&U sales target will not be achieved. This is due to the timing of the sale of a commercial building in the Wynyard Quarter being deferred to the next FY.
Capital Outflows			
Investing in council group assets to support regeneration, including asset renewals	80.0	45.0	The forecast for the year has been reduced to \$60m as part of realising our required \$5m opex savings for 2023/24. Spend to date is tracking well against this target.
Net Capital	11.7	28.6	
Operational Inflows			
Revenue income from property interests for the Council group.	61.6	53.5	Revenue year to date is tracking ahead of budget as some tenancies have extended for longer than anticipated when setting the budget, the largest one is due to tenancies in Bledisloe House, and The Concourse Henderson. Revenue is on track to be favourable at year end.
Operational Outflows			
Managing council group properties	19.4	10.9	Tracking behind budget mostly related to timing issues and some expected people savings.
Utilities and leases for council group owned assets we manage	7.1	7.2	Additional lease costs for The Concourse Henderson building added to the portfolio in year, these have and will continue to be recovered and shown as additional income in property revenue.
Rates on council group owned assets	8.0	7.2	Rates costs are currently favourable to budget but there is potential for more costs to be expensed in year. Forecasting an overall saving to budget.
Maintenance of council properties	7.3	6.0	Maintenance is currently on track to be on budget at year end.
Consultation, negotiation and sales processes to sell council property	4.5	3.0	Tracking favourably to budget and expected to continue due to staff vacancies and slower property market.
Leading regeneration of town centres, city centre and waterfront.	24.1	11.8	Currently tracking favourable to budget due to reduction in place making events, use of internal staff instead of external consultants where possible and staff vacancies. There is potential for savings in this area by year end.
Net Operational	(8.8)	7.4	
Overall Net Inflows/Outflows	2.9	36.0	



Direct operating performance

(\$ million)	Notes	FY 22	FY 23 Quarter 3 YTD			FY 23
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		(17.9)	(14.1)	(18.0)	3.9	24.2
Direct revenue		16.3	13.6	12.8	0.8	17.2
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	16.3	13.6	12.8	0.8	17.2
Direct expenditure	B	34.2	27.7	30.8	3.1	41.4
Employee benefits		28.6	22.9	24.5	1.6	32.6
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		5.6	4.8	6.3	1.5	8.8
Other key operating lines						
AC operating funding		18.3	14.3	18.0	(3.7)	24.2
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 was favourable to budget, and the drawdown of funding from Council for Eke Panuku (at a net-position) was less than budgeted.

A: Other direct revenue is favourable to budget, most of this revenue is generated through Eke Panuku staff charging time to Council projects. We have made use of internal staff resources where possible instead of engaging with external consultants. This trend is forecast to continue for the remainder of the year.

B: Direct expenditure was \$3.1m favourable to budget, employee benefits are tracking behind budget \$1.6m, this is expected to continue as we have slowed recruitment and are currently working through a staff restructure. \$1.5m in other direct expenditure is spread over a number of expense areas, notably professional services are tracking behind, this trend is expected to continue and there will be savings in this area.

Auckland Council Portfolio Q3 financials managed on behalf of Auckland Council

Direct operating performance

(\$ million)	Notes	FY 22	FY 23 Quarter 3 YTD			FY 23
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		4.7	6.4	(0.4)	6.8	(0.4)
Direct revenue		46.1	39.2	36.4	2.8	43.1
Fees & user charges		1.3	1.4	0.9	0.5	1.2
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	44.8	37.8	35.5	2.3	41.9
Direct expenditure		41.4	32.8	36.8	4.0	43.5
Employee benefits		0.1	0.1	0.1	0	0.1
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	B	41.3	32.7	36.7	4.0	43.4
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		19.9	16.4	16.5	0.1	22.1
Net interest expense		(0.1)	0	0	0	0



Financial Commentary

The financials in the table represent the Auckland Council portfolio managed by Eke Panuku. These exclude the net direct revenue \$3.1m that Eke Panuku has generated for properties managed for Auckland Transport which is \$1.1m above budget. In addition, a \$6.2m dividend has been paid to Council's Solid Waste team from the Waste Disposal Services investment, managed by Eke Panuku.

Overall net of direct revenue and of \$6.8m is favourable compared to budget.

The main explanations relate to:

A: Direct revenue was favourable compared to budget. Commercial property revenue is ahead of budget as additional rental income has been generated from tenancies that have extended into FY23 for longer than anticipated when setting the budget e.g. Bledisloe House and some additional properties in Hobsonville and New Lynn. This is forecast to continue for the remainder of the year.

B: Direct expenditure was \$4.0m favourable to budget, major variances are: rates costs are currently \$0.9m favourable to budget and this will be a saving in year. Repairs and maintenance costs are currently \$1.5m behind phased budget across the portfolio. We are still working through costs associated with the recent weather events and expect this budget will be utilised. Regeneration spend is tracking \$2.0m behind phased budget, there will be a \$1m to \$2m saving in this area this year. There have been additional security costs in the Wynyard Quarter \$0.8m due to undesirable activity at night.

Eke Panuku Q3 performance measures

Key performance indicators	Previous	FY 23 Quarter 3		Status	Commentary
	Year	YTD Actual	FY Target		
<p>Note: Eke Panuku has a total of 12 SOI performance measures, of which 5 are LTP measures. In Q3, 8 are on track, 3 at risk and 1 is not measured.</p>					
SOI performance measures					
1. Net new dwellings (housing units) <i>- LTP performance measure</i>	404	242	200	On track	<p>Actual YTD: To date we have delivered 242 new homes. Overall, we have delivered 116 in Henderson, 29 in Manukau and 97 new homes in the regional Supports programme.</p> <p>Forecast FY: We forecast to achieve the annual target.</p>
2. Commercial / Retail gross floor area (GFA) or net lettable area (square meter) <i>- LTP performance measure</i>	Not measured	Not measured	1,000 sqm	-	<p>This target will not be measured as no projects are planned to be completed this year due to programme and construction timing changes.</p>
3. Public realm – square meters	23,226 sqm	1,710 sqm	7,000 sqm	At risk	<p>Actual YTD: To date 1,710 sqm has been completed in total including the Wiri bridge in Manukau (156sqm) and Waiwharariki Anzac Square stage 1 (1,197sqm) and stage 2 (357sqm) in Takapuna.</p> <p>Forecast FY: There is a risk that our public realm target will not be achieved. Due to recent weather events, construction of stage 3 of Waiwharariki Anzac Square and Hayman Park in Manukau has been delayed and expected completion is the beginning of next FY.</p>

4. Capital project milestones approved by the board achieved
– LTP performance measure

81%

33%

Achieve 80 per cent or more of project milestones for significant capital projects

At risk

Actual YTD: 5 capital milestone targets have been met year to date (33%). No additional targets were met this quarter.

Forecast FY: There is a risk that our 80% target will not be achieved. We currently have 4 at risk milestones, which means we forecast to achieve 73% of milestones vs target of 80%.

Of 4 milestones at risk, two milestones have had delays but may still be met. The completion of the Hayman Park playground in Manukau has been delayed by weather events and issues with manufacturing. The delay in commencing construction on the Takapuna Huron and Northcroft streetscape upgrades has been affected by further design changes following community consultation.

The other two milestones will not be met. One relates to the approval of the Northcote community facility concept design by the local board and public consultation requirements. This will be delayed to the first half of FY24. The other relates to delay in commencing construction on the new Westhaven AC piers. This project has been paused for funding reasons. The balance of milestones which involve local board approvals, consent approvals and construction starts/finishes are currently on track but do carry an element of risk as we approach year end.

Key performance indicators	Previous Year	FY 23 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>	\$64.4m	\$7.2m	\$21.7m	At risk	<p>Actual YTD: To date four T&U sales with a cumulative value of \$7.2m.</p> <p>Forecast FY: There is a risk that our T&U target will not be achieved. This is due to the timing of the sale of a commercial building in the Wynyard Quarter being deferred to the next FY.</p>
<p>6. Annual property portfolio net operating budget result agreed with the council achieved</p> <p><i>– LTP performance measure</i></p>	\$27.1m	\$19.4m	\$19.4m	On track	<p>Actual YTD: The target of \$19.4m has been achieved at the end of March, this is \$6.1m ahead of phased budget.</p> <p>Forecast FY: We are on track to achieve a better than budget result.</p>
<p>7. The monthly average occupancy rate for tenable properties</p> <p><i>– LTP performance measure</i></p>	<p>Commercial 93.4%</p> <p>Residential 97.9%</p>	<p>Commercial 93.4%</p> <p>Residential 97.9%</p>	<p>Commercial 85%</p> <p>Residential 95%</p>	On track	<p>Actual YTD: Occupancy rates are within target. No significant movement expected in coming months.</p> <p>Forecast FY: We forecast to achieve average occupancy rates.</p>
<p>8. The percentage of marina customers surveyed who are satisfied with marina facilities and services</p>	90%	-	85%	On track	<p>The Marina customers survey will be measured at the end of year.</p>

<p>9. The asset recycling target agreed with the Auckland Council</p>	<p>\$35m</p>	<p>\$66.4m</p>	<p>\$70m</p>	<p>On track</p>	<p>Actual YTD: To date four sales with a cumulative value of \$66.4m have contributed towards the asset recycling target.</p> <p>Forecast FY: It is anticipated that this target will be achieved.</p>
<p>10. Creating positive outcomes for Māori Deliver 50 ongoing or new initiatives that support Māori Outcomes</p> <p><i>This activity is supported through the delivery of the Mana Whenua Outcomes Framework.</i></p>	<p>51</p>	<p>32</p>	<p>50 initiatives that support Māori Outcomes</p>	<p>On track</p>	<p>Actual YTD: Eke Panuku has completed to date 32 new initiatives that support Māori Outcomes. We are on track to achieve the target by year end.</p> <p>Forecast FY: We forecast to achieve 50 initiatives that support Māori Outcomes.</p>
<p>11. Enhancing the relationship between Eke Panuku and mana whenua.</p> <p>Increasing the percentage of satisfaction with the support they receive from Eke Panuku.</p>	<p>50%</p>	<p>-</p>	<p>5 per cent increase on previous year</p>	<p>On track</p>	<p>This survey will be completed at the end of the financial year.</p>

12. Complaints received by Eke Panuku are resolved.

Note: This is a new performance measure. The actual result for FY22 as a baseline will help set future targets.

34%

100%

80% of complaints are resolved within 10 working days.

On track

Actual YTD: 5 complaints have been received to date and all have been resolved within 10 working days. No complaints were received this quarter.

Forecast FY: We forecast to achieve the complaints target.