

# Quarterly Performance Report

# Eke Panuku Development Auckland

2022/2023 Quarter 4

For the 3 months ended 30 June 2023



# Q4 – At a glance

## Executive Summary

This year has been challenging with extreme weather events affecting properties and projects and a slower property market affecting our sales and developments. Despite these challenges, we have delivered and progressed projects across the urban regeneration programmes, achieved a strong financial performance across the business and received positive feedback from stakeholders.

We met **9 of our 11 measured SOI targets** (unaudited). We have achieved **\$100m in asset sales** against the \$91.7m combined sales targets. Our development partners built **364 new homes**, against the 200 dwelling units target for the year and thirty five percent of the new homes were completed with an Iwi partner supporting Māori outcomes. We have completed **public realm and amenity upgrades (14,952 sqm)** including the next stage of the destination Hayman Park Playground in Manukau, the first stage of Takapuna’s new Waiwharariki Anzac Square, the opening of Te Ara Awataha greenway in Northcote, and upgrade of Clifton Court in Panmure. Our property management and the marina businesses delivered a **surplus of \$37m**, \$7.7m ahead of budget and Westhaven Marina achieved **customer satisfaction of 90%**.

In addition, 8.4% of our direct project spending has been with diverse suppliers against a target of 7.5%. We adopted Public Realm **Environmental Guidelines** and launched our **Diversity, Equity and Inclusion Strategy** to support a thriving and inclusive culture. Preliminary work on the port precinct future development was presented to the Governing Body. We also implemented organisational changes to give effect to our share of savings for the council annual plan and to be a smaller and more focussed agency.

## Financial Performance

### Capital revenue and expenditure

In FY23 Eke Panuku delivered **capital spend of \$69.4m**, \$9.4m more than budget. In response to the FY24 annual plan savings Eke Panuku reduced its capital spend in FY23 from \$80m to \$60m to create interest and depreciation savings. Capital spend is made up of:

- Investment of \$59.4m capital spend in public realm projects in our priority locations.
- Investment of \$10.0m capital spend on improving council group owned assets and to support our regeneration programme. Some of it has been used to renew council property we manage.

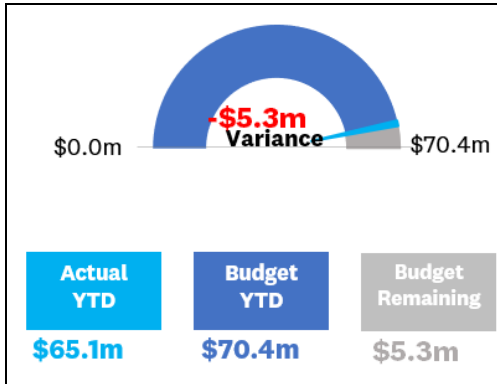
We brought in **capital revenue of \$100.1m** to council by selling its surplus property, \$8.4m more than target.

### Operational revenue and expenditure

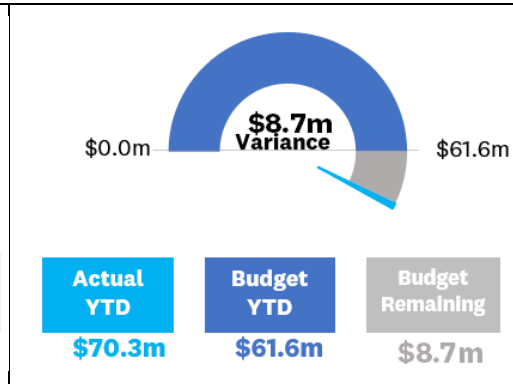
- Total operational revenue was **\$70.3m**, this was \$8.7m favourable compared to budget. Commercial property revenue which includes Auckland Council and Auckland Transport properties, and Business Interests was **\$51.3m**, \$4.7m more than budget. This was largely due to extending tenancies for longer periods than anticipated, rent increases due to rent reviews and increased recovery of expenditure from tenants. The dividend from Waste Disposal Services was \$1.3m more than budget. Marinas’ revenue was **\$19.0m**, \$0.7m more than budget.
- Total operational expenditure of **\$65.1m** was \$5.3m favourable compared to budget. In the second half of the year, in response to the council group budget issues, we reduced discretionary spend. This included delaying staff recruitment and avoiding additional professional services costs. The high-level breakdown of expenditure includes \$3.7m spend on managing, negotiation and consulting on assets sales, \$18.5m leading regeneration, \$7.4m paying rates on council group owned assets, \$9.8m maintaining council properties we manage, \$9.6m on utilities and leases for council group owned assets we manage and \$16.1m on managing council group owned assets.
- Net operational surplus of **\$5.2m**, this was **\$14.1m** more than budget.

**Overall capital and operational net return to Council was \$36m, which is \$33m better than budget.**

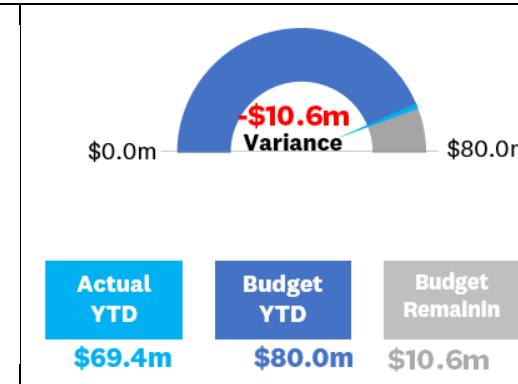
### YTD Operating Expenditure



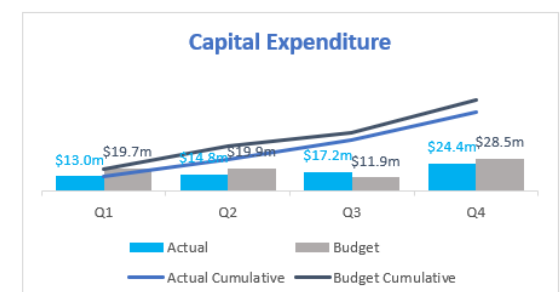
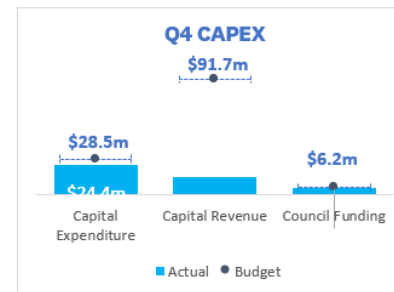
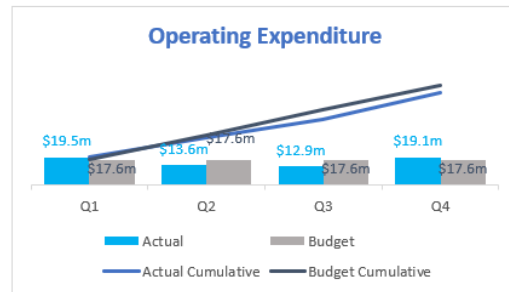
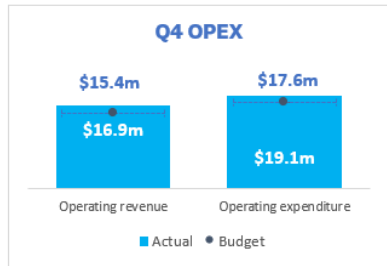
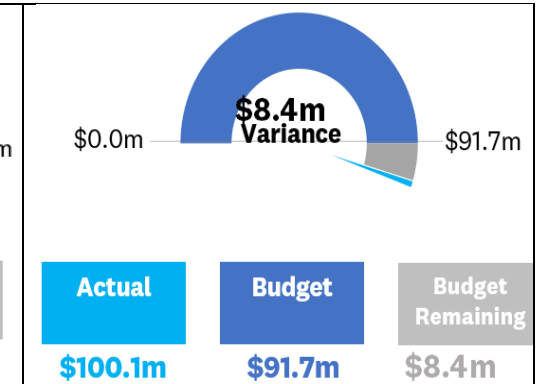
### YTD Operating Revenue



### YTD Capital Expenditure



### YTD Capital Revenue



Note: for more details on financials, please refer to Financials section (Page 18) and Appendix 1 Financials - breakdown by key activities (Page 26)

The budget amounts in the above graphs are based on the original budgets.



## Highlights

- **Asset sales:** Despite a weakened property market, over \$100m in asset sales across our programmes has been achieved this year.
- **Property management:** Throughout the year the property management and marina teams have worked hard to generate additional revenue and manage expenditure that has resulted in a surplus delivered to the Council of \$37m which was \$7.7m ahead of budget. Average occupancy for the year is 94.0% in commercial and 97.1% in residential, both above annual targets.
- **Dwelling units completed:** Our annual new dwellings target of 200 has been exceeded with a total of 364 new homes built. This contributes to supply of well-designed sustainable homes.
- **Public realm and other projects completed** - The public realm square metres target of 7,000 sqm has been exceeded with a total of 14,952 sqm completed from seven projects. This includes two new sections of Hayman Park Playground in Manukau, with remaining work covering a play tower and flying fox completed in July.
- **Development projects advanced** include build to rent and mixed-use development projects in Takapuna, unconditional sale of Bledisloe House with protection for its character features, design for the Downtown carpark redevelopment and confirmation that Eke Panuku lead the Maungawhau and Karanga a Hape development programmes. On a site sold by Eke Panuku, the New Zealand Housing Foundation in Old Papatoetoe has laid the groundwork for 29 new dwellings eligible for Shared Ownership for first home buyers.

### Quarter 4 Project Highlights:

- Acquisition of 7.6 hectare site from Te Whatu Ora to enable a future public connection along the **Puhinui Stream corridor in Manukau**.
- Delivered in collaboration with mana whenua, the new-look **Clifton Court** provides a welcoming space for residents and visitors alike, with new lighting, seating, play equipment, rain gardens, bike racks and table tennis table. The narrative of the eight-tailed taniwha *Moko Ika Hiku Waru* is weaved into the playground's design, providing a cultural anchor for the new space.
- Construction commenced on **Jessie Tonar Scout Reserve in Northcote** to restore the stream and create some nice gathering space for the community to enjoy.
- Local Board approvals of masterplans for Pukekohe and Old Papatoetoe and concept plans for **Catherine Plaza in Henderson** and **Stadium Reserve in Papatoetoe**, advancing the urban regeneration plans for these town centres.
- The refurbishment of the historic merchant house at **27 Princes Street** has been completed and ready to be tenanted.



## Issues/Risks

### Risks:

- The weaker property market continues to impact our sales and means that it can take longer to reach the unconditional stage. We will continue to work with our development partners on issues affecting asset sales.
- Failure of construction firms or contractors - we continue to 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 contractor involvement, smart procurement, reprioritisation and rescheduling of projects and resource planning.
- Adverse weather events damaged properties and affected contractor availability, impacting our ability to deliver projects. Projects were reprioritised and rescheduled for delivery.



## Key Performance Measures

In summary, of the 12 performance measures, 9 were achieved, 2 were not achieved and 1 was not measured. Note: Our performance measures have not been audited yet.

- The two performance measure targets not achieved were: The Transform and Unlock asset sales of \$13.7m did not meet the target of \$21.7m mainly due to slower demand for properties. We completed 67% of the capital project milestones against a target of 80%. Project delays were due to continuous bad weather, manufacturing issues, financial constraints, external dependencies and delays in consent processing.
- Customer survey targets were met.
  - Our customer satisfaction with the Westhaven Marina remains very strong with a score of 90%.
  - We achieved a 56% satisfaction score from mana whenua for the support they received from Eke Panuku. This was above the target of 55% by 1%.

Eke Panuku strategic focus areas	Target exceeded or met	Target not met	Not Reported	Total
Urban regeneration	3	2	1	6
Property management services	3			3
Sector leadership	3			3
<b>TOTAL</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>12</b>

*Note: for all performance measures, please refer to the Performance measure section (Page 22)*

# Strategic focus area – Urban Regeneration Programmes

## Key commentary

### Highlights for the quarter and year:

- The **City Centre implementation plan (Action Plan)** that sets out group-wide priorities to guide the council group’s implementation of the City Centre Masterplan and support the 2024 LTP process was completed for approval by the Eke Panuku Board in July.
- Two new sections of **Hayman Park Playground in Manukau** including a flow bowl, pump track and rope play were opened at a blessing led by mana whenua in December 2022. The basketball half-court was opened in January 2023. Remaining work covering a play tower and flying fox was completed in July 2023. The last stage was the construction of a giant four-story play tower with a climbing wall, rope tunnel bridges, and two slides.
- Stage one of Takapuna’s new **Waiwharariki Anzac Square** was officially opened to the public on 19 December 2022. The town square will strengthen connections within Takapuna and through to the beach and create a welcoming space for the community to relax and spend time in and provide a much-needed social, cultural and economic anchor for Takapuna. The public space includes seating, trees, planters, new lighting, Māori artwork, and paving. It would also support the adjacent developments. The entire project covers an area of 3200 sqm and the remaining part is due to open by the end of August 2023.
- **Te Ara Awataha greenway and Greenslade Reserve in Northcote** has reopened after three years of transformational works, providing a new space for the community and visitors to enjoy while also playing a vital role in reducing flooding in the town centre and surrounds. This is a joint project with Healthy Waters, Kāinga Ora and Eke Panuku covering an upgraded area of 9,675 sqm. The Awataha Stream now flows through the greenway rather than underground pipes.
- New parking spaces at **Racecourse Parade Avondale** were completed in September 2022 providing an additional 30 parking spaces to support Avondale’s upcoming library, community hub and upgraded town square.
- **Manukau’s Wiri walking and cycling bridge** was completed to provide a pedestrian connection to the Manukau town centre.
- The **CRL station development sites** in Maungawhau and Karanga a Hape obtained a governing body decision and mandate for Eke Panuku to lead this development programme.

## 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.

Risk and Issues:

- Weather events and contractor availability constrained our ability to deliver projects in-line with schedules during the quarter. Projects were reprioritised and rescheduled for delivery. This included addressing work relating to property damage from weather events.
- To support the council's annual plan budget savings, we went through organisational change in Q3 and Q4, including consultation and staff changes.
- 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 and increase construction costs. We continue to work on development sales with our development partners. It is simply taking a lot longer on average to reach unconditional stage.
- Failure of construction firms or contractors is a risk we are monitoring due to financial risks. We continue to 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 are managed via early contractor involvement, smart procurement, reprioritisation and rescheduling of projects and resource planning.

# Transforms, Unlocks and Regional – Urban Regeneration Programmes

Areas	Status (Multi-year programme)	Financials YTD Actuals/Budget	Key deliverables for QTR
<b>Waterfront</b>  (Wynyard Central and Westhaven)	On track	\$ 22.8 m / \$ 19.9 m	<ul style="list-style-type: none"> <li>• <b>The Viaduct Events Centre (VEC)</b> – one of Auckland’s premier waterfront venues is now ready for business and open for bookings. Team New Zealand who have called the VEC home since 2018 have now relocated their operations with the support of Eke Panuku to the former Team UK base on Hamer Street. To mark its reopening as an event venue, a blessing led by Ngāti Whātūa Ōrakei was held on 27 April 2023.</li> <li>• <b>SeaLink development underway</b> – The final design for <b>SeaLink’s</b> new terminal and office building at 44-56 Hamer Street, has received resource and building consent and is ready to construct. This is a site leased long term from Eke Panuku.</li> <li>• <b>North Wharf</b> - Eke Panuku began marketing the high-profile North Wharf site in Wynyard Quarter on the open market in March 2023, with the intention of leasing the site (125-year prepaid ground lease) to a development partner. The expression of interest process closed 25 May 2023. The evaluation and selection process is underway.</li> <li>• <b>Pile Berth Redevelopment stage two</b> – The project in Westhaven commenced construction 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. In Q4, construction of the underground services on the new reclamation were completed and the substructure for the promenade is close to completion. Works will continue with the installation of garden beds, retaining walls, and light foundations, followed by preparation works to asphalt the car park in the upcoming weeks.</li> </ul>



<p>Central</p> <p>(City Centre, Maungawhau and Karanga a Hape)</p>	<p>On track</p>	<p>\$ 0 m / \$ 0.2 m</p>	<p><b>City Centre</b></p> <p>Development of the <b>City Centre implementation plan (Action Plan)</b> is on track progressing through the approval process. Excellent feedback has been received from stakeholders and the council group. The Action plan was completed for approval by the Eke Panuku Board in July and will subsequently be shared with other CCOs and the council. The Action Plan sets out group-wide priorities to guide the council group’s implementation of the next phase of the City Centre Masterplan and supports the 2024 LTP process.</p> <p>Key milestones to date have included:</p> <ul style="list-style-type: none"> <li>• Starting construction of Te Ha Noa (Victoria Street Linear Park)</li> <li>• Completing public consultation for Karanga a Hape station neighbourhood and bus improvements. Risks around funding and programme remain and are being managed by the programme teams.</li> </ul> <p><b>Karanga a Hape and Maungawhau CRL Station development sites</b></p> <p>The Auckland Council Governing Body, as council sponsor for the CRL project, approved the Maungawhau and Karanga a Hape development programme and mandate for Eke Panuku to lead this programme at its 27 April 2023 meeting.</p>
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<p>Isthmus (Onehunga &amp; Panmure)</p>	<p>On track</p>	<p>\$ 3.7 m / \$7.2 m</p>	<p><b>Onehunga</b></p> <ul style="list-style-type: none"> <li>• <b>Te Pumanawa Precinct</b> masterplan is completed. This consist of a mix of open space and development land, providing land for residential development and commercial space, while also creating a new public civic space.</li> <li>• We have been progressing work on a walking and cycling connection from the town centre to Onehunga wharf.</li> <li>• We have also shared plans for Onehunga with Auckland Light Rail.</li> </ul> <p><b>Panmure</b></p> <ul style="list-style-type: none"> <li>• The <b>Panmure masterplan</b> has been updated and was presented to Maungakiekie-Tāmaki Local Board on 6 June 2023. We will start socialising this with key stakeholders over the coming months.</li> <li>• The <b>Clifton Court streetscape and public realm upgrade</b> is now completed. The opening of the space was celebrated with a karakia whakawātea (blessing ceremony) in June 2023.</li> <li>• In late May, construction started on the upgrade of Panmure skate park (part of the Lagoon Edge Reserve), which was designed in close collaboration with the skateboarding community and will allow young people in Panmure to keep using this treasured asset long into the future.</li> <li>• We are progressing the Lagoon Edge Reserve project to create an urban waterfront park and the Maungarei (Mt Wellington) connection to provide walking and cycling access to the town centre.</li> </ul>
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North  
(Northcote and Takapuna)

On track

\$ 14.2 m / \$ 12.7 m

#### Northcote

- A very successful community open day was held on 1 April 2023 to celebrate the opening of three large sections of **Te Ara Awataha**, the greenway that runs through Northcote.
- **Jesse Tonar Scout Reserve upgrade and stormwater works** - construction commenced in June 2023 to restore the stream and create new gathering space for the community to enjoy.

#### Takapuna

- **Waiwharariki Anzac Square** is nearing completion with the new public space due to open by the end of August 2023. The town square will strengthen connections within Takapuna and through to the beach and create a welcoming space for the community to relax and spend time in and provide a much needed social, cultural and economic anchor for Takapuna. The Devonport-Takapuna Local Board has also approved the Waiwharariki Anzac Square as the new home of the Sunday market. An expression of interest process will commence in July 2023 to find a new market operator.
- **Northcroft Street** streetscape upgrades to improve walking/cycling connection to Takapuna town centre were due to start in June 2023 but has been pushed out to start in July 2023 to coordinate with other infrastructure works.

<p>South (Manukau, Papatoetoe and Pukekohe)</p>	<p>At risk</p>	<p>\$ 10.8m / \$ 16.9 m</p>	<p><b>Manukau</b></p> <ul style="list-style-type: none"> <li>The <b>Hayman Park playground</b> is nearly complete. Bad weather and a manufacturing problem with the main tower beams meant the completion date had to be pushed out from June 2023 to July 2023. It opened to the public on 21 July.</li> <li><b>“Southside Represent”</b> – a placemaking event held in May 2023 at Hayman Park moved to MIT Manukau Campus due to weather. The event featured live music, a fashion show, dance workshops, as well as offering attendees the chance to purchase local clothing brand merchandise and food from local vendors. The purpose of supporting activities like this are to build trust and knowledge locally to ensure that regeneration fits with the characteristics of Manukau. The event drew people to the area and supporting local entrepreneurs, creatives, students, and rangatahi through sustainable procurement.</li> <li><b>Puhinui Regeneration</b> – A Te Aka Raataa Giveback Day was held in April 2023 to clean up the Puhinui Stream. With over 100 volunteers attending and a full skip bin of rubbish removed from the local waterway the event was a great success.</li> </ul> <p><b>Papatoetoe</b></p> <ul style="list-style-type: none"> <li>The <b>Stadium Reserve upgrade</b> concept plan was approved by the Otara-Papatoetoe Local Board in June. This project creates a new accessible playground and parks infrastructure to encourage visitation from a wide range of age groups.</li> <li><b>91 Cambridge Terrace</b> - The New Zealand Housing Foundation has laid the groundwork for 29 new dwellings in Cambridge Terrace eligible for Shared Ownership for first home buyers. Eke Panuku sold the 4,000m2 site to the foundation back in 2022. Formerly home to the Papatoetoe Borough Council Works Depot, the site will soon house a mix of two and three bedroom low-maintenance dwellings.</li> <li><b>St George Street</b> - Known as Pikotoetoe, this project is delayed but is expected to start in October. It will enable the development of 120 new homes on two sites on St George Street that we sold for housing near the town centre.</li> </ul> <p><b>Pukekohe</b></p> <ul style="list-style-type: none"> <li>The <b>Unlock Pukekohe Masterplan</b> was endorsed by the Franklin Local Board on 27 June 2023.</li> <li><b>Pukekohe youth concert</b> – A youth concert organised by Eke Panuku was held on the 24 June 2023 at the Roulston Street Youth Centre. Showcasing young talent from across the Franklin area. These activities focused on an Eke Panuku social procurement approach and development of young enterprises and local talent. We test activities at 1 Roulston St (building and carpark) for future activation and use, and to build trust with local young people. Feedback included strong community appetite for more local events, especially youth.</li> </ul>
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West  
(Avondale and Henderson)

At risk

\$ 2.6 m / \$ 3.5 m

#### Avondale

- **Avondale Civic Precinct open space** - Te Hono Community Hub Project, which is being led by Council's Community Facilities team has a funding shortfall. This is being considered by council. As Eke Panuku's open space project is integrated with the community hub project, timelines and costs will be impacted. This project is central to the urban regeneration of Avondale to support the significant growth and intensification already underway.

#### Henderson

- Upgrade of **Catherine Plaza** to support the vitality of the town centre and local businesses. The Henderson-Massey Local Board approved the concept design at their meeting on 20 June 2023.
- The resource consent for the Opanuku link bridge project has been delayed. This is due to the impact of the recent flooding events.

<p><b>Regional</b></p> <p>(Haumaru, Support, Corporate Property, AT/Eke Panuku transit orientated development programme, Service Property Optimisation &amp; Regional Programme)</p>	<p>On track</p>	<p>\$ 4.9m / \$ 9.8 m</p>	<p><b>Haumaru</b></p> <ul style="list-style-type: none"> <li>Eke Panuku continues to work with council and Haumaru to develop a sustainable funding development model for the redevelopment of the social housing portfolio.</li> <li>The building consent for 27 - 31 Greenslade Crescent was lodged by Kainga Ora in late January 2023 for the construction of 40 new units on a redevelopment site sold by Eke Panuku, to be managed by Haumaru.</li> </ul> <p><b>Support and general asset portfolio</b></p> <ul style="list-style-type: none"> <li><b>Downtown car park</b> – A conditional sale and development agreement is progressing.</li> <li><b>84A Morrin Road, St. John's</b> - Negotiations have concluded with the preferred development partner and an unconditional development agreement was reached on 29 June 2023.</li> <li><b>198 Dominion Road, Mount Eden</b> - Following the conclusion of unsuccessful negotiations with an interested party, the property will be taken to the open market in early FY24.</li> </ul> <p><b>Service Property Optimisation</b></p> <ul style="list-style-type: none"> <li><b>3 Gibbons Avenue, Takapuna</b> - On 20 June 2023, a resolution supporting disposal of the Mary Thomas Centre was passed by the Devonport-Takapuna Local Board which has requested further investigations be undertaken.</li> <li><b>17W Hawke Crescent, Beachlands</b> - The reserve revocation has now been completed and the report to take the site to the market is being prepared.</li> <li><b>2 Pompallier Terrace</b> - Resource and subdivision consents have now been obtained by the developer and the agreement is now unconditional.</li> <li><b>19 Jervois Rd, Herne Bay</b> - Settlement of the sale of the site has been deferred to FY24.</li> <li><b>29-31 St Johns Road, Orakei</b> – The redevelopment of the Meadowbank community centre has been put on hold for 12 months.</li> </ul> <p><b>Corporate Property</b></p> <ul style="list-style-type: none"> <li><b>Bledisloe House</b> - 24 Wellesley Street, Auckland City – the council corporate property has been unconditionally sold with protection for character features.</li> <li>All sales within the surplus Corporate Property programme are progressing to forecasts, with only 35 Coles Crescent yet to be taken to market.</li> </ul>
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## Strategic focus area – Property Management Services and Programme

### Key commentary

#### Property Portfolio Highlights:

- Property Portfolio net budget surplus is \$25.4m for the quarter, \$6m ahead of YTD budget. A number of properties are leased longer than anticipated mainly due to project delays.
- The occupancy rates remain high for both commercial and residential properties. Average occupancy rates for the year were (94%) and (97%) respectively, met the SOI targets.

#### Marinas:

- The Westhaven marina achieved **90%** customer satisfaction rating against a target of 85% for the year in the SOI.
- Overall, Marinas' revenue and expenditure are on budget.
- In the Westhaven Marina, the replacement of G, H and J piers and the development of the share boat berths were completed. The piers were replaced to enhance service delivery at the marina and to prevent failure.
- Westhaven Marina picked up Best Marina, Best Environment Performer, Outstanding Initiative Award for Westhaven Marina's digital parking management system at the New Zealand Marina Operators Association (NZMOA) in September 2022.

#### 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. The work on the 60 properties that sustained minor to moderate damage are close to completion. This includes sewage and stormwater backflow, water tightness failings, damage to chattels, roofs and contents. Our facilities management team is 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	\$ 10.0 m / \$ 10.0 m	<p>Renewals</p> <ul style="list-style-type: none"> <li>• <b>27 Princes Street, Auckland City</b> - works have been completed and the building is tenanted.</li> <li>• <b>Bascule bridge (deck renewals - health and safety works)</b> – Following the granting of resource consent in May 2023, construction started in late May 2023. Two temporary bridges have been installed and were opened on 8 June 2023.</li> <li>• <b>Onehunga Wharf CCTV Systems rationalisation and upgrade</b> - The majority of the new cameras have now been installed, with a slight delay to those on Onehunga Wharf.</li> <li>• <b>Westhaven Marina Fire Alarm System upgrades</b> - Works have commenced at Y pier and progressed along the southern side of the marina. Further installation works are contingent on a building consent being granted.</li> </ul>



## Other statement of intent focus areas

### Climate change and sustainability

- Eke Panuku has achieved its supplier diversity target for FY23, reaching 8.4% by the end of May against a target of 7.5% of direct spend.
- Environmental guidelines for public realm projects have been adopted. These guidelines consider the themes of urban ngahere and biodiversity, water sensitive urban design, waste, heat resilience, transport and carbon. The guidelines reflect Eke Panuku and Council group priorities and have been developed and discussed with mana whenua, Auckland Council and Auckland Transport colleagues.
- The flooding and cyclone events of 2023 had an impact on 60 of our managed properties which have all been resolved.
- Te Whakaoranga o te Puhinui (Puhinui Regeneration Programme) continues to deliver and plan for several climate resilience and sustainability initiatives. In particular, the acquisition of a 7.6 hectare site adjacent the stream has recently been completed to enable the delivery of Te Aka Raataa – a significant new green space in South Auckland which will increase urban ngahere, improve walking and cycling connections and reduce flood risk and water quality issues.
- Zero waste Northcote (including the Zero Waste hub) continues to grow impact and outreach. Implementation of the action plan is now supported and funded by a range of partners, under the leadership of Eke Panuku and Kaipātiki Project. With 20 regular volunteers at the hub, regular environmental activations are delivered as part of the programme (composting, bokashi, upcycled craft, repair café etc) and ongoing education and engagement with local schools, kindy, library and businesses.
- Three Te Ara Awataha greenway activations in Northcote recently delivered by the Kaipātiki Project in collaboration with Forest and Bird saw over 87 volunteers and attendees plant approximately 1200 plant species across Northcote and remove pest species across the greenway.
- Eke Panuku has progressed planning for several deconstruction projects in FY23. We have conducted salvage surveys of buildings to be removed in Northcote. This work will ensure materials of value are identified and can be salvaged for reuse.

### Māori Outcomes

#### Commercial opportunities

- Eke Panuku has not presented any new commercial development opportunities to mana whenua in Q4. We have, however, continued to work through the selection process to appoint a developer for North Wharf in Wynyard Quarter. Several iwi are participating in the process with development partners.

#### Engagement

- Eke Panuku worked with mana whenua to sign-off the Achieving Mana Whenua Outcomes plan. The plan describes our commitments to mana whenua over the next three years and is strategically aligned with Kia Ora Tāmaki Makaurau.
- Eke Panuku is still undertaking a significant amount of engagement work on Te Ara Tukutuku – our masterplan for the future redevelopment of Wynyard headland.
- Eke Panuku discussed the port land future development work with mana whenua and there will be ongoing engagement.
- Eke Panuku has started discussions with mana whenua on the redevelopment of the Downtown car park. We intend to report back with design options.
- Eke Panuku has engaged with mana whenua on the City Centre action plan that will give effect to the city centre masterplan.

#### Culture and identity

- Eke Panuku hosted a whakawātea for Clifton Court in Panmure. The new public square responds to the cultural narrative of Ngāti Pāoa.

### Collaboration, Engagement and Placemaking programme

- Over this reporting period Eke Panuku attended over 15 workshops with local boards on matters regarding our urban regeneration work, service property optimisation and managing council properties.
- Eke Panuku has regular bimonthly meetings with the ward councillors to provide updates and inform of our work. We have similar arrangements with local boards, depending on the maturity and progress of our projects and activities, the frequency can be more regular. This regular engagement is in addition to the engagement on local projects and programmes and the quarterly Joint CCO reporting.
- Eke Panuku undertakes regular engagement with stakeholder such as business and residents' associations as well as various local interest groups to obtain feedback, provide updates and inform of our work. In this reporting period we had 4 engagement activities, for example in April we met with the Onehunga Business Association to create a work plan of joint initiatives to progress together.
- We also regularly close the loop and celebrate our achievements with the community and stakeholders. For example:
  - in Northcote, we brought together our partners; Kainga Ora, Auckland council and the Kaipatiki Local Board to organise a community event to celebrate the long-awaited Northcote's new greenway Te Ara Awataha.
  - On the waterfront, we organised a karakia whakawātea for the start of construction on SeaLink's new terminal and office building in Wynyard Quarter. Led by Ngāti Whātua Ōrākei, the blessing was well attended by stakeholders and members of the Waiheke and Waitemātā local boards.
  - In Panmure, we organised a karakia whakawātea in early June to open the new-look Clifton Court. The upgraded public space boasts a new colourful playground and social gathering place and is now well situated to complement the main street and the town centre's numerous businesses.
- In June, we worked closely with Coastguard Titirangi to find the organisation a temporary new home at Onehunga Wharf after their previous French Bay base was washed away during Auckland's Anniversary weekend floods.

### 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 2023/24.

## Eke Panuku Q4 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. In year Eke Panuku exceeded the gross receipts target by \$17.2m and in reaction to the group's budget issues, reduced discretionary expenditure where possible resulting in outflows of \$15.9m less than target, increasing the net to Council by \$33.1m to \$36.0m

\$ millions	FY23 Annual Budget	FY23 Actual	Financial Commentary
<b>Capital Inflows</b>			
Selling Council's surplus property	70.0	86.4	General Asset sales exceeded the target for the year, there were two sales of Corporate Properties \$58m and 6 other non-service property sales of \$28.4m.
Selling or long leasing property to reinvest in our urban regeneration locations	21.7	13.7	Transform and Unlock sales target was not met as the sale of a commercial building in the Wynyard Quarter was deferred to the next FY. The combined capital inflows to Council from sales or long leases was \$100.1m which exceeded the overall target by \$8.4m
<b>Capital Outflows</b>			
Investing in council group assets to support regeneration, including asset renewals	80.0	69.4	In December we reduced our targeted capital spend for this year and to generate interest savings as part of our ongoing savings target. The reduced target for FY23 was \$60m. Due to our commitment to development partners for contamination payments and project delivery being ahead, our actual spend was \$9.4m higher than target. The overall cash flow has reduced Council borrowing by more than \$9.4m over target and the FY24 savings target has been deemed to be met for this year.
<b>Net Capital</b>	<b>11.7</b>	<b>30.7</b>	
<b>Operational Inflows</b>			
Revenue income from property interests for the Council group.	61.6	70.3	Revenue in year was ahead of budget. The majority of this was generated in the Commercial Property Portfolio due to tenancies extending for longer than anticipated, increased rent reviews and increased recovery of expenditure from tenants. There was also additional share of profit in the JV with Waste Disposal Services and an increase in revenue generated by the Waterfront Marinas.
<b>Operational Outflows</b>			
Managing council group properties	19.4	16.1	Expenditure control managed all discretionary expenditure during the second half of the year following group budget issues, this included delaying staff recruitment and avoiding cost of additional professional services where possible.
Utilities and leases for council group owned assets we manage	7.1	9.6	Additional cost of security in the Wynyard Quarter due to increased anti-social behaviour. The addition of the Concourse in Henderson property lease, this was offset by additional property revenue.

Rates on council group owned assets	8.0	7.4	Rates costs for the portfolio of assets managed for Council were less than budgeted.
Maintenance of council properties	7.3	9.8	Maintenance costs were higher than budget due to inflation and catch up of some deferred maintenance from the Covid years.
Consultation, negotiation and sales processes to sell council property	4.5	3.7	Favourable to budget due to staff vacancies and slower property market.
Leading regeneration of town centres, city centre and waterfront.	24.1	18.5	Expenditure control managed all discretionary expenditure during the second half of the year following group budget issues this included delaying staff recruitment and avoiding cost of additional professional services where possible. Capital programme deferral and adverse weather reduced both communication and place making expenditure.
<b>Net Operational</b>	<b>(8.8)</b>	<b>5.3</b>	
<b>Overall Net Inflows/Outflows</b>	<b>2.9</b>	<b>36.0</b>	

## Direct operating performance

(\$ million)	Notes	FY 22	FY 23 Quarter 4 YTD			FY 23
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		17.9	19.5	24.2	4.7	24.2
Direct revenue		16.3	18.3	17.2	1.1	17.2
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	16.3	18.3	17.2	1.1	17.2
Direct expenditure		34.2	37.8	41.4	3.6	41.4

## 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: Direct revenue is \$1.1m favourable to budget, recharges of staff time for regeneration capital projects and opex projects, and staff costs for management of Council owned marinas are all above budget as we have focused on using staff resources above external consultants.

Employee benefits	B	28.6	31.1	32.6	1.5	32.6
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	C	5.6	6.7	8.8	2.1	8.8
Other key operating lines						
AC operating funding		18.3	14.3	18.0	(3.7)	24.2
Depreciation		0.3	0.3	0	(0.3)	0
Net interest expense		0	0	0	0	0

B: Employee benefits was favourable to budget, \$1.5m. Spend on staff training was also favourable to budget. \$1.2m delays in staff costs due to recruitment delays and staff attrition.

C. Other direct expenditure \$2.1m favourable to budget, made up of savings in insurance for year, internal and external audit costs, directors costs and office costs of \$0.9m. Also saving \$1.2m in consultancy costs as our focus has been on using internal staff resource wherever practical.

## Auckland Council Portfolio Q4 financials managed on behalf of Auckland Council

### Direct operating performance

(\$ million)	Notes	FY 22	FY 23 Quarter 4 YTD			FY 23
		Actual	Actual	Budget	Variance	Budget
Net direct Revenue		4.7	7.3	(0.4)	7.7	(0.4)
Direct revenue		46.1	49.5	43.1	6.4	43.1
Fees & user charges		1.3	1.8	1.2	0.6	1.2
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	44.8	47.7	41.9	5.8	41.9

### Financial Commentary

The financials in the table represent the Auckland Council portfolio managed by Eke Panuku. These exclude the net direct revenue \$3.5m that Eke Panuku has generated for properties managed for Auckland Transport which is \$1.0m above budget. In addition, a \$7.7m 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 \$7.7m is favourable compared to budget.

Direct expenditure	41.4	42.2	43.5	1.3	43.5
Employee benefits	0.1	0.1	0.1	0	0.1
Grants, contributions & sponsorship	-	-	-	-	-
Other direct expenditure	B 41.3	42.1	43.4	1.3	43.4
Other key operating lines					
Depreciation	19.9	22.0	22.1	0.1	22.1
Net interest expense	(0.1)	0	0	0	0

The main explanations relate to:

A: \$6.4m favourable to budget, made up of the following areas:

i) commercial property revenue \$5.2m due to tenancies being extended beyond budget periods at Bledisloe House and in Hobsonville (\$2.2m). \$1.1m of new tenancies and rent increases, \$1.2m of recoveries from tenants and additional car park revenue.

ii) \$1.2m from marina revenue due to additional occupancy and the addition of new berths and regeneration one off repayment from a development partner for a reduction in contamination obligation costs.

B. Other direct expenditure \$1.3m favourable to budget, Three areas of spend make up the majority of the variance:

i) Rates \$0.7m favourable to budget, this will be a saving in year.

ii) Regeneration \$1.4m favourable to budget, spend in this area typically peaks over the summer period when more events are run by our placemaking team, some of these were cancelled or hampered by the adverse weather. Deferred communications expenditure as capital projects expected to be delivered in Q4 were delayed due to weather, thus planned communications timing has been moved out to FY24.

iii) Security costs \$1.0m unfavourable to budget as a result of additional security required in Wynyard Quarter due to increased anti-social behaviour.

Key performance indicators	Previous	FY 23 Quarter 4		Status	Commentary
	Year	YTD Actual	FY Target		
Note: Eke Panuku has a total of 12 SOI performance measures, of which 5 are LTP measures. In Q4, 9 were achieved, 2 were not achieved and 1 is not measured. <b>Note: performance measures have not been audited.</b>					
<b>SOI performance measures</b>					
1. Net new dwellings (housing units) – LTP performance measure	404	364	200	<b>Achieved</b>	Actual <b>364</b> net new dwelling units.  Dwellings were completed at Great North Road Avondale, Henderson Valley Road Henderson, the Airfields Hobsonville, Kōtuitui Place Manukau and Godley Road Green Bay.
2. Commercial / Retail gross floor area (GFA) or net lettable area (square meter) – LTP performance measure	Not measured	Not measured	1,000 sqm	-	This target was not measured as no projects are planned to be completed in FY23 due to programme and construction timing changes.
3. Public realm – square meters	23,226 sqm	14,952 sqm	7,000 sqm	<b>Achieved</b>	Actual <b>14,952</b> sqm  Significant public realm areas completed include Te Ara Awataha greenway Northcote, Hayman Park playground Manukau, Waiwharariki Anzac Square Takapuna and Clifton Court Panmure.

Key performance indicators	Previous Year	FY 23 Quarter 4		Status	Commentary
		YTD Actual	FY Target		
<p>4. Capital project milestones approved by the board achieved</p> <p>– LTP performance measure</p>	81%	67 %	Achieve 80 per cent or more of project milestones for significant capital projects	<b>Not Achieved</b>	<p>Actual <b>67%</b></p> <p>We have completed 10 of the 15 milestone targets set for FY23.</p> <p>Bad weather, manufacturing issues, consent processing delays, financial constraints and external dependencies impacted our capital project milestone results.</p>
<p>5. Achieve total board approved budgeted Transform and Unlock (T&amp;U) 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	\$13.7m	\$21.7m	<b>Not Achieved</b>	<p>Actual gross sales \$13.7m</p> <p>Significant T&amp;U sales completed include a property in Henderson and sale of long- term leasehold rights for a development on the waterfront.</p> <p>The timing of some sales did not occur this year as planned due to the slowdown in the market but will be targeted for future years.</p>
<p>6. Annual property portfolio net operating budget result agreed with the council achieved</p> <p>– LTP performance measure</p>	\$27.1m	\$25.4m	\$19.4m	<b>Achieved</b>	<p>Actual <b>\$25.4m</b></p> <p>Net operating budget result is \$6m ahead of target.</p> <p>This was a result of projects being delayed, meaning properties can be leased longer.</p>



Key performance indicators	Previous Year	FY 23 Quarter 4		Status	Commentary
		YTD Actual	FY Target		
7. The monthly average occupancy rate for tenantable properties <i>– LTP performance measure</i>	Commercial 93.4%  Residential 97.9%	Commercial 94.0%  Residential 97.1%	Commercial 85%  Residential 95%	<b>Achieved</b>	We have exceeded average occupancy rates.
8. The percentage of marina customers surveyed who are satisfied with marina facilities and services	90%	90%	85%	<b>Achieved</b>	Actual <b>90%</b>  A high level of customer satisfaction was achieved.
9. The asset recycling target agreed with the Auckland Council	\$35m	\$86.4m	\$70m	<b>Achieved</b>	Actual gross sales <b>\$86.4m</b>  Significant asset recycling sales completed include two sites on Morrin Road Saint Johns and long term leases for Bledisloe house in the city, Kotuku House Manukau.
10. Creating positive outcomes for Māori Deliver 50 ongoing or new initiatives that support Māori Outcomes  <i>This activity is supported through the delivery of the Mana Whenua Outcomes Framework.</i>	51	51	50 initiatives that support Māori Outcomes	<b>Achieved</b>	Actual  <b>51</b> initiatives have been completed this year.

<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>56%</p>	<p>5 per cent increase on previous year</p>	<p><b>Achieved</b></p>	<p>Actual 56%</p> <p>(33% of the population surveyed was neutral)</p>
<p>12. Complaints received by Eke Panuku are resolved.</p> <p><i>Note: This is a new performance measure. The actual result for FY22 as a baseline will help set future targets.</i></p>	<p>34%</p>	<p>100%</p>	<p>80% of complaints are resolved within 10 working days.</p>	<p><b>Achieved</b></p>	<p>Actual 100%</p> <p>A total of 13 complaints were received, all of which have been resolved withing 10 working days.</p>

# Appendix 1

## Financials – breakdown by key activities

### Operating expenditure

#### Urban regeneration

		FY22	FY23 Quarter 4 YTD			FY23
	Notes	Actual	Actual	Budget	Variance	Budget
Transform and Unlock Locations		14.5	12.3	14.4	2.1	14.4
<b>Net direct expenditure / (revenue)</b>		<b>14.5</b>	<b>12.3</b>	<b>14.4</b>	<b>2.1</b>	<b>14.4</b>

### Capital expenditure

		FY23 Quarter 4 YTD			FY23
	Notes	Actual	Budget	Variance	Budget
Property renewals		10.0	10.0	0	10.0

Transform and Unlock Locations					
<i>Isthmus</i>		3.7	7.2	3.5	7.2
<i>North</i>		14.2	12.7	(1.5)	12.7
<i>South</i>		10.8	16.9	6.1	16.9
<i>West</i>		2.6	3.5	0.9	3.5
<i>Waterfront</i>		22.8	19.9	(2.9)	19.9
Regional		4.9	9.8	4.9	9.8
<b>Total</b>		<b>69.0</b>	<b>80.0</b>	<b>11.0</b>	<b>80.0</b>

## Asset sales & long-term leases

		FY23 Quarter 4 YTD			FY23
	Notes	Actual	Budget	Variance	Budget
General Asset sales for the group (unconditional)		86.4	70	16.4	70
Reinvestment Sales - Transform and Unlock (unconditional)		7.5	4.1	3.4	4.1
Waterfront long leases		6.2	17.6	(11.4)	17.6
<b>Total</b>		<b>100.1</b>	<b>91.7</b>	<b>8.4</b>	<b>91.7</b>

## Property and Marina Management

		FY22	FY23 Quarter 4 YTD			FY23
	Notes	Actual	Actual	Budget	Variance	Budget
<b>Auckland Council Properties</b>						
Direct revenue		(34.9)	(36.9)	(31.5)	5.4	(31.5)
Direct expenditure		12.8	15.1	14.6	(0.5)	14.6
<b>Net direct expenditure / (revenue)</b>		<b>(22.1)</b>	<b>(21.8)</b>	<b>(16.9)</b>	<b>4.9</b>	<b>(16.9)</b>
<b>Waterfront Public Space</b>						
Direct revenue		(0.6)	(0.6)	(0.3)	0.3	(0.3)
Direct expenditure		4.5	6.0	4.8	(1.2)	4.8
<b>Net direct expenditure / (revenue)</b>		<b>3.9</b>	<b>5.4</b>	<b>4.5</b>	<b>(0.9)</b>	<b>4.5</b>
<b>Marina Operations</b>						
Direct revenue		(13.6)	(14.8)	(14.2)	0.6	(14.2)

Direct expenditure		5.1	5.7	6.1	0.4	6.1
<b>Net direct expenditure / (revenue)</b>		<b>(8.5)</b>	<b>(9.1)</b>	<b>(8.1)</b>	<b>1.0</b>	<b>(8.1)</b>
<b>Marina Trusts</b>						
Direct revenue		(5.7)	(6.4)	(6.2)	0.2	(6.2)
Direct expenditure		5.5	5.9	6.2	0.3	6.2
<b>Net direct expenditure / (revenue)</b>		<b>(0.2)</b>	<b>(0.5)</b>	<b>0</b>	<b>0.5</b>	<b>0</b>
<b>Auckland Transport Properties</b>						
Direct revenue		(8.0)	(5.8)	(6.7)	(0.9)	(6.7)
Direct expenditure		3.0	2.2	4.2	2.0	4.2
<b>Net direct expenditure / (revenue)</b>		<b>(5.0)</b>	<b>(3.6)</b>	<b>(2.5)</b>	<b>1.1</b>	<b>(2.5)</b>