

Eke Panuku Development Auckland

Quarter 2 Performance Report

For the period ending 31 December 2021

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

Eke Panuku Q2 summary

Highlights, issues & risks for the quarter

Eke Panuku has made **good progress** despite the challenges of Covid-19 in Quarter 2. While the pace of delivery was affected, a number of projects, activities and events have been progressed this quarter. We are on track to meet 9 out of 11 SOI performance targets. Two targets are at risk because of project delays.

The safety and wellbeing of our tenants, berth-holders, communities, contractors and staff is paramount while we continue our recovery in the next 2 quarters. We have put in place, and continue to improve, Covid-19 management control measures as we recover our business activities.

Some of the highlights for the quarter are:

1. Managed properties and marinas continue to have high occupancy.
2. **Site Sales and development agreement progress** – Over \$33m income was received for property sales activities. Five conditional offers on sites across the region were signed this quarter.
3. **The S Pier at Westhaven Marina** was completed with 48 berths that opened in November and is now fully leased and occupied.
4. **Maungawhau and Karangahape Precinct Development Programme** – The programme business case was provided to the CRL Project Sponsors in November 2021, following its approval by the Joint Board Committee. This is a key milestone for the programme, a step towards realising the urban regeneration and housing outcomes for the location.
5. **Climate and Sustainability** – Consistent with council policy, sustainable procurement targets were approved by the Eke Panuku Board in November 2021 and are currently being trialled through a number of capital projects and development agreements.
6. **Placemaking** – Container activations have started with a bike fix-it programme near Manukau's Hayman Park and the pump track is operational in Pukekohe.
7. In the **Waterfront**, multiple community sports courts have been installed at the former AC36 bases contributing to place activation for the area.

Risk and Issues:

Continuing to manage the impacts of Covid-19 and other factors in our changing operating environment. These include competitive labour market, changing property market demand, building material shortages, rising inflation, tighter lending and rising interest rates.

Financials (\$m)

	YTD actual	YTD budget	Actual vs Budget
Capital delivery	15.7	43.5	↓ 27.8
Strategic Development Fund	0.2	3.9	↓ 3.7
Direct revenue	33.8	33.1	↑ 0.7
Direct expenditure	40.1	44.8	↓ 4.7
Net direct expenditure	6.3	11.7	↑ 5.4

Financial Commentary

Capital Delivery:

Capital delivery is behind budget year to date due to the impact of Covid-19 and other factors.

Forecast capital expenditure for the full year is **\$50m** against a budget of \$90m. This is due to Northern Pathway related projects being delayed, the effect of Covid-19, delayed design and consenting, Public Works Act requirements for acquisitions, and tenant and stakeholder decisions.

Direct revenue:

Revenue variance is favourable to budget. It is still forecast that year end budget will be met.

Direct expenditure:

Direct expenditure is favourable compared to budget due to slower spend in repair and maintenance, consultants and external events. A number of vacant roles also contributed to the budget variance.

Key performance indicators	Previous	FY 22 Quarter 2		Status	Commentary
	Year	YTD Actual	FY Target		
Capital project milestones approved by the board achieved	82%	6%	Achieve 80 per cent or more of project milestones for significant capital projects	At Risk	There are two milestones in the renewals programme at risk, Shed 10 and 27 Princes St. The majority of the remaining fourteen milestones are on track to be met.
The asset recycling target agreed with the Auckland Council	New measure	\$14.5m	Achieve asset recycling target agreed with Auckland Council. (FY22 - \$115m)	On Track	Sales year to date of \$14.5m with 7 properties sold. There are 6 sites with conditional agreements circa \$24m, and a further 4 sites under negotiation totalling around \$44m.
Annual property portfolio net operating budget result agreed with the council achieved	Net surplus is \$14.7m ahead of budget (actual surplus of \$41.1m against YTD budget of \$26.4m).	YTD \$21.2m	\$21.9 million	On Track	The year-to-date result is \$21.2m, this is \$6.7m ahead of budget.
The monthly average occupancy rate for tenantable properties	Commercial 93.9% Residential 98.8%	Commercial 93.8% Residential 97.9%	Commercial 85% Residential 95%	Achieved	Above target for this quarter with commercial at 93.8% and residential at 97.9%.

Strategic focus area – Urban Regeneration Programmes

Key commentary

Urban regeneration:

The urban regeneration programmes have been delayed due to the impact of Covid-19 and other factors. The capital projects delivery, development, acquisitions, and place making activities were all affected. We were able to re-establish project sites and resume capital works and asset renewals toward the end of the quarter with additional health and safety measures to protect staff and contractors. These measures impact the efficiency of operations. This is coupled with the impact of loss of staff and availability of consultants to complete design and consents.

For the six months to 31 December 2021, total capital spend was \$9.9m out of \$28.5m year to date capital budget. Asset sales was \$45m out of annual target of \$163m.

Highlights

1. **Pile Berth Redevelopment** – At Westhaven Marina, a temporary parking area was installed in December on top of the new reclamation to help manage berth holder parking demands over the busy summer period.
2. **Takapuna town square** – The construction contract was awarded in November 2021 with works starting in early January 2022. The name Waiwharariki Anzac Square has been chosen for the square.
3. **Northcote community hub** – A decision has been reached on the new community hub which will be located at the existing library site. In October 2021 the Kaipātiki Local Board approved the renovation and extension of this site.
4. **Activation of the former AC36 bases** at the waterfront has continued with the installation of two full sized basketball courts and a multi court.
5. **Property developments and sales** achieved during the quarter include Launch Rd Hobsonville, Totara Ave New Lynn, and Wiremu Street Balmoral. A number of property sales in our Transform and Unlock programmes and our asset recycle programme have progressed to the marketing stage or have reached conditional sales and are going through negotiation.
6. We have completed a number of **activations and events** during the quarter, and we have adjusted our future programmes to align with the requirements of the Covid-19 Protection Framework.
7. **Onehunga’s Municipal Precinct Masterplan** work commenced in December 2021.
8. **Projects that are under construction or contracted** to start in the next quarter, include: Takapuna Town Square and Gasometer car park planting, Te Ara Awataha Greenway in Northcote; Clifton Court streetscape works in Panmure; Piers G,H,J replacement works in the Waterfront; Manukau’s Hayman Park playground, Avondale’s Crayford Street upgrade and new car park; and the continuation of ongoing renewals projects.

Risk and Issues

We will continue to monitor our operating environment changes and trends and manage impacts on our programmes. Risk and issues include impacts of Covid-19, changing market demand, tighter lending, rising interest rates, building supply shortages, rising inflation, competitive employment market and other.

Strategic context

Urban regeneration:

Eke Panuku plays a significant role in achieving the Homes and Places and Belonging and Participation outcomes in the Auckland Plan. Eke Panuku leads the redevelopment of town centres, the creation of public spaces for the future, and facilitates housing and commercial development, fundamental elements of comprehensive urban regeneration. The priority location High Level Project Plans and associated masterplans provide a roadmap for redevelopment.

Key programme	Status	Description	QTR progress and Annual forecast
Strategic and town centre planning programme <i>(Urban Regeneration)</i>	On track	Some projects in the planning phase where the focus is on developing the vision, outcomes and assessing future development opportunities. Where plan changes are required, this is undertaken with the council.	The Te Ara Tukutuku Plan (informing Wynyard Point plan change) was endorsed by Mana Whenua Iwi in December 2021. There has been wide engagement on the Thriving Town Centre Guidelines which are in development. We have been conducting a review of the way in which we engage with and partner with development partners. Other planning and guidance are on track.
Public good investment programme <i>(Urban Regeneration)</i>	At risk	The public good investment programme includes projects at different stages: design, consenting and construction delivery. These projects contribute to the regeneration of priority locations.	The public good programme is at risk due to delays. Factors that affected some of the material or significant capital projects include the delay of three Waterfront projects valued at \$11m due to the cancellation of the Northern Pathway project by the government, stakeholder and tenant issues affecting timing of works, material shortages and longer lead time affected projects, delay in consents and design, some relating to consultant availability.
Strategic Acquisitions programme <i>(Urban Regeneration)</i>	At risk	Progress strategic site acquisitions to support urban regeneration.	The strategic acquisition programme is at risk due to delays. Planned acquisitions in Manukau, Pukekohe and Northcote of circa \$10m are at risk as they rely on third party agreements which may not get transacted this financial year.
Property Development programme <i>(Urban Regeneration - Transform and Unlock sales)</i>	On track	Progress site sales to support urban regeneration through development agreements to achieve housing and mixed-use development outcomes and provide council with funds for reinvestment.	The aspects of the development and asset recycle programme that we are able to control are on track, such as engaging stakeholders and potential partners, design of outcomes, resolving issues that impact on the sale or realising the property value and taking the sites to the market.
Asset Recycling programme <i>(Urban Regeneration – all other sales)</i>		Deliver our share of the council's 10-year budget annual asset recycle target. Asset sales proceeds are returned to the council for reinvestment.	The success of the sales can be influenced by external factors such as length and complexity of negotiations and market demand. Market demand can be affected by lending restrictions, rising interest rates, construction material availability and inflation. Some of these factors were evident in the end of the second quarter.
Placemaking programme <i>(Urban Regeneration)</i>	On Track	Ongoing placemaking programmes help to build trust, maintain and build the vitality of the centres and support for urban regeneration, and ensure that residents and businesses are part of changes happening in their communities.	We are forecasting that Eke Panuku will be able to complete a number of its programmed events and activations for the year. Some activity will be scaled down or redesigned in accordance with the Covid-19 Protection Framework red traffic light settings. Successful activities have included Te Puna Markets in Henderson and Songlines music exhibition in Takapuna; Manukau town centre container concept testing, summer programme on the waterfront and Panmure town centre streetscape and surrounds. We are continuing with Parklets to support outdoor dining, Roadway wayfinding, signage, He Pia He Tauira rangatahi apprentice programme and telling stories.

Strategic focus area – Property Management Services and Programme

Key commentary

Property management services and programme:

Both Property Management and Marina Management have been able to operate under lockdown and more controlled Covid-19 requirements.

Property Management Services – We are on track to achieve our performance targets for the full financial year. The residential market is still strong given high demand in Auckland for residential properties. Our average residential occupancy percentage for the quarter is 98%. Our average commercial occupancy percentage for the quarter is 94%.

We are continuing to support our tenants financially through the Covid-19 hardship framework. We have established and implemented health and safety measures to protect our tenants, contractors and staff to enable property management and project work such as delayed property inspections and repairs to commence.

Marina Management Service – We are on track to achieve our performance targets for the year. Marina use average occupancy is 97.8% for the quarter. Overall revenue is also ahead of budget, reflecting a steady start to the year. Newly constructed berths are starting to be occupied. Marina operations continue safely under the Covid-19 Protection Framework requirements.

Issues/Risks

We will continue to monitor our operating environment changes and trends, and manage impacts on our service delivery and programmes.

Issues and risks include the:

- impacts of Covid-19 on the health and wellbeing of our staff, tenants, berth-holders, contractors and others
- financial viability of commercial and other tenants as the prolonged impact of Covid-19 continues to impact their business recovery
- Loss of skilled staff due to the competitive employment market and we are unable to backfill positions as people leave.
- AC37 decision in March 2022 and its impacts on our Silo and Viaduct Marinas future plans. We will also monitor the timing of re-opening the border to international vessels as it will have an impact on the Silo and Viaduct Marinas.

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	Description	Key deliverables for the QTR
Property and Marina Services	On track	<p>Managing the council's assets/property including commercial, residential and marinas to optimise return from these assets for the council.</p> <p>This includes tenancy and berth marketing and leasing, property maintenance, financial management and customer services.</p>	<p>The property management business has successfully operated under the Covid-19 Protection Framework with an emphasis on urgent and critical activities.</p> <p>Moving forward the focus will be on recovery of property inspections, planned repairs and maintenance, renewals and other works that are behind schedule.</p> <p>The Marinas are on track with its financial targets. Demand for Westhaven and Viaduct Marina berths remains strong, but is lower for the Silo Marina (superyachts) due to NZ's closed borders. The Marina business, similar to property management has been able to adapt and operate under the Covid-19 Protection Framework. Staff safety and wellbeing have been well managed. The decision on AC37 in March 2022 will impact future plans for the Silo and Viaduct Marinas. The opening of the border in July 2022 will also have an impact on Silo and Viaduct operations.</p>
Capital delivery (Marina)	At risk	Maintaining and renewing marina assets, providing marina services and optimising returns for the council.	The Marina capital delivery and property renewals programme are at risk due to delays.
Property Renewals programme		Maintaining and renewing existing assets, as good custodians of council non-service assets, optimise portfolio return and enable assets for public use.	Delays were caused by stakeholder and tenant issues affecting timing of works, material shortages and longer lead time affected projects, delay in consents and design, some relating to consultant availability.

Transforms, Unlocks and Regional

Areas	Status	Financials YTD Actuals/Budget	Key deliverables for QTR
<p>Waterfront</p> <p>(Westhaven and Wynyard Central)</p>	<p>On track</p>	<p>\$3.6m / \$9.5m</p>	<p>Westhaven:</p> <ul style="list-style-type: none"> • Harbour Bridge Park – The concept design was supported by the Waitematā Local Board at a workshop in December. Mana whenua have provided input and support and are looking to engage further. There are two key interface projects, the Watercare Booster Pump and the Northern Pathway. With the cancellation of the Northern Pathway, some assumptions around design and delivery of harbour bridge park will need to be reconsidered. • Pile Berth Redevelopment – is progressing well. A temporary parking area was installed in December 2021 on top of the new reclamation to help manage berth holder parking demands over the busy summer period. The design of the permanent car park has started. Construction is due to start by April 2022. The design and construction of the public space component is delayed by the primacy hearing. <p>Wynyard Quarter:</p> <ul style="list-style-type: none"> • Te Ara Tukutuku – Wynyard Point Precinct Plan - The plan was endorsed by mana whenua in December 2021 and a design vision to support the plan was also completed • The Plan Change for the regeneration of Wynyard Point is on track for notification mid-2022. A workshop with the Planning Committee to update them on our work and next steps is planned for February 2022. • Activation of the former AC36 bases has continued with the installation of two full sized basketball courts and a multi court. A wheels activation is also planned. These form part of the do-learn-do strategy at play, with testing and canvassing the community on the uses of these spaces will help influence the future public realm spaces, particularly as part of the Te Ara Tukutuku work. • Dockline Tram – A decision to terminate the loop tram service around the Wynyard Quarter was made by the Planning Committee in November. This followed consultation with stakeholders including the Waitematā Local Board, Wynyard Quarter Transport Management Association, Bike Auckland and tram advocate groups. The assets will be transferred to MOTAT. <p>Commercial development:</p> <ul style="list-style-type: none"> • Precinct Properties Stage 36A and 6B – construction commenced on 23 December 2021. A karakia and cultural induction was led by Nick Hawke of Ngāti Whātua Ōrākei on 13 December 2021. Extensive consultation with Auckland Unlimited as the adjacent tenant has also been undertaken.

<p>Central (Maungawhau and Karangahape)</p>			<ul style="list-style-type: none"> • A Programme Business Case was provided to the CRL Project Sponsors at the end of November 2021 following the Joint Board Committee’s approval. A significant milestone for the programme which was also an FY22 SOI target. • The business case will be updated by mid-2022 with further information on the infrastructure requirements for the precinct, the planning changes resulting from the implementation of National Policy Statement on Urban Development and decisions on Light Rail.
<p>Isthmus (Onehunga & Panmure)</p>		<p>\$0.9m/\$0.9m</p>	<p>Onehunga:</p> <ul style="list-style-type: none"> • Work is underway to prepare an updated programme business case and refreshed masterplan with a focus on the town centre precincts and leveraging off the investment in light rail following the recent confirmation of the route in early 2022. • Municipal Precinct – Masterplan work was initiated in December 2021, providing continuity of programme delivery following the development of the Waiapu Precinct. • Onehunga Wharf – Redevelopment of the wharf is a long-term objective of the Transform Onehunga programme. The draft masterplan includes a mixed-use development and new urban and naturalised public realm alongside the working wharf. Ongoing assessment work has confirmed the constraints and associated costs of the mixed-use component and the wharf renewals. The Eke Panuku Board will discuss options in February and there will be engagement with the Planning Committee in due course. Work will continue to prioritise the realisation of public realm, public access and ecological restoration opportunities on the site. Opportunities to realise new housing will be refocused on the town centre blocks leveraging the planned investment in light rail and developer confidence in the location.

			<p>Panmure:</p> <ul style="list-style-type: none"> • The Panmure masterplan was reviewed by the Technical Advisory Group (TAG) in November 2021. The positive and constructive feedback will be incorporated into future thinking and scheme design. • 3 Mountwell Crescent – We are on track to reach agreement early in the new year with a development partner for a mixed-use development near the Panmure station in Mountwell Crescent. • Clifton Court – The design and consenting work has been substantially advanced for the first streetscape upgrade project, with physical works expected to commence early in the new year subject to final consents being obtained.
<p>North (Northcote and Takapuna)</p>	<p>On track</p>	<p>\$1.7m / \$3.8m</p>	<p>Northcote:</p> <ul style="list-style-type: none"> • Northcote’s new community hub will be developed on the existing library site. Following a review of site options this was approved by the Kaipātiki Local Board in October 2021. The existing library building will be renovated and extended to the north-west, providing greater integration with the adjacent Cadness Reserve. • The Jessie Tonar Scout Reserve concept design was approved by the Kaipātiki Local Board in December 2021. Part of the Te Ara Awataha, the concept design enhances and provides better connections to the stream, together with establishing pathways through the bush reserve. <p>Takapuna:</p> <ul style="list-style-type: none"> • Waiwharariki Anzac Square – The construction contract was awarded in November 2021, with work due to start in January 2022. Waiwharariki was the name gifted by mana whenua for the new town square. This was approved by the Devonport-Takapuna Local Board in December 2021, who also added “Anzac”. • A development agreement for the site surrounding the Waiwharariki Anzac Square was signed in December 2021. A developed design will now progress with the first development block.

South

(Manukau, Papatoetoe and Pukekohe)

On track

\$0.9m / \$8.2m

Manukau:

- **Hayman Park playground** – Design and consenting work for the next phase has been advanced with procurement underway to enable construction to start in early in 2022.
- **Manukau Square and Davies Avenue** – The High Court case for the Restrictive Covenants and parking matters at these sites starts on 8 February 2021.
- **Wiri walking and cycling bridge replacement** – Design and procurement has advanced, and we are now preparing to start delivery early in the new year. This project supports the Barrowcliffe housing development and strengthens connections to the open space and suburbs to the south.

Papatoetoe:

- A review of the **masterplan** is underway following public engagement in the second half of 2021. The master plan will proceed through approval phase in the first half of 2022 to align with FY23 planning and budgeting time frames.
- **Site Sales – 91 Cambridge Terrace and 3 St George Street (St George's Lanes)** – Development partners are in place for these sites with agreements progressing as planned. 91 Cambridge Terrace is planned for 26 affordable homes by the New Zealand Housing Foundation. The St George's Lanes site will begin earthworks as soon as consents are granted, which is expected by the end of February 2022.

Pukekohe:

- The Pukekohe programme continues to be focused on preparing and engaging on the masterplan refresh which was triggered by the various street, lane and market trials undertaken during 2021. The Franklin Local Board are supportive of the changes being proposed and engagement with council group and partners is underway.
- **Placemaking** – The pump track is operational, the mural is complete, the Edinburgh Street parklet was also completed and the PR campaign launch is imminent.

<p>West (Avondale and Henderson)</p>	<p>On track</p>	<p>\$1.4m / \$4.2m</p>	<p>Avondale:</p> <ul style="list-style-type: none"> • Avondale Regeneration – Within the town centre, 250 new homes have been completed and over 350 homes are under construction. An additional 300 homes are consented and 650 homes in the pipeline. Capital delivery to support this development is also proceeding. • Following a robust assessment process a preferred development partner has been identified for a central strategic site in Avondale. A decision paper will be considered by the Board in February 2022 to enable a development agreement to support this significant mixed-use development. • Crayford Street Upgrade – Final consents have now been approved and works are scheduled to start in February 2022. This project will strengthen the connection between central Avondale and the train station. <p>Henderson:</p> <ul style="list-style-type: none"> • Opanuku Link – An updated concept plan has been prepared and presented to the Whau Local Board, Corban Estate Arts Trust and mana whenua. The developed design is now underway. A lead contractor has also been appointed and we are aiming to lodge resource consent in April 2022.
<p>Regional (Haumaru, Support, Corporate Property, AT/Eke Panuku transit orientated development programme, Service Property Optimisation & Regional Programme)</p>	<p>On track</p>	<p>\$1.5m / \$2.1m</p>	<p>Haumaru:</p> <ul style="list-style-type: none"> • 81A Godley Road, Green Bay (a vacant site) – A resource consent application for 42 new one-bedroom apartments was lodged with Auckland Council and is expected to be granted in February 2022. <p>Supports:</p> <ul style="list-style-type: none"> • Downtown Car Park – The Expression of Interest process to secure a development partner for this site is now complete. Parties have been invited to participate in the Request for Development Proposal (RfDP) process which will be undertaken in the next quarter. • Bledisloe House – 24 Wellesley Street – Negotiations are well advanced with the selected development partner. Commercial terms will be agreed in the next quarter. • 132 Greenlane East, Greenlane – A conditional offer and development agreement was made on this site in December 2021. • 198 Dominion Road, Mount Eden – A conditional offer and development agreement was agreed in December 2021. • 16 Fencible, Howick – A conditional offer was agreed in December 2021. The terms of the development agreement are progressing to ensure the delivery of the agreed outcomes. • 34 Moore Street, Howick – A conditional offer was agreed in December 2021, with final terms currently being negotiated.

Corporate Property:

- **Kotuku House – 4 Osterley Way, Manukau** – This site is being progressed to the market, following the Eke Panuku Board approval of the go to market strategy.

Property Optimisation:

- **2 Pompellier Terrance, Ponsonby** – At its 9 December 2021 meeting, the Finance and Performance Committee approved the disposal of the site for redevelopment purposes.

Renewals:

- Industry assessments are indicating that cost escalations are likely for projects that have not yet commenced construction, and it is expected that there will be some materials supply delays. We are reviewing programme delivery timeframes.
- There are five major renewals projects now in the construction phase being 27 Princes Street which is a seismic strengthening and refurbishment project. 7 Hill Road Manurewa, Onehunga wharf Renewals, Z Pier Watermain renewal, and Westhaven G, H and J pier replacement.

Auckland Transport/Eke Panuku Transit Orientated Development Programme:

- **Orakei train station park and ride** - A business case which considers the development of this site inclusive of transport service requirements is being developed. This is due for completion in April 2022.

Other statement of intent focus areas

CCO Review Implementation

- Good progress has been achieved in addressing CCO Review recommendations. Regular updates are provided to the CCO Oversight Committee.
- Eke Panuku is participating in a number of workstreams such as the review of strategic gaps (rec 20), the shared services review (rec 61, 62) and enhanced engagement with local boards through joint local board plans (rec 34). The new local board engagement plans are highlighting areas where collaboration between CCOs and the council can take place. The concept of a lead agency for place-based work (rec 45) has been supported by the Joint CEs Group.
- Eke Panuku is supporting the Joint CEs Group and Governance team to finalise implementation of remaining recommendations.

Māori Outcomes

- **Engagement** – Eke Panuku continues to invite mana whenua to engage with us on our projects and we maintain a weekly engagement calendar. Since 20 September 2021, we've had 45 meetings with our mana whenua partners about work in our neighbourhoods. A major project continues to be the development of Te Ara Tukutuku.
- **Commercial opportunities** – Eke Panuku has presented several exclusive opportunities to mana whenua. The most significant commercial opportunity is at Racecourse Parade in Avondale Central. We have also engaged with mana whenua developers at Downtown carpark and megalots in Hobsonville. The Eke Panuku board are considering how we present commercial opportunities to mana whenua in the future.
- **Design/ culture and identity** – Eke Panuku has created several EOIs to appoint mana whenua nominated artists to collaborate on design outcomes. We have appointed artists on the design of Waiapu Precinct (Onehunga) and Sealink Ferry Terminal (Wynyard Quarter). We have also facilitated EOI processes to get advisors on our placemaking strategy, activating transitional spaces in Wynyard Quarter, and Matariki events.
- **Audit programme** – The IMSB completed their He Waka Kōtua –Te Tiriti o Waitangi Audit 2021. There are no specific recommendations that will affect the work of Eke Panuku. Eke Panuku is still working with other CCOs to respond to the recommendations in the CCO review.
- **Sustainable procurement** – Eke Panuku has recently adopted sustainable procurement targets in relation to supplier diversity that will begin to impact our procurement decisions.

Climate change and sustainability

- In November, the Eke Panuku board adopted an initial set of sustainable procurement targets which included waste minimisation requirements that will help deliver on Council's objective to achieve zero waste by 2040. The board adopted a requirement for all projects to use soft-strip and deconstruction methodologies and that all Eke Panuku led events apply zero waste principles.
- Homestar and Green star standards continue to be applied for Eke Panuku developments. Standards for public realm projects are currently in development.
- Work is ongoing to support decision-makers to consider the climate implications of their decisions (mitigation and adaptation) including sustainability reporting with further training provided for project leaders to assist them in considering these issues and completing the reports.

Collaboration and Engagement programme

- We worked with Auckland's Museum of Transport and Technology (MOTAT) to relocate the Dockline Tram from Wynyard Quarter to MOTAT's facility later in 2022.
- In Northcote, our work alongside mana whenua and the Kaipātiki Project at Jessie Tonar Scout Reserve saw the project being awarded the Kūmara Award 2021 for 'Saving the World One Place at a Time'. We are also continuing our work with Kāinga Ora on the Haumarū housing project at 27-31 Greenslade Crescent.
- In Takapuna, we made changes to our Innovating Streets for People trial on Huron and Northcroft Streets following community feedback. We also worked with local artist and student Emma Jane Ormsby (Ngāti Maniapoto, Ngāti Porou), with support from mana whenua, on a mural on Auburn Street. The mural was designed in collaboration with local students, helping deepen their connection to the place and helping highlight local perspectives.
- In Henderson, we collaborated closely with Auckland Transport in their installation of speed cushions to improve safety for all road users through the town centre.
- In Wynyard Quarter, our collaboration with Māori artists continues to bear fruit, with the installation of a mahi toi (art) piece titled 'Papatūānuku - Mother Earth' on Tiramarama Way.

Eke Panuku Q2 financials

Direct operating performance

(\$ million)	Notes	FY 21	FY 22 Quarter 2 YTD			FY 22
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		15.3	(8.9)	(10.5)	1.6	22.1
Direct revenue		16.2	8.3	8.7	(0.4)	15.3
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	16.2	8.3	8.7	(0.4)	15.3
Direct expenditure		31.5	17.2	19.2	2.0	37.4
Employee benefits	B	25.7	14.2	15.0	0.8	28.8
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	C	5.8	3.0	4.2	1.2	8.6
Other key operating lines						
AC operating funding		15.7	9.1	10.5	(1.4)	22.1
AC capital funding		0	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		0.3	0.2	0	(0.2)	0
Net interest expense		0	0	0	0	0

Financial Commentary

Overall, the operating performance of Eke Panuku is within budget, with detailed income and expenditure variations below.

Eke Panuku is budgeted to generate a net zero surplus. We are currently tracking to meet budget.

A: Other direct revenue is unfavourable to budget, most of this revenue is generated through Eke Panuku staff charging time to council projects. There are a number of vacant roles within Eke Panuku which has reduced the amount of recharge revenue generated, it is forecast that we will achieve budget.

B: Employee benefits is favourable to budget, there are a number of vacant roles within Eke Panuku and a shortage of talent in the market, the underspend to date will not catch up this year and a saving is forecast.

C: Other direct expenditure \$1.2m favourable to budget, this is spread over a number of expense areas and although expenditure is expected to increase in the next 6 months, with a number of initiatives being undertaken there is potential for a saving in year.

Auckland Council Portfolio Q2 financials managed on behalf of Auckland Council

Direct operating performance

(\$ million)	Notes	FY 21	FY 22 Quarter 2 YTD			FY 22
		Actual	Actual	Budget	Variance	Budget
Net direct revenue		15.0	2.6	(1.2)	3.8	4.3
Direct revenue	A	56.4	25.5	24.4	1.1	43.8
Fees & user charges		0	0.5	0.7	(0.2)	1.3
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		56.4	25.0	23.7	1.3	42.5
Direct expenditure	B	41.4	22.9	25.6	2.7	39.5
Employee benefits		1.8				
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		39.6	22.9	25.6	2.7	39.5
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		12.9	9.2	9.9	0.7	18.1
Net interest expense		0	(0.1)	(0.2)	(0.1)	(0.5)

Financial Commentary

The numbers in the table represent the Auckland Council Portfolio managed by Eke Panuku. These exclude the net direct revenue of \$2.1m that Eke Panuku has generated for properties managed for Auckland Transport which is above budget by \$1.0m.

A \$3.6m dividend has been paid to Council's Solid Waste team from the Waste Disposal Services investment, managed by Eke Panuku.

Overall net revenue of \$2.6m year to date is \$3.8m ahead of budget.

The main explanations relate to:

A: Direct revenue is \$1.1m favourable compared to budget, this is a result of increased occupancy at the Marinas and commercial property revenue is favourable \$1.0m to budget, even after \$1.3m in Covid-19 relief has been credited to tenants. Additional rental income has been generated from tenancies at Bledisloe House and carpark and through additions to the portfolio. Also back dated rental payments has been received after the end of successful negotiations of rental increases. There are still requests for Covid-19 relief being worked through.

B: Direct expenditure is \$2.7m favourable to budget, the Covid-19 lockdowns have slowed expenditure especially around maintenance, external events and engagement within our priority locations. We anticipate that expenditure will increase as we are still planning a number of activations that have been tailored to be delivered in the changing Covid-19 environment.

Eke Panuku Q2 performance measures

Key performance indicators	Previous	FY 22 Quarter 2		Status	Commentary
	Year	YTD Actual	FY Target		
<p>Eke Panuku has a total of 12 SOI performance measures, one has no target this year. Of the 12 performance measures for FY22 , 2 of the targets are at risk due to project delays and 9 are on track to be achieved this year.</p>					
SOI performance measures					
1. Net new dwellings (housing units)	New measure	272	Annual - 350 net new dwelling units.	On Track	Housing numbers are on track, YTD 78% met with 272 new homes delivered across our programmes.
2. Commercial / Retail gross floor area (GFA) or net lettable area (square meter)	New measure	Not measured	Annual – 0	-	There are no GFA targets to be met in FY22.
3. Public realm – square meters	New measure	390 sqm	Annual - 21,000 sqm	At Risk	<p>The public realm completed to date relates to the Eastern Viaduct Street intersection. No new works have been completed this quarter.</p> <p>This measure is dependent on a large public realm project being completed in the Waterfront, which is expected to be completed later this year.</p>
4. Capital project milestones approved by the board achieved <i>– LTP performance measure</i>	82%	6%	Achieve 80 per cent or more of project milestones for significant capital projects	At Risk	There are two milestones in the renewals programme at risk, Shed 10 and 27 Princes St. The majority of the remaining fourteen milestones are on track to be met.

Key performance indicators	Previous Year	FY 22 Quarter 2		Status	Commentary
		YTD Actual	FY Target		
SOI performance measures					
5. Achieve total board approved budgeted Transform and Unlock (T&U) net sales for the financial year through unconditional agreements <i>Note: These site sales also enable housing and wider urban regeneration outcomes.</i>	\$21.1m	\$30.7m	Meet \$48m T&U annual unconditional sales approved by the Board	On Track	YTD there has been two long lease payments in the Wynyard Quarter totalling \$30.7m. The balance of sales planned to be finalised in quarter 3 and 4, will be at risk of market changes.
6. Annual property portfolio net operating budget result agreed with the council achieved <i>– LTP performance measure</i>	Net surplus is \$14.7m ahead of budget (actual surplus of \$41.1m against YTD budget of \$26.4m).	YTD \$21.2m	\$21.9 million	On Track	The year-to-date result is \$21.2m, this is \$6.7m ahead of budget.
7. The monthly average occupancy rate for tenantable properties <i>– LTP performance measure</i>	Commercial 93.9% Residential 98.8%	Commercial 93.8% Residential 97.9%	Commercial 85% Residential 95%	Achieved	Above target for this quarter with commercial at 93.8% and residential at 97.9%.
8. The percentage of marina customers surveyed who are satisfied with marina facilities and services	94%	Not measured until year end	80%	On Track	This is an annual measure. Survey to be completed at end of year.
9. The asset recycling target agreed with the Auckland Council	New measure	\$14.5m	Achieve asset recycling target agreed with Auckland Council. (FY22 - \$115m)	On Track	Sales year to date of \$14.5m with 7 properties sold. There are 6 sites with conditional agreements circa \$24m, and a further 4 sites under negotiation totalling around \$44m

<p>10. Creating positive outcomes for Māori</p> <p>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>	45	25	50 initiatives that support Māori Outcomes	On Track	This is an ongoing activity created by delivering our work programmes and responding to the initiatives in the Mana Whenua Outcomes Framework. Twenty-five initiatives have been completed year to date.
<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>	New survey	Not measured until year end.	Baseline survey	On Track	This is an annual measure. We are in the process of drafting the new end of year survey.
<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>	New measure	94%	80% of complaints are resolved within 10 working days	Achieved	A total of 34 complaints have been received YTD, of these 32 have been resolved within 10 working days.