

Panuku Development Auckland

Quarter 3 Performance Report

For the period ending 31 March 2019

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

Panuku Q3 summary

Highlights, issues & risks for the quarter

Highlights:

1. A conditional agreement for the sale of 35 Graham Street building for \$58 million was progressed throughout the quarter, following a marketing campaign in February. The agreement was executed in April and the sale is expected to be confirmed at the purchaser's shareholder meeting in June.
2. Three resource consents for the Waterfront projects were granted in April as a result of work carried out during the quarter - Cruise Ship Mooring Dolphin (subject to appeal), Westhaven Pile Moorings and Westhaven Promenade Stage 2.
3. Remaining AC36 enabling works are on track and the America's Cup Host Venue Agreement negotiations have been completed.
4. Work on the Northcote masterplan was progressed during the quarter enabling the publishing of the masterplan in April. The Public Works Act process is also progressing for the acquisition programme.

Issues/Risks:

1. Delays to AC36 early works could impact on Wynyard Edge Alliance construction timeframes.
2. Evolving crown relationships and partnerships can impact on timing of projects and also delivery of property sales.
3. Challenging market conditions impact physical works delivery or property sales.

Financials (\$million)

	YTD actual	YTD budget	Actual vs Budget
Capital delivery	59,100*	90,300	↓ 31,200
Direct revenue	27,413	25,876	↑ 1,537
Direct expenditure	32,923	34,413	↑ 1,490
Net direct expenditure	5,510	8,537	↑ 3,027

Financial Commentary

Capital delivery: Total capex YTD is \$31.2m behind budget. The total annual capex (excluding SDF - a facility for funding acquisitions, but including development fund & renewals) is forecast to be \$78m against the total budget of \$129m, a variance of \$51m. This is a significant increase in capital project delivery compared to last year. Of the total, \$23m underspend relates to the Waterfront programme primarily due to consenting and other delays, and the remaining \$28m is spread over other Transform and Unlock locations.

(*YTD Capex \$59.1m includes Waterfront \$11.3m, Transform/Unlock \$26.6m, SDF \$20.6m and Property Renewals \$0.6m).

Direct revenue: Slightly ahead of budget. Year end forecast is similar to budget.

Direct expenditure: Underspend to date is mainly due to timing differences. Year end budget is forecast to be met.

Key performance indicators

(Refer to pg. 15 for complete list)

	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
Net Surplus achieves budget for 2018/19. (Properties managed on behalf of Council)	\$13.8m	\$21.12	\$18.58m	Met	Year to date surplus targets met in the first 9 months.
Meet or exceed forecast property disposal annual target of \$24 million. (Asset sales)	\$40.3m	\$42m	\$24m	Met	General asset sales target met.

Key performance indicators <i>(Refer to pg. 15 for complete list)</i>	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
List of properties recommended for disposal submitted to Council valued at \$30 million	\$4.8m	\$9.4m	N/A	Met	Annual target is forecast to be met. (The year-end target is \$30m).

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

Strategic focus area – Waterfront development

Key commentary

For the nine months to 31 March 2019, a total of \$11.3m was spent towards Waterfront development against a budget of \$28.5m.

Highlights

1. Cruise Ship Mooring Dolphin – following a hearings process the resource consent has now been granted subject to an appeal period ending mid-May.
2. Pile Moorings resource consent has been granted – a single appeal lodged in relation to mana whenua primacy issues is to be heard by the environment court. The court process is underway with an estimated hearing date in August. Due to the agreement with the appellant the appeal does not impact on the delivery of the project.
3. Resource consent has been granted for Westhaven Promenade Stage 2.
4. Panuku publicly announced the Wynyard Crossing project on 3 April.
5. The Host Venue Agreement negotiations have been completed for AC36 between Auckland Council, the Crown (MBIE) and America's Cup Limited.

Issues/Risks

1. Tight timeframes for AC36 early works, particularly negotiation with tenants and stakeholders. Any delays could impact on Wynyard Edge Alliance (WEA) construction timeframes.
2. Volume of work taking place in and around the waterfront involving a number of different agencies.
3. Wynyard Crossing Bridge replacement project timeframes for delivery prior to AC36 are tight.

Strategic context

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

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

Panuku leads the planning and implementation of the Waterfront Plan, facilitating residential and commercial development, enhancing public amenity and access, and managing the wide range of activities and requirements within the waterfront area including marine activity.

Key programme of works	Status	Description	Outlook
		<p>Overall Waterfront programme is on track with the delivery of physical projects but financial phasing is behind on a number of projects due to external dependencies, resource consents or commercial issues.</p>	
AC36 Enabling Works	On track	<p>The key role of Panuku is to conclude commercial agreements with waterfront tenants enabling AC36 construction; facilitate resource consents and progress the subsequent project works including tenant relocations in line with agreed AC36 programme.</p>	<p>The America's Cup tenant relocation/early works projects are progressing, although they all have their challenges with regard to smooth implementation. The key updates are:</p> <ul style="list-style-type: none"> • The Auckland Seaplanes relocation project is time constrained and legal negotiations are underway. A resource consent for relocation has been lodged with Auckland Council. • Sealink relocation project is tracking well with detailed design coming to a conclusion and Wynyard Edge Alliance (WEA) mobilisations on site. This project has formally moved into the WEA scope. • For the BST site, designers have been engaged to consider the future of the tanks and what work is required to incorporate the design into the new public space adjoining Silo Park. Panuku will hand over the site to WEA in early October 2019. <p>AC36 event preparation is underway, with the Events Business Case confirming capital works required to ensure Wynyard Quarter is ready for an international standard event. Panuku and ATEED are working closely on the costs associated with the event as one package, so that Auckland Council can direct resources appropriately.</p>
Wynyard Quarter	On track	<p>In leading the transformation of the Wynyard Quarter from a former industrial area to a vibrant new waterfront city neighbourhood, Panuku facilitates significant outcomes for Auckland: new housing, business and employment opportunities, visitor and resident satisfaction, economic impact, enhanced public amenity and access, place activation and community engagement.</p>	<ul style="list-style-type: none"> • Vos Shed construction has been affected by the discovery of asbestos. An asbestos remediation plan has been completed and the building is now wrapped prior to starting works on removal. Scheduled completion of this work will be the end of December 2019. • Construction works are on programme for the development of 30 Madden (90 residences). Work is programmed for completion in December 2020. • Westhaven Promenade Stage 2 resource consent awaited during the quarter and received early April, contractor has been engaged. Work continues on lease negotiations for the Marine Centre.

Key programme of works	Status	Description	Outlook
Other e.g. Marinas	On track	The key objectives are increasing access to the marina for Aucklanders and maintaining Westhaven as a premier marina, with a wider range of complementary businesses and services. This includes redevelopment of the pile mooring area, and completing the waterfront promenade to improve the profitability, quality, and public amenity of the marina.	Procurement for the civil works design and build contractor and the floating pontoon manufacturer and installer for the Marina Pile Moorings project commenced immediately post the settlement of the substantive Environment Court appeal on the consent. Auckland Council will be taking a leading role in the remaining appeal on mana whenua primacy issues, with Panuku participating only as necessary as applicant for the consent. The environment court process is expected to result in a hearing in August with a decision before Christmas. The remaining appeal does not impact upon the delivery of the project.

Strategic focus area – Other Transforms and Unlocks

Key commentary	Strategic context
<p>For the nine months to 31 March 2019, a total of \$26.6m was spent towards other Transforms and Unlocks against a budget of \$32.5m.</p> <p>Highlights</p> <ol style="list-style-type: none"> 1. Transform Manukau – Ongoing discussions with the crown and further work undertaken on Panuku sites to ensure alignment. A large site has been conditionally sold for an expanded MIT campus in Manukau, thus freeing up its large Otara site. 2. Transform Onehunga – Panuku is progressing master planning on the Port and Waiapu Lane precinct to advance these for development and the first laneway project beside the Onehunga Police Station is underway. The laneway is the first of eight spaces in the town centre being upgraded with new paving, artwork, lighting and landscaping. 3. Unlock Takapuna – Marketing process has started for 40 Anzac Street and 30-34 Hurstmere Road to enable mixed use development and bring vitality to the area around the new town square. 4. Unlock Papatoetoe – The Papatoetoe Shopping Mall is about to be marketed for sale. It has been substantially upgraded as part of town centre plan. 5. Henderson, Avondale, Onehunga, Panmure, Papatoetoe and Manukau work to align programmes with Crown and Council. <p>Issues/Risks</p> <ol style="list-style-type: none"> 1. Evolving crown relationships and partnerships can impact on timing of projects and also delivery of asset sales. 2. Challenging market conditions impact physical works delivery or asset sales. 3. Supplier scarcity resulting in price escalations and or programme delays. 	<p>Panuku plays a significant role in achieving the Homes and Places and Belonging and Participation outcomes in the Auckland Plan.</p> <p>Panuku will lead the redevelopment of town centres, the creation of public spaces for the future and facilitate housing development which are fundamental elements of comprehensive redevelopment.</p> <p>The priority location HLPPs, Precinct Plans and the LTP funded Priority Location Programme provides a redevelopment roadmap for priority locations.</p>

Key programme of works	Status	Description	Outlook
Transform Manukau	On track	Starting from the heart, the regeneration has a people focus driving social outcomes through partnerships and community participation. New education, training and employment opportunities, housing choices, government services and public amenity, building on a successful transport hub and retail centre, will restore the economic mana of Manukau and enable the local community to thrive.	<ul style="list-style-type: none"> • Panuku's property marketing testing EOI process was completed in November 2018. Further negotiations will follow the development of a precinct strategy for central Manukau with the Crown. • The agreement with Hayden & Rollett to develop 52-54 Manukau Station Road has been executed (MIT campus). • Panuku is working closely with Healthy Waters to plan the regeneration of the Puhinui Stream catchment area for amenity and environmental benefits. • Negotiations with CMDHB are underway for the walkway/cycleway to support the Puhinui stream project. • Panuku, Healthy Waters and Community Facilities are working together to develop a plan for the improvement of Hayman Park. • Panuku is progressing work with TSI and ATEED to enhance joint working. Approval is being sought for capital expenditure to replace a playground in Wiri.
Transform Onehunga	On track	Planning the mixed use redevelopment of the wharf and advocating for integrated infrastructure solutions to better connect Onehunga Mall to the Onehunga wharf and Manukau Harbour. Enhancing public spaces with great design, facilitating new retail and housing choices and optimizing council service sites.	<ul style="list-style-type: none"> • The current planning focus is on the Onehunga Port. This includes the formulation of a draft plan change and masterplan in the first quarter of 2020 to enable the eventual redevelopment at the Port. • Laneway 7 beside the Onehunga Police Station is underway. This upgrades the public space and improves walkability and safety. • Waiapu Lane Precinct - Procurement of a Landscape Architect to lead the master plan underway. • DressSmart - Terms agreed with development partner including the development masterplan to improve connectivity to the main street and public space upgrade. Road closure progressing with AT including removal of a right of way requirement which improves the design. • Municipal Precinct - Needs assessment for the Onehunga indoor recreation facility requirement has been scoped by Council. • HLC / HNZ - Panuku are working in the Jordan and Oranga areas with these agencies and Council to reconfigure parks and road closures for an improved amenity and housing outcomes.

Key programme of works	Status	Description	Outlook
Unlock Takapuna	On track	Engaging closely with the community to unlock the opportunity to create a new active public heart for Takapuna and to provide new housing choices, amenity and enhanced economic vitality.	<ul style="list-style-type: none"> • Construction of the Gasometer car park is progressing well and is on track for completion in mid-2020. • There is currently no developer interest in the Gasometer development site. The site will be marketed again after the adjacent new car park building is completed. • CBRE is marketing the development opportunities at 40 Anzac Street and 30-34 Hurstmere Road to enable mixed use development and bring vitality to the area around the new town square. The marketing process started 2 March 2019. • Isthmus Group has been appointed as the design team for the town square / public space at 40 Anzac Street and 38 Hurstmere Road. • Demolition of 38 Hurstmere Road is complete. The site is being used as temporary public space and to test and trial design and event ideas to guide the design of the permanent public space.
Unlock Avondale	On track	Facilitating a new multi-purpose community centre and development of vacant central sites in partnership with the Crown and private sector will bring Avondale to life, with more housing choices, people, activity and business prosperity.	<ul style="list-style-type: none"> • The Panuku Unlock Programme is supporting the council led Community Services project to rebuild and relocate a new community centre and library in Avondale by providing specialist development expertise. • Panuku are leading the planned streetscape upgrade for Crayford Street West. This opportunity was proposed as a cornerstone to signal the overall integrated design and development with Unlock Avondale. It links train station with main street. • The Ockham SET apartment buildings at 24-26 Racecourse Parade have been completed. • Panuku has begun working with the Crown agencies that will be part of the proposed Housing and Urban Development Authority (HNZ, KiwiBuild, HLC) to develop shared objectives for Avondale and to enable development programmes to be aligned, in order to optimise the combined landholdings and leverage investment.

Strategic focus area – Other Transforms and Unlocks Continued

Key programme of works	Status	Description	Outlook
Unlock Haumaru	On track	Improving the quality, location and design of the Council's social housing stock for older residents, led by Haumaru, a partnership with the Selwyn Foundation. Panuku leads the multi-year, multi-location redevelopment programme.	<ul style="list-style-type: none"> The 33 Henderson Valley Road development of a new 40 unit apartment is tracking on programme. Alaska Construction is making good progress on site and achieved critical milestone of completing third level structure and roof framing. The 21 Henderson Valley Road site sale was marketed in September 2018 and the tender closed on 6 November 2018. Panuku has entered into a Conditional Agreement with a selected development partner for housing. The developer has been actively working with Kiwibuild since November 2018 to secure underwrite for the site. In April 2019, Kiwibuild determined they will not proceed with the underwrite for the site. Panuku will be evaluating alternative development options for the site over the next six months to determine the preferred direction forward in current market conditions. Greenslade Court – Strategic partnership agreement negotiation is being progressed with Housing New Zealand Corporation to enable the redevelopment of the aged Greenslade Court into a new village that will deliver a minimum 28 net new units to increase the supply and quality of affordable homes in Northcote for older people.
Unlock Henderson	On track	To create an urban eco centre with a family focus, to enhance the mauri of the twin streams Wai o Panuku and Wai Horotiu, and to demonstrate sustainability and climate responses.	<ul style="list-style-type: none"> 2-4 Henderson Valley Road site (former council building) - subdivision consent has been granted. Outlook is to target October 2019 for construction of subdivision. We are progressing negotiations for the sale of this site. Opanuku Link - A high level concept design has been approved. The project is moving into detail design phase for the road, play area and bridge to Corban Estate. C40 low carbon development bids have been received and is being reviewed for feasibility (Alderman car park site).

Key programme of works	Status	Description	Outlook
Unlock Panmure	On track	Reviving the town centre with new housing options, enhanced amenity, local connections and community facilities, building on the natural landscape (the Maunga and the Basin) and the great transport infrastructure.	<ul style="list-style-type: none"> • 3 Mountwell Crescent – The site was marketed for sale in November 2018 and the tender closed on 11 February 2019. Panuku has entered into a Conditional Agreement with the selected preferred development partner to enable a mixed-use development. The Unconditional Agreement date is scheduled for 31 May 2019. • Commercial Precinct – Conditional agreement negotiation is being progressed with a developer to enable a mixed-use development that will bring a new local supermarket, hotel, and housing as a western anchor into the Panmure town centre. • Community Hub – In collaboration with the Community Services team, Panuku is in the process of investigating the feasibility for a new multipurpose community facility in Panmure.
Unlock Papatoetoe	Delayed	Developing new housing choices around the completed commercial developments of a shopping mall, supermarket and carpark, to enable the centre to flourish and the community to thrive.	<ul style="list-style-type: none"> • The market process for Tavern Lane, undertaken in 2018 did not achieve a development partner. • Panuku is in discussion with the crown to progress the sale of Tavern Lane for a mixed use development. However, possible legal challenge to the sale from the former preferred developer has the potential to impact the overall programme. The property sale is intended to include 7 St Georges Road, which was acquired to augment and improve the street frontage of the Tavern Lane property, and 17 St Georges St. Other site sales are awaiting the resolution of this deal. • Works on the carpark and supermarket (21 Wallace Road) have been completed and a market process on the redeveloped Papatoetoe Shopping Mall has commenced.
Unlock Hobsonville	On track	Facilitating the creation of an employment hub “the airfields” to compliment the greenfields master planned community at Hobsonville Point led by HLC and the residential precincts facilitated by Panuku and currently underway.	<p>The Airfields is 20 hectare Council-owned site in the heart of Hobsonville Point is being transformed in to a new residential and mixed use development.</p> <ul style="list-style-type: none"> • Airfields Stage 1 was sold to, and is being developed for residential purposes by AV Jennings. The development is running to programme. • Airfields Stage 2 was sold to the Avanda Group in February 2017 for housing (minimum of 510 homes). Housing construction is due to start, but market conditions may result in delays to this programme. • Airfields Stage 3 Employment Precinct - Work is underway with HLC to confirm the go to market strategy for this site.

Key programme of works	Status	Description	Outlook
Unlock Northcote	Delayed	Regenerating the shopping centre into an accessible, modern mixed use town centre, where people can live, work, play and stay, and where cultures are celebrated and connected by the Awataha Stream.	<ul style="list-style-type: none"> • The market process to identify a development partner for Northcote has been delayed while treaty settlement-related opportunity was explored with the Crown in late 2018. • Panuku has started the acquisition programme under the Public Works Act to acquire the remaining town centre interests required to start the urban renewal programme. • The Northcote Town Centre Benchmark masterplan has been published. Initial response to this has been positive. The Local Board has endorsed the masterplan and the Northcote Business Association has been supportive of the masterplan.
Unlock Pukehohe	On track	Completing the High Level Project Plan, working with the Local Board. Identifying development opportunities to strengthen the local economy and bring communities together. Piloting an exemplar partnership with Mana Whenua.	The Franklin Local Board endorsed the Draft High Level Project Plan to proceed to the Planning Committee to seek approval.
Unlock City Centre	Delayed	Managing city centre redevelopment projects on behalf of Council, including the Civic Administration Building (CAB), Central Post Office (CPO) Station Plaza and others.	Continued process to secure development partner for CAB project.

Other statement of intent focus areas

Working with Central Government

- Panuku is continuing to work closely with Central Government in our priority development locations. In Manukau we are in discussion with the crown on Panuku sites to ensure alignment. A large site has been sold for an expanded MIT campus.
- Several properties are also in discussion, in Henderson, Papatoetoe, Flat Bush and Avondale as part of precinct development planning.
- We are working with Housing New Zealand, KiwiBuild and HLC that will all be part of the future proposed Housing and Urban Development Authority (HUDA).
- Regular monthly meetings with KiwiBuild are continuing as an opportunity to discuss the pipeline and progress on projects.
- Exploring the concept of an umbrella agreement between the crown entities and Panuku to inform how we work collaboratively together in several locations.

Contribution towards Māori outcomes

The council group programme to achieve improved outcomes for Māori is Te Toa Takitini. Adopted strategic priorities are:

- **Kaitiakitanga outcomes** – were achieved in the following projects, Unlock Northcote - Awataha Greenway, Manukau Puhinui stream and Westhaven Marina Pile Mooring project.
- **Māori Business, Tourism & Employment** – employment opportunities are being offered regularly via AC36 infrastructure build. Also increase in number of Maori staff employed at Panuku, regular support of Maori business via catering, provision of native plants, maintenance works, Maori consultancy, artists, and technical specialists to support mana whenua.
- **Realising Rangatahi potential** – the He Pia He Taurira pilot place project that supports the development of Rangatahi / youth is being extended in order to work in with AC36, as well as to provide more time for development.
- **Māori Identity and Culture** – of note this quarter is progression of a number of significant art and design opportunities for mana whenua artists to give effect to a gifted cultural narrative, Park Hyatt Pou Carving, 30 Madden St building design, Takapuna carpark design, Promenade projects, Opanuku playground and Onehunga mural to name a few.
- **Effective Māori participation** – we are co-designing partnership strategies with Mana Whenua for the Onehunga Wharf and Unlock Pukekohe.

Climate change

- We have engaged closely with developers to advance Homestar, our low carbon residential tool. This has included championing innovations to increase uptake and market understanding.
- We have engaged with CCOs, industry, government and developers to create a low carbon framework for new commercial buildings. We are about to pilot this on three projects, including one that Panuku will develop directly. We are now using learnings from this to inform a low carbon framework for public realm projects.
- Panuku has advanced two Green Star Community projects, compiling evidence for projects in Henderson and Takapuna. This has included developing approaches to greenhouse gas modelling and climate resilience. We have provided significant input to adapt Green Star for New Zealand, which will benefit community projects beyond Panuku influence.
- Panuku has played a key role in supporting the emerging Auckland Climate Action Plan flagships, contributing to a zero emission city centre, and progressing blue-green infrastructure in Manukau.
- Panuku has leveraged its membership of C40 to drive low carbon initiatives in several locations. This includes the innovative Reinventing Cities proposal in Henderson, and behaviour research to support Fossil Fuel Free Streets in Wynyard Quarter.
- Panuku continues to progress its climate change response, working across Council and CCOs.
- After achieving a 4 star 'excellent' NABERSNZ rating for our corporate accommodation tenancy, Panuku has set a target of 4.5 stars and established a cross-tenant committee to address energy use. Panuku has set a target to reduce landfill waste by 20% by the end of 2019.
- As part of the Climate Leaders Coalition, Panuku is working towards reporting our overall carbon footprint this year.

Local board engagement

- Panuku continues to engage with local boards on optimisation opportunities, asset sales and overall programme.
- Council approved Pukekohe as an additional location to the Panuku Priority Location Programme in November 2018. The Pukekohe High-Level Project Plan was completed following close engagement with the Franklin Local Board who endorsed the HLPP in April 2019.
- A joint political reference group was established to explore issues on divestment of council assets. This is a Council led initiative which Panuku supports. A report in March 2019 to Joint Governance Political Working Party set out recommendations for improvements to the divestment processes, policies and will inform a programme going forward.
- Local board and councillor interactions in the quarter included more than 40 workshops or meetings to consider proposals for rationalisation, optimisation, programme approvals and/or programme information sharing.
- Work has commenced internally with local board services, to provide local board members information/induction packs outlining Panuku's activity and remit across the city post-election.

Panuku Q3 financials



Direct operating performance

\$(million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure¹		7,759	5,510	8,537	3,027	11,859
Direct revenue²		37,315	27,413	25,876	1,537	34,774
Fees & user charges		3,023	1,455	1,384	71	2,295
Operating grants and subsidies		0	0	0	0	0
Other direct revenue	A	34,292	25,958	24,492	1,466	32,479
Direct expenditure	B	45,074	32,923	34,413	1,490	46,633
Employee benefits		22,096	17,939	17,326	(613)	23,684
Grants, contributions & sponsorship		24	8	11	3	15
Other direct expenditure		22,954	14,976	17,076	2,100	22,934
Other key operating lines						
AC operating funding		17,880	12,728	12,728	0	17,962
AC capital funding	C	8,003	4,280	13,790	9,510	30,265
Vested assets		0	0	0	0	0



Financial Commentary

Overall the operating performance of Panuku is ahead of budget, net direct expenditure is projected to be ahead of budget at year end by \$1.7m.

A: Other direct revenue is \$1.5m ahead of budget due to Marina revenue at the Viaduct Marina not being impacted to the extent initially forecast by AC36 \$0.5m. Commercial Property income \$1.0m ahead of budget as the timing of lease exit of tenants affected by AC36 was pushed out later than budgeted and car park revenue is ahead of budget.

B: Direct expenditure is currently \$1.5m behind budget largely due to timing differences; this position is forecast to be on budget by year end.

C: AC Capital funding is behind budget \$9.5m due to external dependencies, resource consents or commercial issues.

Depreciation	7,939	6,289	6,402	113	8,534
Net interest expense	(697)	(516)	(45)	471	(618)

Commercial Property Portfolio Q3 financials

Direct operating performance

\$(million)	Notes	FY 18	FY 19 Quarter 3 YTD			FY 19
		Actual	Actual	Budget	Variance	Budget
Net direct revenue¹		28,860	20,412	14,288	6,124	18,578
Direct revenue²	A	49,510	34,674	31,053	3,621	41,143
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		0	0	0	0	0
Other direct revenue		49,510	34,674	31,053	3,621	41,143
Direct expenditure	B	20,650	14,262	16,765	2,503	22,565
Employee benefits		0	0	0	0	0
Grants, contributions & sponsorship		0	0	0	0	0
Other direct expenditure		20,650	14,262	16,765	2,503	22,565
Other key operating lines						

Financial Commentary

The Commercial Property portfolio is currently \$6.1m ahead of budget, net direct expenditure is projected to be ahead of budget at year end by \$4.7m.

A: Direct revenue is \$3.6m ahead of budget, the non-service property portfolio managed by Panuku for Council and Auckland Transport is \$2.2m ahead due to negotiation of new rent increases and back dated rent across the portfolio and a number of new acquisitions (Onehunga Wharf, Northcote Town Centre) that were not included in the budget. The Business Interest portfolio is \$1.5m ahead of revenue as there has been a greater share of revenue passed through from Waste Disposal Services.

B: Direct expenditure is \$2.5m behind phased budget spend as the operating costs spend in priority locations has been slower than anticipated.

AC operating funding	0	0	0	0	0
AC capital funding	0	0	0	0	0
Vested assets	0	0	0	0	0
Depreciation	0	0	0	0	0
Net interest expense	0	0	0	0	0

Panuku Q3 performance measures

Key performance indicators	Previous	FY 19 Quarter 3		Status	Commentary
	Quarter	Actual	Target		
<p>Note: Panuku has a total of 6 LTP measures and 15 SOI measures. For the nine months to 31 March 2019, 6 of a total of 15 measures have been measured against a quarterly target. The rest of the measures are only measured annually. 7 has been met / 1 has not been met</p>					
1. Transform and Unlock location initiatives completed.	-	3/14 completed	N/A	Not Met	Annual target. Actual result for the quarter is 3 out of 14 initiatives completed. There are 6 amber and 5 green statuses. The annual target is forecast not to be met at year end because the criteria for not met has a tolerance of only 2%. (The year-end target is 90%). <i>(Initiatives include key project milestones for the 2018/19 year such as taking sites to the market, unconditional sale of sites for development and other).</i>
2. Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is to set baseline.

Key performance indicators	Previous	FY 19 Quarter 3		Status	Commentary
	Quarter	Actual	Target		
3. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city or town centres (LTP)	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 80%
4. Percentage of Aucklanders surveyed who have visited the city or town centres in the past year (LTP)	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 73%
5. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 88%
6. Number of significant Māori initiatives implemented or active per annum (LTP)	-	57	50	Met	Annual target achieved in the quarter.
7. % Mana whenua groups satisfied with quality of engagement	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is to set baseline % from the survey.
8. Written evidence that opportunities have been identified and assessed, to be progressed or not.	46	72	70	Met	Annual target is forecast to be met. (The year-end target is 100).
9. Net Surplus achieves budget for 2018/19. (Properties managed on behalf of Council)	\$13.8m	\$21.12	\$18.58m	Met	Annual target is forecast to be met.

Key performance indicators	Previous Quarter	FY 19 Quarter 3		Status	Commentary
		Actual	Target		
10. The average of monthly % occupancy for the year is 95% or more	98%	97%	95%	Met	Annual target is forecast to be met.
11. ROI on properties on a like for like basis (LTP).	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 2.25%
12. Return on Equity on commercial assets and services (LTP) at Waterfront.	-	N/A	N/A	N/A	No quarterly target, this performance indicator is measured annually. The year-end target is 8.25%
13. List of properties recommended for disposal submitted to Council valued at \$30 million	\$4.8m	\$9.4m	N/A	Met	Annual target is forecast to be met. (The year-end target is \$30m).
14. Meet or exceed forecast property disposal annual target of \$24 million. (Asset sales)	\$40.3m	\$42m	\$24m	Met	General asset sales target met.
15. Acquisitions are delivered within the timeline agreed with Auckland Council	100%	100%	80%	Met	Met acquisitions delivery timeline.