

# Panuku Development Auckland

## Quarter 2 Performance Report

**For the period ending 31 December 2020**

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

# Panuku Q2 summary

## Highlights, issues & risks

### Highlights

Despite the impact of COVID-19, the net surplus on the **property portfolio** and **marinas** is **\$18 million** year to date; \$10.3 million ahead of budget. This is mainly due to rental increases and properties held in the portfolio longer than planned.

Panuku is continuing to build its delivery momentum and completed a number of capital projects in Q2. These deliver urban regeneration outcomes around the region.

- In the **Waterfront**, this includes the Silo Park extension, the second stage of Westhaven Promenade, the restoration of the Percy Vos Boat Yard and the Westhaven Marine Village. A new surface artwork by mana whenua artist Reuben Kirkwood was installed at the Eastern Viaduct. These were all completed ahead of the America's Cup 36 sailing season.
- In **Takapuna**, Toka Puia, the new car park built to enable the redevelopment of the Anzac car park site, was completed and handed over to Auckland Transport. It includes end of journey facilities and bike parking.
- In **Northcote**, work began on construction of Te Ara Awataha, the new greenway linking 1.5km of reserves. It will also daylight and restore a stream.
- In **Manukau**, construction began on the Barrowcliffe Bridge enhancements, to make a safer connection for people travelling to Manukau town centre from the new homes at Kotuitui Place.
- In **Avondale**, Isthmus have been appointed to design the new town square, alongside Athfield Architects which will design the new community facility on behalf of Auckland Council.

### Issues/ Risks

- The Wynyard Point and Onehunga Wharf master plan public consultations are deferred until after the Long-Term Plan (LTP) process
- From a risk perspective we continue to monitor COVID-19 level change impact on the organisation.

## Financials (\$million)

	Actual	Budget	Actual vs Budget
Capital delivery	44.0	55.6	↓ 11.6
Strategic Development Fund (revolving credit facility)	4.7	10.8	↓ 6.1
Direct revenue*	34.6	32.1	↑ 2.5
Direct expenditure*	34.5	43.2	↑ 8.7
Net direct expenditure	0.1	(11.1)	↑ 11.2

## Financial Commentary

### Capital delivery:

Capital spend is \$11.6m unfavourable compared to budget. The largest variances include \$3.7m of contamination payments to Waterfront development partners delayed by slower pre-leasing in the property market, a delay of \$1.5m on the Pile Mooring redevelopment due to equipment repairs by the contractor and acquisition of \$2.5m in Avondale delayed by Public Works Act (PWA) process. A further \$3.9m relates to timing issues across other locations. We forecast capital spend will be close to budget in the next half of the year. The strategic development fund (SDF) is a credit facility available to us to take advantage of any acquisition opportunities for town centre regeneration outcomes. The fund is being used this year to purchase properties in Northcote Town Centre. There is a delay as we work through a PWA process on a number of properties, leading to a variance of \$6.1m to date, we are forecasting the spend in year will be close to budget.

### Direct revenue:

Direct revenue for the year is \$2.5m favourable compared to budget. Most of the variance relates to COVID-19 related assumptions for reduced income, which have not been fully realised.

**Direct expenditure:** Direct expenditure is \$8.7m favourable compared to budget, \$1.5m due to staff cost savings and delayed recruitment. Spend in Priority Locations is behind phased budget \$2.6m due to the impact of the August COVID-19 lockdown on placemaking activities coupled with prudent spending in other areas. To date there has been a \$2.6m decrease in Marina expenditure as a result of the COVID-19 impact on the America's Cup regatta. This will be offset in the next quarter with an expected similar reduction in revenue (net effect on surplus expected to be zero).

\*Direct revenue and expenditure are made up of Panuku and managed council property portfolio.

Key performance indicators <i>(Refer to pg. 15 for complete list)</i>	Previous Year	FY 21 Quarter 2		Status	Commentary
		Actual	Target		
Achieve total board approved budgeted Transform and Unlock net sales for the financial year through unconditional agreements.	New performance measure	Progressing	Meet \$39m Transform and Unlock annual unconditional sales approved by the Panuku Board.	On Track	There are no Transform and Unlock asset sales this quarter. We are continuing to progress two significant sales.
Capital project milestones approved by the board achieved.	New performance measure	Progressing	Achieve 80 per cent or more of project milestones for significant capital projects (as set out in SOI).	On Track	Seven out of 17 project milestone targets have been completed year to date. Two milestones are at risk of being off track. They relate to deferred public consultation on the Onehunga Wharf master plan and finding a development partner for Northcote Town Centre, moving to later in 2021.
List of properties recommended for disposal submitted to the council. The disposal target for the next financial period will be agreed with the council in the current financial period.	\$20 million	\$50 million	A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021.	Met Target	The balance of this target was achieved from sixty-one properties with a cumulative capital value of \$50 million cleared for sale as part of the Emergency Budget.
The net surplus on the property portfolio achieves the annual budget agreed with the council.	Net surplus is \$8.2 million ahead of budget (actual surplus of \$38.9 million against budget of \$30.7 million).	Net surplus for the quarter is \$10.3 million ahead of YTD budget (actual surplus of \$18 million against YTD budget of \$7.7 million).	Net result achieves budget for 2020/21.	On Track	The favourable variance is due to revenue being ahead of budget and better than COVID-19 assumptions.
Achieve total forecast net sales for the financial year through unconditional agreements. Annual actual asset sales may fluctuate between years. (LTP).	Net sales of \$9.9 million for the financial year. \$54.34 million achieved to date of the 3-year target.	\$11.94 million	Achieve the \$24m of asset sales approved by the Panuku Board in addition to the past agreed LTP target and achieve the balance of the three-year LTP asset sales target set at \$72m.	On Track	Four general asset properties have been sold to date for a total value of \$11.94m.

# Strategic focus area – Waterfront development

## Key commentary

A total of \$30.5 million was spent on Waterfront development, against a budget of \$38.0 million.

### Highlights:

- **America’s Cup Event Preparation** – all completed on-time for the event.
- **Silo Park extension** – additional community space is complete and now open to the public.
- **Percy Vos Shed** – restoration of the historic boatshed is complete and currently being used as a hub for the America’s Cup marina event operations.
- **Westhaven promenade stage 2** is complete. This walking and cycling route completes the promenade and linkage from the harbour bridge to Z pier.
- **Westhaven Marine Village** is now complete. Tenant fitout is underway and tenants beginning to move in.
- **30 Madden Street**, a mixed-use apartment building, is complete with residents moving in soon.
- **Amey Daldy Park** – a new neighbourhood pocket park, delivered in partnership with Auckland Transport

### Issues/Risks

- COVID-19 impact on the delivery of future projects and programme.
- Wynyard Point Masterplan – public consultation deferred until after the Long Term Plan (LTP) process

## Strategic context

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

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

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

Key programme	Status	Description	Outlook
AC36 Enabling Works	Completed	<ul style="list-style-type: none"> <li>• Establishment of a new <b>superyacht berthage</b> facility with improved facilities and increased capacity to accommodate larger vessels.</li> <li>• <b>Tenant relocation</b> - temporary relocation of fishing fleet to enable Wynyard Edge Alliance works on Halsey Wharf.</li> </ul>	<p><b>Wynyard Edge Alliance Works (WEA)</b></p> <p>Both the physical works by Panuku, for the tenant relocation and the Wynyard Edge Alliance infrastructure works are now complete. Tenants are successfully operating at Wynyard Wharf.</p> <p>All capital works on the waterfront were completed in November 2020 and handed over to Panuku, marking the final and major milestone for the WEA works.</p> <p><b>Silo Park Extension</b> – The additional community space along the new breakwaters was blessed on 7 December 2020, and the area is now open to the public.</p> <p><b>The William.C.Daldy</b> has found a permanent home at Victoria Wharf, following approval by the Devonport-Takapuna Local Board. The William.C.Daldy Society will become a tenant of council’s Community Facilities.</p> <p><b>Superyacht Programme</b> – Impacts of COVID-19 on the new berths (handed over to Panuku in November 2020) has resulted in local vessels taking up occupation, with 94% being booked and the rest under offer.</p> <p><b>PRADA Christmas Cup</b> – A very successful event was held during December 2020 with a good level of public interest both on the water and at the race village.</p>

Wynyard Quarter	On track	<ul style="list-style-type: none"> <li>• <b>Wynyard Quarter Masterplan developed.</b></li> <li>• <b>Ūrunga Plaza</b> – opening of public space adjacent to the Park Hyatt Hotel.</li> <li>• <b>Orams</b> Marine refit facility in Wynyard Quarter.</li> <li>• Completion of <b>Willis Bond's</b> staged residential development in Wynyard Quarter.</li> </ul>	<p><b>Wynyard Point Masterplan</b> – The masterplan was gifted the name Te Ara Tukutuku, meaning “where the land and water meet” during a workshop held in October with mana whenua.</p> <p><b>30 Madden Street</b> (Stage 2) Construction of the Beaumont Street and Daldy Street Buildings were both completed by development partner Willis Bond during this quarter. These projects provide a mix of apartments and commercial spaces in the heart of Wynyard Quarter. Homeowners are expected to move in from February 2021.</p> <p><b>Tiramarama Way stage 2</b> – Works were completed in December 2020. This innovatively designed laneway, which runs between Daldy and Halsey streets, provides a link to new retail offerings and provides beautiful views of Viaduct Harbour.</p> <p><b>Dockline Tram</b> – The tram will be up and running in early February 2021. Operated by MOTAT, it will give visitors a 1.5km circular tour around Wynyard Quarter.</p> <p><b>Eastern Viaduct</b> – a new surface artwork between Eastern Viaduct and Te Wero was completed in October 2020 enabling a safer, more attractive public space. The artwork, called Waihape, was designed by mana whenua artist Reuben Kirkwood and installed ahead of the America’s Cup 36.</p> <p><b>Amey Daldy Park</b> – The pocket park, delivered in partnership with Auckland Transport, opened on 4 December 2020. Events at the park will kick off in February 2021</p>
Other e.g. Marinas	On track	<ul style="list-style-type: none"> <li>• <b>Westhaven Promenade</b> stage 2 – construction completed.</li> <li>• Completion of the <b>Westhaven Marine Village</b> providing a marine related business centre consisting of commercial buildings, public facilities, boardwalk and car parking.</li> <li>• <b>Auckland Harbour Bridge Pathway</b> enabling works completed.</li> </ul>	<p><b>Westhaven Promenade Stage 2</b> – Was completed in November 2020, and now open to the public. Creating an uninterrupted boardwalk for walking and cycling from the Auckland Harbour Bridge to Wynyard Quarter.</p> <p><b>Westhaven Marine Village</b> – The marine village opened in November 2020. It provides Auckland’s waterfront with a new home for marine businesses, as well as hospitality offerings. A blessing was held in November with more than 60 people in attendance, including local councillor and local board representatives. Tenants are now in the process of fitting out their spaces and moving in.</p> <p><b>Percy Vos Shed</b> – Work on the restoration of the historic boatshed, located in the heart of Auckland’s marine precinct, was completed in October 2020. The facility is now being used as hub for AC36 marina event operations.</p> <p><b>Curran Street upgrade</b> – Works were completed in November 2020, incorporating new wastewater infrastructure and improved safety for people walking and cycling.</p> <p><b>Auckland Harbour Bridge Park</b> – A project focused on delivering an enhanced public space has been brought forward due to alignment with the Northern Pathway project in Westhaven. Draft design concepts were presented to mana whenua and the Waitemata Local Board in October 2020. Collaboration with other government agencies on this project is ongoing.</p>

# Strategic focus area – other town centres (Transform and Unlock locations)

## Key commentary

A total of \$15.7 million was spent towards the urban regeneration of the other town centres that make up the Transform and Unlock programme against a budget of \$23.9 million.

## Highlights

- **Takapuna** – Toka Puia carpark is now complete and open to the public.
- **Northcote** – Te Ara Awataha, the new greenway works have commenced.
- **Manukau** – Barrowcliffe Bridge enhancement works to make a safer connection to the town centre have commenced.

## Issues/Risks

- COVID-19 impact on the delivery of future projects and programme.
- Onehunga Wharf Master Plan – the public consultation timing for the draft Master Plan has been delayed until after the LTP process.

## Strategic context

Panuku plays a significant role in achieving the Homes and Places and Belonging and Participation outcomes in the Auckland Plan.

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

## Outlook

Transform Manukau

On track

- **Barrowcliffe Place housing development** – Land sold by Panuku with an agreed masterplan in place for approximately 300 new homes.
- **Barrowcliffe Bridge and place enhancement**, capital works being delivered by Panuku for a new cycleway, with improved safety and amenity.
- Completion of the **Puhinui Regeneration** strategy to guide all future projects in the catchment. The project contributes to the council's environmental goals.
- New **Wiri playground** to support the local community.
- **Activations** on Manukau Square, car parks and the Puhinui corridor.

**Barrowcliffe housing development** – Homes continue to be built, sold and occupied by a growing number of families. Several successful site visits and tours of the development have been held with elected members and senior staff.

**Barrowcliffe Bridge and Place Enhancement** – Construction started in December 2020. This project is an important link for Wiri residents, and new residents moving in to Kotuitui Place (Barrowcliffe development) to connect safely to Manukau town centre.

**Puhinui regeneration** – the final draft strategy was launched at a community engagement event held on 11 November 2020, with stakeholders and key inputters in attendance. This project is in partnership with Healthy Waters and local boards.

Transform Onehunga	On Track	<ul style="list-style-type: none"> <li>• <b>Dress Smart precinct</b> – facilitate a new commercial space circa 6000m<sup>2</sup>.</li> <li>• <b>Plan change</b> to enable future mixed-use development on the Onehunga wharf that connects the community back to the water and continues to support a working waterfront.</li> <li>• Facilitate a <b>new supermarket</b> and approximately 1000 new homes in Onehunga.</li> </ul>	<p><b>Dress Smart</b> – This is a Panuku site with a development agreement to enable redevelopment of Paynes Lane and improve pedestrian access to Dress Smart mall. Panuku will now amalgamate the stopped road with the adjoining council carpark site, following the issue of title (required as part of its agreement with Lendlease). Lendlease is in the process of obtaining resource consent for its development.</p> <p><b>Onehunga Wharf</b> – Draft Master Plan preparation is underway. However, the public consultation timing for the draft Master Plan has been delayed until after the LTP process.</p> <p><b>Waiapu Precinct</b> – The precinct’s first development site, involving a new supermarket, is progressing following the December 2020 approval for an additional piece of land to be included in the development agreement supporting the supermarket development.</p>
Unlock Takapuna	On Track	<ul style="list-style-type: none"> <li>• Finalise design of a <b>new town square</b> on part of 40 Anzac Street and 38 Hurstmere Road.</li> <li>• Agree a revised market strategy and commence market processes to seek private sector investment on development opportunities for the site on the corner of Auburn, Northcroft and Huron streets and the site at <b>14 Huron Street</b>.</li> <li>• Complete the construction of the <b>Gasometer car park</b> which will provide 420 public car spaces supporting the retail and business community in Takapuna.</li> <li>• Design and trial improvements to <b>Huron and Northcroft streets</b> to enhance the journey for people walking between Toka Puia to the town centre and new public town square.</li> </ul>	<p><b>Town Square</b> – Final concept design was approved by the Devonport-Takapuna Local Board in October 2020. Detailed planning is underway with lodgment of resource consent expected in April 2021. Workshops with mana whenua and the local board are also being held to discuss naming opportunities.</p> <p><b>14 Huron St and Auburn St</b> (balance of Gasometer car park land) – A preferred development partner will be recommended for two mixed use development sites. This is expected to be done in March 2021.</p> <p><b>Toka Puia car park</b> (Gasometer car park) – The multi-storey carpark was opened to the public on 3 December 2020 following the November blessing by mana whenua. Final works to reinstate Huron and Northcroft streets were completed in December 2020. This allows us to progress development agreements and the town square project on the Anzac Street car park site.</p> <p>Design and trial improvements are underway to <b>Huron and Northcroft streets</b> to enhance the journey for people walking between Toka Puia to the town centre and new public town square. This is part of the Innovating Streets Programme with Waka Kotahi and Auckland Transport.</p>



Unlock Avondale	On Track	<ul style="list-style-type: none"> <li>Finalise the sale of a key site, <b>1817 Great North Road</b>, to facilitate a high quality Homestar 6 market/affordable housing.</li> <li>Finalise the sale of a key site, <b>18 Elm Street</b>, for high quality Homestar 6 residential development.</li> <li>Identify development partner/s to deliver a staged development of Avondale Central based on the <b>agreed masterplan</b>, a critical town centre site – complete development agreement.</li> <li>Design a new <b>town square</b> – enlivening the heart of the town centre, adjacent to the new community centre to be facilitated by council.</li> </ul>	<p><b>1817 Great North Road</b> – The 117-unit development, including 47 Kiwibuild homes, was given approval in November 2020. The development has involved some controversy around the removal of a notable Macrocarpa tree.</p> <p><b>Town square</b> – Concept design work started mid-October with options expected to be presented to the Whau Local Board and community, for their feedback in March/April 2021. Final approval will be sought from the local board towards mid-2021. Isthmus were appointed to design the town square in November 2020.</p> <p>Combined open day sessions with Kāinga Ora were held during the quarter to showcase projects earmarked to start construction in early 2021. A stall was also set up at the Avondale Christmas festival. This engagement has been well received by the community.</p>
Unlock Haumaru	On Track	<ul style="list-style-type: none"> <li>Panuku is focusing on redeveloping the next group of properties in the portfolio following the completion of Wilsher Village in Henderson. The homes will be sustainable and accessible.</li> </ul>	<p><b>16 Handley Rd, Narrowneck</b> – A sales agent has been appointed for the site. The proceeds of the sale will be reinvested back in to the Haumaru portfolio.</p> <p><b>27 - 31 Greenslade Crescent, Northcote</b> (Greenslade Village, Housing for Older People) – The Haumaru Housing Board have approved the lease and management arrangements submitted by Kāinga Ora (who will be developing the new housing units).</p> <p><b>81A Godley Road, Green Bay</b> (a vacant site) – A resource consent application is currently being prepared by the development partner for a 40, 1-bedroom unit development on the site.</p>
Unlock Henderson	On Track	<ul style="list-style-type: none"> <li>Enhancement of Henderson Valley Road – creating safer and more connected area between the town centre, Opanuku stream and the <b>Corban Estate</b> Arts Centre.</li> <li>Low carbon medium density residential development of a key site – <b>reinventing Cities (C40) initiative</b>. An exemplar development that contributes to the council’s climate change goals.</li> <li>Former Auckland Council building at <b>2-6 Henderson Valley Road</b> – major education hub and integral to revitalisation of Henderson.</li> </ul>	<p><b>Innovating Streets Project</b> – a project to improve safety and connectivity in the town centre is now underway. A stakeholder group has been established and a vacant shop in the main street has been set up as a base for information sharing and to connect with the community.</p> <p><b>Alderman C40 Site Sale</b> – A council owned site tagged for low carbon, mixed use development. Subdivision consent was granted in December 2020.</p> <p><b>2-6 Henderson Valley Rd</b> (Laidlaw College site) – Subdivision construction works were completed in December 2020. The Henderson-Massey Local Board have named the road Te Ara Pūheke, a name suggested by Te Kawerau ā Maki which acknowledges the flowing of waters that will be reflected in the flowing of people through this connection point. Payment has been made in full by the purchaser Laidlaw. The site will be transformed into a mixed-use neighbourhood including education and student accommodation.</p>



Unlock Ormiston	Delayed	<ul style="list-style-type: none"> <li>• New houses supplied for <b>urban blocks surrounding the town centre</b> will continue to progress.</li> <li>• Support and facilitate the development of <b>library/community centre</b>.</li> </ul>	<p><b>Town centre</b> – Construction is ongoing with completion expected by Easter 2021.</p> <p><b>Library/community centre</b> – a temporary activation is being explored for this site as the library will be delayed due to funding constraints.</p>
Unlock Panmure	On Track	<ul style="list-style-type: none"> <li>• <b>Clifton Court</b> – design the public realm upgrade to create a safe and attractive laneway that can be used for local community gatherings and catalyse adjoining private landholdings to be redeveloped for homes and businesses.</li> </ul>	<p><b>Clifton Court</b> – A preferred concept option was presented to the Maungakiekie-Tāmaki Local Board in early December 2020 for the upgrade of the under-used town centre space. A formal recommendation for approval will be made to the local board at its next meeting.</p> <p><b>Tamaki Regeneration Company</b> – Two workshops were held with the Tāmaki Regeneration Company. Potential collaboration opportunities were identified that could be included in the Unlock Panmure programme. Further work to progress these will be undertaken in 2021.</p> <p><b>71-79 Queens Road, Panmure</b> – The acquisition of the property was completed in December 2020. This will enable construction of a link from Queens road to local recreation facilities and redevelopment of the site for a mixed-use or integrated community facility.</p>
Unlock Papatoetoe	On Track	<ul style="list-style-type: none"> <li>• Facilitate the development of the key town centre site, <b>3 St George Street</b>.</li> </ul>	<p><b>3 St George Street</b> – A preferred development partner has been confirmed with due diligence scheduled for completion in March 2021. This follows the limited contestable process involving four iwi groups to develop the site for new homes.</p>
Unlock Northcote	On Track	<ul style="list-style-type: none"> <li>• <b>Acquire ground leases</b> in the town centre to enable renewal.</li> <li>• Work with council whanau to complete an assessment of the <b>community's needs</b>.</li> </ul>	<p><b>Te Ara Awataha</b> – Construction of Northcote's new greenway started in early October 2020. It will contribute to the 1.5km network of existing and new reserves connecting the town centre, schools and homes. It will also include the daylighting of a stream for large sections of the reserve.</p> <p>There is a strong demand for premises to lease in the town centre across the fifty-six units managed by Panuku, only seven are vacant.</p> <p>Findings of the Auckland Council-funded <b>community needs assessment</b> were received in December 2020. An options analysis will commence shortly. This will help shape what community services and facilities are provided in the town centre.</p>
Unlock Pukekohe	On Track	<ul style="list-style-type: none"> <li>• Completion of a <b>masterplanning</b> document that sets out the programme of development and public realm projects.</li> </ul>	<p><b>Innovating Streets for People</b>, a project to improve safety and connectivity, held its first co-design workshops during November 2020.</p> <p>Panuku continues to work with the three Waiohua chairs to explore working collaboratively on the Pukekohe programme. We have had an initial hui and hikoi and five meetings are planned in 2021. A close working relationship is also in place with the business association and the farmers market operator to explore how to activate the town square and King St over summer 2021.</p>

## Strategic focus area – Regional development programme

Key programme	Status	Description	Outlook
Corporate Property Programme	On Track	Creating a fit-for-purpose and future-proofed corporate property network that will result in a new property portfolio that is better aligned to how council provides services to local communities. Corporate Property sets out the outcomes, Panuku leads the sales process and negotiating development outcomes.	No significant items to report this quarter.
Auckland Transport/Panuku Transit Orientated Development Programme	On Track	This is a joint programme between AT and Panuku to identify ways to accommodate both transport service requirements at designated council owned transit orientated development sites to create mixed-use development opportunities. AT's role is to determine the transport function and ongoing operations. Panuku leads the sales process and development outcomes.	No significant items to report this quarter.
Service Property Optimisation	On Track	Panuku, Auckland Council Community Services and local boards work together to identify and release value from underperforming service assets in order to fund local services while supporting urban regeneration. Projects must proceed on a cost neutral basis and any net proceeds are reinvested locally to advance approved projects. Panuku leads the commercial feasibility and disposal process and negotiating development outcomes.	Two new sites at 19 Jervois Road, Herne Bay (a council service site) and Wyllie Park, Papatoetoe will be progressed as part of the Service Property Optimisation programme.  <b>29 St Johns Road, Meadowbank</b> (Community Centre) – The latest concept design for the community centre shows a reduced footprint. However, it will still meet service level requirements.
Supports programme	On Track	The development of strategic sites not within the priority locations.	Three new properties identified as having potential development outcomes will be progressed as part of the Supports programme.  A total of 14 sites are actively being progressed.

# CCO review implementation

Panuku is committed to implementing the **recommendations (Rec)** of the CCO Review Panel, working with the council group to strengthen the model and improve accountability and culture. Of the 64 recommendations, there are seven specific to Panuku, some that relate to how we work with specific CCOs like Auckland Transport, and many others that relate to the whole council group.

## Q2 implementation progress

Great progress has been made on implementing recommendation #46, *Auckland Transport and Panuku jointly communicate to the public about urban development and transport infrastructure matters*.

Examples include:

- Innovating Streets projects across a number of Panuku priority locations working with Auckland Transport (AT) to engage with local communities
- communications from AT about new pavers in Avondale town centre – addressing a long-standing issue for the local community and with references to Panuku’s role in the town centre
- joint work on the Toka Puia carpark in Takapuna and release of a video which documents the story behind the project and its many special features, including the local cultural narrative in the design, as well as the bike parks, electric bike charging facilities, changing rooms and electric car share vehicles
- the Amey Daldy and Daldy St Linear Park in Wynyard Quarter which was a Panuku project, delivered by AT. The park opened with a mana whenua blessing – the event was hosted by AT and Panuku’s CE spoke on behalf of both organisations.

There has been a strong focus on resetting how CCOs and Local Boards engage (#34). Panuku has been an integral participant in workshops run by Auckland Council.

## Outlook

Ongoing implementation according to the council group programme. This will include a focus on alignment, joint planning, engagement and communications, a process for customer complaints and a group remuneration policy.

In the draft SOI, we will seek to more clearly outline how our investments and activities contribute to meeting our performance targets (rec 9).

## Other statement of intent focus areas

### Local board engagement

Panuku continued to engage with local boards in both priority and non-priority locations. There were 43 interactions with local boards, with delivery of 21 Six-Monthly Local Board reports, attendance at 20 workshops and 11 business meetings.

Several events involving local boards occurred in this quarter. Below is a selection of highlights:

- Waterfront public spaces and development works were completed ahead of the America's Cup events. Each space was blessed by mana whenua at a karakia whakawātea before opening to the public, which the Waitemātā Local Board attended. To celebrate these new spaces, and their stories, an informative and interactive walking tour and app was launched.
- The Toka Puia car park opened in Takapuna, which relocates car parks to make way for a new town square and development at 40 Anzac Street. George Wood from the Devonport-Takapuna Local Board spoke at the blessing ceremony. Approval was also granted by the Devonport-Takapuna Local Board for the design of the new town square.
- Devonport-Takapuna Local Board assisted with feedback and identifying stakeholders to include in the Innovating Streets for People co-design of Huron and Northcroft Streets in Takapuna. This project will use temporary pop-ups to support better walking routes from the new Toka Puia car park to the town square.
- The Devonport-Takapuna Local Board supported and approved the relocation of the William C Daldy heritage tug to Victoria wharf, Devonport. The tug complements the strong maritime character and traditions that is associated with Devonport.
- A karakia whakawātea was conducted to bless Barrowcliffe Bridge ahead of construction. Once completed, the bridge will reconnect the Wiri community with the Manukau town centre, making it safer and easier to access. The design will also celebrate the unique identity of the area. Anne Candy from the Manurewa Local Board spoke at the ceremony.
- The Henderson-Massey Local Board approved the name of a new public road – Te Ara Pūheke. This road forms an important part of the subdivision development of 2-4 Henderson Valley Rd, Henderson and is part of the sales and purchase agreement between Council and Laidlaw College.
- The Innovating Streets for People project in Henderson is being championed by the Henderson-Massey Local Board with two local board members part of the advisory group. This project focuses on improving walking and cycling routes between the Henderson Train Station, through the town centre to the twin streams, along Rainside Ave, Ratanui Street and Great North Road.
- The Whau Local Board engaged early with the architects who will design the concept plans for the Avondale multi-purpose community centre and town square enhancement project. The local board are strong community advocates for this project and the benefits it will bring to their town centre.

### Climate change

- The Panuku Climate Change Strategy was adopted by the Panuku Board in November. The strategy guides how Panuku will support the implementation of Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan.
- In October, the Panuku ELT agreed a work programme of priority actions to help Panuku deliver on the adopted sustainable procurement objectives. Targeting these objectives will help further leverage the economic, social and environmental benefits of Panuku's urban regeneration projects and the products and services we procure as a business. Implementation of these priority projects has commenced.
- In October work commenced on Te Ara Awataha, this significant green infrastructure project is a key part of our response to climate change adaptation for Northcote, providing flood risk mitigation and an enhanced green space that will provide ecological, amenity and health and wellbeing benefits.
- Toka Puia carpark opened in December in Takapuna, replacing an existing carpark building. The new building includes facilities to encourage and facilitate sustainable and active transport including 84 bike parks, changing rooms, electric bike charging facilities, and electric car share vehicles.
- Work has commenced on Barrowcliffe Bridge in Manukau and the Westhaven Promenade stage 2 was completed. These projects are examples of our commitment to improving walking and cycling links and infrastructure within our neighbourhoods which has climate benefits through reducing the need to travel by car and has associated health and wellbeing benefits.

### **Contribution towards Māori outcomes**

Panuku has achieved 36/40 significant initiatives in the 2020-2021 financial year. In late-December, highlights include the numerous whakawātea with our mana whenua partners to celebrate significant milestones to build the stage for the 2021 America's Cup.

Following the Emergency Budget 2020/2021, Panuku is still working with mana whenua to identify potential development and disposal opportunities. Panuku will invite mana whenua to register commercial interests in another tranche of properties coming down the property disposal pipeline that Panuku is preparing to take to our mana whenua partners.

Panuku continues to make progress on the Panuku Mana Whenua Outcomes Framework actions and intends to present a progress report to mana whenua in March 2021.

Panuku is talking to mana whenua and the local board about the joint development with Kāinga Ora of surrounding property around the Maungawhau and Karangahape train stations.

Panuku has started a pilot programme focused on growing the capability of young leaders to enable placemaking activities. The programme, He Pia He Tauria, has hosted several wānanga with tauria to prepare for upcoming activities.

Panuku has undertaken a significant amount of engagement to prepare for the upcoming plan change for Wynyard Point. Mana whenua has gifted this project the name Te Ara Tukutuku.

### **Working with central government**

Panuku continues to work with Kāinga Ora on a number of projects in multiple locations throughout Auckland. These include:

**Manukau, 9 Osterley Way Carpark** – A development agreement has been submitted to Kāinga Ora which if concluded will see a new residential apartment block being developed.

**Avondale Central** – Panuku is working with Kāinga Ora on a site it has offered for purchase at 6 and 10 Racecourse Parade. A reference design is currently being prepared. If purchased by Panuku, the site will become part of the Avondale Central development.

**Haumaru - Greenslade Crescent, Northcote** (Greenslade Village, Housing for Older People) – Panuku is in communication with the Kaipatiki Local Board and Devonport-Takapuna Local Board around Kāinga Ora's redevelopment plans to increase the number of units at the site to 52. Once constructed, the units will be managed by Haumaru Housing Ltd.

# Panuku Q2 financials

## Direct operating performance

(\$ million)	Notes	FY 20	FY 21 Quarter 2 YTD			FY 21
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure</b>		<b>21.0</b>	<b>7.3</b>	<b>7.6</b>	<b>0.3</b>	<b>15.3</b>
<b>Direct revenue</b>		<b>15.2</b>	<b>7.6</b>	<b>10.2</b>	<b>(2.6)</b>	<b>21.0</b>
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	<b>A</b>	15.2	7.6	10.2	(2.6)	21.0
<b>Direct expenditure</b>		<b>36.2</b>	<b>14.9</b>	<b>17.8</b>	<b>2.9</b>	<b>36.3</b>
Employee benefits	<b>B</b>	29.2	12.4	13.9	1.5	28.1
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	<b>C</b>	7.0	2.5	3.9	1.4	8.2
<b>Other key operating lines</b>						
AC operating funding		21.5	7.5	7.7	(0.2)	15.5
AC capital funding		0	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		0.3	0.2	0.1	(0.1)	0.2
Net interest expense		0	0	0	0	0

## Financial Commentary

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

**A:** Other direct revenue is \$2.6m unfavourable compared to budget. This revenue is generated through Panuku staff charging time to council projects. As part of the emergency budget there was a reduction in staff levels and a reduction in council funding. This has resulted in reduction in the level of recharge and related revenue.

There is a current saving in staff costs of \$1.5m which is in addition to the savings made in the emergency budget.

**B:** Employee benefits is \$1.5m favourable compared to budget year to date. There are a number of vacancies that have yet to be filled in year and the voluntary salary reductions have added to this saving. People savings are expected to be held until year end.

**C:** Other direct expenditure is \$1.4m favourable compared to budget. This is over a range of expenditure categories and is a result of prudent spending by Panuku in the first half of the year.

# Managed on Behalf of Council Q2 financials

## Direct operating performance

(\$ million)	Notes	FY 20	FY 21 Quarter 2 YTD			FY 21
		Actual	Actual	Budget	Variance	Budget
<b>Net direct revenue</b>		<b>14.7</b>	<b>7.4</b>	<b>(3.5)</b>	<b>10.9</b>	<b>2.5</b>
<b>Direct revenue</b>	<b>A</b>	<b>53.6</b>	<b>27.0</b>	<b>21.9</b>	<b>5.1</b>	<b>47.6</b>
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		53.6	27.0	21.9	5.1	47.6
<b>Direct expenditure</b>		<b>38.9</b>	<b>19.6</b>	<b>25.4</b>	<b>5.8</b>	<b>45.1</b>
Employee benefits		1.3	0.9	1.4	0.5	2.7
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	<b>B</b>	37.6	18.7	24.0	5.3	42.4
<b>Other key operating lines</b>						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		12.9	7.6	7.0	0.6	11.8
Net interest expense		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Financial Commentary

The numbers in the table represent the Auckland Council Portfolio managed by Panuku. They exclude the net direct revenue of \$2.8m that Panuku have generated for properties managed for Auckland Transport (above budget by \$1.8m). A \$2.6m dividend has been paid to Solid Waste (Council) from the Waste Disposal Services investment, managed by Panuku.

**A:** Direct revenue is favourable compared to budget by \$5.1m. The material explanations for the variance are:

- As part of the emergency budget a \$5.0m reduction in revenue was made to take into account expected COVID-19 impacts. Only \$0.3m was incurred at the end of the quarter compared to the \$2.9m allocated year to date.
- Unbudgeted rental increases and properties held in the portfolio for longer than budgeted also added an additional \$2.2m to revenue.

**B:** Direct expenditure is favourable compared to budget by \$5.8m. The material variance relates to:

- Priority Location operational spend is \$2.6m favourable to budget. A slower start to the year caused by the August lockdown reduced placemaking activity and overall prudent spending.
- To date there has been a \$2.6m decrease in Marina cost as a result of COVID-19 impact on the America's Cup regatta. This will be offset in the next quarter with an expected similar reduction in revenue (net effect on surplus expected to be zero).



# Panuku Q2 performance measures

All performance indicators	Previous	FY 21 Quarter 2		Status	Commentary
	Year	Actual	Target		
Note: Panuku has a total of 7 LTP measures and 19 SOI measures.					
1. Achieve total board approved budgeted Transform and Unlock net sales for the financial year through unconditional agreements.	New performance measure	Progressing	Meet \$39m Transform and Unlock annual unconditional sales approved by the Panuku Board.	On Track	There are no Transform and Unlock asset sales this quarter. We are continuing to progress two significant sales.
2. Capital project milestones approved by the board achieved.	New performance measure	Progressing	Achieve 80 per cent or more of project milestones for significant capital projects (as set out in SOI).	On Track	Seven out of 17 project milestone targets have been completed year to date. Two milestones are at risk of being off track. They relate to deferred public consultation on the Onehunga Wharf master plan and finding a development partner for Northcote Town Centre, moving to later in 2021.
3. Climate change mitigation and adaptation considered across Panuku projects. The use of Green House Gas measurement tools will help Panuku measure and reduce the impact of its developments.	New performance measure	Progressing	Pilot the use of a tool to measure the GHG impact of new mixed use and residential development.	On Track	Avondale multi-purpose community facility identified as a pilot. Panuku is working with Auckland Council Community facilities.
4. Climate change mitigation and adaptation considered across Panuku projects. This will ensure development and investment by Panuku and partners is increasingly low carbon and resilient.	New performance measure	Progressing	All masterplans completed and approved by the board in the year contains a section that considers future climate impacts, risks, vulnerabilities and responses.	On Track	Input being prepared for Pukekohe and Papatoetoe locations.

Key performance indicators	Previous Year	FY 21 Quarter 2		Status	Commentary
		Actual	Target		
5. Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities.	82% (At City Waterfront)	-	Maintain or improve	Not yet measured	Survey will be undertaken in the last quarter.
6. The percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP).	92%	-	80%	Not yet measured	Survey will be undertaken in the last quarter.
7. Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP).	65%	-	73%	Not yet measured	Survey will be undertaken in the last quarter.
8. The percentage of marina customers surveyed who are satisfied with marina facilities and services (LTP).	89%	-	88%	Not yet measured	Survey will be undertaken in the last quarter.
9. The number of significant Māori initiatives implemented per annum (LTP).	64	36	40	On Track	This target was reduced from 52 to 40 initiatives due to Covid-19 impact on budget and resources for planned activities. To date we have achieved 36 initiatives.
10. % mana whenua groups satisfied with quality of engagement	33%	-	Improve	Not yet measured	Survey will be undertaken in the last quarter.

Key performance indicators	Previous Year	FY 21 Quarter 2		Status	Commentary
		Actual	Target		
11. Written evidence that opportunities have been identified and assessed, to be progressed or not (Housing and urban redevelopment combined).	128	58	At least 100 opportunities identified and assessed.	On Track	58 site assessments have been completed to date and 125 are progressing.
12. The net surplus on the property portfolio achieves the annual budget agreed with the council.	Net surplus is \$8.2 million ahead of budget (actual surplus of \$38.9 million against budget of \$30.7 million).	Net surplus for the quarter is \$10.3 million ahead of YTD budget (actual surplus of \$18 million against YTD budget of \$7.7 million).	Net result achieves budget for 2020/21.	On Track	The favourable variance is due to revenue being ahead of budget and better than COVID-19 assumptions.
13. The monthly average occupancy rate for tenantable properties.	96.9%	- Commercial 95% - Residential 99%	- Commercial 85% - Residential 95%	On Track	
14. The return on investment on like-for-like properties managed for Auckland Transport and Auckland Council (LTP).	2.37%	-	Greater than or equal to 1.75%	Not yet measured	Calculation will be undertaken at year end.
15. The return on equity on commercial assets and services (LTP).	8.78%	-	8.25%	Not yet measured	Calculation will be undertaken at year end.
16. List of properties recommended for disposal submitted to the council The disposal target for the next financial period will be agreed with the council in the current financial period.	\$20 million	\$50 million	A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021	Met Target	The balance of this target was achieved from sixty-one properties with a cumulative capital value of \$50 million cleared for sale as part of the Emergency Budget.

<p>17. Achieve total forecast net sales for the financial year through unconditional agreements. Annual actual asset sales may fluctuate between years. (LTP).</p>	<p>Net sales of \$9.9 million for the financial year. \$54.34 million achieved to date of the 3-year target.</p>	<p>\$11.94 million</p>	<p>Achieve the \$24m of asset sales approved by the Panuku Board in addition to the past agreed LTP target and achieve the balance of the three-year LTP asset sales target set at \$72m.</p>	<p>On Track</p>	<p>Four general asset properties have been sold to date for a total value of \$11.94m.</p>
<p>18. Total value of general asset sales, on average are within independent valuation threshold.</p>	<p>New performance measure</p>	<p>100%</p>	<p>The total value of properties disposed during year on average is above 90% agreed independent valuations.</p>	<p>On Track</p>	<p>General assets sold to date achieved a price above the independent property valuation.</p>
<p>19. Acquisitions are delivered within the timeline agreed with Auckland Council.</p>	<p>91%</p>	<p>100%</p>	<p>80% satisfaction against agreed service performance measure</p>	<p>On Track</p>	<p>Six acquisitions have been completed to date and delivered within agreed timeline.</p>