

# Eke Panuku Development Auckland

## Quarter 4 Performance Report

**For the period ending 30 June 2021**

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

# Eke Panuku Q4 summary

## Highlights for the year

**Eke Panuku has made significant progress on its multi-year programmes and business activities despite an uncertain business environment following the impact of Covid-19.**

**SOI Targets** – We have achieved 16 of our 17 measured SOI performance targets for the year. Two of the material/significant targets achieved are **Property Portfolio net surplus** of \$41.1m against target of \$26.4m and **general asset sales** of \$107m against a three-year target of \$72m.

**Capital projects** – In line with our total capital spend for the year, some of the significant multi-year projects highlights include:

- Avondale Central – we have reached an unconditional agreement on the purchase of 10 Racecourse Parade. This consolidates a central strategic site in Avondale. The go-to-market strategy for the combined site was approved by the Eke Panuku Board in June 2021. Given the size 1.6 ha and prominence of the site, this represents a very significant milestone and progress to further enable the regeneration of Avondale.
- The completion of the Barrowcliffe bridge and shared path that reconnects the Wiri community with the Manukau town centre.
- The completion of the Puhinui Wiri Playground in June 2021 at a new location in Manukau.
- Completing the Toka Puia car park in Takapuna, featuring bike parks, electric bike charging facilities, changing rooms and provision for electric car share vehicles. This supports the regeneration of Takapuna and delivery of the new town square.
- The completion of four Waterfront projects, Westhaven Promenade Stage 2, the Westhaven Marine Village, the Percy Vos Shed and the land reclamation stage of the pile berth redevelopment that contribute to commercial and wider strategic outcomes for the Waterfront. Amey Daldy Park, delivered in partnership with Auckland Transport opened in December 2020 and has become a much loved public space in Wynyard Central for residents, workers and visitors.
- The purchase of the last four Northcote properties using the Public Works Act process. Now the town centre is under council ownership and will enable the next step of the town centre's regeneration.

**Developments** – a number of development agreements were progressed that achieve regional and town centre regeneration objectives. Some of the significant transactions include:

- The sale of part of the council's remaining land holding in **Hobsonville** to the Crown for educational purposes, supporting the wider development of Hobsonville Point.
- The sale of two large sites at **Flat Bush** for **\$21m** to enable over **160 new homes**.
- Reaching a **\$40m** agreement with Malaysian Resources Corporation Berhad on behalf of the council to construct a mixed-use building over the **Āotea Station** upon completion of the City Rail Link, supporting the regeneration of mid-town.
- The sale of a former council office at 82 Manukau Rd, **Pukekohe** to be developed into a healthcare facility.

Financials (\$million)	Actual	Budget	Actual vs Budget
Capital delivery	71.2	86.5	↓ 15.3
Strategic Development Fund (Revolving credit facility)	7.0	13.5	↓ 6.5
<b>Total Capex</b>	<b>78.2</b>	<b>100</b>	<b>21.8</b>
Direct revenue*	72.6	68.6	↑ 4.0
Direct expenditure*	72.9	81.4	↑ 8.5
Net direct expenditure	(0.3)	(12.8)	↑ 12.5

## Financial Commentary

- The sale of a site at **Avondale** to the Ministry of Housing and Urban Development that will enable **117 new homes**, including 47 Kiwibuild homes. This was via a partnership between Ockham Residential and Marutūāhu and is in construction.
- Reaching an agreement on a mixed-use development for a site on Osterley Way in **Manukau**, providing a minimum of **115 new homes** and up to **610m2 of commercial/retail space**.
- Achieving a long term lease and management agreement for a site on Greenslade Crescent, Northcote that will see the construction of **52 new, one-bedroom** units as part of the **Haumarū development programme**.
- Two buildings on Beaumont Street and Daldy Street were completed by Willis Bond as part of the **Wynyard Quarter developments**. These provide a mix of over **1,700m2 of commercial/retail space** and **90 apartments**.

**America's Cup event (AC36)** – in partnership with the Wynyard Edge Alliance, we relocated key tenants to enable construction of AC36 infrastructure, built new superyacht berths and created a new public space, the extension of Silo Park. As a part of the council group, even though badly compromised by Covid-19, we contributed to a successful America's Cup event that was hosted across Eke Panuku waterfront public spaces, where over 187,000 patrons came through the race village.

**Regeneration enabling activities** – as part of our multi-year programme we have completed a number of activities that will shape the quantum and quality of future urban regeneration. These include:

- the completion of the Puhinui Regeneration Strategy that will ensure an integrated approach to the restoration of the stream in Manukau;
- collaborating with the council to complete a community needs assessment for the Northcote town centre to determine the location and design for a new community facilities hub;
- progressing the Onehunga Wharf masterplan and the Te Ara Tukutuku - Wynyard Point masterplan to be put out for public consultation later in FY22;
- responding to climate change by adopting the 5 Green-star standard for commercial or mixed-use developments.

#### **Capital delivery:**

Eke Panuku spent and committed \$93.4m (93%) of its capital budget at the end of the financial year. Total capital spend was \$78.2m (78%), resulting in a variance of \$21.8m.

Of this variance, \$15.2m was committed to property acquisitions that was not recognised. The commitment is made up of \$12.3m for an unconditional sale and purchase agreement for a key property in Avondale and a commitment of \$2.9 for 2 properties purchased at Northcote under the PWA process. The commitments could not be recognised under accounting treatment.

A change in accounting advice led to these transactions being recorded when the title is received and not when the liability / sale and purchase agreement is complete. The budget has been deferred to ensure 2021/22 performance is not unduly restricted by this accounting change.

The residual total capital expenditure variance excluding capital commitments is \$6.6m. This is largely due to timing of contamination payments to Waterfront development partners delayed by slower pre-leasing in the property market and delay in the PWA process in Northcote.

#### **Direct revenue:**

Direct revenue for the year is \$4.0m favourable compared to budget. Most of the variance relates to COVID-19 related assumptions for reduced income, which have not fully materialised.

**Direct expenditure:** Direct expenditure is \$8.5m favourable compared to budget, \$2.4m due to staff cost savings and delayed recruitment, an additional \$2.4m of savings in Eke Panuku corporate costs in year due to careful control of discretionary expenditure in reaction to the emergency budget. \$4.0m decrease in marina expenditure due to the COVID-19 impact on the America's Cup regatta.

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

## Issues & risks

We will continue to monitor and manage issues and risks that impact our delivery. The significant issues and risks are:

- Property market and construction sector uncertainty - There continues to be uncertainly ahead in the property market, including the impact of government policies and the wider global impacts of the covid pandemic, on future investment and housing development and the impact of ongoing construction cost escalations from labour and material supplies shortages.
- Specialist skills – As a result of the strong development market reflected by the record levels of building consent approvals, the government’s infrastructure and development programmes and the closed borders, there is competition in the market for specialist skills such as urban regeneration, planning and design, development, project management and construction.
- We will continue to manage the impact of any COVID-19 lockdowns using our business continuity plans
- Effective stakeholder and partnerships are managed through clear communication, receiving feedback and addressing issues/ feedback.
- Our long-term programme and funding model will be addressed ahead of the next Long-term Plan process.

Key performance indicators <i>(Refer to pg. 16 for complete list)</i>	Previous Year	FY 21 Quarter 4		(These results are subject to Audit)	
		Actual	Target	Status	Commentary
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.	Net sales of \$52.7 million for the financial year.  \$107 million achieved to date of the 3-year target	Achieve the \$24m of asset sales approved by the Eke 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.	Met Target	
Achieve total board approved budgeted Transform and Unlock net sales for the financial year through unconditional agreements.	New performance measure	\$21.1m	Meet \$39m Transform and Unlock annual unconditional sales approved by the Eke Panuku Board.	Target not met	The sales are from 3 properties. Affected by one significant sale that did not proceed due to the party withdrawing from negotiations at a late stage.
Capital project milestones approved by the board achieved.	New performance measure	82%	Achieve 80 per cent or more of project milestones for significant capital projects (as set out in SOI).	Met Target	14 out of 17 project milestones has been achieved
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 is \$14.7m ahead of budget (actual surplus of \$41.1 million against YTD budget of \$26.4 million).	Net result achieves budget for 2020/21.	Met Target	

# Strategic focus area – Transform and Unlock Programmes

## Key commentary

### Other Highlights

In addition to the **highlights in the report summary on page 1**, other achievements and milestones for the quarter include:

### Developments

- **Precinct Properties** – Ngāti Whātua Ōrākei led a dawn whakawātea on 20 May 2021 to mark the **completion of N. Cole Building and the Freda Barnes Plaza** in Madden Street. These have transformed the former industrial site into a mixed use, people friendly and well-designed neighbourhood destination. Tenants began moving into the Madden Street building in July 2021. The Precinct Property developments marks the end of stage two of a three stage process that is establishing a **home for high-value, innovative, creative, green businesses within Wynyard Quarter**.
- **Hurstmere Road development** - A conditional development agreement has been reached for the freehold laneway property through R78 Hurstmere Road. A mixed-use commercial and residential development is planned for the site to enable up to 15 new housing units and 500m<sup>2</sup> of commercial/retail space.
- **3 St George Street site sale (St George's Lanes)** – an agreement with a development partner for a mixed-use development including sustainable homes and a commercial/retail space was reached in June 2021 to deliver a minimum of 60 new homes.
- **91 Cambridge Terrace (the Depot)** – an agreement with development partner New Zealand Housing Foundation to build new homes was reached in June 2021 to deliver a minimum of 20 new affordable homes.
- An agreement has been reached for the sale of 16 Handley Avenue, Narrowneck to a local developer to deliver high quality homes. The site was previously part of the **Haumarū Housing** portfolio. Revenue will be recycled into the Haumarū development programme.

### Capital projects

- **CRL Karangahape and Maungawhau development precincts** – With formal mandate achieved, the joint Eke Panuku and Kāinga Ora project team are assessing development options and will present the foundation outcomes to the sponsors in August 2021 and the precinct development plan in October 2021. There has been significant engagement with Local boards and Mana Whenua.
- The lodgement of the subdivision and earthworks consent for the **Takapuna Town Square** with the Council. Procurement of a contractor for the town square is underway.
- **Avondale Town Square** – The town square and associated **library and community hub concept was approved by the Whau Local Board** on the 23 June 2021. The design team will now progress with developed design. Feedback on the concept was generally positive following consultation and engagement with the community.

**Placemaking** - Panmure Panoramas, a new photographic exhibit showcasing the last 100 years were installed this quarter. In **Henderson**, a freshwater frenzy event was held at the Falls Car Park to promote urban stream quality as part of our local engagement.

### Risks and Issues

- **Innovating Streets for People (ISFP)** – funded by Waka Kotahi, a joint project with Auckland Transport to trial making it faster and easier to transition our streets to safer and more liveable spaces. The work undertaken to date has generated a lot of public interest and although not all feedback has been positive, we are actively engaging with the community to try to resolve the issues. In Takapuna we are trialling changes to Huron and Northcote Streets. Takapuna was deliberately implemented in a phased manner to be responsive to early feedback and adjust level of intervention depending on responses. In Manukau, stage one of the trial is complete including changes to the central area of Osterley Way as a shared space. In the Pukekohe trial, King St has been fully reinstated to two-way operation in response to feedback. In Henderson, implementation has been completed and we are currently undertaking two adaptations to the project as a result of some safety concerns and local feedback.
- Risks associated with third party legal proceedings that impact our programme delivery are actively managed.
- We will continue to attract partners with ability and capacity to meet Eke Panuku outcomes through active engagement.

## Strategic context

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 of	Status	Description	Outlook
Waterfront	On track	<p><b>Westhaven</b></p> <ul style="list-style-type: none"> <li>• Pile berth redevelopment (stage1) land reclamation works completed</li> <li>• Auckland Harbour Bridge Park enabling works completed</li> <li>• Westhaven Marina Redevelopment of Pier J and S completed.</li> <li>• Silo Marina optimisation complete</li> </ul> <p><b>Wynyard Quarter</b></p> <ul style="list-style-type: none"> <li>• Tiramarama way stage 2 – a unique pedestrian link through the Wynyard Quarter</li> <li>• Madden (Ūrunga) Plaza completed</li> <li>• Amy Daldy pocket park completed</li> <li>• Quay St intersection the gateway into Eastern Viaduct from Quay St completed</li> <li>• Wynyard Quarter commercial and residential developments</li> <li>• America’s Cup event support and enabling activities</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Pile berth redevelopment</b> – reclamation construction is now complete. <b>Installation of a pier containing 42 berths has begun.</b> This will be followed by construction of a second pier with 44 berths, providing a total of 86 berths. Design and construction of the carpark and public space is currently being worked through with mana whenua.</li> <li>• Westhaven Promenade - Stage two project of the Westhaven Promenade project won the award for ‘Category E - Best Project’ at the Civil Contractor NZ (CCNZ) HYNDS Construction Awards on 19 June.</li> <li>• <b>Silo Park Extension</b> – development work on phase two of the project began at the <b>end of May 2021.</b> This will provide new public space which will include street furniture, tank greening to enable vertical vegetation growth, LED lighting, viewing windows into the tanks, and interactive play elements. Works are expected to be complete before the end of this calendar year.</li> <li>• <b>Orams Marine (Site 18)</b> - Stage one of the project to create an international refit and maintenance yard for visiting superyachts is complete. This included the addition of a new 820-tonne travel lift and smaller 85-tonne travel lift to the existing 600-tonne slipway that already existing on the site. <b>Stage two</b> of the project will see a mixed-use development built on the Beaumont Street site which includes apartments and ground floor retail/office space.</li> <li>• <b>Precinct Properties</b> – Ngāti Whātua Ōrākei led a dawn whakawātea on <b>20 May 2021</b> to signify the completion of significant capital projects on Madden St, N. Cole Building and the Freda Barnes Plaza, which have transformed the former industrial site into a mixed use, people friendly and well-designed neighbourhood destination. A group of approximately 60 gathered to mark this impressive accomplishment. Tenants began moving into the Madden street building in <b>July 2021.</b> The completion of these Precinct Property developments marks the close of stage two out of a three stage process that is establishing a home for high-value, innovative, creative, green businesses within Wynyard Quarter.</li> <li>• <b>Eastern Viaduct</b> - works began in April 2021 and <b>completed in July 2021.</b> This will complete the works to the same standard as Quay Street and will address the stormwater overflow issues at the entrance to this part of the waterfront.</li> <li>• <b>America’s Cup</b> - We are unlikely to know the final outcome on whether Auckland will host the next America’s Cup until later in 2021.</li> <li>• Eke Panuku is engaging with mana whenua about the future of the Wynyard headland and developing a transitional use strategy to address interim use and activation of the Wynyard Point and Hobson Wharf infrastructure created for the America’s Cup - while retaining flexibility for future major events.</li> </ul>

Central

On track

### Unlock Central

- To deliver a high-quality urban village to accommodate growth in the sites around three CRL rapid transit stations.

- The CRL Project Sponsors have provided the **formal mandate** giving delegation to the Eke Panuku / Kāinga Ora joint project team to prepare the development options strategy for the CRLL owned sites surrounding the Karangahape and Maungawhau stations.
- The six foundation outcomes, relating to environmental vitality and climate action; mana whenua partnership; affordable and healthy homes; accessibility to public transport; economic and social well-being; and value realisation will be **presented to the sponsors in August 2021 for approval**. These will guide the precinct development plan (Maungawhau and Karangahape locations).
- The three waters and transport infrastructure requirements for the precincts are being analysed by the service providers and should be known by the end of FY22.
- Development options for the sites and wider precincts are being considered alongside the implications of the National Policy Statement on Urban Development 2020.
- The first draft of the precinct development plan is expected to be ready in **October** for input by the project sponsors.

Key programme of	Status	Description	Outlook
Isthmus	On track	<p><b>Onehunga</b></p> <ul style="list-style-type: none"> <li>Plan change 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 development of a new supermarket and new homes in Onehunga.</li> </ul> <p><b>Panmure</b></p> <ul style="list-style-type: none"> <li>Clifton Court – 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>	<ul style="list-style-type: none"> <li><b>Onehunga Wharf Master plan</b> – The masterplan is being prepared for public consultation which will take place later in FY22.</li> <li><b>Asset renewal work and dredging</b> are underway at Onehunga Wharf to address deferred maintenance and continue the operational status of the facility for the near term.</li> <li><b>Waiapu Lane Precinct</b> – Negotiations continue for the supermarket development in the Waiapu Precinct. Preparation work for the precinct’s development including road stopping, resolution of reserve space and tree issues, is ongoing.</li> <li><b>3 Mountwell Crescent site sale</b> - The Eke Panuku Board approved the site to be sold on <b>30 June 2021</b>. A mixed-use development that includes residential and commercial outcomes is planned for the site. The site is located next to the train station.</li> <li><b>Placemaking</b> - Panmure Panoramas was installed this quarter. It has received good feedback and created good engagement with groups in the town centre leading to a sponsored garden and tidy up of the planters and central medians.</li> </ul>



North

On  
Track

### Northcote

- Acquire ground leases to enable the renewal of the town centre.
- Work with council whanau to complete an assessment of the community's needs.

### Takapuna

- Finalise design of a new town square on part of 40 Anzac Street and 38 Hurstmere Road.
- Design and trial improvements to Huron and Northcroft streets to enhance the journey for people walking between Toka Puia to the town centre and the new public town square.

Property acquisitions required for comprehensive urban renewal of Northcote:

- Auckland Council now owns most buildings in the Northcote Town Centre and Eke Panuku is managing 86 new tenants. The last four properties have **completed the Public Works Act compulsory acquisition** process with no objections received from the current owners. Ownership was vested to Auckland Council at the **end of July 2021**. The two remaining residential properties on College Road have also been purchased. The completion of this acquisition programme will achieve consolidation of the town centre in council ownership and enable its regeneration.
- The **Para Kore Zero Waste hub** opened – this is a vacant space opposite the library being trialled as a Zero Waste hub. It provides locals with a place to enjoy workshops and learn how to reduce waste. This initiative supports the Para Kore project for a **zero waste Northcote community**.
- **Te Ara Awataha – Northcote's new greenway**, a 1.5km network of existing and new reserves connecting the town centre, schools and homes. Construction works are progressing well with the **first section of the main civil works now complete**. Completion of the work is expected in mid- 2022.
- **Takapuna town square** - The **subdivision and earthworks consent** for the town square has been lodged with Auckland Council. Once this is obtained building consent applications will be submitted. Procurement of a contractor for the town square is underway.
- **Hurstmere Road development** - A conditional development agreement has been reached for the freehold laneway property through R78 Hurstmere Road. A mixed-use commercial and residential development is planned for the site to enable up to 15 new housing units and 500m2 of commercial/retail space.
- **Innovating Streets for People (ISFP), Huron and Northcroft streets** – A project to trial making it faster and easier to transition our streets to safer and more liveable spaces (in conjunction with Auckland Transport and funded by Waka Kotahi) commenced implementation in June 2021. We are **assessing community feedback** which will inform adjustments to the trial and guide any permanent changes.

## South

### On Track

#### Manukau

- New Wiri play ground to support the local community.
- Barrowcliffe Pond Shared Pathway works completed
- Barrowcliffe Place housing development – the land sold by Panuku with an agreed masterplan to enable building of approximately 300 new homes.
- Design and trial improvements to enhance the journey for people walking on the streets of Manukau.

#### Pukekohe

- Design and trial improvements to enhance the journey for people walking on the streets of Pukekohe.

#### Papatoetoe

- Facilitate the development of a key town centre site, 3 St George Street.

- **Puhinui Wiri Playground** – The new playground was **completed in June 2021**. In a new location, off Trevor Hosken Drive, the playground is safer for children as they are further away from the water's edge and it's easier to access from the road, with parking close by. The location also ties in well with the Puhinui Stream regeneration work. The playground makes use of natural materials with play features constructed from upcycled old piles from Queens Wharf.
- **Barrowcliffe pond shared path** – The Barrowcliffe pond shared pathway linking the enhanced Barrowcliffe bridge to the local neighbourhood was **completed in June 2021**.
- **Barrowcliffe bridge works** were **completed in June 2021**, providing the community with an enhanced walking and cycling connection between the new homes in Barrowcliffe and the town centre.
- The **Manukau Innovative Streets for People (ISFP)** - A project to trial making it faster and easier to transition our streets to safer and more liveable spaces (in conjunction with Auckland Transport and funded by Waka Kotahi) was implemented during this quarter. We **will assess community feedback** which will inform adjustments to the trial and guide any permanent changes.
- The **Puhinui Regeneration Strategy** was **completed in June 2021**. The strategy will ensure an integrated approach across all stakeholders for the restoration of the 10km of stream.
- **Manukau town centre** - lighting improvements and wifi connectivity enabled by Eke Panuku is now live in the centre.
- The **Pukekohe Innovative Streets for People (ISFP)** – A project to trial making it faster and easier to transition our streets to safer and more liveable spaces (in conjunction with Auckland Transport and funded by Waka Kotahi) was implemented during this quarter. Following feedback and concerns received from the community, the installations have been kept at the Devon Lane site and removed from the King Street site.
- **3 St George Street Site Sale (St George's Lanes)** – an agreement with a development partner for a mixed-use development including sustainable housing and a commercial/retail space was reached in **June 2021** to deliver a minimum of 60 new homes.
- **91 Cambridge Terrace (the Depot)** – an agreement with a development partner to build residential units was reached in **June 2021** to deliver a minimum of 20 new homes.

## West

### On Track

#### Avondale

- Design a new town square – enlivening the heart of the town centre, adjacent to the new community centre to be facilitated by council.
- Identify development partner/s to deliver a staged development of Avondale Central based on the agreed masterplan. Complete a development agreement for a key town centre site.
- Finalise the sale of a key site, 1817 Great North Road, to facilitate high quality Homestar 6 and market/affordable housing.

#### Henderson

- A former Auckland Council building at 2-6 Henderson Valley Road becomes a major education hub and integral to revitalisation of Henderson.
- Design and trial improvements to Ratanui Link through to the mainstreet to enhance the journey for people walking in the area.

- **Town square project** – The town square and associated library and community hub concept was approved by the Whau Local Board on the 23 June 2021. The design team can now progress with developed design. Community feedback was generally positive.
- **Avondale Central** – We have reached an unconditional agreement on the purchase of 10 Racecourse Parade Avondale. This consolidates a central strategic site in Avondale. The go to market strategy for the combined site was approved by the Eke Panuku Board in June 2021. Given the size and prominence of the site this represents a very significant milestone and progress to further enable the regeneration of Avondale.
- **Crayford Street West** – we have now reached agreement with Vector and Chorus to enable this streetscape improvement project, including increased lighting, improved pedestrian safety measures and enhanced visual amenity to commence. This will strengthen the connection between the town centre and the train station.
- **Placemaking** - We are working with a number of artists on a programme to repaint a pavilion built by Unitec students on a monthly basis. The pavilion was constructed on the Avondale central site which include curation of poster art and management of events. These efforts are helping to build community interest, connection and support for our programme in Avondale, and have been well received by the community.
- The **Henderson Innovating Streets for People (ISFP)** – A project to trial making it faster and easier to transition our streets to safer and more liveable spaces (in conjunction with Auckland Transport and funded by Waka Kotahi) was completed in June. Community feedback, including serious concerns with the impact on local business and traffic movement, is being worked through. The pop-up cycleway on the Alderman Car Park links in well with the ISFP installation.
- **2-6 Henderson Valley Road** (sale to Laidlaw College site) – Final settlement has now been completed.
- **Opanuku Link** – A change to the construction material from concrete to wood has been agreed with the council's Community Facilities team with support from key partners. This provides improved environmental and constructability benefits.
- **Falls car park** – Artificial turf has been installed in the falls carpark to replace the pump track which has been moved from the site. This is working well and supports the Te Puna Market which is continuing to operate successfully.
- **Placemaking** – a very successful fresh water frenzy event was held in April with key partners on the Falls Car Park promoting urban stream quality.

# Strategic focus area – Regional Programme

Key programme of	Status	Description	Outlook
Regional	On Track	<p><b>Haumaru</b></p> <ul style="list-style-type: none"> <li>• Redeveloping the next group of properties in the housing for older person portfolio following the completion of Wilsher Village in Henderson. The homes will be sustainable and accessible.</li> </ul> <p><b>Corporate property disposal</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul> <p><b>Supports</b></p> <ul style="list-style-type: none"> <li>• The development of strategic sites not within the priority locations.</li> <li>• <b>AT/Panuku transit orientated development programme</b></li> <li>• <b>Optimisation programme</b></li> <li>• <b>Ormiston</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>4-10 Mayoral Drive, Auckland City</b> (Aotea Station Development) - we continue to work with City Rail Link (CRL) and Auckland Council corporate property department to progress the design to resource consent stage. The Overseas Investment Office (OIO) approval was expected on 9 July, however the condition has now been extended to 20 August, as provided for in the development agreement.</li> <li>• <b>Kotuku House, Manukau Road</b> – The go to market strategy and business case was submitted for approval at the July board meeting. Completion of the road vesting and amalgamation of titles are due by the end of July, with the site expected to be on the market in early August 2021.</li> <li>• <b>35 Coles Crescent, Papakura</b> - Both the Essential Outcomes and Design Brief and project business case were approved on 21 June 2021. The draft Survey Office plan was lodged with LINZ on 28 June 2021. A further workshop with the Papakura Local Board was held on 7 July 2021, outlining the S.52 sub-division plan and Essential Outcomes and Design Brief proposals.</li> <li>• <b>10-22 Totara Avenue, New Lynn</b> – we are in negotiation with a development partner over the sale of the site for a low dependency social housing development.</li> <li>• <b>Hobsonville (the Airfields)</b> – we have reached an agreement for the sale of part of the council’s remaining land holdings to the Ministry of Education for a future school. We are also working on a proposal for the sale of the residual land parcels.</li> <li>• <b>Downtown car park</b> – the plan is to deliver a high quality, mixed-use development that includes future-focused transport facilities. In conjunction with Auckland Transport and Auckland Council, we presented two design options to the Planning Committee in June 2021. The pre-market testing exercise is currently underway and we will go to the market seeking <b>expressions of interest in October 2021</b>.</li> </ul>

## Other statement of intent focus areas

### Contribution towards Māori outcomes

- Eke Panuku has delivered 45/40 initiatives that support Māori Outcomes in the Financial Year 2020-2021, achieving our Statement of Intent requirement. Our other SOI requirement, improving mana whenua satisfaction, was conducted by an independent survey company, and the results have improved from 26% to 33%.
- Following the conclusion of the 2021 America's Cup, Eke Panuku is engaging with mana whenua about the future of Wynyard headland. Mana whenua have gifted this masterplan work the name Te Ara Tukutuku, and it will describe our future development aspirations for the headland. At present, Eke Panuku is attempting to determine how to use the transitional space until the resource consent for future America's Cup expires.
- Eke Panuku has presented several limited contestable processes for development, including Avondale Central – our flagship site of our Avondale regeneration strategy. Eke Panuku is also talking to mana whenua about several other development opportunities.
- Eke Panuku has reviewed our year one actions in the Mana Whenua Outcomes Framework. We have completed most of our actions, with several others being moved into Q1 of the next financial year. Eke Panuku is preparing to start the year two actions in our outcomes framework.

### CCO review implementation

Good progress has been achieved in addressing CCO review recommendations. The CCO review recommendations are addressed via an officers' working group made up of CCO and Council officers. This group reports to the council group CE forum and provides updates to the CCO Oversight Committee. An update will be provided to the committee in August 2021.

## Climate change

- In May, the Eke Panuku board adopted the use of Green star for Eke Panuku commercial or mixed use developments, with a minimum 5 star rating required for eligible developments.
- This quarter, fields within Sentient, the programme used for project management tracking and reporting, have been added which will support decision-makers to consider the climate implications of their decisions. The following will need to be considered in project planning: How the project contributes towards reducing greenhouse gas emissions (Mitigation) and; How will climate change impacts affect the project and what control measures have been put in place to mitigate risk and increase resilience (Adaptation). Training has been initiated for project managers to assist them in considering these issues and completing the fields.
- A detailed energy audit was undertaken in June for the Eke Panuku head office at 82 Wyndham Street. Actions have been identified to reduce energy consumption and costs, and to improve our NABERSNZ rating.
- The Puhinui Wiri Playground was completed this quarter which has a number of sustainability features incorporated. The playground makes use of natural materials with play features constructed from upcycled old piles from Queens Wharf. Adaptation to climate change has been a key consideration in the design. Permeable paving has been used to reduce stormwater run-off. The playground was relocated to avoid the flood plain within the reserve and includes a shade sail and drinking fountain for people in the summer.
- In 2020 Eke Panuku adopted the council's sustainable procurement objectives and work is ongoing to embed sustainable procurement into Eke Panuku procurement processes and systems.
- Implementation of the adopted Eke Panuku Climate Change Strategy is ongoing. The strategy guides how Eke Panuku will support the implementation of Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan.

## Local board engagement

- Eke Panuku undertook significant engagement with local boards this quarter through six monthly reporting, collaborating on the new Local Board Engagement Plans and engaging on a number of projects.
- We have worked closely with local boards on four Innovating Streets for People projects in Eke Panuku neighbourhoods as these trials began, regularly updating the boards on how the trials were progressing and advising on changes as they were made.
- At the April Local Board Chairs Forum, we presented alongside Kāinga Ora on the work we are doing together in our neighbourhoods.
- We sought the Waitemātā Local Board's formal views on the Downtown Car Park project alongside Auckland Transport and Auckland Council. This was included in reporting to the Planning Committee's, which made the decisions on the Transport outcomes for this urban regeneration opportunity in June. In the same month, the Whau Local Board approved the concept design for the Avondale library, community hub and town square.
- Eke Panuku staff attended a number of workshops on a range of projects, including supporting Auckland Council in a number of joint workshops. The Eke Panuku Board met with the Maungakiekie-Tamaki Local Board in May, and the chief executive is continuing to meet with Local Board chairs on a regular basis.

# Eke Panuku Q4 financials



## Direct operating performance

(\$ million)	Notes	FY 20	FY 21 Quarter 4 YTD			FY 21
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure</b>		<b>21.0</b>	<b>15.3</b>	<b>15.3</b>	<b>0</b>	<b>15.3</b>
<b>Direct revenue</b>		<b>15.2</b>	<b>16.2</b>	<b>21.0</b>	<b>(4.8)</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	16.2	21.0	(4.8)	21.0
<b>Direct expenditure</b>		<b>36.2</b>	<b>31.5</b>	<b>36.3</b>	<b>4.8</b>	<b>36.3</b>
Employee benefits	<b>B</b>	29.2	25.7	28.1	2.4	28.1
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	<b>C</b>	7.0	5.8	8.2	2.4	8.2
<b>Other key operating lines</b>						
AC operating funding		21.5	15.7	15.5	0.2	15.5
AC capital funding		0	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		0.3	0.3	0.2	(0.1)	0.2
Net interest expense		0	0	0	0	0



## Financial Commentary

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

Eke Panuku is budgeted to generate a net zero surplus. Significant savings of \$4.8m in expenditure have offset the underperformance in revenue. Further explanations are below:

**A:** Other direct revenue is \$4.8m unfavourable compared to budget. Part of 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, which has resulted in a reduction in the ability to generate the budgeted level of recharge and related revenue \$3.2m.

Berthage revenue at the Viaduct Marina South was also \$1.6m unfavourable compared to budget, the budgeted expectations of revenue during the America's Cup were not met due to the border restrictions on international yachts entering NZ.

**B:** Employee benefits is \$2.4m favourable compared to budget year to date, this is in addition to the savings made in the emergency budget. There were a number of vacancies that were not filled in the year and the voluntary salary reductions have added to this saving.

**C:** Other direct expenditure is \$2.4m favourable compared to budget. Savings were made in year over a range of expenditure types, service reductions for AC36 Marinas, and due to careful control of discretionary expenditure in reaction to the Emergency Budget.

# Managed on Behalf of Council Q4 financials

## Direct operating performance

(\$ million)	Notes	FY 20	FY 21 Quarter 4 YTD			FY 21
		Actual	Actual	Budget	Variance	Budget
<b>Net direct revenue</b>		<b>14.7</b>	<b>15.0</b>	<b>2.5</b>	<b>12.5</b>	<b>2.5</b>
<b>Direct revenue</b>	<b>A</b>	<b>53.6</b>	<b>56.4</b>	<b>47.6</b>	<b>8.8</b>	<b>47.6</b>
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		53.6	56.4	47.6	8.8	47.6
<b>Direct expenditure</b>	<b>B</b>	<b>38.9</b>	<b>41.4</b>	<b>45.1</b>	<b>3.7</b>	<b>45.1</b>
Employee benefits		1.3	1.8	2.7	0.9	2.7
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		37.6	39.6	42.4	2.8	42.4
<b>Other key operating lines</b>						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		12.9	17.8	11.8	(6.0)	11.8
Net interest expense		0	0	0	0	0

## Financial Commentary

The numbers in the table represent the Auckland Council Portfolio managed by Panuku.

They exclude the net direct revenue of \$6.0m that Panuku has generated for properties managed for Auckland Transport which is above budget by \$2.4m.

A \$6.3m dividend has been paid to Council's Solid Waste team from the Waste Disposal Services investment, managed by Panuku.

Overall positive net revenue of \$12.5m for the year.

The main explanations relate to:

**A:** Direct revenue is favourable compared to budget by \$8.8m. The material explanations for the variance are:

- As part of the emergency budget a \$5.0m reduction in revenue was assumed to take into account expected COVID-19 impacts, there has only been a \$0.6m impact on actual revenue in the year.
- Unbudgeted rental increases, back payments of rent and properties held in the portfolio for longer than budgeted also added an additional \$6.3m to revenue.
- Marina income is \$1.9m unfavourable to budget due to the COVID-19 border lockdowns restricting entry to the country for superyachts.

**B:** Direct expenditure is favourable compared to budget by \$3.9m. The material variance relates to:

Marina expenditure is \$4.0m favourable compared to budget as a result of COVID-19 impact on the America's Cup regatta.



# Eke Panuku Q4 performance measures

Key performance indicators	Previous	FY 21 Quarter 4		Status	Commentary
	Year	Actual	Target		
<p>Out of the 19 performance targets, we have achieved 16, not measured one target (deferred) and 2 targets were not met. The target not measured was due to a delay in the project for piloting the Green House Gas measurement tool.</p> <p><b>Note: these results will be Audited after August 2021.</b></p>					
1. Achieve total board approved budgeted Transform and Unlock net sales for the financial year through unconditional agreements.	New performance measure	\$21.1m	Meet \$39m Transform and Unlock annual unconditional sales approved by the Eke Panuku Board.	Target not met	The sales are from 3 properties. Affected by one significant sale that did not proceed due to the party withdrawing from negotiations at a late stage.
2. Capital project milestones approved by the board achieved.	New performance measure	82%	Achieve 80 per cent or more of project milestones for significant capital projects (as set out in SOI).	Met Target	14 out of 17 project milestones has been achieved
3. Climate change mitigation and adaptation considered across Eke Panuku projects. The use of Green House Gas measurement tools will help Eke Panuku measure and reduce the impact of its developments.	New performance measure	Not applicable	Pilot the use of a tool to measure the GHG impact of new mixed use and residential development.	Target not measured	The Avondale multiuse facility was delayed due to the impact of Covid19. The tool that measures the GHG impact of new mixed use and residential development will be used in the new year when the project reaches design stage.

<p>4. Climate change mitigation and adaptation considered across Eke Panuku projects. This will ensure development and investment by Eke Panuku and partners is increasingly low carbon and resilient.</p>	<p>New performance measure</p>	<p>Climate planning outputs completed.</p>	<p>All masterplans completed and approved by the board in the year contains a section that considers future climate impacts, risks, vulnerabilities and responses.</p>	<p>Met target</p>	<p>The climate section considers future climate impacts, risks, vulnerabilities and responses. Despite the masterplans that were planned to be devolved and approved by the Board with climate chapter being deferred due to the impact of the LTP process, significant climate change planning was completed during the year.</p> <p>Projected climate impacts and the risks, vulnerabilities and responses for Eke Panuku were assessed for Eke Panuku neighbourhoods.</p> <p>Memos were formulated with advice for project planning. The memos contained technical advice incorporated into the Programme Business Case and Masterplan.</p>
<p>5. Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities.</p>	<p>82% (At City Waterfront)</p>	<p>94%</p>	<p>Maintain or improve</p>	<p>Met Target</p>	
<p>6. The percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP).</p>	<p>92%</p>	<p>86%</p>	<p>80%</p>	<p>Met Target</p>	<p>Several major events were not held this year due to Covid19. This has impact on visitors to the city centre waterfront and their experience of public spaces.</p>

7. Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP).	65%	69%	73%	Target not met	The target is not met by only 4% margin, but the result is better than last year. There were less visitors to the waterfront due to Covid19 lockdowns and the impact of physical works around the area during the year. The America's Cup event had a one-off effect in attracting visitors during the period of the event.
8. The percentage of marina customers surveyed who are satisfied with marina facilities and services (LTP).	89%	94%	88%	Met Target	Results are better than target and last year. This can be attributed to the America's Cup event held this year near the marina which had a positive influence.
9. The number of significant Māori initiatives implemented per annum (LTP).	64	45	40	Met Target	There is a variance to last year due to reduced target because of Covid19 impact. Reduced target to 40 from 54 due to Covid19 impact on activities and budgets.
10. % mana whenua groups satisfied with quality of engagement	26%	33%	Improve	Met Target	In 2021, Eke Panuku changed the survey methodology to better reflect the breadth of our relationship with mana whenua. The previous survey question was narrow in scope and did not cover all aspects of our engagement. The survey questions used cover several indicators that contribute towards maintaining a rich partnership with mana whenua.
11. Written evidence that opportunities have been identified and assessed, to be progressed or not (Housing and urban redevelopment combined).	128	133	At least 100 opportunities identified and assessed.	Met Target	

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	Net surplus is \$14.7m ahead of budget (actual surplus of \$41.1 million against YTD budget of \$26.4 million).	Net result achieves budget for 2020/21.	Met Target	
13. The monthly average occupancy rate for tenatable properties.	96.9%	- Commercial 93.9% - Residential 98.8%	- Commercial 85% - Residential 95%	Met Target	
14. The return on investment on like-for-like properties managed for Auckland Transport and Auckland Council (LTP).	2.37%	2.34%	Greater than or equal to 1.75%	Met Target	
15. The return on equity on commercial assets and services (LTP).	8.78%	9.3%	8.25%	Met Target	The increase is mainly due to an increase in capital value of Waterfront Investment Property.
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	\$88.7 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	

<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>Net sales of \$52.7 million for the financial year.  \$107 million achieved to date of the 3-year target</p>	<p>Achieve the \$24m of asset sales approved by the Eke 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>Met Target</p>	
<p>18. Total value of general asset sales, on average are within independent valuation threshold.</p>	<p>New performance measure</p>	<p>93%</p>	<p>The total value of properties disposed during year on average is above 90% agreed independent valuations.</p>	<p>Met Target</p>	<p>20 General Property Disposal sales in total</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>Met Target</p>	<p>Four acquisitions have been completed to date on behalf of Auckland Council and has met agreed timeline</p>