

Panuku Development Auckland

Quarterly Report

Quarter ended 31 March 2016

CCO Governance and Monitoring Committee

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1. Executive Summary

The third quarter for 2015/16 was a busy one for Panuku Development Auckland (Panuku).

The workload of Panuku has increased significantly with framework planning beginning for the Transform project of Manukau, and the Unlock projects of Northcote and Takapuna. Alongside our business as usual, managing these projects means that Panuku carefully balances its resource planning. Henderson is the next centre that Panuku is considering, and work has begun on a High Level Project Plan for Henderson centre.

Alongside the development projects, Panuku continues its business as usual activities, including managing the Council's non-service property disposal and managing the Westhaven Marina.

Financially, for the quarter ended 31 March 2016 a net surplus of \$17.6 million was achieved, \$24.3 million more than YTD budget. This additional revenue was mainly made up of the \$11.0 million received from Mobil as the Court of Appeal found in Panuku's favour and \$5.1 million for public capital expenditure now funded as a grant instead of equity injection. The projected year end net operational surplus is \$26.6 million and is forecast to be \$36.3 million more than budget.

The capital expenditure for the quarter was \$12.6 million, \$6.3 million lower than YTD budget. The projected year end expenditure is \$38.0 million, \$10.7 million lower than the year end budget of \$48.7 million.

Information on financial performance is provided in Section 7. Section 6 also provides information on the \$5.0 million Development Budget and the \$23.3 million Strategic Development Fund.

2. Strategic issues and focus areas

As expected, workload at Panuku is requiring active management as the number of projects in the Panuku work programme increases. Panuku is developing a master programme so it can effectively spread its resources across projects, control the scope of its programme to ensure it can retain a strong focus on delivery, and to identify where it will require extra resourcing moving forward. Where extra resourcing or funding is required for urban regeneration within transform locations, Council has endorsed the principle of Transform Project expenditure being funded from reinvestment of proceeds from properties which are disposed within those locations.

Panuku has continued to form strong relationships with stakeholders; with the communities it works within, Local Boards, the Council family and also with the Government. Mana Whenua engagement activities is significant, with monthly meetings held with all Mana Whenua, and regular one-on-one engagement with Iwi.

3. Highlights for the last quarter

The highlights for the quarter were:

- The Auckland Development Committee approved the High Level Project Plan for Manukau as a Transform location.
- The Auckland Development Committee also approved the High Level Project Plans for Northcote and Takapuna as Unlock locations.
- The Prime Minister Rt Hon John Key and Madam Chang Laiwa, Chair of Fu Wah, turned the ground at the ground-breaking ceremony for the \$200 million, 190-room Park Hyatt hotel being built in the Wynyard Quarter.
- Including the Park Hyatt hotel, 14 developments are currently underway in the transformation of the Wynyard Quarter, with Willis Bond and Precinct progressing through their respective residential and commercial developments.
- Panuku has been negotiating a joint venture agreement with The Selwyn Foundation to provide a basis for when it becomes the Community Housing Partner for Auckland Council's Housing for Older People portfolio subject to public consultation process. A high level project plan to cover the multi-year redevelopment of the network of village sites is being prepared by Panuku, as is the accountability framework. This is being discussed with The Selwyn Foundation. The HLPP will be presented to the Governing Body in August for approval.
- The development of the Airfields site at Hobsonville is continuing, with infrastructure being developed, including the building of new roads and water ponds. The 20 hectare Airfields site will provide approximately 400 new homes when it is completed. Panuku has finalised a development agreement with A.V Jennings in April 2016 for the development of Airfields stage 1. The site is 1.6ha which will result in the construction of 102 homes, ten percent being affordable. Panuku is also currently discussing with a potential partner the development of the remainder of the 20 hectare site.
- The Supreme Court heard Mobil's appeal on the Court of Appeal's decision to compensate Panuku for the contamination of land Mobil leased in the Wynyard Quarter. It could take up to a year for the Supreme Court to release its decision.






4. Future outlook


Over the next quarter, Panuku will:

- Continue to develop Framework Plans for the Manukau Transform project and progress the Northcote and Takapuna Unlock projects. As part of this work, Panuku will be defining what affordable housing means in relation to the developments that it works on.
- Work on the High Level Project Plan (HLPP) for the Onehunga Transform project is continuing. Panuku is consulting with the New Zealand Transport Agency about the implications on the HLPP from the East-West project route. It is also working with the Ports of Auckland on the transfer of ownership to Panuku of the Onehunga Port. This means that the formation of the HLPP is taking longer than originally anticipated.
- Begin the development of a High Level Project Plan for Henderson centre, looking at opportunities for redevelopment, particularly relating to the soon to be vacated Auckland Transport building.
- Consider responses from three shortlisted parties to the Request for Development Proposals for the purchase of the Civic Administration Building as agreed by the Finance and Performance Committee. Submissions from the parties are due on 16 May 2016.
- Continue to work with The Selwyn Foundation on establishing the Community Housing Partner for the Housing joint venture for Older People, and to form a development programme for its housing portfolio.
- Support the Tamaki Regeneration Company to plan and go-to-market process to redevelop the 2,800 social houses that it recently transferred from Crown ownership to TRC. The Council and the Crown are owners of the Tamaki Regeneration Company, and Panuku provides advice to the Council on its shareholder interest. It is working alongside The Treasury (who advise on the Crown's shareholder interest) to support the go-to-market process which will see the redevelopments which will increase housing from the current 2,800 social houses to 7,500 mixed tenure houses over a 10-15 year period.
- Oversee the 14 developments currently underway across the Wynyard Quarter. A critical component of this is to work closely with Auckland Transport to ensure that essential roading infrastructure work takes place, and to manage through the impacts of any delays in the AT programme of works on the development programme within the Wynyard Quarter.

5. Key Deliverables

The key projects currently being delivered are:

Deliverable	\$'000 YTD CAPEX Actual	Completed/ carry over to next quarter/ deferred	Status	Comments
HIGH LEVEL PROJECT PLANS				
Priority development location selection and high level project planning	No capital budget	carry over to next quarter		High level project plans (HLPP) for the 'Transform' location Manukau and 'Unlock' locations Takapuna and Northcote have been completed and approved by the Panuku Board and endorsed by the Auckland Development Committee.
TRANSFORM				
Wynyard Quarter – Public Project Madden & Pakenham St Upgrade	\$ 6,026k	carry over to next quarter		Construction of Madden Street Phase 1 (between Beaumont and Daldy) completed and opened to public use. Delays to the opening of the Halsey Street project are having an impact on Madden and Pakenham staging.
Westhaven Marine Centre	\$ 558k	carry over to next quarter		Leasing campaign continues to be challenging. Pre-commitment has yet to be forthcoming despite strong interest.
UNLOCK				
The Airfields, Hobsonville Point	\$ 5,990	carry over to next quarter		Implementation of the Airfields Masterplan commenced with the lodging of the resource consent for the Framework Plan. A development agreement with A.V Jennings for the Airfields – stage 1 Superblock has been finalised. The refurbishment and asbestos decontamination of Wasp Hangar building is making good progress. Construction of key infrastructure works continued throughout the quarter.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	(\$1,765k)	carry over to next quarter		66 Flat Bush School Rd (Ormiston SHA) <ul style="list-style-type: none"> Processing of the title is underway and the development agreement is under negotiation. Ormiston Town Centre <ul style="list-style-type: none"> Construction of residential Blocks A & B are well underway, with first open

				<p>homes held and 2 properties sold.</p> <ul style="list-style-type: none"> Block E – Engineering Approval of Part 1 (Drainage) has been received. Resource Consents for Blocks H & L have been submitted, with draft conditions received.
Papatoetoe Town Centre	\$ 301k	carry over to next quarter		<p>Shopping Mall</p> <ul style="list-style-type: none"> The building consent for Mall works has been lodged. The tender plan is being developed. Lease negotiations with prospective occupiers are underway. <p>Supermarket</p> <ul style="list-style-type: none"> The car park costings is to be re-submitted by the construction company due to delays with the Supermarket Sales & Purchase Agreement being declared unconditional. <p>Tavern Lane</p> <ul style="list-style-type: none"> A reference design has been commissioned to form the basis of a new RFP which will be taken to the market to find a new partner.

5.1 Key deliverables for next quarter

Deliverable	Comments
HIGH LEVEL PROJECT PLANS	
High level project plans (HLPP)	<ul style="list-style-type: none"> The Onehunga HLPP will be presented to the Panuku Board for approval, followed by formal presentation to the ADC for endorsement. Henderson HLPP development to commence. An updated rolling program of HLLPs to be presented to the Board in June.
TRANSFORM	
Madden & Pakenham Street Upgrade	<ul style="list-style-type: none"> Completion of Madden Street Phase 2 (Halsey to Daldy) Continue Pakenham Street West (Beaumont Street to Daldy Street) in-road works.
Westhaven Marine Centre	<ul style="list-style-type: none"> Report to the Board seeking direction The business case is dependent on leasing response and confirmation of costs.
UNLOCK	

The Airfields, Hobsonville Point	<ul style="list-style-type: none"> Obtain resource consent for the Airfields masterplan Execute development agreement with A.V Jennings Construction of the first stage roading network will continue until August 2016. This will enable the first tranche of a minimum of 102 homes to be developed by AV Jennings
Ormiston Town Centre <i>(Partner: Todd Property)</i>	<ul style="list-style-type: none"> Uplift Block H&L resource consent Commence Civil works Block E Execute 66 Flatbush Road development agreement
Papatoetoe Town Centre	<ul style="list-style-type: none"> Shopping mall <ul style="list-style-type: none"> – Uplift building consent and develop tender plan Supermarket <ul style="list-style-type: none"> – Unconditional sale and purchase agreement – Commencement of car park works Tavern Lane – complete due diligence, reference design and pre-marketing.

6. Development Budget and Strategic Development Fund

6.1 Development Budget

In 2014/15 Council approved a \$5m annual budget sourced from property sale proceeds to cover investigatory activities and value-adding capital works on properties prior to development or sale. The 2015/16 budget has been split between \$4.1m for operational expenditure (includes inflation) and \$2.5m for capital expenditure (\$1.0m budget plus \$1.5m of deferrals from 2014/15).

\$000	Full year Budget	Forecast	*Committed to projects	Actual Expenditure	
Development Expenditure					RAG*
Development capital expenditure	2,529**	2,529	2,524	848	
Development operating expenditure	4,116	4,116	2,448	1,332	

**Including deferrals

The committed capital expenditure relates to value add activities for 24 projects. These include site decontamination, building demolition, subdivision, preliminary design, vendor due diligence and infrastructure - such as water reticulation.

Committed operating expenditure to date relates to 20 projects and includes feasibility work which is not capitalisable, such as the service property review.

6.2 Strategic Development Fund

\$000	Full year Budget	Actual YTD	Comments	
Strategic Development Fund				RAG*
Development capital expenditure	23,277	672		

The Strategic Development Fund is available for land acquisition and capital improvements for sites which will benefit from short to medium term investment and return an increased financial and non-financial outcome. The Onehunga Wharf purchase will potentially use the majority of the funds this year. We are still in discussions with Ports of Auckland Limited to finalise this sale. Further possible acquisitions are being investigated.

7. Financial Performance

The following tables and section provides an overall financial summary covering all Panuku Development Auckland's activities.

7.1 Operational

For the quarter ended 31/03/2016

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Operational			RAG*			RAG*
Revenue/External funding	26.1	37.5	11.4	35.0	47.5	12.5
AC funding	12.0	19.8	7.8	16.0	34.8	18.8
Expenditure excluding depreciation	36.6	30.2	6.4	49.7	45.7	4.0
Fair value decrease / (increase) on investment property	0	4.0	(4.0)	0	0	0
Depreciation	8.2	6.3	1.9	11.0	10.0	1.0
Tax		(0.8)	0.8			

Net Surplus/(Deficit) After Tax	(6.7)	17.6	24.3	(9.7)	26.6	36.3
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*RAG Status:

- Green** - Performance on target or better
- Amber** - Target may not be met, corrective action taken
- Red** - Target may not be met, action required

The third quarter Net Surplus After Tax is \$24.3m higher than YTD budget.

Revenue and External Funding is \$11.4m ahead of budget due to \$11.0m received from Mobil after the Court of Appeal found in Panuku's favour and awarded \$10.0m plus costs and interest. Mobil appealed to the Supreme Court on the 20th of April but no decision has been released yet. The additional revenue has been reflected in the forecast which is \$0.4m ahead of budget year to date. This is due to an increase in rates charged in Marinas, higher throughput over Wynyard wharf and increase in number of events at Queens Wharf. This is offset by a reduction in recharges mainly due to the cessation of property acquisitions on behalf of Auckland Transport.

Expenditure excluding depreciation is \$6.4m favourable compared to budget. This is made up of \$1.8m of costs that is deferred until FY 2016/17 for repairs at Hobson Wharf and service tunnels under the Waitemata Plaza; \$1.1m permanent saving in interest expense; \$3.7m in timing differences to the phased budget year to date that will be corrected by year end in the areas of management costs. These costs include repairs and maintenance, security/utilities and marketing, communications and place management.

An impairment of \$4.0m on Investment Properties has been recognised after the half year revaluation, reflecting the impact of the Wynyard Central program progression, this will be further revaluated at year end.

The reforecast shows an expected \$4.0m saving in expenditure by year end. This is due to the timing of repairs at Hobson Wharf \$0.8m and Waitemata Plaza \$1.0m; an expected reduction in consultants costs of \$0.8m as Panuku no longer acquire properties for Auckland Transport; a general reduction in amount spent year to date on valuations for property disposals, and interest charged from Council of \$1.4m by the end of the year as there will be a delay in the start of the construction phase of 2 major capital projects.

Actual YTD depreciation is \$1.9m; year-end expenditure is forecast to be \$1.0m less than budget once capitalisation has occurred as there is a reduction in overall capital spends in the year.

7.2 Capital

For the quarter ended 31/12 /2015

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Capital						
Expenditure	18.9	12.6	6.3	48.7	38.0	10.7
AC funding	15.2	8.2	7.0	23.6	18.9	4.7
External funding	3.7	4.4	(0.7)	25.1	19.1	6.0




There are 2 major projects that have external funding, the Pile Mooring Redevelopment at Westhaven where we are still awaiting resource consent and the Westhaven Marine Village Stage 1 which a report will be going to our Board in May. It is possible that no construction on these projects will take place in FY 15/16 and the budgets will be deferred to FY 16/17. To offset the under spend on these two projects we have forecast a \$12.8m additional cost for the decontamination of the Wynyard central sites (Willis Bond and Precinct). This was not included in the original LTP budgets, and was expected to be offset against lease prepayments.



AC funding represents the funding for capital public benefit works from Auckland Council. This year, Council is funding public capital expenditure by way of a grant instead of an equity injection. Capital budgets forecast are projected to be \$18.9m by year end.




The major AC Funded (Public) project underway is the Madden and Pakenham street upgrade. This project started in August and is progressing well. It is expected to be completed in April 2017, there will be a timing difference in the spend this year which will result in a potential deferral of \$1.9m into FY 16/17. There are 2 other projects where expenditure budgeted for FY15/16 has now been reprioritised into the FY 16/17 year. These are the Headland Park pre development work of \$1.3m and \$1.3m on the master planning on Queens Wharf.

8. Key performance measures




The table below shows Panuku's progress on key SOI performance measures.

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
<p>8. Property Portfolio Net Surplus</p> <p>The net surplus on the property portfolio achieves the annual budget agreed with Council.</p>	Net Surplus achieves budget for 2015/16		<p>Target is on track</p> <p>Net surplus on the property portfolio is \$23.5m, \$3.6m above YTD budget at the end of March 2016.</p>
<p>10. Occupancy percentage</p> <p>For those properties available for rent:</p> <p>The rolling average over a 12 month period, of % occupancy at each month end (LTP).</p>	The average of monthly % occupancy for the year is 95% or more.		<p>Target is on track</p> <p>The average monthly occupancy for the quarter is 98.2%.</p>
<p>13. Recommended Property Disposals</p> <p>Stakeholder input is obtained prior to Council Committee approval for disposal being sought.</p> <p>List of properties recommended for disposal submitted to Council,</p> <p>The disposal target for the next financial period will be agreed with Council in the current financial period.</p>	<p>A list of recommended properties totalling \$40 million gross value will be submitted to Council seeking approval to dispose for 2015/16 financial period.</p> <p>A recommended for disposal target for 2016/17 will be agreed with Council in the 2015/16 financial period.</p>		<p>Target is on track</p> <p>Properties to the value of \$31m have been recommended to date against a target of \$40m.</p>

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
<p>14. Net Property Sales</p> <p>Achieve total forecast net sales for the financial year.</p>	<p>Meet or exceed financial forecasts</p> <p>Property disposal target of \$50 million (net value of unconditional sales).</p> <p>Property disposal target (net value of unconditional sales) for 2016/17 financial period will be agreed with Council in 2015/16.</p>		<p>Target being monitored</p> <p>Properties to the net value of \$14.89m have been unconditionally sold to date against a target of \$50m;</p> <p>A forecast of \$45m of net unconditional sales could be achieved by the end of the financial year. However this is reliant on the disposal of three significant properties that accounts for \$41m of the \$45m forecast.</p> <p>The timing of sales will mainly fall in the last quarter of the year.</p> <p>The target is projected to be met.</p>
<p>16. Development Opportunities</p> <p>Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban regeneration combined)</p>	<p>At least 50 opportunities identified and assessed</p>		<p>Target is on track</p> <p>Work is continuing to progress on identification of opportunities.</p> <p>40 opportunities have been assessed to date.</p>

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
<p>17. Business Cases</p> <p>Business cases are developed for housing or urban regeneration projects and are submitted for approval by the Board and/or Council.</p> <p>(Three year targets - Housing and urban regeneration combined)</p>	<p>Three year target</p> <p>Business cases are prepared for at least three Council Housing for the Elderly sites to endeavour to achieve more intensive use of the sites for housing while retaining at least the current number of Council Housing for elderly units.</p> <p><i>Three year target due at end of June 2017.</i></p>		<p>Target is on track</p> <p>The Housing for Older Persons (HFOP) project is currently underway.</p> <p>The Selwyn Foundation has been selected through a contestable process to be Council's preferred partner.</p> <p>The business planning phase is on track. The public consultation document and Term sheets are under review in relation to the various contracts that will be established to give effect to the proposed business structure.</p>
	<p>Three year target</p> <p>Business cases to be prepared for ten housing development projects with an affordable housing component which will include private and other sector partners and may involve the Strategic Development Fund.</p> <p><i>Three year target due at end of June 2018.</i></p>		<p>Target is on track</p> <p>To date, eight business cases have been prepared to use the Strategic Development Fund for housing development projects against a 3 year target of ten projects.</p>
<p>18. Development Agreements</p> <p>Development agreements are submitted to the ACPL Board and/or Council for approval.</p> <p>(Housing and urban regeneration combined)</p>	<p>Three year target</p> <p>Five joint venture or agreements with third parties including community housing organisations to be</p>		<p>Target is on track</p> <p>To date, three joint venture agreements with third parties have been completed against a 3 year target of five joint venture agreements.</p>

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
	entered into. <i>Three year target due at end of June 2017.</i>		
	Three year target Twenty six development agreements with third parties including community housing organisations to be entered into. <i>Three year target due at end of June 2018.</i>		Target is on track To date, four development agreements have been entered into with third parties against a 3 year target of Twenty six development agreements.

Symbol	RAG Status	Definition
	Achieving	Performance on target or better. (This category also includes where a baseline has been established).
	Progressing	Target may not be met, corrective action taken.
	Improvement needed	Target may not be met, action required.

9. Annual performance measures

The table below details Panuku's other SOI performance measures that are reported annually at the end of the financial period.

Measure	Year-end target	Last Actual
1. Waterfront public spaces Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	75%	Annual Target
2. Waterfront visitors Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73%	Annual Target

Measure	Year-end target	Last Actual
3. Waterfront place programmes and activities Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	83%	Annual Target
4. Māori initiatives Number of significant Māori initiatives implemented per annum (LTP)	42	Annual Target
5. Manage marinas Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	73%	Annual Target
6. Facilitate private development of waterfront Ratio of private vs. public investment	0.81	Annual Target
7. Facilitate effective engagement with mana whenua % mana whenua and mataawaka satisfied with quality of engagement	Establish Baseline	Annual Target
9. Improvement in Property Portfolio gross rental income Improvement in gross rental income on those properties that are available for rent and have been held in the portfolio for at least two years prior to the end of the reporting period	The annualised % movement in gross rental income of properties with rent reviews during the financial period is equal to or greater than the CPI movement.	Annual Target
11. Property Portfolio Return on Investment Maintain or improve the baseline established at the end of the 2012/13 financial year. ROI on properties on a like for like basis (LTP) Panuku is committed to continuously review and improve the ROI target over the term of the SOI.	Greater than or equal to 2.1%	Annual Target
12. Return on Equity Return on Equity on commercial assets and services (LTP)	8.8%	Annual Target
15. Property Acquisitions Acquisitions are delivered within the timeline agreed with AC and AT.	75% satisfaction against agreed service performance measure	Annual Target

Measure	Year-end target	Last Actual
19. Project financial and non-financial outturn On completion, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)	All projects completed this year achieve business case financial and non-financial outturn	Annual Target

10. Contribution to Māori outcomes

The table below shows Panuku's progress on SOI project and initiatives contributing to Māori outcomes.

Key project and initiatives	Description	Progress
Maori Responsiveness Plan refresh	Refresh an amalgamation of WA and ACPL Maori Responsiveness Plans by end of 2015/16 and ongoing implementation of initiatives. Staff training to increase internal capacity. Continued input to Te Toa Takitini (led by Te Waka Angamua) where Panuku can contribute to delivery of priority projects.	Panuku is in the process of drafting a formal refresh of the combined ACPL and Waterfront Auckland (WA) Maori Responsiveness Action Plans. The document draws from both ACPL and WA historic plans, and the updated actions that have been developed for Panuku since the 1 September amalgamation. Our refreshed plan is based on the Te Toa Takitini 'Whai' work-programme, which provides a five strand structure identifying council-wide project initiatives contributing to Māori wellbeing. Additional all staff capacity building sessions were held in February 2016, targeting general knowledge of Tamaki Makaurau Māori and the Panuku commitments around our work with them. A legislation, local government and Maori training session is scheduled for June 2016.
Maori Engagement Forum establishment	Establish and manage a robust inclusive monthly Mana Whenua Forum to enable relationship with Panuku and facilitate input to Panuku projects. Identify Iwi interested in Panuku projects and facilitate input. Coordinate efficient	The monthly Forum has continued to be well attended and receives positive feedback. In Q3 the Panuku Forum covered briefing and discussion on our major work programme across the Transform and Unlock development locations. This has evolved into fortnightly working group sessions focused on incorporating mana whenua interests into the Transform Manukau Framework Plan. The work is being supported by further governance level hui, and individual iwi meetings to establish interests across the Transform Manukau

Key project and initiatives	Description	Progress
	<p>engagement with Council family to streamline engagement with mana whenua and mataawaka.</p> <p>Continue to share information with the Independent Maori Statutory Board (IMSB). Panuku will contribute information required for Te Tiriti Audit and will take account of IMSB's Schedule of Issues of Significance, the Maori Plan and the suite of statutory provisions relevant to our activities.</p>	<p>project area.</p> <p>Panuku coordinates hui using the council's centralised mana whenua engagement schedule which is held by Te Waka Angamua. Now that our work programme is agreed, Panuku is additionally turning its focus to coordinating engagement across key related entities. We are meeting with NZTA and AT in Q4 to discuss how we will work together in the Transform Manukau and Onehunga project areas.</p> <p>Panuku maintains a strong regular relationship with the IMSB. Information on key engagement is shared in detail, such as updates to the Maori engagement work into the business establishment phase of the council's Housing for Older People initiative.</p> <p>Panuku continues to align strategic and operational planning with IMSB Māori Plan objectives, including alignment in goals set in the Panuku Māori Engagement paper adopted by the Panuku Board in October 2015.</p>
<p>Maori Development Opportunities</p>	<p>Engagement with Iwi on commercial and housing development partnering opportunities in urban redevelopment projects and opportunities to purchase properties surplus to council requirements</p> <p>Explore any means to improve the coordination and efficient engagement with mana whenua and mataawaka around potential disposal properties and properties that may become available for development.</p> <p>Explore Iwi Investment Fund</p>	<p>Panuku will review concepts for building our commercial relationships with Maori at a Board workshop in April. Outputs from this session will guide refinement of a Maori commercial relationships Framework that is targeted for discussion with mana whenua governance in May 2016, and subsequent review by the Panuku Board in June/July 2016.</p> <p>Portfolio Review Rationalisation Process work is ongoing. Funding was set aside in Waterfront Auckland's annual budget to progress an Iwi Investment fund. Panuku is assessing the need for this fund alongside the swiftly changing environment of iwi commercial capacity and capability. Board approval will be sought in Q4 to ratify this recommendation. Noting that Panuku objectives are: for Māori to be informed and encouraged to participate in partnerships, that we can unlock the potential from Auckland's assets, that we contribute to Māori wellbeing and effective Māori capacity (IMSB Māori Plan objectives) and we enable Māori outcomes (Council' Māori Responsiveness Framework driver).</p>
<p>Recognition and celebration of Maori cultural values and</p>	<p>Maori cultural input to development projects: Identification of opportunities for mana</p>	<p>The Transform Manukau location work include intensive kaitiaki and governance level work programme seeking to embed mana whenua interests at the Framework Plan level. This work is intended to guide future activity</p>

Key project and initiatives	Description	Progress
heritage	<p>whenua in terms of urban design, art, landscaping, narratives, naming, etc, and application of Te Aranga Maori Design principles in Panuku development projects</p> <p>Promotion of te reo Maori (new streets, laneways, buildings, wayfinding signage and communications)</p> <p>Support for Maori-focussed events at the waterfront.</p>	<p>in the project areas with key outcomes across environmental planning, visible design and cultural elements in the public realm, and the development of living spaces through our place-making programme.</p> <p>This work is anticipated to extend across the Onehunga Transform project by the middle of 2016.</p> <p>The process for Mana whenua review of the engagement plans for Te Aranga Design application in the Civic Administration short-listed tenders was agreed in February.</p> <p>Design briefs for art and design opportunities across the Wynyard Central area are in progress.</p> <p>Māori-focused events at the waterfront:</p> <p>Panuku has made available two permanent waka berths for mana whenua and other Maori organisations at Westhaven. Panuku is working with mana whenua and Te Herenga Waka Trust on operational management of berth use, and exploring options for growth of waka culture through the Place Making programme.</p> <p>Panuku is continuing with planning and materials associated with Matariki Festival 2016.</p>

Initiative	How it contributes to Maori outcomes	Spend to date \$000	Forecast total spend \$000
Maori engagement	Improves public space and activities through input from Iwi	\$101	\$ 170
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$ 155	\$ 185
Maori koha		\$ 0	\$ 5

11. Key Local Board issues

One of the key roles of the Panuku Stakeholder Engagement team is to streamline the organisation's relationship with Local Boards as one of our most significant key stakeholders.

Local Boards take a significant interest in the way that properties and projects within their boundaries are managed. This results in a number of queries, requests for presentations and reports from teams across the organisation.

To enable the organisation to focus on its core skill of property development and property management, responding to Local Board queries and requests will now be managed by the stakeholder engagement team, with subject matter help from across the business as appropriate. Resourcing for this additional work is being monitored.

We are now preparing a tailored framework to guide how we engage with each Local Board as opposed to adopting a 'one size fits all' approach. This is in line with the commitment in our Local Board Engagement Plan to developing collaborative partnerships with all Local Boards.

Approval of this Framework will be sought from Panuku SLT, Panuku Board, Local Board Services and the Local Boards themselves. The framework will look at respective roles, responsibilities and reasonable expectations around delivering on an agreed vision of what realistic and reasonable best practice engagement looks like in our current operating environment, being mindful of constraints on time and people resource.

Work continues at the project level with Local Boards to develop tailored Terms of Reference agreements. Regular project update meetings and Local Board officer meetings also continue to take place.

12. Risk Management

Panuku Development Auckland has a comprehensive risk management framework (based on AS/NZA ISO 31000 Risk Management – Principles and Guidelines). This framework includes:

- Risk management policy, guidance and tools
- Monthly risk reporting to the Board and Management
- Quarterly risk reporting to the Audit and Risk Committee
- An annual independent external audit completed by Audit NZ
- Internal audit covering review of key internal controls
- Other policies, plans and processes covering specific risk areas such as Health and Safety risks.

The key operational risk relates to Panuku discharging its legal obligations under the new Health & Safety Act that will come into force in April 2016.

Overall, Panuku has in place controls and mitigations to manage these risks.

Panuku's key risk relates to the resourcing and funding of the Transform and Unlock projects. A Master Programme is being developed to manage the resourcing risk and the Council annual plan and business case process will address project funding risks.