

Panuku Development Auckland

Quarterly Report

Quarter ended 31 December 2015

CCO Governance and Monitoring Committee

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1. Executive Summary

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

Having been established on 1 September, the second quarter saw Panuku fully operational.

Council approved Onehunga and Manukau as locations where Panuku will guide transformational change. Panuku will work with Local Boards, the Council family, Government and the wider community to plan development. High Level Project Plans for these locations will be put forward to Council for endorsement in the fourth quarter.

In the third quarter, Panuku will also submit High Level Project Plans for Northcote and Takapuna to Council for endorsement, recommending ways of unlocking potential in these urban centres.

The second quarter was characterised by engagement, with Panuku reaching out to Iwi, Local Boards and the wider community to tell its story, share its ambitions and seek input about what Panuku should do and how it should work. The response to Panuku's approach and plans is positive. This outreach to the community and our partners will be the ongoing modus operandi of Panuku.

Alongside this, Panuku has developed a more sophisticated view of the Council's property portfolio, and is continuing to manage that portfolio in a more strategic way.

Financially, for the quarter ended 31 December 2015 a net surplus of \$16.2 million was achieved, \$21 million more than YTD budget. This additional revenue was mainly made up of the \$11 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 \$6.5 million (\$5.9 million lower than YTD budget). The projected year end expenditure is \$48.7 million, will be in line with budget.

2. Strategic issues and focus areas

Panuku has been strongly focused on identifying locations where it will focus its urban redevelopment efforts. In December 2015, Panuku recommended Onehunga and Manukau as locations where it will undertake transformational urban redevelopment.

This upcoming quarter, Panuku is working on developing an ongoing programme that covers unlock and support locations.

Strong relationships with Iwi, the Government, and Local Boards are critical to Panuku's success. Panuku is actively engaged with these partners, setting down a strong foundation from which collaboration can be built.

Alongside the urban development work, Panuku is ensuring that its core business of property portfolio management, commercial business activities, and place management are provided to a high quality.

3. Highlights for the last quarter

The highlights for the quarter were:

- The Council agreed that alongside the Wynyard Quarter, Onehunga and Manukau will be the locations where Panuku will undertake *transformational* urban development. The rest of the development programme, unlock and support locations were also endorsed.
- The Selwyn Foundation was selected as the preferred Community Housing Partner for Auckland Council's Housing for Older People portfolio. A memorandum of understanding between Panuku and The Selwyn Foundation was signed in December 2015. A high level development plan covering the property portfolio will be agreed between Panuku and The Selwyn Foundation and recommended to Council later in the year. The partnership will commence in June 2016.
- The Auckland Development Committee adopted the 14/6 Hobsonville Airfields Masterplan allowing 14 hectares of land to be redeveloped as residential, and 6 hectares of land to be redeveloped as mixed use. This allows Panuku to begin the redevelopment process immediately.
- Construction of Willis Bond's residential apartment developments in the Wynyard Quarter commenced. One hundred and thirteen townhouses and apartments will be built, the first stage of an overall project that will see 500 to 600 apartments, townhouses and duplexes built. In January 2016, 75% of the apartments in Wynyard Central and 80% of the apartments at 132 Halsey Street had been sold.
- Panuku continued to explore the opportunity for private sector investment to purchase and refurbish the Civic Administration Building and develop the surrounding land. A report seeking authority for Panuku to manage the commercial process will be presented to the Finance and Performance Committee in February 2016.
- Negotiations are well advanced in respect of various commercial agreements that can assist in progressing the regeneration of Britomart precinct. Related to this, the Panuku Board has approved expenditure of up to \$2 million to fund additional structural works under the Central Post Office (CPO) building that will be carried out in conjunction with the Central Rail Link construction works. This strengthening

is prudent 'future proofing' that will make it possible to realise commercial development opportunities over the rear of the CPO site. The funding is sourced from the Strategic Development Fund and will be repaid as the development opportunity is realised.


4. Future outlook






Over the next quarter, Panuku will:

- Submit High Level Project Plans to the Auckland Development Committee for approval. The Takapuna and Northcote unlock locations in March 2016 and Onehunga and Manukau transform locations in April and May 2016.
- Hold the ground breaking ceremony for the construction of a 200 room Park Hyatt Hotel in the Wynyard Quarter on 15 March 2016.
- Establish Queens Wharf Village, a pop up retail village utilising shipping containers for shops, by February 2016. The village will provide some mitigation for the loss of public amenities in the area when Precinct Properties begin their Downtown project. The Village will be in place for three years; however it will be temporarily removed during the World Masters Games to comply with their marketing requirements.
- Defend its claim of compensation from Mobil for the contamination of land Mobil leased in the Wynyard Quarter. Panuku won its Court of Appeal case, however Mobil has been given leave to appeal to the Supreme Court. The Supreme Court will hear the case on 20 April 2016.

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		Feedback was received during Panuku's engagement process from Local Boards, Iwi and other key stakeholders on the list of development locations. The final priority transform development locations have been confirmed by the Panuku Board. They are Manukau, Onehunga, Takapuna and Northcote.

				The Auckland Development Committee also endorsed these locations in December 2015.
TRANSFORM				
Wynyard Quarter – Public Project Madden & Pakenham St Upgrade	\$ 3,096k	carry over to next quarter		Construction of Madden Street Phase 1 (between Beaumont and Daldy streets) and Madden Street Phase 2 (Halsey to Daldy) continues. In ground works (stormwater and services infrastructure) now complete in Phase 1 and 2.
Westhaven Marine Centre	\$ 563k	carry over to next quarter		Resource Consent application submitted. Formal leasing campaign for the Westhaven Marine Village has commenced.
UNLOCK				
The Airfields, Hobsonville Point	\$ 2,471	carry over to next quarter		The Auckland Development Committee resolved in November 2015 that Panuku's Hobsonville Airfields 14/6 Masterplan be adopted. Implementation of the Airfields Masterplan has commenced with construction of key infrastructure works underway. This will enable the first stage of housing to be developed.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	\$ 31k	carry over to next quarter		<ul style="list-style-type: none"> • Pak n Save Supermarket officially opened in November 2015 • 66 Flat Bush School Rd (Ormiston SHA) – Head of Terms executed, development agreement under negotiation • Blocks A&B Residential Construction – stage 1 expected to be marketed for sale April 16. • Block E Resource Consent Lodged and approved. • Block H&L – Infrastructure & Land-use Consent Lodged • Block E – Engineering Approval Lodged • Block H&L – Engineering Approval Lodged (Storm water and sanitary sewer) • Bulk Earthworks Contract commenced on site.
Papatoetoe Town Centre	\$ 218k	carry over to next quarter		Shopping Mall: Building consent and tender drawings for the re-developed Mall are under preparation. The existing tenants have been given notice to vacate their premises by March 2016. Supermarket: The acceptance of the carpark

				<p>tender is being held in abeyance pending the supermarket sale and purchase agreement being declared unconditional.</p> <p>Tavern Lane: Development agreement currently under negotiation with the developer. The intention is to complete this by the end of February 2016. Consideration is being given to incorporate other council land that adjoins the property.</p>
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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 Northcote and Takapuna HLPPs will be discussed in workshops with the respective Local Boards and Auckland Development Committee (ADC) in February and formally submitted to ADC for approval on the 24 March 2016. Northcote HLPP will be submitted to the Panuku Board on the 24 February for approval. Manukau and Onehunga HLPPs will be workshopped with Local Boards in February and the Panuku Board in March. This is followed by an ADC workshop in March and formal adoption by ADC in April and May 2016. A rolling program of HLLPs will be submitted to the Panuku Board in February 2016 in respect of the balance of the priority locations identified to the Board in 2015.
TRANSFORM	
Madden & Pakenham Street Upgrade	<ul style="list-style-type: none"> Completion of Madden Street Phase 1. Construction of combined services trenches in Pakenham Street footpath zone. Commencement of Pakenham Street West (Beaumont Street to Daldy Street) in-road works.
Westhaven Marine Centre	<ul style="list-style-type: none"> Westhaven Marine Centre – business case Business case dependent on leasing response and confirmation of costs.
UNLOCK	
The Airfields, Hobsonville Point	<ul style="list-style-type: none"> Construction of the first stage roading network will continue until August 2016. This will enable the first tranche of a minimum of 80 homes to be developed. Once the whole site is adopted as a SHA, the HPO will give effect to the overall development plan known as the 14/6 Masterplan.
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 Lodge Final Engineering Approval for Block H&L Civil

	<ul style="list-style-type: none"> Block F&J resource consent - implement strategy for resource consent uplift Complete Developed design Block F&J Execute 66 Flatbush Road development agreement Complete Bulk Earthworks Contract (March/April)
Papatoetoe Town Centre	<ul style="list-style-type: none"> Shopping mall – Building consent plans to be lodged in February 2016. Supermarket – Unconditional sale and purchase agreement anticipated in February 2016. Tavern Lane – Complete the substantially negotiated development agreement

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. In the 2015/16 the 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	532	
Development operating expenditure	4,116	4,116	2,448	988	

**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	424		

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. Opportunities are currently being assessed within the Operational expenditure budget of the Development Fund.

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 31/12/2015

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Operational			RAG*			RAG*
Revenue/External funding	17.2	27.7	10.5	35.0	45.5	10.5
AC funding	7.7	12.8	5.1	16.0	39.5	23.5
Expenditure excluding depreciation	24.2	20.1	4.1	49.7	47.4	2.3
Depreciation	5.5	4.2	1.3	11.0	11.0	0
Tax						
Net Surplus/(Deficit) After Tax	(4.8)	16.2	21.0	(9.7)	26.6	36.3

*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 second quarter Net Surplus After Tax is \$21m higher than YTD budget.

Revenue and External Funding is \$10.5m 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 is appealing on the 20th of April but it is unlikely that a decision will be reached before the end of June 2016. The additional revenue has been reflected in the forecast. Other revenue is \$0.5m below budget year to date. Panuku is no longer undertaking acquisition of properties for Auckland Transport and as a result people or consultant time that was budgeted to be expensed and then on charged as a revenue recovery is not occurring this year.

Expenditure excluding depreciation is \$4.1m, is favourable compared to budget. There are timing differences to the phased budget year to date that will be corrected by year end in the areas of management costs, repairs and maintenance, security/utilities and marketing, communications and place management.

The forecast has been updated to show an expected \$2.3m saving in expenditure by year end, due to rates expenses for the year \$0.2m less than budget, timing of repairs at Hobson Wharf \$0.7m, an expected reduction in consultants costs of \$0.8m as the Acquisitions team no longer acquire properties for Auckland Transport and a general reduction in amount spent year to date on valuations for property disposals. Interest charged from Council is \$0.7m behind the phased budget; this variance is expected to increase to \$1.0m 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 \$1.3m, year-end expenditure is anticipated to meet budget as asset capitalisation occurs.

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	12.4	6.5	5.9	48.7	48.7	0
AC funding	10.0	5.2	4.8	23.6	23.6	0
External funding	2.4	1.3	1.1	25.1	25.1	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 construction is expected to start before the end of the FY15/16 year, at this stage the full year budget is expected to be utilised.



AC funding represents the funding for operational and capital public benefit works from Auckland Council. Council is now funding public capital expenditure by way of a grant instead of an equity injection. To date \$5.2m has been received and based on capital budgets it is forecast to be \$23.6m by year end. AC funding for operational expenditure is equal to phased budget.



The major AC Funded (Public) project underway is the Madden and Pakenham street upgrades. This project started in August and is progressing well. It is still expected to be completed in December 2017. At this stage the full year budget is also expected to be fully utilised.


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 \$13.3m, \$1.6m above YTD budget at the end of December.</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 98.5%.</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</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</p>		<p>Target is on track</p> <p>Properties to the value of \$25m have been recommended to Council to date against a target of \$40m.</p>

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
with Council in the current financial period.	agreed with Council in the 2015/16 financial period.		
<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 \$11.12m 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 from the sale of 16 properties. However this is reliant on the disposal of three significant properties that accounts for \$41m of the \$45m forecast. The risk to this target is being actively managed and reported to the Panuku Board.</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>17 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 for the development of the HFOP portfolio.</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, six 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 entered into.</p> <p><i>Three year target due at end of June 2017.</i></p>		<p>Target is on track</p> <p>To date, two 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
	<p>Three year target</p> <p>Twenty six development agreements with third parties including community housing organisations to be entered into.</p> <p><i>Three year target due at end of June 2018.</i></p>		<p>Target is on track</p> <p>To date, three development agreements have been entered into with third parties against a 3 year target of Twenty six development agreements.</p>

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
<p>1. Waterfront public spaces</p> <p>Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)</p>	75%	Annual Target
<p>2. Waterfront visitors</p> <p>Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)</p>	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 DA can contribute to delivery of priority projects.	The Panuku Board adopted a Maori Engagement plan in October 2015. This includes a high level Action Plan that provides the basis for the Panuku updated and amalgamated Maori Responsiveness Plan. The project specific actions translated in draft form have been included into Te Toa Takitini work programme schedules (Council's Maori Responsiveness Framework delivery programmes). Next steps include the review of the draft document by the Panuku Executive Lead Team (ELT) to confirm wording, ownership and outcomes. All staff capacity building sessions were held in November/December 2015.. Senior Lead Team capacity building sessions were also held in November 2015. A mana whenua lead session was held in December with the Panuku Wynyard Quarter development project staff. Similar information sharing sessions on matauranga Māori and Te Ao Māori are to be scheduled in 2016.
Maori Engagement Forum establishment	Establish and manage a robust inclusive monthly Mana Whenua Forum to enable relationship with DA and facilitate input to DA projects. Identify Iwi interested in DA projects and facilitate	The monthly Forum has continued to be well attended and receives positive feedback. Representatives at the Forum have provided input into a variety of region-wide initiatives such as the Housing for Older People tender review process and the Priority Development Location Selection (PDLS) process. A priority for early 2016 is sharing project specific details of the Panuku Transform/Unlock/Support work

Key project and initiatives	Description	Progress
	<p>input.</p> <p>Coordinate efficient 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). DA 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>programme and to facilitate kaitiaki input into outcomes for these projects.</p> <p>Panuku coordinates hui using the council's centralised mana whenua engagement schedule which is held by Te Waka Angamua. It is working with ATEED to establish potential for collaborative work delivering on objectives in Te Toa Takitini Whai Rawa programme.</p> <p>Panuku maintains a strong regular relationship with the IMSB. Information on key engagement is shared in detail, and there is on-going discussion around regular engagement such as the Rationalisation Process. Exceptions are monitored and discussed, for example management of Te Tauoma cultural significance issues.</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>Individual meetings have been held with six mana whenua iwi authorities to develop a relationship with Panuku as a new entity.</p> <p>The Council owned property disposals review pipeline has been shared, identifying updated opportunities.</p> <p>MOUs to guide our individual relationships are in progress with four mana whenua iwi authorities and three more to commence in 2016.</p> <p>A commercial framework paper is in progress to clarify the Panuku approach to commercial relationships with mana whenua iwi and hapu and other Maori organisations. The paper is targeted for review by the Panuku Board in March/April 2016.</p> <p>Portfolio Review Rationalisation Process work is ongoing. A batch of 22 properties was progressed through mana whenua engagement in November 15</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>There is active work progressing kaitiaki input into 20 Link Crescent. This collaborative work has resulted in development of an off-site Stormwater mitigation initiative.</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 DA development projects</p> <p>Promotion of te reo Maori (new streets, laneways, buildings, wayfinding signage and communications)</p> <p>Support for Maori-focused events at the waterfront.</p>	<p>Detailed input into projects is progressing including a mana whenua led EOI process for art on the Queens Wharf Village containers, and ongoing work through Te Aranga Design process for outcomes on Westhaven, Wynyard Central and the Civic Administration Building.</p> <p>Mana whenua input into the Te Aranga Design criteria for the Civic Administration RFP was confirmed in December 15.</p> <p>Design briefs for art and design opportunities at Platform 2/Marine Centre are to be finalised in January 16.</p> <p>Panuku is progressively adopting and integrating Te Reo and core Maori values into our business language and practices. Whanaungatanga, manaakitanga, kaitiakitanga are now key principles in the Panuku values matrix.</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 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 working with Te Herenga Waka Trust and Ngati Paoa in preparation for Auckland Anniversary weekend waka related activities. Quarter two, continuing with planning and materials associated with Matariki Festival 2016.</p> <p>Theming and concept discussions for naming opportunities in Wynyard Central progressed throughout quarter two. Mana whenua nominated and ratified Tiiramarama Way as their preference for the working titled 'East West Street'. Further opportunities in the laneways are being considered in 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	\$ 113	\$ 170
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$ 61	\$ 185
Maori koha		\$ 0	\$ 5

11. Key Local Board issues

The Local Board Engagement Plan (LBEP) was approved by the Panuku Board as part of the Communications and Engagement Framework paper tabled at the November 2015 Board meeting.

The LBEP provides an overarching framework to guide engagement between Panuku, CCOs and Local Boards. The plan documents a baseline for engagement across the region, it states how we will develop a framework for working with individual Local Boards in the sliding scale of redevelopment locations. The more detailed protocols are currently being developed in conjunction with Local Board Services and the relevant Local Boards. We are working with Local Board Services to develop a Terms of Reference document. This template will be tailored with each of the Local Boards in the Transform and Unlock category locations. The purpose of the document will be to establish roles/responsibilities and to provide a written record of the engagement framework specific to each of the location's projects.

Local Board engagement on location selection continued throughout November and December 2015. Local boards provided written feedback in November on the proposed work programme. The feedback was included in the November Board report and also in the December Auckland Development Committee report. Conversations have begun with some Local Boards in the Transform and Unlock development categories. Formal conversations with relevant Local Boards to agree on engagement protocols for the masterplanning phase will commence in February 2016.

Workshops have been set up to present the Takapuna, Northcote, Onehunga and Manukau High level project plans (HLPPs) to the relevant local boards during February 2016.

A Local Board & Panuku Communication & Engagement working group has been set up for each of the Takapuna, Northcote, Onehunga and Manukau locations. These working groups will develop and implement a locations specific engagement plan. The collaborative approach has been very well received by the Local Boards.

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.

Panuku's strategic objectives are to catalyse urban development and strategically create value from assets. The current key strategic risks relate to completion and approval of location High Level Project Plans (HLPPs) and the identification of opportunities to add value.

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.