

Panuku Development Auckland

Quarterly Report

Quarter ended 30 June 2016

CCO Governance and Monitoring Committee

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1. Executive Summary

The establishment of Panuku by merging Auckland Council Property Limited and Auckland Waterfront Development Agency together has gone extremely well. Panuku continues to do the good work of its forerunner agencies, and now has the critical mass it needs to have an even greater impact on urban development in Auckland.

Panuku has quickly found its feet and is meeting the Council's challenge to catalyse urban development at scale. 19 locations have been identified for Panuku to develop, with Manukau and Onehunga joining the Auckland Waterfront as locations for transformative change, and Northcote and Takapuna being approved as locations where development will unlock potential of the centres.

In our first Statement of Intent, we specified three focus areas for our first year. The first focus was bedding in the new organisation, bringing the Board and Executive up to speed on the business, including the accountability framework, strengthening the key relationships and implement the priorities for the first three years. The aim is to ensure the newly established organisation is performing well with key processes, systems and people in place. The transition has been a seamless one, with all the core processes and systems in place. The workload of Panuku has increased exponentially over the first year and the challenge moving forward will be to ensure that resources Panuku has are balanced with the demands on its time.

The second focus was to maintain the momentum on key projects including the development of Wynyard Quarter at the waterfront, City Centre Strategic Projects, Ormiston Town Centre, Papatoetoe Town Centre, Hobsonville and Tamaki Redevelopment. As you will read in the Highlights section, momentum on these key projects has been maintained.

The third focus was the confirmation of new projects for Development Auckland from the shortlist provided by Auckland Council. 19 locations have been identified for Panuku to develop, with Manukau, Onehunga, Northcote and Takapuna being approved as locations for transformation/unlock development of the centres.

Panuku have met all its SOI performance measures and targets this year, with one measure that has been substantially met. Some notable achievements this year include the unconditional sale of \$56m worth of properties against the target of \$50m, annual net surplus on the property portfolio of \$32m against budget of \$27.5m and a survey result of 93% visitor satisfaction with the experience of the public spaces on the city centre waterfront. Please refer to section 8 for the full table of results.

Financially, for the year ended 30 June 2016 a net surplus of \$45.2 million was achieved, \$54.9 million more than full year budget. The favourable surplus compared to budget was mainly due to a fair value increase in Investment Properties of \$33m,

reflecting the impact of the Wynyard Central program progression and general increase in property values.

The capital expenditure for the year was \$22.5 million; \$26.2 million lower than full year budget. The under spend was mainly due to the delay in applying for resource consent as result of longer than expected project consultation process for the Pile Mooring Redevelopment at Westhaven (\$11.8m) and the Westhaven Marine Village Stage 1 project (\$7.8m) which has been under Board review and a new scaled down version is now being designed. The remaining budgets of both projects have been deferred to FY16/17.

It has been a very successful first year for Panuku, and a solid foundation has been laid for Panuku to make a real difference by catalysing urban development across Auckland.

2. Strategic issues and focus areas

Priority Development Locations

Manukau

In respect of Manukau, the framework planning is continuing with the first draft of the Framework plan presented to the Panuku Board in July 2016 for their input.

Meetings of the Manuku transform Joint Liaison Body, made up of Council family and Crown representatives were held during the quarter. The focus is on how the group can work together, including active Crown participation in the framework planning process and thinking ahead on the follow up on work required by all parties once the framework plan is completed.

Onehunga

A significant amount of resource during this quarter has been directed at considering the potential impact of the East West Connection on Transform Onehunga, particularly as it relates to the interface with Onehunga Port area. This has impacted on the progress of the High Level Project Plan (HLPP) which has been placed on hold. Work has been continuing to inform the content of the document. In particular, we have been building on the cultural narrative for Onehunga, high level vision and principles through engagement with Mana Whenua and the Local Board, and discussions with Housing NZ. This will set the document intent up very well with key stakeholder buy-in.

Henderson

We are also progressing work on the Henderson High Level Project Plan. Engagement with Auckland Transport has progressed to understand the CRL needs in Henderson including an additional platform. The focus is on the Council building site which will have significant vacancies from June 2017. A large Panuku managed development site is alongside the office building.

Housing for Older Persons Network of Villages

Substantial effort is continuing to be committed by Panuku to the two key workstreams we are leading. These are the negotiations of the joint venture agreement with Selwyn, and associated business case, and secondly the high level project plan which will provide mandate and parameters for a multi-year redevelopment programme. Both of these key decision papers were approved by the Panuku Board in July 2016. They will be presented to the Governing Body for a decision in August. Contemporaneously the Council is undertaking public consultation to make the necessary amendment to its long term plan to enable this agreement to be reached.

3. Highlights for the year

The following are the key highlights and achievements of Panuku for the year.

Development locations

Over the year, Panuku identified the areas where it will facilitate significant urban redevelopment.

Manukau, Onehunga, and the Auckland Waterfront are areas which were selected as Transform locations, where Panuku will transform locations by creating change through urban regeneration. The Waterfront is undergoing rapid change, which is summarised below. For Manukau, Councillors agreed a High Level Project Plan, and a more detailed Framework Plan is now being finalised.

Northcote and Takapuna were selected as Unlock locations, where Panuku will unlock development potential for others.

These locations align to the programme presented to, and approved by, the Auckland Development Committee in December 2015.

In Takapuna, Auckland Council owns nearly four hectares of land focused around the Anzac Street carpark and the Gasometer site, which are ripe for new residential and public space developments.

In Northcote, Panuku has an opportunity to upgrade the town centre. It is also advocating for an integrated redevelopment plan for the surrounding Housing New Zealand land and the Northcote Special Housing area, which has the potential to create a significant increase in housing.

In Hobsonville, Panuku will facilitate the development of the 20ha Airfields site, which will deliver 400 homes over 16ha with the remaining 4ha being used for mixed use development. The first stage, comprising 1.6ha, will be developed by A V Jennings. At least 50 houses will be developed alongside a family centre and landscaped reserve.

The first stage of the Ormiston town centre was completed by Todd property in December 2015. The first major commercial building, the Pak n Save supermarket, opened in February 2016. The first tranche of 63 homes on Haddington Drive is being built and several have already been completed and sold. The entire Ormiston Town Centre development is expected to be finished by 2023. It will eventually include approximately 500 to 700 apartments and townhouses.

In Papatoetoe, Panuku is leading the renewal of the Old Papatoetoe mall, a 2.5ha block of land, which will see the area opened up with a new plaza space, reconfigured shops, and upgraded car park and a revamped New World Supermarket.

Initial thinking is also underway on how we can unlock the potential of Henderson. This includes the Waitakere office site and surrounding land, potentially converting the ex-Waitakere City Council building into a mixture of new homes, business and retail space.

Panuku is also working on a number of Support locations, where it ensures that Council is making the most of what it already has. These projects are smaller than Transform and Unlock projects, but it is Support projects which are delivering shorter term, high impact development in Auckland.

Panuku signed a development agreement with McConnell property to develop 50 houses at 20 Link Crescent in Whangaporoa.

In Avondale, Panuku is working with Ockham Residential on a housing development on Racecourse Parade. The development will provide 72 well designed medium to high density apartments.

Across Auckland, Panuku will be working hard to shape spaces that Aucklanders love.

Transforming Auckland's Waterfront

The Wynyard Quarter provides 37ha of prime land for regeneration. Already, 500 metres of award-winning places alongside the water's edge have been delivered, including North Wharf, Silo Park and the Daldy Street Linear Park. Thousands of Aucklanders love this space every week.

In March 2016, 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 which is being constructed next to Karanga Plaza. This hotel will be the first international standard five-star hotel in New Zealand.

Willis Bond is constructing the first stage of its residential developments which will eventually see 800 apartments of various types and sizes built. The first stage, alongside Daldy Street Linear Park and in Halsey Street, will see 164 apartments completed by 2018.

And Precinct Properties is constructing the first stage of its commercial developments which will eventually see approximately 46,000m² of commercial space built. Stage 1 is underway with the refurbishment of the Mason Brothers building and the construction of 10 Madden Street, which will house GridAKL, the centrepiece of Wynyard Quarter's Innovation Precinct.

The cranes towering above the Wynyard Quarter are evidence of the substantial regeneration that is underway.

Housing for Older People portfolio

Auckland Council currently owns 1,452 units to house older people. In December 2015, Auckland Council selected Selwyn Foundation as its new Community Housing Partner. Together with Selwyn, Panuku will work to revamp, intensify and redevelop the portfolio. Not only will at least the current number of units for older people be retained, but redevelopment will provide a mix of additional housing types.

Property Management

Panuku manages approximately \$1.9 billion of the Council's non-service property. This includes managing a diverse range of rental properties, including residential, commercial and business interests (including quarries, waste disposal and forestry). In 2015/16, Panuku rental portfolio delivered an annual net surplus of \$32 million, compared to a budgeted net surplus of \$27.5 million.

Property Acquisition and Disposals

Panuku manages property acquisition and disposals on behalf of Auckland Council. In 2015/16, Panuku acquired 29 properties worth \$39.5 million. These properties will help the Council to deliver important projects, including the Central Rail Link and open space and stormwater projects.

Disposing of Council properties is an important role, giving Council an important funding stream and also optimising the property portfolio that Council has. Every year, the Council sets Panuku two targets: one for the value of property that it should recommend to Council for disposal; the second, the value of unconditional sales of property. In 2015/16, Panuku recommended \$53.8 million of sales to Council (above the SOI target of \$40 million); Panuku also completed unconditional sales worth \$56 million (above the SOI target \$50 million).

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.
- Progress the High Level Project Plan (HLPP) for the Onehunga Transform project. 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.
- Continue to work with The Selwyn Foundation on establishing the Community Housing Partner for the Housing joint venture for Older People (unlock project) and to form a development programme for its housing portfolio.
- Continue 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.
- Continue to 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. The Housing for Older People (HfOP) HLPP was approved by the Panuku Board in July 2016. The HLPPs for Onehunga and Henderson are progressing.
TRANSFORM				
Wynyard Quarter – Public Project Madden & Pakenham St Upgrade	\$ 8,922k	carry over to next quarter		Delays to the opening of the Halsey Street project, an Auckland Transport led project are having an impact on Madden and Pakenham staging. Construction of Madden Street Phase 1 (between Beaumont and Daldy) completed and opened to public use. Construction of Pakenham Street (between Beaumont and Halsey) is progressing well.
Westhaven Marine Centre	\$ 590k	carry over to next quarter		The leasing campaign has closed. The project is going through a redesign proposal.
UNLOCK				
The Airfields, Hobsonville Point	\$ 8,482	carry over to next quarter		Implementation of the Airfields Masterplan progressed with obtaining the resource consent for the Framework Plan. Residential Mega Lots 2, 3, 4 will go to market next quarter.

				<p>The refurbishment and asbestos decontamination of Wasp Hangar building is close to completion.</p> <p>Construction of key infrastructure works continued throughout the quarter.</p>
<p>Ormiston Town Centre <i>(Partner: Todd Property)</i></p>	<p>(\$1,668k)</p>	<p>carry over to next quarter</p>		<p>66 Flat Bush School Rd (Ormiston SHA)</p> <ul style="list-style-type: none"> • Board approval has been obtained to negotiate commercial terms of a development agreement. <p>Ormiston Town Centre</p> <ul style="list-style-type: none"> • Construction of residential Blocks A & B are well underway, 25 properties have now been sold. • Block E – Earth works completed. Civil works due to commence in September. • Resource Consents for Blocks H & L have been received.
<p>Papatoetoe Town Centre</p>	<p>\$ 490k</p>	<p>carry over to next quarter</p>		<p>Shopping Mall</p> <ul style="list-style-type: none"> • The Mall refurbishment works are going through a tender process. <p>Supermarket</p> <ul style="list-style-type: none"> • The land title for the Supermarket is going through regulatory approval. Car park works are currently being redesigned to have regard for the legal road. <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"> • Housing for Older People (HfOP) HLPP will be presented to the Auckland Development Committee for endorsement. • Progressing Onehunga, Henderson and Papatoetoe HLPPs • An updated rolling programme of HLPPs to be presented to the Board in October 2016. • Methodology to measure total benefits to be developed.
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 on redesign and financial parameters.
UNLOCK	
The Airfields, Hobsonville Point	<ul style="list-style-type: none"> • Residential Mega Lot 1: Construction of the first stage roading network will continue. This will enable the first tranche of a minimum of 102 homes to be developed by AV Jennings • Residential Mega Lot 2, 3, 4: will go to the market.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	<ul style="list-style-type: none"> • Commence Civil works Block E • Progress negotiation on the 66 Flatbush Road development agreement
Papatoetoe Town Centre	<ul style="list-style-type: none"> • Shopping mall <ul style="list-style-type: none"> – Complete tender process • Supermarket <ul style="list-style-type: none"> – Commencement of car park works • Tavern Lane – complete due diligence, reference design and 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	1,404	
Development operating expenditure	4,116	4,116	5,436	2,944	

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	927		

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 majority of the annual budget was for the purchase of the Onehunga Wharf from Ports of Auckland Limited, this project has started but the transaction has not been completed this year.

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 year ended 30 June 2016

\$'m	Full Year Budget	Full Year Actuals	Full Year Variance
Operational			RAG*
Revenue/External funding	35.0	37.1	2.1
AC funding	16.0	27.2	11.2
Expenditure excluding depreciation	49.7	44.2	5.5
Fair value decrease / (increase) on investment property	0	33.0	33.0
Depreciation	11.0	9.0	2.0
Tax		(1.1)	1.1
Net Surplus/(Deficit) After Tax	(9.7)	45.2	54.9

*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 full year Net Surplus After Tax is \$54.9m higher than budget.

Revenue and External Funding is \$2.1m ahead of budget due to an increase in berthage rates charged in Marinas and better occupancy levels, higher turnover from Wynyard wharf and an increase in number of events held on Queens Wharf. This was partially offset by a reduction in recharge income mainly due to the cessation of property acquisitions on behalf of Auckland Transport.

AC Funding is \$11.2m favourable compared to budget. This is mainly made up of \$11.8m of capital grant funding which has been shown as revenue in the year, a change from previous year's budget where it was funded through equity. Another continuing factor was AC Operational Funding that was (\$0.7m) less than budget as additional event revenue at Queens Wharf has subsidised the running costs of the wharf.

Expenditure excluding depreciation is \$5.5m favourable compared to budget. This is made up of \$2.6m of costs that is deferred until FY 2016/17 for repairs at Hobson Wharf and service tunnels under the Waitemata Plaza; \$1.4m permanent saving in interest expense and \$1.3m saving in consultants costs due to the cessation of property acquisitions on behalf of Auckland Transport.

A fair value increase in Investment Properties of \$33m has been recognised after the year end revaluation, reflecting the impact of the Wynyard Central program progression, and the increase in property values in general. The recommendation of the Unitary Plan hearing committee has the potential to reduce this by \$65m. The Council's decision on 19th of August will make this position clear.

Depreciation is \$2.0m favourable compared to budget, this is a result of the overall reduction of capital spend in the year.

7.2 Capital

For the year ended 30 June 2016

\$'m	Full Year Budget	Full Year Actual	Full Year Variance
Capital			
Expenditure	48.7	22.5	26.2
AC funding	23.6	10.9	12.7
External funding	25.1	11.6	13.5

There were delays in two major commercial capital projects, the Pile Mooring Redevelopment at Westhaven, \$11.8m was rescheduled due to delays in applying for resource consent as result of extensive Iwi consultation; and the Westhaven Marine Village Stage 1, \$7.8m capital expenditure has been delayed after the Board review of the project during the year. A new scaled down version of the project is now being proposed. The remaining budgets of both projects have been put forward for deferral to FY16/17. To offset the under spend \$8.0m has been spent on 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. There was an additional \$1.9m of phasing differences for a number of other ongoing projects, these have been put forward for deferral.

AC funding is provided for capital public benefit. This year, Council is funding public capital expenditure by way of a revenue grant instead of an equity injection.

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 has been a timing difference in the spend this year which has resulted in a deferral request of \$5.3m into FY 16/17. There are a number of other projects where expenditure budgeted for FY15/16 was reprioritised during the year into the FY 16/17 year. These are the Headland Park pre development work of \$1.5m, \$1.2m on the master planning on Queens Wharf, Teal Park \$0.8m. Some smaller projects started towards the end of the financial year and will be further programmed in FY16/17 which are the Curran Street Bridge upgrade \$0.9m and public space renewals \$1.7m.

8. Annual performance measures

The table below shows the result of Panuku's SOI performance measures. These performance measures are being audited. The full audited results will be disclosed in the company's Annual Report 2015/16.

Measure	Year-end target	Achieved? (RAG Status)	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%		Met target 93%
2. Waterfront visitors Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73%		Met target 74%
3. Waterfront place programmes and activities Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	83%		Substantially met target 80%
4. Māori initiatives Number of significant Māori initiatives implemented per annum (LTP)	42		Met target 50

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
<p>5. Manage marinas</p> <p>Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)</p>	73%		<p>Met target</p> <p>89%</p>
<p>6. Facilitate private development of waterfront</p> <p>Ratio of private vs. public investment</p>	0.81		<p>Met target</p> <p>2.36</p>
<p>7. Facilitate effective engagement with mana whenua</p> <p>% mana whenua and mataawaka satisfied with quality of engagement</p>	Establish Baseline		<p>Met target</p> <p>The baseline has been established. 40% of mana whenua survey respondents were satisfied with the quality of engagement, 40% of respondents were neither satisfied nor dissatisfied and 20% were dissatisfied.</p>
<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>Met target</p> <p>Actual net surplus on the property portfolio for the 12 months ended 30 June 2016 is \$4.5m ahead of budget (actual surplus of \$32m against budget of \$27.5m).</p> <p>Actual net surplus on the property portfolio for the 10 months since the formation of Panuku on 1</p>

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
			September 2015 is \$3.7m ahead of budget (actual surplus of \$29.6m against budget of \$25.9m).
<p>9. Improvement in Property Portfolio gross rental income</p> <p>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</p>	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.		<p>Met target</p> <p>Achieved 7.04% improvement in gross rental income on properties that are available for rent and on a like for like basis against two year CPI movement 0.9%.</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>Met target</p> <p>The average of monthly % occupancy for the year is 98.25% against the target of 95%.</p>
<p>11. Property Portfolio Return on Investment</p> <p>Maintain or improve the baseline established at the end of the 2012/13 financial year.</p> <p>ROI on properties on a like for like basis (LTP)</p> <p>Panuku is committed to continuously review and improve the ROI target over the term of the SOI.</p>	Greater than or equal to 2.1%		<p>Met target</p> <p>The ROI calculated on this year's property valuation on a like for like basis is 2.83% against the 2.1% target.</p>
<p>12. Return on Equity</p> <p>Return on Equity on commercial assets and services (LTP)</p>	8.8%		<p>Met target</p> <p>13.5%</p>

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
<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>Met target</p> <p>A total of \$53.8m worth of properties was recommended to Council seeking approval to dispose for the 2015/16 financial period.</p>
<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>Met target</p> <p>Achieved actual net sales of \$56m for the financial year. The target of \$50m has been exceeded</p>
<p>15. Property Acquisitions</p> <p>Acquisitions are delivered within the timeline agreed with AC and AT.</p>	<p>75% satisfaction against agreed service performance measure</p>		<p>Met target</p> <p>87.5% of acquisitions are delivered within agreed timeline</p>
<p>16. Development Opportunities</p> <p>Written evidence that opportunities have been</p>	<p>At least 50 opportunities identified and assessed</p>		<p>Met target</p> <p>50 opportunities have been identified and assessed during the</p>

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
identified and assessed, to be progressed or not. (Housing and urban regeneration combined)			year.
<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>Met target</p> <p>Three business cases for the intensive use of sites for Housing for the Elderly have been completed to date against a 3 year target of three business cases.</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</i></p>		<p>Met target</p> <p>Ten business cases have been prepared for housing development projects against a 3 year target of ten projects.</p>

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
	2018.		
<p>18. Development Agreements</p> <p>Development agreements are submitted to the Panuku 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>Met target</p> <p>Eight agreements with third parties have been completed against a 3 year target of five agreements.</p>
	<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>Three year target progressing</p>	<p>Target is on track</p> <p>Six development agreements have been entered into with third parties against a 3 year target of Twenty six development agreements.</p>
<p>19. Project financial and non-financial outturn</p> <p>On completion, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)</p>	<p>All projects completed this year achieve business case financial and non-financial outturn</p>	<p>Target progressing</p>	<p>There were no projects completed during this financial period.</p>

Status	Criteria	Rating
	100% or more of target	Met target
	80%-100% of target	Substantially met target
	50%-80% of target	Partially met target
	50% or less of target	Not met target

9. 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.	In June 2016 Panuku formalised a refreshed Maori Responsiveness Action Plan. 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. Our ongoing programme of training sessions continued with a legislation, local government and Maori session in June 2016.
Maori Engagement Forum establishment	Establish and manage a robust inclusive monthly Mana Whenua Forum to enable relationship with	The monthly Forum has continued to be well attended and receives positive feedback. In Q4 Panuku and Mana Whenua (MW) have been reviewing shared values to provide a foundation for our strategic and project work together.

Key project and initiatives	Description	Progress
	<p>Panuku and facilitate input to Panuku projects.</p> <p>Identify Iwi interested in Panuku projects and facilitate 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). 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>Commonly expressed MW values and principles have been pulled together from various sources to inform Panuku work with MW.</p> <p>Our work with MW in the High Level Project Plan and Framework Plan phases of our major projects continues.</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 have regular meetings with NZTA and AT in relation to our work together in our Transform and Unlock locations.</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>
Maori Development Opportunities	<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</p>	<p>A Maori Commercial Relationships Action Plan was ratified by the Panuku Board in June 2016. The Action Plan provides clarity on focus areas, commitments, relationship building targets, and fine-tuned processes to facilitate our commercial relationships with Maori. A key outcome is development of a pilot project concept for a residential site in Manukau. Panuku is reviewing concepts for a third sector housing provider and mana whenua consortium to deliver affordable and social housing.</p> <p>Portfolio Review Rationalisation Process work is ongoing. Funding was set aside in Waterfront</p>

Key project and initiatives	Description	Progress
	<p>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>Auckland's annual budget to progress an Iwi Investment fund. Panuku is assessing the approach to this fund concept alongside the swiftly changing environment of iwi commercial capacity and capability.</p>
<p>Recognition and celebration of Maori cultural values and heritage</p>	<p>Maori cultural input to development projects:</p> <p>Identification of opportunities for mana 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>The Manukau and Onehunga Transform and Takapuna, Northcote and Henderson Unlock location work includes a kaitiaki and governance level work programme seeking to embed mana whenua interests at the HLPP and Framework Plan level. This work is intended to guide future activity 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>In Q4 Mana Whenua reviewed the engagement plans for Te Aranga Design application in the Civic Administration short-listed tenders. The preferred candidate has now been selected. Their designers will meet with Mana Whenua in August.</p> <p>An artist has been selected for the first tranche of art and design opportunities across the Wynyard Central commercial projects. Further Expressions of Interest are planned for late 2016.</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 continuing to work with mana whenua on operational management arrangements for berth use, and exploring options for growth of waka culture through the Place Making programme.</p> <p>The Matariki Festival 2016 was delivered.</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	\$221	\$ 170
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$286	\$ 185
Maori koha		\$ 0	\$ 5

10. Key Local Board issues

The Stakeholder Engagement team has made great inroads towards improving the organisation's relationships with Local Boards across the region over the past ten months.

We have now completed a tailored framework that guides how we engage with each Local Board as opposed to adopting a 'one size fits all' approach. The framework will be presented to SLT in August, followed by Panuku Board and Local Board Services endorsement. The framework reflects 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.

We have allocated specific engagement team members as primary Panuku points of contacts to all 21 boards. Having dedicated Panuku engagement staff for each local board is tangible evidence of our commitment to developing collaborative partnerships with this key stakeholder. The approach has helped us gain trust and credibility across the region, it also ensures the Local Boards are kept informed and that we are working in a no surprises environment.

11. Risk Management

Panuku has a comprehensive risk management framework based on AS/NZS ISO 31000: 2009 Risk Management Standard. This provides a structured approach to identifying and managing uncertainties relating to achievement of its objectives. Some of the key risk activities and processes include:

- The Board and Senior Leadership Team reviewing key organisation risks on a monthly basis
- Board subcommittees and groups that provides direction on risk management or key risk areas such as the Audit and Risk Committee and Health and Safety Advisory Group
- Policies that provide guidance and direction to the management of organisation risks such as the H&S Policy and Conflict of Interest Policy and Protocol
- A thorough internal decision-making process that involves risk assessments, for example business case proposals supported by cost benefits analysis
- Special reviews such as due diligence on financial viability of development partners
- Real time reviews, internal audit programme and other activities providing assurance on the effectiveness of controls for managing risks
- An annual independent audit completed by Audit New Zealand.

The significant risks to the company are:

- Impact of economic changes such as the housing market on operational activities and projects
- Funding for significant Transform and Unlock projects
- Health and Safety of public and workers across our areas of control
- Significant cost of remediating contaminated land across the Wynyard Quarter
- Delivery of programme and projects
- Public reputation as a response to publicity and public perception about the work we do, and how we are doing it.

To achieve shareholder outcomes, Panuku will continue to take and manage risks in a calculated and responsible way.