

Panuku Development Auckland

Quarterly Report

Quarter ended 30 September 2016

CCO Governance and Monitoring Committee

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1. Executive Summary

One year after establishment, Panuku's reach across the city continues to grow as it uses its expertise and mandate to catalyse the development of our city.

Panuku has grown to manage this expanded role in the city, but this expansion has been done cautiously and alongside the introduction of strong programme management practices and effective partnering with others to ensure that we grow smartly and efficiently.

In Transform locations of Manukau and Onehunga, Panuku is engaging the local communities in developing plans to regenerate their towns, and on the waterfront multiple construction projects are testament to the regeneration that is happening at pace.

In October, the Panuku Board approved Avondale being re-categorised from a Support to an Unlock location. The Priority Development Location Selection report to the ADC in November 2015 recommended that it be a support location "at least until significant partnership opportunity presents itself". The situation in Avondale has recently changed with the availability of new development and partnership opportunities that includes:

- HNZA/HLC are advancing the redevelopment of their neighbouring site on Racecourse Parade and are interested in undertaking integrated master planning
- Panuku is monitoring the market and some private development sites may become available
- There is significant internal and external support for an optimisation approach to deliver a community centre and library in the heart of Avondale

Panuku will be reporting to the Planning Committee soon seeking endorsement of this decision.

Likewise, in Unlock locations, such as Northcote, Takapuna, Henderson, Papatoetoe, Hobsonville, Ormiston and the City Centre, plans are being worked on these projects and are delivered to redevelop these areas and unlock the potential of Council and its partners land holding in these areas. This is alongside the redevelopment of the Council's Housing for Older People portfolio that will begin in earnest from next year.

This is in addition to the multitude of smaller development projects that Panuku is facilitating in communities across the city.

Supporting this work is the on-going management of Council's non-service portfolio, which contains approximately \$1.9 billion worth of property. Strategically managing

acquisitions and disposals from this portfolio, managing tenants and optimising the value that Council achieves from its significant property holdings.

Financially, for the quarter ended 30 September 2016 a net surplus of \$4.4m was achieved, \$4.3m more than budget. The full year forecast is for a \$13.2m surplus, \$1.6m more than the full year budget.

The YTD capital expenditure for the quarter ended 30 September 2016 was \$6.6m, \$1.0m lower than full year budget. The full year forecast capital expenditure is \$49.3m, which is forecast to meet full year budget.

More explanation of the financial performance is provided in Section 7 of this report.

2. Strategic issues and focus areas

Priority Development Locations

Catalysing development and engaging communities well is a key strategic focus in the priority development locations that the Council has mandated Panuku to focus on.

In Manukau, following the Council's approval of the High Level Project Plan in April 2016, more detailed Framework Planning is being done to guide the transformation of Manukau. Panuku is working with the Manukau community, and the Manukau Joint Liaison Body (comprising central government, Counties Manukau DHB and Council representatives) on developing the Framework Plan, that will guide the implementation of transformative projects in Manukau. More information can be found at www.panuku.co.nz/manukau.

In Onehunga, Panuku has been working on the High Level Project Plan which will be submitted to the Council for approval in early 2017 to guide Onehunga's transformation. A key issue has been the New Zealand Transport Agency's East-West Connection project, its impact on the community, and the associated sale of the Onehunga Port to NZTA to enable the East-West Connection. Panuku has been working with the NZTA along-with its Council partners to input into the East-West Connection project. See www.panuku.co.nz/onehunga-town-centre-and-port.

On the Auckland CBD Waterfront, the cranes towering above the Wynyard Quarter are testament to the major regeneration of this area. See www.panuku.co.nz/wynyard-quarter. The opening of the ASB Waterfront Theatre in September 2016 added another gem into this vibrant area of the city.

In Northcote, Panuku has developed a draft Framework Plan that will set out how it will unlock the development potential of Northcote. This will be discussed with the Local Board and the community over the next quarter. See www.panuku.co.nz/northcote.

The Panuku Board approved the updated High Level Project Plan's rolling programme in October 2016. A copy of the updated HLPP rolling programme is included as **Attachment 1** of this report.

The following table summarises key activity in priority development areas.

Project	Quarter Ended 30 September 2016	Next Quarter
Transform Manukau	Draft Framework Plan adopted by Board In July Implementation planning underway. Significant engagement with stakeholders including Crown Agencies through a Joint Liaison Body.	Final Framework Plan to be adopted in December. Basis of consortium to deliver pilot project at Barrowcliffe Place for around 250 dwellings to be agreed.
Transform Onehunga	Significant work in relation to Onehunga Port due diligence and NZTA East-West connection and engagement with stakeholders including HNZC.	High Level Project Plan to be adopted by Board in November.
Transform Wynyard Quarter	Significant progress on agreements in regard to further stages of Wynyard Central.	Working closely with Council and CCOs on waterfront future planning and implementation programme.
Unlock Takapuna	Progress made with Auckland Transport on future service requirements.	Draft Framework Plan to be approved by Board in December.
Unlock Northcote	Key moves identified and implementation planning underway. Negotiations with catalyst partners progressing well.	Final Framework Plan to be adopted by Board in November.
Unlock Henderson	Engagement with Council Property and AT in relation to site availability for development, and stakeholders. Key moves identified.	Continuing work on High Level Project Plan for approval in first quarter 2017.
Unlock Papatoetoe	Key moves identified. Development of High Level Project Plan underway and engagement with Mana Whenua and key stakeholders.	Local Board engagement and site visits. HLPP approval in first quarter 2017.
Unlock Housing for Older People	In August Governing Body approved the over-arching plan for the project and the business model for the partnership, giving Panuku the mandate to action	Agreements to be signed by end of year. Business case for first

(HfOP)	the development and proceeds with the partnership. HLPP adopted.	development project to be completed.
Unlock Avondale	Housing development on Racecourse Parade progressing. Working with internal and external stakeholders to identify future opportunities.	Starting work on High Level Project Plan and stakeholder engagement. HLPP to be adopted by Board in July 2017.
Unlock Hobsonville	Infrastructure development on the Airfields site continued.	Panuku will offer approximately 10 hectares of land for sale for residential development.

Balancing financial and strategic objectives

Panuku's roles are to catalyse development across the city, and to manage Council's non-service property portfolio strategically to add value.

Panuku is required to seek both financial and strategic outcomes from its activities. This means that in certain context such as the Transform locations, financial value is traded off to achieve social, environmental or cultural outcomes. Panuku is committed to being transparent with Councillors when it does this.

Panuku has recently published its Corporate Responsibility Framework that outlines its approach to achieving strategic outcomes. Alongside this, Panuku is developing a Total Value Analysis methodology which will quantify, in monetary terms, the value of strategic outcomes. This will provide Councillors with an assessment in business cases of the total "value" of projects, capturing both the financial and the strategic perspectives.

3. Highlights for the quarter

- Council approved the **High Level Project Plan for the Housing for Older People** portfolio. This plan outlines how Panuku will work with the Selwyn Foundation, and Council, to redevelop the portfolio, retaining the current number of units for older people, but optimising the portfolio to provide more mixed housing units. See www.panuku.co.nz/housing-for-older-people
- A development agreement was signed with Tawera Group to refurbish the **Civic Administration Building** and develop the surrounding land, featuring a combination of residential (upper floors), serviced apartments and a boutique hotel. The proposal includes an apartment building on the corner of Greys Avenue and Mayoral Drive,

and a commercial building featuring a Whare Tapere performance space fronting Aotea Square. Tawera is currently progressing its development scheme, including developing design, testing market interest and obtaining resource and building consents. Building is expected to start in mid-2017 and take three years.

- The 650 seat **ASB Waterfront Theatre** opened on 22 September 2016 in the Wynyard Quarter, providing a home for the Auckland Theatre Company.
- Across the wider **Wynyard Quarter**, development continues at pace with the development of stage one of Willis Bond's residential apartments, and Precinct's commercial developments. The Madden/Packenham pedestrian street is also under construction. The multiple cranes on the skyline in the Wynyard Quarter are testament to the level of development underway. Panuku is working closely with all contractors to coordinate activity, ensure health and safety is at the forefront of everyone's mind, and to guide the public around the Quarter so they can continue to enjoy it whilst remaining safe. See www.panuku.co.nz/wynyard-quarter.
- Panuku has been working with Healthy Waters (AC Stormwater), Watercare and Council's Research, Investigation and Monitoring unit to improve the monitoring of **St Mary's Bay water quality**, and look at options to improve the water quality.
- Work began on the **remediation of Hobson Wharf**. The work involves noisy hydroblasting, which is being mitigated with noise minimising panels on the sides of the Wharf. The project will pause over the summer season, before recommencing in May 2017. See www.panuku.co.nz/hobson-wharf-remediation.
- Panuku's **Corporate Responsibility Framework** was published in August 2016. This framework sets out how Panuku balances commercial outcomes with strategic public good outcomes. It clearly defines Panuku's strategic objectives, how these will be integrated into our business and the delivery of urban regeneration across the range of development types. See www.panuku.co.nz/www/pdfs/panuku-corporate-responsibility.pdf.
- Associated with the Corporate Responsibility Framework, we worked on developing a **Total Value Analysis** methodology to quantify the value of strategic outcomes achieved by projects.

4. Future outlook

- The draft **Northcote Framework Plan**, which will set out the path for the future redevelopment of Northcote, including an upgraded town centre and a significant redevelopment of Housing New Zealand properties, will be discussed with the Local Board and community. The Framework Plan will be presented to Council for approval in March 2017. See www.panuku.co.nz/northcote.
- **Hobsonville Airfields** residential stage 1 consisting of approximately 2 hectares has been sold to AV Jennings which will provide an estimated 100 dwellings. Panuku is also selling residential stage 2 consisting of approximately 10 hectares which should provide up to 500 dwellings. The balance of the site, stage 3 circa 6 hectares has been identified as a mixed use zone which is likely to include 290 dwellings. Market testing of this area is anticipated to commence in the next six months. See <http://airfieldssale.co.nz/>.
- Panuku will provide advice to Council on the refresh of the planning for the development of **Wynyard Point**.
- **Muriwai Camping Ground** will be re-opened for the summer season after a significant redevelopment, which is giving the campground a more efficient layout, new showers, toilet blocks, laundry, kitchen, BBQ areas and a fish cleaning station. See <http://ourauckland.aucklandcouncil.govt.nz/articles/news/2016/05/muriwai-motor-camp-getting-an-upgrade>.
- The **Water Edge Symposium** will be held at Shed 10 from 15-17 November 2016. Water Edge 2016 is an invitation only symposium for waterfront leaders from around the globe to share their experience and vision, and work together to create enduring waterfronts the world over. As well as sharing lessons about water edge development, the attendees will also focus on the Onehunga/Manukau water edge as a case study. See <http://advancewateredge.com/programme>.
- After an international search, the Panuku Board is expecting to appoint its new **Chief Executive** to lead the organisation forward.

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		<ul style="list-style-type: none"> The High level project plan (HLPP) for Housing for Older People (HfOP) was endorsed by council's Governing Body in August 2016. This approval allows the partnership with The Selwyn Foundation to proceed and also gives Panuku the mandate for a multi-year redevelopment programme of HFOP sites. The HLPPs for Onehunga, Henderson and Papatoetoe are progressing well. The Onehunga HLPP is due to be presented to the Panuku Board for approval in November 2016. Once approved by the Board, HLPPs will be presented to council for endorsement. New HLPPs for the Waterfront and Avondale Town Centre has been added to the rolling HLPP programme (refer Attachment 1). A methodology to measure and assess financial and non-financial benefits is being developed through the Total Value Analysis project.

TRANSFORM				
<p>Wynyard Quarter – Public Project</p> <p>Madden & Pakenham St Upgrade</p>	\$3,450k	carry over to next quarter		<ul style="list-style-type: none"> Construction of Pakenham Street (between Beaumont and Halsey) is progressing well despite the rescheduling of program due to significant delays in the Auckland Transport led Halsey and Gaunt street roading construction project. Work has been fast tracked on Pakenham Street (between Daldy and Halsey) to enable tenant access to Mason Brothers building in December 2016.
Westhaven Marine Centre	\$ 6k	carry over to next quarter		<ul style="list-style-type: none"> The Board approved a revised scheme for the northern portion of the site in August 2016. This is a simpler structure to accommodate known tenant requirements. This includes ground floor commercial space of 1,400 m², office of 700 m² along with associated landscape works. Work is underway to refine the new design for resource consent and leasing.
UNLOCK				
The Airfields, Hobsonville Point	\$2,403k	carry over to next quarter		<ul style="list-style-type: none"> Implementation of the Airfields Masterplan continues to progress with the construction of the first stage of the roading network for residential Mega Lot 1. This will enable the stage one subdivision incorporating 102 homes to be built by AV Jennings. Airfields Residential Mega Lots 2, 3, 4 is currently undergoing marketing by Bayleys to find development partner(s). The sites can be sold as a whole or as three mega lots separately. There has been significant interest and enquires in the development to date.
Ormiston Town Centre <i>(Partner: Todd)</i>	\$73k	carry over to next quarter		<p>66 Flat Bush School Rd (Ormiston SHA)</p> <ul style="list-style-type: none"> The Master plan has been approved and the development agreement

Property)				<p>has been finalised.</p> <p>Ormiston Town Centre</p> <ul style="list-style-type: none"> Construction of residential Blocks A & B are well underway.
Papatoetoe Town Centre	\$79k	carry over to next quarter		<p>Shopping Mall</p> <ul style="list-style-type: none"> The tender process for the Mall refurbishment has been finalised and a preferred construction company selected. <p>Supermarket</p> <ul style="list-style-type: none"> The land title for the Supermarket is going through regulatory approval and is expected to be issued next quarter. <p>Car park redesign works have been completed to accommodate the legal road. Engineer Plan approval from council regulatory is awaited.</p> <p>Tavern Lane</p> <ul style="list-style-type: none"> Concept plans has been completed and the site is now on the market with Bayleys to find a development partner.

5.1 Key deliverables for next quarter

Deliverable	Comments
HIGH LEVEL PROJECT PLANS and FRAMEWORK PLANS	
High level project plans (HLPP) and Framework plans	<ul style="list-style-type: none"> Onehunga HLPP to be presented to the Panuku Board for approval in November 2016. Northcote Framework Plan to be presented to the Panuku Board for approval in November 2016. Manukau Framework Plan to be presented to the Panuku Board for approval in December 2016.
TRANSFORM	
Madden & Pakenham Street Upgrade	<ul style="list-style-type: none"> Pakenham Street (between Beaumont and Daldy streets) forecast to be open January 2017. Pakenham Street (between Daldy and Halsey)

	forecast to be open March 2017.
Westhaven Marine Centre	<ul style="list-style-type: none"> Undertake pre-leasing and cost testing for the revised scheme to secure final tenant requirements. Proceed with work on the new resource consent application.
UNLOCK	
The Airfields, Hobsonville Point	<ul style="list-style-type: none"> Residential Mega Lot 2, 3, 4 – Registration of interest to purchase stage will close. Evaluation begins on selection of one or more potential purchasers. Continue construction of key roading infrastructure network.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	<ul style="list-style-type: none"> Continue construction of residential Blocks A & B 66 Flatbush Road – consent for stage one lodged awaiting issue of consent.
Papatoetoe Town Centre	<ul style="list-style-type: none"> Shopping mall – commence Mall refurbishment Supermarket – commence car park works Tavern Lane – Tenders are due in December 2016 for purchaser / developer

6. Development Budget and Strategic Development Fund

6.1 Development Budget

In 2014/15 Council approved a \$5m annual budget (before deferrals) sourced from property sale proceeds to cover investigatory activities and value-adding capital works on properties prior to development or sale. The 2016/17 budget has been split between \$5.6m for operational expenditure (includes inflation) and \$3.6m for capital expenditure.

\$000	Full year Budget	Forecast	*Committed to projects	Actual Expenditure	
Development Expenditure					RAG *
Development capital expenditure	3,644	3,644	3,057	400	
Development operating expenditure	5,616	5,616	4,412	1,166	

The committed capital expenditure relates to value add activities for 23 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 26 projects and includes High Level Project Plans and Framework plans work which is not capitalisable.

6.2 Strategic Development Fund

\$000	Full year Budget	Actual YTD	Comments	
Strategic Development Fund				RAG *
Development capital expenditure	24,358	109	<p>The majority of the annual budget was planned for the purchase of the Onehunga Wharf from Ports of Auckland Limited. This land will be used by NZTA to complete the East West motorway. At the completion of the roading project the remaining site will be on sold to Panuku for redevelopment.</p> <p>The Strategic Development Fund will potentially be used in other Panuku projects. There are a number of potential purchases subject to approval through business cases.</p>	

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.

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 30 September 2016

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Operational						RAG*
Revenue/External funding	9.2	10.0	0.8	37.7	38.4	0.7
AC funding	8.1	8.4	0.3	37.0	37.0	0
Expenditure excluding depreciation	14.4	11.8	2.6	51.9	51.0	0.9
Fair value decrease / (increase) on investment property						
Depreciation	2.8	2.2	0.6	11.2	11.2	0
Tax						
Net Surplus/(Deficit) After Tax	0.1	4.4	4.3	11.6	13.2	1.6

*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 Net Surplus After Tax is \$4.3m higher than budget at the end of the first quarter.

Revenue and External Funding is \$0.8m ahead of budget due to the following;

- a. \$0.2m in additional interest revenue, received from Fu Wah as interest on the hotel lease prepayment, which is scheduled for payment after practical completion of the construction project. Interest will continue to be charged and the forecast reflects \$0.7m of additional income in year.
- b. \$0.2m in additional car parking revenue
- c. \$0.2m in utility and rates recharges,
- d. \$0.1m received from EECA for sustainability projects, and

- e. \$0.1m in additional berthage revenue, through greater occupancy at Viaduct and Silo Marinas.

AC Funding is \$0.3m favourable compared to budget. This is due to the Madden/Packenham Street capital project being ahead of budgeted phasing, resulting in advancing the draw down of funding from Council.

Expenditure excluding depreciation is \$2.6m favourable compared to phased budget due to the following;

- a. \$0.4m permanent saving in rates expense as a number of sites within the Wynyard Quarter have been turned over to our development partners and they are now responsible for rates.
- b. \$0.5m permanent saving in interest expense as there was less debt drawn in the FY15/16 year, and thus ongoing interest costs are less than budgeted.
- c. The \$1.7m remaining is a timing difference over a number of expense categories and should be corrected by year end.

Depreciation is \$0.6m favourable compared to budget, this is due to slower than anticipated capitalisation of assets from both the prior and current years. This is a timing difference and should mostly correct by year end.

7.2 Capital

For the quarter ended 30 September 2016

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Capital						
Expenditure	7.6	6.6	1.0	49.3	49.3	0
AC funding	3.8	4.3	(0.5)	21.1	21.1	0
External funding	3.8	2.3	1.5	28.2	28.2	0

Year to date capital spend is \$1.0m behind phased budget due to the following:

- a. AC Funded spend is (\$0.5m) ahead of phased budget, the major AC Funded (Public) project underway is the Madden and Packenham street upgrade. This project started in August 2015 and it is expected to be completed in April 2017, there has been a (\$0.5m) timing difference in spend this year, this is expected to correct by the end of the financial year, offset by.
- b. External funded/commercial projects \$1.5m saving to phased budget. \$1.0m in decontamination of the Wynyard central sites (Willis Bond and Precinct), these

payments are made when requested by the developer and depend on the construction progress on their sites, we expect the total payments in year to be in line with budget by the end of the year. There are a number of other capital projects that have timing differences to phased budget which we expect to correct as the year progresses, \$0.1m Westhaven Marine Village, \$0.1m Pile redevelopment Westhaven, \$0.2m Superyacht/Site 18.

8. Key performance measures

The table below shows the result of Panuku's SOI performance measures for quarter one.

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
<p>1. 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 2016/17		Net surplus on the property portfolio is \$4.378m, \$841k above YTD budget 30 September 2016.
<p>2. 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.		Occupancy percentage for September is 98%.
<p>3. 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</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.		Properties to the value of \$7.78 million have been recommended to the governing body for clearance at the end of September 2016.

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
submitted to Council, The disposal target for the next financial period will be agreed with Council in the current financial period.	A recommended for disposal target for 2016/17 will be agreed with Council in the 2015/16 financial period.		
4. Net Property Sales Achieve total forecast net sales for the financial year.	Meet or exceed financial forecasts Property disposal target of \$50 million (net value of unconditional sales). Property disposal target (net value of unconditional sales) for 2016/17 financial period will be agreed with Council in 2015/16.		YTD Disposal at the end of September 2016 was \$2.2m from the sale of four properties. Unconditional sales targeted for quarter 2 (Oct - Dec) is estimated to be \$13.7m.
5. Development Opportunities Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban regeneration combined)	At least 50 opportunities identified and assessed		Target is on track and progressing 13 opportunities have been assessed to date.

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
Rolling HLPP programme – approved by Board	The quarterly rolling HLPP programme is approved by the Board.	Annual Target
Implementation process Transform/Unlock projects are completed as planned. (Master Programme to the Board)	Number of significant Master programme deliverables completed within the Board approved timeline. [Reported through the Master programme]	Annual Target
Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	75%	Annual Target
Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73%	Annual Target
Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	84%	Annual Target
Number of significant Māori initiatives implemented per annum (LTP)	47	Annual Target
Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	74%	Annual Target
Percentage % of mana whenua and mataawaka satisfied with quality of engagement	Maintain or improve baseline established in 2016	Annual Target
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

Measure	Year-end target	Last Actual
ROI on properties on a like for like basis (LTP) Maintain or improve the baseline established at the end of the 2012/13 financial year Panuku is committed to continuously review and improve the ROI target over the term of the SOI.	Greater than or equal to 2.2%	Annual Target
Return on Equity on commercial assets and services (LTP)	8.4%	Annual Target
Acquisitions are delivered within the timeline agreed with AC and AT.	75% satisfaction against agreed service performance measure	Annual Target
Development Agreements	Three year target Twenty six development agreements with third parties including community housing organisations to be entered into. (for the period 2016 - 2018)	Annual Target
Development Agreements	Three year target Fifteen development agreements with third parties including community housing organisations to be entered into. (for the period 2017- 2019)	Annual Target
On completion, the project achieves the financial and non-financial outturn in the business cases.	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
Achieving better outcomes for and with Māori	<p>Implement the Panuku Māori Responsiveness Plan (MRP) that focuses on achieving better outcomes for and with Māori.</p> <p>Panuku will be responsive to both mana whenua and other Māori in giving effect to the MRP.</p> <p>Continued input to Te Toa Takitini (led by Te Waka Angamua) where Panuku can contribute to delivery of priority projects.</p>	<p>A Maori Responsiveness Action Plan was adopted by the Panuku Board in June 2016. The plan puts structure to work-stream ownership, priority actions and reporting for activities underway across the business. The focus being on ensuring a comprehensive approach that is embedded business-wide.</p>
Mana whenua Engagement Forum establishment	<p>Manage a robust inclusive monthly mana whenua Forum to enable relationship with Panuku and facilitate input to Panuku projects.</p> <p>Identify mana whenua interested in Panuku projects and facilitate input.</p> <p>Coordinate efficient engagement with Council family to streamline engagement with mana whenua and other Māori.</p> <p>Continue to share information with the Independent Māori Statutory Board (IMSB).</p> <p>Panuku will contribute information required for Te Tiriti Audit and will take account of IMSB's Schedule of</p>	<p>Panuku has continued strong positive feedback from mana whenua on the progress and evolution of the Forum overall.</p> <p>Our October Forum bedded in our high level reporting protocol, and provided governance decision-making on mana whenua input into the Transform Onehunga High Level Project Plan, and Framework Plans for Transform Manukau and Unlock Northcote.</p> <p>Other items discussed were the East West Link Board of Inquiry process, Unlock Old Papatoetoe project initiation, Queens Wharf Mooring Dolphin infrastructure update and 20 Barrowcliffe Place pilot. This is a Panuku pilot for mana whenua third sector housing consortium for affordable housing delivery in Transform Manukau.</p>

Key project and initiatives	Description	Progress
	Issues of Significance, The Māori Plan and the suite of statutory provisions relevant to our activities.	The monthly Forum is proposed to move to bi-monthly in the new year now that reporting and process has gained efficiency.
Māori Development Opportunities	<p>Engagement with mana whenua and other Māori organisations on commercial and housing developments, 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 other Māori organisations around potential disposal properties and properties that may become available for development.</p>	<p>Panuku is now in discussion with three mana whenua entities regarding their interest and potential desired role(s) in the 20 Barrowcliffe Pilot project. Potential structures are being worked through based on interests expressed for those desiring to participate in the consortium at a partner level.</p> <p>The Maori Commercial Relationships action plan was approved at the June Board meeting. The action plan is now in implementation phase. Early advice has been provided to mana whenua for the Hobsonville Airfields development and the Old Papatoetoe Tavern Lane development. Discussions with mana whenua on their interest in these properties is underway.</p>
Recognition and celebration of Māori cultural values and heritage	<p>Panuku will facilitate cultural expression opportunities through Te Aranga Design application in early planning in Transform and selected Unlock locations. This work flows down to implementation of cultural expression opportunities in public realm projects.</p> <p>Māori identity will be recognised through promotion of te reo Māori such as naming new streets, laneways, buildings, signage, other communications, art and landscaping.</p>	<p>Implementation of Project Charters for High Level Project Plan and Framework Plan mana whenua engagement is providing anchoring material to contribute to our delivery of recognition of Maori Cultural Value and Heritage in Panuku projects and place-activation programmes.</p> <p>This process is streamlining mana whenua conversations, providing structure to gaining content more effectively and efficiently, with strong and clear buy-in at the outset.</p> <p>Recommended content for Manukau and Northcote Framework Plans and Onehunga High Level Project Plan was confirmed in the October Forum,</p>

Key project and initiatives	Description	Progress
	Placemaking will support Māori-focussed events at the waterfront and other selected locations.	Takapuna will follow in December. Work has begun on Henderson HLPP and will kick off for Old Papatoetoe in October. Implementation level work continues in Wynyard Central. Mana whenua artist design work is bringing strong contemporary Maori design into the Innovation Precinct. Concepts support a theme also expressed through anchoring naming in the central lane 'Tiiramarama Way'.

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	\$50	\$ 92
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$74	\$ 327
Maori koha		\$ 0	\$ 5

11. Key Local Board issues

In terms of sophistication and saturation, our engagement with local boards is complex and resource intensive. Strong relationships with this key stakeholder are a key priority for Panuku with stakeholder engagement being one of the top three identified risks organisation wide. Monitoring, forecasting and mitigating potential local board issues that could create reputational risk are an important component of our engagement role. In order to be authentic and effective across our local board relationships we need to make sure key engagement staff gain trust and credibility with the people they work with. This will only happen if they can develop genuine relationships over time.

Over the last quarter we gained a good appreciation for the level of resource required to ensure successful local board engagement. Our informed assessment demonstrated the need for an additional Senior Engagement Advisor within the Team. We have also

decided to divide the region up into three distinct portfolios that will each have a dedicated engagement advisor working in it. This means the Panuku engagement advisors can embed themselves in relationships and communities at a reasonable level of intensity. Investment in time and people resource will help us to proactively mitigate negative sentiments which can often lead to re-litigation of proposals and a delay in progress.

Panuku will also be undertaking a post-election briefing programme for the new elected representatives. This will be in conjunction with the induction process which will be organised and led by Auckland Council's Governance Team.

12. 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:

- Funding for significant Transform and Unlock projects
- Health and Safety of public and workers across our areas of control
- Delivery of programme and projects

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

13. Attachment 1 – HLPP Rolling Programme (Oct 2016)

HIGH LEVEL PROJECT PLANS - ROLLING PROGRAMME AS AT OCTOBER 2016																	
	Completed			Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	REMARKS/ STATUS
TRANSFORM																	
Manukau metropolitan centre & surrounds		Panuku Board approval 30 Mar	ADC approval 14 April 2016														Framework Plan, Engagement Plan and Execution Plan in development. A business case will come to council in due course.
Onehunga Town Centre and Port					Panuku Board approval	Local Board			Council workshop	Council approval							HLPP has been delayed due to a significant focus on potential impact of East West Connection - particularly as it relates to interface with Onehunga Wharf.
Waterfront (Wynyard Quarter)						Panuku Board Direction Setting			Local Board	Council workshop	Panuku Board approval	Council approval					HLPP will set out work programme to address range of new strategic issues and refresh planning for Wynyard Point.
UNLOCK																	
Northcote Town Centre & surrounds		Panuku Board Approval 24 Feb	ADC approval 4 Mar 2016														Framework Plan development underway; good progress on town centre and working with HLC
Takapuna Town Centre		Panuku Board Approval 25 November 2015	ADC approval 10 March 2016														Concept plans being developed for community consultation
Housing for Older Persons		Panuku Board Approval 27 July 2016	ADC approval 25 August 2016														HLPP and HDLP developed as part of Business Planning phase in 2016. New JVCo to be established by July 2017. Panuku to lead multi year redevelopment programme.
Old Papatoetoe					Panuku Board Direction Setting			Local Board	Panuku Board Approval	Council approval							Tavern Lane & Mall projects underway. HLPP will consider future opportunities within town centre.
Henderson Metropolitan Centre						Panuku Board Direction Setting			Council workshop (TBC)	Panuku Board Approval		Council approval					Several meetings have already been held with key stakeholders including Local Board. Focus of HLPP is Henderson Central.
Avondale Town Centre									Panuku Board Direction Setting (TBC)	Local Board (TBC)		Council workshop (TBC)		Panuku Approval	Council approval		Recategorised as an Unlock location; early work commencing
KEY:																	
Panuku Board																	
Council committee - dates subject to work programme																	
Local Board																	
Programmed HLPP																	
Panuku Support projects:		Mt Eden (Dominion Rd), Whangaparoa (Link Road), New Lynn, Pukekohe, Stonefields (Morrin Rd, Merton Rd), Howick (Fencible Drive) and Otahuhu															
Notes:		<p>Unlock Hobsonville: No HLPP to be developed as legacy project is underway. Airfields Masterplan approved by ADC. Superlots on the market. Henderson will deliver 900 homes on 14 Ha and 6 Ha of employment land. Panuku working closely with HLC.</p> <p>Unlock Ormiston Town Centre and Flatbush sites: No HLPP as development agreement is in place and delivery has commenced.</p> <p>Unlock City Centre: No HLPP as subject to overall programme led by Council. Panuku focussed on two locations only within this context.</p>															