

# Panuku Development Auckland

## Quarter 1 Performance Report

**For the period ending 30 September 2019**

This report outlines the key performance of Panuku which includes urban redevelopment related activities and investments

# Panuku Q1 summary

## Highlights, issues & risks for the quarter

### Highlights:

Significant project milestones achieved in QTR 1 include:

1. Practical completion achieved for Wilsner Village - 33 Henderson Valley Road, the construction of a new 40-unit apartment village (Haumaruru).
2. The sale of the Papatoetoe Mall for \$6.1m to a local businessman, after an upgrade as part of Unlock Papatoetoe.
3. Acquisition completed on the first of the four properties required to progress a multi-purpose community facility at Avondale.
4. Acquisition completed for two key properties required for urban redevelopment in Panmure, as well as rezoning approvals obtained for two other sites from open space to more suitable residential/town centre zoning.
5. Start of construction works on Stage 2 of the walking and cycling promenade and Marine Village in Westhaven precinct.
6. Construction of the MIT Tech Hub in Manukau underway, on a former council/ Panuku site.
7. Start of the demolition works for BST site including removal of tanks, part of the AC36 enabling works.
8. Commencement of Masterplanning for the Onehunga Wharf.
9. Resource consent granted for the two-lot subdivision of the Orams development on Site 18 to enable a marine precinct with residential.

### Issues/Risks:

- Challenging market conditions that can potentially impact physical works and property sales.
- Evolving crown relationships and partnerships.
- Tight timeframes for AC36 early works, particularly negotiation with remaining tenants and stakeholders can impact the Wynyard Edge Alliance (WEA) construction timeframes.
- The high volume of work taking place in and around the Waterfront area, involving several agencies that require integrated management, including health & safety.

## Financials (\$million)

	Actual	Budget	Actual vs Budget
Capital delivery	24.5	36.1	➔ 11.6
Strategic Development Fund (Revolving credit facility)	4.5	4.2	➔ 0.3
Direct revenue	17.7	17.4	➔ 0.3
Direct expenditure	22.1	24.4	➔ 2.3
Net direct expenditure	4.4	7.0	➔ 2.6

## Financial Commentary

**Capital delivery:** Total capex YTD is \$11.6 behind budget. Of the total, \$8.8m underspend relates to the Transform Waterfront programme primarily due to delays at the VOS shed redevelopment due to asbestos contamination issues, timing delays compared to budget for the Westhaven Promenade and AC36 infrastructure delivery, and a delayed start to the Pile Mooring redevelopment project. (\*YTD Capex \$24.5m includes Transform/Unlock \$24.0m and Property Renewals \$0.5m).

The **SDF** was used for acquisition of strategic properties in Transform/Unlock locations which will benefit from short to medium term investment.

**Direct revenue:** \$0.3m ahead of budget, the Commercial Property Portfolio has generated an additional \$1.5m of revenue largely through properties being retained for longer than planned in the budget. This has been offset by a reduction in revenue generated for Panuku allocated to projects of \$1.2m.

**Direct expenditure:** \$2.3m saving to phased budget, \$1.0m in employee benefits due to slower recruitment of additional delivery staff than budgeted, \$0.8m in the timing of payments to professional service consultants in our Priority Locations and \$0.5m of other timing differences across a number of expense categories.

## Key performance indicators

(Refer to pg. 12 for complete list)

## FY 20 Quarter 1

### Actual

### Previous Year

### Status

### Commentary

Net Surplus achieves budget for 2019/20. (Properties managed on behalf of Council)	\$26.8m	\$4.5m	Met	Net surplus target met for Quarter 1. The annual target is \$30.5m.
List of properties recommended for disposal submitted to Council.	\$30.38m	\$8.8m	Progressing	The annual target is \$22.5m.

\*All financials on this page include Commercial Property Portfolio which is owned by Auckland Council, but managed by Panuku.

Transform and Unlock location initiatives completed.	57%	Three of the fourteen planned initiatives have been completed.	90% or more of planned Transform and Unlock initiatives completed/ achieved. (annual)	Progressing	Three initiatives were completed at the end of Q1. These are Plan change for 3 Kings Road; Wynyard Marina Supervacht Infrastructure construction start and Westhaven Promenade stage 2 construction start.
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## Strategic focus area – Waterfront development

Key commentary	Strategic context
<p><b>For the 3 months up to 30 September 2019, a total of \$15.0 million was spent towards Waterfront development, against a budget of \$23.8 million. This is largely a timing issue, as almost all projects are underway.</b></p> <p><b>Highlights:</b></p> <ol style="list-style-type: none"> <li>1. Construction works on the Promenade Stage 2 and Marine Village in the Westhaven precinct have started.</li> <li>2. Demolition works have started on the BST site with completion of the work programmed for the end of October. This is part of AC36 enabling works.</li> <li>3. The two-lot sub-division consent has been granted for the Orams development on Site 18, a residential and marine facility.</li> <li>4. The Mana Whenua Governance Forum has approved the artwork concept that will be attached to the residential building façade at 30 Madden Street.</li> <li>5. The Resource Consent consultation period closed for the proposed Wynyard Crossing bridge with a total of 61 submissions received. Panuku is now working through design and budget issues.</li> </ol> <p><b>Issues/Risks</b></p> <ol style="list-style-type: none"> <li>1. The tight timeframes for AC36 early works, particularly negotiation with tenants and stakeholders, means that any delays could impact on Wynyard Edge Alliance (WEA) construction timeframes.</li> <li>2. The volume of work taking place in and around the Waterfront area, involving several different agencies creates complexities that need to be managed, such as health &amp; safety.</li> <li>3. Significant levels of asbestos contamination have been identified within the Vos Shed building which are being managed but have impacted on delivery timeframes and budget.</li> <li>4. Park Hyatt Hotel development is running behind schedule with completion expected in March 2020.</li> </ol>	<p>Panuku is leading the realisation of the Waterfront Plan's five goals, being:</p> <ol style="list-style-type: none"> <li>1. A blue-green Waterfront</li> <li>2. A public Waterfront</li> <li>3. A smart working Waterfront</li> <li>4. A connected Waterfront</li> <li>5. A liveable Waterfront</li> </ol> <p>The work within Transform Waterfront sees Panuku continue to build on the work completed by its predecessor, Waterfront Auckland, and to progress and enable the desired Transform outcomes within Wynyard Quarter and the surrounding Waterfront precincts.</p>

Key programme of	Status	Description	Outlook
AC36 Enabling Works	<b>On track</b>	<p>To conclude relocation agreements with waterfront tenants to enable AC36 infrastructure construction.</p> <p>Facilitate resource consents and progress project works including tenant relocations in line with agreed AC36 programme.</p>	<p><b>Highlights for Infrastructure and Event Readiness</b></p> <ul style="list-style-type: none"> <li>• <b>Exit of Bulk Storage Terminals (BST) from Wynyard Quarter</b> and commencement of the demolition of tanks. Handover from Panuku to the WEA is on schedule for the end of October to enable team base and public open space developments.</li> <li>• <b>Relocation of the SeaLink terminal</b> is coming to a conclusion, Wynyard Edge Alliance (WEA) physical works are scheduled for completion end of October and the business will be operational from early November.</li> </ul>

	Implement Auckland Council Host Venue Obligations for the event	<ul style="list-style-type: none"> <li>Scoping of capital works is underway for the relocation of the <b>Fishing Fleet</b>, works include temporary move of Auckland Fishing Port Ltd to Marsden wharf and Sanford fleet to Wynyard wharf.</li> <li>The Expressions of Interest for <b>superyacht berths</b> during the event has been completed. Successful applicants have been advised. All berths available have been allocated.</li> </ul>	
Wynyard Quarter	<p>Leading transformation from a former industrial area to a vibrant new waterfront city neighbourhood. Panuku facilitates outcomes including new housing, visitor and resident satisfaction; enhanced public amenity and access; place activation and community engagement</p> <p><b>On track</b></p>	<ul style="list-style-type: none"> <li><b>Park Hyatt Hotel</b> – Completion of the hotel and the adjacent Madden Plaza has now been indicated by the developer as being March 2020.</li> <li><b>The Vos Shed</b> – Asbestos contamination found in the structure has impacted on both the project budget and the timeframes for completion. Contingency budget will be used to complete the project objectives with completion expected in June 2020.</li> <li><b>Site 18 – Orams Sites 1 &amp; 2</b> – a two-lot subdivision consent has been granted with new titles to be lodged in October for a residential and marine facility. Seawall remediation works have started and demolition of existing structures is expected to be completed by end of October.</li> <li><b>Wynyard Crossing Bridge Replacement</b> – a total of 61 submissions were received in response to the Resource Consent application with 62% in opposition. Panuku is now working through design and budget issues.</li> </ul>	
Other e.g. Marinas	<p>The key objectives are increasing access to the marina for Aucklanders and maintaining Westhaven as a premier marina. This includes redevelopment of the pile mooring area, and completing the waterfront promenade to improve the profitability, quality, and public amenity of the marina.</p> <p><b>On track</b></p>	<ul style="list-style-type: none"> <li><b>Promenade Stage 2</b> – boardwalk structure construction has started with completion of the project scheduled for October 2020.</li> <li>The <b>Westhaven Marine Village</b> is now under construction. The village will create a new home for marine businesses in Westhaven, such as chandlers, brokerages and other specialist services. It will also include a new food and beverage offering for marina visitors and is anticipated for completion in September 2020.</li> <li><b>Pile Berth Redevelopment project</b> (Pile Moorings) – A Kaitaki Engagement forum, to develop an engagement /consultation plan between Panuku and iwi is being established. Detailed design for reclamation was completed at the end of September 2019 with initial estimates indicating an increase in budget may be required to be able to deliver on all of the project outcomes identified. It is likely the project will be staged.</li> </ul>	

## Strategic focus area – Other Town Centres (Transform and Unlock Locations)

## Key commentary

**For the 3 months up to 30 September 2019, a total of \$9.0 million was spent towards the urban regeneration of the town centres that make up the Transform and Unlock programme against a budget of \$10.9 million.**

### Highlights

1. Avondale – The first of four properties required to progress a multi-purpose facility has been acquired.
2. Wilsher Village – 33 Henderson Valley Road, Henderson: Construction of a new 40-unit apartment village achieved practical completion on 1 October 2019 and will soon be home to new tenants.
3. Haumarū – Discussions are continuing with Kāinga Ora Homes and Communities on the Greenslade Court site in Northcote, to create at least 40 new social housing units for older people.
4. The upgraded Papatoetoe Mall has been purchased by a local businessman for \$6.1m, following Panuku’s placemaking and upgrade of the site. The new owner is committed to delivering community outcomes and activations.
5. Manukau – Construction of the MIT Tech Hub in Manukau is underway, on a former council/ Panuku site.
6. Onehunga – Masterplanning has commenced for the Onehunga Wharf, in collaboration with the Council Group, Mana Whenua and a wide range of stakeholders.
7. Panmure – Two key properties required for urban redevelopment were acquired, as well as approvals to rezone two sites from open space to a more suitable residential/town centre zoning have been obtained as part of a council-led open space plan change.

### Issues/Risks

1. Challenging market conditions has the potential to impact physical works delivery and property sales.
2. Evolving crown relationships and partnerships.
3. Tavern lane property sale – a hearing is pending with the Human Rights tribunal.

## Strategic context

Panuku plays a significant role in achieving the *Homes and Places* and *Belonging and Participation* outcomes in the Auckland Plan.

Panuku leads the redevelopment of town centres, the creation of public spaces for the future, and facilitates housing and commercial development; fundamental elements of comprehensive urban regeneration.

The priority location HLPPs, Precinct Plans, and the LTP-funded Priority Location Programme provide a redevelopment roadmap for priority locations.

Key programme of	Status	Description	Outlook
Transform Manukau	<b>On track</b>	The objectives of the programme is to focus on optimising both council and crown land holdings to create significant new residential units and new employment in the town centre. Reinvestment of asset sales into improved public realm and public good projects.	<ul style="list-style-type: none"> <li>• <b>52-54 Manukau Station Road</b> – The agreement with Hayden &amp; Rollett to develop the site has been completed and construction of the MIT Tech Hub that will be used by more than 1,200 students is underway.</li> <li>• <b>New hotel development</b> – A Development Agreement has been put in place for a new hotel adjacent to the bus station.</li> <li>• <b>Crown Partnership</b> – work is continuing with the Crown to support its land development investigations in Wiri and to discuss potential interest in Council owned land in the city centre to achieve agreed development outcomes.</li> </ul>
Transform Onehunga	<b>On Track</b>	Planning the mixed-use redevelopment of the wharf and advocating for integrated infrastructure solutions to better connect Onehunga Mall to the Onehunga wharf and Manukau Harbour. Enhancing public spaces with great design, facilitating new retail and housing choices, and optimising council service sites.	<ul style="list-style-type: none"> <li>• <b>A public realm project in Onehunga town centre</b> for improved laneway between Upper Municipal Place, Onehunga Mall and Waller St has commenced.</li> <li>• <b>DressSmart Precinct</b> – A development agreement has been signed on this precinct to enable the expansion of the existing site.</li> <li>• <b>Municipal Precinct</b> – A needs assessment is being prepared with Community Facilities for the Onehunga indoor recreation requirement. Once this is known, this precinct will enter a precinct plan process.</li> </ul>

Unlock Takapuna	On Track	Engaging closely with the community to unlock the opportunity to create a new active public heart for Takapuna and to provide new housing choices, amenity, and enhanced economic vitality.	<ul style="list-style-type: none"> <li>The Environment and Community Committee approved the spatial arrangement and plan for new civic open space at <b>40 Anzac Street and 38 Hurstmere Road</b> at its 10 July 2019 meeting.</li> <li>The concept design for this new civic open space is now underway. Isthmus Group has been appointed as the design consultants.</li> <li>Shortlisted parties for the development opportunities at <b>40 Anzac Street and 30-34 Hurstmere Road</b> are preparing a development proposal and commercial offer.</li> </ul>
Unlock Avondale	On Track	Facilitating a new multi-purpose community centre and development of vacant central sites in partnership with the Crown and private sector will bring Avondale to life, with more housing choices, people, activity and business prosperity.	<ul style="list-style-type: none"> <li><b>Streetscape upgrade for Crayford Street West</b> – Panuku is leading the upgrade of this important link between the Avondale train station and the town centre. Construction is due to start shortly.</li> <li><b>1977 Great North Road</b> – First of four properties required for the new multi-purpose facility has been acquired.</li> <li><b>Civic Centre Precinct</b> – The design of the new town square, Crayford lane and playground are progressing in parallel to Community Facilities work on the new multi-purpose facility.</li> <li><b>The Avondale Central site</b> – This is a strategic development opportunity in the heart of the town centre. We are currently going through a design exercise to determine the best way of delivering mixed-use development on this and surrounding sites, working with Homes and Communities. It is likely that land will be released to the market in stages.</li> </ul>
Unlock Haumaru	On Track	Improving the quality, location, and design of the Council's social housing stock for older residents, led by Haumaru—a partnership with the Selwyn Foundation. Panuku leads the multi-year, multi-location redevelopment programme.	<ul style="list-style-type: none"> <li><b>Wilsher Village</b> – 33 Henderson Valley Road, Henderson: Construction of a new 40-unit apartment village achieved practical completion on 1 October 2019. The village blessing is scheduled to be held in November 2019 and tenants will start to move in from December 2019.</li> <li><b>Greenslade Court</b> – 27-31 Greenslade Crescent, Northcote. Panuku is continuing discussions with Kāinga Ora Homes and Communities on the redevelopment of Greenslade Court to provide a minimum of 40 new social housing units for older people, enhancing the supply and quality of North Shore network of villages.</li> </ul>

## Strategic focus area – Other Town Centres (Transform and Unlock Locations)

Key programme of	Status	Description	Outlook
Unlock Henderson	<b>On Track</b>	To create an urban eco centre with a family focus, to enhance the mauri of the twin streams Wai o Panuku and Wai Horotiu, and to demonstrate sustainability and climate responses. To provide new homes and commercial opportunities.	<ul style="list-style-type: none"> <li>• <b>2-6 Henderson Valley Road</b> site sale and subdivision – Project has secured a contractor for delivery of a new road, intersection, greenway, and Japanese bell house. Targeting a November 2019 construction commencement. Site sale negotiations continue for an intensive use of the site.</li> <li>• Progressing the negotiations and due diligence necessary to confirm the C40 low carbon development project.</li> </ul>
Unlock Ormiston	<b>On Track</b>	The development and creation of a town centre within the Ormiston & Flat Bush area and to further develop Panuku controlled land. To provide community facilities, new homes, and a retail shopping centre.	<ul style="list-style-type: none"> <li>• <b>Todd Property</b> is selling the development rights of future stages at Ormiston Town Centre and Flat Bush to development consortium NZPropCo Ltd (NZPL), including four blocks in the town centre and 2 stages at 66 Flat Bush School Road. Todd will retain the sites already under construction.</li> <li>• <b>Library and aquatic centre</b> – Library/community centre to remain on Block K (zoned community facilities) and aquatic centre to be relocated to Barry Curtis Park. Residential block B2 will be sold on the open market (subject to Finance and Performance committee approval for release) over the next few months.</li> </ul>
Unlock Panmure	<b>On Track</b>	Reviving the town centre with new housing options, enhanced amenity, local connections and community facilities, building on the natural landscape (the Maunga and the Basin) and the great transport infrastructure.	<ul style="list-style-type: none"> <li>• <b>Town Centre Streetscape Upgrade:</b> Stone Cottage Park and Clifton Court public realm upgrades are being progressed as part of stage one delivery. Concept designs with options scheduled to be presented to the local board for approval by June 2020.</li> <li>• <b>Community Hub (7-13 Pilkington Road)</b> – Indicative Business Case investigations are in progress for a new multipurpose Community Facility investment in Panmure (approved in June 2019 by the Maungakiekie-Tāmaki Local Board). Investigations are expected to be completed by mid-2020.</li> <li>• <b>3 Kings Road Plan Change</b> – Application approved to rezone from Open Space Informal Recreation to Terrace Housing and Apartment Building zone (as part of the council-led Open Space plan change on 6 Aug 2019).</li> <li>• <b>28-30 Pilkington Road Plan Change</b> – Application approved to rezone eastern portion of the site from Open Space Informal Recreation to Town Centre (as part of the council led Open Space plan change on 6 Aug 2019).</li> <li>• <b>19-23A Queens Road:</b> Strategic acquisition completed in July 2019 to enable the delivery of mixed-use in a super redevelopment block.</li> <li>• <b>3 Korma Lane:</b> Strategic acquisition of the site went unconditional in September, settlement scheduled for 31 October 2019. The acquisition maximises the urban regeneration benefit of developing a mixed-use development with integrated community facilities, commercial development and public realm outcomes.</li> </ul>
Unlock Papatoetoe	<b>Delayed</b>	Developing new housing choices around the completed commercial developments of a shopping mall, supermarket, and carpark to enable the centre to flourish and the community to thrive.	<ul style="list-style-type: none"> <li>• <b>The upgraded Papatoetoe Mall</b> has been purchased by a local businessman, for a sale price of \$6.1m, following Panuku’s placemaking and upgrade of the site. The new owner is committed to delivering community outcomes and activations.</li> <li>• <b>Tavern Lane site</b> – An agreement on the sale was not achieved in FY19 as envisaged. Panuku is in discussions with a potential development partner to progress the sale for a mixed-use development.</li> </ul>

			Ngai Tai Waipareira Housing Limited has sought a Human Rights review and a hearing is pending with the tribunal.
Unlock Hobsonville	<b>On Track</b>	Facilitating the creation of an employment hub “The Airfields” to compliment the greenfields master planned community at Hobsonville Point led by HLC and the residential precincts facilitated by Panuku.	<ul style="list-style-type: none"> <li>• Master planning the employment and mixed-use site with HLC (now part of Kāinga Ora Homes and Communities).</li> </ul>
Unlock Northcote	<b>On Track</b>	Regenerating the shopping centre into an accessible, modern mixed-use town centre, where people can live, work, play, and stay; where cultures are celebrated and connected by the Awataha Stream.	<ul style="list-style-type: none"> <li>• <b>The acquisition programme</b> is gaining momentum with all remaining building owners receiving renewed approaches and several negotiations underway. Panuku is using the urban renewal process under the Public Works Act.</li> <li>• <b>Te Ara Awataha</b> – The Northcote greenway project has been gifted a name by Mana Whenua (approved by Local Board). Design development and construction is currently underway in collaboration with Kāinga Ora and Auckland Council. Ongoing community restoration work is being undertaken in Jessie Tonar Scout Reserve, led by Kaipatiki Project.</li> </ul>
Unlock Pukekohe	<b>On Track</b>	Working with the Local Board in identifying development opportunities to strengthen the local economy and bring communities together.	<ul style="list-style-type: none"> <li>• Work is continuing with Auckland Transport to progress parking solutions and with mana whenua to explore a partnering approach to the programme.</li> <li>• Low scale interim activations are being progressed.</li> </ul>
Unlock City Centre	<b>On Track</b>	Managing city centre redevelopment projects on behalf of Council, including the Civic Administration Building (CAB), Central Post Office (CPO)	<p><b>Civic Administration Building</b></p> <ul style="list-style-type: none"> <li>• Sale has been completed and construction has started on site.</li> <li>• Key construction milestones in place for the refurbishment programme with expected completion by March 2022.</li> </ul>



# Other statement of intent focus areas

## Local board engagement

Local board engagement was maintained across local board areas and priority locations through the election period. Senior engagement advisors worked with project teams and local boards collaborating on:

- Approvals and/or endorsements for a dozen concept designs or initiatives across the programmes.
- We have created collateral to support induction packages that ensure that all newly elected members and councillors have the information they need about what Panuku does and about our priority locations and local plans.
- We have also worked closely with local board services to produce more broad information about us a CCO.

## Climate change

- Working with Enviro-mark to obtain CEMARS certification, with independent audit of emissions inventory booked for November 2019.
- Draft environmental sustainability framework developed for public realm projects to be tested internally in Q2 before refining and adopting.
- Internal climate change working group developing climate change strategy and action plan to be adopted Q3/Q4.
- Working with technical experts to ensure climate adaptation and resilience is a key consideration in master planning and development of priority development locations with Onehunga Wharf the first pilot location.
- Working with technical experts and industry to develop a tool to measure and reduce the carbon impact of new mixed-use and residential development with tool ready for use, anticipated in Q4.
- In the final stage of obtaining New Zealand's first Green Star - Communities ratings for the Opanuku Precinct in Henderson and the Takapuna masterplan with confirmed ratings anticipated December 2019.

## Working with Central Government

Kāinga Ora Homes and Communities was established on 1 October incorporating Housing New Zealand, the KiwiBuild Unit and HLC. Kāinga Ora has two key roles: being a world-class public housing landlord and partnering with the development community, Māori, local and central government, and others on urban development projects of all sizes.

- While we continue to work with Kāinga Ora Homes and Communities and Ministry of Housing and Urban Development (Land for Housing Unit) in a number of the priority locations, consideration is being given to how the two organisations will work effectively together across a range of locations. This will be considered within the context of the primary relationship between Kāinga Ora Homes and Communities and the Auckland Council group.
- Panuku has provided input into the Auckland Council submission on the bill to establish Kāinga Ora Homes and Communities. The second bill on powers is expected later in 2019.
- We are making good progress on joint work in Avondale, Henderson and Manukau.

## Contribution towards Māori outcomes

### Effective Māori Participation

Intensive hui completed with mana whenua to understand their aspirations for Maori here in Tamaki and specifically how Panuku can help support their desired outcomes. Feasible activities and actions were tested with senior Panuku staff to ensure they are all within our remit and achievable over a three year timeframe. The actions have been agreed by Panuku executive, with endorsement of the overall approach also received from the board, and Mana Whenua Kaitiaki Forum.

### Te Reo Māori

Panuku gives effect to the council's Te Reo Policy. As part of Te Wiki o te Reo, Panuku had various office activations including guest speakers to come and share their stories with Panuku; fourteen Panuku staff participated in the 2019 Te Waiata at AUT, singing 3 waiata in this annual competition; word search, a Maori quiz and treasure hunt, a flax weaving workshop and Te Kihini. Panuku staff also attended the annual Hikoia te Korero to celebrate the Maori Language. Panuku renamed our City Centre meeting room to Te Pu Manawa (The Beating Heart), as part of our continued commitment to normalising Te Reo Maori at Panuku.



## Direct operating performance

(\$ million)	Notes	FY 19		FY 20 Quarter 1 YTD			FY 20 Budget
		Actual		Actual	Budget	Variance	
<b>Net direct expenditure</b>		<b>9.7</b>		<b>4.7</b>	<b>5.0</b>	<b>0.3</b>	<b>21.1</b>
<b>Direct revenue</b>		<b>37.4</b>		<b>3.8</b>	<b>5.0</b>	<b>1.2</b>	<b>19.8</b>
Fees & user charges		2.1		0	0	0	0
Operating grants and subsidies		-		-	-	-	-
Other direct revenue	A	35.3		3.8	5.0	1.2	19.8
<b>Direct expenditure</b>	B	<b>47.1</b>		<b>8.5</b>	<b>10.0</b>	<b>1.5</b>	<b>40.9</b>
Employee benefits		25.2		7.0	8.0	1.0	32.6
Grants, contributions & sponsorship		-		-	-	-	-
Other direct expenditure		21.9		1.5	2.0	0.5	8.3
<b>Other key operating lines</b>							
AC operating funding		18.0		4.7	5.0	0.3	21.1
AC capital funding		17.2		0	0	0	0
Vested assets		-		-	-	-	-
Depreciation		8.1		0	0	0	0.1
Net interest expense		(0.7)		0	0	0	0



## Financial Commentary

Overall the operating performance of Panuku is tracking just ahead of budget \$0.3m and is expected to meet budget at year end.

**A:** Other direct revenue is \$1.2m under budget, this revenue is generated through Panuku staff charging time to Council projects, revenue is behind mostly due to position vacancies across Panuku and there is a corresponding saving in employee benefits.

**B:** Direct expenditure is \$1.5m behind budget, largely due to savings to date in employee benefits \$1.0m as there are a number of vacancies across Panuku. There is a \$0.4m saving to budget for insurance costs as the costs in year for Waterfront properties has been charged to the Commercial Property Portfolio.

Please note the FY20 budget reflects the impacts on Panuku of the asset transfer.

## Commercial Property Portfolio Q1 financials



## Direct operating performance



## Financial Commentary

(\$ million)	Notes	FY 19			FY 20 Quarter 1 YTD			FY 20 Budget
		Actual	Budget	Variance	Actual	Budget	Variance	
<b>Net direct revenue</b>		12.8	0.3	(2.0)	2.3	7.4		
<b>Direct revenue</b>	<b>A</b>	<b>30.8</b>	<b>13.9</b>	<b>12.4</b>	<b>1.5</b>	<b>47.5</b>		
Fees & user charges		1.9	0	0	0	0		
Operating grants and subsidies		-	-	-	-	-		
Other direct revenue		28.9	13.9	12.4	1.5	47.5		
<b>Direct expenditure</b>	<b>B</b>	<b>18.0</b>	<b>13.6</b>	<b>14.4</b>	<b>0.8</b>	<b>40.1</b>		
Employee benefits		0.2	1.2	0.4	(0.8)	1.6		
Grants, contributions & sponsorship		-	-	-	-	-		
Other direct expenditure		17.8	12.4	14.0	1.6	38.5		
<b>Other key operating lines</b>								
AC operating funding		-	-	-	-	-		
AC capital funding		-	-	-	-	-		
Vested assets		-	-	-	-	-		
Depreciation		0.3	1.9	2.8	0.9	11.3		
Net interest expense		0	0	0	0	0		

The numbers in the table represent the Auckland Council Portfolio only, they do not include the net direct revenue of \$0.3m year to date that we have generated for properties managed for Auckland Transport, or the \$1.1m of dividend that has been passed to Solid Waste at Council from the Waste Disposal Services investment managed by Panuku for Council.

**A:** Direct revenue is ahead \$1.5m, as there are a number of properties across the portfolio that we had budgeted to be vacant in this financial year the most significant of which is the Strand Takapuna, \$0.5m revenue received to date in year. There have also been rental increases that have added an additional \$0.2m to revenue. Operating revenue across Wynyard Wharf is \$0.1m ahead of phased budget to date, and Waste Disposal Services revenue is \$0.1m ahead of budget, as a result of additional throughput through the land fill.

**B:** Direct expenditure ahead of budget \$0.8m, employee benefits are over by \$0.8m due to miscode related to timesheet recharges which will be correctly coded to other direct expenditure next month. Consultancy costs are \$0.8m under budget this is a timing issue to budget, we have budgeted for master planning work in Transform Onehunga and Waterfront which is underway but timing was delayed from initial budget phasing.

## Panuku Q1 performance measures

Key performance indicators

Previous Year

FY 20 Quarter 1

Actual

Target

Status

Commentary

**Note: Panuku has a total of 6 LTP measures and 17 SOI measures. For the 3 months to 30 September 2019, 3 measures has been met for quarter 1. 7 are progressing and 7 are end of year measures.**

1. Transform and Unlock location initiatives completed.	57% of the initiatives were completed (8 out of 14 initiatives).	Three of the fourteen planned initiatives have been completed.	90% or more of planned initiatives completed/ achieved. A list of location initiatives for the 2020/21 year will be agreed by the Board in the 2019/20 financial period.	Progressing	Three initiatives were completed at the end of Q1. These are Plan change for 3 Kings Road; Wynyard Marina Superyacht Infrastructure construction start and Westhaven Promenade stage 2 construction start.
2. Climate change mitigation and adaptation considered across Panuku projects	New measure	N/A	A tool is developed / identified to measure and reduce greenhouse gas (GHG) impact of new mixed use and residential development by June 2020.	Progressing	The development of a tool is progressing and on track for completion.
3. Climate change mitigation and adaptation considered across Panuku projects	New measure	N/A	A process is defined to ensure climate change adaptation is embedded in the location planning process. Approved by Board by June 2020. One adaptation plan completed as a template for other areas.	Progressing	Work is progressing.
4. Percentage of attendees surveyed satisfied with city centre Waterfront place programmes and activities.	85%	N/A	85%	Not yet measured	The survey will be carried out close to year end.
5. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre Waterfront (LTP)	92%	N/A	80%	Not yet measured	The survey will be carried out close to year end.

Key performance indicators	FY 20 Quarter 1			Status	Commentary
	Previous Year	Actual	Target		
6. Percentage of Aucklanders surveyed who have visited the city centre Waterfront in the past year (LTP)	72%	N/A	73%	Not yet measured	The survey will be carried out close to year end.

7. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP).	91%	N/A	88%	Not yet measured	The survey will be carried out close to year end.
8. Number of significant Māori initiatives implemented or active per annum (LTP).	65	7	52	Progressing	Target is forecast to be met. A number of Māori initiatives underway.
9. % Mana whenua groups satisfied with quality of engagement.	30% were satisfied, 30% were neither satisfied nor dissatisfied, 20% were dissatisfied. 20% did not give a rating.	N/A	Maintain or Improve baseline	Not yet measured	The survey will be carried out close to year end.
10. Written evidence that opportunities have been identified and assessed, to be progressed or not.	143 opportunities assessed	Two site assessments have been completed	At least 100 opportunities identified and assessed.	Progressing	Ten assessments are progressing.
11. The net surplus on the property portfolio achieves the annual budget agreed with the council. (Properties managed on behalf of Council).	\$26.8m	\$4.5m	Net surplus achieved budget for 2019/20. \$4.0m (quarter)	Met	Net surplus has achieved budget surplus for quarter 1. The annual target is \$30.5m.
12. Occupancy rate for tenable properties.	97.8%	97%	95%	Met	Occupancy percentages for quarter 1 were within target

Key performance indicators	FY 20 Quarter 1			Status	Commentary
	Previous Year	Actual	Target		
13. ROI on investment on a like for like properties (LTP)	2.4%	N/A	Greater than or equal to 1.75%	Measured at year end	The ROI on properties will be calculated at year end.
14. Return on Equity on commercial assets and services (LTP).	11.43%	N/A	8.25%	Measured at year end	The ROE will be calculated at year end.

<p>15. List of properties recommended for disposal submitted to the council</p>	<p>\$30.38m</p>	<p>\$8.8m worth of assets have been recommended for disposal in Quarter 1.</p>	<p>A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021. or A list of recommended properties with a total gross value of \$22.5 million will be submitted to the council seeking approval for disposal by the end of June 2020.</p>	<p>Progressing</p>	<p>Recommended disposals is projected to be met at year end.</p>
<p>16. Achieve total forecast net sales for the financial year through unconditional agreements. (Asset sales).</p>	<p>\$44.44m</p>	<p>\$1.92m worth of asset have been sold in Quarter 1.</p>	<p>Meet or exceed forecast Property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.</p>	<p>Progressing</p>	<p>General asset sales is projected to be met at year end.</p>
<p>17. Acquisitions are delivered within the timeline agreed with Auckland Council.</p>	<p>92.8%</p>	<p>85%</p>	<p>80% satisfaction against agreed service performance measure</p>	<p><b>Met</b></p>	<p>Acquisition target achieved for quarter 1. Six completed within timeline out of seven acquisitions.</p>