

Board Agenda

Where: Level 2, Pier 21 Building, 11 Westhaven Drive, Freemans Bay, Auckland

When: Wednesday, 28 June 2017 | 9.00 am – 2:00 pm

Board Members: Richard Aitken – Chair
 Anne Blackburn – Director
 Evan Davies – Director
 Richard Leggat – Director
 Dr Susan Macken – Director
 Paul Majurey – Director
 Mike Pohio – Director
 Martin Udale – Director

In attendance: Roger MacDonald – Chief Executive
 David Rankin – Chief Operating Officer
 Carl Gosbee – Director Corporate Services
 Angelika Cutler – Director Corporate Affairs
 Rod Marler – Director Place and Design
 Ian Wheeler – Director Portfolio Management
 Allan Young – Director Development
 Aaron Simperingham – Company Secretary

		Page #	Timing
1.	Opening of Meeting 1.1 Apologies 1.2 Directors' Interests 1.3 Directors' Board Meeting Attendance Register 1.4 Minutes of the 31 May 2017 Board meeting (redacted version)	3	9.00 am
2.	Chief Executive's Report		9.15 am
3.	Decision Papers 3.1 Panuku SOI 2017-2020 3.2 Disposals recommendation 3.3 HLPP Programme update 3.4 Audit New Zealand proposal	8 46 59 63	9.30 am
4.	Information Papers 4.1 Wynyard Quarter Engagement Plan 4.2 Quarter three report to Auckland Council 4.3 Staff capitalisation policy	71 73 96	10.15 am
5.	Procedural Motion to Exclude the Public Put the motion that, pursuant to the provisions of Section 48(1)(a) of the Local Government Official Information & Meetings Act 1987, the public be excluded from the following proceedings of this meeting, so that commercially sensitive issues can be discussed in confidential session.		10.30 am

	Morning Tea		10.30 am
6.	Confidential matters		10.45 am
	6.1 Minutes of 26 April 2017 and 31 May 2017 Board meetings	99	
	6.2 Discussion of confidential matters in CE Report and Board papers with LGOIMA redactions	110	
	• Leaderkit Report	119	
	• Financial Dashboard	126	
	• Health and Safety Report	130	
	• Risk Update	142	
	• Acquisitions Summary	151	
	• Disposals Summary	154	
7.	Confidential Board Papers (papers which are fully confidential)		11.00 am
	Decision Papers		
	7.1 Barrowcliffe <i>Withheld from the public under S7(2(h)) of the LGOIMA.</i>	155	
		160	
	7.2 Panuku Corporate Business Plan and Business Strategy <i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>	207	
		211	
	7.3 Relocatable housing <i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>		
	7.4 Grants and Donations <i>Withheld from the public under S7(2(h)) of the LGOIMA.</i>		
	Directors Only Time		11.30 am
8.	Board Review		11.30 am
	8.1 Presentation by Graham Nahkies		
	Commencement of Confidential Matters		12.30 am
9.	Information Papers		12.30 am
	9.1 LTP Update report <i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>	218	
10.	Board Committees		1.05 am
	10.1 Verbal update from Wynyard Quarter Committee 20 June 2017 <i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>		
	10.2 Verbal update from Audit and Risk Committee 20 June 2017 <i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>	226	
	10.3 Draft minutes from Health and Safety Steering Group 18 May 2017 <i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>		
11.	General Business		1.15 am
	Lunch		1.30 am

Note: Some information has been withheld from the public under the relevant sections of the Local Government Official Information and Meetings Act 1987 (LGOIMA). Where information is withheld, the relevant section of the LGOIMA is cited. A copy of Section 7 of the LGOIMA, which provides reasons to withhold official information, is attached to the Board papers for reference.

Directors' Interests at 31 May 2017

Member	Interest	Company / Entity	Conflicts pre-identified?
Richard H. Aitken	Chairman	Development Auckland Limited	
	Director	BGCF Trustee Ltd	
	Shareholder	Beca Group Ltd	
	Director	BGL Custodian Ltd	
	Director	BGLIR Trustee Ltd	
	Director	BGL Management Share Trustee Ltd	
	Director	BGL Nominees Ltd	
	Director	BGS Trustee Ltd	
	Director	Derceto Trustee Ltd	
	Director	Hopetoun Pitt Ltd	
	Director	Gands Plan Pty Ltd (Australia)	
	Director	John Scotts Investments Ltd	
	Director	TrustPower Ltd	
	Chair	Te Punaha Matatini Advisory Board	
	Trustee	BAS Custodian Trust	
	Trustee	Beca Indemnity Fund Custodian Trust	
	Trustee	BGLIR Custodian Trust	
	Trustee	BGL Custodian Trust	
	Trustee	BGS Custodian Trust	
	Trustee & discretionary beneficiary	The Glade Trust	
Trustee	The Sunnybrae Trust		
Trustee	The Waimarama Trust		
M. Anne Blackburn	Director	Development Auckland Limited	
	Member	Commercial Operation Advisory Board to the Treasury	
	Director	New Zealand Venture Investment Fund Limited	
	Director	NZVIF Investments Limited	
	Director	Warren & Mahoney Limited	Supplier
	Director	Warren & Mahoney Architects Limited	Supplier
	Director	Committee for Auckland Limited	
	Director	Fidelity Life Assurance Company Limited	
	Director	Fisher Funds Management Limited	
	Director	TSB Bank Limited	
	Director	TSB Group Capital Limited	

Member	Interest	Company / Entity	Conflicts pre-identified?
	Director	TSB Group Investments Limited	
	Director	Ten Gracie Square Limited	
	Director	Wairaka Land Company Limited (Unitec land development subsidiary)	Possible
Evan W. Davies	Director	Development Auckland Limited	
	Director	Welch Securities Ltd	
	Director	Paris Magdalinos Architects Ltd	
	Director	Kokako Fames Ltd	
	Director	Todd Property Group Limited and Subsidiaries	
	Director	Todd Property Ormiston Town Centre Ltd	J/V with Panuku
	Trustee	Melanesian Mission Trust	
	Trustee	Anglican Trust for Women and Children	
	Chair	Capital Investment Committee, Nation Health Board	
	Chair	Christchurch Hospital Redevelopment Partnership Board	
	Director	FMS Ltd (Aust)	
Richard I. Leggat	Director	Development Auckland Limited	
	Director	New Zealand Post Ltd	
	Deputy Chair	Tourism NZ	
	Director	Education NZ	
	Director	Cycling NZ	
	Member	Union Cycliste Internationale Ethics Commission	
	Chairman	NZ Cycle Trail Incorporated	
	Director	Snowsports NZ	
	Panel Member	NZ Markets Disciplinary Tribunal	
	Director	Trophy Metropolitan Limited	
	Director	Mortleg Ltd	
	Director	Winter Games New Zealand	
	Advisor	Busways Pty Limited	
Dr Susan C. Macken	Director	Development Auckland Limited	
	Director	Treasury Advisory Board	
	Director	Blossom Bear Limited	
	Director	STG Ltd	
	Deputy Chair	Tāmaki Redevelopment Company Limited	Possible
	Director	Spa Electrics Ltd (Aust)	
	Chair	Kiwibank	

Paul F. Majurey

Chair

Tūpuna Maunga o Tāmaki Makaurau Authority

Member	Interest	Company / Entity	Conflicts pre-identified?
	Chair	Tāmaki Makaurau Community Housing Limited	
	Chair	Mana Whenua & Crown Working Group (Proposed Hauraki Gulf / Tikapa Moana Recreational Fishing Park)	
	Chair	Marutūāhu Rōpū General Partner Limited	
	Chair	Marutūāhu Collective (5 iwi collective)	
	Chair	Hauraki Collective (12 iwi collective)	
	Co-Chair	Sea Change Marine Spatial Plan Project	
	Co-Chair	Tāmaki Healthy Families Alliance	
	Director	Museum of New Zealand Te Papa Tongarewa	
	Director	Development Auckland Limited	
	Director	Pare Hauraki Asset Holdings Limited	
	Director	Taimoana Marine Farms Limited	
	Director	Tikapa Moana Enterprises Limited	
	Director	Pouarua Farm General Partner Limited	
	Director	Ngāti Maru Pouarua Farm Limited	
	Director	Half Moon Bay Venture Limited	
	Director	Atkins Holm Majurey Limited	
	Trustee	Crown Forestry Rental Trust	
	Trustee	Ngāti Maru Rūnanga Trust	
	Trustee	Hauraki Fishing Group	
	Mana Whenua Representative	Hauraki Gulf Forum	
	Tainui Waka Representative	Iwi Working Group (Review of Te Ohu Kaimoana)	
	Chair	Whenuapai Housing General Partner Limited	
Michael E. Pohio	Director	Development Auckland Limited	
	Director	National Institute of Water & Atmospheric Research Limited	
	Director	NIWA Vessel Management Limited	
	Director	KiwiRail Limited	
	Chairman	BNZ Partners Waikato	
	Director	Te Atiawa Iwi Holdings	
	Director	Te Atiawa (Taranaki) Holdings Limited	
	Director	TBFree	
	Director	Ospri New Zealand Ltd	
		• National Animal Identification and Tracing Ltd	
C. Martin Udale	Director	Development Auckland Limited	
	Director	Essentia Consulting Group Limited	
	Director	Fleming Urban Limited	Possible Onehunga development

Member	Interest	Company / Entity	Conflicts pre-identified?
	Director	Innovation Waikato Limited	
	Director	Paparata Limited	
	Director	Tall Wood Limited	
	Director	Tall Wood Distribution Limited	
	Director	Forest Group Limited	
	Director	Tamaki Redevelopment Company Limited	Possible
	Director	Tamaki Regeneration Limited	
	Director	Waikato Innovation Park Limited	
	Chair	Wairaka Land Company Limited (Unitec land development subsidiary)	Possible
	Trustee	Cardinal Trustees Limited	
	Director	TW Twenty Twenty Limited	
	Director	Hobsonville GP Limited	
	Director	New Ground Living (Hobsonville Point) Limited	
	Director	Tall Wood Assembly Limited	

DIRECTORS' MEETING ATTENDANCE REGISTER – 2016 / 2017

	2016						2017						
	27 Jul	31 Aug	21 Sep	26 Oct	30 Nov	14 Dec	22 Feb	29 Mar	26 Apr	31 May	28 June	TOTAL	
Sir John Wells	A	✓	✓	✓	✓	NA	NA	NA	N/A	N/A	N/A	4	
R.H. Aitken	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Dr S.C. Macken	✓	✓	✓	✓	A	✓	✓	✓	✓	✓			
M.A. Blackburn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
E.W. Davies	✓	✓	✓	✓	A	✓	A	✓	✓	✓			
R.I. Leggat	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
P.F. Majurey	✓	✓	✓	A	✓	✓	✓	✓	✓	✓			
M.E. Pohio	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
C.M. Udale	✓	✓	A	✓	✓	✓	✓	✓	✓	✓			

MINUTES OF THE MEETING OF DIRECTORS OF DEVELOPMENT AUCKLAND LIMITED (PANUKU DEVELOPMENT AUCKLAND), HELD IN **CONFIDENTIAL** SESSION AT LEVEL 2, PIER 21 BUILDING, 11 WESTHAVEN DRIVE, AUCKLAND ON WEDNESDAY 31 MAY 2017 COMMENCING AT 9.00 AM.

ATTENDING		<p>Board: Richard Aitken (Chair), Anne Blackburn, Evan Davies, Richard Leggat, Paul Majurey, Mike Pohio, Dr Susan Macken, and Martin Udale.</p> <p>Executive: Roger MacDonald (Chief Executive), David Rankin (Chief Operating Officer), Angelika Cutler (Director Corporate Affairs), Carl Gosbee (Director Corporate Services), Rod Marler (Director Place and Design), Ian Wheeler (Director Portfolio Management), Allan Young (Director Development), David Gurney (Company Secretary).</p>
APOLOGIES	1-05/17	There were no apologies for the meeting. Mike Pohio advised that he had to leave the meeting at 11am.
BOARD ATTENDANCE REGISTER	2-05/17	The Board received the Board Attendance Register.
DIRECTORS' INTERESTS	3-05/17	<p>The Directors' Interests Register was noted.</p> <p>Richard Aitken noted that he was a member of the Ministry of Business Innovation and Employment's Building Advisory Committee.</p>
PUBLIC DEPUTATIONS	4-05/17	<p>Ms Penny Bright</p> <p>Ms Bright spoke to the Board about the Tamaki regeneration. Issues that she raised included:</p> <ul style="list-style-type: none"> • Concerns about gentrification • Concerns about the transfer of 2700 state houses to the Tamaki Regeneration Company • There are a number of sections and houses in Tamaki that are currently empty. <p>Ms Bright also expressed her view that the role of Panuku appeared to be to transfer public land into private developments.</p> <p>Grant Gillion (Chair), George Wood (Deputy Chair) and Jan O'Connor (Member) of the Devonport/Takapuna Local Board</p> <p>The Local Board members attended to present their board's unanimous opposition to the sale of 4 Blomfield Spa, Takapuna. Points raised included:</p> <ul style="list-style-type: none"> • The high value that residents place on the land as a piece of open green space and that value would only increase given the intense urban intensification in Takapuna • The land having been part of a land swap in 2008, where the Resource Consent for the land swapped out had a condition that the land was open space • A minuted intention by the North Shore City Council that it intended to place reserve status on the land, which could not be actioned before the amalgamation of North Shore City Council into Auckland Council. • There are other pieces of land in Takapuna that are better suited to sell for development purposes.

		<p>LGOIMA.</p> <ul style="list-style-type: none"> • CAB apartments Information has been withheld from the public under s7(f)(i) of the LGOIMA. • Panmure Information has been withheld from the public under s7(f)(i) of the LGOIMA. • Health and Safety Information has been withheld from the public under s7(2(f)(i)(i) of the LGOIMA.
DECISION PAPER 7.2 – DIVIDEND PAYMENT AND SHARE ISSUE TO AUCKLAND COUNCIL	12-05/17 13-05/17	<i>Withheld from the public under S7(2(f(i))) of the LGOIMA</i>
DECISION PAPER 7.3 - DRAFT WYNYARD QUARTER HIGH LEVEL PROJECT PLAN AND FRAMEWORK PLAN	14-05/17	<i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>
DECISION PAPER 7.5 – SITE 18	15-05/17	<i>Withheld from the public under S7(2(h)) of the LGOIMA.</i>
DECISION PAPER 7.6 – ACQUISITION OF LAND FOR OPEN SPACE – 158 PARK ESTATE ROAD, HINGAIA	16-05/17	<i>Withheld from the public under S7(2(i)) of the LGOIMA.</i>
DECISION PAPER 7.7 – SALE OF 7 PIKI THOMSPON WAY, OTAHUHU	17-05/17	<i>Withheld from the public under S7(2(i)) of the LGOIMA.</i>
DECISION PAPER 7.8 – PROPOSED ACQUISITION IN AVONDALE – 22 ELM STREET	18-05/17	<i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>
DECISION PAPER 7.10 – WESTHAVEN PILE MOORING REDEVELOPMENT	19-05/17	<i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>
DECISION PAPER 7.11 – TRANSFORM ONEHUNGA: LENLEASE CO- DESIGN AND EXCLUSIVITY	20-05/17	<i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>

AGREEMENT		
DECISION PAPER 7.12 – TRANSFORM MANUKAU PROGRAMME BUSINESS CASE	21-05/17	<i>Withheld from the public under S7(2(f(i))) of the LGOIMA.</i>
INFORMATION PAPERS 8.1 UPDATE ON QUEENS WHARF AND CENTRAL WHARVES FRAMEWORK, AND 8.2 UPDATE ON WYNYARD CENTRAL FRAMEWORK	22-05/17	Due to time constraints, these papers were taken as read and not discussed.
		The meeting closed at 1:45pm.

READ AND CONFIRMED

_____ **Chairman**

_____ **Date**

Chief Executive’s Report to the Board

Document Author	Roger MacDonald - Chief Executive
Contributors	David Rankin – Chief Operating Officer Rod Marler – Director Place and Design Allan Young – Director Development Ian Wheeler – Director Portfolio Management Carl Gosbee – Director Corporate Services Angelika Cutler – Director Corporate Affairs
Date	22 June 2017

1. Overview

This report provides the Board with a summarised overview of the opportunities and the issues facing the organisation.

This report is a public report, however confidential information is redacted. Information that has been redacted is indicated in **blue font**. Where redacted information exists, a reference to the section of the Local Government Official Information and Meetings Act 1987 (LGOIMA) will be cited in the publicly available version of the report.

2. Key issues

This section outlines issues that are not otherwise covered by a Decision or Information Paper elsewhere in the agenda and are either:

- Strategically significant issues;
- Emerging and developing issues; or
- Project updates.

2.1 Strategically significant issues

2.1.1 Mayoral Housing Taskforce

The Mayoral Housing Taskforce was established to identify barriers and constraints to building more homes in Auckland at a pace and scale to meet the demands of population growth. Panuku made a submission to the taskforce. The recently released taskforce report has identified three key areas where changes are needed in order to deliver more homes in Auckland:

- Remove impediments to the construction sector developing at scale, including identifying investors who can build through the dips to lift construction in the peaks
- Unlock the availability of land with appropriate zoning and infrastructure, at the right price, to enable more development, faster
- Deliver efficient and certain planning, consenting, and risk management to reduce costs, enable innovation in construction and delivery, and create communities with high-quality built and urban form outcomes.

The key strategic intervention is in relation to establishing a credible long-term programme of housing development, including a commitment to maintain a higher baseline of overall housing delivery across boom-bust cycles. Clarity about the future pipeline of work would encourage investment in skill development and innovation. This would include:

- identifying land requirements, including land that may need to be purchased in advance
- planning mechanisms to enable delivery
- financing, funding, and ownership mechanisms to ensure delivery, including potential shared equity models for land
- a long-term construction workforce development plan.

The report supports joint venture delivery mechanisms, such as partnerships between the private sector and Panuku Development Auckland or HLC (formerly Hobsonville Land Company) with appropriate sharing of risk and reward, and making this plan known in the market to provide certainty for home builders.

The report also includes recommendations in relation to the capacity and capability of the construction sector, impact of banking regulations, infrastructure funding negotiations, new Acceptable Solutions under the Building Code for prefabricated products and medium density housing typologies and speeding up plan change processes.

A full review of the report and implications and opportunities for Panuku will be undertaken, and reported to the board.

2.1.2 Additional tools for Urban Regeneration

At the June meeting of the city planning committee Panuku was successful in our initiative to have council agreement to our judicious use of Public Works Act compulsory acquisition powers to pursue redevelopment objectives consistent with an agreed High Level Project Plan.

This formal committee meeting had been preceded by a well-attended informal workshop with councillors as well as a great deal of informal one on one discussion. We also organised a workshop with local board representatives and fully discussed the concept with iwi.

There is broadly based support for our position. This was essentially that in order to successfully intensify in and around town centres Panuku needs the ability to aggregate sites. There will be occasions when use of designations under the Resource Management Act, and or compulsory acquisition under the Public Works Act for housing and urban renewal purposes, will be necessary.

We are now able to utilise these powers, subject to having appropriate budget authority and satisfying the various legal tests around establishing need for a particular site and certainty of the development outcome to be achieved.

2.1.3 Panuku Performance Management Framework

Information has been withheld from the public under s7(2)(f)(i) of the LGOIMA.

2.2 Emerging and developing issues

2.2.1 Stolthaven Bulk Liquids Facility

Information has been withheld from the public under s7(2)(h) of the LGOIMA.

2.2.2 Local Board place making delegation

Information has been withheld from the public under s7(2)(f)(i) of the LGOIMA.

2.3 Project updates

2.3.1 Willis Bond West One LV1

Information has been withheld from the public under s7(i) of the LGOIMA.

2.3.2 Site 18, Beaumont Street, Wynyard Quarter

Information has been withheld from the public under s7(i) of the LGOIMA.

2.3.3 Vos Boat Yard, Wynyard Quarter

Information has been withheld from the public under s7(i) of the LGOIMA.

2.3.4 Marine Village

Information has been withheld from the public under s7(i) of the LGOIMA.

2.3.5 Whitford Quarry and Landfill

Information has been withheld from the public under s7(i) of the LGOIMA.

2.3.6 22 Elm Street, Avondale

Information has been withheld from the public under s7(i) of the LGOIMA.

2.3.7 Housing for Older People (HfOP)

Haumaru Housing Partnership will be taking over management of the Council's 62 villages on 1 July 17. *Information has been withheld from the public under s7(h)(i) of the LGOIMA.*

2.3.8 ACC / Te Papa

Information has been withheld from the public under s7(i) of the LGOIMA.

2.3.9 ACC / Council portfolio sale

Information has been withheld from the public under s7(i) of the LGOIMA.

2.3.10 NZSuper Fund

Information has been withheld from the public under s7(i) of the LGOIMA.

2.4 America's Cup

Racing for the America's Cup is anticipated to conclude by 26 June 2017, and at time of writing the winner is unknown. Should the cup winner propose to run the next race series in Auckland, additional wharf and staging areas will need to be found to accommodate the event.

Information has been withheld from the public under s7(f)(i) of the LGOIMA.

3. Panuku Leaderkit Project Summary

Information has been withheld from the public under s7(b)(ii) of the LGOIMA.

4. Financial Summary

Information has been withheld from the public under s7(b)(ii) of the LGOIMA.

5. Organisational Summary

5.1 Chief Executive's Networks

Information has been withheld from the public under s7(b)(ii) of the LGOIMA.

5.2 Staff success

Our tramway in Wynyard Quarter received two excellence awards at a recent awards ceremony hosted by the Federation of Rail Organisations of New Zealand. The annual rail safety conference recognises excellence in the industry in seven categories, two of which were awarded to our tramway team.

The team won the Tramway Restoration Award for the refurbishment of our former Melbourne SW6 class tram No.881.

Our tramway maintenance contractor Clinton Pearce who undertook the 11 month rebuild received high praise for his efforts.

Operations Manager James Duncan was awarded the NZTA Safety Initiative Award for his work on the tram over the last year. James has introduced a number of changes and new safety initiatives following his research into three disastrous fires on former Melbourne trams that ran on a heritage tramway in Memphis USA.

Two Wynyard Quarter buildings were named winners in this month's Property Council New Zealand Rider Levett Bucknall Property Industry Awards 2017; Mason Bros (excellence in the Hawkins Heritage and Adaptive Reuses Property category and a merit in the RCP Commercial Office Property category) and ASB Waterfront Theatre (excellence in the Resene Green Building Property category and Warren and Mahoney Civic and Arts Property categories).

5.3 Health and Safety

Information has been withheld from the public under s7(2)(f)(ii) of the LGOIMA.

5.4 Risk Management Framework

There were no significant changes to the top risks since last month. A number of key mitigations are being progressed and the residual risks will not be downgraded until mitigations are in place and working effectively. The main progress on risk mitigations are:

5.4.1 Funding and Budget Risk

Work is currently being carried out by Panuku staff to prepare project budgets for the 10 years starting 1 July 2018 as part of the Council LTP process. This work will provide more certainty around priority projects and how they will be funded, which included funding from the strategic development fund and recycling of asset sales. The Board will be updated on the LTP work in July 2017, which will include the timeline for presenting investment cases to Council in the later part of this year.

Information has been withheld from the public under s7(2)(f)(ii) of the LGOIMA.

5.4.3 Obstacles to creating value from Council Group assets

A workshop is being scheduled for the Finance and Performance Committee of Council to cover the issue of asset clearance for disposal or development. This will help address some of the issues that affect the Panuku property asset pipeline.

Assets sale has also been identified as a funding issue to be considered by Council as part of the LTP 2018/28 process.

5.4.4 Health and Safety

The Risk Manager system went live on 9 June 2017. This system replaces the Vault system that was not fit for purpose. H&S Representatives and Managers completed their system training before the system went live. The Risk Manager system will improve the processes for incident and hazard management at Panuku, enabling better reporting, monitoring and management of H&S risks across the organisation.

A H&S Plan is currently being developed for the New Year, this will cover H&S priority areas/issues that will be addressed by the organisation in the next 12 months.

5.4.5 Staff performance, engagement and leadership

Management carried out SWOT analysis workshops as part of planning process for the new-year. Issues identified from the SWOT workshops such as end to end project management improvements, systems and processes and people behaviour and performance are being addressed by representative groups or business areas in the organisation.

5.5 Portfolio Management Update

5.5.1 Acquisitions and Disposals Summary

Information has been withheld from the public under S7(2(h)) of the LGOIMA.

5.6 Media summary

All major news outlets covered the announcement of the partnership between Vector and Auckland Council covering the lighting up of Auckland Harbour Bridge, solar panels being installed to North Wharf restaurant roofs, which Panuku supports. The story was the Weekend Herald's front page splash on the final Saturday in May.

The June edition of the Onehunga Community News reported on the collaboration between Panuku and Maungakiekie-Tamaki Local Board to gather public feedback on the future plans for the area. Spasifik, the magazine dedicated to Maori and Pacific people, has also featured our Transform Manukau project in its June edition.

Landscape Architecture Magazine, a publication from the United States, ran a 19-page article on Wynyard Quarter, holding it up as a successful example of a redeveloped waterfront space.

NZ Herald commercial property columnist Colin Taylor also mentioned Panuku as having done a 'stunning job' in redeveloping Wynyard Quarter.

Idealog and NZ Entrepreneur covered the announcement of Generator as the new operator of two buildings in the Wynyard Quarter Innovation Precinct, which is an initiative led by Ateed and supported by Panuku.

Barrowcliffe will be the subject of a discussion paper later in the board agenda, however, during the month, there was a manager at New Zealand Housing Foundation, who made some public media comments about the project. This manager had not had any involvement in the process to date and was not known to us. The comments were a surprise to us and others involved due to the ongoing process with New Zealand Housing Foundation, and as Panuku is still in the midst of a commercial process to determine the future of the site, we were unable to comment further on the matter.

The chairperson of the New Zealand Housing Foundation wrote to Panuku and Auckland Council to clarify how this had happened. The communications and engagement teams worked together to update the appropriate stakeholders, which included our mana whenua partners, Mayor Goff and select members of the media, to provide them with some appropriate background and context on the subject.

So far this month, Panuku has shared a blog on parking by Parking & Traffic Consultants, who the Unlock Takapuna team engaged to explore options for in the North Shore town. Paperboy's Q&A with Roger MacDonald was also repurposed as a blog and shared on the Panuku website.

Attachments

- Attachment A** – Leaderkit Project Summaries *Information has been withheld from the public under s7(b)(ii) of the LGOIMA.*
- Attachment B** – Financial Dashboard *Information has been withheld from the public under s7(b)(ii) of the LGOIMA.*
- Attachment C** – Health and Safety Report *Information has been withheld from the public under s7(b)(ii) of the LGOIMA.*
- Attachment D** – Risk Update *Information has been withheld from the public under s7(b)(ii) of the LGOIMA.*
- Attachment E** – Acquisitions Summary *Information has been withheld from the public under s7(h) of the LGOIMA.*
- Attachment F** – Disposals Summary *Information has been withheld from the public under s7(h) of the LGOIMA.*

Decision Paper: Approval of the SOI 2017-20

Document Author	Kingsha Changwai, Planning and Reporting Manager
Reviewer(s)	David Rankin, Chief Operating Officer
Date	9 June 2017

1. Purpose

The purpose of this paper is to present the Panuku Development Auckland Draft Statement of Intent 2017-20 (SOI) to the Board for approval.

2. Executive summary

The SOI presented to the Board for approval has addressed feedback provided by Auckland Council and also includes the net asset sales and property clearance targets that were not contained in the Draft SOI approved by the Board in February 2017.

The SOI will be submitted to Council after Board approval on 28 June to meet the Local Government Act 2002 requirement.

3 Background

Auckland Council feedback on the draft SOI

Auckland Council provided feedback on the Draft Panuku SOI on 28 April 2017.

Panuku has addressed all of the issues contained in Council's feedback, which have been included in the final draft of the SOI as marked changes.

The key issue addressed relates to the paragraph suggested by Council on Panuku's relationship with Auckland Transport. The changes made to the paragraph suggested by Council are in red font below. The changes reinforce Panuku's sole development agency role and the importance of Auckland Transport releasing potential development sites.

“Panuku will work together with Council, Auckland Transport and Watercare to deliver on Council growth and development strategies. In particular, Panuku will work together with Auckland Transport to optimise the above and below ground development potential of Council and Auckland Transport assets; both for development and to capture value for funding transport projects ~~where they are in Panuku's Transform and Unlock areas~~. Panuku will also work with Auckland Transport to identify and release for disposal or development sites, which are no longer required by Auckland Transport for Transport purposes. Similarly, Panuku will work with Auckland Transport at the early stages of transport projects to ensure development opportunities are maximised as the projects are implemented.”

Other issues contained in the feedback letter have been addressed in the SOI.

A schedule of issues in the Council letter and how they have been addressed in the SOI is included as **attachment 2** to this report.

Performance Measures

- Two performance measures (PM) that were calculated at the time the Draft SOI was presented to the Board on 22 February 2017 have now been included. They are net sales target of \$100m and total value of properties presented to Council for clearance of \$60m.

- One performance measure on the HLPP programme has been removed as HLPPs are included in the ten master programme deliverables PM.
- Additional footnotes have been added to Pg23 explaining why PMs were not adjusted to reflect past actual results.

Budgets

At the time of completing the SOI report, some budget information was outstanding from Council for inclusion in the three year SOI budgets. We will include the updated budget information in the final SOI once received from Council.

LGA 2002 requirement

The Local Government Act 2002 requires CCOs to submit their final SOIs to Auckland Council before the 30 June each year.

Attachments

The following attachments are included forming part of this report:

- *Attachment 1* – Draft Panuku Development Auckland SOI 2017/20
- *Attachment 2* – Shareholder comments addressed

4. Recommendation

That the Board **approve** the Panuku Statement of Intent 2017-20 subject to the inclusion of final agreed budget information from Auckland Council.

Why approval is required		Local Government Act 2002, Schedule 8 requirement.		
Policy reference		N/A		
Previous Board engagement and decisions				
Date	Engagement	Document	Decision	
22 February 2017	Panuku meeting Board	Panuku Draft SOI 2017-20	Draft SOI 2017-20 approved by the Board	
Shareholder engagement		N/A		

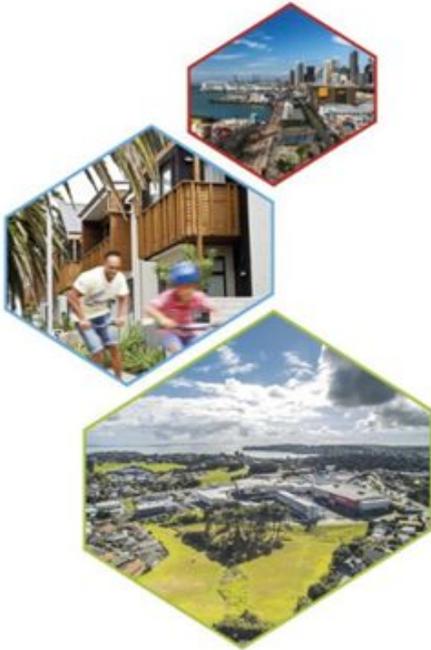
Document Sign-off

Role	Name	Sign-off Date	Signature
Chief Operating Officer	David Rankin		
Chief Executive (acting)	David Rankin		

DRAFT - STATEMENT OF INTENT

PANUKU DEVELOPMENT AUCKLAND

For the period 1 July 2017 to 30 June 2020



 **TRANSFORM**

 **UNLOCK**

 **SUPPORT**

HE MIHI

Tēnā koutou ngā mana whenua me ngā iwi e noho nei ki raro i ngā maunga whakahii o Tāmaki Makaurau, tēnā koutou kātoa. Me mahi tahi nei tātou kia tūtuki ērā wawata mō te oranga o ngā iwi kātoa o te wāhi nei.

“To the people of the land and those residing under the sacred volcanic mountains of Auckland, greetings to you all. Let us all work together to fulfil our dreams so that we may all prosper in this beautiful city”.

‘Panuku’ means to ‘move on’ or ‘move forward’ and the name conveys the concept of dynamism, of building towards excellence. It has been likened to the motion of a waka that requires skill to navigate, and teamwork to propel.

Chairman and Chief Executive Foreword

Over its first year of operation Panuku has quickly come to terms with its role as Auckland Council's lead urban regeneration agency, and with a strong onus on Panuku to accelerate the pace and scale of urban regeneration across Auckland.

What has also become apparent, as we begin to transact and effect change in development locations, is the high level of dependency on all parts of the council family to work collectively in urban regeneration.

Panuku is the sole agency in the council family that leads urban regeneration. It does that by leveraging off council owned assets. Panuku brings together council landholdings where these assets are either fully surplus, (suburban carparks are an excellent example of this) or where there is the opportunity to optimise the location of council service functions and open up new development opportunities.

This SOI addresses a number of other strategic opportunities that have been identified since the establishment of the agency:

Integration opportunities

The first opportunity is to integrate our development programme with the activities of other key players in the council family such as Auckland Transport, Watercare and key council departments such as storm-water, parks and community facilities. By doing this well, we will both accelerate regeneration, and also improve efficiency through joined-up activity across the council family.

Financial model challenges

The second opportunity is to develop a reinvestment model to recognise and manage the tension between maximising financial results and the achievement of social, environmental and cultural outcomes.

Panuku seeks to maximise financial outcomes from both asset divestment and property portfolio rental income. However, the achievement of strategic outcomes, such as improving quality, improving the environment, economic development and improving the public realm, are important aspects to urban regeneration. These outcomes often come with financial trade-offs.

Both international and domestic experience of successful intensification in and around town centers shows that investment in public amenity is essential in order to create an attractive environment for residents, visitors and businesses. To achieve this, Panuku will need a broader ability to reinvest proceeds from development locations in some of the 'Unlock' category locations, as well as 'Transform' locations as is the case currently, if we are to successfully carry out our work.

Speed and scale

Auckland's rapid growth means that Panuku needs to regenerate development locations at scale and at pace. Achieving this will require an openness by the council to consider different approaches, and investment proposals, than has been the case in the past. We will be working on proposals for discussion with council, and incorporate these in the 2018 Long Term Plan where appropriate.

To achieve scale, Panuku will need to aggregate properties with those we already own in development locations. It is clear from both extensive overseas experience and our own New Zealand experience (e.g. Britomart) that if we are to achieve the scale and quality of development needed to successfully meet the council's intensification objectives, we will need the ability to use, judiciously, the relevant provisions of the Public Works Act to compulsorily acquire properties for urban development. The policy framework and delegations with the council will be an important priority for resolution in the coming 12 month period.

Panuku also needs immediate access to all surplus Council land, in order to make progress at pace and scale, while more complex and encumbered sites are unlocked for future development.

[Panuku is broadly supportive of the](#) government's Urban Development Authorities (UDA) proposal, which may provide Panuku with additional tools to streamline the development process to achieve larger scale developments at pace. This will be in the form of legislative powers that could streamline consultation over different statutory processes. Panuku is providing feedback on the Central Government UDA proposal through the Council family joint submission process.

Supporting the organisation to achieve these goals will be a high performance culture through corporate and staff performance frameworks, high performing, skilled and competent staff and effective and efficient systems and processes.

Panuku will continue its commitment to work closely with Auckland Council and other CCOs to increase our collective response to dealing with the demands of our rapidly growing city and contributing to achieving the outcomes sought in the Auckland Plan and LTP.

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1. PURPOSE OF STATEMENT OF INTENT

In accordance with the Local Government Act 2002, this annual Statement of Intent (SOI) publicly states the activities and intentions of **Panuku Development Auckland (Panuku)** for the next three years, and the objectives that those activities will contribute to. This SOI also includes performance measures and targets as the basis of organisational accountability.

This SOI was adopted by the Panuku Board in June 2017.

2. ABOUT PANUKU

Panuku is the sole entity within the Auckland Council group responsible for [leading](#) urban redevelopment and/or regeneration leveraging off Council owned property.

Working in an agreed list of Priority Development Locations, with an emphasis in and around town centers, Panuku's role includes integration of its redevelopment plus with other inputs of the Council group. This is incorporated into its planning process for the various redevelopment locations. It strives to support intensification through partnerships with other investment partners, creating strategic value and where appropriate, seeking Council investment in priority locations. Panuku was formed in September 2015, from the merger of Waterfront Auckland and Auckland Council Property Limited.

Activities

The activities of Panuku cover four broad areas:

1. Redevelopment of urban locations leveraged off council owned land, mostly within the existing suburbs.
2. Redevelopment of council non-service property and where appropriate, review of council service property
3. Management of council property not being used for service delivery, or redevelopment incorporating a service delivery function.
4. Other property related services such as strategic property advice, acquisitions and disposals

Panuku is charged with balancing financial and non-financial outcomes in order to create sustainable and resilient places where people want to live, work, invest, learn and visit.

Vision

The vision of Panuku is "Shaping spaces for Aucklanders to love".

Mission

The mission of Panuku is to rejuvenate urban Auckland, from small projects that refresh a site or building, to major transformations of town centres or neighbourhoods. Panuku improves the uses of land and buildings that Auckland Council owns, attract private investment and together we unlock their potential to create spaces Aucklanders love.

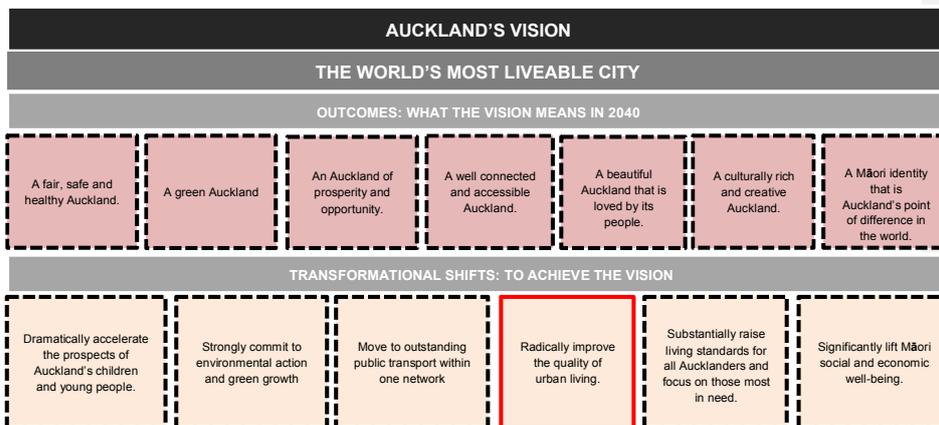
3. CONTRIBUTION TO THE WORLD'S MOST LIVEABLE CITY

The Auckland Plan is the roadmap to deliver on Auckland's vision to be the most liveable city. This is a thirty year plan that is underpinned by a set of outcomes and transformational shifts to achieve this vision which help ensure we focus on the right things.

The Auckland Plan sets the strategic direction and transformational shifts to achieve actions, targets and outcomes that are required to achieve the vision to be the world's most liveable city. Panuku plays a critical part in delivering on actions and targets across the Auckland Plan.

In particular, Panuku will play a significant role in the transformational shift to **"Radically improve the quality of urban living"** and in doing this, Panuku will contribute to all of the outcomes and other transformational shifts of the Auckland Plan, sometimes as a primary contributor and sometimes as a secondary contributor, depending on the urban redevelopment project.

Panuku is the sole [Auckland Council](#) agency doing regeneration and redevelopment in Manukau, Onehunga, Waterfront, Northcote, Avondale, Takapuna, Henderson, Papatoetoe, Ormiston, Tamaki, City Centre and Housing for Older Persons Portfolio. [Central government agencies are also operating in some locations such as Tamaki and Hobsonville.](#) We expect our Council family including CCOs to support our sole role by releasing surplus sites, prioritising planning for infrastructure projects and spend, working closely with us in these locations which are council priorities.



Panuku is a primary contributor to this outcome



Panuku is a secondary contributor to these outcomes



Auckland Plan transformational shifts	Degree of contribution	How Panuku contributes
Quality urban living	Primary contribution	<p>Regeneration</p> <p>Regeneration refers to the approach that Panuku is taking in the selected Transform and some Unlock locations, where we are seeking to achieve longer term social, economic, cultural, environmental outcomes as well as built form and financial outcomes. This holistic and integrated approach includes a high level of community and stakeholder engagement, framework planning, public realm development and activation, and working alongside the Government where appropriate and other partners.</p> <p>Panuku's redevelopment activity in the Unlock and Support locations is focussed on accommodating growth (residential, commercial, mixed use) through development projects by private and other partners. These projects are likely to include a lower level of master planning and community engagement compared to transform projects but still achieve good design, density and quality.</p> <p>Place making</p> <p>Panuku champions and fosters a place-led approach to urban regeneration that involves:</p> <ul style="list-style-type: none"> - Utilising place making as a key tool in understanding what communities want and need from their places - Working with local people and groups to undertake place making initiatives, programming and activation throughout planning and implementation processes - Creation of developments that are inclusive, safe, resilient and sustainable - Ensure integrated, customer focussed processes and outcomes - Ongoing place management of key sites (e.g. Wynyard Quarter) <p>Panuku champions through leadership and best practise our examples of place making on the national and international stage as well as providing a resource for the council family and Local Boards. We work closely with DPO, ADO and ACE to champion collaborative place making across the council family and seek to provide leadership in place making.</p>
Raised living standards	Secondary contribution	By increasing the supply of housing covering a range of price points and housing for disabled and older persons, working with partners, and improving the quality of urban centres; by enabling economic development opportunities through commercial redevelopment in centres and enhancing access to transport choices, in urban redevelopment projects.
Children and young people	The degree of contribution will depend on the nature of the urban redevelopment projects in the pipeline	By developing housing (with a range of price points) and safe and inclusive public spaces suitable for families, children and young people
Environmental action and green growth		By undertaking sustainable redevelopment of brownfield locations to create adaptable and resilient places and undertaking sustainable redevelopment in collaboration with development partners
Outstanding public transport		By undertaking re-development and intensification in brownfield and town centre locations that support the development of the passenger transport system being created by Auckland Transport, and which leverages off its investments.
Māori social and economic wellbeing		By providing opportunities in urban redevelopment projects to enhance Māori social and economic wellbeing through engagement with mana whenua iwi and hapū and other Māori organisations.

4. PANUKU STRATEGIC OBJECTIVES

Panuku has the following set of strategic objectives, derived from the purpose and role set out in the Accountability Framework. These are supported by three core strategic activities of Panuku which are catalyse urban redevelopment, strategically create value from assets and demonstrate business leadership. Internally Panuku supports these through activities driving business performance and business growth.



Panuku has a clear programme of work in its Transform and Unlock locations. The original list of priority development locations was agreed by Council in late 2015. This includes three transform areas; eight unlock areas and ten support areas. Panuku will recommend to Council for approval any changes to the transform and unlock areas.

Panuku needs flexibility within its programme of work and will bring forward new strategic opportunities as they arise, for example, as a result of market changes, site availability or partnership opportunities. A key focus on moving forward will be on delivery of smaller projects that can be delivered quickly on the ground.

Panuku development projects will deliver 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, economic development or cultural outcomes. Panuku is committed to being transparent in our communication with Council when it does this.

This supports Panuku Development Auckland's purpose of contributing to outcomes contained in the Auckland Plan. Panuku's approach to achieving strategic outcomes is informed by the Corporate Responsibility Framework (CRF). This document sets out how Panuku balances commercial outcomes with strategic public good outcomes. This is further supported by the Total Value Analysis methodology which will quantify, in monetary terms, the value of strategic outcomes achieved by the projects. Panuku will test its major investment decisions with relevant CCOs and Council before finalising business cases. Council will be provided with an assessment in business cases of the total "value" of projects, capturing both the financial and the strategic perspectives. Some of the non-financial outcomes that Panuku will deliver include sustainable design and accessibility, housing affordability, placemaking and economic development, which are leadership opportunities that are beyond what the market can deliver. Where required, some collective reporting on major projects will be carried out for the new Committees of Council.

Panuku creates value for the Council group through management of residential and commercial portfolio of properties, vacant sites, marinas, public space and other business interests. Panuku also disposes and acquires properties on behalf of Council. Property disposal proceeds contribute to meeting Council's LTP asset sales target.

Panuku will work together with Council, Auckland Transport and Watercare to deliver on Council growth and development strategies. In particular, Panuku will work together with Auckland Transport to optimise the above and below ground development potential of Council and Auckland Transport assets; both for development and to capture value for funding transport projects where they are in Panuku's Transform and Unlock areas. Panuku will also work with Auckland Transport to identify and release for disposal or development sites, which are no longer required by Auckland Transport for Transport purposes. Similarly, Panuku will work with Auckland Transport at the early stages of transport projects to ensure development opportunities are maximised as the projects are implemented.

5. THREE YEAR WORKPLAN TO DELIVER ON STRATEGIC DIRECTION

The following are the key initiatives/projects to deliver on Panuku strategic objectives:

Key project and initiatives	Description	Panuku Strategic goal	Contribution to strategic role
Catalyse urban development			
1	<p>Continue to progress the projects which form the Panuku Priority Development Locations programme, as agreed with the Council</p> <p>The Panuku Operating Model consist of key planning documents that cover the key phases of Transform and Unlock projects, from concept to implementation, this process will enable integration and alignment with other Council group entities.</p> <ol style="list-style-type: none"> High Level Project Plan – Sets the project vision, scope and outcomes and obtains approvals from Board / Shareholder. Framework Plan – A spatial plan that guides delivery of the project over a 20-25 year period. Engagement Plan – outlines the approach towards place-led engagement for our projects, includes placemaking, communications and stakeholder engagement. Implementation Plan – which consist of the Execution Plan and Business case. The Execution Plan includes project phases /stages, project management, project team, control and governance. Business case – evaluates project viability, identify options, any funding approval needed and decision. <p>The Panuku operating model is managed through the Board approved Master programme. Panuku is in implementation mode in a number of its locations. Real time information is available on our website. Progress is regularly reported to the Governing Body and Local Boards.</p>	Catalyse Urban Development	Radically improve quality of urban living for all
Strategically create value from assets			
2	<p>Ongoing programme of identifying and assessing opportunities</p> <p>The ongoing portfolio review programme mandated by Auckland Council with the support of CCOs and business units, will identify opportunities for future development, property asset divestment to targets agreed with the Council and enhanced property management. This includes taking a strategic perspective when undertaking rent reviews.</p>	Strategically create value from assets	Strategically create value from assets
3	<p>Optimisation: Realise optimisation opportunities in the Council group service portfolio.</p> <p>Realise optimisation opportunities in the Council group service portfolio through rationalisation, amalgamation, redevelopment, integration and intensification of Council owned service properties.</p> <p>At least one pilot will move to implementation stage in the near future.</p> <p>Implement an optimisation pilot.</p>	Strategically create value from assets	Strategically create value from assets
Demonstrate business leadership			
4	<p>Enhance Customer Service</p> <p>Excellent customer service is relevant to a number of our aspirations for how we work with others. We will develop some key standards including timeframes and processes for responding to information or service requests and measuring our performance through surveys in key operational areas. Panuku also undertakes some customer research with mana whenua, Local Boards and visitors to the waterfront area.</p> <p>Panuku plans to further enhance customer service delivery through:</p> <ul style="list-style-type: none"> Reviewing and enhancing its organisation-wide customer 	Drive Business Performance	High Performing Council

Key project and initiatives		Description	Panuku Strategic goal	Contribution to strategic role
		<p>service protocols and standards</p> <ul style="list-style-type: none"> Effect consistent application of customer service protocols and standards across activities Design and implement new performance metrics for measuring customer service quality and impact and reporting on these metrics. 		
5	Local Boards engagement and planning	<p>Since our establishment, we have considered Local Boards a primary stakeholder and we are fully aware of the co-governance model. We have established a strong framework of Local Board reporting and tailored Local Board engagement approach. In those areas where we have 'Transform' or 'Unlock' projects, we have a very intense engagement approach with the local boards. In addition to this engagement and reporting framework, Panuku will begin to play a more active role in Local Board Plans and budgeting. This will enable Local Boards to have greater oversight of our plans in their local areas and enable them to jointly invest in a synergistic way with these plans, if that is their desire.</p>	Provide business leadership	High Performing Council
6	Alignment in Planning, Strategy and Policies	<p>Panuku is acutely conscious of the fact that successful regeneration requires the management of dependency issues across agencies to a set timeframe. Achieving integrated thinking and agreement up front is vital.</p> <p>In addition to the more thorough approach to involving other CCOs and council family business units in Panuku's plans from early on in the planning process, and the new approach to having organisations and business units sign off on the Framework Plans, Panuku will also established a new engagement protocol with Auckland Transport to ensure that urban regeneration and transport planning and budgets are better aligned, and to ensure the pipeline for disposals continues to be a priority for Auckland Transport.</p> <p>The approach ensures that there is greater awareness and alignment of outcomes and timeframes in Transform and Unlock areas to enable joint execution of activities wherever possible.</p> <p>We have established a formal approach to the sign off of Panuku Framework Plans for priority development locations and are undertaking work to integrate the plans and budgets of the whole Council family earlier in our planning framework (pre-High Level Project Plan phase). These agreements seek a commitment from council organisations and business units to help Panuku proceed with a level of certainty that we will work together to get the job done.</p> <p><u>Panuku will ensure its activities align with the long-term capital planning of central government in the Transform and Unlock areas where possible and there is value.</u></p>	Drive Business Performance	High Performing Council
7	Form Relationships and Partnerships	<p>Panuku will partner with mana whenua, CHPs and HNZA/HLC, private sector and other parts of the Council family to deliver Auckland outcomes.</p> <p>Implement the pilot at Barrowcliffe Place, Manukau with iwi and CHP(s).</p> <p><u>Design a replicable closed tender Mana Whenua process.</u></p>	Provide business leadership	Radically improve quality of urban living for all
8	International Investment opportunities	<p>Work with international partners on investment opportunities for development and regeneration.</p>	Provide business leadership	Radically improve quality of urban living for all
9	Housing for older people	<p>Deliver a multi-year re-development programme for HfOP through partnerships. Initial projects include Wilsher in Henderson and Northcote.</p>	Provide business	Radically improve

Key project and initiatives		Description	Panuku Strategic goal	Contribution to strategic role
	network (HFOP)	<p>Also support the establishment of JVCo operations, as appropriate.</p> <p>Significant matters relating to the HFOP redevelopment programme will be included in our discussions with and our reporting to the Governing Board and Local Boards.</p> <p>Panuku will be responsible for:</p> <ul style="list-style-type: none"> - administration and oversight of the HFOP Lease Agreement (including the management contract) between Council (landlord and asset owner) and HFOP Limited Partnership (tenant); and - delivering a multi-year redevelopment programme of the HFOP portfolio in accordance with the delegations from Council. <p>The Council's CCO Governance and external Partnerships team will oversee the Joint Venture Partnership Structure with Selwyn Foundation including two yearly reporting on performance against its KPI's.</p>	<p>leadership</p> <p>Strategically create value from assets</p>	<p>quality of urban living for all</p>
10	Redevelopment projects meets expectations of stakeholders	<p>Overall, Panuku has had positive feedback to its style and approach to stakeholder engagement to date. Over the next 12 months, Panuku will take a more disciplined approach to ensuring that the delivery of redevelopment projects meets expectations of key stakeholders including central government by incorporating in development engagement plans:</p> <ol style="list-style-type: none"> a. more overt definition of our key stakeholders, b. definition of their expectations, c. enabling fixed stakeholders to view and sign off on relevant parts of our plans, d. monitoring and review of stakeholder engagement processes 	<p>Provide business leadership</p>	<p>Radically improve quality of urban living for all</p>
11	Use of Public Works Act powers	<p>In order to achieve property aggregation needed to enable comprehensive redevelopment of greater quality and scale, obtain agreement with the Council on the use of existing (and any new) legislative tools providing for compulsory acquisition of property for urban development purposes as provided in the Public Works Act.</p> <p>Seek Council policy agreements and any necessary delegations, to the use of the compulsory acquisitions process contained in the Public Works Act to enable urban redevelopment in Priority Development Locations agreed with the Council.</p>	<p>Provide business leadership</p>	<p>Radically improve quality of urban living for all</p>
12	Value for money	<p>Panuku recognises the shareholder's wish to ensure full value for money from its CCOs and for the realisation of savings. Panuku also wishes to note the reality that its current programme of Priority Development Locations, as agreed with the shareholder in December 2015, is considerably in excess of the commitments of the two legacy organisations.</p> <p>This was based on the assumption that whilst savings were achieved by combining the two organisations on "day one", over time as the workload arising from the development programme expanded there would need to be recognition of the resource implications of what is effectively a whole new level of activity. These realities are reflected in the Panuku budget numbers.</p> <p>Panuku will continue to promote value for money through activities included in the Mayors Letter of Expectation and will set an internal efficiency target within the parameters communicated by Council.</p> <p>Panuku will carry out the following efficiency programmes to drive down costs. These include:</p> <ol style="list-style-type: none"> 1. Procurement through Council preapproved vendors and participation in reviews / contract negotiations 	<p>Strategically create value from assets</p>	<p>High Performing Council</p>

Key project and initiatives		Description	Panuku Strategic goal	Contribution to strategic role
		2. Review of shared services utilisation 3. Staff structure reviews 4. IT systems efficiency reviews – ensure projects deliver the efficiency savings promised in the business case.		
13	Total Value Analysis (TVA): Process and approach to assessing financial and non-financial outcomes will be delivered.	Implement TVA across projects starting in Transform locations. TVA is a process to articulate, measure and monetise non-commercial benefits and costs to support holistic decision making.	Provide business leadership	Radically improve quality of urban living for all

Specific projects delivering on Māori outcomes				
Key project and initiatives		Description	Contribution to Māori outcomes	
1	Achieving better outcomes for and with Māori Recognition and celebration of Māori cultural values and heritage	<p><u>Support and develop initiatives which create strong relationships with Māori, including engagement opportunities through governance forums and with kaitiaki.</u></p> <p><u>Include KPIs and appropriate measure to identify progress across the organisation in delivering positive outcomes for Māori.</u></p> <p><u>Undertake engagement with Māori to increase understanding of priority outcomes, agree shared strategic objectives, and develop a way forward.</u></p> <p>Continued input to Te Toa Takitini (led by Te Waka-Angamua) where Panuku can contribute to delivery of priority projects.</p> <p>Manage an inclusive mana-whenua Forum to support a strong relationship with Panuku.</p> <p>Coordinate efficient engagement with Council family to streamline engagement with mana-whenua and other Māori.</p> <p>Panuku will facilitate cultural expression opportunities through Te Aranga Design application through in early planning in Transform and selected Unlock locations. This work flows down to implementation of cultural expression opportunities in public realm projects. 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>Placemaking will support Māori-focussed events at the waterfront and other selected locations.</p>	Significantly lift Māori social and economic wellbeing Foster positive and productive relationships between Council and Māori Promote Māori identity as Auckland's point of difference in the world	
2	<u>Enabling Māori commercial development opportunities</u> Māori	<p><u>Understand and develop the spectrum of Māori commercial development opportunities available across the organisation.</u></p> <p><u>Working in partnership with Māori to enable investment in commercial and housing opportunities.</u></p>	Significantly lift Māori social and economic wellbeing Foster positive and productive relationships between Council and	

Specific projects delivering on Māori outcomes		
Key project and initiatives	Description	Contribution to Māori outcomes
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>	<u>Māori</u>
3 <u>Celebrating the Māori cultural footprint in design, the natural and urban environment, and broader social outcomes</u>	<p><u>Facilitate Māori identity innovations through priority location and public realm projects.</u></p> <p><u>Foster Māori identity and te reo Māori through initiatives such as naming new streets, laneways, buildings, signage, communications, art and landscaping.</u></p> <p><u>Placemaking will work from a kaupapa Māori foundation to deliver positive outcomes for Māori across the region.</u></p>	<p><u>Promote Māori identity as Auckland's point of difference.</u></p> <p><u>Foster positive and productive relationships between council and Māori.</u></p>

6. PERFORMANCE OUTLOOK

Panuku has an agreed set of performance measures and targets which form the basis for accountability to delivering on council's strategic direction, priorities and targets. These are reported on a quarterly basis, in accordance with the CCO Governance Manual.

The Strategic Framework for Panuku including the LTP activities, SOI goals and performance measures agreed as part of the Long-term Plan 2015-2025, are illustrated on the next page.

Auckland Plan	Vision – the world’s most liveable city					Strategic Framework	
	Key Transformational Shift: Radically improve the quality of urban living						
LTP Activities	Catalyse urban redevelopment and demonstrate business leadership			Strategically create value from assets			
	Facilitate metro and town centre redevelopment	Lead waterfront redevelopment		Manage non-service properties & other assets of Council family	Optimise returns from development and disposals	Lead strategic property advice and acquisitions	
SOI Goals	Develop and activate public spaces on waterfront, metro and town centre development areas			Optimise returns from the managed property portfolio	Optimise return from assets	Acquire properties	
	Facilitate private development of waterfront, metro, and town centre selected sites				Dispose agreed surplus properties	Identify and propose opportunities across AC Group portfolios	
	Facilitate effective engagement with Māori	Facilitate housing development to increase housing supply					
Performance Measures	1. HLPP Programme	2. Master Programme Deliverables/Outputs		14. Written evidence of opportunities	15. Property portfolio net surplus achieves the annual budget		
	3. Projected number of net-new dwellings	4. Development agreements submitted	5. Project achieves outturn	16. Improvement in gross rental income	17. Rolling average % occupancy at month end (LTP)	18. ROI on like for like properties (LTP)	
	6. % visitors satisfied with experience of public spaces (LTP)		7. % Aucklanders who visited the waterfront in the past year (LTP)		19. Return on Equity on commercial assets and services (LTP)		
	8. % of attendees satisfied with key Waterfront place programmes & activities	9. Number of event days per year at the Waterfront	10. Number of visitors per year at the Waterfront		20. Stakeholder input obtained / List of properties recommended for disposal submitted to Council		
	11. % customers satisfied overall with marina facilities and services (LTP)			12. # significant Māori initiatives implemented or active per annum (LTP)		13. % <u>Mana whenua Māori</u> groups satisfied with quality of engagement.	
	21. Achieves total forecast net sales for the financial year						22. Satisfaction with Acquisitions service delivery

Performance Measures

Service Level Statement	Measure	Actual 2015/16	Annual Plan 2016/17	SOI Targets			
				2017/ 2018	2018/ 2019	2019/ 2020	
Catalyse urban development and demonstrate business leadership							
Develop and activate town centre and Waterfront development areas	1	Board approves, and regularly reviews, a master programme for the transform and unlock locations in the agreed Priority Development Locations programme. A rolling HLPP programme is a subset of the Master Programme, and in communication to the Council, all HLPP's are approved by the Council.	Not available	New performance measure	Master programme is approved by Board and reviewed quarterly. The quarterly rolling HLPP programme is approved by the Board, as subset of programme.	The quarterly rolling HLPP programme is approved by the Board as subset of programme.	The quarterly rolling HLPP programme is approved by the Board as subset of programme.
	2	Achieve ten key deliverables in the Board approved Master programme. (The main Master programme deliverables for Transform and Unlock Locations include the Engagement, Framework and Implementation Plans approved by the Panuku Board and by Council, where appropriate). It also includes key implementation milestones.	Not available	New performance measure	Master programme deliverables completed within the Board approved timeline.	Master programme deliverables completed within the Board approved timeline.	Master programme deliverables completed within the Board approved timeline.

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Comment [SL1]: Brenna asked to take off the HLPP PM as it is already covered in the Master programme outputs PM.

Service Level Statement	Measure		Actual 2015/16	Annual Plan 2016/17	SOI Targets		
					2017/ 2018	2018/ 2019	2019/ 2020
	3	Number of net new dwelling units is calculated in accordance with agreed criteria.	Not available	New performance measure	Projected number of net new dwelling units is approved by the Board at least annually.	Projected number of net new dwelling units is approved by the Board at least annually.	Projected number of net new dwelling units is approved by the Board at least annually.
	4	Development agreements are submitted to the Panuku Chief Executive, Board and/or Council for approval. (Housing and urban regeneration)	Three year target progressing. Six development agreements have been entered into with third parties against a three year target of 26 development agreements.	Three year target Twenty six development agreements with partners including community housing organisations to be entered into.			
				Three year target 15 development agreements with partners including community housing organisations to be entered into.			
	5	On completion of the project or each key stage of the project, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)	Target progressing. There were no projects completed during this financial period.	All projects completed this year achieve business case financial and non-financial outturn	All projects completed this year achieve business case financial and non-financial outturn	All projects completed this year achieve business case financial and non-financial outturn	All projects completed this year achieve business case financial and non-financial outturn

Service Level Statement	Measure		Actual 2015/16	Annual Plan 2016/17	SOI Targets		
					2017/ 2018	2018/ 2019	2019/ 2020
Develop and activate public spaces on waterfront, metro and town centre development areas	6	Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	93%	75%	75% ¹ ₋	75%	75%
	7	Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	74%	73%	73%	73%	73%
	8	Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	80%	83%	84%	85%	85%
	9	Number of event days per year at the Waterfront	Not available	New Measure	350 days	350 days	350 days
	10	Number of visitors per year at the Waterfront	Not available	New Measure	1.9 million	1.9 million	1.9 million
	11	Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	89%	73%	74% ² ₋	75%	76%
Facilitate effective engagement with Māori	12	Number of significant Māori initiatives implemented or active per annum (LTP)	50	42	47	52	54
	13	% <u>Mana whenua</u> Māori groups satisfied with quality	The baseline has been established. 40% of mana	Maintain or Improve	Maintain or Improve	Maintain or Improve	Maintain or Improve

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Service Level Statement	Measure		Actual 2015/16	Annual Plan 2016/17	SOI Targets		
					2017/ 2018	2018/ 2019	2019/ 2020
		of engagement	whenua survey respondents were satisfied with the quality of engagement, 40% of respondents were neither satisfied nor dissatisfied and 20% were dissatisfied.				
Strategically create value from assets							
Identify and propose opportunities across Auckland Council Group owned properties.	14	Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban regeneration combined)	50 opportunities have been identified and assessed during the year.	At least 50-100 opportunities identified and assessed			
Optimise returns from the managed property portfolio	15	The net surplus on the property portfolio achieves the annual budget agreed with Council.	Actual net surplus on the property portfolio for the 12 months ended 30 June 2016 is \$4.5 million ahead of budget (actual surplus of \$32 million against budget of \$27.5 million). Actual net surplus on the property portfolio for the 10 months since the formation of Panuku, 1 September 2015 is	Net Surplus achieves budget for 2016/17	Net Surplus achieves budget for 2017/18	Net Surplus achieves budget for 2018/19	Net Surplus achieves budget for 2019/20

Service Level Statement	Measure		Actual 2015/16	Annual Plan 2016/17	SOI Targets		
					2017/ 2018	2018/ 2019	2019/ 2020
			\$3.7 million ahead of budget (actual surplus of \$29.6 million against budget of \$25.9 million).				
Optimise returns from the managed property portfolio	16	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	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%.	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.	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.	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.	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.
	17	For those properties available for rent: The rolling average over a 12 month period, of % occupancy at each month end (LTP).	The average of monthly % occupancy for the year is 98.25% against the target of 95%.	The average of monthly % occupancy for the year is 95% or more.	The average of monthly % occupancy for the year is 95% ³ or more.	The average of monthly % occupancy for the year is 95% or more.	The average of monthly % occupancy for the year is 95% or more.
	18	Maintain or improve the baseline established at the end of the 2012/13 financial year. ROI on properties on a like for like basis (LTP) Panuku is committed to continuously review and improve the ROI target over the term of the SOI.	The ROI calculated on this year's property valuation on a like for like basis is 2.83% against the 2.1% target.	Greater than or equal to 2.1%	Greater than or equal to 2.2%	Greater than or equal to 2.2%	Greater than or equal to 2.3%

Service Level Statement	Measure		Actual 2015/16	Annual Plan 2016/17	SOI Targets		
					2017/ 2018	2018/ 2019	2019/ 2020
Optimise return from assets	19	Return on Equity on commercial assets and services (LTP) at Waterfront.	13.5%	8.8%	8.4% ⁴	8.1%	7.5%
Dispose agreed surplus properties	20	List of properties recommended for disposal submitted to Council The disposal target for the next financial period will be agreed with Council in the current financial period.	A total of \$53.8 million worth of properties was recommended to council seeking approval to dispose for the 2015-16 financial period. A total of \$44.8 million worth of properties was recommended to Council seeking approval to dispose for the 10 months since the formation of Panuku, 1 September 2015 (the target for 10 months is \$33.3 million).	A list of recommended properties totalling \$75 million gross value will be submitted to Council seeking approval to dispose for 2016/17 financial period. A recommended for disposal target for 2017/18 will be agreed by the Board in the 2016/17 financial period.	A list of recommended properties with a total value agreed by the Board the prior year totalling \$60 million gross value will be submitted to Council seeking approval to dispose for 2017/18 financial period. A recommended for disposal target for 2018/19 will be agreed by the Board in the 2017/18 financial period.	A list of recommended properties with a total value agreed by the Board the prior year will be submitted to Council seeking approval to dispose for 2018/19 financial period. A recommended for disposal target for 2019/20 will be agreed by the Board in the 2018/19 financial period.	A list of recommended properties with a total value agreed by the Board the prior year will be submitted to Council seeking approval to dispose for 2019/20 financial period. A recommended for disposal target for 2020/21 will be agreed by the Board in the 2019/20 financial period.
	21	Achieve total forecast net sales for the financial year through unconditional agreements.	Achieved actual net sales of \$55.5 million for the financial year. The target of \$50 million has been exceeded. Achieved actual net sales of \$46.2 million for the 10	Meet or exceed financial forecasts Property disposal target of \$50 million (net value of unconditional sales).	Meet or exceed financial forecast Property disposal target of \$100 million (net value of unconditional sales). Property disposal	Meet or exceed financial forecasts Property disposal target approved by the Board in the prior year (net value of unconditional sales). Property disposal	Meet or exceed financial forecasts Property disposal target approved by the Board in the prior year (net value of unconditional sales). Property disposal

Service Level Statement	Measure		Actual 2015/16	Annual Plan 2016/17	SOI Targets		
					2017/ 2018	2018/ 2019	2019/ 2020
			months since the formation of Panuku, 1 September 2015 (the target for 10 months is \$41.6 million).		target (net value of unconditional sales) for 2017/18 financial period will be agreed by the Board in 2016/17.	target (net value of unconditional sales) for 2018/19 financial period will be agreed by the Board in 2017/18.	target (net value of unconditional sales) for 2019/20 financial period will be agreed by the Board in 2018/19.
Acquire properties	22	Acquisitions are delivered within the timeline agreed with Auckland Council.	87.5% of acquisitions are delivered within agreed timeline	75% satisfaction against agreed service performance measure	7580% satisfaction against agreed service performance measure	7580% satisfaction against agreed service performance measure	7580% satisfaction against agreed service performance measure.

Performance Assessment Criteria					
	Achieved	Where the performance result for the year is either equal to or above the target, then the performance measure target was met (or achieved).		Not achieved but progress made	Where the performance result for the year is below the target (with a margin of more than 2%) but the result is better than the previous year.
	Substantially achieved	Where the performance result for the year is below the target, but has not been achieved by a slim margin (of around 2%).		Not achieved	Where the performance result for the year is below the target (with a margin higher than 2%) and the result is lower than the result achieved in the previous year.

Footnotes:

- 1 [The city centre waterfront visitor satisfaction is set at 75% taking into account the potential adverse impact on visitors from disruption caused by road construction and building activities occurring in the Wynyard Quarter and city centre](#)
- 2 [The marina facilities customer satisfaction is set at 74% taking into account the potential adverse impact on customers from disruption caused by building activities at the Westhaven promenade stage 2, Skypath, Marine centre and the Pile Mooring stage 2 projects.](#)
- 3 [The average occupancy rate of 95% takes into account the conditions of properties and the fact that a significant portion of the portfolio are mainly held for projects affecting the length of tenure.](#)
- 4 [The return on equity is expected to reduce over time due to assets being transferred out of Panuku's ownership as they are leased to property developers on long term finance leases.](#)
- 5 [Key performance targets will be updated as part of developing the 2018/28 LTP.](#)

7. SUMMARY OF FINANCIALS

Table one of the financial information outlines the budgets for Panuku in the Council Annual Plan and LTP for funding its activities in the next three years. This excludes the commercial portfolio activities Panuku manages on behalf of Council, which is outlined separately. The budgets also do not include funding for any new projects. New urban redevelopment projects will be chosen by Panuku (in consultation with Auckland Council) and they will need to be funded through budget reallocation; specific business case to council or through alternative funding streams.

Table 1

SOI Financial Overview DRAFT

Panuku Development Auckland (Excluding Commercial Portfolio)

\$000	Budget 2018	Budget 2019	Budget 2020
Financial year ending 30 June			
Revenue			
Operating funding from Auckland Council	18,498	18,613	19,121
Capital funding from Auckland Council	55,821	22,574	12,316
Fees and user charges	38,715	39,576	40,819
Total revenue	113,034	80,763	72,256
Expenditure			
Employee benefits	23,837	24,187	24,787
Depreciation and amortisation	11,149	12,298	13,107
Grants, contributions and sponsorship	15	16	16
Other operating expenses	24,528	23,651	24,041
Total expenses	59,529	60,151	61,950
Finance income	671	621	501
Finance expense	3,629	3,380	2,919
Net operating income	50,546	17,853	7,888
CAPITAL EXPENDITURE			
Total capital expenditure	60,966	29,236	19,991
Comprised of:			
Growth	43,351	17,947	14,394
Improve level of service	12,101	9,612	4,621
Renewals	5,514	1,677	976
Total application of capital funding	60,966	29,236	19,991
Sources of capital funding:			
Funded depreciation and operating surplus	5,145	6,662	7,674
Capital funding from Auckland Council	55,821	22,574	12,316
Loans from Auckland Council			
Subsidies and grants			
Total capital funding funding	60,966	29,236	19,991
Capital funding surplus / (deficit)	0	0	0
Prepaid ground leases cashflow	24,770	29,620	23,280
Net funding surplus/(deficit)	24,770	29,620	23,280

Capital funding for public space activities are funded by grants from Auckland Council. Commercial property and marina operational activities are funded through commercial income with any shortfall covered by debt funding. Cash surpluses generated from commercial operational activities, not used to reduce debt or fund capital works for commercial activities, over a threshold to be agreed annually, may be returned to the

shareholder. Overheads will be allocated across each of the public, commercial, marina areas of activities. Capital expenditure is mainly made up of capital funding and loans from Council.

Table 2

SOI Financial Overview *DRAFT*
Commercial Portfolio - Managed on Behalf of Council

\$000	Budget 2018	Budget 2019	Budget 2020
Financial year ending 30 June			
Revenue			
Operating funding from Auckland Council	0	0	0
Capital funding from Auckland Council	0	0	0
Fees and user charges	42,037	35,325	33,500
Other revenue	0	0	0
Total revenue	42,037	35,325	33,500
Expenditure			
Employee benefits	8	0	8
Depreciation and amortisation	0	0	0
Other operating expenses	26,565	17,024	15,169
Total expenses	26,574	17,024	15,177
Finance income	0	0	0
Finance expense	0	0	0
Net operating income	15,464	18,300	18,323
CAPITAL EXPENDITURE			
Total capital expenditure	90,340	50,250	23,412
Comprised of:			
Growth	40,207	18,377	3,811
Improve level of service	42,593	28,071	15,698
Renewals	7,539	3,802	3,904
Total application of capital funding	90,340	50,250	23,412
Sources of capital funding:			
Operating funding surplus	15,471	18,300	18,326
Capital funding from Auckland Council	13,016	6,613	0
Subsidies and grants - capex	61,854	25,337	10,550
Total capital funding funding	90,340	50,250	28,876
Capital funding surplus / (deficit)	0	0	5,463

Table 2 of the financial information outlines the budgets of the Commercial Portfolio managed by Panuku on behalf of the Auckland Council Group. The Commercial Portfolio includes the property portfolio and business interests such as quarries and forests.

Revenue includes portfolio rental income and is offset by operating cost recoveries and direct operating expenses such as repairs and maintenance but excludes depreciation from the property portfolio assets under management and control of Panuku.

Capital expenditure is funded from Council, capital expenditure subsidies, grants and operating surplus.

Development Budget

Panuku development operating expenditure includes the costs of investigatory work to seek out and develop development opportunities. This includes preparation of feasibility studies and business cases and will be funded from extra property sales generated. Panuku development capital expenditure is the cost of developing properties for sale and will be funded from the sale of those properties.

\$ million	2015/16 Actual	2016/17 Annual Plan	2017/18 LTP	2018/19 LTP	2019/20 LTP
Total development expenditure	4.3	9.2	5.9	6.1	6.1
Development operating expenditure	2.9	5.6	3.2	3.3	3.3
Development capital expenditure	1.4	3.6	2.7	2.8	2.8
Funded by:					
Property disposals	4.3	9.2	5.9	6.1	6.1

Strategic Development Fund Budget

Council's Strategic Development Fund (SDF) will be utilised to fund development projects. This will not have an impact on rates as sales from developments will cover all development costs including funding costs. Performance against the Development Budget and the SDF will be reported as part of regular Quarterly Reporting to the CCO Governance and Monitoring Committee.

\$ million	2015/16 Actual	2016/17 Annual Plan	2017/18 LTP	2018/19 LTP	2019/20 LTP
Development Capital Revenue	-	5.4	1.5	11.5	6.5
Development Capital Expenditure	0.9	24.3	37.1	24.9	16.5
Surplus/ (deficit)	(0.9)	(18.9)	(35.6)	(13.4)	(10.0)

Other Development Budget

Projects funded directly through the LTP/ Annual Plan process on behalf of Council include Hobsonville, Ormiston, Papatoetoe, Transform Manukau, Tamaki, Northcote and HFOP.

\$ million	2015/16 Actual	2016/17 Annual Plan	2017/18 LTP	2018/19 LTP	2019/20 LTP
Development Capital Revenue	-	17.1	60.3	13.8	4.0
Development Capital Expenditure	7.3	27.2	46.0	21.6	3.0

Specific expenditure towards Māori outcomes

Initiative - \$ 000	2015/16 Actual	2016/17 Annual Plan	2017/18 LTP	2018/19 LTP	2019/20 LTP
Māori engagement /specialist advice	303	242	200	203	207
Koha	-	5	5	5	5
Enabling iwi involvement in the remediation and environmental enhancement of the waterfront	146	72	141	144	147
Support for Māori-focused events at the waterfront	58	205	93	95	97
<u>Iwi Investment Fund</u> <u>Commercial Advisory Fund</u>			100	100	100
Total	507	524	539	547	556

Cost of Services

2017/18	Revenue \$000	Other Revenue- \$000	Council Funding - OPEX \$000	Expendit ure \$000	Net Surplus/ (Deficit) (EBITDA) \$000
Marina Operations Panuku operates four marinas in the Auckland waterfront, Westhaven, Viaduct, Silo and Downtown. Westhaven provides most of the berthage and is home to over 2000 boats. Viaduct Marina operates as Auckland's premier CBD marina for recreational vessels. Silo Marina, has 13 berths catering for superyachts from 60m-140m in length. The marina operations generate approximately \$14 million in rental revenue annually.	14,344	0	25	8,053	6,316
Panuku Commercial Property Management (Waterfront) Panuku manages commercial properties on the Auckland waterfront, including the Cloud and Shed 10 buildings on Queens Wharf. The types of activity carried out include managing ground leases, negotiating commercial arrangements and maintaining the properties. Waterfront commercial properties generate approximately \$15 million in rental revenue annually.	15,193	0	113	5,630	9676

2017/18	Revenue \$000	Other Revenue- \$000	Council Funding – OPEX \$000	Expendit ure \$000	Net Surplus/ (Deficit) (EBITDA) \$000
<p>Engagement, Regeneration and Development Activity Panuku leads urban regeneration in Auckland, from small projects that refresh a site or building, to major transformations of town centres. Transform locations selected are Manukau, Onehunga and Wynyard Quarter. Panuku will also Unlock development potential in other urban locations; those locations include Northcote, Takapuna, Hobsonville, Papatoetoe, Henderson, the City Centre and Ormiston.</p> <p>A part of this activity includes the Place shaping team that produces Framework Plans for our priority development locations. These plans ensure that the urban regeneration has high quality design outcomes, commercial opportunities are optimised, and economic, social, cultural and environmental considerations are balanced. The Engagement team work with the local community to ensure that Panuku's developments reflect the character and needs of the area, and ensure that all stakeholders and their key priorities are identified and communicated in a way that builds trust and strong partnerships.</p> <p>The Development team carries out the implementation of Panuku's development projects. This activity includes producing implementation plans, business cases, managing public infrastructure projects and overseeing private developments. The team also ensures the development is integrated, coordinated and achieves the outcomes we have set out in our guiding plans. Panuku's developments include a mixture of housing and urban regeneration and may involve partnerships with central government, iwi and the private sector.</p>	0	6,225	3,478	12,434	(2,731)
<p>Wynyard and Queens Wharf Public Space Management & Activation Panuku manages and maintains the public space around Wynyard Quarter and Queens Wharf. Panuku also carries out place making activities and events to attract regular visitation to the Auckland waterfront and help create a vibrant and active urban environment. Around two million people visit the waterfront each year and over 5,000 people work in the Wynyard Quarter. Panuku's annual place making programme is internationally renowned and includes events such as Matariki, Wynyard Christmas Quarter and Silo Cinema. The Waterfront also plays host to major events such as the Auckland On Water Boat Show and the Fringe Festival.</p>	1,282	3	5,064	6,348	0
<p>Council Non Service Property Management (incl. Acquisitions & Disposals) Panuku manages non-service properties valued at approximately \$1.9 billion on behalf of Auckland Council and Auckland Transport. The property portfolio includes a diverse range of rental properties (open space, commercial</p>	0	2,095	2,335	4,430	0

2017/18	Revenue \$000	Other Revenue- \$000	Council Funding – OPEX \$000	Expendi- ture \$000	Net Surplus/ (Deficit) (EBITDA) \$000
<p>and residential) and business interests (quarries, waste disposal and forestry). On average the rental portfolio delivers an annual net surplus of \$18 million in returns back to council. This is included in Table 2 – Commercial Portfolio managed on behalf of Council.</p> <p>Panuku acquires property on behalf of Auckland Council for infrastructure projects and other service needs. On average Panuku acquires approximately \$40 million worth of properties for Council per annum.</p> <p>Panuku also carries out property disposals. It recommends to Council approximately \$50 million of properties for clearance and achieves unconditional sales of \$55 million per annum.</p>					
Governance and Overheads	203	40	7,484	11,485	(3,758)
Total	31,022	8,363	18,498	48,380	9,503

Other financial information

Current value of assets	The projected value of Panuku total assets as at: 30 June 2017: \$730 million 30 June 2018: \$750 million 30 June 2019: \$770 million	
Shareholder equity ratio	The projected shareholder equity ratio for Panuku as at: 30 June 2017: 93% 30 June 2018: 94% 30 June 2019: 95%	
Accounting Policies	Panuku Development Auckland's accounting policies are consistent with those of the Auckland Council group policies.	
Financial Reporting	Panuku Development Auckland's financial reporting will be in accordance with requirements of the CCO Governance Manual.	
Asset sales (\$ million)	2015/16 Actual	\$55.5m
	2016/17 Annual Plan	\$50.0m
	2017/18 LTP	\$100m
	2018/19 LTP	The property disposal target (net value of unconditional sales) for 2018/19 financial period will be agreed in 2017/18.

Panuku intends to distribute to Auckland Council funds from commercial activities that are surplus to requirement. We envisage paying a dividend of \$1.5 million a year during the period of this SOI.

Auckland Council confirms that they will not seek repayment from Panuku of the current loans for \$11.3m and \$11.7m totalling \$23m before 30 September 2017. Panuku will obtain authorisation from the shareholder before the purchase or acquisition of shares in any company.

8. IMPORTANT SHAREHOLDER ISSUES

Value for Money

Panuku applies a value for money approach across its business and will continue to review its business operations, processes, practices and systems for efficiencies, effectiveness and economy. Panuku will also continue greater use of shared services provided by Auckland Council and participate in Council's Alternative Financing project.

Signage Branding and Communications

Panuku is an active member of the Brand Navigation Group and is committed to the group's objectives to improve public understanding of the use of rate payer funds through the use of the Panuku Council group logo. ~~Panuku also incorporates the Auckland Council logo to acknowledge activities funded by the ratepayers.~~

Other shareholder issues

Panuku will also work closely with Council and other CCOs in relation to other issues contained in the Mayor's Letter of Expectation:

- Panuku is contributing to the refresh of the Auckland Plan, particularly in areas where we have expertise and responsibility, specifically the Homes and Places Workstream and the development strategy.
- Panuku is aligned to and delivering on the Auckland Plan and other Council-mandated strategies and policies including Local Board Plans. In developing High Level Project Plans and Framework Plans for priority locations, Panuku identifies and reviews the relevant Council's plans, policies and strategies in order to set the vision and strategic outcomes and to ensure they are consistent with Local Board aspirations. The Auckland Plan, Economic Development Strategy, Housing Strategic Action Plan, Parks and Open Space Strategic Action Plan, Infrastructure Strategy and Public art policy, are some of the guiding documents of particular importance to Panuku projects.
- Panuku will contribute to the development of new metrics and indicators measuring the impact of its activities and projects in alignment with Council's better performance Framework for the 2018-2028 LTP.
- Panuku is committed to working closely with and provide advice to Council during the Long-term Plan on refining the process and targets for land disposals

- Panuku will participate in the design and implementation of the Auckland Council Group CCO accountability, Business cases, Group procurement, Treasury, Insurance and Sensitive expenditure policies.
- Panuku will work with Council to explore some of the areas identified in the Alternative Sources of Financing reports, such as accelerating asset divestment.
- Panuku will also work with council and other CCOs to establish priorities for funding applications to the government relating to the Housing Infrastructure Fund (Fund). The Fund will enable early investment in infrastructure required to support growth in both new greenfield areas and existing urban areas. Complex questions arise in considering how to recover the costs, and repay loans, in brownfields environments where there is a combination of existing property owners and new development sites.

9. APPROACH TO GOVERNANCE

Governance

Auckland Council works in partnership with its CCOs and the agreed approach to governance is outlined within the CCO Governance Manual. The Governance Manual sits alongside this SOI and Panuku will act in accordance with the Governance Manual.

Panuku reports to Council on Issues, Opportunities and Risks through the quarterly reporting process. Panuku also reports to the Finance and Performance Committee and Planning Committee.

Public and media

As a Council-Controlled Organisation, it is recognised that a good deal of the work conducted by Panuku Development Auckland is carried out in public. As such, the principles of transparency and accountability are always applied to our relationships with both the public and the media.

Board meetings

Panuku will hold as many of its monthly board meetings in open as possible. A public-excluded session will be held at each meeting to discuss confidential matters.

Agendas for each meeting will continue to be posted on the Panuku website (panuku.co.nz) prior to the meeting. Board papers (with confidential information redacted) will also be posted online.

Members of the public will be invited (via the Panuku website) to present to the Board on issues relevant to Panuku.

Auckland Council CCOs are required to hold two public meetings a year (Local Government (Auckland Council) Act 2009). The schedule of Panuku Development Auckland for year 1 of this SOI is as follows:

Purpose	Date	Form of Public Notification
Consider shareholder comments on draft SOI	28 June 2017	Advertisement in NZ Herald at least two weeks prior to meeting and on Panuku website five working days prior.
Consider performance against SOI targets	20 September 2017	

Media

Our media protocols are designed to ensure our interactions with the media are as proactive and transparent as possible. All media enquiries are responded to in a timely fashion and all information is shared with the media unless it is of a confidential nature.

Online channels

Panuku's major projects are outlined on our website www.panuku.co.nz and all key documents (such as our Annual Report and the project plans for our development locations) are available online.

**Analysis: 28 April 2017 Shareholder comments
on the Panuku Development Auckland draft Statement of Intent 2017-2020**

	Shareholder comments	Panuku response
1	<p>As you know, the final Statement of Intent must align to the decisions made as part of the Council's 2017/2018 Annual Plan and meet legislative requirements. You must ensure that:</p> <ul style="list-style-type: none"> a. information contained in the final Statements of Intent are consistent with the 2017/2018 Annual Plan b. financial information is provided for 2016/2017 (current) year, and the three subsequent years c. agreed non-strategic asset sale targets are included where appropriate d. performance measures and targets are worded exactly as in the 2015-2025 LTP, and e. the Statements of Intent include 2015/2016 actual performance, 2016/2017 (current year) targets and targets for the 2017-2020 years. 	<p>Agreed with general comments.</p> <p>These items have been addressed in the final SOI.</p>
2	<p>In its foreword and strategic objectives sections, Panuku makes references to it being 'the' urban development agency for Auckland. These references should be changed to characterise Panuku as Council's lead urban regeneration agency.</p>	<p>SOI Foreword Pg3. Over its first year of operation Panuku has quickly come to terms with its role as Auckland Council's lead urban regeneration agency</p> <p>About Panuku Pg6: Panuku is the sole entity within the Auckland Council group responsible for leading urban redevelopment and/or regeneration leveraging off Council owned property.</p>
3	<p>Similarly, the reference to broad support for government's urban development authority proposal should simply state that it could provide additional powers for Panuku and that Panuku is part of the joint</p>	<p>SOI Foreword Pg4</p> <p>As per SLT discussion, Auckland Council's position has now been confirmed.</p> <p>No change required.</p>

	Shareholder comments	Panuku response
	<p>submission process. Reference to Panuku's support for the urban development authority proposal should be deleted, as a position on this has not been endorsed by Council yet.</p>	
4	<p>Panuku should clarify that they are the sole Auckland Council agency doing regeneration in the areas listed on page 7. In some, central government agencies are also operating (eg. Tamaki).</p>	<p>SOI – Contribution to the world's most liveable city Pg7 Panuku is the sole Auckland Council agency doing regeneration and redevelopment in Manukau, Onehunga, Waterfront, Northcote, Avondale, Takapuna, Henderson, Papatoetoe, Ormiston, Tamaki, City Centre and Housing for Older Persons Portfolio. Central government agencies are also operating in some locations such as Tamaki and Hobsonville.</p>
5	<p>It would be useful for Panuku to ensure it aligns (or continues to align) its activities with the long-term capital planning of central government in the Transform and Unlock areas. Wording to reflect this should be added in key project area 6 of the three-year work plan.</p>	<p>SOI - key project area no.6 Pg12 Panuku will ensure its activities align with the long-term capital planning of central government in the Transform and Unlock areas where possible and there is value.</p>
6	<p>The Statement of Intent should state that Panuku will work together with Council, Auckland Transport, and Watercare to deliver on Council growth and development strategies. In particular, Panuku should work together with Auckland Transport to optimise the above and below ground development potential of Council and Auckland Transport assets (both for development and to capture value for funding transport projects) where they are in Panuku's Transform and Unlock areas. Similarly, Panuku should work with Auckland Transport at the early stages of transport projects to ensure development opportunities are maximised as the projects are implemented.</p>	<p>SOI Strategic Objectives Pg10 Panuku will work together with Council, Auckland Transport, and Watercare to deliver on Council growth and development strategies. In particular, Panuku will work together with Auckland Transport to optimise the above and below ground development potential of Council and Auckland Transport assets; both for development and to capture value for funding transport projects where they are in Panuku's Transform and Unlock areas. Panuku will also work with Auckland Transport to identify and release for disposal or development sites, which are no longer required by Auckland Transport for Transport purposes. Similarly, Panuku will work with Auckland Transport at the early stages of transport projects to ensure development opportunities are maximised as the projects are implemented.</p>

	Shareholder comments	Panuku response
7	In addition, Panuku should commit to working closely with and provide advice to Council during the Long-term Plan on refining the process and targets for land disposals.	<p>SOI - Other shareholder issues Pg31</p> <p>Panuku is committed to working closely with and provide advice to Council during the Long-term Plan on refining the process and targets for land disposals</p>
8	Panuku's commitment to engagement with mana whenua and other Māori organisations in various areas is good, and Council will look forward to seeing reporting on the associated performance measures in due course. A more developed sense of how the Transform and Unlock area projects can specifically contribute to wider outcomes for Maori should be developed (including housing and employment).	<p>SOI - Specific projects delivering on Māori outcomes</p> <p>These are outlined on Pg14-15.</p> <ul style="list-style-type: none"> - A recent change to the SOI wording of 'specific projects delivering on Māori outcomes' has been made. The changes more accurately reflect the work Panuku are doing with Maori and this is due to the Maori Engagement team having the benefit of nearly two years of operating experience. - We will report on wider Maori outcomes as projects progress and if information becomes available.
9	In terms of measures, many of the targets are lower than current (2015/2016) actuals. Additional explanation of this should be given in the Statement of Intent. Staff acknowledges that targets and measures will be reviewed and refreshed as part of the Long-term Plan process, but Panuku should include a commitment in its Statement of Intent to providing Council advice through the LTP process on aspects such as the disposals targets.	<p>SOI – Performance Measures Pg23</p> <p>Additional footnotes have been provided to explain targets that are significantly less than the previous year's actual result.</p>

Decision Paper: Disposals Recommendations

Document Author(s)	Anthony Lewis – Senior Advisor Portfolio Review
Date	25 May 2017

1. Proposal

This paper seeks approval from the Board for the disposal of council owned land and the transfer of two council owned properties to be recommended to the Finance and Performance Committee.

2. Executive summary

Five lots at 187 Flat Bush Road, Flat Bush were approved for sale in 2014. This report recommends that additional land at 187 Flat Bush School Road which cumulatively comprises 4,160m² be approved for divestment. This will create enlarged lots at Lot 3, 4 and 5, 187 Flat Bush School Road.

The proposal for the enlarged lots originated from the Development Programme Office (DPO) and Community Facilities, which received enquiries from developers seeking to acquire enlarged lots in return for the developers undertaking local infrastructure works.

The Community Facilities department has deemed that the additional land is no longer required for the future service purpose for which it was held. Engagement with the Howick Local Board was undertaken by the DPO, with the board endorsing the disposal of additional land by way of closed tender.

Panuku and DPO have subsequently agreed that an open tender process will be undertaken for the disposal should the additional land be approved for sale. The developers who have expressed interest in acquiring enlarged lots will be able to submit tenders as part of the tender process, as well as any other interested developer. This will allow for the benefits and merits of all tenders received to be considered and assessed, thus ensuring that the tender process is open and transparent, and that the selected party will provide both an optimal return to Auckland Council and the best level of infrastructure to the Flat Bush area. The Howick Local Board have been advised that the proposed disposal of additional land will occur by way of an open tender process.

The second group of properties presented in this report, 55A Alnwick Street, Warkworth and approximately 1,268m² of 45 Oraha Road, Huapai are vacant council owned sites that have been identified through the internal consultation process as required by Watercare for wastewater infrastructure purposes. Consultation with council and its CCOs, iwi authorities and the Rodney Local Board about these properties has been undertaken. No other alternative service uses have been identified for the subject sites through the rationalisation process. As such, we recommend that the properties be transferred to Watercare.

The consultation process undertaken for the subject properties to date, and a technical summary of each property is attached as Appendices A to C of this report.

3. Recommendations

It is **recommended** that the Board

1. Approves

- a. The recommendation to Auckland Council's Finance and Performance Committee that additional land comprising approximately 4,160m² at Lot 3, 4, 5 and 5A, 187 Flat Bush Road, Flat Bush be disposed of by an open tender process;
- b. The recommendation to Auckland Council's Finance and Performance Committee that the following properties be transferred to Watercare
 - i. 55A Alnwick Street, Warkworth
 - ii. Approximately 1,268m² of 45 Oraha Road, Huapai

4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
NA	NA	NA

5. Discussion

Panuku and the Auckland Council Stakeholder and Community Facilities Land Advisory team jointly work on a comprehensive review of council's property portfolio. One of the outcomes of the review process is to identify properties in the council portfolio that are potentially surplus to requirements and that may be suitable to sell. The subject properties were identified as potentially surplus through this review process.

Once a property has been identified as potentially surplus, Panuku engages with Council and its CCO's to establish whether the property must be retained for a strategic purpose or is required for a future funded project or public work. Once a property has been internally cleared of any service requirements, Panuku then consults with local boards, mana whenua and relevant ward councillors. All sale recommendations must be approved by the Panuku board before a final recommendation is made to Auckland Council's Finance and Performance Committee.

Detailed information about the subject properties is provided in Appendices A to C of this report.

6. Financial implications

Detailed information about the subject properties is provided in Appendices A to C of this report.

7. Implementation

Information about the implementation of the subject properties is provided in Appendices A to C of this report.

Document Sign-off

Role	Name	Sign-off Date	Signature
Chief Operating Officer	David Rankin		
Chief Executive (acting)	David Rankin		

Appendix A – 187 Flat Bush School Road, Flat Bush

1. Summary

Five lots at 187 Flat Bush Road, Flat Bush were approved for sale in 2014. This report recommends that additional land at 187 Flat Bush School Road which cumulatively comprises 4,160m² be approved for divestment. This will create enlarged lots at Lot 3, 4 and 5, 187 Flat Bush School Road

Lots 1, 3, 4 and 5, 187 Flat Bush School Road, Flat Bush were approved for sale in October 2014. Lot 2, 187 Flat Bush School Road was approved for sale in December 2014. Panuku subsequently commenced work on the subdivision and disposal of Lots 1 and 2.

While the subdivision work was being undertaken, the DPO and the Community Facilities department received enquiries from developers seeking to acquire enlarged lots cumulatively comprising an additional 4,160m² at Lot 3, 4 and 5, as well as an additional Lot 5A at 187 Flat Bush School Road, Flat Bush in return for the developers undertaking local infrastructure works.

The Community Facilities department has now deemed that the additional land is no longer required for the future service purpose for which it was held.

The Howick Local Board endorsed the proposed disposal of the additional 4,160m² of land at Lot 3, 4, 5 and 5A, 187 Flat Bush School Road, Flat Bush at its December 2016 meeting. This was based on a recommendation from the DPO that a closed tender process be undertaken for the proposed disposal of the land.

The DPO and Panuku have subsequently agreed that an open tender process will be undertaken. The developers who have expressed interest in acquiring enlarged lots will be able to submit tenders as part of the tender process, as well as any other interested developer. This will allow for the benefits and merits of all tenders received to be considered and assessed, thus ensuring that the tender process is open and transparent, and that the selected party will provide both an optimal return to Auckland Council and the best level of infrastructure to the Flat Bush area.

2. Background

187 Flat Bush School Road, Flat Bush was acquired by the legacy Manukau City Council in 2000 for public open space, stormwater management and future residential development. The site was vacant and originally comprised approximately 48.33 hectares.

Following the creation of Auckland Council, a land take plan for the entire site was agreed. This resulted in Lots 1, 3, 4 and 5 (comprising 69,602m²) being identified as suitable for residential development and transferred to ACPL in late 2013. Lot 2 was identified as a future school site and was also transferred to ACPL.

In 2014 ACPL undertook the rationalisation process for Lots 1, 2, 3, 4 and 5, 187 Flat Bush School Road, Flat Bush which included consultation with the Council group and CCOs, iwi engagement and consultation with the Howick Local Board and Howick ward councillors. No alternative service uses were identified for the subject sites, and no objections were raised with the proposal. Following completion of the rationalisation process, Council's Finance and Performance Committee approved the disposal of Lots 1, 3, 4 and 5, 187 Flat Bush School Road in October 2014, and the disposal of Lot 2, 187 Flat Bush School Road in December 2014.

Since obtaining approval for sale, Panuku has undertaken the following work on each lot:

- Lot 1 was sold to Neil Construction in late 2016;
- Lot 2 was sold to the Ministry of Education;
- Lot 3 is currently being subdivided as a super lot. We are awaiting completion of the subdivision before commencing the sales process;
- Lot 4 will be marketed this financial year;

- Lot 5 is currently landlocked. We are awaiting completion of the road before taking this lot to the market.

In 2016, a developer approached Community Facilities and the DPO, expressing interest in acquiring enlarged lots of Lot 3, 4, 5 and 5A, 187 Flat Bush School Road for residential development. The enlarged lots cumulatively comprise an additional 4,160m² of land that was intended as future park land and open space. In return, the developer proposed undertaking local infrastructure works which will service the housing growth in Flat Bush. These include the construction of local roads, a stream bridge and undertaking bulk earthworks for proposed adjacent sports fields.

A second developer sought to construct the north-south collector road under a cost share arrangement with Council, which would provide two main road accesses to its development of new residential sections.

In December 2016, the DPO submitted a confidential report to the Howick Local Board regarding the proposed disposal by way of a closed tender process for the enlarged Lots 3, 4 and 5, 187 Flat Bush School Road. The board resolved the following:

That the Howick Local Board:

- support the disposal of additional land from the property situated at 187 Flat Bush School Road at Lots 3, 4, 5 and 5A comprising approximately 4.1 hectares shown red on Candor 3 Plan No. 9202 SP010 (Attachment A) being parts of Section 4 SO482109 and contained in certificate of title 708076 in return for local infrastructure to improve access and connectivity to service housing growth.*
- acknowledges that the proposal will not negatively impact the open space provisions or already approved Structure Plan and will provide a reduction in future operating expenses.*
- acknowledges that construction of roading infrastructure and associated earthworks by a third party will enable the early development of Murphy's Sports Park as a viable community facility and facilitate the public transport links proposed for the area.*
- support the selection and progression of Developer One's proposal.*
- confirm that there be no restatement of this confidential report, attachments or resolutions until settlement of the disposal of the land, and only then is the resolution to be restated.*

Subsequently, Panuku and DPO have agreed that the proposed disposal of the additional land at Lots 3, 4 and 5, 187 Flat Bush School Road, Flat Bush will occur via an open market tender process. This will allow for tenders to be received from the developers who have already approached Council, as well as any other interested developer, thus ensuring the disposals process is open and transparent, and that the best outcome for both Auckland Council and the Flat Bush community is achieved.

3. Internal consultation

The internal consultation for 187 Flat Bush School Road was undertaken in 2014. No alternative service uses were identified.

4. Local board views and implications

In December 2016 the Howick Local Board considered the DPO confidential report regarding the proposed disposal of the enlarged Lots 3, 4 and 5, 187 Flat Bush School Road, Flat Bush by way of a closed tender process, with the board endorsing the disposal. The board have since been advised by way of a memorandum by Panuku that the proposed disposal of the additional land will now occur via an open market tender process, ensuring the disposals process is open and transparent.

5. Iwi feedback

12 mana whenua iwi authorities were contacted regarding the potential disposal of Lots 3, 4 and 5, 187 Flat Bush School Road, Flat Bush. The following feedback was received:

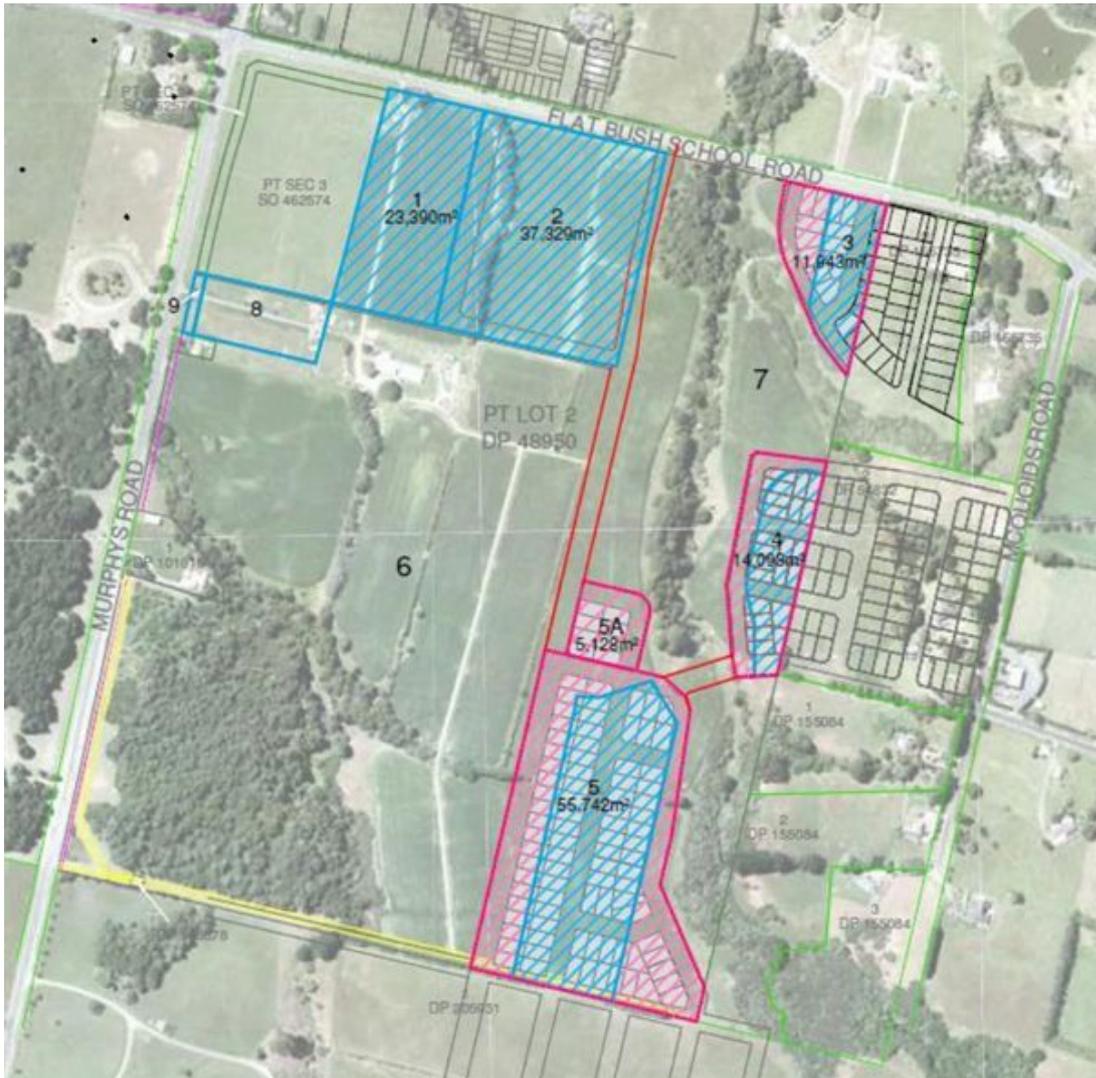
- a) **Te Kawerau a Maki**
No concerns or issues were raised about the proposed disposal.
- b) **Ngāi Tai ki Tamaki**
Ngāi Tai ki Tamaki registered commercial interest should the site be approved for disposal.
- c) **Ngāti Tamaoho**
No concerns or issues were raised about the proposed disposal.
- d) **Te Akitai – Waiohua**
No concerns or issues were raised about the proposed disposal.
- e) **Ngāti Te Ata-Waiohua**
No concerns or issues were raised about the proposed disposal.
- f) **Te Ahiwaru Waiohua**
No concerns or issues were raised about the proposed disposal.
- g) **Ngāti Paoa**
No concerns or issues were raised about the proposed disposal.
- h) **Ngaati Whanaunga**
Ngaati Whanaunga advised that the subject site has potential for cultural interest and registered commercial interest should the site be approved for disposal.
- i) **Ngāti Maru**
No concerns or issues were raised about the proposed disposal.
- j) **Ngāti Tamatera**
No concerns or issues were raised about the proposed disposal.
- k) **Patukirikiri**
No concerns or issues were raised about the proposed disposal.
- l) **Waikato-Tainui**
No concerns or issues were raised about the proposed disposal.

6. Implementation

Panuku will present the enlarged lots at Lot 3, 4, 5 and 5A, 187 Flat Bush School Road, Flat Bush to Council's Finance and Performance Committee with a recommendation that the additional land be disposed of in conjunction with the disposal of Lots 3, 4 and 5, 187 Flat Bush School Road by way of an open tender process.

Should the Committee approve the disposal of the enlarged lots, the additional infrastructure projects offered by the interested developers, including construction of a north-south collector road and other local roads, bridge construction and bulk earthworks for planned sports fields will form part of their tenders when Panuku takes the lots to market.

7. Images



Areas already approved for sale indicated in blue.
Enlarged Lots 3, 4 and 5 and additional Lot 5A indicated in red

Appendix B – 55A Alwick Street, Warkworth

1. Summary

55A Alwick Street, Warkworth is a vacant council owned site that has been identified through the internal consultation process as required by Watercare for wastewater infrastructure purposes. Consultation with council and its CCOs, iwi authorities and the Rodney Local Board about the property has been undertaken. No other alternative service uses were identified for the subject site through the rationalisation process. As such, we recommend that the property be transferred to Watercare.

2. Background

55A Alwick Street, Warkworth is a 3.16 hectare vacant land site that was acquired for sanitary purposes by the former Rodney District Council in 1994. The property is deemed to be a public work under the Public Works Act 1981.

Plans to create a sludge-drying facility and/or a wetland to support the adjoining sewage treatment plant did not eventuate. There is a designation over the property and the adjoining sewage treatment plant for sewage treatment and disposal purposes.

In 2010, following amalgamation of the legacy councils, the treatment plant was transferred to Auckland Council. At the time Watercare advised that it had no use for the subject property and in 2014 ACPL commenced the rationalisation of the site.

The Unitary Plan zoning of 55A Alwick Street, Warkworth is mixed use: light industry and single house. It has a 2014 capital value of \$240,000.

3. Internal consultation

The internal consultation for this site commenced in in 2014. Watercare identified that it required the subject site for a wastewater pump station. No other alternative service uses were identified for the subject site through the rationalisation process.

4. Local board views and implications

The Rodney Local Board was advised that the subject property is required by Watercare and will not be subject to disposal in June 2017. The board did not provide any informal feedback.

5. Iwi feedback

14 mana whenua iwi authorities were contacted regarding the potential sale of 55A Alwick Street, Warkworth. The following feedback was received.

a) Ngāti Wai

No concerns or issues were raised about the proposed disposal.

b) Ngāti Manuhiri

Ngāti Manuhiri registered a commercial interest in the property. This can be explored further should the property be approved for disposal.

c) Te Rūnanga o Ngāti Whātua

No concerns or issues were raised about the proposed disposal.

d) Te Uri o Hau

No concerns or issues were raised about the proposed disposal.

- e) **Ngāti Whātua o Kaipara**
No concerns or issues were raised about the proposed disposal.
- f) **Ngāti Whātua o Ōrākei**
No concerns or issues were raised about the proposed disposal.
- g) **Te Kawerau ā Maki**
No concerns or issues were raised about the proposed disposal.
- h) **Ngāi Tai ki Tāmaki**
No concerns or issues were raised about the proposed disposal.
- i) **Te ākitai - Waiohua**
No concerns or issues were raised about the proposed disposal.
- j) **Ngāti Te Ata - Waiohua**
No site specific feedback received for this site; however Ngāti Te Ata has expressed general cultural interest across Tāmaki Makaurau, has potential commercial interest in any council owned land that comes available for sale in their rohe and notes specific association with the south western area of Auckland, focusing around Manukau and the western coastline.
- k) **Ngāti Pāoa**
No concerns or issues were raised about the proposed disposal.
- l) **Ngāti Whanaunga**
No concerns or issues were raised about the proposed disposal.
- m) **Ngāti Maru**
No concerns or issues were raised about the proposed disposal.
- n) **Ngāti Tamaterā**
No concerns or issues were raised about the proposed disposal.

6. Implementation

The result of the rationalisation process is that the site is required by Watercare for wastewater purposes. As such, Panuku recommend that 55A Alnwick Street, Warkworth be transferred to Watercare's asset register at current market value in line with the Auckland Council disposals policy.

7. Images



View from Shipwright Place towards 55A Alnwick Street

Appendix C – 45 Oraha Road, Huapai

1. Summary

Approximately 1,268m² of the council owned site at 45 Oraha Road, Huapai has been identified through the internal consultation process as required by Watercare for wastewater infrastructure purposes. Consultation with council and its CCOs, iwi authorities and the Rodney Local Board about the property has been undertaken. No other alternative service uses were identified for the subject site through the rationalisation process. As such, we recommend that the property be transferred to Watercare at market value.

2. Background

45 Oraha Road, Huapai is a 4,109m² vacant land site originally acquired by the former Rodney District Council in 2004 for stormwater purposes. The property is deemed to be a public work under the Public Works Act 1981.

An area of 1,268m² of 45 Oraha Road, Huapai was subject to rationalisation in 2015, with the remainder of the site being retained by Council's Parks, Sports and Recreation department as open space.

The Unitary Plan zoning of 45 Oraha Road, Huapai is single house. It has a 2014 capital value of \$400,000.

3. Internal consultation

The internal consultation for this site commenced in 2015. Watercare identified that it required the subject area of 1,268m² for a wastewater pump station. No other alternative service uses were identified for the subject site through the rationalisation process.

4. Local board views and implications

Informal engagement with the Rodney Local Board was undertaken in December 2015. Informal feedback received was that the board wished for the subject 1,268m² area be retained as open space.

The Rodney Local Board was advised that the subject property is required by Watercare and will not subject to disposal in June 2017. The board did not provide any further informal feedback.

5. Iwi feedback

14 mana whenua iwi authorities were contacted regarding the potential sale of the subject 1,268m² portion of 45 Oraha Road, Huapai. The following feedback was received.

a) Ngāti Wai

No concerns or issues were raised about the proposed disposal.

b) Ngāti Manuhiri

No concerns or issues were raised about the proposed disposal.

c) Te Rūnanga o Ngāti Whātua

No concerns or issues were raised about the proposed disposal.

d) Te Uri o Hau

No concerns or issues were raised about the proposed disposal. The site is outside the area of interest.

- e) **Ngāti Whātua o Kaipara**
Ngāti Whātua o Kaipara advised that the property would seem to border the upper reaches of the stream which feeds to the Kaipara. This was the northern end of the portage from Riverhead and so is part of a historical connection of great traditional and cultural importance. They would be interested in discussing how they might potentially secure the property as a footprint along that ancient (pre-car) 'highway' that joined Kaipara and the Waitemata.
- f) **Ngāti Whātua o Ōrākei**
Ngāti Whātua o Ōrākei registered commercial interest should the site be approved for disposal.
- g) **Te Kawerau ā Maki**
Te Kawerau ā Maki advised that the property holds cultural significance as it is adjacent to Kumeu River at the site known as Turaki-awatea (Huapai) and request that any future development on the eastern side of property/along river margins incorporate robust treatment train approach to stormwater and native plantings.
- h) **Ngāi Tai ki Tāmaki**
No concerns or issues were raised about the proposed disposal.
- i) **Te ākitai - Waiohua**
Te ākitai – Waiohua registered commercial interest should the site be approved for disposal.
- j) **Ngāti Te Ata - Waiohua**
No site specific feedback received for this site; however Ngāti Te Ata has expressed general cultural interest across Tāmaki Makaurau, has potential commercial interest in any council owned land that comes available for sale in their rohe and notes specific association with the south western area of Auckland, focusing around Manukau and the western coastline.
- k) **Ngāti Pāoa**
No concerns or issues were raised about the proposed disposal.
- l) **Ngāti Whanaunga**
No concerns or issues were raised about the proposed disposal.
- m) **Ngāti Maru**
No concerns or issues were raised about the proposed disposal.
- n) **Ngāti Tamaterā**
No concerns or issues were raised about the proposed disposal.

6. Implementation

The result of the rationalisation process is that the subject site is required by Watercare for wastewater purposes. As such, Panuku recommend that approximately 1,268m² of 45 Oraha Road, Huapai be transferred to Watercare's asset register subject to a valuation which more accurately reflects the residual land value.

7. Images



Decision Paper: High Level Project Plan – Rolling Programme Approval

Document Author(s)	Brenna Waghorn – Manager Strategic Planning
Reviewer(s)	David Rankin – Director Strategy and Engagement
Date	June 2017

1. Proposal

This paper requests approval from the Board of the High Level Project Plan (HLPP) rolling programme. Adoption of a quarterly rolling HLPP programme is a specific KPI of the Statement of Intent July (2016 – June 2019). This programme is consistent with and captured in the master work programme.

2. Executive summary

In February 2017 the Board approved the Priority Location Master Programme report which included key dates and incorporated an update on the HLPP rolling programme and due dates for HLPPs.

Good progress has been made. HLPPs for Takapuna, Manukau, Northcote and Housing for Older Persons, Onehunga and Henderson have been approved by both the Board and by the Planning Committee (formally the Auckland Development Committee).

The board-approved Papatoetoe HLPP will be presented to the Planning Committee for approval in early July.

The Wynyard Quarter HLPP/Framework Plan is making its way through an engagement process with the City Centre and Waterfront Governance and will be discussed at a workshop of the Planning Committee in June or July. It is due to go to Planning Committee for approval in early July, however the timing of this may be dependent on the wider city centre agenda. The HLPP/Framework for the Central Wharves, including the update of the cruise strategy is taking longer to complete due to the multiple dependencies and political decisions around the future of the port.

Two HLPPs are currently under development: Avondale and Panmure is about to commence with Tāmaki Regeneration Company.

Attachment 1 identifies the updated rolling program of delivery for adoption by the Board.

The key changes since the programme was updated in February 2017 are:

- Avondale confirmed as an Unlock in March 2017 triggering a HLPP.
- Papatoetoe HLPP final approval was pushed out to enable us to spread the board and Committee approval programme which is necessary now that framework plans and implementation plans are coming through.
- We are in discussion with Auckland Transport about Panmure Town Centre and the opportunity for a collaborative approach to development of surplus sites, together with Tamaki Regeneration Company. While the scope of a HLPP is yet to be confirmed, some provisional dates are provided.

As Panuku moves further into the implementation stage, a focus on HLPPs will come to an end, unless new locations are agreed.

The remaining HLPP programme will be communicated to Council as part of Panuku quarterly reporting.

3. Recommendations

It is **recommended** that the Board

1. **Approves** the High Level Project Plans – Programme and Key Dates, June 2017, as detailed in Attachment 1.

4. Background

Why decision is required		In accordance with the SOI, the quarterly rolling HLPP programme must be approved by the Board.
Previous Board engagement and decisions		
Date	Document	Decision / Outcome
25 Nov 2015	Priority Development Location Selection Process and Work Programme	Identification of 18 priority location areas categorised as “transform –unlock – support”.
25 Nov 2015	High Level Project Plans	Noted the purpose, scope and process of delivering HLPPs.
24 Feb 2016	High Level Project Plan – Programme and Key dates	Noted the first programme for the delivery of HLPPs
26 Oct 2016	HLPP Rolling Programme Approval	Approved
22 Feb 2017	Priority Location Master Programme	Approved the Priority Location Master Programme Key Dates, which included an update on the progress of all HLPPs and their due dates.
Councillor engagement		A full report on progress on the priority location work programme was provided to the new Planning Committee in March 2017.

5. Discussion

On 25 November 2015 the Panuku Board approved 18 Priority Development Locations. The locations included in the Panuku work programme, and their categorisation (as Transform, Unlock or Support) was included in the report to Council’s Auckland Development Committee, 8 December 2015 “*Priority Locations and Panuku Development Auckland Programme.*”

In these reports it was noted that the programme would be dynamic, subject to opportunities, priorities and resourcing. It was also recognised that the HLPPs are a new tool and that experience in delivering HLPPs, framework plans and implementation plans would evolve.

The Panuku HLPP rolling programme is the adopted list of priority development locations. The list is primarily a management tool to prioritise and allocate organisational resources.

The Board received a report and noted the HLPP work programme and key dates in February 2016, October 2016 and February 2017 (master programme update).

Attachment 1 identifies the updated rolling programme of delivery for adoption by the Board. The key changes since the programme was updated in February 2017 are:

- Avondale confirmed as an Unlock in March 2017 triggering a HLPP.

- Papatoetoe HLPP final approval was pushed out to enable us to spread the board and Committee approval programme which is necessary now that framework plans and implementation plans are coming through.
- We are in discussion with Auckland Transport about Panmure Town Centre and the opportunity for a collaborative approach to development of surplus sites, together with Tāmaki Regeneration Company. While the scope of a HLPP is yet to be confirmed, some provisional dates are provided.

As Panuku moves further into the implementation stage, a focus on HLPPs will come to an end, unless new locations are agreed. The scope of proposed and new Panuku activity will be determined by the LTP budget process. New locations that require HLPPs are not anticipated at this stage.

6. Implementation

The HLPPs that are under development or moving through the engagement process are: Wynyard Quarter, Central Wharves, Avondale, Panmure Town Centre.

Attachment 1 identifies the updated rolling program of delivery for adoption by the Board.

Appropriate dates to workshop and consider/approve the High Level Project Plans will be established with the Board, Local Boards and Planning Committee.

As Panuku moves further into the implementation stage, a focus on HLPPs will come to an end, unless new locations are agreed. Strategic planning resource will continue to be used in framework planning, implementation planning including programme business cases and ongoing policy development.

7. Programme review

The Board will be kept advised as this programme will be reviewed and reported quarterly as projects are completed, new projects added and circumstance around projects changed.

Document Sign-off

Role	Name	Sign-off Date	Signature
Chief Operating Officer	David Rankin		
Chief Executive (acting)	David Rankin		

HIGH LEVEL PROJECT PLANS - ROLLING PROGRAMME AS AT JUNE 2017

	2016 Jan-Sept		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	Nov-17	Dec-17	REMARKS/ STATUS	
TRANSFORM																			
Manukau metropolitan centre & surrounds		Panuku Board approval 30 Mar	ADC approval 14 April 2016															Completed and Approved	
Onehunga Town Centre and Port					Panuku Board approval	Local Board		Council workshop	Council approval									Completed and Approved	
Waterfront (Wynyard Quarter)						Panuku Board Direction Setting		Local Board	Council workshop		Panuku Board approval	Council workshop	Council approval					Board has approved direction and key moves. The timing of approval by the Planning Committee will be dependent on the wider city centre and waterfront agenda (and some slippage is now expected).	
UNLOCK																			
Northcote Town Centre & surrounds		Panuku Board Approval 24 Feb	ADC approval 4 Mar 2016															Completed and Approved	
Takapuna Town Centre		Panuku Board Approval 25 November 2015	ADC approval 10 March 2016															Completed and Approved	
Housing for Older Persons		Panuku Board Approval 27 July 2016	ADC approval 25 August 2016															Completed and Approved	
Old Papatoetoe					Panuku Board Direction Setting			Local Board		Panuku Board Approval			Council approval					Tavern Lane & Mall projects underway. HLPP considers future opportunities within town centre.	
Henderson Metropolitan Centre					Panuku Board Direction Setting			Council workshop (TBC)	Panuku Board Approval		Council approval							Completed and Approved	
Avondale Town Centre								Panuku Board Direction Setting (TBC)	Local Board (TBC)				Council workshop (TBC)	Panuku Approval	Council approval			Proposed to be recategorised as an Unlock location; early work commencing. Steering group with key stakeholders established. Deadline is tight.	
Panmure Town Centre														Panuku Board Direction Setting (TBC)	Local Board (TBC)	Council workshop (TBC)	Panuku Approval	Council approval	Dates provisional. Scope and programme tbc in collaboration with AT and TRC.

<p>KEY:</p> <p>Panuku Board</p> <p>Council committee - dates subject to work programme</p> <p>Local Board</p> <p>Programmed HLPP</p> <p>Panuku Support projects:</p>	<p>Notes:</p> <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> <p>Mt Eden (Dominion Rd), Whangaparaoa (Link Road), New Lynn, Avondale, Pukekohe, Stonefields (Morrin Rd, Merton Rd), Howick (Fencible Drive) and Otahuhu</p>
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Decision Paper: Audit Arrangements Letter

Document Author(s)	Carl Gosbee – Director, Corporate Services
Date	14 June 2017

1. Proposal

The purpose of this paper is to approve the proposal letter from Audit New Zealand for the 30 June 2017, 2018 and 2019 annual audits of Panuku’s financial statements and performance information.

2. Executive summary

Panuku is required, both by the Local Government Act 2002 and the Companies Act 1993, to produce an annual report for the year ending 30 June 2017. An audit is required by the Auditor-General under the Public Audit Act 2001 on the financial statements and performance information contained therein. Audits undertaken by the Auditor-General are awarded to audit firms on a three year cycle. Typically the audit firm would submit a proposal and the parties would sign an engagement letter for the three year period and then sign annual arrangement letters.

With the changes that have happened with Waterfront Auckland and then Panuku in the last two years the company has not yet accepted the Audit NZ proposal for the three year period covering the 30 June 2017, 2018 and 2019 year ends. This letter needs to be signed off by the Board Chair. The letter sets out the statutory basis for the audit along with the hours and fees for the three years.

The letter was reviewed by the Audit and Risk Committee on 20 June 2017 and the Committee recommended that the Board approve the letter for signing by the Chair.

3. Recommendations

It is **recommended** that the Board **approve**, and **authorise** the Chair to sign, the proposal from Audit New Zealand.

4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
29 March 2017 Board Meeting	Item 3.5 Audit Arrangements Letters	It was RESOLVED THAT that the Board approve , and authorise the Chair to sign, the Audit NZ arrangements letter for the 30 June 2017 audit.
24 February 2016 Board meeting	Item 6.4 Audit Engagement and Arrangements Letters	It was RESOLVED THAT the Board approves, and authorises the Chair of the Board to sign, the Audit Engagement and Arrangement letters.

Document Sign-off

Role	Name	Sign-off Date	Signature
Chief Executive (acting)	David Rankin		
Director – Corporate Services	Carl Gosbee		

20 April 2017

Ref: EN/CCO/01-0106
A861

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Fax: 09 366 0215

Richard Aitken
Chairman
Development Auckland Limited (Panuku)
PO Box 90 343
Victoria Street West
Auckland 1142

Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington

Dear Richard

Proposal to conduct the audit of Development Auckland Limited trading as Panuku Development Auckland (Panuku) on behalf of the Auditor-General for the 2017, 2018 and 2019 financial years

1 Introduction

The Auditor-General has appointed me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the three financial years ending 30 June 2017, 2018 and 2019. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial years ending 30 June 2017, 2018 and 2019 and reasons for any change;
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG overhead charge provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of your organisation is carried out under section 15 of the Public Audit Act 2001, which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Board and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

3 Entities covered by this proposal

This proposal covers the audit of Development Auckland Limited (Panuku).

4 Key members of the audit team

Appointed Auditor	David Walker
EQCR	Andy Burns
Audit Manager	Jennifer Tupou

5 Estimated audit hours

We estimate that the following hours will be required to carry out the audits (compared to budgeted and actual data from the previous financial year):

Audit team member	2016 budget	2016 actual	2017	2018	2019
Appointed Auditor (including EQCR)	122	143	122	122	122
Audit Manager	143	146	143	143	143
Other staff	790	1,057	830	830	830
Other specialists	44	3	41	41	41
Total audit hours	1,099	1,349	1,136	1,136	1,136

Based on prior history, the audit of some of the more complicated balances in the Annual Report audit took longer than the allocated budget. There has also been a slight evolution of processes post the AWDA and ACPL merger. Based on our experience of the combined organisation we have revised the allocated time to “Other Staff” who will be performing the audit work, the supervision of which will be included in the Appointed Auditor and Audit Manager’s existing allocations.

6 Proposed audit fees

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2016 budget	2016 actual	2017	2018	2019
	\$	\$	\$	\$	\$
Net audit fee (excluding OAG overhead and disbursements)	183,994	212,053	189,829	192,021	193,897
OAG overhead charge	15,925	15,925	16,790	16,895	17,402
Total audit time (excluding disbursements)	199,919	227,978	206,619	208,916	211,299
Audit costs written off by Audit NZ	-	(28,059)	-	-	-
Total audit fees (excluding disbursements)	199,919	199,919	206,619	208,916	211,299
Estimated disbursements	200	805	250	250	250
Total billable audit fees and charges	200,119	200,724	206,869	209,166	211,549
GST	30,018	30,109	31,030	31,375	31,732
Total (including GST)	230,137	230,833	237,899	240,541	243,281

An explanation of the hours supporting these costs are in paragraph 5 above.

While the fee increase from 2016 to 2017 is approximately 3%, as explained above, the increase from 2017 to 2018 and from 2018 to 2019 are approximately 1% each year. The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG overhead charge.

We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

6.1 Reasons for changes in audit fees

The main change in cost components for future audit is the predicted staff salary cost movements.

7 Assumptions relating to our audit fee

Our proposed audit fees are based on the following assumptions:

- You will provide to us in a timely manner the complete information required by us to conduct the audit.
- Your staff will provide us with an appropriate level of assistance.

- Your organisation's annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review before being submitted to us for audit.
- Your organisation's financial statements will include all relevant disclosures.
- We will review up to two sets of draft annual reports, one printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website).
- There are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us).
- There are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work.
- There are no significant changes to mandatory auditing standards that require additional work other than items specifically identified in the tables above.
- There are no significant changes to the agreed audit arrangements (set out in an annual letter we will send you) that change the scope of, or disbursements related to, this audit.

If the scope and/or amount of work changes significantly, we will discuss the issues with you and the OAG at the time.

8 What the OAG overhead charge provides

Parliament has indicated that it expects the full cost of annual audits under the Public Audit Act (including an OAG overhead charge) to be funded by public entities.

The OAG overhead charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG overhead charge portion of the audit fee, to the OAG.

9 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

10 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely



David Walker
Director

I accept the audit fees for the audit of the financial years as stated above.

Full name: Richard Aitken Position: Chairman

Authorised signature: _____ Date: _____

Entity name: Development Auckland Limited (Panuku)

Information Paper: Engagement Plan for Wynyard Quarter Framework Plan

Document Author(s)	Marieke Numan – Senior Engagement Advisor Joanna Smith – Senior Project Planning Leader
Reviewer(s)	Angelika Cutler – Director Corporate Affairs
Date	12 June 2017

1. Purpose

This Information Paper provides an overview on the engagement approach for the Wynyard Quarter Framework Plan.

2. Executive summary

The Engagement Plan sits alongside the Framework Plan which was presented to the Board in May 2017. The Engagement Plan is available to view in the Diligent Boardbooks Resource Centre.

The Engagement Plan articulates the cross-functional approach towards engagement for the Wynyard Quarter redevelopment. Our multi-disciplinary style weaves together engagement, place making and communications as this method has the best chance of achieving genuine place-led success. The plan outlines the key principles that guide our collective thinking in terms of design, intensity and channels appropriate for the current project phase. Significant progress has been made across the waterfront in the delivery of the Waterfront Plan 2012. In 2017, six years into the development of Wynyard Quarter, Panuku as the Development Agency for Auckland Council is midway through implementation.

The Wynyard Quarter Framework Plan, while integrated with the wider waterfront planning refresh does not seek to deliver a new Waterfront Plan. Rather, it will inform the Panuku business cases for any new funding to be considered for this area in the Council's next Long-term Plan.

As part of our statement of intent (SOI), Panuku is required to prepare an engagement plan alongside each framework plan.

The Wynyard Quarter Engagement Plan will continue to evolve and change as the project becomes more definite. It seeks to align engagement with identified moves, projects and implementations outlined in the Framework Plan.

The engagement approach for Wynyard Quarter is built upon several years of working in the local community and informing and marketing the place to all of Auckland. In the early stages of engaging on the Framework Plan our approach will be largely focused on decision makers and influencers and concentrating on working collaboratively with our internal cross-

Council and CCO colleagues. As the project evolves, we will refine our engagement across different projects and undertake appropriate engagement activities.

Panuku is fortunate to have many established and positive relationships with the local community including the Waitemata Local Board, local businesses and mana whenua. We will continue to use these channels to communicate with the Wynyard Quarter community.

Until funding is secured for major projects in the area, in particular new public spaces and infrastructure, the current level of collaboration with fixed stakeholders and decision-makers will continue.

Wider public engagement is proposed as part of the Council's consultation on the Long Term Plan 2018-2028 where we will be co-ordinating communications and engagement with the newly established City Centre and Waterfront Programme to ensure that the full picture of dependencies and funding is aligned across this part of the city.

3. Wynyard Engagement Objectives

- Aucklanders further develop an enduring love for their inner city waterfront
- People are aware of and have the opportunity to be part of specific engagement moments as the regeneration takes place
- The right stakeholders are approached at the right time with the right messages
- There is public confidence in Panuku Development Auckland (*continued from 2012 goal*)
- Panuku is the agency most valued by Council, other CCOs and the Government for its leadership in the resolution of key macro Auckland issues that impact on the waterfront redevelopment, the CBD and Auckland (*sustained 2012 goal*)

Information Paper: Panuku Quarter Report to Auckland Council

Document Author(s)	Kingsha Changwai, Planning and Reporting Manager
Reviewer(s)	David Rankin, Chief Operating Officer
Date	9 June 2017

1. Purpose

The purpose of this paper is to present the Quarter 3 Report to Auckland Council to the Board.

2. Key issues

The Quarter 3 Report was submitted to Council on 12 May 2017 and is presented to the Board for information.

3. Discussion

Summary comments in the Quarter 3 Report are:

- Panuku has a clear programme of work in its major Transform and Unlock locations. A key focus moving forward will be on delivery of projects that can be delivered quickly on the ground.
- Support projects have contributed over \$20 million to the asset disposal target this year.
- A development agreement was signed for a site in Hobsonville that will deliver over 500 residential units for Auckland.
- Panuku is making good progress to achieving its key performance indicators in the SOI
- Financially, Panuku's net surplus is in line with budget and capital expenditure is forecast to be below budget.

4. Attachments

Attachment 1 - Panuku Quarter 3 Report to Auckland Council.



Panuku Development Auckland

Quarterly Report

Quarter ended 31 March 2017

CCO Governance and Monitoring Committee

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1. Executive summary

This report summarises the performance of Panuku Development Auckland in the third quarter of 2016/17.

Panuku has a clear programme of work in its major Transform and Unlock locations. A key focus moving forward will be on delivery of projects that can be delivered quickly on the ground. These are onsite, within our Transform and Unlock areas but also in the Support category.

Support projects have contributed over \$20 million to the asset disposal target this year.

This quarter saw an important development agreement signed for a significant site in Hobsonville. This project will deliver over 500 residential units for Auckland.

Panuku is making good progress to achieving its key performance indicators, as outlined in Section 8 of this report.

Financially, Panuku's net surplus is in line with budget and capital expenditure is forecast to be below budget. More explanation of the financial performance is provided in Section 7 of this report.

2. Strategic issues and focus areas

Good progress is being made in Panuku's Transform and Unlock locations, with a number of plans being approved by the Council. These form a basis for project implementation.

Funding for projects will become a priority issue for Panuku. In Transform locations, proceeds from sales will be reinvested to fund regeneration. There is a need to invest in public amenity in selected Unlock locations as well to help create more appealing residential precincts. Panuku will present further reinvestment and funding proposals as part of the LTP process.

Coordination of activity across Council agencies is another strategic challenge. Panuku is dependent on other Council agencies to fund and deliver projects that support its regeneration goals. Integrating plans, coordinating work, and ensuring on-time delivery of infrastructure works across the Council family is an ongoing challenge for Panuku.

3. Recent highlights

- Following Sir John Wells resignation from the Panuku Board in November 2016, Dr Susan Macken has stepped up to be the Deputy Chair.
- Panuku has improved the transparency of its decisions to the public. Members of the public can now attend and present to the monthly Board meetings. Wherever possible, Board papers are publicly available. The commercial nature of Panuku's work means that a lot of information needs to be confidential, and Panuku is ensuring it is clear about the section of the Local Government Official Information and Meetings Act that it is using to withhold confidential information.
- Significant progress has been made planning in Transform and Unlock locations around Auckland:
 - Transform Manukau: the Framework Plan, which builds on the High Level Project Plan to provide a more comprehensive plan for regeneration (to site level) has been completed and the business case for development is being prepared. In mid-late 2017, sites for development will begin to be released to the market, and public infrastructure projects will commence.
 - Transform Wynyard Quarter: a refresh of the Waterfront Plan is being done in conjunction with the City Centre masterplan update. This will set down the development pathway moving forward, including residential and commercial development, public space development, and public transport integration. In March, the Pakenham Street section of the Madden and Pakenham Streets upgrade was completed.
 - Transform Onehunga: The Onehunga High Level Project Plan was presented to Council's Planning Committee in March. The strategic acquisition of a property in the town centre was completed to enable the redevelopment of adjoining sites.
 - Transform Tamaki: Auckland Transport will transfer surplus sites for Panuku / Tamaki Regeneration Company to develop after undertaking a town centre plan.
 - Unlock Henderson: the High Level Project Plan was approved by the Planning Committee in May, outlining a regeneration plan that will make Henderson an *eco-precinct*.
 - Unlock Northcote: a Framework Plan for Northcote has been developed, which outlines significant regeneration of the town centre and supports the redevelopment of Housing New Zealand properties alongside Council-owned properties.
 - Unlock Old Papatoetoe: Supporting the redevelopment of the Papatoetoe Mall, a High Level Project Plan has been developed that will regenerate the town centre to provide mixed use development and a more vibrant retail environment.
 - Unlock Takapuna: Panuku has been working closely with Auckland Transport (AT) and the Devonport Takapuna Local Board on community engagement regarding plans for the centre and particularly AT's plans to upgrade Hurstmere Road. An iterative stakeholder engagement process was

started late 2016 to seek balanced views to help shape initial planning and design thinking.

- Support projects have contributed over \$20 million to the asset disposal target in the year to date. A number of sites in Support areas have been targeted for acquisition using the Strategic Development Fund with particular success in Avondale which has recently been nominated an Unlock location. The following are some of the key projects within Support areas:
 - The recent sale of 28 residential units at 150 Mt Wellington Highway, Mount Wellington that the purchaser intends to refurbish either to sell or lease.
 - Earlier this year a 5000 sqm vacant site at 96 St Georges Road, Avondale was sold to Housing New Zealand which they combined with their own properties to enable the development of 103 residential dwellings. Construction will start before the end of this year.
 - 24-26 Racecourse Parade, Avondale is a site sold to Ockham Development last year and they are well into the construction of three apartment blocks delivering 72 units with a targeted completion at the end of this year.
 - The New Zealand Housing Corporation is well into the construction of 33 dwellings at a site at 1 Trent Street, Avondale.
 - Lot 1, 187 Flat Bush School Road, Flat Bush is a 2 hectare site that was sold in December to Neil Construction to deliver a 30 lot residential sub-division and associated housing.

- A development agreement has been signed with Avanda Group to develop a 9.9ha site at the Hobsonville Airfields, which will see 500 homes of mixed typology constructed.

- The joint venture business between Council and the Selwyn Foundation to manage the Housing for Older People (HfOP) portfolio has been established and named Haumarū Housing. Haumarū Housing was successful in becoming a Class 1 Registered Landlord with the Community Housing Regulatory Authority. Panuku has submitted a resource consent application to begin the first development of the HfOP portfolio at Wilsher Village in Henderson.

- Marketing and pre-sales of apartments for the CAB residential building by Tawera Group is going well, following the signing of the development agreement with Panuku in December 2016.

- The Muriwai Campground was reopened in February following a complete redevelopment of the office, communal kitchen, shower and toilet blocks and laundry.

- The waterfront summer programme was a hit, with over 115,000 people attending Auckland Anniversary events organised by the Council family.

- A nine year lease for Panuku's new offices at 82 Wyndham Street was signed, and Panuku will move into the offices later this year. The decision to move was assessed

against Panuku remaining in its current offices. Moving is cost effective, allows for more fit-for-purpose accommodation, and will be more centrally located.

4. Future outlook

- The resource consent for the development of Wisher Village in Henderson (as part of the Housing for Older People portfolio) is expected in June. This means that the development can be put to market from July 2017. There will be 40 HfOP units with significantly more housing enabled on the balance of the site.
- Stage one of the refurbishment of Old Papatoetoe Mall is due for completion in September 2017.
- From 1 July 2017, the management of Shed 10 and The Cloud on Queens Wharf will transfer to Regional Facilities Auckland. Panuku is working closely with RFA to ensure a seamless transfer.
- Queens Wharf hosted the fanzones for the Masters Games in April with great success. It will also host the Lions Tour in July.

5. Key deliverables

The key projects currently being delivered are:

Deliverable	\$'000 YTD CAPEX/ OPEX Actual	Completed/ carry over to next quarter/ deferred	Status	Comments
TRANSFORM				
<i>Transform Manukau –</i>	\$1,059k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> • The Manukau Framework Plan was endorsed by Councillors in March 2017 and has been released to the public via Panuku's website.
Barrowcliffe Place	\$229k (CAPEX)			<ul style="list-style-type: none"> • Panuku is undertaking market testing of the Barrowcliffe Place site in order to optimise a residential project with affordable housing can be delivered.

Transform Onehunga	\$451k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> The Onehunga High Level Project Plan was endorsed by Council's Planning Committee in March 2017. The acquisition of a strategic site in the town centre was completed in Feb 17 to enable the redevelopment of adjoining sites.
Transform Wynyard Quarter – (Public Project) Madden & Pakenham St Upgrade	\$6,204k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> Pakenham Street has been completed and was opened 3 April 2017. An opening event was held for the project team and adjacent tenants and residents. The final stretch of Madden Street works commenced in April.
Westhaven Marine Centre	\$ 6k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> Concept leasing designs have been completed and leasing discussions have commenced. Marinas and property management are leading the leasing with input from development.
Hobson Wharf remediation	\$ 802k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> Stage 1 repairs to the concrete beams and piles of the Hobson Wharf completed. The work has recommenced in April 2017 including the Te Wero Wharf variation.
UNLOCK				
Takapuna – Gasometer Site, Northcroft St. and 40 Anzac St.	\$408k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> The Panuku Board on 29 March 2017 received a presentation from petitioners objecting to the sale of this site. Panuku is committed to extensive community and stakeholder engagement to ensure that the Anzac car park site can be optimised to reflect the centre's intended metropolitan centre status. <p>Discussions with Auckland Transport are proceeding well in terms of planning future parking provision for the centre and unlocking land for</p>

				other uses.
The Airfields, Hobsonville Point	\$11,239k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> A conditional development agreement for the Airfields Residential Mega Lots 2, 3, 4 has been signed with the Avanda Group and will settle later this year on receiving the title. The construction of the first stage of the roading network for residential Mega Lot 1 continues. The project team are currently in the process of vesting new roading networks to enable subdivision.
Northcote Town Centre	\$746k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> Negotiations for the acquisition of strategic leasehold properties in the town centre is underway.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	\$93k (CAPEX)	carry over to next quarter		<p>Ormiston Town Centre</p> <ul style="list-style-type: none"> Construction of residential Blocks A & B are continuing. Stormwater ponds completed Feb 17. <p>66 Flat Bush School Rd</p> <ul style="list-style-type: none"> The masterplan has been approved. Resource consent for stage one lodged.
Papatoetoe Town Centre	\$591k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> The Old Papatoetoe High Level Project Plan was approved by the Panuku Board in March 2017. <p>Shopping Mall</p> <ul style="list-style-type: none"> Construction is continuing on the Old Papatoetoe mall refurbishment with demolition of selected buildings completed and foundations for the extended retail shops being poured. The work will be undertaken in two stages for a total duration of 12 months. <p>Supermarket</p> <ul style="list-style-type: none"> The sale of the supermarket site was completed in April 2017. The car park works are targeted to start in June 2017 on a staged basis so as not to inconvenience patrons of this public car park.

				<p>Tavern Lane</p> <ul style="list-style-type: none"> The site was marketed through a tender process. No acceptable Tenders have been received to date. Discussions with interested parties are continuing.
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5.1 Key deliverables for next quarter

Deliverable	Comments
TRANSFORM	
<i>Transform Manukau</i>	<ul style="list-style-type: none"> Four Manukau commercial sites are targeted for release to the market in mid to late 2017. The Hayman Park Playground project in conjunction with Parks is planned to begin construction in late 2017.
<i>Transform Onehunga</i>	<ul style="list-style-type: none"> Terms have been amended in the draft Memorandum of Understanding (MOU) with NZTA. Now awaiting a revised version. Securing stage 1 of the potential Onehunga Wharf acquisition is targeted for early 2018 Continuing progress on the framework plan and the implementation plan.
<i>Transform Wynyard Quarter - Madden & Pakenham Street Upgrade</i>	<ul style="list-style-type: none"> Madden Street targeted for completion Sept 17.
Westhaven Marine Centre	<ul style="list-style-type: none"> Continue with the marketing programme to secure tenants and report back at the conclusion of marketing.
Hobson Wharf remediation	<ul style="list-style-type: none"> Completion date is estimated to be July 2018. The work will stop again for summer 2017 in December to reduce disruption to surrounding areas.
UNLOCK	
<i>Takapuna – Gasometer, Northcroft St. and 40 Anzac St</i>	<ul style="list-style-type: none"> Panuku is working closely with AT to construct a standalone car park on part of the Gasometer site. The balance of the Gasometer site is planned to be taken to the market in Oct 17. The sale proceeds will assist in funding the car park construction. Planning and consultation for the future form of development on the Anzac St site, including the enhanced linkages to Hurstmere Road, will continue

	<p>through 2017/18.</p> <ul style="list-style-type: none"> Initial development of the Hurstmere Road properties is planned to commence in 2018/19. Any development on the Anzac car park site can take place once the car parking is relocated.
The Airfields, Hobsonville Point	<ul style="list-style-type: none"> Continue construction of key roading infrastructure networks to enable further subdivision and marketing of the next stage.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	<ul style="list-style-type: none"> Blocks FJ Retail and infrastructure estimated to commence Aug 17. 66 Flatbush Road – awaiting issue of resource consent for stage one
Papatoetoe Town Centre	<ul style="list-style-type: none"> Shopping mall – continue Papatoetoe Mall refurbishment , with Stage 1 to be completed September 2017; and Stage 2 March 2018. Supermarket – commence car park works next quarter. Tavern Lane – continue marketing for a 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	3,134	3,154	1,845	
Development operating expenditure	5,616	5,400	6,174	3,326	

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	13,040	The Panuku Board approved the acquisition of a strategic site in Avondale that will contribute to the activation of the area and support regeneration of the town centre.	

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 both financial and non-financial outcomes.

7. Financial performance

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

7.1 Operational

For the quarter ended 31 March 2017

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Operational						RAG*
Revenue/External funding	28.4	43.1	14.7	37.8	52.2	14.4
AC funding	27.7	19.7	(8.0)	37.0	29.8	(7.2)
Expenditure excluding depreciation	38.7	32.9	5.8	51.9	48.4	3.5
Fair value decrease						

/ (increase) on investment property						
Depreciation	8.4	6.5	1.9	11.2	11.0	0.2
Tax						
Net Surplus/(Deficit) After Tax	9.0	23.4	14.4	11.7	22.6	10.9

*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 Net Surplus After Tax is \$14.4m higher than budget at the end of the third quarter.

Revenue and External funding is \$14.7m ahead of budget due to the following;

- a. \$12.5m increase in value of investment properties
- b. \$0.5m 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.
- c. \$0.9m in additional car parking revenue
- d. \$0.3m in utility and rates recharges
- e. \$0.4m additional revenue from Wynyard Wharf fees
- f. \$0.3m additional event income from Queens Wharf
- g. \$0.1m received from EECA for sustainability projects, and
- h. \$0.8m in additional berthage revenue, through greater occupancy at Westhaven, Viaduct and Silo Marinas.
- i. Offset by \$1.1m less recharges for property acquisitions as we have acquired less properties than budgeted.

AC funding is (\$8.0m) unfavourable compared to budget. This is due to a number of capital projects being behind budget resulting in a slower than anticipated draw down of funding from Council.

Expenditure excluding depreciation is \$5.8m 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. \$1.6m 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. \$0.9m permanent saving in consultants cost in relation to the acquisition and disposal of properties on behalf of Auckland Council.

- d. \$0.6m saving in people costs, we are currently recruiting for a number of vacant positions.
- e. \$0.9m timing difference in repairs and maintenance costs.
- f. The \$1.4m remaining is a timing difference over a number of expense categories and should be corrected by year end.

Depreciation is \$1.9m 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 31 March 2017

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Capital						
Expenditure	31.9	13.1	18.8	49.3	30.5	18.8
AC funding	15.7	7.8	7.9	21.1	13.9	7.2
External funding	16.2	5.3	10.9	28.2	16.6	11.6

Year to date capital spend is \$18.8m behind phased budget due to the following:

- a. AC Funded spend is \$7.9m behind phased budget, the major AC Funded (Public) project underway is the Madden and Pakenham street upgrade. This project started in August 2015 and it is expected to be completed in September 2017, there has been a \$2.8m permanent difference in timing of project cost this year. Including \$2.0m timing difference in Public Space Renewals, there are also a number of projects that are starting in quarter 4 and \$1.0m of this budget is expected to be utilised this year. There are a number of other projects that have been delayed in starting and due to timing, a potential savings in year of \$7.2m has been forecast.
- b. External funded/commercial projects \$10.9m saving to phased budget. \$4.2m 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 \$1.0m less than budget by the end of the year. There are a number of other capital projects that have timing differences to phased budget, \$0.4m for the Marina Pile Redevelopment as there has been delays in obtaining resource consent, construction in this project is not expected to start until FY17/18 and a \$5.2m saving in year is forecast. \$0.6m Westhaven Marine Village, this project is still in the design stage with construction expected to start FY17/18 and a

forecast \$4.6m saving in year. \$2.9m Superyacht/Site 18, this is a timing difference and is expected to correct by year end.

8. Key performance measures

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

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 \$23 million, \$1.1 million above YTD budget as at 31 March 2017.
<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.		The average monthly occupancy percentage for the quarter is 97.6%.
<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 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 \$75 million gross value will be submitted to Council seeking approval to dispose for 2016/17 financial period.</p> <p>A recommended target for 2017/18 will be agreed with Council in the 2016/17 financial period.</p>		Properties to the value of \$51.4 million have been recommended to the governing body to date against this year's target.

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
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 2017/18 financial period will be agreed with Council in 2016/17.		Net property sales of \$70 million have been achieved to date against the target.
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		121 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	Annual Target

Measure	Year-end target	Last Actual
	within the Board approved timeline. [Reported through the Master programme]	
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
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

Measure	Year-end target	Last Actual
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 projects and initiatives contributing to Māori outcomes.

Key project and initiatives	Description	Progress
Achieving better outcomes for and with Māori	Implement the Panuku Māori Responsiveness Plan (MRP) that focuses on achieving better outcomes for and with Māori. Panuku will be responsive to both	The Māori Responsiveness Plan puts structure to work-stream ownership, priority actions and reporting for activities underway across the business. Critical to this is a continued

Key project and initiatives	Description	Progress
	<p>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>focus on ensuring a comprehensive approach that is embedded business-wide.</p> <p>Current implementation priorities under the Māori Responsiveness Plan are the Transform, Unlock and Support projects, commercial opportunities and placemaking.</p>
<p>Mana whenua Engagement Forum establishment</p>	<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). Panuku will contribute information required for Te Tiriti Audit and will take account of IMSB's Schedule of Issues of Significance, The Māori Plan and the suite of statutory provisions relevant to our activities.</p>	<p>Panuku continues to engage with Mana Whenua at a governance level every two months through the Panuku Mana Whenua Governance Forum, and every 6 months through the rangatira ki rangatira hui with the Panuku board members. At an operational level, kaitiaki representatives continue to provide direction and influence the development of HLPP and Framework Plans through the project working groups.</p> <p>The February forum endorsed the content for the Henderson HLPP and the adoption of the Waterfront Goals. Other items discussed were commercial opportunities, project naming and the upcoming rangatira ki rangatira hui.</p>
<p>Māori Development Opportunities</p>	<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</p>	<p>Discussions are continuing on the Barrowcliffe development regarding their interest and expectations of their role in the proposal through a consortium approach. Mana Whenua have signalled interest in other development opportunities and there is scope for these to progress further. Mana Whenua have recently raised an alternative approach to development opportunities which will be worked</p>

Key project and initiatives	Description	Progress
	engagement with mana whenua and other Māori organisations around potential disposal properties and properties that may become available for development.	through. Panuku is progressing work on understanding the full scope of potential commercial opportunities available across the business with a focus on development, leasing, procurement and disposal.
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>Placemaking will support Māori-focussed events at the waterfront and other selected locations.</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 associations 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 the Henderson HLPP was confirmed in February.</p> <p>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 'Tiramarama Way'.</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	\$93	\$ 92
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$182	\$ 327
Development Projects	Maori related expenditure spent on Panuku's development projects	\$150	
Maori koha		\$ 2	\$ 5

11. Key Local Board issues

Local Board Plans

The Engagement Team has been working with the Local Boards in our Priority Location areas since January to make sure that we are proactively involved in the Local Board Plan process. Our involvement means we have been able to identify shared outcomes through discussions on Panuku activity and the priorities Local Boards want to see reflected in their plans. Early and informed involvement in the development of the plans means that LTP requests from Panuku to Council take into account the projects that are already about to be funded by local boards and therefore don't need to be funded by Panuku. Proactive involvement has also meant we can influence the content in the only strategic planning exercise boards are required to carry out that in turn, informs their decision making for the next three years. The output from this work is significant. The results vary from support locations identifying that Panuku, AT and the local board will work together to design holistic outcomes for transport, development and community facilities to realise town centre aspirations through to some plans that identify our key moves as a key move in their draft plans.

Terms of Reference

Our commitment to work in a no surprises, collaborative way with Local Boards continues. To this end we have looked to develop individual Terms of Reference agreements with local boards in a number of our priority location areas. Work towards this outcome has occurred over the past nine months in collaboration between Local Board staff, elected members, and Panuku staff. Each party has realised, through the previous local boards, and then again by new local board members, what best practice engagement between Panuku and the Local Boards will be like through the life of the project. This is not a document to replace any mandated roles or responsibilities prescribed by the governing body, they are rather, self-governing guidelines for working in a transparent, respectful and collaborative way.

Terms of Reference have been workshopped with two Transform location local boards so far and subsequently gained approval at local board meetings with one local board noting that the agreement was the 'kick off' of their local board planning process and that they are

pleased to set the precedence for other boards. Terms of Reference are in development for two more project locations. Panuku project teams now look to confirm these approved Terms of Reference and to bring them to life by way of regular and ongoing communications and joint planning. This approach will lead to positive community outcomes as Panuku, and the local boards, plan for community in a holistic way and with a joined up approach.

Transform/Unlock Development Locations

The Framework Plan for Transform Manukau has been released and was well received. Panuku and the Local Board jointly hosted Councillors and the Mayor in the project area to launch the plan. This was followed by similar sessions with key stakeholders and across council family.

The Onehunga HLPP was approved by Planning Committee last month. The Local Board Chair was present at the session to lend her support to the plan. The high standard of Panuku engagement with the local board, council and community was noted several times during the meeting. The East West Link remains a hot topic in Onehunga. Panuku has been facilitating mitigation discussions with local boards, community representatives and council to enable best outcomes.

The Takapuna Unlock team has recently concluded initial stages of our comprehensive community engagement plan with key decision-makers and community stakeholders in Takapuna. We met with diverse representatives from across the community, and with our council cousins also interviewed over 250 visitors and users of Takapuna centre. Our aim was to not only create a better understanding of the proposed development plans and social outcomes among stakeholder groups, but ensure the local board heard from a broad range of members from their community to counter the noise of highly motivated action groups. Much of the feedback received was supportive of the development plans for Takapuna, and a desire for improved public realm, safety and connections across the centre were expressed. Despite their involvement and contribution into the process, the project continues to face scrutiny from Local Board members. Feedback has since been analysed and considered in the design thinking for Takapuna's Framework Plan to be signed off by the Panuku board mid-year. We continue to commit to a collaborative process with the local board and other key council projects in the area.

The Panuku Board signed off Northcote's Framework plan in November 2016 with support from the local board, thrusting the project into implementation phase and in March 2017 the board approved the programme business case. Unlock Northcote continues to work closely with project partners (HLC, HNZ, and Auckland Council departments) to deliver the best possible outcomes for Northcote. Having recently completed a series of 'systems thinking' community workshops, wider engagement is now underway for the Blue-Greenway, a key feature of the overall redevelopment story for Northcote. The potential for this project continues to be strengthened by the ongoing support of the Kaipātiki Local Board and local community leaders.

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.

Current significant risks to the company are:

- Pipeline of sites for future development
- Funding for significant Transform and Unlock projects
- Health and Safety of public and workers across our areas of control
- Integrated planning across Council group
- Impact on property maintenance service due to Council's change to new maintenance service providers and supporting systems.

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

Information Paper: Capitalisation of Staff Costs Policy

Document Author(s)	Maxine Waugh, Manager Business Systems and Processes
Reviewer(s)	Carl Gosbee, Director Corporate Services
Date	15 June 2017

1. Purpose

This paper is to inform the Board of the annual review of Capitalisation of Staff Costs Policy. This policy was reviewed and approved by the Audit and Risk Committee at its meeting 20 June 2017.

2. Discussion

The purpose of the Capitalisation of Staff Costs Policy is to specify the accounting treatment for staff costs that can be allocated to the cost of capital projects, and to ensure compliance with the Local Government Act, applicable accounting standards, and good business practice.

The policy is reviewed and updated annually prior to the start of the new financial year, and to ensure alignment with Auckland Council policy and guidelines.

There are no substantial changes to the policy, only minor word changes to reference the most up to date accounting standards and Auckland Council Policy.

The revised policy is attached with track changes for your information – refer *Attachment A*. This was reviewed and approved by the Audit and Risk Committee on 20 June 2017.



Staff Costs Capitalisation Policy

1 Policy purpose and objectives

- 1.1 The purpose of this policy is to specify the accounting treatment for staff costs that can be allocated to the cost of capital projects.
- 1.2 To ensure that the cost of assets for Panuku Development Auckland ("Panuku") and Auckland Council are recorded in accordance with the Local Government Act, applicable accounting standards, and good business practice.

2 Scope

- 2.1 This policy applies to the cost of staff permanently employed by Panuku that work on development projects for Panuku and on behalf of Auckland Council.
- 2.2 Staff involved in asset management planning are excluded.
- 2.3 Contract staff and consultants costs are captured separately through the Accounts Payable system and are therefore out of scope for this policy.
- 2.4 This policy does not relate to capital projects which are not Panuku or Auckland Council projects or assets. Staff time spent on third party projects (i.e. not in the Council family) must be expensed.
- 2.5 Related policies:

Auckland Council Capitalisation Policy – ~~Staff costs~~ version 1.51, ~~2016~~31 January 2017

~~Staff Capitalisation guideline – Auckland Council, January 2016~~
~~Auckland Council Capitalisation policy – Property, Plant and Equipment~~

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3 Definitions

- 3.1 **Asset capitalisation** is the process of recording capital expenditure onto the balance sheet officially as an asset of an organisation;
- 3.2 **Capital projects** are ~~works or packages of works that when completed become long term investments that require the use of significant amounts of capital – that is financial resources, labour and materials. A capital project creates a capital asset, one which is expected to last longer than 12 months, assets owned by Panuku and/or Auckland Council.~~
- ~~3.3 An asset is a physical component which has value, enables services to be provided and has an economic life greater than 12 months. Once recorded at cost are generally subject to periodic depreciation (apart from land), impairment and disposal.
Examples are Infrastructure, buildings, plant and equipment~~
- ~~3.4~~3.3 The **cost** of an asset includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Panuku and/or Council. If the costs are incidental to this purpose, for example delays or mistakes, then they should not be capitalised.

4 Principles

General principles around capitalising staff costs:

- 4.1 The staff member must have been employed predominantly to work on capital projects;
- 4.2 Only those hours worked on specific projects will be capitalised to those projects.

5 Requirements

- 5.1 **For Panuku capital projects** – staff costs (including project managers and team members) can be capitalised for time directly allocated to the project during the design, construction or allocation phase.
- 5.2 There must be a robust time recording system in place and supporting documentary evidence available.
- 5.3 Staff time is charged at an hourly rate based on gross salaries paid and other costs of employment e.g. ACC levies, Kiwisaver (superannuation) contributions, etc.
- 5.4 Provision for administration and overheads in the hourly rate will be included only if they are directly attributable to the capital project. E.g. office rental will be included only if additional space is required to accommodate the project team. If the space is rented regardless, then a percentage of the building rental will not be allocated.¹
Similarly, provision for phone, IT charges or utilities will only be included in the chargeable rate if these are directly attributable to the employee’s employment on capital projects.
- 5.5 Inclusion in the hourly rate may include provision for “staff benefits” under ~~the NZ Equivalent to Public Benefit Entity International Public Sector Accounting Standard 25 (Employee Benefits PBE IPSAS 17 Property, Plant and Equipment)~~, as appropriate, and as guided by Auckland Council policy.
- 5.6 **For work performed on projects on behalf of Council** – staff time is charged at a flat rate which is set prior to the start of the financial year, and used for budgeting purposes.
- 5.7 Costs that must not be capitalised
 - staff costs not directly related to the project, for example training, stakeholder meetings, travel, undertaking training and developing user manual, post implementation review, project governance committees and catering.

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6 Application of the policy

- 6.1 Applicable staff are to record their time spent on capital projects, and provide this each month to the finance staff for accounting purposes.
- 6.2 This policy and applicable rates are reviewed annually.

7 Policy Approval

Business Owner	Carl Gosbee, Director Corporate Services
Original policy date	30 July 2014
Review date	9 June 2017
Reviewed and approved by Risk and Audit Committee	20 June 2017

¹ Accounting Standard PBE IPSAS 17 Property, Plant and Equipment