



**Panuku
Development
Auckland**
An Auckland Council Organisation

**Board
Report**

Date

Wednesday, 22 February 2017

Time

Commencing at 10.00 am

Venue

Panuku Development Auckland
Level 2, Pier 21 Building,
11 Westhaven Drive, Freemans Bay

Board Agenda

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

When: Wednesday, 22 February 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
 Carl Gosbee – Director Corporate Services
 David Rankin – Director Strategy and Engagement
 Rod Marler – Director Place Shaping
 Allan Young – Director Development
 Ian Wheeler – Director Portfolio Management
 Joel Lindsey – Director Capital Partnerships
 Angelika Cutler – Manager Governance Relationships
 David Gurney – Executive Officer / Company Secretary

		Timing
	CE discussion with the Board (private discussion prior to public Board meeting)	9:00am
1.	Opening of Meeting 1.1 Apologies 1.2 Directors' Interests 1.3 Directors' Board Meeting Attendance Register 1.4 Public Deputations	10.00am
2.	Chief Executive's Report	10.20am
3.	Decision Papers 3.1 Gaunt Street, Wynyard Quarter, Ground Lease 3.2 Property Disposals Recommendations 3.3 Queens Wharf – Lions Tour Activity and Use 3.4 Priority Location Master Programme 3.5 Letter of Representation for the Half Year Audit Review	10.40am
4.	Information Papers 4.1 Central Wharves and Wynyard Quarter Strategic Planning Refresh 4.2 Grants and Donations Quarterly Update 4.3 Quarter Two 2017/18 Report to Council	10.50am

5.	<p>Procedural Motion to Exclude the Public</p> <p>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.</p>	11:00am
	Morning Tea	11:00am
6.	<p>Confidential matters</p> <p>6.1 Minutes of the 14 December 2016 Board meeting (confidential session) (withheld from the public under S7(2(b(ii))))</p> <p>6.2 Board Action List (withheld from the public under S7(2(f(i))) of the LGOIMA)</p> <p>6.3 Discussion of confidential matters in CE Report and Board papers with LGOIMA redactions (the section of the LGOIMA by which information is withheld is noted within each paper where the redactions are made)</p>	11.15am
7.	<p>Confidential Board Papers (papers which are fully confidential)</p> <p>Decision Papers</p> <p>7.1 Popes Road, Takanini, Acquisition (withheld from the public under S7(2(b(ii)))) of the LGOIMA)</p> <p>7.2 Draft Panuku Statement of Intent (withheld from the public under S7(2(f(i))) of the LGOIMA)</p> <p>Information Papers</p> <p>7.3 Transform Manukau: Barrowcliffe Pilot (withheld from the public under S7(2(b(ii)))) of the LGOIMA)</p> <p>7.4 Tools for Urban Regeneration (withheld from the public under S7(2(f(i))) of the LGOIMA)</p> <p>7.5 Urban Renewal – Greater Speed and Scale (withheld from the public under S7(2(f(i))) of the LGOIMA)</p> <p>7.6 Projected Housing and Gross Floor Area Supply (withheld from the public under S7(2(f(i))) of the LGOIMA)</p> <p>7.7 Panuku Disposals Programme (withheld from the public under S7(2(b(ii)))) of the LGOIMA)</p> <p>7.8 Panuku Submission on the East West Link (withheld from the public under S7(2(f(i))) of the LGOIMA)</p>	11:45am
8.	<p>General Business</p>	12.15pm
	Lunch	12.30pm

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.

Local Government Official Information and Meetings Act 1987.

7 Other reasons for withholding official information

(1) Where this section applies, good reason for withholding official information exists, for the purpose of [section 5](#), unless, in the circumstances of the particular case, the withholding of that information is outweighed by other considerations which render it desirable, in the public interest, to make that information available.

(2) Subject to [sections 6, 8, and 17](#), this section applies if, and only if, the withholding of the information is necessary to—

(a) protect the privacy of natural persons, including that of deceased natural persons; or

(b) protect information where the making available of the information—

(i) would disclose a trade secret; or

(ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; or

(ba) in the case only of an application for a resource consent, or water conservation order, or a requirement for a designation or heritage order, under the [Resource Management Act 1991](#), to avoid serious offence to tikanga Maori, or to avoid the disclosure of the location of waahi tapu; or

(c) protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—

(i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or

(ii) would be likely otherwise to damage the public interest; or

(d) avoid prejudice to measures protecting the health or safety of members of the public; or

(e) avoid prejudice to measures that prevent or mitigate material loss to members of the public; or

(f) maintain the effective conduct of public affairs through—

(i) the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom [section 2\(5\)](#) applies, in the course of their duty; or

(ii) the protection of such members, officers, employees, and persons from improper pressure or harassment; or

(g) maintain legal professional privilege; or

(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or

(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or

(j) prevent the disclosure or use of official information for improper gain or improper advantage.

Directors' Interests at 16 February 2017

Member	Interest	Company/Entity	Conflicts pre-identified?
Richard H Aitken	Chairman	Development Auckland Limited	
	Director	Beca AMEC Ltd	
	Chairman and Employee	Beca Group Ltd	Supplier
	Director	Beca Group Holdings Ltd	
	Director	BGCF Trustee Ltd	
	Director	BGL Custodian Ltd	
	Director	BGL Depository No. 2 Ltd	
	Director	BGL Finance 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 and 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

Member	Interest	Company/Entity	Conflicts pre-identified?
	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	
	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	
Dr Susan C Macken	Director	Development Auckland Limited	
	Director	Treasury Advisory Board	
	Director	Blossom Bear Limited	
	Director	Fertility Associates Trustee Ltd and Associates	

Member	Interest	Company/Entity	Conflicts pre-identified?
	Director	STG Ltd	
	Deputy Chair	Tāmaki Redevelopment Company Limited	Possible
	Director	Spa Electrics Ltd (Aust)	
	Director	FA Ventures One Limited	
	Director	Kiwibank	
Paul F Majurey	Chair	Tūpuna Maunga o Tāmaki Makaurau Authority	
	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)	
	Director	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	

Member	Interest	Company/Entity	Conflicts pre-identified?
	Director	Te Atiawa (Taranaki) Holdings Limited	
	Director	TBFree	
	Director	Ospri New Zealand Ltd	
C Martin Udale	Director	Development Auckland Limited	
	Director	Urban Canvas Limited	
	Director	Essentia Consulting Group Limited	
	Director	Fleming Urban Limited	Possible Onehunga development
	Director	Innovation Waikato Limited	
	Director	Paparata Limited	
	Director	Tall Wood Limited	
	Director	Tamaki Redevelopment Company Limited	Possible
	Council member	Unitec Institute of Technology	
	Director	Waikato Innovation Park Limited	
	Chair	Wairaka Land Company Limited (Unitec land development subsidiary)	Possible
	Member	McConnell Property Advisory Committee	Possible
	Trustee	Cardinal Trustees Limited	
	Director	Hobsonville GP Ltd	
	Director	New Ground Living (Hobsonville Point) Limited	

DIRECTORS' MEETING ATTENDANCE REGISTER – 2016-17

	2017					
	27 Jul	31 Aug	21 Sep	26 Oct	30 Nov	14 Dec
Sir John Wells	A	✓	✓	✓	✓	NA
R H Aitken	✓	✓	✓	✓	✓	✓
M A Blackburn	✓	✓	✓	✓	✓	✓
E W Davies	✓	✓	✓	✓	A	✓
R I Leggat	✓	✓	✓	✓	✓	✓
Dr S C Macken	✓	✓	✓	✓	A	✓
P F Majurey	✓	✓	✓	A	✓	✓
M E Pohio	✓	✓	✓	✓	✓	✓
C M Udale	✓	✓	A	✓	✓	✓

Chief Executive's Report to the Board

Document Author	Roger MacDonald - Chief Executive
Contributors	David Rankin – Director of Strategy & Engagement Rod Marler – Director of Place Shaping Allan Young – Director of Development Ian Wheeler – Director Portfolio Management Carl Gosbee – Director of Corporate Services Joel Lindsey – Director of Capital Partnerships Angelika Cutler – Acting Director of Strategy and Engagement
Date	22 February 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. Where redacted information exists, a reference to the section of the Local Government Official Information and Meetings Act 1987 (LGOIMA) will be cited.

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 issues
- Project updates
- Issues relevant to the Council.

2.1 Strategically significant issues

2.1.1 Priority Development Locations

Transform Onehunga

As part of our leadership role in the Onehunga Transform project Panuku is leading a working group on behalf of and with input from the Council family, to facilitate conversations between NZTA and Onehunga stakeholders. The engagement is focussing on building consensus on key issues connected to the East West connection, which are also fundamental to the success of the transform project. Issues being discussed are outlined in greater detail in the accompanying report on this agenda, but relate to the walkway/cycleway connections between the town centre and the port, the future of the port land in terms of development potential, the future of the bridge between Onehunga and Mangere Bridge and other issues focussed on the foreshore restoration.

Unlock Papatoetoe HLPP

The Papatoetoe High Level Project Plan will be presented to the Board in March. This was programmed for February however it has been delayed until March to both proactively manage the agenda (to Board and Planning Committee) and to enable some further consideration of placeshaping opportunities. Key moves, new development sites and an approach to staging and development realisation will be presented in March.

Unlock Northcote

Panuku supported the delivery of the Chinese and Korean New Year Festival in the Northcote Town Centre. The event on 28 January was well attended, and after the formalities the Mayor spent over an hour with the Panuku project team on a tour of the development site. An information stand was set up at the event sharing material on both Panuku and our plans for Northcote. The stand was also displayed at the Northcote Music In Parks event on Waitangi Day.

On 14 December 2016 the Board approved the purchase of the ground lessees' interests at 47 & 51 Pearn Crescent, and 16-44 Pearn Place subject to the Executive receiving advice from Auckland Council's legal team that Panuku can utilise the provisions under the Public Works Act 1981 for compulsory acquisition of other lessees' interests for urban renewal purposes. Panuku has now received confirmation that the Public Works Act 1981 can be utilised to compulsorily acquire any legal interest, including occupational leases and ground leases, for urban renewal purposes subject to the specific circumstances in each case. Accordingly, on 20 February 2017, the Chief Executive entered into the purchase unconditionally with settlement on 28 February 2017.

Unlock Takapuna

The project is reaching a key stage as we work with Auckland Transport (AT) to agree the extent of the centre's off street parking requirements to be met by Council on the two sites that Panuku is seeking to develop. We expect to be able to report the outcome of these discussions to you by your April 2017 meeting.

In addition to confirming the number of car spaces to be provided on each site we also need to agree with AT how such car parking is to be funded, owned and operated. These discussions will be resolved as part of the overall car park discussions. Agreed funding arrangements will be critical to enabling the delivery stage.

Information has been withheld from the public under S7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987 (LGOIMA).

AT is currently progressing to extensive community engagement in respect of a planned \$12 million upgrade of Hurstmere Road. This work is planned to commence construction in mid-2018. *Information has been withheld from the public under S7(2)(f(i)) of the LGOIMA.*

Board Forward Work Programme

A large number of significant reports and decisions are programmed to come to the board in March and April. These are shown below:

March	April
<ul style="list-style-type: none"> • Henderson HLPP • Papatoetoe HLPP • Henderson Valley Road (Wilsher) Business Case • Northcote programme business case • Barrowcliffe Business Case 	<ul style="list-style-type: none"> • Draft Frameworks for Wynyard Quarter and Central Wharves • HfOP Implementation Plan • Northcote Implementation and execution plan • Manukau Implementation Plan

If the Board is comfortable with this volume of business then we will proceed as scheduled. Options to smooth the programme or lengthen meetings could be discussed.

2.2 Emerging issues

2.2.1 Pile Mooring Project

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

2.2.2 Britomart

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

2.2.3 Gaunt Street, Wynyard Quarter Site

Panuku received a market valuation for the rent review which was provided to VHHL to trigger the counter valuation. A Board paper for approval of the rent review value is contained within February's papers.

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

2.2.4 Sanford Site – Hamer Street, Wynyard Quarter

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

Discussions have also continued to advance in regard to the Sanford use of the site. Sanford has indicated that the site maybe surplus to their current operational needs. Based upon the reverted lease and water space licence entitlements a road map forward is being prepared to facilitate negotiations for the future development of the site. *Information has been withheld from the public under S7(2(b(ii))) of the LGOIMA.*

2.2.5 Housing New Zealand Accelerated Development Programme

Panuku continues to maintain dialogue with Housing New Zealand at various levels as it shapes up its plans for significant redevelopment activity in Auckland. A workshop is pending between the Council family and Housing New Zealand focussed on gaining further understanding of how we best work together once the Housing New Zealand accelerated development programme is underway.

2.3 Project updates

2.3.1 Civic Administration Building (CAB)

The Development Agreement (DA) between Panuku and Civic Lane Limited was signed by the parties on 23 December 2016. The developer now has to address the various preconditions to enabling the purchase to settle. The main conditions relate to: completing an agreed design masterplan; obtaining building consent and resource consents; putting in place a construction contract; achieving presales and securing project funding. Panuku will enter

into a tripartite agreement with the funder and Civic Land Limited to manage any default issues that may arise in the course of the project.

A summary of the terms of the DA have been previously posted in the Resource Library on Boardbooks. The requirements of the Council resolution to provide details of the agreement to the council have been discharged.

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

The launch of the project was held on 26 January and was very successful, with a number of pre-sales resulting from the launch. Apartment mock-ups have been prepared, and the Mayor will be taken through these in late February.

The developer has briefed the Mayor and Planning Committee Chair. Arrangements can be made for Board members to view the marketing suites.

By way of clarification, Tawera Group is a collection of family members, its projects are carried out by special purpose vehicles that are controlled by members of the family behind the Tawera Group Brand. In the case of the CAB and larger Civic Quarter project the developing entity, Civic Lane Limited, is associated with John Love and Josephine Love (nee Mahoney). "Love & Co." is their management company. Panuku Development Auckland has firm contractual commitments from John and Josephine Love and Mike Mahoney, that they will each be committed to the project. This ensures that the development experience of each of these individuals will be brought to bear on the project. Over and above this are the contractual mechanisms and provisions in the DA.

2.3.2 Willis Bond West One LV1

The Board noted at the October Board Meeting that the target LV1 of (*Information has been withheld from the public under S7(2(b(ii))) of the LGOIMA*) had been achieved with Willis Bond.

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

2.3.3 Housing for Older People (HFOP)

The business transition and operational set up of the new joint venture company is progressing well.

The HFOP Board approved the appointment of a general manager starting 3 April. Auckland Council is currently interviewing for the two independent director roles. Community Housing Provider registration application was lodged in December.

A positive response received from the Ministry of Social Development (MSD) for the HFOP RFP submission for Income Related Rent Subsidy (IRRS) services in Auckland. MSD confirmed their priority suburbs for IRRS services are in south and central Auckland locations however the Council's waiting list applicants will need to be transferred to the MSD's Social Housing Register in due course to ensure the Register reflects all eligible demand.

The resource consent application for the 40 unit Wilsher Village development was reviewed by the Auckland Urban Design Panel on 8 February and we are awaiting formal feedback.

2.3.4 Muriwai Campground Upgrade Project

The Muriwai Campground upgrade was substantially completed on the 3 February with the campground opening for business on the 4 February 2017 under new operators. The campground welcomed 59 campers on the first day.

The upgrade involved a complete redevelopment of the campground facilities, and included the building of a new office and owner's accommodation, new communal kitchen building, separate shower and toilet blocks and a campers laundry. Site decking and landscaping will be completed over the next few months.

2.3.5 Site 18, Beaumont Street, Wynyard Quarter

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

2.3.6 Vos Boat Yard, Wynyard Quarter

The Percy Vos Charitable Trust (PVCT) had re-engaged on the project to renovate the historic Vos Boat Yard and was wishing to enter into an MOU with Panuku prior to commencing fund raising. Draft terms for a MOU proposed by the PVCT were received late last year. The terms were reviewed by the Executive with proposed amendments provided to the PVCT for consideration.

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

Panuku retaining control of the restoration process, with ongoing engagement with the PVCT and other marine and heritage stakeholders would ensure implementation of the original project objectives and be more likely to ensure a commercially viable return for the end use of the building.

The PVCT will hold a book launch for “Launching Dreaming – Percy Vos the Boats & His Boys” by Baden Pascoe in Vos Shed on Friday 17 February. It is proposed that the Mayor attend.

2.3.7 Papatoetoe Mall Refurbishment

Work on the refurbishment of the Papatoetoe Mall commenced on 9 February and will be completed in 2 stages - Stage 1 to be finished in July 2017 and Stage 2 in January 2018.

Aspec Construction is undertaking the works at a cost of approximately \$3 million.

Stripping out of the old shops is underway with demolition of a two storey building to commence in late February.

2.3.8 Waterfront Summer Activities

Auckland Anniversary Weekend was a great success with over 115,000 people visiting the waterfront over the long weekend. The waterfront was alive with over 15 individual events delivered by all arms of Council and their CCO's from McCallum's Wharf to Westhaven Marina.

The successful first ever Auckland Transport Play Streets event saw the roads opened to bicycles, walkers and accessible needs users. There was nearly no parking in the Wynyard Quarter and still 33,000 pedestrian movements on the Wynyard Crossing counters (vs. 30,000 on the Saturday). A promising contribution to the vision for a 70 / 30 modal split.

Silo Park Slugger is a successful 4-week pop up batting cage collaboration between Baseball NZ, The Fieldhouse and Panuku. The activity contributes to the evolving and innovative activation of Wynyard Quarter. With over 650 volunteer hours given to the project by the Baseball community, hundreds of families have had a go of pitching and batting while overlooking the beautiful Waitemata.

Silo Park Summer Programme and Workshops on the Wharf continue to be a hit with their ever-developing programme of inclusivity and diversity. We remain delighted at the level to which Aucklanders have embraced their waterfront and its activities.

2.4 Issues relevant to the Council

2.4.1 Sea Change Marine Spatial Plan – Te Timu Tai Pari

We recently received a briefing on the Sea Change Marine Spatial Plan – Te Timu Tai Pari, which was launched in December, from Council staff.

The plan is aspirational. It is the work of an independent 14 member stakeholder working group (including four mana whenua members). A multi-agency Project Board managed the project and an Independent Review Panel provided review and advice on quality assurance.

Key issues addressed are water quality and catchments, biodiversity and biosecurity, fish stocks, aquaculture, infrastructure and accessibility to the Gulf.

Auckland Council is now undertaking an evaluation of the plan and considering its role in implementing and advocating for the plan and has asked for input from Panuku. There are clear opportunities for Panuku to assist in implementing elements of the plan in our work at the city centre waterfront and to apply some of the thinking in Onehunga and Manukau in relation to the Manukau Harbour.

There are strong synergies between the overall goals of the plan and the draft mana whenua goals for the city centre waterfront.

The Mayor has indicated that he is concerned about the environmental change and degradation of the Hauraki Gulf and wants the profile of the issues to remain high.

The plan is uncostered and the areas that will possibly be the most challenging for Auckland Council are significant governance/management proposals, water quality and aquaculture.

2.4.2 St Mary's Bay Water Quality

Further to the previous comprehensive update reports. Craig McIlroy (GM Healthy Waters) and Tom Warren will be giving a brief on the St Marys Bay Medium Term Network Optimisation Programme option to the Waitemata Local Board on Wednesday 15 February. The brief will detail Iwi liaison, methodology of the Network Optimisation, LTP budget, and timing.

2. Panuku Leaderkit Project Summary

The Leaderkit summary is attached as Attachment A. The summaries are withheld from the public under S7(2(b(ii))) of the LGOIMA. The more detailed Leaderkit project reports are included in the Boardbooks Resource Centre for reference by Board members.

3. Financial Summary

The financial dashboard is attached as Attachment B. The full Financial Board Report is also included in the Boardbooks Resource Centre for reference by Board members. Both of these reports are withheld from the public under S7(2(b(ii))) of the LGOIMA.

4. Organisational Summary

5.1 Chief Executive's Orientation – Establishing Business Networks

An important orientation process for the new Chief Executive is to establish networks.

Roger has managed to have 'meet and greets' with all Chief Executives of the various CCOs as well as at Auckland Council.

Roger has also been meeting with iwi. He has met with Ngai Tahu and a meeting with Ngai Tai Ki Tamaki Trust is scheduled for later in February.

Other recent key meetings so far include Peter Casey (NZTA), Chris Aiken (Hobsonville Land Company), Lewis Holden (State Services Deputy Commissioner - Auckland), John Holyoake (Tamaki Redevelopment Company) and Connal Townsend (Property Council).

Roger has also met with various CEs within the marine and the property development sectors.

5.2 Panuku Office Accommodation

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

We have appointed a team to plan, design and implement the project. In addition a Panuku client side project manager, communication and change leads and staff working group are in place to support the project.

5.3 Health and Safety

The Health and Safety report for January 2017 is included as Attachment C to the CE's report.

5.4 Risk Management Framework

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

5.4 Portfolio Management Update

5.4.1 Leases for Noting by the Board

In accordance with the Panuku Development Auckland delegations all new property leases over \$500k are required to be reported to the Board and leases over \$ 1 million approved by the Board. Please find below details of a new property lease which has been recently negotiated.

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

5.4.2 Acquisitions and Disposals Summary

The Acquisitions Summary is attached as Attachment E. The Disposals Summary is attached as Attachment F. Both of these reports are withheld from the public under S7(2(b(ii))) of the LGOIMA.

5.5 Media Summary

The Chief Executive has met with a handful of key media outlets in his first few months in the role which should be the start of a number of fruitful relationships going forward.

The interviews resulted in a number of stories including this piece from Herald property editor Anne Gibson:

http://www.nzherald.co.nz/annegibson/news/article.cfm?a_id=39&objectid=11763882.

Interviews were also had with Todd Niall of Radio New Zealand, and the Herald's Bernard Orsman.

There has also been a number of positive media reports over the past few weeks including coverage of work starting on the Old Papatōetoe Mall, Auckland Anniversary Weekend events across the waterfront, and the marketing of the Civic Administration Building development.

5.6 Overseas Travel

Katelyn Orton, Project Development Director – Waterfront, is travelling to Queensland in late February for meetings with Urban Regeneration Projects Queensland, Rivergate Marina, Gold Coast City Marina and to visit Commonwealth Game facilities.

5.7 Board Papers summary

The following points summarise the Board papers that are presented at this Board meeting. The number references beside each point refer to the item number on the Board Agenda.

For the public meeting, the Board papers will be taken as read and questions on each will be answered as part of the Chief Executives Report to the Board. Information withheld from the public under the LGOIMA will be discussed in confidential session.

The **Decision Papers** being considered by the Board are:

- **3.1 Gaunt Street, Wynyard Quarter, Ground Lease** – to seek approval to settle the outstanding ground lease rent review on this site, leased by Panuku from Viaduct Harbour Holdings Ltd.

- **3.2 Property Disposals Recommendations** – to seek approval to recommend to the Auckland Council Governing Body the disposal of 2R Carolyn Street, Papatoetoe, and 14 Baxter Street, Warkworth given no alternative services uses have been identified by the Council. Panuku has consulted with the relevant Local Board and iwi regarding the disposal of these properties.
- **3.3 Queens Wharf – Lions Tour Activity and Use** – to seek approval to reduce the fee charged for Shed 10 to a consortium of predominantly Government agencies. Shed 10 will be used to host a Lions Tour fan-zone between 19 June and 9 July 2016.
- **3.4 Priority Location Master Programme** – to seek approval to revised dates in Panuku's Priority Location Master Programme. This programme is a management tool that helps Panuku to forecast and monitor Panuku's project deliverables.
- **3.5 Letter of Representation for the Half Year Audit Review** – to seek approval for the Chair and Chief Executive to sign a letter of representation for Audit NZ for the review of the interim financial statements reporting pack, in satisfaction of the requirement by both the Local Government Act 2002 and the NZ Stock Exchange for Auckland Council to produce consolidated half year financial statements for the six month period ending 31 December 2016.
- **7.1 Popes Road, Takanini, Acquisition** – to seek delegated authority to the Chief Executive Officer to execute an Agreement for Sale and Purchase between Auckland Council and the vendor to acquire land in Popes Road, Takanini, for stormwater purposes.
- **7.2 Draft Panuku Statement of Intent** – to seek approval for the Draft Statement of Intent for submission to the shareholder by 28 February 2017.

The **Information Papers** being considered by the Board are:

- **4.1 Central Wharves and Wynyard Quarter Strategic Planning Refresh** – to set out the list of decisions that the Board will need to make over the next 3-4 months, and outline issues that need to be considered in refreshing the waterfront strategy.
- **4.2 Grants and Donations Quarterly Update** - provides a quarterly update on the grants and donations provided by Panuku in support of the community, boating clubs and the marine industry.
- **4.3 Quarter Two 2017/18 Report to Council** - provides the Panuku Quarter Two Report to Council, that was submitted in early-February.
- **7.3 Transform Manukau: Barrowcliffe Pilot** – reports the results of an investigation into using a site to potentially deliver affordable housing in partnership with mana whenua and a community housing provider.
- **7.4 Tools for Urban Renewal** - outlines the statutory tools available to Panuku and provides advice on how these tools could potentially be used to achieve urban regeneration within Panuku's priority locations.
- **7.5 Urban Renewal – Greater Speed and Scale** – outlines a new approach to redevelopment that could achieve a step change in the pace, scale and quality of urban renewal across Auckland.
- **7.6 Projected Housing and Gross Floor Area Supply** – updates the Board on the reported new net dwellings and commercial and non-commercial gross floor area being delivered within the Panuku work programme (both the current and future development pipeline activity).
- **7.7 Panuku Disposals Programme** – provides advice to ensure a sustainable development-disposal pipeline to determine property disposals targets for 2017/18.
- **7.8 Panuku Submission on the East West Link** – outlines the key risks and opportunities, and outlines Panuku's submission strategy, for the NZTA East West Link project.

Attachments

Attachment C – Health and Safety Report

Health and Safety Report – January 2017

Document Author(s)	Blair McMichael, Health and Safety Manager
Reviewer(s)	Carl Gosbee, Director Corporate Services
Date	13 February 2017

1. Executive Summary

The Panuku Health and Safety programme continues this calendar year with a strong focus on enhancements to processes within Development. Key aims will see Panuku ensure Health and Safety is included in the scope of works for consultancy services managing construction contracts, (where Panuku are the 'Principal' to the contract). This will remove the use of external safety advisors. Rather the Engineer's Representative (consultancy services) will fulfil this function directly and the monitoring of health and safety, verifying the contract safety plan.

This will require a significant shift and ownership within development ensuring project risk assessments are well in advance of the execution phase of a project (inclusive of health and safety), and captured within tender documents, assisting to determine items such as weighted attributes in contracts.

Further health and safety improvements extend into Development Agreements, where these agreements will be amended to ensure Panuku engagement is with the Developer, extracting involvement by Panuku on a developers worksite and with the developer's contractors (where Panuku has neither control nor influence over the site).

Following the last board meeting, it has been agreed that Panuku align with Auckland Council's proposal to implement the software reporting system 'Risk Manager'. This is underway. Although a project plan is yet to be released by council, 'phase one' implementation within Panuku is intended in the fourth quarter of this financial year. Phase one is the replacement of the existing system 'Vault' capturing basic accident and incident data. Panuku understand that Vault licencing will remain active until phase one is complete. Accordingly the first quarter of 2017/2018 will see the implementation of the second phase, performance data entered directly by our Developers and Contractors, and App use to capture monitoring through hardware such as iPads. Challenges that currently exist will include the upload of contract information from SAP to Risk Manager, and modifying for Panuku processes to what is essentially an 'off the shelf package'.

Lost Time Injury Frequency Rate (LTIFR) (December and January) remains unchanged at zero, representing both workers employed by Panuku and those workers linked to a Principal (Panuku) – Contractor contract where Panuku has overlapping duties as a PCBU.

2. KPI and Monthly Reporting

Key performance indicators by directorate are being reported monthly via Leaderkit. These report progress against agreed 2016/17 Business Plan health and safety targets. Refer to Appendix A for the detailed KPI report.

2.1 Monthly Reporting

Initiative Group	Initiative	Progress	Status
Structure & Accountability	Directorate Accountabilities and KPI's	Tracking of Accountabilities by Directorate within Business Plan 2016/17. (See Appendix A)	
	Quality Management System (QMS) & Processes	ProMapp as a QMS now includes all overarching health and safety process.	
Hazard & Risk Management	Critical Risks – Physical Works & Marinas	Review of Marina risks to be completed in March and ensure process improvements are based on these risks.	
Contract/Project Management	Contract/Project Management Framework (CMF) (H&S)	A Panuku specific consultancy services template now exists to include Professional Services scope of work for those consultants engaged to deliver contract management health and safety. Includes H&S prequalification of consultants.	
	Review of Contract T&C – Portfolio & Development	Clause changes to Development Agreements and staff deliverables to be implemented.	
	Events Management	A review of direct engagement vs site licences is underway to ensure events continue to be well managed.	
Safety in Design	Safety in Design Phases	Safety in Design (SiD) processes and templates are available. Further work is required to ensure staff are using these tools. See comment below regarding Independent Auditing programme. Inclusion of SiD in Professional Services contracts	
Governance, Strategy and Planning	Strategic Direction and Vision	Panuku Development Auckland Health and Safety Policy amendments sought by the Steering Group. The Steering Group supported the continual work in health and safety and the direction to manage H&S engagement.	
Audit & Review	Scheduling	Critical risk auditing is scheduled for late February to validate the completion of corrective action specific to quarries on Great Barrier and Waiheke.	
	Independent Auditing Programme	To be completed in last quarter of financial year based on clear deliverables against Development Agreements.	

Key: Red = No progress; Amber = requires attention; Green = Complete/progressing satisfaction

3. Monitoring and Inspection

3.1 Workplace Inspections/Audits/Corrective Actions – Development Agreements and Projects

Project	Contractor	Audit by Contractor (Completed Workplace Inspections)	External Audits	Corrective Actions
Madden and Pakenham Street Upgrades	Hawkins	2	1	
Greenmount Landfill	Envirowaste	7	2	Awaiting close-out from the contractor post audit
Whitford Landfill	Waste Disposal Services	4	0	
Waitemata Services Tunnel	Hawkins	TBC	1	Minor action - Confirmation required of pre-start sign-in
Wynyard quarter pump station	Fulton Hogan	3	1	
Park Hyatt	China Hawkins	4	1	
East 2 Wynyard Quarter	LT McGuiness	4	1	
Building 5A	Hawkins	8	1	
Mason Brothers Office	NZ Strong	4	Nil	
Site 7 Halsey St	Haydn & Rollett	2	1	
Hobsonville Point Airfields Stage 2	Dempsey Wood	1	1	Contractor sign-in required

3.2 Safety Behaviour Observations (Critical Risk audits) – Facilities Management (Portfolio)

	Jul-16	Aug-16	Sept-16	Nov-16	Dec-16	Jan-17
Completed Safety Observations	11	13	10	9	8	10

No significant corrective actions raised (all actions closed out)

3.3 Hazard assessments (and control):

- Risk review and process improvements planned for Marinas from March – June.

4. Incident Management and Reporting – January

Project	Contractor	Near Hits	Incident	First Aid	Medical Treatment MTI	Lost Time or Notifiable Event	Investigation	Description	Corrective Action / Close out
Madden and Pakenham Streets Upgrade	Hawkins 9130 hrs	1	Nil	Nil	Nil	Nil	√	Flying concrete debris from concrete breakout	Enforcing of PPE
Waitemata Services Tunnel	Hawkins 648 hrs	Nil	Nil	Nil	Nil	Nil			
DA (Development Agreement) Park Hyatt Hotel Project	Hawkins 11936 hrs	Nil	Nil	1	Nil	Nil	√	Hand laceration from steel Nov - Mobile crane winch line failed, dropping 200kg load – WorkSafe notification received – lack of pre-use inspection and competency by operator.	PPE enforced use Pre-use inspections now in place; Competency reviews for future operators.
DA Site 5A Precinct	Hawkins 11753 hrs	Nil	Nil	4	Nil	2	√	*November accident - Scaffolder fell 1.5 metres from incomplete scaffolding. LTI (21 December) – Worker cut leg on storage Notifiable Event – 16 January. Partial crushing injury to finger due to an entrapment in a manual loading platform	WorkSafe Notification from Precinct pending Housekeeping requirements communicated to staff. Worksafe investigation in progress
DA Mason Brothers Offices	NZ Strong 3700 hrs	1	Nil	Nil	Nil	Nil		Nil	

Project	Contractor	Near Hits	Incident	First Aid	Medical Treatment MTI	Lost Time or Notifiable Event	Investigation	Description	Corrective Action / Close out
DA East 2 Wynyard Quarter	LT McGuiness 17500 hrs	1	Nil	Nil	1	Nil	√	Near Miss – O Ring failure on welding gas cylinder Medical Treatment – worker stepped in wet slurry with scratches and cut to elbow	All gas sets checked against task analysis and hot work permit explained Toolbox to instruct staff not to leave slurry, together with a task analysis
Wynyard Quarter Pump Station	Fulton Hogan 1417 hrs	Nil	Nil	Nil	Nil	Nil			
DA Site 7 Halsey St	Haydn & Rollett 6160 hrs	Nil	Nil	3	Nil	Nil	√	Rolled ankle; Grazed leg against steel; Cut finger on mesh.	Iced and rested; Housekeeping reviewed; PPE enforced.
Greenmount Landfill	Envirowaste 1700 Hrs	Nil	Nil	Nil	Nil	Nil			
Whitford Landfill	200 Hrs Waste Disposal Services	Nil	Nil	1	Nil	Nil			
Hobsonville Point Airfields Stage 2	Dempsey Wood 875 hrs	1	1	Nil	Nil	1	√	Multiple in ground pipes made of concrete asbestos AVJ building partners cut through security fencing to gain site access with hiab to roads D & E Worker injury resulting in lost time – TBA	Reporting and removed by training asbestos management personnel
Hoporata Quarry	117 Hrs Origin Quarries	Nil	Nil	Nil	Nil	Nil			
Blackwell Quarry	80 hrs Fulton Hogan	Nil	Nil	Nil	Nil	Nil			

Project	Contractor	Near Hits	Incident	First Aid	Medical Treatment MTI	Lost Time or Notifiable Event	Investigation	Description	Corrective Action / Close out
Whitford Quarry	2044 hrs Fulton Hogan	1	Nil	Nil	Nil	Nil	√	Partial roll-over of truck. Initial findings indicate process failure (overloading), and driver behaviours (i.e., following process) as contributing factors.	Process review and enforcement pending the final investigation findings.

Note: Meeting held with Precinct properties representative regarding health and safety performance on site 5A. Formal correspondence to Precinct management regarding expectations from Panuku in increasing the timeliness and quality of incident notifications, increased monitoring by Precinct, review of historical incidents, and alignment of incident notification terminology to WorkSafe definitions. A formal response from Precinct properties was pending at the time of this report.

5. Other Systems Improvements

- Risk Manager software project planning started with needs analysis workshops at Council;

6. Risk Management – Critical Risk Activity Reviews

Planned for February

7. Training and Development

7.1 Completed this month

- No update

8. Review and Monitoring

8.1 Injury Management

- Ongoing return to work / rehabilitation plan for marina worker (injury 2015)

Appendix A: Health and Safety Key Performance by Directorate – Annual Business Plan 2016/17

KPI Reporting	Target	January
# Loss of Life or Major Harm Caused to anyone during Project	0	0
Compliance with H&S Act	No Prosecution	0
LTIFR - Lost Time Injury Frequency Rate (No. LTIs divided by hours worked x 1,000,000 hours)	<4	0
Internal Compliance with Contract & Project Management (H&S)	>75%	CMF Independent Audit required
Incident reporting timeframe - % of total incidents reported within required timeframes (tracked by exception against Panuku Development Incident Reporting and Escalation Process)	>90%	<ul style="list-style-type: none"> • 100% staff / contractors • 80% Development Agreements
Property Portfolio		
Monitoring and Inspection % of total inspections undertaken against agreed totals per 12 months (by team) – Quarterly Review	100%	
Contract specific safety plans/ Job Safety Analysis (JSA) - % of contract safety plans submitted, reviewed and filed for High Risk and Planned Work – Quarterly Review	100%	Monitoring progress
Critical Risk – Asbestos - Implementing of Asbestos Management Planning by Risk	100%	Tracking to portfolio Plan
Trainings and competency- % Panuku PM's/CM's/FM's attend identified H&S Specific Training Courses	100%	
Targeted audits completed (Facility Management)	100%	Safety Observations in progress
Facility Management Team site safe accredited	100%	
Development		
For physical works delivered on behalf of Panuku, where the Engineer to the Contract and ER are external to Panuku (i.e. Professional services), the Prof. Serv. contract shall include Panuku's standard scope of works for H&S. Verified by Panuku Contract DFA.	100%	
Panuku Prof. Serv. Contract Owner shall track and monitor compliance to the H&S scope of work deliverables (evidenced by line item invoicing)	100%	Breakdown of deliverables in invoicing
Panuku's Contract Owners to ensure 'site specific' Monitoring Schedule (e.g. risk based site audit and/or inspection) for each physical works project is approved by Contract DFA.	100%	WIP
Quarterly monitoring completed against schedule (Verified by Panuku Contract Owner).	100%	WIP
Physical works Contractor Monthly H & S report received on time/and signed by Panuku Contract Owner. Quarterly verification by Panuku Contract owner.	100%	

Contract specific safety plans for physical works contracts (critical risk) incl. applicable DAs, reviewed against Panuku H&S requirements - accepted and filed by Panuku Contract Owner - Prior to work commencement	100%	
Projects included in Panuku's Master Programme, Project Directors, Project/Development Managers will work to the Project's H&S programmed touch-points, in line with Panuku's Project Management Framework.	100%	PMF Gateway' signoff TBC
PMF (H & S) Verification by independent Audit by Panuku H & S.	100%	Deferred
H & S Training schedule developed	100%	
Training schedule achieved	100%	Reporting June 17
Placeshaping		
A. Contract Manager to provide an 'event specific' Monitoring Schedule (site audits/inspections - risk based) to their manager for approval.	100%	Monitoring schedule under review for Summer events
B. Monitoring completed against schedule (verified by manager quarterly)	100%	
Provide contract specific safety plans for physical works (for critical risk and development agreements) reviewed against PMF (H & S) requirements – accepted and filed by Contract Manager - Prior to Work Commencement	100%	
Project/ Contract Managers working to the Project Management Framework (H & S) – Verification by Independent Audit (via Panuku H & S).	100%	Deferred until Mar 17
H & S Training schedule	100%	
Training schedule achieved	100%	Reporting June 17

Decision Paper: 51-59 Gaunt Street, Wynyard Quarter

Document Author(s)	Mark Norton, Portfolio Specialist
Date	22 February 2017

1. Proposal

Approve the ground lease rent review between Panuku Development Auckland (tenant) and Viaduct Harbour Holdings Limited (landlord) with effect from 1 October 2016.

2. Executive summary

Panuku hold a ground lease of undeveloped land at 51-59 Gaunt Street as a result of previous PWA acquisitions. The ground lease contains 5 yearly rent reviews to market rent. The landlords rent review notice was challenged and the parties engaged Registered Valuers to determine the new rent payable on the review date of 1 October 2016.

Information has been withheld from the public under S7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987 (LGOIMA).

3. Recommendations

It is **recommended** that the Board:

Information has been withheld from the public under S7(2)(b)(ii) the LGOIMA.

4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date & meeting	Document	Decision / Outcome
June 2015 Waterfront Auckland Board Meeting	Approval of Sale of Lessee's Interest in 51 Gaunt Street	No long term strategic plan to develop the site. Resolved dispose of lessee's interest.
April 2016 Waterfront Quarterly Meeting	2016 April Waterfront Report	Noted.
September - December 2016	September - December 2016 CE reports. Progress on disposal of lessee's interest.	Noted.

5. Discussion

The property comprises a vacant 1,747m² leasehold site situated on the northern side of Gaunt Street adjoining Wynyard Common and Linear Park, as shown outlined red - see Location Plan Attachment A.

The site is part of a larger title containing a total area of 5,527m², forming Lot1 DP309924 shown outlined blue on the location plan – see Title Plan Attachment B. Panuku is currently in the process of obtaining a separate leasehold title for the property which is expected to be available in early 2017.

The site forms part of an Integrated Development Plan (IDP) obtained by the freehold owners Viaduct Harbour Holdings Limited (VHHL) in 2013. It has significant development potential with the ability to construct a 52 metre tower having a maximum floor area ratio (FAR) of 8:1 incorporating office and residential development with ground floor retail.

Panuku's lessee's interest is a result of the legacy agreement associated with the taking of the land under the PWA for Wynyard Common and Linear Park together with the negotiations held between Auckland City Council and VHHL prior to the formation of Auckland Council (AC).

In June 2015 the Waterfront Auckland Board decided there was no long term strategic plan to develop the site due to the frequency of the rent reviews and, as a consequence, directed the Executive to dispose of its lessee's interest in advance of the anticipated sharp rise in ground rental later the following year.

The property was subsequently marketed by CBRE in late 2015, however after all marketing options had been exhausted, and despite a high level of initial interest due to its excellent location and development potential, all purchasers fell away due to the 5 yearly rent review cycle.

In April 2016, the Waterfront Quarterly Report flagged to the Board that based on the latest sale of the adjacent development block in Beaumont Street between Goodman and Fu Wah, the ground rental for the subject site was expected to substantially increase to approximately *[Information has been withheld from the public under S7(2)(b)(ii) the LGOIMA]*.

Information has been withheld from the public under S7(2)(b)(ii) the LGOIMA.

6. Financial implications

Information has been withheld from the public under S7(2)(b)(ii) the LGOIMA.

7. Implementation

Information has been withheld from the public under S7(2)(b)(ii) the LGOIMA.

Document Sign-off

Role	Name	Sign-off Date	Signature
Director Portfolio Management	Ian Wheeler		
Director Corporate Services	Carl Gosbee		
Chief Executive	Roger MacDonald		



Decision Paper: Disposals Recommendations

Document Author(s)	Anthony Lewis – Senior Advisor Portfolio Review
Date	7 February 2017

1. Proposal

This paper seeks approval from the Panuku Development Auckland (Panuku) Board for two council owned properties to be recommended to the Auckland Council governing body for disposal.

2. Executive summary

The first property presented in this report, 2R Carolyn Street, Papatoetoe, is vacant land in two lots that was acquired on subdivision for the purpose of a spite strip for disposal to cover roading costs. One lot will be legalised as part of Auckland Transport's road network. The balance of the property is no longer required for future service needs and is the subject of this rationalisation process. Consultation with council and its CCOs, iwi authorities and the Ōtara-Papatoetoe Local Board about this property has been undertaken. No alternative service uses for the subject portion of land through the rationalisation process were identified and the feedback received was supportive of the proposed disposal of this property.

The second property presented in this report, 14 Baxter Street, Warkworth is comprised of a public car parking platform, the airspace above it, and ancillary foyer, stairs and support pillars originally acquired for a proposed community centre development. Consultation about this property has been undertaken with council and its CCOs, iwi authorities and the Rodney Local Board. No alternative service uses have been identified. The Rodney Local Board does not endorse the proposed disposal of this site on the basis that it may be required for town centre car parking purposes in the future.

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

3. Recommendations

It is **recommended** that the Board

1. Approves

- a. The recommendation to the Auckland Council governing body that the following properties are surplus to council requirements and should be divested:
 - i. 2R Carolyn Street, Papatoetoe
 - ii. 14 Baxter Street, Warkworth

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 through an Expression of Interest (EOI) process, to establish whether the property must be retained for a strategic purpose or is required for a future funded project or public work. The Heritage Unit is invited, prior to the internal consultation process, to raise any particular archaeological issues. The Closed Landfills and Contaminated Land Response team is also asked to assess sites prior to the internal consultation commencing to ensure any possible contamination issues were identified. The internal consultation process provides the Maori Strategy Relations team the opportunity to flag any issue that is of particular relevance to Maori.

Once a property has been internally cleared of any service requirements, Panuku then consults with local boards, mana whenua, the Independent Maori Statutory Board and relevant ward councillors. All sale recommendations must be approved by the Panuku board before a final recommendation is made to Auckland Council's governing body.

Detailed information about the subject properties is provided in *Appendix A and B* of this report.

6. Financial implications

Detailed information about the subject properties is provided in Appendix A and B of this report.

7. Implementation

Information about the implementation of the subject properties is provided in Appendix A and B of this report.

Document Sign-off

Role	Name	Sign-off Date	Signature
Chief Executive	Roger MacDonald		
Acting Director Strategy and Engagement	Angelika Cutler		

Appendix A – 2R Carolyn Street, Papatoetoe

1. Summary

2R Carolyn Street, Papatoetoe is vacant land and was identified by Council's Community Facilities department as not required for its future service needs as it holds no strategic purpose to retain. Consultation with council and its CCOs, iwi authorities and the Ōtara-Papatoetoe Local Board about this property has been undertaken. No alternative service uses were identified for the subject portion of land through the rationalisation process and the feedback received was supportive of the proposed disposal of this property.

2. Background

2R Carolyn Street, Papatoetoe comprises 212 m². The property is currently formed as vacant land in two lots (Lot 18 and Lot 19). The subject site was acquired by the former Papatoetoe City Council in fee simple on subdivision in 1968 by the former owners for the purpose of spite strip for disposal to cover roading costs.

Lot 18 adjoins the property at 521 Great South Road and is the subject of this rationalisation process. Lot 19 adjoins the properties at 1A and 1B Carolyn Street and will be legalised by Auckland Transport as part of its road network.

The site has a 2014 rating valuation of \$60,000. The Unitary Plan zoning of the subject property is Business – Mixed Housing Suburban; Single House.

Council's Community Facilities department has confirmed that the land is not required for its future service needs and it holds no strategic purpose to retain as it is of a size and configuration which limits the range of recreational experiences achievable on site.

There is no requirement for the subject site to be offered back to the former owners under section 40 of the Public Works Act 1981.

3. Internal consultation

The internal consultation for this site commenced in December 2015. No expressions of interest were received during the internal consultation process and no issues were raised.

4. Local board views and implications

The Ōtara-Papatoetoe Local Board endorsed the proposed disposal of 2R Carolyn Street, Papatoetoe at its 13 December 2016 business meeting.

5. Iwi feedback

Ten mana whenua iwi authorities were contacted regarding the potential sale of 2R Carolyn Street, Papatoetoe. The following feedback was received.

a) Te Kawerau ā Maki

No concerns or issues were raised about the proposed disposal.

b) Ngāi Tai ki Tāmaki

No concerns or issues were raised about the proposed disposal.

c) Ngāti Tamaoho

No concerns or issues were raised about the proposed disposal.

d) Te ākitai - Waiohua

No concerns or issues were raised about the proposed disposal.

e) 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.

f) Ngāti Pāoa

No concerns or issues were raised about the proposed disposal.

g) Ngāti Whanaunga

No concerns or issues were raised about the proposed disposal.

h) Ngāti Maru

No concerns or issues were raised about the proposed disposal.

i) Ngāti Tamaterā

No concerns or issues were raised about the proposed disposal.

j) Waikato-Tainui

No concerns or issues were raised about the proposed disposal.

6. Implementation

The results of the rationalisation process are that this site is not required for current or future service requirements. As such, we recommend that it be divested. Due to the size and shape of this property, it could only be sold to the adjoining landowner, who has expressed an interest in acquiring this property. Should a resolution be obtained from the governing body approving the divestment of this site, we will undertake a disposals process for this site that provides an optimal return to council.

7. Images



Towards 2R Carolyn Street, Papatoetoe (Lot 18).

Appendix B – 14 Baxter Street, Warkworth

1. Summary

The Council owned property at 14 Baxter Street, Warkworth comprises a public car parking platform, the airspace above it, and the ancillary foyer, stairs and support pillars. It was originally acquired for a proposed community centre development. Consultation about this property has been undertaken with council and its CCOs, iwi authorities and the Rodney Local Board. No alternative service uses have been identified. The Rodney Local Board does not support the proposed disposal of this site on the basis that it may be required for town centre car parking purposes in the future.

2. Background

The property at 14 Baxter Street, Warkworth comprises several lots held in strata unit titles. Lot 2 DP 208963 is the subject property, which comprises three fee simple estates of 466m², 3762m² and 3709m². The subject property comprises the upper car parking platform at 14 Baxter Street, the airspace above it, and ancillary foyer, stairs and support pillars. There are multiple easements for light and air, utilities within the building, pedestrian access, and parking that all relate to the functioning of the building.

The subject property was acquired by the Rodney District Council in 2002 for the purpose of securing an alternative option for a proposed community centre. However the site was deemed more suitable for a car parking platform, as the site is a stratum estate of airspace and there is potential to add another parking platform or another form of development that may be permitted above the existing carpark.

14 Baxter Street, Warkworth has been on the Auckland Council fixed asset register since amalgamation with an agreement in place with Auckland Transport (AT) to provide parking management services. The subject site does not deliver a current or planned Auckland Council service. AT's investigations into parking provision for Warkworth indicate that expansion of the car park is not justified based on parking occupancy figures for the car park and the township. A significant amount of weather tightness remedial work has been undertaken on the structure. Further remedial work and deferred maintenance is likely to be required if the subject site is retained by council.

14 Baxter Street, Warkworth has a 2014 capital value assessment of \$540,000 (land value \$130,000; improvement value \$410,000). The Unitary Plan zoning of the subject property is Business Town Centre.

There is no requirement for the subject site to be offered back to the former owners under section 40 of the Public Works Act 1981.

3. Internal consultation

The internal consultation for this site commenced in November 2015. No alternative uses were identified for 14 Baxter Street, Warkworth.

4. Local board views and implications

Informal engagement has been undertaken with the Rodney Local Board regarding the proposed disposal. The feedback received is that the Rodney Local Board does not endorse the proposed disposal of 14 Baxter Street, Warkworth on the basis that the site may be required for future town centre car parking purposes. A report has been submitted to the Rodney Local Board's 16 February 2017 business meeting to provide it with an opportunity to formalise its views.

5. Iwi feedback

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

- a) **Rūnanga o Ngāti Whātua**
No concerns or issues were raised about the proposed disposal.
- b) **Ngāti Whātua o Kaipara**
No concerns or issues were raised about the proposed disposal.
- c) **Ngāti Whātua o Ōrākei**
No concerns or issues were raised about the proposed disposal.
- d) **Te Kawerau ā Maki**
No concerns or issues were raised about the proposed disposal.
- e) **Ngāi Tai ki Tāmaki**
No concerns or issues were raised about the proposed disposal.
- f) **Te ākitai - Waiohua**
No concerns or issues were raised about the proposed disposal.
- g) **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.
- h) **Ngāti Pāoa**
No concerns or issues were raised about the proposed disposal.
- i) **Ngāti Whanaunga**
No concerns or issues were raised about the proposed disposal.
- j) **Ngāti Maru**
No concerns or issues were raised about the proposed disposal.
- k) **Ngāti Tamaterā**
No concerns or issues were raised about the proposed disposal.

6. Implementation

The results of the rationalisation process are that this property is not required for current or future service requirements. Through a disposal, the sale of the future development unit (airspace) could include provision to retain public car parking and the development opportunities at the site could be addressed by the open market.

As such, we recommend that the council owned portion of 14 Baxter Street, Warkworth be divested. Should a resolution be obtained from the governing body approving the divestment of this site, we will undertake a disposals process for this site that provides an optimal return to council.

7. Images





Decision Paper: Queens Wharf – Lions Tour Activity and Use

Document Author(s)	Connie Clarkson – Commercial Place Operations
Date	9 February 2017

1. Proposal

This paper proposes the Board approve a reduction in the fee charged for the use of Shed 10 by a consortium of predominantly Government agencies (New Zealand Trade and Enterprise, Sport New Zealand, Rugby NZ and ATEED) for the purposes of a Lion’s Tour Auckland Fan Zone. This is consistent with the support Panuku already has in place for the World Masters Games Entertainment Village.

2. Executive summary

- There are two supporting events being held on Queens Wharf by two separate entities during the Lions Tour in June 2017.
- A consortium of predominantly Government agencies (New Zealand Trade and Enterprise, Sport New Zealand, Rugby NZ and ATEED) would collectively like to use Shed 10 and the external space south of the building for 22 continuous days as the Auckland Fan Zone for the Lions Tour between 19 June and 9 July 2017.
Information has been withheld from the public under S7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987 (LGOIMA).
- The Cloud is 100% owned by the Government however Panuku receives all revenue from managing the Cloud and covers all costs. The Government, as owner, has free use of The Cloud. Shed 10 is owned by Auckland Council and consequently free use by Government does not apply.
Information has been withheld from the public under S7(2)(b)(ii) of the LGOIMA.

3. Recommendations

It is **recommended** that the Board:
Information has been withheld from the public under S7(2)(b)(ii) of the LGOIMA.

4. Financial implications

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

5. Implementation

Board approval:	February Board meeting
Confirm proposal with Auckland Fan Zone:	25 February 2017

Document Sign-off

Role	Name	Sign-off Date	Signature
Director Portfolio Management	Ian Wheeler		
Director – Corporate	Carl Gosbee		
Chief Executive	Roger MacDonald		

Decision Paper: Priority Location Master Programme

Document Author(s)	Natasha Fredericksen – Manager Project Delivery
Reviewer(s)	Allan Young – Director Development
Date	10 February 2017

1. Proposal

This paper presents Panuku's February 2017 Quarterly Priority Location Master key dates for adoption.

2. Executive summary

The Priority Location Master Programme is being developed for use as a management tool to forecast and monitor Panuku's project deliverables. The Board receives quarterly progress reports; this report being the third report this financial year. A number of minor changes to October's programme have been proposed; for reasons explained in the body of the report. Overall the Master Programme is generally tracking to programme.

3. Recommendations

It is **recommended** that the Board:

1. **Approve** the February 2017 Priority Location Master Programme Key Dates.

4. Prior Board and Council engagement and decisions

Why direction is required		The development of the Master Programme is pursuant to the decision of the Board on the 25 November 2015 that identified the priority development locations in the "transform –unlock – support" categories.
Previous Board engagement and decisions		
Date	Document	Decision / Outcome
25 November 2015	Priority Development Location Selection Process and Work Programme	Identification of 18 priority location areas categorised as "transform –unlock – support".
9 February 2016	High Level Project Plan – Programme & Key Dates	Received.
25 May 2016	Indicative Priority Location Master Programme Overview	Received.
29 June 2016	Priority Location Master Programme	The Master Programme was noted by the Board.
October 2016	Priority Location Master Programme	The Board noted that dependencies with other entities, particularly within the Council family, required careful mitigation. It was RESOLVED THAT the Board approves the October 2016 Priority Location Master Programme and key dates.
Councillor engagement		At the Auckland Development Committee on 15 October 2015, Councillors formally endorsed nine shortlisted locations to hand over to Panuku for further consideration as priority development locations.

5. Discussion

The Priority Location Master Programme is being developed for use as a management tool to forecast, monitor and report on Panuku's project deliverables. The Board receives quarterly progress reports; this being the third report this financial year.

The Master Programme has focussed to date on the 'scope' and 'plan' phases of the project management lifecycle. Recent work has captured the 'delivery' phase of Panuku's Priority Location portfolio. The delivery phase includes the programmed release of commercial development sites, public realm projects and other project initiatives (such as place-making or Panuku's contribution to partner projects and activities in Priority Locations). The delivery phase will also include monitoring of development agreement KPIs through to practical completion, as well as project closure processes. The content of the delivery phase has been furnished by Panuku's Development Managers and Project Directors. While the delivery programme is currently in a draft format; information will be refined and extended upon as programme business cases and execution plans are prepared, particularly in relation to public realm projects.

The existing and established 'scope and plan' phases of the Master Programme are overall generally tracking to programme. A number of minor baseline change requests have been processed during the last quarter for reasons summarised in the table below. Overall, the baseline change impact in terms of time and cost to the programme is negligible.

Information has been withheld from the public under S7(2)(b)(ii) of the Local Government Official Information and Meetings Act 1987 (LGOIMA).

External Dependencies:

General external dependencies; such as market conditions (including capacity or readiness to respond), stakeholder alignment, statutory clearance and land use controls; continue to impact on all of Panuku's projects to varying degrees. Panuku's programme dependencies can be summarised into the following themes:

- Alignment of/with Council and CCO planned project and funding programmes (LTP)
- Alignment and coordination with Crown entity projects
- Commercial negotiations / Catalyst partnerships
- Auckland Transport parking sites and determination of future service requirements (parking / public transport)
- Auckland Transport alignment and timely project contribution
- Council mandate, seed funding and business case approval
- Alignment with / response to major infrastructure projects
- Mana Whenua project role including development aspirations

A number of coordinated responses are underway across the organisation to manage these dependencies, including on-going dialogue with the Shareholder and central government, focussed stakeholder management processes, and active participation in establishing and leading cross-agency group and forums.

Internal Dependencies

Panuku's internal programme interdependencies relate largely to resource constraints and funding availability.

While isolated cases still require monitoring; human resource over-allocation has become less apparent as the re-phasing or smoothing of tasks and 'effort-driven' programming disciplines have integrated into and across the business.

Implementation planning has revealed a growing dependency on securing funding through the LTP process for public realm components across the Programme. The extent of this will become clearer as programme business bases are completed. A number of funding strategies are currently being

explored by the Strategy and Engagement Directorate to identify and secure funding for delivery; which will be the subject of a forthcoming Board paper.

Programme Development

Further improvements targeted for completion before the next quarterly Board report are:

- Populating delivery programme resource and progress
- Finalising and locking a baseline for the delivery programme
- Improved project budget reconciliation
- Continuing integrate Panuku's Health and Safety project touch-points (on-going)
- Integrate Panuku's Maori Responsiveness Action Plan events into programme (on-going)

Document Sign-off

Role	Name	Sign-off Date	Signature
Director of Development	Allan Young		
Chief Executive	Roger MacDonald		

Decision Paper: Letter of Representation to Audit New Zealand

Document Author(s)	Carl Gosbee – Director of Corporate Services Michele Harpham – Finance Manager
Date	10 February 2017

1. Proposal

Approval for the Chair and Chief Executive to sign a letter of representation to Audit New Zealand for the review of the interim financial statements reporting pack.

2. Executive summary

Auckland Council is required, both by the Local Government Act 2002 and the New Zealand stock exchange, to produce consolidated half year financial statements for the six month period ending 31 December 2016. Panuku is to provide a reporting pack with its 31 December 2016 financial statements to Auckland Council for consolidation purposes. Auckland Council requires Panuku to have the reporting pack reviewed by Audit New Zealand.

The reporting pack was submitted to Auckland Council on 27 January 2017. The reporting pack was signed off by the Chief Executive and Director of Corporate Services who provided a letter of representation to Auckland Council dated 15 February 2017.

Audit New Zealand has, for the first time and at late notice, decided to require a letter of representation from the Board. Although Audit New Zealand are not expressing an opinion on the financial statements of Panuku, they are expressing an opinion on the group financial statement of Auckland Council, which includes Panuku.

3. Recommendations

It is **recommended** that the Board **approves** the letter of representation for the review of the reporting pack for the six months ended 31 December 2016 for signature by the Chair and the Chief Executive.

4. Prior Board and Council engagement and decisions

Previous Board / Council engagement and decisions		
Date and meeting	Document	Decision / Outcome
14 Dec 16 - Board meeting	CEO Report	Following approval of the letter of engagement by the Audit and Risk Committee at their meeting on 7 December 2016, the Board approved the letter for signature by the Board Chair and the Chief Executive.
14 Dec 16 - Board meeting	CEO Report	The Board were advised that the reporting pack would be approved by the CEO and the Director of Corporate Services who would be submitting a letter of representation to Auckland Council.

5. Discussion

The letter of representation from the Board is included as **Attachment A**.

The representations being given by the Board mirror, in all material aspects, the representations that the Chief Executive and Director of Corporate Services have provided to Auckland Council and the representations that the Board provided to Audit New Zealand for the 30 June 2016 audit.

The level of the review by the auditors for the reporting pack is much less than for our 30 June. The review consists primarily of enquiry, analytical procedures and discussion. The specific objective of the engagement is for our auditors to state whether anything has come to their attention that causes them to believe that the consolidated interim financial statements reporting pack does not fairly reflect the financial position, performance and cash flows for the period to 31 December 2016 (negative assurance).

The reporting pack provided to Auckland Council and reviewed by Audit New Zealand was prepared based off the same numbers that were included in the Financial Board Report for December 2016, which is available in the Boardbooks Resource Centre. There were four adjustments made to the reporting pack as explained below:

\$000	FBR	Revaluation of investment property	Elimination of intra-entity transactions	Opening equity adjustment	Other	Reporting Pack
Financial Performance						
Revenue	34,556	12,537	(1,590)		-	45,502
Expenses	27,058	-	(1,590)	(10)	(58)	25,400
Surplus	7,498	12,537	-	10	58	20,102
Financial Position						
Assets	711,804	12,537	-		82	724,422
Liabilities	61,608	-	-		24	61,632
Net Assets	650,195	12,537	-	-	58	662,790

- The valuers of the investment property (Seagar & Partners and CBRE) were asked to do a desktop review of their 30 June 2016 valuations and provide an indication of the movement to 31 December 2016. The increase for the properties valued by Seagars amounted to \$3.2m (1.08%) and for CBRE this was \$18.2m (16.72%). After taking into account \$8.9m of capitalised costs in the six month period, this resulted in a fair value increase of \$12.5m.

- 2. Elimination of transactions between Panuku and its marina subsidiaries. As these are not eliminated in the budget we do not eliminate them in the FBR financial performance.
- 3. A late adjustment was made to the tax expense in the financial statements of two of the marina subsidiaries at 30 June 2016. This adjustment was not known when the 30 June 2016 reporting pack was submitted to Auckland Council so it included in the surplus calculation in the FY17 reporting pack.
- 4. Minor timing adjustments to expenditure.

6. Financial implications

There are no financial implications of this decision paper.

7. Implementation

There are no implementation steps for this decision paper.

Document Sign-off

Role	Name	Sign-off Date	Signature
Chief Executive	Roger MacDonald		
Director of Corporate Services	Carl Gosbee		

22 February 2017

David Walker
Director
Audit New Zealand
PO Box 1165
Auckland 1140

Dear David

Letter of representation for the six months ended 31 December 2016

This representation letter is provided in connection with the preparation of the Auckland Council Group Half-Year Report ('Half-year Report') for the six months ended 31 December 2016.

We are aware that the primary source of information for the preparation of the Half-year Report is from information provided by ourselves, either through the half-year end financial close process or through the collection of additional supplementary information (primarily through the 'Reporting Pack').

The purpose of this letter is to provide you with the assurance that Panuku Development Auckland's financial statements and additional supplementary information provided for the collation of the Half-year Report (referred to here as the 'financial statements'):

- allow the Auckland Council Group Half-year Report to comply with generally accepted accounting practice in New Zealand;
- complies with Auckland Council Group accounting policies; and
- fairly reflects the financial position and performance of Panuku for the six months ended 31 December 2016.

We understand that your review was carried out in accordance with the Auditing Standards issued by the Auditor-General, which incorporate the International Standards on Auditing (New Zealand) and NZ SRE 2410: *Review of Financial Statements Performed by the Independent Auditor of the Entity* issued by the External Reporting Board. We also understand that your examination was (to the extent that you deemed appropriate) for the objectives of:

- providing an independent review opinion on the Auckland Council Group's interim financial statements; and
- reporting on other matters relevant to the Auckland Council Group's financial and other management systems that come to your attention and need improvement or are significant (for example, non-compliance with statutory obligations or a lack of probity).

General responsibilities

To the best of our knowledge and belief:

- the resources, activities, and entities under our control have been operating effectively and efficiently;

- we have complied with our statutory obligations including laws, regulations and contractual requirements;
- we have carried out our decisions and actions with due regard to minimising waste;
- we have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector (that is, we have carried out our decisions and actions with due regard to probity); and
- any decisions or actions have been taken with due regard to financial prudence.

We also acknowledge that we have responsibility for designing, implementing, and maintaining internal control (to the extent that is reasonably practical given the size of the Panuku to prevent and detect fraud.

Further, nothing has come to our attention to indicate that these responsibilities have not been met.

Responsibilities for the financial statements and the supplementary information contained within the reporting pack

We confirm that all transactions have been recorded in the accounting records and are reflected in the financial statements and supplementary disclosure information included in the Reporting Pack provided by Panuku.

To the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have fulfilled our responsibilities for preparing the financial statements in compliance with NZ PBE IPSAS;
- the financial statements allow the Auckland Council Group Half-year Report to comply with generally accepted accounting practice and fairly reflect the financial position of the Panuku as at 31 December 2016, and of the results of its operations and its cash flows for the six months then ended;
- we believe the significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable;
- we have appropriately accounted for and disclosed related party relationships and transactions in the financial statements;
- all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and have been accounted for and disclosed in accordance with generally accepted accounting practice;
- we have adjusted or disclosed all events subsequent to the date of the financial statements and the supplementary information provided in the Reporting Pack that require adjustment or disclosure;
- we believe the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements and the supplementary information provided in the Reporting Pack.

- we believe the effects of uncorrected disclosure deficiencies, including both omitted and incomplete disclosures, are quantitatively and qualitatively immaterial, both individually and in aggregate, to the financial statements and the supplementary information provided in the Reporting Pack.

Responsibilities to provide information

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

- we have provided you with:
 - all information, such as records and documentation, and other matters that are relevant to preparing and presenting the financial statements and the supplementary information provided in the Reporting Pack; and
 - unrestricted access to persons within the Panuku from whom you determined it necessary to obtain review evidence;
- we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- we have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Panuku and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- we have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the Panuku's financial statements communicated by employees, former employees, analysts, regulators, or others;
- we have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing Panuku's financial statements; and
- we have disclosed the identity of the related parties, all of their relationships, and all of their transactions of which we are aware.

Going concern

We confirm that, to the best of our knowledge and belief, the Panuku has adequate resources to continue operations at their current level for the foreseeable future. For this reason, the governing body continues to adopt the going concern assumption in preparing the financial statements and the supplementary information provided in the Reporting Pack for the six months ended 31 December 2016. We have reached this conclusion after making enquiries and having regard to circumstances that we consider likely to affect the Panuku during the period of one year from 1 January 2017, and to circumstances that we know will occur after that date which could affect the validity of the going concern assumption.

We consider that the financial statements adequately disclose the circumstances, and any uncertainties, surrounding the adoption of the going concern assumption by the Panuku.

Throughout the six months ending 31 December 2016, the Panuku has conformed with the requirements of its banking arrangements, debenture trust deeds, or negative pledge agreements, including those relating to its net tangible assets ratios.

Sign-off on these representations

These representations are made at your request, and to supplement information obtained by you from the records of the Panuku and to confirm information given to you orally.

Yours sincerely

Richard Aitken

Chair

Roger MacDonald

Chief Executive Officer

Information Paper: Central Wharves and Wynyard Quarter strategic planning refresh

Document Author(s)	Brenna Waghorn – Manager Strategic Planning
Reviewer(s)	Angelika Cutler, Acting Director Strategy and Engagement, and Rod Marler, Director Place Shaping
Date	8 February 2017

1. Purpose

For Panuku to provide leadership on waterfront strategy and planning, which is our mandate, there is a need for the Board to be briefed on key issues over the coming months. The purpose of this paper is to set out the programme of information and decisions that the Board will be asked to consider over the next 3-4 months. Significant technical work is underway as well as engagement across the Council family. A short presentation will provide the high level context and an update on the decision required urgently on interim infrastructure for the cruise industry. This decision will be made by the joint CEs Forum however Panuku will continue to play the lead role in delivery including seeking resource consent and ensuring infrastructure is in place for the 2018/19 season.

This paper is about the refresh of the strategy and planning, not the current state of delivery projects.

2. Key issues

- Decision timeframes and risks for the waterfront strategy refresh.
- Central Wharves Strategy – decision on interim and long term infrastructure for cruise.

3. Overview

Progress and new initiatives and issues since the update provided to the Board in December 2015: Council has re-ignited planning for the Central Wharves and Panuku is leading a Framework Plan for that area of the CBD. This is essentially a refresh of the central wharves strategy and we are working closely with the council family.

Information has been withheld from the public under S7(2(f(i))) of the Local Government Official Information and Meetings Act 1987 (LGOIMA).

- The Wynyard Quarter and Central Wharves Framework Plans will include spatial plans (broad-brush master plans) and implementation plans, to inform business cases for any new funding to be considered in Council's next Long Term Planning (2018 – 2028). The need to prepare a place-based and prioritised funding request to the LTP is driving the timelines.
- The CE has met with Chairperson of Ports of Auckland Ltd (POAL) to help unlock the issues critical to advancing the long and short term solutions for the cruise industry.

- A new executive-level Steering Group (The City Centre and Waterfront Executive Steering Group) has been established to drive progress in the waterfront and city centre, to ensure integration, overcome silos and coordinate delivery of key infrastructure. The intention is to escalate and resolve critical issues at pace to ensure momentum. The primary focus of the groups is strategic projects that require a joined-up narrative and coordinated engagement with decision makers and stakeholders, cross council alignment and prioritisation and resolution of complex issues. The CE of Panuku and Director of Strategy and Engagement attend and are seeking to provide strong leadership on waterfront strategy and delivery of projects, in this forum.
- An engagement plan has been developed to support the waterfront strategy refresh. A waterfront narrative has been prepared (set of slides and key messages) to ensure all parts of council are singing from the same songbook when talking about the waterfront strategy refresh, key decisions coming up, etc.
- The technical work and engagement in relation to the Wynyard Point is progressing well following a cross-council design workshop in December. The key moves, issues and options for Wynyard Point and the Eastern Viaduct will be presented to the Board in March.
- Mana whenua engagement is progressing well. Mana whenua goals for the waterfront will be considered and a draft cultural narrative at the Mana Whenua governance forum on 23 January. This will be a new and important input to the strategy.
- The Sea Change Marine Spatial Plan Tai Timu Tai Pari was launched in December 2016. We are looking at how Panuku can support the delivery of the plan and contributing to an evaluation of the plan by Auckland Council.

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

4. Decision timeframes, key dates and risks

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

Below is a list of the key project decisions that will be guided by the waterfront strategy refresh work being led by Panuku. There are many interdependencies to be proactively managed:

- *Information has been withheld from the public under S7(2(f(i))) of the LGOIMA.*
- **Signature public building for Wynyard Point** - A decision on whether to construct a signature building within Headland Park on Wynyard Point. This has implications on confidential legal agreements with former leaseholders in Wynyard Point. Bulk liquids depart 2022 – 2026.
- **Public transport** - A decision by Auckland Transport on public transport into Wynyard Quarter including a light rail terminus. Council will input into planning with NZTA regarding the third harbour crossing.
- **Waterfront ferry services** - Decisions will be required around the potential conflicts with cruise in the ferry basin and the timing (and funding) of new infrastructure to allow ferry operations to continue to grow in line with expectations.
- **Te Wero bridge** - A decision to replace the Wynyard Crossing to ensure connectivity and mitigate increasing operational expenditure of the current, temporary bridge.
- **Port Future Study (PFS)** - A decision to progress short and long term options for the port will be required & to ensure that all stakeholders are working towards the same, short, medium and long term outcomes, including the future of the car freight business.
- **Downtown Public Spaces** - A decision on the timing and funding of the development of the new public open spaces mandated for the waterfront as part to the sale and purchase agreement for QE Square.
- **Quay St Seawall** - A decision on the timing, extent and funding of the first stage of the seismic upgrade to the Quay St Seawall.

- **Quay St** - Resolution on Council's intention for Quay St, including the potential impact of MRT/LRT, in order to be able to inform and progress discussions with private developers on how their developments can integrate.

The key risks are:

- Technical information to support the key aspects of the central wharves framework plan are being prepared by others and may not be available to support timeframes. Issues will be escalated to the City Centre and Waterfront Executive Steering Group.

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

5. Issues and options for interim cruise infrastructure

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

Information Paper: Grants and Donations Quarterly Report 31 December 2016

Document Author(s)	Maxine Waugh, Manager Business Systems and Processes
Reviewer(s)	Carl Gosbee, Director Corporate Services Ian Wheeler, Director Portfolio Management Roger MacDonald, Chief Executive
Date	8 February 2016

1. Purpose

This information paper represents the second quarter report to 31 December 2016 on grants and donations provided by Panuku Development Auckland, against the Board approved annual budget for 2016/2017.

2. Discussion

Panuku provides limited cash and in-kind grants and donations in support of the community, boating clubs and the marine industry.

The 2016/17 budget for grants and donations was approved at the Panuku Development Auckland Board meeting dated 29 June 2016. As per the Grants and Donations Policy, a quarterly update is provided to the Board. This report is for the second quarter of this financial year.

Cash donations are generally payments in support of sponsored conferences or education promoting green building or sustainability, and consistent with Panuku strategic objectives.

Grants and donations 'in-kind' is represented by the provision of free or discounted rental of land, buildings, marina berths, facilities/venues or other services. The 'value' of grant or donation is defined as the revenue forgone for the rental of a facility/venue, berth or other service, as if there is a customer available and prepared to pay market rates at the time of the event. This potential income forgone may not have actually been achievable, but represents what would have been charged if someone wanted to use the space. We exclude income forgone for instances where it is unlikely an alternative customer was available and willing to pay market rates, or for circumstances that have become normal business practise to provide free or discounted rental (e.g. Maritime Museum lease discounted for museum use for 25 years)

A summary of all grants and donations for the six months to 31 December 2016 is provided in the table below.

Location/activity/type \$000s	Actual 6 months to 31 Dec 2016	Plan Full year 2016/2017
Cash	1.0	9.0
Marinas	57.4	206.6
Commercial property and car parks	135.9	294.1
Queens Wharf venues	143.0	394.0
TOTAL	337.3	903.7

Information has been withheld from the public under S7(2(b(ii))) of the Local Government Official Information and Meetings Act 1987 (LGOIMA).

Information Paper: Panuku Quarter Report to Auckland Council

Document Author(s)	Kingsha Changwai, Planning Reporting & Risk Lead
Reviewer(s)	Angelika Cutler: Acting Director Strategy and Engagement
Date	10 February 2017

1. Purpose

The purpose of this paper is to inform the Board on the Panuku Development Auckland (Panuku) Quarter 2 Report to Auckland Council.

2. Key issues

The Panuku Quarter 2 Report to Auckland Council is provided to the Board for information.

3. Discussion

The Quarter 2 Report was submitted to Council on 7 February 2017.

The Quarter 2 Report contains highlights for the quarter and the company's performance against its Statement of Intent (SOI) performance measures and targets. The Quarter 2 Report shows good progress in most areas of the business, except for capital expenditure being behind budget mainly due to delays in the Madden and Packerham Street upgrade project and delays to decontamination payments to developers of the Wynyard central sites (Willis Bond and Precinct) which are requested depending on construction progress. More explanation of the financial performance is provided in Section 7 of the report.

4. Attachments

Attachment 1 - Panuku Quarter 2 Report to Auckland Council.



Panuku Development Auckland

Quarterly Report

Quarter ended 31 December 2016

CCO Governance and Monitoring Committee

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1. Executive Summary

This report summarises the performance of Panuku Development Auckland in the second 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 smaller projects that can be delivered quickly on the ground.

This quarter saw some important development agreements signed for sites in the City Centre and in Flat Bush. These projects will deliver over 250 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 has been made in Panuku's priority development areas, with High Level Project Plans being worked on for Onehunga, Papatoetoe, Avondale and Henderson. In Manukau and Northcote, leading on from the Council's approval of the HLPP, Framework Plans (which are more detailed plans on the development of the locations, including reference plans for each development site) have been developed.

Often it is the smaller projects that can make a huge difference in a community over a relatively short period – the placemaking activities, the development of public space, or the optimisation of Council properties. Panuku is identifying these projects, and a key focus will be on delivering more of these projects within the locations that we work.

3. Highlights for the quarter

- Sir John Wells ended his term as Chair in November. Sir John has had a long association with the Council family, including being Chair of ACPL prior to its amalgamation into Panuku. Richard Aitken was appointed Chair to replace Sir John.
- Roger MacDonald was appointed as the Chief Executive of Panuku, and he started in the role in November. Roger originates from the United Kingdom, and has delivered large scale urban redevelopment projects across the world, in Africa, the Middle East and in the UK.
- Panuku started working with New Zealand Housing Foundation and mana whenua in a consortium to investigate the development of a 220 home residential site at Barrowcliffe Place in Manukau. The site presents an opportunity to develop good quality affordable housing in partnership with iwi.
- The first tenants have moved into the Mason Brothers building in the Wynyard Quarter. The building is part of stage one of Precinct Properties' programme of developing the commercial sites in the Wynyard Quarter. The development of 12 Madden Street, which ATEED have taken the head lease for the establishment of Grid AKL, will be completed in July 2017.
- Stage Two of the Hobsonville Airfields Development was tendered, and a preferred tenderer has been selected after a number of tenderers submitted strong bids. The due diligence process is underway. The 9.9ha site will see 500 homes of mixed typology constructed.
- Lot 1, 187 Flat Bush Road was also tendered and a development agreement has been signed. 30 homes will be constructed on the 1.9 hectare site, with construction commencing within a year of the sale.
- The ASB Waterfront Theatre was opened on 22 September 2016. Panuku (on behalf of Council) provided the site, contributed to the funding and provided design review and oversight for the project. The theatre is a key component of the activation of the Wynyard Quarter.
- The Water Edge Symposium was held in November, with invited waterfront experts attending from the USA, Asia, Europe and the Pacific. As well as discussing international case studies, the symposium workshopped ideas about how to develop the Onehunga/Manukau harbour water edge, and this thinking is feeding into the planning for the Onehunga Transform project.
- The Silo Park Summer Programme has seen thousands of people visit the waterfront over the summer period, to enjoy the night markets, catch movies at the Silo cinema,

and enjoy the various forms of entertainment on offer, cementing the waterfront as the *place to be* in Auckland over summer.

- After an audit of Panuku against ACC's Workplace Safety Management Practices external accreditation, Panuku attained Tertiary standard, reflecting its commitment to continual improvement in health and safety.

4. Future outlook

- The joint venture between the Council and The Selwyn Foundation (JVCo) to manage the Housing for Older People portfolio and tenants is being formalised with legal agreements being negotiated and Community Housing Provider registration being prepared. JVCo will take over the management of the Housing for Older People portfolio in July 2017.
- The lease of Panuku's office accommodations expires in mid-2017. Options are being considered, and it is likely that it will be more cost effective for Panuku to move to a modest-quality building in the CBD rather than remaining in its current building.
- Tawera Group is marketing residential apartments to gather pre-sales for the redevelopment of the Civic Administration Building, which is part of the Civic Quarter development. This follows on from the signing of the Development Agreement between Panuku and the Tawera Group.
- Panuku is working on a refresh of the Waterfront Strategy, which will frame future development within the CBD waterfront area. This work will be reported to the Council in March 2017.
- Panuku has been reviewing how to improve the transparency of its Board meetings and interactions with the media. Panuku will hold as many of its monthly board meetings in the 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.
All media enquiries will be responded to in a timely fashion and all information is shared with the media unless it is of a confidential nature. Panuku's major projects are outlined on our website and all key documents (such as our Annual Report and the project plans for our development locations) are available online.

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				
Transform Manukau – Barrowcliffe Place	\$747k (OPEX) \$126k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> The Manukau Framework Plan was approved by the Panuku Board in December 2016. Panuku continues to make progress with a consortium led by New Zealand Housing Foundation (a community housing provider) and involving mana whenua to deliver an affordable housing pilot project at Barrowcliffe Place for around 220 dwellings.
Transform Onehunga	\$350k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> The Onehunga High Level Project Plan (HLPP) was approved by the Panuku Board in November 2016. In September 2016, Auckland Council's Chief Executive entered into an agreement in principle to sell Onehunga wharf to New Zealand Transport Association (NZTA) for the duration of the East West Link project. The agreement is that NZTA will sell the wharf back to Auckland Council, via Panuku. Project timeframes indicate that the Wharf could be realised back to Panuku by 2022.
Transform Wynyard Quarter – (Public Project) Madden & Pakenham St Upgrade	\$4,628k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> Pakenham Street (between Beaumont and Daldy streets) opened 22 December 2016. The construction of Pakenham Street (between Beaumont and Halsey) is progressing on track despite the rescheduling of program due to significant delays in the Auckland Transport led Halsey and Gaunt street roading project.

Westhaven Marine Centre	\$ 6k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> The Board approved a revised scheme for the northern portion of the site in August 2016. This includes ground floor commercial space of 1,400 m², office of 700 m² along with associated landscape works. A project manager has been assigned.
Hobson Wharf remediation	\$ 785k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> Stage 1 repairs to the concrete beams and piles lying underneath Hobson Wharf now completed with one concrete pour left to do. The work has paused to allow commercial tenancies operating time over summer. Remaining works to commence in April 2017.
UNLOCK				
<i>Takapuna</i> – Gasometer Site, Northcroft St. and 40 Anzac St.	\$285k (OPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> Auckland Transport has commenced work to assess the long term parking needs of central Takapuna. The key to unlocking the development potential of the Anzac car park and Gasometer car park is by agreeing with Auckland Transport the number of car parks to be accommodated on the two sites as part of their development.
The Airfields, Hobsonville Point	\$6,337k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> The marketing of Airfields Residential Mega Lots 2, 3, 4 to find a development partner have concluded and the evaluation and due diligence process is underway. The construction of the first stage of the roading network for residential Mega Lot 1 continues. Practical completion for Roads D & E was received on the 25 November. This will enable the stage one subdivision incorporating 102 homes to be built by AV Jennings.
Northcote Town Centre	\$538k (OPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> The Northcote Framework Plan was approved by the Panuku Board in November 2016.

<p>Ormiston Town Centre <i>(Partner: Todd Property)</i></p>	<p>\$87k (CAPEX)</p>	<p>carry over to next quarter</p>	<p>●</p>	<p>66 Flat Bush School Rd (Ormiston SHA)</p> <ul style="list-style-type: none"> The Master plan has been approved and the development agreement has been declared unconditional. Resource consent for stage 1 lodged. <p>Ormiston Town Centre</p> <ul style="list-style-type: none"> Construction of residential Blocks A & B are continuing.
<p>Papatoetoe Town Centre</p>	<p>\$219k (CAPEX)</p>	<p>carry over to next quarter</p>	<p>●</p>	<p>Shopping Mall</p> <ul style="list-style-type: none"> Construction has commenced on the Papatoetoe mall refurbishment. 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 land title for the Supermarket is going through regulatory approval and is expected to be issued next quarter. The car park works is also awaiting engineering plan approval. <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.

5.1 Key deliverables for next quarter

Deliverable	Comments
TRANSFORM	
<p><i>Transform Manukau –</i> Barrowcliffe Place</p>	<ul style="list-style-type: none"> Analysis of the offer presented by New Zealand Housing Foundation and report to the Board on the feasibility of the offer and a recommendation on a way forward. Undertake an assessment of the Barrowcliffe consortium process to identify key lessons to be applied to future opportunities.
<p><i>Transform Onehunga</i></p>	<ul style="list-style-type: none"> Onehunga HLPP to be presented to council’s Governing Body for endorsement in March 2017. The Panuku Executive is awaiting a draft Memorandum

	<p>of Understanding (MOU) from NZTA.</p> <ul style="list-style-type: none"> • A potential acquisition within the town centre to be reported to the Board and ongoing progress on the implementation plan and business case.
Transform Wynyard Quarter - Madden & Pakenham Street Upgrade	<ul style="list-style-type: none"> • Pakenham Street (between Daldy and Halsey) forecast to be opened 31 March 2017.
Westhaven Marine Centre	<ul style="list-style-type: none"> • Undertake pre-leasing and cost testing for the revised scheme to secure final tenant requirements and proceed with work on the resource consent.
UNLOCK	
Takapuna – <i>Gasometer, Northcroft St. and 40 Anzac St</i>	<ul style="list-style-type: none"> • Panuku is working with AT to reach agreement on Takapuna central carparks. • Continue with implementation planning which envisages commencing with the development of the Gasometer Site. We are anticipating commencing the EOI/RFP process later in 2017. The same process will follow for the Anzac Street site once certainty on the delivery of replacement car parks is in place.
The Airfields, Hobsonville Point	<ul style="list-style-type: none"> • Residential Mega Lot 2, 3, 4 – Complete evaluation and due diligence process and to conclude a development agreement. • Continue construction of key roading infrastructure network. • Project team to work through the vesting process for Roads D & E.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	<ul style="list-style-type: none"> • Continue construction of residential Blocks A & B • 66 Flatbush Road – Resource consent for stage one lodged awaiting issue of consent, expected March 2017.
Papatoetoe Town Centre	<ul style="list-style-type: none"> • Shopping mall – continue Papatoetoe Mall refurbishment over the next 12 months. • Supermarket – commence car park works next quarter. • Tavern Lane – continue marketing for a purchaser / developer. • Papatoetoe HLPP to be presented to the Panuku Board for approval next quarter.

6. Development Budget and Strategic Development Fund

6.1 Development Budget

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

\$000	Full year Budget	Forecast	*Committed to projects	Actual Expenditure	
Development Expenditure					RAG *
Development capital expenditure	3,644	3,644	2,604	1,438	
Development operating expenditure	5,616	5,616	6,188	2,434	

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	186	The majority of the annual budget was planned for the purchase of the Onehunga Wharf from Ports of Auckland Limited. This land will be used by NZTA to complete the East West motorway. At the completion of the roading project the remaining site will be on sold to Panuku for redevelopment.	

			The Strategic Development Fund will potentially be used in other Panuku projects. There are a number of potential purchases subject to approval through business cases.	
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The Strategic Development Fund is available for land acquisition and capital improvements for sites which will benefit from short to medium term investment and return an increased financial and non-financial outcome.

7. Financial Performance

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

7.1 Operational

For the quarter ended 31 December 2016

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Operational						RAG*
Revenue/External funding	18.9	20.6	1.7	37.7	39.4	1.7
AC funding	17.9	14.0	(3.9)	37.0	32.3	(4.7)
Expenditure excluding depreciation	26.6	22.7	3.9	51.9	49.0	2.9
Fair value decrease / (increase) on investment property						
Depreciation	5.6	4.4	1.2	11.2	11.0	0.2
Tax						
Net Surplus/(Deficit) After Tax	4.6	7.5	2.9	11.6	11.7	0.1

*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 \$2.9m higher than budget at the end of the second quarter.

Revenue and External funding is \$1.7m ahead of budget due to the following;

- a. \$0.3m in additional interest revenue, received from Fu Wah as interest on the hotel lease prepayment, which is scheduled for payment after practical completion of the construction project. Interest will continue to be charged and the forecast reflects \$0.7m of additional income in year.
- b. \$0.5m in additional car parking revenue
- c. \$0.3m in utility and rates recharges
- d. \$0.4m additional revenue from Wynyard Wharf fees
- e. \$0.3m additional event income from Queens Wharf
- f. \$0.3m additional property rental and maintenance income
- g. \$0.1m received from EECA for sustainability projects, and
- h. \$0.4m in additional berthage revenue, through greater occupancy at Westhaven, Viaduct and Silo Marinas.
- i. Offset by \$0.9m less recharges for property acquisitions as we have acquired less properties than budgeted.

AC funding is (\$3.9m) unfavourable compared to budget. This is due to the Madden/Packenham Street capital project being behind budgeted phasing, resulting in a slower than anticipated draw down of funding from Council.

Expenditure excluding depreciation is \$3.9m 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. \$1.1m 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. \$0.6m permanent saving in consultants cost in relation to the acquisition and disposal of properties on behalf of Auckland Council.
- d. The \$1.8m remaining is a timing difference over a number of expense categories and should be corrected by year end.

Depreciation is \$1.2m 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 December 2016

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Capital						
Expenditure	23.2	10.7	12.5	49.3	33.0	16.3
AC funding	10.0	6.0	4.0	21.1	16.4	4.7
External funding	13.2	4.7	8.5	28.2	16.6	11.6

Year to date capital spend is \$12.5m behind phased budget due to the following:

- a. AC Funded spend is \$4.0m 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 April 2017, there has been a \$2.1m timing difference in spend this year, this is expected to correct by the end of the financial year. There are a number of other projects that have been delayed in starting and due to timing a potential savings in year of \$4.7m has been forecast.
- b. External funded/commercial projects \$8.5m saving to phased budget. \$4.5m 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, \$0.3m 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. \$0.3m 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. \$1.5m 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 \$13.78m, \$1.38m above YTD budget as at 31 December 2016.
<p>2. Occupancy percentage</p> <p>For those properties available for rent:</p> <p>The rolling average over a 12 month period, of % occupancy at each month end (LTP).</p>	The average of monthly % occupancy for the year is 95% or more.		The average monthly occupancy percentage for the quarter is 98%.
<p>3. Recommended Property Disposals</p> <p>Stakeholder input is obtained prior to Council Committee approval for disposal being sought.</p> <p>List of properties recommended for disposal 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 for disposal target for 2017/18 will be agreed with Council in the 2016/17 financial period.</p>		Properties to the value of \$23.5 million have been recommended to the governing body for clearance at the end of December 2016.

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 \$55.67m have been achieved to the end of December 2016 against the target of \$50m.
5. Development Opportunities Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban regeneration combined)	At least 50 opportunities identified and assessed		Target is on track and progressing 25 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 project 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.	A Maori Responsiveness Action Plan was adopted by the Panuku Board in June 2016. The plan puts structure to work-stream ownership, priority actions and reporting for activities underway across

Key project and initiatives	Description	Progress
	<p>Panuku will be responsive to both mana whenua and other Māori in giving effect to the MRP.</p> <p>Continued input to Te Toa Takitini (led by Te Waka Angamua) where Panuku can contribute to delivery of priority projects.</p>	<p>the business. The focus being on ensuring a comprehensive approach that is embedded business-wide.</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).</p> <p>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 has continued strong positive feedback from mana whenua on the progress and evolution of the Forum overall.</p> <p>Our October Forum bedded in our high level reporting protocol, and provided governance decision-making on mana whenua input into the Transform Onehunga High Level Project Plan, and Framework Plans for Transform Manukau and Unlock Northcote.</p> <p>Other items discussed were the East West Link Board of Inquiry process, Unlock Old Papatoetoe project initiation, Queens Wharf Mooring Dolphin infrastructure update and 20 Barrowcliffe Place pilot. This is a Panuku pilot for mana whenua third sector housing consortium for affordable housing delivery in Transform Manukau.</p> <p>The monthly Forum is proposed to move to bi-monthly in the new year now that reporting and process has gained efficiency.</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</p>	<p>Panuku in the last quarter discussed with three mana whenua entities their interest and potential desired role(s) in the 20 Barrowcliffe Pilot project. Potential structures are being worked through based on interests expressed for those</p>

Key project and initiatives	Description	Progress
	<p>and opportunities to purchase properties surplus to council requirements.</p> <p>Explore any means to improve the coordination and efficient engagement with mana whenua and other Māori organisations around potential disposal properties and properties that may become available for development.</p>	<p>desiring to participate in the consortium at a partner level.</p> <p>The Maori Commercial Relationships action plan was approved at the June Board meeting. The action plan is now in implementation phase. Early advice has been provided to mana whenua for the Hobsonville Airfields development and the Old Papatoetoe Tavern Lane development.</p>
<p>Recognition and celebration of Māori cultural values and heritage</p>	<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 Heritage in Panuku projects and place-activation programmes.</p> <p>This process is streamlining mana whenua conversations, providing structure to gaining content more effectively and efficiently, with strong and clear buy-in at the outset.</p> <p>Recommended content for Manukau and Northcote Framework Plans and Onehunga High Level Project Plan was confirmed in the October Forum, Takapuna Framework plan was confirmed in December. Work has begun on the Henderson HLPP and Old Papatoetoe.</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 'Tiiramarama 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	\$64	\$ 92
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history.	\$154	\$ 327
Maori koha		\$ 3	\$ 5

11. Key Local Board issues

Building and maintaining strong relationships with elected members is an essential component of our success. We put a significant amount of effort into building relationships, particularly with Local Boards over 2016, to ensure robust and smooth decision making processes that enable programme momentum. Panuku worked closely with Local Board Services to ensure a smooth transition period pre and post elections. Swearing in the new elected members provided us with an opportunity to once again highlight our purpose and work programme for the next trimester. We capitalised on this opportunity immediately post-election with a number of individual and cluster briefings to local boards. We also provided the boards with a Panuku information pack that contained relevant background material on our objectives, work programme and overall property services we provide. We continued to work with Local Board Services over November and December to prepare for the February 2017 formal induction process. Recruitment for the Engagement Team was finalised in December and as of February 2017 we will have a Senior Engagement Advisor working exclusively on a geographically focused portfolio of seven local boards. The engagement advisors are now well placed to embed themselves in relationships and communities at a reasonable level of intensity.

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

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