

Panuku Development Auckland
Quarterly Report
Quarter ended 31 December 2017

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1. Executive summary

The Quarter two report shows that Panuku is making good progress on achieving its financial and non-financial performance targets in the SOI. The company's current focus is on securing adequate funding through the LTP and other sources to implement its regeneration programme.

2. Strategic issues and focus areas

Funding of development programme

Through the Long Term Plan process, Panuku is working to ensure there is credible funding to support public good parts of regeneration in Transform and Unlock locations. An agreed way forward will be reported to the Finance Committee in March 2018. Due to funding constraints, Panuku is also investigating reinvestment across Transform and Unlock projects and options on partnering with the private sector and central government.

Central Government

Panuku will continue to support the Council in its interactions with Central Government on the issue of accelerating the increase of housing supply and usage of an Urban Development Agency (UDA) to facilitate this goal. Panuku will also continue to promote regeneration as an integral component of housing supply interventions.

3. Highlights

Key highlights are:

- The first residents to call Wynyard Quarter home began moving in from December 2017 marking a major milestone in the redevelopment of the waterfront location. Panuku has partnered with Willis Bond to deliver a total of 500 homes in Wynyard Quarter over several stages, the first of which – Wynyard Central Pavilions – is now complete. The first stage of the new precinct offers a mix of 113 residencies comprising 25 free-standing pavilions, 8 townhouses and 80 apartments with retail space on the ground floor. Willis Bond is also leading the delivery of 51 apartments at 132 Halsey, which is expected to be completed by early to mid-next year. Works will then begin on 30 Madden where construction of 90 more homes is expected to get underway around the middle of 2018.
- The first of 102 homes has been completed at the Airfields, Hobsonville Point. The property on Glidepath Road is the first completed home to be developed in the precinct by AV Jennings and designed and built by GJ Gardner.

- The reserve and playground in the new subdivision at Link Crescent in Stanmore Bay opened in October and the construction of the first homes started in January 2018. Panuku is working with McConnell Property on the Mariner Rise subdivision which will deliver 60 housing units, comprised of two, three and four-bedroom terrace and standalone homes on what was an empty site.
- Emerging food entrepreneurs in west Auckland can now apply for The Kitchen Project, a local initiative that offers affordable kitchen space for product development as well as a mentoring programme. Through the delivery of The Kitchen Project, Panuku has an opportunity to make the spaces being regenerated reflect the people that make up the communities. The programme will be piloted in Henderson and will be based out of dedicated space in the Central One building on Henderson Valley Road. The pilot intake begins in March 2018.
- Leading property executive and company director David Kennedy has been appointed to the Panuku board for a three-year term from 1 November 2017 until 31 October 2020. Mr Kennedy brings strong governance, strategic and operational experience to the board of Panuku. He is currently Chief Executive of Ngāi Tahu Property, the property development and investment arm of Ngāi Tahu Group and has had previous executive roles at the Eden Park Trust, SKYCITY Entertainment Group and St Lukes Group (Westfield NZ).
- Panuku Design and Place Director Rod Marler collected the Urban Design Award at the Auckland Property People Awards. Rod was nominated for his unique ability to articulate a vision and champion the transformation of Wynyard Quarter.

4. Future outlook

America's Cup 36

Panuku continues to support Council's discussion with Central Government on the Wynyard basin and Wynyard Point America's Cup options, including a hybrid option.

For the Council approved Wynyard basin option agreed in December 2017, a significant milestone was achieved with the lodgement of two resource consents on 15th January 2018, one for the base infrastructure, and the second for the relocation of the Sealink Ferry and Fishing fleet. A public notification period commences on 30th January in which parties will be able to make submissions. It is anticipated that Council processing is scheduled to be completed by April with the consent then being lodged with the Environment Court, commencing the hearing process. The Court has indicated a decision late July, early August allowing construction to commence.



Council and Panuku are continuing to work with the Crown on a solution to provide a world class America's Cup village.





Panuku and the DPO are also working to develop a procurement strategy for the coordinated delivery of Council's waterfront projects in the City Centre and Downtown areas prior to the AC36 event. These projects are in addition to the AC36 base

infrastructure, include the Queens Wharf Dolphin; the Quay St seawall; the new Queens Basin ferry infrastructure and the new public space to be created between Queens and Princes Wharves.


5. Key deliverables

The key projects currently being delivered are:

Deliverable	\$'000 YTD CAPEX/ OPEX Actual	Completed/ carry over to next quarter/ deferred	Status	Comments
TRANSFORM				
<i>Transform Manukau</i>	\$435k (OPEX) \$62.7k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> • 20 Barrowcliffe: the Panuku Board agreed to progress development agreements to enable the site to be developed for over 200 homes, the majority of which will be affordable. • Putney Way: Auckland Transport commenced the tender process for street works on behalf of Panuku. This will improve public amenity through widen footpaths , street furniture and tree planting. • Regular place activation activities have continued both in Karoro Place as well as around events such as the Puhinui Challenge. • Agreement has been reached with Manukau DHB regarding extending public access along the Puhinui stream to enhance community activity and connection to a green network.
<i>Transform Onehunga</i>	\$368k (OPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Negotiations are continuing regarding the development of a carpark site adjacent to Dressmart. This may include a public space upgrade.

Transform Wynyard Quarter – (Public Projects)	\$2,632k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> • Council and Central Government continue discussions on the America's cup option. The timing of the decision will have a significant impact on the completion of the project in time for the event. • Auckland Council agreed in December 2017 for the Wynyard Basin option as the location of the America's Cup Base. Resource consent was lodged in January 2018 and open for public submissions. • Skypath enabling works: Design of the Curran Street sewer line upgrade is complete and will go out to Tender in February 2018. The seawall upgrade detailed design underway. • The Queens Wharf Dolphin was approved by Council in December 2017; delivery is likely to be as part of the Central Wharves work programme. • Public Art Plan: Work has progressed with Auckland Council public art team on the delivery of the first tranche of sites along Madden and Daldy. • Madden and Pakenham Street upgrade: Completed January 2018.
Transform Wynyard Quarter – (Capital Projects)	\$1,791k	carry over to next quarter		<ul style="list-style-type: none"> • Precinct Stage 1 office buildings : Final Project Completion was achieved 31 August 2017. Panuku is expecting a profit payment in March 2018.
UNLOCK				
Panmure – Town Centre	\$176k (OPEX)	Carry over to next quarter		<ul style="list-style-type: none"> • Work continues on High level project plan (HLPP) and programme business case for Panmure Town Centre.
Takapuna	\$184k (OPEX) \$37k	carry over to next quarter		<ul style="list-style-type: none"> • The recommendation of the Hearings Panel to change the use of 40 Anzac Street for mixed use development (including a town

	(CAPEX)			square) was presented for approval at the November 2017 Planning Committee meeting. The committee deferred the decision to enable Panuku to consult further with the Local Board on how this project can proceed. A report is expected back to the Planning Committee by March 2018.
Hobsonville	\$2,916k (CAPEX)	carry over to next quarter	●	<ul style="list-style-type: none"> • AV Jennings (Stage 1 – 102 dwellings) Three of the seven Superlots settled in December 2017 - earlier than originally anticipated. • Avanda (Stage 2 – 510 dwellings): Tier 1 Roads (Wallace Road / Waka Moana Drive / Commanders Avenue) - commenced construction in December 2017.
Northcote	\$498k (OPEX) \$13.2M (Total SDF spend on ground leases)	carry over to next quarter	●	<ul style="list-style-type: none"> • The Masterplan / Reference Design Guide for the Awataha Greenway is complete and has been endorsed by the Local Board (December 2017). • The refresh of the Northcote town centre masterplan is also complete. • Negotiations for the acquisition of strategic leasehold interests in the town centre are ongoing. Eight ground leases out of thirty two have been acquired.
Ormiston Town Centre <i>(Partner: Todd Property)</i>	\$85k (CAPEX)	carry over to next quarter	●	<p>Ormiston Town Centre</p> <ul style="list-style-type: none"> - Residential Block Stages 1A to 3C completed (63 housing units). - Residential (66 housing units) and Medical Block (Block E) – commencement of residential construction February 2018 <p>66 Flat Bush School Road</p> <ul style="list-style-type: none"> - Todd has settled on Stage 1 December 2017.

				(There are 369 housing units for the entire site; 91 are stage 1 housing units)
Papatoetoe Town Centre	\$2,047k (CAPEX)	carry over to next quarter		<ul style="list-style-type: none"> The Shopping Mall refurbishment Stage 1 was completed in December. The Pharmacy, which is the first tenancy in the refurbished mall, is now open.

5.1 Key deliverables for next quarter

Deliverable	Comments
TRANSFORM	
Transform Manukau	<ul style="list-style-type: none"> Barrowcliffe affordable housing development to get underway with the earthworks. Conclude discussions with Scentre Group that enables the redevelopment of the existing shopping mall. Work closely with the Crown on how it may support Transform Manukau and develop Kiwibuild opportunities. Support MIT in its objective to relocate part of its campus from Otara to Manukau. Commence work on the commercial property strategy. Commence planning for the Puhinui Stream project
Transform Onehunga	<ul style="list-style-type: none"> Framework Planning and Programme Business case process is targeted for Board approval April 2018. Site adjacent to Dressmart to progress the site design and development agreement.
Transform Wynyard Quarter	<ul style="list-style-type: none"> America's Cup: <ul style="list-style-type: none"> Resource consent expected to lodge at Environment Court April 2018 Major physical works are expected to start July 2018 Contractor appointment will be underway in order to meet construction timeframes and procurement options are being worked through with Council Await final decision from government. Willis Bond Stage 1 – Wynyard Central (Site East 2): The apartments and townhouses are expecting to reach completion in March 2018.

	<ul style="list-style-type: none"> • Vos Shed: Building consent expected in April 2018 followed by construction. • Promenade Stage 2 – Westhaven Marina Walkway: Resource Consent submission is scheduled for March 2018. • Westhaven Marine Village: The leasing campaign concludes in February 2018 and amendment to the resource consent to be progressed. • Wynyard Central East-West Pedestrian Street: The anticipated completion is June 2018. • Fu Wah / Park Hyatt Hotel: Construction progressing with steel structure almost complete. Practical completion expected in March 2019.
<i>Transform Tamaki – Panmure Town Centre</i>	<ul style="list-style-type: none"> • Panmure HLPP to be presented to the Panuku Board to seek approval February 2018. • Panmure HLPP to be presented at the Finance & Performance Committee and Planning Committee in March 2018. • Panmure Programme Business Case to be presented to the Panuku Board to seek approval April 2018.
UNLOCK	
<i>Takapuna</i>	<ul style="list-style-type: none"> • 40 Anzac Street: The hearings panel recommendation on the change of use will be re-presented to the Planning Committee in March 2018. A decision in favour is required to advance this project.
<i>Hobsonville – Airfields</i>	<ul style="list-style-type: none"> • We are investigating a mixed use development on the balance of the Hobsonville site (10 ha). • Continue construction of key infrastructure (Roads in the Avanda and mixed use area) to enable further subdivision.
<i>Northcote</i>	<ul style="list-style-type: none"> • The Town Centre Design Guide and reference design for first super lot is to commence this quarter. • Continue with acquisition of strategic leasehold interests in the town centre.
<i>Ormiston Town Centre</i> <i>(Partner: Todd Property)</i>	<p>Ormiston Town Centre</p> <ul style="list-style-type: none"> - Residential Block (Block HL) Civil works underway started April 17, with estimated completion in 2018. - Town Centre Block (Block F&J) estimated settlement date mid-2018. (This is the main retail block for Ormiston Town Centre. It does not have a residential component.)
<i>Papatoetoe Town Centre</i>	<ul style="list-style-type: none"> • The Shopping Mall refurbishment - Stage 2 completion is due in May 2018 (Two remaining tenancies).

	<ul style="list-style-type: none"> • Foodstuffs are expecting to start supermarket construction April 18. • Wallace Road carpark construction start April 18 in line with the supermarket redevelopment.
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6. Development budget and Strategic Development Fund

6.1 Development budget

Annually council approves a 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 2017/18 budget has been split between \$7.3m for operational expenditure (includes inflation) and \$4.0m for capital expenditure.

\$000	Full year Budget	Forecast	*Committed to projects	Actual Expenditure	
Development Expenditure					RAG *
Development capital expenditure	3,987	2,995	2,995	370	
Development operating expenditure	7,344	6,991	7,321	2,162	

The committed capital expenditure of \$3.0m relates to value add activities for 16 projects. These include site decontamination, building demolition, subdivision, preliminary design, vendor due diligence and infrastructure such as water reticulation. The under spend to date mainly relates to the carpark project in Avondale (\$1.5m) expecting to start late 2018 and Unlock Takapuna (\$1m) starting in March 2018.

Committed operating expenditure to date relates to 26 projects and includes High Level Project Plans and Framework plan work not capitalised.

6.2 Strategic Development Fund

\$000	Cumulative SDF spend to date	Full year Budget	Actual YTD	Comments	
Strategic Development Fund (SDF)					RAG *
Development capital expenditure	48,400	36,764	14,227	The Panuku Board approved the acquisition of strategic properties and sites in Northcote, Avondale and	

				Onehunga that will contribute to the activation of the areas and support regeneration of the town centres.	
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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 both financial and non-financial outcomes.

7. Financial performance

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

7.1 Operational

For the quarter ended 31 December 2017

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Operational						RAG*
Revenue/External funding	19.2	18.6	(0.6)	38.4	36.4	(2.0)
AC funding	17.7	11.5	(6.2)	44.1	36.9	(7.2)
Expenditure excluding depreciation	26.0	21.9	4.1	50.8	46.6	4.2
Fair value decrease / (increase) on investment property	-	(5.2)	5.2	-	5.2	5.2
Depreciation	5.6	3.9	1.7	11.1	8.3	2.8
Tax	-	-	-	-	-	-
Net Surplus/(Deficit) After Tax	5.3	9.5	4.2	20.6	23.6	3.0

*RAG Status:

- Green** - Performance on target or better
- Amber** - Target may not be met, corrective action taken

Red - Target may not be met, action required

The Net Surplus After Tax is \$4.2m higher than budget year to date.

Revenue and External funding was (\$0.6m) behind budget due to the following;

- a. (\$1.5m) less in recharges of Panuku staff to capital budgets, acquisitions and disposals of Council properties and development opportunities. This is linked to reduced acquisition and disposal costs and capital projects being behind timetable.
- b. Marina income is ahead of budget \$0.4m due to additional occupancy and an increase in rates.
- c. Release of a 2015 revenue provision and Maritime Museum revenue to fund capital project at Hobson Wharf \$0.5m

AC funding is (\$6.2m) unfavourable compared to budget. This is due to a number of public outcome capital projects being behind budget resulting in a slower than anticipated draw down of funding from Council.

Expenditure excluding depreciation is \$4.1m favourable compared to budget due to the following;

- a. \$1.8m saving in interest expense, Council undertook a debt for equity swap in June 2017, this was not reflected in the budget. At this stage of the year interest has been reforecast close to zero.
- b. \$0.3m saving in consultancy cost, this is a timing difference and will be corrected by year end.
- c. \$0.8m saving in people costs, there are a number of vacancies that have either been recruited in the last month or there is still ongoing recruitment. The current saving is expected to be held until year end.
- d. \$0.8m saving in repairs and maintenance costs, this is a timing difference and will be corrected by year end
- e. \$0.6m saving in marketing and communications, this is a timing difference and will be corrected by year end.
- f. (\$0.2m) additional electricity expense at the Silo Marina, additional recoveries revenue will offset this.

Depreciation is \$1.7m favourable compared to budget; this is due to slower than anticipated delivery of capital projects from both the prior and current years. The current trend is forecast to continue with \$2.8m saving by year end.

7.2 Capital

For the quarter ended 30 September 2017

\$'m	Budget YTD	Actuals YTD	Variance YTD	Full year budget	Full year forecast	Variance
Capital						
Expenditure	13.2	4.4	8.8	43.4	23.5	19.9

AC funding	8.9	2.6	6.3	26.2	14.3	11.9
External funding	4.3	1.8	2.5	17.2	9.2	8.0

Year to date capital spend was \$8.8m behind budget due to the following:

- a. Madden and Pakenham street upgrade is practically complete resulting in a saving of \$2.6m. Sky Path Landing related works are \$0.9m, Central Park (Panuku contribution to a Healthy Waters Pumping Station in the Wynyard Quarter) \$0.9m behind phased budget and currently forecast to be on budget by year end, replacement of the Karanga Kiosk construction underway and a \$0.3m timing difference will be corrected this quarter. Public space renewals \$0.9m under budget spent year to date.

Other points to note are the Tiramarama Way project which started construction in September 2017 and has been progressing well. Its cost reforecast is expecting a saving of \$0.5m.

There are a number of projects which are still in the pre resource consent stage where savings are now forecast in the year as construction is either expected to start towards the end of the last quarter or in the next financial year. They include the Promenade Stage 2 \$3.8m saving in year and cruise ship infrastructure (The Dolphin) \$2.6m. Public space renewals are forecast to be \$1.2m under spent in year, there are a number of other smaller projects which are underway and will not be completed until the new financial year \$1.4m.






- b. External funded/commercial projects is currently \$2.5m behind phased budget. \$1.4m is in relation to Contamination costs paid to Development Partners in the Wynyard central sites (Willis Bond, Fu Wah and Precinct). These payments are made when requested by the developer after decontamination work is completed and depend on the construction progress on their sites. Due to construction programmes being delayed we expect there to be a \$0.7m under spend in year.

Vos Shed restoration \$0.3m, this project will now get underway in the next quarter as the Heritage funds were released to Panuku in October 2017 to complete stage 1. This project will continue into FY 18/19 with \$0.7m expected to be unspent in year.

The Pile Mooring redevelopment project will apply for resource consent in March 2018, but this process is expected to be extensive and \$1.3m of costs are forecast to be deferred to FY 18/19. The Westhaven Marine Village project is delayed as we are working with a realtor to confirm 50% tenancy pre-let prior to construction starting. We forecast construction will start in June with a \$4.0m deferral to FY 18/19.

8. Key performance measures

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

Measure	Year-end target	Achieved? (RAG Status)	Last Actual
13. Written evidence that opportunities have been identified and assessed, to be progressed or not.	At least 100 opportunities identified and assessed		151 opportunities have been assessed to date.
14. The net surplus on the property portfolio achieves the annual budget agreed with Council.	Net Surplus achieves budget for 2017/18		A net surplus of \$13.9 million was achieved to the end of December 2017 (\$2.4m ahead of YTD budget).
16. For those properties available for rent: The rolling average over a 12 month period, of % occupancy at each month end (LTP).	The average of monthly % occupancy for the year is 95% or more.		Achieved 97% occupancy at the end of December 2017 (against target 95%).
19. List of properties recommended for disposal submitted to Council. The disposal target for the next financial period will be agreed with Council in the current financial period.	A list of recommended properties with a total value agreed by the Board the prior year totalling \$60 million gross value will be submitted to Council seeking approval to dispose for 2017/18 financial period.		\$28 million of recommended properties have been presented to date (on track to meet annual target).
20. Achieve total forecast net sales for the financial year through unconditional agreements.	Meet or exceed financial forecast Property disposal target of \$100 million (net value of unconditional sales).		\$84 million net property disposals have been achieved against the target of \$100 million. (Ahead of YTD budget)

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
1. Achieve ten key deliverables in the Board approved Master programme.	Master programme deliverables completed within the Board approved timeline.	Annual Target
2. Number of net new dwelling units is calculated in accordance with agreed criteria.	Projected number of net new dwelling units is approved by the Board at least annually.	Annual Target
3. Development agreements are submitted to the Panuku Chief Executive, Board and/or Council for approval	Three year target Twenty six development agreements with partners including community housing organisations to be entered into.	Annual Target
4. On completion of the project or each key stage of the project, the project achieves the financial and non-financial outturn in the business cases. (Housing and urban regeneration combined)	All projects completed this year achieve business case financial and non-financial outturn	Annual Target
5. Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP)	75%	Annual Target
6. Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP)	73%	Annual Target
7. Percentage of attendees surveyed satisfied with key Waterfront place programmes and activities	84%	Annual Target
8. Number of event days per year at the Waterfront	350 days	Annual Target
9. Number of visitors per year at the Waterfront	1.9 million	Annual Target
10. Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	74%	Annual Target
11. Number of significant Māori initiatives implemented or active per annum (LTP)	47	Annual Target
12. % Mana whenua groups satisfied with quality of engagement	Maintain or Improve	Annual Target

Measure	Year-end target	Last Actual
15. 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
17. Maintain or improve the baseline established at the end of the 2012/13 financial year. ROI on properties on a like for like basis (LTP). Panuku is committed to continuously review and improve the ROI target over the term of the SOI.	Greater than or equal to 2.2%	Annual Target
18. Return on Equity on commercial assets and services (LTP) at Waterfront.	8.4%	Annual Target
21. Acquisitions are delivered within the timeline agreed with Auckland Council.	80% satisfaction against agreed service performance measure	Annual Target

10. Contribution to Māori outcomes

The table below shows Panuku's progress on SOI projects and initiatives contributing to Māori outcomes.

Key project and initiatives	Description	Progress
1. Achieving better outcomes for and with Māori	<p>Support and develop initiatives which create strong relationships with Māori, including engagement opportunities through governance forums and with kaitiaki.</p> <p>Include KPIs and appropriate measures to identify progress across the organisation in delivering positive outcomes for Māori.</p> <p>Undertake engagement with Māori to increase understanding of priority outcomes, agree shared strategic objectives, and develop a way forward.</p>	<p>Panuku is implementing a range of improvements to our engagement approach with Mana Whenua.</p> <p>In addition to the engagement review, relationship managers and an SLT representative have been appointed to each individual Mana Whenua entity.</p> <p>Work on the Māori outcomes framework has been initiated with the involvement of nominated Mana Whenua representatives. This work will identify priority outcomes and how these can be progressed in partnership with Mana Whenua and</p>

Key project and initiatives	Description	Progress
		<p>Panuku, and will include measures to identify progress.</p> <p>Several Mana Whenua entities have indicated strong interest in developing MOUs to formalise their relationship with Panuku. The organisation currently has MOUs with three Mana Whenua entities.</p> <p>Panuku is leading preparation and lodgement of resource consent applications for the America's Cup base location, the Westhaven pile mooring reclamation and the cruise ship dolphin. Some Mana Whenua representatives have requested a 'combined' approach to the consents that ensures better use of time and resources - an engagement approach is being developed to facilitate this request.</p>
2. Enabling Māori commercial development opportunities	<p>Understand and develop the spectrum of Māori commercial development opportunities available across the organisation.</p> <p>Working in partnership with Māori to enable investment in commercial and housing opportunities.</p>	<p>The Barrowcliffe development in Manukau is progressing positively with one Mana Whenua entity successful with their proposal for a superlot development. The development agreement is to be finalised.</p> <p>A draft development agreement for the Tavern Lane site in Old Papatoetoe has been issued subject to commercial conditions being finalised. This development proposal involves a Mana Whenua entity and a mataawaka agency.</p>
3. Celebrating the Māori cultural footprint in design, the	<p>Facilitate Māori identity innovations through priority location and public realm projects.</p>	<p>The Priority Location programmes offer a number of opportunities to incorporate Māori identity in public realm projects. Panuku currently has</p>

Key project and initiatives	Description	Progress
<p>natural and urban environment, and broader social outcomes</p>	<p>Foster Māori identity and te reo Māori through initiatives such as naming new streets, laneways, buildings, signage, communications, art and landscaping.</p> <p>Placemaking will work from a kaupapa Māori foundation to deliver positive outcomes for Māori across the region.</p>	<p>either commissioned or will be shortly commissioning appropriate consultants to work with Mana Whenua on development concepts.</p> <p>Placemaking are initiating a rangatahi based programme which will focus on building the visible cultural identity from a youth focus. The purpose of this programme would be to grow the capability of both Panuku and rangatahi to work collaboratively in the uplifting and creation of meaningful places, to develop leadership skills, and to explore opportunities by connecting and learning in shared learning environment through tikanga, reo and kawa. This work is in conjunction with the creation of Placemaking Values for Panuku, which draw directly from Matauranga Maori and Mana Whenua values and knowledge.</p> <p>Opportunities around the council whānau City Centre and Waterfront projects are of high interest to Mana Whenua, and present a range of opportunities to showcase the Māori identity of Tāmaki Makaurau. Discussions are currently focused on the America's Cup legacy opportunities and the resource consenting for the AC36 base locations. The Māori outcomes framework which will be developed by council with the Kaitiaki Forum provides a significant base for identifying initiatives.</p>

Initiative	How it contributes to Maori outcomes	Spend to date \$000	Full Year Budget \$000
Maori engagement	Improves public space and activities through input from Iwi	\$32	\$ 93
Maori technical/specialist advice	Ensures that public spaces and developments respect and reflect Maori culture and history	\$255	\$ 341
Development Projects	Maori related expenditure spent on Panuku's development projects	\$41	
Maori koha		-	\$ 5
Commercial Advisory Fund		-	\$100
Total		\$328	\$539

11. Key Local Board issues

Decision mapping project

As previously reported some issues have been raised about the local board decision-making role in our transform and unlock locations. Following a number of cross council workshops in 2017 it was agreed that whilst the decision-making roles are clear we need to agree and embed a best practice process into the Panuku project management framework to ensure that local board and governing body input and decision-making is sought at the right time. There is a collective acknowledgment and willingness between Panuku and Local Board Services to develop a common and agreed understanding of how Auckland Council elected representatives will be involved in the planning and delivery of transform and unlock locations. A cross council project team will work together to refine a best practice approach to provide certainty to staff and governors that the necessary touch points for local board and governing body input and decision-making will take place. We are confident that our relationships with local boards and governing body will be enhanced once this process is embedded into our project management framework. The project is anticipated to commence in March 2018.

Health and Safety

Sometimes our front line staff have to deal with important and emotionally charged issues like asset sales and community change. Sometimes these contentious issues means our staff are subjected to inappropriate treatment from local board members or the public. We have taken steps to ensure that staff are supported when they are made to feel unsafe, threatened or abused. As always we want to work

collaboratively with the public and local boards to work constructively on important issues such as clarifying our role in asset sales.

Asset sales

The majority of Panuku engagement with local boards across the region is focused on the disposal of assets within their areas without a strategic regeneration plan. Predominantly, this is perceived as a negative interaction as Local Boards do not wish to lose their assets and Panuku is often seen as the cause of this asset loss. The issue seems to be even more acute as we head into the LTP consultation process coupled with the reality that as the asset sales pipeline runs dry we can expect to face more and more opposition from local boards to divest a shrinking pool of land. In addition to asset sales, Panuku is heading into regeneration implementation across a significant number of areas. As intensity increases we can expect much more critical public and media commentary. Even where local boards have been positive to date, we can expect more debate on the scale and implications of regeneration. We are proactively working on a number of measures to mitigate this issue, including:

- Focused sessions with local board members to understand their views.
- Collaborating with the local board services lead team to look at possible refinement of some of our processes.

12. Risk management

Quarter two 2017/18 has seen the approvals of the Risk Management Framework and the Crisis and Business Continuity Plan, by the Senior Leadership Team, the Audit and risk Committee and the Board of the Panuku Development Auckland. These will be rolled out within the directorates during Quarter 3 to embed better risk management practices.

More emphasis is being given to directorate business objectives and the associated risks to achieve the targeted directorate outcomes. Good input has been received by all teams in completing the individual directorate risk registers with key risks identified across the teams.

Programme and project risk management is maturing well with project managers participating in regular risk workshops and actively managing risks with their teams. This will continue to improve as project teams become more familiar in embedding risk management into business as usual.

Key Risk Movements

The last quarter has seen a softening in the Auckland property market through measures by the government to ease housing affordability and housing shortage. If

the market softens there is a risk to the market values of the land holdings Panuku is looking to redevelop which may negatively impact the timing of the redevelopments and regeneration.

The America's Cup (AC36) programme is a developing priority; procurement aspects are being finalised and delivery models progressed (alliance model). Awareness of the interdependencies among the council family are critical to ensure programme and project risks are carefully managed.

Cyber security is a continual threat to the Council and Panuku's ICT systems that could cause a loss of confidential data. This risk is managed by using ICT security firewalls, technical safeguards and having a ICT Disaster Recovery Plan.

Panuku Development Auckland has received increased media coverage over the last quarter and this is likely to increase as the America's Cup programme sees the infrastructure physical works programme commence.