

# Panuku Development Auckland

Quarter 3 Performance Report

For the period ending 31 March 2021

# Panuku Q3 summary

## Highlights

Overall Panuku is making steady progress to achieving its SOI performance targets and programme deliverables.

### Development agreement progress:

- Panuku entered into a development agreement with Malaysian Resources Corporation Berhad (MRCB) on behalf of the council to construct a mixed-use building over the Āotea Station upon the City Rail Link completion.
- Ormiston town centre opened on 25 March.
- Sale of a site at Flatbush School Road to enable building of over 160 new homes.
- Sale of a site at Handley Avenue, Narrowneck, to a local developer to deliver high quality homes. The site was previously part of the Haumaru Housing portfolio. Revenue will be recycled into the Haumaru development programme.

### Physical projects completed/ key milestones met:

- A concept design is underway for the Avondale Community Centre and Town Square. Panuku is working closely with Auckland Council ahead of community consultation in April / May 2021.
- Tiramarama way is a link from Halsey to Daldy streets. Stage 2-phase 1 was completed in January 2021. This completes the connection from Daldy Street through to Beaumont Street, enabling easy pedestrian access through the precinct.
- Innovative Streets for People (ISFP) funded by Waka Kotahi, a joint project with Auckland Transport is progressing well across all four locations in Takapuna, Henderson, Pukekohe and Manukau.
- Maungakiekie-Tāmaki Local board approved the Clifton Court streetscape concept designs in March 2021.
- In Takapuna, the resource consent for the town square will be lodged in April 2021.
- In Manukau, construction began on the new Wiri playground and Barrowcliffe Pond shared path.

### America's Cup 36:

- Following a successful AC36, hosted across Panuku's waterfront public spaces. Panuku is developing a transitional use strategy to address interim use and activation of the bases while retaining flexibility for future events.

### Property Portfolio results:

- Surplus for the quarter is \$12.8 million ahead of YTD budget (actual surplus of \$30.1 million against YTD budget of \$17.3 million).

### SOI targets progress:

- General asset sales of \$91.4 million have been achieved to date, ahead of the \$72m 3-year SOI target.
- This year to date, we have sold 13 properties for a value of \$37.1 million.
- Properties recommended for sale targets have been met.
- Panuku has achieved 36 out of 40 significant Māori initiatives in the 2020-2021 financial year as part of the SOI target. Highlights include the numerous whakawātea with our mana whenua partners to celebrate significant milestones to build the stage for the 2021 America's Cup.
- Good progress made on other SOI targets.

## Financials (\$million)

	Actual	Budget	Actual vs Budget
Capital delivery	51.0	66.2	↓ 15.2
Strategic Development Fund (revolving credit facility)	5.7	11.2	↓ 5.5
Direct revenue*	52.1	50.8	↑ 1.3
Direct expenditure*	49.9	62.1	↑ 12.2
Net direct expenditure	2.20	(11.3)	↑ 13.5

## Financial Commentary

### Capital delivery:

Capital spend is \$15.2m unfavourable compared to budget and forecast to achieve 93% of budget by year end. The largest variances include:

- \$5.2m of contamination payments to Waterfront development partners delayed by slower pre-leasing in the property market.
- a delay of \$1.1m on the pile mooring redevelopment at Westhaven Marina due to equipment repairs by the contractor.
- acquisition of \$2.0m in Avondale delayed by Public Works Act (PWA) process
- \$3.2m delay in renewals with a number of projects starting in quarter four.
- \$3.6m relates to timing issues across other locations.

The strategic development fund (SDF) is a credit facility available to us to take advantage of any acquisition opportunities for town centre regeneration outcomes. The fund is being used this year to purchase properties in Northcote Town Centre. While there is a delay as we work through a PWA process on a number of properties, leading to a variance of \$5.1m to date, we are forecasting a further \$4.0m spend in year.

### Direct revenue:

Direct revenue for the year is \$1.3m favourable compared to budget. Most of the variance relates to COVID-19 related assumptions for reduced income, which have not fully materialised.

**Direct expenditure:** Direct expenditure is \$12.2m favourable compared to budget, \$2.1m due to staff cost savings and delayed recruitment. Spend in Priority Locations is behind phased budget by \$3.1m due to the impact of the August COVID-19 lockdown on placemaking activities, coupled with less spending in other areas. To date there has been a \$4.2m decrease in marina expenditure due to the COVID-19 impact on the America's Cup regatta. At this stage 50% of the savings made to date will be held until year end.

\*Direct revenue and expenditure are made up of Panuku and managed council property portfolio

## Issues & risks

- Long term funding to deliver future programmes will be addressed in the new LTP process.
- Uncertainty and potential corrections in the residential and commercial property markets will be managed via the market strategy.
- Staff retention is managed via people strategy.
- Effective stakeholder and partnerships are managed through clear communication and addressing issues/ feedback.
- Attract partners with ability and capacity to meet Panuku outcomes through active engagement with development partners.
- Risks associated with third party legal proceedings impacting on programme delivery are actively managed.
- We will continue to manage the impact of COVID-19 lockdowns using our business continuity plans.

Key performance indicators <i>(Refer to pg. 17 for complete list)</i>	Previous Year	FY 21 Quarter 3		Status	Commentary
		Actual	Target		
Achieve total forecast net sales for the financial year through unconditional agreements. Annual actual asset sales may fluctuate between years. (LTP).	Net sales of \$9.9 million for the financial year.  \$54.34 million achieved to date of the 3-year target.	\$91.4 million achieved to date of the 3-year target	Achieve the \$24m of asset sales approved by the Panuku Board in addition to the past agreed LTP target and achieve the balance of the three-year LTP asset sales target set at \$72m.	Met Target	This year to date, we have sold 13 properties for a value of \$37.1 million.
Achieve total board approved budgeted Transform and Unlock net sales for the financial year through unconditional agreements.	New performance measure	Progressing	Meet \$39m Transform and Unlock annual unconditional sales approved by the Panuku Board.	On Track	There are no Transform and Unlock asset sales this quarter. We are continuing to progress several significant sales in quarter four.
List of properties recommended for disposal submitted to the council. The disposal target for the next financial period will be agreed with the council in the current financial period.	\$20 million	\$83.9 million achieved to date of the 2-year target	A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021	Met Target	This year to date, 84 properties with a capital value of \$63.9 million were approved for sale by the council.

Capital project milestones approved by the board achieved.	New performance measure	Progressing	Achieve 80 per cent or more of project milestones for significant capital projects (as set out in SOI).	On Track	Eight out of 17 project milestone targets have been completed year to date.  Two project milestones have been reset due to dependencies. The Onehunga Wharf Plan change will be completed after LTP consultation and taking the Northcote sites to the market will be carried out after completion of property acquisitions.
The net surplus on the property portfolio achieves the annual budget agreed with the council.	Net surplus is \$8.2 million ahead of budget (actual surplus of \$38.9 million against budget of \$30.7 million).	Net surplus for the quarter is \$12.8 million ahead of YTD budget (actual surplus of \$30.1 million against YTD budget of \$17.3 million).	Net result achieves budget for 2020/21.	Met Target	The favourable variance is due to revenue being ahead of budget and better than COVID-19 assumptions.

# Strategic focus area – Programmes (Transform / Unlock)

## Key commentary

### Highlights

- Panuku provided an update to the Planning Committee on the Transform and Unlock programme at a workshop on 31 March.
- Panuku has entered into a development agreement with MRCB to construct a mixed-use building over the Āotea Station and sold sites at Flatbush School Road and Handley Ave, Narrowneck.
- Physical projects highlights include Tiramarama way stage 2-phase 1 completion; local board approval of Clifton Court streetscape concept design; Avondale Community Centre and Town Square concept design underway and construction starting on the Wiri playground and the Barrowcliffe pond shared pathway.
- Innovative Streets for People (ISFP) project is progressing well across all four locations in Takapuna, Henderson, Pukekohe and Manukau.

### Placemaking

- **Avondale** – We are working with a number of artists on a painting programme of a pavilion built by Unitec students. This has been well received by the community.
- **Henderson** – Falls car park (in the heart of Henderson): The pump track, for people to ride around on bikes, scooters and skateboards has returned and the Te Puna weekly fresh food market is also proving popular.

### Issues/Risks

- **North, Takapuna** – the possibility of public notification of the resource consent application for the town square project may hold up progress. There is a risk to the Anzac Street development (adjacent to the planned town square) due to the development partner taking longer than expected for pre-work that may cause delays in executing the development agreement.
- **Isthmus, Onehunga** – the loss of car parking due to a supermarket development may cause negative public response.  
**Panmure** – the finalisation of the development agreement with a supermarket developer is at risk and may not happen this financial year.

## Strategic context

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

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

The priority location High Level Project Plans and associated masterplans provide a roadmap for redevelopment.

Key programme	Status	Description	Outlook
<b>Waterfront</b>	<b>On track</b>	<p><b>Westhaven</b></p> <ul style="list-style-type: none"> <li>• Pile Berth Redevelopment (stage1) - land reclamation works completed</li> <li>• Auckland Harbour Bridge Park enabling works completed</li> <li>• Westhaven Marina – Redevelopment of Pier J and S completed.</li> <li>• Silo Marina optimisation completed.</li> </ul> <p><b>Wynyard Quarter</b></p> <ul style="list-style-type: none"> <li>• Tiramarama way stage 2 – a unique pedestrian link through the Wynyard Quarter</li> <li>• Madden (Ūrunga) Plaza completed</li> <li>• Amy Daldy pocket park completed</li> <li>• Quay St intersection the gateway into Eastern Viaduct from Quay St completed</li> <li>• Wynyard Quarter commercial and residential developments</li> </ul>	<ul style="list-style-type: none"> <li>• Pile Berth Redevelopment – The manufacturing of a pile berth pier has begun, and a completion date for land reclamation is expected late April 2021.</li> <li>• Auckland Harbour Bridge Park – Work continues with Watercare to coordinate and integrate designs and plans for the space. Concept plans have been issued and a business case is being finalised.</li> <li>• Westhaven Marina piers – One Westhaven pier is complete, and work on another pier will commence in coordination with the pile berth project. This work, once complete will provide a new income stream for Westhaven Marina.</li> <li>• Silo Marina Optimisation – a project to improve the use and functionality of the marina by relocating and extending existing pontoons to better accommodate larger vessels and include various utility upgrades. All works are now complete.</li> </ul> <ul style="list-style-type: none"> <li>• Tiramarama way is a link from Halsey to Daldy streets. Stage 2-phase 1 was completed in January 2021. This completes the connection from Daldy Street through to Beaumont Street, enabling easy pedestrian access through the precinct.</li> <li>• The Park Hyatt hotel development, including the Ūrunga Plaza, received its practical completion certificate on 23 February 2021.</li> <li>• Amey Daldy Park pump station artwork – work on the pumpstation mural is expected to start early April 2021 and take up to 6 weeks to complete. This pocket park was officially opened to the public in December 2020.</li> <li>• Eastern Viaduct Quay St intersection works will commence late April 2021 after the 36th America’s Cup Event has moved from the space.</li> <li>• Prepaid lease payments associated with the residential and retail developments at Wynyard Quarter have been received.</li> </ul>

Key programme	Status	Description	Outlook
<b>Waterfront</b>		<ul style="list-style-type: none"> <li>America's Cup event support and enabling activities</li> </ul>	<p><b>America's Cup 36</b></p> <ul style="list-style-type: none"> <li>The Wynyard Quarter and water spaces hosted a high level of public activity during the event. Over 187,000 patrons came through the ACE race village and an average of 355 vessels took to the water on each of the Prada Cup race days.</li> <li>Work is underway to design and procure services to assist in the work needed to remove any America's Cup infrastructure that is no longer needed in the space; including fencing, moving pontoons and associated electrical services and getting the waterfront back to business as usual. There is still uncertainty around these items as they're dependant on decisions around the future America's Cup event and possible ongoing occupation by certain teams.</li> <li>A transitional use strategy has been prepared to address interim use and activation of the bases while retaining flexibility for future events.</li> </ul>

Key programme	Status	Description	Outlook
Isthmus	On track	<p><b>Onehunga</b></p> <ul style="list-style-type: none"> <li>Plan change to enable future mixed-use development on the Onehunga wharf that connects the community back to the water and continues to support a working waterfront.</li> <li>Facilitate development of a new supermarket and approximately 1000 new homes in Onehunga.</li> </ul> <p><b>Panmure</b></p> <ul style="list-style-type: none"> <li>Clifton Court – design the public realm upgrade to create a safe and attractive laneway that can be used for local community gatherings and catalyse adjoining private landholdings to be redeveloped for homes and businesses.</li> </ul>	<ul style="list-style-type: none"> <li>Masterplanning work continues on the Onehunga Wharf including a March hui on the draft masterplan held with the Panuku Mana Whenua Forum to get feedback. This document is being readied for public consultation later this year which will support the plan change process in 2022. The timing has been affected by consultation in the new LTP.</li> <li>Negotiations continue with the developer for a supermarket development in the Waiapu Precinct along with further development of concept plans for the mixed-use area, and resolution of parking space and public realm issues.</li> <li>Works on the adjacent Municipal Precinct, a project to identify the need for a community recreation space and sustainable dwellings, are being brought forward. A brief for the optimisation of community facilities is being sought and a business case will be prepared to explore the synergy between this block and the Waiapu Precinct.</li> <li>Maungakiekie-Tāmaki Local board approval of the Clifton Court streetscape concept designs was received in March 2021. Work can now continue to finalise the design and consenting in conjunction with our key stakeholders and progress to the procurement phase. This will be the first new public works for the Unlock Panmure programme with planned construction starting early 2022.</li> </ul>



Key programme	Status	Description	Outlook
North	On Track	<p><b>Northcote</b></p> <ul style="list-style-type: none"> <li>Acquire ground leases to enable the renewal of the town centre.</li> <li>Work with council whanau to complete an assessment of the community's needs.</li> </ul> <p><b>Takapuna</b></p> <ul style="list-style-type: none"> <li>Finalise design of a new town square on part of 40 Anzac Street and 38 Hurstmere Road.</li> <li>Design and trial improvements to Huron and Northcroft streets to enhance the journey for people walking between Toka Puia to the town centre and the new public town square.</li> </ul>	<ul style="list-style-type: none"> <li>To enable the comprehensive urban renewal of Northcote, Panuku embarked on a process to acquire the 39 buildings in the town centre. These 39 buildings contain 90 businesses which would need to be managed by Panuku as the acquisitions progressed. In April 2019, Panuku agreed to use the provisions of the Public Works Act 1981 (PWA) to acquire 22 of these buildings where we had not reached a willing agreement with the current owners.  Auckland Council now owns all but four buildings in the Northcote Town Centre and Panuku is managing 86 new tenants. The last four buildings have completed the Public Works Act compulsory acquisition process, with no objections received from the current owners. A submission is being drafted for the Minister of Land Information to conclude these acquisitions.</li> <li>The action plan for the Para Kore (zero waste) project was presented to the Kaipātiki Local Board at a workshop on 24 February 2021. This was positively received by the local board. The action plan covers the period 2021-2024 and includes actions for all parties/agencies working in Northcote, including Kaipātiki Project and Kāinga Ora. This is an exciting project that aligns closely with the council's climate change strategy.</li> <li>The community needs assessment has been completed by Auckland Council and work has begun with council to understand the delivery options for the community facilities. The first workshop with the Kaipātiki Local Board on the survey findings and facility options is scheduled in April 2021.</li> <li>A workshop to discuss the future name for the Takapuna town square took place with the Devonport-Takapuna Local Board and the Panuku Mana Whenua Governance Forum on 1 March 2021. It has been agreed to have a Māori and an English name. A process is now underway to determine these names.</li> <li>The resource consent for the town square will be lodged in April 2021. We will seek approval for the consent to be non-notified as the level of public consultation that has already occurred for this project is significant and notification is not mandatory. If the application proceeds on a non-notified basis, the length of time for the consent decision process is reduced.</li> <li>Huron and Northcroft street improvements, part of the Innovative Streets for People (ISFP) projects, is progressing well for implementation late April 2021. This project is in conjunction with Auckland Transport and funded by Waka Kotahi.</li> </ul>

Key programme	Status	Description	Outlook
South	On Track	<p><b>Manukau</b></p> <ul style="list-style-type: none"> <li>• New Wiri playground to support the local community.</li> <li>• Barrowcliffe Pond Shared Pathway works completed</li> <li>• Barrowcliffe Place housing development – the land sold by Panuku with an agreed masterplan to enable building of approximately 300 new homes.</li> <li>• Design and trial improvements to enhance the journey for people walking on the streets of Manukau.</li> </ul> <p><b>Pukekohe</b></p> <ul style="list-style-type: none"> <li>• Design and trial improvements to enhance the journey for people walking on the streets of Pukekohe.</li> </ul> <p><b>Papatoetoe</b></p> <ul style="list-style-type: none"> <li>• Facilitate the development of a key town centre site, 3 St George Street.</li> </ul>	<ul style="list-style-type: none"> <li>• The Wiri playground construction works started late January 2021. This new playground which has had extensive community input into its design incorporates natural and cultural play elements.</li> <li>• The Barrowcliffe pond shared path (adjacent to the Barrowcliffe bridge), providing an important link for walking and cycling, started construction in February 2021.</li> <li>• Kōtuitui Place / Barrowcliffe housing development – homes continue to be built, sold and occupied by a growing number of residents on site. Several site visits and tours have been undertaken with elected members.</li> <li>• The Manukau Innovative Streets for People (ISFP) project, in conjunction with Auckland Transport and funded by Waka Kotahi continues to progress towards implementation in mid-April 2021.</li> </ul> <ul style="list-style-type: none"> <li>• The Pukekohe Innovative Streets for People (ISFP) project, in conjunction with Auckland Transport and funded by Waka Kotahi, continues to progress with three community workshops completed and workstreams are progressing well towards implementation in April 2021.</li> </ul> <ul style="list-style-type: none"> <li>• We continue to progress negotiations with two preferred development parties on two key sites which will result in provision of new homes in Papatoetoe.</li> </ul>

Key programme	Status	Description	Outlook
West	On Track	<p><b>Avondale</b></p> <ul style="list-style-type: none"> <li>• Design a new town square – enlivening the heart of the town centre, adjacent to the new community centre to be facilitated by council.</li> <li>• Identify development partner/s to deliver a staged development of Avondale Central based on the agreed masterplan. Complete a development agreement for a key town centre site.</li> <li>• Finalise the sale of a key site, 1817 Great North Road, to facilitate high quality Homestar 6 and market / affordable housing.</li> </ul> <p><b>Henderson</b></p> <ul style="list-style-type: none"> <li>• A former Auckland Council building at 2-6 Henderson Valley road becomes a major education hub and integral to revitalisation of Henderson.</li> <li>• Design and trial improvements to Ratanui Link through to the mainstreet to enhance the journey for people walking in the area.</li> </ul>	<ul style="list-style-type: none"> <li>• A concept design is underway for the Avondale Library and Community Hub and Town Square. Panuku is working closely with Auckland Council Community Facilities to achieve an integrated, quality design outcome for both sites. Community engagement will begin in April 2021 and led by Panuku with support from the council.</li> <li>• The process for the compulsory acquisition of the final of 5 shops required for the new library and community hub has now been completed with the proclamation signed by the Minister for Land Information and the Governor-General. The property will be vested with Auckland Council following publication in the New Zealand Gazette. Final compensation for the acquisition is still to be resolved. This will not delay the project.</li> <li>• Aroha (1817 Great North Road) – Ockham and Marutūāhu have started construction on this project which will provide over 100 new homes.</li> <li>• We are proceeding with careful and innovative placemaking in Avondale. In particular, we are working with a number of artists on a programme of repainting on a monthly basis the pavilion built by Unitec students which has been constructed on the Avondale central site. It includes curation of poster art and management of events. These efforts are helping to build community interest, connection and support for our programme in Avondale, and have been well received by the community.</li> <li>• 2-6 Henderson Valley Road (Laidlaw College site) – Physical works on the new road are now complete. The Henderson-Massey Local Board has named the new road Te Ara Pūheke, a name suggested by Te Kawerau ā Maki which acknowledges the flowing of waters that will be reflected in the flowing of people through this connection point.</li> <li>• Innovative Streets for People (ISFP) project, in conjunction with Auckland Transport and funded by Waka Kotahi, trialling safety and connectivity improvements and to inform the design of the permanent Ratanui Link through the mainstreet is progressing and will be installed in April 2021.</li> </ul>

## Strategic focus area – Regional Programme

Key programme	Status	Description	Outlook
Regional	On Track	<p><b>Haumarū</b></p> <ul style="list-style-type: none"> <li>Redeveloping the next group of properties in the housing for older person portfolio following the completion of Wilsher Village in Henderson. The homes will be sustainable and accessible.</li> </ul> <p><b>Corporate property disposal</b></p> <ul style="list-style-type: none"> <li>Creating a fit-for-purpose and future-proofed corporate property network that will result in a new property portfolio that is better aligned to how council provides services to local communities. Corporate Property sets out the outcomes. Panuku leads the sales process and negotiating development outcomes.</li> </ul> <p><b>Supports</b></p> <ul style="list-style-type: none"> <li>The development of strategic sites not within the priority locations.</li> <li><b>AT/Panuku transit orientated development programme</b></li> <li><b>Optimisation programme</b></li> <li><b>Ormiston</b></li> </ul>	<ul style="list-style-type: none"> <li>16 Handley Avenue, Narrow Neck (an existing six-unit retirement village) – An agreement for a development has been reached. The developer plans to build high-quality housing on the site. Proceeds for the sale to be reinvested into Haumarū portfolio.</li> <li>4-10 Mayoral Drive, Auckland central (Bledisloe car park) – On behalf of Auckland Council, Panuku entered into a \$40 million agreement with Malaysian Resources Corporation Berhad which will construct a mixed-use over-station development above Āotea Station upon the completion of CRL.</li> <li>Flat Bush School Road sites (Lots 4 &amp; 5) was sold with a development agreement on 22 March 2021. The developer plans to build over 160 new homes.</li> <li>No significant movement/updates for these three programmes.</li> </ul>

# CCO review implementation

Panuku is committed to implementing the recommendations of the CCO Review Panel, working with the council group to strengthen the model and improve accountability and culture. Of the 64 recommendations, there are seven specific to Panuku, some that relate to how we work with specific CCOs like Auckland Transport, and many others that relate to the whole council group.

## Q3 implementation progress

Both Auckland Transport and Panuku share an important joint commitment to progressing more intensive development and urban regeneration outcomes around transport nodes across Auckland. A fundamental purpose of the investment being made by Auckland Council and the government in public and active transport networks is to support the vision for a more compact city, enabled by the Auckland Unitary Plan. The outcomes we deliver are dependent upon how our two organisations work effectively together and this is now a focus of a programme of work.

In March, a discovery workshop of cross-functional leaders from Panuku and Auckland Transport explored how to align and collaborate better to design and deliver more efficient, effective and successful outcomes for our stakeholders, communities and Tamaki Makaurau. The Executive Leadership Teams also met to explore the relationship between the two organisations and identify opportunities and challenges. There is a commitment to lift both the speed and scale of our work to promote transport-oriented urban regeneration over the next few years. While both organisations have finite resources, it is clear that by working together in an improved way we can jointly achieve what neither organisation can separately.

Panuku has also provided input to the draft Statement of Expectation and other CCO review initiatives.

## Outlook

Ongoing implementation according to the council group programme. This will include a focus on alignment, joint planning, engagement and communications, a process for customer complaints and a group remuneration policy.

## Other statement of intent focus areas

### Contribution towards Māori outcomes

- The Statement of Intent requires Panuku to deliver 40 initiatives in support of Māori outcomes. Panuku is on track to deliver this outcome, having delivered 36 out of 40 outcomes for the 2020-2021 financial year.
- Panuku delivered a significant number of infrastructure projects at the end of 2020 in preparation for the 2021 America's Cup. Panuku intends to undertake a lessons learnt session with mana whenua and consider interim uses for Wynyard Point over the next eight years.
- Panuku continues to improve the way it works with mana whenua when creating development and disposal opportunities. Panuku has operated a process with mana whenua to identify commercial property opportunities. Panuku is currently in discussions with mana whenua on development sites following that process.
- In February 2021, Panuku met with mana whenua to review the implementation of the Mana Whenua Outcomes Framework. Six months into the first year, Panuku is on track to start 80 per cent of the actions.
- Panuku is creating opportunities to collaborate with mana whenua and local boards. Recently, Panuku has hosted joint meetings between mana whenua and the Devonport-Takapuna, Albert-Eden, and Waitemātā Local Boards.
- Panuku is working with mana whenua on significant plan change processes for Onehunga Wharf and Wynyard Point. These processes include the procurement of third-party technical advisors to provide mana whenua advice to participate in the work. The aspiration is to weave mana whenua views throughout the work.

### Climate change

- During Quarter three the Para Kore Zero Waste Northcote project was progressed, with support provided to our community partner Kaipātiki Project to secure a community coordinator to drive local engagement and activation. The project action plan was finalised with five focus areas identified and circulated to all stakeholders; and progress presented to mana whenua with positive feedback.
- In February, as part of our work to reduce our corporate emissions and promote employee health and wellbeing, Panuku participated in the Auckland Bike Challenge and came a close second in our category of 200-499 staff. Panuku had a significant increase in participation this year, up to 29% of staff from 22% in 2020, with 11 new riders taking part.
- In March, confirmation was received that 82 Wyndham St has maintained its 5-star NABERSNZ rating, which recognises excellent energy efficiency in our corporate accommodation.
- Climate impact memos have been produced to inform master planning for all South Auckland priority locations (Manukau, Old Papatoetoe and Pukekohe).
- In 2020 Panuku adopted the council's sustainable procurement objectives and work is ongoing to embed sustainable procurement into Panuku procurement processes and systems. This includes climate considerations into procurement for capital works and renewals.
- Implementation of the adopted Panuku Climate Change Strategy is ongoing. The strategy guides how Panuku will support the implementation of Te Tāruke-ā-Tāwhiri: Auckland's Climate Plan.

## Local board engagement

Panuku engages with local boards throughout the life cycle of projects and programmes across our priority locations and portfolio management functions. Engagement spans from seeking guidance, feedback and approvals for concept designs, approaches to consultation and optimisation projects, leases, expressions of interest, masterplans and urban regeneration projects in neighbourhoods. We also engage regularly to provide general updates on programmes and projects and to answer questions.

Our chief executive has been actively building stronger relationships with local board chairs in our priority locations.

In February, the new Panuku Board Chair introduced himself to the Local Board Chairs' Forum.

Local board engagement from January – end of March:

- 15 Local board workshops
- 3 local board business meetings
- The chief executive met with local board chairs in Manurewa, Ōtara Papatoetoe, Devonport Takapuna and Kaipātiki.

A joint Panuku and Kāinga Ora presentation to local board chairs is planned for April 2021.

# Panuku Q3 financials

## Direct operating performance

(\$ million)	Notes	FY 20	FY 21 Quarter 3 YTD			FY 21
		Actual	Actual	Budget	Variance	Budget
<b>Net direct expenditure</b>		<b>21.0</b>	<b>10.5</b>	<b>10.9</b>	<b>0.4</b>	<b>15.3</b>
<b>Direct revenue</b>		<b>15.2</b>	<b>11.5</b>	<b>15.4</b>	<b>(3.9)</b>	<b>21.0</b>
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	<b>A</b>	15.2	11.5	15.4	(3.9)	21.0
<b>Direct expenditure</b>		<b>36.2</b>	<b>22.0</b>	<b>26.3</b>	<b>4.3</b>	<b>36.3</b>
Employee benefits	<b>B</b>	29.2	18.4	20.5	2.1	28.1
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	<b>C</b>	7.0	3.6	5.8	2.2	8.2
<b>Other key operating lines</b>						
AC operating funding		21.5	10.7	10.9	0.2	15.5
AC capital funding		0	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		0.3	0.2	0.1	(0.1)	0.2
Net interest expense		0	0	0	0	0

## Financial Commentary

Overall, the operating performance of Panuku is within budget, with detailed income and expenditure variations below.

**A:** Other direct revenue is \$3.9m unfavourable compared to budget. This revenue is generated through Panuku staff charging time to council projects. As part of the emergency budget there was a reduction in staff levels, which has resulted in a reduction in the ability to generate the budgeted level of recharge and related revenue.

**B:** Employee benefits is \$2.1m favourable compared to budget year to date, this is in addition to the savings made in the emergency budget. There are a number of vacancies that have yet to be filled in year and the voluntary salary reductions have added to this saving. People savings are expected to be held until year end.

**C:** Other direct expenditure is \$2.2m favourable compared to budget. The majority of the savings to date will be held until year end.



# Managed on Behalf of Council Q3 financials



## Direct operating performance

(\$ million)	Notes	FY 20	FY 21 Quarter 3 YTD			FY 21
		Actual	Actual	Budget	Variance	Budget
<b>Net direct revenue</b>		<b>14.7</b>	<b>12.7</b>	<b>(0.4)</b>	<b>13.1</b>	<b>2.5</b>
<b>Direct revenue</b>	<b>A</b>	<b>53.6</b>	<b>40.6</b>	<b>35.4</b>	<b>5.2</b>	<b>47.6</b>
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue		53.6	40.6	35.4	5.2	47.6
<b>Direct expenditure</b>	<b>B</b>	<b>38.9</b>	<b>27.9</b>	<b>35.8</b>	<b>7.9</b>	<b>45.1</b>
Employee benefits		1.3	1.4	2.2	0.8	2.7
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		37.6	26.5	33.6	7.1	42.4
<b>Other key operating lines</b>						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		12.9	12.0	9.4	2.6	11.8
Net interest expense		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## Financial Commentary

The numbers in the table represent the Auckland Council Portfolio managed by Panuku. They exclude the net direct revenue of \$4.5m that Panuku has generated for properties managed for Auckland Transport (above budget by \$2.2m). A \$4.4m dividend has been paid to Solid Waste (Council) from the Waste Disposal Services investment, managed by Panuku.

**A:** Direct revenue is favourable compared to budget by \$5.2m. The material explanations for the variance are:

- As part of the emergency budget a \$4.3m reduction in revenue was made to take into account expected COVID-19 impacts. Only \$0.3m has been incurred to the end of the quarter compared to the \$3.7m allocated year to date.
- Unbudgeted rental increases, back payments of rent and properties held in the portfolio for longer than budgeted also added an additional \$3.3m to revenue.
- Marina income is \$1.5m unfavourable to budget due to the COVID-19 border lockdowns restricting entry to the country for superyachts.

**B:** Direct expenditure is favourable compared to budget by \$7.9m. The material variance relates to:

- Priority location operational spend is \$3.1m favourable to budget. There has been a reduction in spend on placemaking due to COVID-19 event restrictions, lock down and some planned consultation on plan changes and master planning has been delayed.
- Marina expenditure is \$4.2m favourable to budget as a result of COVID-19 impact on the America's Cup regatta, these savings will be held in year.

# Panuku Q3 performance measures

All performance indicators	Previous	FY 21 Quarter 3		Status	Commentary
	Year	Actual	Target		
Note: Panuku has a total of 7 LTP measures and 19 SOI measures.					
1. Achieve total board approved budgeted Transform and Unlock net sales for the financial year through unconditional agreements.	New performance measure	Progressing	Meet \$39m Transform and Unlock annual unconditional sales approved by the Panuku Board.	On Track	There are no Transform and Unlock asset sales this quarter. We are continuing to progress several significant sales in quarter 4.
2. Capital project milestones approved by the board achieved.	New performance measure	Progressing	Achieve 80 per cent or more of project milestones for significant capital projects (as set out in SOI).	On Track	Eight out of 17 project milestone targets have been completed year to date. Two project milestones have been reset due to dependencies. The Onehunga Wharf Plan change will be completed after LTP consultation and taking the Northcote sites to the market will be carried out after completion of property acquisitions.
3. Climate change mitigation and adaptation considered across Panuku projects. The use of Green House Gas (GHG) measurement tools will help Panuku measure and reduce the impact of its developments.	New performance measure	Progressing	Pilot the use of a tool to measure the GHG impact of new mixed use and residential development.	On Track	Avondale Library and Community Hub identified as a pilot. Panuku is working with Auckland Council Community Facilities. Additional pilot opportunities are being explored.
4. Climate change mitigation and adaptation considered across Panuku projects. This will ensure development and investment by Panuku and partners is increasingly low carbon and resilient.	New performance measure	Progressing	All masterplans completed and approved by the board in the year contains a section that considers future climate impacts, risks, vulnerabilities and responses.	On Track	Climate change input into masterplanning completed for Pukekohe, Papatoetoe, Manukau and Panmure locations.

Key performance indicators	Previous	FY 21 Quarter 3			
	Year	Actual	Target	Status	Commentary
5. Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities.	82% (At City Waterfront)	-	Maintain or improve	Not yet measured	Survey will be undertaken in the last quarter.
6. The percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre waterfront (LTP).	92%	-	80%	Not yet measured	Survey will be undertaken in the last quarter.
7. Percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year (LTP).	65%	-	73%	Not yet measured	Survey will be undertaken in the last quarter.
8. The percentage of marina customers surveyed who are satisfied with marina facilities and services (LTP).	89%	-	88%	Not yet measured	Survey will be undertaken in the last quarter.
9. The number of significant Māori initiatives implemented per annum (LTP).	64	36	40	On Track	This target was reduced from 52 to 40 initiatives due to Covid-19 impact on budget and resources for planned activities. To date we have achieved 36 initiatives.
10. % mana whenua groups satisfied with quality of engagement	33%	-	Improve	Not yet measured	Survey will be undertaken in the last quarter.

Key performance indicators	Previous	FY 21 Quarter 3		Status	Commentary
	Year	Actual	Target		
11. Written evidence that opportunities have been identified and assessed, to be progressed or not (Housing and urban redevelopment combined).	128	58	At least 100 opportunities identified and assessed.	On Track	58 site assessments have been completed to date and 125 are progressing.
12. The net surplus on the property portfolio achieves the annual budget agreed with the council.	Net surplus is \$8.2 million ahead of budget (actual surplus of \$38.9 million against budget of \$30.7 million).	Net surplus for the quarter is \$12.8 million ahead of YTD budget (actual surplus of \$30.1 million against YTD budget of \$17.3 million).	Net result achieves budget for 2020/21.	Met Target	The favourable variance is due to revenue being ahead of budget and better than COVID-19 assumptions.
13. The monthly average occupancy rate for tenable properties.	96.9%	- Commercial 94% - Residential 98%	- Commercial 85% - Residential 95%	Met Target	
14. The return on investment on like-for-like properties managed for Auckland Transport and Auckland Council (LTP).	2.37%	-	Greater than or equal to 1.75%	Not yet measured	Calculation will be undertaken at year end.
15. The return on equity on commercial assets and services (LTP).	8.78%	-	8.25%	Not yet measured	Calculation will be undertaken at year end.
16. List of properties recommended for disposal submitted to the council The disposal target for the next financial period will be agreed with the council in the current financial period.	\$20 million	\$83.9 million achieved to date of the 2-year target	A list of recommended properties with a total cumulative gross value of \$45 million for two years (2019/20 and 2020/21), will be submitted to the council seeking approval for disposal by the end of June 2021	Met Target	This year to date, 84 properties with a capital value of \$63.9 million were approved for sale by the council.

<p>17. Achieve total forecast net sales for the financial year through unconditional agreements. Annual actual asset sales may fluctuate between years. (LTP).</p>	<p>Net sales of \$9.9 million for the financial year. \$54.34 million achieved to date of the 3-year target.</p>	<p>\$91.4 million achieved to date of the 3-year target</p>	<p>Achieve the \$24m of asset sales approved by the Panuku Board in addition to the past agreed LTP target and achieve the balance of the three-year LTP asset sales target set at \$72m.</p>	<p>Met Target</p>	<p>This year to date, we have sold 13 properties for a value of \$37.1 million.</p>
<p>18. Total value of general asset sales, on average are within independent valuation threshold.</p>	<p>New performance measure</p>	<p>100%</p>	<p>The total value of properties disposed during year on average is above 90% agreed independent valuations.</p>	<p>Met Target</p>	<p>Thirteen general assets sold to date have achieved sale prices above 90% of independent valuations.</p>
<p>19. Acquisitions are delivered within the timeline agreed with Auckland Council.</p>	<p>91%</p>	<p>100%</p>	<p>80% satisfaction against agreed service performance measure</p>	<p>Met Target</p>	<p>Six acquisitions have been completed to date and delivered within agreed timeline.</p>