

Eke Panuku Development Auckland

Quarter 1 Performance Report

For the period ending 30 September 2022

This report outlines the key performance of Eke Panuku which includes regeneration of urban locations and management of Auckland Council's property assets

Eke Panuku Q1 summary

Highlights, issues & risks for the quarter

We have had a solid start to the year reflected in our Urban Regeneration and Managed Portfolio business to date and progress on significant projects planned for the year.

Key highlights for the quarter include:

- Managed Portfolio and Marina financial results are ahead of year-to-date budgets.
- Our **asset sales** for this quarter totalled **\$30.1m against a combined annual target of \$91.7m for Transform and Unlock and Asset Recycle sales**. **Significant sales include** the sale of Kotuku House, a former council building in Manukau, and a long-term commercial lease to Sealink for a new ferry terminal.
- Board approval of on the market strategies to sell council's interests in the Own Your Own Home portfolio, and sites in Devonport and Ponsonby, all previously approved for sale by council. We selected the preferred development partner for the Downtown Car Park in line with the outcomes set by the council and advanced sale of the John Lysaght building in Wynyard Quarter (125-year prepaid lease) requiring ongoing protection of the heritage and sustainability features.
- **Capital works completed** include Manukau's Wiri walking and cycling bridge, additional carparking spaces in Avondale and installation of new safety balustrade along the water's edge within Ūrunga Plaza in the Waterfront.
- Good progress has also been made on **public realm projects** including Takapuna's Waiwharariki Anzac Square (Town Square), and Manukau's Hayman Park.
- Westhaven Marina won the New Zealand Marina of the Year Award and is the first New Zealand marina to receive Gold Anchor accreditation. The **Vos Boatshed** restoration received a merit award at the recent Property Industry Awards which showcases our maritime history.
- We have completed engagement with the Pukekohe community on the **Pukekohe Masterplan**. The engagement was supported by the Franklin Local Board, gaining community support for regeneration of the town centre. In the **Waterfront**, a design consortium has been appointed to progress planning for Wynyard Point and implementation of Te Ara Tukutuku Plan that sets out our regeneration over the next 15 years.
- **Significant community events include** Haumi - a celebration of Wynyard Quarter's 11th anniversary since becoming a waterfront neighbourhood attracted over 5,000 people, and Matariki ki Uta in Manukau led by iwi and attracting major crowds.
- The board approved an update of the **Selecting Development Partners Policy**. While previous approaches have successfully delivered on strategic outcomes such as quality development and revenue, the new approach will support wider participation, innovation and revenue and provide greater clarity on commercial opportunities for mana whenua.
- We have adopted a new Health, Safety and Wellbeing Plan 2023-2025.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	13.0	19.7	↓ 6.7
Direct revenue	16.8	16.3	↑ 0.5
Direct expenditure	23.1	26.9	↓ 3.8
Net direct expenditure	6.3	10.6	↑ 4.3

Financial Commentary

Capital Delivery: YTD \$13.0m, \$6.7m less than budget due to projects phased in the first quarter that have been delayed due to an acquisition going through public works negotiation in Pukekohe. Slower phasing of costs from Waiwharariki Anzac Square which has been in construction since January 2022, this is a timing issue and will correct in the year. There are also some delays due to dependencies on our development partners in Avondale and Ormiston.

Direct revenue: A positive start to the year with direct revenue currently tracking ahead of budget, this is largely due to additional rental income being received for properties that we were able to lease for longer than planned.

Direct expenditure: is favourable to budget \$3.8m. Our largest single expense variance is rates. We expect to pay these costs when rate queries are resolved. The timing of various expenses including professional services spend and repairs and maintenance are currently tracking behind budget but are also expected to meet budget by year end.

Net direct expenditure is below budget due to current underspend in direct expenditure.

Risk and Issues:

- We are seeing deterioration of the property market including lower confidence from the private sector on land sales. This is due to significant inflation costs for construction, increasing interest rates and weaker purchaser interest in residential product given concerns over housing prices and availability of credit. A weakened property market impacts our property sale targets.
- Other risks include material supply, delays with statutory planning processes and staff availability. Timelines have had to be adjusted to accommodate frequently changing situations.
- The competitive labour market makes it hard to retain and hire skilled staff and maintain business momentum. Our people strategy, business continuity plans, partnering approach with developers and early procurement of material are some of the initiatives we are using to manage the impacts of risks and issues.
- The Human Rights Review Tribunal hearing in relation to the former Tavern Lane site development in Papatoetoe between Auckland Council/Eke Panuku and Ngai Tai Waipareira Housing concluded in June 2022. The Tribunal findings are yet to be released.

Key performance indicators	Previous	FY 23 Quarter 1		Status	Commentary
	Year	YTD Actual	FY Target		
Capital project milestones approved by the board achieved	81%	13%	Achieve 80 per cent or more of project milestones for significant capital projects	On track	Two of fifteen milestones were met this quarter, Ōtara-Papatoetoe Local Board endorsement of the Cambridge Terrace extension and carpark in Papatoetoe and local board approval of the Papatoetoe Stadium reserve upgrade.
The asset recycling target agreed with the Auckland Council	\$35m	\$23.9m	\$70m	On track	Three sales which contribute towards the asset recycling target have occurred this quarter with a cumulative value of \$23.9m.
Achieve total board approved budgeted Transform and Unlock (T&U) net sales	\$64.4m	\$6.2m	\$21.7m	On track	Two properties on the Waterfront were leased for the long term this quarter.
Annual property portfolio net operating budget result agreed with the council achieved	\$27.1m	\$2.2m	\$19.4 million	On track	At the end of the quarter good progress has been made towards the target, surplus is \$2.2m, this is \$2.1m ahead of phased budget. The reduction in FY 2022 net result target against last year is mainly due to Eke Panuku holding fewer properties in the portfolio and due to a successful disposals programme.
The monthly average occupancy rate for tenable properties	Commercial 93.4% Residential 97.9%	Commercial 93.1% Residential 98.1%	Commercial 85% Residential 95%	On track	Occupancy rates are within target. No significant movement expected in coming months.

Strategic focus area – Urban Regeneration Programmes

Key commentary

Other Urban regeneration highlights for the quarter:

- We have selected Precinct Properties as the preferred development partner for the **Downtown Car Park** redevelopment opportunity. Precinct has partnered with Ngāti Whātua Orākei on the proposal for the site, with the relationship encompassing cultural, design and commercial elements. This development will see a high-quality mixed-use development in the heart of the city centre.
- Eke Panuku became the lead agency for the city centre on 1 July at the request of the council. We have been progressing the **City Centre establishment plan** to enable the council group to work successfully together to deliver the City Centre Masterplan. This has included progressing the integrated implementation plan, establishment of key workstreams and a continued focus on the recovery plan for the city centre.
- Construction is progressing well on **Waiwharariki Anzac Square**, a place that will strengthen connections, providing a social, cultural and economic anchor in the heart of Takapuna and creating a welcoming space for the community.

Risk and Issues:

- We are working with Council, Auckland Transport and NZ Police to deal with a range of antisocial issues at the Waterfront, such as graffiti and vandalism, vehicle noise (siren vehicles) and speeding, drug and alcohol abuse, street parties, violence and safety after hours.

Strategic context

Urban regeneration:

Eke Panuku plays a role in achieving the Homes and Places and Belonging and Participation outcomes in the Auckland Plan. Eke 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 council-approved High Level Project Plans for the town centres and associated masterplans provide a roadmap for redevelopment.

Transforms, Unlocks and Regional

Areas	Status (Multi-year programme)	Financials YTD Actuals/Budget	Key deliverables for QTR
<p>Waterfront (Wynyard Central and Westhaven)</p>	<p>On track</p>	<p>\$ 3.2 m / \$ 5.5 m</p>	<p>Wynyard Quarter:</p> <ul style="list-style-type: none"> • Vos Shed Awards - The Property Industry Awards were held on 12 August and the Vos Boatshed restoration project received a merit award in the heritage and adaptive reuses category. • Te Ara Tukutuku Plan and Design Consortium - The design consortium, Toi Waihanga, has been selected and is now collaborating with mana whenua to receive input to their reverse brief on the public realm design for Wynyard Point. • Placemaking - On 2 and 3 July 2022, Matariki on the Waterfront was hosted in Silo Park. The waterfront came alive with a range of activities including, live music, kapa haka, workshops, installations and kai. Haumi - In celebration of Wynyard Quarter’s 11th anniversary as a waterfront neighbourhood, a free whānau-friendly day of entertainment, workshops and activities was organised on 6 August 2022. Haumi, which means to bind or join all together - attracted over 5,000 people down to the waterfront. • Ūrunga Plaza balustrades – For safety, the installation of the new balustrade along the water’s edge within Ūrunga Plaza has been completed. <p>Westhaven:</p> <ul style="list-style-type: none"> • Harbour Bridge Park – A project to reinvigorate Harbour Bridge Park, connect it to the Westhaven Promenade and provide additional recreational access to the water. Eke Panuku sought public feedback on the proposed upgrade of Harbour Bridge Park from July to August 2022. Feedback was largely supportive of the project. The feedback will now be considered with the design team. Any design iterations or changes and next steps will be communicated back via established channels. • World Rally Championship – the Waterfront was host to the race village and service park for the World Rally Championship (WRC). WRC Repco Rally New Zealand is set to be one of the largest sporting events in Auckland this year and will attract a significant number of international, domestic and local visitors to the region. Internationally, WRC events attract a global television viewership of more than 70 million. From 29 September to 2 October racing was held across the Auckland and Waikato regions. This event was funded and managed by Tātaki Auckland Unlimited and Eke Panuku provided the venue for the race village.

<p>Central</p> <p>(City Centre, Maungawhau and Karanga a Hape)</p>	<p>On track</p>		<ul style="list-style-type: none"> • City Centre – Our focus this quarter has been on progressing with key priorities (one team, one voice, one plan) within the establishment plan endorsed by the City Centre Steering Committee, to enable Eke Panuku and the council group to work successfully together as one within the new city centre matrix structure. This has included developing the scope, structure and programme for the development of the integrated implementation plan, recruitment of key roles (including City Centre Design lead), establishment of key workstreams aimed at aligning our communications, engagement and marketing activities and a continued focus on the recovery plan of the city centre.
<p>Isthmus</p> <p>(Onehunga & Panmure)</p>	<p>On track</p>	<p>\$ 0.3 m / \$ 1.6 m</p>	<p>Onehunga:</p> <ul style="list-style-type: none"> • Waipau Precinct encompassing public realm works, commercial and residential development sites. Design works for the public realm are progressing. We are expecting public engagement to get underway in the new year. A development agreement for the supermarket site is on track to be completed by the end of 2022. • Onehunga Wharf Masterplan and Plan Change to enable redevelopment of the wharf area. Staged development plans for the wharf have been finalised and the costs and refreshed business case that supports these plans will be completed by February 2023. <p>Panmure:</p> <ul style="list-style-type: none"> • Basin View Masterplan to enable mixed-use developments and a better visual and physical connection between the town centre main street (Queens Road) and Panmure Basin. The business case is being progressed and will be completed by December 2022. • Clifton Court public realm and streetscape upgrade – a construction contract has been entered into for these works which are expected to begin in October, for completion by end of June 2023. • Lagoon Edge Reserve Enhancement. This is a project to create an urban waterfront park adjacent to the existing Lagoon Pools as an anchor destination at one end of the proposed pedestrian and cycle link between the maunga and the basin. Public engagement on the enhancement works was well received. The concept design was endorsed by the Maungakiekie-Tāmaki Local Board in September 2022. The final design is expected to be completed by June 2023.

North
(Northcote and
Takapuna)

On track \$ 2.5 m / \$ 4.5 m

Northcote:

- **Te Ara Awataha** – This is a regenerative stream restoration and open space project that goes through the Northcote town centre and connects to the surrounding residential areas. Construction has been delayed due to weather, Covid and materials supply. We are still on track for works to be completed and the space available to the community this summer.
- **Community Hub and Cadness Reserve** – This project, in partnership with council, involves the refurbishment and extension of the Mitchell Building, currently home to the Northcote Library, into a multi-purpose community hub integrated with Cadness Reserve. A design team has been selected by the cross-council project team. Concept design work and community engagement is planned to take place over the next 6-9 months.
- **Jesse Tonar Scout Reserve upgrade** - We are working in partnership with Healthy Waters to upgrade the reserve. Works include an overland flow path and flood retention in Greenslade Reserve to enable surrounding development to proceed. Consenting and procurement of a construction team is underway with work expected to start in early 2023.

Takapuna:

- **Huron and Northcroft Streetscape** - upgrades to improve walking/cycling connection to Takapuna town centre and enhance the quality of street furniture, planting, and lighting. Concept designs are now complete, following a September workshop with the Devonport-Takapuna Local Board. Community and stakeholder engagement on the design of Northcroft Street is planned for October 2022. We are also working with Auckland Transport to align our engagement process with their Safer Speed Programme. **Huron Street** upgrade will be phased after the Northcroft upgrade to better align with the water quality upgrade works by Healthy Waters.
- The **Waiwharariki Anzac Square** will strengthen connections within Takapuna and through to the beach and create a welcoming space for the community to relax and spend time in, with space for a market and events, and provide a much-needed social, cultural, and economic anchor for Takapuna. Construction is progressing well. Works to enable the opening of the service road are expected to be completed in November 2022. The deconstruction works for the toilet block adjacent to Potters Park are almost complete and a temporary toilet block will be in place by the end of October 2022
- **Mixed use development** on Anzac Street and Hurstmere Road – Eke Panuku has sold the sites to development partner Willis Bond for development over five sites surrounding the Waiwharariki Anzac Square. Willis Bond is expecting to submit its resource consent for the first stage of the Takapuna Central development at the end of September 2022. The independent Technical Advisory Group that reviews our public realm and development projects has been very positive about the design.

South

(Manukau, Papatoetoe and Pukekohe)

On track

\$ 1.2 m / \$ 5.3 m

Manukau:

- **Osterley Way site sale** - We have sold the 1,740sqm site, currently a car park that is zoned for high-density residential and commercial uses. Our development partner is planning to deliver 123 homes. Construction is proposed to begin in March FY23 and will take approximately two years. The project is designed to meet a 6 Homestar rating. Resource consent for the development was granted in August 2022.
- **Wiri walking and cycling bridge replacement** – Construction started in May 2022 and was completed in August 2022. Planting at the site has now begun. These works will improve access, safety and observation into the reserve and create a connection between the Wiri Stream Reserve, new homes at Kōtuitui and the town centre.
- **Osterley Way and Karina Williams Way**, two key pedestrian-focused streets linking the community to Manukau town centre and the civic square. Streetscape upgrades to enhance amenity, safety and active modes of transportation are planned to start in 2024. In September 2022, the Ōtara-Papatoetoe Local Board endorsed our concept designs for these sites.
- The **Manurewa Netball Complex** opened in August 2022. A local board project, Eke Panuku contributed funding from the Transform Manukau Programme for the canopy, in recognition that this project supports the growing population in the area.

Papatoetoe:

- **St George Lane site sale** – we sold this site in May 2021 and our development partner Avant Group is planning to deliver 120 new homes by the end of 2025. Work on the first 80 homes to be built is expected to start in October 2022. The urban terraced house precinct development has been given the name Piko Toetoe. The name, meaning ‘curving toetoe grass’ is a reference to the old and the new being a new development in Old Papatoetoe.
- **Cambridge Terrace extension and car park** – The planning and design of Cambridge Terrace extension will catalyse and enable the St George Lane redevelopment opportunities. The concept design plan for the extension and car park was endorsed by the Ōtara-Papatoetoe Local Board in September 2022.
- **Cambridge Terrace site sale** -This ex- Papatoetoe Borough Council property was a works depot and for community use, generating little or no revenue. The 4,000m2 site is zoned for Town House and Apartment development. We sold the property to New Zealand Housing Foundation to build 29 new affordable homes. Resource consent for the new homes was lodged in August 2022 and demolition works have also begun.

Pukekohe:

- **Roulston Park playground and skate park upgrade** – In July 2022, the concept design for the playground and skate park upgrade was approved by the Franklin Local Board. This follows three successful community activation events held last quarter which sought feedback on how the space should be used. The project is now in detailed design phase. The concept design approval was one of our FY23 SOI capital milestone targets, which has now been met.
- The **Pukekohe masterplan** has completed community engagement. A range of spaces, tools, events and social media platforms and engagement platforms were used to gather the community input. The next step is to progress processing and compiling the feedback for consideration.

West
(Avondale and
Henderson)

On track \$1.0 m / \$2.1 m

Avondale:

- **Aroha apartments on Great North Road** - Construction has now reached its full height and appears to be on-track for completion in February 2023. Delivering 117 new homes to the area of which 47 homes are Kiwibuild.
- **New parking spaces at Racecourse Parade** - Works to provide an additional 30 parking spaces to support Avondale's upcoming library, community hub and upgraded town square began in May 2022 and were completed in September 2022.
- **Engagement**- An information board has been installed in a vacant shop front giving the community up to date information on the various Avondale projects and helping to activate the street frontage. This is a combined display with Kāinga Ora.
- **Placemaking** - The Great North Road gallery continues to operate successfully with a new set of images installed in August 2022 by Nikau Edwards. The pavilion, a 3-dimensional structure designed to showcase local graffiti and street artists has now been removed from the Avondale Central site and relocated in Henderson.

Henderson:

- **Opanuku link bridge** - A resource consent application was lodged in August 2022. If the application requires notification, the resource consent may not be obtained this financial year as planned. We are seeking affected party approval from Heritage New Zealand which own the Corbans Estate site. Works are forecast to start in September next year.
- **2- 6 Henderson Valley Road** - Eke Panuku met with the purchaser Laidlaw Christian College in August 2022 to discuss progress on strengthening works and timing of the masterplanning for the balance of the land. Ideally this work should be started within the current financial year as it supports the significant investment in the Opanuku Link Bridge project.
- **Wai Horotiu Connection (Oratia Link)** providing a safe new connection over Oratia Stream, between new development sites and the town centre and improving the wider walking and cycling network. Developed design is now underway. Construction works are likely to be staged and will need to work in with the timing of the Alderman Drive carpark and the Falls carpark site sale developments. Works on the link are expected to be at least 12 months away from starting.

Regional

(Haumaru, Support, Corporate Property, AT/Eke Panuku transit orientated development programme, Service Property Optimisation & Regional Programme)

On track

\$ 4.7 m / \$ 6.5 m

Haumaru:

- Auckland Council and the Selwyn Foundation have agreed to review the options available to Haumaru Housing to fund a sustainable development pipeline that has been developed at a concept level by Eke Panuku.

Supports:

- **Downtown Car Park** – A high-quality mixed-use development in the city centre is planned for the site. We have selected Precinct Properties as the preferred development partner for the Downtown Car Park redevelopment opportunity. This follows the conclusion of a successful Request for Development Proposal (RFDP) phase, completed in July 2022, and subsequent evaluation of the proposals received. Precinct Properties has partnered with Ngāti Whātua Orākei on the proposal for the site, with the relationship encompassing cultural, design and commercial elements.
- **Own Your Own Home portfolio (OYOH)**- The first stage of the sales process has commenced to sell Auckland Council's interests. OYOH is a housing scheme for older people which consists of 150 residential units over 14 village locations, 52 units are owned by council.

Service Property Optimisation:

- **2 Pompellier Terrance, Ponsonby** - Negotiations are underway with the developer to ensure that the approved outcomes, toilet block and 43 carparks are delivered as part of the new development.
- **29-31 St Johns Road, Orakei** - Following the Ōrākei Local Board approval of the preferred internal fit-out concept plan, the community engagement period commenced on 23 August 2022 via the AK Have Your Say feedback form. To date, two community open days have been held.
- **Red Hill, Papakura** – At its July meeting the Papakura Local Board approved the Red Hill service property optimisation opportunity. The proceeds of sale will be reinvested into the open space network in Papakura. This sale is expected to enable the development of around 130 sustainable homes.

Strategic focus area – Property Management Services and Programme

Key commentary

Property Portfolio Highlights:

- Property Portfolio net **budget surplus** is \$2.2m for the quarter, \$2.1m ahead of YTD budget.
- Our average **occupancy** percentage for the quarter is 93 % commercial and 98 % residential. These are both above the SOI targets.
- In **commercial properties**, our redevelopment **approach** to North Wharf is under review in line with lease renewals.
- The refurbishment of a property on Hill Rd Manurewa was completed.

Marinas

The Marina achieved other awards during the quarter in addition to the Gold Anchor Award. These include:

- **New Zealand Marina of the Year** – awarded by New Zealand Marina Operators Association (NZMOA)
- **Best environmental performer** – that covered initiatives such as supporting the Kia Ika project, Seacleaners, Let them Fish, our new car park rain gardens, Stormwater drain filtration and solar powering our marina office.
- **Clean Marina certification** – exceeding environmental best practice standards

Issues/Risks

The Property Management and Marina teams continue to:

- Monitor rent arrears and ongoing risk of business failure as result of Covid-19.
- The in-ground services infrastructure within the Westhaven northern reclamation is subject to inundation during extreme weather events and mitigation plans are in concept design phase

Strategic context

Property management services and programme:

The delegations from Auckland Council enable Eke Panuku to manage council's property assets including commercial, residential and marina infrastructure, to optimise return from these assets, or to facilitate redevelopment incorporating a service delivery function.

Key programme of works	Status	Description	QTR progress and Annual forecast
Capital delivery - Marina and Property Portfolio and Renewals programme	On track	Maintaining and renewing existing assets, as good custodians of council non-service assets, optimise portfolio return and enable assets for public use.	<p>Waterfront Asset Management Plans are being updated and progressing well and planned to be delivered during the first quarter of 2023 as part of planning for the new council Long-term Plan.</p> <p>Upgrades to Westhaven Marina piers G, H and J are progressing well with anticipated completion towards end of the year.</p> <p>Works are progressing at a commercial property, 27 Princes Street with anticipated completion date of January 2023.</p> <p>Structural repairs to Shed 10 on Queens Wharf were completed along the eastern face. However, further works could not progress as Tātaki Auckland Unlimited requested works to be postponed due to busy cruise ship season ahead. We expect to access the site in FY23/24 to complete the remaining structural remediation works.</p> <p>Hill Rd property- refurbishment works to upgrade the building to bring it in line with current standards were completed in July 2022. The construction works completion was one of our FY23 SOI capital milestone targets, which has now been met.</p>

Other statement of intent focus areas

Climate change and sustainability

- We completed some research on the carbon benefits of living in higher density homes in town centres. The modelling found that the carbon emissions from a household living in an apartment in a town centre, compared to a typical Auckland household, are lower by 14%, saving 1.2t CO₂/year/household (11% reduction in travel related emissions and 34% reduction in household energy related emissions).
- We continued our work to inform our Task Force on Climate-related Financial Disclosures (TCFD), completing our carbon emissions inventory for FY22 and undertaking a series of climate risk workshops to look at transition and physical risks across the business.
- We provided support to a range of Eke Panuku projects to further our contribution to achieving sustainable procurement objectives and targets, particularly in relation to supplier diversity and waste minimisation.
- We continued our work with neighbourhood teams to ensure that climate adaptation issues are considered and addressed through master planning and projects.
- We provided training to staff in relation to Homestar and Greenstar tool updates.

Māori Outcomes

Commercial opportunities

- Our board approved an update of the Selecting Development Partners Policy. This policy change increases māori outcomes weighting and commercial opportunities for our mana whenua partners on disposal sites.
- As part of the process of taking sites to the market, Eke Panuku presented the Own Your Own Home scheme to mana whenua as a commercial opportunity. We also presented a property on Morrin Road St Johns to mana whenua as an exclusive commercial opportunity.
- Eke Panuku announced Precinct Properties and Ngāti Whātua Ōrākei are the preferred developer for the future Downtown Car Park. We are currently negotiating terms before the agreement goes unconditional.

Engagement

- Eke Panuku continues to maintain a weekly engagement with mana whenua to invite them to provide input into our projects.
- Eke Panuku hosted our biannual Rangatira ki te Rangatira hui with mana whenua in September.
- Te Ara Tukutuku (the masterplan for Wynyard Point) continues to be a significant project for Eke Panuku and mana whenua. Mana whenua have been working with Toi Waihangā (the consortium appointed to design the future headland) to determine the scope of the project.

Culture and identity

- Eke Panuku has appointed mana whenua artist to design the future public artwork on the corner of Madden and Daldy streets in Wynyard Quarter. This process involved a selection committee made up of mana whenua, public art, and Eke Panuku.
- Eke Panuku also finished the first of a three-stage strategy to deliver public art within our Transform Manukau programme.
- Mana whenua approved the concept design for Symphony (the mixed-use development above the future Te Waihorotiu CRL station).

CCO Review Implementation

- Eke Panuku is supporting the Joint CEs Group and Governance team to finalise implementation of remaining recommendations. This will include discussion of the Eke Panuku future programme and funding model as part of the next long-term plan process in 2023/4.

Collaboration and Engagement programme

- In Old Papatoetoe, we held a pop-up community event in July to engage with the community on the masterplan for the town centre. Changes to the plan as a result of feedback was communicated. It was also a good opportunity to promote public consultation on a new community hub for the area.
- In August, as part of Te Whakaoranga o te Puhinui (the Puhinui Stream regeneration), we collaborated with Resilio Studio to work with 60 AUT MESH Programme students. The sustainability in design papers were created to aid the rehabilitation of this Tāmaki ki te tonga (south Auckland) treasure.
- Panmure played host to a creative placemaking project called Twin Cultivation in August, which sought to celebrate the heritage of Panmure. In the train station, a pop-up vegetable garden served as a focal point for spontaneous conversation between strangers, supporting people to make new connections in their neighbourhood.
- In September, we debuted a formerly empty shopfront as a community information hub for Avondale. Displaying project update information from Eke Panuku, Auckland Transport, Auckland Council and Kāinga Ora, this hub will provide a focal point for keeping the Avondale community informed on all the exciting projects happening in the area. It will be updated on a three-monthly basis.
- Through close partnership with mana whenua, the next step for Te Ara Tukutuku was announced. The design consortium working on the public realm design of Wynyard Point's regeneration as an urban park and public space was announced in September. The consortium will work to bring the guiding document for Wynyard Point's regeneration, called Te Ara Tukutuku, to life.

Eke Panuku Q1 financials



Direct operating performance

(\$ million)

	Notes	FY 22	FY 23 Quarter 1 YTD			FY 23
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		(17.9)	(5.2)	(6.0)	0.8	24.2
Direct revenue		16.3	4.3	4.6	(0.3)	17.2
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	16.3	4.3	4.6	(0.3)	17.2
Direct expenditure	B	34.2	9.5	10.6	1.1	41.4
Employee benefits		28.6	7.8	8.1	0.3	32.6
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		5.6	1.7	2.5	0.8	8.8
Other key operating lines						
AC operating funding		18.3	5.2	6.0	(0.8)	24.2
AC capital funding		0	0	0	0	0
Vested assets		-	-	-	-	-
Depreciation		0.3	0.1	0	(0.1)	0
Net interest expense		0	0	0	0	0



Financial Commentary

Overall, the operating performance of Eke Panuku was favourable to budget, and the draw down of funding from Council required to maintain Eke Panuku at a net position was less than budgeted.

A: Other direct revenue was unfavourable to budget, the recharge of our cost for leadership of the City Centre has yet to charge to council's Development Programme Office (DPO). This will be caught up in the next quarter.

B: Direct expenditure was \$1.1m favourable to budget, employee benefits are tracking slightly behind budget, we have recruited 17 positions this quarter and there are a further 6 currently in recruitment. \$1.1m in other direct expenditure is spread over a number of expense areas, notably professional services are tracking behind, but this is a timing issue and will be corrected by year end.

Auckland Council Portfolio Q1 financials managed on behalf of Auckland Council

Direct operating performance

(\$ million)	Notes	FY 22	FY 23 Quarter 1 YTD			FY 23
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		4.7	(1.1)	(4.6)	3.5	(0.4)
Direct revenue		46.1	12.5	11.7	0.8	43.1
Fees & user charges		1.3	0.4	0.3	0.1	1.2
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	44.8	12.1	11.4	0.7	41.9
Direct expenditure		41.4	13.6	16.3	2.7	43.5
Employee benefits		0.1	0.1	0	(0.1)	0.1
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	B	41.3	13.5	16.3	2.8	43.4
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		19.9	5.4	5.5	0.1	22.1
Net interest expense		(0.1)	0	0	0	0

Financial Commentary

The financials in the table represent the Auckland Council portfolio managed by Eke Panuku. These exclude the net direct revenue that Eke Panuku has generated for properties managed for Auckland Transport which is above budget. In addition, a \$1.8m dividend has been paid to Council's Solid Waste team from the Waste Disposal Services investment, managed by Eke Panuku.

Overall net direct expenditure of \$1.1m is favourable compared to budget.

The main explanations relate to:

A: Direct revenue was favourable compared to budget. Commercial property revenue is ahead of budget as additional rental income has been generated from tenancies that have extended into FY23 for longer than anticipated when setting the budget e.g. Bledisloe House and some additional properties in Hobsonville and New Lynn.

B: Direct expenditure was \$2.8m favourable to budget, rates costs are currently \$1.1m favourable to budget but we expect there will still be charges received in year. Repairs and maintenance costs are currently \$1.0m behind phased budget across the portfolio this is a timing issue and spend is still expected to reach budget in year. Regeneration spend is tracking slightly behind phased budget but as we move into the next quarter placemaking events will increase our spend in this area.

Eke Panuku Q1 performance measures

Key performance indicators	Previous	FY 23 Quarter		Status	Commentary
	Year	YTD Actual	FY Target		
Note: Eke Panuku has a total of 12 SOI performance measures, of which 5 are LTP measures. In Q1, 11 are on track and 1 is not measured.					
SOI performance measures					
1. Net new dwellings (housing units)	404	0	200	On track	On track to meet the target.
2. Commercial / Retail gross floor area (GFA) or net lettable area (square meter)	Not measured	Not measured	1,000 sqm	-	This target will not be measured as no projects are planned this year due to programme changes.
3. Public realm – square meters	23,226 sqm	150 sqm	7,000 sqm	On track	Construction works on the Wiri bridge was completed in August 2022, providing 150 sqm of shared path/cycleway public realm. The majority of works are expected to be delivered in Q2 and Q4.
4. Capital project milestones approved by the board achieved <i>– LTP performance measure</i>	81%	13%	Achieve 80 per cent or more of project milestones for significant capital projects	On track	2 of the 15 milestones were met this quarter, local board endorsement of the Cambridge Terrace extension and carpark in Papatoetoe and local board approval of the Papatoetoe Stadium reserve upgrade.

Key performance indicators	Previous Year	FY 23 Quarter 1		Status	Commentary
		YTD Actual	FY Target		
SOI performance measures					
5. Achieve total board approved budgeted Transform and Unlock (T&U) net sales for the financial year through unconditional agreements <i>Note: These site sales also enable housing and wider urban regeneration outcomes.</i>	\$64.4m	\$6.2m	Meet \$21.7m T&U annual disposal target approved by the board	On track	Two properties on the Waterfront were leased for the long term this quarter.
6. Annual property portfolio net operating budget result agreed with the council achieved <i>- LTP performance measure</i>	\$27.1m	\$2.2m	\$19.4 million	On track	At the end of the quarter good progress has been made towards the target, surplus is \$2.2m, this is \$2.1m ahead of phased budget. The reduction in FY 2022 net result target against last year is mainly due to Eke Panuku holding fewer properties in the portfolio and due to a successful disposals programme.
7. The monthly average occupancy rate for tenantable properties <i>- LTP performance measure</i>	Commercial 93.4% Residential 97.9%	Commercial 93.1% Residential 98.1%	Commercial 85% Residential 95%	On track	Occupancy rates are within target. No significant movement expected in coming months.
8. The percentage of marina customers surveyed who are satisfied with marina facilities and services	90%	-	85%	On track	The Marina customers survey will be measured at the end of year.

<p>9. The asset recycling target agreed with the Auckland Council</p>	<p>\$35m</p>	<p>\$23.9m</p>	<p>\$70m</p>	<p>On track</p>	<p>Three sales which contribute towards the asset recycling target have occurred this quarter with a cumulative value of \$23.9m.</p>
<p>10. Creating positive outcomes for Māori</p> <p>Deliver 50 ongoing or new initiatives that support Māori Outcomes</p> <p><i>This activity is supported through the delivery of the Mana Whenua Outcomes Framework.</i></p>	<p>51</p>	<p>-</p>	<p>50 initiatives that support Māori Outcomes</p>	<p>On track</p>	<p>This will be measured before the end of the financial year.</p>
<p>11. Enhancing the relationship between Eke Panuku and mana whenua.</p> <p>Increasing the percentage of satisfaction with the support they receive from Eke Panuku.</p>	<p>50%</p>	<p>-</p>	<p>5 per cent increase on previous year</p>	<p>On track</p>	<p>This survey will be completed at the end of the financial year.</p>
<p>12. Complaints received by Eke Panuku are resolved.</p> <p><i>Note: This is a new performance measure. The actual result for FY22 as a baseline will help set future targets.</i></p>	<p>34%</p>	<p>100%</p>	<p>80% of complaints are resolved within 10 working days</p>	<p>On track</p>	<p>5 complaints have been received this quarter; all have been resolved within 10 working days.</p>