

Eke Panuku Development Auckland

Quarter 2 Performance Report

For the period ending 31 December 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 Q2 summary

Highlights, issues & risks for the quarter

Key highlights for the quarter include:

- **Stage one of Takapuna’s new Waiwharariki Anzac Square** was officially opened to the public on 19 December 2022. The public space includes seating, trees, planters, new lighting, Māori artwork, and paving. The project covers an area of 3200 sqm.
- **Te Ara Awataha greenway and Greenslade Reserve** in Northcote has reopened after three years of transformational works, providing a new space for the community and visitors to enjoy while also playing a vital role in reducing flooding in the town centre and surrounds. This is a joint project with Healthy Waters and Kāinga Ora covering an upgraded area of 3478 sqm.
- Two new sections of **Hayman Park Playground in Manukau** including a flow bowl, pump track and rope play were opened at a blessing led by mana whenua in December 2022. The total project area is 3943 sqm. Remaining work covering a play tower, duel flying fox and basketball half-court is expected in June 2023.
- Good progress on material financial SOI targets. The Managed Portfolio and Marina financial results continue to be ahead of year-to-date budgets, the year-to-date result is \$3.9m above budget (YTD actual \$10.9m / YTD budget \$7m).
- Our **asset sales** to date totalled \$30.9m against a combined annual target of \$91.7m for Transform and Unlock and Asset Recycle sales. Two significant sales are expected to occur in Q3 and Q4, however there are risks due to the downturn in the property market.
- **Other highlights include:**
 - A **gold award** for the public & institutional spaces category at the **Designers Institute of New Zealand Awards** for Tank Park at Wynyard Quarter; the **Charlie Challenger Supreme Award** in October at the New Zealand Institute of Landscape Architecture Awards 2022, recognising outstanding achievement in landscape planning and an **Award of Excellence** for Amey Daldy Park and Tank Park in the Parks (Open Spaces and Recreation categories).
 - Placemaking events - after two years of disruptions, summer at Silo Park was back at water’s edge with a free programme of films and activities starting in December 2022.

Financials (\$m)	YTD actual	YTD budget	Actual vs Budget
Capital delivery	27.8	39.6	↓ 11.8
Direct revenue	34.6	32.1	↑ 2.5
Direct expenditure	42.8	46.9	↓ 4.1
Net direct expenditure	8.2	14.8	↑ 6.6

Financial Commentary

Capital Delivery: YTD \$27.8m, \$11.8m less than budget. This is based on the original budget for the FY23 year of \$80m. The original budget was reduced to \$60m in QTR3 reflecting the capital budget reduction that gives effect to savings on interest costs \$1.9m, part of the \$5m opex savings in the annual plan. Indications are that we will not reach full use of capex, but this will depend on catching up on current construction spend which is more certain, combined with third party commitments. It is also dependant on concluding certain acquisitions which are reliant on willing sellers and in some cases longer PWA timeframes which will push out into later financial years. Performance against the adjusted budget will be included in the QTR3 report.

Direct revenue: in line with quarter one results, direct revenue has continued to track 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 by \$4.1m. Currently repairs and maintenance and regeneration spend are tracking behind budget. This is a timing issue, and we expect to utilise the full budget by year end. Savings to date in people and external consultants circa \$1.6m are expected to be held as savings in year.

Net direct expenditure is below budget mainly due to current underspend in direct expenditure above and favourable variance in direct revenue.

Risks:

- The weakening property market continues to impact our property development sale targets. We will continue to work with our development partners on issues affecting sales.
- The competitive labour market makes it hard to retain and hire skilled staff and maintain business momentum. Our people strategy and business continuity plans are in place to manage this risk and support staff wellbeing.
- We continue to apply mitigations such as security, fencing around public spaces and activities to manage anti-social behaviour and health and safety risks at the Waterfront.
- Other risks such as unplanned work and new priorities, material supply and delays with statutory planning processes are managed via early procurement, rescheduling of projects and resource planning.

Issues:

- Recent flooding events in QTR3 affected some of our rental properties. We are working through property repairs and financial impacts with council’s insurance provider.
- We are working through the implications of reduction to our budgets including project deferral and reprioritisation.
- A report by PwC, commissioned by the council shows no evidence of direct conflicts of interest or individual benefits of Eke Panuku board members. Improvements to processes and guidance identified in the report are being evaluated for implementation.
- We are awaiting the findings of a Human Rights Review Tribunal matter. This relates to the former Tavern Lane site development in Papatoetoe between Auckland Council/Eke Panuku and Ngai Tai Waipareira Housing, and the hearing concluded in June 2022.

Key performance indicators	Previous	FY 23 Quarter 2		Status	Commentary
	Year	YTD Actual	FY Target		
Capital project milestones approved by the board achieved	81%	33%	Achieve 80 per cent or more of project milestones for significant capital projects	At risk	<p>Actual YTD: 5 capital milestone targets have been met year to date (33%). The most recent milestones met were Stage one works for Takapuna's Waiwharariki Anzac Square completed and completion of Westhaven Marina replacement of piers GHJ in December 2022.</p> <p>Forecast FY: We forecast to meet the target at year end.</p>

The asset recycling target agreed with the Auckland Council	\$35m	\$23.9m	\$70m	At risk	<p>Actual YTD: To date four sales with a cumulative value of \$23.9m have contributed towards the asset recycling target.</p> <p>Forecast FY: A high value corporate property is expected to go unconditional in Q3 which will contribute significantly to the target being met. Achieving this target will be impacted should this property not go unconditional by the end of the financial year as anticipated. We continue to progress sales that are already at conditional stage.</p>
Achieve total board approved budgeted Transform and Unlock (T&U) net sales	\$64.4m	\$7m	\$21.7m	At risk	<p>Actual YTD: To date T&U sales total is \$7m.</p> <p>Forecast FY: We expect to meet our target by end of year assuming the timing of the sale of a commercial building in the Wynyard Quarter is achieved. The target is at risk due to the downturn in the property market.</p>
Annual property portfolio net operating budget result agreed with the council achieved	\$27.1m	\$10.9m	\$19.4m	On track	<p>Actual YTD: To date good progress has been made towards the target, YTD surplus is \$10.9m, this is \$3.9m ahead of phased budget.</p> <p>Forecast FY: We forecast to achieve property portfolio net operating budget.</p>
The monthly average occupancy rate for tenantable properties	Commercial 93.4% Residential 97.9%	Commercial 93.1% Residential 98.3%	Commercial 85% Residential 95%	On track	<p>Actual YTD: Occupancy rates are within target. No significant movement expected in coming months.</p> <p>Forecast FY: We forecast to achieve average occupancy rates.</p>

Strategic focus area – Urban Regeneration Programmes

Key commentary

Other urban regeneration highlights for the quarter:

- The joint programme business case with Kāinga Ora for the Karanga a Hape and Maungawhau development precinct has been completed and was submitted to the CRL sponsor officials in December 2022.
- **Piko Toetoe**, a new housing development at 3 St Georges St, Papatoetoe is being developed by Whare Tupu. The development is expected to build 82 terraced dwellings in the first stage. The settlement of the property was due in December 2022 but is delayed due to impact of the slowdown in the property market.
- Dress Smart retail outlet confirmed it is set for a major expansion, following the successful conclusion of development agreements with Eke Panuku for properties at Paynes Lane and Waller Street at Onehunga.
- A property at **Jervois Road, Ponsonby** reached unconditional sale and purchase stage on 19 December 2022. A property at **Pompallier Terrace, Ponsonby** had a development agreement signed on 23 December 2022 with works scheduled to commence in April 2023. Both properties are part of the Optimisation programme.
- We took the Own Your Own Home portfolio to the market to seek a development partner. The first stage of a two-stage sale process was completed in QTR2 and includes marketing the portfolio and short listing the development partners. The next stage relates to completing due diligence to enable negotiation between the parties. In addition, on behalf of Auckland Council, Eke Panuku met with homeowners to provide an update on the sale.
- **Construction started for Clifton Court in Panmure**, an under-used courtyard being upgraded to a new public space.
- More detail progress on project milestones is covered under the following priority location programmes.

Risk and Issues:

- We continue to work 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.
- A number of property sales agreements are at a conditional stage, but finalisation is impacted by reduced demand, tighter lending and indirectly by supply chain issues, inflation and other factors.
- The Avondale Civic Precinct Open Space project (town square) will be delayed as it is impacted by the delay in the new Avondale Multi-Purpose Community Facility led by Community Facilities department of the council, as the two projects are interconnected. Significant growth of Avondale population is forecasted with large multi-unit residential projects nearing completion or planned.

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>\$ 8.2 m / \$ 13.4 m</p>	<p>The Wynyard Point design consortium (Toi Waihanga)</p> <ul style="list-style-type: none"> The consortium, with Eke Panuku and mana whenua will lead on design for public realm and integration of future development sites in the Te Ara Tukutuku Plan which sets the next phase of delivery on Wynyard Point over 15 years. The first stage of a reverse brief (confirming project brief) was completed and presented to mana whenua on the 13 December 2022. <p>Wynyard Point Plan change</p> <ul style="list-style-type: none"> Auckland Council advised Eke Panuku in June 2022 that a separate plan change was not required to give effect to Planning Committee’s 2017 resolution for the realignment of the open space and development sites, as Council was in the process of initiating a wider change to implement the National Policy Statement Urban Development (Plan Change 78 Intensification (PC78)). A submission to PC78 has been prepared and was submitted to Auckland Council in November 2022. Mediation and hearings are expected to be held during 2023.

Central

(City Centre,
Maungawhau and
Karanga a Hape)

On track

City Centre

- Implementation of lead agency role is ongoing and is on track with the agreed establishment programme.
- Development of the **City Centre implementation plan (Action Plan)** is on track for completion by June 2023. The Action plan will guide the council groups implementation of the next phase of City Centre Master Plan (CCMP) and support the 2024 LTP and RLTP process. Progress on the implementation plan includes:
 - Consolidation of existing council group capital work programmes into a place-based framework
 - Commencement of collective prioritisation of council group activities within the city centre as part of an integrated approach
 - Development of draft “Programmes of Action” which will focus council group investment on key areas of priority in the city centre.
- Insights from the recently completed **City Centre Residents survey (2022)** are being integrated into the development of the Action Plan, as well as being used to inform more tactical responses to enhance the experience of city centre residents, including how we manage the impact of construction disruption.
- **Engagement with key partners, stakeholders and community groups** will commence in March 2023, this will help inform the action plan and aligning activities led by others outside of the council group with the action plan.
- Karanga-a-hape streetscape and Midtown programmes, led by Auckland Transport and Auckland Council, are on track with key milestones achieved.
- **Civic Administration building (CAB)** – we are monitoring the completion of the redevelopment which restores the heritage building and provides 110 high quality apartments. Construction has been completed.
- We have appointed Precinct Properties as the preferred development partner for **Downtown Carpark** to deliver a high-quality sustainable mixed-use development that supports both daytime and night-time economy and contributes positively to Auckland’s cityscape.

Karanga a Hape and Maungawhau:

- The **joint programme business case** with Kāinga Ora for the Karanga a Hape and Maungawhau development precinct has been completed and was submitted to the CRL sponsor officials in December 2022.
- Auckland Council’s Development Programme Office completed all the **infrastructure assessments for the CRL development sites** and the wider precinct. This work supports the programme business case.

Isthmus

(Onehunga & Panmure)

On track

\$ 1.1 m / \$ 2.5 m

Onehunga

Waiapu Precinct

- The Waiapu Precinct includes a mixture of public realm, commercial and residential development sites. Good progress was made ahead of the Christmas break on clearing the remaining subdivision resource consent issues for the precinct, and consents are expected to be granted in QTR3. Statutory road closure are the priority issues to be addressed ahead of the community engagement exercise planned for March / April 2023.
- Planning has been initiated on the first stage capital projects including the Church Street upgrade to improve the connection with the Waiapu Precinct improvements, establish new bus layover positions and the new Civic space amenity

Master planning for Municipal Precinct

- The Municipal Precinct Masterplan and indicative business case was approved in November 2022. The precinct was also gifted the name '**Te Pūmanawa o Onehunga**', meaning 'the heart and essence of Onehunga' by mana whenua. It guides future work around public realm, movement through the precinct and potential residential and community facility opportunities.

Upgrade of public space on Paynes Lane

- Eke Panuku has initiated a public realm improvement project for Paynes Lane to tie the new Dress Smart precinct to the Onehunga Mall main street via a pedestrian friendly thoroughfare. **Concept design work** was initiated in December 2022 with initial **stakeholder engagement** planned for May / June 2023. The estimate area of project output is 300 sqm.

Panmure

Basin View Masterplan implementation

- This precinct is the first of the large-scale precincts to be targeted for development release. The **precinct masterplan is now complete** and will form the basis of subdivision planning and development staging. Approval of the masterplan by the Eke Panuku board will be sought in March 2023.

Maungarei (Mt Wellington) connection Panmure

- Initial **concept design work is complete**, and discussions have been held with Auckland Transport to agree the preferred option for the new connection. The business case review and approval are targeted for May 2023.

Streetscape and public realm upgrade at Clifton Court

- **Construction works are well underway** for this new public realm and play space development in the town centre. However, due to earlier delays and persistent poor weather, there is a risk of the works being delayed from April 2023 to June 2023.

Kings Road development agreement

- This site is on target to go to market before the end of the June 2023. The downturn in the market has impacted developer confidence in the short-term. Subject to market conditions, we will aim to achieve a development agreement over the next two years.

North
(Northcote and
Takapuna)

On track

\$ 6.7 m / \$ 7.6 m

Northcote

Northcote Community Hub and Cadness Reserve

- **Architectus** has been appointed to lead the design of the refurbished and extended community hub. Design work has commenced, with a hui with mana whenua to consider the cultural narratives that could be reflected in the project. A workshop with community service providers in Northcote has also taken place to identify operating requirements for these services.

Northcote Town Centre

- This will involve delivering over 700 new homes, an upgraded retail centre and public space. It will be **taken to the market to seek a development partner/s** to undertake the retail and residential development in **Q4 of FY23**. The development will be done in stages to make sure the community always has access to services and retail. **Market conditions** may slow progress on this development.

Agreeing the public transport network with Auckland Transport mitigates a significant risk for development partner/s. A **concept design for Ernie Mays Street** is being completed in collaboration with Auckland Transport and Healthy Waters. The **concept design** is expected to be completed in early 2023 with developed design completion and **resource consent lodged** by the end of FY23.

Te Ara Awataha greenway

- In December 2022, mana whenua blessed three of the largest areas of the greenway for opening. The new areas relate to the **Awataha Stream** flowing through the greenway rather than underground pipes. The area covers the Greenslade Reserve, the schools' edge of the greenway and Cadness Loop Reserve. Greenslade Reserve was **designed to manage a 1 in 100-year flood** event by detaining and slowing the release of water.
- The resource consent for the upgrade and stormwater works in **Jessie Tonar Scout Reserve** was lodged in Q1 of FY23 and the detailed business case has been approved. **Construction will start in Q4 of FY23** and take about 15 months to complete.

Takapuna

Northcroft and Huron streetscape upgrades

- **Public consultation on the concept design** of Northcroft Street has been completed. Feedback and options for next steps are currently being analysed. Construction is expected to start by the end of FY23, subject to funding confirmation.
- **Huron Street** has some significant opportunities for **stormwater quality and network improvements**. To further explore these opportunities, we are working collaboratively with Healthy Waters. Final design and construction commencement will be reviewed once Healthy Waters has concluded work on its overall network modelling and wider network options. This will delay progress on the Huron project.

Waiwharariki Anzac Square

- The first stage of Waiwharariki Anzac Square is complete, and a blessing led by mana whenua was held on 19 December 2022. The first stage includes the area of the public space adjacent to Hurstmere Road and part of the service road that runs along the edge of 40 Anzac Street. Stage 2 includes a water feature, planters and a whare, are expected to be completed in July 2023.

Auburn Street development

- The resource consent application for an estimated 300 new dwellings and 1,500 sqm of new commercial space has been submitted by our development partner and is with Auckland Council for review.

Hurstmere Road development

- The sale agreement for 72A Hurstmere Road was signed in December 2022. This is a small section of land but enables the adjacent property owner to redevelop the site to provide new homes and commercial space in Takapuna. Public use rights for the space that we require will also be retained.

Anzac Street development – Takapuna Central

- The resource consent for the first development block was lodged by the developer in October 2022. Marketing of these apartments is expected to commence in early 2023 but may be delayed due to the residential market slowing down.

South
(Manukau, Papatoetoe
and Pukekohe)

At risk

\$ 2.7 m / \$ 11.9 m

Manukau

Puhinui Regeneration Strategy

- Te Whakaoranga o te Puhinui won two national level awards from the New Zealand Institute of Landscape Architects for planning and urban design in **October 2022**. Progress is ongoing in the delivery of several of the strategic initiatives including land acquisition.

Hayman Park Playground

- The flow bowl, pump track and rope play were all opened at a blessing led by mana whenua in December 2022. The basketball half-court will open in January 2023. The play tower and flying fox are scheduled to open in June 2023. The total project area is 3943 sqm.

Hayman Park wetland

- Design work was temporarily **paused** to investigate the future impact of the proposed Airport to Botany Bus rapid transit project which is now entering the designation phase. Progress on the wetland design will recommence in January 2023.

Puhinui Walkway and Cycleway

- This is the stream corridor walkway through the Te Whatu Ora property (ex-Counties Manukau DHB). The project teams have been procured with site walk overs and initial start-up meetings have progressed. Concept design work will continue into 2023.

Papatoetoe

St George Street developments

- 91 Cambridge Terrace “The Depot” site is currently in **earthworks phase**, delivering 29 new homes over the next two years.
- A residential development at 3 St George street Papatoetoe is expected to deliver 82 new homes in the first stage over the next three years, with a further amount in following years. The settlement of the property has been delayed due to impact of the slowdown in the property market.

Papatoetoe Stadium Reserve upgrade

- **Procurement for design services** is underway and a consultant will be engaged in January 2023. Concept design and consultation is expected to be completed by June 2023 and physical works are expected to be completed in June 2025.

Pukekohe

Acquisition of properties:

- Acquisition of 1 Roulston Street, a character building on the town square was completed on 30 June 2022. The purchase of 19 Massey Avenue, a light industrial building will be completed in early 2023. This is the last property to acquire enabling consolidation and better development outcomes of the flagship Edinburgh Superblock.

Roulston Park upgrade

- Planning and design for the park was endorsed by the Franklin Local Board in July 2022. The project is now at developed design and consenting phase. Construction is expected to start in July 2024.

West
(Avondale and
Henderson)

At risk

\$ 2.0 m / \$ 2.9 m

Avondale

Avondale town centre Intensification

- The Aroha development which is on a site sold by Eke Panuku is scheduled for completion in February 2023. This will deliver an additional 117 homes.

Avondale Civic Precinct open space (Town square)

- The new Avondale Multi-Purpose Community Facility led by council's Community Facilities team is currently running behind schedule due to funding uncertainty and the need to reduce project cost. There is a significant risk that this project will be deferred or staged which will impact delivery timelines. This in turn will impact the Avondale Civic Precinct Open Space as these projects are highly interconnected and are proposed to be constructed simultaneously.

Avondale Central

- We continue to work with Marutūāhu Ockham Group on this significant mixed-use residential development on a critical site that has been vacant for many years.

Regional

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

On track

\$ 1.7 m / \$ 5.5 m

Corporate Property Programme

- **Bledisloe House**, 24 Wellesley Street, Auckland Central- a conditional sale and purchase agreement has been reached with the purchaser.

Support and general asset portfolio

- **Own Your Own Home Scheme**- the first stage of a two stage sale process was completed in the last quarter. Stage one includes taking the properties to market seeking a development partner and short listing. Stage two relates to due diligence to enable negotiations. On behalf of Auckland Council, Eke Panuku met with homeowners.
- **20 Hopeton Street**, Freemans Bay, this property was sold in November 2022.

Property Optimisation Programme

- **19 Jervois Road**, Ponsonby: An unconditional sale and purchase agreement was completed on 19 December 2022.
- **2 Pompallier Terrace**, Ponsonby: A development agreement was signed on 23 December 2022. Works are scheduled to commence in April 2023.

Haumaru Housing

- Haumaru Housing and Kainga Ora are progressing the building consent for the 52-unit development at Greenslade Crescent, Northcote.

Strategic focus area – Property Management Services and Programme

Key commentary

Property Portfolio Highlights:

- Property Portfolio net **budget surplus** is \$10.9m for the quarter, \$3.9m ahead of YTD budget. A number of properties are leased longer than anticipated mainly due to project delays.
- Our average **occupancy** percentage for the quarter is 93% commercial and 98% residential. These are both above the SOI targets.

Marinas

- The replacement of G, H and J piers and the development of the share boat berths at Westhaven were completed in QTR2. These piers are fully occupied and operational.
- Share boating is a rapidly growing market that offers multiple subscribers a sustainable boating choice and allows those who cannot afford a boat the opportunity to get out on the water. Our marina business has responded to the market with share boating berthage, fully utilised at S and Z Piers for over fifty vessels operated by two proven providers.
- The Viaduct/Silo marinas revenue and occupancy recovered well following the reopening of the maritime border at the end of September 2022.
- Superyacht berthage in QTR2 was back to pre-pandemic levels with revenue exceeding budget predictions in Silo marina.

Issues/Risks

- Continue ongoing monitor of arrears and compliance risks

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	Financials YTD Actuals/Budget	QTR progress and Annual forecast
Capital delivery - Marina and Property Portfolio and Renewals programme	On track	\$ 5.5 m / \$ 6.7 m	<p>Renewals</p> <p>Upgrade of Westhaven Marina Piers G, H and J</p> <ul style="list-style-type: none"> To prevent failure and further deterioration, the piers was replaced to enhance service delivery at the marina. The change in configuration would provide berthage for larger vessels, increasing revenue. Physical works at G, H and J pier were completed in December 2022. <p>Upgrade of Z pier</p> <ul style="list-style-type: none"> Physical works of Z Pier Watermain Renewal (stages 1 and 2) were completed in October 2022 to improve services and increase number of berths. <p>Shed 10 Queens Wharf</p> <ul style="list-style-type: none"> Structural repairs on the heritage listed building have been delayed. Auckland Live has requested that Eke Panuku complete the eastern face works only, due to future commitments planned at the site. The remaining works are now planned to be completed in FY24/25.

Other statement of intent focus areas

Climate change and sustainability

- The council group climate risk assessment and governance reports were completed to inform the **Task Force on Climate-related Financial Disclosures (TCFD)** reporting and internal practices and procedures.
- **Environmental standards for public realm projects** are in development. Draft environmental objectives, which reflect Eke Panuku and Council group priorities, have been developed and discussed with Auckland Council and Auckland Transport colleagues, and mana whenua.
- A five-part video series about **the Zero Waste Hub in Northcote** was launched this quarter. The hub is a community and education space where recycling can be dropped off and the community can learn how to live a greener life.
- Support was provided 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.
- The **Climate Leader's Coalition's fourth annual Snapshot Report** was released in November, showing that the focus and investment into climate action has proven resilient despite the challenging economic environment. The coalition is a CE led community of close to 100 organisations leading the response to climate change. The **Snapshot showed Eke Panuku has achieved 7 of our 8 pledged commitments**. Our 8th commitment of assessing and disclosing climate change risk is in progress, with a collective disclosure for the council group to be published as part of the annual report

Māori Outcomes

Commercial opportunities

- The Jervois Road Herne Bay development contains a proposal to achieve positive Māori Outcomes on the site.

Engagement

- Mana whenua provided input into the design of Stadium Reserve and the adjacent public realm in Papatoetoe. Mana whenua expressed an interest in the project and asked Eke Panuku to organise a site visit to develop the cultural narrative.
- Mana whenua was invited to a meeting with Auckland Council Corporate Property about the Western Annex project in Manukau. This project will consolidate the Auckland Council corporate offices. The mana whenua forum agreed to establish a Te Waiohū subcommittee who can work closely with the council.
- Mana whenua provided input into the design of the masterplan for the Municipal Precinct in Onehunga. Mana whenua developed key cultural narrative themes that influenced the overall outcome and also named the project.
- Mana whenua has been invited to contribute to the design of the Northcote community centre and Cadness Reserve and recently attended a site visit with the newly appointed design team.

Culture and identity

- The Pupuke mural in Takapuna was a recipient of the Kūmara Awards 2022, celebrating Placemaking in Tāmaki Makaurau. The collaborative mural was honoured with the Award: Kei tua atu i te Kaupapa - went well and truly beyond the brief working bringing together 64 students and teachers from nine schools across the North Shore to brighten up the 60m long hoarding on Auburn Street.
- During Te Wiki o te Reo Māori, Eke Panuku participated in a cross-council waiata competition called Voices of the Moana at Tāmaki Paenga Hira Auckland Museum. At the event, Eke Panuku won first prize, and will host the event in 2023.

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 October, the Red Bull Flugtag came back to New Zealand for the first time since 2004. Organised by Eke Panuku and using the ex-36th America's Cup bases and Jellicoe Harbour, this popular event saw 38 teams flying their zany, gravity defying contraptions across, and ultimately into, Jellicoe Harbour in Wynyard Quarter. After a number of postponements due to COVID-19, the event drew scores of visitors to Wynyard Quarter's north wharf and the associated event spaces along the waterfront.
- We welcomed international/ national guests to the waterfront for **FIFA Pōwhiri** on 20 October gaining worldwide media attention.
- Summer at Silo Park, the programme for this year was announced in November 2022 and includes four Silo Cinema sessions between December 2022 and February 2023; a teddy bear's picnic on the Silo Park lawn, and an interactive Silo Park I-Spy activity staged across the waterfront.
- Three karakia whakawātea (blessing ceremony) were held in December for projects:
 - To mark the end of construction works for Greenslade Reserve and other key spaces along Te Ara Awataha greenway in Northcote.
 - Two new sections of the expanding Hayman Park Playground in Manukau.
 - Stage One of Waiwharariki Anzac Square in Takapuna. The section that connects with Hurstmere Road was opened to allow visitors a taste of the new space and amenities, including much improved seating, planting and lighting.

Eke Panuku Q2 financials

Cashflows that Eke Panuku Controls

Eke Panuku is budgeted to generate on an annual basis \$153.2m and spend \$150.3m, net \$2.9m. The current position year to date shows gross receipts of \$69.6m and spend of \$61.4m a net revenue of \$8.1m. The split of which is shown below.

\$ millions	FY23 Annual Budget	Progress to Date	Financial Commentary
Generating			
Selling Councils surplus property	70.0	27.1	Several significant sales are expected to occur in Q4, however there are some risks in achieving this number due to the downturn in the property market.
Selling or long leasing property to reinvest in our urban regeneration locations	21.7	7.0	There is one more significant sale to be transacted for Q4 but target is expected to be reached.
Revenue income from property interests for the Council group.	61.6	35.4	Revenue year to date is tracking ahead of budget as some tenancies have extended for longer than anticipated when setting the budget, the largest one is due to tenancies in Bledisloe House, and The Concourse Henderson. Revenue is on track to be favourable at year end.
Total inflows	153.3	69.6	
Investing/Spending:			
Investing in council group assets to support regeneration, including asset renewals	80.0	28.3	Capital spend is tracking behind the original budget set. The forecast for the year has been reduced to \$60m as part of us realising our required \$5m opex savings. It is on target.
Managing council group properties	19.4	7.2	Tracking behind budget mostly related to timing issues and some expected people savings.
Utilities and leases for council group owned assets we manage	7.1	4.7	Additional lease costs for The Concourse Henderson building added to the portfolio in year, these have and will continue to be recovered and shown as additional income in property revenue.
Rates on council group owned assets	8.0	7.1	Rates costs are currently favourable to budget but there is potential for more costs to be expensed in year. Should be an overall saving to budget.
Maintenance of council properties	7.3	3.9	Maintenance is currently on track to be on budget at year end.
Consultation, negotiation and sales processes to sell council property	4.5	2.1	Tracking favourably to budget and expected to continue due to staff vacancies and slower market.
Leading regeneration of town centres, city centre and waterfront.	24.1	8.1	Currently tracking favourable to budget due to timing of place making summer events and staff vacancies. There is potential to be a level of savings in this area by year end.
Total outflows	150.3	61.4	



Direct operating performance

(\$ million)	Notes	FY 22	FY 23 Quarter 2 YTD			FY 23
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		(17.9)	(10.0)	(12.0)	2.0	24.2
Direct revenue		16.3	9.1	8.7	0.4	17.2
Fees & user charges		0	0	0	0	0
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	16.3	9.1	8.7	0.4	17.2
Direct expenditure	B	34.2	19.1	20.7	1.6	41.4
Employee benefits		28.6	15.5	16.3	0.8	32.6
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure		5.6	3.6	4.4	0.8	8.8
Other key operating lines						
AC operating funding		18.3	10.1	12.0	(1.9)	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 drawdown of funding from Council for Eke Panuku (at a net-position) was less than budgeted.

A: Other direct revenue is favourable to budget, most of this revenue is generated through Eke Panuku staff charging time to Council projects. We have made use of internal staff resources where possible instead of engaging with external consultants.

B: Direct expenditure was \$0.8m favourable to budget, employee benefits are tracking behind budget, this is expected to continue as we are working in a difficult recruitment market. \$0.8m in other direct expenditure is spread over a number of expense areas, notably professional services are tracking behind, this trend is expected to continue and there will be savings in this area.

Auckland Council Portfolio Q2 financials managed on behalf of Auckland Council



Direct operating performance

(\$ million)	Notes	FY 22	FY 23 Quarter 2 YTD			FY 23
		Actual	Actual	Budget	Variance	Budget
Net direct expenditure		4.7	1.8	(2.8)	4.6	(0.4)
Direct revenue		46.1	25.5	23.4	2.1	43.1
Fees & user charges		1.3	0.9	0.6	0.3	1.2
Operating grants and subsidies		-	-	-	-	-
Other direct revenue	A	44.8	24.6	22.8	1.8	41.9
Direct expenditure		41.4	23.7	26.2	2.5	43.5
Employee benefits		0.1	0.1	0	(0.1)	0.1
Grants, contributions & sponsorship		-	-	-	-	-
Other direct expenditure	B	41.3	23.6	26.2	2.6	43.4
Other key operating lines						
AC operating funding		-	-	-	-	-
AC capital funding		-	-	-	-	-
Vested assets		-	-	-	-	-
Depreciation		19.9	10.8	11.0	0.2	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 \$2.1m that Eke Panuku has generated for properties managed for Auckland Transport which is \$0.8m above budget. In addition, a \$4.3m dividend has been paid to Council's Solid Waste team from the Waste Disposal Services investment, managed by Eke Panuku.

Overall net direct revenue of \$1.8m 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 \$2.6m favourable to budget, rates costs are currently \$0.8m favourable to budget but we expect there will still be charges received in year. Repairs and maintenance costs are currently \$1.2m 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 \$0.8m behind phased budget but as we move into summer placemaking events will increase our spend in this area.

Eke Panuku Q2 performance measures

Key performance indicators	Previous	FY 23 Quarter 2		Status	Commentary
	Year	YTD Actual	FY Target		
<p>Note: Eke Panuku has a total of 12 SOI performance measures, of which 5 are LTP measures. In Q2, 9 are on track, 2 at risk and 1 is not measured.</p>					
SOI performance measures					
1. Net new dwellings (housing units)	404	164	200	On track	<p>Actual YTD: we have delivered 164 new homes to date with 93 dwellings being delivered this quarter by Avanda in the Airfields Hobsonville.</p> <p>Forecast FY: We forecast to achieve the annual target.</p>
2. Commercial / Retail gross floor area (GFA) or net lettable area (square meter)	Not measured	Not measured	1,000 sqm	-	<p>This target will not be measured as no projects are planned this year due to programme changes. FY24 GFA targets are also moving to future years due to changes in construction timing.</p>
3. Public realm – square meters	23,226 sqm	156sqm	7,000 sqm	On track	<p>Actual YTD: Construction works on the Wiri bridge was completed in August 2022, providing 156 sqm of shared path/cycleway public realm. The Te Ara Awataha stage 1 project in Northcote is awaiting practical completion certificate as evidence of completion.</p> <p>Forecast FY: Projects remain on track to meet the target with the majority of works expected to be delivered in Q3 and Q4 for public realm projects in Manukau, Northcote, Panmure and Takapuna</p>

<p>4. Capital project milestones approved by the board achieved</p> <p>– LTP performance measure</p>	81%	33%	Achieve 80 per cent or more of project milestones for significant capital projects	At risk	<p>Actual YTD: 5 capital milestone targets have been met year to date (33%). The most recent milestones met were Stage one works for Takapuna's Waiwharariki Anzac Square completed and completion of Westhaven Marina replacement of piers GHJ in December 2022.</p> <p>Forecast FY: We forecast to meet the target at year end.</p>
Key performance indicators					
	Previous Year	FY 23 Quarter 2			
		YTD Actual	FY Target	Status	Commentary
SOI performance measures					
<p>5. Achieve total board approved budgeted Transform and Unlock (T&U) net sales for the financial year through unconditional agreements</p> <p><i>Note: These site sales also enable housing and wider urban regeneration outcomes.</i></p>	\$64.4m	\$7m	\$21.7m	At risk	<p>Actual YTD: To date T&U sales total is \$7m.</p> <p>Forecast FY: We expect to meet our target by end of year assuming the timing of the sale of a commercial building in the Wynyard Quarter is achieved. The target is at risk due to the downturn in the property market.</p>
<p>6. Annual property portfolio net operating budget result agreed with the council achieved</p> <p>– LTP performance measure</p>	\$27.1m	\$10.9m	\$19.4m	On track	<p>Actual YTD: To date good progress has been made towards the target, YTD surplus is \$10.9m, this is \$3.9m ahead of phased budget.</p> <p>Forecast FY: We forecast to achieve property portfolio net operating budget.</p>

<p>7. The monthly average occupancy rate for tenatable properties</p> <p>– LTP performance measure</p>	<p>Commercial 93.4%</p> <p>Residential 97.9%</p>	<p>Commercial 93.1%</p> <p>Residential 98.3%</p>	<p>Commercial 85%</p> <p>Residential 95%</p>	<p>On track</p>	<p>Actual YTD: Occupancy rates are within target. No significant movement expected in coming months.</p> <p>Forecast FY: We forecast to achieve average occupancy rates.</p>
<p>8. The percentage of marina customers surveyed who are satisfied with marina facilities and services</p>	<p>90%</p>	<p>-</p>	<p>85%</p>	<p>On track</p>	<p>The Marina customers survey will be measured at the end of year.</p>
<p>9. The asset recycling target agreed with the Auckland Council</p>	<p>\$35m</p>	<p>\$23.9m</p>	<p>\$70m</p>	<p>At risk</p>	<p>Actual YTD: To date 4 sales with a cumulative value of \$23.9m have contributed towards the asset recycling target.</p> <p>Forecast FY: A high value corporate property expected to go unconditional in Q3 which will contribute significantly to the target being met. Achieving this target will be impacted should this property not go unconditional by the end of the financial year as anticipated.</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>	51	32	50 initiatives that support Māori Outcomes	On track	<p>Actual YTD: Eke Panuku has completed to date 32 new initiatives that support Māori Outcomes. We are on track to achieve the target by year end.</p> <p>Forecast FY: We forecast to achieve 50 initiatives that support Māori Outcomes.</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>	50%	-	5 per cent increase on previous year	On track	<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>	34%	100%	80% of complaints are resolved within 10 working days	On track	<p>Actual YTD: 5 complaints have been received to date and all have been resolved within 10 working days. No complaints were received this quarter.</p> <p>Forecast FY: We forecast to achieve the complaints target.</p>