

ANNUAL REPORT PŪRONGO Ā-TAU

30 JUNE 2020



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Ngā Rārangī Take

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1.

From the Chair Mai i te Tūru

1.

From the Chair

Mai i te Tūru



Ngā mihi kia ora koutou katoa,

The critical role of neighbourhood resilience was brought into sharp focus this year by the global pandemic COVID-19 and the resulting lockdown. The need for Auckland to build thriving, resilient urban neighbourhoods was underscored as people began to experience their neighbourhoods in different ways. It became obvious to many that community relationships and well-planned neighbourhoods are key to resilience during challenging times.

As an organisation, our priorities lie in catering for the city's growth while at the same time ensuring quality design is achieved in a sustainable way. This means more intensive development near good transport links; the supply of warm, healthy homes to meet the needs of current and future residents; designing neighbourhoods that can support businesses which provide jobs; facilitating spaces for communities that are welcoming and supportive; and leadership in initiatives which address the pressing issue of climate change. This year we heard and saw first-hand the hardship being faced in our neighbourhoods, both during lockdown and afterwards, as our economy and communities reboot.

Auckland Council has provided strong guidance on critical issues including the climate emergency and the future of urban development in our city.

Panuku's potential influence over our city's sustainability is significant, with approximately 40% of Auckland's emissions coming from transport, and 30% from energy use in buildings. As part of our work on the Auckland Climate Action Plan we have developed a list of actions which we will deliver in collaboration with council and our partners, to address how we can help Aucklanders minimise their impact on the environment.

Similarly, the Auckland Plan's Development Strategy is a long-dated piece of work that addresses how and where Auckland will grow, to ensure we have a clear understanding of where and when investment in planning and infrastructure will be made. Panuku has a critical role to play to ensure that the density required for our population growth is planned for and executed well.

The recent CCO Review, commissioned by Auckland Council, has reiterated Panuku's importance to our region, and council's support for our continuation. Indeed, council identified that a more stable source of funding for Panuku's work needs to be determined in the long-term.

Next year we know Auckland Council's budget must work harder than ever for the people of Auckland. In light of council's post-COVID 19 financial situation, we are focused on how we reprioritise our work programme in order to maintain momentum towards these priorities.

Many of our teams were honoured with awards for their work this year, reinforcing the depth and diversity of talent here:

- Our Corporate Sustainability Advisor Tessa Meyer was named Future Thinker of the Year
- we achieved a Toitū carbon reduction certification, as members of the Climate Leaders Coalition (CLC)
- two Panuku neighbourhoods, Henderson and Takapuna, achieved a Green Star - Communities rating from the New Zealand Green Building Council for exceptional master-planning, a first in New Zealand
- Westhaven Marina received a Blue Flag endorsement
- two waterfront projects, Wynyard Central and 12 Madden Street, were honoured at the NZ Institute of Architecture Awards
- our waterfront team was named best team at the Auckland Property Awards

This year we have joined a growing number of sustainable organisations in moving our annual report to an online only format, in recognition of the environmental impact of large printed documents.

We know that the key to successful urban regeneration is partnership, with local and central government, mana whenua, businesses and communities. I continue to work closely with our partner organisations both in Auckland and Wellington to ensure our work is integrated and able to take advantage of opportunities to deliver faster, better results for our neighbourhoods.

Panuku is nimble and full of talented people, and, with the rest of the board, I am confident in the ability of this committed group of people to rise to the challenges and opportunities that lie ahead in Auckland.

Ngā mihi

Adrienne Young-Cooper

Board Chair
Panuku Development Auckland

2.

**From the Chief Executive (acting)
Mai i te Tumu Whakarae (taupua)**

2.

From the Chief Executive (acting) Mai i te Tumu Whakarae (taupua)



Ngā mihi kia ora koutou katoa,

After moving into the Chief Executive role in an acting capacity at the end of 2019, and leading the organisation through the pandemic and lockdown, it has certainly been an eventful year.

To prepare for a step-up in delivery across our neighbourhoods, the organisation also went through a significant realignment over the new year.

Despite this high level of change and external challenge, this has been an overwhelmingly productive year focused on delivery – in every one of our neighbourhoods, each area of the business, and with each dollar, we have focused on how we might best deliver on our vision to shape spaces for Aucklanders to love.

Auckland Council's significant financial constraints in the coming year require us to challenge ourselves to find innovative new ways to ensure we continue to deliver results with a reduced capital and operating budget. We have ended the year undergoing a major reprioritisation of all expenditure and this will include the loss of some staff.

Fundamentally, our role is to take key council properties and repurpose them for the next generation. These properties are selected for their strategic value, usually because they're on an excellent transport network. We intersect our skills in planning, design, sustainability, development and many other critical areas to deliver good outcomes for the community, working alongside our development partners.

We're in a unique position in that, when strategically grouped together, these projects contribute to creating a more attractive, vibrant and liveable neighbourhood. And, in addition, they usually provide much-needed homes.

We work closely with mana whenua, both by enabling commercial opportunities and honouring their role as kaitiaki of the land. This year we have established close working arrangements with central government's new housing and urban regeneration agency Kāinga Ora and are already working alongside them in several locations. The rest of Auckland Council, including other CCOs and local boards, as well as our communities, are critical to our success.

To shape spaces for Aucklanders to love we need to understand those things that are important to them. This year we have worked hard to ensure we are listening to our diverse communities, understanding the needs of our neighbourhoods and reflecting those aspirations in our plans.

I am proud of what has been achieved to date and the dedication, commitment and creativity shown by our people despite the current pressures. I look forward to being part of the innovation and creativity that is emerging following the unprecedented events of the first half of 2020.

Ngā mihi

David Rankin

Chief Executive (acting)
Panuku Development Auckland

3.

Who we are
Ko wai mātou



3.

Who we are Ko wai mātou

Panuku Development Auckland is the council-controlled organisation that delivers urban regeneration in Tāmaki Makaurau (Auckland).

Our city is facing rapid growth. Quality development is required to accommodate this growth, and to ensure people love and can afford to live in Auckland.

We imagine a city of strong neighbourhoods.

We work across many neighbourhoods throughout our city – from large, long-term urban regeneration plans to small projects on specific sites – to meet the needs of the city’s long-term growth, including more types of homes people can afford.

We’re Auckland Council’s agent and as such we work alongside other parts of the council, government organisations, businesses and locals to regenerate our city in ways that benefit both our communities and Auckland as a whole.

We recognise that we cannot achieve our mandate alone. Our complex operating environment means we need the expertise of others. Building and maintaining strong relationships and partnerships is an ongoing focus for us. We are reliant on private sector investment to achieve our vision.

We optimise returns for council, but at the same time we ensure our buildings contribute positively to their neighbourhoods.

We manage around \$3 billion of land and buildings that Auckland Council owns, which we regularly review to find smart ways to make money for our city.

We’re visionary. We imagine a city of strong neighbourhoods that are resilient, thriving, unique, and great places to live.

We’re strategic. We’re an agent of Auckland Council and as such we’re guided by strategies such as the Auckland Plan, local board plans, economic development strategies and our own town centre plans. We are a centre of excellence for urban regeneration, that brings these plans to life.

We’re place-led. The identity, attributes and aspirations of the neighbourhoods we work in lead our thinking in everything from engagement to design.

We collaborate. We believe that working together will always create a better result than working alone. We work closely with Auckland Council, including councillors, council-controlled organisations and local boards, mana whenua, the private sector, crown organisations and our neighbourhood locals to deliver urban regeneration for Tāmaki Makaurau.



4.

What we do
He ā mātou mahi



4.

What we do He ā mātou mahi

Urban regeneration

Urban regeneration involves planning neighbourhoods and improving buildings in order to strengthen communities and the economy to make the city an even better place to live.

A vibrant and well-functioning town centre can be the heart of a community.

We specialise in town centres, ensuring homes, offices, shops and eateries are close to public transport to reduce people’s reliance on cars. This benefits the immediate wider community. One of our priorities is to increase the number of available homes in Auckland; particularly homes that more people can afford and homes for the elderly. Our challenge is to balance our requirement to deliver returns for council while ensuring our regeneration projects are good quality, meet strategic objectives and are better for the environment.

Density done well

Quality compact, urban living is critical for an efficient, healthy and thriving city. We work with urban planners, architects and designers to create town centres where people want to live, work and play.

This means:

- Ensuring our designs align with council plans and what the community wants
- Regularly talking to stakeholders and the community to ensure our projects reflect the character and needs of the neighbourhood
- Creating environmentally friendly developments that incorporate public transport, roads and public spaces for all to enjoy.

Our development partners

The properties we develop are selected for their strategic value, usually because they’re close to a good public transport network.

We don’t build on land directly, instead we work with others such as private organisations, government, iwi and not-for-profits. We agree a set of outcomes, including that all homes are healthy, energy efficient and better for the environment. That’s why we insist on Homestar 6 rated homes in all our Transform and Unlock locations.

We’re in a unique position in that, when strategically grouped together, these projects contribute to creating a more attractive, vibrant, and liveable neighbourhood. And, in addition, they often provide much-needed homes.

Public good investment

We work with other parts of council, including local boards, on infrastructure and other public good investment. This includes creating and upgrading public spaces such as parks, playgrounds, cycling paths and streets. Public good investment unlocks the potential of our neighbourhoods, meeting community needs and allowing us to provide holistic urban regeneration.

The environment

Sustainability is at the heart of everything we do.

This includes:

- Conserving resources. We take action to reduce energy use and conserve resources through the design and delivery of our regeneration projects. We set environmental standards for ourselves and our development partners.
- Adaptation and resilience. We’re future proofing our communities and assets. This includes the consistent use of green infrastructure, water-sensitive urban design, ecological improvements and community resilience planning.
- Healthy, low-carbon lifestyles. Living and working in our communities means you have amenities on your doorstep, access to public transport and safer walking and cycling routes. Our development partners are required to deliver housing to a minimum 6-Homestar rating.



4.

Working with Māori

Eke Panuku takes our name from the whakataukī *kia eke panuku, kia eke Tangaroa*, and in combination with our Te Tiriti relationship with iwi, Panuku makes a meaningful contribution to council’s Māori outcomes.

Some of the work Eke Panuku does with mana whenua includes:

- Supporting mana whenua aspirations including governance, economic, culture, wellbeing, and te taiao (nature)
- Creating better outcomes that restore and enhance the mauri of Tāmaki Makaurau
- Enabling commercial opportunities for iwi to grow intergenerational wealth.

The Mana Whenua-Panuku Outcomes Framework

For several years, Panuku has sought to understand the aspirations of mana whenua better. Often, Panuku has adopted a siloed engagement approach with mana whenua – engaging with our partners on a project-by-project basis. Now, we can use our resources to support mana whenua aspirations in a more collaborative way.

The Outcomes Framework captures mana whenua aspirations for Panuku. These are organised into five pou:

- Governance: We involve mana whenua in transparent decision-making
- Culture: We will increase our practice of kaitiakitanga (by all) and increase the visibility of Māori identity and culture in our projects
- Economic: We will create more commercial investment, procurement, and engagement opportunities for Māori
- Wellbeing: We will foster a sense of community and connectedness and help enhance the well-being of Māori here in Tāmaki Makaurau
- Natural environment: We will work together to ensure we are working towards significant improvements to te mauri o te taiao.

Over the next three years, Panuku intends to implement an outcomes framework that uplifts our shared priorities.

Place-led thinking

Our urban regeneration projects need to reflect the people, character and needs of the area. Place-led thinking drives all parts of our business from design to investments, to the way we structure our organisation.

Placemaking is crucial to our work. It is a process that fosters the creation of vital, successful places. The kind of places where people feel a strong relationship with their communities and a commitment to make things better.

Our placemaking practice has been developed over the last decade or so, initially for spaces like the city centre waterfront, but now across the wider Auckland region.

Through placemaking, the people of a place play a strong cooperative role in the building of their public places. It’s an inclusive approach which can benefit all outcomes – social, commercial and everything in between.



4.

Property management

Buying property

We buy property on behalf of Auckland Council for public services, such as parks and open spaces and stormwater upgrades. We also purchase land for urban renewal. Auckland Council buys a lot more land each year than it sells, to support the growth of the region. Land is purchased in line with the council's Long-term Plan requirements, which ensure good community outcomes.

Managing property

We manage property for Auckland Council until it's needed for a service, such as a new road or park, or until they're sold. A number of commercial council assets are held for the long-term, including industrial sites, shops, offices, homes, landfills, quarries and marinas.

Right now, we manage a portfolio of more than 2000 assets. This portfolio generates around \$68 million in income for the region each year. Where Auckland Council leases property for council purposes, such as for a library, we also manage the relationship with the landlord.

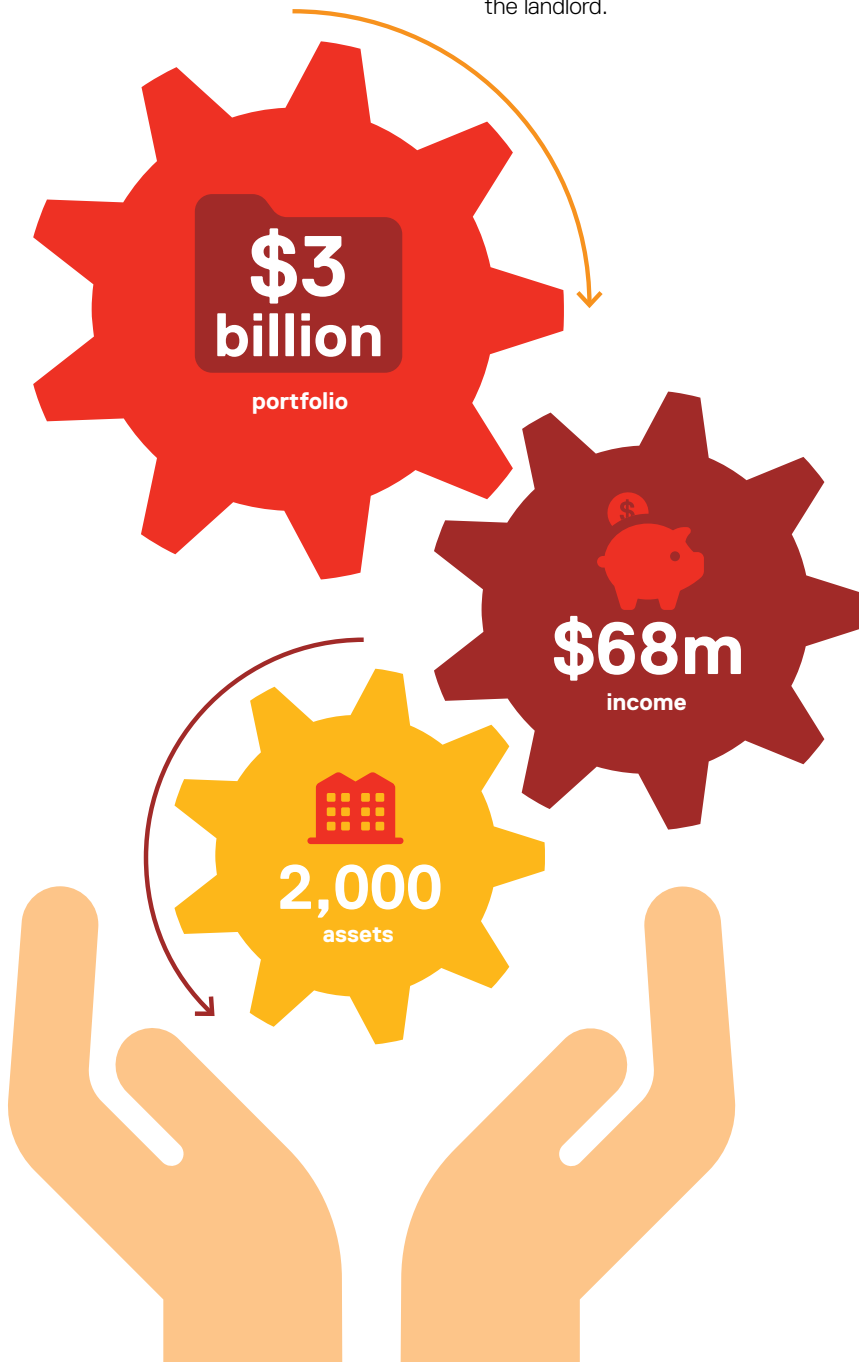
Selling property

Auckland Council owns properties that vary in quality. In partnership with the council, we continuously review its property portfolio. This includes recognising when properties may no longer be required. Once we identify that a property is potentially no longer needed, we go through a robust, multi-stage process to assess if the council may need it for another purpose, now or in the future. This involves talking with Auckland Council including local boards, mana whenua groups and the Independent Māori Statutory Board.

If the property is considered unneeded, then we propose to the council that it could be sold. All sales must be approved by the Finance and Performance Committee. Once approved for sale, a property may be offered back to its former owner, sold to a neighbour or sold on the open market. In certain cases, we set conditions on the sale to ensure a good outcome for the community: for example, that homes must be built on it. Properties within our urban regeneration locations are sold in a different way. Here we select a development partner for the property and agree a set of outcomes. These include requirements to create buildings that meet the needs of the neighbourhood, and guarantee all homes are healthy, energy efficient and better for the environment.

Panuku generated \$10 million in net sales for Auckland Council from the sale of surplus properties which, together with the \$44 million raised last year, ensures we are well on track to achieve our 2018-2021 net unconditional sales target of \$72 million.

The total of all Panuku sales on behalf of Auckland Council this year is \$83 million. This is made up of sales in the Transform and Unlock locations of \$33 million, the regional programme including sales of the council's corporate properties \$40 million and general asset sales of \$10 million.



5.

How we do it
He pēhea tā mātou mahi



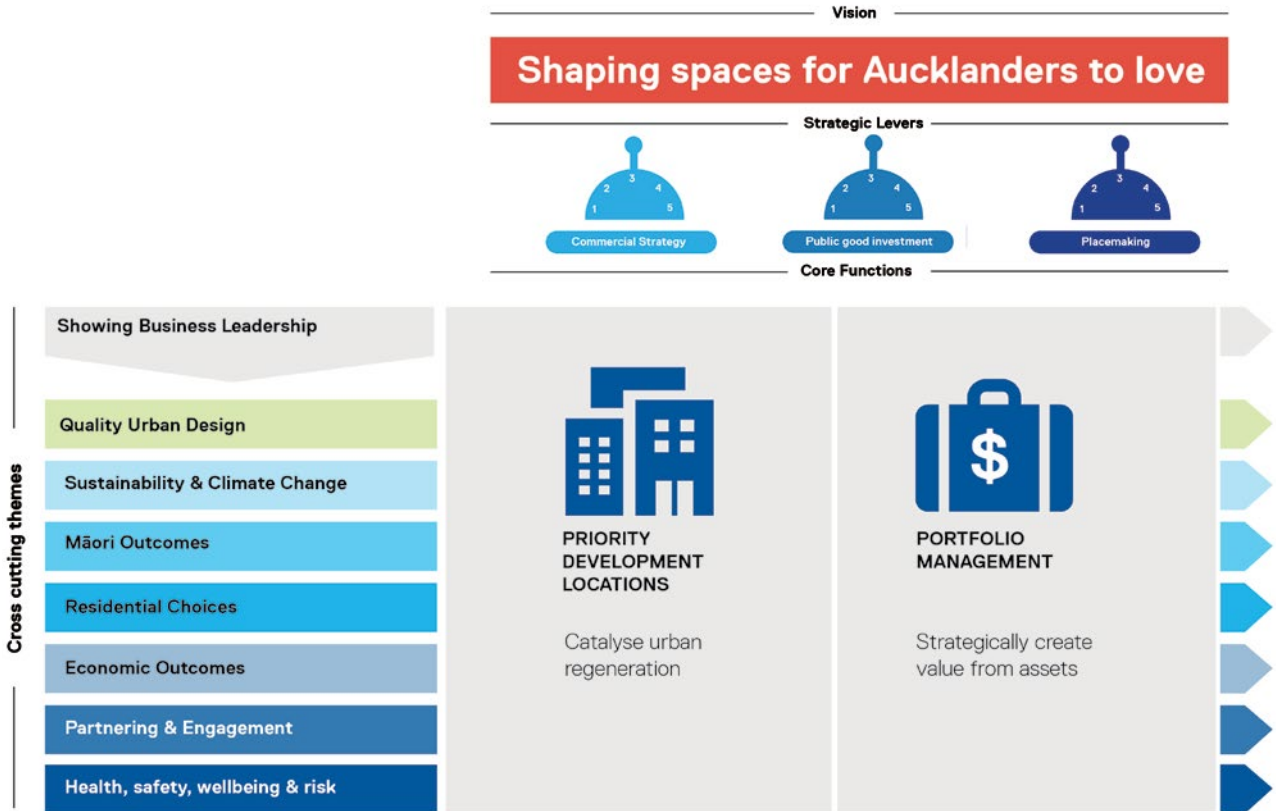
5.

How we do it He pēhea tā mātou mahi

Urban regeneration is a complex process that requires integrating many different types of skills. At Panuku we've developed a strategy to ensure we're delivering the most strategic and best quality work we can.

Our vision is shaping spaces for Aucklanders to love. We start with a plan, working with the local board, mana whenua and stakeholders, and importantly building on any plans that have already been prepared with the community.

We seek approval of our over-arching plan (called a High-Level Project Plan) by the council's Planning Committee and the relevant local board. This confirms our role in the neighbourhood's regeneration, what we are seeking to achieve and the council land that can be used. We build on our over-arching plans through ongoing, robust masterplanning. To implement the agreed plans, we have 'three levers'.



5.

The three levers

The 'levers' are the three key tools we use to implement the plan. Every neighbourhood is unique and requires different levels and types of intervention. We 'pull' each lever to a certain level, depending on what's required in each neighbourhood.

The first lever is **commercial strategy**. This is where we use properties in Auckland Council's portfolio to deliver urban regeneration. These are either not needed by council to deliver services, could be used better, or are properties that have been purchased specifically to enable urban regeneration.

We use these properties to affect change that aligns with our overarching strategy for the neighbourhood. We don't build on land directly, instead we work with others such as private organisation, government, iwi and not-for-profits. We agree a set of outcomes with them, including guaranteeing all homes are healthy, energy efficient and better for the environment.

This process also generates financial return for council, which we can reinvest in our neighbourhoods, for example to purchase more property or to deliver public good investment.

The second lever is **public good investment**. We have a small amount of funding available to invest in and improve the town centres we work in. If we want people to live, visit or work in our neighbourhoods, they need to have good amenities and be attractive. Public good investment could mean improving streets or walkways, creating new public spaces or linking up existing walking and cycling paths.

The third lever is **placemaking**. Placemaking is a process that fosters the creation of successful places. Through placemaking, our communities play a strong, cooperative role in the building of their public places. It is an inclusive approach which can benefit both social and commercial outcomes. It is about building a relationship with the community and building support for change.

Cross-cutting themes

The second part of our strategy is our cross-cutting themes. This is a 'checklist' of things that our work must take into consideration. We set minimum standards but also look for opportunities to provide leadership through pilot projects, demonstrations or exemplary work.

The first theme is **quality urban design and development**. We're regenerating land on behalf of council, so it must be high quality but also commercially viable and realistic. We have a team within Panuku that prepares masterplans, provides design input, reviews our designs, as well as an independent design panel. For public realm projects our designs usually receive input from local boards, councillors and the community. And that's all before they go through council's resource consenting process.

Next, we consider **sustainability and climate change**. We undertake initiatives to ensure we build sustainably including homes that are low carbon, reduce emissions, and are warm and dry. For example, all houses built on our sites must be a minimum Homestar 6, and sometimes we aim for higher such as in Wynyard Quarter, where many of the apartments built are Homestar 7 or 8.



5.

Māori outcomes are critical to our work. We have worked closely with mana whenua, Auckland's 19 iwi, for many years, including agreeing a series of Māori outcomes. We identify opportunities for Māori in our work including cultural opportunities, ways in which we can reflect Māori identity and commercial prospects.

Another key theme for our work is **residential choices**. Many neighbourhoods are dominated by three-and four-bedroom stand-alone homes. Often our work means introducing a range of housing options, including townhouses and apartments, to provide for many types of home buyers. We're also committed to ensuring homes serve the whole community, which means introducing a mix of social, market and affordable housing.

Our next consideration is **economic outcomes**. Although economic outcomes at a region-wide level sits with our counterparts at Auckland Tourism, Events and Economic Development (ATEED), economic development at a neighbourhood level is critical to urban regeneration. Where appropriate, we enable new spaces for businesses in our town centres.

We know we can't achieve urban regeneration alone, so our next theme is **relationships and engagement**. Our collaborative approach means that we must take people on this journey with us, through proactive engagement and communications. Investors in housing and commercial development are critical to what we do and we are always looking for ways to ensure we are an easy partner to work with. Partnerships with the private sector, Kāinga Ora and other government organisations, iwi, community housing providers and others is our focus. We must work together, prepare plans jointly, co-fund projects and align delivery. This is especially important with other parts of council, such as Auckland Transport, Healthy Waters and the Community Services team, that deliver community facilities.

Health, safety and wellbeing is a bottom line. Keeping our staff, partners and communities safe is of utmost important to us, so we develop health and safety plans wherever they're required and work hard to ensure everyone's wellbeing is put first.



6.

Where we're working
Kei hea mātou e mahi ana



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PTRACK

#communitypumptrack

6.





Where we're working

Kei hea mātou e mahi ana

From Orewa to Pukekohe, and Henderson to Howick, Panuku is working on behalf of Auckland Council to ensure economic prosperity, create better connected neighbourhoods, facilitate quality public space and improve housing quality and choice.

The neighbourhoods we work in are selected based on areas that are a focus for growth in the Auckland Plan.

Project type

- 
Transform
 Where we transform an entire neighbourhood through urban regeneration.
- 
Unlock
 Where we facilitate revitalisation of an area through a few key properties within a town centre.
- 
Support
 Where we use council land to build more houses. Our Support areas frequently change. For more information about our Supports visit panuku.co.nz
- 
Sold properties



7

Highlights from our neighbourhoods Ngā tīpako mai i ō mātou takiwā



Highlights from our neighbourhoods

Ngā tīpako mai i ō mātou takiwā

Although COVID-19 significantly impacted delivery on some of our objectives, we're proud to have achieved good momentum in our neighbourhoods this financial year.

North Te Raki

Community-led restoration of Jessie Tonar Scout Reserve | Northcote

The Northcote community has been getting behind the regenerative work at Jessie Tonar Scout Reserve, part of Te Ara Awataha greenway project, which includes removing invasive and exotic weeds, planting native species, restoring and daylighting the Awataha Stream and trapping pests.

Local community group Kaipātiki Project is delivering the restoration on behalf of Panuku. Restoration activator Neil Henderson says a rare kākā sighting in Northcote is a 'blessing' which speaks to the value of native wildlife restoration in the area.

The project is a collaboration between Panuku Development Auckland, Kāinga Ora, Kaipātiki Local Board, Healthy Waters, Kaipātiki Project, Pest Free Kaipātiki, mana whenua, local schools and the Northcote community.

Town centre acquisition process | Northcote

To enable the comprehensive urban renewal of Northcote, Panuku embarked on a process to acquire buildings in the town centre. This process was necessary to accumulate a sufficient parcel of land for a first-of-its-kind urban renewal programme encompassing the whole town centre.

In April 2019, Panuku agreed to utilise the provisions of the Public Works Act 1981 (PWA) to acquire the remaining retail buildings in the town centre.

The process commenced with Panuku contacting property owners and ground leaseholders in Northcote to express a desire to purchase their interests. This resulted in the successful acquisition of 12 properties in FY20, with a further seven settling in July and August.

The process concluded with Panuku issuing section 23 notices to four remaining properties in July 2020.

Town square concept design approved | Takapuna

Takapuna locals can now visualise how their future town square will look after the Devonport-Takapuna Local Board endorsed the concept design in May 2020.

The town square will be a place where people can come together to meet and relax, children can play and celebrations can be held. The design is the result of local feedback and expert masterplanning which will give Takapuna a new heart.

Following public feedback on the design in July 2020, the plan has moved into detailed design, with construction due to commence in 2021.



7.

Gasometer car park construction | Takapuna

To create a more pedestrian-friendly environment in Takapuna, we are relocating car parking from 40 Anzac Street to the edge of the town centre at 14 Huron Street.

The new multi-storey car park will open in late 2020 and will provide 420 parking spaces as well as electric car charging stations, motorbike parking, bike storage, accessibility parking and facilities such as changing rooms and lockers. This will free up the central Anzac Street site for public space and mixed-use development.

Artists from Ngāti Whātua Ōrākei and Ngāti Tamaoho have worked on artworks for the building that depict the cultural narrative for Takapuna guided by the history and storytelling of mana whenua.

Placemaking at 38 Hurstmere | Takapuna

The building located at 38 Hurstmere Road was demolished in March 2019. Panuku worked with local placemaking agencies Gapfiller and Fresh Concept to develop a strategic approach for the site and establish it as a temporary public space.

This provided an opportunity, using a placemaking approach, to work closely with locals to inform the future design of the space. The development and programming has allowed us to observe how public engage with the site and develop a further understanding of what locals would like to see there, exploring themes around shelter, play, events, cycling and environmental issues.

New homes land at Airfields development | Hobsonville Point

The Airfields precinct now boasts over 100 homes. The first stage of Panuku's master development saw 102 high-quality homes delivered by AV Jennings. Avanda has a further 480 homes in the long-term pipeline, with foundations being laid for 28 homes to be built this year by Jalcon Construction. The Avanda homes are the first to be awarded a 6 Homestar rating using our customised checklist.



Over **580**
 new homes in
 Hobsonville
 Point



Artist impressions only.

7.

**West
Te Uru**

Laidlaw College invests in Henderson’s future | Henderson

Panuku finalised an agreement with the Laidlaw College Foundation which will see the organisation acquiring most of Auckland Council’s campus in Henderson – a deal that will be integral to the revitalisation of Henderson. Parts of the site, including the Japanese Garden, were retained for public space and to create links between the town centre and the train station.

The agreement will advance Panuku’s urban regeneration programme in Henderson, boosting population and business in the town centre significantly, while enabling development around the train station and sparking further regeneration.

Sounds of tui, pīwakawaka sing out in Henderson | Henderson

A new sound installation popped up in Henderson, bringing sounds of nature to urban spaces. Crafted in the shape of hue (gourds), which were traditional water carriers, this artwork embodies the essence of a time gone by while also acknowledging the present and the future.

The sculptures, conceptualised by artist Riki Bennett, are a fantastic addition to Henderson’s town centre that speak to the area’s history and help enhance the mauri of the twin streams.

Prominent land parcels secured in town centre | Henderson

Panuku’s long-term plan to bring more homes and people closer to the heart of Henderson is advancing with agreements in progress on three key sites over the past year.

All sites secured are adjoining at the end of the commercial cul-de-sac at Trading Place and offer significant development potential right in the middle of the town centre, minutes from the Waitākere Central Library, main street and the train station.

These sites are part of a wider precinct plan and will provide an attractive opportunity when market conditions are right.

More milestones for new community centre and town square | Avondale

Plans for Avondale’s new multipurpose community facility and town square enhancements are taking shape, with acquisitions of four properties situated at 1971-1987 Great North Road proceeding as planned. Three of the four properties have been secured to date.

Construction of the new facility will be part-funded through the sale of the current library and community centre site, with proceeds from the sale ring-fenced for the new multipurpose facility and additional land required.

Staged land swap for Avondale | Avondale

Panuku and Kāinga Ora have reached an agreement to trade two large parcels of land in Avondale in what is viewed as a staged, strategic land swap for the two agencies.

Kāinga Ora has purchased 18 Elm Street from Auckland Council, while Auckland Council has secured the right to purchase 10 Racecourse Parade from Kāinga Ora.

Both sites are steps away from the town centre and main retail strip. The transaction will help both agencies achieve their regeneration goals for Avondale, which include increasing the number and types of homes available to live in.



Artist impressions only.



Artist impressions only.

7.

North and west Māuru

NZ's first green, climate-resilient communities | Takapuna, Henderson

Two Panuku neighbourhoods achieved a Green Star - Communities rating for exceptional masterplanning, a first in New Zealand.

Awarded by the New Zealand Green Building Council (NZGBC), we use this framework to benchmark ourselves and ensure our planning is best practice. The Opanuku Precinct in Henderson and the Unlock Takapuna programme were independently rated for their commitment to sustainability, planning for climate change and building community resilience.

The ratings are the first of their kind to be completed in New Zealand, with both projects securing a 5 Star Green Star rating.

Innovating streets for people Takapuna | Henderson

In June 2020 Panuku secured funding from Waka Kotahi NZ Transport Agency's Innovating Streets for People pilot fund to work with the Takapuna and Henderson communities on street improvement projects.

In Takapuna we are working with locals to co-design improvements to Huron and Northcroft streets to help make the journey from the new car park building at Huron Street to the town centre more attractive and safer for locals and visitors.

Henderson's pilot is focused on making the town centre more welcoming to people visiting local shops and heading to Henderson Train Station.



7.

**Isthmus
Kuititanga**

Strategic acquisitions | Panmure

Auckland Council purchased two key sites at 19-23A Queens Road and 3 Korma Lane that will help enable the redevelopment of Panmure’s town centre. The sites will be combined with underused Auckland Council land to enhance links between the main street and Panmure Basin.

The sites are poised for mixed-use development to attract new businesses to boost Panmure’s local service offering and employment opportunities.

Silent Disco Citywalk | Panmure

Panuku facilitated the second Panmure Silent Disco Citywalk in partnership with community group Papaya Stories. The event encouraged the community to explore Panmure’s town centre in a unique and exciting way.



A new community hub for Panmure | Panmure

Following the Panmure Community Needs Assessment undertaken by Auckland Council, which recommended that Panmure would benefit from more integrated community spaces, Panuku began working with the wider council whānau to consider current requirements for a new multi-purpose community facility. The facility will incorporate community space, a library and deliver community services to better serve the neighbourhood.

Community feedback on Waiapu Precinct | Onehunga

In early 2020 Panuku sought feedback from those who live, work and play in Onehunga on what they would like to see incorporated in the future development of the Waiapu Precinct, a 10,730sqm block of land between Church, Selwyn and Arthur streets and Onehunga Mall.

Feedback is being used to guide the design of the masterplan of the site. The plan seeks to build on the existing buzz of Onehunga Mall and promote new development and activities in the Waiapu precinct, including new retail, more housing, better connections and improved public space.

Onehunga Wharf masterplan | Onehunga

Panuku is developing a masterplan for the Onehunga Wharf. The wharf is the only west coast port in Auckland and has a rich and vibrant history dating back to when the first waka landed on the shores of Tāmaki Makaurau.

The masterplan process involves working closely with our mana whenua partners to understand their aspirations and objectives to outline a cultural narrative for the site, and working with technical experts including urban designers and transport experts, water quality, structural, and sustainability advisers, to understand the constraints and possibilities for the future wharf. Workshops with the community to gain their views were also undertaken, and consideration was given to long-term opportunities.

The developed master plan will be used as part of the plan change process that is to be initiated next year. A plan change will change the current designation for the wharf from port activities and allow future development. This will be initiated by Auckland Council and will be open for public consultation and feedback.



7.

South Te Tonga

A new neighbourhood for Manukau | Manukau

Panuku, New Zealand Housing Foundation and Te Ākitai Waiohū are building a new neighbourhood of up to 300 homes on Kōtuitui Street, from one-bedroom apartments to four-bedroom houses. The first homes have been completed and residents have moved in.

It's the largest affordable housing initiative to be undertaken by Panuku to date.

Barrowcliffe over-bridge gets green light | Manukau

Panuku got the green light for the Barrowcliffe Bridge and Barrowcliffe Place streetscape upgrade in Manukau, which includes a bridge over the State Highway 20 motorway. The upgrade will improve the connection between central Manukau and Wiri for people walking and cycling, making it safer and easier to access the town centre.

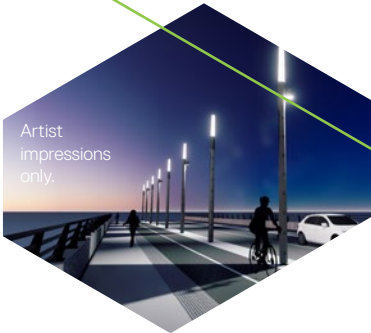
Puhinui Stream regeneration | Manukau

A strategy and work programme were established to transform the 12km Puhinui Stream from its source in Tōtara Park, through the heart of Manukau, to where it empties into the Manukau Harbour.

This is a joint project being led by Panuku and Auckland Council's Healthy Waters team. The Puhinui Stream is the last remaining natural asset in the area and is an important link to Manukau's cultural and ecological heritage. Restoring it will be a source of great community pride with local connections and amenities along the stream, with places to walk, cycle and play.

Kotahitanga Day at Wiri | Manukau

The Wiri Kotahitanga Day provided a great opportunity for us to connect with the local community and gain their views on projects including Barrowcliffe Bridge and Wiri Playground. The feedback from the community has helped shape the design for the playground and the bridge.



Artist impressions only.



7.

Revitalised Papatoetoe Mall completed | Old Papatoetoe

In 2016 we announced a major upgrade of a main-street mall in Old Papatoetoe in partnership with the Ōtāra-Papatoetoe Local Board.

Fast-forward to 2019 and the newly upgraded mall boasts a modern supermarket and large public space where people can soak up the sun's rays, spend time with friends and make new connections. The mall was subsequently purchased by a local businessman who's looking forward to seeing more people come and enjoy the space.



St George Street development proposition finalised | Old Papatoetoe

A development opportunity including two sites at St Georges Street was consolidated to create an attractive offering to the market.

The vision for the development is that it will include high quality housing with good accessibility and connectivity to the town centre.

Plan for Pukekohe revealed | Pukekohe

We launched our strategy to unlock Pukekohe's potential. The overarching plan, known as Kia Puāwai a Pukekohe, was given the green light by Auckland Council's Finance and Performance Committee following endorsement by the Franklin Local Board.

The plan identifies employment, education and health facilities as priorities and outlines eight key moves where we feel we can make the biggest contribution. These include precinct redevelopment, public realm investment and placemaking.



7.

Auckland's city centre and waterfront Te pokapū me te tāhuna o Tāmaki Makaurau

Update of the Waterfront Plan | Wynyard Quarter

A review of strategic and technical work commenced with the purpose of updating the Wynyard Quarter Precinct section of the Waterfront Plan. This work will inform a draft masterplan which will be widely consulted on from late 2020 in the lead up to a plan change in 2021. The draft masterplan will largely focus on the future of Wynyard Point now that it is free of the bulk liquid storage tanks.

Percy Vos Boat Shed | Wynyard Quarter

Work continued on the redevelopment of the Percy Vos Boat Shed which will be completed in late 2020. The boat shed is a heritage boat refit facility that built many of New Zealand's finest vessels. We're working to revive the boatshed and showcase some of New Zealand's maritime history to the public.

Tiramarama Way | Wynyard Quarter

Construction of the second stage of Wynyard Quarter's public laneway, Tiramarama Way, began in June 2020. The second stage will be completed in two parts and will feature a continuation of the first stage's design work, a collaboration between Megan Wraight from Architecture firm Wraight + Associates and internationally renowned artist Lisa Reihana.

Orams Marine development | Wynyard Quarter

The Orams Marine Refit Facility lease went unconditional, which has enabled Orams Marine to begin the first stage of their development in time for the 36th America's Cup. The site, which will include a boat refit facility, will be completed by late 2020 along with buildings and offices projected to be completed in mid-2021.

Stage two, which will be started in a few years, will include residential apartments. The marine site works will create more than 500 jobs, including as many as 200 apprenticeships, and give a major economic boost to the marine and tourism industries.

2,000 festivalgoers

Summer at Silo Park | Wynyard Quarter

Over summer Silo Park hosted a range of large and small events consisting of an outdoor cinema, live music, craft activities and cultural performances. The highlights of the season were the two Silo Session events, one being Milk & Honey, an afternoon of music celebrating International Women's Day, and Christmas at Silo Park. This event saw an estimated 2,000 festivalgoers attend throughout the day.

The design is based on Māori astronomy and includes a kōwhai grove, seating areas and purposeful puddles to create a space for the Wynyard Quarter community to hang out in.



Artist impression only.



7.

Wynyard Crossing Bridge | Viaduct

The resource consent application to replace the current Wynyard Crossing Bridge with a new design was withdrawn and the work completed to date will be put aside until funding is made available.

Looking forward, Panuku will apply for the required funding in the Auckland Council 2025 Long-term Plan (LTP) budget bid. If successful, the design and consenting work completed to date will be incorporated in a renewed resource consent application. Until then, the current Wynyard Crossing Bridge is set to undergo a thorough repair and maintenance programme that will extend its lifespan.

America's Cup

Contractual negotiations were completed between Auckland Council, the Crown (through the Ministry of Business, Innovation and Employment) and America's Cup Events Limited (ACE) on the Host Venue Agreement (HVA), which is the contract for the 36th America's Cup event.

Panuku has been working through a programme of relocating tenants in advance of the Wynyard Edge Alliance construction works. In total, seven tenants have been relocated to enable construction works. Major project milestones were completed towards the end of 2019:

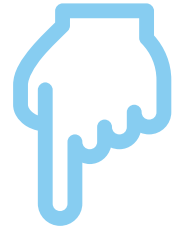
- The successful relocation of SeaLink ferry
- The completion of the demolition of Bulk Storage Terminal tanks, and the handover of the site to the Wynyard Edge Alliance (WEA) to complete the remaining America's Cup team bases and create a new public open space.

Panuku is also working with WEA to create a new public space – an extension to Silo Park, with repurposed tanks and a shade structure, a significant cultural marker that will be opened in late 2020.

To get 'event ready', Panuku began works to ensure that Wynyard Quarter is ready to receive visitors over the event period. This included the upgrade of some current facilities, new toilets at Silo Playground and the extension of current services including CCTV.



7.



Westhaven Marine Village | Westhaven

The construction of the Westhaven Marine Village is on track to be completed in late 2020. Once completed, it will provide purpose-built facilities for marine businesses such as chandlers, brokerages, and other specialist services as well as a hospitality offering. The Westhaven Marine Village ensures that the marine industry has a home in Auckland city, and further develops Westhaven as a competitive, world-class facility.

Completing Westhaven Promenade | Westhaven

The second stage of construction of a boardwalk structure is due for completion in late 2020. This project further extends the existing, popular Westhaven Promenade by an additional 400m which allows for an uninterrupted walkway from the Buoy Café to St Mary’s Bay.

This boardwalk is a shared space that protects people walking, cycling and running from the road (Westhaven Drive). The existing seawall is also being upgraded along with the construction of new rain gardens and marina car park upgrades.

Westhaven Promenade will also be an important link for the Northern Pathway project, with the pathway landing in Westhaven and connecting to the boardwalk.

Pile berth redevelopment | Westhaven

With Westhaven Marina operating at full capacity there is a growing demand for new berths. One of the solutions outlined in the 2013 Westhaven Plan is the pile berth redevelopment.

The project will create new space along Westhaven’s northern boundary for public use plus access and car parking for 50 new berths.

Dredging for the pile berth redevelopment started in January 2020. A forum has been set up to for the purpose of review and engagement with mana whenua throughout the construction process.

Blue Flag accreditation | Westhaven

Westhaven Marina is one of just three marinas in New Zealand to have received a Blue Flag accreditation, and 2020 was the 14th year in a row Westhaven Marina received this endorsement.

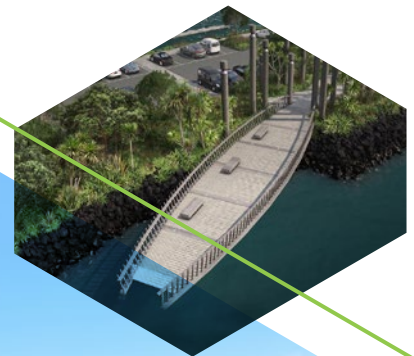
Blue Flag is a globally recognised and trusted certification set by the Foundation for Environmental Education (FEE) awarded to beaches, marinas or marine tourism operators who adhere to the strict Blue Flag standards of environmental, educational, safety-related and access-related criteria.



89%
customer satisfaction at Westhaven Marina

Kanstar Customer Service Survey | Westhaven

Over 500 customers responded to Westhaven Marina’s independently conducted annual survey. Eighty-nine per cent reported positive customer satisfaction, scoring the marina four or higher out of a one-to-seven-point scale. This is a pleasing result, especially taking into consideration the period of growth the marina is currently undergoing with infrastructure projects.



8.

News from across the organisation

Ngā pitopito korero puta noa
i te rōpū whakahaere



News from across the organisation

Ngā pitopito korero puta noa i te rōpū whakahaere

Our response to the COVID-19 pandemic

Tā mātou urupare ki te urutā, COVID-19

As with many organisations, the COVID-19 pandemic has had a significant impact on our business.

Working remotely

The health and wellbeing of our 200+ employees was of utmost importance. In March we began asking our employees to work remotely prior to the lockdown being announced on March 25. We worked closely with our people to ensure they were supported, whatever their situation at home was. In line with the government's directive, our staff continued to work from home under COVID-19 Alert Level 3, except for our essential service workers.

Tenant relief

Panuku manages a large property portfolio on behalf of Auckland Council with approximately 562 commercial tenants, 280 residential and 1,700 marina customers.

During the lockdown, we encouraged our tenants to contact us if they had concerns and where they needed to, register for hardship so we could work with them to determine what support we could offer. We created a page on our website for tenants that was updated on a regular basis.

We supported our commercial tenants where appropriate with rent reductions or deferrals. We received 35 enquiries from our residential tenants and all of these were resolved largely through the support of central government agencies.

We also worked closely with customers who have berths at our Westhaven, Silo and Viaduct marinas and offered support where appropriate.

Construction

Throughout Alert Level 4, from March 25 – April 27, all construction was put on hold in line with the control measures announced by the government.

Upon moving to Alert Level 3, construction started again on many of our key projects including the Gasometer car park in Takapuna, which we're building to free up the central Anzac Street site for public space and mixed-use development. We also progressed the marine village and promenade at Westhaven, as well as several other waterfront sites including the Vos Shed and pile berth redevelopment.

The financial impacts of COVID-19

Ngā whakawhiunga pūtea o COVID-19

Panuku is committed to maintaining momentum across our urban regeneration programme and our teams are working hard to make sure our reduced budgets work as hard as they can for our neighbourhoods.

Emergency Budget

Following the COVID-19 pandemic, Auckland Council was faced with significant financial pressure with revenue forecasts for next year down by over \$500 million.

The final budget was adopted on 29 July 2020 and means Panuku will receive approximately \$100 million of capital expenditure budget for projects they manage on behalf of Auckland Council in the next financial year, 2020/2021.

Voluntary salary and board fees reduction

One of the steps taken to close the gap in our budget was asking all employees earning over \$100,000 per annum to agree to a temporary salary reduction for a period of six months.

Executive and non-executive staff paid above \$275,001 were asked to forego 10% of salary for six months, those paid between \$175,001 - \$275,000 were asked to forego 7.5% of salary for six months, and those paid between \$100,000 - \$175,000 were asked to forego 5% of salary for six months. Our Chief Executive and Board Chair took a voluntary reduction of 20% and board directors also voluntarily reduced their fees by 10% for six months.

Approximately 70% of affected staff opted to take the voluntary reduction. The voluntary reduction is taking place from 13 June to 13 December 2020. As such only two weeks from the 2019-2020 financial year are impacted, with most of the savings being seen in the 2020-21 financial year.

Staff impacts

We also had to make some very hard decisions around our people. During Alert Level 3, all active recruitment was put on hold and staff were redeployed to cover vacancies. Contractors and temporary staff were reviewed on a case-by-case basis leading to around 50% of contingent workers finishing up by 30 June, with 21% finishing by 31 December 2020 and the balance retained to fill essential roles. Annual leave balances were also actively managed to reduce our leave liability.

8.

Spending controls

A pause to all non-essential procurement was put in place in May 2020, to prevent any budget shocks before the end of the financial year. Under the pause, only essential procurement was permitted. Exceptions for non-essential procurement were assessed on a case-by-case basis by Panuku's Chief Financial Officer.

Looking to the future

As a result of the reduction of Auckland Council's budgets, we have had to reprioritise our work. However out of constraint comes creativity, and we are balancing this uncertainty with cautious optimism about what can be achieved.

The pandemic has pushed the resilience of our city to its limits. But it has also proven that, in times of crisis, building a city of neighbourhoods is more important than ever. Living in close communities, with good access to local shops and public transport, is not only convenient but also brings safety, security and a sense of belonging.

As Auckland's urban regeneration specialists, we're now even more determined to shape spaces that Aucklanders not only love, but that also make us stronger and more resilient in times of crisis.

Health, safety and wellbeing

Providing a safe and healthy workplace is critical for Panuku. Our primary objective is to ensure the health, safety and wellbeing of our staff.

We do this by upskilling our staff to reinforce positive behaviours, offering opportunities to improve their wellbeing and recording and learning from incidents.

Key to the continual improvement of health and safety is aligning our approach with Auckland Council. This alignment includes our vision, health and safety plan, incident reporting system and procurement processes. We utilise both strategy and policy to anchor our approach.

However, due to our diverse risk profile, which includes working with landfills, quarries, marinas and overseeing construction projects, we implement our own health and safety contract framework.

In the last 12 months we've continued our ongoing work and implemented several new initiatives, including:

- The continuation of the Health and Safety Committee, ensuring staff can participate in and set expectations around health and safety
- Introducing a new health and safety incident reporting system, Noggin. Noggin has improved usability and allows for better quality reporting
- Rolling out ConstructSafe and SiteSafe training for staff to ensure construction site health and safety requirements are understood and followed
- Upgrading Panuku's e-bike fleet, giving staff an active transport option for meetings and other travel
- Facilitating free flu vaccinations on-site for staff
- Providing information and support regarding how to work from home safely
- Keeping all staff and contractors safe during the COVID-19 lockdown, including during construction under level three.

We align our safety protocols and monitoring to the industry body Construction Health and Safety New Zealand (CHASNZ).

Health and safety is tracked through key performance indicators and total recordable incident frequency rate. These are compared against industry standards set by the New Zealand Business Leaders Health and Safety Forum, and are report to Panuku's executive leadership team and board on a monthly basis. Panuku remained below the benchmark standard for financial year 2019/20.

8.

Panuku’s work on the Auckland Climate Action Plan
Ngā mahi a Panuku e pā ana ki te Mahere Āhuarangi Mahi O Tāmaki Makaurau

Panuku has committed to responding to the climate emergency and taking prompt, meaningful action to address climate change.

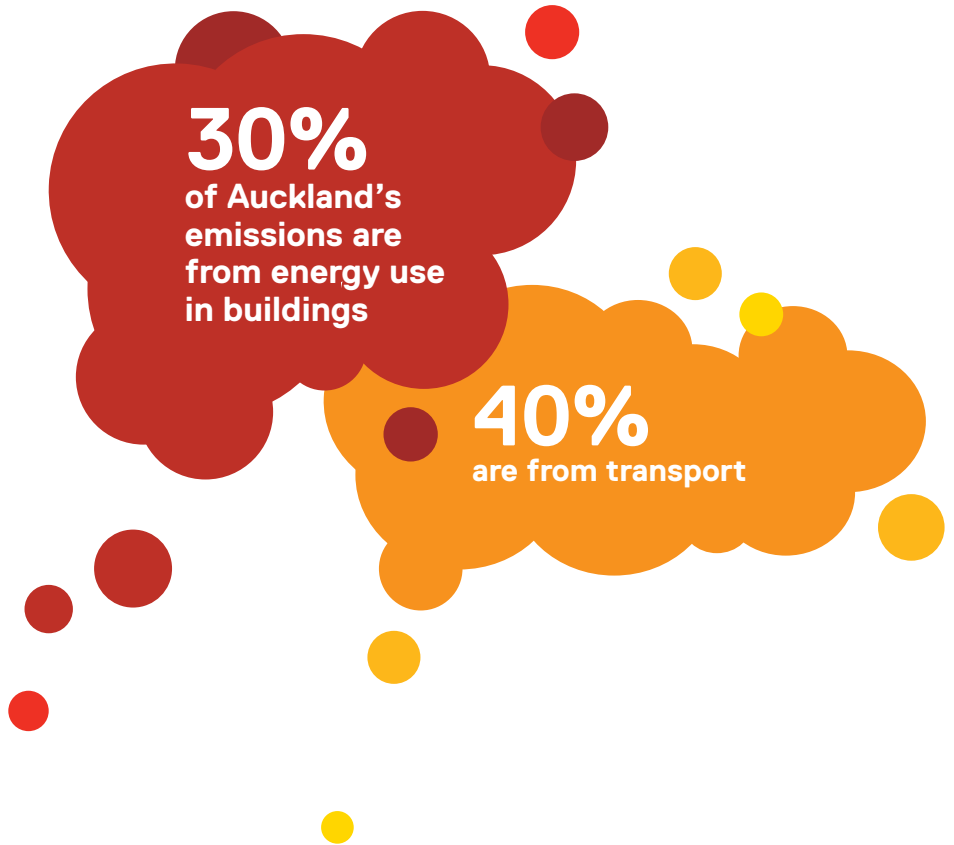
Our objectives are:

- New communities in Panuku neighbourhoods are designed and developed to be low-carbon and climate resilient
- Panuku leads by example, reducing climate impact across its own operations and asset management function.

In 2019, Auckland Council declared a climate emergency, and part of the council’s response includes the creation and adoption of the Auckland Climate Action Plan (ACAP). This has been developed in collaboration with council-controlled organisations, mana whenua, central government and other key stakeholders across Tāmaki Makaurau.

The ACAP includes a goal to reduce Auckland’s emissions by 50% by 2030 and achieve net zero emissions by 2050.

Approximately 40% of Auckland’s emissions are from transport and nearly 30% are from energy use in buildings. Emission reductions relating to transport and energy are critical, and Panuku is addressing these in our programme.



Panuku has an estimated pipeline of 11,000 homes over 10 years in existing public transport-oriented town centres. The delivery of these homes will play a significant role in reducing transport emissions from Panuku's neighbourhoods. Additionally, we require our developments to incorporate sustainable design and construction principles that further reduce potential emissions and provide the health and wellbeing benefits associated with warm, dry homes and well-designed commercial spaces.

We also recognise that the climate is changing now, and future developments must be more resilient. We're working to ensure our public spaces respond to climate change through green infrastructure, increased tree cover and water sensitive urban design.



Panuku has developed a comprehensive list of actions which we will deliver in collaboration with our council whānau, central government, mana whenua, businesses, and communities. Key actions include:

- Pilot the use of 'life cycle analysis' to measure and better understand the carbon impact of Panuku's developments and drive improved outcomes
- Assess future climate impacts, risks, vulnerabilities and solutions for all our neighbourhoods
- Roll out low carbon standards for commercial developments
- Develop standards for our public space projects
- Accelerate sustainable procurement
- Address climate impacts across our asset management work
- Develop a process to undertake climate compatibility assessments for all new projects, to identify whether a proposal supports our climate goals over its lifecycle
- Continue to build sustainability awareness and action into Panuku culture and increase staff engagement and sustainability literacy
- Work with Auckland Transport to explore mixed-use development options around public transport hubs.



Reducing our emissions with Toitū Envirocare certification

In 2019, Panuku achieved its first Toitū carbon reduce certification. This involved working with Toitū Envirocare to measure our operational greenhouse gas emissions, set targets and develop a reduction management plan. Areas of assessment included electricity use, travel and waste disposal across the business.

The certification is a significant milestone for Panuku in our carbon reduction journey. As a member of the Climate Leaders Coalition, we're committed to taking climate action seriously and undertaking our first emissions inventory is a key step for our business.

Measuring our greenhouse gas emissions means we can understand the sources of our emissions and put energy into the reduction efforts that matter most. It will require engagement and action from all areas of the business with the goal of reducing our emissions by 35% by 2030.

In 2019 our internal campaigns under this programme helped us reduce our landfill waste by 30%, and our increased bike-ridership for commuting saw us win multiple business categories in the Aotearoa Bike Challenge.

8.

The Raranga programme
Te hōtaka Raranga

The Raranga business improvement programme was established in January 2019 to improve how we deliver our urban regeneration programmes.

Raranga – meaning ‘to weave’ – is the metaphor we used to describe working in a matrix project environment, and weaving together our talents to deliver in our neighbourhoods. Raranga was a response to a need for change and the seven programme workstreams laid the foundation for more effective matrix working to ensure accountability, autonomy and achievement.

A new operating model was collaboratively created with leaders and staff, demonstrating how the various parts of the organisation should work together to achieve our vision of shaping spaces for Aucklanders to love.

Five regional areas were established to better align with local boards and other community groups – North, South, West, Isthmus and Waterfront. With that, five new Priority Location Director roles were established, reporting to the Chief Operating Officer.

We also established two distinct project management teams – one focused on strategic planning to define project scope at the front end, and the second focused on delivery of physical works.

Following staff consultation, the new operating model and organisational structure was implemented on 2 November 2019. Across the organisation, 13 roles were disestablished, and 10 new roles created, with a range of reporting line and title changes to create consistency.

The Raranga programme has improved cross-functional working and standardised how we contribute our expertise from different specialist groups to achieve Panuku’s objectives in our neighbourhoods.

Property management highlights

Ngā tīpako whakahaerenga rawa

This year we secured 10 parcels of land for Auckland Council to develop neighbourhood parks in Auckland’s urban growth areas to the south and north east, such as Milldale, south Auckland and Flatbush. Land was also acquired in Mount Roskill to enhance the existing open space network in that area. In Whenuapai, Panuku acquired the final 6ha of land required to create a 10ha sports park to meet the future needs of the growing Whenuapai community.

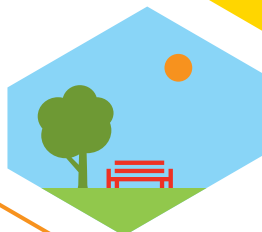


Panuku has also been working with the Healthy Waters, Heritage and Cemeteries teams in Auckland Council on purchasing land to meet their operational objectives.

In Panuku’s neighbourhoods, 21 acquisitions were completed in Panmure, Northcote, Henderson and Avondale to further increase our portfolio in these town centres to enable urban regeneration.

This includes the purchase of 15 properties in Northcote which are needed to realise the community’s vision of a Northcote with a greater variety of shops and services, great community facilities, a new town square and several hundred homes. Land was also purchased from the Ministry of Education for Te Ara Awataha, Northcote’s new greenway.

10



8.

Panuku generated \$10 million in net sales for Auckland Council from the sale of non-service properties during the year. This resulted in \$54 million of the \$72 million three-year asset sale target being achieved to date, with one year remaining. Last year Panuku achieved \$44 million of asset sales.

Our property sales programme has also contributed to building many new homes for the city. The sale of a group of properties at Waipuna Road, Mt Wellington to Kāinga Ora will see this land redeveloped with their adjoining estate at Rowland Avenue to enable up to 50 new homes and a second access from Waipuna Road.

Panuku also negotiated the sale of 4 Victoria Ave, Remuera, for \$3.75 million as part of a local board optimisation project. The project involves service properties in the Ōrākei Local Board area and income generated from the sale will be reinvested into a new community facility for the area. Panuku is working with the local board and Auckland Council's Community Facilities team to create high quality accommodation for future generations.

Panuku successfully managed the sale of Auckland Council's Ōrewa buildings (50 Centreway Road) on behalf of Auckland Council's corporate team, with a fixed-term leaseback for the council to use the building through to FY23 / FY24. The purchaser intends to refurbish, rejuvenate and reposition the existing office buildings to provide a commercial office centre that services the Ōrewa community's 50,000 residents.

We also undertook valuation and advisory work on behalf of council to negotiate land sales to central government to build new motorways, with five outstanding transactions completed over the past year.

9.

Our people
Ā mātou tāngata



Our people Ā mātou tāngata

Our board Tō mātou poari



Adrienne Young-Cooper
(BA, MSc, CFInstD)

Chair

Adrienne Young-Cooper's past and present governance roles span large infrastructure projects, housing and urban growth and transport.

She has a 40-year long career in town planning and property development. She has been the chair and deputy chair of Housing NZ, chair and director of Homes, Land and Communities (HLC), was the deputy chair of Waterfront Auckland - the urban development agency for Auckland's waterfront replaced by Panuku Development Auckland, deputy chair of Auckland Regional Transport Authority which became Auckland Transport, and sat on the board of the New Zealand Transport Agency until the end of 2018. She sits on the board of directors of Queenstown Airport, and is a Chair of Cornwall Park Trust. Adrienne also chairs the Auckland Transport board.

Adrienne's driving passion as a professional director is to support the creation of enduring, sustainable, beautiful, integrated and diverse communities throughout New Zealand, well connected by transport links. In her governance roles she has led the New Zealand government's most significant home building campaign in over 40 years with a focus on state housing and affordable housing.



Paul Majurey
(LLB (Hons), MInstD)

Deputy Chair

Paul Majurey has extensive governance experience. He chairs several statutory entities and companies, and is a director on many company boards, including the property sector. He also chaired three iwi/hapū collectives, comprising some 30 tribes.

Paul is a senior partner at Atkins Holm Majurey, having practised law for over 35 years.



Victoria Carroll
(LLB (Hons))

Director

Victoria Carroll is Managing Director of Papakainga Solutions Ltd, a consultancy company specialising in property development on Māori, Crown and treaty settlement land.

As a legal practitioner Victoria has practised in the areas of resource management, Māori land law and treaty settlements. She was a treaty settlement negotiator for Ngā Pōtiki a Tamapahore Trust, Tauranga, culminating in the signing of their deed of settlement with the Crown in 2013. Victoria recently assisted in the design and launch of the first iwi home ownership shared equity scheme, launched in Tauranga mid-2018 to assist whānau into quality affordable home ownership.

Her tribal affiliations are Ngā Pōtiki a Tamapahore (Tauranga); Ngāti Uenukukopako (Rotorua); Ngāi Tahu (South Island); Ngāti Porou and Ngāti Kahugnunu (East Coast).

9.

Our board
Tō mātou poari



John Coop
(BArch (Hons) FNZIA Reg
Arch PDINZ)

Director

John Coop is the Managing Director of Warren and Mahoney.

John is considered a pivotal player in developing thought leadership in the wider New Zealand architecture industry.

With close to 20 years' experience working across the built environment, John is a member of the Auckland Civil Defence Built Environment Recovery Task Group and the Auckland branch of the Property Council, a past president of Auckland Architecture Association, a Fellow of the New Zealand Institute of Architects (NZIA), and has been a significant contributor to the NZIA Graduate Development Programme.



David Kennedy
(BTP)

Director

David Kennedy has significant experience in the property and entertainment industries. He is currently chief executive of Ngāi Tahu Property, the property development and investment arm of the Ngāi Tahu Group.

David has held previous executive roles including CEO of the Eden Park Trust, CEO of St Lukes Group/Westfield NZ, general manager roles at SKYCITY Entertainment Group and property development roles with Fletcher Construction and Challenge Properties.

His previous governance roles include chairing the Auckland Central Community Response Forum, Counties Manukau Sport and Sportnet NZ, and as a board member of Ngāi Tahu Property and Force Corporation.



Richard Leggat
(BSc, CMIInstD)

Director

Richard Leggat brings 30 years of experience in manufacturing, sales, marketing and financial management in a range of industries.

For the past eight years, Richard has been a full-time director, with positions on a range of public, private and sporting organisations. He is currently a director of Warren and Mahoney, Chair of Kiwis for Kiwi, a director of Hamilton Waikato tourism, a director of Winter Games NZ and a director of SnowSports NZ.

Board changes in 2019-2020:

- Susan Macken retired by rotation on 31 October 2019.
- Victoria Carroll joined the board effective 1 November 2019
- John Coop joined the board effective 1 November 2019
- Martin Udale resigned from the board effective 8 December 2019
- Mike Pohio resigned from the board effective 31 January 2020.

9.

Our leadership team
Tō mātou tira hautūtanga



David Rankin (LLB)
Chief Executive (acting)

David has spent most of his career working for the people of Tāmaki Makaurau.

Originally a law graduate, he joined Auckland City Council in 1989 where he worked in various roles including Industrial Relations Manager and Finance Director before being appointed Chief Executive in 2005. Following the Auckland Council amalgamation in 2010 he became Chief Executive of Auckland Council Property Limited before Panuku Development Auckland's establishment in 2015.

As a life-long Aucklander, he enjoys seeing transformation across the city. He works with significant private and public sector partners to deliver high quality, well designed public spaces, homes, and thriving, well-connected town centres.

David has worked on urban regeneration throughout his local government career. He has been part of the transformation of the city centre since the mid-1990s, including the Britomart precinct and the waterfront.

He has led on strategic change initiatives, driven commercial and financial results, and been responsible for the care of long-term infrastructure and property assets along with continuous exposure to a complex stakeholder environment.



Monica Ayers
 (BA, PGDipBusAdmin)

General Manager People and Culture

Monica has a track-record of leading transformative people change in a range of different settings including telecommunications, health, insurance, and local government. Specialising in organisational and leadership development, culture, coaching, and training, Monica became General Manager People and Culture at Panuku in 2018 following five years in the people team at Auckland Council.

Monica leads the Panuku people strategy to deliver our people promise – 'bringing out the best in Auckland, bringing out the best in you'. The key moves of the strategy are supporting collaboration, building capability, valuing diversity and helping our people thrive. This includes making use of Auckland Council's human resources services for cost-effective delivery.

Monica and her team are focused on creating a workplace where every specialist skill at Panuku can be integrated to shape spaces for Aucklanders to love.



Gyles Bendall
 (BLA (Hons), BSc)

General Manager Design and Place

Gyles has a background in landscape architecture with extensive experience in strategic planning, project management, master-planning, urban development and all facets of public realm design and development.

The Design and Place directorate is responsible for the delivery of quality urban design with an integrated place-led approach to regeneration. The team works across the organisation and extensively with the wider council family, mana whenua and local communities.

Gyles believes that Panuku has a great opportunity and privilege as a regeneration agency to work closely with communities to create a better quality of life and to realise its vision of creating spaces for Aucklanders to love.

Our leadership team
 Tō mātou tira hautūtanga



Jenni Carden
 Executive Officer /
 Company Secretary

Jenni’s role has a dual focus. As Executive Officer Jenni works closely with our Chief Executive, progressing action items, leading cross-organisation projects and keeping a watching brief on issues that are of key interest to the Chief Executive.

As Company Secretary, Jenni manages the board, board committee and subsidiary meeting processes as well as coordinating compliance activities such as interest and gift declarations and legislative compliance.

Jenni has worked in advisory and project management roles in both the private sector and local government in New Zealand and Australia. This includes working with the Fonterra board of directors and in the Local Board Services team at Auckland Council where she led the improvement of local board work programmes.

She has a deep understanding of governance and the processes that support it, along with significant experience in supporting boards, committees and management teams.



Angelika Cutler (BCS)
 General Manager Corporate Affairs

Angelika has worked in public relations and senior executive roles in both the private sector and local government in New Zealand and Singapore. This has been in a variety of roles covering corporate strategy, strategic communications and stakeholder relations, crisis management, internal communications and project management.

As General Manager Corporate Affairs, Angelika is focused on how the organisation can work with key partners and stakeholders across local and central government and the private sector to maintain positive momentum of urban regeneration programmes. Angelika believes the biggest challenge for Panuku is to strike a balance between achieving commercial outcomes for the benefit of its shareholder (Auckland Council), while ensuring that Panuku realises its vision of creating spaces that Aucklanders love.



Carl Gosbee (BSc, FCCA)
 Chief Financial Officer

Carl Gosbee has over 20 years’ experience in corporate financial management for property, regeneration and housing companies.

He oversees the Corporate Services directorate, which ensures that Panuku has effective and efficient internal control mechanisms, processes and systems to support the safe delivery of projects and business functions.

He is a Fellow of the Association of Chartered Certified Accountants and has held executive financial roles in the United Kingdom and New Zealand. Carl has extensive experience leading high-performance teams within the back office, property investment and customer service arenas.

Carl joined Waterfront Auckland in early 2012. He was appointed to his current role in September 2015.

9.

Our leadership team
Tō mātou tira hautūtanga



Brenna Waghorn (BRP)
General Manager Strategy and Planning

Brenna leads the team focused on setting the vision and strategic direction of the organisation, identifying leadership opportunities and ensuring we have the plans in place for the successful urban regeneration of town centres. Responsible for business planning, statutory planning and consents, corporate responsibility and strategic project management, Brenna and her team collaborate across the organisation to shape up programmes of work.

Brenna has worked in local government for many years and has a wealth of experience in strategic planning, housing and intensification, sustainability, urban regeneration, stakeholder engagement and communication. At Waterfront Auckland, Brenna led development of the Sustainable Development Framework 2013 and has provided significant input into the development of Wynyard Quarter.

At the Auckland Regional Council, she led a wide range of projects including reform of the Unit Titles Act and evaluation of the Regional Growth Strategy 1999 (the precursor to the Auckland Plan). In London, Brenna was involved in the spatial planning for the South East of England, waste management and airport development.

Brenna believes that Panuku has an opportunity to provide leadership as council's urban regeneration agency. Facilitating new housing choices, including affordable housing, and responding to the climate crisis are key areas of focus.



Marian Webb (BSc)
General Manager Assets and Delivery

Marian is responsible for managing Auckland Council's non-service property portfolio including land, buildings and marinas. Marian has wide-ranging experience in both property management and property development in New Zealand and Ireland, including over 15 years' experience leading teams in local government.

At Panuku, Marian has been responsible for identifying new business opportunities and providing strategic commercial property advice. She sets the strategic direction of the property portfolio to optimise returns, while building and maintaining it to deliver long term value. She also facilitates development and investment in our urban regeneration neighbourhoods.

Marian utilises her comprehensive knowledge of Panuku's property portfolio, strong commercial acumen and strategic thinking to realise Panuku's vision of creating spaces for Aucklanders to love.

9.

Our leadership team

Tō mātou tira hautūtanga



Ian Wheeler (MTRP)
Chief Operating Officer

Ian Wheeler oversees the planning and delivery of our regeneration programmes across each of Panuku's priority locations. He's focused on working with Panuku's team of skilled professionals, stakeholders and partners across the region to establish plans and programmes designed to achieve the vision and goals across the neighbourhoods we work in. An important part of his role is to ensure the right blend of commercial strategy, public good investment (such as town squares and green spaces) and placemaking.

Prior to joining Panuku, Ian held senior property management and development roles at Auckland Council and Housing New Zealand Corporation. At Auckland Council, his role as General Manager Property covered the management of a large and diverse multi-billion-dollar property portfolio including office, recreational, community and residential assets. Prior to working in New Zealand, Ian was the Chief Executive of an affordable housing company in Durban, South Africa.

Ian has been involved in various industry bodies including the Construction Clients Group and the New Zealand Green Building Council. He has more than 30 years' experience in the property industry covering management and governance roles within the private, public and not-for-profit sectors in New Zealand and abroad.



Allan Young (BPA)
General Manager Development

Allan has private sector experience within the property investment and development industry, specialising in commercial design and build projects, and residential development. His career in these fields has spanned more than 20 years.

Allan Young's team is responsible for directing the successful delivery of development projects. The team works right across the organisation and with partners and stakeholders, throughout the lifecycle of a project.

Joining local government in 2008, Allan was the manager of Manukau City Council's Property Investment and Development unit until the amalgamation in 2010. Allan led the development team at Auckland Council Property Limited before the establishment of Panuku.

9.

Our Priority Location Directors
Ō Mātou Kaitohu Wāhi Whakaarotau

This year, as part of the Raranga programme, five Priority Location Directors were appointed.

The Priority Location Directors are accountable for delivering all neighbourhood programmes. They coordinate the input of Panuku’s specialist teams and take the lead in managing external relationships.



Kate Cumberpatch
 (BProp, BSc, MRICS)
Priority Location Director – North

Kate is responsible for leading the urban regeneration of Takapuna, Northcote and Hobsonville Point in Auckland’s north. Her passion for the North Shore stems from her growing up in the area, and she still lives there with her family today.

She has over 10 years’ experience in property and urban regeneration. She previously led the urban regeneration of Takapuna and has held several other development roles within Auckland Council since joining in 2013.

Kate is passionate about bringing to life projects that stimulate revitalisation and help neighbourhoods to grow and prosper.

“Our vision, shaping spaces for Aucklanders to love, isn’t just about construction, it’s also all the spaces in between buildings and how people use them. Empowerment is an important part of our work. We make a deliberate effort to give residents a genuine voice through our engagement and placemaking approach.”

On the recent milestones in the journey of Takapuna’s town square design, Kate says she was incredibly proud to share the concept design with the community.

“The design was informed by multiple perspectives to reflect the desires and needs of Takapuna’s current and future community. It builds on the meaning of Takapuna – Taka; to collect, gather, assemble and Puna; spring, water, life. It incorporates basalt within the materials, which has a real significance to Takapuna.”

Kate is also leading the regeneration of Northcote’s town centre, a first of its kind urban renewal programme encompassing the whole town centre. She holds both a Bachelor of Property and Bachelor of Science from the University of Auckland and is a member of the Royal Institution of Chartered Surveyors.

9.

Our Priority Location Directors
 Ō Mātou Kaitohu Wāhi Whakaarotau



John Carter
 (BPlan(Hons), MNZPI)
 Priority Location Director – West

John delivers the urban regeneration programmes in both Henderson and Avondale. Passionate about development, he strives to make a positive difference to the people who live and work in these neighbourhoods.

As an award-winning strategic planner, you'll often find him carefully considering long-term development opportunities. He is particularly driven to ensure that affordable housing is part of the development mix throughout his work programmes.

His work in Avondale is focused on putting the right building blocks in place to deliver quality development outcomes which are embraced by the community.

In Henderson, he is progressing well-laid plans and overseeing development that is starting to take shape. A lot is happening behind the scenes to ensure Henderson's town centre continues to thrive as an urban eco centre for years to come.

On any given day you'll find him speaking with stakeholders, reviewing development agreements, forming new partnerships, approving local placemaking activations and backing activities that encourage economic strengthening.

With more than two decades of experience, including eight years working in the public sector, John is well versed in understanding what needs to be done and the best way to do it.

John says "it's really heartening to be a part of an organisation that believes in making the city a better place to live for the people who call this place home.

Listening to what people need and want and then acting on these wishes is very important for me.

I believe that by joining the dots between short and long-term needs, I can deliver positive outcomes that will last the test of time".

9.

Our Priority Location Directors
Ō Mātou Kaitohu Wāhi Whakaarotau



Clare Thorne
 (PGDipBusAdmin)

Priority Location Director – Isthmus

Clare has been working within the council family since 2011. Her area of expertise at Panuku Development Auckland is serving as Priority Location Director in the Isthmus region, which encompasses Onehunga and Panmure.

Clare started at Auckland Council in the Finance team, moving to Property as a Principal Specialist Strategic Planner, then to Parks as a Programme Manager with Regional and Specialist Parks/Local Parks. Her last role at council was as a Service and Asset Planning Specialist before taking a role at Panuku as a Senior Project Manager in the Waterfront in 2018.

Her core passion is for sustainable design, co-running two green building businesses with her husband that specialise in living roofs and irrigation/ rainwater harvesting.

She has a Post-Graduate Diploma in Business Administration and a Managing Successful Programmes qualification.



Richard Davison
 (B.Arch (Hons), B.A.S)

Priority Location Director – South

Richard leads the South programme to support Auckland Council with the regeneration and revitalisation of town centres including Manukau, Old Papatoetoe, Pukekohe and Ormiston.

Richard has worked with Panuku for over four years and brings a wealth of expertise within urban planning and design, project management and team leadership.

Within south Auckland, Richard has worked across a range of Special Housing Areas and several planning documents from Pakuranga to Māngere.

Before working for Panuku he was Lead Master Planner Urban Planning and Design for Auckland Council. In this role Richard worked with the Housing Project Office to deliver 39,000 house consents in three years, as part of the government’s response to the housing supply and affordability crisis.

For Richard, “collaborating with communities to imagine, refine, plan and practically deliver their future-visions for their places is a great feeling.

When we have all shared the development journey together and have pride in the outputs and outcomes, we are all successful.”

Richard was the recipient of the Best Practice in District and Regional Planning and the Nancy Northcroft Supreme Planning Practice Award for the Scott Point Structure Plan and Plan Variation at the New Zealand Planning Institute awards in 2016.

9.

Our Priority Location Directors

Ō Mātou Kaitohu Wāhi Whakaarotau



Fiona Knox
(BPlan, PGDipEnvMgmt) Priority
Location Director – Waterfront

Fiona is a key player in the urban regeneration of Auckland's waterfront. Her role includes translating the waterfront strategy into projects and leading in the integration of the America's Cup infrastructure and event on Panuku-managed-land.

Fiona is an experienced professional with over 25 years' experience working in local government and the private sector. She has proven skills in leading and motivating multi-disciplinary project teams, developing and delivering programmes and influencing outcomes in complex and political environments.

Her day job can bounce from the strategic to the operational – including anything relocating tenants for events and agreeing bus routes, to thinking long term about the nature and timing of developing new parks and buildings.

Fiona says "something I've learnt is that making great cities takes an enormous amount of skilled people from designers, planners, placemakers and project managers. My role is to lead a team of city builders with skills like these to make sure that the ongoing regeneration of the waterfront, particularly through the America's Cup, makes Aucklanders proud of this area of their city.

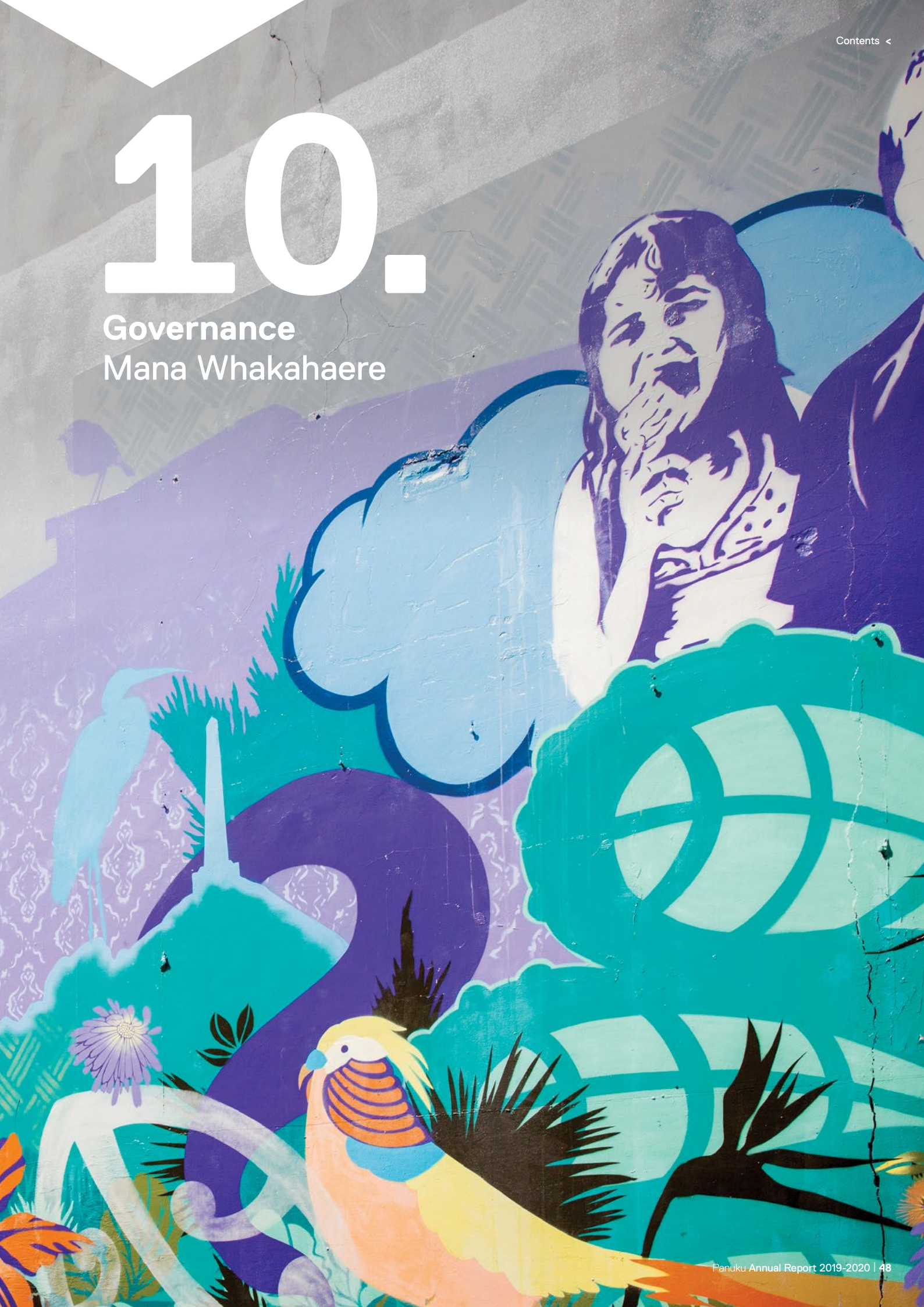
"Personally, I find the waterfront special because of the amazing transformation it has undergone. Opening up this once-private area of port land to the public of Auckland has transformed our city centre. I'm proud that this has been recognised through international awards, but mostly, it's the happy people enjoying the space that makes all the hard work worthwhile.

It's not just about what we do but how we do things, remembering the journey we have been on and trying to improve the way we do things in the future."

She has worked on significant projects from London to Vancouver and has been part of the council whānau since 2005. Fiona holds a Bachelor of Planning and a Post-Graduate Diploma in Environment and Management.

10.

Governance
Mana Whakahaere



Governance Mana Whakahaere

Panuku Development Auckland Ltd is a limited liability company under the Companies Act 1993.

Panuku is an agent of Auckland Council and is tasked with a wide range of specialised property and urban development functions for the benefit of Auckland. The Panuku board is comprised of directors that are highly experienced in urban development, infrastructure, design and property development.

The board's first duty is to the wellbeing of the company. Directors ensure that all legal requirements are met, and that the company is protected from harmful situations and circumstances in the interests of current and future stakeholders.

The board plays a number of other important roles. It sets the strategic direction for Panuku, aligned with the direction of Auckland Council. To do this, it identifies priorities, monitors progress against strategic outcomes and approves annual business plans and budgets.

It ensures the financial integrity and viability of Panuku. It oversees financial transactions, processes and systems, reviews financial results and approves the financial plan and financial announcements. It approves all major transactions and urban regeneration plans Panuku is responsible for.

The board also identifies and evaluates the principal risks faced by Panuku and ensures that appropriate risk management systems are in place.

It represents the shareholder, Auckland Council, in everything Panuku does and through a set of delegations sets out the powers and duties of the Panuku executive team.

Committees

The following committees support the board:

- **Audit and Risk Committee** – provides assurance and assistance to the board regarding risk, control and the compliance framework; health and safety, including strategy, culture and processes; internal and external audit; and its external accountability responsibilities
- **People and Culture Committee** – monitors the chief executive's performance, and approves remuneration for the chief executive and the executive leadership team
- **Priority Location Committee** – provides governance direction to the Executive Leadership Team regarding all our neighbourhoods.

10.

Directors' interests

Member	Interest	Entity
Adrienne Young-Cooper	Chair	Panuku Development Auckland Limited
	Chair	Auckland Transport
	Chair	Cornwall Park Trust Board Incorporated
	Director	Queenstown Airport Corporation Limited
	Trustee	Sir John Logan Campbell Residuary Trust
	Trustee	Sir John Logan Campbell Medical Trust Incorporated
	Director	Westhaven Marina Limited
Victoria Carroll	Director	Panuku Development Auckland Limited
	Director	Kainga Ora
	Director	Manawa Housing Limited
	Director	Mediterrania Holdings Limited
	Director	Mediterrania Limited
	Trustee	Community Housing Aotearoa
	Trustee	Mangatawa Papamoa Block Incorporation
	Trustee	Nga Potiki a Tamapahore Treaty Settlement Trust
John Coop	Director	Panuku Development Auckland Limited
	Managing Director and Principal	Warren and Mahoney
David Kennedy	Director	Panuku Development Auckland Limited
	Director	525 Blenheim Road Limited
	Director	Cathedral Property Limited
	Director	Good General Practice Limited
	Director	Grantley Holdings Limited
	Director	Hobsonville Development GP Limited
	Director	New Ground Living (Hobsonville Point) Limited
	Director	Ngāi Tahu Justice Holdings Limited
	Director	Ngāi Tahu Property (CCC-JV) Limited
	Director	Ngāi Tahu Property Joint Ventures Limited
	Director	Ngāi Tahu Property Joint Ventures (No.2) Limited
	Director	Ngāi Tahu Real Estate Limited
	Director	NTP Development Holdings Limited
	Director	NTP Investment Holdings Limited
	Director	NTP Investment Property Group Limited
	Director	Prestons Road Limited

10.

Directors' interests

Member	Interest	Entity
Richard Leggat	Director	Panuku Development Auckland Limited
	Executive Chair	Kiwis for kiwi
	Director	Hamilton Waikato Tourism
	Director	Mortleg Ltd
	Director	Snowsports NZ
	Director	Trophy Metropolitan Ltd
	Director	Warren and Mahoney
	Director	Winter Games New Zealand
	Panel Member	NZ Markets Disciplinary Tribunal
	Member	Union Cycliste Internationale Ethics Commission
	Director	Westhaven Marina Limited
Paul Majurey	Deputy Chair	Panuku Development Auckland Limited
	Director	Iwi Commercial Property Limited
	Chair	Tāmaki Makaurau Community Housing Limited
	Chair	Puhinui Park Limited
	Chair	Whenuapai Housing Limited
	Director	Arcus Property Limited
	Chair	Marutūāhu Rōpū Limited
	Chair	Ngāti Maru Limited
	Chair	Marutūāhu Collective (5 iwi collective)
	Chair	Hauraki Collective (12 iwi collective)
	Chair	Te Pūia Tāpapa
	Chair	Impact Enterprise Fund
	Chair	Tūpuna Maunga Authority
	Co-Chair	Sea Change Tai Timu Tai Pari Ministerial Advisory Committee
	Mana Whenua Representative	Hauraki Gulf Forum
	Director	Pare Hauraki Kaimoana
	Trustee	Hauraki Fishing Group
	Director	Tikapa Moana Enterprises Limited
	Director	Pouarua Farms
	Trustee	Crown Forestry Rental Trust
Director	Atkins Holm Majurey Limited	

10.

Board attendance

	2019						2020					TOTAL
	24 Jul	30 Aug	24 Sep	29 Oct	29 Nov	18 Dec	19 Feb	18 Mar	22 Apr	20 May	17 Jun	
Adrienne Young-Cooper	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Victoria Carroll					✓	X	✓	✓	X	✓	✓	5
John Coop					✓	✓	✓	✓	✓	X	✓	6
David Kennedy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Richard Leggat	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Paul Majurey	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Michael Pohio	✓	✓	✓	✓	✓	✓						6
Susan Macken	X	✓	✓	✓								3
C. Martin Udale	✓	✓	L	L	L							2

✓ attended X absent L leave of absence

11.

Independent Auditor's Report
Pūrongo tātari kaute



Independent Auditor's Report

Pūrongo tātari kaute

To the readers of Panuku Development Auckland Limited's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Panuku Development Auckland Limited (the company). The Auditor-General has appointed me, Karen MacKenzie, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 64 to 89 and the information on pages 31 and 32, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information,; and
- the performance information of the company on pages 57 to 63.

In our opinion:

- the financial statements of the company on pages 64 to 89 and the information on pages 31 and 32:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2020; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information of the company on pages 57 to 63 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2020.

Our audit was completed on 18 November 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of COVID-19 on the company. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of COVID-19

Without modifying our opinion, we draw attention to the disclosures about the impact of COVID-19 on the company as set out in notes 3, 5, 12 and 25 to the financial statements, in the information on pages 31 and 32 and in the performance information on pages 57 to 63.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

11.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

11.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 30 and 33 to 52, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



Karen MacKenzie

Audit New Zealand
On behalf of the Auditor-General Auckland,
New Zealand

12.

Statement of service performance Tauākī Ratonga mahi



Statement of service performance Tauākī Ratonga mahi

Activities and key performance achievements

Out of the 17 performance targets in our Statement of Intent (SOI), we have achieved 12 annual performance targets, significantly progressed 2 performance targets and did not achieve 3 performance targets.

Significant performance targets achieved or progressed include:

- Achievement of the property **portfolio budget net surplus of \$38.9m**, despite COVID-19 impact on commercial tenants in the last quarter. This forms part of the council group revenue for 2019/20.
- Significant progress was made on the **three-year general asset sales target**, \$54m was completed at the end of year two, this is on track to achieving the three-year target of \$72m. The general asset sale target forms part of the council group 10-year LTP budget.
- Forty four percent or \$20m of the two-year **properties recommended for sale** target has been progressed at the end of the first year, and on track to achieving the two-year target of \$45m.
- The two **climate change** performance targets set in the SOI were completed. A tool to measure and reduce green-house gas impact of new mixed use and residential development was developed and climate change adaptation is now part of the location planning process. Both these targets will contribute to Council's climate change strategy via location planning and quality of developments.





- The achievement of three survey **quality targets**. These include satisfaction with Marina facilities and service, satisfaction with public space experience and satisfaction with Mana Whenua engagement.

The 3 performance targets we did not achieve were affected by COVID-19 and other factors:

- We did not achieve the target of completing 90% of **planned transform and unlock location initiatives**. Six (43%) of the 14 initiatives were not completed and three of the six initiatives were impacted by COVID-19. The three initiatives impacted by COVID-19 were the Onehunga and Northcote place making events not completed due to public gathering restrictions (and subsequent level 4 lockdown) and completion of the Fu Wah Hotel Promenade being delayed by the Alert Level 4 lock-down period. Three other initiatives not met were due to legal ownership issues or planning taking longer to complete.
- We did not meet the performance target of 85% of **attendees surveyed that are satisfied with city centre Waterfront place programmes and activities**. We achieved 82% compared to the target. Some significant events planned for quarter 4 such as Matariki were scaled down or were cancelled.
- We also did not meet the performance target of 73% of **Aucklanders surveyed have visited the city centre Waterfront in the past year**. We achieved 65% compared to the target. Visitation to the waterfront was affected by physical works during the year and impact of COVID-19 in quarter 4.



Criteria for performance measures

- We have used the following criteria to rate each performance measure:






Performance Assessment Criteria					
	Achieved	Where the performance result for the year is either equal to or above the target, then the performance measure target was met (or achieved).		Not achieved but progress made	Where the performance result for the year is below the target (with a margin of more than 2%) but the result is better than the previous year.
	Substantially achieved	Where the performance result for the year is below the target, but has not been achieved by a slim margin (of around 2%).		Not achieved	Where the performance result for the year is below the target (with a margin higher than 2%) and the result is lower than the result achieved in the previous year.

12.

Results for SOI 2019-2022: Non-financial performance measures

Service Level Statement	Measure	Actual 2018/19	Target 2019/20	Actual 2019/20		Commentary	COVID-19 Impacts	Foot note
				Status	Result			
Catalyse urban development and demonstrate business leadership								
Develop and activate town centres.	1 Transform and Unlock location initiatives completed.	57% of the Transform and Unlock location initiatives were completed.	90% or more of planned Transform and Unlock initiatives completed/achieved. A list of location initiatives for the 2019/20 year will be agreed by the Board in the 2018/19 financial period.		Not Achieved	Actual 57% of the Transform and Unlock location initiatives were completed this year. (8 out of 14 initiatives). A list of location initiatives for the 2019/20 year has been agreed by the Board. The three initiatives not met include the completion of Laneway 4 and 5 at Onehunga delayed by asset ownership issues, approval of the plan change for Onehunga Wharf delayed by masterplan and the go to market process for Northcote delayed by the completion of the go to market strategy.	Three of the 6 initiatives that were not completed were impact by COVID-19 public gathering restrictions and alert Level 4 lockdown.	1
Corporate Responsibility.	2 Climate change mitigation and adaptation considered across Panuku projects.	New performance measure.	A tool is developed / identified to measure and reduce greenhouse gas (GHG) impact of new mixed use and residential development by June 2020.		Achieved	Tools were assessed. BRANZ LCAQuick was selected as the best option. This is a comprehensive tool that measures emissions from whole life cycle of the building (Life cycle assessment), not just operational emissions (e.g. energy and water use). Piloting the use of Life cycle assessment provides an opportunity for Panuku to demonstrate leadership and align with best practice by shifting the focus from energy to carbon.		


12.

Service Level Statement	Measure	Actual 2018/19	Target 2019/20	Actual 2019/20		Commentary	COVID-19 Impacts	Foot note
				Status	Result			
	3 Climate change mitigation and adaptation considered across Panuku projects	New performance measure.	A process is defined to ensure climate change adaptation is embedded in the location planning process. Approved by Board by June 2020. One adaptation plan completed as a template for other areas.		Achieved	A process has been identified that was set out within the Panuku Climate Change Strategy and approved by the Board. A template has been developed for climate adaptation plans with memos on climate impacts and responses developed for use in masterplanning and projects. Memos on climate change impacts were completed for the Manukau, Hobsonville and Avondale locations.		
Deliver initiatives to make the priority locations dynamic, well-connected, culturally rich, safe and sustainable, for the enjoyment of Aucklanders and visitors.	4 Percentage of attendees surveyed satisfied with city centre Waterfront place programmes and activities.	85% (Baseline set at the City Waterfront)	Improve baseline		Not Achieved	Actual 82%	COVID-19 resulted in Quarter 4 events planned at the Waterfront being cancelled.	2
	5 Percentage of visitors surveyed satisfied with their experience of the public spaces on the city centre Waterfront (LTP)	92% (At the City Waterfront)	80%		Achieved	Actual 92%		2
	6 Percentage of Aucklanders surveyed who have visited the city centre Waterfront in the past year (LTP).	72% (At the City Waterfront)	73%		Not Achieved	Actual 65%	COVID-19 lockdown impact on visitor travel to the Waterfront in Quarter 4. Some of the survey respondents also noted the impact of physical works at the Waterfront affecting visitation.	3
Provide a safe marina environment and world class facilities.	7 Percentage of customers surveyed satisfied overall with marina facilities and services (LTP).	91%	88%		Achieved	Actual 89%		4

12.

Service Level Statement	Measure	Actual 2018/19	Target 2019/20	Actual 2019/20		Commentary	COVID-19 Impacts	Foot note
				Status	Result			
Deliver initiatives to make the priority locations dynamic, well-connected, culturally rich, safe and sustainable, for the enjoyment of Aucklanders and visitors.	8 Number of significant Māori initiatives implemented or active per annum (LTP).	65	52		Achieved	64 Māori initiatives have been implemented this year.		5
	9 % Mana whenua groups satisfied with quality of engagement.	30% of mana whenua survey respondents were satisfied with the quality of engagement.	Maintain or Improve.		Achieved	33% of mana whenua survey respondents were satisfied with the quality of engagement.		6
Strategically create value from assets								
Identify and propose opportunities across Auckland Council Group owned properties.	10 Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban redevelopment combined).	143 opportunities have been identified and assessed.	least 100 opportunities identified and assessed.		Achieved	128 opportunities have been identified and assessed this year.		7
Properties managed for Auckland Council and Auckland Transport achieve optimum net returns and are maintained to be fit for purpose.	11 The net surplus on the property portfolio achieves the annual budget agreed with council.	Net surplus on the property portfolio for the 12 months ended 30 June 2019 is \$2.3 million ahead of budget (actual surplus of \$26.8 million against budget of \$24.5 million).	Net Surplus achieves budget for 2019/20.		Achieved	Actual net surplus on the property portfolio for the 12 months ended 30 June 2020 is \$8.2 million ahead of budget (actual surplus of \$38.9 million against budget of \$30.7 million).	The target was met despite the impact of COVID-19 on some commercial tenants. This was offset by unplanned additional revenue.	
	12 Occupancy rate for tenable properties.	97.8%	95%		Achieved	The occupancy rate for tenable properties for the year is 96.9%		
	13 ROI on investment on a like for like properties (LTP).	ROI calculated on this year's property valuation on a like for like basis is 2.4% against the 2.25% target.	Greater than or equal to 1.75%.		Achieved	Actual ROI calculated on this year's property valuation on a like for like basis is 2.37% against the 1.75% target.		8
	14 Return on Equity on commercial assets and services (LTP) at Waterfront.	11.43%	8.25%		Achieved	8.78%	The target was met despite the adverse impact of COVID-19 on revaluation of investment property at Waterfront.	9

12.

Service Level Statement	Measure	Actual 2018/19	Target 2019/20	Actual 2019/20		Commentary	COVID-19 Impacts	Foot note
				Status	Result			
Dispose agreed surplus properties.	15 List of properties recommended for disposal submitted to council. The disposal target for the next financial period will be agreed with council in the current financial period.	\$30.38 million of recommended properties have been presented to Council for approval to dispose. A recommended for disposal target for 2019/20 was agreed by the Board in June 2019.	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. or A list of recommended properties with a total gross value of \$22.5 million will be submitted to the council seeking approval for disposal by the end of June 2020.	-	Progressing 2-year target	The annual target was not met. We are now pursuing the 2-year target as it was designed to be the default target if there is uncertainty in the annual target. \$20 million of recommended properties have been presented to Council for approval to dispose against a target of \$45m for 2 years. One year of the target remaining and \$25 million balance.		
	16 Achieve total forecast net sales for the financial year through unconditional agreements. (**Annual actual asset sales may fluctuate between years).	Achieved actual net sales of \$44.44 million for the financial year. The target of \$24 million has been exceeded.	Meet or exceed forecast Property disposal annual target of \$24 million or progress the achievement of the 3-year cumulative LTP sales target of \$72m.	-	Progressing 3-year target	The annual target was not met. We are now pursuing the 3-year target as it was designed to be the default target if there is uncertainty in the annual target such as impact by market risk and negotiations. Completed actual net sales of \$9.9 million for the financial year. \$54.34 million completed to date of the 3-year target. One year of the target remaining and \$17.66 million balance.		
Acquire Properties.	17 Acquisitions are delivered within the timeline agreed with Auckland Council.	92.8% of the acquisitions were delivered within the timeline agreed with Auckland Council. 14 acquisitions for Auckland Council were completed this year.	80% satisfaction against agreed service performance measure.		Achieved	Actual 91% of the acquisitions were delivered within the timeline agreed with Auckland Council. 30 acquisitions for Auckland Council were completed this year.		

Notes relating to actual performance:

1. Projects have multi-year performance milestones. Panuku needs to demonstrate progress and will do this by using initiatives that are completed over time. Initiatives are enabling activities making a difference to Panuku's ability to deliver and they are meaningful to shareholder/users, significant and material in nature. They relate to key transform and unlock projects and reflect progress towards realising outcomes or increased the ability or capacity of the organisation to deliver project outcomes. Examples of initiatives include – strategy with the Crown completed, Plan changes of land to enable development outcomes, unconditional sales in our Transform and Unlock locations, placemaking activities and output of physical project delivered/completed (Public Realm or Commercial).
2. This survey was conducted on visitors to the city waterfront (an area including the Westhaven Promenade, Silo Park, Jellicoe St/North Wharf, Daldy Street Linear Park, Karanga Plaza, Te Wero, Waitemata Plaza and Queens Wharf); over three major events during the year by TouchPoll NZ. Due to the impact of COVID-19 only half of the number of events were intercepted compared with the 2018/2019 period. Survey methodology is via email invitation from intercepted visitors at the events. The number of people surveyed was 325 with 308 responses. The average margin of error for the three surveyed events is ±8% with a 90% confidence level based on total visitor numbers of approximately 33,300 on the days surveyed at the various events.
3. This survey was facilitated by Auckland Council as part of the annual Auckland Residents Survey 2020. The survey was conducted by Colmar Brunton NZ using a mix of online and phone interviews. The population used to select respondents was Auckland residents aged 15 and over. Demographic quotas were set by age, gender, ethnicity and local board area. The question covers the city waterfront in downtown Auckland. This area includes the Queens Wharf, Silo Park, the Viaduct and Wynyard Quarter. The sample size was 3532 with a margin of error of ±1.6%.
4. This survey was conducted by Kantar on Westhaven Marina customers via online and telephone interviews. The number of people surveyed was 1524 leaseholders/owners and renters with 548 responses. The margin of error is ±3.4% at 95% confidence level. The result is calculated on a scale of 1 to 7, where all results above the mid-point of 4 is considered 'satisfied'.
5. Significant Māori initiatives are those that promote and celebrate Māori culture together with the wider audience, through Māori events, artwork, development, policy, media, and other initiatives that benefit the Māori community. Māori does not have to be the sole focus of the event, but the event should at least make a contribution to Māori outcomes - i.e. it contains a clear Māori element, e.g. in art, music, history. Development and organisational initiatives will be counted only once, when launched/adopted, opened and proven to have started implementation or use.
6. This survey was conducted by Buzz Channel Ltd among mana whenua representatives to measure their satisfaction with the engagement Panuku has with their iwi. Due to COVID-19 restrictions, the research was undertaken online via Zoom or MS Teams, or by phone. 15 mana whenua organisations participated in the research. The margin of error is not useful for the small sample.
7. Panuku carries out reviews of council's property assets to identify opportunities for redevelopment, asset sales or urban regeneration outcomes. This involves assessing the viability of an opportunity by investigating planning constraints, legal issues and geotechnical issues. Viable opportunities progress to a business case for development of asset sales.
8. (Like for Like) Return on Investment (ROI) is calculated as 'EBITDA divided by valuation'. Like for like basis relates to the comparison of tenanted properties held in the portfolio as at 30 June of the reporting period, compared to the same properties tenanted at 30 June two years prior. Valuation data is sourced from Council valuation for each property. The Council re-values properties every three years for rating purposes. Properties excluded from the measure calculation include those that are no longer in the portfolio, are vacant at one or both points in time, or un-tenantable properties or properties undergoing maintenance or capital works, properties comprising bare land, or properties where there is no separate valuation attributable to them or with a disproportional valuation compared to return, such as a house on a large reserve where value is disproportionate to the rent received.
9. Return on Equity (ROE) is calculated as '(Ending valuation less beginning valuation less capital expenditure plus EBITDA) divided by (beginning valuation plus 0.5(capital expenditure less EBITDA))'. This is the Property Council of NZ ROE formula. Shareholder equity includes all Waterfront location Investment Property and any Waterfront location Public Realm property generating a commercial income. EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation. Data is collected from internal sources using information from SAP and valuation reports. The purpose is to achieve an optimal return on shareholder equity on commercial assets, ensuring assets are managed efficiently, return a long-term value to Auckland and increase non-rates revenue for Auckland Council.

13.

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13.

Panuku Development Auckland Limited

Statement of comprehensive revenue and expense

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
From Continuing Activities			
Revenue			
Revenue	4	36,705	20,946
Total revenue		36,705	20,946
Expenses			
Personnel	5	29,159	23,687
Depreciation	9	294	-
Other operating expenses	6	7,022	7,363
Total expenditure		36,475	31,050
Surplus / (deficit) before tax		230	(10,104)
Income tax expense / (benefit)	7	(149)	118
Surplus / (deficit) after tax		379	(10,222)
From Discontinued Activities (refer note 1)			
Revenue		-	49,132
Expenses		-	22,164
Surplus / (deficit) before tax		-	26,968
Income tax expense / (benefit)	7	-	10,525
Surplus / (deficit) after tax		-	16,443
Surplus / (deficit) after tax		379	6,221
Other comprehensive revenue and expense			
(Loss) / gain on impairment and revaluation of property, plant and equipment		(2,620)	40,988
Tax on impairment and revaluation of property, plant and equipment	13	734	13,985
Total other comprehensive income		(1,886)	54,973
Total comprehensive income		(1,507)	61,194
Surplus is attributable to:			
Auckland Council		379	6,221
		379	6,221
Total comprehensive revenue and expense is attributable to:			
Auckland Council		(1,507)	61,194
		(1,507)	61,194

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

13.

Panuku Development Auckland Limited

Statement of changes in equity

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
Equity at the beginning of the year		10,343	724,496
Total comprehensive revenue and expense			
Surplus / (deficit) for the year		379	6,221
Other comprehensive revenue and expense		(1,886)	54,973
Total comprehensive revenue and expense		(1,507)	61,194
Transactions with owners			
Share repurchase	1	-	(481,689)
Dividend expense	1	-	(294,946)
Recognised on amalgamation of subsidiary		-	1,288
Total transactions with owners		-	(775,347)
Equity at the end of the year		8,836	10,343

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

13.

Panuku Development Auckland Limited

Statement of financial position

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
ASSETS			
Current assets			
Cash and cash equivalents		2,802	966
Debtors and other receivables	8	7,399	8,506
Total current assets		10,201	9,472
Non-current assets			
Property, plant and equipment	9	7,386	10,300
Total non-current assets		7,386	10,300
Total assets		17,587	19,772
LIABILITIES			
Current liabilities			
Creditors and other payables	10	3,877	4,173
Employee entitlements	11	3,028	3,010
Provisions	12	483	-
Total current liabilities		7,388	7,183
Non-current liabilities			
Deferred tax liabilities	13	1,363	2,246
Total non-current liabilities		1,363	2,246
Total liabilities		8,751	9,429
Net assets		8,836	10,343
EQUITY			
Contributed equity	14	1,800	1,800
Accumulated funds	15	1,634	1,255
Asset revaluation reserve	16	5,402	7,288
Total equity		8,836	10,343

For and on behalf of the Board:



Adrienne Young-Cooper (Chair)

18 November 2020



Richard Leggat (Audit and Risk Committee Chair)

18 November 2020

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

13.

Panuku Development Auckland Limited

Statement of cash flows

For the year ended 30 June 2020

	Note	2020 \$000	2019 \$000
Cash flows from operating activities			
Receipts from customers		24,115	51,067
Interest received		-	5
Operating expenditure funding from Auckland Council		20,981	17,481
Capital expenditure funding from Auckland Council		3,206	15,287
Payments to suppliers and employees		(44,177)	(45,221)
Goods and services tax received from / (paid to) IRD		(475)	875
Net cash from operating activities	20	3,650	39,494
Cash flows from investing activities			
Recognised on amalgamation of subsidiary		-	226
Capital expenditure on property, plant & equipment and investment properties		-	(27,318)
Net cash from investing activities		-	(27,092)
Cash flows from financing activities			
Advances (to) / from Auckland Council		(1,814)	(13,921)
Derecognised on asset transfer to Auckland Council		-	(166)
Net cash from financing activities		(1,814)	(14,087)
Net increase / (decrease) in cash and cash equivalents		1,836	(1,685)
Cash and cash equivalents at the beginning of the year		966	2,651
Cash and cash equivalents at the end of the year		2,802	966

The notes to the financial statements form part of, and should be read in conjunction with, these financial statements.

13.

Panuku Development Auckland Limited Notes to the financial statements

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13.

Panuku Development Auckland Limited

Notes to the financial statements

For the year ended 30 June 2020

1. Transfer of assets to Auckland Council

Panuku was created on 1 September 2015 by amalgamation of Auckland Waterfront Development Agency Limited (Waterfront Auckland) and Auckland Council Property Limited (ACPL). The shareholder of the separate entities was Auckland Council and the shareholder of the amalgamated entity is Auckland Council.

When the amalgamation occurred, Waterfront Auckland owned an asset portfolio which included assets such as land, buildings, waterspace consents, wharves, public space and marinas. The assets are all located in downtown Auckland and are collectively referred to as the waterfront assets. ACPL did not own any assets at the time of amalgamation, but managed commercial and residential properties on behalf of Auckland Council.

The operating model remained consistent after amalgamation with Panuku operating two portfolios - the waterfront assets owned by Panuku and other property assets owned by Auckland Council.

During 2019, it was proposed that the ownership of all assets managed by Panuku should be amalgamated in Auckland Council. As some of the waterfront assets were classed as strategic assets under Auckland Council's Significance and Engagement Policy, an amendment to the Auckland Council Long-term Plan was publicly consulted upon and approved by the Council to allow the transfer of ownership from Panuku to Auckland Council. The transfer happened by sale and purchase on 26 June 2019. Simultaneously with the settlement of the transaction, the purchase price of the assets was returned to Auckland Council via a dividend and share buyback.

Information about the continuing and discontinued operations of Panuku is presented as prior year comparative information in the statement of comprehensive revenue and expense.

The table below splits the net cash flows into continuing and discontinued operations.

	2020	2019
	\$000	\$000
Operating Activities		
Continuing operations	3,650	2,593
Discontinued operations	-	36,901
Net cash from operating activities	3,650	39,494
Investing activities		
Continuing operations	-	(175)
Discontinued operations	-	(26,917)
Net cash from investing activities	-	(27,092)
Financing activities		
Continuing operations	(1,814)	-
Discontinued operations	-	(14,087)
Net cash from financing activities	(1,814)	(14,087)
Net cash from activities	1,836	(1,685)

2. Statement of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied unless otherwise stated.

a) Basis of preparation

i) Reporting entity

Panuku Development Auckland Limited (Panuku) is a council controlled organisation (CCO) of Auckland Council and is domiciled in New Zealand. Panuku's principal address is Ground Floor, 82 Wyndham Street, Auckland 1010.

Panuku contributes to the implementation of the Auckland Plan and encourages economic development by facilitating urban redevelopment that optimises and integrates good public transport outcomes, efficient and sustainable infrastructure and quality public services and amenities. Panuku manages council's non-service property portfolio and provides strategic advice on council's other property portfolios. It recycles or redevelops sub-optimal or underutilised council assets and aims to achieve an overall balance of commercial and strategic outcomes.

As Panuku does not have the primary objective of making a financial return, Panuku is designated as a public benefit entity and applies New Zealand Tier 1 Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements of Panuku are for the year ended 30 June 2020. The financial statements were authorised for issue by the Board of Directors on the date they were signed.

ii) Statement of compliance

The financial statements of Panuku have been prepared in accordance with the requirements of section 69 of the Local Government Act 2002 and the Companies Act 1993, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

These financial statements have been prepared in accordance with NZ GAAP. They comply with PBE Accounting Standards.

iii) Measurement base

The Panuku financial statements have been prepared on an historical cost basis, modified by the revaluation of marinas.

iv) Going concern

The financial statements have been prepared on a going concern basis, with the company reliant on the shareholder (Auckland Council) continuing to support its operations as set out in the company's Statement of Intent (SOI) and Auckland Council's Long term and Annual Plans.

v) Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The functional currency of Panuku is New Zealand dollars.

vi) Budget figures

The budget figures have been prepared in accordance with NZ GAAP and are included in the company's Statement of Intent for 2019-2022 and are consistent with the accounting policies adopted by the Panuku for the preparation of the financial statements.

vii) Accounting standard early adopted

In line with Auckland Council, Panuku has elected to early adopt PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. Adoption of this standard has had no impact on Panuku.

2. Statement of accounting policies (continued)**b) Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities are recognised in the statement of comprehensive revenue and expense.

c) Property, plant and equipment

Property, plant and equipment consists of marinas.

i) Initial recognition

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses, if any.

ii) Subsequent measurement

Marinas are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every 3 years. Each year, Panuku considers whether the carrying value reflects fair value. If there is a material difference, then the asset classes are revalued off-cycle.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

Net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of assets. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit in the statement of comprehensive revenue and expense. If a revaluation increase reverses a decrease previously recognised in the surplus or deficit in the statement of comprehensive revenue and expense, the increase is recognised first in the surplus or deficit in the statement of comprehensive revenue and expense to reverse previous decreases. Any residual increase is then recognised in other comprehensive income.

iii) Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Panuku and the cost of the item can be measured reliably.

Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

iv) Disposals

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit in the statement of comprehensive revenue and expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

v) Depreciation

Depreciation on all property, plant and equipment is provided on a straight line basis at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The residual value and remaining useful life of an asset is reviewed, and adjusted if applicable, at each financial period end. The useful lives of major classes of assets have been estimated as follows.

Asset class	Estimated useful life
Marina	35 years

2. Statement of accounting policies (continued)**d) Impairment of non financial assets**

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the service potential of the asset is not primarily dependent on the asset's ability to generate net cash inflows and where Panuku would, if deprived of the asset, replace its remaining service potential. The value in use for cash generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit in the statement of comprehensive revenue and expense, a reversal of the impairment loss is also recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit in the statement of comprehensive revenue and expense. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

e) Financial assets

Financial assets are initially measured at fair value plus transaction costs.

Purchases and sales of financial assets are recognised at trade date, this being the date on which Panuku commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Panuku has transferred substantially all the risks and rewards of ownership.

Panuku's financial assets are classified as financial assets at amortised cost. After initial recognition, these are carried at amortised cost less provision for impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

f) Impairment of financial assets

The provision for impairment of receivables is determined based on the expected loss credit model. In assessing credit losses for receivables, Panuku applies the simplified approach and records lifetime expected credit losses on receivables. Panuku uses the provision matrix based on historical credit loss experience upon initial recognition of the receivable, based on reasonable and available information on the debtor. Expected loss is established by taking into account factors affecting the ability of the debtors to settle their debt.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the surplus or deficit in the statement of comprehensive revenue and expense.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held on call with financial institutions, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and bank overdrafts.

2. Statement of accounting policies (continued)**h) Debtors and other receivables**

Debtors are amounts due from customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non current assets.

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

When a receivable for which the provision for impairment has been recognised becomes uncollectable in a subsequent period, it is written off against the provision for impairment of receivables. Subsequent recoveries of amounts previously written off are credited to 'other income' in the surplus or deficit in the statement of comprehensive revenue and expense.

i) Creditors and other payables

Creditors and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities.

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

j) Current and deferred income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by balance date. Income tax expense is charged or credited to the surplus or deficit in the statement of comprehensive revenue and expense, except when it relates to items charged or credited directly to equity or other comprehensive income.

Current tax is the amount of income tax payable based on the taxable surplus for the current period, plus any adjustments to income tax payable in respect of prior periods.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Panuku expect to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting surplus nor taxable surplus.

k) Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related expense or asset.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

2. Statement of accounting policies (continued)**l) Personnel costs and employee entitlements***i) Short-term employee entitlements*

Employee benefits that Panuku expects to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date, and sick leave.

ii) Long-term employee entitlements

Employee benefits that are not expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service, such as long service leave, have been calculated on an actuarial basis. These calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood the employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of estimated future cash flows.

iii) Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as current liabilities. Non-vested long service leave expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

m) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

i) Other income

Income from provision of services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

ii) Service income

Income from the rendering of services to Auckland Council group entities is recognised when the service is provided. These services include development projects, management of business interests and management of marina operations as well as council group property acquisitions and disposals. The income from services provided is calculated based on direct costs and staff time incurred or allocated to specific projects.

iii) Funding from Auckland Council

Funding is recognised as revenue upon entitlement based on the eligibility of expenditure in accordance with the Statement of Intent between Panuku and Auckland Council.

iv) Shared services provided by Auckland Council

Panuku uses Auckland Council services including (but not limited to) payroll, legal, information technology, accounts payable processing and treasury. Generally no charge is levied for these services. Panuku does not recognise these services in-kind as revenue or expenditure.

n) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the surplus or deficit in the statement of comprehensive revenue and expense on a straight line basis over the period of the lease.

13.

3 Critical accounting estimates and judgements

In preparing the financial statements Panuku made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year have been included below.

Useful lives of property, plant and equipment

If useful lives do not reflect the actual consumption of the benefits of the assets, then Panuku could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. Asset inspection, deterioration, and condition modelling are also carried out regularly as part of asset management activities, which provides further assurance over useful life estimates.

Valuation of property, plant and equipment

Panuku's assets comprise marina berths in the downtown Auckland area commonly referred to as the Viaduct. The assets consist of physical structures and waterspace consents. The marina berths are valued using a discounted cash flow model based on forecast future cash flows and a market derived discount rate. If market conditions change, then it is possible that the future cash flows may vary, in timing or amount, from those included in the valuation. In addition, COVID-19 may have an impact on these future cash flows as it could affect the price and demand for marinas berthage in Auckland.

4 Revenue

	2020	2019
	\$000	\$000
From continuing operations		
Revenue from exchange transactions		
Other income	1,661	747
Service income from Auckland Council	13,573	6,756
Revenue from non-exchange transactions		
Funding from Auckland Council	21,471	13,443
Total revenue	36,705	20,946

Until 26 June 2019, Panuku earned rental and berthage revenue from investment properties and marinas. As a result of the asset transfer described in note 1, this revenue is recognised by Auckland Council beginning from the 2019/2020 financial year. Auckland Council has increased its funding to Panuku to offset the loss of this revenue.

5 Personnel costs

	2020	2019
	\$000	\$000
Salaries and wages	26,864	22,552
Increase / (decrease) in employee entitlements	428	197
Defined contribution plan employer contributions *	677	558
Other	1,190	380
Total personnel costs	29,159	23,687

* Employer contributions to defined contribution plans includes contributions to KiwiSaver.

At 30 June 2020 there were 213.90 full time equivalent (FTE) employees (30 June 2019: 202.69)

One of the measures implemented by Panuku to recover from the financial impact of the COVID-19 pandemic was to reduce personnel costs. In April 2020, members of the Executive Lead Team (ELT) volunteered to take a 10% salary reduction for six months (1 May 2020 to 31 October 2020), with the Chief Executive Officer taking a 20% reduction for the same period. In May 2020, employees earning over \$100,000 per annum were requested to take a voluntary salary reduction for six months (13 June to 13 December 2020) on a graduated scale:

- Salaries from \$100,000 - \$175,000 – a 5% pay reduction
- Salaries from \$175,001 - \$275,000 – a 7.5% pay reduction
- Salaries above \$275,000 – a 10% pay reduction

Employees were allowed to select any percentage salary reduction if they could not afford the percentage applicable to their income category or wanted to volunteer more. 73% of requested employees volunteered for a salary reduction.

During Alert Level 3, all active recruitment was put on hold and staff were redeployed to cover vacancies. Contractors and temporary staff were reviewed on a case-by-case basis leading to around 50% of contingent workers finishing up by 30 June 2020, with 21% finishing by 31 December 2020 and the balance retained to fill essential roles. Annual leave balances were also actively managed to reduce the leave liability.

6 Other expenses

	2020	2019
	\$000	\$000
Fees paid to Audit NZ for audit of the financial statements and statement of service performance	124	211
Fees paid to Audit NZ for review of the half year financial reporting pack to Auckland Council	-	18
Directors' fees and expenses	464	482
Impairment of receivables	5	-
Lease payments under operating leases	1,542	1,602
Professional services	2,810	3,047
Repairs and maintenance	198	42
Utilities and occupancy	301	138
Other operating expenses	1,578	1,823
Total other expenses	7,022	7,363

13.

7 Income tax

	2020	2019
	\$000	\$000
Components of income tax:		
Current tax	-	-
Deferred tax	(149)	10,643
Income tax (benefit) / expense	(149)	10,643
From continuing activities	(149)	118
From discontinued activities	-	10,525
Income tax (benefit) / expense	(149)	10,643
Relationship between income tax and accounting surplus / (deficit):		
Surplus / (deficit) before tax	230	16,864
Prima facie income tax at 28%	64	4,722
Taxation effect of permanent differences	13	(4,320)
Loss offset (refer note a)	(226)	(518)
Written back on asset transfer to Auckland Council (refer note b)	-	10,759
Income tax	(149)	10,643

- a) Panuku is part of a tax group with its shareholder Auckland Council and other subsidiaries of Auckland Council. Tax losses from other entities are shared within the group resulting in tax loss offsets for Panuku. Subvention payments are generally not required under group arrangements.
- b) Panuku transferred most of its physical assets to Auckland Council effective 26 June 2019 as described in note 1. As Auckland Council is not a tax paying entity, the deferred tax relating to these assets was not transferred and was written back in the surplus / (deficit) as this was where it was originally incurred.

13.

8 Debtors and other receivables

	2020	2019
	\$000	\$000
Debtors	-	4
Less provision for doubtful debts	-	-
Net debtors	-	4
Related party receivables	7,395	8,218
Goods and services tax	-	284
Sundry receivables	2	-
Prepayments	2	-
Total debtors and other receivables - current	7,399	8,506
Receivables from exchange transactions	91	295
Receivables from non exchange transactions	7,308	8,211
Total debtors and other receivables - current	7,399	8,506

a) Impairment of assets

At each period end, all overdue receivables are assessed for impairment and appropriate provisions applied. No doubtful debts provision has been recognised at 30 June 2020 (2019: \$0).

b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. Panuku has no exposure to credit risk in respect of debtors and other receivables at balance date. Panuku does not hold any collateral as security. Refer to note 23 for more information on the risk management policy of Panuku.

c) Foreign exchange and interest rate risk

Panuku has no exposure to foreign exchange and interest rate risk in relation to debtors and other receivables at balance date.

9 Property, plant and equipment

	1 July 2019			Current year movements						30 June 2020		
	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Impairment	Transfer to Auckland Council	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Marinas	10,300	-	10,300	-	-	-	(294)	(2,620)	-	7,386	-	7,386
Total	10,300	-	10,300	-	-	-	(294)	(2,620)	-	7,386	-	7,386

	1 July 2018			Prior year movements						30 June 2019		
	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Transfer to Auckland Council	Cost / revaluation	Accumulated depreciation and impairment charges	Carrying amount
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Land	69,120	-	69,120	-	-	-	-	-	(69,120)	-	-	-
Buildings	16,513	-	16,513	-	-	1,722	(971)	-	(17,264)	-	-	-
Works of art	791	-	791	-	-	-	-	-	(791)	-	-	-
Plant and machinery	14,858	(5,792)	9,066	-	-	-	-	(396)	-	(8,670)	-	-
Furniture, fittings and equipment	1,129	(1,024)	105	-	-	-	-	(41)	-	(64)	-	-
Wharves	69,363	-	69,363	-	-	-	-	(2,562)	-	(66,801)	-	-
Marina	81,884	(3,981)	77,903	-	2,448	4,457	(1,986)	40,988	(113,510)	10,300	-	10,300
Drainage	3,083	(275)	2,808	-	-	-	(44)	-	(2,764)	-	-	-
Civil structures	56,295	(14,329)	41,966	-	-	5,513	(1,869)	-	(45,610)	-	-	-
Capital work in progress	8,502	-	8,502	27,318	-	(26,894)	-	-	(8,926)	-	-	-
Total	321,538	(25,401)	296,137	27,318	2,448	(15,202)	(7,869)	40,988	(333,520)	10,300	-	10,300

* Net transfers to / (from) property, plant and equipment and investment properties.
finance leases.

There are no assets held in property, plant and equipment under

There are no restrictions over the title of the Company's property, plant and equipment nor are any assets pledged as security for liabilities.

The marina asset class was last valued by Seagar and Partners at 30 June 2019, using a discounted cash flow approach. An impairment assessment was completed on the carrying value of the marina asset class at 30 June 2020, using a discounted cash flow approach. As a result of this assessment, the carrying value of the marina assets was impaired by \$2.62 million.

13.

10 Creditors and other payables

	2020	2019
	\$000	\$000
Creditors	516	1,192
Accrued expenses	533	2,773
Related party payables	2,188	208
Goods and services tax	640	-
Total creditors and other payables - current	3,877	4,173
Payables from exchange transactions	1,695	4,173
Payables from non exchange transactions	2,182	-
Total creditors and other payables - current	3,877	4,173

Creditors and other payables are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. Panuku has minimal exposure to foreign exchange risk and no interest rate risk in respect of creditors and other payables at balance date.

11 Employee entitlements

Accrued salaries and wages	1,192	1,592
Annual leave	1,758	1,418
Sick leave	78	-
Total employee entitlements	3,028	3,010

12 Provisions

Opening balance	-	-
Additions to provision	483	-
Total provisions	483	-

As a result of COVID-19, Panuku was required by the shareholder, Auckland Council, to make significant savings to its 2020/2021 budget. The provisions primarily relate to termination benefits arising as a result of restructure begun by Panuku prior to 30 June 2020, which is expected to be completed by 31 August 2020.

13.

13 Deferred tax liabilities

	2020	2019	
	\$000	\$000	
Deferred tax assets			
To be recovered after more than 12 months	-	-	
To be recovered within 12 months	656	589	
Deferred tax assets	656	589	
Deferred tax liabilities			
To be recovered after more than 12 months	(2,019)	(2,835)	
To be recovered within 12 months	-	-	
Deferred tax liabilities	(2,019)	(2,835)	
Net deferred tax assets / (liabilities)	(1,363)	(2,246)	
	Total	Property, plant and equipment	Other
	\$000	\$000	\$000
Balance at 1 June 2018	(5,607)	(10,427)	4,820
Recognised on amalgamation of subsidiary	19	50	(31)
Charged to surplus/(deficit)	(10,643)	(6,404)	(4,239)
Charged to other comprehensive income	13,985	13,985	-
Balance at 30 June 2019	(2,246)	(2,796)	550
Balance at 1 June 2019	(2,246)	(2,796)	550
Charged to surplus/(deficit)	149	81	68
Charged to other comprehensive income	734	734	-
Balance at 30 June 2020	(1,363)	(1,981)	618

14 Contributed equity

	2020	2019
	\$000	\$000
(a) Share capital		
Balance at 1 July	1,800	483,489
Shares repurchased and cancelled during the year	-	(481,689)
Transfer to retained earnings on amalgamation of subsidiary	-	-
Derecognised on asset transfer to Auckland Council	-	-
Balance at 30 June	1,800	1,800
(b) Movements in ordinary shares:	Shares	Shares
Opening balance of ordinary shares issued	30	1,101
Shares repurchased and cancelled during the year	-	(1,071)
Closing balance of ordinary shares issued	30	30

13.

15 Accumulated funds

	2020	2019
	\$000	\$000
Balance at 1 July	1,255	160,683
Surplus/(deficit) for the year	379	6,221
Dividends paid	-	(294,946)
Net transfer from asset revaluation reserves	-	127,896
Net transfer from / (to) maintenance reserves	-	1,627
Recognised on amalgamation of subsidiary	-	(226)
Balance at 30 June	1,634	1,255
Dividend per share	-	267,889

16 Asset revaluation reserve

Balance at 1 July	7,288	78,697
Impairment and revaluation (losses) / gains	(2,620)	40,988
Deferred tax on impairment and revaluation	734	13,985
Recognised on amalgamation of subsidiary	-	1,514
Transferred to retained earnings	-	(127,896)
Balance at 30 June	5,402	7,288

The asset revaluation reserves records the revaluation of property, plant and equipment on an asset class basis. Any revaluation decrease will first be written off against the balance in asset revaluation reserve. Any decrease over and above the amount recorded will be transferred to the other gains / (losses) section of the surplus / (deficit) within the statement of comprehensive revenue and expense.

17 Capital commitments and operating leases**a) Capital commitments**

Panuku has no capital expenditure commitments at 30 June 2020 (2019: nil)

b) Operating leases as lessee

Panuku leases one property in the normal course of its business. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

Less than one year	1,207	1,207
Between one and five years	2,614	3,821
More than five years	-	-
Total non-cancellable operating leases as lessee	3,821	5,028

Leases can be renewed at Panuku's discretion, with rents set by reference to current market rates for items of equivalent age and condition. There are no restrictions placed on Panuku by any of the leasing arrangements.

18 Contingencies

Panuku has no contingent liabilities or contingent assets at 30 June 2020 (2019: nil).

19 Events occurring after balance date

There are no events occurring after the balance date that are required to be disclosed.

20 Reconciliation of net surplus / (deficit) after tax to net cash flow from operating activities

	2020	2019
	\$000	\$000
Surplus / (deficit) after tax	379	6,221
Add / (less) non-cash items:		
Depreciation and amortisation expense	294	7,869
Amortisation of redeemable preference shares	-	287
Fair value (increase) / decrease on investment property	-	1,032
Movement in deferred tax through surplus / (deficit)	(149)	10,643
Add / (less) movements in working capital items:		
Debtors and other receivables (excluding related party)	284	18,702
Financing activities included in debtors and other receivables	-	(9,994)
Creditors and other payables (excluding related party)	(2,275)	(44,896)
Financing activities included in creditors and other payables	-	48,905
Related party receivables and payables	2,803	10,291
Financing activities included in related party receivables and payables	1,813	(9,959)
Provisions	483	-
Employee entitlements	18	393
Net cash inflow / (outflow) from operating activities	3,650	39,494

21 Related party transactions

Auckland Council is the parent of the entity as outlined in note 2. Auckland Council has other CCOs that Panuku has transacted with during the period including Auckland Transport, Ports of Auckland Limited, Regional Facilities Auckland, Auckland Tourism Events and Economic Development Limited and Watercare Limited.

Related parties include subsidiaries, associates, joint ventures, key management personnel, the Directors of the Board and their close family members and entities controlled by them. Key management personnel are the Chief Executive and the executive leadership team. Close family members include spouses or domestic partners, children and dependants.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect Panuku would have adopted in dealing with the party at arm's length in the same circumstances.

22 Remuneration

	2020	2019
	\$000	\$000

Key management personnel includes the Board of Directors and the Executive Leadership Team (ELT). The ELT consists of the Chief Executive and direct reports to the Chief Executive.

Key management personnel remuneration

Executive Leadership Team (10 FTE 2020 : 9 FTE 2019)	3,491	3,298
Board of Directors - Panuku (1.50 FTE 2020 : 1.75 FTE 2019) *	426	393
Board of Directors - Westhaven Marina Limited	-	19
Total key management personnel remuneration	3,917	3,710

*The Board of Directors FTE is based on the assumption that each of the Directors work an average of one week in each month preparing for, and attending, Board and sub committee meetings.

a) Executive Leadership Team Remuneration

Salary and other short-term employee benefits	3,491	3,298
Total Executive Leadership Team remuneration	3,491	3,298

b) Board of Directors Remuneration - Panuku**Current directors**

Adrienne Young-Cooper (Chair) - appointed 1 November 2018	101	71
Paul Majurey (Deputy Chair)	64	54
David Kennedy	61	56
Richard Leggat	61	62
John Coop - appointed 1 November 2019	35	-
Victoria Carroll - appointed 1 November 2019	35	-

Directors now retired

Richard Aitken (Chair) - retired 31 October 2018	-	37
Susan Macken (Deputy Chair) - retired 31 October 2019	23	68
Martin Udale - resigned 30 November 2019	9	54
Mike Pohio - resigned 31 January 2020	37	62

Total Board remuneration - Panuku	426	464
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c) Board of Directors Remuneration - Westhaven Marina Limited

Stephen Mills (Chair)	-	15
Terry Kayes - retired 31 October 18	-	4
Richard Leggat	-	-
Adrienne Young-Cooper	-	-
Total Board remuneration - Westhaven Marina Limited	-	19

Remuneration for directors of Westhaven Marina Limited was paid by Panuku for 2019, but after the asset transfer as disclosed in note 1, the remuneration is paid by Auckland Council.

22 Remuneration (continued)**d) Employee Remuneration**

The table below shows the number of employees, or former employees, who received remuneration (including KiwiSaver employer contributions) of \$100,000 or more during the year. This table recognises remuneration when it is paid to the employee. These amounts are not annualised - if the employee has been employed for fewer than 12 months the amount shown is their actual pay during the period they are employed by Panuku.

In February 2020 Panuku's board, on recommendation from Panuku's Executive Leadership Team (ELT), decided to discontinue performance recognition payments to the ELT and staff. Prior to this, performance recognition payments had been paid at the board's discretion to employees rated 'exceptional' in their end-of-year performance review, and to executives for achievement of key objectives. The discontinuation of the scheme was in recognition that this type of payment was no longer aligned to standard practice in the public sector.

Recognising great performance remains an important part of Panuku's culture, and the board decided to continue linking salary increases to employee performance. The ELT plans to work with staff to develop new approaches to performance recognition in 2020/2021.

The 2020 column below includes performance recognition payments made in 2019/2020 awarded for performance in the prior 2018/2019 financial year, before the scheme was disestablished. The 2019 column below includes performance recognition payments made in 2018/2019 awarded for performance in the prior 2017/2018.

	Number of Employees	
	2020	2019
\$100,000-\$109,999	19	10
\$110,000-\$119,999	8	11
\$120,000-\$129,999	12	4
\$130,000-\$139,999	8	9
\$140,000-\$149,999	9	6
\$150,000-\$159,999	7	7
\$160,000-\$169,999	4	5
\$170,000-\$179,999	3	2
\$180,000-\$189,999	5	2
\$190,000-\$199,999	4	4
\$200,000-\$209,999	5	3
\$210,000-\$219,999	1	4
\$220,000-\$229,999	4	1
\$230,000-\$239,999	1	1
\$240,000-\$249,999	1	1
\$250,000-\$259,999	2	-
\$270,000-\$279,999	1	1
\$280,000-\$289,999	-	1
\$310,000-\$319,999	1	-
\$340,000-\$349,999	-	1
\$350,000-\$359,999	1	-
\$370,000-\$379,999	1	-
\$380,000-\$389,999	-	2
\$410,000-\$419,999	1	1
\$510,000-\$519,999	1	1
\$530,000-\$539,999	1	-
\$640,000-\$649,999	-	1
Total employees who received \$100,000 or more	100	78

23 Financial risk management

Panuku's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. Panuku's treasury management is carried out under a shared service agreement by Auckland Council. The treasury management policy incorporates a liability management policy and an investment policy. These policies do not allow any transactions that are speculative in nature to be entered into.

	Carrying amount and fair value	
	2020	2019
	\$000	\$000
Financial assets		
Cash and cash equivalents	2,802	966
Loans and receivables		
Debtors and other receivables (exc GST receivable and prepayments)	7,397	8,222
Total financial assets	10,199	9,188
Financial liabilities		
Financial liabilities at amortised cost		
Creditors and other payables (excluding GST payable)	3,237	4,173
Total financial liabilities	3,237	4,173
Net financial assets / (liabilities)	6,962	5,015

23 Financial risk management (continued)**b) Liquidity risk**

Contractual maturity analysis of financial assets and liabilities

The table below analyses Panuku's financial assets and liabilities into relevant maturity groupings based on the period remaining at balance date until the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	On demand	Less than 6 months	6 - 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash inflow / (outflow)	Carrying amount (assets) / liabilities
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
30 June 2020								
Financial assets								
Cash and cash equivalents	2,802	-	-	-	-	-	2,802	2,802
Debtors and other receivables	7,309	88	-	-	-	-	7,397	7,397
Total financial assets	10,111	88	-	-	-	-	10,199	10,199
Financial liabilities								
Creditors and other payables	2,213	1,024	-	-	-	-	3,237	3,237
Total financial liabilities	2,213	1,024	-	-	-	-	3,237	3,237
30 June 2019								
Financial assets								
Cash and cash equivalents	966	-	-	-	-	-	966	966
Debtors and other receivables	8,222	-	-	-	-	-	8,222	8,222
Total financial assets	9,188	-	-	-	-	-	9,188	9,188
Financial liabilities								
Creditors and other payables	2,807	1,366	-	-	-	-	4,173	4,173
Total financial liabilities	2,807	1,366	-	-	-	-	4,173	4,173

24 Capital management

Panuku's capital is its equity which comprise accumulated funds. Equity is represented by net assets. Panuku manages its revenues, expenses, assets, liabilities and general financial dealings prudently to meet its long term objective and in a way that promotes the current and future interests of the community. Equity is largely managed as a by-product of managing revenues, expenses, assets, liabilities and general financial dealings.

25 Explanation of major variances to budget

As a CCO, Panuku agrees its budget each year with the shareholder Auckland Council and publishes the budget in the Statement of Intent. The following table shows a high level comparison of actual financial performance to budget.

	Actual	Budget	Favourable / (unfavourable) Variance	Note
	2020	2020		
	\$000	\$000	\$000	
Revenue				
Revenue	36,705	40,959	(4,254)	1
Total revenue	36,705	40,959	(4,254)	
Expenses				
Personnel	29,159	31,689	2,530	2
Depreciation and amortisation	294	99	(195)	
Other operating expenses	7,022	9,171	2,149	3
Total expenditure	36,475	40,959	4,484	
Surplus / (deficit) before tax	230	-	230	
Income tax (benefit) / expense	(149)	-	149	
Surplus / (deficit) after tax	379	-	379	
Other comprehensive revenue and expense				
Gains on revaluation of property, plant and equipment	(2,620)	-	(2,620)	
Tax on revaluation gains	734	-	734	
Total other comprehensive income	(1,886)	-	(1,886)	
Total comprehensive income	(1,507)	-	(1,507)	

- Panuku recharges Auckland Council for services on development projects, management of business interests and marina operations as well as council group property acquisitions and disposals. These recharges were lower than budgeted as personnel costs were lower than budgeted as described below.
- The budget had a significant allowance for staff growth built in. During the year Panuku undertook a review of its operating model, which was completed at the end of the second quarter, and until that was completed recruitment was put on hold. The company was further impacted by COVID-19 and the Council emergency budget and a recruitment freeze was again put in place as well as a restriction on non essential expenditure which included contractors and temporary staff.
- Cost controls operating during the year and the significant impact of COVID-19 meant that not all budget in the operating areas could be spent. Refer to pages 31 and 32 of this annual report for further detail about the company's response to the COVID-19 pandemic and its financial impacts.



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