

Board Report

P u b l i c

Date
Tuesday,
24 September 2019

Time
2.30 pm

Venue
Panuku Development
Auckland

82 Wyndham Street



Local Government Official Information and Meetings Act 1987.

7 Other reasons for withholding official information

(1) Where this section applies, good reason for withholding official information exists, for the purpose of [section 5](#), unless, in the circumstances of the particular case, the withholding of that information is outweighed by other considerations which render it desirable, in the public interest, to make that information available.

(2) Subject to [sections 6, 8, and 17](#), this section applies if, and only if, the withholding of the information is necessary to—

(a) protect the privacy of natural persons, including that of deceased natural persons; or

(b) protect information where the making available of the information—

(i) would disclose a trade secret; or

(ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; or

(ba) in the case only of an application for a resource consent, or water conservation order, or a requirement for a designation or heritage order, under the [Resource Management Act 1991](#), to avoid serious offence to tikanga Maori, or to avoid the disclosure of the location of waahi tapu; or

(c) protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—

(i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied; or

(ii) would be likely otherwise to damage the public interest; or

(d) avoid prejudice to measures protecting the health or safety of members of the public; or

(e) avoid prejudice to measures that prevent or mitigate material loss to members of the public; or

(f) maintain the effective conduct of public affairs through—

(i) the free and frank expression of opinions by or between or to members or officers or employees of any local authority, or any persons to whom [section 2\(5\)](#) applies, in the course of their duty; or

(ii) the protection of such members, officers, employees, and persons from improper pressure or harassment; or

(g) maintain legal professional privilege; or

(h) enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or

(i) enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations); or

(j) prevent the disclosure or use of official information for improper gain or improper advantage.

Board Agenda

Where:	Panuku office, 82 Wyndham Street, Auckland
When:	Tuesday, 24 September 2019 2.30 pm – 3.30 pm
Board Members:	<p>Adrienne Young-Cooper – Chair David Kennedy – Director Richard Leggat – Director Dr Susan Macken – Director Paul Majurey – Director Mike Pohio – Director Martin Udale – Director (<i>leave of absence</i>) Paul Brown – Intern</p>
In attendance:	<p>Roger MacDonald – Chief Executive Monica Ayers – Director People and Culture Angelika Cutler – Director Corporate Affairs Carl Gosbee – Director Corporate Services Rod Marler – Director Design and Place David Rankin – Chief Operating Officer Brenna Waghorn – Director Strategy Ian Wheeler – Director Portfolio Management Allan Young – Director Development Jenni Carden – Executive Officer / Company Secretary</p>

Public meeting	
1.	<p>Opening of public meeting</p> <ul style="list-style-type: none"> • Apologies • Health and safety moment • Directors' interests • Directors' Board meeting attendance register • Minutes of 30 August 2019 Board meeting
2.	Chief Executive's report
3.	Health and Safety report
4.	<p>Business reports</p> <ul style="list-style-type: none"> • Māori Responsiveness Plan • Clonbern Road Carpark
5.	<p>Priority Location Portfolio reports</p> <ul style="list-style-type: none"> • FY19/20 Divestment strategy • Enhanced Programme Business Case approvals – Transform Manukau and Unlock Avondale • Transform Manukau – review of lease for Rainbow's End
6.	General business

Directors' Interests as at 24 September 2019

Member	Interest	Company / Entity	Conflicts pre-identified?
Adrienne YOUNG- COOPER	Chair	Panuku Development Auckland Limited	
	Deputy Chair	Housing New Zealand Corporation	
	Deputy Chair	Housing New Zealand Limited	
	Deputy Chair	Housing New Zealand Build Limited	
	Director	Cornwall Park Trust Board Incorporated	
	Director	HLC Limited	
	Director	Queenstown Airport Corporation Limited	
	Director	SeaLink New Zealand Limited and related companies: FreightLink Ltd SeaLink Travel Group Limited	Yes
	Director	Sir John Logan Campbell Residury Trust	
	Director	Sir John Logan Campbell Medical Trust Incorporated	
	Director	Westhaven Marina Limited	
Dr Susan C. MACKEN	Deputy Chair	Panuku Development Auckland Limited	
	Chair	Kiwibank	
	Chair	Spa Electrics Ltd (Aust.)	
	Deputy Chair	Tāmaki Redevelopment Company Ltd	Possible
	Director	Blossom Bear Ltd	
	Director	STG Ltd	

Member	Interest	Company / Entity	Conflicts pre-identified?
David I. 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	Possible, Unlock Northcote
	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		
Richard I. LEGGAT	Director	Panuku Development Auckland Limited	
	Chairman	NZ Cycle Trail Incorporated	
	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	

Member	Interest	Company / Entity	Conflicts pre-identified?
Paul F. MAJUREY	Director	Panuku Development Auckland 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		

Member	Interest	Company / Entity	Conflicts pre-identified?
--------	----------	------------------	---------------------------

Michael E. POHIO	Director	Panuku Development Auckland Limited	
	Chairman	BNZ Partners Waikato	
	Chairman	Ngamotu Hotels Ltd	
	Chairman	Rotoiti 15 Investment Limited partnership	
	Chairman	Tai Hekenga Ltd	
	Director	Argosy	
	Director	Ngāi Tahu Holdings	
	Director	National Institute of Water & Atmospheric Research Ltd	
	Director	NIWA Vessel Management Ltd	
	Director	Ospri New Zealand Ltd • National Animal Identification and Tracing Ltd	
	Director	TBFree	
	Director	Te Atiawa Iwi Holdings	
	Director	Te Atiawa (Taranaki) Holdings Ltd	
	Director	The Rees Management Limited	

C. Martin UDALE	Director	Panuku Development Auckland Limited	
	Director	Accessible Properties New Zealand Limited	
	Director	Cardinal Trustees Ltd	
	Director	Essentia Consulting Group Ltd	
	Director	Fleming Urban Ltd	
	Director	Forest Group Ltd	
	Director	Hobsonville Development GP Ltd	
	Director	New Ground Living (Hobsonville Point) Ltd	
	Director	Tall Wood Ltd	
	Director	Tallwood Assembly Limited	
	Director	Tallwood Design Limited	
	Director	Tallwood Holdings Limited	
	Director	Tallwood Projects Limited	
	Director	Tāmaki Redevelopment Company Ltd	Possible
	Director	Tāmaki Regeneration Ltd	
	Director	THA GP Limited	
	Director	TW Twenty Twenty Ltd	
	Member	Kiwi Rail Property Committee	

MINUTES OF THE MEETING OF DIRECTORS OF PANUKU DEVELOPMENT AUCKLAND LIMITED,
 HELD IN PUBLIC SESSION AT 82 WYNDHAM ST, AUCKLAND ON FRIDAY 30 AUGUST 2019
 COMMENCING AT 2.30 PM.

1.1 APOLOGIES	24 08/19	The Panuku Board received apologies from directors Susan Macken and Mike Pohio.
1.2 HEALTH AND SAFETY MOMENT	25 08/19	<p>Martin Udale led the health and safety moment.</p> <p>Panuku has a lot of staff in the community which can be challenging environments and dealing with challenging issues. It is critical our people are well supported and their wellbeing prioritised.</p>
1.3 DIRECTORS' INTERESTS	26 08/19	The Panuku Board reviewed and received the Register of Directors' Interests.
1.4 DIRECTORS' BOARD MEETING ATTENDANCE REGISTER	27 08/19	The Panuku Board noted the Board Attendance Register.
1.5 MINUTES OF THE 24 JULY 2019 BOARD MEETING	28 08/19	The Panuku Board reviewed and approved the Minutes of the Board Meeting of 24 July 2019, with confidential information redacted, as a true and accurate record of the meeting.
1.6. PUBLIC DEPUTATION	29 08/19	<p>Tony Skelton and Ron Copeland joined the meeting and undertook a public deputation.</p> <p>The Panuku Board thanked the presenters for their deputation on behalf of Northern Reclamation Yacht Clubs Working Group and acknowledged both for decades of service, including governance roles, to the Auckland yachting community. A written response will be provided following today's deputation.</p> <p>The Panuku Board noted that Westhaven Marina will be held by the public, in perpetuity. Panuku is part of Auckland Council and operates entirely within the law. Active work is underway regarding parking management with the Westhaven Marina Users Association (WMUA).</p>
2. CHIEF EXECUTIVE'S REPORT	30 08/19	The Chief Executive spoke to the public matters in the report. The Panuku Board received the public report, with confidential information redacted.
3. HEALTH AND SAFETY REPORT	31 08/19	<p>Martin Udale introduced the report.</p> <p>The Panuku Board received the report.</p>
4. POLICY UPDATED AND APPROVAL PUBLIC DECISION PAPER	32 08/19	<p>Carl Gosbee, Director Corporate Services, introduced the report</p> <p>The Panuku Board:</p> <ol style="list-style-type: none"> 1. Approved the proposed final wording to the principles, standards and bottom lines of the Auckland Council 'Our Charter', in principle, noting that the wording is still subject to change. 2. Agreed the changes to the Panuku Policy Register for governance and operational policies specific to the organisation, following the land transfer transaction 26 June 2019 and adoption of Our Charter.

		3. Approved the adoption of the group policy for business cases, as endorsed by the Finance and Performance Committee on 23 July 2019.
5.1 MANUKAU ENHANCED PROGRAMME BUSINESS CASE PRIORITY LOCATION PORTFOLIO REPORT	33 08/19	Allan Young, Director Development, introduced the report. The Panuku Board received the report.
5.2 HOBSONVILLE MEGALOTS 5&6 UPDATE PRIORITY LOCATION PORTFOLIO REPORT	34 08/19	Allan Young, Director Development, introduced the report. The Panuku Board received the report.
5.3 HAUMARU PROGRAMME CHANGE PRIORITY LOCATION PORTFOLIO REPORT	35 08/19	David Rankin, Chief Operating Officer, introduced the report. The Panuku Board approved the change request and allocated an additional \$2.4M to the Haumaru programme for FY20.
6. GENERAL BUSINESS	36 08/19	Two items of general business were discussed: <ul style="list-style-type: none"> • Dominion and Valley Road's Environment Court hearings Allan Young provided an update. The court allowed 4 days for the hearing. The actual hearing has taken 6 so far with 2 more to come. The hearing has gone well. Some amendments have been made regarding carparking, conditions regarding construction times, and moving away from boundaries slightly. If decision goes in Panuku's favour, intend to bring the go-to market strategy to board and take the site to market in new year. • Complaint to the Human Rights Commission No further updates received from the Commission regarding the complaint.
CLOSE OF BOARD MEETING	37 08/19	The meeting closed at 3.04pm.

READ AND CONFIRMED

_____ **Chair**

_____ **Date**

Chief Executive's Report

Document Author	Roger MacDonald – Chief Executive
Date	15 September 2019

1. Overview

This report provides the board with a summarised overview of the activities, opportunities and issues facing the organisation.

This report is a public report, however confidential information is redacted.

2. Strategic matters

This section outlines issues that are not otherwise covered by a decision or information paper elsewhere in the agenda and relates to matters such as strategic priorities, strategic relationships and the macro environment.

2.1 National Policy Statement on Urban Development

The Government is consulting on a proposal to create a new National Policy Statement (NPS) on Urban Development. The NPS is being proposed as part of the Government's Urban Growth Agenda. This NPS is designed to enable growth by requiring councils to provide development capacity to meet diverse demands, address unnecessary regulatory constraint and encourage quality urban environments. It proposes a Future Development Strategy for major urban centres, supported by a robust evidence base and engagement processes. It replaces the NPS on Urban Development Capacity 2016.

The NPS is an opportunity to provide direction for future RMA planning to facilitate quality urban environments and urban growth. Panuku's experience in town centre regeneration demonstrates how more intensive urban environments can deliver multiple positive outcomes for people, communities and businesses

The submission deadline is 10 October 2019. It is anticipated the proposal will be finalised in the first half of 2020.

2.2 Local Government Act 2002 Amendment Bill (No 2) CCO provisions

A Supplementary Order Paper (SOP) to the Local Government Act 2002 Amendment Bill (No 2) (the Bill) has been tabled in Parliament. The SOP includes amendments related to council controlled organisations (CCOs) and the Local Government Commission.

The previous government introduced the Bill to promote multiply owned CCOs, especially for water and transport services. The provisions around CCOs were highly contentious with local government and the changes reflected in the SOP are intended to:

- improve the accountability, planning and reporting arrangements for CCOs

- assist government in promoting constructive discussion with local government on issues of importance, notably the future of the three water services.

The SOP includes:

- the removal of the provisions enabling multiply owned CCOs and the related funding and financing arrangements from the Bill
- the removal of the provisions relating to Infrastructure Growth Charges (IGCs). Auckland Council was concerned that the original intention to remove IGCs would further inhibit its ability to borrow without risking a credit downgrade and therefore adversely affect the priority to increase the supply of housing
- the removal of provisions for CCOs to comment on council's long-term plans
- retain the Bill's provisions requiring CCOs to take into account the relationship of Māori with their ancestral land, water, sites, wāhi tapu, flora and fauna and other taonga when making decisions that may significantly affect land or a body of water; and a requirement for local authorities to consider when making CCO board appointments, whether knowledge of tikanga Māori may be relevant
- changes to the CCO accountability processes that can proceed immediately, include:
 - require local authorities to publish CCO half-yearly and annual reports on their websites within one month of receipt
 - require not for profit CCOs to include forecast financial statements in their SOIs
 - empower local authorities to specify additional planning and reporting requirements for a CCO (e.g. asset management plans, long-term plans, climate change adaptation and mitigation plans) and to report on these at appropriate intervals.
 - enable local authorities to extend timelines for preparing and adopting CCO SOI by up to one month
 - enable, but not require, a local authority to specify expectations for CCOs through a statement of expectations that complements the SOI.

Auckland council officers have noted that most of the proposals for accountability improvements in the SOP have already been initiated by the council with its CCOs.

The Minister has signalled that further work is anticipated. This includes the further review of IGCs as part of future work on development contributions and targeted rates, under the infrastructure funding and financing workstream of the urban growth agenda. The Minister has also signalled a wider review of the governance framework for CCOs will be carried out later in 2019. This will cover further improvements to the existing accountability and transparency regime for CCOs that require legislative change, including the reform of the LGA 02 to reflect the Crown entities framework to CCOs

2.3 Accessibility housing policy

Panuku is progressing work on developing an accessibility housing policy to guide the organisation in this area of strategic business leadership.

Panuku is committed to providing greater residential choices at different price points to cater for diverse households. This means that there is a leadership opportunity for Panuku to increase housing choices for Auckland's growing disability community.

Roughly 2 per cent of homes in New Zealand are accessible. In Auckland, there are only approximately 27,000 homes that meet minimum requirements of accessibility standards.

Auckland’s population is aging with older people aged 65+ estimated to represent 27 per cent of our population by 2050 – this equates to around 800,000 households. Older people also have the highest rate of disability issues with around 35 per cent affected in some way. The significant mismatch between supply and demand in the future will limit the changing needs of all people to live in a home that is fit for purpose and to visit or be visited by friends and family in their homes.

We are developing a policy and are working with stakeholders such as Housing New Zealand (HNZ), Lifemark, Auckland Council Design Office (ADO) and New Zealand Green Building Council (NZGBC) to better understand the accessible opportunities for housing. We are exploring a hierarchy of standards that equate to visitable, adaptable and universal design.

Definition	Attributes
Visitable	A dwelling that is welcoming to visitors of all ages and mobility.
Adaptable	A dwelling that is livable for all residents changing needs.
Universal Design	A concept for dwellings that targets the specific needs of residents living with impairment. It requires a peer review by an approved certified assessor. It is not a specific list of requirements.

Panuku is committed to Homestar 6 rating as our minimum standard for better quality – warmer, drier and healthier homes. The tool has optional credits for “inclusive design” which encourages accessible housing. We are working with NZGBC to update the “inclusive design” credit because it is considered a more efficient approach to use one tool to achieve a future-proofed housing stock. Also, it is suggested a pilot project with a supportive developer and an open book design process would be a good way to better understand the costs and implementation issues when designing for visitable and adaptable standards.

Lastly, Lifemark, a leading accessibility certification provider has offered Panuku the opportunity to experience their 2-3 hour age-lab workshop to build empathy and greater understanding of challenges presented by an ageing population. Board members are welcome to attend this workshop opportunity to understand the challenges and design solutions to improve housing for people with disability issues.

3. Panuku organisational changes

Further to the discussions with the People & Culture (P&C) Committee and the Panuku.

A high-level structure was proposed to the board at their meeting on 24 July 2019. During August, the board engaged further with the Chief Executive and ELT to understand the recommendations in more detail. Approval to proceed with a proposal to staff was subsequently given at the board meeting on 30 August.

4. Operational performance reporting

4.1 Monthly performance dashboard and Priority location dashboard

The Priority Location summary has been separated out to a new dashboard. The original Panuku dashboard and the Priority Location dashboard are both attached to this report for board information. Overall performance is on track, it is still in the early part of the financial year.

4.2 Media and digital summary

Following the release of information under LGOIMA, both the NZ Herald and Stuff.co.nz published additional stories about the acceptance of hospitality. Both stories were balanced and included comments from the Chair, following interviews.

A number of media outlets are following the liquidation of Stanley Group. We have provided statements to Stuff.co.nz and Interest.co.nz following Director Martin Udale taking a leave of absence from the Panuku Board until the end of November.

There was some media coverage following mayoral candidate debates about the Human Rights Commission's decision to not take further action on a complaint from Ngai Tai Waipareira Housing Ltd against Panuku and Auckland Council. Panuku was not approached for comment.

Radio New Zealand is continuing its coverage of the resource consent decision for Dominion and Valley Roads. It published a story on 20 August about the Environment Court hearing, confirming that Panuku and Auckland Council have reached consensus on the design. The hearing is currently adjourned and will continue later in September.

Stuff.co.nz published a story on the construction underway around Downtown and the Wynyard Quarter, which included quotes from Project Development Director Katelyn Orton about Panuku's projects underway.

4.3 CE key engagements

Since the Board met on 30 August 2019, the Chief Executive has continued to build relationships with stakeholders, mana whenua and the local community, within both the political and community arenas. The week commencing 9 September, he also took advantage of the period between board meetings to enjoy a week's holiday in Vietnam and Hong Kong with his four children.

Roger has also attended various Auckland Council meetings, including the City Centre and Waterfront Executive's Steering Group, the CCO CEO's regular catch-up with Stephen Town and regular AC36 JCEG (Joint Chief Executive Group) meetings.

Board Monthly Health and Safety Reporting – September 2019

Document Author(s)	Mike Kerr – Business Analyst: Health and Safety
Approver	David Rankin – Chief Operating Officer
Date	14 September 2019

1. Purpose

This paper is a monthly update to the board on progress against key health and safety objectives from the Health and Safety Plan 2019/20, recent incidents, the monitoring and management of risks, and staff wellbeing and training.

2. Executive summary

This is year three of Panuku’s strategic H&S plan and the H&S team have a set of clearly defined goals and an action plan to deliver them. Health & Safety’s predominant focus is always on the areas of greatest risk to Panuku and ensuring these risks are clearly articulated for all stakeholders and well managed and mitigated through key controls.

H&S understand the importance to the Board of having good information for decision making and are continually working to improve the quality and comprehensiveness of Panuku’s H&S reporting. Our goal is to better inform the Board so you can meet your obligations in monitoring Panuku’s H&S activities and engagement. H&S also continue to progress the longer-term goals of improving Panuku’s safety culture maturity through foundational activity in training competent and engaged H&S practitioners and improving internal and external H&S systems and processes.

Panuku continues to improve staff H&S engagement by incorporating H&S objectives into all relevant staff’s Te waka goals, tailored to their role. This is a first for us as an organisation and the inclusion is part of managements objective in providing clear guidance and metrics for H&S engagement.

This report includes a monthly update of Panuku’s lead and lag H&S key performance indicators, reflecting incidents, project H&S, and organisation wide H&S training. This report highlights several H&S events over August, along with Panuku’s responses.

Development projects are high H&S risk activities, reporting on these is our priority. Our project H&S reporting through Sentient continues to improve as delivery project managers engage more fully with the new process. Board visibility of project H&S activity and engagement has now been extended to cover all project phases from initiate to deliver.

Unfortunately, after the Christchurch mosque shooting the New Zealand event risk landscape has fundamentally changed. Panuku’s goal is to reduce the risk of harm to its staff, contractors and the public and improve the ability of the Board to monitor event H&S. H&S are currently working with the Design and Place directorate and Risk Manager to deliver a suitable reporting framework for event H&S.

The evaluation of a preferred health and safety and risk software solution has been completed. The ELT have given H&S approval to work with a preferred supplier and expect the system to be operational by February 2020.

3. Health and safety key performance indicators

We continue to track our health and safety key performance indicators (KPIs) which represent both lead and lag indicators and are outlined below.

H&S has been transitioning the monthly Board reporting to a new more transparent format, that better aligns Panuku with WorkSafe, IoD and the SafePlus guidelines on “monitoring what matters”. This transition is a work in progress and is expected to be finalised in the November H&S report to the Board. The new format is focused on lead indicators as influencers of positive change in reducing risk and subsequent harm to Panuku staff, contractors and the public.

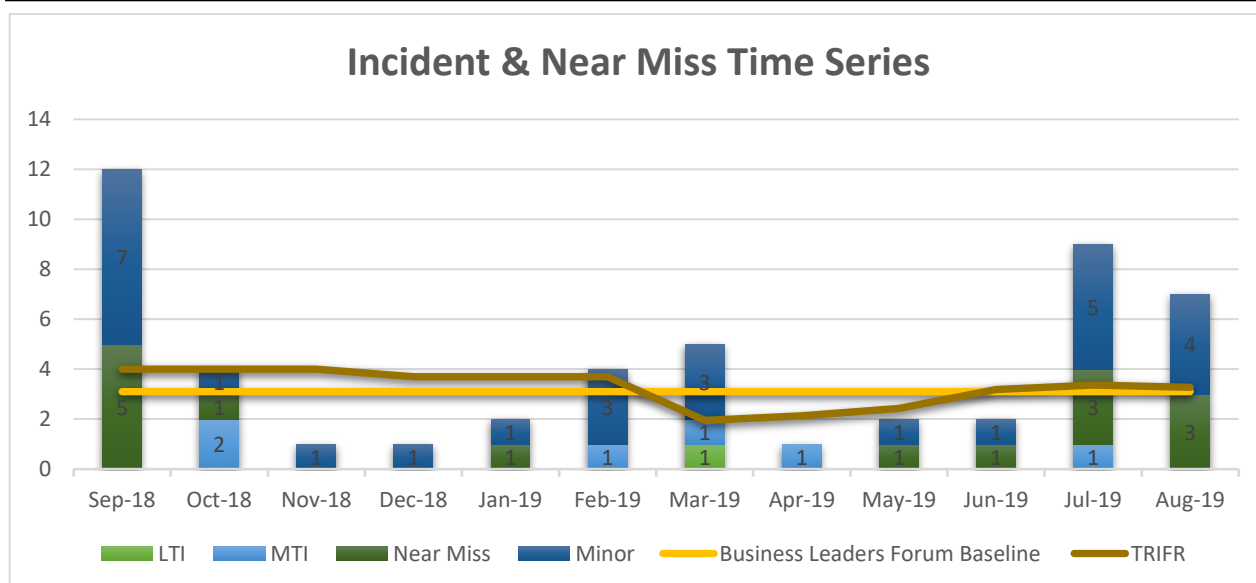
3.1 Incidents and near misses

Unfortunately, there have been several incidents this month, as shown in figure 1, below. One of these incidents involved the actions of a dive contractor and had the potential to be serious. A contract diver surfaced near the prop of a Panuku helmed boat, offshore of the silo marina. Thankfully the Panuku staff member involved acted proactively and professionally to reduce any further risk. The Panuku staff member addressed the issue with the contractor, who acknowledged their failing in following their own safety process for divers. Both parties agreed on the process for further waterside engagements.

Two incidents mentioned in last month’s report involved youths at a Henderson development site. Post incident evaluation highlighted some of the hazards associated with managing members of the public. One of these incidents, contractors had to deal with a youth threatening self-harm, and the other, youths threatening the contractor. In both instances the contractors acted to deescalate the situation by talking and acting in a non-confrontational manner. Panuku followed up in both instances to ensure that the contractors felt safe, had good systems and processes in place to deal with any future incidents and to offer supportive counselling. Panuku H&S will look to see that any lessons learned from these encounters are shared amongst Panuku staff and other contractors.

Figure 1 shows the Panuku Total Recordable Incident Frequency Rate (TRIFR). Several incidents in July and August has seen this trend upwards above our long-term average and above the NZ Business Leaders Health and Safety Forum benchmark TRIFR of 3.1. Evaluating the incidents there is no clear pattern that would indicate a loss of H&S focus by Panuku or failure in its role as a PCBU.

Figure 1. Events: Incidents and Near Misses (Lag Indicator)



TRIFR Total Recordable Incident Frequent Rate; **MTI** Medical Treatment Injury; **LTI** Lost Time Injury

3.2 Project health and safety risks by phase

H&S is continuing to extend its project H&S reporting and now covers the Initiate, Plan and Deliver phases of Panuku's projects. The graph metrics are leading indicators of H&S activity and engagement throughout a standard project lifecycle. The information from these graphs provides the Board an enhanced ability to monitor Panuku's H&S management of higher risk project and contractor H&S.

During September and October, H&S will continue to work closely with the delivery project managers on the initiate and plan phase of a projects H&S activities and guide them on Panuku's engagement and reporting responsibilities as a leading PCBU. To finish this piece of work H&S plan to include close phase reporting. The project close phase is seen by WorkSafe as an essential contributor to improving organisational H&S outcomes, reducing harm and improving compliance.

Graph Definitions

Initiate: Initiate is when the project is moving from a concept into reality, preliminary planning is underway to determine how and when and what to deliver.

Plan: Plan is when the project planning is detail focused for a lot of the key project attributes including design, procurement and scheduling.

Deliver: Deliver or delivery is when the project has moved into doing and the project plan is being turned into action. Delivery reflects actual site physical works

H&S Risk Tag: This column heading reports that the delivery project manager has specifically identified for his or her project that a risk relates to health and safety.

H&S Risk: This column heading reports that a delivery project manager has reported multiple risks for one or more projects. i.e. Asbestos contamination, construction health and safety (working at height, excavations, plant and equipment).

Actions: describes the various activities that the delivery project manager undertook during the project associated with the H&S risks they identified for the project. Such activities demonstrate how the business discharges its duties under the Health and Safety at Work Act (2015), and may include everything from meeting minutes, to correspondence around Consultation, Cooperation, and Coordination where we have overlapping duties.

Artefacts: This is a technical or jargon term used by project managers to describe any type of a tangible by-product (usually documentation) associated with a project. This may include the health and safety risk register, review and monitoring of safety, business cases and project execution plans relevant to demonstrate compliance with the CMF figure 2 highlights health and safety risk by projects in the delivery phase.

Development and Project H&S Activity

Readers of this report should be looking to see that each project has a safety in design risk in the initiate and plan phases and a construction H&S risk in the deliver phase. Additionally, each project should have multiple actions and artefacts (documents). Project actions are an important indicator of H&S engagement and H&S risk mitigation and the artefacts are the supporting documents that show how Panuku met its H&S obligations.

Figure 2 and 3 show the extension of project reporting for the initiate and plan phase. It is good to see that we are starting to get visibility of H&S activity in the preliminary stages of a project, however it is unclear how comprehensive that information is. H&S continue to work with all stakeholders to ensure that we fully understand the requirements of Panuku and Worksafe for managing and monitoring project and contractor H&S activity during the initiate and plan phases, so we can effectively document and report on that engagement.

Health and Safety engagement and activity in the preliminary phases of a project focuses on two key elements, safety in design (SiD) and procurement (contract). Worksafe (and academic research) have identified that the return on time invested in these preliminary phases helps set the tone for health and safety for the duration of the project, but more importantly is also significantly influential in reducing harm.

For Panuku to continue to improve its safety culture maturity, we need to address the shortcomings in H&S information in our projects initiate and plan phases, as illustrated in Figure 2 and 3.

Figure 2. Health and safety risk: Project Initiate Phase

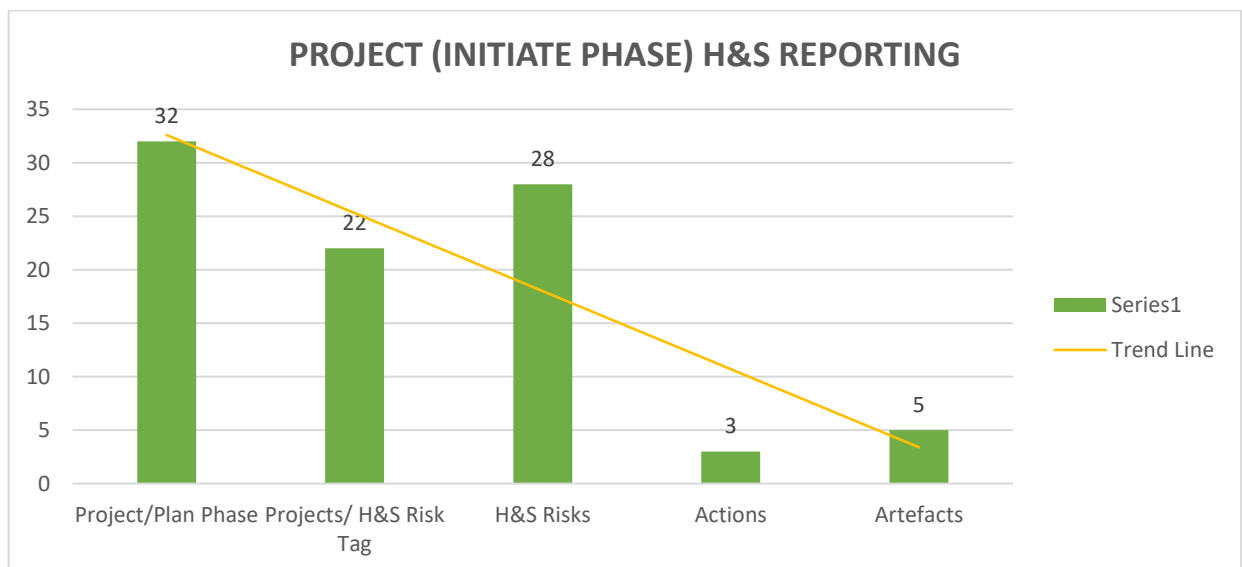
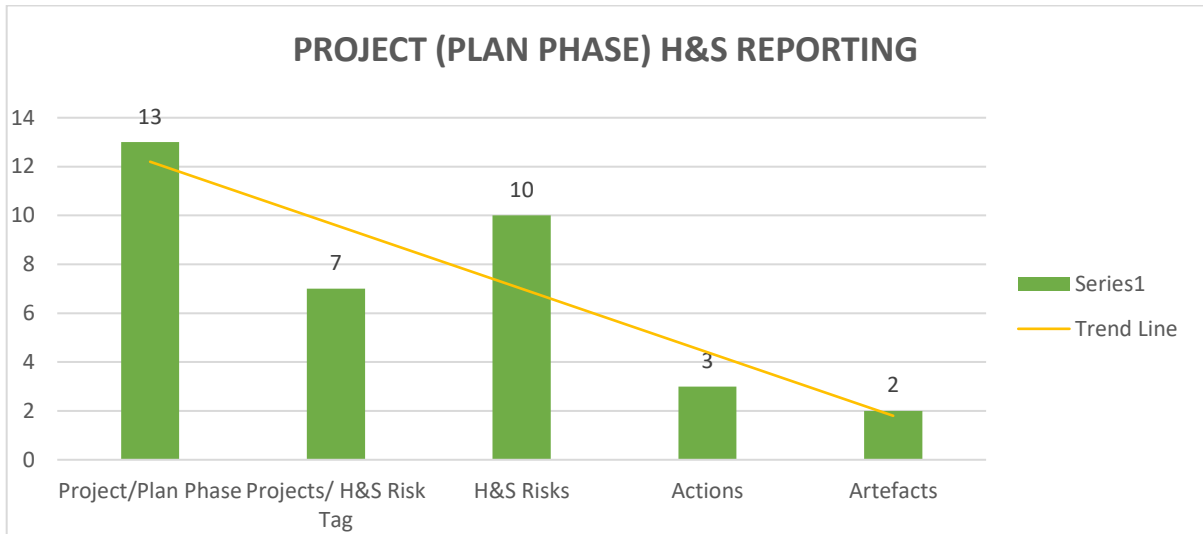
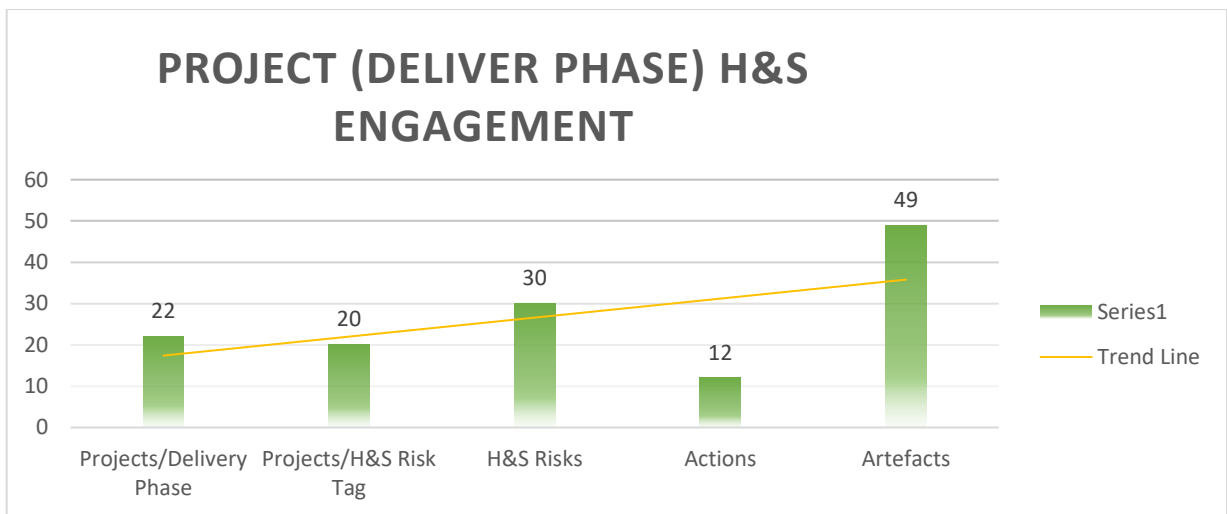


Figure 3. Health and safety risk: Project Plan Phase



Panuku has improved its understanding of project H&S reporting requirements for the deliver phase as can be seen in figure 4 below. The graph illustrates that we are gaining confidence and competence in managing the deliver phase H&S and are becoming more experienced in the documentation of our H&S activity, monitoring and audits. Once Panuku has reached an optimal level of H&S engagement and reporting for the deliver phase, our next step will be to audit the information for quality.

Figure 4. Health and safety risk: Project deliver



3.3 Corporate H&S risks

We will be working with the executive in September and then the Board to identify and agree on key corporate H&S risks which will help form the basis of on-going reporting. Risk identification and evaluation will be done in conjunction with the Panuku Risk Manager, David Middleton, to report back to the Board on the risk reporting framework and reference the hierarchy risk registers. Initial reporting to the Board on the corporate health and safety risks is anticipated in the October Board health and safety report.

3.4 Event H&S risks

High risk activity is not the only risk to Panuku, it is also prudent to be monitoring and reporting on low likelihood but potentially high impact activities (aggregated risk), that occur in the public realm. Unfortunately, after the Christchurch mosque shooting the New Zealand risk landscape has fundamentally changed and as a government entity Panuku needs to be mindful of the government terrorism risk threat assessment and manage its events appropriately. H&S is currently working with the Risk manager as well as the director of the Design and Place, to develop a suitable reporting framework for event H&S engagement. Worksafe is quite clear, they consider that monitoring of H&S activity by the board is “reasonable”.

3.5 Competent and engaged people

As signaled in last month’s board report, we are now providing reporting on monthly staff H&S training activity, including all current training courses and the number of attendees. H&S has identified training as a key objective throughout this year and are focused on training as a significant factor in improving Panuku’s safety culture maturity and having competent and engaged staff.

Figure 5. Training: Competent and engaged people (Lead Indicator)

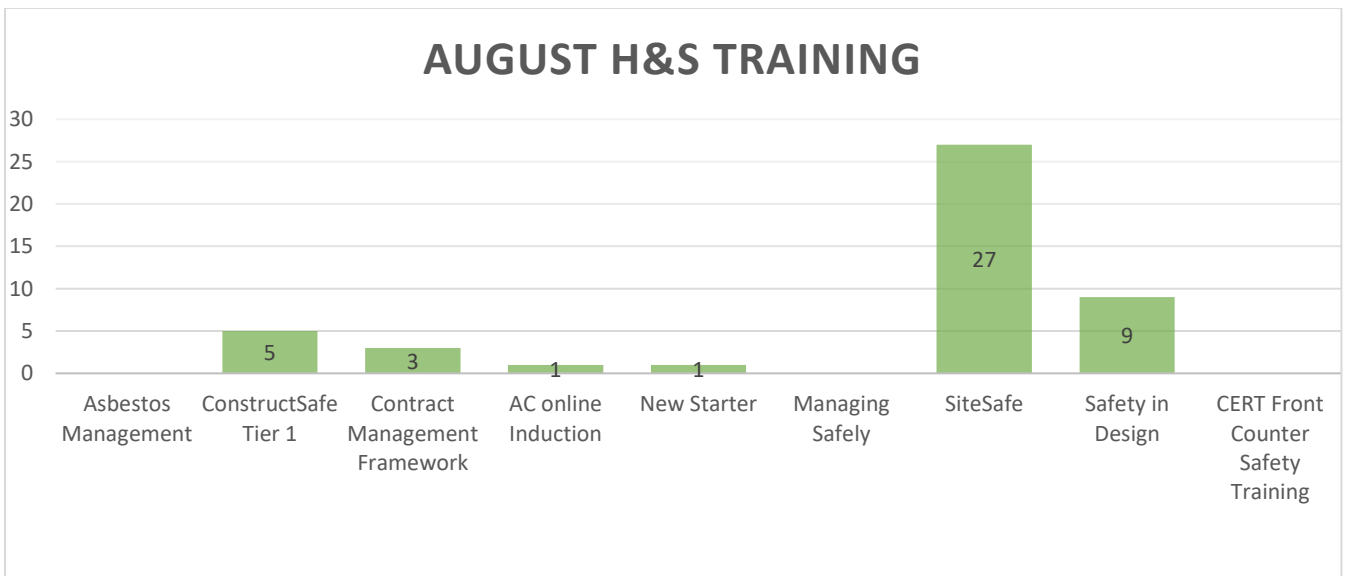


Figure 5 provides an overview of August’s health and safety, by course type. Panuku will be focusing on ConstructSafe tier 1 competency over the next three months to align itself with its shareholders H&S competency baseline mandate.

3.6 TE Waka H&S goals

One of the methods that the ELT and H&S has decided is helpful in increasing staff engagement with H&S is having an individual Te Waka goal that aligns with Panuku’s H&S strategy. This involves looking at staff’s roles to determine the relevance and applicability of a H&S goal and what that goal and measure may look like. H&S is currently working with people leaders to get the Te waka goals loaded into Tupu

4. Panuku Staff Wellness

H&S are following the lead of our shareholder and industry best practice in increasing our staff wellness engagement. Initiatives include;

4.1 Training

H&S, with input and feedback from key staff stakeholders are launching a program this month to provide enhanced support, mentoring and training for staff facing stress, confrontation and intimidation when dealing with the public and elected officials.

4.2 Monitoring

H&S are currently surveying front line staff and their managers to make sure Panuku is giving them the support and training they need to do their job when faced with aggressive and confrontational people or situations.

Information Paper: Māori Responsiveness Plan

Document Author(s)	Toni Giacon
Reviewer(s)	Angelika Cutler
Date	9 September 2019

1. Purpose

To update the Board on the precedent-setting process undertaken by Panuku to establish joint agreement between mana whenua and Panuku on priority Māori outcomes and develop a robust Māori Responsiveness Plan (MRP).

2. Background

As a local government organisation Panuku are partners to the Treaty of Waitangi. We enable Treaty obligations through our strategic whakapapa to support the Auckland Plan outcome of Māori Identity and Wellbeing through our MRP that legally requires us to:

- Fulfil statutory Māori obligations,
- Value te ao Māori,
- Enable Te Tiriti o Waitangi and
- Enable Māori outcomes.

The precedent-setting process undertaken by Panuku to establish joint agreement between mana whenua and Panuku on priority outcomes is captured in the Mana Whenua Outcomes Framework and Implementation Plan (Outcomes Framework). This Outcomes Framework provides the foundation for a revised and robust MRP. MRP is a more appropriate term to represent this kaupapa so we will adopt this term going forward.

3. Key issues

As a new organisation with whenua and whanau in our DNA it was critical we spent time working with our mana whenua partners to understand where they saw the potential across the Panuku work programme to help support their aspirations for Māori here in Tamaki Makaurau and how we could work in partnership for mutual benefit.

It is also important to note that our relationship with mana whenua is a relatively new one in the broader context of ongoing treaty based relationships. Despite this mana whenua have told us (via recent survey and kanohi ki te kanohi) that they appreciate the opportunities to engage with Panuku and there is a sense that things are better than they were, albeit there is room for further improvement.

Overarching everything however is a recognition from mana whenua that Panuku is genuinely trying and improving in their engagement. It is acknowledged that Panuku is trying hard in the entity they represent, providing ample opportunities for mana whenua to engage with them, and is leading the way when compared to other CCOs within Auckland Council.

Through ongoing korero in recent years and months we have heard the following essential feedback from mana whenua that the MRP addresses:

- Up until now, we have not been clear on our strategic Māori priorities because we have not had joint agreement with mana whenua on their aspirations and outcomes, as captured in this feedback:
 - “I would suggest that they don’t (know our priorities) in regards to our position that we seek from a Treaty position...”
 - Based on past experience we feel that Panuku has struggled with what our priorities are... there’s a different approach to things than when we set out in the first instance...”
 - Panuku need to familiarise themselves with mana whenua priorities as we often find we repeat ourselves and it does depend on who’s sitting at the table...”
- This has resulted in Panuku addressing Māori outcomes and obligations with an ad hoc, assumptive and reactive approach that is both time consuming and exposes Panuku, mana whenua and Mataawaka to risks.

The draft MRP addresses these issues by:

- Showing business leadership in the council whanau in how we build stronger relationships with Māori and strengthen our commitment to Te Tiriti o Waitangi;
- Capturing all Panuku Māori outcomes in a single Responsiveness Framework allows for better accountability and foresight to proactively plan Panuku’s future aspirations.
- Ensuring that the mahi was created with mana whenua to avoid wasting time guessing their aspirations and outcomes;
- Having joint agreement with mana whenua about aspirations and outcomes to make sure both Panuku staff, contractors and Mana whenua are safe when acting in partnership;
- Providing clarity to Programme Directors about what to engage on and when;
- Providing clarity to all staff as to how they can participate in achieving Māori outcomes.

4. Discussion

The co-design mahi to explore shared strategic priorities was initiated with the Panuku Mana Whenua Governance Forum in 2017 who directed us to also work closely with the Mana Whenua Kaitiaki Forum.

There are five ‘pou’ (pillars) articulated in this Plan. These pou are: Governance, Social, Culture and Identity, Natural Environment, and Economic. These pou collectively enable and enhance Wellbeing, which is captured as a sixth ‘transversal’ pou.

Intensive hui were held with mana whenua to better understand their aspirations for each pou. The feedback received was captured into short, medium and long term outcomes, activities and

actions. The feasibility of their desired aspirations, activities and actions was tested with senior Panuku staff, refined, and re-tested to ensure they are all relevant to Panuku, within our remit and achievable over a three-year timeframe.

At the end of the process what we discovered is that there is significant overlap with mana whenua desires aspirations and our core business objectives, including:

- climate change, sustainability,
- economic development,
- relationships & engagement,
- quality urban design.

Another noteworthy element of the MRP is that a large portion of the work is inherent in our business as usual approach, is already underway or in some instances completed. Furthermore, the actions we have committed to are holistic and captures everything we are doing in one place so we can streamline report and monitor our effectiveness in this space. It is important to note that the actions will be phased and prioritised (in partnership) over a three-year period and are shared across the business and mana whenua.

The draft MRP can be categorised to show:

- Where Panuku will leads, facilitate, or advice
- The priority of actions
- Whether the actions are new or existing
- The ELT and Panuku staff responsible for the action
- The role mana whenua will play in achieving the shared strategic goals.

5. Overview summary of actions

	Pou	Outcomes	Actions (summary)
1.	Governance	1.1 Mana whenua co-govern Tāmaki Makaurau 1.2 Mana whenua influence open and transparent decision making across Tāmaki Makaurau 1.3 Leverage partnerships to grow mana whenua success	<ul style="list-style-type: none"> • Agreeing the principles and terms of reference for Panuku and mana whenua governance relationships. • Building relationships between mana whenua, the Panuku Board and members of the ELT. • Providing appropriate capability building for mana whenua and cultural capability building with the Panuku Board and ELT.
2.	Culture and Identity	2.1 Māori culture is seen, heard and felt across Tāmaki Makaurau	<ul style="list-style-type: none"> • Panuku works with developers and other partners to identify opportunities for cultural expression and identity.

			<ul style="list-style-type: none"> • Support Auckland Council's Te Reo Māori policy by finding opportunities for using reo Māori in our work and develop capability internally. • Investigate opportunities for formal cultural advisory via TAG or alternative advisory panel.
3.	Natural Environment	3.1 Improved mauri o te taiao and mauri o te wai	<ul style="list-style-type: none"> • Embed the Take Mauri Take Hono tool into BAU. • Share knowledge with mana whenua of Panuku social responsibility framework including climate change, social procurement and sustainability – mana whenua to share matauranga Māori to balance western science and indigenous perspectives to changing climate.
4.	Economic	4.1 Mana whenua and Māori have significant investment in and are key economic contributors to Tāmaki Makaurau	<ul style="list-style-type: none"> • Continue to provide mana whenua with information and guidance to enable them to seize commercial property opportunities. • Enable Panuku to more easily procure Māori suppliers through developing databases of suppliers (including designers, architects, engineers, planners etc) and embedding social procurement into BAU.
5.	Social	<p>5.1 Increased knowledge and high-value, transferrable skills for mana whenua and Māori</p> <p>5.2 Increased long-term well-paid employment and fulfilling careers for mana whenua</p> <p>5.3 Improved standards of housing for mana whenua</p> <p>5.4 Vibrant overall health for mana whenua</p>	<ul style="list-style-type: none"> • Continue to engage on housing opportunities for mana whenua. • In our work with Community Facilities, ensure that mana whenua aspiration for public space and recreational facilities are considered. • Leverage existing Auckland Council policy to create a wellbeing support programme for Māori staff. • Investigate recruitment, secondment and mentoring opportunity for Māori.

6. Implementation

The draft MRP contains a comprehensive list of one-off discrete actions, project based work and business as usual mahi, over a three year horizon. Given the large amount of work that is inherent in our current day to day operations, we do not anticipate having to recruit any additional staff resource and current project-based work has already been budgeted for in FY19/20.

Budget resources in the Business Plan, and Programme Business Cases for FY 20/21 and 21/22 will be accounted for accordingly through an informed and streamlined process to help build the business capability and awareness of this work.

Withheld from the public under S7(2)(h) of LGOIMA.

Other implementation issues to note:

- Raranga: the MRP will form part of Raranga. There will be a change manager to ensure the Plan is imbedded.
- Statement of Intent (SOI): The MRP is integrated into the SOI and will be further integrated into the Panuku cross-cutting theme standards.
- A cross-organisational squad will also be established to ensure the mahi is integrated to business as usual and leverage interdependencies between teams. This will also establish support networks that build internal capacity.

7. Measurement and reporting

Next steps will be to create a reporting framework and measurement tools. This will include as a minimum:

- Defining to who/which groups we will report. We anticipate it will include at least the following: Panuku Board, Panuku ELT, Panuku Mana Whenua Governance Forum, Independent Māori Statutory Board (IMSB), Mana Whenua Kaitiaki Forum.
- The reporting framework will need to be developed in line the Auckland Council's Performance Measurement Framework (in development).
- SOI reporting.

Decision Paper: Clonbern Road Car Park at 6 Clonbern Road, Remuera – divestment and actions to enable determination around continued closure or re-opening

Document Author(s)	Marian Webb, Manager Portfolio Strategy and Business Development Gary Jackson, Portfolio Specialist
Reviewer(s)	David Rankin, Chief Operating Officer
Date	9 September 2019

1. Purpose

The purpose of this report is to seek approval to recommend 6 Clonbern Road, Remuera (“the car park”) to the Finance and Performance Committee for disposal to enable its redevelopment subject to the provision of 200 carparks. In addition, this report provides an update on the ongoing work the executive has underway to enable a decision to be made on whether part or all of the upper level of the car park can be re-opened in advance of any divestment and subsequent redevelopment.

2. Executive summary

An Information Paper presented to the board in August detailed the actions the executive was progressing to best achieve two outcomes for the car park.

The first outcome involves progressing the divestment and subsequent redevelopment of the car park.

The property asset rationalisation process has been undertaken to determine if there are any impediments to the proposed divestment and redevelopment. Subject to board approval, 6 Clonbern Road will be presented to the Finance and Performance Committee with a disposal recommendation to enable redevelopment of the site, subject to agreed design standards and the provision of a minimum of 200 car park spaces

The second outcome relates to determination of whether part or all of the upper level of the Clonbern Road car park can be re-opened in advance of its divestment and subsequent redevelopment.

Auckland Transport (AT) has engaged the independent professional engineering services of GHD to investigate the structural integrity of the car park building. GHD has been engaged by AT since 2011.

Withheld from the public under S7(2)(b)(ii) of LGOIMA.

3. Recommendations

That the board:

1. **Approves:** the recommendation to the Finance and Performance Committee that 6 Clonbern Road, Remuera, (“the car park”) be divested to enable redevelopment of the site, subject to agreed design standards and the provision of a minimum of 200 car park spaces.
2. **Receives:** the update on ongoing work that will provide the information necessary to enable a decision to be made on whether part or all of the upper level of the car park can be re-opened in advance of any divestment and subsequent redevelopment.

4. Prior board and council engagement and decisions

Previous board / council engagement and decisions		
Date and meeting	Document	Decision / Outcome
March 2018	That the Finance and Performance Committee approve the extension of the Optimisation of Service Property approach to Auckland Transport noting that this will enable reinvestment of net proceeds by Auckland Transport in transport priorities arising from the commercial development of service property undertaken in partnership with Panuku as part of an urban development project where airspace is being sold above a transport service site	Resolution number FIN/2018/39
11 June 2019	AT Board approve transfer to Auckland Council (AC) of 6 Clonbern Road, Remuera (Attachment 1) with a current book value of \$11m as at 30 June 2018 (Tranche 15). ii. Notes that the transfer of 6 Clonbern Road is conditional on 200 public parking spaces being provided within any future development of the site.	AT Board Meeting Agenda item no. 9.1
<i>Withheld from the public under S7(2)(h) of LGOIMA</i>		

5. Discussion

An Information Paper presented to the board in August detailed the actions the executive was progressing to best achieve two outcomes for 6 Clonbern Road, Remuera.

A first outcome involves progressing the divestment and redevelopment of the property. This is discussed in Section 5.1 of the Decision Paper.

A second outcome relates to determination of whether part or all of the upper level of the car park can be re-opened in advance of divestment and subsequent redevelopment of the property. This is discussed in Section 5.2 of the Decision Paper.

5.1 Outcome 1: divestment and redevelopment

To enable the proposed redevelopment of 6 Clonbern Road to be progressed, the property asset rationalisation process has been undertaken to determine if there are any impediments to the proposed divestment of 6 Clonbern Road for redevelopment purposes.

Internal consultation was undertaken with the council group for 6 Clonbern Road in August 2019. Watercare advised that there are a number of gravity wastewater lines and manholes located on 6 Clonbern Road that will need to be protected from damage should the property be redeveloped.

The executive attended a workshop with the Ōrākei Local Board on 5 September 2019 regarding the proposed disposal of 6 Clonbern Road. The Ōrākei Local Board informally indicated its support for the proposal. The Ōrākei Local Board will formalise its views regarding the proposed disposal for redevelopment purposes of 6 Clonbern Road, at its business meeting 19 September 2019. The Ōrākei Local Board's formal resolution will be tabled at the Panuku board meeting.

19 mana whenua iwi authorities have been contacted regarding the potential sale of 6 Clonbern Road for redevelopment purposes. The feedback received will be tabled at the Panuku board meeting. At the time of writing this report, no issues of cultural significance had been raised.

No planned or funded alternative public works or impediments to the proposed divestment of 6 Clonbern Road were identified through the rationalisation process. Accordingly, we recommend it is divested for redevelopment purposes, subject to agreed design standards and the provision of at least 200 car park spaces.

As there is no funding allocated in council's 10-year budget (long term plan) for the construction of 200 car parks at 6 Clonbern Road, proceeds of sale from the proposed divestment/development of this property will be allocated to the construction and retention of 200 car parks at the site, which will be retained in council ownership. The balance of the proceeds of sale (if any) will be allocated to council's 10-year budget.

Withheld from the public under S7(2)(h) of LGOIMA

Subject to approval from the Panuku Board, 6 Clonbern Road will be presented to the Finance and Performance Committee with a disposal recommendation to enable redevelopment of the site, subject to agreed design standards and the provision of a minimum of 200 car park spaces.

Withheld from the public under S7(2)(b)(ii) of LGOIMA.

5.2 Outcome 2: determination of the buildings structural integrity

5.2.1 Background to the closure of the car park and involvement of GHD

The car park was initially an Auckland Transport (AT) managed asset. AT has engaged independent professional engineering services to investigate the structural integrity of the building for a number of years. GHD has been engaged since 2011 and commenced a programme of monthly monitoring of the building in December 2017.

Withheld from the public under S7(2)(h) of LGOIMA.

The asset was transferred to Panuku in July 2019. Panuku now manages and has responsibility for the car park. Panuku has a comparable duty of care to that of AT to protect staff, contractors, the public and others from harm arising from property and work Panuku influences or controls.

5.2.2 Panuku's journey to understand the structural integrity of the building

Withheld from the public under S7(2)(h) of LGOIMA.

5.2.3 Next steps

Withheld from the public under S7(2)(h) of LGOIMA.

6. Financial implications

Withheld from the public under S7(2)(h) of LGOIMA.

7. Implementation

The executive is continuing to progress investigations into:

- the proposed divestment and redevelopment of the site, and
- determination of whether part or all of the upper level of the car park can be re-opened in advance of its divestment and subsequent redevelopment.

Withheld from the public under S7(2)(h) of LGOIMA.

LGOIMA Status

Information contained in sections of this report that should be treated as confidential, as releasing it would prejudice the commercial position of Panuku or Auckland Council. In terms to Section 7 of the Local Government Official Information and Meetings Act 1987, Auckland Council Property Limited is entitled to withhold information where making available the information:

- i) would affect the commercial interest of a third party (s7(2)(b)(ii); and
- ii) would be likely to prejudice or disadvantage the commercial position of council (s7(2)(h)).

Decision Paper: FY 19/20 Divestment Strategy

Document Author(s)	Allan Young
Date	11 September 2019

1. Purpose

This paper seeks board approval of Panuku’s Divestment Strategy for FY19/20.

2. Recommendations

That the Panuku Board:

1. Approve progressing Development Agreements on sites scheduled for divestment, consistent with the strategy.

3. Discussion

3.1 Format of strategy

Section 1 sets out the purpose and objectives of this partnership and divestment strategy. This strategy is an internal document enabling board input to the development outcomes, partnership approach and market engagement for key sites across the Transform, Unlock and Support programme.

Section 2 provides information about the sites to be divested in FY20 in accordance with the approved programme business cases.

Section 3 sets out the key considerations in developing the partnership and divestment strategy including the market conditions, demand, land values, construction sector, etc.

Section 4 considers potential development partners (private sector, Crown, CHPs, mana whenua and Iwi).

Section 5 highlights the strategic outcomes that Panuku is seeking through transacting council surplus sites and the need to strike a balance between strategic outcomes and commercial returns.

Section 6 describes the proposed divestment strategy addressing the challenges and opportunities presented throughout this report.

Section 7 concludes by identifying the approach to be taken with each site for divestment in FY20.

3.2 Purpose and objectives

In approving the programme business cases for the Transform and Unlock locations in June, the board requested the preparation of a partnership and divestment strategy (the strategy) to further detail how development outcomes would be secured, and the sites transacted. The objectives of this strategy are:

- Provide an overview of the development pipeline
- Early identification of risks, issues and opportunities
- Agreed way forward and mitigations
- Guidance on the balance of commercial and strategic outcomes.
- Guidance to Programme Managers in delivering the approved programmes
- Delivery of the strategy is well considered and reflects the practicality of achieving a wide range of outcomes in the various sub markets across the region.

3.3 Pipeline Summary

These are the sites in the approved programme business cases identified for disposal in FY20 along with those that are already in process. The approach to be taken with each site will be fully explored in this strategy. The table sets out the basic information about the sites.

Withheld from the public under S7(2)(h) of LGOIMA.

Not included:

- Auckland Council office optimisation programme.

4. Market Context

4.1 Auckland Apartment Market

The Auckland apartment market comprises 533 buildings with 32,800 units. The current pipeline of 7,541 units in 142 buildings planned for completion by mid-2022 (CBD 17 projects, Fringe 16 projects, suburban 109 projects, 5,017 units). While 101 projects are under construction, 22 have building consent and 19 are in marketing.

There are 43 social housing projects in the pipeline, of which 33 are Housing NZ.

4.2 Auckland Residential Market

It is clear the residential market has peaked and is currently in a subdued phase with little buyer urgency. This is evidenced by low listing levels, longer sale times and near static prices despite some headlines indicating wholesale price reductions. The Reserve Bank has also reduced its forecast for house price inflation from 4 per cent to 2 per cent. Low mortgage rates have failed to create house price inflation, the most recent reduction in the OCR rate to 1 per cent is widely predicted to have little to no effect on the market.

Pre – sales are currently difficult to achieve for both apartment and traditional housing options. There is muted investor interest which historically has been a strong pool from which to achieve

pre-sales. Whilst there has been increasing first home buyer activity this has been focused on completed housing stock.

Recent analysis by CBRE indicates that presales since February 2019 would have been at a record low if not for KiwiBuild underwrites.

4.3 Construction Costs

Remain high and whilst the rapid increase is forecast to moderate it is unlikely there will be any significant reduction costs in the foreseeable future. A major component of the increase in costs has been margin and labour cost growth with the sub trades. Main contractor margins have remained stable.

It is likely there will be a continued trend of main contractors failing given a lack of capital and risk having been mispriced in construction contracts.

Apartment costs remain challenging for developers across the region. The eastern suburbs of Remuera and St Heliers have proved to have sufficient demand at the necessary price points for apartment development to be undertaken.

4.4 Apartment feasibility

Many Panuku sites are within town centres and are zoned for either mixed use or high-density apartment developments. Given current market conditions it is unlikely that many of the town centres will be able to activate these planning outcomes until construction costs stabilise or reduce and the activity in the residential market improves.

There have been seven recent abandonments since February 2019, including one each in Avondale, new Lynn and Henderson (CBRE) ranging from 24-55 units. These are mostly due to low presales and construction costs. Some may be redesigned and relaunched, this will remain a challenging sector of the residential market.

4.5 Land Values

Remain overall stable. Traditionally land values have taken 12 to 18 months to reduce from a market peak. There is currently little transactional evidence of land values having markedly reduced as such there would appear to be a standoff between vendors and purchasers.

Withheld from the public under S7(2)(h) of LGOIMA.

5. Potential development partners

5.1 Residential developers

Private sector ranging from institutions to individual developers. Whilst the pool of developers is diverse so is the type of property dealt with, as is the motivation of the developers to meet the outcomes sought.

Panuku has exposure to a diverse range of purchasers and developers. Their level of sophistication and financial capability varies widely. Development funding is still challenging for developers with a requirement to meet stringent pre-sale levels and a maximum lending up to 80 per cent of costs. Mezzanine funders are still active in the market but are also finding developments that meet their criteria in short supply.

Anecdotal feedback from developers and funders is that a number of developments are stalled with little hope of proceeding, the main reason being high construction costs and muted presales.

The CBRE apartment monitor (August 2019) shows 43 launches since February 2019, 20 completions and seven abandonments.

Withheld from the public under S7(2)(b)(ii) and S7(2)(i) of LGOIMA.

5.2 Non-residential Investors

Whilst the residential sector is muted, where Panuku can offer non-residential opportunities there has been strong interest from the market.

Withheld from the public under S7(2)(b)(ii) of LGOIMA.

Strong interest in the commercial sector is expected to remain given low interest rates and a shortage of investment opportunities.

5.3 Mana whenua Iwi and Māori commercial organisations

The updated Panuku policy for the Selection of Development Partners includes relaxed criteria for mana whenua to negotiate with us on an exclusive basis. This has been widely acknowledged by mana whenua as a precedent-setting move for public sector property entities.

Mana whenua have a significant advantage over other partners as we provide them with an annual strategic overview of the whole Panuku Portfolio enabling them to see where they would want to participate and/or invest in the programme. This includes a highly transparent three year forecast with a rolling six-monthly overview of our property pipeline

Mana whenua are taking advantage of our new open-door policy to talk with us any time about any property.

Of 27 development agreements executed by ACPL/Panuku since 2010, one development agreement has been made with a mana whenua iwi (*Withheld from the public under S7(2)(b)(ii) of LGOIMA*).

Withheld from the public under S7(2)(h) of LGOIMA.

Many mana whenua are yet not in a position to partner with us on a commercial basis due to their Treaty settlement status. An overview of each iwi settlement status was provided to the board in June. Experience has demonstrated the following challenges:

- Risk: Some Post Settlement Governance Entities restrict the ability to undertake investments with a high-risk profile (which would include large scale apartment development)
- Finance: many iwi do not have finance available to undertake development.
- Capability: many iwi do not have internal expertise to undertake commercial negotiations.
- Timing: many iwi are still developing their own investment and growth strategies, identifying opportunities across the Panuku portfolio is not yet a priority for many. We have been told that their first interest is seeking access to surplus Crown land as part of the First Right of Refusal policy.

Withheld from the public under S7(2)(i) and S7(2)(b)(ii) of LGOIMA.

Panuku's proposed Mana Whenua Outcomes Framework takes a broader definition of commercial opportunities, looking across the supply chain. Opportunities are sought for Māori businesses and Māori rangatahi (youth) employment and training. We will need to identify specific opportunities in the programme as the framework is refined and operationalised.

5.4 The Crown

Kāinga Ora Homes and Communities will be established on 1 October in the interim we continue to work with the Urban Development Group and the constituent parts, HLC and HNZ. While the Crown is interested in acquiring sites for housing to deliver a mix of public, affordable and market housing at scale, consistent with Panuku's approach, the different Crown players have differing objectives. The focus can be reduced to taking control of sites and housing numbers.

Piritahi is an alliance of companies (Dempsey Wood, Harrison Grierson, Hick Bros Civil, Tonkin & Taylor, Woods) formed to speed up the supply of build-ready land and deliver infrastructure and amenity on the government's large-scale suburban development projects overseen by HLC.

Detailed engagement is underway in Avondale, Henderson, Manukau, Papatoetoe, Ormiston/Flat Bush. A draft of Umbrella Agreement setting out partnership principles has been shared.

Withheld from the public under S7(2)(h) of LGOIMA.

Auckland Council has established a joint work programme with the Crown on urban development and planning as well as in support of the Auckland Housing Programme. We expect these to be refreshed with the new agency and Minister overtime.

5.5 Community Housing Providers (CHPs)

The board has previously acknowledged the success of the Waimahia Project by the Tamaki Collective, the successful tenure and typology mix and focus on community building. Our Housing Mix Guidelines cites the opportunity to work with CHPs to deliver housing mix.

Withheld from the public under S7(2)(h), S7(2)(i) and S7(2)(b)(ii) of the LGOIMA.

6. Strategic outcomes

Panuku looks to strike a balance between the strategic outcomes and commercial returns that could be achieved. This can be illustrated as a sliding scale (below). Our preferred option is to achieve a reasonable commercial return which commits the developer, while still achieving outcomes which are sufficient to achieve urban regeneration outcomes.

Level of outcomes /business leadership



While the development outcomes sought will be site specific, every site will have a design and development brief that is consistent with the HLPP and Framework Plan where completed. The brief will set out requirements in relation to:

- Appropriate density and typology, minimum housing units
- Housing mix, based on the guidelines
- Sustainable low carbon development – Homestar 6 minimum
- Design outcomes and adherence to design masterplan
- Development to occur within agreed timeframes
- Encourage innovation in design, construction and housing mix where it can be replicated and used as an example for the wider industry.

Going forward the design and development outcomes will be guided by the master planning and Enhanced Programme Business Cases.

The implementation of the Housing mix policy is a key piece for Panuku. Depending on the size of the location and housing context the mix guideline of 30/30/40 will be actively promoted. The mix of affordable, social and market housing price points across the portfolio and locations supports residential choices.

Our policies (Selecting Development Partners and Housing Mix) identify that we will support innovation and affordable residential choices. Three opportunities are currently being investigated for consideration;

- Tiny House Village in Henderson
- Co-housing pilot
- Accessible design standards are being developed for incorporation into future developments.

Following the successful implementation of Barrowcliffe Place, the C40 project in Henderson is the next proposed “flag ship” and demonstration/best practice project, the first medium density low carbon zero energy development in New Zealand.

In this market where development feasibility is challenged, not a good idea to load up additional requirements. However also might be a good time to explore alternative options...good use of a site if market unlikely e.g. Tiny House.

Overall when making decisions on the sale of each site, Panuku needs to take into account the tradeoff between strategic outcomes and financial return. More important is striking the balance between demonstrating short to medium progress vs achieving long term outcomes, including a strong working relationship with the crown.

7. Divestment and partnership approach

In summary our approach is:

- Clearly articulated outcomes that are supported by master planning (design and development briefs) and application of housing mix policy
- The outcomes sought will vary according to the location and the needs for that area. An early site to the market in a location may for example have more favourable settlement and conditionality to ensure that the development can occur as opposed to a more established location.
- Panuku will continue to engage with the private sector and curate where sites are taken to market to ensure that the market does not become oversupplied with product that may reduce the success of the proposed development.
- The Crown will continue to be an important strategic partner and where there are benefits to be derived Panuku can and will deal on an exclusive basis. (Continuing to review time taken to finalise development agreements with the crown and considering alternate options)
- Working with mana whenua remains a priority and Panuku will continue to seek to achieve commercial outcomes where feasible.
- There are opportunities for exploring innovation within the portfolio – examples are tiny houses and C40 in Henderson along with design standards and possible co living.
- *Withheld from the public under S7(2)(h) of LGOIMA.*
- Market monitoring – keep board abreast of challenges and changes in market throughout year. (Board to approve any tactical decisions on change in typology to achieve sales)
- Board to consider overall balance of showing progress and achieving long term outcomes as part of consideration of overall transform and unlock sales. This include total values targets in the business plan and SOI and the need to fund reinvestment in priority locations.

7.1 Strategy when commercial feasibility is challenged

In some cases, there will be a choice to accept a lower level of density now or hold sites until the commercial feasibility of apartment typologies improves. It is likely that in some locations the preferred outcomes of increased density may well be dependent on one or two market cycles before they can be delivered. This will need to be tempered with the reality that Panuku is expected to deliver results in all its locations.

Withheld from the public under S7(2)(h) of LGOIMA.

Given that Panuku does not control many of the sites in the town centre it will be important to work with the business association, businesses and landowners to seed and advocate for

change. It is important to understand the role and function of town centres in the future with changes in work, and in retail, hospitality and entertainment, employment and businesses. This work is underway.

7.2 Achieving Outcomes

An agile approach in dealing with the development market has been required and will continue to be needed until the residential sector moves to a more positive stage of the cycle.

Withheld from the public under S7(2)(h) of LGOIMA.

7.3 Development Assistance

Withheld from the public under S7(2)(h) of LGOIMA

8. Divestment approach, by location

Withheld from the public under S7(2)(h) of LGOIMA.

Decision Paper: Enhanced Programme Business Case approvals – Transform Manukau and Unlock Avondale

Document Author(s)	Clive Fuhr & John Carter
Approver	David Rankin, Allan Young
Date	11 September 2019

1. Purpose

This paper seeks Board approval of two Enhanced Programme Business Cases for the priority locations of Transform Manukau and Unlock Avondale.

2. Executive summary

The Board received and approved a summary programme business case for Unlock Avondale at its July meeting. A full enhanced programme business case is now provided for the Board's approval.

The Board approved a programme business case for Transform Manukau in June 2019 and subsequently received and approved a summary programme business case at the August meeting. The full enhanced programme business case is now provided for approval and substitution for the previous document approved in June.

The budget and actions in the enhanced programme business cases are fully consistent with the summary business cases previously approved. Both full enhanced programme business cases are provided for the board's references in the resource centre of the Board Books.

3. Recommendations

That the Panuku Board:

1. Approves the Unlock Avondale Enhanced Programme Business Case in substitution for the programme business case previously agreed in July 2019.
2. Approves the Transform Manukau Enhanced Programme Business Case in substitution for the programme business case previously agreed in June 2019.

4. Background

Panuku has a process underway to improve the quality and content of the programme business cases for the Priority Locations. Following the board's approval of the Programme Business cases and associated budgets in June 2019 we have been progressively updating individual cases both to provide concise summary documents and to ensure that the full cases are to an appropriate standard.

Auckland Council has recently reconfirmed that it expects Panuku to use the NZ Treasury based better business case methodology to underpin the analysis of investment decisions. Each priority location programmes represents a significant investment decision that should be justified by sound analysis. The board received a copy of the Auckland Council group policy in August.

The updated and enhanced programme business cases particularly seek to develop the Economic and Commercial cases that underpin investment option selection and implementation strategy.

The board approved a summary and enhanced programme business case for Unlock Northcote in June. Transform Manukau and Unlock Avondale are the next two locations to be enhanced.

5. Prior Board and Council engagement and decisions

Appendix 1 outlines previous board decisions relating to Transform Manukau Programme Business Case and Unlock Avondale Programme Business Case.

6. Financial implications

The budget implications of the two enhanced programme business cases presented for approval at this meeting are fully consistent with the previously approved summaries.

7. Implementation

Implementation of the two programmes is already underway and is managed through the established Panuku programme management processes.

Document Sign-off

Role	Name	Sign-off Date	Signature
Director Development	Allan Young	12 Sept 2019	
Chief Operating Officer	David Rankin	12 Sept 2019	
Chief Executive	Roger MacDonald	16 Sept 2019	

Appendix 1

Withheld from the public under S7(2)(h), S7(2)(i) and S7(2)(b)(ii) of the LGOIMA.

Information Paper: Transform Manukau - Rainbow's End: Review of lease terms

Document Author(s)	James Steele – Assistant Development Manager
Reviewer(s)	Clive Fuhr – Project Development Director
Date	15 September 2019

1. Purpose

Withheld from the public under S7(2)(b)(ii) of LGOIMA.

2. Key issues

Rainbow's End is a major regional attraction. It is the only theme park of this scale in New Zealand.

The facility occupies 7 Ha of land within the Manukau City Centre on a terminating lease from Auckland Council.

This lease commenced in 1982 *Withheld from the public under S7(2)(h), S7(2)(i) and S7(2)(b)(ii) of the LGOIMA.*

Rainbow's End also occupies land under a licence arrangement in Clist Crescent (4350m²). This site was cleared for sale by the Council under the HLPP subject to Panuku addressing parking requirements with Rainbow's End. The site is used for car parking and the revenues are received by Rainbow's End. It is zoned 'Business – Metropolitan centre'. This land on Manukau Station Road is well located and suitably zoned for development.

Withheld from the public under S7(2)(b)(ii) and S7(2)(h) of LGOIMA.

Panuku has delegated powers to address revised lease terms. *Withheld from the public under S7(2)(h) of LGOIMA.*

3. Discussion

3.1. The lease

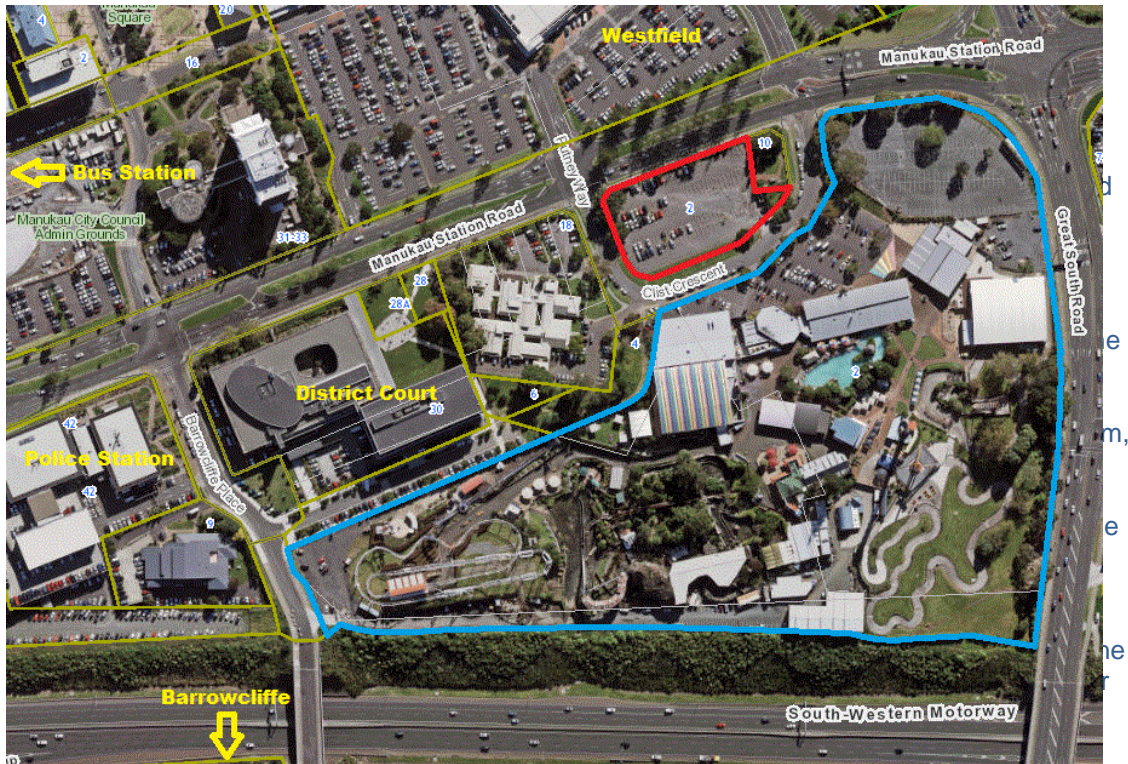
The ground rental for the main site (Outlined Blue) is currently based on turnover and generated a rental benefit for council *Withheld from the public under S7(2)(h) of LGOIMA* in the past financial year.

Under the lease Rainbow's End must use its "Best Endeavours" to spend \$3m in capital during each three-year period of its term. Rainbow's End has indicated that it will meet minimum expenditure requirements by 2024 and re-investment will stop to final expiry in 2034.

Withheld from the public under S7(2)(b)(ii) of LGOIMA.

Withheld from the public under S7(2)(b)(ii) and S7(2)(h) of LGOIMA.

Map: Rainbow's End (blue) and Clist Crescent (red) sites



Withheld from the public under S7(2)(h), S7(2)(i) and S7(2)(b)(ii) of the LGOIMA.

3.3. Issues with the proposal and redevelopment

Withheld from the public under S7(2)(h), S7(2)(i) and S7(2)(b)(ii) of the LGOIMA.

3.4. Options

Withheld from the public under S7(2)(h), S7(2)(i) and S7(2)(b)(ii) of the LGOIMA.

3.5. Relocation

Withheld from the public under S7(2)(h), S7(2)(i) and S7(2)(b)(ii) of the LGOIMA.

3.6. Next Steps

Withheld from the public under S7(2)(h) of LGOIMA.

LGOIMA Requirements

This information paper should be considered as confidential to protect commercial negotiations in accordance with Section 7 (2) (h) of that Act, namely to 'enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.'