Board Report

Public

Date
Tuesday,
29 October 2019

Time
2.30 pm

Venue
Panuku Development Auckland

82 Wyndham Street

Panuku Development Auckland
An Auckland Council Organisation

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, 29 October 2019 | 2.30 pm – 4.00 pm**

Board Members:
Adrienne Young-Cooper – Chair
David Kennedy – Director
Richard Leggat – Director
Dr Susan Macken – Director
Paul Majurey – Director
Mike Pohio – Director
Martin Udale – Director *(leave of absence)*
Paul Brown – Intern

In attendance:
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
Madina Krash – Governance Advisor

Public meeting	
1.	**Opening of public meeting** 1.1 Apologies 1.2 Health and Safety moment 1.3 Directors' interests 1.4 Directors' Board meeting attendance register 1.5 Minutes of 24 September 2019 Board meeting 1.6 Public deputation
2.	**Chief Executive's report**
3.	**Health and Safety report**
4	**Priority Location reports** 4.1 Transform Manukau: Business Case Options for Transform Manukau 4.2 Unlock Panmure: Relationship with Tamaki Regeneration Company 4.3 Corporate Property – 82 Manukau Road, Pukekohe, Go to Market
5.	**Business reports** 5.1 Annual Report 2018-2019 5.2 Disposals Programme Report 5.3 Corporate Property - 50 Centreway, Orewa, Go to Market
6.	**General Business**

Panuku Development Auckland
An Auckland Council Organisation

Directors' Interests as at 24 October 2019

Member	Interest	Company / Entity	Conflicts pre-identified?
Adrienne YOUNG-COOPER	Chair	Panuku Development Auckland Limited	
	Director	Cornwall Park Trust Board Incorporated	
	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	

Panuku Development Auckland
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Directors’ meeting attendance register – 2019 / 2020

	2019						2020						
	24 Jul	30 Aug	24 Sep	29 Oct	29 Nov	18 Dec	29 Jan	28 Feb	29 Mar	26 Apr	28 May	26 June	TOTAL
A.F. Young-Cooper	✓	✓	✓										
Dr S.C. Macken	x	✓	✓										
D.I. Kennedy	✓	✓	✓										
R.I. Leggat	✓	✓	✓										
P.F. Majurey	✓	✓	✓										
M.E. Pohio	✓	✓	✓										
C.M. Udale	✓	✓	x										

MINUTES OF THE MEETING OF DIRECTORS OF PANUKU DEVELOPMENT AUCKLAND LIMITED, HELD IN **PUBLIC** SESSION AT 82 WYNDHAM ST, AUCKLAND ON TUESDAY 24 SEPTEMBER 2019 COMMENCING AT 2.10 PM.

1.1 APOLOGIES	19 09/19	The Panuku Board received apologies from chair Adrienne Young-Cooper and directors Richard Leggat and Martin Udale. Deputy Chair Dr Susan Macken assumed the chair.
1.2 HEALTH AND SAFETY MOMENT	20 09/19	Paul Brown led the health and safety moment. As this was Mental Health Awareness Week it was appropriate for Panuku directors to reflect on how individual staff members are supported. David Rankin responded that in addition to the avenues available internally Panuku use EAP Services for staff to seek confidential support in times of need.
1.3 DIRECTORS' INTERESTS	21 09/19	The Panuku Board reviewed and received the Register of Directors' Interests.
1.4 DIRECTORS' BOARD MEETING ATTENDANCE REGISTER	22 09/19	The Panuku Board noted the Board Attendance Register.
1.5 MINUTES OF THE 30 AUGUST 2019 BOARD MEETING	23 09/19	The Panuku Board reviewed and approved the Minutes of the Board Meeting of 30 August 2019, with confidential information redacted, as a true and accurate record of the meeting.
1.6. PUBLIC DEPUTATION	24 09/19	There was no public deputation.
2. CHIEF EXECUTIVE'S REPORT	25 09/19	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	26 09/19	David Rankin, Chief Operating Officer introduced the report. The Panuku Board received the report.
4.1 MĀORI RESPONSIVENESS PLAN **BUSINESS REPORT**	27 09/19	Angelika Cutler, Director Corporate Affairs introduced the report. The Panuku Board received the report.
4.2 CLONBERN ROAD CARPARK **BUSINESS REPORT**	28 09/19	David Rankin, Chief Operating Officer introduced the report. The Panuku Board received the report noting that no decisions on possible interim use of the upper part of the carpark pending redevelopment with 200 carparks incorporated had been made as staff were still in the process of receiving more advice on the safety and stability of the structure. Following the conclusion of discussions, the Panuku Board: 1. Approved 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. Received 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, this information to include work done by Auckland Transport on parking needs in the area and a timeframe for demolition of the structure and redevelopment of the site with 200 carparks incorporated
5.1 FY19/20 DIVESTMENT STRATEGY **PRIORITY LOCATION PORTFOLIO REPORT**	29 09/19	Allan Young, Director Development introduced the report. The Panuku Board received the report noting the challenges expressed in the report to the construction and development sector and the impact on Panuku's programme. Following extensive discussions, the Panuku board: **1.** Endorsed the general direction of travel with the approach to sites outlined in the paper. **2.** Requested that the board approve the go to market strategy for each site in the Panuku locations, with the go to market strategy to include required outcomes, and potential terms. **3.** That as a general approach, Panuku is not sell to Kāinga Ora on the basis that it will then seek development parties for a site instead of Panuku. **4.** Noted that the remaining Hobsonville site will require a masterplan to be approved by the board. **5.** Requested that staff report back on progress on the issues and sites covered in about 3 months. **6.** Confirmed that in its Transform and Unlock locations, Panuku's primary objective is to optimise required strategic outcomes rather than maximising revenue.
5.2 ENHANCED PROGRAMME BUSINESS CASE APPROVALS – TRANSFORM MANUKAU AND UNLOCK AVONDALE **PRIORITY LOCATION PORTFOLIO REPORT**	30 09/19	Allan Young, Director Development introduced the report. Following discussion, the Panuku board: 1. Approved the Unlock Avondale EPBC in substitution for the PBC previously agreed in July 2019. 2. Received the Transform Manukau EPBC, and requested a further report articulating the difference in benefits between the "transform" and "transform plus" options, and why the Executive had recommended transform.
5.3 TRANSFORM MANUKAU – REVIEW OF LEASE FOR RAINBOW'S END **PRIORITY LOCATION PORTFOLIO REPORT**	31 09/19	Allan Young, Director Development introduced the report. The Panuku Board received the report and discussed options with respect to integration with the Transform Manukau Enhanced Programme.
6. GENERAL BUSINESS	32 09/19	There was no general business.
CLOSE OF BOARD MEETING	33 09/19	The meeting closed at 2.20pm.

READ AND CONFIRMED

_____________________________ **Chair** _____________________________ **Date**

Panuku Development Auckland
An Auckland Council Organisation

Chief Executive's Report

Document Author	Roger MacDonald – Chief Executive
Date	15 October 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. Information that has been redacted is indicated in blue font. Where redacted information exists, a reference to the section of the Local Government Official Information and Meetings Act 1987 (LGOIMA) will be cited in the publicly available version of the report.

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 CCO Review

The Mayor has committed to a review of the CCOs and has indicated that this will occur promptly. The establishment of an independent panel to conduct the review has been proposed and that there will be opportunity for public and stakeholder input. *Withheld from the public under S7(2)(h) of the LGOIMA*.

2.2 Working with central government

Kāinga Ora Homes and Communities was established on 1 October incorporating Housing New Zealand, the KiwiBuild Unit and HLC. Kāinga Ora has two key roles: being a world-class public housing landlord and partnering with the development community, Māori, local and central government, and others on urban development projects of all sizes.

While we continue to work with Kāinga Ora Homes and Communities and the Ministry of Housing and Urban Development (Land for Housing Unit) in a number of the priority locations, consideration is being given to how the two organisations will work effectively together across the range of locations. This will be considered within the context of the primary relationship between Kāinga Ora Homes and Communities and the Auckland Council group.

We are making good progress on joint work in Avondale, Henderson and Manukau.

Panuku has provided input into the Auckland Council submission on the bill to establish Kāinga Ora Homes and Communities. The second bill on powers is expected later in 2019, possible November.

2.3 Proposed Board Strategy Day

Direction is sought on the timing, scope and topics for the next Board strategy day. The last Board Strategy day was held in February and since that time there have been suggestions that it should be held earlier in the business planning process to enable greater direction from the board into budget setting and prioritisation.

It is proposed that the December board meeting time on 18 December is used for a Board Strategy day. Any urgent items could be accommodated in a short meeting at the end of the day if necessary. *Withheld from the public under S7(2)(h) of the LGOIMA*.

2.4 Todd Property Group asset sale

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

2.5 Spatial Projects and Planning Prioritisation

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

2.6 Tram Update

The physical reinstatement of the track infrastructure adjacent to the tramshed is complete and Daldy Street is once again open. Recommissioning tasks are underway and we continue to engage with The Movement to Reinstate the Auckland Dockline Tram on a regular basis.

We have engaged a 3rd party safe system specialist Hitech to determine the status of risks and hazards for both the half loop and the full loop. This will inform the cost of mitigating safety issues of running the half loop if they are significant. The key issues include how the increase of buses through Wynyard Quarter in the last 12 months will impact on the half loop and whether double decker buses (which have been operating in WQ this year) will impact on the overhead tramline. We hope to have this report in hand in a fortnight. AT continue to indicate delivery of the Packenham/Daldy work will be on time for a March 2020 start of the full tram loop.

The direction from the governing body combined with the resignation of Tram Manager James Duncan (James joined MOTAT) has triggered an EOI for the management of tram operations from all external interested parties. The EOI is going through the procurement process with EOI's expected by middle of November. *Withheld from the public under S7(2)(b)(ii) of the LGOIMA.* If the EOI is unsuccessful, Panuku will continue to manage the trams in house and we will start recruiting a replacement Tram manager.

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

3. Quarter One reporting

Comprehensive reporting on the first quarter of 2019/2020 has been included this month.

3.1 Monthly performance dashboard

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

3.2 Panuku Gateway Dashboard Q1

The comprehensive report covering Q1 is attached as Attachment 2 which is withheld from the public under S7(2)(b)(ii) of the LGOIMA

3.3 Panuku SOI initiatives

The comprehensive report covering Q1 is attached as Attachment 3 which is withheld from the public under S7(2)(b)(ii) of the LGOIMA.

3.4 Priority Location Portfolio Update

The comprehensive report covering Q1 is attached as Attachment 4 with some information withheld from the public under S7(2)(b)(ii) of the LGOIMA

3.5 Financial update

The comprehensive report covering Q1 is attached as Attachment 5 which is withheld from the public under S7(2)(b)(ii) of the LGOIMA

3.6 Risk Management Update

The comprehensive report covering Q1 is attached as Attachment 6 which is withheld from the public under S7(2)(b)(ii) of the LGOIMA

3.7 Property Management Portfolio Update

The comprehensive report covering Q1 is attached as Attachment7 with some information withheld from the public under S7(2)(b)(ii) of the LGOIMA.

3.8 Marinas Update

The comprehensive report covering Q1 is attached as Attachment 8 with some information withheld from the public under S7(2)(b)(ii) of the LGOIMA.

3.9 Acquisitions and Disposals Summary

The Acquisitions Summary is attached as Attachment 9 and the Disposals Summary is attached as Attachment 10. Both reports are withheld from the public under S7(2)(b)(ii) of the LGOIMA.

4. Panuku organisational changes

4.1 Raranga structure change updates

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

5. Operational performance reporting

5.1 Media and digital summary

Annual Report 2018/19 and performance recognition

Following the release of the Annual Report 2018/2019, Stuff.co.nz and the NZ Herald covered staff's remuneration increases. The focus was on the performance recognition payments paid to staff and executive leaders and the increase in the Chief Executive's remuneration. All stories have included multiple comments from Panuku's Chair and have been balanced. Stories were published over the week of the local body elections. A story was also published on Interest.co.nz which focused on the organisation's growth. This story was also well balanced.

America's Cup and Wynyard Quarter

TVNZ's One News did a positive story about the transformation of Wynyard Quarter ahead of AC36. This included an interview with Katelyn Orton.

Takapuna Car Park

Several stories have been published by Stuff.co.nz about the Takapuna Residents' Association filing papers in the High Court about decisions related to the Takapuna Car Park. While the matters are before the court, we are unable to comment, however coverage has been balanced.

CAB Development Agreement

Stuff.co.nz published a balanced story on the CAB development agreement. The story was generated from emails sent by the developer's agent to gauge interest in the future sale of the lots. We confirmed with the reporter that the developers cannot settle any sales agreement until the restoration of the CAB building is complete.

Property market commentary

Interest.co.nz covered Development Director Allan Young's board paper, from the September Panuku Board agenda, on the property market.

Car parking and public space

The Spinoff's Maria Slade comments on Panuku's work in Avondale and Takapuna as champions of turning car parks to public space, following her recent visit to Europe. CCO Review.

Following the election, the Mayor has asked for a CCO Review to take place, which will include all CCOs. There has been significant coverage about this and it has been reported that the review could begin before the end of the year.

5.2 CE key engagements

Since the Board met on 24 September 2019, the Chief Executive has continued to build relationships with stakeholders, mana whenua and the local community, within both the political and community arenas.

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.

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

Panuku Development Auckland
An Auckland Council Organisation

Portfolio Update: Quarter One, July – September 2019

Document Author(s)	Martha Tong, Head of PfMO
Reviewer(s)	David Rankin, Chief Operating Officer
Date	15 October 2019

1. Purpose

This paper presents Panuku's quarterly Programmes update and progress in the development of Panuku's Portfolio Management Office.

2. Executive Summary

This paper provides information on:

- Overall programme status, including financial status
- Key changes to the portfolio, including significant change requests
- A snapshot of portfolio progress,
- Key risks the portfolio
- PfMO activities and capability building

Overall the portfolio is tracking, with programmes predominantly on track to meet the delivery milestones that were included in June board decision paper. The portfolio is also indicating that it will meet its capital spend target of $114m for the priority locations.

However, several are indicating potential delays to achieving sales receipts, and one programme is forecasting a reduction in capital expenditure for the year due to delays in progressing agreements with other council entities.

Budget forecasts for several construction projects have been incorrectly phased for the first quarter, which has put Panuku behind its capital forecast. However, projects are all progressing and are forecasted to meet their delivery timeframes this financial year. The major unresolved issue is the Pile Mooring project, which is the subject of a report elsewhere on the board agenda.

There have been significant improvements in the quality of reporting through the Sentient project management software. Ongoing refinement of data and reporting is required, but the greater visibility of information is significantly improving the ability to interrogate project and programme progress. An initiative to more closely align financial and project reporting systems is underway, which will result in information being more readily available to project managers.

The PfMO programme, which responds to the findings of the 2017 Ernst Young (EY) audit, is fully resourced and has a significant work programme for the rest of this financial year. The EY best practice assessment was undertaken in October 2017 and the three-year roadmap for improvement was agreed with the board. We are now effectively in the final year of this programme. Project audits planned for November 2019 will provide valuable feedback on progress and next steps. Many aspects of this work programme are iterative in nature as they are agreed in close consultation with the business. This takes time but ultimately results in more robust processes, which meet the needs of the business.

This report will continue to evolve as our programme and reporting systems mature and we work to align our reporting across the business. It will be presented to the board each quarter, in addition to the monthly programme dashboard (Appendix 1) and project dashboard (Appendix 2).

Portfolio Overview

17 Programmes

147 Projects in Flight

52 Capital

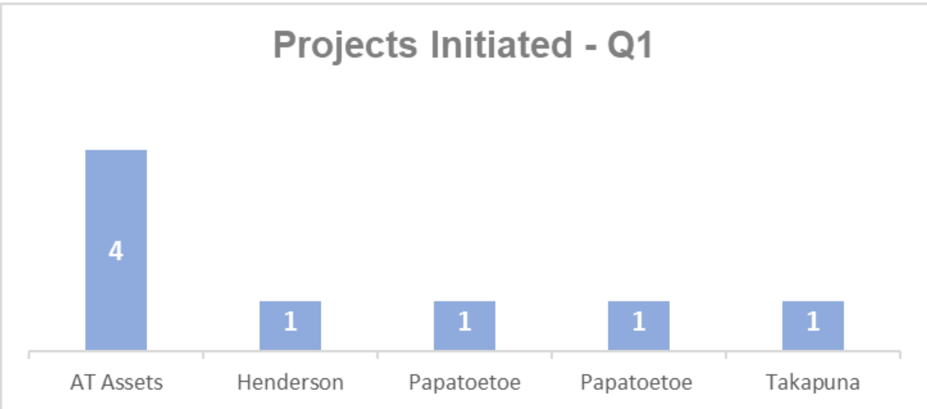
56 Development Agreement

39 Others (including acquisitions)

54 in Pipeline

12 On Hold

New projects initiated, detailed in the table below, indicate an ongoing build of activity across the programme.



A comprehensive list of projects in the portfolio is included in Appendix 2 to this report. This list includes the project phase and indicates a RAG status for the project.

3. Portfolio Risk

The portfolio is on-track at the end of Q1

Risks across the programmes remain relatively consistent:

- Market conditions: a softening property market is resulting in some development sites, where Panuku is seeking a development agreement of some kind, are being delayed or failing to become unconditional. This is resulting in re-working of projects, with associated revision of timelines.
- Crown Interests: Increasing involvement of the crown in priority locations is expected to have a positive impact on change programmes. However, in the short term this involvement will also result in changes of scope and timing of projects whilst dependencies are identified and managed. The Crown resources are fully stretched and there are often new staff involved. A measure of programme success for Panuku to consider is the extent of cross agency partnerships, which are actively supporting the change programme.
- Council/CCO relationships: Panuku needs to develop clear operating relationships with a number of council departments and CCOs. Identifying who has authority to approve projects or accept upgraded assets and getting that sign-off can take significant time, which hasn't always been allowed for in project schedules. Delays as a result of these issues are expected to become less prevalent over this financial year as significant work has been undertaken by Panuku to clarify how we work with other agencies.

4. Overall Programme Status

A programme health assessment is undertaken by our programme managers each month (following a review of each of the programme's projects), their assessment is then reviewed by the Programme Steering Group (PSG) as part of the monthly review cycle.

The programme health assessment is broken down into the five key areas shown below. Each element is assigned a rating of either red, amber or green (RAG).

1. Cost – whether a project is forecast to meet its budget.
2. Schedule – any timing delays in the project.
3. Scope – whether the project can deliver its agreed benefit within the approved scope
4. Risks – events which have the potential to impact project factors such as scope, schedule, cost, quality, resourcing or benefits.
5. Issues - are known and have occurred to impact those factors.

The results for the quarter for each programme are shown below:

Programme	Overall RAG Status		
	Jul	Aug	Sep
City Centre	🟢	🟢	🟢
Corporate Disposal	🟢	🟢	🟢
AT Assets	🟢	🟢	🟢
Transform Manukau	🟡	🟡	🟡
Transform Onehunga	🟢	🟢	🟢
Unlock Avondale	🟢	🟢	🟢
Unlock Haumaru Housing Portfolio	🔴	🔴	🟡
Unlock Henderson	🟢	🟢	🟢
Unlock Hobsonville	🟢	🟢	🟢
Unlock Northcote	🟢	🟢	🟢
Unlock Ormiston/ Flat Bush	🟢	🟢	🟢
Unlock Panmure	🟢	🟢	🟢
Unlock Papatoetoe	🟡	🟡	🟡
Unlock Pukekohe	🟢	🟢	🟢
Unlock Takapuna	🟢	🟢	🟢
Waterfront - AC36	🟢	🟢	🟢
Waterfront programme	🟡	🟡	🟡
Supports portfolio	🟢	🟢	🟢

Appendix 1 to this report contains commentary for all programmes.

Significant programme risks include:

- Manukau programme is at risk due to uncertainly of progress with the crown and the Council corporate office rationalisation scenario.
- Haumaru programme is being impacted by a slowdown in property sales, meaning it is difficult to return funds to the programme, slowing future development. There are delays in getting Greenslade Court proposals agreed with Kāinga Ora and the programme requires additional development manager resource, which is being addressed
- Waterfront programme is at risk due to funding. Planned projects are needing to be prioritised or value-engineered to remain within the available funding envelope. Projects include Pile Mooring and Wynyard Crossing.
- Papatoetoe programme is at risk of delay due to the Human Rights Tribunal challenge on the tavern land site. There is difficulty in progressing other projects in programme until tavern lane site is resolved.

5. 19/20 Key Milestones

Key milestones for all programmes are tracked, with exceptions reported in programme status reports. Key milestones were derived from the annual programme decision paper, approved by the board in June 2019. At the end of quarter one all milestones are on track.

Key Milestones 2019/20	
Programme	**Total**
AT assets	4
Avondale	6
Haumaru	3
Henderson	9
Hobsonville	1
Manukau	15
Northcote	12
Onehunga	13
Ormiston	3
Panmure	10
Papatoetoe	3
Supports	3
Takapuna	4
Waterfront	18
Grand Total	**104**

5. Programme Investment Summary

Capex expenditure

The table below indicates the capital expenditure across the locations for the first quarter, and compared with the full year budget, and the current full year projection. Note that programme totals differ from those shown in the programme dashboard. This is due to time delays in loading of actual expenditure into the Sentient software. Work is currently underway to automate this process and is expected to be in place by next months dashboard report.

Overall Panuku is tracking behind budget by $10m but has a current full year projection ahead of the budget target of $114m.

When Panuku submitted the programme budgets to Council in February this year the proposed project budgets were risk adjusted, and a reduced target submitted. In the event that projects remain ahead of the forecast, Panuku can seek an adjustment in the annual budget, bringing forward funding from outer years, for approved projects. This review and any required adjustment will be completed at the quarter 2 review.

Key project variances are:

- Waterfront Promenade Stage 2 ($2.3m). The project is in construction, but behind budget due to budging phasing issues)
- Waterfront Pile mooring ($1.6m). The project is undergoing a full costing review prior to any contract award to ensure it is deliverable in the timeframes and budget. This is reported elsewhere on this board agenda.
- Waterfront Vos Shed ($2.4m). The project was delayed until contamination issues were resolved. These have now been addressed

- AC36 ($2.2m). This project is being delivered by WEA and Panuku has limited control over the forecast. The full year projection is ahead of budget.
- Takapuna Gasometer carpark ($0.9m). There has been a slight delay to spend, but project is on target for delivery
- Avondale acquisitions ($1.2m). This is a PWA acquisition process of retail shops and is difficult to forecast with accuracy but good progress is being made.

SDF expenditure is also included in the table below for purchases. *Withheld from the public under S7(2)(h) of the LGOIMA*.

CAPEX as at 30 September 2019						
Priority Location	**YTD Actual**	**YTD Budget**	**YTD Variance**		**Full Year Budget**	**Current Full Year Projection**
Manukau	198,138	316,227	118,089		3,848,740	1,505,731
Onehunga	243,394	579,152	335,758		1,950,560	1,950,560
Waterfront	6,351,313	12,673,411	6,322,098		47,093,085	49,459,007
Waterfront renewals	206,431	455,360	248,929		989,652	989,652
AC36	8,412,314	10,664,796	2,252,482		22,850,814	24,942,052
Avondale	82,072	1,206,000	1,123,928		7,300,000	7,300,000
Henderson	195,333	382,000	186,667		4,795,000	4,776,271
Northcote	133,981	294,000	160,019		1,990,755	1,930,477
Panmure	26,463	35,000	8,538		732,000	280,073
Takapuna	3,596,654	4,509,526	912,872		15,680,367	19,471,380
Haumaru	4,070,356	2,517,500	(1,552,856)		4,917,500	4,877,002
Hobsonville	43,132	273,760	230,628		1,462,550	1,472,550
Ormiston & Flat Bush	5,081	276,750	271,669		418,900	227,650
Papatoetoe	85,936	220,000	134,064		980,000	828,657
Contingency	0	0	0		- 361,500	-
GATEWAY TARGET	**23,650,600**	**34,403,482**	**10,752,881**		**114,648,422**	**120,011,062**
Development Fund (Supports)	362,413	193,250	(169,163)		1,442,318	1,138,013
AT assets	0	64,000	64,000		1,400,000	546,000
SUPPORT and AT Total	**362,413**	**257,250**	**(105,163)**		**2,842,318**	**1,684,013**
OTHER						
Strategic Development Fund	4,465,812	4,185,000	(280,812)		**34,120,000**	19,117,655
AC Commercial Renewals	471,941	1,409,658	937,716		4,473,000	4,473,000
Onehunga Wharf Renewals	0	30,000	30,000		5,000,000	2,500,000
Pukekohe	173	0	(173)		100,000	1,355
Grand Total Capex	**28,950,939**	**40,285,389**	**11,334,450**		**161,183,740**	**147,787,085**

Opex Expenditure

The table below details opex expenditure against forecast. Opex is used for programme level activities, including placemaking and master planning work, or investigatory activity necessary to support the programme. It is also used at a project level, again for early investigatory work.

Incorrect phasing of opex budget has resulted in underspend in a number of locations. In others, clarification of finance rules has resulted in projects using additional opex which was not anticipated, resulting in overspend. We expect opex expenditure forecasting to improve over the year as more of it is allocated to projects, and variances can be managed within the existing funding envelope.

OPEX as at September 2019						
Priority Location	**YTD Actual**	**YTD Budget**	**YTD Variance**		**Full Year Budget**	**Current Full Year Projection**
Waterfront	448,896	948,348	499,452		3,972,000	3,972,000
AC 36	15,008	0	(15,008)		0	
Manukau	639,910	448,443	(191,467)		1,767,598	1,521,421
Onehunga	499,402	726,000	226,598		2,155,000	2,155,000
Avondale	184,241	148,500	(35,741)		683,464	220,438
Henderson	128,680	280,000	151,320		946,600	748,753
Northcote	190,664	225,000	34,336		1,031,959	1,018,607
Panmure	200,939	224,000	23,061		563,333	597,466
Takapuna	117,921	150,000	32,079		673,881	733,744
Haumaru	57,410	55,000	(2,410)		260,350	62,231
Hobsonville	28,535	55,000	26,465		220,000	220,000
Ormiston	0	30,000	30,000		120,000	120,240
Papatoetoe	29,321	76,300	46,979		326,400	260,397
Pukekohe	77,240	82,200	4,960		390,200	256,660
Development Fund (Supports)	13,843	84,000	70,157		340,000	262,950
Development Fund (Optimisation)	257,728	0	(257,728)		0	(20,213)
AT Assets	0	56,000	56,000		400,000	296,535
Total allocated	2,889,738	3,588,791	699,053		13,850,785	12,426,229
Unallocated/contingency	0	163,620	163,620		1,193,134	0
Total	**2,889,738**	**3,752,411**	**862,673**		**15,043,919**	**12,426,229**

Sales forecast

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

SDF sales

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

6. Changes to the Programme

A formal Change Management Framework has been adopted by Panuku. This is now being applied to all projects and programme changes. Change requests are raised when the project or programme moves outside agreed tolerances. Tolerances apply to scope, budget, cost, benefit, quality and resource requirements.

Programme level change is detailed in this report, and total project change is summarised.

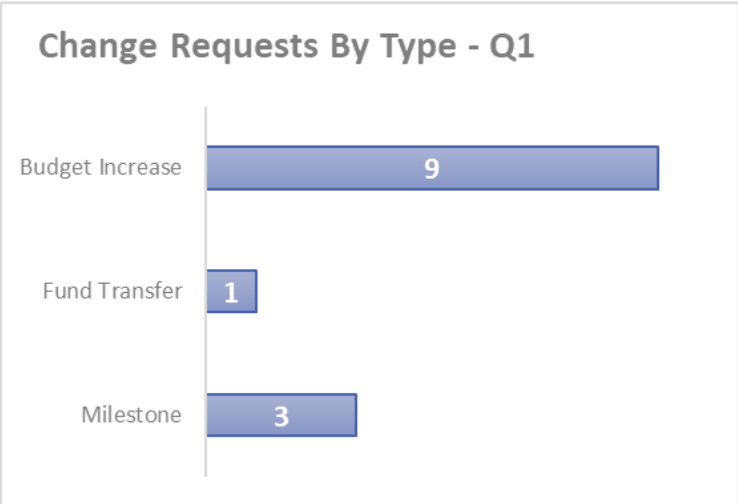
Examples of programme level changes include:

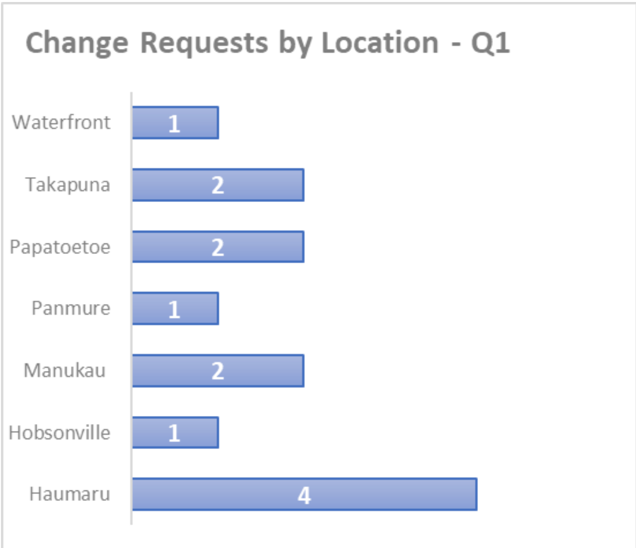
- introducing new funding to a programme, either to deal with variation or contingency, or to deal with capex deferrals
- removing funding no longer required by a programme, returning it to the portfolio
- making a change to the scope of an agreed programme
- deferring a programme milestone

Programme	Change detail	Change impact on budget
Avondale – deferral not able to be accommodated in programme budget	Budget increase to accommodate delay to acquisition from FY19 to FY20 and requirement to defer funds Increase budget approved by Board in July via enhanced programme business case	Added $1.7m capex
Avondale – additional work not able to be accommodated in programme budget	Additional funding for master planning Formally signed off as a CR at PGG on 15 Oct.	Added $50K opex
Haumaru – deferral and project variation, not able to be accommodated within programme budget	Programme budget increase to accommodate milestone change, increase contingency, and variation for project delays, and to address treatment of GST for 33 Henderson Valley Road Formally signed off as 3 x CR at PSG 31July and reported to Board in August	Added $2.5m capex
Takapuna – deferral and project variation, not able to be accommodated within programme budget	Increase approved programme budget to cover budget requirements for Gasometer car park project to address contingency, variation and project delay requiring deferral of funds from FY19 to FY20	Added $2.4 capex

	Approved by PSG on 10 September.	
Panmure – increase of allocated SDF budget to enable forecasted land purchase	Unlock Panmure programme received approval in June 2019 of SDF of $1.95m for the acquisition of 3 Korma Lane, Panmure. The allocated FY20 SDF was utilised for the acquisition of 19-23A Queens Road at the purchase price of $1.5m due to the settlement date falling in July 2019; this acquisition was expected to settle in FY19. This programme change seeks to bring forward SDF forecast in FY21 to complete the strategic acquisition purchase for 3 Korma Lane with a willing sell vendor. Approved at PSG on 3 September	Added $2.2m capex (SDF)

Project change requests are summarised below.





6. PfMO Change Programme

The programme to establish a PfMO function at Panuku, in response to the 2017 EY audit, is now in its third year. The PfMO is now resourced to deliver required changes. It is working closely with People and Capability to improve capability in project and programme management, and to improve understanding of what it is to work in a project environment across the business units who service the priority location projects.

Last quarter activity

- Completion of review a comprehensive review of governance, aligned with the raranga programme.
- On-going refinement in Sentient, in terms of both the quality of data and the functioning of the software, with minor improvements being implemented
- Development of a benefits framework
- Agreement on an approach to resource management

Next quarter plan

- Completion of an updated governance and assurance framework, to align with organisational changes in roles and governance.
- Finalisation of the portfolio investment framework, including portfolio prioritisation
- Development of a resource management framework
- Roll out of benefits management approach and associated refinement to outcomes monitoring framework
- Completion of skills assessment with project and programme managers and development of a targeted training plan
- Ongoing testing, and refinement of established frameworks, templates and processes
- Ongoing refinement of use to Sentient software, including loading of project pipeline data

Appendix 1: Programme dashboard

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

Appendix 2: Project by phase

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

Panuku Development Auckland
An Auckland Council Organisation

Property Management Portfolio Update: Quarter 1 report FY 2020

Document Author(s)	Ross Blackmore, Manager Property Portfolio
Approver	Ian Wheeler, Director Property Portfolio
Date	15 October 2019

1. Executive summary

The commercial and residential managed property portfolio performance (AC and AT excl waterfront) exceeded budget during Q1FY20 generating a net surplus of $2.831 m vs budget of $2.409m.

This financial report reflects (for the first time) the impact of around 40 commercial leases and 80 residential tenancies which have recently been transferred back to Council management. These leases are all situated on or in service property and enable council to better manage the overall service experience (E.g. café in a library or house on a park). Our budget and actuals (YTD and FY) have been adjusted to allow for these revenues (and costs) having been transferred out with effect 1 July 2019.

The commercial portfolio performed strongly with revenue $1.056 m over budget with rental income from The Strand, Takapuna (sub- lease income) and Papatoetoe Mall extending (vs budget) into the new financial year FY20. A large ground rent review in Onehunga (previously reported) also had a positive contribution.

However, increased revenue was offset by rates expense ($814k above budget). It is anticipated that around half this cost will be recovered from a Watercare refund and possibly AT if they can be persuaded that rates on demolished houses/vacant land could properly be capitalised to their road scheme projects. This under budgeting of rates within the portfolio is unfortunate however the rates impact on Net Surplus is unlikely to get worse as we account for rates “in advance” in August of each year.

Business Interests again performed strongly and in total (AC, AT, Waterfront, BI) the Panuku Property Portfolio across all segments generated a FQ net surplus of $4.401m vs a budget of $3.601m.

The new structure for the Property and Asset Teams has been confirmed and went live on the 7 October. We are currently filling open positions and transitioning through to our new structure and ways of working including important work on our processes and systems.

Our next quarterly report will report separately on our new Asset Class segments (i.e. Residential, Retail, Commercial, Alternative Assets.) and our Service Delivery activities (Leasing, Asset and Facilities, Business Insights.). This will also enable better benchmarking of our performance of the relevant asset classes against the market.

Waterfront (reported on separately as previously part of owned portfolio)

The waterfront managed portfolio performed slightly under budget although revenue was $326 k over, this was offset again by non-budgeted rates (some of which should be recoverable from development partners) and a non-budgeted one off insurance cost from Council which we will try and partially recover from occupational tenants. The significant ground rent review with Orams remains under negotiation.

The leasing campaign (from the plans) for the new Westhaven Marina Village is progressing well with over 50 per cent of that development under contract.

Good progress is being made on recoveries under the "Precinct Fund" where several large long term leaseholders contribute (with council) to certain operational costs across Wynyard Quarter. A lot of effort is going into getting this to work for all parties as the benefits and costs are being challenged by certain parties.

Property and Facilities Management

At a property management level, at the end of September vacancy stood at 1.4 per cent and 3.2 per cent for the residential and commercial portfolios respectively. Significant rent reviews remain under negotiation at 200 Victoria Street- City, Gulf Harbour Marina and Holcim – Onehunga Port.

Our Facilities Management team had a busy quarter with 735 standing work orders (planned maintenance) and 860 responsive work orders managed during the quarter. Contractor KPI compliance/response times have slipped since 30 June and this will require careful management.

On 1 October, Panuku moved from using all four council Full Facility contractors to two. This process has been managed without significant impact to lessees and tenants. The change to the two best performing contractors will make it easier to more effectively manage performance and work quality outcomes going forward and will ensure that the Panuku portfolio is more "visible" to the contractors and is more specifically resourced to meet our requirements.

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

Project ICE (Improved Customer Experience)

In early 2019 the Property Portfolio Group (Property and Assets teams) identified issues relating to capability, customer satisfaction, high employee turnover, inefficiencies in process and inconsistent engagement with key stakeholder groups within Panuku.

It was concluded that the group needed to develop a customer centred operating model that would better support the implementation of its business strategy, provide greater value for its customers and stakeholders, improve the way in which the Property Portfolio team worked together and overall create a more satisfying working environment.

A new organisation structure to support our new operating model has been confirmed and went "live "on 7 October.

After a comprehensive EOI process, staff have been appointed to their new Asset Class, Leasing, Business Insights and Asset and Facilities Teams, and an allocation of properties under management into the new teams is underway.

Three tier four roles remain unfilled with permanent staff (two acting contract managers in place) and seven Tier Five roles are either vacant or filled temporarily by contactors.

Recruitment is underway for the remaining roles however the " war for talent " continues in the wider market, and it is hoped the ICE operating model will find favour from potential candidates, particularly those who maybe contemplating a move to us from current positions of employment within the private sector. (see “risks” below).

An important aspect of our new model is the establishment of Customer Relationship Managers (CRM’s) to each of our internal (Panuku) and external (Council Family) customers. These appointments have been made to most customers with appointments to four of the five priority locations awaiting the outcome of Raranga.

2. Financial

Property Portfolio Simplified P&L Q1 FY20 (year to date)

Financial Performance - Managed Property	Quarter Actual	Quarter Budget	Quarter Variance	Full Year Budget	RAG
Rental Revenue - Residential	1,856	1,662	194	6,676	
Rental Revenue - Commercial	6,182	5,126	1,056	18,728	
Recoveries	523	403	120	1,566	
Total revenue	8,561	7,191	1,370	26,970	
Total expenditure	5,730	4,782	-948	8,595	
EBITDA - Managed Property	2,831	2,409	422	18,375	
Financial Performance - Waterfront					
Rental Revenue - Owned Commercial	3,183	2,832	351	11,125	
Recoveries / Other	155	180	-25	722	
Total revenue	3,338	3,012	326	11,847	
Total expenditure	2,783	2,408	-375	4,276	
EBITDA – Waterfront Property	555	604	-49	7,571	
Financial Performance - Business Interests					
Rental Revenue - Business Interests	1,236	863	373	3,454	
Total expenditure	221	275	54	587	
EBITDA - business Interests	1,015	588	427	2,867	

3. Portfolio risks

While Project ICE is expected to deliver numerous strategic and operational benefits risks do exist around change management and implementation of the new operating model. Our systems, enabling infrastructure and talent and staffing are areas where we continue to score low in our engagement surveys and these will be focus areas for the change project team.

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

4. Portfolio opportunities

As part of a number of business plan improvement initiatives the portfolio segmentation (asset class), performance and benchmarking project is underway. Our current systems and property classification are making this challenging. Our new operating model arising from Project ICE will assist in delivery of this initiative during this financial year.

The Asset Class operating model will assist in benchmarking the performance of our portfolios as most wider market research and indices are published around asset classes or property type.

Our new Alternative Assets team will be dedicated to and be responsible for investigation and identification of non-income producing and/or underperforming assets. Historically, we have focused on existing contract management and the potential to uncover and generate new revenues is an exciting opportunity

Marinas Update: Quarter 1 FY 2020.

Document Author(s)	Kevin Lidgard, Acting Head of Marinas
Approver	Ian Wheeler, Director Portfolio Management
Date	17 October 2019

1. Executive summary

Westhaven revenue is tracking ahead of budget with a waiting list of 270 vessels seeking 14m plus berths.

Silo Marina revenue is subject to seasonal influences and while tracking behind, berth extensions are complete, and berths are fully booked from this month to financial year end.

Viaduct Marina revenue is adversely impacted by the AC36 pile driving and dredging works. Allowance for the disruption to business was made when establishing the FY20 budget. No further disruption is expected as these works will be completed this month.

Overall the marinas are tracking in line with budget.

An extreme weather event resulted in moderate damage across the marinas and repairs are underway. *Withheld from the public under S7(2)(h) of the LGOIMA*. There was no resultant loss of income.

The Marina Village project is now underway. *Withheld from the public under S7(2)(h) of the LGOIMA*.

The Promenade Stage 2 construction is progressing on program. Communication with bertholders and tenants is generally well received. Parking limitations are being communicated through newsletters and social media.

Sadly, we have had an E scooter rider fatally injured while riding on Westhaven Drive. AT are investigating this accident as part of the ongoing scooter safety review. It is expected that a Coroner's inquest will take place during 2020 *Withheld from the public under S7(2)(h) of the LGOIMA* the road has been well maintained and is clearly marked.

2. Occupancy

Westhaven berth occupancy for the quarter is 93.8 per cent, but the overall percentage is reduced to 84.8 per cent by the declining performance of the Pile Moorings that are at only 48.4 per cent YTD.

Silo Marina currently is at 38.5 per cent YTD occupancy, down this quarter due to seasonal fluctuations.

Viaduct Marina averages 65 per cent occupancy.

3. Financial

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

4. Training and staffing

Our cadetship program continues to provide a pipeline of talent for the future.

Team leaders have recently completed Intermediate Marina Management training.

Senior team leaders have completed their Advanced Marina Manager training.

A dockmaster has completed the NZQA Marina Facilities and Operations Apprenticeship with four more staff participating in this course.

Representatives of the marinas team attended this year's NZ Marina Operators Association conference, participating in a diverse range of workshops, as well as valuable industry networking to stay abreast of change.

Marinas are currently recruiting talent and are in the final stages of recruitment for the new Head of Marinas. Existing staff are fulfilling any requirement and additional duties in the interim.

5. Customer satisfaction

The Westhaven customer satisfaction survey takes place in April each year. This FY satisfaction levels may be affected due to disruption as we deliver a significant number of projects in a short timeframe rather than staging fewer projects over a longer period of disruption.

Delivery of these projects has been signalled for some time as the Westhaven Plan has been communicated at forums and through our communication channels. Panuku Project delivery and Communications teams are supporting the Marina Team well as we explain potential disruptions and inconvenience that impact on our customers positive marina experience.

The Marinas Team also utilised a stand at this year's Auckland on Water Boat Show to communicate the Westhaven projects that are underway in the next few months. This was very well received by the boating community.

6. Marina risks

- The Westhaven marina office is a repurposed 1960's family home that is now workspace for 27 staff that have outgrown the building. *Withheld from the public under S7(2)(h) of the LGOIMA.*
- Piers G, H and J are flagged as failing infrastructure. *Withheld from the public under S7(2)(h) of the LGOIMA*.

  International Marina Consultants and Shore-wise have been engaged to propose concept options for this water space. The options will be evaluated to determine the optimal opportunities and the business case will be progressed.

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

7. Project risks

Westhaven has become a construction zone with many new projects in delivery. These projects involve several independent contractors undertaking various construction contracts.

Panuku Project Managers and professional services across each project have set up an overarching group of representatives to meet weekly and effectively coordinate activity. This forum will optimally coordinate cross project risks and issues and ensure effective communications to stakeholders, and the local community.

8. Marina opportunities

J pier – Expansion of our successful Sales Pier will add 9 berths. The delivery of new berths will be completed this year and has attracted brokerage businesses that will take up tenancies in the Westhaven Marine village. 7 of the 9 new berths now have long term rental agreements in place.

G, H and J Piers – Two independent consultants have been provided with demand data, marina rental rates and statistics that will influence design of berth renewals in this water space. *Withheld from the public under S7(2)(h) of the LGOIMA*. Design proposals will be evaluated, and a business case developed to progress this project in FY21.

S Pier refurbishment – the refurbishment will be completed by year end *Withheld from the public under S7(2)(h) of the LGOIMA*.

The marina team have identified 16 berths that can be lengthened by 2 meters and re-licensed *Withheld from the public under S7(2)(h) of the LGOIMA* with no capex costs.

Board Monthly Health and Safety Reporting – October 2019

Document Author(s)	Blair McMichael – Health and Safety Manager
Approver	David Rankin – Chief Operating Officer
Date	9 October 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

We continue to track to the Panuku Health and Safety Plan 2019/20 with emphasis on project management health and safety and health and safety risk mitigation. The board report highlights the improved levels of reporting within the project tool Sentient. The report also highlights that further work is required with the project teams to ensure early engagement in health and safety within the Initiate and Plan phases of a project, specifically capturing Safety in Design.

We reflect on the recent formation of the Westhaven Construction forum which captures all construction work activities across Westhaven marina and mirror the forum in existence in the Wynyard Quarter. The forum is facilitated by Panuku and allows each business, PCBU, with overlapping duties, to consult, cooperate, and coordinate work to ensure the reduced potential for a work-related health and safety event.

We provide reporting of all health and safety incidents and near misses during the month including the corrective actions implemented by either our contractors or directly by the business. Separately within this report we highlight a recent measles notification within our staff, the continuation of support and communications around the management of measles, including ‘at risk’ staff due to pregnancy.

Work continues in procuring a replacement support software for health and safety, which includes risk management. In September we reported that our executive had given approval to work with a preferred supplier and with the expectation the system would be operational in February 2020. We are now planning that implementation programme including linking in with other business system dependencies. One example is the training module planned by our People and Performance team within the existing system, Tupu. This module will assist health and safety to schedule all future training based on a role or job function.

We continue to drive the project mandated health and safety competency, ConstructSafe. This training is scheduled to be completed by December. During September our only recorded training was the Safety in Design program facilitated through Auckland Council.

The Board is provided with the draft Corporate health and Safety risk register, Appendix A. The register is provided for review and feedback following a review by our executive. It includes the existing mitigations actioned and those proposed to ensure the business is discharging its duties where reasonably practicable. A lot of mitigations revolve around the implementation of our frameworks, such as the contract management framework, with an emphasis in ensuring each is well understood and applied.

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. These are outlined below.

3.1 Incidents and near misses

During the month we recorded three ‘work related’, unsafe actions or conditions. These included:

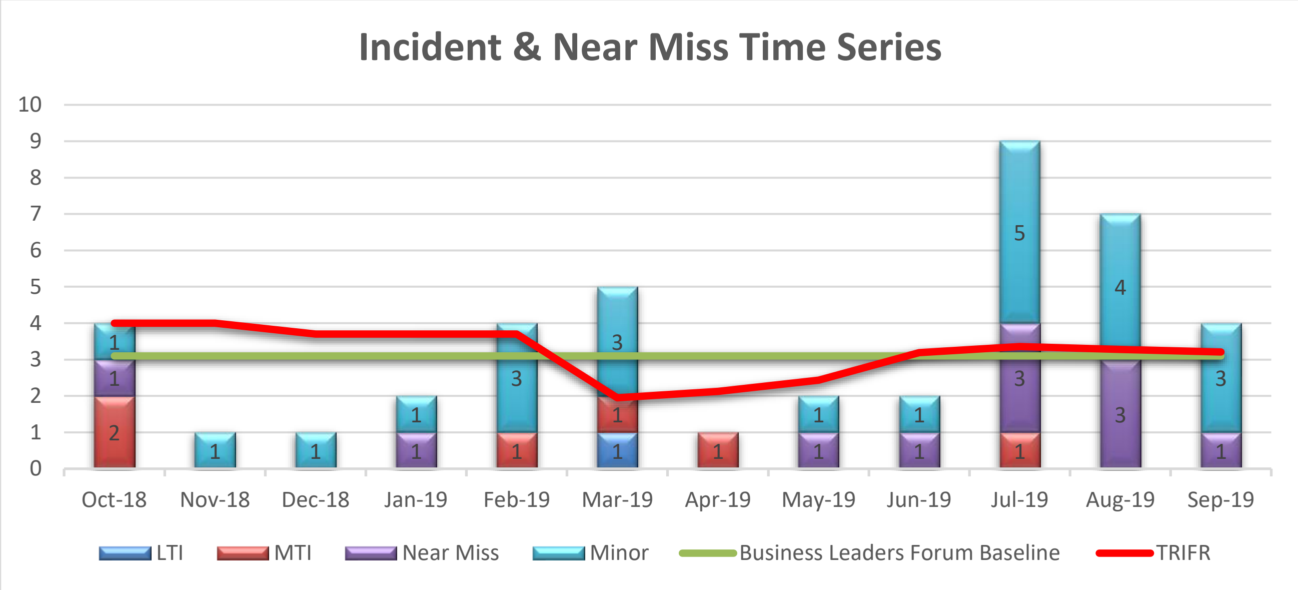
- a Panuku staff member accessing a construction worksite without informing the main contractor. This had the added issue of potentially exposing the staff member to overhead hazards as the contractor was working above. The staff member has been advised of their responsibilities when visiting a worksite and the contractor has tightened their site access of un-inducted personnel.
- The second unsafe condition was weather related and represented the need to secure the Elevated Work Platforms (EWPs) on a Henderson worksite due to high winds. The contractor stopped work as the task of attaching metal cladding had become unsafe to all workers and had the potential to affect the surrounding public areas.
- The third unsafe condition involved a Panuku staff member working with an events contractor whose management style was considered confrontational and potentially threatening. The staff member affected has been supported through their manager and will be provided training around managing confrontational situations. The people leader is following up with the events contractor to further understand the situation to avoid any future repeat of these behaviours.

Our staff were also among the first responders to a public non-work incident involving the death of a lime scooter rider along Westhaven Drive. Westhaven Drive is an Auckland Council asset managed through Auckland Transport. The Westhaven marina’s team is reviewing Westhaven Drive including the lighting and judder-bar markings. However, no action or inaction by staff or the condition of the asset is considered to have directly contributed to the incident. The accident is being fully investigated by the New Zealand Police.

Figure 1 shows the Panuku Total Recordable Incident Frequency Rate (TRIFR). Our results align to 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.

Given the high number of manual handling activities within Marinas, the Marinas team has begun to review the levels of fitness amongst the Panuku dockmasters. Specifically, the functions of a dockmaster are often impromptu, unplanned, with a high level of physicality of the work which have the potential to result in strains and sprains. The team will also look at improving the tasks around retrieving mooring lines and assisting berth-holder vessels. This work will continue through the boating seasons starting in October through to April.

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

We continue to extend our project health and safety reporting and now cover the Initiate, Plan and Deliver phases of Panuku's projects. The graph metrics are leading indicators of health and safety activity and engagement throughout a standard project lifecycle. The information from these graphs provides the Board an enhanced ability to monitor Panuku's health and safety management of higher risk projects and contractor health and safety.

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

Documents: These are the H&S documents associated with a project. This may include the health and safety risk register, review and monitoring of safety, business cases and project execution plan relevant to demonstrate compliance with the CMF. It also includes the design safety report and any other relevant design information for safety in design.

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. These three phases are reported on in figures 2,3 and 4 below. Additionally, each project should have multiple actions and documents. Project actions are an important indicator of H&S engagement and H&S risk mitigation, the project H&S documents and the supporting information they contain show the detail, including the how and when Panuku met its H&S obligations.

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) has 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.

All projects in planning and delivery phases, apply our Contract Management Framework, CMF. Where Panuku has multiple construction or planned activities in a single geographical location we have established an overarching construction forum. We have recently established the Westhaven Construction Forum recognising the level of planned construction works and the associated health and safety risks in that area. The forum met late in September with the intention of ensuring that the various PCBUs (Person Conducting a Business or Undertaking) were actively coordinating, cooperating and consulting with their various overlapping duties. The forum replicates the forums existing and in use by the Development team across the Wynyard Quarter. It allows Panuku to ensure aligned planning, inclusion, and communication to affected and interested persons such as Westhaven berth-holders, constructors, tenants, and groups such as the cycling network. The forum also allows us to consider impacting events through this area, including the Auckland Marathon, Auckland Boat Show, and so on.

Caveat: Project H&S information limitation

When reporting on project H&S information in Sentient, H&S only report on the quantity of H&S information, not the quality. Data quality attributes are : accurate, comprehensive, valid, relevant and timely, feedback and anecdotal evaluation is that there are issues with H&S data quality.

Panuku is continuing to improve its early project phase (initiate and plan) health and safety engagement and this can be seen in Figures 2 and 3; illustrating strong alignment between the project phase and risks. H&S documentation is still incomplete across all projects. Our expectation is that the trend line relationship between documentation and projects should be positive.

Figure 2. Health and safety risk: Project Initiate Phase

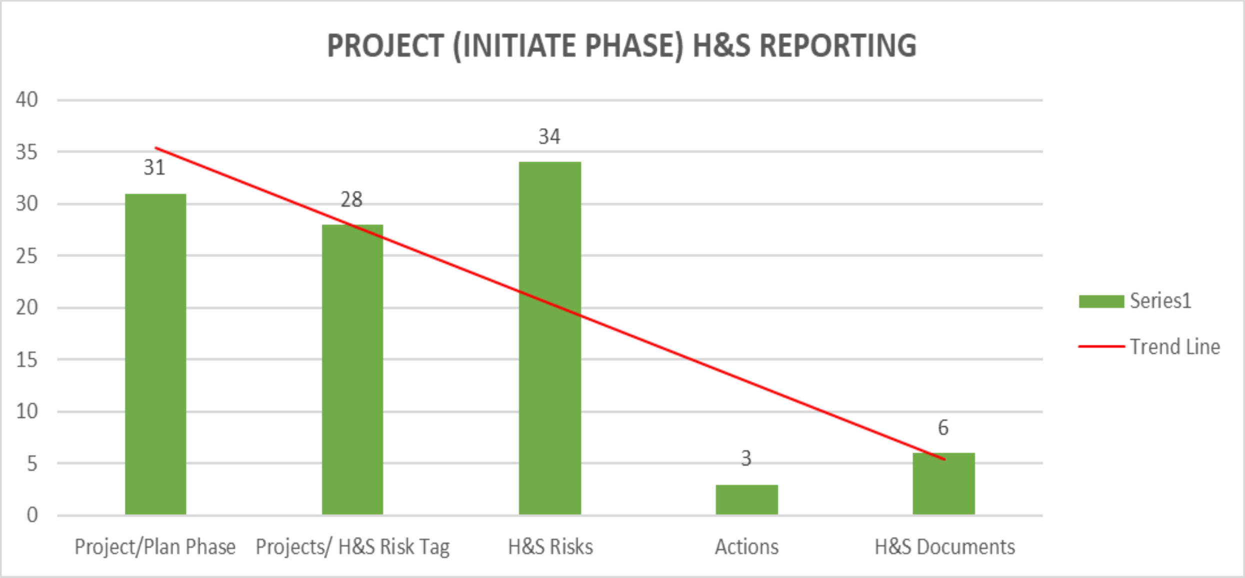
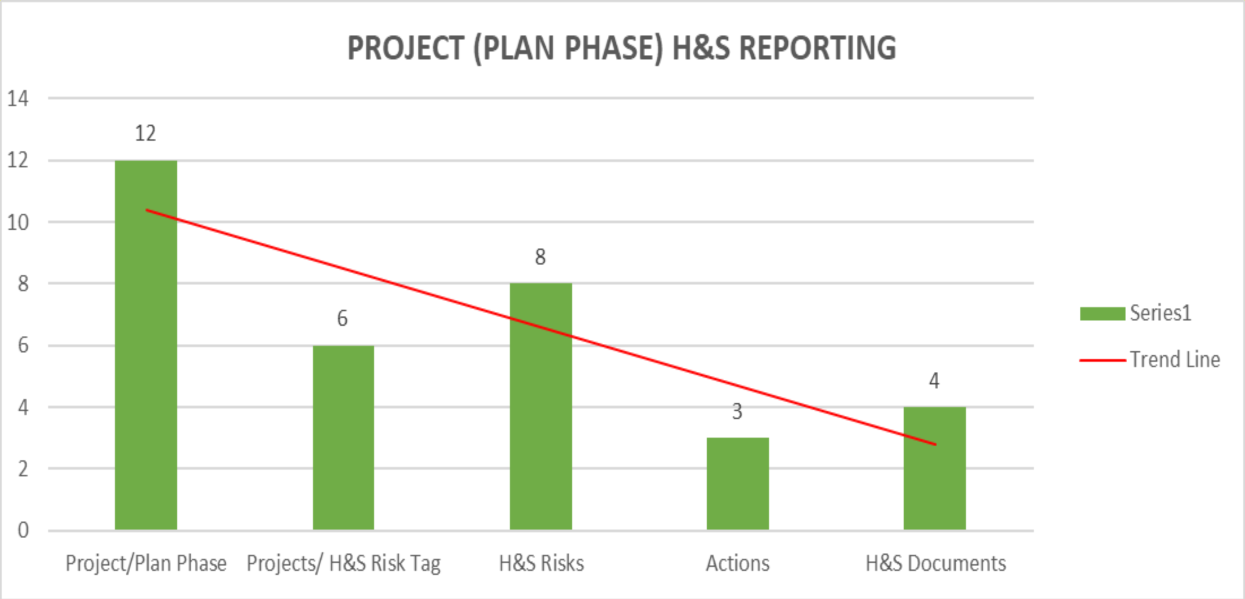
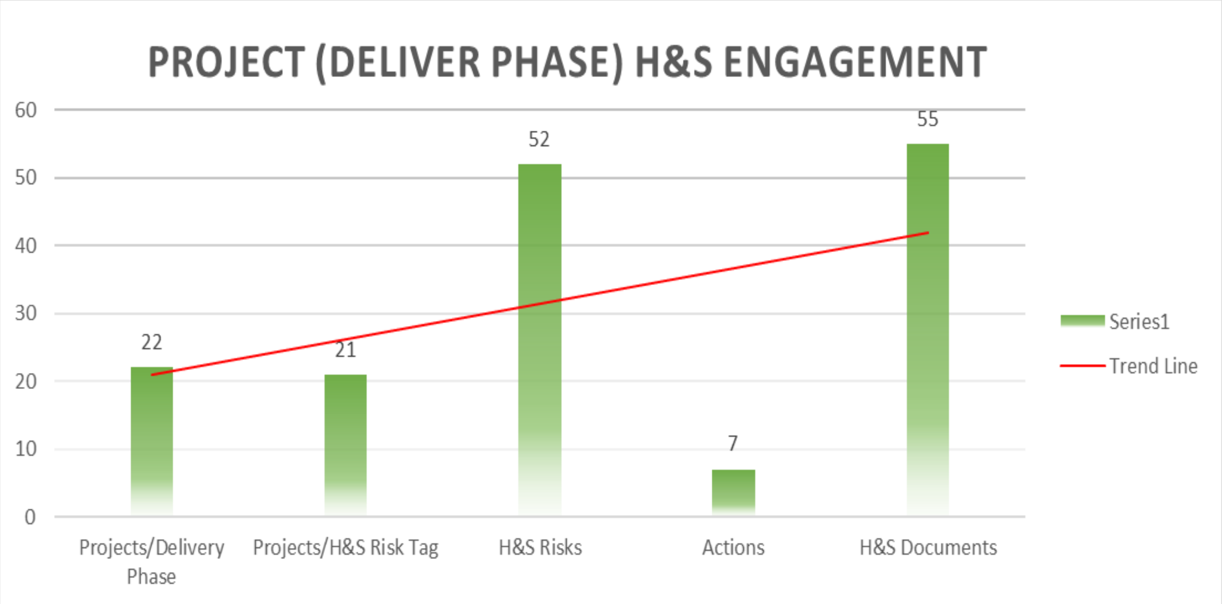


Figure 3. Health and safety risk: Project Plan Phase



Panuku has improved its understanding of project H&S reporting requirements for the deliver phase as can be seen in figure 4 below, with a very strong alignment between projects, risks and H&S documents. 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 Phase



3.3 Corporate H&S risks

We have been working with the executive during September and early October 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 undertaken in conjunction with the Panuku Risk Manager, to report back to the Board on the risk reporting framework.

Appendix A provides the Board with the Corporate Health and Safety Risk Register for information, summarising the findings of our executive.

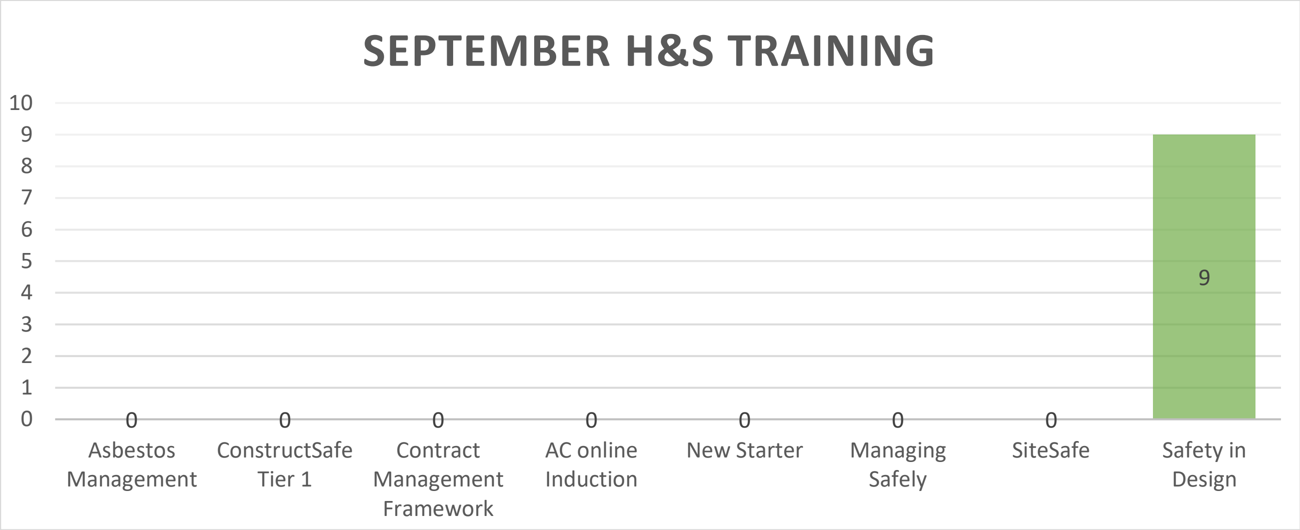
3.4 Event H&S risks

The health and safety team is working with the Risk Manager and members of the Design and Place team and has developed a proof of concept reporting framework for event management health and safety engagement. This will be discussed with our executive to get its feedback during November.

3.5 Competent and engaged people

Figure 5 provides an overview of September's health and safety training, by course type. A number of project managers completed the Auckland Council generic training on safety in design. We intend to follow this training up in the new year with the Panuku Safety in Design (SiD) process to ensure both the theory and the actual requirements for Panuku are aligned. No other training is recorded. We continue to work with the executive to ensure that our project managers complete the ConstructSafe competency prior to December. Our People and Culture team will be implementing the training and capability element of 'Tupu'. This will allow the business to forecast and accurately track all training.

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



3.6 Health and safety management systems

The Panuku executive continue to drive the planned implementation of a health, safety and risk software solution which is intended to replace the existing health and safety reporting system, Risk Manager. We are working through the information system security requirements and establishing a contract with our shareholder. Once we have agreed these points, we will be working through an implementation program, establishing any conflicting timelines to work to configure the system beyond February.

3.7 Panuku Staff Wellness

We had a confirmed case of measles in the office in September. We continue to advise staff around confirming vaccinations and isolating themselves in the event they believe they have been exposed. Significant information and communications have been made available to staff including direct support, which are consistent with the information provided through Auckland Council.

The Panuku health and safety team facilitated a wellness initiative for a mixed gender touch rugby team which has been endorsed through our executive. This sports activity will kick-off in the new year.

H&S is 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.

Panuku Development Auckland
An Auckland Council Organisation

Information Paper: Transform Manukau Programme Business Case FY20

Document Author(s)	Clive Fuhr – Project Development Director Tessa Meyer – Corporate Responsibility Advisor
Reviewer(s)	Allan Young – Director Development Brenna Waghorn – Director Strategy
Date	14 October 2019

1. Purpose

This report provides supplementary information on the Programme Business Case presented to the Panuku Board in September. It specifically provides information on the difference in benefits between the 'Transform' and 'Transform Plus' options, and why the 'Transform' option was recommended as the preferred investment level.

2. Key Points

The Programme Business Case (PBC) sets out strategic context for a programme and analyses investment options and their respective benefits. A PBC proposes the commercial and management approach to implementation as well as the financial implications. The focus should be on achieving the desired benefits. Panuku measures benefits using its Total Value Analysis methodology (TVA).

The recommended PBC for Transform Manukau shortlisted two investment options in the 'economic case'. The description and evaluation of the two shortlisted options is set out on pages 32-34 of the Transform Manukau PBC presented to the board in September 2019.

The 'Transform' option reflects the agreed programme and requires the continuation of the current level of resourcing based on the update of the FY19 PBC. It includes funding to assist the library relocation and contribute to potentially pump-prime a build to rent/affordable housing project. The 'Transform Plus' option shows the benefits that could possibly arise from increasing operating expenditure by $6 million and capital expenditure by $37 million for an additional community facility, further public realm enhancements and greater consequential employment outcomes.

The Transform Plus scenario assumed the same volume of housing with an additional community facility, not included in the base model, as well as funding to extend social procurement for all Panuku generated construction projects. It also assumed greater expenditure on public realm projects would deliver additional safety improvements and reduced crime.

The 'Transform Plus' option is shown to generate greater potential benefits. The higher marginal benefits are because investment in employment and well-being leads to long term societal benefits higher than other kinds of investment (applying the CBAx benefits values used by the Treasury). This represents value-add beyond housing and commercial development delivered by the private sector.

The Transform Plus scenario requires additional funding that was not judged to be affordable given the need to ensure credible progress in all locations. Nevertheless, it does demonstrate the value of greater investment in community facilities (which is being discussed with Council) and local employment which is possible though partnership with ATEED, TSI and the Crown.

The board determines the allocation and prioritisation of expenditure as part of adopting the suite of programme business cases, as part of the overall budget and programme approval process. The report to the board on the Long-Term Plan process sets out the funding arrangements for Panuku and the report on 'Reinvestment' explains how that funding is prioritised to locations and projects.

The need to make credible progress across all the locations has been an underlying principle influencing our investment decision making since the "regional reinvestment approach" was agreed with the shareholder.

The Executive recommended the 'Transform' option as being affordable and deliverable within the agreed priorities and resource envelopes currently available. The additional expenditure modelled for the Transform Plus option would potentially achieve further benefits in Manukau. However, it would require other planned expenditure in the priority location programme to be reduced, thus reducing the benefits that can be achieved in other priority locations.

3. Option evaluation and selection

The 'Transform' option includes $89 million of capital expenditure over the 9 years of the programme. It utilises $14 million of operating expenditure and generates $142 million of cash via property sales to assist in funding this and other programmes. The 'Transform' option generates a total economic value of $1.65 billion. The benefits arise from quality affordable housing, town centre vitality and improved safety, as well as social and active transport benefits. The benefits in relation to expenditure were assessed at 1.24:1, and overall the option represents high value for money combined with budgetary affordability.

The 'Transform' option provides the essential building blocks for transformation (redeveloping underutilised property assets for housing and commercial development, together with improved amenity and placemaking to attract visitors, businesses and investors) aligned with our mandate and that of Auckland Council. A range of non-financial benefits are not captured in the methodology such as improved water and environmental quality and resilience.

The PBC process is designed to evaluate the benefits that can be achieved from different levels of investment in a priority location. For the purposes of developing the comparative investment options, an indicative urban regeneration scenario was developed (Transform Plus) with provision of additional community facilities and employment outcomes and with additional operating and capital expenditure of a combined $43 million.

The 'Transform Plus' scenario generated a total economic value of $1.85 billion. Assumptions are indicative rather than based on a fully developed scheme. The benefits in relation to expenditure were assessed at 1.36:1. This illustrates a higher marginal benefit per dollar invested, as social and wellbeing benefits accrue at a significantly higher value per dollar invested than housing and commercial infrastructure.

Both programmes represent value for money from an economic perspective. The Manukau Transform programme (preferred) was selected for critical affordability reasons.

Affordability

The Status Quo programme is affordable and viable under the Financial Case, while the Transform Plus option is not. TVA results form only part of the Economic Case and results must be considered alongside critical Strategic, Commercial, Management and Financial Case considerations. TVA is not a standalone method to select a preferred programme option.

The 'Transform Plus' scenario was not judged to be affordable, particularly given the need to ensure credible progress in all locations. However, it does demonstrate the value of greater investment in community facilities (which is being discussed with Council) and local employment, which can be enhanced by partnership with the Crown.

Value for money

Both scenarios have positive benefit-cost-ratios (BCR) of:

- 1.24:1 under Transform (Preferred option)
- 1.36:1 under Transform Plus option

While there is no target minimum BCR to justify projects, Auckland Council's expectation is that projects will have a BCR above 1.0, illustrating economic value for money being achieved. Both shortlisted programmes are attractive from an economic perspective, therefore decision making relies on other considerations like affordability and achievability.

Relativity

Manukau's preferred option has a lower BCR (1.24:1) than the average BCR (1.34:1) when compared against all preferred priority location scenarios. However it is important that TVA is not used in isolation to compare programmes, as the programmes are quite different reflecting the location needs, priorities, opportunities and outcomes sought.

4. Outline of Total Value Analysis

- Benefits applied in this TVA analysis have been sourced from original SGS Economics and Planning and Sapere Research advice (2018) and the recently published Treasury CBAx benefit values. The application of major benefits has been peer reviewed and altered by the Auckland Council Chief Economist's Unit to ensure robustness and conservatism.
- Modelled costs represent Panuku Capex and Opex and private market costs. This reflects TVA's underlying principle of society-wide resource allocation testing.
- Benefits are not modelled in a linear way in TVA. Benefits are attributed where significant investment is directed, and the value of these associated benefits vary.
- Limitations in undertaking TVA analysis include under or overestimated benefits, simplification of complex markets and uncertainty arising from its prospective approach. A further limitation is that a number of non-financial benefits, such as improved water and environmental quality and resilience and reduced carbon emissions, which not been quantified.

Information Paper: Unlock Panmure relationship with Tāmaki Regeneration Company

Document Author(s)	Jessica Laing – Project Director Unlock Panmure
Reviewer(s)	Brenna Waghorn – Director Strategy
Date	14 October 2019

1. Purpose

The purpose of this paper is to provide an overview of the relationship between Unlock Panmure project and Tāmaki Regeneration Company (TRC) including:

- TRC formation, funding mechanism, and recent structural changes;
- TRC and Panuku respective project mandate and responsibilities; and
- Unlock Panmure project collaboration with TRC.

2. Tāmaki Regeneration Company formation background

2.1. Tāmaki Regeneration Company formation

Tāmaki Redevelopment Company Limited (TRC) was established by Crown and Council in 2012 to lead the Tāmaki Regeneration programme to achieve four key objectives - social transformation, economic development, placemaking and housing/resources. It was the first urban renewal entity of its type in New Zealand and the first joint shareholding company between Crown and a local authority.

2.2. Governance and funding agreements

TRC as a shareholding company is owned 59 per cent by the Crown and 41 per cent by Auckland Council. In March 2016 the revised Shareholder's Agreement set out a new TRC company structure to support TRC's operation as owner and manager of the properties. On 1 April 2016 Crown transferred 2,800 Housing New Zealand Company properties to TRC and made available a $200 million loan facility as working capital.

The agreement includes a requirement that the Council designate the Tāmaki area as one of its spatial priority areas in its long-term plan and a commitment that the Tāmaki area will receive a high priority for future council investment and effort. This includes the provision of funding support for approved works within the area that are critical to the successful enabling of the redevelopment. The Council has not put any property or assets into the company.

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

2.3. Structural change in 2018

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

3. Tāmaki Regeneration and Unlock Panmure programmes

3.1. Tāmaki Regeneration and Unlock Panmure programmes

The Tāmaki Regeneration programme led by TRC covers approximately 600 hectares of developed land encompassing three neighbourhoods including Glen Innes and town centre (red), Point England (orange) and Panmure (yellow) as illustrated in Figure 1. The programme aims to redevelop 2,500 old state homes into a minimum of 7,500 new, warm and dry healthy homes over the next 15-20 years. It is anticipated that the number of residents living in Tāmaki will increase from 18,000 to 40,000 across the next 20 years.

The Unlock Panmure programme led by Panuku covers 43 hectares of Pannure town centre including the main street of Queens Road, Panmure transport hub, and commercial area to the west illustrated in purple outline in Figure 1. In March 2018, the Planning Committee gave approval for Panuku to be the lead urban regeneration agency to revitalise the town centre over the next 10-15 years to support the anticipated future residential growth of wider Tāmaki.

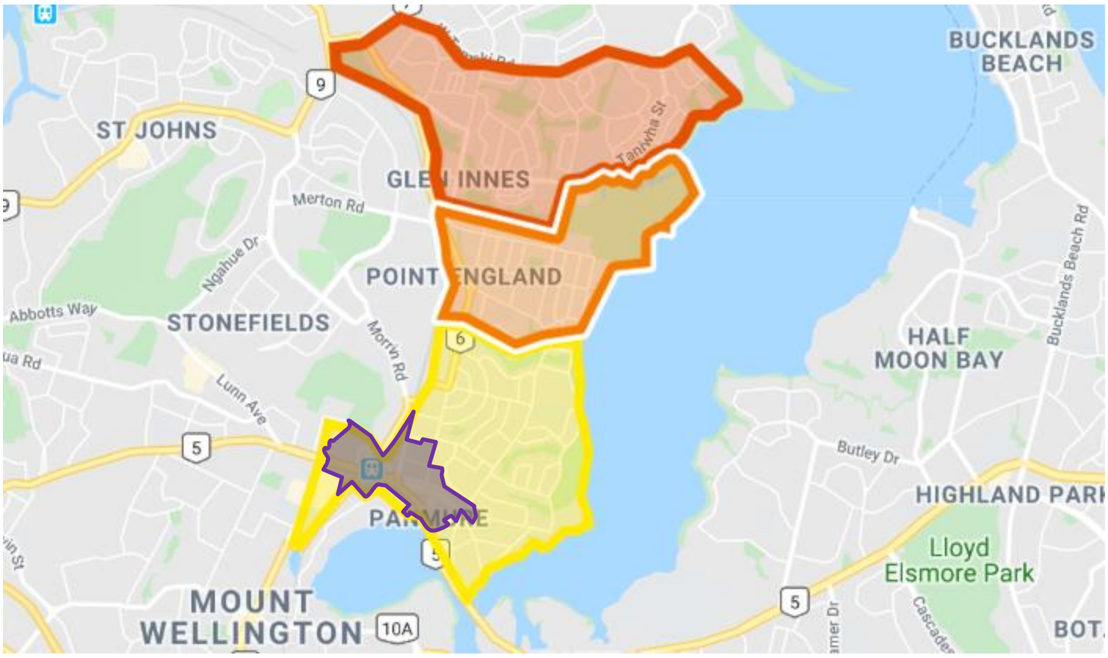


Figure 1: Tāmaki Regeneration project area

4. Collaboration between TRC and Unlock Panmure

4.1. Development of the Unlock Panmure High Level Project Plan

Since mid-2017, Panuku and TRC have worked closely together as part of a cross-agency project team to develop the Unlock Panmure High Level Project Plan (HLPP) and Programme Business Case. The collaboration from project inception set the foundation of aligning the urban regeneration objectives from both agencies, to ensure that Panmure town centre infrastructure investment is fit for purpose in enabling the planned Tāmaki growth including provision of community facilities, local services, open space and public realm amenities, and local employment opportunities. Integration of both Panuku and TRC project teams during the HLPP phase include:

- June-November 2017: Development of the HLPP and Programme Business Case through a series of cross agency Inquiry-by-Design workshops including multi-disciplinary specialists from Auckland Council, ATEED, Auckland Transport, TRC, and Maungakiekie-Tāmaki Local Board led by Panuku.

- October-December 2017: Joint Panmure community engagement through information sessions and public survey.
- December 2017 - January 2018: Unlock Panmure HLPP workshop with Maungakiekie-Tāmaki Local Board and formal endorsement.
- February 2018: Presentation to both Panuku and TRC boards seeking formal approval.
- March 2018: Presentation to the Planning Committee workshop and formal approval of Unlock Panmure HLPP.

4.2. Ongoing communications and collaboration

The Unlock Panmure Programme Business Case was approved by Panuku Board in June 2018 with a programme of works for delivery including development, public realm, and placemaking. To ensure on-going programme alignment with relevant delivery agencies, Panuku have been leading the following regular cross-agency forums and project specific integration since July 2018:

- Engagement and Communications Working Group (ECWG) every 6 weeks involving TRC, Auckland Transport, Auckland Council, ATEED, Maungakiekie-ā Local Board (advisors) to provide regular Unlock Panmure programme progress update and co-ordination in external engagement and communication activities.
- October 2018 – April 2019: Panmure town centre streetscape project workshops for the Indicative Business Case (IBC) involving TRC, Auckland Transport, Auckland Council, and Maungakiekie-Tāmaki Local Board (advisors).
- October 2018 – June 2019: Community Needs Assessment for Panmure and Glen Innes town centres jointly undertaken with Auckland Council Community Services department. In June 2019, endorsement was obtained from the Maungakiekie-Tāmaki Local Board to progress with IBC to investigate new investment for both centres in line with projected Tāmaki population growth.
- Monthly programme progress highlights reporting to TRC Board.
- December 2018: Panuku, TRC, and Auckland Transport jointly hosted Minister Phil Twyford and Mayor in a tour of Unlock Panmure and proposal to revitalise the town centre, and integration with the Tāmaki Regeneration and AMETI programmes.

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

Information Paper: Corporate Property 82 Manukau Rd, Pukekohe, Go to Market

Document Author	Jason Cauvain, Development Manager
Reviewer(s)	Marian Webb, Manager Portfolio Strategy David Rankin, Chief Operating Officer
Date	15 October 2019

1. Purpose

The purpose of this paper is to inform the Panuku Board about the go to market strategy for 82 Manukau Road, Pukekohe. 82 Manukau Road, Pukekohe is identified for sale as part of the Corporate Property Portfolio Strategy with capital receipts ring-fenced for reinvestment into a programme of works to create a fit-for-purpose corporate property network. The property falls within the Unlock Pukekohe location.

2. Property details

Location:	82 Manukau Rd, Pukekohe
Site area:	1.3090 ha
Unitary Plan zoning:	Business – Mixed Use zone
Asset owner:	Corporate Property
Current use:	Council office

3. Context

Panuku has agreed to provide property transaction services to Auckland Council relating to the sale of seven council owned properties, to enable the delivery of the approved Corporate Property Portfolio Strategy. This strategy was approved by Auckland Council's executive leadership team in February 2018.

The Finance and Performance Committee approved the disposal of 82 Manukau Road on 15 May 2018. It also approved capital receipts be ring-fenced to reinvest into the corporate property programme of works. The disposal is essential to realising value and providing funds to be reinvested in the agreed programme to create a fit-for-purpose and future-proofed corporate property network. The primary objective of disposal of this property is capital receipts while also acting as a catalyst for regeneration for the Unlock Pukekohe Programme.

The budget for this sale sits with Auckland Council and Panuku is required to report to council on budget.

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

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4. Discussion

4.1 Objectives

The Corporate Property Portfolio Strategy identified the disposal of 82 Manukau Road as a primary key activity. The disposal is essential to realising value and providing funds to be reinvested in the agreed programme to create a fit-for-purpose and future-proofed corporate property network. Albeit the primary objective of this disposal is capital receipts, it has been agreed that there is an opportunity to align with the objectives set out in the Unlock Pukekohe high level project plan (HLPP)

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

4.2 Marketing strategy

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

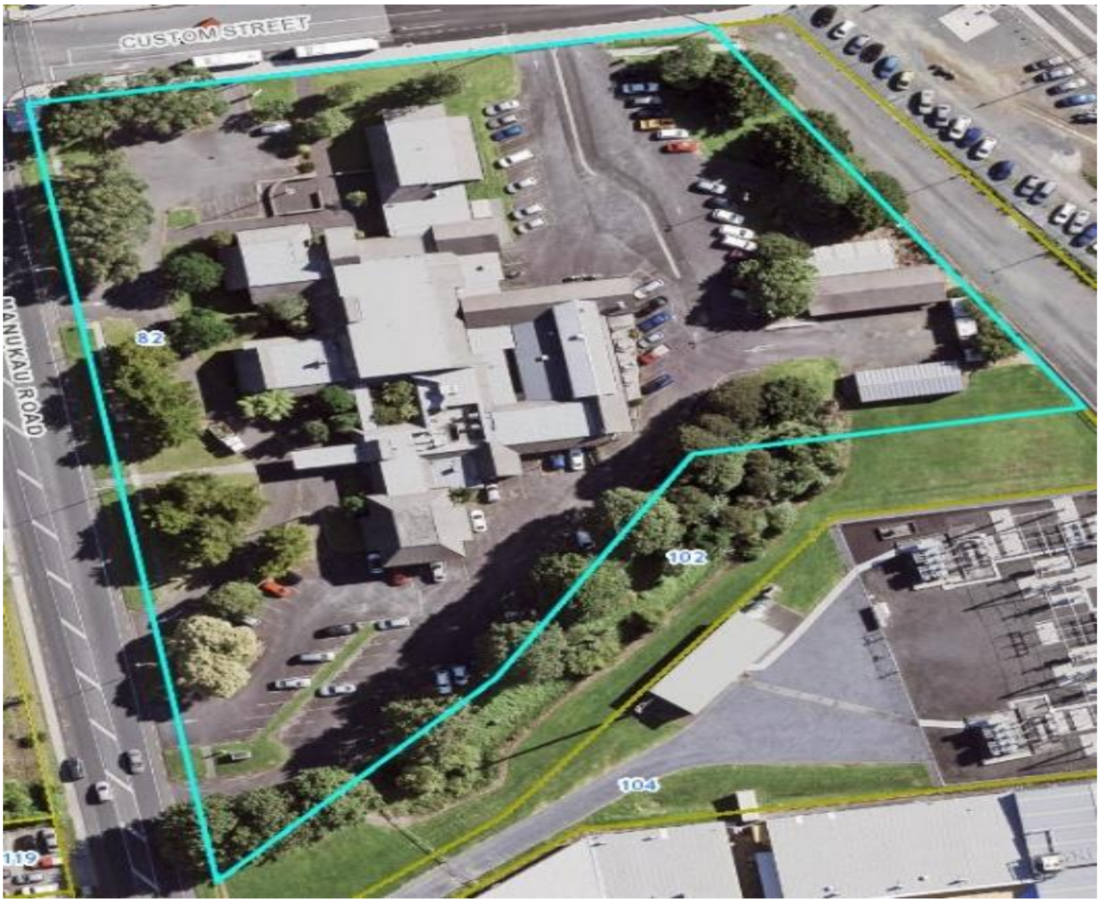
LGOIMA Status

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)).

Appendix 1 – Location map



Decision Paper: 30 June 2019 Annual Report

Document Author(s)	Lydia Sheridan, Head of Marketing and Communications Kingsha Changwai, Manager Business Planning and Reporting Michele Harpham, Finance Manager
Reviewer(s)	Carl Gosbee, Director Corporate Services
Date	14 October 2019

1. Purpose

The purpose of the report is to present the 30 June 2019 Annual Report for the Board to consider as part of the requirements of the Local Government (Auckland Council) Act 2009.

2. Background

Under the Local Government (Auckland Council) Act 2009, all Auckland Council CCO's must hold two meetings in public each year. The first must be held before 30 June each year for the purpose of considering comments from shareholders on the organisation's draft Statement of Intent for the following financial year. The second meeting must be held after 1 July each year for the purpose of considering the organisation's performance under its Statement of Intent in the previous financial year.

Generally, the second meeting is held in conjunction with the approval of the Panuku Annual Report. However for Panuku this is deferred until after Auckland Council releases its results to the NZX, due to requirements arising from NZX rules on continuous disclosure. The Board adopted the Annual Report in the confidential section of its 30 August 2019 meeting, but it is now being made public and being considered in the public section of the Board meeting. The Annual Report is included as **attachment A**.

3. Recommendations

It is **recommended** that the Board:

a) **receives** the report.

4. Prior Board and Council engagement and decisions

Why approval is required	Companies Act 1993, Local Government Act 2002, Local Government (Auckland Council) Act 2009
Policy reference	Board Delegated Authority | Strategy, planning and governance Authorities & Approvals Reserved by the Board - Annual Report

Previous Board engagement and decisions			
Date	**Engagement**	**Document**	**Decision**
30 August 2019	Board Meeting	30 June 2019 Annual Report	Michele Harpham, Finance Manager, and Lydia Sheridan, Head of Marketing & Communications, joined the meeting. Carl Gosbee, Director Corporate Services, introduced the report. The board discussed the following matters: • Change to the Representation Letter has been discussed with Mike Pohio, Chair Audit and Risk Committee. • Use of the annual report as a vehicle to tell our story. The board noted the tremendous work of executive and staff and the thorough review at Audit and Risk Committee. Following the conclusion of discussions, the Panuku Board: 1. Adopted the Annual Report for the year ended 30 June 2019. 2. Authorised the Board Chair and the Audit and Risk Committee Chair to sign the Annual Financial Statements on behalf of the Board. Authorised the Board Chair and the Audit and Risk Committee Chair to sign the Letter of Representation to Audit New Zealand.

5. Performance Targets

The performance for the year to 30 June 2019 against targets identified in Panuku's Statement of Intent is detailed in the Statement of Service Performance on pages 42 to 47 of the Annual Report.

There were 15 measures in total. 13 of the measures were assessed as achieved where the performance result for the year is either equal to or above the target. One measure was substantially achieved and one measure was not achieved. These were the percentage of Aucklanders surveyed who have visited the city centre waterfront in the past year where the result was and % of planned Transform and Unlock initiatives completed.

6. Financial Results

The financial results for the year 30 June 2019 are detailed in the Financial Statements on pages 49 to 88 of the Annual Report. These financial statements only show the performance of Panuku as a company and therefore do not show the financial performance or financial position related to the portfolio of assets and developments that Panuku controls on behalf of Council.

For the year ended 30 June 2019, Panuku achieved a net surplus before tax of $17.0 million. Due to the way Auckland Council funds the capital expenditure of Panuku, this was less than budget, however if we remove capital funding, and the non-cash impact of investment property revaluations, the net surplus was $2.6m million ahead of the budget.

Capital expenditure for the year was $27.3 million. Major projects progressed this year include the restoration of the Vos Shed, the promenade in front of the Park Hyatt Hotel, contamination remediation on stage 2 of the Willis Bond and Precinct developments, the new Sealink site and America's Cup superyacht related works in the Viaduct Basin.

On 26 June 2019, assets located in the downtown waterfront and Wynyard Quarter areas were transferred from Panuku to Auckland Council. As a result of the transfer, the net assets of Panuku decreased from $724.5m at 30 June 2018, to $10.3m at 30 June 2019. As the transfer occurred very close to year end there was no impact on the net surplus before tax.

Panuku will continue to lead the development of the city centre waterfront and has been given new delegations to develop and manage the waterfront properties such that its operations will remain unaffected. The resulting structure reduces governance duplication, increases consistency with other development areas in the region and maximises future flexibility.

Document Sign-off

Role	Name	Sign-off Date	Signature
Director Corporate Services	Carl Gosbee		
Chief Executive	Roger MacDonald		

Annual Report 2018-19

Panuku Development Auckland
An Auckland Council Organisation


TAKAPUNA


TATTOO
WALLACE COTTON

Highlights 2018

July

Panuku announced the acquisition of Onehunga Wharf on behalf of Auckland Council in a move that will be critical to the regeneration of the neighbourhood over the next 30 years.

August

Public consultation and a representative survey both showed support for a new town square and revitalisation of the central Takapuna car park site at 40 Anzac Street. More than 5000 people submitted to the consultation, providing a clear path forward for the project.

September

Landscape improvements for Putney Way in Manukau were completed, making it a safer, more pedestrian-friendly connection to the Manukau town centre. The event was celebrated with a day of free activities for the local community.

October

We launched the use of Social Pinpoint, an innovative community engagement tool, in Panmure. The tool is designed to attract new audiences, in particular younger people, to feedback on our plans. We received approximately 2500 visitors to the website.

November

The proposal for Panuku to lead the redevelopment of Pukekohe's town centre to ensure its continued economic prosperity was approved by the mayor and councillors.

December

New designs of the Ormiston town centre were revealed. Panuku is working with Todd Property Group to create the town centre as part of a plan to develop 19ha of formerly council-owned land into a thriving new community.

Highlights 2019

January

University students visited Henderson as part of the C40 Reinventing Cities design competition, an international initiative to inspire world-leading sustainable design.

February

A new marine facility was confirmed for Wynyard Quarter, and will feature marine services, commercial buildings and an apartment tower. The development is expected to create more than 500 jobs.

March

Panuku and MIT announced an expansion of MIT's Manukau campus, with a new technology hub that will bring an additional 1200 students and academic staff to the town centre.

April

We released the Northcote Town Centre Benchmark Masterplan, which shows how the town centre renewal will include eateries, shops and public spaces, while retaining a distinctly Northcote flavour.

May

The preferred operator and a proposed concept design for the Takapuna Beach Holiday Park were released. The holiday park will receive a staged upgrade that reflects the nostalgia of a traditional Kiwi beachside holiday.

June

The agreement to develop the Civic Administration Building into apartments, as part of the Civic Quarter, was settled. The project will include the restoration of the iconic heritage building and the development of a new community whare tapere (theatre).

Contents

From the Chair

Kia ora koutou katoa,

Panuku Development Auckland serves Auckland Council and Auckland's communities. As many of you may know, I took over from Richard Aitken as Chair of the Panuku Development Auckland Board in November 2018.

Those who know my career will be aware that I've served on many boards. However, as someone who has been involved in Auckland's growth throughout my career, serving on this board is a special privilege for me at this critical time in Auckland's transformation.

My driving passion is to support the creation of enduring, sustainable, beautiful, integrated and diverse communities throughout New Zealand, which are well-connected by transport links.

Since my appointment, I've been getting up to speed on the business, meeting with key stakeholders and looking at our exciting programme of work across Auckland. I've been advocating for Panuku in Auckland and Wellington to ensure the organisation is aligned to both central and local government. We can achieve at a much greater scale through partnership with central government, facilitating more homes for all New Zealanders and greatly improving urban town centres in Auckland.

For the past few years, Panuku has been in a strategic planning phase in many of its neighbourhoods. This planning work was critical to our success, and I'm delighted to see vision becoming reality in many locations across Auckland.

This coming year, building accessible, attractive town centres in collaboration with mana whenua, our communities and other key stakeholders is our priority. This will also allow us to help address Auckland's housing crisis by enabling quality housing at scale. We'll provide urban density and bring Aucklanders closer to public transport networks, allowing them to reduce their daily carbon footprint. Ultimately, we're focussed on helping our communities become strong, diverse and resilient.

As directed by Auckland Council, Panuku is currently facilitating the building of homes in Hobsonville Point, an electric car and bike-friendly car park building that is decorated with mana whenua art in Takapuna and enhanced laneways in Onehunga. This work will become increasingly visible across Auckland, with plans for a university campus in Manukau and a hotel on the waterfront both being realised within the next 12 months, among many other projects.

Lastly, I'd like to acknowledge the hard work of the Westhaven Marina team, who were one of only three finalists at the International Marina of the Year awards. This follows their recent success at the New Zealand Marina of the Year awards, where they won New Zealand's Best Marina. Congratulations to the team!

I look forward to seeing more of Panuku's work being recognised in this manner over the coming year.

Ngā mihi

Adrienne Young-Cooper
Board Chair
Panuku Development Auckland

From the Chief Executive

Kia ora koutou katoa,

It's been a productive year for Panuku, as we've been focussed on delivering on our vision to shape spaces for Aucklanders to love.

We have passionate people at our organisation who come to work each day with the dedication and drive we need to deliver on the important mandate set by Auckland Council. I am supported by an executive leadership team that help me steer our waka through our complex operating environment.

Integral to this work is our new chair, Adrienne Young-Cooper. Adrienne is a highly qualified company director with over 30 years' experience. She has an in-depth knowledge of Auckland's housing and growth challenges and has held significant governance and leadership roles in large organisations tasked with delivering major infrastructure projects. Her background is invaluable to our organisation, and I'm thrilled to have her join the board in guiding our work.

I am proud that we have delivered significant placemaking in many of our communities, including a new space, 38 Hurstmere, in Takapuna. We have also made excellent returns on our property portfolio this financial year, helping the council redirect funds into its priority projects.

During the year we transferred ownership of the waterfront property portfolio from Panuku to Auckland Council to consolidate the ownership of assets into a single entity. This was a very complex process which was completed successfully.

Despite our strength, we cannot achieve our mandate alone. Our complex operating environment means that we need to harness the resources and expertise of others outside the organisation to ensure continued momentum and the best use of finite resources.

We work closely with mana whenua, both by enabling commercial opportunities and honouring their role as kaitiaki of the land.

Central government has established the Ministry of Housing and Urban Development and Kāinga Ora, the housing and urban development authority. We have a shared purpose and we look forward to working alongside the authority in our neighbourhoods.

Auckland Council, including other CCOs, local boards and our communities are also critical to our success.

Of course, this type of work has its challenges. External pressures, such as property market fluctuations and labour and material costs, are an everyday reality of our business. With an increased focus on urban regeneration nationally, the ability to source and retain excellent talent will become even more competitive.

I'm reminded of the Māori proverb that asks: 'What is the most important thing of all? It is the people, it is the people, it is the people.'

It's the people – those inside our organisation and those we work alongside – who demonstrate passion and purpose. They make the difference in our work and they will continue to deliver high-quality urban regeneration for Auckland in the years to come.

Ngā mihi

Roger MacDonald
Chief Executive
Panuku Development Auckland

Who we are

We're visionary

We imagine a city of strong neighbourhoods that are 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, town centre plans and economic development strategies. We are a centre of excellence for planning for delivery.

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 and local boards, mana whenua, the private sector, crown organisations and our neighbourhood locals to deliver urban regeneration for Tāmaki Makaurau.

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, and working with others in general, is an ongoing focus for us.

We are also 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.

What we do

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 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.

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, playground, cycling paths and streets.

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.

Working with Māori

Our name shows the unique relationship we have with the kaitiaki of Tāmaki Makaurau and the opportunity we have to reconnect Auckland with its Māori heritage through our projects.

Our commitment to Māori falls into three categories:

1. working towards shared strategic outcomes
2. celebrating Māori cultural identity across the region through design, respect for the environment and social outcomes
3. enabling commercial opportunities for Māori.

Placemaking

The local community plays a strong cooperative role in building their places. It's an inclusive approach which can benefit all outcomes – social, commercial and everything in between. This includes giving the community the opportunity to have their say, fostering the creation of successful places through placemaking or helping businesses to grow and prosper.

Property management

Buying property

We buy property on behalf of Auckland Council for public services, such as parks and open spaces, and public service projects, such as 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. Some properties are also managed 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 city 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 for its current purpose, 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 provide them with a set of rules. These include requirements to create buildings that benefit neighbourhoods, and guarantee all homes are healthy, energy efficient and better for the environment.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How we do it

Our approach to urban regeneration is captured in three categories of work – Transform, Unlock and Support.

Transform

Where we transform an entire neighbourhood through urban regeneration. Our Transform locations are Wynyard Quarter, Manukau and Onehunga.

Unlock

Where we facilitate revitalisation of an area through a few key properties within a town centre. Our Unlock locations include Northcote, Henderson, Takapuna and Avondale.

Support

Where we use council land to build more houses, such as Link Crescent in Whangaparaoa.

Where we're working

From Whangaparaoa in the north to Pukekohe in the south, 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:

- which areas are a focus for growth in the Auckland Plan
- where there is opportunity to leverage existing infrastructure
- where Auckland Council owns land
- where there is an opportunity to work with other partners, such as central government and iwi


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Governance

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 and property management.

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.

Board Chair Richard Aitken's term expired on 31 October 2018 and he was succeeded by Adrienne Young-Cooper on 1 November 2018.

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.

Our current board

Adrienne Young-Cooper
(BA, MSc, CFInstD)

Chair

Adrienne Young-Cooper has been involved in Auckland growth matters throughout her 40- year long career.
Adrienne's driving passion as a professional director is to support the creation of enduring, sustainable, beautiful, integrated and diverse communities throughout New Zealand, that are 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.

Her responsibilities include being director of HLC and deputy chair of Housing New Zealand Corporation. Both of these organisations will soon be merging with KiwiBuild to become Kāinga Ora, the government's urban development agency.

Dr Susan Macken
(BSc, BCom, PhD Economics, MInstD)

Deputy Chair

Dr Susan Macken has BSc and BCom degrees from Auckland University and a PhD in Economics from Cambridge University. She held various high-level roles at Fletcher Challenge before becoming CEO of the Problem Gambling Foundation, then CEO of the Auckland Regional Economic Development Strategy. Since then, Susan has been a company director and business consultant. She is currently Chair of Kiwibank, Deputy Chair of the Tamaki Redevelopment Company and Chair of Spa Electrics Pty (Australia).

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 at 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, as a board member of Ngāi Tahu Property and Force Corporation.

Richard Leggat
(BSc, CMInstD)

Director

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

For the past seven 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, Chair of the NZ Cycle Trail, a director of Winter Games NZ and a director of SnowSports NZ.

Mike Pohio
(MBA, FCA, CMInstD)

Director

Mike has significant experience in property, investment, transport/logistics and primary industries. Mike currently holds directorships on a range of boards whose interests include property, investment, iwi and research. Mike holds an MBA from IMD, Lausanne and a Fellowship with Chartered Accountants Australia and New Zealand.

Paul Majurey
(LLB (Hons), MInstD)

Director

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

Paul has extensive governance experience. He chairs several statutory entities and companies and is a director on many company boards. He also has extensive experience chairing three separate iwi and hapū collectives, comprising 30 iwi and hapū.

Martin Udale
(BSc Hons)

Director

Martin has over 35 years' experience in commercial and residential property development and investment in the UK, Australia and New Zealand.

Martin has a particular interest in innovation, regeneration and transformation. He has been a regular advisor to both local and central government on a range of urban development matters.

Martin holds a number of board and governance roles including inaugural Chair and current Director of the Tāmaki Regeneration Company and Chair of the Residential Development Council.

Our leadership team

Roger MacDonald
(FRICS, MSc)

Chief Executive

Roger has led property and infrastructure projects in the Middle East, the UK, Europe, India, the US and Africa. He has a wealth of experience delivering truly sustainable mixed-use developments, including a wide range of complex government projects, particularly in the UK. Roger is a Fellow of the Royal Institute of Chartered Surveyors and has a Masters of Science in Information Technology and Business Communications.

Monica Ayers
(BA, PGDipBusAdmin)

Director, People and Culture

Monica leads strategic people initiatives designed to build Panuku's capacity, capability and culture. This includes leveraging Auckland Council's shared services to deliver cost-effective people services to the Panuku team.

Monica has a wealth of senior HR experience, specialising in leadership, culture, coaching, talent, training and organisational development. She has worked in a range of different sectors, including telecommunications, health and insurance.

Angelika Cutler
(BCS)

Director, 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. She has broad experience in corporate strategy, strategic communications and stakeholder relations, crisis management, internal communications and project management.

Carl Gosbee

(BSc, FCCA)

Director, Corporate Services

Carl Gosbee has over 20 years' experience in corporate financial management for local government, regeneration, and property development companies.

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

Rod Marler

(BArch, MBA)

Director, Design and Place

Rod has more than 30 years' experience delivering large and complex projects. He joined Waterfront Auckland at its inception in November 2010 following an eight-year role as General Manager Design, Westfield New Zealand. In 2015 he was part of the Waterfront Auckland team that merged with Auckland Council Properties to form Panuku Development Auckland.

In May 2012 Rod was seconded to CERA (Canterbury Earthquake Recovery Authority) to lead the development of the Christchurch Blueprint and the Recovery Plan for the Christchurch City Centre. In February 2014 he was invited to join a Local Government NZ team to assist the Samoan government with the development of a waterfront strategy and masterplan for Apia.

David Rankin

(LLB)

Chief Operating Officer

David was previously the Chief Executive of Auckland Council Property Limited, a subsidiary of the Auckland Council formed on 1 November 2010. Prior to that he was Chief Executive of the former Auckland City Council, the largest council in New Zealand. He started with Auckland City Council in 1989 and held a wide variety of roles including Finance Director, with responsibility for all the former council's property holdings.

Our leadership team (continued)

Brenna Waghorn

(BRP)

Director, Strategy

Brenna has worked in local government for over 20 years and has a wealth of experience in strategic planning, housing and intensification, sustainability, urban design, urban regeneration, stakeholder engagement and communication. As Manager of Strategic Planning at Waterfront Auckland, Brenna led development of the Sustainable Development Framework 2013 and provided significant input into the development of Wynyard Quarter.

Ian Wheeler

(MTRP)

Director, Portfolio Management

Ian has 30 years' experience in the property industry. 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 South Africa, Durban.

Allan Young

(BPA)

Director, Development

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

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 lead the development team at Auckland Council Property Limited before the establishment of Panuku.


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Highlights

Katelyn Orton,

Project Development Director
Waterfront

"Over the last year we've enjoyed some great successes at the waterfront and Wynyard Central. Having people move into the apartments, watching people go to work every day in the office spaces; and now we're getting ready for the America's Cup. We're pulling together everything we need and getting ready for the new event infrastructure to be implemented. We've been creating jobs, such as signing the development agreement with Orams Marine Services and creating over 500 jobs for the marine industry, which has been a fantastic outcome for everyone involved."

Clive Fuhr,

Project Development Director
City centre and Manukau

"A really satisfying win this year has been getting the Civic Administration Building transaction settled. It's been around for three years, and attracted a lot of commentary, and we're very excited that that will now proceed to construction. It's going to be a transformational project in the Aotea precinct One of the most satisfying things, however, was the marvellous progress we've made in Manukau, on a number of fronts. Some exciting property transactions have taken place, such as the MIT development, and we've also made solid advances on public realm projects. For communities, we've done really good work with our place activations and, most recently, expanding The Kitchen Project."

Gavin Peebles,

Project Development Director
Onehunga

"A big highlight from Onehunga over the past year was the purchase of Onehunga Wharf, which is really exciting for us. What this will mean for the community is the ability to reconnect Onehunga back with its waterfront on the Manukau Harbour. This is special because there was a historical connection there, that had been severed over the years. This is an opportunity for us to give back that connection and open it up for public use, while also providing commercial return to the council through the redevelopment of that site."

Richard Davison,

Programme Manager and Strategic Planner
Henderson and Pukekohe

"This year we've been working on a host of projects and initiatives to build towards our goal of converting Henderson into the urban eco-centre of Auckland. We're hugely proud this year of working with a developer to plan and prepare for a world-leading low-carbon housing development in the town centre.

Late last year we also got the go-ahead from Auckland Council to begin work on a regeneration plan for Pukekohe. Working with Franklin Local Board and the local business association, we're starting the first steps on a proactive, long-term plan for the region."

John Carter,

Programme Manager and Strategic Planner
Old Papatoetoe and Avondale

"It's been a great year this year in Old Papatoetoe and it's so awesome to see some of the fruits of our labour with the upgrade of the Papatoetoe town centre. There's a brand new supermarket and with it we've got a brand new civic space, which was a joint venture between the supermarket and Panuku. We've also got a new mall, with spacious car parking, which has only just been finished and is looking great.

One of our biggest achievements in Avondale has been working with our Auckland Council family to determine the best location, with the most regenerative benefits, for a new library and community centre. It's a $21 million facility, a massive investment and a very exciting part of the project; it was a big team effort with a lot of moving parts. It's been a brilliant thing to be part of."

Kate Cumberpatch,

Development Manager
Takapuna

"The biggest achievement this year in Takapuna has been the significant breakthrough in the public consultation, and the support that we've received, to continue with the town centre development programme. We've gained a clearer mandate to create change in the area and enhance the town centre in a way that we can now say the locals are genuinely behind."

Highlights (continued)

Sharon Dobson,

Project Development Director
Hobsonville Point

"We've been working at Hobsonville Point for many years with HLC, and now we're in the final stages of completing the Homestar-6-rated Airfields community. We're working alongside our external partners using the remaining land to develop a mixed-use area, which will become a major focus for the community."

Jessica Laing,

Development Manager
Panmure and Haumaru Housing

"We broke ground in the middle of last year on 33 Henderson Valley Road, and we're scheduled to complete the new development around midway this year. This will be the first of its kind for this portfolio, a new housing development designed for older residents. It includes a village of forty single-bedroom units; beautiful, warm, dry homes that are going to perfectly cater to the growing need for homes for people aged 65-plus in Auckland.

In Panmure we launched our new Social Pinpoint site, which features an aerial map outlining upcoming proposals and plans for the area. The interactive site is a perfect avenue for the community, especially youth, to get engaged early-on with the work we're doing."

Adam Sadgrove,

Development Manager
Whangaparaoa

"We took an unused lot in Whangaparaoa, worked with the council to see that property cleared for sale, then we went about finding a development partner to turn that space into a 60-lot subdivision – complete with a wetland reserve and children's playground. We then used some of the funds to facilitate an environmental enhancement project, which involved uncovering a nearby stream. This saw 750m of buried pipe taken out, and the water returned to the surface with plants lining it which saw an immediate return of fauna to the region."

Gwilym van Hoffen,

Project Manager
Takapuna Beach Holiday Park

"We've been working on this one for about three years and we've got some exciting news for the people of Auckland. We recently located, and sign a lease with, a new operator for Takapuna Beach Holiday Park. They'll be fully redeveloping the campground and operating it over the next 30 years, so it's a very exciting new milestone."

Miranda James,

Head of Corporate Responsibility

"One of the things that we're really excited about this year is that, for the first time, Panuku's using something called Greenstar Communities, which is a really powerful way of articulating what we've achieved in sustainability, alongside what we're planning to do over the next few years. The thing that we love about this measuring tool is that it talks to a whole range of sustainability-related factors around community engagement and placemaking, as well as all the environmental things that we're considering."

Nigel Hewitson,

Manager Property Acquisitions and Disposals

"This year our largest disposal was the sale of 35 Graham Street, which we did on behalf of Auckland Council's corporate team. A lot of work went into this and we're really pleased with the outcome. In acquisitions we've purchased 14 pieces of land for parks and other developments, which will make for some fantastic opportunities in those communities going into the future."

Highlights (continued)

Igor Stychinsky,

Project Manager
Northcote

“We’ve made good progress in Northcote’s ongoing development this year with work commencing on the Awataha Greenway Project. Community engagement has been key in this launch, with community volunteers and green thumbs lending a hand from day one. We also finalised and released the new Northcote Town Centre Benchmark Masterplan. These are two quite different projects, with a shared goal of providing amazing public spaces for the people of Northcote.”

Kevin Lidgard,

Acting Head of Marinas

“There’s a lot going on, but a big highlight for the marinas team is in the progress being made at Westhaven Marina with construction beginning on the new Westhaven Promenade. The Westhaven Marine Village has also been taking expressions of interest for prospective tenants, which has garnered a fantastic response from the community and interested businesses.”

Rochelle Killey,

Portfolio Specialist
Meadowbank community facility

“In collaboration with Ōrākei Local Board, we’ve signed off on plans to take the old, underused Meadowbank Community Centre and revamp it with an all new design. There’s still a long way to go, but it’s come a long way from where this revitalisation plan started, back in 2017.”

Toni Giacon,

Head of Governance Relations

“Panuku, together with EY Tahi and mana whenua, co-designed a Mana Whenua Outcomes Framework. The framework, developed as part of Panuku’s commitment to work towards shared strategic outcomes, provides a refreshed and relevant overview of what mana whenua are seeking to achieve in Tāmaki Makaurau; as well as where they see the potential to leverage Panuku opportunities to achieve these outcomes. The framework is well supported by all parties and is likely to be used as a model for other council-controlled organisations to adopt. With clear direction from mana whenua as to what outcomes they want to achieve, Panuku is now identifying how we can support these aspirations. A three year implementation plan is in development.”

Frith Walker,

Manager - Placemaking

“This year, we’ve worked hard to create an approach to placemaking which not only supports Panuku’s programme of work, but also integrates with our council whānau. Our “do-learn-do” approach to placemaking is becoming more and more real as we run our strategy within our priority locations.”

"In Northcote we’ve been honoured to have been hugely supported by a broad range of key community leaders. The trust afforded to us by those who have been working for that place for decades has made for an open and genuinely invested approach which we are all now personally connected to.

"Our regenerative approach to the Puhinui Stream in Manukau is rapidly revealing exponential benefits, too. We’ve been growing relationships and developing a new method that truly brings in a diverse set of thinking and skills. We’re creating an environment where locals are able to meaningfully invest in the re-making of their place.”

Directors' interests (as at 20 July 2019)

Member	Interest	Entity
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
	Director	Sir John Logan Campbell Residury Trust
	Director	Sir John Logan Campbell Medical Trust Incorporated
Dr Susan Macken	Deputy Chair	Panuku Development Auckland Limited
	Chair	Kiwibank
	Chair	Spa Electrics Limited (Aust.)
	Deputy Chair	Tāmaki Redevelopment Company Limited
	Director	Blossom Bear Limited
	Director	STG Limited
David Kennedy	Director	Panuku Development Auckland Limited
	Director	525 Blenheim Road 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

Directors' interests (as at 20 July 2019)

Member	Interest	Entity
Richard 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
Paul 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

Directors' interests (as at 20 July 2019)

Member	Interest	Entity
Michael Pohio	Director	Panuku Development Auckland Limited
	Chairman	BNZ Partners Waikato
	Director	Argosy
	Director	Ngāi Tahu Holdings
	Director	National Institute of Water and Atmospheric Research Limited
	Director	NIWA Vessel Management Limited
	Director	Ospri New Zealand Limited and National Animal Identification and Tracing Limited
	Director	TBFree
	Director	Te Atiawa Iwi Holdings
	Director	Te Atiawa (Taranaki) Holdings Limited
	Director	The Rees Management Limited
C. Martin Udale	Director	Panuku Development Auckland Limited
	Director	Accessible Properties New Zealand Limited
	Director	Fleming Urban Limited
	Director	Forest Group Limited
	Director	Hobsonville Development GP Limited
	Director	New Ground Living (Hobsonville Point) Limited
	Director	Tall Wood Limited
	Director	Tallwood Assembly Limited
	Director	Tallwood Design Limited
	Director	Tallwood Holdings Limited
	Director	Tallwood Projects Limited
	Director	Tāmaki Redevelopment Company Limited
	Director	Tāmaki Regeneration Limited
	Director	THA GP Limited
	Director	TW Twenty Limited

Board attendance

	2018					2019					
	25 Jul	29 Aug	26 Sep	24 Oct	28 Nov	29 Jan	28 Feb	29 Mar	26 Apr	28 May	26 Jun	TOTAL
Adrienne Young-Cooper					✓	✓	✓	✓	×	✓	✓	6
Dr Susan Macken	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	✓	10
David Kennedy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Richard Leggat	✓	✓	✓	✓	✓	✓	✓	✓	✓	×	✓	10
Paul Majurey	×	✓	✓	✓	×	✓	✓	✓	✓	✓	✓	9
Mike Pohio	✓	✓	✓	✓	✓	✓	×	✓	✓	✓	✓	10
C. Martin Udale	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Richard Aitken	✓	✓	✓	✓								


SHUT UP AND RUN

Financial summary

The financial year ended 30 June 2019 was a busy one for Panuku. In late 2018 it was proposed that the operating and funding model of Panuku be simplified. The existing model reflected the two separate models brought together in the amalgamation of Auckland Council Property Limited (ACPL) and Waterfront Auckland in 2015.

When the amalgamation occurred, Waterfront Auckland owned an asset portfolio which included assets such as land, buildings, waterspace consents, wharves, public space and marinas. ACPL did not own any assets at the time of amalgamation, but managed and developed commercial and residential properties on behalf of Auckland Council.

The proposal was to consolidate all assets managed by Panuku into one entity which required the transfer of assets from Panuku to council. As some of the 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.

Financial and legal due diligence was undertaken to identify all assets, contracts, rights, obligations, consents and budgets that were affected. External advice was obtained from tax advisors on the taxation implications and a binding ruling was successfully obtained from the Inland Revenue Department in April 2019.

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.

As a result of the transfer, the net assets of Panuku has decreased from $724.5m at 30 June 2018, to $10.3m at 30 June 2019. As the transfer occurred very close to year end there was no impact on the net surplus before tax.

Panuku will continue to lead the development of the city centre and waterfront, and has been given new delegations to develop and manage the waterfront properties such that its operations will remain unaffected. The resulting structure reduces governance duplication, increases consistency with other development areas in the region and maximises future flexibility.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Panuku Development Auckland Limited and group's financial statements and performance information for the year ended 30 June 2019

The Auditor-General is the auditor of Panuku Development Auckland Limited (the company) and group. 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 the performance information of the company and group on his behalf.

Opinion

We have audited:

- the financial statements of the company and group on pages 49 to 88, that comprise the statement of financial position as at 30 June 2019, 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 and group on pages 42 to 47.

In our opinion:

- the financial statements of the company and group on pages 49 to 88:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2019; 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 and group on pages 42 to 47 presents fairly, in all material respects, the company and group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company and group's objectives for the year ended 30 June 2019.

Our audit was completed on 3 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. 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.

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.

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 and group 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 and group.

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 and group for assessing the company and group'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 and group 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 and group'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 and group'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 and group'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 and group'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 and group 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 obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the company and group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 37, 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 the fact. We have nothing to report in this regard.

Independence

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

In addition to the audit, we have carried out a review engagement in respect of the company and group's six monthly reporting as at 31 December 2018 to Auckland Council, which is compatible with independence requirements.

Other than the audit and this engagement, we have no relationship with or interests in the company or any of its subsidiaries.

KS MacKenzie

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


KORAKI

Statement of service performance

Activities and key performance achievements

Panuku carries out two categories of business activities, the first category is Panuku's business activities and the second category is business activities Panuku carries out on behalf of Auckland Council.

Panuku's key strategic objectives are regeneration of town centres, place activation and creating value using council properties.

Some of the performance highlights include:

- A net surplus on the council property portfolio of $26.8 million, $2.3 million above target.
- A return on equity on commercial assets and services of 11.43% (3.18% above target)
- $44m worth of properties sold, $20m above target (target of $24m)
- 92% visitor's survey were satisfied with their experience of the public spaces on the city centre waterfront (12% above target).
- $30.4m worth of properties were recommended to council for approval to sell (met target $30m)

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.

Results for SOI 2018-2021: Non-financial performance measures

Service Level Statement		Measure	Actual 2017/18	Target 2018/19	Actual 2018/19 Status	Actual 2018/19 Result	Commentary	Footnote
Catalyse urban development and demonstrate business leadership								
Develop and activate town centre and waterfront development areas	**1**	Transform and Unlock location initiatives completed	New performance measure	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**	Multi-year project initiatives demonstrate project progress over time. Actual 57% of the Transform and Unlock location initiatives were completed this year. (8 out of 14 initiatives). The initiatives not completed this year mainly relate to property developments and site sales which were impacted by the slowdown in the property market. A list of location initiatives for the 2019/20 year has been agreed by the Board.	1
	2	Percentage of attendees surveyed satisfied with key Transform and Unlock place programmes and activities	89% (At the Waterfront)	Set baseline	✓	**Achieved**	Actual 85% (Baseline set at the City Waterfront)	2

Results for SOI 2018-2021: Non-financial performance measures

Service Level Statement		Measure	Actual 2017/18	Target 2018/19	Actual 2018/19 Status	Actual 2018/19 Result	Commentary	Footnote
Develop and activate public spaces on waterfront, metro and town centre development areas	**3**	Percentage of visitors surveyed satisfied with their experience of the public spaces on the city or town centres (LTP)	90% (At the Waterfront)	80%		**Achieved**	Actual 92% (At the City Waterfront)	2
	4	Percentage of Aucklanders surveyed who have visited the city or town centres in the past year (LTP)	72% (At the Waterfront)	73%		**Substantially Achieved**	Actual 72% (At the City Waterfront)	3
	5	Percentage of customers surveyed satisfied overall with marina facilities and services (LTP)	92%	88%		**Achieved**	Actual 91%	4
Facilitate effective engagement with Māori	**6**	Number of significant Māori initiatives implemented or active per annum (LTP)	49	50		**Achieved**	Actual 65 Māori initiatives have been implemented this year.	5
	7	% Mana whenua groups satisfied with quality of engagement	New Panuku Survey	Set Baseline		**Achieved**	An actual baseline has been set at 30% of mana whenua survey respondents were satisfied with the quality of engagement, 30% of respondents were neither satisfied nor dissatisfied and 20% were dissatisfied. 20% did not give a rating for this question, i.e. selected 'Don't know/not applicable'	6

Results for SOI 2018-2021: Non-financial performance measures

Service Level Statement		Measure	Actual 2017/18	Target 2018/19	Actual 2018/19		Commentary	Footnote
					Status	Result		
Strategically create value from assets								
Identify and propose opportunities across Auckland Council Group owned properties.	**8**	Written evidence that opportunities have been identified and assessed, to be progressed or not. (Housing and urban redevelopment combined)	203 opportunities have been identified and assessed.	At least 100 opportunities identified and assessed	✓	**Achieved**	Actual 143 opportunities have been identified and assessed this year.	7
Optimise returns from the managed property portfolio.	**9**	The net surplus on the property portfolio achieves the annual budget agreed with council.	Actual net surplus on the property portfolio for the 12 months ended 30 June 2018 is $3.9 million ahead of budget (actual surplus of $31 million against budget of $27.1 million).	Net Surplus achieves budget for 2018/19	✓	**Achieved**	Actual 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).	
	10	For those properties available for rent: The rolling average over a 12 month period, of % occupancy at each month end (LTP).	The average of monthly % occupancy for the year is 97.5% against the target of 95%.	The average of monthly % occupancy for the year is 95% or more.	✓	**Achieved**	The actual average of monthly % occupancy for the year is 97.8% against the target of 95%.	
	11	Maintain or improve the baseline established at the end of the 2012/13 financial year. ROI on properties on a like for like basis (LTP) Panuku is committed to continuously review and improve the ROI target over the term of the SOI.	The ROI calculated on this year's property valuation on a like for like basis is 3.06% against the 2.2% target.	Greater than or equal to 2.25%	✓	**Achieved**	Actual ROI calculated on this year's property valuation on a like for like basis is 2.4% against the 2.25% target.	8

Results for SOI 2018-2021: Non-financial performance measures

Service Level Statement	Measure		Actual 2017/18	Target 2018/19	Actual 2018/19		Commentary	Footnote
					Status	Result		
Optimise return from assets	12	Return on Equity on commercial assets and services (LTP) at Waterfront.	11.2%	8.25%	✓	**Achieved**	Actual ROE of 11.43%	9
Dispose agreed surplus properties	13	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.	$88 million of recommended properties have been presented to the council for approval to dispose. A recommended for disposal target for 2018/19 was agreed by the Board in June 2018.	A list of recommended properties with a total value agreed by the Board the prior year totalling $30 million gross value will be submitted to council seeking approval to dispose for 2018/19 financial period. A recommended for disposal target for 2019/20 will be agreed by the Board in the 2018/19 financial period.	✓	**Achieved**	Actual $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.	
	14	*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 $231 million for the financial year. The target of $100 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.	✓	**Achieved**	Achieved actual net sales of $44.44 million for the financial year. The target of $24 million has been exceeded.	
Acquire Properties	15	Acquisitions are delivered within the timeline agreed with Auckland Council.	100% of the acquisitions were delivered within the timeline agreed with Auckland Council. 20 acquisitions for the council were completed this year.	80% satisfaction against agreed service performance measure	✓	**Achieved**	Actual 92.8% of the acquisitions were delivered within the timeline agreed with Auckland Council. 14 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 – acquisitions completed, development agreement/ contract signed with external parties, funding source approved by Council/ other party e.g. re-investment, optimisation project agreed with a Local Board, Council or AT, output of physical project delivered/ completed (Public Realm or Housing).
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 six major events during the year by TouchPoll NZ. Survey methodology is via email invitation from intercepted visitors at the events. The number of people surveyed was 1296 with 654 responses. The average margin of error for the six surveyed events is ±8% with a 90% confidence level based on total visitor numbers of approximately 45,800 on the days surveyed at the various events.
3. This survey was facilitated by Auckland Council as part of the annual Auckland Residents Survey 2019. The survey was conducted by Colmar Brunton NZ using a mix of online, phone and face-to-face 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 Queens Wharf, Silo Park, the Viaduct and Wynyard Quarter. The sample size was 4235 with a margin of error of ±1.5%.
4. This survey was conducted by Kantar on Westhaven Marina customers via online and telephone interviews. The number of people surveyed was 1439 leaseholders/owners and renters with 550 responses. The margin of error is ±3.3% 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 groups across the Auckland region to measure their satisfaction with Panuku's quality of engagement. The research was undertaken either face to face, online as an electronic written survey, or by phone discussion with mana whenua representatives who have been involved with engagement activities with Panuku. Ten 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 for assets managed by Panuku. 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.

Financial statements

Panuku Development Auckland Limited
Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2019

	Note	**Parent Actual 2019 $000**	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
From Continuing Activities					
Revenue					
Rental and other revenue	4	**20,946**	20,047	**20,946**	20,047
Other gains / (losses)	5	**-**	1	**-**	1
Total revenue		**20,946**	20,048	**20,946**	20,048
Expenses					
Personnel	6	**23,687**	20,759	**25,094**	21,999
Other operating expenses	7	**7,363**	7,566	**7,356**	7,565
Total expenditure		**31,050**	28,325	**32,450**	29,564
Surplus / (deficit) before tax		**(10,104)**	(8,277)	**(11,504)**	(9,516)
Income tax expense / (benefit)	8	**118**	208	**118**	208
Surplus / (deficit) after tax		**(10,222)**	(8,485)	**(11,622)**	(9,724)
From Discontinued Activities (refer note 1)					
Revenue		**49,132**	40,472	**51,389**	42,427
Expenses		**22,164**	22,354	**22,880**	23,447
Surplus / (deficit) before tax		**26,968**	18,118	**28,509**	18,980
Income tax expense / (benefit)	8	**10,525**	(919)	**10,525**	(922)
Surplus / (deficit) after tax		**16,443**	19,037	**17,984**	19,902
Surplus / (deficit) after tax		**6,221**	10,552	**6,362**	10,178
Other comprehensive revenue and expense					
Gains on revaluation of property, plant and equipment		**40,988**	27,282	**40,988**	27,282
Tax on revaluation gains	9	**13,985**	(2,175)	**13,985**	(2,175)
Total other comprehensive income		**54,973**	25,107	**54,973**	25,107
Total comprehensive income		**61,194**	35,659	**61,335**	35,285
Surplus is attributable to:					
Auckland Council		**6,221**	10,552	**6,362**	10,178
		6,221	10,552	**6,362**	10,178
Total comprehensive revenue and expense is attributable to:					
Auckland Council		**61,194**	35,659	**61,335**	35,285
		61,194	35,659	**61,335**	35,285

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

Panuku Development Auckland Limited
Statement of Changes in Equity

For the year ended 30 June 2019

	Note	**Parent Actual 2019 $000**	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Equity at the beginning of the year		**724,496**	690,337	**725,927**	692,142
Total comprehensive revenue and expense					
Surplus / (deficit) for the year		**6,221**	10,552	**6,362**	10,178
Other comprehensive revenue and expense		**54,973**	25,107	**54,973**	25,107
Total comprehensive revenue and expense		**61,194**	35,659	**61,335**	35,285
Transactions with owners					
Share repurchase	1	**(481,689)**	-	**(481,689)**	-
Dividend expense	1	**(294,946)**	(1,500)	**(294,946)**	(1,500)
Recognised on amalgamation of subsidiary		**1,288**	-	**-**	-
Derecognised on asset transfer to Auckland Council	1	**-**	-	**(284)**	-
Total transactions with owners		**(775,347)**	(1,500)	**(776,919)**	(1,500)
Equity at the end of the year		**10,343**	724,496	**10,343**	725,927

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

Panuku Development Auckland Limited
Statement of Financial Position

As at 30 June 2019

	Note	**Parent Actual 2019 $000**	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Assets					
Current assets					
Cash and cash equivalents	10	**966**	2,651	**966**	5,263
Debtors and other receivables	11	**8,506**	38,984	**8,506**	36,409
Total current assets		**9,472**	41,635	**9,472**	41,672
Non-current assets					
Debtors and other receivables	12	**-**	3,087	**-**	3,087
Other non-current assets	13	**-**	1,582	**-**	-
Property, plant and equipment	14	**10,300**	296,137	**10,300**	298,859
Investment properties	15	**-**	443,474	**-**	443,474
Investments in subsidiaries	16	**-**	446	**-**	-
Total non-current assets		**10,300**	744,726	**10,300**	745,420
Total assets		**19,772**	786,361	**19,772**	787,092

	Note	**Parent Actual 2019 $000**	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Liabilities					
Current liabilities					
Creditors and other payables	17	**4,173**	10,916	**4,173**	9,061
Employee entitlements	19	**3,010**	2,617	**3,010**	2,617
Other current liabilities	20	**-**	-	**-**	1,496
Total current liabilities		**7,183**	13,533	**7,183**	13,174
Non-current liabilities					
Creditors and other payables	18	**-**	42,725	**-**	42,279
Other non-current liabilities	21	**-**	-	**-**	124
Deferred tax liabilities	9	**2,246**	5,607	**2,246**	5,588
Total non-current liabilities		**2,246**	48,332	**2,246**	47,991
Total liabilities		**9,429**	61,865	**9,429**	61,165
Net assets		**10,343**	724,496	**10,343**	725,927
Equity					
Contributed equity	22	**1,800**	483,489	**1,800**	485,722
Accumulated funds	23	**1,255**	160,683	**1,255**	158,367
Reserves	24	**7,288**	80,324	**7,288**	81,838
Total equity		**10,343**	724,496	**10,343**	725,927

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

For and on behalf of the Board:

Adrienne Young-Cooper (Chair)
30 August 2019

Mike Pohio (Chair of Audit and Risk Committee)
30 August 2019

Panuku Development Auckland Limited Statement of Cash Flows

For the year ended 30 June 2019

	Note	**Parent Actual 2019 $000**	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Cash flows from operating activities					
Receipts from customers		**51,067**	49,815	**53,682**	52,377
Interest received		**5**	10	**74**	88
Operating expenditure funding from Auckland Council		**17,481**	18,058	**17,481**	18,058
Capital expenditure funding from Auckland Council		**15,287**	11,059	**15,287**	11,059
Payments to suppliers and employees		**(45,221)**	(47,005)	**(48,054)**	(49,808)
Income tax received / (paid)		**-**	9	**-**	11
Goods and services tax received from / (paid to) IRD		**875**	1,215	**875**	1,215
Net cash from operating activities	25	**39,494**	33,161	**39,345**	33,000
Cash flows from investing activities					
Recognised on amalgamation of subsidiary		**226**	-	**-**	-
Capital expenditure on property, plant & equipment and investment properties		**(27,318)**	(11,683)	**(27,318)**	(11,683)
Net cash from investing activities		**(27,092)**	(11,683)	**(27,318)**	(11,683)
Cash flows from financing activities					
Advances (to) / from Auckland Council		**(13,921)**	(19,696)	**(13,921)**	(19,696)
Derecognised on asset transfer to Auckland Council		**(166)**	-	**(2,403)**	-
Dividends paid		**-**	(1,500)	**-**	(1,500)
Net cash from financing activities		**(14,087)**	(21,196)	**(16,324)**	(21,196)
Net (decrease) / increase in cash and cash equivalents		**(1,685)**	282	**(4,297)**	121
Cash and cash equivalents at the beginning of the year		**2,651**	2,369	**5,263**	5,142
Cash and cash equivalents at the end of the year	10	**966**	2,651	**966**	5,263

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

Panuku Development Auckland Limited
Notes to the Financial Statements

For the year ended 30 June 2019

Contents

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 the year, 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.

As the assets disposed of represented a significant portion of the financial performance of Panuku, these assets have to be classed as a discontinued operation under accounting standards.

On the Statement of Comprehensive Revenue and Expense, revenues, expenses and income tax have been split into those which are from discontinued activities of Panuku and those which are from continuing activities of Panuku. The table below splits the net cash flows into the same classifications.

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Operating Activities				
Continuing operations	**2,593**	4,154	**629**	2,801
Discontinued operations	**36,901**	29,007	**38,716**	30,199
Net cash from operating activities	**39,494**	33,161	**39,345**	33,000
Investing activities				
Continuing operations	**(175)**	-	**(175)**	-
Discontinued operations	**(26,917)**	(11,683)	**(27,143)**	(11,683)
Net cash from investing activities	**(27,092)**	(11,683)	**(27,318)**	(11,683)
Financing activities				
Continuing operations	**-**	-	**-**	-
Discontinued operations	**(14,087)**	(21,196)	**(16,324)**	(21,196)
Net cash from financing activities	**(14,087)**	(21,196)	**(16,324)**	(21,196)
Net cash from activities	**(1,685)**	282	**(4,297)**	121

2. Statement of accounting policies

The principal accounting policies applied in the preparation of these consolidated 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 the Auckland Council and is domiciled in New Zealand. Panuku's principal address is Ground Floor, 82 Wyndham Street, Auckland 1010.

The Group consisted of the parent, Panuku, and subsidiaries, Westhaven Marina Limited, Westhaven (Existing Marina) Trust and Westhaven (Marina Extension) Trust up until 26 June 2019 when control of these subsidiaries passed to Auckland Council. Downtown Marinas Limited was also a subsidiary of Panuku up until 30 April 2019 when it was amalgamated with, and into, Panuku Development Auckland Limited.

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 and Group do not have the primary objective of making a financial return, Panuku and Group are designated as public benefit entities and apply New Zealand Tier 1 Public Benefit Entity accounting standards (PBE Accounting Standards).

The financial statements of Panuku and Group are for the year ended 30 June 2019. 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 and Group 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 and Group financial statements have been prepared on an historical cost basis, modified by the revaluation of investment property, land, buildings, wharves, marinas and certain financial assets. The values of assets and liabilities that were vested in Panuku on 1 November 2010 represents the historical cost for those assets.

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 Plan.

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 and Group is New Zealand dollars.

2. Statement of accounting policies (continued)

vi) *Budget figures*

The budget figures have been prepared in accordance with NZ GAAP are included in the Company's Statement of Intent for 2016-2019, and are consistent with the accounting policies adopted by the Company for the preparation of the financial statements.

b) Consolidation

The Group financial statements consolidate all entities where Panuku has the capacity to control their financing and operating policies.

The Group financial statements are prepared by adding together like items of assets, liabilities, equity, income, and expenses of entities within the Group on a line-by-line basis. All intragroup balances, transactions, revenues and expenses are eliminated on consolidation.

Subsidiaries are fully consolidated from the date on which control is transferred to Panuku. They are deconsolidated from the date that control ceases.

In Panuku's financial statements, investment in subsidiaries are carried at cost less any accumulated impairment.

c) Associates

Panuku has a 42% shareholding (420 shares fully paid with nominal $1 value) in New Lynn Central Limited. New Lynn Central Limited was incorporated in October 2012 in New Zealand and has a 30 June balance date.

New Lynn Central Limited is an associate of Panuku. An associate is an entity over which Panuku has significant influence and that is neither a subsidiary nor an interest in a joint venture. Investments in associates are accounted for using the equity method.

New Lynn Central Limited is the general partner of New Lynn Central Limited Partnership (Limited Partnership), in which Auckland Council has a 42% interest. New Lynn Central Limited is the agent for the Limited Partnership and has responsibility for the management of the business and affairs of the Limited Partnership.

Auckland Council is entitled to all profit distribution arising from the business of the Limited Partnership. There are no tax implications for Panuku.

There were no transactions in New Lynn Central Limited for the year ended 30 June 2019 or 30 June 2018.

d) 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.

e) Property, plant and equipment

Property, plant and equipment consists of land, buildings, wharves, marinas, plant and machinery, computer equipment, furniture fittings and equipment and works of art.

i) Initial recognition

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

ii) Subsequent measurement

Land, buildings, marinas and wharves are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every 3 years. All other classes of assets are measured at historical cost less accumulated depreciation and accumulated impairment except for public art which is measured at historical cost less accumulated impairment. Each year, Panuku and Group 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 Group 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, apart from land and works of art, 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. The estimated remaining useful lives of some assets is only one year due to the age of the assets when they were acquired from the disestablished councils.

Class of asset depreciated	Estimated useful life
Buildings	1-50
Plant and machinery	1-50
Computer equipment	1-3
Furniture, fittings and equipment	1-35
Wharves	10-60
Marina	1-35
Drainage	1-90
Civil structures	1-100

vi) Capital work in progress

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

f) Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction

2. Statement of accounting policies (continued)

costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense. Investment property is not depreciated.

g) 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 or Group 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.

h) 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 and Group 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 and Group has transferred substantially all the risks and rewards of ownership.

The Group's financial assets consists of loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are included in non current assets. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less impairment if any. 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.

i) Impairment of financial assets

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Impairment is established when there is evidence that Panuku and Group will not be able to collect amounts due according to the terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of a provision for doubtful debts. When the receivable is uncollectible, it is written off against the allowance account.

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.

j) 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.

k) 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.

l) 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.

m) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and amortised cost is recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expense over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless Panuku and Group have an unconditional right to defer settlement of the liability for at least 12 months after the year-end date.

n) 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 and Group 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.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where Panuku and Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

o) 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)

p) Employee entitlements

i) Short-term employee entitlements

Employee benefits that Panuku and Group expects to be settled within 12 months of balance date are measured at accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retirement gratuities and long service entitlements expected to be settled within 12 months, and sick leave.

Panuku and Group recognise a liability for sick leave to the extent that absences in the coming period are expected to be greater than the sick leave entitlements earned in the coming period. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the Group anticipates it will be used by staff to cover those future absences.

ii) Superannuation schemes

Obligations for contributions to Kiwisaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit in the Statement of Comprehensive Revenue and Expense when they are incurred.

q) Revenue recognition

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

i) Rental revenue

Rental revenue from operating leases is recognised as income on a straight line basis over the lease term.

ii) Berthage hire

Berthage hire from marina berths is recognised as income on a straight line basis over the hire term.

iii) Provision of services

Revenue from the 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.

iv) Income from services provided

Income from the rendering of services to Council Group entities is recognised when the service is provided. These services include development projects, business interests and 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.

Income from services provided is classified as 'Other Income' in the surplus or deficit.

v) 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.

vi) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

r) Leases

i) Panuku as Lessee

Panuku leases certain property, plant and equipment.

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.

Leases of property, plant and equipment, where Panuku has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The leased assets (the leased properties) and corresponding liabilities (the lease payments) are recognised in the Statement of Financial Position. Interest on finance leases is charged to the surplus or deficit in the Statement of Comprehensive Revenue and Expense over the lease period. Leased assets are depreciated over the period the Group is expected to benefit from their use or the lease term if ownership at the end of the lease is uncertain.

ii) Panuku as Lessor

Assets leased to third parties under operating leases are included in investment property in the Statement of Financial Position. Rental income (net of any incentives given to lessees) is recognised on a straight line basis over the lease term.

3. Critical accounting estimates and judgements

In preparing the consolidated financial statements Panuku and Group made estimates and assumptions concerning the future. These estimates and judgements 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.

Valuation of investment property

The valuation of investment property is based on market expectations for forecast future cash inflows from existing and anticipated new tenants and is net of remediation costs for contaminated land. The timing and amount of cash inflows from new tenants is based on current property and market conditions. 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. The assumptions for remediation costs are based on reports from independent experts. The cost for removing and containing different levels of contaminated soil within landfill sites has a range of prices and depends on the scope of the development.

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.

4. Rental and other revenue

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
Revenue from exchange transactions				
Other income	**747**	744	**747**	744
Services provided	**6,756**	6,029	**6,756**	6,029
Revenue from non-exchange transactions				
Funding from Auckland Council	**13,443**	13,274	**13,443**	13,274
Total rental and other revenue	**20,946**	20,047	**20,946**	20,047

5. Other gains / (losses)

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
Net foreign exchange (losses) / gains	-	1	-	1
Total other gains	-	1	-	1

6. Personnel costs

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
Salaries and wages	**22,552**	19,767	**23,887**	20,944
Increase / (decrease) in employee entitlements	**197**	95	**206**	104
Defined contribution plan employer contributions*	**558**	437	**591**	465
Other	**380**	460	**410**	486
Total personnel costs	**23,687**	20,759	**25,094**	21,999

* Employer contributions to defined contribution plans includes contributions to KiwiSaver.
At 30 June 2019 there were 223 full time equivalent (FTE) employees (30 June 2018: 184)

7. Other expenses

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Fees paid to Audit NZ for audit of the financial statements and statement of service performance	**211**	209	**211**	242
Fees paid to Audit NZ for review of the half year financial reporting pack to Auckland Council	**18**	18	**18**	18
Fees paid to Audit NZ for other assurance services	**-**	-	**1**	12
Directors' fees and expenses	**482**	509	**482**	509
Lease payments under operating leases	**1,602**	1,548	**1,602**	1,548
Professional services	**3,047**	2,922	**3,047**	2,877
Repairs and maintenance	**42**	347	**42**	347
Utilities and occupancy	**138**	190	**138**	190
Other operating expenses	**1,823**	1,823	**1,815**	1,822
Total other expenses	**7,363**	7,566	**7,356**	7,565

8. Income tax

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Components of income tax:				
Current tax	-	-	-	-
Deferred tax	**10,643**	(711)	**10,643**	(714)
Income tax (benefit) / expense	**10,643**	(711)	**10,643**	(714)
From continuing activities	**118**	208	**118**	208
From discontinued activities	**10,525**	(919)	**10,525**	(922)
Income tax (benefit) / expense	**10,643**	(711)	**10,643**	(714)
Relationship between income tax and accounting surplus / (deficit):				
Surplus / (deficit) before tax	**16,864**	9,841	**17,005**	9,464
Less net (surplus) / deficit from non-taxable activities	**-**	-	**(197)**	91
Taxable surplus / (deficit) before tax	**16,864**	9,841	**16,808**	9,555
Prima facie income tax at 28%	**4,722**	2,755	**4,706**	2,675
Taxation effect of permanent differences	**(4,320)**	(620)	**(4,286)**	(620)
Loss offset (refer note a)	**(518)**	(2,846)	**(536)**	(2,769)
Written back on asset transfer to Auckland Council (refer note b)	**10,759**	-	**10,759**	
Income tax	**10,643**	(711)	**10,643**	(714)

a) Panuku and its subsidiaries are 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 the Panuku group. 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 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.

9. Deferred tax liabilities

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
Deferred tax assets				
To be recovered after more than 12 months	**-**	9,135	**-**	9,154
To be recovered within 12 months	**589**	586	**589**	586
Deferred tax assets	**589**	9,721	**589**	9,740
Deferred tax liabilities				
To be recovered after more than 12 months	**(2,835)**	(15,328)	**(2,835)**	(15,328)
To be recovered within 12 months	**-**	-	**-**	-
Deferred tax liabilities	**(2,835)**	(15,328)	**(2,835)**	(15,328)
Net deferred tax assets / (liabilities)	**(2,246)**	(5,607)	**(2,246)**	(5,588)

	Property,plant and equipment $000	Other $000	Total $000
Parent			
Balance at 30 June 2017	(8,886)	4,743	**(4,143)**
Charged to surplus/(deficit)	634	77	**711**
Charged to other comprehensive income	(2,175)	-	**(2,175)**
Balance at 30 June 2018	(10,427)	4,820	**(5,607)**
Balance at 1 June 2018	(10,427)	4,820	**(5,607)**
Recognised on amalgamation of subsidiary	50	(31)	**19**
Charged to surplus/(deficit)	(6,404)	(4,239)	**(10,643)**
Charged to other comprehensive income	13,985	-	**13,985**
Balance at 30 June 2019	(2,796)	550	**(2,246)**
Group			
Balance at 1 June 2017	(8,895)	4,768	**(4,127)**
Charged to surplus/(deficit)	693	21	**714**
Charged to other comprehensive income	(2,175)	-	**(2,175)**
Balance at 30 June 2018	(10,377)	4,789	**(5,588)**
Balance at 1 June 2018	(10,377)	4,789	**(5,588)**
Charged to surplus/(deficit)	(6,404)	(4,239)	**(10,643)**
Charged to other comprehensive income	13,985	-	**13,985**
Balance at 30 June 2019	(2,796)	550	**(2,246)**

10. Cash and cash equivalents

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Cash at bank and in hand	**966**	2,651	**966**	5,263
Total cash and cash equivalents	**966**	2,651	**966**	5,263

11. Debtors and other receivables – Current

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Debtors	**4**	12,336	**4**	12,336
Less provision for doubtful debts	**-**	-	**-**	-
Net debtors	**4**	12,336	**4**	12,336
Accrued receivables*	**-**	813	**-**	813
Sundry receivables	**-**	1	**-**	1
Related party receivables	**8,218**	23,081	**8,218**	23,081
Goods and services tax	**284**	-	**284**	-
Prepayments*	**-**	2,753	**-**	178
Total debtors and other receivables - current	**8,506**	38,984	**8,506**	36,409
Receivables from exchange transactions	**295**	16,681	**295**	14,106
Receivables from non exchange transactions	**8,211**	22,303	**8,211**	22,303
Total debtors and other receivables - current	**8,506**	38,984	**8,506**	36,409

** Refer to note 12 for the non-current portions of these receivables.*

11. Debtors and other receivables – Current (continued)

a) Impairment of debtors
The ageing of debtors (net of the provision for doubtful debts) is as follows:

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Current	**4**	1,246	**4**	1,246
Past due 1 - 60 days	**-**	10,965	**-**	10,965
Past due 61+ days	**-**	125	**-**	125
Balance at 30 June	**4**	12,336	**4**	12,336

At each period end, all overdue receivables are assessed for impairment and appropriate provisions applied. A doubtful debts provision of $0 has been recognised at 30 June 2019 (2018: $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. The Group has no exposure to credit risk or foreign exchange risk in respect of debtors and other receivables at balance date. The Group does not hold any collateral as security. Refer to note 31 for more information on the risk management policy of the Group.

c) Accrued and sundry receivables

These amounts relate to either accrued income or arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

d) Foreign exchange and interest rate risk

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

12. Debtors and other receivables – Non-current

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
Accrued receivables	-	2,024	-	2,024
Prepayments	-	1,063	-	1,063
Total debtors and other receivables - non-current	-	3,087	-	3,087
Receivables from exchange transactions	-	3,087	-	3,087
Receivables from non exchange transactions	-	-	-	-
Total debtors and other receivables - non-current	-	3,087	-	3,087

These balances were transferred to Auckland Council as part of the transaction disclosed in note 1.

13. Other non-current assets

	Parent Actual 2019 $000	Parent Actual 2018 $000
Balance at 1 July	**1,582**	1,774
Amortisation expense	**(160)**	(192)
Derecognised on amalgamation	**(1,422)**	-
Balance at 30 June	-	1,582

This balance represented the value of the redeemable preference shares that Panuku owned in its subsidiary, Downtown Marinas Limited. Effective 30 April 2019, Downtown Marinas Limited was amalgamated with, and into, Panuku and the redeemable preference shares of Downtown Marinas Limited were cancelled.

14. Property, plant and equipment

Parent

	1 July 2018			Current year movements						30 June 2019		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions	Intercompany transfer	Transfers *	Depreciation	Revaluations	Transfer to Auckland Council	Cost / revaluation	Accumulated depreciation & 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)	-	-	-
Marinas	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 Parent property, plant and equipment	**321,538**	**(25,401)**	**296,137**	**27,318**	**2,448**	**(15,202)**	**(7,869)**	**40,988**	**(333,520)**	**10,300**	**-**	**10,300**

	1 July 2017			Current year movements					30 June 2018		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Land	67,105	-	67,105	-	-	(17,500)	-	19,515	69,120	-	69,120
Buildings	18,303	(794)	17,509	-	-	(1,269)	(705)	978	16,513	-	16,513
Works of art	791	-	791	-	-	-	-	-	791	-	791
Plant and machinery	11,635	(5,230)	6,405	-	-	3,223	(562)	-	14,858	(5,792)	9,066
Computer equipment	2,092	(2,092)	-	-	-	-	-	-	2,092	(2,092)	-
Furniture, fittings and equipment	1,129	(983)	146	-	-	-	(41)	-	1,129	(1,024)	105
Wharves	66,376	(4,746)	61,630	-	-	3,335	(2,391)	6,789	69,363	-	69,363
Marinas	61,853	(1,916)	59,937	-	-	19,924	(1,958)	-	81,884	(3,981)	77,903
Drainage	3,083	(232)	2,851	-	-	-	(43)	-	3,083	(275)	2,808
Civil structures	56,206	(12,412)	43,794	-	-	81	(1,909)	-	56,295	(14,329)	41,966
Capital work in progress	6,126	-	6,126	12,274	(591)	(9,307)	-	-	8,502	-	8,502
Total Parent property, plant and equipment	**294,699**	**(28,405)**	**266,294**	**12,274**	**(591)**	**(1,513)**	**(7,609)**	**27,282**	**323,630**	**(27,493)**	**296,137**

*Net transfers to / (from) property, plant and equipment and investment properties.
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. The valuation is based on discounted cash flow.

14. Property, plant and equipment (continued)

Group

	1 July 2018			Current year movements						30 June 2019		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Transfer to Auckland Council	Cost / revaluation	Accumulated depreciation & 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)	-	-	-
Marinas	85,266	(4,641)	80,625	-	-	4,457	(2,260)	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 Parent property, plant and equipment	**324,920**	**(26,061)**	**298,859**	**27,318**	**-**	**(15,202)**	**(8,143)**	**40,988**	**(333,520)**	**10,300**	**-**	**10,300**

	1 July 2017			Current year movements					30 June 2018		
	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount	Additions	Disposals	Transfers *	Depreciation	Revaluations	Cost / revaluation	Accumulated depreciation & impairment charges	Carrying amount
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Land	67,105	-	67,105	-	-	(17,500)	-	19,515	69,120	-	69,120
Buildings	18,303	(794)	17,509	-	-	(1,269)	(705)	978	16,513	-	16,513
Works of art	791	-	791	-	-	-	-	-	791	-	791
Plant and machinery	11,635	(5,230)	6,405	-	-	3,223	(562)	-	14,858	(5,792)	9,066
Computer equipment	2,092	(2,092)	-	-	-	-	-	-	2,092	(2,092)	-
Furniture, fittings and equipment	1,129	(983)	146	-	-	-	(41)	-	1,129	(1,024)	105
Wharves	66,376	(4,746)	61,630	-	-	3,335	(2,391)	6,789	69,363	-	69,363
Marinas	65,235	(2,246)	62,989	-	-	19,924	(2,288)	-	85,266	(4,641)	80,625
Drainage	3,083	(232)	2,851	-	-	-	(43)	-	3,083	(275)	2,808
Civil structures	56,206	(12,412)	43,794	-	-	81	(1,909)	-	56,295	(14,329)	41,966
Capital work in progress	6,126	-	6,126	12,274	(591)	(9,307)	-	-	8,502	-	8,502
Total Parent property, plant and equipment	**298,081**	**(28,735)**	**269,346**	**12,274**	**(591)**	**(1,513)**	**(7,939)**	**27,282**	**327,012**	**(28,153)**	**298,859**

*Net transfers to / (from) property, plant and equipment and investment properties.
There are no restrictions over the title of the Group's property, plant and equipment nor are any assets pledged as security for liabilities.
There are no assets held in property, plant and equipment under finance leases.


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15. Investment properties

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Opening balance	**443,474**	443,601	**443,474**	443,601
Transfers (to) Property Plant and Equipment (land)	**-**	(600)	**-**	(600)
Transfers from Property Plant and Equipment (work in progress)	**15,202**	2,113	**15,202**	2,113
Book value prior to revaluation	**458,676**	445,114	**458,676**	445,114
Fair value increase / (decrease)	**(921)**	(1,640)	**(921)**	(1,640)
Transferred to Auckland Council	**(457,755)**	-	**(457,755)**	-
Closing balance	**-**	443,474	**-**	443,474
Rental revenue	**12,857**	13,075	**12,857**	13,075
Expenses	**5,029**	3,793	**5,029**	3,793

The investment properties were transferred to Auckland Council as part of the transaction disclosed in note 1.

16. Investment in subsidiaries

	Control % 2019 %	2018 %
Downtown Marinas Limited - owns and operates Hobson West Marina	-	100
Westhaven Marina Limited - corporate trustee of Westhaven (Existing Marina) Trust and Westhaven (Marina Extension) Trust	-	100
Westhaven (Existing Marina) Trust	-	100
Westhaven (Marina Extension) Trust	-	100

Downtown Marinas Limited was amalgamated with, and into, Panuku effective 30 April 2019.
As part of the asset transfer to Auckland Council as disclosed in note 1, Panuku has derecognised its investment in the three Westhaven entities.

	Parent Actual 2019 $000	Parent Actual 2018 $000
Westhaven Marina Limited	-	446
Downtown Marinas Limited	-	-
Westhaven (Existing Marina) Trust	-	-
Westhaven (Marina Extension) Trust	-	-
Total investment in subsidiaries	**-**	446

17. Creditors and other payables – Current

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Creditors	**1,192**	2,759	**1,192**	2,755
Accrued expenses	**2,773**	2,006	**2,773**	2,052
Deposits and bonds	**-**	243	**-**	243
Related party payables	**208**	4,334	**208**	152
Goods and services tax	**-**	87	**-**	87
Revenue in advance	**-**	1,487	**-**	3,772
Total creditors and other payables - current	**4,173**	10,916	**4,173**	9,061
Payables from exchange transactions	**4,173**	10,916	**4,173**	9,061
Payables from non exchange transactions	**-**	-	**-**	-
Total creditors and other payables - current	**4,173**	10,916	**4,173**	9,061

Creditors and other payables are normally settled on 30 day terms, therefore the carrying value of trade and other payables approximates their fair value. Included in accrued expenses is retentions on construction contracts. The payment terms for these vary depending on the contract. The Group has minimal exposure to foreign exchange risk and no interest rate risk in respect of creditors and other payables at balance date.

18. Creditors and other payables - Non-current

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Related party payables	**-**	446	**-**	-
Revenue in advance	**-**	42,279	**-**	42,279
Total creditors and other payables - non-current	**-**	42,725	**-**	42,279
Payables from exchange transactions	**-**	42,725	**-**	42,279
Payables from non exchange transactions	**-**	-	**-**	-
Total creditors and other payables - non-current	**-**	42,725	**-**	42,279

These balances were transferred to Auckland Council as part of the transaction disclosed in note 1.

19. Employee entitlements

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
Accrued salaries and wages	**1,592**	1,434	**1,592**	1,434
Annual leave	**1,418**	1,183	**1,418**	1,183
Total employee entitlements	**3,010**	2,617	**3,010**	2,617

20. Other current liabilities

	Group Actual 2019 $000	Group Actual 2018 $000
Balance at 1 July	**1,496**	1,692
Contributions during the year	**399**	394
Utilised during the year	**(147)**	(590)
Reversal of unused amounts	**(49)**	-
Derecognised on asset transfer to Auckland Council	**(1,699)**	-
Balance at 30 June	**-**	1,496

This liability is accumulated from a charge to Berth Entitlement Unit holders of the Westhaven (Existing Marina) Trust and Westhaven (Marina Extension) Trust and Berth Share holders of Downtown Marinas Limited based on 10% of the annual operating expenditure budget as set out in the berth licence. It is used to contribute to future significant repairs, renovations, replacements and maintenance.

21. Other non-current liabilities

	Group Actual 2019 $000	Group Actual 2018 $000
Redeemable preference shares in subsidiary	**-**	124
Balance at 30 June	**-**	124

The redeemable preference shares of Downtown Marinas Limited were cancelled effective 30 April 2019 when the company was amalgamated with, and into, Panuku.

22. Contributed equity

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
(a) Share capital				
Balance at 1 July	**483,489**	483,489	**485,722**	485,722
Shares repurchased and cancelled during the year	**(481,689)**	-	**(481,689)**	-
Transfer to retained earnings on amalgamation of subsidiary	**-**	-	**(97)**	-
Derecognised on asset transfer to Auckland Council	**-**	-	**(2,136)**	-
Balance at 30 June	**1,800**	483,489	**1,800**	485,722

(b) Movements in ordinary shares:

	Number of Shares	Number of Shares	Number of Shares	Number of Shares
Opening balance of ordinary shares issued	**1,101**	1,101	**1,101**	1,101
Shares repurchased and cancelled during the year	**(1,071)**	-	**(1,071)**	-
Closing balance of ordinary shares issued	**30**	1,101	**30**	1,101

23. Accumulated funds

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
Balance at 1 July	**160,683**	151,937	**158,367**	149,995
Surplus/(deficit) for the year	**6,221**	10,552	**6,362**	10,178
Dividends paid	**(294,946)**	(1,500)	**(294,946)**	(1,500)
Net transfer from asset revaluation reserves	**127,896**	-	**127,896**	-
Net transfer from / (to) maintenance reserves	**1,627**	(306)	**1,627**	(306)
Transfer from contributed equity on amalgamation of subsidiary	**-**	-	**97**	-
Recognised on amalgamation of subsidiary	**(226)**	-	**-**	-
Derecognised on asset transfer to Auckland Council	**-**	-	**1,852**	-
Balance at 30 June	**1,255**	160,683	**1,255**	158,367
Dividend per share	**$267,889**	$1,362	**$267,889**	$1,362

24. Reserves

	Parent Actual 2019 $000	Parent Actual 2018 $000	Group Actual 2019 $000	Group Actual 2018 $000
Asset revaluation reserves	**7,288**	78,697	**7,288**	80,211
Maintenance reserves	**-**	1,627	**-**	1,627
Total Reserves	**7,288**	80,324	**7,288**	81,838

The movements in each type of reserve are disclosed as follows:

Asset revaluation reserves				
Balance at 1 July	**78,697**	53,590	**80,211**	55,104
Recognised on amalgamation of subsidiary	**1,514**	-	**-**	-
Revaluation gains/(losses)	**40,988**	27,282	**40,988**	27,282
Deferred tax on revaluation	**13,985**	(2,175)	**13,985**	(2,175)
Transferred to retained earnings	**(127,896)**	-	**(127,896)**	-
Balance at 30 June	**7,288**	78,697	**7,288**	80,211

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.

Maintenance reserves				
Balance at 1 July	**1,627**	1,321	**1,627**	1,321
Net transfer from / (to) accumulated funds	**(1,627)**	306	**(1,627)**	306
Balance at 30 June	**-**	1,627	**-**	1,627

Included in other income in the surplus / (deficit) within the Statement of Comprehensive Revenue and Expense are contributions from some tenants towards the costs of maintenance on properties. The maintenance reserve records the accumulated unspent contributions. When costs are incurred on the properties this spend is recorded in other operating expenses section of the surplus / (deficit) within the Statement of Comprehensive Revenue and Expense and a transfer is recorded from the maintenance reserve to accumulated funds.

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

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Surplus / (deficit) after tax	**6,221**	10,552	**6,362**	10,178
Add / (less) non-cash items:				
Depreciation and amortisation expense	**7,869**	7,609	**8,143**	7,939
Amortisation of redeemable preference shares	**287**	192	**(124)**	(15)
Fair value (increase) / decrease on investment property	**1,032**	1,640	**1,032**	1,640
Movement in deferred tax through surplus	**10,643**	(711)	**10,643**	(714)
Add / (less) movements in working capital items:				
Debtors and other receivables (excluding related party)	**18,702**	(11,484)	**16,127**	(11,348)
Financing activities included in debtors and other receivables	**(9,994)**	-	**(9,994)**	-
Creditors and other payables (excluding related party)	**(44,896)**	19,326	**(47,223)**	19,464
Financing activities included in creditors and other payables	**48,905**	-	**53,994**	-
Related party receivables and payables	**10,291**	(14,309)	**14,919**	(14,294)
Financing activities included in related party receivables and payables	**(9,959)**	19,696	**(15,131)**	19,696
Current tax	**-**	9	**-**	9
Other current liabilities	**-**	-	**(1,496)**	(196)
Financing activities included in other current liabilities	**-**	-	**1,700**	-
Employee entitlements	**393**	641	**393**	641
Net cash inflow / (outflow) from operating activities	**39,494**	33,161	**39,345**	33,000

26. Capital commitments and operating leases

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
a) Capital commitments				
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:				
Investment property	**-**	2,996	**-**	2,996
Property, plant and equipment	**-**	1,687	**-**	1,687
Total capital commitments	**-**	4,683	**-**	4,683

Panuku has no capital expenditure commitments at 30 June 2019 due to the transaction disclosed in note 1.

26. Capital commitments and operating leases (continued)

b) Operating leases as lessee

The Group leases two properties & some equipment in the normal course of its business. The future aggregate minimum lease payments payable under non cancellable operating leases are as follows:

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Less than one year	**1,207**	2,283	**1,207**	2,283
Between one and five years	**3,821**	9,052	**3,821**	9,052
More than five years	**-**	3,285	**-**	3,285
Total non-cancellable operating leases as lessee	**5,028**	14,620	**5,028**	14,620

Leases can be renewed at the group'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 and Group by any of the leasing arrangements.

c) Operating leases as lessor

The Group leases out investment property and some commercial property. The leases contain non cancellable periods ranging from 1 month to 90 years. Subsequent renewals are negotiated with the lessee. The future aggregate minimum lease payments to be collected under non cancellable operating leases are as follows:

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Less than one year	**-**	8,125	**-**	8,125
Between one and five years	**-**	27,056	**-**	27,056
More than five years	**-**	30,260	**-**	30,260
Total non-cancellable operating leases as lessor	**-**	65,441	**-**	65,441

Panuku has no operating leases as lessor at 30 June 2019 due to the transaction disclosed in note 1.

Not included in the table above are operating leases that have contracts to be prepaid by lessees and are held on the Statement of Financial Position within revenue in advance. The lease revenue will be recognised as follows:

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Less than one year	**-**	552	**-**	513
Between one and five years	**-**	2,234	**-**	2,051
More than five years	**-**	40,045	**-**	18,583
Total non-cancellable operating leases as lessor (prepaid)	**-**	42,831	**-**	21,147

Panuku has no operating leases as lessor at 30 June 2019 due to the transaction disclosed in note 1.

27. Contingencies

There are no contingent liabilities or contingent assets

28. Events occurring after balance date

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

29. Related party transactions

Auckland Council is the ultimate parent of the Group 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.

30. Remuneration

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

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
Key management personnel remuneration				
Executive Leadership Team (9 FTE)	**3,298**	2,729	**3,298**	2,729
Board of Directors - Panuku (1.75 FTE)*	**393**	489	**393**	489
Board of Directors - Westhaven Marina Limited	**19**	23	**19**	23
Board of Directors - Downtown Marinas Limited	**-**	-	**1**	-
Total key management personnel remuneration	**3,710**	3,241	**3,711**	3,241

*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.

30. Remuneration (continued)

	Parent Actual 2019 $000	Parent Actual 2018 $000	**Group Actual 2019 $000**	Group Actual 2018 $000
a) Executive Leadership Team Remuneration				
Salary and other short-term employee benefits	**3,298**	2,729	**3,298**	2,729
Total Executive Leadership Team remuneration	**3,298**	2,729	**3,298**	2,729
b) Board of Directors Remuneration - Panuku				
Current directors				
Adrienne Young-Cooper (Chair) - appointed 1 Nov 2018	**71**	-	**71**	-
Richard Aitken (Chair) - retired 31 Oct 2018	**37**	108	**37**	108
Susan Macken (Deputy Chair)	**68**	67	**68**	67
David Kennedy - appointed 1 Nov 2017	**56**	36	**56**	36
Richard Leggat	**62**	62	**62**	62
Paul Majurey	**54**	57	**54**	57
Mike Pohio	**62**	62	**62**	62
Martin Udale	**54**	57	**54**	57
Directors now retired				
Anne Blackburn - retired 31 Oct 2017	**-**	20	**-**	20
Evan Davies - retired 31 Oct 2017	**-**	20	**-**	20
Total Board remuneration - Panuku	**464**	489	**464**	489
c) Board of Directors Remuneration - Westhaven Marina Limited				
Stephen Mills (Chair)	**15**	15	**15**	15
Terry Kayes - retired 31 Oct 2018	**4**	8	**4**	8
Richard Leggat	**-**	-	**-**	-
Adrienne Young-Cooper - appointed 1 Apr 2019	**-**	-	**-**	-
Total Board remuneration - Westhaven Marina Limited	**19**	23	**19**	23

Remuneration for directors of Westhaven Marina Limited is paid by Panuku.

30. Remuneration (continued)

d) Employee Remuneration

The table below shows the number of employees or former employees who received remuneration of $100,000 or more during the year within specified $10,000 bands.

This table recognises remuneration when it is paid to the employee. These amounts are not annualised. Performance recognition payments are included when they are paid along with base salary and KiwiSaver contributions.

	Number of Employees	
	2019	2018
$100,000-$109,999	**10**	10
$110,000-$119,999	**11**	8
$120,000-$129,999	**4**	7
$130,000-$139,999	**9**	7
$140,000-$149,999	**6**	6
$150,000-$159,999	**7**	7
$160,000-$169,999	**5**	1
$170,000-$179,999	**2**	1
$180,000-$189,999	**2**	2
$190,000-$199,999	**4**	-
$200,000-$209,999	**3**	3
$210,000-$219,999	**4**	-
$220,000-$229,999	**1**	3
$230,000-$239,999	**1**	1
$240,000-$249,999	**1**	1
$250,000-$259,999	**-**	1
$260,000-$269,999	**-**	-
$270,000-$279,999	**1**	1
$280,000-$289,999	**1**	-
$290,000-$299,999	**-**	1
$300,000-$309,999	**-**	1
$310,000-$319,999	**-**	-
$320,000-$329,999	**-**	1
$340,000-$349,999	**1**	1
$380,000-$389,999	**2**	-
$390,000-$399,999	**-**	1
$410,000-$419,999	**1**	-
$440,000-$449,999	**-**	1
$510,000-$519,999	**1**	-
$560,000-$569,999	**-**	1
$640,000-$650,999	**1**	-
Total employees who received $100,000 or more	**78**	66

31. Financial risk management

Panuku and the group's activities expose it to a variety of financial risks: market risk, liquidity risk and credit risk. The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. 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		Fair value	
i) Carrying amount and fair value of financial assets and liabilities of the Parent	**2019 $000**	2018 $000	**2019 $000**	2018 $000
Financial assets				
Cash and cash equivalents	**966**	2,651	**966**	2,651
Loans and receivables				
Debtors and other receivables	**8,222**	38,255	**8,222**	38,255
Total financial assets	**9,188**	40,906	**9,188**	40,906
Financial liabilities				
Financial liabilities at amortised cost				
Creditors and other payables	**4,173**	9,788	**4,173**	9,788
Total financial liabilities	**4,173**	9,788	**4,173**	9,788
Net financial assets / (liabilities)	**5,015**	31,118	**5,015**	31,118

	Carrying amount		Fair value	
ii) Carrying amount and fair value of financial assets and liabilities of the Group	**2019 $000**	2018 $000	**2019 $000**	2018 $000
Financial assets				
Cash and cash equivalents	**966**	5,263	**966**	5,263
Loans and receivables				
Debtors and other receivables	**8,222**	38,255	**8,222**	38,255
Total financial assets	**9,188**	43,518	**9,188**	43,518
Financial liabilities				
Financial liabilities at amortised cost				
Creditors and other payables	**4,173**	5,202	**4,173**	5,202
Total financial liabilities	**4,173**	5,202	**4,173**	5,202
Net financial assets / (liabilities)	**5,015**	38,316	**5,015**	38,316

31. 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. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

i) Contractual maturity analysis of financial assets and liabilities of the Parent and Group

	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 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**
30 June 2018								
Financial assets								
Cash and cash equivalents	2,651	-	-	-	-	-	**2,651**	**2,651**
Debtors and other receivables	36,127	62	37	1,549	366	114	**38,255**	**38,255**
Total financial assets	**38,778**	**62**	**37**	**1,549**	**366**	**114**	**40,906**	**40,906**
Financial liabilities								
Creditors and other payables	7,174	2,614	-	-	-	-	**9,788**	**9,788**
Total financial liabilities	**7,174**	**2,614**	**-**	**-**	**-**	**-**	**9,788**	**9,788**

32. 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.

33. 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.

Statement of Comprehensive Revenue and Expenses

	Group Actual 2019 $000	Group Budget 2019 $000	Favourable / (unfavourable) Variance $000	Note
Revenue				
Rental and other revenue	72,573	83,001	(10,428)	1
Interest income	682	618	64	
Other gains / (losses)	(920)	-	(920)	2
Total income	72,335	83,619	(11,284)	
Expenses				
Personnel	25,188	23,684	(1,504)	3
Depreciation and amortisation	8,142	8,534	392	
Other operating expenses	22,000	22,949	949	3
Total expenditure	55,330	55,167	(163)	
Surplus / (deficit) before tax	17,005	28,452	(11,447)	
Income tax (benefit) / expense	10,643	-	(10,643)	4
Surplus / (deficit) after tax	6,362	28,452	(22,090)	
Other comprehensive revenue and expense				
Gains on revaluation of property, plant and equipment	40,988	-	40,988	2
Tax on revaluation gains	13,985	-	13,985	2
Total other comprehensive income	54,973	-	54,973	
Total comprehensive income	61,335	28,452	32,883	

Notes

1. There are two main components to this item:
   - Grants from Auckland Council for capital expenditure were budgeted at $30.3m with actual revenue recognised of $17.2m. These grants are only drawn down if capital expenditure is recognised so the variance to budget reflects the less than budgeted spend on certain capital projects due to external dependencies and timing of achieving resource consents.
   - Rental and marina berthage revenue is $2.6m ahead of budget primarily due to the expected exit of customers and tenants required to undertake works for the America's Cup occurring later than forecast.
2. Panuku does not budget for non-cash revaluations of investment property or property, plant and equipment, or the tax impact of these revaluations.
3. Personnel costs are higher than budget due to employee levels as we start to deliver on projects in the priority locations we work in on behalf of Auckland Council. This is partially offset by a $1m saving in contractors costs which fall into operating expenses rather than personnel.
4. Panuku transferred most of its physical assets to Auckland Council effective 26 June 2019. As Auckland Council is not a tax paying entity, the deferred tax relating to these assets was not transferred and was written back to the place where it was originally incurred (either in the surplus / (deficit) or the asset revaluation reserve for revaluations of property, plant and equipment).


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Decision Paper: Development and Disposals Programme

Document Author(s)	Letitia Edwards, Team Leader Portfolio Review Marian Webb, Manager Portfolio Strategy and Business Development
Reviewer(s)	David Rankin, Chief Operating Officer
Date	27 September 2019

1. Purpose

The purpose of this paper is to:

- update the Board at a programme level on the current activities related to portfolio review, the rationalisation process, service property optimisation and the development and disposals programme;
- *Withheld from the public under S7(2)(h) of the LGOIMA*.

2. Executive summary

A two yearly 'recommended for sale' SOI target of $45 million was approved for FY2019/21. Work has commenced on properties that will contribute towards the FY2019/21 'recommended for sale' SOI target. To date, $8.8 million has been recommended to the Finance and Performance Committee and approved for sale. Additionally, this report seeks board approval to commence the rationalisation process for six additional properties which will contribute towards the FY2019-21 'recommended for sale' SOI target.

The Portfolio Strategy team is charged with leading the delivery of "optimisation" of Councils underutilised service assets. This involves working with the Council Group on potential development opportunities in order to demonstrate to the Council family the value from this approach to the use of underutilised council property assets.

Panuku has a net unconditional sales SOI target for general disposals of $72 million for FY2018/21, or $24 million per financial year. To date, the Development and Disposals teams have achieved net unconditional sales of $45.6 million against the net unconditional sales target. *Withheld from the public under S7(2)(h) of the LGOIMA*.

3. Recommendations

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

4. Discussion

4.1. Portfolio Review

In April 2019, the board approved a two yearly 'recommended for sale' SOI target of $45 million for FY2019/21. The Portfolio Strategy team has commenced work on properties which will contribute towards the FY2019/21 ‘recommended for sale’ SOI target. To date, $8.8 million has been recommended for sale against the $45 million target and approved for sale. This includes the land at 200 Victoria Street West, Auckland Central, which is subject to a perpetually renewable ground lease.

The Portfolio Strategy team continues to proactively and reactively review council owned properties to identify properties that are not required by the council which can be transferred to Panuku to be considered for development, disposal or optimisation in the next two financial years and future financial years.

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

4.2. Optimisation

The service property optimisation policy is a development approach and funding model, approved in 2015, which aims to enable the upgrade of community assets at no cost to the ratepayer while also releasing sites for development and delivering town centre outcomes. All service property optimisation investigations require the Portfolio Strategy team to work closely with the council’s Service Strategy and Integration (SS&I) team, which undertakes the research and provides confirmation of the required service outcomes from any proposed optimisation project.

In July 2018, local boards were given decision-making powers with respect to the optimisation of service assets, provided all policy criteria are met. To date, three local boards have formally approved service property optimisation as a funding tool to enable enhanced community outcomes. This is either through the redevelopment of underutilised community facilities incorporating residential outcomes or releasing underutilised open space sites to be sold for housing with the proceeds of sale reinvested into qualifying projects identified by the local board to improve community outcomes.

The implementation of these decisions provides a great opportunity to demonstrate to the council group the value of this approach to underutilised council property assets.

Property market conditions are a critical factor in determining the viability of a proposed optimisation project. The challenges currently facing developers, including availability of funding and increasing costs, will affect the viability of proposed optimisation projects particularly those using a development or intensification model. Optimisation by direct reinvestment, that is selling a site outright and reinvesting the sales proceeds in a qualifying local board project elsewhere to improve service outcomes, could be a more viable model until the development market improves. The direct reinvestment model may not be suitable opportunity for every site, and the most appropriate model is considered on a site by site basis.

Recent work undertaken by the Portfolio Strategy team to investigate service property optimisation opportunities include the following projects:

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

The Portfolio Strategy team also continues to work with the Council’s Corporate Property team to progress the sale of seven surplus assets to provide funding to provide for a fit for purpose corporate accommodation network. The Programme is tracking well to agreed timelines and cost. Information papers on two sites within this programme will be considered by the Board this month.

4.3. Property Disposal Overview

For FY2018/21, Panuku’s SOI target for net unconditional sales for general disposals is $72 million, or $24 million per financial year. This target does not include sales within the Transform and Unlock reinvestment programme. To date the Development and Disposals teams have achieved net unconditional sales of $46.5 million to date against the $72 million net unconditional sales target. Sales this financial year include 41 Cheshire Street, Parnell and Lot 51, 187 Flat Bush School Road, Flat Bush. This site will be amalgamated with an adjoining site at 171 Murphys Road and utilised for mixed use development purposes.

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

Document Sign-off

Role	Name	Sign-off Date	Signature
Chief Operating Officer	David Rankin	24 April 2019	
Chief Executive	Roger MacDonald	24 April 2019	

Panuku Development Auckland
An Auckland Council Organisation

Information Paper: Corporate Property 50 Centreway Road, Orewa, Go to Market

Document Author	Kate Cumberpatch, Development Manager
Reviewer(s)	Marian Webb, Manager Portfolio Strategy David Rankin, Chief Operating Officer
Date	15 October 2019

1. Purpose

The purpose of this paper is to inform the Panuku Board about the marketing strategy for 50 Centreway Road, Orewa. 50 Centreway Road is identified for sale as part of the Corporate Property Portfolio Strategy with capital receipts ring-fenced for reinvestment into a programme of works to create a fit-for-purpose corporate property network.

2. Context

Panuku has agreed to provide property transaction services to Auckland Council relating to the sale of seven council owned properties, to enable the delivery of the approved Corporate Property Portfolio Strategy. This strategy was approved by Auckland Council's executive leadership team in February 2018.

The Finance and Performance Committee approved the disposal of 50 Centreway Road on 15 May 2018. It also approved capital receipts be ring-fenced to reinvest into the corporate property programme of works.

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

Funding for the programme of works is limited and council requires the funds from sales to be released early in the programme. As such, the primary objective of disposal of this property is capital receipts. The location, mixed-use zoning and size of the site will guide future development of this site following council's leaseback.

The budget for this sale sits with Auckland Council and Panuku is required to report to council on budget and spend.

Auckland Council's Corporate Property team and Panuku will recommend a preferred purchaser to the Panuku Board for approval to execute a sale and purchase agreement.

3. Discussion

Objectives

The Corporate Property Portfolio Strategy identified the disposal of 50 Centreway Road as a primary key activity. The disposal is essential to realising value and providing funds to be reinvested in the agreed programme to create a fit-for-purpose and future-proofed corporate property network. As such Auckland Council's primary objective for this disposal is capital receipts.

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

Marketing strategy

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

Procurement of real estate agency services will be in accordance with the Auckland Council Procurement Policy. *Withheld from the public under S7(2)(h) and S7(2)(b)(ii) of the 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)).

Appendix one – 50 Centreway Road